

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. ORDER/SR/2020-21/8886-8927/97-138]**

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

**In respect of**

<b>S. N.</b>	<b>Name of the Entity</b>	<b>PAN No.</b>	<b>Order No.</b>
1	Sagar Kadam	CLAPK2809N	ORDER/SR/2020-21/8887/97
2	Dharmendra Harilal Bhojak	AFAPB7100D	ORDER/SR/2020-21/8888/98
3	Mahadev Zilu Gawade	ALBPG9116H	ORDER/SR/2020-21/8889/99
4	Sorab Wadia	ABOPW5107F	ORDER/SR/2020-21/8890/100
5	Kalpana Mukesh Ruia	AANPR6250J	ORDER/SR/2020-21/8891/101
6	Vallabhbhai Kakadiya	AJDPK1838L	ORDER/SR/2020-21/8892/102
7	Santosh Agarwal	APGPA7655E	ORDER/SR/2020-21/8893/103
8	Jigna Vipul Vora	ADIPV2700P	ORDER/SR/2020-21/8894/104
9	Ashraf Usmani	AAQPU2309E	ORDER/SR/2020-21/8895/105
10	Ravi Ramniklal Kothari	AAEPK4521E	ORDER/SR/2020-21/8896/106
11	Nandkishore Didwania	AAHPD7243F	ORDER/SR/2020-21/8897/107
12	Sushiladevi N Didwania	AFTPD5770L	ORDER/SR/2020-21/8898/108
13	Manju Devi Bothra	ADEPB8752D	ORDER/SR/2020-21/8899/109
14	Mukesh Ramniranjan Ruia	AAGPR6658B	ORDER/SR/2020-21/8900/110
15	Kshitiz Nirman Pvt. Ltd	AACCK5381P	ORDER/SR/2020-21/8901/111

16	Parita Mit Moradia	AXQPM8716N	ORDER/SR/2020-21/8902/112
17	Sanjay Gupta	ACGPG3696N	ORDER/SR/2020-21/8903/113
18	Ektha Goyal	AASPG2733Q	ORDER/SR/2020-21/8904/114
19	Sunil Kumar Goyal	AAHPG0001C	ORDER/SR/2020-21/8905/115
20	Anita Goyal	AARPG6973H	ORDER/SR/2020-21/8906/116
21	Kiranbala Gupta	AHVP6893K	ORDER/SR/2020-21/8907/117
22	Sunil Kumar Goyal HUF	AADHG2584E	ORDER/SR/2020-21/8908/118
23	Praveen Kumar Goyal	AAGPG2320R	ORDER/SR/2020-21/8909/119
24	Ghanshyam Das Barasia	AEZPB9096A	ORDER/SR/2020-21/8910/120
25	Shitalben Sanjaybhai Kapadia	AGFPK9380A	ORDER/SR/2020-21/8911/121
26	Sanjay Kumar Goyal	AAGPG9999L	ORDER/SR/2020-21/8912/122
27	Rajender Kumar Agarwal	ABSPA0666K	ORDER/SR/2020-21/8913/123
28	Raghav Garg	AEPPA0239J	ORDER/SR/2020-21/8914/124
29	Arvindbhai Gordhanbhai Kakadiya HUF	AAHHA4112Q	ORDER/SR/2020-21/8915/125
30	Deepak Ramniklal Kothari	AAEPK4520F	ORDER/SR/2020-21/8916/126
31	Prakashkumar P Mali HUF	AAGHM8746P	ORDER/SR/2020-21/8917/127
32	Hitesh kumar Shah	ADIPS9464P	ORDER/SR/2020-21/8918/128
33	Vimmi Hitesh Shah	BIUPS4979M	ORDER/SR/2020-21/8919/129
34	Manoj Harkut	AADHM3983R	ORDER/SR/2020-21/8920/130

35	Chanda Bhagaram Mali	ADSPM1176A	ORDER/SR/2020-21/8921/131
36	Girdharilal Seduram Jangir	ACRPJ1859R	ORDER/SR/2020-21/8922/132
37	Sanjay Atmaram Agarwal	AFPPA2329N	ORDER/SR/2020-21/8923/133
38	Purnima Mishra	AFAPM6601E	ORDER/SR/2020-21/8924/134
39	Laxmi S Mali	AAHPM6077A	ORDER/SR/2020-21/8925/135
40	Sagar Bothra	ANLPB4505H	ORDER/SR/2020-21/8926/136
41	Sanjeev Kedia	ADTPK4880A	ORDER/SR/2020-21/8927/137
42	Pankaj Jayantilal Dave	AEPPD0118P	ORDER/SR/2020-21/8886/138

### In the matter of Finalysis Credit & Guarantee Company Limited

#### **BACKGROUND OF THE MATTER**

- 1) Hon'ble Securities Appellate Tribunal (in short SAT) passed an order dated March 04, 2020 for the following appeals/misc. appeals filed by seven aggrieved appellants against Securities and Exchange Board of India (in short SEBI/Board) for an Adjudication Order dated May 22, 2019 no. EAD/SR/SM/AO/9/2019-20 (in short AO Order) passed in respect of forty-two entities in the matter of Finalysis Credit & Guarantee Company Ltd (in short FCGCL) - 93/2020, 510/2019, 418/2019, 469/2019, 541/2019, 471/2019, 542/2019, 472/2019, 473/2019, 624/2019, 632/2019 and 578/2019 (herein after referred to as Finalysis SAT Order). The Finalysis SAT order is as follows:

*"1. These 7 appeals have been filed to challenge the order of the Adjudicating Officer (hereinafter referred to as 'AO') of Securities and Exchange Board of India (hereinafter referred to as 'SEBI') dated May 22, 2019. By the said order a penalty of Rs. 18 lacs has been imposed jointly and severally upon 12 noticees for violation of Regulations 3 (a), (b), (c), (d) and 4(1), 4(2)(a) and 4(2)(g) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations'). In addition, on one of the noticees an additional penalty of Rs. 2 lacs has been imposed for violation of provisions of Securities and Exchange Board of India (Prohibition of Insider Trading), 1992 (hereinafter referred to as 'PIT*

Regulations') and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as 'SAST Regulations').

2. The basic facts relating to the matters are the following :-

1. SEBI conducted an investigation regarding the trading activities in the scrip of Finalysis Credit and Guarantee Company Ltd. ('FCGCL' for short).
2. It was observed that 42 entities have violated various provisions of the PFUTP Regulations and one noticee (Noticee No. 42) in addition, violated certain provisions of PIT Regulations as well as SAST Regulations as detailed in the impugned order.
3. Accordingly, a show cause notice was issued to 42 noticees which, inter-alia, alleged that the noticees were responsible for the abnormal price rise in the scrip of FCGCL between March 28, 2012 to February 6, 2013 from Rs. 40.20 to Rs. 182.10 and increased trading activities in terms of volumes as well in the scrip.
4. It was also alleged that the noticees were connected entities in terms of KYC connections and off-market share transactions based connection as detailed on page Nos. 5-6 of the impugned order.

3. Further, it was alleged that these 42 entities were part of a larger group of 181 entities who were allegedly involved in the fraudulent trading activities in the scrip of FCGCL. However, adjudication proceedings have been initiated against 37 noticees (Noticee Nos. 5 to 41), for creation of artificial volumes based on a criteria of more than 0.75% contribution to the artificial volume per entity and creation of artificial volume for two or more days and 5 other noticee Nos. 1 to 4 and 42 who were connected entities through off-market transfer of shares. Further, based on the said cut off, 144 entities as given in table 5 of the impugned order at pages 10-20 therein were let off with an administrative warning.

4. Thereafter, it is alleged that all the present noticees i.e. from 1 to 42 have collectively traded amongst themselves and created artificial volume of 39,14,301 shares constituting 23.05% of the market volume through a combination of off-market and on market transactions in the scrip during the investigation period, and, therefore, violated the stated provisions of the PFUTP Regulations. In addition, Noticee No. 42 had crossed holding of more than 5% of the total paid up capital of the company which was liable to be disclosed under Regulation 13(1) of the PIT Regulations as well as under Regulation 29(1) of the SAST Regulations within two working days of crossing the shareholding above 5% level which was not done. Similarly, when he reduced his holding by more than 2% also it was liable to be disclosed under these provisions which were not done. Hence charge of violation of the PIT and SAST Regulations also against noticee No. 42, in addition to violation of the PFUTP Regulations.

5. Therefore, the factual matrix of the entire matter shows that there was a large group of 181 plus 5 entities involved in the manipulation. Out of these, 144 entities were let off with an administrative warning and further investigation was conducted in respect of 42 entities out of which finally penalty has been imposed on 12 of them. In order to further filter the entities who have violated the stated provisions, so as to imposed penalty, the AO has imposed the further condition of individual contribution to the total artificial volume of more than 1.78% and trading on two or more days. By this reasoning / condition, noticees Nos. 12 to 41 have been let off

*without imposing any monetary penalty and monetary penalty has been imposed only on noticee Nos. 1 to 11 and 42 under Section 15HA of the Securities and Exchange Board of India Act, 1992 thereby imposing a total penalty of Rs. 18 lacs jointly and severally upon these 12 noticees.*

*6. We have heard the learned counsel appearing on behalf of the various appellants and the basic contentions raised by these learned counsel are the following :-*

*a) The investigation period in the matter was during 2010- 11 and a show cause notice was issued after 6 years, on September 25, 2017.*

*b) 181 entities were initially identified as connected to the alleged manipulation out of which 144 were let off with an administrative warning based on an artificial criteria of less than 0.75% of the volume of artificial trading.*

*c) Thereafter, in the impugned order 30 entities have been let off on a completely arbitrary criteria of less than 1.78% of the total artificial volume and two days of trading and these 30 entities were let off even without an administrative warning. Therefore, there are serious anomalies in the entire process of passing orders against the appellants.*

*d) Since each appellant is not connected to any other appellant or atleast to most of the appellants, it is practically impossible to pay the penalty on a joint and several basis even assuming that the penalty is sustainable.*

*7. We have also heard Mr. Anubhav Ghosh, the learned counsel for the respondent SEBI who tried to convince us that the criteria adopted by the AO is sound as entities who traded in low volumes and on a single day were though let off in terms of penalty they are not exonerated from the charge; rather the finding in the impugned order itself is that they were parties to the violations but because of the low magnitude of their violations no penalty has been imposed. Therefore, not imposing a penalty is not tantamount to leaving them scot-free.*

*8. We are unable to appreciate the rationale provided in the impugned order. A group of entities have been found to be involved in violating provisions of PFUTP Regulations; all of them were individually and collectively responsible for the fraudulent and manipulative activities and thereby creation of artificial volumes and jacking up of the price of the scrip as per the findings. In this context, 144 entities were let off with an administrative warning based on a criteria of less than 0.75% per entity share in the artificial volume. Thereafter, subsequent to the adjudication 30 entities were let off even without an administrative warning based on a criteria of less than 1.78 % per entity share of the artificial volume. There is a huge contradiction on this differential punishment / treatment. Further, we do not find any logic in adopting the cut off of 1.78% of the artificial volume in deciding to let off people who traded below that level without even a warning and in imposing a monetary penalty on entities who traded even slightly above that level. Test of reasonable classification has to be based on legally sound footings; not based on some arbitrary numbers particularly while imposing a penalty on a segment of the group who are party to the violations. In the instant case, we find that this logic of intelligible differentia is lacking.*

9. On the other hand, given the magnitude of artificial trading in the scrip, including the off-market transactions by a few entities, the issues involved in the matter are serious and needs a thorough examination. Similarly, given the contention of the appellants that all of them are not connected to each other or even known to each other a joint and several liability of penalty also needs to be relooked given the practical implementation problem.

10. Given the above reasons, we quash the impugned order and allow the appeals, but remand the matter back to the file of the AO of SEBI. The AO shall pass a fresh order in accordance with law within a period of six months from the date of this order. No orders on costs. Consequently, all Misc. Applications have become infructuous and are also dismissed as such. “

- 2) A Department (hereinafter referred to **OD**) of **SEBI** having reasonable ground to believe that, the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market; or any intermediary/person has violated any of the provisions of The Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **SEBI Act, 1992**) Act or the rules/regulations/directions issued by the Board thereunder, appointed by order in writing, the Investigating Authority(in short **IA**), to investigate the matter and report to the Board. The IA conducted investigation in the trading activities of certain entities in the scrip of **FCGCL** and observed that Mr. Sagar Kadam (hereinafter referred to as **Noticee 1**), Mr. Dharmendra Harilal Bhojak (hereinafter referred to as **Noticee 2**), Mr. Mahadev Zilu Gawade (hereinafter referred to as **Noticee 3**), Mr. Sorab Wadia (hereinafter referred to as **Noticee 4**), Ms. Kalpana Mukesh Ruia (hereinafter referred to as **Noticee 5**), Mr. Vallabhbhai Kakadiya (hereinafter referred to as **Noticee 6**), Mr. Santosh Agarwal (hereinafter referred to as **Noticee 7**), Ms. Jigna Vipul Vora (hereinafter referred to as **Noticee 8**), Mr. Ashraf Usmani (hereinafter referred to as **Noticee 9**), Mr. Ravi Ramniklal Kothari (hereinafter referred to as **Noticee 10**), Mr. Nandkishore Didwania (hereinafter referred to as **Noticee 11**), Ms. Sushiladevi N Didwania (hereinafter referred to as **Noticee 12**), Ms. Manju Devi Bothra (hereinafter referred to as **Noticee 13**), Mr. Mukesh Ramniranjan Ruia (hereinafter referred to as **Noticee 14**), Kshitiz Nirman Pvt. Ltd. (hereinafter referred to as **Noticee 15**), Ms. Parita Mit Moradia (hereinafter referred to as **Noticee 16**), Mr. Sanjay Gupta (hereinafter referred to as **Noticee 17**), Ms. Ektha Goyal (hereinafter referred to as **Noticee 18**), Mr. Sunil Kumar Goyal (hereinafter referred to as **Noticee 19**), Ms. Anita Goyal (hereinafter referred to as **Noticee 20**), Ms. Kiranbala Gupta (hereinafter referred to as **Noticee 21**), Sunil



Kumar Goyal HUF (hereinafter referred to as **Noticee 22**), Mr. Praveen Kumar Goyal (hereinafter referred to as **Noticee 23**), Mr. Ghanshyam Das Barasia (hereinafter referred to as **Noticee 24**), Ms. Shitalben Sanjaybhai Kapadia (hereinafter referred to as **Noticee 25**), Mr. Sanjay Kumar Goyal (hereinafter referred to as **Noticee 26**), Mr. Rajender Kumar Agarwal (hereinafter referred to as **Noticee 27**), Mr. Raghav Garg (hereinafter referred to as **Noticee 28**), Arvindbhai Gordhanbhai Kakadiya HUF (hereinafter referred to as **Noticee 29**), Mr. Deepak Ramniklal Kothari (hereinafter referred to as **Noticee 30**), Prakashkumar P Mali HUF (hereinafter referred to as **Noticee 31**), Mr. Hiteshkumar Shah (hereinafter referred to as **Noticee 32**), Ms. Vimmi Hitesh Shah (hereinafter referred to as **Noticee 33**), Mr. Manoj Harkut (hereinafter referred to as **Noticee 34**), Ms. Chanda Bhagaram Mali (hereinafter referred to as **Noticee 35**), Mr. Girdharilal Seduram Jangir (hereinafter referred to as **Noticee 36**), Mr. Sanjay Atmaram Agarwal (hereinafter referred to as **Noticee 37**), Ms. Purnima Mishra (hereinafter referred to as **Noticee 38**), Ms. Laxmi S Mali (hereinafter referred to as **Noticee 39**), Mr. Sagar Bothra (hereinafter referred to as **Noticee 40**), Mr. Sanjeev Kedia (hereinafter referred to as **Noticee 41**) and Pankaj Jayantilal Dave (hereinafter referred to as **Noticee 42**) (hereinafter referred to as Noticee Nos. 1 to 42 respectively or by their individual names and collectively referred to as **Noticees**) violated the provisions of regulations 3(a),(b),(c)&(d), 4(1), 4(2)(a) and 4(2)(g) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as **PFUTP Regulations, 2003**). IA also observed that Noticee 42 violated the provision of regulations 13(1) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 (hereinafter referred to as **PIT Regulations, 1992**) read with (r/w) regulation 12(2) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (hereinafter referred to as **PIT Regulations, 2015**) and regulation 13(3) r/w regulation 13(5) of PIT Regulations, 1992 r/w regulation 12(2) of PIT Regulations, 2015 and regulations 29(1) and 29(2) r/w 29(3) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as **SAST Regulations, 2011**).

- 3) Pursuant to findings of the IA, OD of SEBI initiated Adjudication Proceedings against the Noticees and the Competent Authority prima facie felt satisfied that there are

sufficient grounds to adjudicate upon the alleged violations by the Noticee appointed Shri Nagendra Parakh as Adjudicating Officer, under section 15-I of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **SEBI Act, 1992**) and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **Adjudication Rules, 1995**) to inquire into and adjudge, under section 15HA of the SEBI Act, 1992, the alleged violations of provisions of regulations 3(a),(b),(c)&(d), 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations, 2003 by the Noticees and under section 15A(b) of the SEBI Act, 1992, the alleged violations of provisions of regulations 13(1) and 13(3) r/w regulation 13(5) of PIT Regulations, 1992 r/w regulation 12(2) of PIT Regulations, 2015 and regulations 29(1) and 29(2) r/w 29(3) of SAST Regulations, 2011 by the Noticee no. 42. Thereafter the matter was transferred to undersigned vide Order dated July 10, 2017. Pursuant to which undersigned issued a common show cause notice through separate original letters to the aforementioned Noticees and after following due process passed aforementioned AO Order and as per internal procedure transferred the record to the Relevant Department. The said AO order was appealed against and the Hon'ble SAT passed the aforementioned Finalysis SAT Order on March 04, 2020. In light of this, vide office note received on April 27, 2020 the record of said AO proceedings was sent to the undersigned with an instruction to pass fresh AO order in light of the directions of Hon'ble SAT in the said Finalysis SAT Order.

