BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/MC/RM/2022-23/22449-22481]

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

In respect of –

1. **Vividoffset Printers Private Limited (Now Known as Vivid Mercantile Ltd) (AAACV7171J)** having address at Basement Medicare Centre, Bh M J Library, Opp Stock Exchange, Ellisbridge, Ahmedabad- 380006
2. **Veeram Vendors Private Limited (AAGCV2373L)** having address at 42/D,Sri Hari Park, Near Gopi Vallabh Tower, Times Of India Road, Ahmedabad – 380015
3. **Pinalben R. Shah (BEAPS7911B)** having address at 402,Wall Street-1, Opp, Orient Club, Nr,Gujarat College Ellisbridge Ahmedabad 380006
4. **Shashwat Stock Brokers Pvt. Ltd (AACCS1143H)** having address at 307, Shyamak Complex, B/H Panjra Pole, Ambawadi, Ahmedabad - 380015
5. **Harsha Jagdishbhai Parmar (BEBPP7680D)** having address at D-416, Ghanshyam Nagar, Nobel Nagar, Ahmedabad - 382340
6. **Naresh Mavjibhai Parmar (DMKPP1979L)** having address at Balyanagar, Opp Shital Nagar, Amraiwadi, Ahmedabad - 380026
7. **Nisarg Jaysukhbhai Lashkari (AHJPL1938N)** having addresses at
   i. Ganesh Bhuvan 10 Laxmiwadi Rajkot Gujarat India – 360002 And
   ii. Behind Government Godown Gandhigram Junagadh Malia Junagadh Gujarat India - 362001
8. **Bipinchandra Ratilal Trivedi** (AHHPT0691A) having address at 50 Navdurga Krupa Kalyan Society, Karamsad Road, Vallabh Vidhya Nagar, Anand - 388001
9. **Saurabh Mahendrabhai Shah (FJWPS8403K)** having address at 2708/2, Vasta Ghelajini Pol, Halim Ni Khadki,Shahpur, Ahmedabad City, Ahmedabad Gujarat India - 380001

10. **Tarunkumar Laxmanbhai Rajput (ARPPR0302L)** having address at 38-549 Bhadreshwar Soceity, Opp Rajiyapir Darga Kotarpur, Ahmedabad, Gujarat, India - 382475
11. **Pankaj Labhubhai Dangar (BVNPD3083R)** having address at Murlidhar Nivas, Ashapura Nagar Street No 17, Kothariya Chokdi, Rajkot, Gujarat, India - 360002
12. **Arcadia Share Stock Brokers Pvt. Ltd (AAACA4562G)** having addresses at
    i. 328/329, Ninad Bldg No 7, 1st Floor, Service Road, Near Bhavishy Nidhi Bhavan, Bandra, Mumbai – 400051, and
    ii. Rambhavan Complex, Vi Floor, A Wing, Kodialbail, Mangalore Karnataka India 575003, and
    iii. 2nd Floor Baliga Arcade Near Geetanjali Theatre Vidyasamudra Marg Udupi Karnataka India 576101
13. **Sejal Saurabhbhai Shah (FJWPS8397Q)** having address at 2708/2, Vasta Ghelajini Pol, Halim Ni Khadki,Shahpur, Ahmedabad City, Ahmedabad Gujarat India - 380001
14. **Jagadish Ramjibhai Parmar (AZKPP7974K)** having address at D-416, Ghanshyam Nagar Opp. Kotarpur Water Worker Nobal Nagar Ahmedabad (Gujarat) - 382340
15. **Nitaben Chandrakant Soni (EKPPS5766G)** having address at A 4, Jignasha Soc Vejalpur, Ahmedabad, Gujarat, India – 380051
16. **Heenabane Sanjaybhai Solanki (DYOPS5021Q)** having address at Kiran Kunj, Kishan Para, Street No 2, Race Course, Rajkot, Gujarat India -360001
17. **Shobhanaben Bipinchandra Trivedi (BEGPT0727N)** having address at 50 Kalyan Society, Karamsad Road, Vidhya Nagar, Anand - 388120
18. **Sanjaykumar Motibhai Chavda (AGCPC2231R)** having address at Vinayak Nagar, 17-B, Near Shiv Sagar Hall, End Of Naval Nagar 9, Doshi Hospital Main Road Rajkot (Gujarat) - 360004
19. **Jitney Investments Private Limited (AADCJ0092M)** having address at 33/21 Block-Ns,Ranaji, Enclave,Najafgarh New Delhi - 110043

20. **D K Jain Properties Private Ltd. (AACCD3821F)** having address at 9/12, Lal Bazar Street, 3rd Floor, Block – B, Room No. 17, Kolkata, West Bengal-700001.
21. **Amuly Suppliers Private Ltd (AAKCA3466B)** having address at 6B, Bentick Street, 1st Floor, Kolkata, WB - 700001
22. **MR Merchants Private Ltd (AAICM3686R)** having address at 6B, Bentick Street, 1st Floor, Kolkata, WB - 700001
23. **Midpoint Commodeal Private Ltd (AAICM0631L)** having address at 9C, Lal Bazar Street, 3rd Floor, Kolkata WB- 700001
24. **Armeva Dealers Private Ltd (AAQCA6476M)** having address at 24 Belilius Road, Howrah, WB - 711101
25. **Wincliff Technologies Private Ltd (AAACW8951D)** having address at 30, Bentinck Street, Flat No. 4, Kolkata, WB - 700069
26. **Xingming Dealers Private Ltd (AAACX2529A)** having address at 216 G T Road, 1st Floor, Howrah WB - 711202
27. **Tsim Sha Tsui Traders Private Limited (AAGCT6704R)** having address at 216 G T Road, 1st Floor, Howrah, WB - 711202
28. **Frexon Suppliers Private Ltd (AADCF4723H)** having address at Birati Siddheswari Bazar Talikhola Kolkata WB - 700051
29. **Migent Commodeal Private Ltd (AALCM9854G)** having address at 19, Amratolla Street Kolkata, WB 700001
30. **Cradon Traders Private Ltd (AAHCC6973A)** having address at 59C, Chowringhee Road, 2nd Floor, Room No - 201 Kolkata WB - 700020
31. **Rightview Dealers Private Ltd (AAICR7968M)** having address at 24 Belilius Road, Howrah, WB - 711101
32. **Aneel A & Co (BFOPS3849R)** having address at 255 Sarvottam Nagar, Sabarmati, Ahmedabad, Gujarat - 380005
33. **Sharad Enterprise (APOPP1463R)** having address at E 274 Sarvottam Nagar, Javahar Chowk, Sabaramati, Ahmedabad, Gujarat, India - 380019

In the matter of Darshan Orna Ltd.

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') initiated adjudication proceedings against 33 entities in the matter of Darshan Orna Ltd. ("**Darshan Orna/Company")** as follows:

   i. Under Section 15HA of the SEBI Act, against Vividoffset Printers Private limited ("**Noticee 1**"), for the alleged violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4(2) (a), 4 (2) (e) of SEBI (PFUTP) Regulations, 2003.

   ii. Under Section 15HA of the SEBI Act, against Veeram Vendors Private limited ("**Noticee 2**") and Pinalben R. Shah ("**Noticee 3**"), for the alleged violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4(2) (a) of SEBI (PFUTP) Regulations, 2003.

   iii. Under Section 15HA of the SEBI Act, against Shashwat Stock Brokers Pvt. Ltd ("**Noticee 4**") for the alleged violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a), 4 (2) (e) of SEBI (PFUTP) Regulations, 2003.

   iv. Under Section 15HA of the SEBI Act, against Harsha Jagdishbhai Parmar ("**Noticee 5**"), Naresh Mavjibhai Parmar ("**Noticee 6**"), Nisarg Jaysukhbhai Lashkari ("**Noticee 7**"), Bipinchandra Ratilal Trivedi ("**Noticee 8**"), Saurabh Mahendrabhai Shah ("**Noticee 9**"), Tarunkumar Laxmanbhai Rajput ("**Noticee 10**"), Pankaj Labhubhai Dangar ("**Noticee 11**"), Arcadia Share Stock Brokers Pvt. Ltd ("**Noticee 12**"), Sejal Saurabhbhai Shah("**Noticee 13**"), Jagadish Ramjibhai Parmar ("**Noticee 14**"), Nitaben Chandrakant Soni("**Noticee 15**"), Heenabane Sanjaybhai Solanki ("**Noticee 16**"), Shobhanaben Bipinchandra Trivedi ("**Noticee 17**"), Sanjaykumar Motibhai Chavda ("**Noticee 18**"), Jitney Investments Private Limited ("**Noticee 19**") for the alleged violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a), 4 (2) (g) of SEBI (PFUTP) Regulations, 2003

   v. Under Section 15HA of the SEBI Act, against D K Jain Properties Private Ltd ("**Noticee 20**"), Amuly Suppliers Private Ltd ("**Noticee 21**"), MR Merchants

Private Ltd ("**Noticee 22**"), Midpoint Commodeal Private Ltd ("**Noticee 23**"), Armeva Dealers Private Ltd ("**Noticee 24**"), Wincliff Technologies Private Ltd ("**Noticee 25**"), Xingming Dealers Private Ltd ("**Noticee 26**"), Tsim Sha Tsui Traders Private Limited ("**Noticee 27**"), Frexon Suppliers Private Ltd ("**Noticee 28**"), Migent Commodeal Private Ltd ("**Noticee 29**"), Cradon Traders Private Ltd ("**Noticee 30**"), Rightview Dealers Private Ltd ("**Noticee 31**"), Aneel A & Co ("**Noticee 32**"), Sharad Enterprise ("**Noticee 33**") for the alleged violations of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1) of SEBI (PFUTP) Regulations, 2003;

APPOINTMENT OF ADJUDICATING OFFICER

2. Undersigned was appointed as the Adjudicating Officer vide communique dated May 27, 2021 under Section 15-I of the SEBI Act read with Rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **'Adjudication Rules'**) to inquire into and adjudge under the provisions of Section 15 HA of the SEBI Act, the aforesaid alleged violations by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No.EAD5/MC/VS/2021/37594 dated December 16, 2021 (hereinafter be referred to as, the "**SCN**") was served upon the Noticees under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ('Adjudication Rules') to show cause as to why an inquiry should not be held and penalty not be imposed against Noticees under Sections 15 HA of SEBI Act for the aforesaid alleged violations.

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

5. SEBI investigated complaints received during January 2019 which alleged that SMSes were circulated (from SMS Id: MD-MULTIB) in the market during the period from January 07, 2019 to January 31, 2019 giving buy recommendations in the scrip of Darshan Orna Ltd. Thereafter, SEBI investigated the matter with respect to price and volume manipulation in the scrip of Darshan Orna Ltd.

6. The period of Investigation was taken from June 04, 2018 to January 31, 2019 (hereinafter referred to as "**investigation period" / "IP**"). The findings of the investigation are given below.

7. Darshan Orna Limited on May 19, 2016 got listed on SME platform of BSE. On December 12, 2018 it migrated to BSE main board. The details of management of the Company during the investigation period are as follows:-

S.No.	Name	Designation	Date of Appointment	Date of Cessation
1	Mahendrabhai Ramniklal Shah	Director	January 20, 2011	N.A.
2	Ritesh Mahendrabhai Sheth	Managing Director & Chief Financial Officer	September 01, 2017	N.A.
3	Arunaben Mahendrakumar Shah	Non-Executive Director	January 20, 2011	N.A.
4	Dinesh Dalchand Hiran	Director	January 05, 2017	N.A.
5	Satish Vadilal Sheth	Director	June 07, 2017	N.A.
6	Nirav Arvindkumar Shah	Company Secretary & Compliance Officer	December 04, 2018	N.A.

8. The following table shows the financial results of the company:

(Source: BSE website)(Rs in Million)

Description	Annual		Half Yearly		Quarterly	
Particulars	Mar.2019	Mar.2018	Mar.2018	Sep. 2018	Dec. 2018	Mar. 2019
Net Sales	92.79	396.94	247.3	38.22	25.75	28.82
Other Income	0.09	0.15	0.12	0.02	0	0.07
Total Income	92.88	397.09	247.41	38.24	25.75	28.89
Net Profit	1.49	3.84	3.08	0.12	1.89	-2.28

9. During the investigation period, the company had a bonus issue (11:10) with Ex-date as September 19, 2018 and record date as September 21, 2018. Subsequently, the company w.e.f. December 12, 2018 migrated from BSE-SME platform to BSE-Mainboard. In view of the above, the investigation period was divided into three patches as tabulated below:

Patch-1	June 04, 2018 to September 21, 2018
Patch-2	September 22, 2018 to December 11, 2018
Patch-3	December 12, 2018 to January 31, 2019

10. The table summarizing the price-volume data for the period before, during and after the investigation period is placed below:

(Source: BSE website)

Period	**Dates**		**Opening Price (volume) on first day of the period (Rs.)**	**Closing price (volume) on last day of the period (Rs.)**	**Low price (volume) during the period (Rs.)**	**High Price (volume) during the period (Rs.)**	**Avg. no. of (shares) traded daily during the period**
Before Investigation Period	**Mar 01, 2018 to June 03, 2018**	**Price**	85.55	180	78.40 (Mar 15, 2018)	180 (Mar 05, 2018)	27,000
		Vol	1000	4000	1,000 (June 01, 2018)	2,74,000 (Mar 15, 2018)	
Patch 1 (Price Rise)	**June 04, 2018 to Sept 21, 2018**	**Price**	81	130	74.00 (June 22, 2018)	135.00 (Sept 04, 2018)	4,613
		Vol	11000	4000	1,000 (Aug 17, 2018)	17,000 (July 10, 2018)	
Patch 2 (No significant price movement)	**Sept 22, 2018 to Dec 11, 2018**	**Price**	59.5	56	50.00 (Oct 24, 2018)	60.00 (Oct 09, 2018)	6,720
		Vol	8400	4200	2,100 (Nov 19, 2018)	21,000 (Oct 12, 2018)	
Patch 3 (Price Rise)	**Dec 12, 2018 to Jan 31, 2019**	**Price**	60	111.6	60.00 (Dec 13, 2018)	111.60 (Jan 31, 2019)	1,70,609
		Vol	5	107938	5 (Dec 13, 2018)	5,82,053 (Jan 07, 2019)	
After Investigation Period	**Feb 01, 2019 to April 30, 2019**	**Price**	25.95	100.45	25 (April 25, 2019)	110 (Feb 01, 2019)	6,322
		Vol	2575	6475	3 (April 22, 2019)	50,173 (April 23, 2019)	

11. The closing price of the scrip was Rs. 14.20 as on August 20, 2020.

12. Two groups of entities (with 6 entities each) viz. Group-1 (i.e. Company connected entities) and Group-2 (Highgrowth connected entities) were examined.

13. Group-1 or Company connected entities: The names, PANs and basis of connections (Annexure 6 of the SCN) between Company connected entities are as follows:-

Sl. No.	Pan	Name	Basis of connection
1	AAACV7171J	Vividoffset Printers Private limited	Entity at Sl.no. 1 , Veeram Securities Ltd(formerly Veeram Ornament Ltd) and the company Darshan Orna Ltd have common director viz. Satish Vadilal Sheth
2	AAGCV2373	Veeram Vendors Private limited	Veeram Securities Ltd (Formerly Veeram Ornaments Ltd) and entity at Sl.no 2 have common Directors viz Pinalben R. Shah (entity at Sl.no 3) & Rakshit Mahendra Shah (entity at Sl.no 4)
3	BEAPS7911B	Pinalben R. Shah	
4	AKIPS9122R	Rakshit Mahendra Shah	
5	BFVPG5800B	Siddharth Paras Gathani	Paras Gathani (father of entity at Sl.no 5) has fund transfer with entity at Sl.no. 1
6	DSHPP4918J	Mohamed Hussain Punjani	fund transfer with entity at Sl.no 1

14. Group-2 or Highgrowth connected entities: The names, PANs and basis of connections (Annexure 7 of SCN) between Highgrowth connected entities are as follows:-

Sl. No.	Pan	Name	Basis of connection
1	AACCH1789A	Highgrowth Vincom Private Limited	Entities at Sl.no 1 and 2 have common directors viz Amu Thapa and Saikat Das
2	AADCG3846Q	Glorious Vincom Private Limited	
3	AKLPL2832L	Priyankar Laha	Entities at Sl.no 3,4 and 5 have common address viz " Madhya Shibpur, Ramchandranagar South 24 Paraganas, Magrahat II Howrah- 743372”

4	AQBPL5563C	Buddhadeb Laha	Entity at Sl.no. 1. transferred Rs.3.60 crores to Lagan Barter Pvt Ltd. during period Feb 2018 to Mar 2019. One of the directors of Lagan Barter Pvt Ltd. viz. Kamal Das has same address as that of entities at Sl.no. 3, 4 and 5. viz. "Madhya Shibpur, Ramchandranagar South 24 Parganas, Magrahat II, Howrah 743372".
5	BWHPD4063L	Sanjay Dey	Entities at Sl.no. 3,4,5 and 6 have been funded by Midpoint Comodeal Pvt Ltd
6	DGTPM2047B	Minu Mallick.	

15. Trading by the Group 1 and Group 2 entities: The trading details of the group entities during the investigation period are given as follows:

Group -1:

Client name	Gross Buy Qty	Gross Buy % of market buy volume	Gross Sell Qty	Gross Sell % of market sell volume
Pinalben R. Shah	83300	1.51%	166900	3.04%
Veeram Vendors Private limited	70300	1.28%	431598	7.85%
Vividoffset Printers Private limited	40100	0.73%	306355	5.57%
Rakshit Mahendra Shah	4000	0.07%	9455	0.17%
Siddharth Paras Gathani	0	0.00%	29900	0.54%
Mohamed Hussain Punjani	0	0.00%	92500	1.68%
Total	**197700**	**3.60%**	**1036708**	**18.85%**
Market total	**5499075**	**100.00%**	**5499075**	**100.00%**

Group-2:

Client name	Gross Buy Qty	Gross Buy % of market buy volume	Gross Sell Qty	Gross Sell % of market sell volume
Highgrowth Vincom Private Limited	280024	5.09%	280024	5.09%
Buddhadeb Laha	172519	3.14%	171878	3.13%
Glorious Vincom Private Limited	142812	2.60%	129888	2.36%
Priyankar Laha	101832	1.85%	108732	1.98%
Minu Mallick	82650	1.50%	82650	1.50%
Sanjay Dey	49605	0.90%	49605	0.90%
Total	**829442**	**15.08%**	**822777**	**14.96%**

Client name	Gross Buy Qty	Gross Buy % of market buy volume	Gross Sell Qty	Gross Sell % of market sell volume
Market total	**5499075**	**100.00%**	**5499075**	**100.00%**

16. Investigation revealed that 38 entities connected to one Mr. Hanif Shekh acquired shares of Darshan Orna Ltd. prior to circulation of SMS when the scrip was thinly traded. Subsequently, interest was created in the scrip through the website (www.mbstocks.in) and bulk SMSes (MD-MULTIB) during the period from 07.01.2019 to 31.12.2019. Circular trades were also observed among a group of 15 entities (during beginning dates of circulation of SMSes) which resulted in artificial volume generation and thus, gave a misleading appearance of trading in the scrip. Thus, the intensive use of bulk messages, website and circular trades resulted into attention of gullible retail investors and thereby, increase in price and volume in the scrip.

17. Allegations with respect to Noticees 5 – 19 : It is alleged that Noticees 5 to 19, engaged in circular trading in the scrip of Darshan Orna on 07.01.2019, 08.01.2019 and 09.01.2019 and thus, created artificial volume and thereby, misleading appearance of trading. Circular trading was observed on four different occasions by 8, 8, 5 and 5 entities respectively.

18. Noticees 5 -19 traded on some or all of the dates – 07.01.2019, 08.01.2019 and 09.01.2019 i.e. beginning dates of circulation of bulk SMSes. The trading dates for these Noticees during the investigation period are as follows:

PAN	Name	Trade Dates during IP
BEBPP7680D	Harsha Jagdishbhai Parmar	7-Jan-2019
		9-Jan-2019
DYOPS5021Q	Heenabane Sanjaybhai Solanki	8-Jan-2019
AZKPP7974K	Jagadish Ramjibhai Parmar	8-Jan-2019
AADCJ0092M	Jitney Investments Private Limited	9-Jan-2019
DMKPP1979L	Naresh Mavjibhai Parmar	7-Jan-2019
		8-Jan-2019
		9-Jan-2019

PAN	Name	Trade Dates during IP
AHJPL1938N	Nisarg Jaysukhbhai Lashkari	7-Jan-2019
		9-Jan-2019
EKPPS5766G	Nitaben Chandrakant Soni	8-Jan-2019
		9-Jan-2019
BVNPD3083R	Pankaj Labhubhai Dangar	7-Jan-2019
		9-Jan-2019
AGCPC2231R	Sanjaykumar Motibhai Chavda	8-Jan-2019
FJWPS8403K	Saurabh Mahendrabhai Shah	7-Jan-2019
		9-Jan-2019
FJWPS8397Q	Sejal Saurabhbhai Shah	8-Jan-2019
BEGPT0727N	Shobhanaben Bipinchandra Trivedi	8-Jan-2019
		9-Jan-2019
ARPPR0302L	Tarunkumar Laxmanbhai Rajput	7-Jan-2019
		9-Jan-2019
AAACA4562G	Arcadia Share Stock Brokers Pvt. Ltd	7-Jan-2019
		8-Jan-2019
		9-Jan-2019
AHHPT0691A	Bipinchandra Ratilal Trivedi	7-Jan-2019

19. Thus, from the table above, it is seen that Noticees 5-19 have not traded on any date other than 07.01.2019, 08.01.2019 and 09.01.2019 during the IP (i.e. beginning dates of circulation of bulk SMSes).

