

SECURITIES AND EXCHANGE BOARD OF INDIA

IMPOUNDING ORDER

Under Sections 11(1), 11(4) and Section 11B of the Securities and Exchange Board of India Act, 1992 in the matter of Trading activity of certain entities in the scrip of Supreme Tex Mart Ltd. (STML)

In respect of:

Sr. No.	Noticees	PAN
1.	Gautam Sanjay Khandelwal	AZWPK6632R
2.	Neeleshkumar Radheshyam Lahoti	ABJPL7269A
3.	Creative Vision Industries Pvt. Ltd.	AAFCC1046G
4.	Goldleaf International Pvt. Ltd.	AABCG6705E
5.	Sanjay Gupta	ABMPG6231C
6.	Ajay Gupta	ABMPG0822F
7.	Shikha Gupta	ABWPG3108Q
8.	Gautam Gupta	AKQPG8560R
9.	Bhavna Gupta	AVAPG1219J
10.	SINDIA Investment Group PTE Ltd.	AAPCS2634E

The aforesaid entities are hereinafter referred to by their respective names/serial numbers or collectively as "the Noticees".

1. The Securities and Exchange Board of India ("**SEBI**") had, based on preliminary information, passed ex-parte ad-interim orders dated February 23, 2017 ("**first interim order**") and November 1, 2017 ("**second interim order**") in the matter of Supreme Tex Mart Ltd (hereinafter referred to as "**Supreme**"/"**STML**"/ "**the company**"). The orders arrived at the *prima facie* conclusion that promoters/directors of STML and related entities had engaged in a premeditated, manipulative practice of indirectly sending SMSes recommending "BUY" for STML, and selling during the period when volumes in the scrip of STML increased as a result of the SMSes. The second interim order also noted that between July 2016 and September 2016, the

promoters / directors of STML had offloaded more than 27% shares of STML adopting the said modus operandi. The first interim order alleged that one Gautam Sanjay Khandelwal who had sent SMSes with respect to the scrip of STML, had also traded in the scrip during the period between July 08, 2016 and October 04, 2016. The second interim order also alleged that one Future Fintrade (*represented by Mr. Preyesh Mehta*) had sent SMSes while trades were executed by related entities namely, Goldleaf International Pvt. Ltd., Sanjay Gupta, Ajay Gupta, Shikha Gupta, Gautam Gupta, Kajal Rai, Ram Lal Gupta and Neeleshkumar Radheshyam Lahoti during the period between July 08, 2016 and October 04, 2016, in the scrip. The interim orders debarred Gautam Sanjay Khandelwal, Goldleaf International Pvt. Ltd., Sanjay Gupta, Ajay Gupta, Shikha Gupta, Gautam Gupta, Kajal Rai, Ram Lal Gupta, Neeleshkumar Radheshyam Lahoti, Future Fintrade (*represented by Mr. Preyesh Mehta*) and Mohsin from trading in the securities market and also restrained them from sending any more SMSes related to the securities market till further directions, pending investigation.

2. The directions passed in the first interim order were confirmed by SEBI vide a confirmatory order passed on June 30, 2017. The directions passed in the second interim order were confirmed against 9 out of 10 noticees therein vide a confirmatory order passed on October 30, 2018. (*With respect to one noticee in the second interim order, namely Mr. Ram Lal Gupta, it was observed that he passed away before the period under investigation and the prima facie findings against him in the interim order are not sustainable.*)
3. SEBI conducted an investigation pursuant to the aforesaid two interim orders. The trading activity between the period June 1, 2016 and October 31, 2016 was specifically the subject matter of the investigation and is regarded as the investigation period. The investigations revealed that during the investigation period, on BSE the scrip opened at a price of Rs.3.33 on June 01, 2016, touched an intraday high of Rs.11.14 on September 06, 2016 and closed at Rs.5 on October 30, 2016. The daily average volume before the investigation period (two months prior) was 15,229 shares and increased to 4,48,806 shares during the investigation period and then during the three months after the investigation period decreased to 2,40,562 shares. Similarly, on NSE during the investigation period the scrip opened at a price of Rs.3.20 on June

01, 2016, touched an intraday high of Rs.11.20 on September 06, 2016 and closed at Rs.4.95 on October 30, 2016. The daily average volume on NSE before the investigation period (two months prior) was 34,745 shares, which then increased to 10,44,905 shares during the investigation period and then during the three months period after the investigation period reduced to 5,96,873 shares.