- 4) Efforts made to procure 'fresh' evidence: Upon receipt of the record of the previous AO proceedings on April 25, 2020, undersigned immediately perused the said record and sent a request to the Relevant Department vide office note dated April 28, 2020. The said office note was sent with a request in light of the observations of Hon'ble SAT in the para 8, 9 and 10 of the Finalysis SAT Order, that ***"these tasks that need to be carried out for passing "fresh" orders i.e. thorough examination especially regarding differential treatment and connections are in the ambit of OD. It is also submitted that these tasks are not within the role of AO in terms of Adjudication Rules, 1995. In view of all of the above, EFD is requested to refer the matter to OD for carrying out those specific tasks mentioned by Hon'ble SAT. In case OD gives any 'fresh evidence' after "thorough examination", then for passing of "fresh" order/orders, the entire process of issue of additional SCN, giving couple***



*of rounds of hearings, inspection if any, will have to be carried out for all 42 entities before passing “fresh” order/orders. OD may be requested to expedite the matter in light of time already elapsed and future hindrance in service of Notices as per AO rules due to existing and emerging Covid-19 situation.”* Receiving no response in the matter, undersigned sent an email reminder on June 24, 2020 requesting, *“This is just a humble reminder in the matter, which is slightly urgent as hon’ble SAT has given six months since the passing of its order. Given the fact that the said order pertains to 42 entities and it will be difficult to meet timeline of six months (of which over three months have already passed), as 42 new SCNs, hearings etc will ensue before passing of ‘fresh orders’.”* The OD reverted vide office note received on July 07, 2020 giving details of the connections as given in previous AO proceedings alongwith following specific inputs: *“(i) As can be observed from Table 1 & 2 above, the 42 entities/ Noticees are connected among themselves through common address/ e-mail ID/ phone no./ off-market transfers. (ii) Reference of the AO may also be drawn to the Investigation Report wherein, connections among the 42 entities have already been established by the Investigating Authority for taking a view on the joint and several liability of penalty. (iii) Further, the context in which the issue of thorough examination has been pointed out by the Hon’ble SAT referring to the magnitude of artificial trading in the scrip, including off-market transactions by a few entities, it is felt that it is for the AO to assess the gravity of the manipulation by the entities concerned and pass appropriate order.”*

- 5) Rechecking veracity of available record on connections: Upon receipt of the information from OD, and thorough examination of the record regarding connections, undersigned vide e-mail dated July 29, 2020 requested the Stock Exchanges i.e. BSE and NSE sought the following: Undersigned has been appointed Adjudicating Authority in the matter, having passed an Adjudication Order dated May 22, 2019 no. EAD/SR/SM/AO/9/2019-20, the said order has been quashed by Hon’ble SAT and the matter has been remanded back. You are requested to refer to all the said orders which are in public domain. In the said order dated March 4, 2020 (Appeal no. 93 of 2020 and others), Hon’ble SAT has observed that the entities have submitted that, *“Since each appellant is not connected to any other appellant or atleast to most of the appellants, it is practically impossible to pay the penalty on a joint and several basis even assuming that the penalty is*

sustainable.” Matter was then referred to IVD of SEBI, which has sent the trailing email regarding connection among entities. The trailing email is self-explanatory and it relies upon the UCC details furnished by your esteemed offices. You are advised to re-check veracity of information sent by you which shows that the said entities are connected, in light of the said observation by Hon’ble SAT that the appellant is not connected to any other appellant or atleast to most other appellants. It will augur well to bear in mind that if entities are not connected, then penalty can be imposed individually, but on the other hand, if entities are not connected, premise of the case changes. Kindly send across your inputs after checking veracity of UCC details of the 42 entities mentioned in the said AO order at the earliest but not later than August 4, 2020. Replies were received from both the Exchanges through various emails viz dated August 04, 2020, August 05, 2020 and August 10, 2020. Vide the said replies, the Stock Exchanges have not disputed the connections observed by IA, which were on the basis of UCC, off-market transfers etc.

- 6) Comments were also sought from OD on the material submitted vide the said Appeals was sought vide email dated 25/08/2020 with a request that, *“Please find the Appeal Memos in the captioned matter in the google link shared by the SAT Divisions Some of the Noticees have submitted that the KYC details are not theirs, EoW has taken cognizance of Arvind Goyal’s role etc. Hon’ble SAT having allowed such submissions has remanded the matter back. In this regard, OD may like to peruse the Appeals and supporting evidences given by said Noticees/appellants and kindly revert by EOD Aug 28, 2020 (Friday), with comments if any as regards various submissions of Noticees/appellants.”* In this regard, OD replied vide email 26/08/2020 stating that, *“The comments of IVD along with the supporting additional documents were provided to AO vide ON dated July 7, 2020 w.r.t the specific queries raised by AO pursuant to Hon’ble SAT order dated March 4, 2020 in the matter. It is observed that the entire appeal memos along with the supporting evidence has been forwarded by AO vide email dated August 25, 2020. In this context, it is mentioned that in case there are any additional issues in the appeal memo for which the AO needs further clarification, those specific issues may be sought from IVD.”* Thus no additional inputs came from OD after perusing the Appeals by the OD. Further No additional inputs came since the record based on which previous AO order was passed. Said emails are on record. As the directions to undersigned are to pass ‘fresh’ orders after thorough examination, however, no

‘fresh’ evidence was preferred by OD, hence no additional SCN was issued in the instant matter.

### **SHOW CAUSE NOTICE**

- 7) A common show cause notice dated September 25, 2017 (hereinafter referred to as SCN) was issued by undersigned to the Noticees under rule 4 of the Adjudication Rules, 1995 to show cause as to why an inquiry should not be held against them and why penalty under section 15HA of the SEBI Act, 1992 be not imposed on Noticees and as regards Noticee 42, why penalty be not imposed under section 15A(b) of the SEBI Act, 1992 on Noticee 42 for the violations as alleged and specified in the said SCN. The said SCN was issued on the basis of observations made by IA and evidence submitted by the OD. Upon remanding back of the matter by Hon’ble SAT, no ‘fresh’ show cause notice was issued as no ‘fresh’ evidence was preferred by OD. Details of the said SCN issued are given below:
- a) It was observed by IA, that during the period from March 28, 2012 to February 06, 2013, BSE Sensex moved from 17058.61 to 19639.72 registering an increase of 2581.11 points (15.13%) while during the same period, price of the FCGCL in BSE moved from Rs. 40.20 to Rs. 182.10 registering an increase of Rs.141.90 (352.98%). Further, during the period (February 07, 2013 to May 31, 2013), BSE Sensex moved from 19589.44 to 19760.3 registering an increase of 170.86 points (0.87 %) while during the same period, share price of the FCGCL in BSE moved from Rs. 180.50 to Rs. 42.80 registering a decrease of Rs.137.70 (76.29%).
- b) Pursuant to such fluctuations in share price and trading volume of FCGCL during the period March 28, 2012 to May 31, 2013 (hereinafter referred to as Investigation Period), trading activity in the scrip of FCGCL was investigated by SEBI.
- c) IA observed following inter-se relationship among the Noticees on the basis of Know Your Client (KYC) details and Off market transfers-

#### **KYC Based Connections (Table – 1):**

<b>Notice e Nos.</b>	<b>Name of Noticee</b>	<b>Basis of connection</b>
42	Pankaj Jayantilal Dave	Common Contact no. (9322229797) with Noticee no. 1

1	Sagar Kadam	Common Contact no.(9322229797) with Noticee no.42 and common email id (arvinvestment500@gmail.com) with Noticee no.3
3	Mahadev Zilu Gawade	Common email id (arvinvestment500@gmail.com) with Noticee no.1

**Off market Share Transaction Based Connections (Table – 2)**

Noticee Nos.	Name	Off-market transaction
42	Pankaj Jayantilal Dave	Transferred shares in off-market to Noticee No.15,22,34, 30,10,31,29,11,19,39,5,20,18,27,17,36,13,32,35,28,2,38,3 7,12,21,6,40,16,33.
1	Sagar Kadam	Transferred shares in off-market to Noticee No.22, 10, 31, 29, 11, 39, 2, 12, 21, 6, 7, 23.
2	Dharmendra Harilal Bhojak	Transferred shares in off-market to Noticee No.15, 30, 10, 26, 14, 11, 5, 9, 27, 8, 41, 42, 24, 38, 12, 25, 21, 16.
3	Mahadev Zilu Gawade	Transferred shares in off-market to Noticee No. 19
4	Sorab Wadia	Transferred shares in off-market to Noticee No. 2
5	Kalpana Mukesh Ruia	Received shares in off-market from Noticee No. 2, 42
6	Vallabhbhai Kakadiya	Received shares in off-market from Noticee No. 42, 1
7	Santosh Agarwal	Received shares in off-market from Noticee No. 1
8	Jigna Vipul Vora	Received shares in off-market from Noticee No. 2
9	Ashraf Usmani	Received shares in off-market from Noticee No. 2
10	Ravi Ramniklal Kothari	Received shares in off-market from Noticee No. 2, 42, 1
11	Nandkishore Didwania	Received shares in off-market from Noticee No. 2, 42, 1
12	Sushiladevi N Didwania	Received shares in off-market from Noticee No. 2, 42, 1
13	Manju Devi Bothra	Received shares in off-market from Noticee No. 42
14	Mukesh Ramniranjan Ruia	Received shares in off-market from Noticee No. 2
15	Kshitiz Nirman Pvt. Ltd.	Received shares in off-market from Noticee No. 2, 42

<b>Noticee Nos.</b>	<b>Name</b>	<b>Off-market transaction</b>
16	Parita Mit Moradia	Received shares in off-market from Noticee No. 2, 42
17	Sanjay Gupta	Received shares in off-market from Noticee No. 42
18	Ektha Goyal	Received shares in off-market from Noticee No. 42
19	Sunil Kumar Goyal	Received shares in off-market from Noticee No. 42
20	Anita Goyal	Received shares in off-market from Noticee No. 42
21	Kiranbala Gupta	Received shares in off-market from Noticee No. 2, 42, 1, 3
22	Sunil Kumar Goyal HUF	Received shares in off-market from Noticee No. 42, 1
23	Praveen Kumar Goyal	Received shares in off-market from Noticee No. 1
24	Ghanshyam Das Barasia	Received shares in off-market from Noticee No. 2
25	Shitalben Sanjaybhai Kapadia	Received shares in off-market from Noticee No. 2, 3
26	Sanjay Kumar Goyal	Received shares in off-market from Noticee No. 2
27	Rajender Kumar Agarwal	Received shares in off-market from Noticee No. 2, 42,3
28	Raghav Garg	Received shares in off-market from Noticee No. 42, 2
29	Arvinbhai Gordhanbhai Kakadiya HUF	Received shares in off-market from Noticee No. 42, 1
30	Deepak Ramniklal Kothari	Received shares in off-market from Noticee No. 2, 42
31	Prakashkumar P Mali HUF	Received shares in off-market from Noticee No. 42, 1
32	Hiteshkumar Shah	Received shares in off-market from Noticee No. 42
33	Vimmi Hitesh Shah	Received shares in off-market from Noticee No. 42
34	Manoj Harkut	Received shares in off-market from Noticee No. 42
35	Chanda Bhagaram Mali	Received shares in off-market from Noticee No. 42
36	Girdharilal Seduram Jangir	Received shares in off-market from Noticee No. 42
37	Sanjay Atmaram Agarwal	Received shares in off-market from Noticee No. 42
38	Purnima Mishra	Received shares in off-market from Noticee No. 2, 42
39	Laxmi S Mali	Received shares in off-market from Noticee No. 42, 1

Noticee Nos.	Name	Off-market transaction
40	Sagar Bothra	Received shares in off-market from Noticee No. 42
41	Sanjeev Kedia	Received shares in off-market from Noticee No. 2

**Violations related to PFUTP Regulations:** Based on the trading of the Noticees during the investigation period, the following is alleged:

- d) **Self-Trades** are trades in which both the buyer and the seller are the same entity. Self trades create artificial/fictitious volume in the market and give a false and misleading appearance of trading in the scrip at the exchange without any change in beneficial ownership. It is alleged that during the investigation period, following Self Trades were carried out by Noticee No. 42

**Table - 3:**

Noticee No.	Name	Total Self Trade Volume	Total Self Trade Count	No of days on which self-trades done	Net Last trade price contribution by self-trades
42	Pankaj Jayantilal Dave	6317	4	3	-1.2

It is alleged that by entering into substantial self-trades on several days as referred to in Table - 3 above, Noticee No. 42 created artificial volume in the scrip of FCGCL and therefore alleged to have violated Regulation 3(a),(b),(c),&(d), 4(1), and 4(2)(a) and (g) of PFUTP Regulation.

- e) **Creation of Artificial Volume:** It is alleged that Noticee Nos. 1 to 42 created artificial volume in the scrip of FCGCL during IP.
- e)1. It is alleged that the Noticee nos. 1, 2, 3 and 42 are connected to 181 entities (shown in Table 5 below) on the basis of off-market transactions. It is also alleged that Noticee Nos. 1, 2, 3 and 42, who are alleged to be connected to each other as shown in Table 1 and 2 above, collectively transferred 49,82,439 shares of FCGCL through off-market to 181 entities (given in Table - 5) and then collectively bought back 39,14,301 shares of FCGCL on-market from these 181 entities thereby not



resulting into change in beneficial ownership and just creation of artificial volume in the scrip of FCGCL.

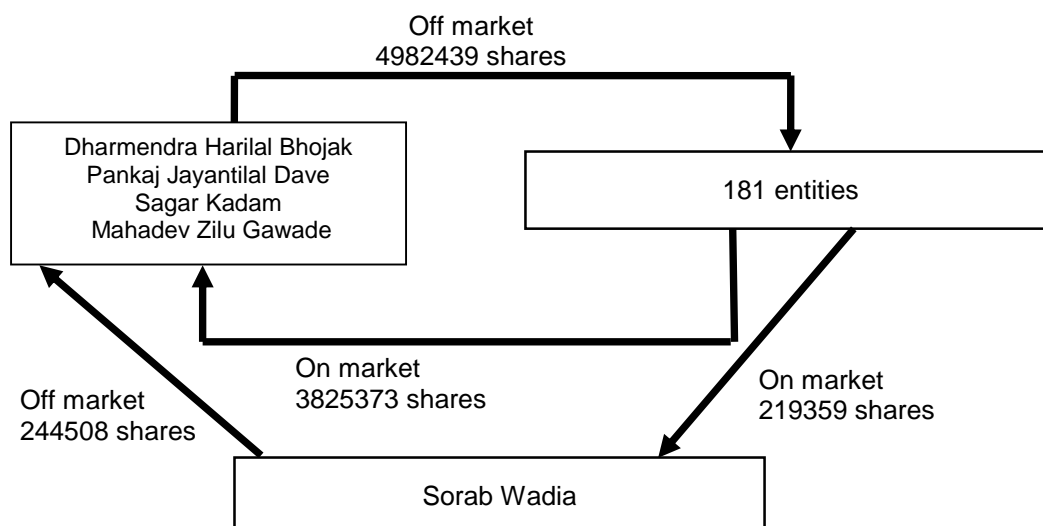
- e)2. It is alleged that Noticee No. 4 bought 2,19,359 shares of FCGCL on-market from some of the 181 entities given in Table 5 and then transferred all these shares through off market to Noticee No. 2. Details of trades done by Noticee Nos. 1 to 4 and 42 in FCGCL during investigation period are shown in Table 4 below.

**Table - 4:**

1	2	3	4	5	6
Noticee No.	Name of Noticee	No. of shares transferred in off-market to 181 entities	No. of shares bought back on market from 181 entities	Column 4 as Percentage of market volume (%)	Artificial vol. creation **
2	Dharmendra Harilal Bhojak	2252108	569973	3.37	3914301
42	Pankaj Jayantilal Dave	2050292	1052607	6.22	
1	Sagar Kadam	487039	2012212	11.90	
3	Mahadev Zilu Gawade	193000	190581	1.13	
4	Sorab Wadia	0	219359	1.30	
	<b>Total</b>	<b>4982439</b>	<b>4044732</b>	<b>23.91</b>	

*\*\* Lower of shares transferred in off-market or bought on market is taken.*

- e)3. A graphical description summarizing trading activity of 186 entities is shown below-



e)4. One instance each where Noticee no. 1, 2, 3 and 42 who have transferred shares through off market to one of the 181 entities and then bought back shares from the same entity is shown below:

**Instance 1 (Noticee No. 2):**

Date	Particulars
27/04/2012	Noticee No. 2 transferred 11800 shares of FCGCL off market to Reshma Manish Vora.
27/04/2012	Noticee No. 2 bought back 7500 shares of FCGCL from Reshma Manish Vora on market.

**Instance 2 (Noticee No. 42):**

Date	Particulars
01/06/2012	Noticee No. 42 transferred 18000 shares of FCGCL off market to Manish Dusad.
05/06/2012	Noticee No. 42 bought back 18000 shares of FCGCL from Manish Dusad on market

**Instance 3 (Noticee No. 1):**

Date	Particulars
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11/10/2012	Noticee No. 1 transferred 50000 shares of FCGCL off market to Praveen Kumar Goyal
12/10/2012	Noticee No. 1 bought back 19775 shares from Praveen Kumar Goyal on market

**Instance 4 (Noticee No. 3):**

Date	Particulars
16/02/2013	Noticee No. 3 transferred 14000 shares of FCGCL off market to Kirtikumar Ratilal Kaneria
18/02/2013	Noticee No. 3 bought back 8953 shares from Kirtikumar Ratilal Kaneria on market

- e)5. Further, it is alleged that Noticee Nos. 5 to 41 which are part of 181 entities mentioned in Table - 5 below have contributed in creation of artificial volume by
- a. acquiring shares through off-market from the Noticee Nos. 1,2,3 and 42 (who are connected entities) and disposing the acquired shares on market to the Noticee nos. 1,2,3, 4 and 42 thereby resulting in no change of beneficial ownership;
  - b. selling shares of FCGCL on market to the Noticee No. 4 (one of the connected entities) who in turn transferred these shares of FCGCL to the Noticee no. 2 (one of the connected entities), thereby resulting in trading among the connected entities and no change in beneficial ownership.
- e)6. Therefore, adjudication proceedings has been initiated against 37 out of 181 entities mentioned in Table 5 below for creation of artificial volume based on criteria of more than 0.75% contribution to artificial volume per entity and creation of artificial volume on two or more days. Remaining 144 entities mentioned in Table 5 below have been given administrative warning for their allegedly fraudulent trading activity in FCGCL during the investigation period.

