BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/BM/GN/2022-23/20892-20899]

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:

Noticee No.	Noticee Name	PAN
1	Narendra Ramanlal Shah	AAPPS6559P
2	Vimala Sanjay Patel	BNEPP5649A
3	RCG Finance Private Limited	AAACR9505L
4	Earth Exim Limited	AABCE3676Q
5	Bonanza Industries Limited	AAACA4781J
6	Preeti Ajay Nathwani	AUWPP2833Q
7	Ajay Nathwani	AJGPN1996D
8	Deepak Parashram Salvi	GFDPS9384R

In the matter of

Trading by certain entities in the scrip of Universal Credit and Securities Limited

BACKGROUND:

1. Securities and Exchange Board of India (hereinafter referred to as **SEBI**) received complaints 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'**) 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'**) , and Deepak Parashram Salvi (hereinafter referred to as **'Noticee 8'**) (hereinafter collectively referred to as **Noticees**).

APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI, vide order dated March 23, 2022, 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.

   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.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice (hereinafter referred to as **"SCN"**) dated June 28, 2022 was issued to the Noticee No. 1 to Noticee No. 8 under rule 4(1) of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the **SEBI Rules**) to show cause as to why an inquiry should not be held against them 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 under Section 15HA and Section 15HB of the SEBI Act, on Noticee 2, Noticee 4, Noticee 5, Noticee 6, Noticee 7 and Noticee 8 under Section 15HA of the SEBI Act and on Noticee 3 under Section 15HA and 15A(b) of the SEBI Act.

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

Circulation of bulk SMSs

5. 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.

6. Allegedly, 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

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

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

7. 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

8. 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.

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

9. 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 more than 5% of market positive LTP in Patch I.

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

10. 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.

11. 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.

Analysis of Bank statement of Noticee 3:

12. 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, 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 investigation period. 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. 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.

13. 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. Noticee 4 and Noticee 5 contributed to funding of trades for increasing the LTP. 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. 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.

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

<u>Trade with Suryamangal Media Entertainment Limited</u>

14. 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 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. Thus, it is alleged that Suryamangal is connected to Noticee 1. One of the directors of Suryamangal during the IP were Sanjay Ambalal Patel. Sanjay Ambalal Patel was also one of the directors of Noticee 5 during IP and also of Noticee 4 along with Noticee 2, who was one of the directors of UCSL, during the IP.

15. 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. Hence, 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.

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

16. 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.

17. The shares held by AnilKumar Bhurat were purchased off market and the seller was Dadimaa Capital (P) Ltd. 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.

18. 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

19. 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 and Noticee 1 and Noticee 2, the directors of UCSL were also the directors of Noticee 4.

20. It is further alleged that Laxmi Ashok Raka and Rohit Ashok Raka sold all these 10,000 shares to Noticee 3.

21. 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.

22. 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.

23. 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.

24. 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 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:

25. 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:

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%

26. 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:

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

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:

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:

	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.*

27. 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.

28. 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.

29. 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.

30. The trades that took place between Noticee 8 and his counterparties namely Noticee 7 and Noticee 6 and vice-versa were allegedly devoid of any financial rationale. It is alleged 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.

31. 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:

32. 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.

Regulation 29(1) of SAST 2011 provides 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 provides 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".

33. 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)

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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.

40. The SCNs were issued at the last known addresses of Noticee 1 through Speed Post Acknowledgment Due (SPAD) which was returned Undelivered. SCNs were also sent through Digitally Signed E-mail which was delivered and the delivery of the notice are on record. Vide email dated July 26, 2022 reminder was sent to Noticee 1 to file the reply till

August 3, 2022. However, Noticee 1 did not file any reply to the SCNs. Hearing opportunities were also given to the Noticee1. Vide hearing Notice dated August 18, 2022 Noticee 1 was advised to appear for hearing on August 25, 2022. Hearing Notice was sent via SPAD which was returned undelivered, subsequently the notices were delivered via digitally signed email dated 19/08/2022, however, the email bounced back. Subsequently, new email ID of the Noticee 1 was sought from NSDL and another opportunity of hearing was given to Noticee 1 on 12/09/2022 vide email dated 26/08/2022 and 29/08/2022 which was delivered. However Noticee 1 did not avail of the hearing opportunities.

41. The SCNs were issued at the last known addresses of Noticee 2 through Speed Post Acknowledgment Due (SPAD) which was returned Undelivered. Subsequently, Vide letter dated July 19, 2022, SCN were also sent through affixture, however, the delivery of SCN through affixture also failed. Subsequently, the SCN cum hearing notice was served through News Paper Publication dated 12/08/2022 and the date for hearing was given as 23/08/2022. However, Noticee 2 did not file any reply to the SCNs neither she appeared for hearing on 23/08/2022.

42. SCN were issued at the last known address of Noticee 3 through Speed Post Acknowledgment Due (SPAD) and through digitally signed email which was delivered via SPAD and through email as well. On perusal of the MCA website it has been observed that the Noticee 3 has been struck off.

43. The SCNs were issued at the last known addresses of Noticee 4 through Speed Post Acknowledgment Due (SPAD) which was delivered. SCNs were also sent through Digitally Signed E-mail dated 29/06/2022 which was delivered and the delivery of the notice are on record. Vide email dated July 26, 2022 reminder was sent to Noticee 4 to file the reply till August 3, 2022. However, Noticee 4 did not file any reply to the SCNs. Hearing opportunities were also given to the Noticee 4. Vide hearing Notice dated August 18, 2022 Noticee 4 was advised to appear for hearing on August 25, 2022. Hearing Notice was sent via SPAD which was returned undelivered, subsequently the notices were delivered via digitally signed email dated 19/08/2022, the delivery of which is on record. Second opportunity of hearing was given to Noticee 4 on 12/09/2022 vide email dated 26/08/2022 \which was delivered, the delivery of which is on record. However Noticee 4 did not avail of the second hearing opportunities also.