4. The investigations also *inter-alia* revealed that the following 14 entities (hereinafter referred to as “**connected entities**”) were connected with each other directly or indirectly:

TABLE 1

Sr No.	Entity Name
1.	Gautam Sanjay Khandelwal
2.	Neeleshkumar Radheshyam Lahoti
3.	Goldleaf International Pvt. Ltd.
4.	Sanjay Gupta
5.	Ajay Gupta
6.	Shikha Gupta
7.	Gautam Gupta
8.	Bhavna Gupta
9.	Supreme Tex Mart Limited
10.	Future Fintrade (<i>represented by Mr. Preyesh Mehta</i>)
11.	Mohsin
12.	Santosh Gajander Singh
13.	Creative Vision Industries Pvt. Ltd.
14.	SINDIA Investment Group PTE Ltd.

Among the connected entities Sanjay Gupta, Shikha Gupta, Bhavna Gupta and Goldleaf International Pvt. Ltd. are promoters of STML and Ajay Gupta, Gautam Gupta are promoter directors of STML. The Investigation report has also concluded that Sindia Investment Group PTE Ltd is a front entity of the promoters of STML.

Trading Activity in STML

5. A summary of the trading activity during the investigation period by the connected entities in the scrip of STML is extracted hereunder:

TABLE 2

Sr No	Client Name	BSE				NSE			
		Purchase	Purchase % to total Mkt Vol	Sell	Sell % to total Mkt Vol	Purchase	Purchase % to total Mkt Vol	Sell	Sell % to total Mkt Vol
1.	Gautam Sanjay Khandelwal	1103875	2.41	258366	0.56	617113	0.57	1559397	1.45
2.	Neeleshkumar Radheshyam Lahoti	2037247	4.45	1803808	3.94	3571984	3.32	3805520	3.54
3.	Goldleaf International Pvt. Ltd.	0	0.00	350000	0.77	0	0.00	2850000	2.65
4.	Sanjay Gupta	0	0.00	1374118	3.00	0	0.00	3655065	3.40
5.	Ajay Gupta	0	0.00	1655097	3.62	0	0.00	2044903	1.90
6.	Shikha Gupta	0	0.00	0	0.00	0	0.00	1355200	1.26
7.	Gautam Gupta	0	0.00	419525	0.92	353527	0.32	3009867	2.80
8.	Bhavna Gupta	335000	0.73	1908075	4.17	975000	0.91	2936590	2.73
9.	Supreme Tex Mart Limited.	0	0.00	0	0.00	0	0.00	0	0.00
10.	Future Fintrade represented by Mr. Preyesh Mehta	0	0.00	0	0.00	0	0.00	0	0.00
11.	Mr. Mohsin	0	0.00	0	0.00	0	0.00	0	0.00
12.	Santosh Gajander Singh	7733442	16.89	7972769	17.42	17234811	16.01	17037431	15.83
13.	Creative Vision Industries Pvt. Ltd.	1361415	2.97	804143	1.76	1325000	1.23	5265699	4.89
14.	SINDIA Investment Group PTE Limited	0	0.00	173224	0.38	0	0.00	4855110	4.51
	Total	13013481	28.43	17385794	37.98	25736001	23.91	49811581	46.28

The table above reveals that during the investigation period-

- the contribution of the connected entities to the gross sale volume was more than their contribution to the gross buy volume, and;
- out of the 14 connected entities, 11 entities have traded in the scrip of STML during the investigation period.

The investigation also found that two of the connected entities, namely Sindia Investment Group PTE. Ltd. and Creative Vision Industries Pvt. Ltd., had made an off-market transfer of STML shares during the investigation period.

Modus Operandi of Connected Entities

6. The investigation revealed that the connected entities had adopted a scheme/device/artifice to dump shares during the investigation period after fraudulently inducing investors to buy the shares of STML by sending unsolicited bulk SMSes recommending the purchase of STML shares. The three legs to this modus operandi were fund flow, sending of SMSes and sale of shares.

(i) Fund Flow:

- (a) During the period July 11, 2016 to August 3, 2016, funds were transferred to Neeleshkumar Lahoti from Promoter-Directors of STML (*routed through STML*) and Creative Vision Industries Pvt. Limited (which is connected to STML). In turn, Neeleshkumar Lahoti transferred funds to Mohsin. Funds were also transferred to Mohsin from the promoter-directors of STML (*routed through STML*) during the period from August 23, 2016 to September 3, 2016.
- (b) Mohsin, after receiving funds from Lahoti and STML, made payments to Route Mobile Limited (RML) from his bank account, in consideration for sending bulk SMSes.