**Table - 5:**

Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reversal trades	Artificial volume creation by entity as % of total artificial volume
1	<b>Kalpna Mukesh Ruia</b>	AANPR6250J	1,85,639	2,12,134	1,85,639	1.10%	10	4.76%
2	<b>Vallabhbhai Kakadiya</b>	AJDPK1838L	1,46,150	1,46,150	1,46,150	0.86%	3	3.75%
3	<b>Santosh Agarwal</b>	APGPA7655E	1,50,000	1,36,834	1,36,834	0.81%	3	3.51%
4	<b>Jigna Vipul Vora</b>	ADIPV2700P	1,26,000	1,49,455	1,26,000	0.74%	7	3.23%
5	<b>Ashraf Usmani</b>	AAQPU2309E	81,000	79,825	79,825	0.47%	3	2.05%
6	<b>Ravi Ramniklal Kothari</b>	AAEPK4521E	1,09,000	73,431	73,431	0.43%	8	1.88%
7	<b>Nandkishore Didwania</b>	AAHPD7243F	71,000	70,100	70,100	0.41%	2	1.80%
8	<b>Sushiladevi N Didwania</b>	AFTPD5770L	70,000	68,215	68,215	0.40%	2	1.75%
9	<b>Manju Devi Bothra</b>	ADEPB8752D	80,000	67,159	67,159	0.40%	7	1.72%
10	<b>Mukesh Ramniranjan Ruia</b>	AAGPR6658B	60,700	79,600	60,700	0.36%	3	1.56%
11	<b>Kshitiz Nirman Pvt. Ltd.</b>	AACCK5381P	65,000	58,800	58,800	0.35%	2	1.51%
12	<b>Parita Mit Moradia</b>	AXQPM8716N	74,000	55,200	55,200	0.33%	4	1.42%
13	<b>Sanjay Gupta</b>	ACGPG3696N	73,000	54,896	54,896	0.32%	4	1.41%
14	<b>Ektha Goyal</b>	AASPG2733Q	50,000	49,950	49,950	0.30%	2	1.28%
15	<b>Sunil Kumar Goyal</b>	AAHPG0001C	50,000	49,900	49,900	0.30%	3	1.28%
16	<b>Anita Goyal</b>	AARPG6973H	50,000	49,500	49,500	0.29%	2	1.27%
17	<b>Kiranbala Gupta</b>	AHVPG6893K	63,000	49,300	49,300	0.29%	6	1.26%
18	<b>Sunil Kumar Goyal HUF</b>	AADHG2584E	50,000	48,758	48,758	0.29%	2	1.25%

Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reversal trades	Artificial volume creation by entity as % of total artificial volume
19	<b>Praveen Kumar Goyal</b>	AAGPG2320R	50,000	44,995	44,995	0.27%	3	1.15%
20	<b>Ghanshyam Das Barasia</b>	AEZPB9096A	85,500	44,810	44,810	0.26%	3	1.15%
21	<b>Shitalben Sanjaybhai Kapadia</b>	AGFPK9380A	43,000	42,300	42,300	0.25%	3	1.08%
22	<b>Sanjay Kumar Goyal</b>	AAGPG9999L	42,000	46,930	42,000	0.25%	2	1.08%
23	<b>Rajender Kumar Agarwal</b>	ABSPA0666K	42,000	40,475	40,475	0.24%	4	1.04%
24	<b>Raghav Garg</b>	AEPPA0239J	40,000	40,000	40,000	0.24%	2	1.03%
25	<b>Arvindbhai Gordhanbhai Kakadiya HUF</b>	AAHHA4112Q	39,250	53,015	39,250	0.23%	4	1.01%
26	<b>Deepak Ramniklal Kothari</b>	AAEPK4520F	61,000	38,966	38,966	0.23%	4	1.00%
27	<b>Prakashkumar P Mali</b>	AAGHM8746P	40,000	38,461	38,461	0.23%	8	0.99%
28	<b>Hiteshkumar Shah</b>	ADIPS9464P	55,000	37,775	37,775	0.22%	4	0.97%
29	<b>Vimmi Hitesh Shah</b>	BIUPS4979M	55,000	36,165	36,165	0.21%	4	0.93%
30	<b>Manoj Harkut</b>	AADHM3983R	37,000	35,500	35,500	0.21%	2	0.91%
31	<b>Chanda Bhagaram Mali</b>	ADSPM1176A	40,000	35,483	35,483	0.21%	7	0.91%
32	<b>Girdharilal Seduram Jangir</b>	ACRPJ1859R	49,000	34,875	34,875	0.21%	2	0.89%
33	<b>Sanjay Atmaram Agarwal</b>	AFPPA2329N	34,760	71,310	34,760	0.21%	4	0.89%
34	<b>Purnima Mishra</b>	AFAPM6601E	41,000	34,000	34,000	0.20%	3	0.87%

Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reverse trades	Artificial volume creation by entity as % of total artificial volume
35	<b>Laxmi S Mali</b>	AAHPM6077A	40,000	30,975	30,975	0.18%	7	0.79%
36	<b>Sagar Bothra</b>	ANLPB4505H	102,500	30,624	30,624	0.18%	3	0.79%
37	<b>Sanjeev Kedia</b>	ADTPK4880A	34,400	30,400	30,400	0.18%	2	0.78%
38	Bharatbhai Gordhanbhai Kakadiya HUF	AAFHB7878A	69,250	69,250	69,250	0.41%	1	1.78%
39	Jayesh Chinubhai Shah	AANHS6441L	65,000	46,330	46,330	0.27%	1	1.19%
40	Dipak Dutta	AESPD5883N	65,000	44,000	44,000	0.26%	1	1.13%
41	Alpaben V Shah	BKZPS6593L	58,832	40,977	40,977	0.24%	1	1.05%
42	Rupal Hashmukhlal Shah	AMEPS1375E	65,000	39,808	39,808	0.24%	1	1.02%
43	Namrata Babasaheb Ghadage	ALXPG9359C	32,000	28,900	28,900	0.17%	3	0.74%
44	Sanjay Khimjibhai Kapadia	AEMPK1475M	30,000	28,555	28,555	0.17%	2	0.73%
45	Mahesh Babasaheb Ghadage	ARVPG6599C	30,500	28,500	28,500	0.17%	2	0.73%
46	Sanjaybhai Khimjibhai Kapadia HUF	AAPHS3435J	38,000	27,450	27,450	0.16%	3	0.70%
47	Ashok Kumar Jain	AAHPJ7197A	50,000	27,400	27,400	0.16%	2	0.70%
48	Santosh Bhadani	ADZPB8405C	30,000	26,500	26,500	0.16%	2	0.68%
49	Sarita Goel	AVVPS6465K	48,000	26,334	26,334	0.16%	5	0.68%
50	Shobha Babasaheb Ghadage	AFPPG8518M	33,000	26,229	26,229	0.16%	4	0.67%



Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reve rsal trades	Artificial volum e creati on by entity as % of total artifici al volum e
51	Ranjit Kumar Bhadani	ADUPB6383Q	40,000	25,850	25,850	0.15%	3	0.66%
52	Nisha Dinesh Ghadage	AIAPC4470C	29,500	25,000	25,000	0.15%	3	0.64%
53	Goenka Naresh Kumar HUF	AABHG7075A	25,000	24,995	24,995	0.15%	1	0.64%
54	Udit Goenka	AJAPG0280H	30,000	24,249	24,249	0.14%	3	0.62%
55	Chetan Kumar Mahnot	ABHPM3425H	23,000	23,000	23,000	0.14%	1	0.59%
56	Manjulaben Ramjibhai Patel	AGPPP9163L	25,000	21,950	21,950	0.13%	1	0.56%
57	Saraswathi K S	BNBPK6488F	21,500	21,500	21,500	0.13%	3	0.55%
58	Manju Tantia	ABVPT9472D	20,700	20,320	20,320	0.12%	2	0.52%
59	Hareshbhai G Kapadia HUF	AADHH1506D	20,000	20,000	20,000	0.12%	1	0.51%
60	Manish Kumar	AFNPM3822N	21,000	19,970	19,970	0.12%	3	0.51%
61	Vikramsinh Rameshchandra	AIPPV6835M	32,000	19,855	19,855	0.12%	2	0.51%
62	Harshaben Khimjibhai Kapadia	AGFPK9378L	26,000	19,854	19,854	0.12%	1	0.51%
63	Bhimjibhai Chhaganbhai Patel	ABLPP4561H	40,000	19,575	19,575	0.12%	2	0.50%
64	Pooja Kedia	AKTPK5679C	21,000	19,000	19,000	0.11%	2	0.49%
65	Manish Dusad	AAKHM5556K	18,000	18,000	18,000	0.11%	1	0.46%
66	Uma Devi Dusad	ABXPD6382Q	18,000	18,000	18,000	0.11%	1	0.46%
67	Geetaben D Hirpara	ABYPH8400N	32,000	18,000	18,000	0.11%	1	0.46%
68	Satish Singh Mahnot	ADDPM3708K	20,000	17,950	17,950	0.11%	1	0.46%

Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reve rsal trades	Artificial volum e creati on by entity as % of total artifici al volum e
69	Geeta Narendrabhai Khiani	AMRPK5237A	18,000	17,875	17,875	0.11%	2	0.46%
70	Nirmalaben S Singhvi	AAPPS8604M	17,000	24,000	17,000	0.10%	1	0.44%
71	Saroj Goenka	AAUPG0824E	41,000	17,000	17,000	0.10%	1	0.44%
72	Jasvinder Kaur Assla	ALOPA7660B	26,000	16,900	16,900	0.10%	3	0.43%
73	Nita Jinesh Vora	ABWPV8645F	22,300	16,800	16,800	0.10%	2	0.43%
74	Sanjib Kumar Jain	ACIPJ0780A	17,000	16,500	16,500	0.10%	2	0.42%
75	Naina Agarwal	ADWPA8885G	18,000	16,260	16,260	0.10%	3	0.42%
76	Renu Goenka	AAUPG0825F	32,000	16,000	16,000	0.09%	1	0.41%
77	Arpit Goenka	ARYPG6608D	33,000	15,850	15,850	0.09%	2	0.41%
78	Ramakrishna .K.N	AJCPK4686K	15,000	15,000	15,000	0.09%	2	0.38%
79	Saritaben D Patel	ANPPP5555K	15,000	15,000	15,000	0.09%	1	0.38%
80	Sanjay Kumar Goyal	AADHG2583D	25,000	14,794	14,794	0.09%	1	0.38%
81	Soni Suresh Chandra	AENPS0276D	15,000	14,750	14,750	0.09%	1	0.38%
82	Mahesh Kothari	ABDPK4195L	39,000	14,000	14,000	0.08%	1	0.36%
83	Kirtikumar Ratilal Kaneria	ACWPP4278K	14,000	14,000	14,000	0.08%	2	0.36%
84	Shikha Dusad	ARVPS0555N	18,000	13,999	13,999	0.08%	1	0.36%
85	Santosh Bai	ADLPB1501B	16,200	13,500	13,500	0.08%	2	0.35%
86	Dhanjibhai Ravjibhai Dholaria	ACTPP7683H	13,400	13,333	13,333	0.08%	1	0.34%

Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reve rsal trade s	Artific ial volum e creati on by entity as % of total artifici al volum e
87	Dhanuben Nagjibhai Hirpara	ADBPH9552L	13,000	13,000	13,000	0.08%	2	0.33%
88	Bhavanaben B Kakadiya	AOWPK9463K	25,000	12,950	12,950	0.08%	2	0.33%
89	Rasmitaben Jigneshbhai Hirpara	ADQPH0395C	12,600	12,600	12,600	0.07%	1	0.32%
90	Prakash Chand Mehta	ABVPM3833B	13,000	12,551	12,551	0.07%	1	0.32%
91	Neepum Mahnot	AIZPM1127H	12,000	12,000	12,000	0.07%	1	0.31%
92	Reshma Manish Vora	ABUPV6709J	11,800	17,000	11,800	0.07%	2	0.30%
93	Jinesh Khushal Vora	AAEHJ3707K	12,500	11,500	11,500	0.07%	1	0.29%
94	Nagjibhai J Hirpara	ABYPH8398H	16,000	11,000	11,000	0.07%	1	0.28%
95	Ritu Kedia	ADRPK7800L	11,000	11,000	11,000	0.07%	2	0.28%
96	Srinivas .K.N.	AJCPK4677L	12,000	10,830	10,830	0.06%	3	0.28%
97	Lad Kanwar Mehnot	AAUPM4522B	10,550	10,550	10,550	0.06%	2	0.27%
98	Jagdishbhai Gandlal Patel HUF	AAAHP7255E	22,000	10,000	10,000	0.06%	1	0.26%
99	Deepak Nagjibhai Hirpara	AAYPH1077L	16,000	10,000	10,000	0.06%	1	0.26%
100	Suman Devi Misra	AHOPM7126N	10,000	10,000	10,000	0.06%	1	0.26%
101	Manish Kumar And Sons HUF	AAJHM5969H	12,000	9,850	9,850	0.06%	2	0.25%
102	Praveen Kumar Goyal	AAIHP5025N	20,000	9,516	9,516	0.06%	2	0.24%
103	Mahendra Khandelwal	AAYPK1342D	9,750	9,500	9,500	0.06%	1	0.24%

Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reve rsal trades	Artificial volume creation by entity as % of total artificial volume
104	Bhavnaben Kirtikumar Kaneria	AJEPK8099G	14,000	9,500	9,500	0.06%	1	0.24%
105	Sushila Rakesh Haran	AAAPH8615C	9,000	9,000	9,000	0.05%	1	0.23%
106	Nirmal Kumar Parekh and Sons HUF	AACHN4498R	15,000	8,626	8,626	0.05%	2	0.22%
107	Pushpa Kedia	AHLPK9091M	8,200	8,200	8,200	0.05%	1	0.21%
108	Devendra Vinod Shah	AAEHD8010K	8,000	8,000	8,000	0.05%	1	0.21%
109	Vinod Bhogilal Shah	AAEHV6366G	8,000	8,000	8,000	0.05%	1	0.21%
110	Pushpa Mahnot	ABDPM9703E	8,000	8,000	8,000	0.05%	1	0.21%
111	Rasilaben Vinodbhai Shah	CCEPS8240L	10,000	8,000	8,000	0.05%	2	0.21%
112	Jitendrakumar Harnesha	AABPH9923Q	7,950	7,950	7,950	0.05%	1	0.20%
113	Bijal Arnikbhai Shah	BCZPS1275B	31,500	22,990	22,990	0.14%	3	0.59%
114	Rameshbhai Nanjibhai Patel	ABCPP1802E	7,600	7,600	7,600	0.04%	1	0.19%
115	Anupama Jain	ACHPJ4656Q	8,000	7,600	7,600	0.04%	1	0.19%
116	Babita Manoth	ASFPM1826M	8,400	7,560	7,560	0.04%	1	0.19%
117	Narayanamoorthy Swarana Gowri	ACOPK1416C	15,000	7,500	7,500	0.04%	1	0.19%
118	Ramalingaiah Narayana Moorthy	ACOPK1415B	15,000	7,450	7,450	0.04%	1	0.19%
119	Mahesh Kumar Agarwal HUF	AADHM6674D	12,000	7,170	7,170	0.04%	3	0.18%
120	Harishkumar Jitmal	AAAHH5741K	7,000	7,000	7,000	0.04%	1	0.18%

Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reverse trades	Artificial volume creation by entity as % of total artificial volume
121	Jasraj Parasmal	AABHJ7818J	7,000	7,000	7,000	0.04%	1	0.18%
122	Mahendrakumar Jitmal	AADHM6795H	7,000	7,000	7,000	0.04%	1	0.18%
123	Arvindkumar Jitmal Bhansali	AAQPB4388Q	7,000	7,000	7,000	0.04%	1	0.18%
124	Mahendrakumar Jitmal Bhansali	AAQPB4977P	7,000	7,000	7,000	0.04%	1	0.18%
125	Jitmal Girdharlal Bhansali	AAQPJ7900C	7,000	7,000	7,000	0.04%	1	0.18%
126	Suwa Lal Dusad	AARHS3826H	18,000	7,000	7,000	0.04%	1	0.18%
127	Mangiben Jitmal Bhansali	AATPB2824J	7,000	7,000	7,000	0.04%	1	0.18%
128	Mohinidevi Mahendrakumar Bhansali	AATPB2825K	7,000	7,000	7,000	0.04%	1	0.18%
129	Anil Balkishan Mandhania	AAYPM2885K	9,000	7,000	7,000	0.04%	1	0.18%
130	Jasraj Parasmal Bhansali	ABJPJ7146C	7,000	7,000	7,000	0.04%	1	0.18%
131	Priyankadevi Rajendrakumar Bhansali	ABKPB6932D	7,000	7,000	7,000	0.04%	1	0.18%
132	Sunitadevi Harishkumar Bhansali	ABKPB6941Q	7,000	7,000	7,000	0.04%	1	0.18%
133	Rajendrakumar Parasmal Bhansali	ABTPB4586G	7,000	7,000	7,000	0.04%	1	0.18%
134	Pushpadevi Jasraj Bhansali	AEMPB8419E	7,000	7,000	7,000	0.04%	1	0.18%
135	Hemalatadevi Arvindkumar Bhansali	AFIPB9375E	14,000	7,000	7,000	0.04%	1	0.18%
136	Hemant Mahendrakumar Bhansali	AIQPB5940G	7,000	7,000	7,000	0.04%	1	0.18%

Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reve rsal trades	Artificial volum e creati on by entity as % of total artifici al volum e
137	Ujval Jasraj Bhansali	AOAPB1924L	7,000	7,000	7,000	0.04%	1	0.18%
138	Vipul Khushal Vora	AAEHV8184N	6,500	12,500	6,500	0.04%	2	0.17%
139	Bhanwarlal Ramlal	AABHB3121J	6,350	6,350	6,350	0.04%	1	0.16%
140	Jitendrakumar Ramlal	AACHJ7961D	6,350	6,350	6,350	0.04%	1	0.16%
141	Harnesha Sumit Jitendrakumar	AFYPH9482A	6,350	6,350	6,350	0.04%	1	0.16%
142	Kokilaben Vinodbhai Shah	AOMPS1963G	6,300	6,300	6,300	0.04%	1	0.16%
143	Srikishan Agarwal	AAYPE9252G	8,000	6,000	6,000	0.04%	1	0.15%
144	Shantadevi Sureshkumar Bhansali	ABKPB6934F	6,000	6,000	6,000	0.04%	1	0.15%
145	Sureshkumar Parasmal Bhansali	ABKPB6940R	6,000	6,000	6,000	0.04%	1	0.15%
146	Archana Agarwal	ABYPE0204H	6,000	9,301	6,000	0.04%	2	0.15%
147	Liladevi Parasmal Bhansali	ACZPB8842L	6,000	6,000	6,000	0.04%	1	0.15%
148	Sandeep Sureshkumar Bhansali	AFUPB2736B	6,000	6,000	6,000	0.04%	1	0.15%
149	Monika	AOYPM4227K	6,000	6,000	6,000	0.04%	1	0.15%
150	Nishant Rajendrakumar Bhansali	APFPB3240R	6,000	6,000	6,000	0.04%	1	0.15%
151	Rajendra Kantilal Jain	AALHR2388K	6,000	6,000	6,000	0.04%	2	0.15%
152	Prakash Chand Mehta	AAJHP7556F	9,000	5,949	5,949	0.04%	1	0.15%



Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reve rsal trade s	Artific ial volum e creati on by entity as % of total artifici al volum e
153	Ramesh Kumar Agarwal HUF	AAEHR23 23D	5,800	5,800	5,800	0.03%	1	0.15%
154	Jayant Maheshwari	AHHPM96 38C	10,000	5,800	5,800	0.03%	1	0.15%
155	Lalita Naresh Jain	AACPJ987 3E	6,000	5,766	5,766	0.03%	2	0.15%
156	Ritesh Ramniklal Singhi HUF	AALHR33 38D	5,300	5,300	5,300	0.03%	1	0.14%
157	Sangeeta Rajendra Jain	AFFPJ060 6R	7,000	5,300	5,300	0.03%	2	0.14%
158	Runit Ramniklal Singhi	ACAPS66 08J	4,900	4,900	4,900	0.03%	1	0.13%
159	Kajal Ritesh Singhi	AEDPJ833 6F	4,900	4,900	4,900	0.03%	1	0.13%
160	Karuna Runit Singhi	AHWPK74 13Q	4,900	4,900	4,900	0.03%	1	0.13%
161	Nirmala Ramniklal Singhi	APPPS93 76F	4,900	4,900	4,900	0.03%	1	0.13%
162	Ashokkumar Bherulal Parmar	AATPJ142 8N	15,000	4,779	4,779	0.03%	1	0.12%
163	Kamuben Rameshbhai Patel	ABSPP12 28N	4,600	4,600	4,600	0.03%	1	0.12%
164	Ramniklal Manganlal Singhi HUF	AAGHR04 39G	5,300	4,525	4,525	0.03%	1	0.12%
165	Amit Devendrakumar Dave	AAIHA661 1F	8,000	4,500	4,500	0.03%	1	0.12%
166	Vijayalakshmi K R	AFKPV53 06H	15,000	4,467	4,467	0.03%	1	0.11%
167	Latish Raju Shetty	AAAHL74 66F	4,000	4,000	4,000	0.02%	1	0.10%
168	Gulab Singh Kothari	AAEHG77 40M	3,500	3,500	3,500	0.02%	1	0.09%
169	Hardeepsingh Satinderjeetsingh	ADCPC19 00C	5,500	3,100	3,100	0.02%	2	0.08%