20. Connections between the Noticees 5-19 are established as follows:

Sl.no.	PAN	Name of the entity	Basis of connection
1	BEBPP7680D	Harsha Jagdishbhai Parmar	Harsha Jagdishbhai Parmar and Jagdish Ramjibhai Parmar share same mobile numbers viz 7984047534 and 9924491361. They also share common email-id viz jagdish.parmar7@gmail.com. Saurabh Mahendrabhai Shah shares same mobile number with Harsha
2	DMKPP1979L	Naresh Mavjibhai Parmar	

Sl.no.	PAN	Name of the entity	Basis of connection
			Jagdishbhai Parmar and Jagdish Ramjibhai Parmar viz 9924491361
3	AHJPL1938N	Nisarg Jaysukhbhai Lashkari	Saurabh Mahendrabhai Shah and Sejal Saurabhbhai Shah share common mobile numbers viz 9924784448 and 7041873233.
4	AHHPT0691A	Bipinchandra Ratilal Trivedi	Bipinchandra Ratilal Trivedi and Shobhanaben Bipinchandra Trivedi share common mobile number and email-id viz 8735986369 and rajutrivedi1741@gmail.com
5	FJWPS8403K	Saurabh Mahendrabhai Shah	Naresh Mavijibhai Parmar and Nisarg Jaysukhbhai Lashkari had entered into an off-market transaction on 28.06.2018
6	BVNPD3083R	Pankaj Labhubhai Dangar	Pankaj Labhubhai Dangar and Nisarg Jaysukhbhai Lashkari had accessed from same IP address 42.106.32.228 & 42.106.34.61.
7	FJWPS8397Q	Sejal Saurabhbhai Shah	Harsha Jagdishbhai Parmar & Saurabh Mahendrabhai Parmar had accessed from same IP address 106.77.131.207
8	AZKPP7974K	Jagadish Ramjibhai Parmar	Harsha Jagdishbhai Parmar and Bipinchandra Ratilal Trivedi had accessed from common IP address 103.238.106.229

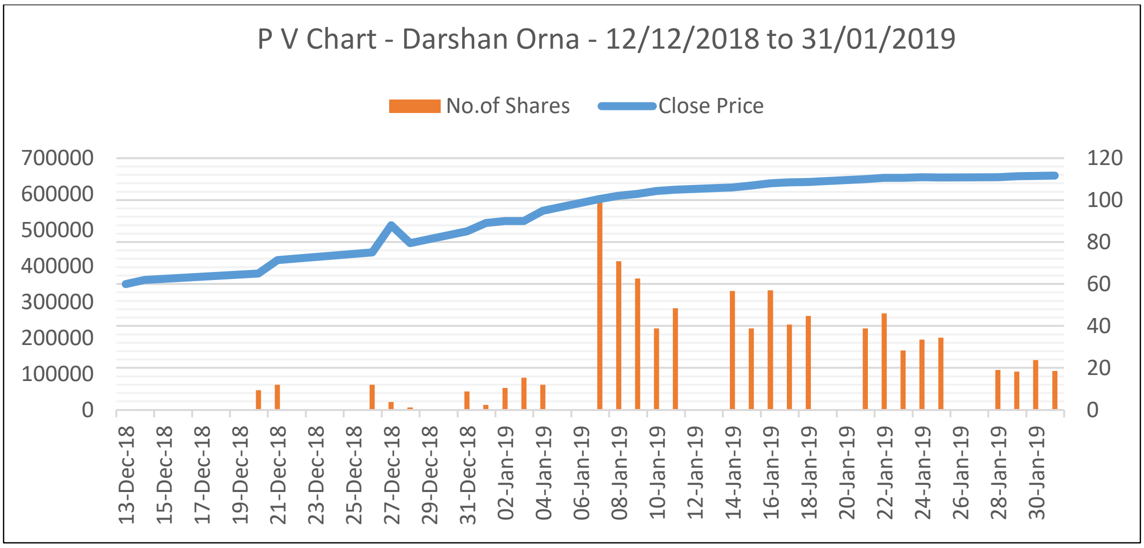
Sl.no.	PAN	Name of the entity	Basis of connection
			Harsha Jagdishbhai Parmar, Sejal Saurabhbhai Shah & Jagdish Ramjibhai Parmar had accessed from common IP address 106.77.69.209
9	DYOPS5021Q	Heenabane Sanjaybhai Solanki	Heenabane Sanjaybhai Solanki & Sanjaykumar Motibhai Chavda had accessed from same IP address 42.106.34.132.
10	BEGPT0727N	Shobhanaben Bipinchandra Trivedi	Shobhanaben Bipinchandra Trivedi & Naresh Mavijibhai Parmar had accessed from common IP address 103.238.106.153 & 103.81.94.113.
11	AGCPC2231R	Sanjaykumar Motibhai Chavda	Sanjaykumar Motibhai Chavda & Nisarg Jaysukhbhai Lashkari had accessed from same MAC address 02-0C-E7-0B-01-02.
12	AADCJ0092M	Jitney Investments Private Limited	Shobhanaben Bipinchandra Trivedi, Jitney Investments Private Limited & Naresh Mavijibhai Parmar accessed from common IP address 103.81.94.113

21. As per the UCC details provided by BSE, Arcadia Share & Stock Brokers Private Ltd shares common phone number (26478888) with Rimmi Dharmendra Shah (a group-2 entity). Further, the email-id of Rimmi Dharmendra Shah as per the UCC details is bm808arcadia@yahoo.co.in.

22. These connections corroborate the findings with respect to circular trading by these 15 entities. Thus, circular trading on 07.01.2019, 08.01.2019 and 09.01.2019 i.e. the beginning dates of circulation of bulk SMSes by Mr. Hanif Shekh, clearly indicates that the circular trades were intended to generate interest in the scrip and attract gullible retail investors to eventually defraud them. Moreover, such trading gave the retail investors a false impression that the scrip is in demand and the scrip is actively traded, which further increased their confidence in the unsolicited advice circulated via bulk SMS and the website.

January 07, 2019 (9:15:00 AM to 10:05:00 AM):

23. On January 07, 2019, there was a sudden rise in the volume of the scrip. The Price-Volume chart for Patch-3 is placed below:



24. From the trade-log for 07.01.2019, it was observed that Noticees 5-12 by trading amongst themselves from 9:15:00 AM to 10:05:00 AM created misleading appearance of trading. The summary of the trading of these 8 entities for the period from 9:15:00 AM to 10:05:00 AM on 07.01.2019 is tabulated below:

Client name	Buy Traded Qty	% of Market Buy	Sell Traded Qty	% of Market Sell
Harsha Jagdishbhai Parmar	13800	12.68%	13700	12.59%
Naresh Mavjibhai Parmar	13475	12.38%	13475	12.38%

Client name	Buy Traded Qty	% of Market Buy	Sell Traded Qty	% of Market Sell
Nisarg Jaysukhbhai Lashkari	12517	11.50%	12517	11.50%
Saurabh Mahendrabhai Shah	12500	11.49%	12500	11.49%
Bipinchandra Ratilal Trivedi	12500	11.49%	12500	11.49%
Tarunkumar Laxmanbhai Rajput	12500	11.49%	12500	11.49%
Pankaj Labhubhai Dangar	11501	10.57%	10500	9.65%
Arcadia Share Stock Brokers Pvt. Ltd	11500	10.57%	11500	10.57%
Total	**100293**	**92.17%**	**99192**	**91.15%**
Market total	**108818**	**100.00%**	**108818**	**100.00%**

25. During the aforementioned period, Noticees 5 -12 contributed 92.17% to buy-side volume and 91.15% to sell-side volume and contributed 89.28% to market traded volume through trades among themselves. It is seen from their trades that:

   a. Total of 108818 shares were traded through 170 trades. Out of which, 97151 shares (i.e. 89.28%) were traded by Noticees 5 -12 amongst themselves through 119 trades (i.e. 70%).

   b. The orders (both buy-side and sell-side) were entered within a time difference of 0 to 7 seconds.

   c. 42 trades executed by Noticees 5 -12 amongst themselves were synchronized in nature, as given below:

Buyer Pan	Buyer Name	Seller Pan	Seller Name	Synchronized Quantity	Sum Of LTP Diff	Number Of Days	Number Of Trades	% of Market volume
AAACA4562G	Arcadia Share Stock Brokers Pvt. Ltd	BEBPP7680D	Harsha Jagdishbhai Parmar	11300	0.10	1	7	10.38%
AHHPT0691A	Bipinchandra Ratilal Trivedi	AHJPL1938N	Nisarg Jaysukhbhai Lashkari	4196	-0.15	1	4	3.86%

Buyer Pan	Buyer Name	Seller Pan	Seller Name	Synchronized Quantity	Sum Of LTP Diff	Number Of Days	Number Of Trades	% of Market volume
AHJPL1938N	Nisarg Jaysukhbhai Lashkari	FJWPS8403K	Saurabh Mahendrabhai Shah	5550	-0.05	1	8	5.10%
BEBPP7680D	Harsha Jagdishbhai Parmar	BVNPD3083R	Pankaj Labhubhai Dangar	7500	0.20	1	4	6.89%
BEBPP7680D	Harsha Jagdishbhai Parmar	FJWPS8403K	Saurabh Mahendrabhai Shah	2110	0.00	1	1	1.94%
BVNPD3083R	Pankaj Labhubhai Dangar	AAACA4562G	Arcadia Share Stock Brokers Pvt. Ltd	10700	0.05	1	14	9.83%
DMKPP1979L	Naresh Mavjibhai Parmar	AHHPT0691A	Bipinchandra Ratilal Trivedi	6600	0.05	1	4	6.07%
Total				**47956**	**0.20**	**1**	**42**	**44.07%**

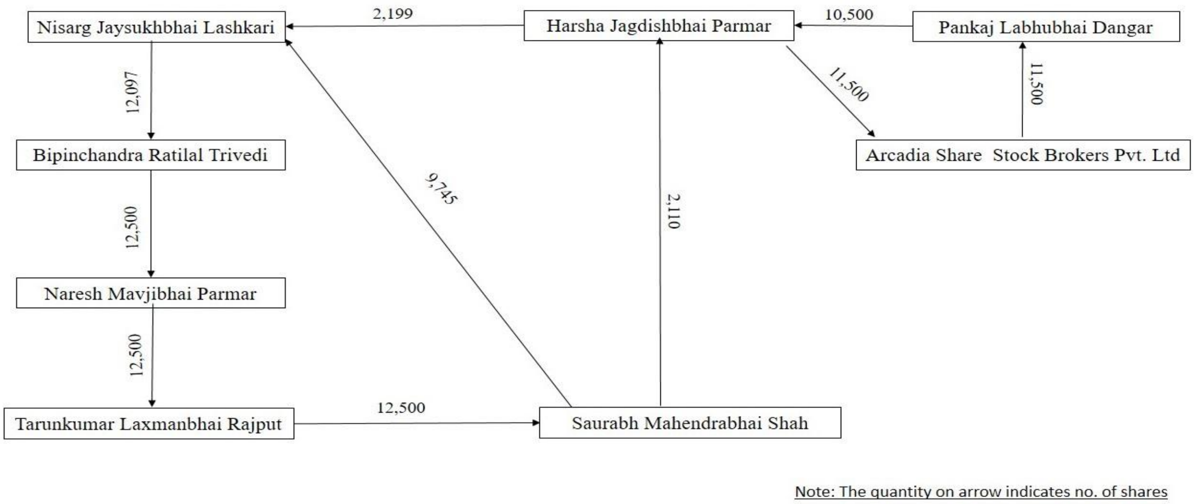
d. After the trade at 10:05:29 AM, no trade was executed by Noticees 5 -12 or any other entity, until 10:44:36 AM.

e. Noticees 5, 7- 10 and 12 did not execute any trade after 10:05:00 AM for the rest of the day.

i. Noticee 6 bought 13,800 shares and sold 13,700 shares between 9:15:00 AM to 10:05:00 AM, she. The unmatched minuscule quantity of 100 shares got matched at 11:14:10 AM with a non-group entity (i.e. a third party).

ii. Noticee 11 bought 11,501 shares and sold 10,500 shares between 9:15:00 AM to 10:05:00 AM. The remaining unmatched quantity of 1001 shares got matched with a non-group entity (i.e. a third party) after 11:10:00 AM.

26. The diagrammatic representation of the circular trades executed by Noticees 5 -12 is placed below:



27. Computation of circular traded quantity:

A. 2 circular loops were observed.

<u>Loop 1</u> - Nisarg Jaysukhbhai Lakshkari – Bipainchandra Ratilal Trivedi – Naresh Mavjibhai Parmar – Tarun Laxmanbhai Rajput – Saurabh Mahendrabhai Shah – Nisarg Jaysukhbhai Lakshkari

<u>Loop 2</u> – Harsha Jagdishbhai Parmar – Arcadia Share Stock Brokers Private Limited – Pankaj Labhubhai Dangar – Harsha Jagdishbhai Parmar

B. The minimum quantity travelling in each of the loops was 9,745 shares and 10,500 shares respectively.

C. Accordingly, the circular traded quantity is as follows:

Loop-1	$\text{Circular traded qty} = \text{minimum travelling qty} \times \text{No. of legs}$ $\text{Circular traded qty} = 9745 \times 5$ $\text{Circular traded qty} = 48725\ \text{shares}$
Loop-2	$\text{Circular traded qty} = \text{minimum travelling qty} \times \text{No. of legs}$ $\text{Circular traded qty} = 10500 \times 3$ $\text{Circular traded qty} = 31500\ \text{shares}$
Total	48725 + 31500 = 80225 shares

January 08, 2019 (9:57:00 AM to 11:00:00 AM):

28. A trading pattern similar to that on 07.01.2019 (9:15:00 AM to 10:05:00 AM) was observed on 08.01.2019 (9:57:00 AM to 11:00:00 AM). Noticees 6, 12-18 by trading amongst themselves from 9:57:00 AM to 11:00:00 AM created misleading appearance of trading, as tabulated below:

Client name	Buy Traded Qty	% of market buy volume	Sell Traded Qty	% of market sell volume
Sejal Saurabhbhai Shah	16538	10.75%	16538	10.75%
Jagadish Ramjibhai Parmar	15499	10.07%	15499	10.07%
Nitaben Chandrakant Soni	12809	8.32%	12809	8.32%
Heenabane Sanjaybhai Solanki	12506	8.13%	12506	8.13%
Arcadia Share Stock Brokers Pvt. Ltd	12500	8.12%	12500	8.12%
Sanjaykumar Motibhai Chavda	12500	8.12%	12500	8.12%
Naresh Mavjibhai Parmar	12500	8.12%	12500	8.12%
Shobhanaben Bipinchandra Trivedi	12500	8.12%	12500	8.12%
Total	**107352**	**69.76%**	**107352**	**69.76%**
Market total	**153886**	**100.00%**	**153886**	**100.00%**

29. During the aforementioned period, Noticees 6, 12-18 contributed 69.76% to buy-side volume and 69.76% to sell-side volume and contributed 60.10% to market traded volume through trades among themselves. It is seen from their trades that

i. Total of 153886 shares were traded through 648 trades. Out of which, 92491 shares (i.e. 60.10%) were traded by Noticees 6, 12-18 amongst themselves through 271 trades (i.e. 41.82%).

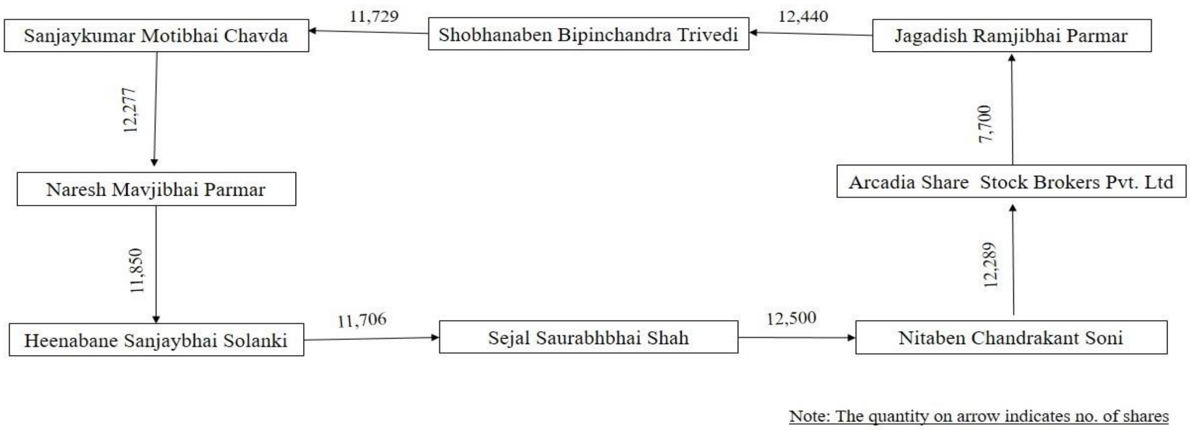
ii. The orders (both buy-side and sell-side) were entered within a time difference of 0 to 59 seconds.

iii. 14 trades by Noticees 6, 12-18 were synchronized in nature as given below:

Buyer Pan	Buyer Name	Seller Pan	Seller Name	Synchronized Quantity	Sum Of LTP Diff	Number Of Days	Number Of Trades	% of Market volume
BEGPT0727N	Shobhanaben Bipinchandra Trivedi	AZKPP7974K	Jagadish Ramjibhai Parmar	699	0.00	1	2	0.45%
DMKPP1979L	Naresh Mavjibhai Parmar	AGCPC2231R	Sanjaykumar Motibhai Chavda	1477	0.00	1	1	0.96%
DYOPS5021Q	Heenabane Sanjaybhai Solanki	DMKPP1979L	Naresh Mavjibhai Parmar	7900	0.00	1	11	5.13%
Total				**10076**	**0.00**	**1**	**14**	**6.55%**

iv. Noticees 6, 12-18 did not execute any trade after 11:00:00 AM for the rest of the day.

30. The diagrammatic representation of the circular trades executed by Noticees 6, 12-18 is placed below:



31. Computation of circular traded quantity:

a. The minimum quantity travelling was 7,700 shares.

b. Accordingly, the circular traded quantity is as follows:

$$\text{Circular traded qty} = \text{minimum travelling qty} \times \text{No. of legs}$$
$$\text{Circular traded qty} = 7700 \times 8$$
$$\text{Circular traded qty} = 61600 \text{ shares}$$

January 09, 2019 (10:19:00 AM to 10:27:00 AM):

32. Noticees 5, 6, 7, 10 and 11 by trading amongst themselves from 10:19:00 AM to 10:27:00 AM created misleading appearance of trading. The summary of the trading for the period from 10:19:00 AM to 10:27:00 AM on 09.01.2019 is tabulated below:

Client name	Buy Traded Qty	% of market buy volume	Sell Traded Qty	% of market sell volume
Nisarg Jaysukhbhai Lashkari	10011	15.86%	10011	15.86%
Pankaj Labhubhai Dangar	10011	15.86%	10011	15.86%
Naresh Mavjibhai Parmar	10002	15.85%	10002	15.85%
Tarunkumar Laxmanbhai Rajput	10002	15.85%	10002	15.85%
Harsha Jagdishbhai Parmar	10000	15.84%	10000	15.84%
Total	**50026**	**79.26%**	**50026**	**79.26%**
Market total	**63114**	**100.00%**	**63114**	**100.00%**

33. During the aforementioned period, Noticees 5, 6, 7, 10 and 11 contributed 79.26% to buy-side volume and 79.26% to sell-side volume and contributed 64.03% to market volume through trades among themselves. It is seen from their trades that

    a. Total of 63114 shares were traded through 176 trades. Out of which, 40409 shares (i.e. 64.03%) were traded by Noticees 5, 6, 7, 10 and 11 amongst themselves through 98 trades (i.e. 55.68%).

    b. The orders (both buy-side and sell-side) were entered within a time difference of 0 to 30 seconds.

    c. Noticees 5, 6, 7, 10 and 11 did not execute any trade after 10:27:00 AM for the rest of the day.

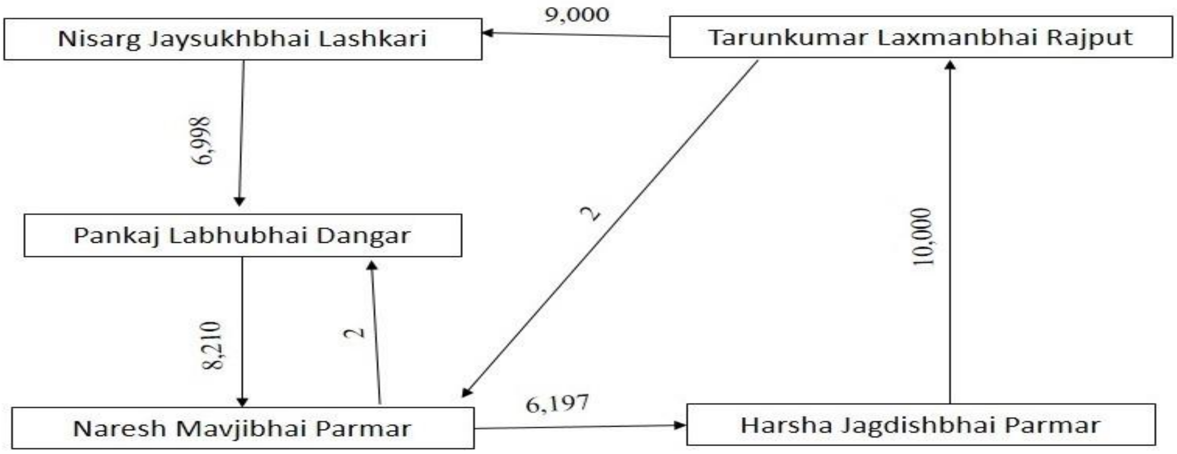
34. Computation of circular traded quantity:

a. The minimum quantity travelling across the loop was 6,197 shares.

b. Accordingly, the circular traded quantity is as follows:

$$\text{Circular traded qty} = \text{minimum travelling qty} \times \text{No. of legs}$$
$$\text{Circular traded qty} = 6197 \times 5$$
$$\text{Circular traded qty} = 30985 \text{ shares}$$

35. The diagrammatic representation of the circular trades executed by Noticees 5, 6, 7, 10 and 11 is as follows:



Note: The quantity on arrow indicates no. of shares

January 09, 2019 (11:05:00 AM to 11:40:00 AM):

36. Noticees 9,12,15,17 and 19 by trading amongst themselves from 11:05:00 AM to 11:40:00 AM created misleading appearance of trading. The summary of the trading of Noticees 9,12,15,17 and 19 for the period from 11:05:00 AM to 11:40:00 AM on 09.01.2019 is tabulated below:

Client name	Buy Traded Qty	% of market buy volume	Sell Traded Qty	% of market sell volume
Arcadia Share Stock Brokers Pvt. Ltd	10281	18.31%	10281	18.31%
Saurabh Mahendrabhai Shah	10000	17.81%	10000	17.81%
Shobhanaben Bipinchandra Trivedi	10000	17.81%	10000	17.81%
Jitney Investments Private Limited	10000	17.81%	10000	17.81%
Nitaben Chandrakant Soni	10000	17.81%	10000	17.81%
Total	**50281**	**89.53%**	**50281**	**89.53%**
Market total	**56160**	**100.00%**	**56160**	**100.00%**

37. During the aforementioned period, Noticees 9,12,15,17 and 19 contributed 89.53% to buy-side volume and 89.53% to sell-side volume and contributed 85.12% to market volume through trades among themselves. It is seen from their trades that

    a. During the said period, a total of 56160 shares were traded through 288 trades. Out of which, 47801 shares (i.e. 85.12%) were traded by Noticees 9,12,15,17 and 19 amongst themselves through 154 trades (i.e. 53.47%).

    b. The orders (both buy-side and sell-side) were entered mostly within a time difference of 0 to 30 seconds.