44. The SCNs were issued at the last known addresses of Noticee 5 through Speed Post Acknowledgment Due (SPAD) which was delivered. Hearing opportunities were also given to the Noticee 5. Vide hearing Notice dated August 18, 2022 Noticee 5 was advised to appear for hearing on August 25, 2022 which was returned undelivered. Another hearing opportunities were also given to the Noticee 5, vide hearing Notice dated August 26, 2022 Noticee 5 was advised to appear for hearing on September 12, 2022 which also returned undelivered. Subsequently, email ID of Noticee 5 was obtained from MCA website and Noticee 5 was advised to appear on September 19, 2022 vide email dated September 13, 2022, however, the said email bounced back. Subsequently, HN was served through affixture, however, hearing notice could not be affixed. Subsequently, Noticee 5 was advised to appear for hearing on October 19, 2022 through Newspaper publication on October 01, 2022 and was advised to submit the reply to SCN. Neither, reply was submitted by Noticee 5 nor it appeared for hearing on the scheduled date and time.

45. The SCNs were issued at the last known addresses of Noticee 6, 7 and 8 through Speed Post Acknowledgment Due (SPAD) which was returned undelivered. SCNs were also sent through Digitally Signed E-mail dated 29/06/2022 which was delivered and the delivery of the notice are on record. Vide email dated July 26, 2022 reminder was sent to Noticee 6, 7 and 8 to file the reply till August 3, 2022. However, Noticee 6, 7 and 8 did not file any reply to the SCNs. Hearing opportunities were also given to the Noticee 6, 7 and 8. Vide hearing Notice dated August 18, 2022 Noticee 6, 7 and 8 were advised to appear for hearing on August 25, 2022. Hearing Notice was sent via SPAD which was returned undelivered, subsequently the notices were delivered via digitally signed email dated 19/08/2022, the delivery of which is on record. Second opportunity of hearing was given to Noticee 6, 7 and 8 on 12/09/2022 vide email dated 26/08/2022 \which was delivered, the delivery of which is on record. However Noticee 6, 7 and 8 did not avail of the second hearing opportunities also.

46. I note that sufficient opportunities have been given to the Noticees to represent their case and the principles of natural justice have been complied with. It is observed that, despite service of the SCN and hearing notices through SPAD, Digitally Signed E-mail and Newspaper Publication Noticees did not respond and avail the opportunity of personal appearance. The Hon'ble Securities Appellate Tribunal (SAT) in the matter of Sanjay Kumar Tayal & Ors. v. SEBI(in appeal No. 68/2013) decided on February 11, 2014, held that "...*appellants have neither filed reply to show cause notices issued to them nor*

availed opportunity of personal hearing offered to them in the adjudication proceeding and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices". Since no replies to the SCN was filed by Noticees, it can be reasonably presumed that the allegations have been admitted to by Noticees in this case.

47. I am of the view that Noticee 1 to Noticee 8 has nothing to submit and in terms of Rule 4(7) of SEBI Adjudication Rules, the matter is proceeded ex-parte on the basis of material available on record.

ISSUES FOR CONSIDERATION, EVIDENCE AND FINDINGS

48. I have taken into consideration the facts and circumstances of the case and the material available on record. The issues that arise for consideration in the present case are:

ISSUE I: a) Whether Noticee1, Noticee 2, Noticee 4 and Noticee 5 have violated the provisions 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, 2003 and whether Noticee 3 has violated the provisions of Section 12A(a), (b) & (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1), 4(2)(a), (d) and (e) of PFUTP Regulations, 2003 ?

(b) Whether Noticee 6, Noticee 7 and Noticee 8 have violated the provisions 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) of PFUTP Regulations, 2003?

(c) Whether Noticee 1 violated the provision of Section 11C(5) of SEBI Act, 1992?

(d) Whether Noticee 3 violated the provision of Regulation 29(1), (2) read with 29(3) of SEBI (SAST) Regulations 2011?

ISSUE II: Does the violation, if any, on part of the Noticee 1 attract penalty under Section for 15HA and 15HB of SEBI Act, for Noticee 2, Noticee 4, Noticee 5, Noticee 6, Noticee 7 and Noticee 8 under Section 15HA and for Noticee 3 under Section 15HA and 15A(b) of the SEBI Act ?

ISSUE III: If so, how much penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

49. Before proceeding further, it will be appropriate to refer to the relevant provisions of SEBI Act, 1992 and SEBI (PFUTP) Regulations, 2003, which 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;

(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].

[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];

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”.

Section 11C(5) of SEBI Act, 1992:-

(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.

FINDINGS

50. On perusal of the material available on record and giving regard to the facts and circumstances of the case I record my findings hereunder:

ISSUE I: a) Whether Noticee1, Noticee 2, Noticee 4 and Noticee 5 have violated the provisions 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, 2003 and whether Noticee 3 has violated the provisions of Section 12A(a), (b) & (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1), 4(2)(a), (d) and (e) of PFUTP Regulations, 2003 ?

Background of the Company

51. 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:-

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

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

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-

Particular	**Quarter ended June 17**			**Quarter ended September 17**		
	No. of shareholders	**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 shareholders	**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

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

Shareholding of promoters:

	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	4,56,0000	0.91	4,56,0000	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**

53. 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.

Financial Results: (₹. in crore)

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.*

54. 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:

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/-.