Serial No.	Name	PAN	No. of shares received in off market from Noticee No. 1 to 3, 42	No. of shares sold to Noticee No. 1 to 4, 42	Artificial Volume alleged to have been created**	Artificial volume creation as % market volume	No. of days of Reve rsal trade s	Artific ial volum e creati on by entity as % of total artifici al volum e
170	Sukhvinder Kaur Gill	AHRPG4208Q	3,100	3,100	3,100	0.02%	1	0.08%
171	Aman Preet Kaur Gill	ATMPG6051E	3,100	3,100	3,100	0.02%	1	0.08%
172	Gaurav Pawan Kumar Agrawal	AHSPG8980E	3,500	2,900	2,900	0.02%	1	0.07%
173	Mitesh Singhania HUF	AAMHM0920R	2,750	2,750	2,750	0.02%	1	0.07%
174	Archi Singhania	AOKPG9322F	2,750	2,750	2,750	0.02%	1	0.07%
175	Garima Amar Jigyasi	ATNPJ2934J	25,000	2,300	2,300	0.01%	1	0.06%
176	Arvindkumar Jitmal	AACHA2427H	7,000	2,000	2,000	0.01%	1	0.05%
177	Sureshkumar Parasmal	AAGHS1231R	6,000	2,000	2,000	0.01%	1	0.05%
178	Sachin Bhuwalka	AADHS8020D	1,700	1,664	1,664	0.01%	1	0.04%
179	Praful Jain	ABPPJ9573K	7,650	1,650	1,650	0.01%	1	0.04%
180	Pooja Arvind Goyal	AEHPG5959B	167,008	884	884	0.01%	1	0.02%
181	Sri Kishan Agarwal HUF	AAGHS3308K	12,500	541	541	0.00%	1	0.01%
<b>Total</b>			<b>4,982,439</b>	<b>4,044,732</b>	<b>3,914,301</b>	<b>23.05%</b>		<b>100%</b>

\*\* Lower of shares transferred in off-market or bought on market is taken.

e)7. Thus it is alleged that Noticee nos. 1 to 42 have collectively traded among themselves and created artificial volume of 39,14,301 shares (23.05% of market volume) through such combination of off market and on market transactions in the scrip of FCGCL during the investigation period and therefore, alleged to have violated Regulations 3(a),(b),(c) &(d), 4(1), and 4(2)(a) and (g) of PFUTP Regulations, 2003

- f) Disclosures Violations under PIT Regulations, 1992 r/w regulation 12(2) of PIT Regulation, 2015 and under SAST Regulations, 2011 by Noticee No. 42. Following disclosure violations are also alleged to have been done by Noticee no. 42-
- f)1. Total shareholding of notice no. 42 in FCGCL crossed 5% of paid up share capital FCGCL on August 04, 2012. In this regard, in terms of regulation 13(1) of PIT Regulation, 1992 r/w regulation 12(2) of PIT Regulation, 2015, Noticee No. 42 was required to disclose no. of shares held by him to FCGCL within two working days of his shareholding crossing 5% of paid up share capital of FCGCL. It is alleged that he has failed to do so and therefore Noticee No. 42 is alleged to have violated regulation 13(1) of PIT Regulation, 1992 r/w regulation 12(2) of PIT Regulation, 2015.
- f)2. Further, in terms of regulation 29(1) r/w 29 (3) of SAST Regulations, 2011, Noticee No. 42 was required to disclose no. of shares held by him within two working days of his shareholding crossing 5% of paid up share capital of FCGCL to FCGCL and exchange, but it is observed that on August 04, 2012, the Noticee no. 42 crossed 5% benchmark and has not disclosed. Therefore, it is alleged that Noticee No. 42 had violated regulation 29(1) r/w 29 (3) of SAST Regulations, 2011.
- f)3. In addition to the above, total shareholding of Noticee no. 42 in FCGCL reduced by more than 2% of paid up share capital of the company on August 28, 2012. In terms of regulation 13(3) r/w regulation 13(5) of PIT Regulation, 1992 r/w regulation 12(2) of PIT Regulation, 2015, Noticee No. 42 was required to disclose no. of shares held by him to FCGCL within two working days of this change in shareholding by 2% i.e. within two working days of August 28, 2012 but it is alleged that he has failed to do so. Therefore, it is alleged that Noticee No. 42 had violated regulation 13(3) r/w regulation 13(5) of PIT Regulations, 1992.
- f)4. Additionally, for the change in shareholding of noticee no. 42, he was required to disclose no. of shares held by him in terms of regulation 29(2) r/w 29 (3) of SAST Regulations, 2011 within two working days of change of his shareholding to FCGCL and exchange but he failed to do so. Therefore it is alleged that Noticee No. 42 had violated regulation 29(2) r/w 29 (3) of SAST Regulations, 2011.
- f)5. Details of transactions of the Noticee no. 42 are shown in Table 6 below:

**Table 6:**

Date of Transaction	04/08/2012	28/08/2012
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<b>No of shares held - pre Acquisition/ disposal</b>	232537	329113
<b>% of shareholding held - pre Acquisition/ disposal</b>	4.22	5.98
<b>No of shares Acquired/ (disposed off)</b>	57965	160000
<b>No of shares Acquired/ (disposed off) as a % of paid up capital</b>	1.05	2.91
<b>Value of transaction (Rs.)</b>	NA	NA
<b>No of shares held - post Acquisition/disposal</b>	290502	169113
<b>% of shareholding held - post acquisition/ disposal</b>	5.28	3.07
<b>Mode</b>	Off-market	Off-market
<b>Date of disclosure to company</b>	No disclosure	No disclosure
<b>Date of disclosure to stock exchange</b>	No disclosure	No disclosure
<b>Violation of Regulation(s) under PIT Regulations, 1992 and SAST Regulations. 2011</b>	Reg. 29 (1) of SAST Regulations, 2011, Reg.13 (1) of PIT Regulations, 1992	Reg. 13 (3) of PIT Regulations, 1992, Reg. 29 (2) of SAST Regulations, 2011

- g) Noticee No. 1 to 42 are, therefore, called upon to show cause as to why an inquiry should not be held against them in terms of rule 4 of SEBI Adjudication Rules, 1995 r/w section 15I(1) and (2) of the SEBI Act, 1992 and penalty be not imposed under section 15HA of the SEBI Act, 1992 for alleged violation of provisions of regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations, 2003.

Also, Noticee No. 42 is called upon to show cause as to why an inquiry should not be held against him in terms of rule 4 of SEBI Adjudication Rules, 1995 r/w section 15 I (1) and (2) of the SEBI Act, 1992 and penalty be not imposed under section 15A(b) of the SEBI Act, 1992 for the alleged violations of regulation 13(1) of PIT Regulations, 1992 and regulation 13(3) r/w 13(5) of PIT Regulations, 1992 r/w regulation 12(2) of PIT Regulations, 2015 and regulations 29(1) and 29(2) r/w 29(3) of SAST Regulations, 2011.

- 8) The said SCNs were sent to the Noticees through speed post acknowledgement due (SPAD) and in case, undelivered then, attempts were made to serve the said

undelivered SCNs through other manners in terms of the Adjudication Rules, 1995. All the SCNs were duly served in terms of Adjudication Rules, 1995 and proof of all delivery is on record. Status and mode of delivery as per record is given in the following table:

<b>Sr. No.</b>	<b>Name of the Entity</b>	<b>Address/ addresses at which delivery attempted was attempted as per Adjudication Rules, 1995</b>	<b>Status and Mode of delivery of SCN</b>
1	Sagar Kadam	Room No. 26 Dayabhai Chawl, opp. Krishna Bhuvan, Dadi Sath Road, Malad West, Mumbai, Maharashtra, India, 400064	SCN delivered through SPAD
2	Dharmendra Harilal Bhojak	Address 1: 3 Sahdev Niwas Turelpakhadi Road, Jakria Road, Somar Bazar, Malad West, Mumbai, Maharashtra, India, 400064  Address 2: Sector- 3,c- 28/004, Shanti Nagar, Mira Road (east), Thane, Maharashtra, India, 401107.  Address 3: Mangal Shanti Housing Co Operative Soc Sector 3 Bldg C 24 Block No 004, Mumbai, Maharashtra, India, 401107.	SCN delivered through SPAD
3	Mahadev Zilu Gawade	Usman Chawl, Gundavali, Gauthan Azad Road, Andheri East, Mumbai Maharashtra, India, 400069	SCN delivered through SPAD
4	Sorab Wadia	515 Om Sai Darshan, Govind Nagar, Sodawala Lane, Borivali West, Opp. Sai Hospital, Mumbai, Maharashtra, India, 400092.	SCN sent through SPAD undelivered, having remarks by postal department "left". SCN served to the Noticee by Affixture.

<b>Sr. No.</b>	<b>Name of the Entity</b>	<b>Address/ addresses at which delivery attempted was attempted as per Adjudication Rules, 1995</b>	<b>Status and Mode of delivery of SCN</b>
5	Kalpana Mukesh Ruia	Address 1: Express Zone, A Wing Unit No 1102/1103, Patel Vatika, Off Western Ex Highway, Malad East, Mumbai, Maharashtra, India, 400097.  Address 2: 702, Ashoka Apts, 7th Floor, Raheja Town Ship, Malad (E), Mumbai, Maharashtra, India, 400097.  Address 3: 2 Anantwadi, 1 St Floor; Vaidya Bhawan, Bhuleshwar, Mumbai, Maharashtra-400002.	SCN delivered through SPAD
6	Vallabhbhai Kakadiya	Address 1: A-504, Swarg Residency, Near Hathinala Mandir Laxmikant, Ashram Road Surat, Gujarat, India, 395004.  Address 2: Plot No-803-4-5 Vijayraj Nagar, Opp. Pragati Mandal Wadi, Adarsh Society, Bhavnagar, Gujarat, India, 364003.	SCN delivered through SPAD
7	Santosh Agarwal	B-wing, 301-302-304, Salasar Shruti Bldg, Temba Road, Bhayander (w), Thane, Maharashtra, India, 401107	SCN delivered through SPAD
8	Jigna Vipul Vora	Flat No. A/202, 2nd Floor, Tejas Residency, Station Road, Jogeshwari, (east), Mumbai, Maharashtra, India, 400060.	SCN delivered through SPAD
9	Ashraf Usmani	Mg 8/13 Kda Colony, Jama Masjid Jajmau, Kanpur, Uttar Pradesh, India, 208010	SCN delivered through SPAD
10	Ravi Ramniklal Kothari	Address 1: C 701 Mayfair Meridian, Ceaser Road, Near Filmalaya Studio, Amboli Andheri West, Mumbai, Maharashtra, India, 400058.  Address 2: B/14, Sunil Shopping Centre, j. P. Road, Andheri (west), Mumbai, Maharashtra, India, 400068	SCN delivered through SPAD



<b>Sr. No.</b>	<b>Name of the Entity</b>	<b>Address/ addresses at which delivery attempted was attempted as per Adjudication Rules, 1995</b>	<b>Status and Mode of delivery of SCN</b>
11	Nandkishore Didwania	1604, Liliun Tower - li Mahindra Gardens, S. V. road, near Patkar Collage Goregaon (w), Thane, Maharashtra, India, 400062.	SCN delivered through SPAD
12	Sushiladevi N Didwania	1604, Liliun Tower - li Mahindra Gardens S. V. road, near Patkar Collage Goregaon (w), Thane, Maharashtra, India, 400062.	SCN delivered through SPAD
13	Manju Devi Bothra	Address 1: 46, B. B. Ganguly Street, Kolkata, West Bengal, India, 700012.  Address 2: 1/2 Rameswar Malia, 1st Bye Lane, Howrah, West Bengal, India, 711101	SCN delivered through SPAD
14	Mukesh Ramniranjan Ruia	Address 1: Unit No 1102/1103, Express Zone, A Wing, Patel Vatika Off Western Ex. Highway Malad East, Mumbai, Maharashtra, India, 400097.  Address 2: 702, Ashoka Aprt, 7th Flr, Raheja Town Ship, Malad E, Mumbai, Maharashtra, India, 400097.  Address 3: B-2102 Lakshachandi Height, Krishna Vatika, Gokuldharm, Goregaon (East), Mumbai, Maharashtra, India, 400063.	SCN delivered through SPAD
15	Kshitiz Nirman Pvt. Ltd	Address 1: 7 C Kiran Shankar Roy Road, Hasting Chamber, Room Gw Near Calcutta High Court, Kolkata, West Bengal, India, 700001.  Address 2: 132 Daspara Road Thakur Pukur, Kolkata, West Bengal, India, 700063	SCN delivered through SPAD
16	Parita Mit Moradia	1 Vasuma Hill Bunglows, Opp. Saket, B/h L J Comm. College Vastrapur, Ahmedabad, Gujarat, India, 380015.	SCN delivered through SPAD

<b>Sr. No.</b>	<b>Name of the Entity</b>	<b>Address/ addresses at which delivery attempted was attempted as per Adjudication Rules, 1995</b>	<b>Status and Mode of delivery of SCN</b>
17	Sanjay Gupta	Pt.212, Phase-2, Gunrock Enclave Road No.12, Sikh Village, Secunderabad, Andhra Pradesh, India, 500003.	SCN delivered through SPAD
18	Ektha Goyal	F 169, 4th Street, Anna Nagar E, Chennai, Tamil Nadu, India, 600102	SCN delivered through SPAD
19	Sunil Kumar Goyal	F 169, 4th Street Anna Nagar E, Chennai, Tamil Nadu, India, 600102.	SCN delivered through SPAD
20	Anita Goyal	F 169, 4th Street Anna Nagar E, Chennai, Tamil Nadu, India, 600102.	SCN delivered through SPAD
21	Kiranbala Gupta	Pt. 212, Phase-2, Gunrock Enclave Road No. 12, Sikh Village, Secunderabad, Andhra Pradesh, India, 500003.	SCN delivered through SPAD
22	Sunil Kumar Goyal HUF	F 169, 4th Street Anna Nagar E, Chennai, Tamil Nadu, India, 600102	SCN delivered through SPAD
23	Praveen Kumar Goyal	F 169, 4th Street Anna Nagar E, Chennai, Tamil Nadu, India, 600102.	SCN delivered through SPAD
24	Ghanshyam Das Barasia	2/7 Navsheel Apartments, 56 Cantt., Kanpur, Uttar Pradesh, India, 208004	SCN delivered through SPAD
25	Shitalben Sanjaybhai Kapadia	Bhagyodaya 3 26 Shakti Society, Panjarapol Para Near Sant Kabir Road, Rajkot, Gujarat, India, 360003.	SCN delivered through SPAD
26	Sanjay Kumar Goyal	Address 1: F 169, 4th Street, Anna Nagar E, Chennai, Tamil Nadu, India, 600102.  Address 2: F 20 2nd Mn Rd Anna Nagar E, Chennai, 29, 600102.	SCN delivered through SPAD

<b>Sr. No.</b>	<b>Name of the Entity</b>	<b>Address/ addresses at which delivery attempted was attempted as per Adjudication Rules, 1995</b>	<b>Status and Mode of delivery of SCN</b>
27	Rajender Kumar Agarwal	50 Ward No. 36, Shanti Path, Sanjay Colony, Jaipur, Rajasthan, India, 302021.	SCN served to the Noticee by hand delivery, when the SEBI staff went for affixture to the said address of Noticee.
28	Raghav Garg	Address 1: 50-sugan Vihar, Nehru Nagar, Dwarika Path, Sanjay Colony, Jaipur, Rajasthan, India, 302016.  Address 2: R No 109 Rajasthan Vidyarthi Grih, Lord Show Room, Shopper Stop, Mumbai, Maharashtra, India, 400058.	SCN delivered through SPAD
29	Arvinbhai Gordhanbhai Kakadiya HUF	Address 1: Plot No 803, Viajaraj Nagar, Opp. Pragat mandal, Bhavnagar 364001.  Address 2: 1102-b Paladiyum Jagiri Wadi, Hathi Mandir Road Katargam Road, Surat, Gujarat, India, 395004.	SCN delivered through SPAD
30	Deepak Ramniklal Kothari	D/202 Mayfair Meridian Nr. Filmalaya Studio, Ceasar Road Amboli, Andheri W. Mumbai 400058 Maharashtra.	SCN delivered through SPAD
31	Prakashkumar P Mali HUF	Address 1: 33, Ashish Ind. Est. Gokhale Rd, South Dadar, Mumbai, 19, 400025.  Address 2: 1205, Darshan Height Bldg., Opp Dipak Talkies, B M Rd, Elphistone Road, Mumbai, Maharashtra, India, 400013.	SCN delivered through SPAD
32	Hitesh Kumar Shah	839 Apasrani chal, Village Saribuhrang, Taluka Gandevi, District Navsari, Gujarat 396310.	SCN delivered through SPAD

<b>Sr. No.</b>	<b>Name of the Entity</b>	<b>Address/ addresses at which delivery attempted was attempted as per Adjudication Rules, 1995</b>	<b>Status and Mode of delivery of SCN</b>
33	Vimmi Hitesh Shah	901 Hidayat Soc., Village SaribuJarang, Taluka Gandevi District Navsari, Gujarat 396310.	SCN delivered through SPAD
34	Manoj Harkut	Flat No.202 B-176, Pearl Oasis, Mangal Marg, Jaipur, Rajasthan, India, 302015.	SCN delivered through SPAD
35	Chanda Bhagaram Mali	Address 1: 1202 Rishabh Tower 12th Tower, Senapati Bapat Marg, Elphinstone, Mumbai Prabhdevi Maharashtra 400025.  Address 2: 601 Suparshwa Chs. Ltd. 6th Flr, S B Marg Elephinstone Road, Mumbai, Maharashtra, India 400013.	SCN delivered through SPAD
36	Girdharilal Seduram Jangir	Flat B-26 Flr 2 <sup>nd</sup> , Swagatam Complex, Sec B, Building Ganesh Prarthna, Jesal Park, Bhayandar East, Maharashtra, Thane, 19, 401105.	SCN delivered through SPAD
37	Sanjay Atmaram Agarwal	Address 1: 301/302, B Salasar Srusti, Temba Hospital Road, near maxus Mall, bhayandar (w), Thane, Maharashtra, India, 401101.  Address 2: 3/Trimurti Appt. Naronha Cmpd, Bhayandar (W) Thane, Maharashtra, India, 401101.  Address 3: B-210/211, Sarvoday Apts., Narayan Nagar, Bhayander-west, Thane, Maharashtra, India, 401101.  Address 4: Flat No B 402 4th Floor Kailash Mansarovar Temba Rd Bhayandar West, Mumbai, Maharashtra, India, 401101.	SCN delivered through SPAD
38	Purnima Mishra	Flat-c, 204/1a Netaji Subhash Chanra Bose Road Vasundhara Block-1 Kolkata, West Bengal, India, 700047.	SCN delivered by SPAD

<b>Sr. No.</b>	<b>Name of the Entity</b>	<b>Address/ addresses at which delivery attempted was attempted as per Adjudication Rules, 1995</b>	<b>Status and Mode of delivery of SCN</b>
39	Laxmi S Mali	1702/3, Darshan Heights, B. M. Marg, Opp. Deepak Cinema, Elphinstone West Mumbai Maharashtra 400013	SCN delivered through SPAD
40	Sagar Bothra	Address 1: 46, B. B. Ganguly Street, Kolkata, West Bengal, India, 700012.  Address 2: 1/2 Rameswar Malia, 1st Bye Lane, Howrah, West Bengal, India, 711101.	SCN delivered through SPAD
41	Sanjeev Kedia	Address 1: 55 C Tagore Road Cantt, Kanpur, Uttar Pradesh 208004.  Address 2: H. No -15/63, R- 217, Krishna Tower, Civil Lines Kanpur, Uttar Pradesh, India, 208001.	SCN delivered through SPAD
42	Pankaj Jayantilal Dave	Address 1: A/302 Shree Samant Aprt, Ovipada Sapatrshi Sankul, Dahisar (E), Mumbai, 19, 400068.  Address 2: Room No. 3, Sanjay Patel Chawl, Rajesh Compound Dahisar East, Mumbai, Maharashtra, India, 400064.	SCN was delivered through SPAD

- 9) Upon delivery of SCNs, hearing notice(s) were sent to the said Noticees. Service of said hearing notices was also attempted in terms of the Adjudication Rules, 1995 and proof of delivery of the same is on record. Status of hearing notices is as under:

<b>Name of the Entity</b>	<b>Date of hearing notice</b>	<b>Hearing date (whether attended hearing-Y/N)</b>	<b>Status of delivery of the hearing notice for which proof of delivery is on record</b>
<b>Sagar Kadam</b>	March 15, 2018 and May 28, 2018	April 18, 2018, June 14, 2018 (N)	Hearing notice dated March 15, 2018 delivered through SPAD and hearing notice dated May 28, 2018 served through affixture.

<b>Name of the Entity</b>	<b>Date of hearing notice</b>	<b>Hearing date (whether attended hearing–Y/N)</b>	<b>Status of delivery of the hearing notice for which proof of delivery is on record</b>
<b>Dharmendra Harilal Bhojak</b>	March 15, 2018 and May 07, 2018	May 24, 2018 (Y)	Hearing notice delivered through SPAD
<b>Mahadev Zilu Gawade</b>	March 15, 2018, May 07, 2018 and May 28, 2018	April 18, 2018, May 24, 2018 and June 21, 2018 (N)	Hearing notice dated March 15, 2018 delivered through SPAD, Hearing notice dated May 07, 2018 undelivered and hearing notice dated May 28, 2018 served through affixture.
<b>Sorab Wadia</b>	May 28, 2018	June 21, 2018 (N)	Hearing notice served to the Noticee by affixture
<b>Kalpana Mukesh Ruia</b>	March 15, 2018	April 18, 2018 (Y)	Hearing notice delivered through SPAD.
<b>Vallabhbhai Kakadiya</b>	March 15, 2018, May 08, 2018 and December 14, 2018	(Noticee requested to waive hearing)	Notices are delivered through SPAD
<b>Santosh Agarwal</b>	March 15, 2018 and May 07, 2018	May 24, 2018(Y)	Hearing notices delivered by SPAD.
<b>Jigna Vipul Vora</b>	March 15, 2018 and May 28, 2018	June 14, 2018(Y)	Hearing notices delivered through SPAD.
<b>Ashraf Usmani</b>	March 15, 2018	April 18, 2018 (Y)	Hearing notice delivered through SPAD.
<b>Ravi Ramniklal Kothari</b>	March 15, 2018	April 18, 2018 (Y)	Hearing notice delivered through SPAD.
<b>Nandkishore Didwania</b>	March 15, 2018	April 18, 2018 (Y)	Hearing notice was delivered through SPAD.
<b>Sushiladevi N Didwania</b>	March 15, 2018	April 18, 2018 (Y)	Hearing notice delivered through SPAD.
<b>Manju Devi Bothra</b>	March 15, 2018, May 28, 2018	(Noticee requested to waive hearing)	Hearing Notices are delivered through SPAD
<b>Mukesh Ramniranjan Ruia</b>	March 15, 2018	April 18, 2018 (Y)	Hearing Notice is delivered through SPAD
<b>Kshitiz Nirman Pvt. Ltd</b>	March 15, 2018 May 7, 2018 and May 28, 2018	June 14, 2018(Y)	Hearing notices delivered through SPAD
<b>Parita Mit Moradia</b>	March 15, 2018, May 7, 2018 and December 14, 2018	April 18, 2018, May 24, 2018 and January 9, 2019(N)	Hearing notices delivered through SPAD

<b>Name of the Entity</b>	<b>Date of hearing notice</b>	<b>Hearing date (whether attended hearing–Y/N)</b>	<b>Status of delivery of the hearing notice for which proof of delivery is on record</b>
<b>Sanjay Gupta</b>	March 15, 2018	April 18, 2018 (Y)	Hearing notice delivered through SPAD.
<b>Ektha Goyal</b>	March 15, 2018 and May 07, 2018	May 24, 2018 (Y)	Hearing notices delivered through SPAD.
<b>Sunil Kumar Goyal</b>	March 15, 2018 and May 8, 2018	May 24, 2018(Y)	Hearing notices delivered through SPAD.
<b>Anita Goyal</b>	March 15, 2018 and May 7, 2018	May 24, 2018 (Y)	Hearing notices delivered through SPAD.
<b>Kiranbala Gupta</b>	March 15, 2018	April 18, 2018 (Y)	Hearing Notice delivered by SPAD
<b>Sunil Kumar Goyal HUF</b>	March 15, 2018 and May 7, 2018	May 24, 2018(Y)	Hearing notices delivered through SPAD.
<b>Praveen Kumar Goyal</b>	March 15, 2018 and May 7, 2018	May 24, 2018(Y)	Hearing notices delivered through SPAD.
<b>Ghanshyam Das Barasia</b>	March 15, 2018 and May 7, 2018	May 24, 2018 (Y)	Hearing notices delivered through SPAD.
<b>Shitalben Sanjaybhai Kapadia</b>	March 15, 2018, May 7, 2018 and May 28, 2018	April 18, 2018, May 24, 2018 and June 14, 2018(N)	Hearing notice delivered through SPAD.
<b>Sanjay Kumar Goyal</b>	March 15, 2018 and May 07, 2018	May 24, 2018(Y)	Hearing notices delivered by SPAD
<b>Rajender Kumar Agarwal</b>	May 28, 2018	June 21, 2018 (Y)	Hearing notice served to the Noticee by hand delivery, when the SEBI staff went for affixture to the said address of Noticee.
<b>Raghav Garg</b>	March 15, 2018, May 07, 2018	May 24, 2018 (Y)	Notices delivered through SPAD
<b>Arvindbhai Gordhanbhai Kakadiya HUF</b>	March 15, 2018, May 28, 2018 and December 14, 2018	April 18, 2018, June 14, 2018 and January 9, 2019(N)	Notices delivered through SPAD
<b>Deepak Ramniklal Kothari</b>	March 15, 2018	April 18, 2018 (Y)	Notice delivered through SPAD
<b>Prakashkumar P Mali HUF</b>	March 15, 2018	April 18, 2018 (Y)	Notice delivered through SPAD
<b>Hitesh Kumar Shah</b>	March 15, 2018, May 07, 2018 and December 14, 2018	April 18, 2018, May 24, 2018 and January 9, 2019(N)	Hearing Notices delivered through SPAD

Name of the Entity	Date of hearing notice	Hearing date (whether attended hearing–Y/N)	Status of delivery of the hearing notice for which proof of delivery is on record
Vimmi Hitesh Shah	March 15, 2018 and May 07, 2018	April, 18, 2018 and May 24, 2018 (N)	Hearing notice delivered as mentioned in reply, second hearing notice was delivered by SPAD.
Manoj Harkut	March 15, 2018 and May 07, 2018	May 24, 2018(Y)	Hearing notices delivered through SPAD
Chanda Bhagaram Mali	March 15, 2018	April 18, 2018 (Y)	Notice delivered through SPAD
Girdharilal Seduram Jangir	March 15, 2018, May 7, 2018 and December 19, 2019	January 10, 2019 (Y)	Hearing notices delivered by SPAD
Sanjay Atmaram Agarwal	March 15, 2018 and May 7, 2018	May 24, 2018(Y)	Hearing notices delivered by SPAD.
Purnima Mishra	March 15, 2018	April 18, 2018(Y)	Hearing Notice delivered by SPAD
Laxmi S Mali	March 15, 2018	April 18, 2018(Y)	Hearing Notice delivered by SPAD
Sagar Bothra	March 15, 2018 and May 7, 2018	(Noticee requested to waive hearing)	Hearing notices delivered through SPAD.
Sanjeev Kedia	March 15, 2018, May 7, 2018 and December 19, 2018	January 10, 2019 (Hearing done at NRO via video calling through IP phone of SEBI landlines)	Notices delivered through SPAD
Pankaj Jayantilal Dave	March 15, 2018	April 18, 2018 (Y)	Hearing notice delivered through SPAD.

#### **REPLY DELIVERY STATUS OF PREVIOUS AO ORDER:**

- 10) As per available record, all the letters with a copy each of the Order dated May 22, 2019 have been delivered to the aforementioned Noticees, of which seven Noticees have appealed to the Hon'ble SAT.

#### **REPLY OF THE NOTICEES TO THE SHOW CAUSE NOTICE and ANY ADDITIONAL POINTS MADE THROUGH THE AFOREMENTIONED APPEAL MEMOS.**

- 11) In the following paragraphs replies given by the Noticees and additional points made by them in the said Appeal Memos are given in brief. All the replies submitted by



Noticees were taken on record and are part of the record of the previous as well as instant AO proceedings. Appeals filed by all the aforementioned appellants (i.e. Noticee no. 2,5,7,8,9,11 and 42) are also on record. All Noticees except Noticee no.1, 3, 4 and 16 have submitted replies to the SCN. Summary of the Noticees' submissions made in their replies is as under:

- a) **Noticee 1 (Sagar Kadam):** Noticee has not made any submissions against the SCN duly served.
- b) **Noticee 2 (Dharmendra Harilal Bhojak):** Noticee submitted that the investigation conducted by SEBI has failed to take into consideration facts and events already in possession of SEBI in another SCN in the matter of EOW Investigation case against Arvind Babulal Goyal and others and that SEBI was privy to the facts, yet SEBI issued FCGCL SCN. Noticee submitted that he have never traded in securities market and also not in the scrip of FCGCL. Noticee submitted that he is a ninth fail, cannot even use a computer and had no idea of operating email id, Noticee was residing at a rented house i.e. paghadi in Malad and was doing odd jobs for survival. Noticee submitted that he joined the office of Mr. Arvind Babulal Goyal in Goregaon (East) in Feb 2009 at salary of Rs. 8000 per month, but his salary was stopped and he was forced to open a Demat cum Trading Account and Bank Account, with a promise of paying additional Rs 5000/- per month for the same. Noticee submitted that he had no intentions of monetary gain by allowing Mr. Goyal operate the said accounts and neither any intention to manipulate the market price of any scrip in stock market. Noticee submitted that all the phone numbers mentioned in KYC belong to Mr Goyal as also email id. The Noticee submitted that he used to receive regular statements of trading and bank accounts at his residence at gap of 2-3 months and he used to hand over the same to Mr. Arvind Babulal Goyal. Noticee submitted that he was only paid for the office work done by him and when that payment stopped he visited the office of Arihant Capital Markets Ltd. to close the Demat Account, however Arihant Capital Markets Ltd refused to close it and then Noticee received a call from Mr. Goyal who then informed Noticee that, he would sell the shares lying Noticee's account pursuant to which the account of Noticee would be closed. As evidentiary proof Noticee has submitted a copy each of his school leaving certificate and a rent receipt for the

residence. Noticee has received a notice to make payment of the previous AO order and challenged it.

- c) **Noticee 3 (Mahadev Zilu Gawade):** The Noticee has made no submissions in reply to the SCN served.
- d) **Noticee 4 (Sorab Wadia):** The Noticee has made no submissions in reply to the SCN served.
- e) **Noticee 5 (Kalpana Mukesh Ruia):** Noticee submitted that she has made on-market transactions through the stock brokers Choice Equity (sell) and off-market through Shahrukh N Tara (buy). There was an income tax search and seizure action on the Noticee and the books of accounts and other document were seized by the authorities and Noticee needed time. Noticee later on submitted that, she is not related to Dharmendra Bhojak and Pankaj Jayantilal Dave as alleged in the SCN, she is a housewife and relies upon advice of friends/family for trading and also that out of 181 proceedings have been initiate only against 37 entities, in this regard, Noticee draws attention to the article 14 regarding equity against law. Noticee has not denied having done the said trades and has submitted details and evidence of her transactions, however Noticee has denied any wrongdoing in the scrip of FCGCL and submitted that warning should be issued to Noticee in terms of order dated February 10, 2015 no. WTM/SR/IVD/ID3/20/02/2015 (Crazy Infotech).
- f) **Noticee 6 (Vallabhbhai Kakadiya):** Noticee submitted that off market purchases by him cannot be basis of alleging “relationship” with the person with whom he had such transaction. Noticee had purchased shares of FCGCL through his registered stock broker in the ordinary course of business. I have had no contract or relation with the alleged transferor named in the SCN. Hence alleging any relationship with such person is wholly misconceived. Transactions of the Noticee in FCGCL were in ordinary course of business through a registered stock broker and paid by account payee cheque the full consideration of the same, further Noticee paid due brokerage, stamp duty, etc. were charged to me, apart from the purchase price, similarly also for my sale transactions, I received sale proceeds. Noticee duly accounted for the purchase in his books of account which are duly audited and for which no objection was found by the auditor. The transactions of the Noticee did

result in change of beneficiary ownership. The criteria of 0.75% is very low, it is well settled that 5% is deemed to be immaterial and wholly incapable of any impact in the market. Noticee further submitted that if SEBI accuses me, SEBI should accuse the broker and cited Sanman Consultants Vs. SEBI (2001)30 SCL 45.

- g) **Noticee 7 (Santosh Agarwal):** Noticee submitted that Noticee traded on electronic, faceless and electronic platform approved by SEBI. Noticee is a regular trader and executed trade in the off market transaction in the scrip of Finalysis independently through Mr. Govind Patodia ('Mr. Govind') and on the market transaction was carried out through my broker Choice Equity broking Private Limited, which is a SEBI registered stock broker. Trading was in normal course of business. Noticee submitted that as regards allegation of creation of artificial volume against various Noticees, the total such volume is allegedly only 23.05%, Noticee is only part of 186 entities and his trading was only 0.81% of the total volume in the scrip which a diminutive percentage and no serious allegation of fraudulent and unfair trade practice can be levied upon Noticee. Noticee has not connection with other except Mr. Sanjay Agarwal, who is Noticee's Brother in Law. Noticee had received shares from Shri Sagar Kadam, in normal course of trading, also that the transaction was carried out through Mr. Govind and Noticee is not related to any of the above noticees either directly or indirectly and have carried transaction with only one noticee in the off market which was any way through Mr. Govind. Noticee further submitted that no justification has been given in the SCN for initiating adjudication proceedings against entities who have created artificial volume of more than 0.75% and on more than 2 days and to issue administrative warnings to all the other entities and the said action initiated by SEBI is against the principles of equity and good conscience and is in direct violation of Article 14 of Constitution of India which guarantees Right to Equity before law. Noticee also submitted that Noticee's number of days of reversal trade is only 3 while other entities have more number of reversal trades. Noticee has received a notice to make full payment of the previous AO order and challenged it because she does not know others while she is ready to pay her portion. Noticee cited the following case laws: preponderance of probability for civil matters - Mausam Singha Roy Vs. Sate of Bengal (2003) 12 SCC 37, Hon'ble SAT Order ESS ESS Investments Vs. SEBI date 19.06.2013, requirement of proof - Hon'ble SC judgements Valranasaya

Sanskrit Vishwa Vidyalaya and Anr Vs. Dr. Rajkishore Tripathi and Anr, Bank of India Vs. Degala Surya Narayana AIR 1999 SC 2407.

- h) **Noticee 8 (Jigna Vipul Vora):** Noticee replied that she purchased and sold 176000 shares of FCGCL, while she bought these shares before the IP ie. 28/3/2012 to 6/2/2013 and sold after IP and has submitted proof of having bought 176000 shares before IP and sold the said shares after IP. She replied that on the advice that scrip has potential to increase and earn good return, the said shares were purchased from NKB Securities vide their contract cum bill dated 8<sup>th</sup> April, 2011. Noticee replied that, the shares purchased were kept in pool account of broker as per trade practice before transfer to her DP account and that, the shares were sold through Religare Securities Ltd and Magnum Equity Broking Ltd. during November 2012. Noticee further stated that she has never met any person as associates of the Noticee as mentioned is the SCN, nor dealt with any of them in any manner of business, trade or otherwise. Noticee has submitted following evidentiary proof: contract cum bill from NKB for purchase and sell before and after IP, DP statements from Religare, Jalan, contract note from Religare etc. Noticee has received a notice of recovery of entire penalty amount and has challenged the previous AO order. Case laws cited by Noticee are: Hon'ble SAT Orders Krupa Sanjay Soni (24.01.2014), Usha Mehta (31.03.2013) and SEBI AO Orders: Ganjanan Enterprise(01.09.208), AKG (27.02.2018), Ajay Desai (27.02.2017), Vipul Mohan Joshi (28.02.2018) and Mandapan Commercial (27.10.2018).
- i) **Noticee 9 (Ashraf Usmani):** Noticee replied that the Noticee has no connection with anyone except Mr. Dharmendra Harilal Bhojak and Noticee had no transaction in past or present with any entities to /fro except off market transaction with Mr. Dharmendra Harilal Bhojak and that, thus the allegation of connection with all entities on the basis of off market transactions with Mr. Dharmendra Harilal Bhojak exaggerated and not sustainable at all. Noticee has cited that SEBI WTM Order in the matter of Crazy Infotech Ltd., where 823 entities were alleged to have violated PFUTP Regulations, 2003 of which 780 were let off with administrative warning and later on WTM let off other entities by giving similar treatment. Noticee has stated that the Adjudication proceedings are in violation of the Fundamental Rights guaranteed by the Constitution of India and that he is treated unfairly and unequally, whereas others who traded in the same fashion in the same scrip were

favourably treated and that he should also be issued administrative warning like 144 others. It is very pertinent to mention that SEBI had only provided compilation of off market transaction with the SCN. No original/ source documents were provided to substantiate the said compilation. As pointed out in the above Para about discrepancies in off market transactions, the rejection of request for inspection of the documents totally vitiate the proceedings. Noticee has received a notice of recovery of entire penalty amount and has challenged the previous AO order. Other case laws cited by Noticee are: Audi Alteram Partem - Canara Bank Vs. Debasis Das (12.03.2003) 7529/1999, Hon'ble SAT Orders - 281 of 2009 Vikas G Narvanah, 44 of 2009 Rajendra G Parikh.

