

QJA/AA/IVD/ID12/28546/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11(1), 11 (4), 11(4A), 11B (1) AND 11B (2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 ALONG WITH SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003

In respect of:

Noticee no.	Name of the Noticee	PAN
1	Generic Engineering Construction and Projects Limited	AAACW0670M
2	Mr. Jayesh Rawal	ABJPR9028F
3	Mr. Anil Gautam Jadhav	ASBPJ2248J
4	Mr. Shivakumar Gattai Kamballa	CUJPK5764Q
5	Mr. Saurabh Ashok Shinde	FOGPS7313P
6	Mr. Subhash Vithoba Dongre	AKZPD7595C
7	Mr. Arun Ramchandra Gole	AMYPG6141Q
8	Mr. Laxman Dhananjay Gunde	AMAPG3827H
9	Mr. Ashish Shankar Pandare	AYYPP7684H
10	Ms. Roopali Hari Om	ACPPM7755B
11	Mr. Moglesh Chanappa Koni	DJFPK8567R
12	Ms. Jigna Rasesh Dani	AIKPD9602K
13	Mr. Ashok Sinaiya Metari	AWRPM3253C
14	Ms. Mita Rasesh Dani	AMTPD7042C
15	Emerald Corporate Advisory Private Limited	AABCE6801H
16	Numisma Financial Advisors Private Limited	AACCN4854A
17	Edocs Solutions Limited	AAECE3948A
18	Bullish Bonds and Holdings Limited (currently known as East West Holdings Limited) (CIN: L74110MH1981PLC298496)	PAN not available
19	Behoof Investments And Trade Private Limited (CIN: U65990MH1990PTC057646)	PAN not available
20	Pillar Investment Company Limited	AAACP2699D

21	Kuber Udyog Limited (L51909GJ1982PLC100824)	(CIN: AACCK2389P)
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(The above entities are individually referred to by their corresponding names/ numbers and collectively referred to as “Noticees”)

In the matter of Generic Engineering Construction and Projects Limited

BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) conducted an investigation in the scrip of Generic Engineering Construction and Projects Ltd. (hereinafter referred to as “**Generic / GECPL / Company**”) based on an internal alert. The focus of the investigation was to ascertain whether there were any violations of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”) in the scrip of GECPL during the period, November 4, 2016 to September 20, 2017 (hereinafter referred to as “**Investigation Period**”).

SHOW CAUSE NOTICE

2. Consequent to the investigation, a Show Cause Notice dated July 20, 2022 (hereinafter referred to as “**SCN**”) was issued along with the following annexures:

Table A

Annexures to SCN	
Annex. No.	Particulars
1	Corporate Announcements of Generic during the Investigation Period
2	Details of Synchronized trades
3	Details of Circular trades
4	Details of LTP contribution
5	Annual Report of Pillar for FY 2016-17
6	Annual Report of Muzali for FY 2016-17
7	Relevant Bank Statements
8	Annual Reports of Bullish for FY 2016 -17

3. The SCN has observed and *inter alia* alleged as under:

- (a) The company, Welplace Portfolio and Financial Consultancy Services Ltd. (hereinafter referred to as “**Welplace**”) was listed on the Bombay Stock Exchange (hereinafter referred to as “**BSE**”). Welplace was acquired in January 2017 through a voluntary open offer made by Generic Engineering and Construction Private Limited and Mr. Manish Ravilal Patel (hereinafter referred to as “**Acquirers**”) along with others being Persons Acting in Concert. Pursuant to the acquisition, the name of the company was changed from Welplace Portfolio and Financial Consultancy Services Ltd to Generic Engineering Construction and Projects Limited.
- (b) The shareholding prior to/ after the acquisition of the company and the details of the Board of Directors, as per the company’s Annual Report 2016 -17 are provided in Table no. 1 and 2 below:

TABLE 1: SHAREHOLDING OF PROMOTERS

S. No.	Shareholder Name	Shareholding before Takeover		Shareholding after Takeover		% Change
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1	Hiren Shantilal Kothari	2,91,600	5.72%	---	---	(5.72%)
2	Krupa Manish Patel	---	---	60,000	0.37%	0.37%
3	Nayana Ravilal Patel	---	---	1,60,000	0.98%	0.98%
4	Ranjan Dinesh Patel	---	---	1,60,000	0.98%	0.98%
5	Trupti Mitul Patel	---	---	1,60,000	0.98%	0.98%
6	Hemlata Manish Patel	---	---	1,60,000	0.98%	0.98%
7	Manish Ravilal Patel	---	---	2,91,600	1.78%	1.78%
8	Generic Engineering and Construction Private Limited	---	---	83,91,800	51.31%	51.31%
Total		2,91,600	5.72%	483,489	57.37%	57.37%

TABLE 2: BOARD OF DIRECTORS

Board of Directors before Takeover				
Name of Directors	Category of Directorship	Designation	Appointment Date	Cessation Date
Mr Ravindra Mishra	Executive	Managing Director	December 10, 2004	February 27, 2017
Mr Deepak Ratilal Mehta	Executive	Director & CFO	February 12, 2016	February 27, 2017
Mr Paresh Pathak	Non-Executive, Independent	Director	February 12, 1997	February 27, 2017