(ii) Circulation of SMSes:

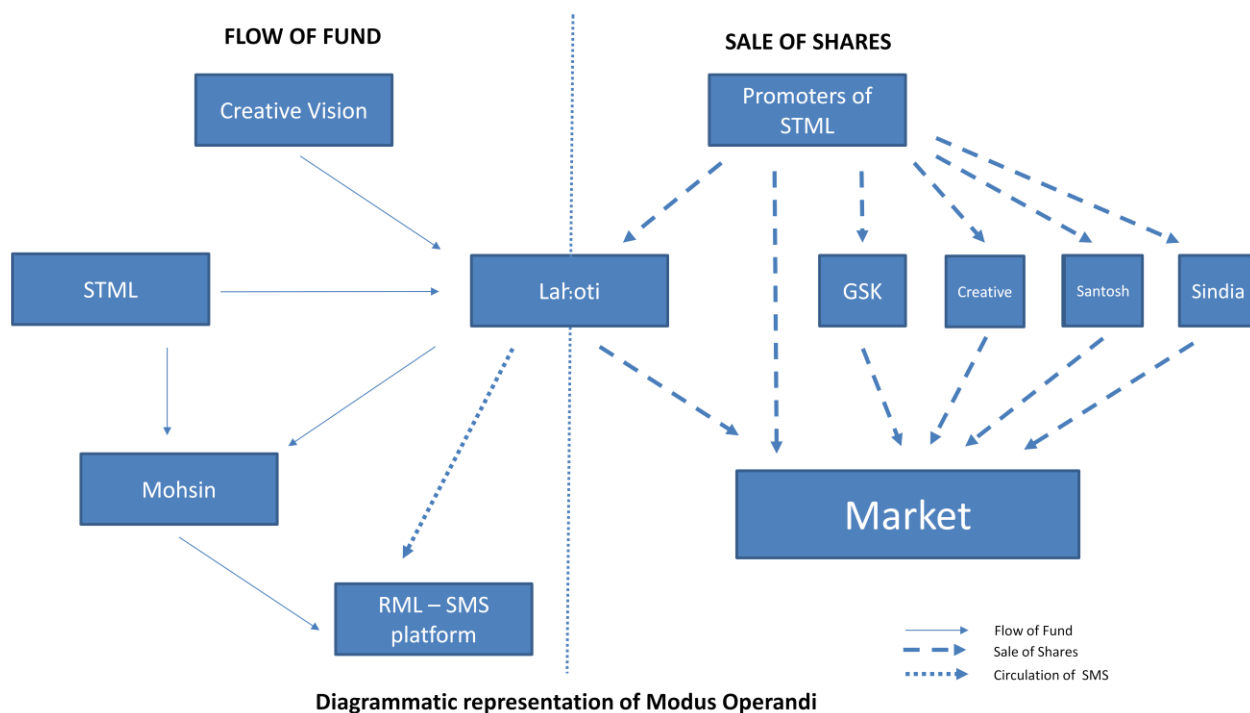
Neeleshkumar Lahoti used a front entity named Future Fintrade to send bulk SMSes using the platform of RML, recommending buy in the scrip of STML. SMSes were sent during the period July 28, 2016 to October 7, 2016.

(iii) Sale of Shares

- (a) The promoters of STML, namely Sanjay Gupta, Ajay Gupta, Shikha Gupta, Gautam Gupta, Bhavna Gupta and Goldleaf International Pvt. Ltd. (who are part

of the 'connected entities') sold 1,98,94,913 shares of STML i.e. 29.16% of total shareholding of STML. Out of which, 79,32,830 shares (i.e. 39.87% of shares sold) were sold by the said promoters to other connected entities and the remaining shares were sold to other investors in the market. These transactions took place between July 5, 2016 and October 10, 2016.

- (b) Cumulatively, the connected entities traded amongst themselves for 1,28,55,232 shares of STML during the Investigation period. Thus the trades by these suspected entities coupled with SMSes recommending buy in scrip of STML resulted in creating demand from the gullible investors which in turn resulted in the increase in the price of the scrip.
- (c) Finally, during the period analogous to the period during which the SMSes were sent, a total of 2,59,92,550 shares of STML were sold to gullible investors by the connected entities as part of the scheme.
- (d) The diagrammatic representation of the aforesaid *modus operandi* is as under:



Thus the prima facie conclusion from the investigation report is that the connected entities acted in concert and were part of a fraudulent scheme to plant unsolicited and misleading advice recommending purchase of shares of STML, with a view to fraudulently induce gullible investors to purchase shares of the company and succeeded in offloading large number of shares in the secondary market.