55. IP has been divided into three **patches** on the basis of the price volume movement of the scrip of UCSL, which is as below in tabular form:

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:

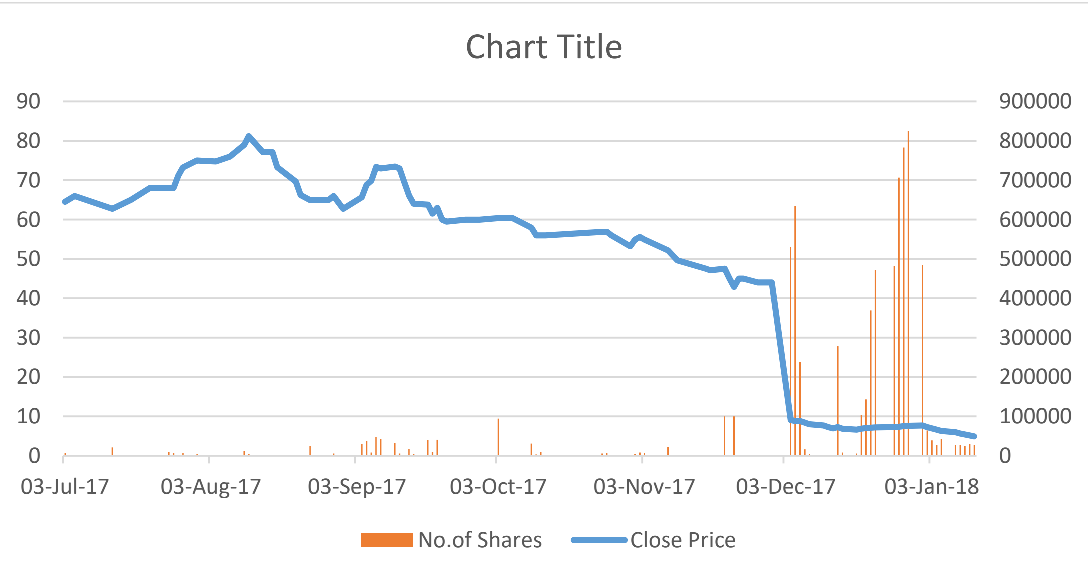
56. The price volume movement of the scrip of UCSL for the investigation period i.e. July 01, 2017 to January 12, 2018 is given as under:-

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 investigat	01/04/2017 to	Price	54.55	64.50	54.55 (07/04/17)	64.50 (31/07/17)	59

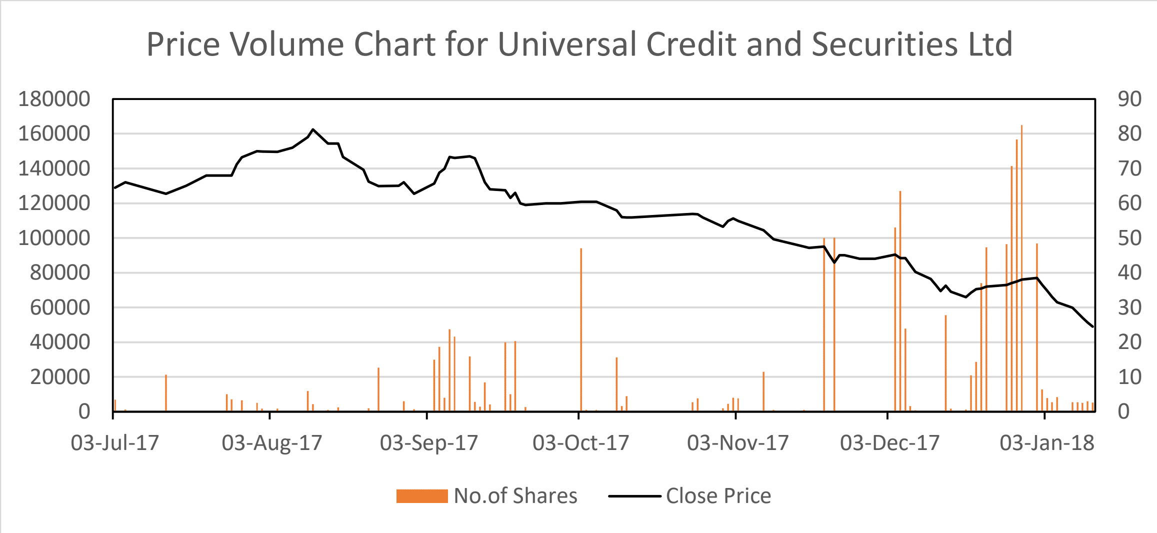
ion Period	30/06/2017	Vol	3060	10	10 (02/04/17 & 27/07/17)	3060 (06/04/17)	
Investigation Period – Patch 1	01/07/2017 to 12/08/2017	Price	64.50	77.15	61.30 (05/07/17)	85.10 (14/08/17)	18667
		Vol	6800	4225	50 (17/08/17 & 21/07/17)	21350 (13/08/17)	
Investigation Period - Patch 2	13/08/2017 to 03/12/2017	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)	

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

57. 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. 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:



58. 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:



59. 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

60. It was observed 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. It was observed that the volume increases subsequently to the circulation of SMSs again from December 11, 2017 to January 01, 2018.

61. 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:-

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**

62. Further, from the submissions of TSP Airtel, it was noted that the following SMS aggregator had sent messages in the scrip during the SMS period:

TSP	Aggregator Name (Short)	Aggregator Name	Sender ID	No of SMSs Delivered	Re-seller
Airtel	Smartechn	Smart Technology	AM-EQUITY	1194263	Rohit Solutions / Rohit Singh
Airtel	Digi_smart	Smart Technology	AM-EQUITY	115934	Rohit Solutions / Rohit Singh

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

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**

64. From the above table, it is observed 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.

Connections amongst Noticees

65. The connections amongst the Noticees established on the basis of Know Your Client (KYC) documents obtained from brokers, DPs, Banks, Unique Client Code (UCC) provided by

BSE, MCA website (for common directorships) and off market transfers/transactions as provided by the depositories.