Mr Jaymin Piyush Modi	Non-Executive, Independent	Director	February 12, 2016	February 12, 2021
Ms Sheetal Bhavin Nagda	Non-Executive, Independent	Director	June 01, 2016	-
Ms Zeal Bilakhia	Non-Executive, Independent	Director	March 31, 2015	June 01, 2016
Board of Directors after Takeover				
Name of Directors	Category of Directorship	Designation	Appointment Date	Cessation Date
Mr Manish Ravilal Patel	Promoter, Executive	Managing Director	February 27, 2017	-
Mr Tarak Bipinchandra Gor	Executive	Whole-time Director	February 27, 2017	-
Ms Trupti Patel	Promoter, Non-Executive,	Director	May 09, 2017	-
Mr Rajesh Khatavji Ladhad	Non-Executive, Independent	Director	February 27, 2017	-
Mr Jaymin Piyush Modi	Non-Executive, Independent	Director	February 12, 2016	February 12, 2021
Ms Sheetal Bhavin Nagda	Non-Executive, Independent	Director	June 01, 2016	-
Mr Jayesh Rawal	Executive	Director	August 11, 2017	-

(c) From the aforesaid, it is seen that pursuant to the acquisition, Mr. Ravindra Mishra, Mr. Deepak Ratilal Mehta and Mr. Paresh Pathak resigned from the Board of the Company. Mr. Jaymin Piyush Modi and Ms. Sheetal Bhavin Nagda continued as Independent Directors of the Company. Mr. Manish Ravilal Patel was appointed as the Managing Director of the company on February 27, 2017. Mr. Tarak Bipinchandra Gor, Ms. Trupti Patel, Mr. Rajesh Khatavji Ladhad and Mr. Jayesh Rawal were also appointed as Directors.

(d) During the investigation period, the company had made a few announcements in nature of announcements of financial results and Board Meeting etc., which were observed to have had an impact on the price/volume of the scrip.

(e) The price/ volume analysis of the scrip during the Investigation Period is as under:

Table 3

Period	Dates	Opening Price (volume) on first day (Rs)	Closing price (volume) on last day (Rs.)	Low price(vol ume) during the period (Rs.)	High Price(vol ume) during the period (Rs.)	Avg. no. of (shares) traded daily during the period

Before IP	(01/09/2016 - 03/11/2016)	Price	33.5	35	32	40.6	26457
		Vol	24493	28003	2798	101168	
During IP	(04/11/2016 - 20/09/2017)	Price	35	150.45	35	161	35431
		Vol	33205	19951	3150	182644	
After IP	(21/09/2017 - 31/12/2017)	Price	153	155.3	136.4	157	21868
		Vol	24342	76349	29087	52140	

- (f) Based on the factors mentioned hereinafter, it is alleged that Noticee no. 2, Mr. Jayesh Rawal was associated with the GECPL and its promoters/ directors, prior to his directorship in the Company.
- (g) Table no. 5 of the SCN provides the connections between Noticee no. 1, GECPL, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald Corporate Advisory Private Limited (hereinafter referred to as “**Emerald/ ECAPL**”) and Noticee no. 16, Numisma Financial Advisors Private Limited (hereinafter referred to as “**Numisma/ NFAPL**”) and 21 other entities.
- (h) The SCN has alleged that the said 24 entities (hereinafter referred to as “Group 1”) have indulged in synchronised trades, circular trades and LTP contribution and manipulated the price and volume of the scrip.
- (i) Out of these entities of Group 1, a total of 23 entities have executed among themselves synchronized trades for 2213939 shares (28.53% of total market volume) during the investigation period.

Table 4

Gross Buy Qty of suspected entities	Gross Sell Qty of suspected entities	Total traded qty among the suspected entities	Synchroni zed traded qty by suspected entities	Sync Trades as % of total traded qty among the suspected entities	Sync Trades as % of Total market volume	Sum of LTP contribution through Sync Trades
3218296	3153267	2260227	2213939	97.95%	28.53%	2.50

- (j) The SCN has also alleged that 17 entities of Group 1 have contributed to circular trading with circular trading quantity of 14,57,879 during the Investigation Period.