Unlawful / Ill Gotten Gains

7. Since this Impounding order is only in the context of unlawful gains made by trades in the STML scrip, connected entities who had not traded namely, STML, Future Fintrade (represented by Mr. Preyesh Mehta) and Mohsin are outside the scope of this impounding order. As noted earlier, 11 persons among the connected entities had traded in scrip of STML during the investigation period. Of the said 11 persons, 10 were found to have made unlawful or ill-gotten gains from the sale of STML shares while one person i.e. Santosh Gajander Singh was found to have incurred losses. (Accordingly, Santosh Gajander Singh is kept outside the scope of this Impounding order). The gain made by the connected entities are found to be as stated in the following table:

TABLE 3

Sl No	Client Name	Client PAN	Profit/Loss (Rs.)
1.	Gautam Sanjay Khandelwal	AZWPK6632R	22,04,782.65
2.	Neeleshkumar Radheshyam Lahoti	ABJPL7269A	6,17,486.83
3.	Creative Vision Industries Pvt. Ltd.	AAFCC1046G	1,65,51,639.77
4.	Goldleaf International Pvt. Ltd.	AABCG6705E	1,85,28,000.00
5.	Sanjay Gupta	ABMPG6231C	2,21,28,405.20
6.	Ajay Gupta	ABMPG0822F	1,60,58,000.00
7.	Shikha Gupta	ABWPG3108Q	62,74,576.00
8.	Gautam Gupta	AKQPG8560R	2,35,27,154.89
9.	Bhavna Gupta	AVAPG1219J	1,43,27,019.80
10.	SINDIA Investment Group PTE Ltd.	AAPCS2634E	2,23,76,086.30
	Total of ill gotten gains		14,25,93,151.44

The methodology adopted for calculating ill-gotten gain is as follows:

(Qty of shares sold during Investigation Period X Wt. Avg sale price) – [(Qty of shares bought during Investigation Period X Wt. Avg buy price) + (Qty of excess shares X opening price of shares on first day of Investigation Period)]

8. Considering the above, the aforesaid 10 entities viz., 1) Gautam Sanjay Khandelwal, 2) Neeleshkumar Lahoti, 3) Goldleaf International Pvt. Ltd., 4) Sanjay Gupta, 5) Ajay Gupta, 6) Shikha Gupta, 7) Gautam Gupta, 8) Bhavna Gupta, 9) Creative Vision Industries Pvt. Ltd. and 10) SINDIA Investment Group PTE Ltd., having acted together for deriving such unlawful gains, are *prima facie* liable for directions to disgorge the illegal gains made by them. I note that the aforesaid entities are aware of the interim orders passed in this matter in this matter and the subsequent investigations conducted. Consequently, there is a distinct likelihood of the noticees diverting the unlawful gains prior to the adjudication of the case on merits, which may result in defeating the effective implementation of any potential directions of disgorgement to be passed after adjudication of the case on merits. Non-interference by the Regulator at this stage would therefore result in damage to the integrity of the securities market. It therefore becomes necessary for SEBI to take urgent steps to direct impounding and retention of the proceeds (unlawful gains) allegedly made by the aforesaid entities, as an interim measure.
9. Further, as any alleged unlawful gains are liable to be disgorged with interest (*computed at the rate of 12% simple interest per annum*) the same needs to be calculated for the purpose of determining the amount of proceeds which are required to be impounded. Consequently, the amount of interest is calculated and provided in the table below, the period for interest calculation having been considered from November 1, 2016 (i.e. the first day from the end of investigation period) to February 26, 2019:

TABLE 4

Sl No	Noticee	PAN	Profit (in Rs.)	Simple Interest @12% (Rs.)	Total Amount (Rs.)
	(1)	(2)	(3)	(4)	(5)
1.	Gautam Sanjay Khandelwal	AZWPK6632R	22,04,783	6,13,956	28,18,739
2.	Neeleshkumar Radheshyam Lahoti	ABJPL7269A	6,17,487	1,71,949	7,89,436
3.	Creative Vision Industries Pvt. Ltd.	AAFCC1046G	1,65,51,640	46,09,065	2,11,60,705
4.	Goldleaf International Pvt. Ltd.	AABCG6705E	1,85,28,000	51,59,413	2,36,87,413
5.	Sanjay Gupta	ABMPG6231C	2,21,28,405	61,62,003	2,82,90,408
6.	Ajay Gupta	ABMPG0822F	1,60,58,000	44,71,603	2,05,29,603