S. No.	Entity Name	Basis of Connection
1	Noticee 1 (Narendra Ramanlal Shah)	Connected to Noticee 2 by being a directors of UCSL along with Noticee 2. Noticee 1 is connected to Noticee 3 through Noticee 4 who funded Noticee 3. **Noticee 1 is a director of Noticee 4 alongwith Noticee 2.** Noticee 1 is connected to Noticee 6 through Noticee 3 which transferred off-market shares to Noticee 6. Noticee 1 is connected to Noticee 7 through Noticee 4 which transferred off market shares to Noticee 7.
2	Noticee 2 (Vimala Sanjay Patel)	Connected to Noticee 1 by being a director of UCSL alongwith Noticee 1. Noticee 2 is connected to Noticee 3 through Noticee 4 and Noticee 5 who funded Noticee 3. Noticee 2 is director of Noticee 4 alongwith Noticee 1. Noticee 2 was director of Noticee 5 alongwith her husband. Noticee 2 is connected to Noticee 6 and Noticee 7 through Noticee 3 and Noticee 4 which transferred shares off market to Noticee 6 and Noticee 7.
3	Noticee 3 (RCG Finance Private Limited)	Connected to Noticee 1 through his brother Mahesh Ramanlal Shah, who is the director of Noticee 3 and also connected through Noticee 4 who funded the Noticee 3. Noticee 3 is connected to Noticee 2 through Noticee 4 and Noticee 5 who funded Noticee 3. Noticee 3 is connected to Noticee 4 and Noticee 5 through bank transfers. Noticee 3 is connected to Noticee 6 through off-market transfers in UCSL.
4	Noicee 4 (Earth Exim Limited)	Noticee 1 and Noticee 2 were the directors of Noticee 4 during IP. Noticee 4 is connected to Noticee 3 through Bank transfers. Noticee 4 is connected to Noticee 7 through off market transfers. .
5.	Noticee 5 (Bonanza Industries Limited)	Sanjay Ambalal Patel, husband of Noticee 2 was appointed as the director of Noticee 5 along with Noticee 2 on the same date i.e. May 15, 2017. Noticee 5 is connected to Noticee 3 through bank transfers.
6.	Noticee 6 (Preeti Ajay Nathwani)	Noticee 6 is connected to Noticee 1 and Noticee 2 through Noticee 3 who transferred shares off market to Noticee 6. Noticee 3 transferred off market shares to Noticee 6. Noticee 6 is wife of Noticee 7 as mentioned in the KYC form for bank account of Noticee 7. Noticee 6 is connected with Noticee 8 through trades.
7	Noticee 7 (Ajay Nathwani)	Noticee 7 is connected to Noticee 1 and Noticee 2 through Noticee 4 who transferred off market shares in the scrip of UCSL. Noticee 7 is connected to Noticee 3 through Noticee 4. Noticee 4 transferred off market shares to Noticee 7. Noticee 7 is the husband of Noticee 6 as mentioned in the KYC form for bank account of Noticee 7. Noticee 7 is connected to Noticee 8 through trades.
8	Noticee 8 (Deepak Parashram Salvi)	Noticee 8 traded with Noticee 6 and Noticee 7.

66. I observe from the above table that the Noticees are connected with each other.

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

Analysis of trades of Noticee 3

67. The LTP and NHP contribution of the Noticee 3 during Patch-1 (price rise patch) i.e from July 01, 2017 to August 12, 2017 were analysed.

Analysis of Last Trade Price (LTP) in Patch-1 (July 01, 2017 to August 12, 2017)- Patch of price rise

68. 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. Trade log during the Patch-1 period is provided as **Annexure-1** to this order. On analysis of the trade log it is observed Noticee 3 was the only positive LTP contributor during Patch I. During patch 1 total 175 trades were executed, out of which 162 trades were executed by Noticee 3 wherein Noticee 3 contributed Rs. 20/- to net LTP and Rs. 30.55 to total market positive LTP i.e. 100% of total market positive LTP. Remaining 13 trades were executed by 6 other clients whose LTP was either 0 or -3.3. Market positive LTP of Noticee 3 i.e. 100% of market positive LTP is shown in the table below:

TRADE_DATE	CLIENTNAME	CP_CLIENT NAME	TRADE_RATE	LTP_RATE	LTP_PERCENT	TRADED_QTY
03/07/2017	R.C.G.FINANCE PVT.LTD	ROMINDERKAUR HARJITSINGH TALWAR	64.5	0.2	0.31	240
05/07/2017	R.C.G.FINANCE PVT.LTD	ARUN KOCHAR	66	4.7	7.67	202
17/07/2017	R.C.G.FINANCE PVT.LTD	SARLADEVI DEELIP MODI	65	2.3	3.67	50
21/07/2017	R.C.G.FINANCE PVT.LTD	SARLADEVI DEELIP MODI	68	3	4.62	50
25/07/2017	R.C.G.FINANCE PVT.LTD	SARLADEVI DEELIP MODI	68	2	3.03	15
27/07/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	71.2	3.2	4.71	300
28/07/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	73.2	2	2.81	500

31/07/2017	R.C.G.FINANCE PVT.LTD	ROHIT ASHOK RAKA	75	1.8	2.46	570
07/08/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	76	1.2	1.6	400
10/08/2017	R C G FINANCE PRIVATE LIMITED	ANILKUMAR BHAWARLALJI BHURAT	79	4	5.33	800
11/08/2017	R.C.G.FINANCE PVT.LTD	SURYAMANGAL MEDIA ENTERTAINMENT LIMITED	81.2	6.15	8.19	40

69. On analysis of the above table, it is observed that the major counterparties to the LTP positive trades of Noticee 3 were Suryamangal, Anilkumar Bhurat and Mr. Rohit Ashok Raka among other counterparties. Trades of Noticee 3 with Suryamangal and Anilkumar Bhurat, who were the highest counterparty contributor, contributed to positive LTP of Rs. 6.15 and 10.4 respectively out of total market positive LTP of Rs. 30.55 contributed during patch-I i.e. July 01, 2017 to August 12, 2017. Similarly, on analysis of trade log it was observed that trades of Noticee 3 with Mr. Rohit Ashok Raka contributed to positive LTP of Rs. 1.8 out of total market positive LTP of Rs. 30.55 contributed during patch-I.

70. The positive LTP trades of counterparty Anil Kumar Bhurat and are as follows:-

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	TRADE_RATE	LTP_RATE	LTP_PERCENT	TRADED_QTY
27/07/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	71.2	3.2	4.71	300
28/07/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	73.2	2	2.81	500
07/08/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	76	1.2	1.6	400
10/08/2017	R C G FINANCE PRIVATE LIMITED	ANILKUMAR BHAWARLALJI BHURAT	79	4	5.33	800

71. The positive LTP trades of counterparty Suryamangal are as follows:-

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	TRADE_RATE	LTP_RATE	LTP_PERCENT	TRADED_QTY
11/08/2017	R.C.G.FINANCE PVT.LTD	SURYAMANGAL MEDIA ENTERTAINMENT LIMITED	81.2	6.15	8.19	40

72. The positive LTP trades of counterparty Mr. Rohit Ashok Raka are as follows:-

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	TRADE_RATE	LTP_RATE	LTP_PERCENT	TRADED_QTY
31/07/2017	R.C.G.FINANCE PVT.LTD	ROHIT ASHOK RAKA	75	1.8	2.46	570

73. On analysis of the trade log, summary of LTP trades of Noticee 3, are as follows-

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%**

74. On the basis of the above table, it is observed that total market positive LTP for Patch-I of IP is 30.55 by 3167 trades and Noticee 3 contributed LTP of 30.55 by 3167 trades during the same period. In view of the same, I conclude that Noticee 3, contributed the 100% of market positive LTP in the scrip of UCSL during Patch-I i.e Patch of price rise.

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

75. 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. The details of NHP created by it are as under:

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

76. On analysis of trade log, it is observed 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:

TRADE_DATE	CLIENT NAME	CP_CLIENTNAME	TRADE_RATE	LTP_RATE	LTP_PERCENT	TRADE_VALUE	TRADED_QTY
03/07/2017	R.C.G.FINANCE PVT.LTD	SARLADEVI DEELIP MODI	64.5	0	0	6450	100
05/07/2017	R.C.G.FINANCE PVT.LTD	PARKWAY PROPERTIES PRIVATE LIMITED	61.3	-3.2	-4.96	61.3	1
17/07/2017	R.C.G.FINANCE PVT.LTD	SARLADEVI DEELIP MODI	65	2.3	3.67	3250	50
21/07/2017	R.C.G.FINANCE PVT.LTD	SARLADEVI DEELIP MODI	68	3	4.62	3400	50
25/07/2017	R.C.G.FINANCE PVT.LTD	LAXMI ASHOK RAKA	67	-1	-1.47	40200	600
26/07/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	68	0	0	54400	800
27/07/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	71.2	3.2	4.71	21360	300

28/07/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	73.2	2	2.81	36600	500
31/07/2017	R.C.G.FINANCE PVT.LTD	ROHIT ASHOK RAKA	75	1.8	2.46	42750	570
01/08/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	74.9	-0.1	-0.13	52430	700
04/08/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	74.8	-0.1	-0.13	7480	100
07/08/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	76	1.2	1.6	30400	400
10/08/2017	R.C.G.FINANCE PVT.LTD	ANILKUMAR BHAWARLALJI BHURAT	75	-1	-1.32	7500	100

77. On analysis of the above table, it is observed that 6 out of 13 first trades of Noticee 3 were for 100 shares or less and the number of first trades at positive LTP was 6 out of 13 total first trades. The first trades of the Noticee 3 during patch 1 is summarized below:-

Client name	**Total Number Of First Trades**	**Traded Quantity First Trades**	**Number Of First Trades At 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**

78. In view of the above and from the material available on record, I observe that the trading pattern of Noticee 3 was establishing high price through first trades, Rs. 16.70 New High Price ("NHP") was created by Noticee 3 and Noticee 3 was the sole contributor to the positive LTP in the scrip of UCSL during Patch-I, wherein the trade rate of the scrip during Patch-1 increased from 64.5 on July 03, 2017 to 81.2 on August 11, 2017.

Analysis of Bank statement of Noticee 3:

79. Trading activity of Noticee 3 was analysed and it was observed that Noticee 3 had majority of its buying activity in the scrip of UCSL during the period of July 03, 2017 to August 29,

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. It was observed 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 was observed that, Noticee 3 immediately upon receipt of funds, transferred majority of funds to its broker Pilot. As detailed in table below, the buying of shares of UCSL by Noticee 3 coincided with fund receipts from Noticee 4 and Noticee 5. It was observed 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:

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)**
Noticee 4 (Earth Exim Ltd.)	05/07/2017	100000.00	05/07/2017	100000.00
Noticee 4 (Earth Exim Ltd.)	14/07/2017	65000.00	14/07/2017	65000.00
Noticee 4 (Earth Exim Ltd.)	25/07/2017	650000.00	25/07/2017	650000.00
Noticee 4 (Earth Exim Ltd.).	26/07/2017	160000.00	26/07/2017	500000.00
Noticee 5 (Bonanza Industries Ltd.)	26/07/2017	340000.00		
Noticee 5 (Bonanza Industries Ltd.)	28/07/2017	300000.00	28/07/2017	300000.00
Noticee 4 (Earth Exim Ltd.)	28/07/2017	200000.00	28/07/2017	200000.00
Noticee 5 (Bonanza Industries Ltd.)	03/08/2017	570000		
Noticee 4 (Earth Exim Ltd.)	04/08/2017	150000.00	04/08/2017	150000.00
Noticee 5 (Bonanza Industries Ltd.)	23/08/2017	830000.00	23/08/2017	600000.00
	Total	**27,95,000**		**25,65,000**

80. It is also observed 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 from Noticee 4 and Noticee 5 and thus it is observed that, Noticee 4 and Noticee 5 contributed to funding of trades for increasing the LTP. It is also observed that, Noticee 1 and Noticee 2 is the director of Noticee 4 and Noticee 2 is the director of Noticee 5.

81. It was also observed from the bank statement of A/c number 914********3727 of Noticee 3 for the period from July 01, 2017 to January 12, 2018 that the opening balance in the account of Noticee 3 was Rs. 913 only prior to the receipt of funds from Noticee 4 and Noticee 5. In fact, the abovementioned account of Noticee 3 was closed on August 29, 2017. In view of the above, I observe that the said account of Noticee 3 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 in the scrip of UCSL.

Analysis of trades of Noticee 3:

82. During investigation, it was observed that trades of Noticee 3 with Suryamangal contributed to positive LTP of Rs. 6.15 out of total market positive LTP of Rs. 30.55 contributed during patch-I i.e. July 01, 2017 to August 12, 2017. During investigation, it was observed that 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. Jagdish Jani has mentioned his mobile number as 9*****4555 in the said KYC documents. The above mentioned phone number is also mentioned as the phone number of Noticee 1, one of the directors of UCSL. 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. In view of the above, I observe that Noticee 1 is connected to Suryamangal through its director Jagdish Jani, and Noticee 2 is connected to Suryamangal through Sanjay Ambalal Patel. Therefore, I observe that Suryamangal is connected with UCSL and its two directors i.e. Noticee 1 and Noticee 2 during the IP.

83. Anilkumar Bhawarlalji Bhurat had sold a total quantity of 35,000 shares for which the major counterparty was RCG for 22,067 shares. It is observed that Bhurat was the major counterparty to the positive LTP trades of Noticee 3.

84. During investigation SEBI observed 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.

85. During investigation SEBI observed that, the shares held by AnilKumar Bhurat were purchased off market and the seller was Dadimaa Capital (P) Ltd and not Pragati Share and Stock Brokers Ltd. 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, I observe that Noticee 1 is related to AnilKumar Bhurat through seller Dadimaa Capital (P) Ltd.

86. As stated earlier, Mr. Rohit Ashok Raka was the counterparty to the positive LTP of Noticee 3. It was observed 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. Subsequently, 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.

87. From the order log, it was 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. On the basis of bank account transaction of Noticee 3 and trade log, I further observe that Noticee 4 transferred funds to Noticee 3 on July 25, 2017 and thereafter on the same day Noticee 3 transferred that fund to its broker to buy the abovementioned shares from Laxmi Ashok Raka and Rohit Ashok Raka on July 25, 2017 as mentioned above.

88. It was also observed 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.

89. I note 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.

90. During this time when the scrip was illiquid, I observe that Noticee 4 first transferred shares in off market on July 21, 2017 to Laxmi Ashok Raka and Rohit Ashok Raka. Laxmi Ashok Raka and Rohit Ashok Raka further used the market mechanism to transfer those shares to Noticee 3, whose trade contributed to the positive LTP in the scrip of UCSL.

91. I further observe that Noticee 1 and Noticee 2 are the directors of Noticee 4. Hence, in view of the same, I observe that Noticee 1 and Noticee 2, the directors of UCSL funded Noticee 3 to buy the shares from Laxmi Ashok Raka and Rohit Ashok Raka and thereby contributed to the positive LTP of scrip during Patch-I.

92. I note that during patch-1 of Investigation Period, Noticee 3 was 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 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.

93. Therefore, I observe that trades of Noticee 3 contributed to price rise of the scrip from 64.5 on July 03, 2017 to 81.2 on August 11, 2017 during Patch-I of the IP. I further observe 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. 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. Therefore, I observe that Noticee 4 and Noticee 5 funded Noticee 3 to manipulate the price and volume of the scrip. I further note that Noticee 1 and Noticee 2 are directors of Noticee 4 and Noticee 2 is director of Noticee 5. Therefore, I observe that the Noticee 1 and Noticee 2 manipulated the price of UCSL during the IP through Noticee 3.

94. As discussed in detail in further paragraphs, I note that Noticee 3 had transferred shares of UCSL to Noticee 6 and Noticee 4 had transferred shares to Noticee 7 through off market transactions, thereafter, Noticee 6 Noticee 7 and Noticee 8 entered into reversal trades. I further note 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.

95. In view of the above, I conclude 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 and such trading pattern of Noticee 3 was devoid of any business purpose and therefore Noticee 3 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), (d) and (e) of SEBI (PFUTP) Regulations, 2003.

96. I further observe 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.

97. Further I observe from the foregoing 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, aided and abetted the manipulation of the scrip of UCSL through the aforementioned entities and thereby 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) and (d) of SEBI (PFUTP) Regulations, 2003.

(b) Whether Noticee 6, Noticee 7 and Noticee 8 have violated the provisions 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) of PFUTP Regulations, 2003?

98. As observed 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.

99. 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:

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 6 during the IP are as under:

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 7 during the IP are as under

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 8 during the IP are as under:

	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.*

100. 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.

101. 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.

102. Further out of the aforesaid, it was observed that Noticee 8 and Noticee 6 executed reversal trades for 1,06,500 shares. Similarly, it was observed that Noticee 8 and Noticee 7 executed reversal trades for 50,000 shares. Details of reversal trades during the IP are as under:

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%

103. On perusal of the trade log and the order log, it was observed 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 was observed 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

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

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

105. 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:

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

106. 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.

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

107. 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:

Date of Trade	Buyer's name	Seller's name	Buy Order No	Sell Order No	Trade Time	Trade Rate	Traded Qty
26/12/17	Noticee 6	Noticee 8	1514259000001091039	1514259000001091041	9:20:11	7.3	56500

108. 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 , took place).

Trade date 27.12.2017

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

109. 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:

Date of Trade	Buyer's name	Seller's name	Buy Order No	Sell Order No	Trade Time	Trade Rate	No of shares traded
27/12/17	Noticee 6	Noticee 8	1514345400001249016	1514345400001249020	9:15:31	7.35	99625

110. 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 order no. 1514345400001249016 at 9:16. In view of the same, it is observed 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

111. 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:

Trade Date	Buyer's name	Seller's name	Buy Order No	Sell Order No	Trade Time	Trade Rate	No of shares traded
27/12/17	Noticee 8	Noticee 6	1514345400001249022	1514345400001249029	9:16:11	7.4	50000

112. 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.

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

Instances of 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

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

114. 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.

115. 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, 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.

116. 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.

117. 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. This resulted in trade for 50,000 shares between Noticee 8 and Noticee 7 as follows:

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

118. 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:

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

Trade date 28.12.2017

119. 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. 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:

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

120. 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.

121. It was observed that Noticee 6 and Noticee 8 traded amongst themselves, reversed their trades and created artificial volume in the scrip of UCSL.