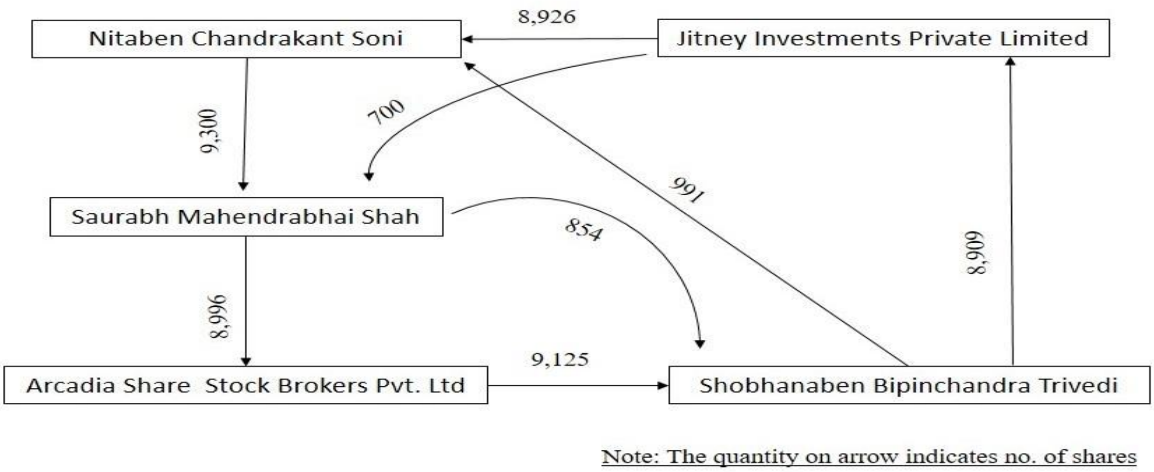
    c. Noticees 9,12,15,17 and 19 did not execute any trade after 11:40:00 AM for the rest of the day.

38. Computation of circular traded quantity:

    a. The minimum quantity travelling was 8,909 shares.
    b. Accordingly, the circular traded quantity is as follows:

$$\text{Circular traded qty} = \text{minimum travelling qty} \times \text{No. of legs}$$
$$\text{Circular traded qty} = 8909 \times 5$$
$$\text{Circular traded qty} = 44545 \text{ shares}$$

39. The diagrammatic representation of the circular trades executed by these Noticees 9,12,15,17 and 19 is as follows:



Summary of circular trades:

Date	Time	Mkt Traded Qty During The Day	Mkt. Traded Qty during the Time	Traded Qty by Group Entities Among Themselves	Circular Traded Qty by the group entities	% Of Traded Qty by Group among themselves to the Mkt Traded Qty For The Time	% Of Traded Qty by Group among themselves to the Mkt Traded Qty For The Day	% Of Circular Traded Qty by Group to the Mkt Traded Qty For The Day
07.01.2019	09:15:00 AM to 10:05:00 AM	582053	108818	97151	80225	89.28	16.69	13.78
08.01.2019	09:57:00 AM to 11:00:00 AM	413479	153886	92491	61600	60.1	22.37	14.9
09.01.2019	10:19:00 AM to 10:27:00 AM	365262	63114	40409	30985	64.03	11.06	8.48
09.01.2019	11:05:00 AM to 11:40:00 AM	365262	56160	47801	44545	85.12	13.09	12.20

40. In view of the above, Noticees 5 - 19 executed non-genuine trades and engaged in circular trading which created artificial volume and thus, created misleading appearance of trading in the scrip. Concentration of trades by Noticees 5 - 19 during a specific time of the day, no execution of trades for rest of the day & rest of the investigation period, placement of orders within a time difference of few seconds and square-off of open positions, indicates prior meeting of minds to create misleading appearance of trading. Moreover, execution of no trades prior to circulation of SMS and execution of circular trades in the beginning

dates of circulation of SMS indicates that these circular trades were executed in order to give false impression of trading in the scrip so that gullible retail investors gain confidence in the circulated bulk SMS and eventually buy the shares. **Hence, it was alleged that Noticees 5 to 19, have violated Section 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), (b), (c) and (d) and 4 (1), 4 (2) (a), 4 (2) (g) of SEBI (PFUTP) Regulations, 2003**.

<u>Allegations with respect to Noticees 20 – 33:</u>

41. **Funding for Group-2 entities connected to Mr. Hanif Shekh:** Trades of Buddhadeb Laha, Arun Dutta, Priyankar Laha, Minu Mallick, Arun Laha and Sanjay Dey were funded by D K Jain Properties Private Ltd, Amuly Suppliers Private Ltd, MR Merchants Private Ltd and Midpoint Commodeal Private Ltd. (Noticees 20-23) as given below.

    i. On 19.12.2018, Minu Mallick (IDBI Bank A/c – 0359102000040406) received Rs 20,00,000 from Midpoint Commodeal Private Ltd and on 20.12.2018, transferred Rs.19,85,890 to Motilal Oswal Securities Ltd (the stock-broker).
    ii. On 20.12.2018, Minu Mallick (IDBI Bank A/c – 0359102000040406) received Rs 25,00,000 from MR Merchants Private Ltd and on the same day, transferred Rs 25,14,110 to Motilal Oswal Securities Ltd (the stock-broker).
    iii. On 15.12.2018, Buddhadeb Laha (IDBI Bank A/c – 0359102000040202) received Rs 20,00,000 from Midpoint Commodeal Private Ltd and Rs 15,00,000 from D K Jain Properties Private Ltd. and on 17.12.2018, transferred Rs 30,00,000 to Edelweiss Broking Limited (the stock-broker). No other transactions were observed from 15.12.2018 to 17.12.2018.
    iv. On 10.12.2018 and 11.12.2018, Sanjay Dey (Kotak Mahindra Bank A/c – 0212912603) received Rs 22,00,000 and Rs 3,00,000 from Amuly Suppliers Private Ltd and on 11.12.2018 and 12.12.2018, transferred Rs 22,00,000 and Rs 3,00,000 to Religare Broking Ltd (the stock-broker).

v. On 01.01.2019, Priyankar Laha (DCB Bank A/c – 08922900018665) received Rs 10,00,000 from Midpoint Commodeal Private Ltd. and on 02.01.2019, transferred Rs 10,00,000 to Edelweiss Broking Limited (the stock-broker).

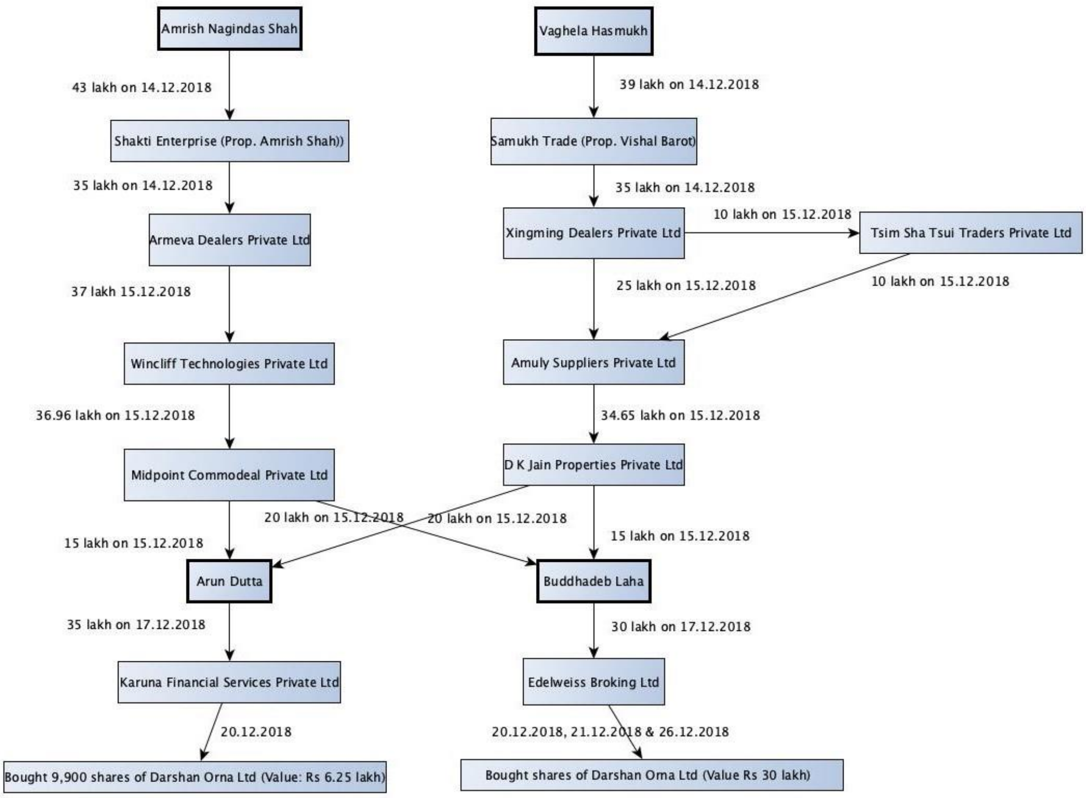
42. **Funding of Kolkata-based Group-2 entities by Gujarat-based Group-2 entities:** Trades of Kolkata-based entities (Buddhadeb Laha, Arun Dutta, Priyankar Laha, Minu Mallick, Sanjay Dey, etc.) were funded by certain Gujarat-based entities through layering.

43. Following 2 instances demonstrate the same:

Instance-1:

(i) The trades of Buddhadeb Laha and Arun Dutta (i.e. Kolkata-based entities) were funded by Amrish Nagindas Shah and Vaghela Hasmukh (i.e. Gujarat-based entities) through layering.

(ii) The details of the fund transfer are presented below diagrammatically:



44. As seen in the diagram, all transactions took place either on the same day or the next day. Thus, it clearly indicates the intent to mask the source of the funds.

45. Xingming Dealers Private Ltd and Tsim Sha Tsui Traders Private Ltd (Noticees 26 and 27) share common email-id i.e. dinesh.3624158@yahoo.com. Wincliff Technologies Private Ltd, Midpoint Commodeal Private Ltd, D K Jain Properties Private Ltd and Amuly Suppliers Private Ltd (Noticees 23- 25 and 21) have common director – Nandu Shaw (DIN: 06403637).

46. Amrish Nagindas Shah (bought - 35 shares, sold - 35 shares, Profit - Rs 404.25), Vaghela Hasmukh (bought - 49520 shares, sold - 45236 shares, Profit - Rs 63422.49) and Vishal Barot (bought - 15 shares, sold - 15 shares, Profit - Rs 86.75) have traded in the scrip during the IP.

47. **Pay-in obligation of Buddadeb Laha**: In its reply dated 16.12.2020 (Annexure 41 of SCN) Edelweiss Broking Ltd stated that it received the amount of Rs 30 lakh from Buddhadeb Laha on 17.12.2018 for the following trades:

Date of Trade	Name of the scrip	Buy Volume	Sell Volume	Buy Value	Sell Value	Net Volume	Net Value	Fund Received Date	Amount
20/12/2018	DARSHANORNA	9,000.00	-	576,000.00	-	9,000.00	576,000.00	17/12/2018	3,000,000.00
21/12/2018	DARSHANORNA	22,000.00	-2,000.00	1,508,001.00	-134,000.00	20,000.00	1,374,001.00		
26/12/2018	DARSHANORNA	13,000.00	-	934,900.20	-	13,000.00	934,900.20		

48. **Pay-in obligation of Arun Dutta**: Arun Dutta transferred Rs 19.90 lakh + Rs 15.10 lakh i.e. total Rs 35 lakh to Karuna Financial Services Ltd on 17.12.2018. As per the reply of Karuna Financial Services Ltd dated 17.12.2020 and 18.12.2020 (Annexure 42 of SCN), out of the received amount of Rs 19.90 lakh, Rs 6.24 lakh was received for the following trade:

Date of Trade	Name of the scrip	Buy Volume	Sell Volume	Buy Value	Sell Value	Net Volume	Net Value
20/12/2018	[539884] DARSHANORNA	9900	-	623700	-	9900	624987

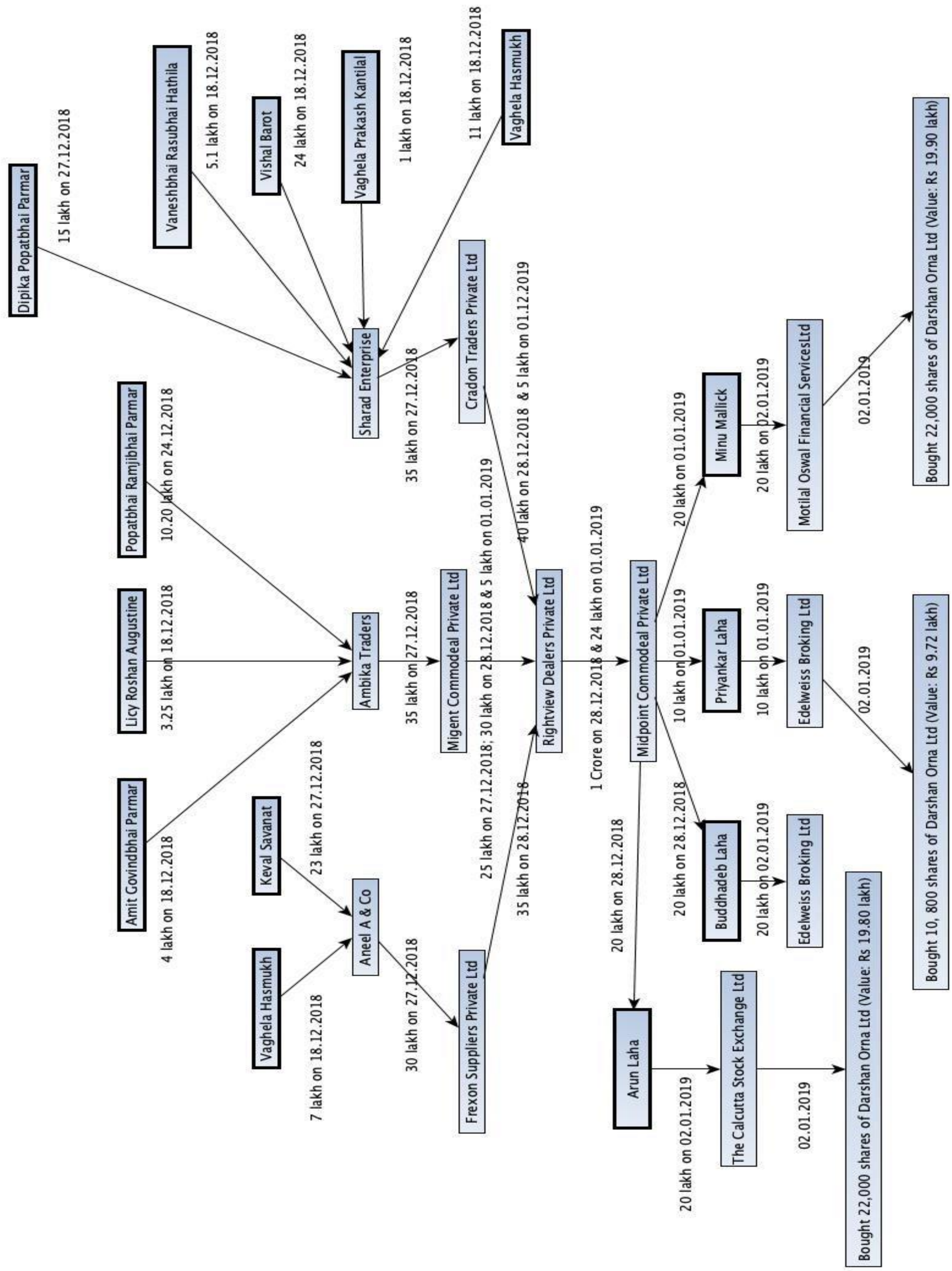
Instance-2:

(1) Fund transfers similar to that in instance-1 were observed. The nature of transactions in this instance was such that either the entire amount or majority of the amount was received by Kolkata-based entities from the Gujarat-based entities.

(2) The details of trading of Gujarat-based entities (during the IP) who were involved in funding in this instance are placed below:

Name	Buy Qty	Buy Value	VWAP (Buy)	Sell Qty	Sell Value	VWAP (Sell)	Profit (in Rs)
Hasmukh Rajesh Vaghela	49520	5082749.90	102.64	45236	4706461.15	104.04	63422.49
Keval Savant	36805	3969190.00	107.84	36805	4005016.75	108.82	35826.75
Vaghela Prakash Kantilal	15790	1663847.00	105.37	15790	1694356.25	107.31	30509.25
Parmar Popatbhai	4804	467593.20	97.33	3804	394827.85	103.79	24568.79
Hathila Vaneshbhai Rasubhai	2765	291610.00	105.46	2765	292060.75	105.63	450.75
Amitkumar Govindbhai Parmar	20	1873.25	93.66	20	2050.50	102.53	177.25
Dipika Popatbhai Parmar	5	426.25	85.25	5	540.00	108.00	113.75
Licy Roshan Augustine	15	1449.00	96.60	15	1535.75	102.38	86.75
Vishal Jitendrakumar Barot	15	1449.00	96.60	15	1535.75	102.38	86.75

49. The diagrammatic representation of the fund transfers in this instance is placed below:


Dipika Popatbhai Parmar
15 lakh on 27.12.2018
Vaneshbhai Rasubhai Hathila
5.1 lakh on 18.12.2018
Vishal Barot
24 lakh on 18.12.2018
Vaghela Prakash Kantilal
1 lakh on 18.12.2018
Vaghela Hasmukh
11 lakh on 18.12.2018
Sharad Enterprise
35 lakh on 27.12.2018
Cradon Traders Private Ltd
40 lakh on 28.12.2018 & 5 lakh on 01.12.2019
Popatbhai Ramjibhai Parmar
10.20 lakh on 24.12.2018
Licy Roshan Augustine
3.25 lakh on 18.12.2018
Amit Govindbhai Parmar
4 lakh on 18.12.2018
Ambika Traders
35 lakh on 27.12.2018
Migent Commodeal Private Ltd
25 lakh on 27.12.2018; 30 lakh on 28.12.2018 & 5 lakh on 01.01.2019
Keval Savanat
23 lakh on 27.12.2018
Vaghela Hasmukh
7 lakh on 18.12.2018
Aneel A & Co
30 lakh on 27.12.2018
Frexon Suppliers Private Ltd
35 lakh on 28.12.2018
Rightview Dealers Private Ltd
1 Crore on 28.12.2018 & 24 lakh on 01.01.2019
Midpoint Commodeal Private Ltd
20 lakh on 01.01.2019
Minu Mallick
20 lakh on 02.01.2019
Motilal Oswal Financial ServicesLtd
02.01.2019
Bought 22,000 shares of Darshan Orna Ltd (Value: Rs 19.90 lakh)
10 lakh on 01.01.2019
Priyankar Laha
10 lakh on 01.01.2019
Edelweiss Broking Ltd
02.01.2019
Bought 10, 800 shares of Darshan Orna Ltd (Value: Rs 9.72 lakh)
20 lakh on 28.12.2018
Buddhadeb Laha
20 lakh on 02.01.2019
Edelweiss Broking Ltd
20 lakh on 28.12.2018
Arun Laha
20 lakh on 02.01.2019
The Calcutta Stock Exchange Ltd
02.01.2019
Bought 22,000 shares of Darshan Orna Ltd (Value: Rs 19.80 lakh)

50. Frexon Suppliers Private Ltd, Migent Commodeal Private Ltd and Cradon Traders Private Ltd (Noticees 28-30) share common directors, common email-id and common address

51. Replies of the entities (**Annexure 45**): Buddhadeb Laha, Minu Mallick, Priyankar Laha and Sanjay Dey in their replies have stated that the amounts were received as loan @ 9% interest rate. Accordingly, aforesaid entities were requested to provide copies of loan agreement. In their replies, the aforesaid entities provided copies of certain agreements (majority on letter head of the lender and few on Rs 10 non-judicial stamp paper). Most of the loan agreements which were on the letter head of the lender did not consist signature of the borrower. The loan agreements did not have any mention of collateral pleged (if any) to receive the loan. Further, in case of loan agreement (on non-judicial stamp paper of Rs 10), it was observed that one of the terms of loan agreement was:

    "The borrower remains personally liable with all his personal assets to repay the loan along with interest in case of default. "

52. Thus, in view of the above diagrams and the facts of their connection with Hanif Shekh; immediate transfer of amount to the next entity upon receipt from the other; and first & last entities in the fund trail have traded in the scrip during the IP, it is clear that the amounts were transferred through layering to mask the source of funds. Thus, the justification provided by the entities is not acceptable.

53. **It was thus alleged that the entities tabulated below i.e. Noticees 20-33 have funded the trades of group-2 entities and were part of the entire fraudulent scheme and thus, violated Sec. 12 A (a), 12A (b), 12A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4(1) of SEBI (PFUTP) Regulations, 2003**.