- (k) Further, the SCN alleges that 10 entities of Group 1 have contributed 205.7 to positive LTP, during the investigation period.
- (l) The SCN also alleges that the Noticee no. 2, Mr. Jayesh Rawal was also connected with Pillar Investment Company Limited (hereinafter referred to as “**Pillar/ PICL**”) and Muzali Arts Limited (formerly known as Sinner Energy India Limited and hereinafter referred to as “**Muzali/ Sinner**”). The connections have been elaborated and discussed hereinafter.
- (m) The SCN observes that an analysis of the major net sellers namely, Noticee no. 3, Mr. Anil Gautam Jadhav, Noticee no. 4, Mr. Shivakumar Gattai Kamballa, Noticee no. 5, Mr. Saurabh Ashok Shinde, Noticee no. 6, Mr. Subhash Vithoba Dongre, Noticee no. 7, Mr. Arun Ramchandra Gole, Noticee no. 8, Mr. Laxman Dhananjay Gunde, Noticee no. 9, Mr. Ashish Shankar Pandare, Noticee no. 10, Ms. Roopali Hari Om, Noticee no. 11, Mr. Moglesh Channappa Koni, Noticee no. 12, Ms. Jigna Rasesh Dani, Noticee no. 13, Mr. Ashok Sinaiya Metari, Noticee no. 14, Ms. Mita Rasesh Dani in the scrip of GECPL shows that the said net sellers were connected with Mr. Jayesh Rawal, GECPL, Pillar and Muzali.
- (n) An analysis of direct/indirect transfer of sale proceeds of the major net sellers revealed that sale proceeds of Rs. 8,58,38,651/- have partly got transferred to the Company and/or to its Connected entities, either directly or indirectly by routing of the funds through various entities.
- (o) Based on the above, it was observed that the Noticee no. 2, Mr. Jayesh Rawal was a close associate/connection of Noticee no. 1, GECPL, Pillar, Muzali, and the Group-1 connected entities. He himself was a part of the Group-1 entities. In this regard, the Group-1 connected entities and the sub-brokership/ dealership of some of the Group-1 connected entities such as Mr. Nafeez Hakeem [director of Emerald, Numisma, Ithica Fiscal Services Pvt. Ltd. (hereinafter referred to as “**Ithica**”), Onyx Corporate Services Pvt. Ltd. (hereinafter referred to as “**Onyx**”) and Hermes Corporate Advisory Pvt. Ltd. (hereinafter referred to as “**Hermes**”), and sub-broker of stock broker Mehta Equities Ltd.], Mr. Ashok Babulal Shah (the father of Prashant Ashok Shah, and dealer of stock broker Kamlesh R. Shah), Mr. Vijaykumar Natubhai Kapadiya and Mr. Jitendra Malviya (dealers of Marfatia Stock Broking Ltd.) with their affiliated stock

brokers, have facilitated manipulation in the scrip of the Company during Investigation Period.

- (p) In view of this, it is alleged that Noticees Nos. 1 and 2 have manipulated the price and volume of GECPL with help of Group 1 entities and facilitated exit to major net sellers (Noticee Nos. 3 to 14). The said Major net sellers (Noticees Nos. 3 to 14) offloaded shares at allegedly manipulated price and thereby, allegedly made unlawful gains. Subsequently, as a part of whole scheme, certain part of such unlawful gains have been allegedly transferred to Noticee Nos. 1 and Noticees nos. 15 to 21. In view of the aforesaid, it is alleged that the Noticees (Noticee Nos. 1 to 21) by indulging into the aforesaid activities, have jointly or severally violated provisions of Section 12 A (a), (b), (c) of SEBI Act, Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations.
4. The SCN was served on the Noticees through Speed Post except Noticee nos. 3, 5, 7, 10, 15, 16 and 21, where the envelopes carrying the SCN returned undelivered. However, I note that the SCN was also served on all the Noticees through digitally signed emails and that the same have not bounced back.

REPLY AND HEARING

5. Out of the twenty-one (21) Noticees, nine (9) Noticees namely, GECPL, Mr. Jayesh Rawal, Mr. Anil Gautam Jadhav, Mr. Ashish Shankar Pandare, Ms. Roopali Hari Om, Emerald, Numisma, Bullish Bonds and Pillar sought inspection of documents which was granted on various dates. Further, seven (7) Noticees, namely, Mr. Saurabh Ashok Shinde, Mr. Subhash Vithoba Dongre, Mr. Arun Ramchandra Gole, Ms. Jigna Rasesh Dani, Ms. Mita Rasesh Dani, Edocs Solutions Limited (hereinafter referred to as “**Edocs Solutions**”), Behoof Investments and Trade Private Limited (hereinafter referred to as “**Behoof Investments**”) sought copies of the Investigation Report along with the annexures. A copy of the Investigation Report along with the Annexures was provided to all the Noticees vide letter dated December 21, 2022 through Speed Post/ emails which have not bounced back.

6. The following Noticees, as tabulated below, have replied to the SCN. Their submissions have been taken note of at the time of consideration of allegations levelled against them.

Table 5

Sr. No.	Name of the Noticee (Noticee no.)	Date of Reply
1	Generic Engineering Construction and Projects Limited (N. 1)	March 23, 2023
2	Mr. Jayesh Rawal (N. 2)	April 29, 2023
3	Mr. Saurabh Ashok Shinde (N. 5)	August 19, 2023
4	Mr. Subhash Vithoba Dongre (N. 6)	April 28, 2023
5	Mr. Arun Ramchandra Gole (N. 7)	April 11, 2023
6	Mr. Ashish Shankar Pandare (N. 9)	May 08, 2023
7	Ms. Roopali Hari Om (N. 10)	May 02, 2023
8	Ms. Jigna Rasesh Dani (N. 12)	March 28, 2023
9	Ms. Mita Rasesh Dani (N. 14)	March 28, 2023
10	Emerald Corporate Advisory Pvt. Ltd. (N. 15)	May 25, 2023
11	Numisma Financial Advisors Pvt. Ltd. (N. 16)	May 25, 2023
12	Edocs Solutions Ltd. (N. 17)	March 21, 2023
13	Bullish Bonds and Holdings Limited (currently known as East West Holdings Limited) (N. 18)	April 29, 2023
14	Behoof Investment and Trade Pvt. Ltd. (N. 19)	March 20, 2023
15	Pillar Investment Company Ltd. (N. 20)	May 05, 2023

7. In accordance with the principles of natural justice, the Noticees were granted an opportunity of hearing in the extant matter vide letters dated March 09, 2023 and April 28, 2023. The particulars of the status of delivery of hearing notice and their respective attendance for the hearing is given hereunder:

Table 6

Noticee no.	Name of the Noticee	Delivery of Hearing Notice	Attendance
1	Generic Engineering Construction and Projects Limited	Delivered through email & SPAD	Yes on March 24, 2023
2	Mr. Jayesh Rawal	Delivered through email & SPAD	Yes on May 15, 2023
3	Mr. Anil Gautam Jadhav	Delivered through email which did not bounce back.	Did not attend
4	Mr. Shivakumar Gattai Kamballa	Delivered through email which did not bounce back & SPAD	Did not attend
5	Mr. Saurabh Ashok Shinde	Delivered through email which did not bounce back.	Did not attend

6	Mr. Subhash Vithoba Dongre	Delivered through email which did not bounce back & SPAD	Did not attend
7	Mr. Arun Ramchandra Gole	Delivered through email which did not bounce back & SPAD	Did not attend
8	Mr. Laxman Dhananjay Gunde	Delivered through email which did not bounce back & SPAD	Did not attend
9	Mr. Ashish Shankar Pandare	Delivered through email which did not bounce back & SPAD	Yes on May 09, 2023
10	Ms. Roopali Hari Om	Delivered through email which did not bounce back & SPAD	Yes on April 18, 2023
11	Mr. Moglesh Chanappa Koni	Delivered through email which did not bounce back, SPAD & Hand Delivery	Did not attend
12	Ms. Jigna Rasesh Dani	Delivered through email which did not bounce back & SPAD	Vide email dt. April 28, 2023, Noticee informed that she does not wish to avail the hearing
13	Mr. Ashok Sinaiya Metari	Delivered through email which did not bounce back & SPAD	Did not attend
14	Ms. Mita Rasesh Dani	Delivered through email which did not bounce back & SPAD	Vide email dt. April 28, 2023, Noticee informed that she does not wish to avail the hearing
15	Emerald Corporate Advisory Pvt. Ltd.	Delivered through email which did not bounce back	Yes on May 02, 2023
16	Numisma Financial Advisors Pvt. Ltd.	Delivered through email which did not bounce back	Yes on May 02, 2023
17	Edocs Solutions Ltd.	Delivered through email which did not bounce back	Yes on March 24, 2023
18	Bullish Bonds and Holdings Ltd.	Delivered through email which did not bounce back SPAD & Hand Delivery	Yes on May 09, 2023
19	Behoof Investments And Trade Pvt. Ltd.	Delivered through email which did not bounce back & SPAD	Yes on March 24, 2023
20	Pillar Investment Company Ltd.	Delivered through email which did not bounce back SPAD & Hand Delivery	Yes on May 09, 2023
21	Kuber Udyog Ltd.	Delivered through email which did not bounce back	Did not attend

8. On conclusion of the hearing proceedings, the following Noticees were granted time to make additional submissions, if any, which are as under:

Table 7

Sr. No.	Name of the Noticee (Noticee no.)	Date of additional submissions
1	Generic Engineering Construction and Projects Limited	April 27, 2023 received on May 02, 2023
2	Mr. Jayesh Rawal	May 29, 2023
3	Bullish Bonds and Holdings Ltd.	May 26, 2023

9. The submissions / additional submissions of the aforesaid Noticees have been dealt with at the time of considering the allegations levelled against them.

PRELIMINARY OBJECTIONS

Delay in initiation of proceedings

10. Before proceeding to consider the allegations on merit, I shall first deal with the preliminary objections of the Noticees namely, Noticee no. 15, Emerald and Noticee no. 16, Numisma regarding delay in initiation of the present proceedings. The Noticees have submitted that the SCN has been issued after a long delay which affects its ability to put an adequate response to the allegations. The Noticees have placed reliance on the order of the Hon'ble Supreme Court in *Mohamad Kavi Mohamad Amin v. Fatmabai Ibrahim*¹ wherein it was observed that wherever a power is vested in a statutory authority without prescribing any time limit, such power should be exercised within a reasonable time. The Noticees also relied on the orders of the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "SAT") in (i) *HB Stockholdings Ltd. v. SEBI*² (ii) *Sanjay Soni v. SEBI*³ (iii) *Libord Finance Ltd. v. Whole Time Member, SEBI*⁴ and (iv) *Rajeev Bhanot & Ors. v. SEBI*⁵ wherein it was observed that long delay itself causes grave injustice to the delinquent and results in the violation of the principles of natural justice.

¹ (1997) 6 SCC 71.

² Order dated August 27, 2013.

³ Order dated November 14, 2019.

⁴ Order dated March 3, 2008. This was confirmed by the Hon'ble Supreme Court vide order dated January 7, 2016.

⁵ Appeal No. 396 of 2018 dated July 09, 2021.

11. I have perused the orders stated above, however, as regards the question of delay, I note that it is pertinent to quote the observations of the Hon'ble Supreme Court in **SEBI v. Sunil Khaitan**⁶ wherein it was stated as under:

“In the absence of any period of time and limitation prescribed by the enactment, every authority is to exercise power within a reasonable period. What would be the reasonable period would depend upon facts of each case, such as whether the violation was hidden and camouflaged and thereby the Board or the authorities did not have any knowledge. Though, no hard and fast rules can be laid down in this regard as determination of the question will depend on the facts of each case, the nature of the statute, the rights and liabilities thereunder and other consequences, including prejudice caused and whether third party rights have been created are relevant factors. Whenever a question with regard to inordinate delay in issuance of a show-cause notice is made, it is open to the noticee to contend that the show-cause notice is bad on the ground of delay and it is the duty of the authority/officer to consider the question objectively, fairly and in a rational manner.”

12. It is observed from the Investigation Report that based on an internal alert, the matter was referred to BSE on October 10, 2017. BSE vide letter dated November 24, 2017 forwarded its examination report. Based on the analysis of said examination report, an Investigating Authority was appointed on May 24, 2018 and investigation commenced in the scrip wherein the role of 101 entities suspected of being involved in the manipulation of price and volume of the scrip of the Company was to be analyzed. This process involved examining order log and trade log of the suspected entities for the investigation period, Unique Client Code (hereinafter referred to as “UCC”) details received from BSE, details of off market transactions provided by depositories, statements of bank accounts provided by various banks, details from the MCA database, Customer Application Form of the suspected entities provided by various telephone service providers (hereinafter referred to as “TSP”). I note that the whole process of gathering information, establishing connections and analyzing the data gathered with due care is time consuming. I also note that the investigation was concluded on March 31, 2022 and the SCN was issued on July 20, 2022, which according to me, is a reasonable period.

13. It is also pertinent to note the observations of the Hon'ble SAT in **Praveen Kurele and Anr. v. SEBI**⁷ and other connected appeals decided on April 29, 2022 wherein the Hon'ble SAT

⁶ Civil Appeal No. 8249 of 2013.

⁷ Appeal no. 319 of 2020.

having taken note of the order passed by it in **Rajeev Bhanot & Ors. v. SEBI**⁸ which has been relied on by the Noticees, observed as under:

“24. On this issue, we are of the opinion that there is no inordinate delay in the initiation of the proceedings or in the passing of the impugned order after the conclusion of the hearing. We find that the investigation was started on the basis of receiving an alert from the Principal Director of Income Tax (Investigation) which led to the examination of 471 entities. Based on the examination with regard to the role played by each entity and the connection found inter-se between them, action was approved against 150 entities. We also find that investigation period spanned from 2011 to 2014 and the investigation involving violation in the nature of fraudulent and unfair trade practices is not only time consuming but the investigation required detailed deliberation regarding identification of the connection and the role played by each of the entities. Considering the complexity, due care and diligence was required by the investigating authority. We find that the investigation was concluded on March 16, 2017, the show cause notice was issued on July 31, 2017 which, in our opinion, was issued within a reasonable period and thus we do not find any inordinate delay in the issuance of the show cause notice. Further, the fact that it has taken 20 months for the WTM to issue the impugned order after concluding the hearing is not fatal to the initiation or of the culmination of the proceedings. It does happen at times that the authority is required to collate the factual contention of each of the noticees with that of the material evidence that has been brought on record by the investigating agencies. Further, assimilating the submissions and putting it down in writing is a time consuming process and requires a lot of care and diligence on the part of the authority in passing an order based on appreciation of evidence. Such appreciation of evidence which is bulky and large in the instant case does require a considerable period of time to pass the impugned order. Thus, in our view there is no inordinate delay in the initiation of the proceedings nor there any inordinate delay in passing of the impugned order though we feel that the respondent should strive to deliver orders at the earliest without any undue delay. The contention raised by the appellants is misconceived and is rejected. The decisions cited by the learned counsel for the appellants are distinguishable and not applicable in the peculiar facts and circumstances of the present case.” (Emphasis Supplied)

14. In view of the aforesaid discussion, I am unable to accept the Noticees’ contention that there has been an inordinate delay in initiating the proceedings against the Noticees.

Inspection of documents

15. Noticee no. 2, in his reply, has submitted that it had asked for all the documents which formed a part of the investigation, and was permitted to inspect the file, however, copies of the said documents were denied. Further, the Noticees, Emerald and Numisma have

⁸ Supra note 5.

submitted that SEBI has not provided the data pertaining to allegations of LTP trades, synchronised trades and circular trades. The Noticees also submitted that only macro data (without any particulars such as trade details) has been provided with the SCN and that even the Trade Log shared is only a data dump as it does not identify the questionable trades. The Noticees relied on the order of the Hon'ble Supreme Court in *T. Takano v. SEBI*⁹ wherein it was observed that “it would be insufficient if only the material relied on is disclosed”. In this regard, the Noticee has argued in the absence of such opportunity, the Noticee's right to defend themselves has been impaired.

16. In this regard, I note that the Investigation Report contains the following documents as annexures.

Table 8

Annex. No.	Details																																						
1	Major corporate announcement during investigation period																																						
2	Day wise Price/ Volume data during the investigation period																																						
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⁹ Civil Appeal Nos. 487 – 488 of 2022

https://main.sci.gov.in/supremecourt/2020/24222/24222_2020_34_1502_33505_Judgement_18-Feb-2022.pdf.

			15	Bullish Bonds And Holdings Limited	
			16	Rupali Gandhi	
			17	Edocs Solutions Ltd.	
			18	Emerald Corporate Advisory Pvt Ltd	
			19	Ganesh Enterprise	
			20	Geomatrix Developers Ltd.	
			21	Vavia Hira Pancha	
			22	Hitesh N Kawa	
			23	Jaydev Enterprises	
			24	Jigna Rasesh Dani	
			25	Gohil Kaushal Mohanlal	
			26	Kinjal Enterprises	
			27	Kuber Udyog Ltd.	
			28	Laxman Dhanajay Gunde	
			29	Mahaveer Enterprise	
			30	Mahendra Gangaram Shitap	
			31	Mita Rasesh Dani	
			32	Moglesh Chanappa Koni	
			33	Mukesh Savjibhai Rathod	
			34	Naresh Rajesh Samba	
			35	Nikita Sangani	
			36	Numisma	
			37	Manjiri Pandare	
			38	Pankaj Dhoot And Co.	
			39	Paresh Vaila	
			40	Pillar Investment Co. Ltd.	
			41	Premji Bachubhai Patel	
			42	Pritika Industries	
			43	Rbim Sales	
			44	Ridhi Petrochem Pvt. Ltd.	
			45	Roopali Hari Om	
			46	Rushi Enterprises	
			47	Sangam Ananya	
			48	Samgam Lifespaces	
			49	Saurabh Ashok Shinde	
			50	Shah Kiram Amrutlal	
			51	Shanti Fortune	
			52	Shivakumar Gattai Kamballa	
			53	Shree Construction	
			54	Solanki Narendra Chhaganbhai	
			55	Stech	
			56	Subhash Vithoba Dongre	
			57	Suchitra Finance	
			58	Sumeet Kumar Kedia	
			59	Swastik Bio Agro Tech Private Ltd	
			60	Touchline Securities Private Limited	

			61	Vee Pee Constructions Pvt. Ltd.	
			62	Vimkan Enterprises Pvt. Ltd.	
			63	Welplace Portfolio And Financial Co	
			64	Yogeshkumar Rasiklal Sanghavi	
		3D		Details from MCA database	
4				Details of Circular trades	
5				Positive LTP Contribution Group 1	
6				fund flow analysis of net sellers	

17. I note that the Investigation Report along with all the annexures including the Trade log for the Investigation Period have been provided to all the Noticees in accordance with the ratio laid down by the Hon'ble Supreme Court in *T Takano v. SEBI*. Further, as regards the Noticees' submission that SEBI has not provided the data pertaining to allegations of LTP trades, synchronised trades and circular trades and that even the Trade Log shared is only a data dump, I note that all the Noticees have been provided a copy of the Trade Log which is only pertaining to the Investigation Period. The Trade Log *inter alia* consists columns such as date of order, name of the party and their broker, name of counterparty and their broker, order price, counterparty order price, trade rate, trade value, quantity, and more importantly LTP difference. It is a matter of mere "sorting" and "filtering" the columns of the Trade Log in MS Excel to obtain the relevant information. Furthermore, I also observe that submissions on LTP contribution based on the trade log have been made by some of the Noticees which have been dealt with at appropriate places in the order. Therefore, I am unable to agree with the submissions of Noticee no. 15 and 16 that the information shared is a data dump and that they were jeopardized by the same.

Non-Joinder of Parties

18. I note that some of the Noticees such as Noticee no. 1, GECPL, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 10, Ms. Roopli Hari Om, Noticee no. 14, Ms. Jigna Rasesh Dani, Noticee no. 15, Emerald and Noticee no. 16, Numisma have contended that certain parties who have contributed to the LTP or who are intermediaries to their transactions are not parties to the present SCN. In this regard, I observe that it is a settled legal position that an adjudicator under a quasi-judicial proceeding is bound within the realms of the SCN which

is based on the detailed investigation conducted by SEBI. In the present case, the investigation has brought out the roles of the Noticees as part of a scheme and accordingly, SEBI has proceeded against the said persons. Therefore, the Noticees are under an obligation to defend their case by producing explanations to make out a case in their favour. Any reference, as has been made of persons who are not shown caused in the present proceedings is of no relevance for the disposal of the present case.

19. Furthermore, as mentioned hereinabove, SEBI had initiated an investigation against 101 persons, and depending on the findings in investigation, role played by each entity and gravity of their default, actions have been proposed against such entity. I note that proceedings under section 11B of the SEBI Act have been initiated against 21 entities, proceedings under Chapter VIA of the SEBI Act (adjudication proceedings) have been initiated against 12 entities and administrative warning have been issued to 68 entities.

CONSIDERATION OF ISSUES

20. I note that Noticee nos. 3, 4, 8, 11, 13 and 21 have neither replied to the SCN nor have availed the opportunity of hearing granted to them. Service of SCN and hearing notices have been done on the Noticees via speed post/ email. In this regard, the observations of SAT in the matter of *Sanjay Kumar Tayal & Other v. SEBI*¹⁰ decided on February 11, 2014 is pertinent here. The Hon'ble Tribunal observed as follows:

“...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...”

21. Without prejudice to the above observation, I proceed to examine the matter on merits. The Noticee nos. 1 and 2 allegedly devised a scheme whereby along with certain connected entities they would manipulate the price and volume of the GECPL scrip. The purpose of manipulation in the price of the scrip was to facilitate other connected entities (major net

¹⁰ Appeal No. 68 of 2013.

sellers) to sell the shares of the GECPL held by them at an inflated price. Ultimately, as a part of the scheme, the unlawful gains made by the major net sellers would be transferred to the company or such other companies connected with the company or Mr. Jayesh Rawal.

22. To that effect, I have perused the Investigation Report, SCN, oral and written submissions and other materials available on record. On perusal of the same, the following issues arise for consideration:

Issue No. 1: Whether the Noticees can be held to be connected to Noticee no. 1 or 2 or whether can be considered to a part of a group for the purpose of the present inquiry?

Issue No. 2: Whether the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price and volume of the scrip of GECP thereby facilitating other connected entities to sell their shares at an inflated price?

Issue No. 3: Who are the Noticees who have benefitted from the manipulation in the price of the scrip of GECP during the investigation period?

Issue No. 4: Whether the Company, GECPL was part of the scheme to manipulate the price of the scrip and benefit from the same?

Issue No. 5: Whether the Noticees have violated the provisions of the SEBI Act and the PFUTP Regulations?

Issue No. 6: If the answer to Issue No. (5) is in affirmative, what directions, if any, should be issued against the Noticees?

23. At this stage, it is pertinent to note the relevant provisions alleged to have been violated by the Noticees, as they stood at the time of issuance of the SCN:

SEBI Act, 1992

12A. No person shall directly or indirectly—

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

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

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

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 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;

Issue No. 1: Whether the Noticees can be held to be connected to Noticee no. 1 or 2 or whether can be considered to a part of a group for the purpose of the present inquiry?

24. I note that as per the allegations in the SCN, the following scheme has been employed by the Noticees:

- (i) Noticee no. 1 i.e. GECPL and Noticee no. 2, Mr. Jayesh Rawal devised a scheme whereby with the help of connected Group 1 entities they manipulated price and volume of GECPL.
- (ii) They also facilitated exit to major net sellers namely, Noticee nos. 3 to 14.
- (iii) The said major net sellers (Noticees nos. 3 to 14) offloaded shares at allegedly manipulated price and thereby, allegedly made unlawful gains.
- (iv) As a part of the scheme, a part of the unlawful gains has been allegedly transferred to Noticee no. 1 and Noticees nos. 15 to 21.

In order to appreciate the above allegations, the role played by the connected entities/ Noticees has to be examined. Accordingly, the connection between the persons involved in the alleged manipulation of price and volume of the scrip of Generic with the company/ its promoters and directors and/ or Mr. Jayesh Rawal is given in the below:

24.1.Mr. Jayesh Rawal (Noticee no. 2):

24.1.1. Noticee no. 2, Mr. Jayesh Rawal was appointed as Executive Director of the Company on August 11, 2017 after being nominated for the same by Mr. Tarak Bipinchandra Gor, Whole Time Director of the Company. Mr. Tarak Bipinchandra Gor was a designated partner in RNG Capital Advisors LLP together with Noticee no. 2 since its inception in March 24, 2017. During the period from July 19, 2016 to September 02, 2016, Mr. Tarak Bipinchandra Gor and Mr. Jayesh Rawal were the designated partners of Golden ARC Ventures LLP along with Mr. Dinesh Ravilal Patel and Mr. Mitul Ravilal Patel, who admittedly were persons acting in concert with the acquirers for the acquisition of the Company. Furthermore, Mr. Jayesh Rawal is a Chartered Accountant by profession and partner of one CA Firm namely, JNDG & Associates which is the auditor of Generic Engineering Construction Pvt. Ltd., the promoter company of GECPL. Vide certificate number 044/2016-17 dated November 2, 2016, Noticee no. 2 had also certified that the net worth of Acquirer, Mr. Manish Ravilal Patel as on September 30, 2016 was INR 3,25,59,134/-. Mr. Jayesh Rawal in his reply dated April 29, 2023 has admitted to being connected with the promoters/ directors of the Company.

24.1.2. Finding: In view of the above, I find that the Noticee no. 2, Mr. Jayesh Rawal has been associated with the GECPL and its promoters/ directors even prior to his appointment as a Director of GECPL.

24.2. Emerald Corporate Advisory Pvt. Ltd. (Noticee no. 15):

24.2.1. During the investigation period, Emerald, Numisma, Ithica and Onyx had common promoters and directors namely, Mr. Nafeez Hakeem and Ms. Ridhima Hakeem. Further, the said entities also share a common address i.e. “28, Great Western Building, 1st Floor, 130, Sahid Bhagat Singh Marg, Opp lion Gate, Fort, Mumbai-400023”.

24.2.2. Numisma, Emerald, Ithica and Onyx have transferred shares through off market to each other. A few of the off – market transfers between the companies (Annexure 3 to the Investigation Report) is provided as under:

Table 9

Transferor	Transferee	Scrip Name	Execution Date	Qty.
Ithica Fiscal Services Pvt. Ltd.	Emerald Corporate Advisory Pvt. Ltd.	Pritika Auto Industries Limited Eq	09-06-2017	1325
Numisma Financial Advisors Pvt. Ltd.	Emerald Corporate Advisory Pvt. Ltd.	Pritika Auto Industries Limited Eq	09-06-2017	350
Emerald Corporate Advisory Pvt. Ltd.	Numisma Financial Advisors Pvt. Ltd.	East West Holdings Limited Eq	06-01-2017	8000
Emerald Corporate Advisory Pvt. Ltd.	Ithica Fiscal Services Pvt. Ltd.	Welcon International Limited Eq New Fv Re. 1/-	15-12-2016	100000
Emerald Corporate Advisory Pvt. Ltd.	Numisma Financial Advisors Pvt. Ltd.	Welcon International Limited Eq New Fv Re. 1/-	15-12-2016	100000
Ithica Fiscal Services Pvt. Ltd.	Numisma Financial Advisors Pvt. Ltd.	Welcon International Limited Eq New Fv Re. 1/-	20-12-2016	3025
Numisma Financial Advisors Pvt. Ltd.	Ithica Fiscal Services Pvt. Ltd.	Welcon International Limited Eq New Fv Re. 1/-	21-12-2016	7500
Emerald Corporate Advisory Pvt. Ltd.	Onyx Corporate Services Pvt. Ltd.	Transglobe Foods Limited Eq	14-01-2016	100