122. Further, I observe that 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 are non-genuine and undertaken to attract retail investors so as to create artificial volume in the scrip of UCSL.

123. 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 devoid of any financial rationale. I note 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 indicates that the trades were reversed to increase liquidity in the scrip. Also, there were repeated instances of such behaviour. This shows that the transactions were not aimed at transferring beneficial ownership but for creation of artificial volume in the scrip. I also observe that both Noticee 7 and Noticee 6 were not holding any shares prior to the IP.

Both Noticee 6 and Noticee 7 received shares in off market without any consideration from Noticee 3 and Noticee 4.

124. I observe that Noticee 1 and Noticee 2, the directors of UCSL were also the directors of Noticee 4 which 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, I observe 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 along with Noticee 8 as detailed above.

125. In view of the above, I conclude 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.

(c) Whether Noticee 1 violated the provision of Section 11C(5) of SEBI Act, 1992?

126. Noticee 1 was one of the three directors of UCSL during the Investigation Period. Summon u/s 11C(3) of SEBI Act, 1992 were issued to Noticee 1 on August 21, 2019 by SEBI. Noticee 1 vide letters dated September 03, 2019 replied to the summons dated August 21, 2019. During the investigation, it was observed that Noticee 1 had major role in the manipulation of both price and volume of the scrip of UCSL.

127. 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, Noticee 1 did not appear before the Investigating Authority (hereinafter referred to as **IA**).

128. 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 IA on January 21, 2020, however he failed to appear and no response was received from him.

129. 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.

130. Letter dated October 18, 2021 were again sent to Noticee 1, inter-alia, seeking details regarding the information which was sought from him vide summons dated November 26, 2019 and vide another summon dated January 15, 2020, and further he was advised to appear before the Investigating Authority by the aforementioned letters/summons. Vide letter dated October 18, 2021, Noticee 1 was advised to furnish comments / reasons as to why suitable action should not be taken against him under the provisions of SEBI Act and rules and regulations made thereunder. The letter to Noticee 1 got delivered but no reply was received.

131. As Noticee 1 is the director of UCSL and also the director of Noticee 4 and as observed in above that Noticee 1 funded Noticee 3 directly / indirectly in the manipulation of both price and volume of the scrip of UCSL, therefore, I observe that the statement under oath of Noticee 1 before the IA was crucial to investigate his role in the manipulation of price and volume of the scrip and would have helped the IA to gather relevant and important information and to conduct the investigation in the matter. The non-appearance of Noticee 1 has delayed the investigation and its subsequent process which was detrimental to the investigation in general.

132. It is pertinent to mention here that it is the responsibility of every person to comply with summons and fully co-operate with the Investigating Authority. If persons are allowed to flout the summons issued to them during the course of the investigation, SEBI, as the watchdog of the securities market, will not be able to discharge its statutory obligations in protecting the interests of the investors and safeguarding the integrity of the securities market.

133. Non-appearance has adversely affected the investigation process. The Hon'ble Securities Appellate Tribunal in its Order dated 22.10.2013, in the matter of **Rich Capital & Financial Services Limited and Mr. Shashwat Agarwal vs. SEBI** observed that-

“We note that requisite information and relevant records are pre-requites for a meaningful investigation. In the absence of cooperation by the concerned company, the SEBI cannot move an inch. Therefore, every company is obliged to reasonably respond to any letters or summons to be issued by the regulator by furnishing the required information and/or documents for a smooth investigation, unless such a request/demand by the regulator is shown to be the outcome of ill-will, or is tainted with malice and/ or is otherwise arbitrary in the fact situation of a given case. If companies are allowed to take the statutory summons, letters or other statutory commands of the Regulator lightly, every investigation will be thwarted even before it begins.”

134. In this context, it is also important to refer to the judgment of the Hon'ble SAT in the matter of **Mr. Jalaj Batra vs. SEBI** (Appeal no. 184 of 2010, date of decision dated December 06, 2010) wherein it observed:

“......We have observed time and again that it is of utmost importance that market players like the appellant should fully cooperate with the investigations that are carried out by the Board, the watchdog of the securities market. If market players and intermediaries avoid appearing before the investigating officer or furnish the necessary information sought from them, the Board as a market regulator will not be able to carry out its statutory functions and duties of protecting the integrity of the securities market and the investigations would be grossly hampered. Non co-operation with the market regulator has to be viewed seriously. We do not know what else would have come to light if the appellant had appeared before the investigating officer or if he had furnished the requisite information that was sought from him.”

135. Hon’ble SAT in **Concord Realty Private Limited Vs. SEBI** (Appeal No. 22 of 2016) observed:“

....9. As regards the penalty of Rs.2,00,000 imposed for violating section 11C(3) and Rs.2,00,000 for violating section 11C(5) of the SEBI Act it is not in dispute that the appellant had failed to furnish all particulars sought in the summons issued against the appellant and that the appellant had failed to appear inspite of receiving the summons. Counsel for the appellant, however, submitted that in the present case, inadvertently the date of summoning was mistaken to be the date before which the letters, documents were to be filed with SEBI and accordingly it is submitted that it is not a fit case for

imposing penalty on the ground the appellant has violated section 11C(3) and section 11C(5) of the SEBI Act. 10. Once it is established that there is failure to furnish requisite particulars called for and there is failure to appear before the concerned officer of SEBI as per the summons issued to the appellant, it obviously means that there is violation of section 11C(3) and section 11C(5) of SEBI Act. Penalty for such violations under section 15A(b) of the SEBI Act is Rs.1 lakh per day subject to a maximum of Rs.1 crore. Thus as against the penalty of Rs.1 crore imposable for violating section 11C(3) and penalty of Rs.1 crore imposable for violating section 11C(5), the AO of SEBI after considering all mitigating factors has imposed penalty of Rs.2 lakh for violating section 11C(3) and Rs.2 lakh for violating section 11C(5) of SEBI Act which cannot be said to be unreasonable and excessive. Accordingly, the penalty imposed for violating section 11C(3) and 11C(5) is upheld."

136. In view of the above, there is no hesitation to hold that Noticee 1 has violated Section 11C (5) of SEBI Act, 1992, for not observing compliance with summons issued to him.

(d) Whether Noticee 3 violated the provision of Regulation 29(1), (2) read with 29(3) of SEBI (SAST) Regulations 2011?

137. 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.

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,-

c) every stock exchange where the shares of the target company are listed; and

d) the target company at its registered office".

138. As the shareholding of the Noticee 3 exceeded 5% of the total shareholding of the UCSL at the end of quarter June 2017, subsequently the post stock split of shares, shareholding of Noticee 3 fell to 2.69% of the total shareholding in the quarter ending March 2018, and 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 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.

139. In view of the above, I observe that Noticee 3 has violated Regulations 29 (1) and (2) read with 29(3) of SEBI (SAST) Regulations, 2011.

ISSUE II: Does the violation, if any, on part of the Noticee 1 attract penalty under Section for 15HA and 15HB of SEBI Act, for Noticee 2, Noticee 4, Noticee 5, Noticee 6, Noticee 7 and Noticee 8 under Section 15HA and for Noticee 3 under Section 15HA and 15A(b) of the SEBI Act ?

140. As has been established in foregoing paragraphs that Noticee1, Noticee 2, Noticee 4 and Noticee 5 have violated the provisions 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, 2003, Noticee 3 has violated the provisions of Section 12A(a), (b) & (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1), 4(2)(a), (d) and (e) of PFUTP Regulations, 2003, Regulation 29(1), (2) read with 29(3) of SEBI (SAST) Regulations 2011, Noticee 6, Noticee 7 and Noticee 8 have violated the provisions 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) of PFUTP Regulations, 2003, Noticee 1 violated the provision of Section 11C(5) of SEBI Act, 1992 and

141. The Hon'ble Supreme Court of India in the matter of SEBI vs. Shri Ram Mutual Fund interalia held *" once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established then the penalty is to follow."*

142. Therefore, I am convinced that it is a fit case for imposition of penalty under the provisions of Section 15HA, 15HB and 15A(b) of the SEBI Act, which reads as given below:

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.

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]];

ISSUE III: If so, how much penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the SEBI Act?

143. While determining the quantum of penalty under sections 15HA, 15HB and 15A(b) of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

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

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

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

(c) the repetitive nature of the default."

144. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticee and the loss, if any, and suffered by the investors as a result of the Noticee's failure. However, I note that the Noticees entered into fraudulent trade which has the effect of disrupting the securities market and has the potential to mislead and induce genuine investors to trade in the scrip. This

violation of the Noticees, if dealt with lightly could seriously undermine investors confidence in the securities market and has to be viewed seriously and calls for appropriate penalty.

145. I note that Noticee 3 (R.C.G. Finance Private Limited) has been struck-off. I note that it is an established fact that when a company is struck-off, it is a non-existing company and the adjudication proceedings against the non-existing company is thus nullity. In this context, I would like to rely upon the judgment of the Hon'ble Delhi High Court in the case of Commissioner of Income Tax (CIT) vs. Vived Marketing Services (P) Ltd., ITA NO. 273/2009 dated September 17, 2009 in which it was held that -*"When the Assessing Officer passed the order of assessment against the respondent company, it had already been dissolved and struck off the register of the Registrar of companies under Section 560 of the Companies Act. In these circumstances, the Tribunal rightly held that there could not have been any assessment order passed against the company which was not in existence as on that date in the eyes of law it had already been dissolved. We are of the opinion that the view taken by the Tribunal is perfectly valid and in accordance with law."* Strike off essentially means removing the name of the company from the Register maintained by the Registrar of Companies. It is like closure of the company and the company will not be in existence after being struck-off and cannot perform any operations. In view of the above, I discharge the Show Cause Notice dated June 28, 2022 qua the Noticee 3 without imposing any penalty.

ORDER

146. Having considered the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act, the purpose of SEBI PFUTP Regulations 2003, taking note of Section 15HA of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme Court in *SEBI vs. Bhavesh Pabari (2019) 5 SCC 90* and in exercise of power conferred upon me under section 15-I of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under section 15HA and 15HB of the SEBI Act, 1992 on the Noticee:

S. No.	Name of entity	Penalty Provisions	Penalty (Rs.)
1	Narendra Ramanlal Shah (Noticee 1)	Section 15HA of SEBI Act, 1992	15,00,000/- (Rs. Fifteen Lakh Only)
		Section 15HB of SEBI Act, 1992	10,00,000/- (Rs. Ten lakh Only)
2	Vimala Sanjay Patel (Noticee 2)	Section 15HA of SEBI Act, 1992	15,00,000/- (Rs. Fifteen lakh Only)
3	Earth Exim Limited (EEL) (Noticee 4)	Section 15HA of SEBI Act, 1992	15,00,000/- (Rs. Fifteen lakh Only)
4	Bonanza Industries Limited (Noticee 5)	Section 15HA of SEBI Act, 1992	15,00,000/- (Rs. Fifteen lakh Only)
5	Preeti Ajay Nathwani (Noticee 6)	Section 15HA of SEBI Act, 1992	10,00,000/- (Rs. Ten lakh Only)
6	Ajay Nathwani (Noticee 7)	Section 15HA of SEBI Act, 1992	10,00,000/- (Rs. Ten lakh Only)
7	Deepak Parashram Salvi (Noticee 8)	Section 15HA of SEBI Act, 1992	10,00,000/- (Rs. Ten lakh Only)

147. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

148. The Noticee 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 website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT → Orders → Orders of AO → PAY NOW. In case of any

difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

149. The aforesaid Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief (Enforcement Department 1 DRA-1), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C/7, "G" Block BKC, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051." The Noticee shall also provide the following details while forwarding DD / payment information:

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

150. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

151. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

Place: Mumbai **BARNALI MUKHERJEE**
Date: October 31, 2022 **ADJUDICATING OFFICER**