- j) **Noticee 10 (Ravi Ramniklal Kothari):** Noticee replied that he bought shares of FCGCL offline, at the advice of one Mr. Mahavir Goyal, whom he met in the office of his broker M/s Mangal Keshav Securities Ltd. Noticee further submitted that therefore, he could not trace/identify the person from whom the shares were bought by him and also I have no relationship with the entities referred in the aforesaid notice alleged to be off- market transaction in the scrip FCGCL. Noticee submitted that he invested for almost a year in the shares of FCGCL and the shares were sold after a year when he realized that he was getting profits that too through stock exchange. Noticee sold the said shares online through his account held with the said broker.
- k) **Noticee 11 (Nandkishore Didwania):** Noticee submitted that except Mrs. Sudhiladevi N Didwania, he has no connection with any other Noticee mentioned in the SCN. Noticee submitted that the off market transaction was carried out through Mr. Govind Patodia and till the receipt of the SCN it was not known that Noticee has received shares from Shri Sagar Kadam, Shri Dharmendra Harilal Bhojak and Shri Pankaj Jayantilal Dave. Mr. Govind Patodia acted as intermediary for the off-market transfers. Further that the on market transactions was carried out through Noticee's broker B R Jalan Securities P Ltd.
- l) **Noticee 12 (Sushiladevi N Didwania):** Noticee replied vide letters dated March 10, 2018 and April 23, 2018. Noticee submitted that she is only part of 186 entities that have traded in the scrip and her investment is only 1.75% of the total volume in the scrip and her trades vis-à-vis the total market volume is a miniscule percentage of only 0.41% which does not warrant serious allegations of creation of artificial

volume and fraudulent and unfair trade practice. Further, Noticee submitted that no connection been alleged to be established with any of 186 entities, save and except Mr. Nandkishore Didwania, who is her husband and she has carried out off-market transaction through Mr. Govind Patodia and not with others as alleged in SCN. Noticee has received a notice of recovery of entire penalty amount and has challenged the previous AO order. He is ready to pay his share of Rs. 1.5 lac. Case laws cited by Noticee are: Nova Petrochem - MRD/MK/1-5/ 2017-18, Hon'ble SAT Order Vintel appeal no. 219/2009.

- m) Noticee 13 (Manju Devi Bothra) and Noticee 40 (Sagar Bothra):** Noticees replied vide letter dated April 05, 2018. Noticees have purchased shares through brokers on BSE and that they have evidence in this regard. Noticee 13 replied that the information regarding sale/purchase transactions by Noticee mentioned in the SCN is wrong. SCN mentioned that Noticee has purchased 80000 shares and sold 67159 shares, whereas Noticee has purchased 80000 shares and sold 80000 shares only. The shares were sold by Noticees directly through broker at then market rate and valid contract notes were issued by brokers and were received by Noticees.
- n) Noticee 14 (Mukesh Ramniranjan Ruia):** Noticee replied vide letters dated October 13, 2017, April 18, 2018, and May 05, 2018. Noticee submitted that five cheques were issued in the name of M/s Sharukh N Tara for purchases made and shares were received in the demat account of the Noticee.
- o) Noticee 15 (Kshitiz Nirman Private Ltd.):** Noticee replied vide letters dated October 10, 2017 and June 5 and 21, 2018. Noticee submitted that it had purchased 65000 shares from Vijay Bhagwan Das & co. and not from Dharmendra Harilal Bhojak or Pankaj Jayantilal Dave as alleged in SCN and the purchase was undertaken by its broker, East India Securities Ltd. The payment was by cheque. Also the shares were sold in two tranches and cheques for two different amounts were credited to Noticee's bank account on 19<sup>th</sup> May 2012 and 22<sup>nd</sup> May 2012 respectively.
- p) Noticee 16 (Parita Mit Moradia):** Noticee has not sent a reply to the allegations made in the SCN.
- q) Noticee 17 (Sanjay Gupta) and Noticee 21 (Kiranbala Gupta):** Noticees replied vide letter dated October 13, 2017. Noticee submitted that the selection criteria of



SEBI is not fair as it considered 0.75% contribution to artificial volume and not 0.75% contribution to market volume. Further no of days of reversal trade cannot be equated with artificial volume on two or more days. Correct calculation would be the actual trading days to determine artificial volume on number of day's basis. Noticee further submitted that he purchased the said shares through his stock broker M/s Ami Securities having PAN no. AAOA8242. Further, a % of total 'off market' purchase in the scrip during relevant period is mere 1.77%, also that, the shares were purchased in 'off market' when the trading of the shares of the Company were suspended by SEBI and resumed on 28.12.2012. Noticee further submitted that in due course of time, with rise of the value of investment in the market, he had disposed off the entire shares 88000 shares including aforesaid 54896 shares mentioned in the SCN on advice of M/s BHH Securities Private Limited, (Sub-broker- Mr. Pramodlal) Income tax PAN/GIR NO AAACB6431H.

- r) Noticee 18 (Ektha Goyal) , Noticee 19 (Sunilkumar Goyal), Noticee 20 (Anita Goyal), Noticee 22 (Sunilkumar Goyal HUF), Noticee 23 (Pravinkumar Goyal), and Noticee 26 (Sanjaykumar Goyal):** Noticees replied vide letter received by SEBI on October 16, 2017 and letter dated June 10, 2018. Noticees made submissions that they have invested in FCGCL, upon receiving good profits from other companies and have submitted contract notes and bank statements for their transactions. Noticees further submitted that, they would like to clarify one point that they are not aware or was not having any sort of knowledge about the seller of shares, as SEBI does not permit disclosures of such information when such purchase takes place in an on market Transactions.
- s) Noticee 24 (Ghanshyam Das Barasia):** Noticee replied vide letters dated October 13, 2017 and May 21, 2018. Noticee replied that he had purchased shares through a broker viz. NKB securities in the year 2011 and was not aware about the transferor of these shares, as these deliveries were arranged by the broker in lieu of purchases made during April 2011 and the payments towards these purchases were adjusted against then existing credit balance in the brokers ledger account. Also that Noticee had privity with the broker and not with Mr Dharmendra Bhojak. Further Noticee submitted that he had not received shares in off-market from said Pankaj Jayantilal Dave and no connection of said Pankaj Jayantilal Dave is being established with Noticee. Hence treating sales of shares (where there is actual transfer of shares) an artificial volume is erroneous and farfetched. Further the first

leg of alleged reversal transaction was off market and hence market was not aware about the same and hence it cannot contribute to purported artificial volume. The Noticee further submitted that he had purchased 85500 shares in April 2011 and held the shares for period of 14 months and then sold it on 5 days viz. 25.06.2012, 24.07.2012, 27.07.2012, 30.07.2012 and 01.10.2012 i.e. over a period of 4 months in 27 trades, out of which on 3 days viz. 25.06.2012, 24.07.2012, 01.10.2012. Also that FCGCL Scrip was traded in T Group on BSE at the relevant time and the effect of the scrip which was traded in "T" group having upfront regulatory restriction (on price deliveries and margin) has not been considered/ applied to the trades on the market.

- t) **Noticee 25 (Shitalben Sanjaybhai Kapadia):** Noticee replied vide letters dated April 03, 2018 and June 10, 2018. Noticee submitted that she has done these transaction of Buying and selling of shares in four tranches on respective dates which are as follows and total no. of shares is 43,000 and not 42,300 as mentioned in the SCN.

Sr no	Transaction date	Transaction (bought/sold)	Transaction mode(on market/off market)	No of shares
1	21-6-2011	Bought	off market	43000
2	06-11-2012	Sold	On market	(25000)
3	07-11-2012	Sold	On market	(13000)
4	4-12-2012	sold	On market	(5000)

- u) **Noticee 27 (Rajender Kumar Agarwal):** Noticee replied vide letters dated May 08, 2018 and June 29, 2018. Noticee replied that he had no connections with Pankaj Jayantilal Dave, Dharmendra Harilal Bhojak and Mahadev Zilu Gawade. As mentioned in the SCN and he acquired 42,000 shares in the scrip of FCGCL only in lieu of settlement of dues outstanding by Mr. Amrit Gupta. Noticee submitted that the said acquisition of shares was to recover the outstanding loan and to mitigate the risk of the loan turning into a bad debt.
- v) **Noticee 28 (Raghav Garg):** Noticee replied vide letter dated May 01, 2018. Noticee submitted that he has no connection/ relationship with Mahadev Zilu Gwade and Mr. Pankaj Jayantilal Dave as alleged connection in the SCN.



Noticee's decision to invest in the scrip of the Company was merely with intent to invest some idle money influenced by his friends.

- w) **Noticee 29 (Arvindbhai Gordhanbhai Kakadiya HUF):** Noticee replied vide letter received by SEBI on October 10, 2017, May 01, 2018 and November 07, 2018. Noticee submitted that it is a regular investor and has no connection with the promoters etc of FCGCL. Noticee submitted that the criteria selected by SEBI for initiation of adjudication is wrong and that its percentages of it trades were very low.
- x) **Noticee 30 (Deepak Ramniklal Kothari):** Noticee replied vide letters dated Oct 10, 2017 and April 30, 2018. Noticee submitted that on the advice of one Mr. Mahavir Goyal, whom he met at the office of his broker M/s. Mangal Keshav Securities Limited, he purchased shares of FCGCL offline from him. Subsequently, Noticee shares were sold by Noticee online through his account with the broker M/s. Mangal Keshav Securities Limited.
- y) **Noticee 31 (Prakashkumar P Mali HUF), Noticee 35 (Chanda Bhagaram Mali) and Noticee 39 (Laxmi S Mali):** Noticees replied vide letters dated April 06, 2018 and April 20, 2018. Noticees submitted that they were genuine investors and Noticees' purchases were bonafide transactions. Noticees' sale transactions were on the market. Noticees submitted that It is mere accidental and coincidental that the percentage contribution shown against the Noticees is marginally higher than the stipulated 0.75% fixed by SEBI. SEBI's fixing of such arbitrary parameters defies sanctity of the adjudication process.
- z) **Noticee 32 (Hiteshkumar Shah) and Noticee 33 (Vimmi Hitesh Shah):** Noticees replied vide letter dated April 18, 2018. Noticees replied that it had no connection with Pankaj Dave. Further Noticees submitted that the sale of shares was on the market and the buyer of those transactions were not known to the Noticee. Further that, Noticees are totally unaware as to from whom they purchased the shares to whom the shares were sold as they had purchased and sold the shares through a broker.
- aa) **Noticee 34 (Manoj Harkut):** Noticee replied vide letter dated May 17, 2018. Noticee replied that, (English translation of hindi reply), 'I **Manoj harkut**, had given some amount to Shri Pankaj Jayantilal Dave 10 years back which was supposed to be returned by him to me. After many follow up with Mr. Pankaj he was not paying the borrowed amount, and later on agreed to give shares of FCGCL instead

of the borrowed amount. He has transferred the shares of the company in my account, however, no receipt has been provided to me. After one year, I sold the said shares of the company for the needs of my family.'

bb) **Noticee 36 (Giridharilal Seduram Jangir):** Noticee replied vide letters dated May 23, 2018, August 20, 2018 and January 08, 2018. Noticee has submitted that the selection criteria used by SEBI for initiation of adjudication proceedings is flawed. Also, that it is imperative that when the case is one involving the issue of trades, the entire order log of the scrip/ contracts during the investigation period is provided to our client in order to enable it to produce a meaningful defence to the changes levied against it, even the copy of the investigation report has not been provided.

cc) **Noticee 37 (Sanjay Atmaram Agarwal):** Noticee replied vide letter dated May 20, 2018. Noticee submitted that his trading volume in the scrip of Finalysis is diminutive percentage of the total volume it cannot be alleged that he has indulged in fraudulent or unfair trade practice, it cannot be alleged that he has created false or misleading appearance of trading in securities market, as he has traded on the trading platform provided by the stock exchange and regulated by SEBI itself. Noticee further submitted that, 'as regards allegation that I have received shares from Shri Pankaj Jayantilal Dave (hereinafter referred to as "Pankaj"), I submit that I received the same in the normal course of my trading in securities market and no adverse inference should be drawn against me for the same. I submit that the transaction was carried out through Mr. Govind and I am not connected/related to any of the above Noticees either directly or indirectly. I have carried transaction with only one Noticee in the off market which was any way through Mr. Govind Patodia. Hence, I cannot be alleged to be connected to any of the Noticees just for carrying out one off market transaction and law does not prohibit off market transactions.'

dd) **Noticee 38 (Purnima Mishra):** Noticee replied vide letter dated May 7, 2018. Noticee submitted that like an ordinary person, she used to take decision based on news flown from various sources whether reliable or otherwise, viz, newspaper, friends, relatives, associates, media, market hype, general business environment and sentiments prevailing in the stock market and sometimes on the advises of the brokers and knowingly or unknowingly taking some risk on market rumours too. In the instant case, Noticee made normal transactions and without violation of any

- law. Noticee has no relation with FCGCL and that it is a co-incidence that the shares bought by her through her broker was belonging to the other main Noticee.
- ee) **Noticee 41 (Sanjeev Kedia):** Noticee replied vide letter received at SEBI on June 25, 2018 and January 17, 2019. Noticee submitted that Noticee has no connection with any entity out of the 181 entities, which traded in this scrip. Shares have been bought through stock broker and has been provided with copy of contract notes. Noticee's contribution is 0.78% only. No scope for manipulation on the exchange platform because Noticee would not know identity of the entity on the other side and there is no evidence of prior meeting of minds for creation of artificial volume.
- ff) **Noticee 42 (Pankaj Jayantilal Dave):** Noticee submitted that he shared his KYC documents with Mr. Arvind Goyal to open trading/demat account and to appoint director in some Companies i.e. Incap Financial Services Ltd, Zen Shaving Limited & Arrow Asia Stock Broking Limited and for directorship, however, Noticee did not receive any remuneration/ compensation salary or any commission for the same, as he has shared the documents in good faith and in acquaintance. Noticee submitted that Noticee has never been in touch with any broker or dealer for buying and selling shares. Noticee further submitted that he has already appeared before all the authorities i.e. EOW, SEBI and income tax in the matter of opening Bank account, trading account and demat account and for trading in which he had nothing to do with any matter and that he was trapped in the aforesaid matter and that he has resigned from all the companies. Noticee has challenged the previous AO order.

- 12) I am of the view that as per Adjudication Rules, 1995, SCNs have been duly served to all the Noticees and sufficient time has been provided to the Noticees to submit their replies to the allegations levelled in the said SCN. Out of the total of 42 Noticees, the Noticees no. 1, 3, 4 and 16 have not submitted their reply to the SCN. Also, opportunity of personnel hearing was granted to all the Noticees in the said matter. Details of Noticees having attended the hearings is given in para 5 above. As regards, non-submission of reply to the SCN by Noticees no. 1, 3, 4 and 16, I refer to the judgment dated December 08, 2006 of Hon'ble Securities Appellate Tribunal in the matter of Classic Credit Ltd. v SEBI (Appeal No. 68 of 2003) wherein, it observed "... *the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the*

*show cause notice were admitted by them". Also I note that the Hon'ble Securities Appellate Tribunal in the matter of Sanjay Kumar Tayal & Ors. v SEBI (Appeal 68 of 2013 dated February 11, 2014) had inter alia observed that "...As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..." Therefore, in view of the above case laws, it is presumed that the Noticee no. 1, 3, 4 and 16 have admitted the charges levelled against them in the said SCN. However, in the interest of natural justice, as regards all the Noticees, including Noticee no. 1, 3, 4 and 16 mentioned herein, I proceed to decide the matter on the basis of material available on record.*

### **CONSIDERATION OF ISSUES, EVIDENCES AND FINDINGS**

**13)** I have carefully perused the charges levelled against the Noticees in the SCN, their replies and other material available on record. In the instant matter, the following issues arise for consideration and determination:-

- a. Whether the Noticees have violated the provisions of regulations 3(a),(b),(c)&(d), 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations, 2003? If so, then do the violations, if any, on the part of the Noticees attract monetary penalty under section 15HA of the SEBI Act, 1992 for the alleged violations by the Noticees?***
- b. Whether the Noticee no. 42 has violated the provisions of regulations 13(1) of PIT Regulations, 1992 and regulation 13(3) r/w regulation 13(5) of PIT Regulations, 1992 r/w regulation 12(2) of PIT Regulations, 2015 and regulations 29(1) and 29(2) r/w 29(3) of SAST Regulations, 2011. If so, do the violations, if any, on the part of the Noticee no. 42 attract monetary penalty under section 15A(b) of the SEBI Act, 1992 for the alleged violations by the Noticee no. 42?***
- c. If yes, to issue a and issue b, then what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992 r/w rule 5(2) of the Adjudication Rules, 1995?***

Before proceeding further, I would like to refer to the relevant provisions of the SEBI Act, 1992, PFUTP Regulations, 2003, PIT Regulations, 1992 r/w PIT Regulations, 2015 and SAST Regulations, 2011

**PFUTP Regulation, 2003:**

**3. Prohibition of certain dealings in securities No person shall directly or indirectly—**

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

**4. Prohibition of manipulative, fraudulent and unfair trade practices**

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—
  - (a) indulging in an act which creates false or misleading appearance of trading in the securities market;
  - (g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

**PIT Regulations, 1992:**

**Disclosure of interest or holding in listed companies by certain persons - Initial Disclosure**

- 13.(1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :—
- (a) the receipt of intimation of allotment of shares; or
  - (b) the acquisition of shares or voting rights, as the case may be.

**Continual disclosure.**

- (3) Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company in Form C the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there had been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company.

(5) *The disclosure mentioned in sub-regulations (3), (4) and (4A) shall be made within two working days of:*

- (a) the receipts of intimation of allotment of shares, or*
- (b) the acquisition or sale of shares or voting rights, as the case may be*

**PIT Regulations, 2015:**

**Repeal and Savings.**

12. (1) *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 are hereby repealed.*

(2) *Notwithstanding such repeal,—*

- (a) the previous operation of the repealed regulations or anything duly done or suffered there under, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations had never been repealed; and*
- (b) anything done or any action taken or purported to have been done or taken including any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;*
- (c) After the repeal of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, any reference thereto in any other regulations made, guidelines or circulars issued there under by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.*

**SAST Regulations, 2011:**

**Disclosure of acquisition and disposal**

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

(2) *Any acquirer, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose every acquisition or disposal of shares of such target company representing two per cent or more of the shares or voting rights in such target company in such form as may be specified.*

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

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

**The SEBI Act, 1992**

**Penalties and Adjudication**



**Penalty for fraudulent and unfair trade practices.**

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

**Penalty for failure to furnish information, return, etc.**

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

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

**FINDINGS:**

On perusal of the material available on record and giving regard to the facts and circumstances of the case, I hereby record my findings in following paragraphs.