Sl No	Noticee	PAN	Profit (in Rs.)	Simple Interest @12% (Rs.)	Total Amount (Rs.)
	(1)	(2)	(3)	(4)	(5)
7.	Shikha Gupta	ABWPG3108Q	62,74,576	17,47,255	80,21,831
8.	Gautam Gupta	AKQPG8560R	2,35,27,155	65,51,507	3,00,78,662
9.	Bhavna Gupta	AVAPG1219J	1,43,27,020	39,89,584	1,83,16,604
10.	SINDIA Investment Group PTE Ltd.	AAPCS2634E	2,23,76,086	62,30,974	2,86,07,060
Total			14,25,93,152	3,97,07,309	18,23,00,461

* Interest computed in column 4 is on the respective amounts shown in column 3 @12% from 01.11.2016 onwards. In case of insufficiency of funds in the accounts of the individual noticees or if the Noticees wish to transfer funds to the Escrow account as stated in para 10 (a), then interest may be computed on amount in column 3 @12% from 01.11.2016 till the date of actual payment into the account or the transfer.

ORDER

10. In view of the foregoing, in order to protect the interest of the investors and the integrity of the securities market, I, in exercise of the powers conferred upon me by virtue of sections 11(1), 11(4) and 11B read with section 19 of the SEBI Act, 1992, hereby direct the impounding of unlawful gains aggregating to a sum of Rs. 18,23,00,461/- (gain of Rs.14,25,93,152/- + interest of Rs. 3,97,07,309/-, Interest being calculated from November 01, 2016 to February 26, 2019) from the noticees tabulated below:

TABLE 5

Sl No	Noticee Name	PAN
1.	Gautam Sanjay Khandelwal	AZWPK6632R
2.	Neeleshkumar Radheshyam Lahoti	ABJPL7269A
3.	Creative Vision Industries Pvt. Ltd.	AAFCC1046G
4.	Goldleaf International Pvt. Ltd.	AABCG6705E
5.	Sanjay Gupta	ABMPG6231C
6.	Ajay Gupta	ABMPG0822F
7.	Shikha Gupta	ABWPG3108Q
8.	Gautam Gupta	AKQPG8560R
9.	Bhavna Gupta	AVAPG1219J
10.	SINDIA Investment Group PTE Ltd.	AAPCS2634E

- a) The noticees at Table 5 are directed to credit the total amount of gains made along with interest (as detailed in Table 4), to an interest bearing Escrow

Account [*“Escrow Account in Compliance with SEBI Order dated March 05, 2019 – A/c (in the name of the respective entity)”*] created specifically for the purposes of this Order, in a Nationalized Bank. The Escrow Account shall create a lien in favour of SEBI and the monies kept therein shall not be released without permission from SEBI. For the reasons stated in para 4 of this Order, the promoters of STML namely, Sanjay Gupta, Shikha Gupta, Bhavna Gupta, Ajay Gupta, Gautam Gupta and Goldleaf International Pvt. Ltd along with Sindia Investment Group PTE Ltd shall be liable jointly and severally to credit the total amount of gains made by them collectively to the aforesaid Escrow Account. The other noticees (i.e. Noticee Nos. 1 to 3) shall be individually liable for the gains made by them to the extent of the amounts shown against their names in Table 5.

- b) The noticees at Table 5 are directed not to dispose of or alienate any of their assets/properties/securities, till such time the amount of gains made along with interest is credited to an Escrow Account except with the prior permission of SEBI.
- c) Banks are directed to ensure that no debits are made, without the permission of SEBI, in respect of the bank accounts held by the noticees at Table 5, except for the purposes of transfer of funds to the Escrow Account. Debits may be allowed for amounts available in the account in excess of the amount to be impounded. Banks are allowed to debit the accounts for the purpose of complying with this Order.
- d) The Depositories shall ensure that no debit is made in respect of the demat accounts held by noticees, without the permission of SEBI. However, credits, if any, into the accounts may be allowed.
- e) Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced.
- f) On production of proof by the noticees at Table 5 that the amount of gains made along with interest has been deposited in the Escrow Account, SEBI shall communicate to the Banks and Depositories to defreeze their respective accounts.
- g) The noticees at Table 5 are directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in any

of such assets, including property, details of all their bank accounts, demat accounts, investments in securities and mutual fund investments immediately but not later than 7 days from the date of receipt of these directions.

- h) The above directions shall come into force with immediate effect and shall be in force till further Orders.
- i) This Order is without prejudice to any other action that SEBI may initiate under securities laws, as deemed appropriate.

11. The noticees at Table 5 may file their replies to SEBI within 21 days from the date of receipt of this order, if they so desire. They may also indicate in their replies whether they wish to avail an opportunity of personal hearing in the matter.

12. This Order shall be served on all Recognized Stock Exchanges, Depositories and Registrar and Transfer Agents and Banks to ensure necessary compliance.

DATE: March 05, 2019

PLACE: Mumbai

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA