

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/MC/VS/2020-21/8795-8800]

UNDER SECTION 15-I (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of

- 1. Melicent Sales Agencies Private Ltd** (PAN AAJCM7101N) having address at 710 Shiv Bhumi CHS SRA Bldg.no. & Nr. WE Yshankarwadi Jogeshwari E Mumbai 400060
- 2. Madhubala Kishor** (PAN DKIPK5591R) having address at Jeewand Kalan, Nadol, Pali Teh Desuri, Pali - 306603, Rajasthan, India
- 3. Nuria Sales Agencies Private Limited** (PAN AAECN9111C) having address at Flat no.5 Ground Floor, Gyan NGropp Dimond Cinema LT Road Borivali West Mumbai 400092
- 4. Jhamku Devi** (PAN AYHPD2238G) having address at 101-Naiyo Ka Bass Jeewand Kalan Pali The Desuri, Pali - 306603 , Rajasthan, India
- 5. Kishor Kumar Mangilal** (PAN BBMPM0867P) having addresses at Jivan Kallan The Desuri, Dist Pali, Pali 306603 and H.no. 5 Ground floor Gyan Nagar Opp Diamond Cinema LT Road Borivali West , Mumbai – 400092
- 6. Anant Maruti Tambe** (PAN AJSPT2042A) having address at Room no. 04 Kamla Niwas Bhatt Chawl, Shankar Wadi Jogeshwari East, Mumbai - 400060

in the matter of Ramchandra Leasing & Finance Ltd.

1. Securities and Exchange Board of India (hereinafter be referred to as, the “**SEBI**”), initiated adjudication proceedings under Section 15HA and 15A (b) of the Securities and Exchange Board of India Act, 1992 (hereinafter be referred to as, the “**SEBI Act**”) for violation of various provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (hereinafter be referred to as, the “**PFUTP Regulations**”) and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**SAST Regulations**”) alleged to have been committed by Melicent Sales Agencies Private Limited (“Noticee 1”), Madhubala Kishor (“Noticee 2”), Nuria Sales Agencies Private Limited (Noticee 3”), Jhamku Devi (“Noticee 4”), Kishor Kumar Mangilal (“Noticee 5”) and Anant Maruti Tambe (“Noticee 6”) (hereinafter together referred to as “**the Noticees**”) in the scrip of Ramchandra Leasing and Finance Ltd. (hereinafter referred to as “**RLFL**” or “**the company**”) during the the “investigation period” or the “relevant period” between September 1, 2015 and July 11, 2016 (“**relevant period**” or “**investigation period**”).

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as Adjudicating Officer *vide* Order dated April 11, 2019 to inquire into and adjudge under Section 15HA and 15A (b) of the SEBI Act, the aforesaid alleged violations in respect of the Noticees. The appointment of the AO was communicated vide order dated January 14, 2020.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. EAD5/MC/VS/2020/4768/1-7 dated February 7, 2020 (hereinafter be referred to as, the “**SCN**”) was served upon the Noticees under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 to show cause as to why an inquiry should not be held and penalty be not imposed

against the Noticees under Section 15HA and 15A (b) of SEBI Act for the aforesaid alleged violations.

4. The allegations made in the show cause notice, are described below.

a) SEBI carried out investigation in the scrip of RLFL during the period between September 1, 2015 and July 11, 2016 (“**relevant period**” or “**investigation period**” or “**IP**”). The price of the scrip opened at Rs. 19.80 (Sep. 01, 2015), touched period high of Rs. 43.00 (Dec. 09, 2015), reached a low of Rs. 9.21 (July 07, 2016) and closed at Rs. 9.21 (July 07, 2016) during the investigation period.

b) The details of the directors of the Company during the IP are as follows:-

Name	Designation	Appointment Date	Date of Cessation, if applicable
BHARAT SHANKARLAL SEN	Director	21-Mar-17	n.a
PRADEEP SAREMAL JAIN	Wholetime Director	30-Sep-13	n.a
KISHOR MANGILAL KUMAR	Additional Director	23-Apr-16	n.a
CHAMPA RAMESH BHATIA	Additional Director	18-May-16	n.a
DIPESHBHAI RAVJIBHAI PATEL	Promoter and Director	30-Sep-13	23-Apr-16
MADHUBALA KISHOR	Independent Director	30-Mar-15	18-May-16
DEVENDRASINH DALPATSINH UMAT	Director	29-Sep-11	10-Feb-17

Promoters during the IP

c) The promoters of the Company and their shareholding in the scrip during the IP are tabulated below:-

Name of the promoter		Quarter ended June 2015		Quarter ended Sep 2015		Quarter ended Dec 2015	
		No of shares	%	No of shares	%	No of shares	%
Vijay B Patel		5,66,000	1.11	5,66,000	1.11	5,66,000	1.11
Mahesh B Patel		5,62,000	1.1	5,62,000	1.1	5,62,000	1.1
Jagdish P Patel		5,14,500	1.01	5,14,500	1.01	5,14,500	1.01

Name of the promoter		Quarter ended June 2015		Quarter ended Sep 2015		Quarter ended Dec 2015	
		No of shares	%	No of shares	%	No of shares	%
Jagruti J Patel		5,90,000	1.15	5,90,000	1.15	5,90,000	1.15
Kirit I Patel		5,48,000	1.07	5,48,000	1.07	5,48,000	1.07
Kirit A Patel		4,70,000	0.92	4,70,000	0.92	4,70,000	0.92
Mitesh R Patel		5,45,000	1.07	5,45,000	1.07	5,45,000	1.07
Dipesh R Patel		11,10,000	2.17	11,10,000	2.17	11,10,000	2.17
Haresh G Patel		5,79,000	1.13	5,79,000	1.13	5,79,000	1.13
Sanjay C Patel		4,00,000	0.78	4,00,000	0.78	4,00,000	0.78
Total		58,84,500	11.5	58,84,500	11.5	58,84,500	11.5

Name of the promoter		Quarter ended Mar 2016		Quarter ended June 2016		Quarter ended Sep 2016	
		No of shares	%	No of shares	%	No of shares	%
Vijay B Patel		5,66,000	1.11	5,66,000	1.11	5,66,000	1.11
Mahesh B Patel		5,62,000	1.1	5,62,000	1.1	5,62,000	1.1
Jagdish P Patel		5,14,500	1.01	5,14,500	1.01	5,14,500	1.01
Jagruti J Patel		5,90,000	1.15	5,90,000	1.15	5,90,000	1.15
Kirit I Patel		5,48,000	1.07	5,48,000	1.07	5,48,000	1.07
Kirit A Patel		4,70,000	0.92	4,70,000	0.92	4,70,000	0.92
Mitesh R Patel		5,45,000	1.07	5,45,000	1.07	5,45,000	1.07
Dipesh R Patel		11,10,000	2.17	11,10,000	2.17	11,10,000	2.17
Haresh G Patel		5,79,000	1.13	5,79,000	1.13	5,79,000	1.13
Sanjay C Patel		4,00,000	0.78	4,00,000	0.78	4,00,000	0.78
Total		58,84,500	11.5	58,84,500	11.5	58,84,500	11.5

- d) The Annual Financial Results of the company for the period 2015-2016 are as follows:-

(Rs. crore)

	QE Jun 2015	QE Sep 2015	QE Dec 2015	QE Mar 2016	QE Jun 2016	QE Sep 2016
Total Income from operations	0.06	0.07	0.08	0.2	0.08	0.08
Total Expenses	0.06	0.06	0.07	0.18	0.07	0.06
Net Profit after tax for the Period	0	0.01	0.01	0	0.01	0.02

- e) As seen in table above, RLFL did not earn any profit for Quarter Ended June 2015. The net profit was Rs. 1 lakh for Quarter Ended September 2015 as well as

Quarter Ended December 2015. Thereafter the company did not earn any profit for Quarter Ended March 2016. The net profit was Rs. 1 lakh and Rs. 2 lakh for the Quarter Ended June 2016 and Quarter Ended September 2016 respectively. Thus, the financials of the company did not justify the movement seen in the company's share prices.

- f) Similarly, there were various corporate announcements relating to change in management, AGM, Financial Results, Board Meetings, etc. made during the IP. However, none of them either individually or taken together were significant enough to justify the movement seen in the company's share prices during the IP.

Price Volume Data

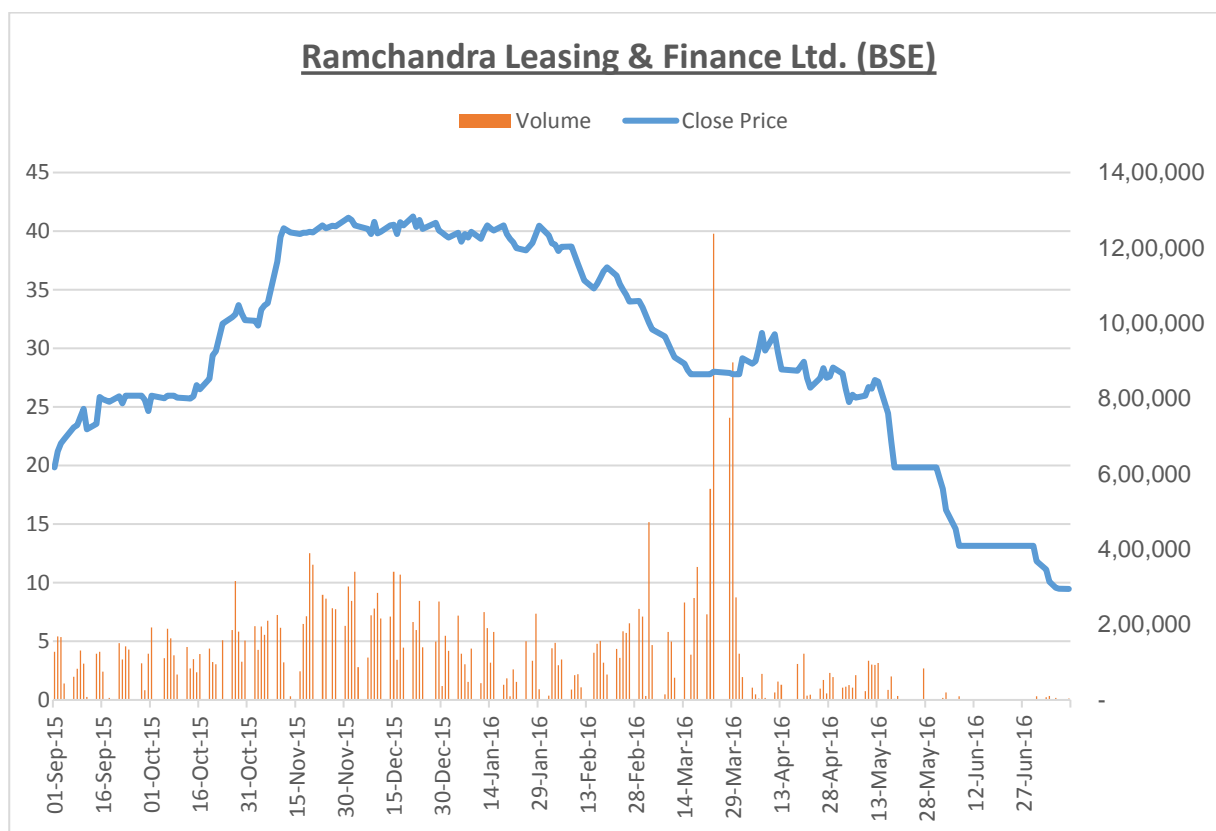
- g) The price volume data of the scrip in BSE for the period during and after the investigation period has been analysed in three Patches on the basis of price movement. The said Patches are -

- i) Patch I (September 01, 2015 – December 09, 2015) – Period of price-rise
- ii) Patch II (December 10, 2015 – January 29, 2016 – Period of decline in price)
- iii) Patch III (January 30, 2016 – July 11, 2016)

Period	Date	Particulars	Opening Price (Volume) on the first day of the period	Closing Price (Volume) on the last day of the period	Low Price (Volume) during the period	High Price (Volume) during the period	Avg. No of shares traded daily during the period
Pre Investigation Period	Jun 01, 2015 – Aug. 31, 2015	Price	20.30	19.90	16	23.25	59,899
		Volume	10,030	20,000	75,053 (24/08/15)	36,376 (06/07/15)	
Investigation Period	<u>Patch I</u> Sep. 01, 2015 – Dec. 09, 2015	Price	19.80	40.80	17.55	43.00	1,55,658
		Volume	1,27,505	2,42,619	1,68,589 (02/09/2015)	2,42,619 (09/12/2015)	
	<u>Patch II</u> Dec. 10, 2015 – Jan. 29, 2016	Price	40.70	40.45	36.50	41.50	1,51,817
		Volume	2,83,963	28,000	2,16,150 (11/12/2015)	2,06,414 (21/12/2015)	
	<u>Patch III</u>	Price	39.65	9.21	9.21	39.75	95,509

Period	Date	Particulars	Opening Price (Volume) on the first day of the period	Closing Price (Volume) on the last day of the period	Low Price (Volume) during the period	High Price (Volume) during the period	Avg. No of shares traded daily during the period
	Jan. 30, 2016 – Jul. 11, 2016	Volume	11,000 (01/02/2016)	3,400	3,400 (11/07/2016)	11,000 (01/02/2016)	
Post Investigation Period	Jul. 12, 2016 – Sep. 12, 2016	Price	9.63	15.50	9.21	16.50	4,02,536
		Volume	49,474	2,53,502	49,474 (12/07/16)	1,04,860 (09/09/16)	

- h) The price volume chart of the scrip on BSE during the investigation period is as follows:-

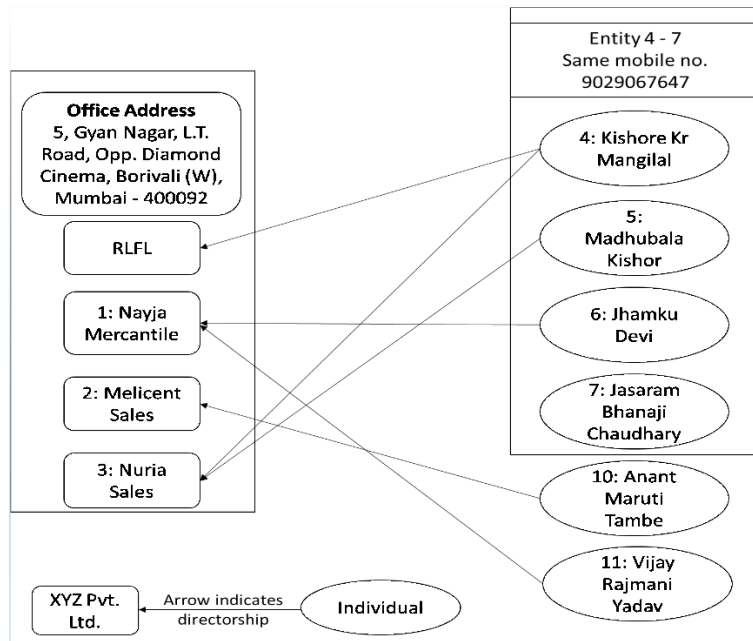


- i) The last traded price in the scrip was Rs. 0.23/- as on Sep. 10, 2019. The scrip was available for trading in periodic call auction as on September 15, 2019.

- j) Based on the UCC data/ KYC data received from BSE, MCA data (for common directors), bank statements (for entities contributing more than 5% to market positive LTP) and off-market transfer details, a group of 11 entities was identified which were found to be connected to the company. The details of the group are as follows :-

S.N o.	Name of the entity	PAN	Basis of Connection
1.	Nayja Mercantile Private Limited	AAECN7307C	Entity no. 1, 2 and 3 have same address (Ann. 5A-D) Flat No. 5, Gyan Nagar L.T Road, Opp. Om Western Jewellery, Borivali (west) Mumbai City MH 400092 IN
2.	Melicent Sales Agencies Private Limited	AAJCM7101N	Entity no. 6 and 11 are directors in Entity no. 1. (Ann. 5B)
3.	Nuria Sales Agencies Private Limited	AAECN9111C	Entity no. 10 is director in Entity no. 2. (Ann. 5C) Entity no. 4 (Director in RLFL) and Entity no. 5 are directors in Entity no. 3 (Ann. 5D)
4.	Kishor Kumar Mangilal	BBMPM0867P	Entity no. 4 and 5 were directors in RLFL during IP (Ann. 5E)
5.	Madhubala Kishor	DKIPK5591R	
6.	Jhamku Devi	AYHPD2238G	
7.	Jasaram Bhanaji Chaudhary	ALVPC7757N	Same mobile number (9029067647) of Entity no. 3 – 7 (Ann 5F)
8.	Mangilal Laluram Sen	ANZPS3925J	Father of Entity no. 4 (Ann. 5G)
9.	Sohanlal	FUSPS5725K	Brother of Entity no. 8 (Ann. 5H)
10.	Anant Maruti Tambe	AJSPT2042A	Director in Entity no. 2. (Ann. 5C)
11.	Vijay Rajmani Yadav	ABUPY7260R	Director in Entity no. 1. (Ann. 5B)

- k) The relationship described for entities connected with RLFL in table above are represented pictorially as follows:-



- l) The trading analysis of the abovementioned group was carried out and is given in the following paragraphs.

Last Traded Price (LTP) Analysis

- m) The LTP analysis was carried out to ascertain whether any entity(ies) manipulated the scrip price from its previously traded price. The Noticees' role in alleged price manipulation was observed during Patch-1 i.e. September 1, 2015 – December 9, 2015. During Patch I, the price of the scrip opened at Rs.19.8 (September 1, 2015) and touched period high of Rs.43.0 (December 9, 2015) and closed at Rs.41.0 (Dec. 09, 2015).
- n) The top 10 LTP contributors among buyers during Patch I are tabulated as follows:-

S No	Client Name	All trades			LTP Diff. > 0			LTP Diff. < 0			LTP Diff. = 0		% of Positive LTP to Total Mkt. Positive LTP
		Ltp Rate	Traded Qty	No. Of Trades	Ltp Rate	Traded Qty	No. Of Trades	Ltp Rate	Traded Qty	No. Of Trades	Traded Qty	No. Of Trades	
1	Nuria Sales Agencies Private Limited	36.80	17,16,630	1,523	49.60	2,82,655	85	-13	2,16,850	56	2,17,125	1,382	10.29%
2	Madhubala Kishor	27.45	97,018	43	31.20	25,448	17	-4	11,514	8	60,056	18	6.47%
3	Anant Maruti Tambe	18.55	2,58,438	135	29.50	1,15,475	52	-11	44,894	23	98,069	60	6.12%
4	Jhamku Devi	11.75	1,78,970	52	28.25	43,605	18	-17	56,435	13	78,930	21	5.86%
5	Jyoti Mukesh Patel	10.55	1,04,305	30	11.85	69,315	15	-1	15,712	5	19,278	10	2.46%
6	Kishor Kumar Mangilal	9.45	1,22,291	39	10.50	32,101	8	-1	20,690	5	69,500	26	2.18%
7	Sohanlal	7.15	1,70,811	40	10.10	65,216	15	-3	36,295	9	69,300	16	2.10%
8	Sheetal Kishorbhai Gol	7.10	16,950	9	10.00	9,950	6	-3	7,000	3	-	-	2.08%
9	Vinodrai Virjibhai Sadariya	6.90	11,300	7	7.10	5,300	4	-0	4,000	2	2,000	1	1.47%
10	Melicent Sales Agencies Private Limited	6.80	10,80,883	1,311	11.75	1,21,011	47	-5	55,963	27	9,03,909	1,237	2.44%
	Total	142.50	37,57,596	3189	199.85	7,70,076	267	-57.35	4,69,353	151	5,18,167	2,771	41.47%
	Market Total	21.20	1,02,73,439	8789	481.90	18,41,625	988	460.70	12,66,058	716	1,65,756	7,085	100.00%

o) It was observed that during Patch 1 the top 10 entities trading as buyers contributed Rs.142.50 to net LTP and Rs. 199.85 to total market positive LTP, amounting to 41.47% of the market positive LTP during Patch 1.

p) Nuria Sales Agencies Private Limited/Noticee No. 3 was the top LTP contributor with contribution of Rs.36.80 to net LTP and Rs.49.60 to total market positive LTP.

LTP contribution of Group entities as Buyer(s) during Patch 1

q) The LTP contribution of the entities of group entities which traded as buyers during Patch I is tabulated as follows:-

		All trades			Positive LTP trades			Negative LTP trades			Zero LTP trades		
S No	Client Name	Ltp Rate	Traded Qty	No. Of Trades	Ltp Rate	Traded Qty	No. Of Trades	Ltp Rate	Traded Qty	No. Of Trades	Traded Qty	No. Of Trades	% of Positive LTP to Total Mkt Positive LTP
Group 1: 10 out of 11 entities traded													
1.	Nuria Sales Agencies Private Limited	36.80	17,16,630	1523	49.60	2,82,655	85	-12.80	2,16,850	56	12,17,125	1,382	10.29%
2.	Madhubala Kishor	27.45	97,018	43	31.20	25,448	17	-3.75	11,514	8	60,056	18	6.47%
3.	Anant Maruti Tambe	18.55	2,58,438	135	29.50	1,15,475	52	-10.95	44,894	23	98,069	60	6.12%

4.	Jhamku Devi	11.75	1,78,970	52	28.25	43,605	18	-16.50	56,435	13	78,930	21	5.86%
5.	Kishor Kumar Mangilal	9.45	1,22,291	39	10.50	32,101	8	-1.05	20,690	5	69,500	26	2.18%
6.	Sohanlal	7.15	1,70,811	40	10.10	65,216	15	-2.95	36,295	9	69,300	16	2.10%
7.	Melicient Sales Agencies Private Limited	6.80	10,80,883	1311	11.75	1,21,011	47	-4.95	55,963	27	9,03,909	1,237	2.44%
8.	Jasaram Bhanaji Chaudhary	4.55	81,261	77	7.90	28,402	18	-3.35	7,357	8	45,502	51	1.64%
9.	Mangilal Laluram Sen	2.95	1,70,109	43	6.00	42,901	12	-3.05	48,400	11	78,808	20	1.25%
10.	Vijay Rajmani Yadav	2.50	1,23,574	42	4.40	25,252	7	-1.90	17,075	4	81,247	31	0.91%
Group 1 Total		127.95	39,99,985	3305	189.2	7,82,066	279	-61.25	5,15,473	164	27,02,446	2,862	39.26%
Among Group 1		29.90	4,508	10	29.90	4508	10	0.00	0	0	0	0	6.20%
Market total		21.20	1,02,73,439	8,789	481.90	18,41,625	988	460.70	2,66,058	716	71,65,756	7,085	100.00%

- r) It is observed from the above table that 10 group entities had contributed Rs.127.95 to net LTP in 3305 trades. Also, these entities had contributed Rs.189.20 to positive LTP (in 279 trades) which is 39.26% of market positive LTP.
- s) Out of the 279 trades which contributed to positive LTP, in 269 positive LTP trades with unconnected entities, group entities contributed Rs.159.30 to positive LTP (33.06% of market positive LTP). The counter parties for these 269 trades were scattered (112 entities) and not part of group entities.
- t) However, for the remaining 10 trades the counterparties were group entities themselves, as given below.

Trade Date	Buyer name	Seller Name	LTP contribution (Rs.)	% of Positive LTP to Total Mkt. Positive LTP	Traded Qty
03/09/2015	Kishor Kumar Mangilal	Madhubala Kishor	4.25	0.88%	1
04/09/2015	Jhamku Devi	Madhubala Kishor	5.05	1.05%	1
07/09/2015	Jhamku Devi	Madhubala Kishor	1.2	0.25%	1
07/09/2015	Nuria Sales Agencies Private Limited	Anant Maruti Tambe	0.05	0.01%	1
09/09/2015	Nuria Sales Agencies Private Limited	Anant Maruti Tambe	1.4	0.29%	3,500
11/09/2015	Jhamku Devi	Madhubala Kishor	4.85	1.01%	1

23/10/2015	Madhubala Kishor	Jhamku Devi	4.65	0.96%	1
26/10/2015	Jhamku Devi	Madhubala Kishor	5.3	1.10%	1
27/10/2015	Jhamku Devi	Madhubala Kishor	3.1	0.64%	1
04/11/2015	Melicent Sales Agencies Private Limited	Anant Maruti Tambe	0.05	0.01%	1,000
		Total	29.90	6.20%	4,508

- u) As seen in table above, the LTP contribution by 6 connected group entities by trading amongst themselves was Rs.29.90, which is 6.20% of market positive LTP.
- v) Thus, it was alleged that 6 company connected group entities viz., Kishor Kumar Mangilal, Jhamku Devi, Nuria Sales Agencies Private Limited, Madhubala Kishor, Melicent Sales Agencies Private Limited and Anant Maruti Tambe manipulated the scrip price in Patch 1 by creating false and misleading appearance of trading and contributed to price increase (6.20% positive LTP) in a manipulative manner by way of trading among themselves. Hence, Noticees 1 to 6 were alleged to be in violation of Sections 12A(a),(b)&(c) of the SEBI Act, 1992 read with Regulations 3(a),(b),(c)&(d), 4(1) and 4(2)(a) & (e) of the PFUTP Regulations.

First Trade Analysis

- w) During Patch 1, it was observed that the price increased from Rs. 19.80 to Rs. 43.00 i.e. Rs. 23.20. The LTP contribution by way of first trades was analysed for the group entities and the findings were as follows:

Client name	Total Number Of First Trades	Traded Quantity First Trades	Number Of First Trades At Positive LTP	Net LTP	Positive LTP	Number Of First Trades Among Group	Positive LTP Contribution In First Trades Among Group	% of Positive LTP to Total Market Positive LTP (Rs. 481.90)
Group entities	35	54514	25	51.70	56.05	6	27.20	5.64%
Market total	66	96870	32	27.05	64.55	6	27.20	5.64%

- x) The extract of first trades by the group entities was provided with the SCN.
- y) The Group entities contributed Rs. 56.05 to the positive LTP (5.64% of the total market positive LTP) by way of first trades. The Group entities were buyers in all

of the 25 first trades. In 6 first trades the counterparty was a group entity. In first trades among themselves group contributed Rs.27.2 to positive LTP. In remaining 19 first trades with non-group entities, group entities contributed 28.84 to positive LTP, of which in 4 first trades, group entities had placed buy order first and contributed Rs.14.6 to positive LTP.

- z) Thus, the first trade analysis further corroborates the allegation that the trading behaviour of 6 group entities during Patch 1 amounted to manipulation of price of the scrip.

New High Price (NHP) Analysis

- aa) 90.73% of the total NHP contribution during Patch 1 was from Group entities. Further, in trades within the group, group entities contributed Rs.12.20 to market NHP. In remaining trades with non-group entities in which they placed buy order first, group entities contributed Rs.4.50 to NHP.
- bb) Details are as shown below:-

Client name	Quantity	Number Of Trades	Contribution To Market NHP (Rs.)	NHP Contribution to total NHP(in %)	Contribution Among Group	Contribution To NHP In Buy Order First Trades With Non Group Entities
Group entities	63658	24	21.05	90.73%	12.20	4.50
Market total	67720	34	23.20	100.00%	12.20	4.50

- cc) The extract of trades by the group entities contributing to NHP was provided with the SCN.
- dd) Thus the NHP analysis further corroborates the allegation that the trading behaviour of 6 group entities during Patch 1 amounts to manipulation of price of the scrip.

- ee) In view of the aforesaid facts, it was alleged that the Noticee Nos. 1 to 6 have violated provisions of Regulations 3(a),(b),(c) & (d), 4(1) and 4(2)(a)&(e) of the SEBI (PFUTP) Regulations, 2003.

Alleged violation of SAST Regulations and during the investigation period i.e. Sept. 01, 2015 – July 11, 2016

- ff) The demat account statements of Melicent Sales Agencies Private Ltd and Nuria Sales Agencies Private Ltd i.e. Noticee Nos. 1 and 2 for the IP were analysed and it was observed that these entities acquired more than 5% shares in RLFL during the investigation period.
- gg) The change in holding of these entities during the investigation period is as follows:-

Date	No of shares held - pre Acquisition	% of shareholding held - pre Acquisition	No of shares Acquired	No of shares held - post Acquisition	% of shareholding held - post Disposal	Mode(*)	Date of disclosure to company	Date of disclosure to stock exchange	Violation of Regulation (s) under PIT & SAST
NURIA SALES AGENCIES PRIVATE LIMITED									
31-Mar-16	25,36,725	4.95	47,889	25,84,614	5.05	On-market	Nil	Nil	Reg. 29 (1) r/w reg. 29 (3) of SAST, 2011
MELICENT SALES AGENCIES PRIVATE LIMITED									
28-Mar-16	25,12,139	4.91	64,000	25,76,139	5.03	On-market	Nil	Nil	Reg. 29 (1) r/w reg. 29 (3) of SAST, 2011

- hh) Day-wise holding statement of Melicent Sales Agencies Private Ltd and Nuria Sales Agencies Private Ltd, as submitted by NSDL and CDSL was provided with the SCN.

- ii) It is observed from the above table that the shareholding of Nuria Sales Agencies Private Ltd exceeded 5% on March 31, 2016. The shareholding of Melicent Sales Agencies Private Ltd exceeded 5% on March 28, 2016. Therefore, Melicent Sales Agencies Private Ltd and Nuria Sales Agencies Private Ltd were required to make relevant disclosures within two working days to RLFL and the stock exchange under Regulation 29(1) read with 29(3) of SAST Regulations.
 - jj) BSE vide email dated September 13, 2019 has informed that it did not receive any disclosure under SAST Regulations during the period June 1, 2015 to August 31, 2016 with regard to the scrip of RLFL.
 - kk) RLFL vide email dated June 20, 2019 has submitted details of disclosures received by it during the IP. However, no disclosures under SAST Regulations w.r.t transactions referred in table above were received by RLFL.
 - ll) In view of the above, Melicent Sales Agencies Private Ltd and Nuria Sales Agencies Private Ltd i.e. Noticee Nos. 1 and 2 were alleged to have failed to disclose acquisition of 5% or more shares under Regulation 29(1) read with 29(3) of SAST Regulations to RLFL and the stock exchanges.
 - mm) The Noticee Nos. 1 and 2, were also alleged to have failed to make disclosures required under Regulation 29(1) read with 29(3) of SAST Regulations to RLFL and the stock exchanges.
5. As per delivery details available at www.indiapost.nic.in, the SCN was delivered to Noticees 1, 3 and 6 on 10.02.2020 and to Noticees 2, 4 and 5 on 14.02.2020. The SCN was also served by e-mail dated 17.02.2020 to all the Noticees at their e-mail id's obtained from the Noticees' KYC records maintained with the depositories viz. CDSL and NSDL. Thus, the SCN was successfully served upon Noticees 1 to 6.

6. Vide identical undated letters received from Noticees 2, 3, 4 and 5, the Noticees sought extension of time by one month for responding to the SCN due to medical appointments of Noticee 2. Subsequently, Hearing Notices dated March 4, 2020 were served upon Noticees No. 1-6 by SPAD and e-mail, and opportunity of hearing was provided on April 3, 2020 to Noticee 6 and April 21, 2020 to Noticees 1-5.
7. Noticees 2-5 submitted replies dated March 21, 2020, and made identical submissions, which are reproduced below:-
 - 7.1. From 2015 till 2019, Securities and Exchange Board of India notified several amendments to the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations) which has come into effect from the date of respective amendments. Hence any such amendment is not applicable for any of Noticees' transactions carried out before such changes and therefore the Noticees expressly and precisely suggest to appropriate authority to consider applicable regulations during the period trading took place.
 - 7.2. The object and purpose of this regulation (FUTP 2003) is to safeguard the investing public and honest Investor. The aim is to prevent exploitation of the public by fraudulent schemes and worthless securities through misrepresentation, to place adequate and true information before the investor, to protect honest enterprises seeking capital by accurate disclosure, to prevent exploitation against the competition afforded by dishonest securities offered to the public and to restore the confidence of the prospective investor in his ability to select sound securities.
 - 7.3. In said Show Cause Notice the authority is completely ignoring the object and purpose of Regulation FUTP 2003, as in any accusation nothing leads, directly or indirectly exploitation of public, fraudulent scheme or dishonestly offering securities to the public. On the contrary the accused made losses which were not considered in SCN.

- 7.4. There is a presumption that in any statutory crime, mens rea is an essential ingredient. A crime may or may not contain an express definition of the necessary state of mind. A statute may require a specific intention, malice, knowledge, willfulness or recklessness, as observed by Honorable SEBI Appellate Tribunal in the matter of Rakesh Agrawal V SEBI.
- 7.5. The crux of Regulation 3 (a) is based on dealing in securities in fraudulent manner or deceitful manner, where the term fraud means misrepresentation, suggestion of fact which is not true, concealment of fact, false statement etc. In the said notice the authority completely ignoring the fundamentals of regulation 3(a) i.e. fraud, and therefore Noticees would like to emphasize that there were no misrepresentation or misinformation nor taking any undue advantage of price sensitive information. Hence the allegation of violation of regulation 3(a) is far away from truth and therefore it cannot be maintained.
- 7.6. The regulation states that any use of manipulative or deceptive device in connection with the purchase or sale of any securities. The word manipulative or deceptive is not defined under the regulation but clear dictionary meaning state that :-
- Manipulative means : tending to influence or control someone or something to your advantage, often without anyone knowing it:
- Deceptive means : making you believe something that is not true.
- 7.7. The Adjudicating Officer, SEBI in the matter of MIC Electronics Ltd. (2017), while proceeding against certain entities in the matter of self-trades has observed that the necessity of 'intent' and the element of "fraud" should be examined as a pre-requisite in all the parts of regulations 3 and 4 of the PFUTP Regulations. Even in SEBI's Policy on Self Trades, it has been observed that a quasi-judicial body may assess the ongoing cases involving allegations of self-trade by analyzing whether any manipulation arises out of self-trade or any intention to enter into the same is evident from the material on record; if no intention or manipulation is evident from the case and the only charge is mere

occurrence of self- trades, then the entity may be exonerated by the quasi-judicial authority.

- 7.8. It is further of deep concern that the authority needs to carry out analyses or examination of all transactions of any person or entity. It should not be limited to a particular period or patch fit or suitable to conclude any biased opinion as it is rightly said that a half truth is whole lie.
- 7.9. Although submission of analysis and interpretation of any such data for any normal investor is quite difficult and requires expert advice, however the Noticee still believes that the ground for conclusion of manipulation by authority is selective and discriminatory. It is quite natural that the word manipulation is directly or indirectly connected with profit or atleast attempt to generate profit by hiding or presenting something which is not true. In complete analysis the Noticee is unable to find out motive of profit or generation of profit, neither any analysis which suggest Loss to public or deceiving any other investor.
- 7.10. Although strict construction is well established principle when interpreting a penal provision, the authority concluded complete analysis in most discriminatory manner and completely set aside the fundamentals to establish fraud like composite period of transactions, actual generation of profit, motive to deceive investors, circular trading amongst noticee etc. The most fundamental character of fraud is taking undue advantage or generating profit by deceptive manner is completely missing or intentionally avoided.
- 7.11. Noticees are not able to respond immediately on the various data and conclusions made with respect to contribution of Rs. 142.50 to net LTP and Rs.199.85 to total market positive LTP. As it is difficult to understood how come Rs.142.50 is contribution as the table does not clarify any method for such analysis. Noticees therefore requested to provide with copy of complete investigation report and all the documents relating to the investigation so as to enable them to file their reply/explanation for every such allegation. However looking at the importance of notice and seeking reply in time bound manner, the Noticee submitted this interim reply.

7.12. In order to establish fraudulent trading or violation of PFUTP Regulations, it is set up principal of law that parties to these trade should have colluded among themselves. Nothing has been shown in SCN to make good the allegation of either collusion. Collude literally means to act together secretly or illegally in order to deceive or cheat someone. Similarly there is no unequal possession of information which has been acquired in bad faith and thereby inducing an inequitable result for others. Further, the position /trades entered into by the Noticee were not squared up within a short span with any profit.

7.13. The fundamentals of regulation 4 is trading, which involves buying and selling both, for generating profit.

7.14. Supreme Court in the matter of Securities and Exchange Board of India v. Rakhi Trading Private Limited (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 dated February 08, 2018) while determining the quantum of penalty under Section 15HA of the SEBI Act, held that the following factors stipulated in Section 15J of the SEBI Act, have to be given due regard:

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;

No self trade

7.15. Generally, only when trades placed by the same party are matched within a short period of time it can be categorized as self trades. Here, it is on record that the noticee did not do self trades to manipulate price of the script. Mere increase of rate due to buying and holding stock without any intention to sale by any fraudulent practice or to collaborate with company for any price sensitive information and ultimately engage with loss shows genuineness or purity of trade. To prove PFUTP violations fraudulent and unfair trade has to be established with some degree of confidence. Given the absence of such findings the undersigned believe that authority is exorbitantly and exceptionally connecting buying as violation of PFUTP Regulations. Thus except for bald

allegations made in the SCN, there is no material to suggest any adverse impact on the public shareholders, so as to substantiate the fraud. Summary of Noticees' transactions during the period 1st September, 2015 to 9th December, 2016 is attached.

- 7.16. Regarding increase of holding for more than 5.00% which warranted a disclosure under SAST Regulations and PTI Regulations, it is not disputed that necessary disclosure were not made, however there was no intention of violation of the same.
8. Subsequently, Hearing Notices dated July 9, 2020 were served upon the Noticees vide e-mails dated July 9, 2020 granting another opportunity of hearing on August 13, 14 and 17, 2020 by videoconferencing through WebEx in view of the lockdown imposed on account of the Covid19 pandemic. The said e-mails were duly served on the respective Noticees.
9. Noticee 6, replied vide e-mail dated August 11, 2020 and stated that he was a small investor unaware of the different provisions mentioned in the SCN. He authorized Mr. Pramod Gadia to appear on behalf on the scheduled date of hearing. Noticee 6 also submitted that relations or connections made by SEBI with other different entities are based on some clues, but such relations are not directly or indirectly connected with his transactions in M/s. Ramchandra Leasing & Finance Limited. and that he had been dragged unnecessarily into the investigation.
10. During the hearing conducted through video conference on August 14, 2020, Mr. Pramod Gadia appeared for Noticee 6 and reiterated the submissions made in letter dated August 11, 2020 regarding Noticee 6 being a small investor with no fraudulent transactions. However, no additional material regarding the impugned transactions of Noticee 6 was placed on record.
11. Noticee 5 in e-mail dated August 22, 2020, submitted that he was in Rajasthan with no network, and hence was unable to respond to the Hearing Notice. He had

accessed the mail when he visited Pali for Covid checking and his family was in quarantine. Noticee 5 requested for a new date of personal hearing in October or November.

12. In response, another opportunity of hearing through videoconferencing by Whatsapp was provided to Noticee 5 on August 27, 2020 vide e-mail dated August 23, 2020. Noticee 5 was also informed that due to the ongoing Covid pandemic, physical hearings for outstation Noticees were being avoided, and hearings were being conducted online wherever possible.

13. On August 27, 2020, Mr. Nabh Jain the Authorised Representative of Noticee 5 made submissions on behalf of Noticee 5 during the hearing conducted through video conference. It was submitted that Noticee 5 was a barber and Noticee 2 is his wife while Noticee 4 is his mother. It was submitted that Noticee 5 invested in the Company RLFL after taking loans, as part of financing activity to make profits. However, once the scrip price fell, Noticee 5 suffered losses. It was reiterated that Noticee 5 had no role in any manipulative trades and no intent to defraud investors.

14. No response to the Hearing Notices was received from the other Noticees. I note that valid Hearing Notice has been made to the Noticees at the email addresses as provided by them in their KYC forms for opening demat accounts with CDSL and NSDL.

15. In view of the above, I am satisfied that the SCN and Hearing Notice has been duly served upon the Noticees. I hereby proceed to decide the case on merits based on replies received and material available on record.

CONSIDERATION OF ISSUES

16. The issues arising for consideration in the instant proceedings before me are:-

Issue No. I Whether the provisions of –

- a. Regulations 3(a), (b), (c) & (d), 4 (1) and 4(2) (a) & (e) of the PFUTP Regulations were violated by Noticees No. 1-6?
- b. Regulation 29(1) read with 29(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 were violated by Noticees 1 and 3?

Issue No. II. If yes, whether the Noticees are liable for imposition of monetary penalty under Section 15HA and Section 15A (b) of the SEBI Act?

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

Issue No. I. Whether Regulations 3(a), (b), (c) & (d), 4 (1) and 4(2) (a) & (e) of the PFUTP Regulations were violated by Noticees No. 1-6?

17. During the period between September 01, 2015 – December 09, 2015, the price of the scrip of VCL rose from an opening price of Rs. 19.8 on September 1, 2017 to a closing price of Rs. 40.8 on December 9, 2015. A total of 9847 trades took place during this period, and the average daily trading volume was seen to be 1,55,658 shares during this period.

18. The Noticees were amongst the top 10 LTP contributors on the buy in the scrip during this period. The Noticees also traded in high volumes as shown in the following table:-

S No	Client Name	All trades			LTP Diff. > 0			LTP Diff. < 0			LTP Diff. = 0		% of Positive LTP to Total Mkt. Positive LTP
		Ltp Rate	Traded Qty	No. Of Trades	Ltp Rate	Traded Qty	No. Of Trades	Ltp Rate	Traded Qty	No. Of Trades	Traded Qty	No. Of Trades	
1	Nuria Sales Agencies Private Limited	36.80	17,16,630	1,523	49.60	2,82,655	85	-13	2,16,850	56	2,17,125	1,382	10.29%
2	Madhubala Kishor	27.45	97,018	43	31.20	25,448	17	-4	11,514	8	60,056	18	6.47%
3	Anant Maruti Tambe	18.55	2,58,438	135	29.50	1,15,475	52	-11	44,894	23	98,069	60	6.12%
4	Jhamku Devi	11.75	1,78,970	52	28.25	43,605	18	-17	56,435	13	78,930	21	5.86%
5	Jyoti Mukesh Patel	10.55	1,04,305	30	11.85	69,315	15	-1	15,712	5	19,278	10	2.46%
6	Kishor Kumar Mangilal	9.45	1,22,291	39	10.50	32,101	8	-1	20,690	5	69,500	26	2.18%
7	Sohanlal	7.15	1,70,811	40	10.10	65,216	15	-3	36,295	9	69,300	16	2.10%
8	Sheetal Kishorbhai Gol	7.10	16,950	9	10.00	9,950	6	-3	7,000	3	-	-	2.08%
9	Vinodrai Virjibhai Sadariya	6.90	11,300	7	7.10	5,300	4	-0	4,000	2	2,000	1	1.47%
10	Melicient Sales Agencies Private Limited	6.80	10,80,883	1,311	11.75	1,21,011	47	-5	55,963	27	9,03,909	1,237	2.44%
	Total	142.50	37,57,596	3189	199.85	7,70,076	267	-57.35	4,69,353	151	5,18,167	2,771	41.47%
	Market Total	21.20	1,02,73,439	8789	481.90	18,41,625	988	460.70	12,66,058	716	1,65,756	7,085	100.00%

19. I note that Noticees 1 and 3 were largely buying in very large quantities with only 3 and 7 sell trades during the period as against 1523 and 1311 buy trades respectively, purchasing 17 lakh and 10.8 lakh shares in the process. Such large volume of buying caused upward pressure on price movement and sustained the price levels during the investigation period. It is pertinent to note that the price fell after the investigation period to the level of Rs.9.21 by July 14, 2016. It is seen that Noticee 1 continued to buy even at the level of Rs.9.21. Similarly, Noticee 3 is seen to be continuously buying till April 28, 2016 when the price was at 27.75. Further, from the shareholding pattern, it is seen that the Noticees 1 and 3 are still holding 24.19 lakh and 26.54 lakh shares respectively. I therefore find that the buying by Noticee 1 and 3 was genuine and by itself did not contribute to increasing or even maintaining the price levels.

20. Noticee 1 and 3 have the same address and are connected to Noticees 4 and 5 who were directors of Noticee 3.

21. Notice 2, 4 and 5 are directors of RLFL. Noticee 2 was largely buying shares in RLFL during the Patch 1 period, having purchased 97,018 shares. However,

Noticee 2 also appears on the sell side with 12 sell trades which cause an LTP contribution of Rs.21.9. Of the 12 trades, 6 trades are of a 1 share each and with very high LTP contribution of Rs. 23.75 through these single share trades. I also note that 5 of these 6 trades were with Noticee 4, and one trade is with Noticee 5.

22. Noticee 4 has a single sell trade with of 1 share with Noticee 2 as buyer, where LTP contribution is Rs.4.65. On the buy side, Noticee 4 purchased 1.78 lakh shares and cause LTP increase of Rs.11.75.

23. Noticee 5 did not have any sell trades, but purchased 1.22 lakh shares with a positive LTP contribution of Rs.9.45.

24. Noticee 6 is seen to be trading both on the buy side as well as well sell side with 106 sell trades and 135 buy trades.

25. In respect of 10 trades amongst the Noticees, the SCN notes that the Noticees 1 to 6 traded amongst themselves and contributed to a positive LTP of Rs.29.90. Of these, as noted above, 7 trades are amongst Noticees 2, 4 and 5. I note that these trades were also the first trades of the day and responsible for marking a substantial opening price increase. The LTP contribution of these 7 trades is given below:-

TRADE DATE	CLIENTNAME	CP CLIENTNAME	TRADE_RATE	LTPRATE	TRADED QTY	TRADE_TIME
03/09/15	KISHOR KUMAR MANGILAL .	MADHUBALA KISHOR .	25.3	4.25	1	9:15:21 AM
04/09/15	JHAMKU DEVI .	MADHUBALA KISHOR .	26.05	5.05	1	9:18:43 AM
07/09/15	JHAMKU DEVI .	MADHUBALA KISHOR .	26.7	1.2	1	9:18:43 AM
11/09/15	JHAMKU DEVI .	MADHUBALA KISHOR .	29.5	4.85	1	9:15:10 AM
26/10/15	JHAMKU DEVI .	MADHUBALA KISHOR .	38.2	5.3	1	9:08:00 AM

27/10/15	JHAMKU DEVI .	MADHUBALA KISHOR .	36	3.1	1	9:08:00 AM
23/10/15	MADHUBALA KISHOR .	JHAMKU DEVI .	34.5	4.65	1	9:08:00 AM

26. From a perusal of the trade log, I note that even though the price did not immediately increase after a new high price was marked by the above mentioned trades, the price slowly moved up towards the new levels during the day or over the next day. It is also pertinent to note that Noticees 4 and 5 did not trade after 28.10.15 during the investigation period. Noticee 2 did not trade after 02.11.2015 during the investigation period when the price was at a level of Rs.34.70. I note the price reached a level of Rs.40 on 11.11.2015. Thus these noticees traded in the price rise phase only.

27. In view of the above, I find that the trades engaged by Noticees 2, 4 and 5 were not genuine and attempted to mark a price much higher than the current trading price. The trades were for a single share each, were the first trades of the day and were amongst the three Noticees as buyers and sellers. The trades created a false and manipulative impression of price increase in the scrip with a view to artificially cause the price to move up.

28. The remaining 3 trades were between Noticees 1, 3 and 6. However, the pattern of trading of Noticees 1, 3 and 6 does not suggest that the trades were non-genuine. The LTP contribution of the 3 trades is Rs.1.5. These were also not first trades of the day and did not mark a new high price. The trades by Noticees 1, 3 and 6 thus cannot be held to have artificially attempted to cause price increase.

29. In view of the above, I find that the Noticees 2, 4 and 5 violated Regulations 3 (a), (b), (c) and (d) as well as Regulation 4 (1) and (2) (a) and (e) of the PFUTP Regulations.

30. The relevant legal provisions are reproduced below for reference:-

PFUTP Regulations

“3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

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

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

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.”

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

(1) Without prejudice to the provisions of Regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves any of the following:-

(a) indulging in an act which creates false or misleading appearance of trading in the securities market

(e) any act or omission amounting to manipulation of the price of a security.”

Violation of SAST Regulations

31. As per the SCN, during the period between September 1, 2015 and July 11, 2016, Noticees 1 and 3 acquired more than 5% shares in the Company, without disclosing the same to the Company or the BSE as required by Regulations 29 (1) read with 29 (3) of the SAST Regulations.

32. The relevant provisions of the SAST read as follows:-

Takeover Regulations

“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.”

(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.”*

33. The shareholding of Noticees 1 and 3 exceeded 5% of shares of the Company on March 28 and 31, 2016, respectively. The same was not disclosed to the Company or the BSE, as per the evidence on record. Further, the omission to disclose change in shareholding in terms of the SAST Regulations has been admitted by Noticee 3 in its letter dated March 21, 2020.

34. In view of the above, I find that the allegation of violation of Regulations 29 (1) read with 29 (3) of the SAST Regulations stands established in respect of Noticees 1 and 3.

Issue No. II. If yes, whether the Noticees are liable for imposition of monetary penalty under Section 15HA of the SEBI Act?

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

35. As it has been established that the Noticees 2, 4 and 5 violated Regulations 3 (a), (b), (c) and (d) as well as Regulation 4 (1) and (2) (a) and (e) of the PFUTP Regulations, they are liable for monetary penalty under Section 15 HA of SEBI Act. Further, since Noticees 1 and 3 failed to comply with the stipulations in Regulations 29 (1) read with 29 (3) of the SAST Regulations, the said Noticees are liable for payment of monetary penalty in terms of Section 15A (b) of the SEBI Act.

36. Text of the abovesaid Sections 15A (b) of the SEBI Act is reproduced below for reference:-

Section 15A.

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

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

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.”

Section 15HA***“Penalty for fraudulent and unfair trade practices.***

15 HA. 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”.

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

SEBI Act***“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.”

38. There is no material on record to establish the amount of disproportionate gain or unfair advantage obtained by Noticees 1 and 3 on account of non-disclosure of aggregate shareholding in the Company. The said Noticees have admitted the lapse and attributed it to oversight. I further note that while disclosure under Regulation 29 was not made by the said Noticees, the change in shareholding was reflected in the quarterly shareholding pattern of the company filed under Clause 35 of the Listing Agreement, for the quarter ended June 2016 i.e. with a delay of three months.

39. In view of the above, I find that a penalty of Rs. 2,00,000/- levied each on the Noticees 1 and 3 under Section 15A(b) of SEBI Act for violation of the SAST Regulations would be appropriate.

40. In respect of Noticees 2, 4 and 5, there is no material on record to establish the amount of disproportionate gain or unfair advantage obtained by Noticees 2, 4 and 5 from the manipulative trades undertaken by them or the amount of loss caused to an investor or group of investors as a result of the default. The said Noticees have submitted that they suffered a loss on their trading in the scrip. I therefore find that a penalty of Rs. 5,00,000 each on the Noticees 2, 4 and 5 under Section 15HA of SEBI Act would be commensurate with the violation of the PFUTP Regulations by the said Noticees

41. Therefore, taking into account the aforesaid factors, and considering the facts and circumstances of the case, I am of the view that a penalty of Rs. 2,00,000/- levied on each of Noticees No. 1 and 3 respectively, and a penalty of Rs. 5,00,000/- levied on each of Noticees 2, 4 and 5 respectively, will be commensurate with the violation committed by the said Noticees.

ORDER

42. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose the following penalty upon the Noticee Nos. 1,2,3,4 and 5 as shown in the following table:-

Name of the Noticee	Penalty Provisions and Violations	Penalty Amount
Melicent Sales Agencies Private Ltd	Under Section 15A (b) of the SEBI Act for violation of Regulations 29 (1) read with 29 (3) of the SAST Regulations	Rs. 2,00,000/- (Rs. Two Lakhs only)

Madhubala Kishor	Under Section 15 HA of SEBI Act for violation of Regulations 3 (a), (b), (c) and (d) as well as Regulation 4 (1) and (2) (a) and (e) of the PFUTP Regulations	Rs. 5,00,000/- (Rs. Five Lakhs only)
Nuria Sales Agencies Private Limited	Under Section 15A (b) of the SEBI Act for violation of Regulations 29 (1) read with 29 (3) of the SAST Regulations	Rs. 2,00,000/- (Rs. Two Lakhs only)
Jhamku Devi	Under Section 15 HA of SEBI Act for violation of Regulations 3 (a), (b), (c) and (d) as well as Regulation 4 (1) and (2) (a) and (e) of the PFUTP Regulations	Rs. 5,00,000/- (Rs. Five Lakhs only)
Kishor Kumar Mangilal	Under Section 15 HA of SEBI Act for violation of Regulations 3 (a), (b), (c) and (d) as well as Regulation 4 (1) and (2) (a) and (e) of the PFUTP Regulations	Rs. 5,00,000/- (Rs. Five Lakhs only)
Total		Rs. 19,00,000/- (Rs. Nineteen Lakhs only)

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

ENFORCEMENT → Orders → Orders of AO → PAY NOW

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

- Name and PAN of the entity (Noticee)
- Name of the case / matter
- Purpose of Payment – Payment of penalty under AO proceedings
- Bank Name and Account Number

e) Transaction Number

45. Copies of this Adjudication Order are being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

DATE: AUGUST 28, 2020
PLACE: MUMBAI

MANINDER CHEEMA
ADJUDICATING OFFICER