Before I record my findings for aforementioned specific issue, I address the issues commonly raised by most of the Noticees and also issues arising which are tangential but nonetheless very relevant.

- 14) Connections among Noticees based on UCC: In the instant matter connections have been based on the common email ids and contact numbers the same have been taken from the Unique Client Code (UCC) database of the BSE and NSE and as per extant policy the KYC details are uploaded by the Brokers of the clients (Noticees). As corroborated by the Exchange, “As per SEBI Circular SMDRP/Policy/Cir-39/2001 dated July 18, 2001 and MRD/DoP/SE/Cir-8/2006 dated July 13, 2006, all trading members are required to assign UCC for all the clients for trading on the Exchange platform. For this purpose, trading members are required to collect copies of PAN cards from the clients after verifying the same with originals, cross verify the PAN card details with the details on the website of Income Tax department and upload the details of the PAN on ‘UCI Online’ system of the Exchange as a part of Unique Client Code submission. ....all the details provided are as uploaded by trading members in UCI database of the Exchange. Exchange does not verify mobile numbers and email IDs of the clients uploaded by the trading member.” The said information comes from the clients and is given to Brokers by the client at the time of filling up of the KYC forms or at a later date updations given to Brokers. Hence if UCC is used as the basis of connection, it is with the basic

premise that Broker has uploaded correct details as given by the Clients. In the instant matter, none of Noticees have given any evidentiary proof of having given correct details to Broker, or that the Broker has uploaded wrong details or that somehow details in UCC database of exchange servers is different from their KYC. None of the Noticees have submitted copies of KYC showing details other than the alleged UCC connections shown by the OD, which has also been confirmed from the Exchanges by undersigned. In light of the fact that Noticees have not submitted any evidentiary proof, for example: copy of KYC submitted to Broker which has details other than alleged in the SCN, correspondence with Broker regarding taking up the matter after receiving the SCN, reply from Broker regarding confirming details uploaded on the UCC database etc. countering UCC details, the said contentions of Noticees regarding UCC details are not acceptable to me, in light of absence of any evidence submitted by Noticees countering the alleged connection, I consider the connection established through UCC details.

15) Connection among Noticees based on off-market transfer:

- a) Many of the Notices have clearly stated that they do not know the counterparty to whom the off-market transfers have been made by them. In this regard, it is widely known that the off-market transfer is not through the trading system where umbrage of not knowing the counterparty can be taken. In an off-market transfer, the buyer buys from a specific seller and not just place an order with the broker for an online trade. In this regard, many of the Noticees have mentioned that they have not carried out the said trades themselves, but the same have been carried out through facilitators/intermediaries etc. In this regard, I refer to the the Order passed by Hon'ble Whole Time Member of Board dated April 13, 2020 in the matter of Voltaire Leasing & Finance Limited which states that, *“.22. I note that these Noticees have transferred shares of VLFL through off-market transfers to the 13 sellers (three sellers did not receive shares through off-market). I note that for off-market transactions to be executed successfully, the following four parameters are essential: (a) the buyer and seller should know each other, (b) the buyer must have knowledge of the fact that seller is holding the shares of the scrip which the buyer is interested to buy, (c) the buyer must have knowledge of the fact that seller is willing to sell the shares*



*in that scrip and (d) the buyer must have knowledge of the price at which the seller is willing to sell the shares. 23. I note that in the case of off-market transfer of shares, only when the buyer and seller are known to each other and the buyer knows about the holding of such shares by the seller, they can negotiate the price and quantity of shares. In view of the above and off-market transfers from Looklike Trade Pvt. Ltd. to Badriprasad Chiripal and Richi Consultants Pvt. Ltd., I note that it can be reasonably concluded that these three Noticees knew each other and thus, are connected to each other through off-market transfers. Further, in view of the off-market transfers from Badriprasad Chiripal and Richi Consultants Pvt. Ltd. to the remaining the 13 sellers, it can be concluded that the 13 sellers and these off-market transferors are connected to each other.”*

- b) I also note from the various submissions of the Noticees in their replies as well as the Appeals, that none of the Noticees have extended any evidentiary proof of intermediaries doing off-market transactions on their behalf and such intermediaries were transferred the shares who in turn sold to/bought from others. In light of absence of evidentiary proof, the said contentions of the Noticees are also not acceptable. In this regard, I refer to an order of the Hon’ble SAT in the matter of Jayprakash Bohra vs. SEBI (appeal no. 162 of 2019) dated November 05. 2019 which espouses this stand, it states that, “8. We are in complete agreement with the contentions of the learned counsel for the respondent that the submission of the appellant that he was not in any way connected to Gromo or to the Kamalakshi Group is totally unfounded as the connection is 7 writ large ex-facie in the matter. There are off-market transaction between Gromo and the appellant in other shares and the off-market purchase of the shares of Gromo by the appellant is clouded in mystery as the appellant is not disclosing any facts relating to the same. The impugned order itself gives the connection between the appellant and Gromo in clear terms in Table 2 of paragraph 14. Moreover, appellants’ explanation regarding receipt of 1,050 shares of Gromo off-market when Gromo itself has a limited floating stock of only about 1300 shares has no veracity. The submission that all the holdings of the appellant are in normal course of business has no merit as the entire issue in the matter is not normal course

*of business. An unknown company suspended from trading for long; offmarket buying of 1,050 shares of the said company which constitutes more than 2% of its share capital and which is in the name of an unknown person (Kushal Jain) on the recommendation of a person from the native place of the appellant with no prior connection etc. can be treated as only a fiction rather than normal business. Coupled with the finding that the appellant had other transactions off-market with Gromo as given in Table 2 page 13-14 of the impugned order is sufficient evidence to prove the connection between Gromo, the appellant and entities in the Kamalakshi Group, many of whom are inter connected in the matter as explained in the said table. Moreover, out of 1,050 shares of Gromo obtained off-market in an inexplicable way by the appellant more than half of it was sold in small tranches; most of the time placing sell order at far away prices than LTP. The said trading pattern and the other connections as explained above is sufficient enough to prove that the appellant was part of the group that created the artifice/ scheme and therefore finding in the impugned order that the appellant has violated the stated provisions of the PFUTP Regulations cannot be faulted.”*

- c) Further many Noticees have submitted that the off-market transfer cannot be assumed to be a connection, Noticees did not know other Noticees with whom transactions are shown, there were intermediaries etc. In this regard, I refer to the Order passed by Hon'ble Whole Time Member of Board dated June 05, 2020 in the matter of PSIT Infrastructure and Services Ltd. which states that, “..... *It is a matter of common knowledge that an off-market transfer of shares does not happen between two strangers and it presupposes a level of acquaintance between the buyer and seller. Thus, the submission that the transferees were not known to the transferors holds no merit. Also, no explanation has been offered as to why the shares were distributed / scattered amongst so many transferees particularly when the consideration amount was meagre. In view of the above, the transfer of minuscule number of shares by the Noticees .... through off-market transactions clearly indicates that the said transfer was done under a pre-designed plan which involved the transferors as well as the transferees as has been discussed in earlier paragraphs. Since all the Noticees were part*

*of a pre-designed plan/scheme, it becomes irrelevant that the transferors knew about the subsequent sale of shares by the transferees or not, as all of them played their pre-determined roles in the plan / scheme...”*

- d) In view of the above and the fact that the off-market transactions were done is an admitted position, I conclude that in absence of any evidentiary proof given by any of the Noticee regarding actually ignorance of the counterparty, I hold that the said off-market transactions were established connections and thereby the Noticees thus connected are treated as working in unison.
- 16) The cut-off for initiating adjudication proceedings: In the instant matter, IA has established connections among the entities listed out in the Table 5 of the SCN which is also reproduced in an earlier para of this order. Vide office note dated July 07, 2020 OD has stated that, “ (i) *The Hon'ble SAT has pointed out the two differential criteria of 0.75% and 1.78% contribution to artificial volume, used by SEBI for initiating action against the entities involved in creation of artificial volume. The criteria of 0.75% was considered by IVD for initiating adjudication proceedings against the entities while, the criteria of 1.78% was considered by the AO for imposing penalty on the entities. (ii) With regard to the criteria of 0.75% contribution to artificial volume, it may be noted that since there were a large number of entities in Group B (i.e. 181 entities), many of which had done reversal trade only on a single day, proposing adjudication proceedings against such a large no. of entities would not have been feasible or justifiable. Given this and given the liquidity of the scrip during investigation period in terms of the volume of trade and the no. of days on which it was traded, the criteria of 0.75% contribution to artificial volume and contribution on 2 or more days, both taken together, was specified as the threshold for proposing adjudication proceedings against the entities. (iii) Further, it may be noted that Administrative Warning was issued to the remaining 144 entities, who did not get covered by the aforementioned threshold for proposing adjudication proceedings, since they did contribute to artificial volume, although their contributions were miniscule. Thus, action was taken against those 144 entities in the form of warning.*” It can be seen from the said Table 5 that both criteria ( no. of shares and no. of days are taken together) has lead to Adjudication proceedings initiated against some entities who traded less than of the entities for whom Administrative Warnings were issued. In light of the fact that charge levelled is

contribution of artificial volume creation thus no. of shares traded during IP is an important consideration which reflects in the criteria as 'percentage contribution to the total artificial volume created'. Whereas the criteria of no. of days traded, which if taken in isolation, has distorted the scale towards entities which have traded more than .75% but less than two days and therefore even though culpability of artificial volume is higher than the criteria set, yet they were issued Administrative Warning instead of Adjudication Proceedings. However, in light of absence of any explanation regarding the same, despite the criteria of .75%, the same was not followed in initiating adjudication proceedings and many entities which had traded more than .75% were allowed with Administrative Warning. In the descending order of the said table, it is seen that entities which contributed above .75% and had traded adding upto artificial volume of 69,250 shares have been given Administrative warning instead of Adjudication Proceedings, whereas for Noticees who traded below that artificial contribution i.e. below 69250 shares such as 68215, 65199, 60700, 58800, 55250 ....till as low as 30400 shares, were issued SCN by undersigned as the OD initiated Adjudication Proceedings while allowing higher artificial volume contribution to be kept out of Adjudication Proceedings ambit. These entities who were less culpable on the charge of contribution of artificial volume creation, were made to bear legal costs, ignominy of having to undergo quasi-judicial proceedings, social and financial costs of the proceedings whereas entities who contributed higher were simply in receipt of an Administrative Warning letter. Thus, to meet the ends of justice, it was only proper to let the entities upto 69250 shares artificial contribution, without imposing monetary penalty, though just like the rest their culpability was established in the previous AO order.

- 17) Examine and re-look: OD is of the view in the matter that, *"Further, the context in which the issue of thorough examination has been pointed out by the Hon'ble SAT referring to the magnitude of artificial trading in the scrip, including off-market transactions by a few entities, it is felt that it is for the AO to assess the gravity of the manipulation by the entities concerned and pass appropriate order."* This stand raises an important question regarding the role of AO. Who can examine?

- a) In this regard, I refer to the rule 3 of the AO Rules, 1995 reproduced here:  
***"Appointment of adjudicating officer for holding inquiry. 3. Whenever the Board is of the opinion that there are grounds for adjudging under any of the***

*provisions in Chapter VI-A of the Act, it may appoint any of its officers not below the rank of Division Chief to be an adjudicating officer for holding an inquiry for the said purpose.*” This shows that before the appointment of AO the **grounds for adjudging** have already come into existence and AO is required to **hold an inquiry** in the matter.

- b) In this regard, I also refer to the rule 4 of the AO Rules, 1995 reproduced here: Holding of inquiry. 4. (1) *In holding an inquiry for the purpose of adjudging under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15HA and 15HB whether any person has committed contraventions as specified in any of sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15HA and 15HB the Board or the adjudicating officer shall, in the first instance, issue a notice to such person requiring him to show cause within such period as may be specified in the notice (being not less than fourteen days from the date of service thereof) why an inquiry should not be held against him. (2) Every notice under sub-rule (1) to any such person shall indicate the nature of offence alleged to have been committed by him.....* Plain reading of this shows that the first task required to be carried out by the AO is issue of Show Cause Notice which indicates the nature of offence alleged to have been committed. Thus, at a stage prior to even appointment of the AO, the nature of offence is already established and hence Adjudication Proceedings initiated.
- c) As regards establishing the nature of offence, I refer to the sub sections 1 and 5 of the section 11 C of the SEBI Act, 1992, which is reproduced here: *Investigation. 11C. (1) Where the Board has reasonable ground to believe that— (a) the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market; or (b) any intermediary or any person associated with the securities market has violated any of the provisions of this Act or the rules or the regulations made or directions issued by the Board thereunder, it may, at any time by order in writing, direct any person (hereafter in this section referred to as the Investigating Authority) specified in the order to investigate the affairs of such intermediary or persons associated with the securities market and to report thereon to the Board..... (5) Any person, directed to make an investigation under sub-section (1), may examine on oath, any manager, managing director,*

officer and other employee of any intermediary or any person associated with securities market in any manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before it personally. Plain reading of this shows that **prior to the first task of AO to hold an inquiry, the nature of offence has already been established by way of examination by the Investigating Authority.**

- d) In this regard, I also refer to the observations made by Hon'ble SAT in the ***matter of Shruti Vora vs SEBI dated February 12, 2020***, which states that, “15. A perusal of the provisions of the Act and the Rules as extracted hereinbefore makes it apparently clear that the manner, method and procedure of adjudication are completely structured by the Act and the Rules. The AO is bound to follow the prescribed procedure under the Act and the Rules and it is not open for him to devise its own procedure for making an inquiry while adjudicating under Chapter VI-A of the SEBI Act. The AO can only hold inquiry in the prescribed manner after giving the person concerned a reasonable opportunity of being heard for the purpose of imposition of any penalty. The Rules provide that where any person has committed any contravention, the AO shall issue a notice to such person requiring him to show cause as to why an inquiry should not be held against him. Such issuance of notice at this stage is not for the purpose of making any adjudication into the alleged violation but is only for the purpose of deciding whether an inquiry should be held against him or not. If a response is made by person concerned against a notice the AO is required to consider the response and form an opinion as to whether an inquiry is required to be held into the allegations of the contravention of the provisions of the Act, Rules or Regulations. It is only then that substantial inquiry into allegations of contravention begins. Under Section 15-I (2) of the Act read with Rule 4(6) of the rules the AO while holding an inquiry has the powers of a civil court under the Code of Civil Procedure in respect of summoning and enforcing the attendance of any person and examining him on oath, requiring discovery and production of documents, receiving evidence on affidavits, issuing commissions for examination of witnesses or documents, etc.” These observations of Hon'ble SAT provide the infallible strength to the seemingly



feeble request of the undersigned to the OD vide office note and reminder email which interalia mentioned, *“it is submitted that these tasks that need to be carried out for passing “fresh” orders i.e. thorough examination especially regarding differential treatment and connections are in the ambit of OD, it is also submitted that, these tasks are not within the role of AO in terms of Adjudication Rules, 1995”*.

- e) In the instant matter, Hon’ble SAT remanded the matter and interalia made these observations: *“On the other hand, given the magnitude of artificial trading in the scrip, including the off-market transactions by a few entities, the issues involved in the matter are serious and needs a thorough examination. Similarly, given the contention of the appellants that all of them are not connected to each other or even known to each other a joint and several liability of penalty also needs to be relooked given the practical implementation problem.”* In light of the role of AO specified in the rule 3 and 4 of the AO rules, 1995 and the power of the Investigating Authority specified in section 11C (1) and (5) of the SEBI Act, 1992, in light of observations of Hon’ble SAT it is amply clear that the task of examining and re-looking in light of the seriousness of the allegations was required to be carried out by the Investigating Authority/OD in the instant matter. However, it having failed at that, undersigned took upon oneself to check the veracity of the connections alleged and established, but appealed against by the said Noticees/Appellants. Hence, AO was required to step into the shoes of the IA, however, it is noted that nothing was carried out behind the back of Noticees and in case any new facts would have come about, a fresh SCN would have been issued to comply with the principles of natural justice.

**18) Issue (a): *Whether the Noticees have violated the provisions of regulations 3(a), (b), (c) & (d), 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations, 2003? If so, then do the violations, if any, on the part of the Noticees attract monetary penalty under section 15HA of the SEBI Act, 1992 for the alleged violations by the Noticees?***

- a) It is alleged in the SCN that the Noticees were connected on the basis of KYC details and off-market transactions and they created artificial volume by collectively

trading among themselves in the scrip of FCGCL during the investigation period. Upon perusal of the documents available on record, I find that Noticee no. 1 and 3 are connected on the basis of common e-mail id and Noticee no. 1 and 42 are connected on the basis of common contact number. Further, there were off-market transactions among the Noticees as alleged in the SCN at Table no. 2. Therefore, the Noticees are connected to one another as per the off-market transactions among themselves and common contact no. and e-mail id, as per material available on record.

- b) I observe from the available record that Noticee nos. 1, 2, 3 and/or 42 are connected to one or more of the 181 entities (as shown in Table 5 given above) on the basis of off-market transactions. It is also found that Noticee Nos. 1, 2, 3 and 42, who are alleged to be connected to each other as shown in Table 1 and 2 above and have collectively transferred 49,82,439 shares of FCGCL through off-market to 181 entities (given in Table 5 above) and then collectively bought back 39,14,301 shares of FCGCL on-market from these 181 entities thereby in all these transactions not resulting into change in beneficial ownership and thereby resulting in creation of artificial volume in the scrip of FCGCL, the on-market transactions are reflected in the integrated trade and order log, which is on record.
- c) As seen from the available record, Noticee no. 2 transferred 22,52,108 shares in off-market transactions and brought back 5,69, 973 shares in on market. Further, Noticee no. 42 transferred 20,50,292 shares in off-market transactions and brought back 10,52,607 shares in on market. Noticee no. 1 transferred 4,87,039 shares in off-market transactions and brought back 20,12,212 shares in on market. Noticee no. 3 transferred 1,93,000 shares in off-market transactions and brought back 1,90,581 shares in on market. It is also observed that instances where Noticees who have transferred shares through off market and then bought back shares from the same entities, as noted from on-market transactions seen in the integrated trade and order log, which is on record.
- d) As seen from the available record, Noticee Nos. 5 to 41 which are part of 181 entities mentioned in Table 5 above have contributed in creation of artificial volume by acquiring shares through off-market from the Noticee Nos. 1, 2, 3 and/or 42 (who are connected entities) and disposing the acquired shares on market to the Noticee nos. 1, 2, 3, 4 and/or 42 thereby resulting in no overall change of beneficial ownership. Further, by selling shares of FCGCL on market to the Noticee No. 4



(one of the connected entities) who in turn transferred these shares of FCGCL to the Noticee no. 2 (one of the connected entities), thereby resulting in trading among the connected entities but no change in beneficial ownership.

- e) Regulation 3 of PFUTP Regulations, 2003 prevents any person from buying, selling or dealing in securities in fraudulent manner, use or employ any manipulative or deceptive device in contravention to the provisions of the Act, employ any device, scheme or artifice to defraud in connection with dealing in securities or engage in any act, practice, course of business which operates as fraud or deceit upon any person in connection with any dealing in or issue of securities. Regulation 4(1) of PFUTP Regulations, 2003 provides that no person shall indulge in a fraudulent or an unfair trade practice in securities. Regulation 4(2)(a) of PFUTP Regulations, 2003, prohibits a person from indulging in an act which creates false or misleading appearance of trading in the securities market. Regulation 4(2)(g) of PFUTP Regulations, 2003, prohibits entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security.
- f) In this regard, it may be relevant to refer to the observations of the Hon'ble Securities Appellate Tribunal (SAT) in its order dated 14.7.2006 in **Ketan Parekh Vs. SEBI**, wherein it was held that: *"When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy /sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4(a) of the Regulations."*

- g) Further Hon'ble SAT observed that, *".....Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."*
- h) Further, with respect to synchronized trades and market manipulations Hon'ble Supreme Court of India in the matter of SEBI v Kishore Ajmera (order dated February 23, 2016), observed that: *"It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable / prudent man would adopt to arrive at a conclusion..."*
- i) It has been contended by some Noticees that the criteria for choosing entities for initiation of adjudication is flawed also that the Noticees have not been given fair treatment, in terms of their rights. As regards these contentions of various Noticees, I note from the record that the principles of natural justice were followed during the instant adjudication proceedings and sufficient opportunities were given to all Noticees for giving their replies and to avail of opportunity of personal hearings, if they so wished.

- j) As regards, Noticee 42, I note that as alleged in the SCN, the Noticee 42 has executed four (4) self-trades involving a total quantity of 6317 shares in the scrip of FCGCL during the IP, which was 0.04% percentage of the market volume made by Noticee. It is a matter of record now, that SEBI has come out with a policy on issue of self-trades dated May 16, 2017 which states that intention is a sine qua non for establishing manipulation in case of self-trades and accidental/unintentional self-trades are not covered under regulations 4(2)(a), 4(2)(b) and 4(2)(g) of PFUTP Regulations, 2003 which are the specific legal provisions applicable to self-trades. Noticee is alleged to have violated the provisions of regulations 3(a), (b), (c), 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations, 2003. In view of the aforesaid policy of SEBI the relevant issue to decide herein is whether any manipulation arising out of self-trades executed by the Noticee or any intention to enter into self-trades is evident from the material on record. In terms of percentage of self-trade, it is small enough warranting leniency in term of the SEBI policy on self-trades, however, I take into consideration Noticee's role in entirety in the instant matter.
- k) In view of the above case laws and the material available on record, I find that all the Noticees, during the IP, have entered into transactions without intending to transfer beneficial ownership, in the off-market/on-market legs and overall beneficial ownership was not transferred, thereby these trades gave a misleading appearance of trading in the securities market. As seen from trade log, Noticees traded among themselves and created artificial volume of 39,14,301 shares representing 23.05 % of the market volume in the scrip of FCGCL. As regards, contentions of various Noticees, I note as follows: Noticee 2 has not submitted any evidentiary proof of his contentions, Noticee 9 has contended that certain documents have not been provided, in this regard during hearing dated April 18, 2018 , it was informed that all documents relied upon by the AO were provided at the time of issuance of the said SCN. I therefore conclude that as alleged in SCN, the Noticees have created a misleading appearance of trading in the scrip of FCGCL and created artificial volume in the scrip by trading among themselves.
- l) In all I note that certain set of Noticees bought shares in off-market and off-loaded shares in the Exchange platforms, and sold the said shares back to the same set of Noticees, which contributed to artificial increase of trading volume, without actual

change in the beneficiary ownership of the said shares. Further, the said set of Noticees are connected to each other and therefore this scheme, plan, device and artifice exhibited in the said pattern of trading tantamount to fraud in the securities market in as much as it involves manipulative transactions in securities and misuse of the securities market. The manipulative / deceptive transactions of the Noticees are, prima-facie, covered under the definition of 'fraud' and the dealings of the Noticees as discussed herein above were "fraudulent", as defined under regulation 2(1)(c) of the PFUTP Regulations, 2003 and prohibited under the provisions of Regulations 3(a), (b), (c) and (d) and 4(1), 4(2)(a) and (g) of PFUTP Regulations, 2003 thereof. Therefore, I conclude that the all of the above mentioned Noticees have violated the provision of regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations, 2003 and allegations levelled against them in the SCN thus stand established.

- m) I note that for creation of artificial volume during the IP in the scrip of FCGCL, adjudication proceedings has been initiated against the 37 entities (i.e. Noticee no. 5 to Noticee no. 41) out of 181 entities. I note that IA selected the criteria for the creation of artificial volumes as a) contribution to artificial volume per entity more than 0.75% and b) creation of artificial volume on two or more days. For the remaining 144 entities (entities from sr. no.38 to 181 of table 5 in this order), administrative warning have been issued to them on the basis of these criteria taken together, as they were not falling under the said criteria laid down by IA for initiation of Adjudication proceedings.
- n) It is further observed from the records that few of the 144 entities against whom administrative warning have been issued have contributed more than 0.75% to the artificial volume but their said trades were less than 2 days and therefore, administrative warnings were issued to them. I note that this has created an anomaly that Noticees having lower artificial volume contribution have been subjected to instant Adjudication Proceedings whereas entities with higher contribution have been let off with Administrative Warning. In this regard, it will be fair to issue Administrative Warning to these entities who have traded lesser than the highest quantify/cut-off till which Administrative Warning is issued i.e. 69250 shares which is 1.78% and not .75% purported to be the criteria.

- o) Rupal Hashmukhlal Shah(1.02%), Alpaben V Shah (1.05%), Dipak Dutta (1.13%), Jayesh Chinubhai Shah (1.19%) and Bharatbhai Gordhanbhai Kakadiya Huf (1.78%) were issued Administrative Warning instead Adjudication Proceedings though the criteria was set at .75% and these entities contributed more than .75%. On the other hand, 45 other entities (Namrata Babasaheb Ghadage-3 days, Shobha Babasaheb Ghadage- 4 days, Sarita Goel-5 days etc.) traded on more than two days, but were issued only Administrative Warning whereas the criteria was two days or more, as seen from record, the criteria was set by OD, but not followed uniformly hence entities with lower no. of shares got Adjudication Proceedings and higher no. of days got let off. This leaves the AO in a quandary to ensure such anomaly does not continue post this stage of quasi-judicial proceeding.
- p) This raises a question whether at this stage when the said Noticees (thirty in number) who contributed less than the entities who were let off, having already undergone the legal costs, financial costs, reputational risks can now be issued Administrative Warning. I am of the opinion that it will be double jeopardy for these thirty entities. Also there is the question of whether I can issue Administrative Warning as an AO. In this regard, it is noted that as per the Delegation of Powers order, approval for Administrative Warning can be given by the whole time member of the Board and letters can be issued accordingly after such approval. However,
- q) Trying to uphold the principles of natural justice and wanting to do fairly by the Noticees who have already suffered more costs than the Noticees who have been issued Administrative Warning for lesser culpability, being fully conscious of the fact that the entities to whom Administrative Warnings were issued are also culpable and these thirty entities are also culpable, in light of the fact that they have already undergone disproportionately more, I am of the view that the said Noticees i. e. Noticee no. 12 to 41 who had also done reversal trades and their individual contribution to the total artificial volume were less than 1.78% but as they traded for 2 or more days, adjudication proceedings has been initiated against them. As regards, Noticees (i.e. Noticees no.12 to 41), who have contributed less than 1.78% to the total artificial volume, I take a lenient view and hereby conclude the adjudication proceedings initiated against these 30 entities (i.e. Noticees no.12 to 41) without imposing any monetary penalty. In view of the above, I conclude that

Noticee no. 1 to Noticee no. 11 and no. 42 for the violations established herein, attract monetary penalty in terms of section 15HA of the SEBI Act, 1992.

**19) Issue b: Whether the Noticee no. 42 has violated the provisions of regulations 13(1) of PIT Regulations, 1992 and regulation 13(3) r/w regulation 13(5) of PIT Regulations, 1992 r/w regulation 12(2) of PIT Regulations, 2015 and regulations 29(1) and 29(2) r/w 29(3) of SAST Regulations, 2011. If so, do the violations, if any, on the part of the Noticee 42 attract monetary penalty under section 15A(b) of the SEBI Act, 1992 for the alleged violations by the Noticee no. 42?**

- a. The Finalysis SAT order has no reference to the disclosures violations however, it is assumed that as the entire order has been quashed, the matter of disclosure violations has also to be re-looked into. Accordingly these findings are being noted.
- b. I find from the available record that Noticee no. 42 acquired 57,965 representing 1.05% of the paid up capital of the FCGCL through off-market transaction on August 04, 2012. By acquiring the said amount of shares of FCGCL the total shareholding of Noticee no. 42 in FCGCL increased from 2,32,537 (i.e. 4.22 %) to 2,90,502 (i.e. 5.28%) of the paid up capital of the FCGCL before August 04, 2012. From this acquisition by Noticee no. 42, it is noted that his shareholding crossed 5% of the paid up capital of the FCGCL.
- c. Regulation 13(1) of PIT Regulations, 1992 provides any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of the receipt of intimation of allotment of shares; or the acquisition of shares or voting rights, as the case may be. Further, regulation 29(1) of SAST Regulations, 2011 provides any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such



target company in such form as may be specified. As the his shareholding in FCGCL went above 5% benchmark, he was under an obligation to make disclosure of his aggregate shareholding of FCGCL to FCGCL under the said provision of PIT Regulations, 1992 and also to BSE and FCGCL of his aggregate shareholding of FCGCL under the said provision of SAST Regulations, 2011. I find that the Noticee no. 42 had not produced any proof that he made the disclosures FCGCL and BSE under the said provisions of PIT Regulations, 1992 and SAST Regulations, 2011. Further, BSE vide its e-mail dated January 06, 2015 stated that no disclosure received from the Noticee no. 42 under the said provision of PIT Regulations, 1992 and SAST Regulations, 2011. Therefore, I hold that the Noticee no. 42 failed to make disclosures to FCGCL under the provision of regulation 13(1) of PIT Regulations, 1992. Further, Noticee no. 42 failed to make disclosures to BSE and FCGCL under regulation 29(1) within two working days of the acquisition of shares in FCGCL. Therefore, Noticee no. 42 violated the provisions of regulation 13(1) of PIT Regulations, 1992 r/w regulation 12(2) of PIT Regulations, 2015 and regulations 29(1) r/w 29(3) of SAST Regulations, 2011.

- d. Further, Noticee no. 42 disposed 1,60,000 (i.e. 2.91% which is more than 2%) of the paid up capital of FCGCL on August 28, 2012. In terms of regulation 13(3) r/w regulation 13(5) of PIT Regulation, 1992 r/w regulation 12(2) of PIT Regulation, 2015, he was required to disclose no. of shares held by him to the company within two working days of his change in shareholding by 2% i.e. within two working days of August 28, 2012. Also, for the said change in shareholding of Noticee no. 42, he was required to disclose no. of shares held by him in terms of regulation 29(2) r/w 29(3) of SAST Regulations, 2011 within two working days of change of his shareholding to FCGCL and BSE. I find that the Noticee no. 42 had not produced any proof that he made the disclosures FCGCL and BSE under the said provisions of PIT Regulations, 1992 and SAST Regulations, 2011. Further, BSE vide its e-mail dated January 06, 2015 stated that no disclosure received from the Noticee no. 42 under the said provision of PIT Regulations, 1992 and SAST Regulations, 2011. Therefore, I hold that the Noticee no. 42 failed to make disclosures to FCGCL under the provision of regulation 13(3) r/w regulation 13(5) of PIT Regulation, 1992 r/w regulation 12(2) of PIT Regulation, 2015. Further, Noticee no. 42 failed to make disclosures BSE and FCGCL under regulation 29(2) within

two working days of the disposal of shares in FCGCL. Therefore, Noticee no. 42 violated the provisions of regulations 13(3) r/w 13(5) of PIT Regulation, 1992 r/w regulation 12(2) of PIT Regulation, 2015 and regulations 29(1) r/w 29(3) of SAST Regulations, 2011.

- e. In view of the above, I conclude that Noticee no. 42 failed to make disclosures to the Company and BSE and hence violated the provisions of regulation 13(1), regulations 13(3) r/w 13(5) of PIT Regulation, 1992 r/w regulation 12(2) of PIT Regulation, 2015 and regulations 29(1) and 29(2) r/w 29(3) of SAST Regulations, 2011. Therefore, the said allegations levelled in the said SCN against the Noticee no. 42 stand established and therefore, the Noticee no. 42 is liable for monetary penalty under section 15A(b) of the SEBI Act, 1992.

**20) Issue c): If yes, then what would be the quantum of monetary penalty that to be imposed upon the Noticees taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992 r/w rule 5(2) of the Adjudication Rules, 1995?**

- a) In view of all of the above paragraphs I am of the view that the Noticees 1 to 11 and 42 are liable to attract a monetary penalty monetary under section 15HA of SEBI Act, 1992, and Noticee 42 under section 15A(b) of the SEBI Act, 1992. While determining the quantum of penalty under section 15J of SEBI Act, 1992, it is important to consider the factors stipulated in section 15J of SEBI Act, 1992 r/w rule 5 (2) of the Adjudication Rules, 1995 , which reads as under:-

***The SEBI Act, 1992***

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

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

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default."*

- b) I observe, that the material available on record, does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee no.1 to 11 and 42 and loss, if any, suffered by the investors due to such failure on the part of



the said Noticees. Further, material available on record does not show that the failure is repetitive in nature.

- c) The major contention of Noticees in the said Appeals was that penalty is being issued jointly and severally while they are not connected to most other Noticees and they do not know most other Notices. Some Noticees have submitted in the said Appeals that they are ready to pay their share of penalty, however, it is noted that the said previous AO order was passed on May 22, 2019 and the said Appellants/Noticees had not paid any amount/partial amount of the said penalty beyond the time of 45 days mentioned in the said AO Order. As regards, whether jointly severally penalty can be imposed in the instant case, I take note of the fact that connection has been established among the Noticees, in this regard, I refer to observations made by **Hon'ble SAT in its order dated April 25, 2018 in the matter of Bhavesh Patel vs. SEBI (Appeal no. 456 of 2015)**, *"52. All the appellants argued that a joint and several liability of a penalty of Rs. 2.5 crore imposed on appellants is not sustainable or even practical because the allegedly connected entities are not a homogenous group. In fact, the connection itself is disputed though blood relationship between some of them is not. However, we find no fault in imposing such a joint and several penalty as it is now abundantly clear that the appellants were acting together ... If they could be party to such a fraudulent scheme whether they are a homogeneous group or otherwise they should find a way to fulfill the consequences / obligation of paying the penalty jointly and severally imposed upon them."* I also refer to similar observations in **SAT order dated July 12, 2019 in the matter of ICSA (India) Limited (Appeal no. 509 of 2015)**, *"33. The submission of the learned senior counsel appears to be attractive in the first instance but on a closer scrutiny we find that the contention cannot be accepted. Admittedly, the appellants have been found to be connected persons under section 2(c) of the PIT Regulations and were also found to be deemed to be connected persons under section 2(h). The appellants were also found to be insiders under section 2(e) of the PIT Regulations and were found to have traded in the shares having knowledge of the price sensitive information. Consequently, all the appellants being connected persons have been held to be equally liable to pay the amount of penalty jointly and severally. We thus do not find any error in this regard."* In light of these case laws I am of a considered opinion that the penalty be imposed jointly and severally as the Noticees are connected

and have worked in unison towards the violations established and are collectively responsible for the creation of the artificial volume and therefore are collectively liable for the said penalty.

- d) Therefore, taking into consideration the facts / circumstance of the case, I am of the view that the Noticees no. 1 to 11 and 42 are liable for monetary penalty of Rs. 18,00,000/- (Rupees Eighteen Lakh only) jointly and severally, under section 15HA of the SEBI Act, 1992 for violating the provisions of regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(g) of the PFUTP Regulations, 2003 and Noticee no. 42 is liable for a penalty of Rs. 2,00,000 (Rupees Two Lakh only) for violation of regulation 13(1) and regulations 13(3) r/w 13(5) of PIT Regulations, 1992 r/w regulation 12(2) of PIT Regulations, 2015 and regulations 29(1) and 29(2) r/w 29(3) of SAST Regulations, 2011 under section 15A(b) of the SEBI Act, 1992.

## **ORDER**

- 21) In exercise of the powers conferred under section 15-I of the SEBI Act, 1992 and rule 5 of the Adjudication Rules, 1995, I hereby impose following penalties on Noticees no. 1 to 11 and 42 under sections 15A(b) and 15HA of the SEBI Act, 1992:

<b>Noticees</b>	<b>Regulations violated and penalty section</b>	<b>Penalty Amount (Rs.)</b>
Sagar Kadam (Noticee no. 1), Dharmendra Harilal Bhojak (Noticee no. 2), Mahadev Zilu Gawade (Noticee no. 3), Sorab Wadia (Noticee no. 4), Kalpana Mukesh Ruia (Noticee no. 5), Vallabhbbhai Kakadiya (Noticee no. 6), Santosh Agarwal (Noticee no. 7), Jigna Vipul Vora (Noticee no. 8), Ashraf Usmani (Noticee no. 9), Ravi Ramniklal Kothari (Noticee no. 10), Nandkishore Didwania (Noticee no. 11), Pankaj Jayantilal Dave (Noticee no. 42)	Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2) (a) and (g) of the PFUTP Regulations, 2003.  Penalty: u/s 15HA of the SEBI Act, 1992	Rs. 18,00,000/- Jointly and severally
Pankaj Jayantilal Dave (Noticee no. 42)	Regulations 13(1) and 13(3) r/w 13(5) of PIT Regulations, 1992 r/w regulation 12(2) of PIT Regulations, 2015 and regulations 29(1) and 29(2) r/w 29(3) of SAST Regulations, 2011. Penalty: 15A(b) of the SEBI Act, 1992.	Rs. 2,00,000/-

I am of the view that the said penalty is commensurate with the defaults committed by the Noticees no. 1 to 11 and 42.

- 22) The Noticees no. 1 to 11 and 42 shall remit / pay the said amount of penalty within 45 days of receipt of this order by one of following two modes:
- a. By using the web link <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>
  - b. By way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai
- 23) Details of Demand Draft made as given in format below shall be sent to "The Division Chief, EFD-DRA-III, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051." and also to e-mail id :- [tad@sebi.gov.in](mailto:tad@sebi.gov.in)
- a) Case Name
  - b) Name of the 'Payer/Noticee'
  - c) Date of Payment
  - d) Amount Paid
  - e) Transaction No.
  - f) Bank Details in which payment is made
  - g) Payment is made for (like penalties/disgorgement / recovery/ settlement amount and legal charges along with order details)
- 24) In terms of the rule 6 of the Adjudication Rules, 1995, copies of this order are being sent to all the Noticees and also to Securities and Exchange Board of India.

**Date: September 03, 2020**

**Place: Mumbai**

**SANGEETA RATHOD  
ADJUDICATING OFFICE**