<u>Allegations with respect to Noticees 1 - 3</u>

54. **Volume manipulation by group entities:**

<u>Synchronized Trades</u> - where the buy and sell order quantity and rate are identical and orders for these transactions are placed in a time gap of within one minute.

Group-1:

55. **Patch-1**: During Patch-1 of the investigation period, Group-1 entities through 3 synchronized trades among themselves, contributed 2.80% to market volume and Rs.25.00 to net LTP. Details of entity wise synchronized trades during Patch-1 are reproduced below:-

Buyer Pan	Buyer Name	Seller Pan	Seller Name	Synchronized Quantity	Sum Of LTP Diff	Number Of Days	Number Of Trades	%Market volume
AAACV7171JL	Vividoffset Printers Private Limited	AAGCV2373L	Veeram Vendors Private Limited	4000	25	3	3	2.80%
Total				**4000**	**25**	**3**	**3**	**2.80%**

56. Vividoffset Printers Private Limited, Veeram vendors Private Limited and Pinal R Shah (Noticees 1 – 3) have manipulated the price of the scrip during Patch 1 of the investigation period by fraudulently contributing Rs. 32 to the market positive LTP (i.e. 23.60% of market positive LTP) in the following ways:-

  a. By trading amongst themselves; Through 4 positive LTP trades amongst themselves, they have contributed Rs. 27 to positive LTP (19.92% to market positive LTP). Out of these 4 positive LTP cases, 3 trades were synchronized trades.

  b. By placing buy order before the sell order: In 1 positive LTP trade where the counterparty was non-group 1 entity, they (group 1) placed buy order first and contributed Rs. 5 to market positive LTP (i.e. 3.68% of market positive LTP).

57. In view of the above, it was alleged that **Noticees 1-3 manipulated the scrip price during Patch 1 of the investigation period and have thus allegedly violated Section 12A(a), (b) and (c) of the SEBI Act read with Regulations 3 (a), (b) (c) and (d) and 4 (1), 4 (2) (a) and (e) of the PFUTP Regulations**

58. **Patch-2**: Group-1 entities through 1 synchronized trades among themselves, contributed 6.25% to market volume and Rs.-0.50 to net LTP. Details of the same are given below:

Buyer Pan	Buyer Name	Seller Pan	Seller Name	Synchronized Quantity	Sum Of LTP Diff	Number Of Days	Number Of Trades	%Market volume
AAGCV2373L	Veeram Vendors Private limited	BEAPS7911B	Pinalben R. Shah	4200	-0.50	1	1	6.25%
Total				**4200**	**-0.50**	**1**	**1**	**6.25%**

59. As it can been from the table above, Noticee 2 and 3 engaged in a synchronized trade which contributed 6.25% to the market volume and thus, created artificial volume which gave misleading appearance of trading. In addition to above, it is pertinent to note that Pinal Rakshit Shah and Rakshit Mahendra Shah are directors of Veeram Vendors Private Ltd. Moreover, based on the order placement records obtained from the stock-broker (ASE Capital Markets Ltd) (Annexure 46 of SCN), it was noted that the order for Veeram Vendors Private Ltd was placed by Rakshit Mahendra Shah. Further, Vendors Private Ltd and Pinal Rakshit Shah were part of price manipulation during the Patch-1 of the IP. In view of the above facts, it was alleged that **Noticees 2 and 3 violated Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a) of SEBI (PFUTP) Regulations, 2003.**

60. **Last Traded Price (LTP) Analysis**

Patch-1: During Patch-1, Top 10 LTP contributors (among buyers) contributed Rs.96.05 to net LTP and Rs.134.55 to total market positive LTP. Vividoffset

Printers Private limited was the top LTP contributor with contribution of Rs.27.35 to net LTP and Rs.28.00 to total market positive LTP.

Sl.No	Buyer Name	Net LTP			LTP > 0			LTP < 0			LTP = 0		% of Pos.
		LTP impact (all trades) in Rs.	QTY traded (all trades)	No of trades (all trades)	LTP impact in Rs.	QTY traded	No of trades	LTP impact in Rs.	QTY traded	No of trades	QTY traded)	No of trades	LTP to Total Mkt. Pos. LTP
1	Vividoffset Printers Private limited	27.35	17000	9	28.00	9000	4	-0.65	4000	2	4000	3	20.66%
2	Pratik Doshi	22.00	1000	1	22.00	1000	1	0.00	0	0	0	0	16.23%
3	Pinalben R. Shah	15.70	77000	35	39.55	25000	10	-23.85	26000	9	26000	16	29.18%
4	Hardikbhai Jaysukhbhai Shingala	14.60	1000	1	14.60	1000	1	0.00	0	0	0	0	10.77%
5	Vandana Saraf	8.30	5000	5	8.80	4000	4	-0.50	1000	1	0	0	6.49%
6	Veeram Vendors Private limited	7.60	22000	11	14.60	4000	3	-7.00	2000	1	16000	7	10.77%
7	Rakshit Mahendra Shah	7.00	4000	1	7.00	4000	1	0.00	0	0	0	0	5.16%
8	Mahendrabhai Ramniklal Shah	0.00	5000	5	0.00	0	0	0.00	0	0	5000	5	0.00%
9	Ashwin Shanilal Shah	-2.50	1000	1	0.00	0	0	-2.50	1000	1	0	0	0.00%
10	Nirav Ashwinkumar Shah	-4.00	1000	1	0.00	0	0	-4.00	1000	1	0	0	0.00%
	Total: Top-10	**96.05**	**134000**	**70**	**134.55**	**48000**	**24**	**-38.50**	**35000**	**15**	**51000**	**31**	**99.26%**
	Total Market	**49.45**	**143000**	**79**	**135.55**	**49000**	**25**	**-86.10**	**41000**	**21**	**53000**	**33**	**100.00 %**

61. Entities at Sl.no. 1, 3, 6 and 7 are group-1 entities. LTP analysis for group-1 entities as buyers is placed below.

Sl.No.	Buyer Name	Net LTP			LTP > 0			LTP < 0			LTP = 0		% of Pos.
		LTP impact (all trades) in Rs.	QTY traded (all trades)	No of trades (all trades)	LTP impact in Rs.	QTY traded	No of trades	LTP impact in Rs.	QTY traded	No of trades	QTY traded)	No of trades	LTP to Total Mkt. Pos. LTP
1	Vividoffset Printers	27.35	17000	9	28.00	9000	4	-0.65	4000	2	4000	3	20.66%

Sl.No.	Buyer Name	Net LTP			LTP > 0			LTP < 0			LTP = 0		% of Pos.
		LTP impact (all trades) in Rs.	QTY traded (all trades)	No of trades (all trades)	LTP impact in Rs.	QTY traded	No of trades	LTP impact in Rs.	QTY traded	No of trades	QTY traded)	No of trades	LTP to Total Mkt. Pos. LTP
	Private limited												
2	Pinalben R. Shah	15.70	77000	35	39.55	25000	10	-23.85	26000	9	26000	16	29.18%
3	Veeram Vendors Private limited	7.60	22000	11	14.60	4000	3	-7.00	2000	1	16000	7	10.77%
4	Rakshit Mahendra Shah	7.00	4000	1	7.00	4000	1	0.00	0	0	0	0	5.16%
	Total: Group-1	**57.65**	**120000**	**56**	**89.15**	**42000**	**18**	**-31.50**	**32000**	**12**	**46000**	**26**	**65.77%**
	Total Market	**49.45**	**143000**	**79**	**135.55**	**49000**	**25**	**-86.10**	**41000**	**21**	**53000**	**33**	**100.00 %**

62. Thus, Group-1 entities contributed Rs.57.65 to net LTP and Rs.89.15 to positive LTP (65.77% to market positive LTP) in 18 positive LTP trades.

63. In 4 positive LTP trades, the counterparties were group-1 entities and through trades among themselves they contributed Rs.27 to positive LTP (19.92% to market positive LTP). The details of 4 trades are placed below:

Sl.no	TRADE_DATE	CLIENT NAME	CP_CLIENTNAME	ORDER_NO	CP_ORDER_NO	TRADEID	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	LTP_RATE
1	16/07/2018	Vividoffset Printers Private Limited	Veeram Vendors Private Limited	1531712700022079013	1531712700022079012	8	3:23:09 PM	3:23:09 PM	3:23:03 PM	102	6
2	30/07/2018	Vividoffset Printers Private Limited	Veeram Vendors Private Limited	1532922300023052004	1532922300023052003	1	3:20:06 PM	3:20:06 PM	3:19:53 PM	119	9
3	01/08/2018	Pinalben R. Shah	Veeram Vendors	153309510000	153309510004052012	1	3:24:34 PM	3:24:34 PM	3:19:07 PM	103	2

Sl. no	TRADE_DATE	CLIENT NAME	CP_CLIENTNAME	ORDER_NO	CP_ORDER_NO	TRADEID	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	LTP_RATE
			Private Limited	4052015							
4	04/09/2018	Vividoffset Printers Private Limited	Veeram Vendors Private Limited	1536032700022042007	153603270002204 2006	2	3:23:05 PM	3:23:05 PM	3:22:50 PM	135	10
Total											**27**

64. Of the above, 3 trades were synchronized trades contributing 2.80% to market volume and Rs.25.00 to market positive LTP (i.e. 18.44% of market positive LTP). Details of entity wise synchronized trades are given below:

Buyer Pan	Buyer Name	Seller Pan	Seller Name	Synchronized Quantity	Sum Of LTP Diff	Number Of Days	Number Of Trades	%Market volume
AAACV7171J	Vividoffset Printers Private limited	AAGCV2373L	Veeram Vendors Private limited	4000	25.00	3	3	2.80%
Total				**4000**	**25.00**	**3**	**3**	**2.80%**

65. The stock-broker for all these trades was ASE Capital Markets Ltd. Based on the details provided by ASE Capital Markets Ltd (Annexure – 47 of SCN), the orders were placed by authorized signatories of Vividoffset Printers Private Ltd and Veeram Vendors Private Ltd by visiting the office of Shashwat Stock Brokers Pvt. Ltd (Authorised Person of ASE Capital Markets Ltd).

66. In its reply dated 09.07.2020 **(**Annexure – 48 of SCN), Shashwat Stock Brokers Pvt. Ltd (Authorised Person of ASE Capital Markets Ltd) *inter-alia*, stated that the orders for Vividoffset Printers Private Ltd and Veeram Vendors Private Ltd (Noticees 1 and 2) were entered via two different terminals registered as Mr. Vicky Jhaveri (Director) and Mr. Anal Jhaveri (employee). However, with respect to 3 synchronized trades which contributed to Rs.25.00 to market

positive LTP (i.e. 18.44% of market positive LTP) during Patch-1, it was observed that the broker USERNAME and LOCATION was identical for both buyer and seller. The details of the same are tabulated below:

TERMINALID / CP_TERMINALID	USER_NAME/CP_USER_NAME	LOCATION_ADDRESS / CP_LOCATION_ADDRESS
202	Annal Ashwinbhai Jhaveri	410 Wall Street Opp Orient Club Ellisbridge Ahmedabad Gujarat 380006

67. Of the14 positive LTP trades with non-group-1 entities, in 1 trade, Noticee 2 placed buy order first and contributed Rs. 5.0 to market positive LTP (3.68% of market positive LTP) as shown below:

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	ORDER_NO	CP_ORDER_NO	TRADEID	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	LTP_RATE
10/07/2018	Veeram Vendors Privatelimited	Odyssey Corporation Limited	1531194300023045006	1531194300023045007	3	2:57:32 PM	2:56:01 PM	2:57:32 PM	90	5

68. Thus, Noticees 1, 2 and 3 have allegedly manipulated the price of the scrip during Patch-1 of the investigation period by fraudulently contributing Rs 32 to market positive LTP (i.e. 23.60% of market positive LTP) in the following ways:

A. **By trading amongst themselves:** Through 4 positive LTP trades among themselves, they have contributed Rs.27 to positive LTP (19.92% to market positive LTP). Moreover, out of these 4 positive LTP trades, 3 trades were synchronized trades.

B. **By placing buy order before the sell order:** In 1 positive LTP trade where the counterparty was non-group-1 entity, they (group-1) placed buy order first and contributed Rs. 5.0 to market positive LTP (i.e. 3.68% of market positive LTP).

69. Thus it was alleged that **Noticees 1-3 have manipulated the price of the scrip of Darshan Orna during Patch-1 of the investigation period and thus, have violated Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a), 4 (2) (e) of SEBI (PFUTP) Regulations, 2003.**

70. **New High Price (NHP) Analysis :Patch-1**: During Patch-1 of the investigation period, price of the scrip moved from open price of Rs.81.0 to a high price of Rs.135.0 and Rs.54.00 NHP was created.

71. **Group-1:** Details of NHP contributed by Group-1 entities are given below:

Client name	**Quantity**	**Number Of Trades**	**Contribution To Market NHP**	**% Of Market NHP**	**Contribution Among Group**	**Contribution To NHP In Buy Order First Trades With Non Group Entities**
Vividoffset Printers Private limited	4000	3	18.00	33.33%	18.00	0
Pinalben R. Shah	8000	4	13.00	24.07%	0	0
Rakshit Mahendra Shah	4000	1	7.00	12.96%	0	0
Veeram Vendors Privatelimited	1000	1	0.90	1.67%	0	0
Total	**17000**	**9**	**38.90**	**72.04%**	**18.00**	**0.00**
Market total	**19000**	**11**	**54.00**	**100.00%**	**18.00**	**0.00**

72. The group-1 entities contributed Rs.38.90 to market NHP. This was 72.04% of market NHP. In trades amongst themselves, Noticees 1 - 3 contributed Rs.18.00 to market NHP (33.33% of market NHP). This further corroborates that group-1 entities manipulated the price of the scrip. Further, in none of the remaining trades contributing to NHP, group-1 entities placed buy order first.

73. It was, thus, alleged that **Noticees 1-3 violated Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a), 4 (2) (e) of SEBI (PFUTP) Regulations, 2003**.

First Trade analysis:

74. **Patch-1:**

Group-1: Details of first trades as buyer by group-1 entities during Patch-1 of the investigation period are given below:

Client name	Total Number Of First Trades	Traded Quantity First Trades	Number Of First Trades At Positive LTP	Net LTP	Positive LTP	Number Of First Trades Among Group	Positive LTP Contribution In First Trades Among Group
Pinalben R. Shah	12	41000	7	18.00	27.50	2	2.00
Vividoffset Printers Private limited	3	5000	1	8.85	9.00	1	9.00
Veeram Vendors Private limited	3	6000	1	-2.30	4.70	0	0.00
Rakshit Mahendra Shah	1	4000	1	7.00	7.00	0	0.00
Total	**19**	**56000**	**10**	**31.55**	**48.20**	**3**	**11.00**
Market total	**31**	**68000**	**16**	**32.55**	**80.00**	**3**	**11.00**

75. Group-1 entities were buyers in 19 first trades and contributed Rs.48.20 to market positive LTP (35.56% of market positive LTP). In 3 first trades, the counterparty was a group-1 entity. In first trades among themselves, group-1 contributed Rs.11.0 to positive LTP (8.12% of market positive LTP). In remaining 16 first trades with non-group-1 entities, group-1 entities contributed 37.2 to positive LTP (27.44% of market positive LTP). This further corroborates the findings wherein it was observed that group-1 entities manipulated the price of the scrip.

76. **Thus**, **Noticees 1-3 were alleged to have violated Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a), 4 (2) (e) of SEBI (PFUTP) Regulations, 2003**.

<u>Allegations in respect of Noticee 4:</u>

77. Role of Stock-Broker and Depository Participant: It was observed that three of the group-1 entities viz Vividoffset Printers Private Ltd, Veeram Vendors Private Ltd and Pinal R Shah traded in the scrip of Darshan Orna Ltd during the investigation period through the trading member - ASE Capital Markets Ltd.

78. Based on the details provided by ASE Capital Markets Ltd (Annexure-47 of the SCN), it was noted that the orders were placed by authorized signatories of Vividoffset Printers Private Ltd and Veeram Vendors Private Ltd by visiting the office of Shashwat Stock Brokers Pvt. Ltd (Authorised Person of ASE Capital Markets Ltd).

79. In its reply dated 09.07.2020 (**Annexure-48 of SCN**), Shashwat Stock Brokers Pvt. Ltd (Authorised Person of ASE Capital Markets Ltd) has, *inter-alia*, stated that the orders for Vividoffset Printers Private Ltd and Veeram Vendors Private Ltd were entered via two different terminals registered as Mr. Vicky Jhaveri (Director) and Mr. Anal Jhaveri (employee). However, with respect to 3 synchronized trades which contributed to Rs.25.00 to market positive LTP (i.e. 18.44% of market positive LTP) during Patch-1, it was observed that the broker USERNAME and LOCATION was identical for both buyer and seller. The details of the same are tabulated below:

TERMINALID / CP_TERMINALID	USER_NAME/CP_USER_NAME	LOCATION_ADDRESS / CP_LOCATION_ADDRESS
202	Annal Ashwinbhai Jhaveri	410 Wall Street Opp Orient Club Ellisbridge Ahmedabad Gujarat 380006

80. In view of the above facts, it was alleged that **Noticee 4 i.e. Shashwat Stock Brokers Pvt. Ltd facilitated price and volume manipulation and thus, violated Sec. 12 A (a), (b), (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a) (e) of SEBI (PFUTP) Regulations, 2003.**

81. The abovementioned alleged violations, if established, makes the Noticees liable for penalty under Section 15 HA of the SEBI Act.

82. In response to respective SCN Noticees filed their reply, inspected documents and attended personal hearing before undersigned as follows:

Noticee No.	Filed reply vide letter/Email dated	Personal Hearing Date	Date of Inspection of documents	Remarks/Represented by
1	18.02.2022, 05.08.2022, 05.11.2022, 18.11.2022, 21.11.2022, 12.12.2022, Judgment Synopsis dated 15.12.2022 & 26.12.2022	15.12.2022	14.11.2022	Mr. Deepak Shah, Advocate
2	12.12.2022, 18.11.2022, 07.11.2022, 08.02.2022, 05.08.2022, 26.10.2022	03.08.2022, 13.12.2022, 26.12.2022	14.11.2022	Mr. Meit Shah, Advocate
3	12.12.2022, 07.11.2022, 10.02.2022, 05.08.2022, 26.12.2022	03.08.2022, 13.12.2022, 26.12.2022	14.11.2022	Mr. Meit Shah, Advocate
4	06.12.2022, 17.08.2022,	12.12.2022	Documents requested provided over email	Mr. Jitendra Sharda, advocate
5	11.11.2022, 26.12.2022	03.08.2022	NA	Not attended
6	No reply	03.08.2022	NA	Not attended
7	No reply	03.08.2022	NA	Not attended
8	No reply	03.08.2022	NA	Not attended
9	11.11.2022, 26.12.2022	03.08.2022	NA	Not attended
10	11.11.2022, 26.12.2022	03.08.2022	NA	Not attended
11	No reply	03.08.2022	NA	Not attended
12	30.12.2021	04.08.2022	NA	Not attended
13	11.11.2022, 26.12.2022	04.08.2022	NA	Not attended
14	11.11.2022, 26.12.2022	04.08.2022	NA	Not attended
15	11.11.2022, 26.12.2022	04.08.2022	NA	Not attended
16	No reply	04.08.2022	NA	Not attended
17	No reply	04.08.2022	NA	Not attended
18	No reply	04.08.2022	NA	Not attended
19	No reply	04.08.2022	NA	Not attended

20	11.08.2022, 20.08.2022	04.08.2022	NA	Mr. Deepak Modi
21	04.08.2022, 18.02.2022	04.08.2022	NA	Juris Matrix Partners LLP
22	18.01.2022, 21.02.2022, 04.08.2022, 18.08.2022	04.08.2022	NA	Juris Matrix Partners LLP
23	02.09.2022, 04.08.2022, 21.02.2022, 18.01.2022	04.08.2022	NA	Juris Matrix Partners LLP
24	07.03.2022	05.08.2022	NA	Not attended
25	18.08.2022, 04.08.2022, 18.02.2022, 17.01.2022	04.08.2022	NA	Juris Matrix Partners LLP
26	08.03.2022	05.08.2022	NA	Not attended
27	08.03.2022	05.08.2022	NA	Not attended
28	18.01.2022	05.08.2022	NA	Not attended
29	01.02.2022	05.08.2022	NA	Not attended
30	20.01.2022	05.08.2022	NA	Not attended
31	08.03.2022	05.08.2022	NA	Not attended
32	No reply	05.08.2022	NA	Not attended
33	No reply	05.08.2022	NA	Not attended

83. The SCN and Hearing Notices were served to Noticees through SPAD, email, affixture or by Newspaper Publication in newspapers dated November 11, 2022. Further, in terms of requests made by certain Noticees, relevant excerpts of Investigation report along with its annexures in the matter were provided to the Noticees as detailed above.

84. The submissions of the Noticees are summarized as below:

Noticee 1

85. Noticee requested 'for certain documents which are still not furnished. The document like order log for the entire period of investigation, details of persons who were induced to trade because of Noticee trade above LTP/NHP, etc., Details of alerts/triggers generated by stock exchange/SEBI w.r.t specified dealing of Noticee in script of Darshan Orna. Hence in absence of such information, Noticee is unable to file exhaustive reply.

86. The background of investigation is some SMSs were circulated during the period between 7th January 2019 and 31st January 2019. Noticee has never traded during the said period. If the foundation of investigation is SMSs circulated and if Noticee’s trade is not based on such SMSs, no inquiry should have been conducted against Noticee.

87. The period of investigation has been taken to be from 4th June 2018 to 31st January 2019. When the investigation was for trading based on SMSs circulated between 7th January 2019 and 31st January 2019, selecting the investigation period for which there is no complaints or any suspicion, the same should not have been selected arbitrarily. Noticee has not traded during the period during which SMSes were circulated, hence no investigation should have been initiated against Noticee.

88. Darshan Orna got listed on SME platform on 19th May 2016. On December 12, 2018 it migrated to BSE main board. All Noticee’s alleged trades were before Darshan Orna migrated to main board. Noticee’s trades were during the listing on SME platform. It is an accepted proposition that trades on SME platform are very limited unlike on main board and therefore, the volume and persons trading are supposed to be very limited. This is evident from price-volume chart during three periods in para 12 of the notice. Therefore, the trades should not be seen like an entity listed on main board where there will be numerous trades as also person trading. In such circumstances, the chance of trades matching with certain persons or trading at above LTP is very likely. Thus the same should be viewed accordingly.

89. As regards management of Darshan Orna, the director Mr. Satish Vadilal Shah is an independent director and not holding any executive post. He is stationed at Bombay whereas Noticee are at Ahmedabad. He became a director of Noticee company only on 11th January 2019. He is also independent director

in 13 other companies. The relevant details obtained from MCA cite is placed on records.

90. Company issued bonus shares with record date as September 21, 2018. Investigation period is divided into three patches. All of Noticee's alleged trades are during Patch-1 only and are prior to record date for grant of bonus shares.

91. In respect to connection between company connected entities, the allegation is that Noticee and Darshan Orna have common director namely Mr. Satish Vadilal Sheth. Please note that in view of submissions above, there is no connection of Noticee with anyone else of either the other noticees or Darshan Orna. Mr. Satish Vadilal Shah is not a person deciding Noticee's transactions in stock exchange as he is not involved in day-to-day transactions. Darshan Orna is not a noticee. SCN has not alleged any connection of Noticee with any other person of group-1. Therefore, there being no connection with other noticees, Noticee's trades even though it matches with other noticees should not be viewed otherwise.

92. Though Noticee's sell during IP is stated to be of 306355 shares, the alleged manipulative trades are for 4000 shares only. This shows that while Noticee's more than 98.7% transactions are not alleged to be manipulative. Also note that all shares sold are deliverable and not squared-off.

93. Trading details of group-1 entities. Please note that the gross buy qty. is 40100 shares which is just 0.73°/o of total market buy volume. Out of the same, the alleged manipulative trades are for 4000 shares only which is less than 0.07% which is so negligible to allege any wrong doing. At the same time, Noticee's sell quantity is 306355 shares and none of which is alleged to be manipulative. It is settled law that a mere matching of a trade with a particular person is not violation of FUTP regulations if it does not affect either the price or the volume of trades.

94. A trade is considered as synchronized if the buy and sell order quantity and rate are identical and if same is placed in a time gap of one minute. In a screen based trading, unless the rate and quantity matches, the trade will not take place. Looking to the available stock on hand and funds availability a seller and buyer decide to trade. Since Noticee had sufficient funds available with, looking to the market, one trade was executed each on three dates.

95. In regard to Para 110, in the table Noticee is shown as buyer and Veeram Vendors are alleged to be seller in three synchronized trades contributing Rs.25 towards LTP. Please note that there is no connection being established between Noticee and said Veeram Vendors as per para 16 establishing connections amongst various entities of group-1. When Noticee are not connected with any of the entity of group-1, merely because Noticee's transactions matched with another notice, it does not result into a manipulative trade. In a screen based trading, there is no control over the counter party to the trade. The trades were ordered by different persons.

96. The trade at sr. no. 1 is a purchase trade of 1000 shares on 16-07-2018 at 3.23 p.m. which is 8th trade of the day. The total volume was 13000 shares. SCN has calculated LTP on the basis of closing price of previous day but it should be considered as that of previous to Noticee's trade since Noticee's trade was 8th of the day. The said price is not quoted so Noticee is unable to comment as to whether there is actual price rise above LTP.

97. The second transaction of Noticee was on 30.07.2018 for 1000 shares traded@ 3.20 p.m. As stated earlier, the scrip is listed on SME platform and there is not much volume. For almost whole of the day, no trade was executed and there was no offer till fag end of the day. Thus due to thin volume, the trader has to raise the bar. Between 16th July and 30th July there were trades only on 3 days.

98. The third of the alleged trade was on 04.09.2018 for 2000 shares bought at around 3.23 p.m. The day's volume is 4000 shares in two trades. Noticee’s trade is 2nd for the day. SCN has calculated increase over LTP on the basis of closing price of previous day but it should be considered as that of previous to Noticee’s trade since Noticee’s trade was 2nd of the day. The said price is not quoted so Noticee are unable to comment as to whether there is actual price rise above LTP.

99. In an illiquid scrip, the LTP cannot be a criteria for alleging manipulation. The allegation is Noticee traded at above LTP. It is settled practice in the securities market that every day hundreds of the scrip will witness new high and new lows or all time high/low. Thus it is not possible to trade only at the LTP. The discovery of new price is a regular feature and that is how the market works. Thus merely because the trade with unconnected party above the LTP cannot be considered as manipulative since the delivery is effected and is carried on normal course of trade without manipulating the price or volume. It is not the case that due to Noticee’s trade, other persons also traded and incurred losses. Hence Noticee’s transactions should not be considered as manipulative so as to be in violation of FUTP regulations.

100. The allegation is that Noticee along with Veeram Vendors and Pinal R Shah manipulated the price by trading above LTP and contributed Rs. 32 to market positive LTP. As mentioned above, Noticee is not stated to be connected with other persons of Group-1, entities. If that be the case, the allegation in said para is baseless. As regards trading above LTP, Noticee explained the same above. Noticee’s are only 3 trades and it should not be mixed up with others transactions so as to allege generally. Noticee has own trades and trades of other unconnected persons should not be added to allege manipulation.

101. Noticee is alleged to be top LTP contributor of Rs. 27.35 in 9 trades comprising 4 above LTP, 2 below LTP, and 4 at LTP. The allegation is factually incorrect. In table under para 110 and even in table under para 120 the allegation is to 3 transactions above LTP contributing Rs. 25. The details of other six transactions is not provided. Putting unnecessary and unsubstantiated figures prejudices the finding of the officer.

102. Even the allegation in para 116 that top 10 LTP contributors contributed Rs. 96.05 to net LTP is factually incorrect. If you examine data in table below para 13, you will notice that Opening price during patch-1 was Rs. 81 and closing price was Rs. 130 (though this itself is incorrect), yet the net LTP will be Rs. 49 only and not Rs. 96.05 as alleged.

103. Noticee strongly object to being considered as Group-1 entity since there is no connection between Noticee and other entities of said group as elaborated in earlier paras. Though Rakshit Shah is considered as part of Group-1, and even though he is stated to have traded above LTP, he is not part of the noticees and no allegation is levelled against him.

104. The allegation is that the stock-broker for all these trades was ASE Capital Markets Ltd. The orders were placed by authorized signatories. The persons placing the order are different in each case and even the terminal from which the order is placed are different. For this proposition, the letters issued by the stock broker dated 09.07.2020 and 16.07.2020 are placed on records.

105. New High Price Analysis. Patch-1: The price moved up from Rs. 81 to Rs. 135 and Rs. 54 NHP was created. It also narrates the trades of entities alleged to be part of Group-1 and their individual contribution to NHP. The details are factually incorrect. If on last day of the period before investigation, i.e. the price on 3rd June 2018 was Rs. 180, then how the opening price on 4th June 2018 which is first day of patch-1 can be Rs. 81 only. Looking to opening price of Rs.

180 on 4th June 2018 and closing price of Rs. 130 on 21st September 2018, there is no new high price but it is a case of decline in prices from all-time high.

106. First Trade analysis during patch-1 by Group-1 entities: Noticee reiterate that Noticee are not part of said group-1. There is no connection between Noticee and other persons included in said group. As regards Noticee's first trades stated to be of 5000 shares in 3 such trades, please note that only 1 trade on 30.07.2018 is above LTP which is just 1000 shares. This show that Noticee's majority trades though being first trades, the same are not above LTP. Between 23rd and 30th July 2018, there are no trades. Thus the scrip being listed at SME platform is illiquid and hence trading is influenced by certain factors like no buyer-seller availability, no price discovery on regular basis etc. Even a first trade above LTP is not suggestive that it is manipulative. Noticee has witnessed almost all the days of share trading where the market opens in huge Gap. The trade is not a squared-up but delivery is affected. Thus merely because it is first trade and above LTP cannot be considered as in violation to FUTP regulations.

Noticee 2

107. Noticee 2 has raised largely similar contention as Noticee 1. Therefore, only points specific to Noticee 2 are summarized below.

108. Noticee traded in the scrip of Darshan Orna in prior to, during and post investigation period also and in all three patches of the investigation periods. It is not the case that Noticee traded only during investigation period or in a particular patch of the investigation period. During the investigation period, Noticee bought 70,300 shares (spread over 12 days) and sold 4,315458 shares (spread over 19 days).

109. The background of investigation is some SMSes were circulated during the period between 7th January 2019 and 31st January 2019. Noticee never traded during the said period. If the foundation of investigation is SMSes circulated and

if Noticee's trade is not based on such SMSes or during the period when such SMSes were circulated, no inquiry should have been conducted against Noticee.

110. The period of investigation has been taken to be from 4th June 2018 to 31st January 2019. When the investigation was for trading based on SMSes circulated between 7th January 2019 and 31st January 2019, selecting the investigation period for which there is no complaints or any suspicion, the same should not have been selected arbitrarily.

111. Mr. Satish Vadilal Shah is an independent director and not holding any executive post. He became a director of Vivid Mercantile Ltd (Noticee no. 1) only on 11th January 2019 which is only after Noticee trades matched with Vivid Mercantile.

112. The allegation is that Noticee and Veeram Securities have common directors namely Pinal and Rakshit. Noticee cannot be considered as company connected entity as Noticee have no connection with Darshan Orna and no such connection is established. As mentioned above, Mr. Satish Vadilal Sheth is an independent director. He is stationed at Bombay whereas Noticee are at Ahmedabad. He was appointed as a director in Noticee company only on 11th January 2019 which is much prior to the alleged transactions. Thus there is no connection of Noticee with anyone else of either the other noticees or Darshan Orna.

113. Though Noticee sale during IP is stated to be of 431598 shares, the alleged manipulative trades on sell side are for 8200 shares only. This shows that while Noticee more than 98.15% transactions are not alleged to be manipulative. Also note that all shares sold are deliverable and not squared-off.

114. Trading details of group-1 entities: Noticee gross buy qty. is 70300 shares which is just 1.28% of total market buy volume. None of the trade on buy side is alleged to be manipulative. Out of the same, the alleged manipulative trades are for 4000 shares only which is less than 0.07% which is so negligible to allege any wrong doing. At the same time, Noticee sell quantity is 431598 shares and the alleged manipulative trades are for 8200 shares only which is less than 0.15% which is so negligible to allege any wrong doing.

115. Synchronised trades - The trade at sr. no. 1 is a sell trade of 1000 shares on 16-07-2018 at 3.23 p.m. which is 8th trade of the day. Noticee placed the sell order first and thereafter the buy order came and which matched with Noticee offer. The total volume was 13000 shares. SCN has calculated LTP on the basis of closing price of previous day but it should be considered as that of previous to my trade since Noticee trade was 8th of the day. The said price is not quoted so Noticee are unable to comment as to whether there is actual price rise above LTP. In any case, a seller does not control the price to be above or below LTP.

116. The second transaction of Noticee was on 30.07.2018 for sell of 1000 shares traded @ 3.20 p.m. Noticee placed the sell order first and thereafter the buy order came and which matched with Noticee offer. As stated earlier, the scrip is listed on SME platform and there is no much volume. For almost whole of the day, no trade was executed and there was no offer till fag end of the day. Noticee therefore, offered 1000 shares for sell which came to be accepted. Between 16th July and 30th July there were trades only on 3 days.

117. The third transaction of Noticee was on 01.08.2018 for sell of 1000 shares traded @ 3.24 p.m. Noticee placed the sell order first at 3.19 p.m. and thereafter the buy order came at 3.24 p.m. and which matched with Noticee offer. As per criteria as per para 109, it is not a synchronized trade and hence should be out of purview of manipulative trade. As stated earlier, the scrip is listed on SME platform and there is no much volume. For almost whole of the day, no trade

was executed and there was no offer till fag end of the day. Noticee therefore, offered 1000 shares for sell which came to be accepted.

118. The fourth of the alleged trade was on 04.09.2018 for sell of 2000 shares at around 3.23 p.m. The day's volume is 4000 shares in two trades. Noticee trade is 2nd for the day. SCN has calculated increase over LTP on the basis of closing price of previous day but it should be considered as that of previous to my trade since Noticee trade was 2nd of the day. Even in case of first trade of the day, it was not delivered whereas Noticee have delivered the shares. The said price is not quoted so Noticee are unable to comment as to whether there is actual price rise above LTP. In any case, a seller does not control the price to be above or below LTP.

119. During the relevant time there were Noticee's trade having zero or negative impact on LTP. Majority of Noticee's shares are traded at LTP.

120. The allegation is that noticees 2 and 3 were engaged in one synchronized trade of 4200 shares below LTP of Rs.0.50. In all cases of alleging manipulation, the allegation is because of a trade being done above the LTP. If that be so, how a trade below the LTP can be alleged to be manipulative. Alleging that the transaction is 6.25% of market volume, does not by itself prove any wrong.

121. Opening price during patch-1 was Rs. 81 and closing price was Rs. 130 (though this itself is incorrect), yet the net LTP will be Rs. 49 only and not Rs. 96.05 as alleged.

122. Noticee object to being considered as Group-1 entity since there is no connection between Noticee and other entities of said group as elaborated in earlier paras. Though Rakshit Shah is considered as part of Group-1. And even though he is stated to have traded above LTP, he is not part of the noticees and no allegation is levelled against him.

123. The allegation is that of 14 positive LTP trades with non-group-1 entities, in 1 trade, Noticee placed buy order first and contributed Rs. 5 to market positive LTP. There is no prohibition to place order above/below LTP. Noticee are not connected to the promoter or directors so as to benefit out of price rise of shares of Darshan Orna. The closing rate of previous trading day was Rs. 90.5 and Noticee traded at Rs. 90 which show negative LTP and not positive. Whether one place order before the counter trade or after does not make any difference. It only show whether the person is interested in buying or selling.

124. As regards Noticee first trades stated to be of 6000 shares in 3 such trades, please note that the net contribution to market positive LTP is negative. Also none of them is with group-1 entities. This show that Noticee all trades though being first trades, are not contributing positive LTP. On many days there are no trades. Thus the scrip being listed at SME platform is illiquid and hence trading is influenced by certain factors like no buyer-seller availability, no price discovery on regular basis etc. Even a first trade above LTP is not suggestive that it is manipulative. Noticee have witnessed almost all the days of share trading where the market opens in huge Gap. The trade is not a squard-up but delivery is affected. Thus merely because it is first trade cannot be considered as in violation to FUTP regulations.

Noticee 3

125. Noticee 3 has also raised largely similar contention as Noticee 1. Therefore, only points specific to Noticee 3 are summarized below.

126. Noticee's alleged trades were before Darshan Orna migrated to main board. Noticee's trades were during the listing was on SME platform.

127. All Noticee's alleged trades are during Patch-I and Patch-II only and are prior to record date for grant of bonus shares.

128. The allegation is that Noticee is a director of Veeram Vendors Pvt Ltd and hence Noticee is a connected entity with entire group. When Veeram Vendors and Vivid Mercantile are not connected entity, how Noticee can be said to be connected with Vivid Mercantile so as to allege wrongdoing due to matching of Noticee's trades with it. Also, Noticee cannot be considered as company connected entity as Noticee have no connection with Darshan Orna and no such connection is established. SCN has not alleged any connection of Noticee with any other person of group-1. Therefore, there being no connection with other noticees, Noticee's trades even though it matches with other noticees should not be viewed otherwise.

129. The alleged matched trade is just 8000 shares which will be just 0.15% of market volume during IP. Noticee's sell during IP is stated to be of 166900 shares which is just 3.04% of total market volume of sale. The alleged manipulative trades on sell side are for 12600 shares only which will be just 0.23% of total market volume. This shows that while Noticee's more than 99.77% transactions are not alleged to be manipulative. Also note that all shares sold are deliverable and not squared-off.

130. W.r.t. trading details of group-1 entities. Please note that Noticee's gross buy qty. is 83300 shares which is just 1.51% of total market buy volume. The alleged matched trade is just 8000 shares which will be just 0.15% of market volume during IP which is so negligible to allege any wrong doing. At the same time, Noticee's sell quantity is 166900 shares and the alleged manipulative trades are for 8200 shares only which is less than 0.15% which is so negligible to allege any wrong doing. It is settled law that a mere matching of a trade with a particular person is not violation of FUTP regulations if it does not affect either the price or the volume of trades.

131. There is no connection being established between Noticee and said Vivid Mercantile as highlighted above. When Noticee is not connected with noticee no 1 of group-1, merely because Noticee's transactions matched with another notice No.2, Noticee cannot be alleged to have contributed Rs. 25 to market positive LTP.

132. As regards contribution of Rs. 2 to market positive LTP due to matching of trade with Veeram Vendors, on 01.08.2018, it is not a synchronized trade. (refer sr no 3 in table under para 119 of SCN). The time difference between Noticee's order and counter party order is more than five minutes. As per criteria used in para 109, it is not a synchronized trade and hence should be out of purview of manipulative trade. Even on 19th and 23rd July 2018, Noticee bought 1000 shares each at a price of Rs. 110 hence an offer of Rs. 103 found to be good one to purchase the same. As stated earlier, the scrip is listed on SME platform and there is no much volume. The lot size is 1000 shares unlike main board where the lot size is 1 share. For almost whole of the day, no trade was executed and there was no offer till fag end of the day. Noticee therefore, accepted the offer for sell at just Rs 2 above the LTP. Please note that on 30th July 2018, the closing price was Rs. 119. Hence, the offer of Rs. 103 was found to be lucrative and hence accepted which incidentally came to be offered by Veeram Vendors. However, the broker in both the cases are different and even the person placing the orders are also different. Thus there is no meeting of minds to do the trade interest. In a screen based trading, there is no control over the counter party to the trade. The trades were ordered by different persons.

133. As regards trading above LTP, Noticee's trade is only 1 trade and it should not be mixed up with others transactions so as to allege generally. Noticee's own trades and trades of other unconnected persons should not be added to allege manipulation.

134. As regards Noticee's first trades stated to be of 41000 shares in 12 such trades, the details are not given. Also only two of them is with group-1 entities contributing Rs. 2 only to market positive LTP. This show that Noticee's all trades though being first trades, are not contributing positive LTP. On many days there are no trades. Thus the scrip being listed at SME platform is illiquid and hence trading is influenced by certain factors like no buyer-seller availability, no price discovery on regular basis etc. Even a first trade above LTP is not suggestive that it is manipulative. The market have witnessed almost all the days of share trading where the market opens in huge Gap. The trade is not a squared-up but delivery is affected. Thus merely because it is first trade cannot be considered as in violation to FUTP regulations.

Noticee 4

135. Noticee is not in the list of top 10 buy brokers as well as the top sell brokers during the Investigation Period. Therefore, if the allegation in the SCN, assume to be true, then Noticee's concentration in the said scrip should be high on any side, i.e. buy or sell or both. However, on the contrary, concentration in the said scrip was nil or so minuscule as compared to other market brokers during the Investigation Period. Thus, the allegation against Noticee for facilitating price and volume in the scrip of Darshan does not stand qua Noticee.

136. As per SCN the 3 synchronized trades between Noticee 1 (Vivid) and Noticee 2 (Veeram) contributing 2.80% to market volume and Rs. 25.00 to market positive LTP (i.e. 18.44 of positive market LTP). Further, it was alleged that the said orders were placed by authorized signatories of Vivid and Veeram by visiting Noticee's office.

137. Noticee already informed vide reply dated 09.072020 that the alleged trades executed by our client, i.e. Vivid (028V725) and Veeram (028V675), on two different terminals, one is registered in the name of Mr. Vicky and another one

is registered in the name of Mr. Anal. The said order was placed by the then-directors of the Vivid and Veeram by visiting Noticee's office, and Noticee's office premises had ample space (approx. 1200 sq. ft.), and both terminals have their location divided by cubical glass compartments. The said trades were executed under the instruction of clients through different terminals. Noticee do not have any connections with any noticees, including Vivid and Veeram (other than being client broker relations).

138. Noticee deny that, as a broker, it had facilitated price and volume manipulation in the scrip of Darshan. It is pertinent to mention herein that the allegation is assumed to be true (if), then Noticee would have also traded in the said scrip during the Investigation Period and generated the profit or gain out of the same. However, there is no such allegation of trading or gain in SCN.

139. The allegations levied in the SCN are not substantiated by any evidence or material on record. The charges are based on surmises and conjectures and on the wild allegation of having facilitated the manipulation. To make anyone liable for any commission or omission to visit adverse consequence, there should be adequate justification, and in the absence thereof, any punishment meted to him will be unsustainable. It is submitted that Noticee has been clubbed with various other entities without any reason or justification. It is submitted that a serious allegation of violation of PFUTP Regulations cannot be alleged on the basis of mere surmises and conjectures and based on the erroneous interpretation of data, as has been done in the instant case.

Noticee 5, 9, 10, 13, 14, 15

140. Noticees submit that they neither have any connection with nor are known to any of the other Noticees of the SCN. If at all there can be some connection established on paper, which is extremely unlikely as Noticees are not known and do not have any connection to them, it is their humble submission that they are completely unaware of the same and the paperwork could have been done

by the persons who had helped opened their accounts, which was done a long time ago.

141. Noticees seldom trade in the stock market, Noticee 9 has been trading on behalf of the abovementioned Noticees as their representative, only subsequent to receiving some advice. Noticee 9 only trade on advice/suggestion of his broker or other market players. Noticees do not indulge in any trading activity by ourselves. In the instant matter also, some of Noticee 9's friends in the market and his broker had advised to trade in the shares of Darshan Orna Ltd. as good money could be made intraday. The alleged act of circular trades creating artificial volume are merely coincidental.

142. Noticees understand that SEBI has issued administrative warnings, to some Noticees who were alleged to have indulged in Synchronized Trades and LTP Contribution which seem to be non-genuine and resulted into artificial volume. However, SEBI has only given them an administrative warning on the ground that those Noticees did not make any ill-gotten gains. It may be kindly noted that in the present matter the charge against Noticees is only of alleged creation of artificial volume (volume manipulation) and not LTP Contribution. Further, just as mentioned above, the Noticees have not made any ill-gotten gains. As earlier stated these trades been done on the advice of broker and bear no malafide intention.

143. A few of such instances of administrative warnings are as follows :

    a) Letter No. IVD/ID1/GPIL/MS/BD/8929/2010 dated June 15 2010 in the name of M/s H J Securities Pvt Ltd.- Investigation in the case of Godawari Power and Ispat Ltd.
    b) Letter No. IVD/ID2/PS/BS/GKCL/168144/09 dated June 30, 2009 in the name of Toshit Securities (P) Ltd.- in the scrip of GK Consultants Ltd.

c) Letter bearing no. IVD/ID-3/GR/SGP/SPL/167407/2009 dated June 23, 2009 issued to Shreehari Hira Stock Broking Pvt. Ltd.- Investigation in the case of Shalimar Production Ltd.

d) Letter bearing no. IVD/ID3/GR/JD/POCL/152083/2009 dated January 27, 2009 issued to M/s Arihant Capital Markets Ltd.- Trading in the scrip of Pondy Oxides & chemicals Ltd.

144. Further Noticee refer Order no. WTM/SR/IVD/ID-3/20/02/2015 dated February 10, 2015 passed by the WTM Shri. S. Raman, in the scrip of Crazy Infotech Limited. Herein the WTM observed the pattern of transactions executed by the connected entities. Those entities had indulged in self trades and also traded in circular/reversal/synchronized/structured pattern, which resulted into artificial volume and price rise in the scrip of Crazy Infotech. Out of the entire 823 connected entities identified by the investigation department, 780 entities were found to have either traded individually on 10 or less number of instances during the 653 days on which the scrip was traded on the exchange (BSE) during the investigation period, or traded on more than 10 instances but bought/sold less than 75,000 shares in market and/or off-market. SEBI issued administrative warning to the aforesaid 780 entities in May 2011, advising the entities to take care in future and to be more vigilant, in the manner they execute trades, so the their trades do not compromise market integrity in any manner.

145. Further Noticee 9 is a Medical Practitioner in sales side, and his family's Average Annual Income is of barely Rs. 250000. Noticee no. 13, Noticee 9's wife, is a house wife who does not play a vital role in income matters of the family. Noticee 9's Annual Income Tax Returns is placed on records. Further, Noticee No.13's PAN Card Number is FJWPS8397Q. Since her income has always been below the threshold for filing the Income Tax Returns, she has never filed her returns.

146. Noticee No. 5 has a private contract based job and Noticee No. 14 has a private job. Their family's Average Annual Income is of barely Rs.450000. Noticee No. 5 and Noticee No. 14's Annual Income Tax Returns are placed on records.

147. Noticee No. 10 is a security guard and earns 180000. Noticee No. 10's PAN Card number is ARPPR0302L. Since his income has always been below the threshold for filing the Income Tax Returns, he has never filed his returns.

148. Noticee No. 15 is a housewife. Her income is yearly 100000.(EKPPS5766G) Since her income has always been below the threshold for filing the Income Tax Returns, she has never filed her returns.

149. It is also submitted that SEBI has admittedly taken a stand in several matters, where it has been held that in cases where trading has not resulted in the creation of any ill-gotten gains for the noticees and then such offences amount to and are considered trivial and venial offences/violations.

150. Noticee has submitted that it has been consistent practice at SEBI to not levy penalty in cases where recovery would not be possible. Attention is drawn to hundreds of DEEMED PUBLIC ISSUE cases where, through a policy note, it was decided not to levy penalties.

151. Noticee refer extremely similarly placed matter of Viji Finance Ltd., which was a more serious case which had allegation of not only creation of artificial volume but also manipulation and LTP contribution, wherein vide Order dated December 24, 2020 a penalty of only Rs. 15 lakhs which was levied jointly and severally payable by Noticee Nos. 1 to 78 therein, which is barely amounts to a penalty of Rs. 19,230/- per Noticee.

152. It is submitted that the present SCN issued to aforesaid Noticees may kindly be dropped. If at all penalty is being levied, it should be levied on these five

Noticees jointly and severally considering the alleged violation to be one since the present Noticee has been trading on behalf of the abovementioned Noticees as their representative.

Noticee 12

153. Noticee (Arcadia) has traded only on 3 days out of 164 days i.e. on 07/01/2019 08/01/2019, 09/01/2019. The Show cause notice is given to 32 people, out of that no one has traded with Arcadia. The volume on aforesaid dates in Market is as follows:-

Date	Market volume	Arcadia volume	percentage
07-Jan-19	582053	11500	1.98
08-Jan-19	413479	12500	3.02
09-Jan-19	365262	10281	2.81
	1360794	34281	0.62

154. Only intraday transaction by jobber, Noticee are not connected to any operator or management, promoter, director of this company. It is nothing but pure jobbing transactions.

155. As per SCN's page no 36 para no 73 reads as follows.:-

> *"As per the UCC details provided by BSE, Arcadia Share & Stock Brokers Pvt. Ltd shares common phone number (26478888) with Rimmi Dharmendra Sha (a group — 2 entity). Further, the email id of Rimmi Dharmendra Shah as per the UCC details is "bm808arcadia@yahoo.co.in".*

156. In this regard, Noticee refers the MTNL bill which shows that telephone number 26478888 belongs to Arcadia Share & Stock Brokers Pvt. Ltd., Mumbai. The telephone number what is mentioned by the client which may pertain to Ahmadabad city. Mumbai number 26478888 belongs to Arcadia only. We wish to state that client Rimmi Dharmendra Shah, (a group 2 entity- according to SCN, which Noticee is not aware) has not traded with Noticee since opening of

the account in 2007. The client is having address of Ahmadabad. How a Mumbai number can be the contact number of client of Ahmadabad. As per the KYC details the address of the client is as follows:

> *"3/56 SUNDAR NAGAR, NARANPURA CHAR RASTA, AHMEDABAD 380013"*

and the address of Arcadia Share & Stock Brokers Pvt. Ltd. is 328, Ninad, Bandra E, Mumbai 400051. Similarly in case of Arcadia Share & Stock Brokers Pvt. Ltd all our email ids are ____@arcadiashare.com. In the SCN it is arcadia@vahoo.ço.in. Hence Noticee disagree that Rimmi Dharmendra Shah has got common phone number and common email id. Further point to be noted is Rimmi Dharmendra Shah is not in the list of entities where show cause notice is issued.

157. Noticee once again wish to state as follows :-

a) Noticee's jobbers have traded only on 3 days out of 164 days during the investigation period.
b) Noticee's volume is 34281shares against the total volume of 5499075 shares during the investigation period 0.62%
c) There was no delivery volume. Arcadia had a large jobbing team and jobbers have traded. During the said period Arcadia jobbers have traded in more than 1000 scrips.
d) Noticee does not have any role in circulation of bulk sms. Noticee had no opening position or in closing position.
e) Noticee has not indulged any margin funding to any client in this scrip.
f) Noticee is not involved in any price manipulation.

Common Submissions of Noticee 20, 21, 22, 23, 25

158. A grave misconception has arisen since it has been assumed that transactions carried out by some of the entities in the SCN are carried out by all entities as a group.

159. There is nothing irregular in having a common director who is a director of other companies and could never form a basis to conclude any commonality. Further still, the SCN is silent on any violation of any law by having common directors. The observation that since there is a common director between companies can never be insinuated that there is commonality of purpose and intent.

160. It is thus submitted that the connection relied upon in the SCN towards commonality of purpose is too farfetched and unwarranted. Even otherwise, without admitting, Noticee clarify that being an acquaintance of another person could never be a means to establish a link or relation between Noticee and other alleged entities whose trading activity could not have been known to Noticee, in order to prove connections, as it could never tantamount to any connivance or meeting of minds. Even otherwise, the SCN has not alleged any meeting of minds or commonality of purpose.

161. It may be appreciated that as a separate and distinct corporate entity which is under the control and management of the Board of Directors, Noticee could never have any control over the funds and functions of another corporate entity. It may be appreciated that being separate corporate entities, the doctrine of corporate governance applies. Even otherwise, it is farfetched to conclude that a common director would have influence over the decisions, acts of commissions and omissions of any or all other entities, their Promoters and Directors and hence, Noticees can never be alleged to be involved for any acts of commission and omissions of other Noticees

162. It is also well settled law that a mere balance of probabilities is not sufficient to prove that any offence has been committed. It is submitted that the alleged offences should be proved beyond reasonable doubt, which the SCN is clearly short of establishing. Hence, in absence of any substantial ground of connivance, commonality of intent and purpose, these allegations fail. In view

of the aforesaid, it is apparent that no allegations could stand against Noticee on such conjectures and surmises and erroneous facts.

163. The SCN admits that the shares of the company got migrated from BSE- SME platform to BSE- Mainboard on 12.12.2018 thus implying that the fundamentals of the company were sound and further still, it is safe to assume that BSE had conducted its due diligence for the migration. A grave misconception has arisen since it has been assumed that transactions carried out by some of the entities in the SCN are carried out by all entities as a group and the SCN proceeds to assume that Noticee had knowledge or involvement thereof.

164. Noticee deny that Noticee have engaged 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 the scrip Darshan Orna Ltd. in contravention of the provisions of the PFUTP Regulations. Noticee deny that it has indulged in a fraudulent or an unfair trade practice in securities by way of indulging in an act which creates false or misleading appearance of trading in the securities market, as wrongly alleged.

165. It may be appreciated that there is no law, rule, regulation or circular which prohibits parties from receiving and lending funds between companies. The same is permitted and is very common. The SCN incorrectly assumes that the said fund transfers might have been part of some scheme of price manipulation. In any case, borrowing and lending for the purpose of investment in shares is also not prohibited under law.

166. There is nothing irregular in having a common director who is a director of other companies and could never form a basis to conclude any commonality. Further still, the SCN is silent on any violation of any law by having common directors. The observation that since there is a common director between companies can never be insinuated that there is commonality of purpose and intent.

167. It may be appreciated that as a separate and distinct corporate entity which is under the control and management of the Board of Directors, Noticee could never have any control over the funds and functions of another corporate entity. Assuming without admitting that the allegations are true, the very concept of corporate governance and distinct identity of corporate entities stands vitiated.

168. It is also well settled law that a mere balance of probabilities is not sufficient to prove that any offence has been committed. It is submitted that the alleged offences should be proved beyond reasonable doubt, which the SCN is clearly short of establishing. Hence, in absence of any substantial ground of connivance, commonality of intent and purpose, these allegations fail. In view of the aforesaid, it is apparent that no allegations could stand against Noticee on such conjectures and surmises and erroneous facts.

Noticee 20

169. Assuming without admitting that Mr. Hanif Shekh and other Noticees had circulated bulk SMSes or offloaded their shares, as alleged vide the SCN, Noticee state that Noticee were neither aware of nor had means to discover the same. In any event the SCN neither alleges that Noticee was aware nor that Noticee were a party to the same.

170. Noticee state that the SCN has failed to place on record any material relied upon to establish Noticee's alleged connection to Mr. Hanif Shekh and in absence thereto, no allegation could sustain as against Noticee. Therefore, the SCN is completely devoid of merits both on facts and on the material on record.

171. There is no allegation that Noticee have traded in the scrip of Darshan Orna Ltd. Even otherwise, it may be appreciated that all trades would have been executed by other Noticees on the floor of the Exchange in a blind and transparent trading mechanism.

172. There is no allegation against Noticee of having bought, sold or otherwise dealt in securities in a fraudulent manner or used or employed, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the Regulations made there under or employed any device, scheme or artifice to defraud investors in connection with dealing in the scrip of Darshan Orna Ltd. Noticee has not traded in the scrip of Darshan Orna Ltd. under the circumstances, all and singular allegations of violation of Section 12A(a),(b), (c) of the SEBI Act, 1992 r/ w Regulations 3(a), (b),(c),(d) and 4(1) of PFUTP Regulations, 2003 ought to fail.

173. At Para nos. 51 to 55 on pages 26 and 27, it is alleged that our registered office address is "similar" as that of one Econo Trade (India) Ltd wherein, the parents of Mr. Hanif Shekh are directors and promoters. In this regard it is submitted that it is evident from the Table under para 54 on page 27 of the SCN that our office is located in Room no. 17 on 3rd Floor of 9/12, Lai Bazaar Street, Block B. Kolkata 700001 whereas Econo Trade has separate and independent office in Room no. 3103 on 3rd Floor of 9/ 12, Lai Bazaar Street, Block B. Kolkata 700 001. It is submitted that merely because our offices are on same floor and parents of Mr. Hanif Shekh are directors and promoters of Econo Trade (India) Ltd can never lead to an inference that Noticee was award of or involved in or concerned with or participate in or influence or have means to verify the business transactions of Econo Trade (India) Ltd. The office of Econo Trade (India) Ltd. and our office are two compactly independent and separate offices, as has been clearly spelt out in the SCN itself. Noticee thus deny that Noticee had common address of our registered office address with Econo Trade (India) Ltd.

174. Noticee submit that the SCN has proceeded against Noticee on the basis that Noticee share a "similar" address with Econo Trade (India) Ltd and not on the basis of the "same" address. In any event, the SCN itself records that both addresses are different and distinct.

175. In the Table set out at Para 54 on page 27 of SCN, it is alleged that Noticee have a common director namely; Mr. Nandu Shaw with certain other entities such as Amuly Suppliers Pvt ltd, MR Merchants Pvt Ltd and Midpoint Commodeal Pvt Ltd. It is submitted that it is erroneous to form basis of connection against Noticee merely on a purported fact that Mr. Nandu Shaw is common Director of M. R. Merchant Pvt. Ltd., Amuly Supplier Pvt. Ltd, Midpoint Commodeal Private Ltd. and Noticee company.

176. It is thus submitted that the connection relied upon in the SCN towards commonality of purpose is too farfetched and unwarranted. Even otherwise, without admitting, Noticee clarify that being an acquaintance of another person could never be a means to establish a link or relation between Noticee and other alleged entities whose trading activity could not have been known to Noticee, in order to prove connections, as it could never tantamount to any connivance or meeting of minds. Even otherwise, the SCN has not alleged any meeting of minds or commonality of purpose.

177. It is a matter of fact that all companies are managed independently and even otherwise, Mr. Nandu Shaw was not in control of day to day affairs, business decisions or management of Noticee Company and did not have any influence on decisions made by the company. Further still, the SCN does not even allege that Mr. Nandu Shaw was in charge of and in control of the day to day management of Noticee company as well as the other 3 companies namely; Amuly Suppliers Pvt Ltd, MR Merchants Pvt Ltd and Midpoint Commodeal Pvt Ltd. In view thereof, it is submitted that no allegations could sustain against Noticee.

178. Noticee deny that Noticee are connected with M. R. Merchant Pvt. Ltd., Amuly Supplier Pvt. Ltd Midpoint Commodeal Private Ltd. or any other entity for the sake of perpetuating manipulation, as wrongly alleged.

179. As far as the fund transfers of other entities are concerned, if any, Noticee submit that the SCN has failed to establish any reason to allege any connection or wrong doing with persons/ entities which may have been a director or authorized signatory or shareholder of other companies or their source of funds. Even otherwise, neither does the SCN nor any provision of law cast any obligation on Noticee to verify directorships with other companies. Noticee submit that Noticee are neither aware, nor related/connected nor have influenced the decisions and fund transactions of other individuals or entities and therefore, not in position to offer Noticee comments.

180. At Para nos. 54 and 55 on pages 27, it is observed that Noticee had funded purported Group-2 entities namely; Mr. Buddhadeb Laha, Arun Dutta, Priyanker Laha, Minu Mallick and Sanjay Dey, and these Group-2 entities had off-loaded their shares pursuant to the alleged circulation of SMS and thereby are connected to Mr. Hanif Shekh. That the diagrammatic representation of fund transfers on page 49 under para 97(ii) shows that on 15.12.2018, Noticee had received Rs. 34.65 lacs from Amuly Suppliers Pvt. Ltd. That vide para 94(iii) on page 47, it is observed that on 15.12.2018, Noticee lent Rs.15.00 lacs to Mr. Buddhedeb Laha. That on 17.12.2018, Mr. Buddhedeb Laha transferred Rs.30.00 lacs to his Broker, Edelwiess Broking Limited.

181. In this regard, it is submitted that Noticee are into business of supply of food grains and dry fruits and investment in shares. Noticee submit that Amuly Suppliers Pvt. Ltd. is Noticee regular customer. Noticee submit that it received Rs. 34,65,000/from Amuly Suppliers Pvt. Ltd. towards Noticee sales from time to time, in normal course of business. Noticee has been regularly doing business and copies of the sale bills for the period from 22.11.2018 to 04.03.2019 and copy of the ledger for FY 01.04.2018 to 31.03.2019 are placed on records.

182. Noticee further submit that the said amount of Rs. 15.00 lacs was lent to Mr. Buddhedeb Laha as an unsecured loan and the loan has been repaid by Mr. Buddhedeb Laha on 22.09.2020, as is apparent from the ledger statement place on records. Thus, the transaction is legitimate and genuine and in normal course of business.

183. It is pertinent to note that though not particularly observed vide para 94 the diagrammatic representation of the fund transfer on page 49 under para 97 (iii) shows that on 15.12.2018 Noticee had extended Rs. 20 lacs to Mr. Arun Dutta who also received another Rs. 15.00 lacs from Midpoint Commodeal Pvt. Ltd. Noticee submit that the para has just records the fact that Mr. Arun Dutta received Rs 15.00 lacs from Midpoint Commodeal Pvt. Ltd and no allegation has been attributed to Noticee. On 17.12.2018 he transferred total Rs.35 lacs to his Broker, Karuna Financial Services Limited out which on 20.12,2018 he bought 9,900 shares of Darshan Orna Ltd.

184. It is submitted that buy value whereof was only Rs. 6,25,000/- which is not even 1/4th of the amount borrowed by him and even much less than the amount that Noticee had lent to him. The said amount was repaid, as is apparent from the agreement and the ledger statement. The said amount was lent to Mr. Arun Dutta as an unsecured loan. Noticee submit that the transaction is legitimate and genuine and in normal course of business. Noticee have been lending funds as loan with interest to him from time to time and the same is repaid by him, which may be ascertained from the ledger statement.

185. There is no connection observed between Mr. Arun Dutta, Mr. Buddhadeb Laha, Midpoint Commodeal and Noticee save and except that Mr. Arun Dutta, Mr. Buddhadeb Laha had borrowed funds from Noticee and have invested part of the same in Darshan Orna which by itself could never be termed as illegal or wrongful.

186. Noticee deny having knowledge of the wrongful intent, if any, while utilization of said funds by Mr. Arun Dutta, and/or Mr. Buddhadeb Laha and it could never be mandated on Noticee to verify fund flows between other entities and even otherwise the SCN is silent that under what authority are Noticee required verify the same. Even otherwise the SCN has not alleged that Noticee were mandated to ensure and monitor the end use of the funds that were lent by us. Therefore, basing allegations on observation of merely having provided loan to an entity could never be deemed to establish the finding that Noticee have participated or were involved in any purported fraudulent scheme, if any, by the recipient of the loans and thus, the SCN is factually and materially erroneous and on this ground alone, the SCN ought to be withdrawn.

187. The SCN is materially erroneous in that any remote financial transactions or a series of transaction between unconnected entities could be treated as evidence of a connection/ rapport or any wrongdoing on Noticee part. Nevertheless, it is not alleged that Noticee had received any funds from Darshan Orna Ltd or that Noticee had any direct connection to Darshan Orna Ltd or the entities from which Noticee received funds or transferred funds to.

Noticee 21

188. The SCN is materially erroneous in that any remote financial transactions or a series of transaction between unconnected entities could be treated as evidence of a connection/rapport or any wrongdoing on Noticee part. Nevertheless, it is not alleged that Noticee had received any funds from Darshan Orna Ltd or that Noticee had any direct connection to Darshan Orna Ltd or the entities from which Noticee received funds or transferred funds to.

189. A grave misconception has arisen since it has been assumed that transactions carried out by some of the entities in the SCN are carried out by all entities as a group. Noticee was neither aware of nor had means to discover nor required under law to do the same. Noticee further state that there is no allegation of

connivance or collusion between Noticee and anyone to make any unlawful gains. Further, the SCN neither alleges that Noticee were aware nor that Noticee were a party to the same.

190. Assuming without admitting that Mr. Hanif Shekh and other Noticees had circulated bulk SMSes or offloaded their shares, as alleged vide the SCN, Noticee state that Noticee was neither aware of nor had means to discover the same. In any event the SCN neither alleges that Noticee were aware nor that Noticee were a party to the same. Therefore, Noticee pray that no adverse inference be drawn against Noticee.

191. Noticee state that the SCN has failed to place on record any material relied upon to establish Noticee alleged connection to Mr. Hanif Shekh and in absence thereto, no allegation could sustain as against us. Therefore, the SCN is completely devoid of merits both on facts and on the material on record. In fact, it the contents of the paras thereof do not cast any allegations on Noticee which makes it apparent that Noticee are neither concerned with nor have anything to do with the activities of other entities.

192. There is no allegation that Noticee have traded in the scrip of Darshan Orna Ltd. Even otherwise, it may be appreciated that all trades would have been executed by other noticees on the floor of the Exchange in a blind and transparent trading mechanism.

193. There is no allegation against Noticee of having bought, sold or otherwise dealt in securities in a fraudulent manner or used or employed, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the Regulations made there under or employed any device, scheme or artifice to defraud investors in connection with dealing in the scrip of Darshan Orna Ltd. Noticee state that Noticee have not traded in the scrip of Darshan Orna Ltd. Under the circumstances, all and singular allegations of violation of Section

12A(a), (b), (c) of the SEBI Act, 1992 r /w Regulations 3(a), (b),(c),(d) and 4(1) of PFUTP Regulations, 2003 SEBI ought to fail.

194. That registered address of D. K. Jain Properties Pvt. Ltd. is "similar" as that of one Econo Trade (India) Ltd. (Econo). In this regard Noticee submits that the said registered address namely ‘9/12, Lal Bazaar Street, 3rd Floor, Block B, Room 117, Kolkata 700001’ does not belong to Noticee and therefore cannot form basis of connection against Noticee as wrongly shown in the Table. Noticee deny that Noticee are connected to D. K. Jain Properties Pvt. Ltd. and Econo and therefore are not in position to offer Noticee comments with respect to said address. Noticee submit that the common SCN itself shows Noticee address as 6 B, Bentick Street, 1st Floor, Kolkata 700001. Noticee wish to place on record the discrepancy in the SCN based on which the SCN has wrongly proceeded on the basis of the common address, which is contrary to the record and hence connection on the basis of address could never be alleged against Noticee.

195. Mr. Nandu Shaw is common Director of D.K Jain Properties Pvt. Ltd., M.R. Merchants Pvt. Ltd., Midpoint Commondeal Private Ltd. and Noticee company. Noticee submit that it is erroneous to form basis of connection against Noticee merely on a purported fact that Mr. Nandu Shaw is common Director of D.K Jain Properties Pvt. Ltd., M.R. Merchants Pvt. Ltd., Midpoint Commondeal Private Ltd. and Noticee company. It is pertinent to note that there is nothing irregular in having a common director who is a director of other companies and could never form a basis to conclude any commonality. Further still, the SCN is silent on any violation of any law by having common directors. The observation that since there is a common director between companies can never be insinuated that there is commonality of purpose and intent.

196. It is thus submitted that the connection relied upon in the SCN towards commonality of purpose is too farfetched and unwarranted. Even otherwise,

without admitting, Noticee clarify that being an acquaintance of another person could never be a means to establish a link or relation between Noticee and other alleged entities whose trading activity could not have been known to us, in order to prove connections, as it could never tantamount to any connivance or meeting of minds. Even otherwise, the SCN has not alleged any meeting of minds or commonality of purpose.

197. It is a matter of fact that all companies are managed independently and even otherwise, Mr. Nandu Shaw was not in control of day to day affairs, business decisions or management of Noticee company and did not have any influence on decisions made by the company. Further still the SCN does not even allege that Mr. Nandu Shaw was in charge of and in control of the day to day management of Noticee company. In view thereof, it is submitted that no allegations could sustain against Noticee.

198. Noticee deny that Noticee are connected with D.K Jain Properties Pvt. Ltd., M.R.Merchants Pvt. Ltd., Midpoint Commodeal Private Ltd. or any other entity for the sake of perpetuating manipulation as wrongly alleged.

199. As far as the fund transfers of other entities are concerned, if any, Noticee submit that the SCN has failed to establish any reason to allege any connection or wrong doing with persons/ entities who may have been a director or authorized signatory or shareholder of other companies or their source of funds. Even otherwise, neither does the SCN nor any provision of law cast any obligation on Noticee to verify directorships with other companies. Noticee submit that Noticee are neither aware, nor related/ connected nor have influenced the decisions and fund transactions of other individuals or entities and therefore, not in position to offer Noticee comments. It may be appreciated that even the SCN itself does not so allege.

200. SCN alleged that trades of Buddhadeb Laha, Arun Dutta, Priyanka Laha, Minu Mallick, Arun Laha and Sanjay Dey were funded by D. K. Jain Properties, M.R. Merchants Private Ltd., Midpoint Commodeal Private Ltd. and Noticee company. Noticee deny the said allegation in toto.

201. Further that the diagrammatic representation of the fund transfer on page 49 under para 97 (iii) shows that on 15.12.2018 Noticee had received Rs.25,00,000/- from Xing Ming Dealers Pvt. Ltd., Rs. 10,00,000/- from Tsim Sha Tsui Traders Pvt. Ltd. and transferred Rs. 34.65 lacs- to D. K. Jain Properties Pvt. Ltd.

202. In this regard, Noticee submit that Noticee are into business of Agro Products. Xing Ming Dealers Pvt. Ltd., Tsim Sha Tsui Traders Pvt. Ltd. and D. K. Jain Pvt. Properties Ltd. are Noticee suppliers. That on 14.09.2018 Noticee had paid an advance of Rs. 7,50,000/- and on 19.09. 2018 Noticee had paid an advance of Rs. 17,50,000/- to Xing Ming Dealers Pvt. Ltd. for purchase of goods. Similarly Noticee had paid an advance of Rs. 10,00,000/- to Tsim Sha Tsui Traders Pvt. Ltd. for purchase of goods. However, since both these companies could not fulfil our orders, they returned the said sum to Noticee company on 15.12.2018.

203. That Noticee paid Rs. 34.65 lacs to D. K. Jain. Properties Pvt. Ltd. towards purchases made from time to time, in normal course of business. Noticee have been regularly purchasing Noticee supplies from D. K. Jain Pvt. Properties Pvt. Ltd. which may be ascertained from the financial statements which are already on record. As observed vide said diagram D. K. Jain Properties Pvt. Ltd. had further transferred Rs. 20,00,000/- to Mr. Arun Dutta who also received another Rs. 15,00,000/- from Midpoint Commodeal Pvt. Ltd. On 17.12.2018 Mr. Arun Dutta transferred total Rs. 35,00,000/- to his Broker, Karuna Financial Services Limited out which on 20.12,2018 he bought 9,900 shares of Darshan Orna Ltd. It is submitted that the diagrammatic representation itself concludes that the buy value whereof was only Rs. 6,25,000/- which is not even 1/4th of

the amount transferred by him from D. K. Jain Properties Pvt. Ltd. Noticee submit that although the diagrammatic representation concludes utilisation of Rs. 6.25 lacs only by Mr. Arun Dutta, the SCN fails to offer any observation on the use of the balance funds received by Mr. Anin Dutta.

204. Noticee submit that there is no connection observed in the SCN between Mr. Arun Dutta, and Mr. Buddhadeb Laha, save and except that Mr. Arun Dutta, Mr. Buddhadeb Laha had borrowed funds from D. K. Jain Properties Pvt. Ltd. and have invested part of the same in Darshan Orna which by itself could never be termed as illegal or wrongful. Noticee deny having knowledge of the wrongful intent, if any, while utilization of said funds by Mr. Arun Dutta, and/ or Mr. Buddhadeb Laha and/ or D. K. Jain Properties Ltd. and it could never be man dated on Noticee to verify fund flows, between other entities and even otherwise the SCN is silent that under what authority are Noticee required verify the same.

Noticee 22

205. At para 94(ii) of the SCN, it is alleged that on 28.12.2018, Noticee had lent Rs. 25,00,000 /- to Ms. Minu Malick. Noticee submit that the said amount was lent to Ms. Minu Malick as unsecured loan along with interest @9% p.a. That the loan was repaid by Ms. Minu Malick. Ms. Minu Malick repaid Rs. 15,00,000/- on 23.12.2019 and Rs. 12,30,320/- on 23.12.2019. Please note that Rs. 12,30,320/- consists of repayment of Rs. 10, 00,000/- towards Principal and Rs. 2,30,320/- towards interest.

206. Thus, the loan is legitimate and genuine and in normal course of business. The ledger statements of Ms. Minu Malick for the FY 2018-19 and 2019-20 pertaining thereto and bank statement evidencing receipt of Rs 15,00,000/ - on 23.12.2019 and Rs. 12,30,320/- on 23.12.2019 from Ms. Minu Malick is placed on records. As regards deduction of TDS on interest paid by Ms. Minu Malick, Noticee submit that the obligation lies on Ms. Minu Malick. However, Noticee has offered the interest in our income tax returns.

207. Thus, as is evident from the aforesaid, the loan transaction is legitimate and genuine and in normal course of business which may be ascertained from the documents placed on record and no adverse inference could be drawn against Noticee therefrom.

208. Noticee submitted that the SCN has feebly attempted to bring out a connection between Noticee and other entities which are not only erroneous as is detailed in our reply dated 21.02.2022 but fails all tests of reasonability and could never be construed to mean as Noticee have indulged in fraudulent activity or have connivance with other entities, as wrongly alleged. Thus, it is apparent that that the entire foundation of the SCN is based on mere surmises conjectures and hypothesis with liberal and repetitious assertions that all the notices as well as other entities have acted in a pre-meditated and manipulative manner.

209. The SCN is materially erroneous in that any remote financial transactions or a series of transaction between unconnected entities could be treated as evidence of a connection/rapport or any wrongdoing on our part. Nevertheless, it is not alleged that Noticee had received any funds from Darshan Orna Ltd or that Noticee had any direct connection to Darshan Orna Ltd or the entities from which Noticee received funds or transferred funds to.

Noticee 23

210. In the SCN, it has been observed that on 01.01.2019, Noticee had lent Rs. 20,00,000/- to Ms. Minu Mallick. Noticee submit that the said amount was lent to Ms. Minu Malick as unsecured loan along with interest @9% p.a. That the loan was repaid by Ms. Minu Malick. Ms. Minu Malick repaid the Rs. 78,52,280/- on 24.05.2022. Please note that Rs. 78,52,280/- consists of repayment of Rs. 20,00,000/- towards Principal and Rs. 20,02,280/- being the interest on the said amount.

211. Thus, the loan is legitimate and genuine and in normal course of business. The ledger statements of Ms. Minu Malick for the FY 2018-19, 2019-20, 2020-21, 2021-22 and FY 2022- 23 pertaining thereto is placed on records. As regards deduction of TDS on interest paid by Ms. Minu Malick, Noticee submit that the obligation lies on Ms. Minu Malick. However, Noticee have offered the interest in Noticee income tax returns.

212. Noticee submit that at para 97(iii) on page 49 of the SCN, it has been observed that on 15.12.2018, Noticee had extended Rs. 15,00,000/- to Mr. Arun Dutta. Noticee submit that the said amount was lent to Mr. Arun Dutta as unsecured loan along with interest @9% p.a. That the loan was repaid by Mr. Arun Dutta. Mr. Arun Dutta repaid the Rs. 72,96,483/- on 04.08.2021. Please note that Rs. 72,96,483/- consists of repayment of Rs. 15,00,000/- towards Principal towards Principal and Rs. 23,46,483/-being the interest on the said amount. Thus, the loan is legitimate and genuine and in normal course of business. The ledger statements of Mr. Arun Dutta for the FY 2018 19, 2019-20 and FY 2020-21 pertaining thereto are placed on records. As regards deduction of TDS on interest paid by Mr. Arun Dutta, Noticee submit that the obligation lies on Mr. Arun Dutta. However, Noticee have offered the interest in Noticee income tax returns.

213. In the SCN, it has been observed that Noticee had received Rs. 1,00,00,000/- on 28.12.2018 and Rs. 24,00,000/- on 01.01.2019 from Right view Dealers Private Ltd. Noticee submit that on 15.12.2018, Noticee had received the aforesaid amounts from Right view Dealers Private Ltd towards sale of the shares. The ledger statement of Right view Dealers Private Ltd for the FY 2018-19 pertaining thereto is placed on records.

214. It has been further observed that on 28.12.2018, Noticee had transferred Rs. Rs. 20,00,000/- to Mr. Buddhadeb Laha. Noticee submit that the said amount was lent to Mr. Buddhadeb Laha as unsecured loan along with interest @9%

p.a. That the loan was repaid by Mr. Buddhadeb Laha. Thus, the loan is legitimate and genuine and in normal course of business. The ledger statements of Mr. Buddhadeb Laha for the FY 2018-19, 2019-20, 2020-21, 2021-22 and FY 2022-23 pertaining thereto is placed on records. As regards deduction of TDS on interest paid by Mr. Buddhadeb Laha, Noticee submit that the obligation lies on Mr. Buddhadeb Laha. However, Noticee have offered the interest in Noticee income tax returns.

215. It has been further observed that on 28.12.2018, Noticee had transferred Rs.20,00,000/- to Mr. Arun Laha. Noticee submit that the said amount was lent to Mr. Arun Laha as unsecured loan along with interest @9% p.a. That the loan was repaid by Mr. Arun Laha. Thus, the loan is legitimate and genuine and in normal course of business. The ledger statements of Mr. Arun Laha for the FY 2018-19, 2019-20, 2020-21, 2021-22 and FY 2022-23 pertaining thereto is placed on records. Regards deduction of TDS on interest paid by Mr. Arun Laha, Noticee submit that the obligation lies on Mr. Arun Laha. However, Noticee have offered the interest in Noticee income tax returns.

216. It is also observed that Noticee had transferred Rs. 10,00,000/- to Mr. Priyanker Laha on 01.01.2019. Noticee submit that the said amounts were lent as unsecured loans along with interest @9% p.a. That the loan was repaid and the interest was accounted for at the end of the financial year. The transaction is legitimate and genuine and in normal course of business. The ledger statements of Mr. Priyanker Laha for the FY 2018-19, 2019-20 and FY 2020-21 pertaining thereto is placed on records. As regards deduction of TDS on interest paid by Mr. Priyanker Laha, Noticee submit that the obligation lies on Mr. Priyanker Laha. However, Noticee have offered the interest in Noticee income tax returns.

217. Thus, all the transactions are legitimate and genuine and in normal course of business which may be ascertained from the documents placed on record and no adverse inference could be drawn against us therefrom.

Noticee 24

218. In the SCN, it is observed that on 14.12.2018, Noticee received Rs. 35,00,000/- from one Shakti Enterprise and that Noticee paid Rs. 37,00,000/- to Wincliff Technologies Pvt. Ltd. Noticee submit that Noticee had paid Rs. to Wincliff Technologies Pvt. Ltd for purchase of some investments. Noticee submit that both the transactions are legitimate and genuine and in the normal course of business. Thereby, the SCN fails to establish any fund flow for trading in the scrip of Darshan Orna. It is imperative to note that apart from receipt of funds from Shakti Enterprise and fund transfer to Wincliff Technologies, there is no connection observed against Noticee. Noticee submit that the fund transfers by itself could never be termed as illegal or wrongful or utilized for dealing in the script of Darshan Orna.

219. It may be appreciated that the SCN is silent on the fact that Noticee have traded in the script of Darshan Orna Ltd. Noticee submit that Noticee have not traded in the script of Darshan Orna. As such all allegations that Noticee have bought, sold or otherwise dealt in securities in a fraudulent manner or used or employed, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the Regulations made there under or employed any device, scheme or artifice to defraud investors in connection with dealing in the scrip of Darshan Orna Ltd. cannot be sustained.

220. Noticee submit that even if one assumes that one Mr. Hanif Shekh and other Noticees had circulated bulk SMSes or offloaded their shares, as alleged in the SCN, how were Noticee supposed to know or discover the same, neither did Noticee have means to know nor were Noticee aware about it and thereby no adverse inference be drawn therefrom as against Noticee.

221. Noticee submit that mere transfer of funds in usual course of business can never establish/conclude the finding that Noticee have participated or were involved in any purported fraudulent scheme as falsely alleged.

222. Noticee submit that there is no allegation of any communication between Noticee and other entities.

Noticee 25

223. In SCN, it is observed that on 15.12.2018, Noticee had received Rs. 37,00,000/- from Armeva Dealers Pvt. Ltd and transferred Rs. 39,96,000/- on the same date to Midpoint Commodeal Pvt. Ltd. Noticee submit that on 15.12.2018, it had received Rs. 37,00,000/- from Armeva Dealers Pvt. Ltd towards sale of 370 shares of Empathy Enclave Pvt Ltd at Rs.10,000/- each. The copy of the bills raised on Armeva Dealers Pvt. Ltd pertaining thereto is placed on records. Noticee had a debit balance of Rs.46,96,000/- on 01.12.2018 in Midpoint Commodeal Pvt. Ltd on account of purchase of goods. Thereafter on 15.12.2018, Noticee paid Rs. 36,96,000/ - to Midpoint Commodeal Pvt. Ltd. Thus, there remained a debit balance of Rs. 10,00,000/- which was paid subsequently. The ledger statement of Midpoint pertaining thereto is placed on records.

224. Thus, both the transactions are legitimate and genuine and in normal course of business which may be ascertained from the documents placed on record and no adverse inference could be drawn against us therefrom.

Noticee 26, 27 and 31

225. The allegations are based on certain assumed connections between parties being Noticees to the SCN as has been covered in Annexure 7 to the SCN.

226. It is erroneous to form basis of connection against Noticee merely on a purported assumption that Noticee share a common email id, dinesh.3624158@.yahoo.com with Tsim Sha Tsui Traders Pvt Ltd. It is and with Xingming Dealers Pvt Ltd.

227. Noticee further deny that Noticee have funded trades of certain entities. In the SCN, it is observed that on 14.12.2018, Noticee received Rs. 35,00,000/- from Samukh Trade and that Noticee had paid Rs. 10,00,000/- to Tsim Sha Tsui Traders Pvt. Ltd and on 15.12.2018, Noticee had paid Rs. 25,00,000/- to Amuly Suppliers Pvt Ltd. Noticee submit that Amuly Suppliers Pvt Ltd. had extended advance to Noticee for supply of Agro Products which Noticee had repaid to Amuly Suppliers Pvt Ltd since Noticee were unable to perform under the contract. Noticee submit that aforesaid transactions are legitimate and genuine and in the normal course of business.

228. In the SCN, it is observed that on 15.12.2018, Noticee received Rs. 10,00,000/- from one Xingming Dealers Pvt Ltd and that Noticee paid Rs. 10,00,000/- to Amuly Suppliers Pvt Ltd. Noticee submit that Amuly Suppliers Pvt Ltd had extended advance to Noticee for supply of Agro Products which Noticee had repaid to Amuly Suppliers Pvt Ltd since Noticee were unable to perform under the contract. Noticee submit that the aforesaid transactions are legitimate and genuine and in the normal course of business.

229. Thereby, the SCN fails to establish any fund flow for trading in the scrip of Darshan Orna. It is imperative to note that apart from receipt of funds from Xingming Dealers Pvt Ltd and fund transfer to Amuly Suppliers Pvt Ltd, receipt of funds from Samukh Trade and fund transfer to Amuly Suppliers Pvt Ltd and Tsim Sha Tsui Traders Pvt. Ltd, there is no connection observed against Noticee. Noticee state and submit that the fund transfers by itself could never

be termed as illegal or wrongful or utilised for dealing in the script of Darshan Orna.

230. In the SCN, it is observed that on 27.12.2018, 28.12.2018 and 01.01.2019 Noticee received Rs. 44,50,000/- from Frexon Suppliers Pvt. Ltd., Rs. 35,00,000/- from Migent Commodeal Pvt. Ltd., Rs. 45,00,000/- from Cradon Traders Pvt. Ltd and that Noticee paid Rs. 1,24,00,000/- to Midpoint Commodeal Pvt. Ltd. on 28.12.2018 and 01.01.2019.

231. Frexon Suppliers Pvt Ltd, Migent Commodeal Pvt Ltd and Cradon Traders Pvt Ltd had paid against sale of some Investments. We further submit that we had paid Midpoint Commodeal Pvt. Ltd for purchase of Investments. We most humbly submit that both the transactions are legitimate and genuine and in the normal course of business. Thereby, the SCN fails to establish any fund flow for trading in the script of Darshan Orna. It is imperative to note that apart from receipt of funds from the aforesaid entities and fund transfer to Midpoint Commodeal Pvt. Ltd, there is no connection observed against us. We state and submit that the fund transfers by itself could never be termed as illegal or wrongful or utilised for dealing in the script of Darshan Orna.

232. Noticee submit that Noticee have not traded in the script of Darshan Orna. As such all allegations against Noticee that Noticee have bought, sold or otherwise dealt in securities in a fraudulent manner or used or employed, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the Regulations made there under or employed any device, scheme or artifice to defraud investors in connection with dealing in the scrip of Darshan Orna cannot be sustained.

233. Noticee submit that mere transfer of funds in usual course of business can never establish/conclude the finding that Noticee have participated or were involved in any purported fraudulent scheme as falsely alleged. Noticee submit

that in the SCN there is no allegation of any communication between Noticee and other entities.

234. Noticees 6, 7, 8, 11, 16, 17, 18, 19, 32, 33 did not appear for hearing nor submitted any reply to SCN. Noticee 28, 29 and 30 did not file any reply on merits and did not appear for hearing. Further Noticee 5 to 19, 24, 26 to 33 did not avail the opportunity of personal hearing before the undersigned. As adequate opportunity was provided to these Noticees to submit reply and appear for hearing, which they failed to avail, the proceedings against them are being undertaken ex-parte.

235. As the inquiry in the matter has been completed, I now proceed to decide the case on the basis of SCN issued, replies made by the Noticees and material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

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

Issue No. I Whether the Noticees have violated the following provisions:

i. Whether Noticee 1 is in violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4(2) (a), 4 (2) (e) of SEBI (PFUTP) Regulations, 2003.

ii. Whether Noticees 2 and 3 are in violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4(2) (a) of SEBI (PFUTP) Regulations, 2003.

iii. Whether Noticee 4 is in violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a), 4 (2) (e) of SEBI (PFUTP) Regulations, 2003.

iv. Whether Noticees 5-19 are in violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a), 4 (2) (g) of SEBI (PFUTP) Regulations, 2003

v. Whether Noticees 20-33 are in violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1) of SEBI (PFUTP) Regulations, 2003;

Issue No. II If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15HA of SEBI Act, 1992? And

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

Issue No. I Whether the Noticees have violated the following provisions:

i. **Whether Noticee 1 is in violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4(2) (a), 4 (2) (e) of SEBI (PFUTP) Regulations, 2003.**

ii. **Whether Noticees 2 and 3 are in violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4(2) (a) of SEBI (PFUTP) Regulations, 2003.**

237. The allegations against the Noticees 1, 2 and 3 are based on LTP contribution done in 4 trades in Patch 1 and 1 trade in Patch 2. It is alleged that through these trades, the Noticees manipulated the price of the scrip. It is also alleged that 3 of the 4 trades in Patch 1 and 1 trade in Patch 2 were synchronized. There is also allegation of causing new high price through 8 trades in Patch 1, and carrying out first trades with positive LTP in 9 instances. Noticee 1, 2 and 3 are alleged to be related entities and part of Group 1.

238. I note that Noticee 2 and 3 are admittedly related as Noticee 3 is director of Noticee 2. They have denied being related to Noticee 1, and stated that the common director between Noticee 1 and Noticee 2, namely, Mr. Satish Vadilal Sheth became a director of Noticee 1 and 2 only on 11th January 2019, i.e. after the impugned trades took place. This is a factual submission and I note that Noticee 1 and 2 did not have a common director during Patch 1 and Patch 2, which run from June 04, 2018 to Dec 11, 2018. Hence, I find that there was no basis to allege connection between Noticee 1 and 2 at the time the impugned trades took place.

239. Noticee 2 and 3 have submitted that alleged synchronized trade between them in Patch 2 is not synchronized. Upon examining the trade log, I find the submission correct as there is a gap of 2:39 minutes between the buy and sell orders of the trade which took place on 02.11.1018. I also note that this was a negative LTP trade. Therefore, I accept this submission of the Noticees.

240. On perusal of the SCN and submission of the Noticees, I note that Noticees 1, 2 and 3 have been charged for trades occurring amongst them through 22 trades with traded volume of 73,200 shares whereas they were buying and selling in the scrip during IP in large quantities, as given below:

	Buy volume	Sell volume
Noticee 1	40100	306355
Noticee 2	70300	431458
Noticee 3	83300	166900

241. From the above, and taking into account that 1 allegedly synchronized trade was not synchronized, I note that the Noticees have been alleged to have cause manipulation based on 69000 shares traded amongst them or 6.7% of their combined total trading volume. I also note from the SCN and the reply of the

Noticees that majority of the trades by the Noticees have taken place at zero LTP, and few at negative LTP.

242. I note from the trade log that closing price on 01.6.2018 was Rs. 85.55, on 04.09,2018 it was 135. Post allotment of bonus shares on 21.09.2018, the next trade took place on 09.10.2018 at Rs.59.5. The price closed on 31.12.2018 at Rs. 85. In this regard, I take note of the discrepancies pointed out by the Noticees regarding mismatch in closing price and opening price in Patch 1, 2 and 3 in the SCN.

243. Total 3 trades between Noticee 1 and 2 are synchronised out of total 46 trades where the two were counterparties during IP. I take note of submissions by the Noticee that synchronized trades per se are not illegal.

244. With regard to the 3 synchronised trades, I note that there were a total of 80 trades in Patch 1, with net LTP contribution of Rs.49. The 3 impugned trades contributed LTP of Rs.25. Having noted the aforesaid, I note that the aforesaid trades by the Noticees took place much prior to circulation of SMS by Hanif Shekh in January 2019. Further, I take note of the submission by the Noticees that they are not connected to Hanif Shekh. No connection is brought out in the SCN of Noticees 1, 2 and 3 with Hanif Shekh. As noted above, no connection existed between Noticee 1 and 2 and the company at time the impugned trades took place. Material on record does not establish that Noticee 1 and 2 have subsequently participated in the scheme floated by Hanif Shekh of SMS circulation and price rise, followed by offloading of shares, which has taken place in December 2018 onwards after the impugned trades. Therefore, I find that material on record does not attribute or connect the said 3 trades to the scheme of manipulation and price rise which happened around the time of SMS circulation. In view thereof, I find that the allegations against Noticee 1 and 2 are not established.

245. Trades of Noticee 3 in Patch 1 and 2 contributed Rs.23.7 to LTP increase on the buy side. The trades of Noticee 3 were not synchronized, and there was no connection of Noticee 3 at the time of trades with the company through common director. Noticee has submitted that mere LTP contribution cannot imply price manipulation. On perusal of trade log, I note that all the sell orders in respect of Noticee's buy trades were entered first, and Noticee 3 placed buy orders to match with the existing sell orders in the order book. Thus, price rise cannot be attributed to Noticee 3 only on the basis of LTP increase. Therefore, I am inclined to accept the submissions of Noticee 3 and find that the allegation against Noticee 3 is not established.

iii. Whether Noticee 4 is in violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a), 4 (2) (e) of SEBI (PFUTP) Regulations, 2003.

246. The allegation against Noticee 4 emerges from the three synchronized trades between Noticee 1 and 2 which contributed to Rs.25.00 to market positive LTP during Patch-1, by visiting office of Noticee 4. The USERNAME and LOCATION was identical for both buyer and seller. In this regard, Noticee has contended that the trades were placed by authorized representatives of Noticee 1 and 2 by personally visiting Noticee 4 office through separate terminals (which are separated from each other by glass compartments). The orders were placed under the instructions of Noticee 1 and 2, and Noticee 4 has not facilitated price and volume manipulation in the scrip of Darshan.

247. In this regard I note that other than mere placement of the trade orders by Noticee 1 and 2 from the office of Noticee 4 could not be sufficient to deduce that the Noticee 4 facilitated price and volume manipulation in the scrip of Darshan by putting trades of Noticee 1 and 2 from same terminal. It was the responsibility of Noticee 4 to put in place systems ensure that clients trading in his premises do so within the regulatory framework and to perform adequate

due diligence for the same. The role of Noticee is not brought out in the SCN in terms of due diligence or failure thereof. Therefore, I find the material on record does not establish that the Noticee 4 aided in manipulation of price by Noticee 1 and 2. In view thereof and the findings in respect of Noticee 1 and 2, I find that allegation against Noticee 4 is not established.

iv. Whether Noticees 5-19 are in violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1), 4 (2) (a), 4 (2) (g) of SEBI (PFUTP) Regulations, 2003

248. The allegation against the Noticees 5-19 is that they have traded amongst themselves and engaged in circular trading on 07.01.2019, 08.01.2019 and 09.01.2019 and thus, executed non-genuine trades which created misleading appearance of trading in the scrip.

249. In this regard, I note from the trade log that Noticees 5-12 traded among themselves on 07.01.2019 from 9:15:00 AM to 10:05:00 AM, contributing 92.17% to buy-side volume and 91.15% to sell-side volume and contributed 89.28% to market traded volume through trades among themselves. Further, the orders (both buy-side and sell-side) by the aforesaid Noticees were entered within a time difference of 0 to 7 seconds. There were 42 synchronised trades among Noticees. Further, in respect of the aforesaid circular trades, 2 circular loops were observed, which are as follows:

   a) Loop 1 - Nisarg Jaysukhbhai Lakshkari – Bipainchandra Ratilal Trivedi – Naresh Mavjibhai Parmar – Tarun Laxmanbhai Rajput – Saurabh Mahendrabhai Shah – Nisarg Jaysukhbhai Lakshkari (quantity traded – 9745 shares * 5 legs = 48,725 shares)
   b) Loop 2 – Harsha Jagdishbhai Parmar – Arcadia Share Stock Brokers Private Limited – Pankaj Labhubhai Dangar – Harsha Jagdishbhai Parmar (quantity traded – 10,500 shares * 3 legs = 31,500 shares)

250. I note from the trade log that Noticees 6, 12-18 traded on 08.01.2019 amongst themselves from 9:57:00 AM to 11:00:00 AM contributing 69.76% to buy-side volume and 69.76% to sell-side volume and contributed 60.10% to market traded volume through trades among themselves. Further, the orders (both buy-side and sell-side) by the aforesaid Noticees were entered within a time difference of 0 to 59 seconds. There were 14 synchronised trades among Noticees. Further, in respect of the aforesaid circular trades, 1 circular loop was observed, with minimum 7700 shares circular traded quantity in 8 legs, totaling to 61,600 shares.

251. I note from the trade log that Noticees 5, 6, 7, 10 and 11 traded on 09.01.2019 amongst themselves from 10:19:00 AM to 10:27:00 AM contributing 79.26% to buy-side volume and 79.26% to sell-side volume and contributed 64.03% to market traded volume through trades among themselves. Further, the orders (both buy-side and sell-side) by the aforesaid Noticees were entered within a time difference of 0 to 30 seconds. Further, in respect of the aforesaid circular trades, it was observed that minimum 6197 shares travelled in circular trades, in 5 legs, totaling to 30,985 shares.

252. I note from the trade log that Noticees 9,12,15,17 and 19 traded on 09.01.2019 amongst themselves from 11:05:00 AM to 11:40:00 AM contributing 89.53% to buy-side volume and 89.53% to sell-side volume and contributed 85.12% to market traded volume through trades among themselves. Further, the orders (both buy-side and sell-side) by the aforesaid Noticees were entered within a time difference of 0 to 30 seconds. Further, in respect of the aforesaid circular trades, it was observed that minimum 8909 shares travelled in circular trades, in 5 legs, totaling to 44,545 shares.

253. In regard to the aforesaid the Noticee 12 has contended that the alleged transactions pertaining to it were jobbing transactions, that too only on 3 days out of 164 days of IP, and the percentage of trade volume by Notice is only in

the range of 2-3%. Further, the jobbing team of Noticee 12 has traded in more than 1000 scrips during IP. In this regard, I note that the Noticee has entered 92 buy trades and 83 sell trades for a total quantity of 34,281 shares on buy and sell side on the 3 days of 7, 8 and 9 of January 2019. However, I note that Noticee has not traded in this scrip on any other days in January 2019. I note that of the total 34, 281 shares traded by it on these 3 days, 28,325 shares were part of 3 loops of circular trades on these 3 days. Through these circular trades, there was an appearance of trading and jobbing in the scrip, but there was no change of beneficial ownership as the shares were traded in a circular manner. These trades led to a spike in volume which coincided with circulation of SMSs in the scrip. Therefore, I find that Noticee 12 was part of a loop of circular trades which gave a false appearance of trading volumes at the same time as circulation of SMSs. .

254. Further, the Noticee 12 has also contended Noticee and Rimmi Dharmendra Shah neither share common phone number nor common email id. I note from the database of recognised intermediaries on sebi website, that the telephone no. of Noticee 12 is ‘26478888’ and the address is of Mumbai. Further from the UCC details obtained from BSE, it is observed that ‘Rimmi Dharmedra Shah’ address is of Ahmedabad. Further, the email address of ‘Rimmi Dharmedra Shah’ just contains arcadia in it, but the email domain is of Gmail. In this regard, the contention of the Noticee 12 is acceptable that the ‘Rimmi Dharmedra Shah’ and Noticee 12 do not share common email and telephone address.

255. Noticees 5, 9, 10, 13, 14, 15 have contended that they neither have any connection with nor are known to any of the other Noticees of the SCN. Further, Noticee 9 has submitted that he has done trading on behalf of 5, 10, 13, 14, 15 and himself and the trades were done with intention to make money by trading intraday, and the alleged act of creation of artificial volume are merely coincidental. In this regard, I take note of the submission that the trades done in the accounts of Noticees 5, 10, 13, 14, 15 were done by Noticee 9. Therefore,

I find that Noticees 5, 10, 13, 14, 15 allowed their accounts to be used by Noticee 9 to carry out the circular trades.

256. I note that Noticees 6, 7, 8, 17, 18 and 19 have not responded to the SCN. Based on the nature of trading, I am inclined to hold that these were mule accounts used to carry out circular trading.

257. Further, I note that the trades by Noticees 5 - 19 were concentrated during a specific time of the day, and there was no execution of trades for rest of the day on these 3 days. The placement of orders within a time difference of few seconds indicates prior meeting of minds to create misleading appearance of trading, and when seen with complete square off of open positions by end of day, shows that volume creation took place without any shares actually changing hands. While material on record does not establish connection of the Noticees with the company or Hanif Shekh, the circumstances of sudden spike in volume caused by these Noticees through circular trades coinciding with circulation of bulk SMSs to investors luring them to invest in the scrip gives rise to preponderance of probability that the Noticees 5 - 19 engaged in circular trading to create artificial volume and thus, created misleading appearance of trading in the scrip.

258. In view of the above, it is established that Noticees 5-19 by engaging circular trade and creating misleading appearance of trading in the scrip, violated of Regulation 3 (a), 4 (1), 4 (2) (a) of SEBI (PFUTP) Regulations, 2003.

v. Whether Noticees 20-33 are in violation of Sec. 12 A (a), 12 A (b), 12 A (c) of SEBI Act, 1992 r/w Reg. 3 (a), 3 (b), 3 (c) and 3 (d) and 4 (1) of SEBI (PFUTP) Regulations, 2003;

259. It is alleged in the SCN that Noticees 20 to 33 have served as conduits in movement of funds of Rs. 70 lakhs from Amish Nagindas Shah and Vaghela Hasmukh to Arun Datta and Buddhadeb Laha who purchased shares of Darshan Orna in December 2018. A perusal of the chart of fund movement in the SCN shows that the funds have moved on the same or next day i.e. on 14.12.2018 through these conduit entities to reach Arun Datta and Buddhadeb Laha by 15.12.2018. Funds of Rs. 65 lakhs were transferred by these entities to their respective brokers on 17.12.2018. Subsequently Rs. 36.25 lakhs were used for purchase of shares of Darshan Orna by them.

260. Similarly, funds of Rs.70 lakhs crores moved from Aneel A and Company, Ambika Traders and Sharad Enterprise to Arun Laha, Buddhadeb Laha, Priyankar Laha and Minu Mallick. The funds were transferred by these entities on 27.12.2018 and reached Arun Laha (20 lakhs), Buddhadeb Laha (20 lakhs) on 28.12.2018 and reached Priyankar Laha (10 lakhs) and Minu Mallick (10 lakhs) on 01.01.2019. This amount of Rs.70 lakhs was transferred by these entities to their respective brokers on 01 and 02.01.2019. Subsequently Rs. Rs.49.42 lakhs were used for purchase of shares of Darshan Orna by 3 of them.

261. The Noticees 22 to 33 who have served as conduits in the aforesaid fund movement have submitted in their replies that their transactions are legitimate and genuine and in the normal course of business. The Noticees were corporate entities with their own directors and long standing business relationship with each other. The Noticees had loan agreements to explain the fund movements narrated in the SCN, and submitted the funds were loans given or regular business transactions. Noticees have also stated that they did not trade in the scrip of Darshan Orna and did not have any connection with the company.

262. The Noticees have denied connections with Hanif Shekh and Econo Trade on the ground that their address is different from Econo Trade. Here I note that Noticee 20 is located on the same floor of the building where Econo Trade is

located, i.e. 3rd Floor of 9/ 12, Lai Bazaar Street, Block B. Kolkata, but in different rooms i.e. room no.17 whereas as Econo Trade is in room no.3103. This indicates proximity of offices, and high probability that Noticee 20 was connected to Econo Trade in their business dealings. Noticees 20, 21, 22, 23 and 25 admittedly have Mr. Nandu Shaw as common Director.

263. Here I take note of the order number QJA/GG/IVD/ID9/22235/2022-23 passed on 19 December 2022 in the matter of Darshan Orna where it is held that

> *"66…….the source of the bulk SMSes was found to be Hanif Shekh (Noticee no.1)……. It was seen that Bengal Group noticees, who were connected to each other and indirectly connected to Hanif Shekh, bought shares through funding by Nandu Shaw companies, had offloaded shares in the scrip of Darshan Orna after circulation of the bulk SMSes and made profits. I find that the Bengal Group noticees acted as fronts or as mule accounts to the main perpetrators including Noticee No.1 and the funders (Nandu Shaw companies)."*

264. I note that the Nandu Shaw companies referred in the said order are Noticee 20 - D K Jain Properties Private Ltd, Noticee 21 - Amuly Suppliers Private Ltd, Noticee 22 - MR Merchants Private Ltd, Noticee 23 - Midpoint Commodeal Private Ltd. And Noticee 25 – Wincliff Technologies. Therefore, I note that Noticees 20 to 23 and 25 have acted as funders for purchase of Darshan Orna shares by persons connected to Hanif Shekh, who orchestrated the scheme of circulating bulk SMSs in order to off load at a higher price, the shares purchased by his connected entities. Therefore, I find that it is established that the persons funded by Noticees 20-23 and 25 were connected to Hanif Shekh. This also established that the fund transactions of Noticees 20-23 and 25 were part of the scheme of manipulation and thus connected to Hanif Shekh and Econo Trade.

265. I have perused the replies of the Noticees and find that when seen in the context of the timing of fund transfers and the fact that funds have moved through several layers on the same or next day, and have been used in the scheme for funding of mule accounts to purchase shares of Darshan Orna prior to circulation of SMSs, the transactions appear tailor made to move funds through several layers in order to avoid detection and mask the source of funding.

266. Hence I find that the loan agreements and business transactions claimed by Noticees in their replies as the reason for fund transfers are merely a mask for moving funds through various layers. Noticees 24 to 33, along with Noticees 20 to 23 have acted as conduits in enabling movement of funds from Amish Nagindas Shah and Vaghela Hasmukh (Rs.65 lakhs) and from Aneel A and Company, Ambika Traders and Sharad Enterprise (Rs.1.00 crores) over the course of one or two days as mentioned above.

267. Therefore, I find that the explanations given by the Noticees for the fund transactions are a ruse to mask the actual reason for moving funds and that the Noticees have acted as conduits for funding of purchase of shares at a lower price by mule accounts and to off load them at a higher price after circulation of bulk SMS.

268. While the material on record does not establish that the source of funds is connected to Hanif Shekh, the conduit entities Noticee 20 to 23 and 25 are connected to Hanif Shekh and Econo Trade as described above. The other conduit entities, i.e. Noticees 32 is connected by way of fund transfers to Robert Resources, Highgrowth Vincom which are Hanif Shekh entities. Noticees 24, 26 to 31 and Noticee 33 are connected through fund transfers to the mule accounts as conduits. Therefore, based on preponderance of probability, I find that Noticees 20 to 33 acted as conduits to enable funding of mule accounts of Arun Laha, Buddhadeb Laha, Priyankar Laha and Minu Mallick for purchase of Darshan Orna shares worth Rs.85.67 lakhs.

269. By funding the mule accounts, the Noticees were a part of and enabled the scheme to purchase shares of Darshan Orna prior to SMS circulation, and off load them later. Therefore, I find that Noticee 20 to 33 by participating as conduits for funding of purchase of shares violated Regulation 3 (b) (c), and 4 (1) of SEBI (PFUTP) Regulations, 2003 and Section 12A(a) and (b) of SEBI Act.

Issue No. II **If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15HA of SEBI Act, 1992? And**

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

270. As it is established that Noticees 5 to 19 have violated Regulation 3 (a), 4 (1), 4 (2) (a) of SEBI (PFUTP) Regulations, 2003 and Noticees 20 to 33 by violated Regulation 3 (b) (c), and 4 (1) of SEBI (PFUTP) Regulations, 2003 and Section 12A(a) and (b) of SEBI Act, they are liable for imposition of monetary penalty under Section 15 HA of SEBI Act which states as follows:

<u>SEBI Act:</u>

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.*

271. While determining the quantum of penalty under Section 15HA of SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:

Factors to be taken into account by the adjudicating officer

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

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

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

(c) the repetitive nature of the default.

272. The material on record does not bring out the quantum of disproportionate gain made or loss caused to investors by the actions of Noticees or any repetitive nature of violation by them. Noticees 5 to 19 have engaged in circular trades and created misleading appearance of trading on 3 days in January 2019. Therefore, I find that a penalty of Rs.7.50 lakhs imposed jointly and severally will be commensurate with the violations committed by the Noticees.

273. Noticees 20 to 33 acted as conduits for routing of funds and aided in purchase of shares by four entities who were mule accounts. Therefore a penalty of Rs. 10 lakhs imposed jointly and severally will be commensurate with the violations committed by the Noticees.

ORDER

274. After taking into consideration all the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act and in exercise of powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules, I hereby impose the following penalty on the Noticees as below:

Sl. No.	Name of the Noticee	Penalty
1.	Harsha Jagdishbhai Parmar (“**Noticee 5**”), Naresh Mavjibhai	Rs. 7,50,000 (Rupees Seven Lakh Fifty Thousand only) under Section

	Parmar ("**Noticee 6**"), Nisarg Jaysukhbhai Lashkari ("**Noticee 7**"), Bipinchandra Ratilal Trivedi ("**Noticee 8**"), Saurabh Mahendrabhai Shah ("**Noticee 9**"), Tarunkumar Laxmanbhai Rajput ("**Noticee 10**"), Pankaj Labhubhai Dangar ("**Noticee 11**"), Arcadia Share Stock Brokers Pvt. Ltd ("**Noticee 12**"), Sejal Saurabhbhai Shah("**Noticee 13**"), Jagadish Ramjibhai Parmar ("**Noticee 14**"), Nitaben Chandrakant Soni("**Noticee 15**"), Heenabane Sanjaybhai Solanki ("**Noticee 16**"), Shobhanaben Bipinchandra Trivedi ("**Noticee 17**"), Sanjaykumar Motibhai Chavda ("**Noticee 18**"), Jitney Investments Private Limited ("**Noticee 19**")	15HA of the SEBI Act for violation of Regulation 3 (a), 4 (1), 4 (2) (a) of SEBI (PFUTP) Regulations, 2003 (payable jointly and severally);
2	D K Jain Properties Private Ltd ("**Noticee 20**"), Amuly Suppliers Private Ltd ("**Noticee 21**"), MR Merchants Private Ltd ("**Noticee 22**"), Midpoint Commodeal Private Ltd ("**Noticee 23**"), Armeva Dealers Private Ltd ("**Noticee 24**"), Wincliff Technologies Private Ltd	Rs. 10,00,000 (Rupees Ten Lakh only) Regulation 3 (b) (c), and 4 (1) of SEBI (PFUTP) Regulations, 2003 and Section 12A(a) and (b) of SEBI Act, (payable jointly and severally)

	("**Noticee 25**"), Xingming Dealers Private Ltd ("**Noticee 26**"), Tsim Sha Tsui Traders Private Limited ("**Noticee 27**"), Frexon Suppliers Private Ltd ("**Noticee 28**"), Migent Commodeal Private Ltd ("**Noticee 29**"), Cradon Traders Private Ltd ("**Noticee 30**"), Rightview Dealers Private Ltd ("**Noticee 31**"), Aneel A & Co ("**Noticee 32**"), Sharad Enterprise ("**Noticee 33**")	

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

ENFORCEMENT → Orders → Orders of AO → PAY NOW

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

a) Name and PAN of the entity (Noticee)
b) Name of the case / matter
c) Purpose of Payment – Payment of penalty under AO proceedings
d) Bank Name and Account Number
e) Transaction Number

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

MANINDER CHEEMA Digitally signed by MANINDER CHEEMA Date: 2022.12.28 16:56:29 +05'30'

DATE: December 28, 2022 **MANINDER CHEEMA**

PLACE: MUMBAI **ADJUDICATING OFFICER**