24.2.3. I note that for off market transaction to be executed successfully, the following four parameters are essential: (1) the buyer and seller should know each other, (2) the buyer must have knowledge of the fact that seller is holding the shares of the scrip which the

buyer is interested to buy, (3) the buyer must have knowledge of the fact that seller is willing to sell the shares in that scrip and (4) the buyer must have knowledge of the price at which the seller is willing to sell the shares. I note that only when the buyer and seller are known to each other and knows about the holding of such shares by the seller, they can negotiate the price and quantity of shares. Therefore, I find that Emerald, Numisma, Ithica and Onyx are *inter se* connected.

24.2.4. Furthermore, Mr. Nafeez Hakeem and Ms. Ridhima Hakeem along with Mr. Jayesh Rawal were directors of Hermes Corporate Advisory Pvt. Ltd. Hermes has the same address as Emerald, Numisma, Ithica, Onyx, Mr. Nafeez Hakeem and Ms. Ridhima Hakeem. As a partner of the CA firm Sutaria Associates, Mr. Jayesh Rawal has signed the Net Worth certificate dated June 16, 2010 of Emerald.

24.2.5. Mr. Jayesh Rawal in his reply dated April 29, 2023 has submitted that he had been doing accounting and auditing work for the father of Mr. Nafeez Hakeem and undertook directorship in Hermes in an advisory capacity. Further, the fact of signing of audited financial statements of company, Ithica and Net Worth certificate of Emerald was undertaken in his professional capacity. The Noticee has also submitted that his appointment was in the capacity of Director Simplictor (who can act only in an advisory capacity without any remuneration other than sitting fee).

24.2.6. From the aforesaid, I note that the Noticee has not denied knowing Mr. Nafeez Hakeem. I also note that at the time of obtaining a Net Worth Certificate, a Chartered Accountant is required to assess all the assets and liabilities of the entity seeking a Net Worth Certificate. During the process, the entity is required to interact with the Chartered Accountant for sharing the relevant documents, records, invoices, bank statement, provide clarifications etc. Furthermore, as a proprietor of CA firm, J. S. Rawal & Co., Mr. Jayesh Rawal has signed the audited financial statements of company, Ithica for FY 2012-13 and 2013-14. Therefore, I am unable to accept the Noticee's argument that he was not connected with Emerald.

24.2.7. The Noticee, Emerald in its reply dated May 25, 2023 has disputed the connections drawn between it and other Group 1 entities and stated that sharing a common director and promoter and the same address is of no consequence. I note that Emerald has stated that there is no clear connection established between them and Mr. Jayesh Rawal. The Noticees have relied on the orders of the Hon'ble SAT in (i) **Ashlesh Gunvantbhai Shah v. SEBI**¹¹ (ii) **Nishith M. Shah HUF v. SEBI**¹² and (iii) **Baldevsinh Zala v. SEBI**¹³ to emphasize that connection and pattern of trading must have an inter connection to establish the meeting of minds. Further, Mr. Jayesh Rawal has relied on the order of the Hon'ble SAT in **Bharti Goyal v. SEBI**¹⁴ to argue that even though the nature and pattern of trading are violative of the provisions of the PFUTP Regulations, in light of the lack of establishment of any connection between the entities, it could not uphold the imposition of penalty. However, I note that the facts of the present case can be distinguished from the aforesaid cases in view of the facts mentioned hereinabove, viz., (i) Directorship of Mr. Jayesh Rawal in Hermes wherein Mr. Nafeez Hakeem and Ms. Ridhima Hakeem, who were promoter-directors of Emerald, (ii) Mr. Jayesh Rawal has signed the Net Worth certificate of Emerald and (iii) Mr. Jayesh Rawal has signed the audited financial statements of company, Ithica, a connected company for FY 2012-13 and 2013-14.

24.2.8. Finding:

24.2.8.1. In view of the above, I find that Emerald, Numisma, Ithica, Onyx, Mr. Nafeez Hakeem and Ms. Ridhima Hakeem are *inter se* connected.

24.2.8.2. Mr. Nafeez Hakeem and Ms. Ridhima Hakeem are connected to Mr. Jayesh Rawal.

24.2.8.3. Emerald is connected to Mr. Jayesh Rawal.

24.3. Numisma Financial Advisors Pvt. Ltd. (Noticee no. 16):

24.3.1. During the investigation period, Numisma, Emerald, Ithica and Onyx had common promoters and directors namely, Mr. Nafeez Hakeem and Ms. Ridhima Hakeem.

¹¹ Order dated September 15, 2021.

¹² Appeal no. 157 of 2019 (Decided on January 13, 2020).

¹³ Appeal no. 150 of 2019 (Decided on August 12, 2021).

¹⁴ Appeal no. 159 of 2020 (Decided on August 25, 2020).

Further, the said entities also share a common address i.e. “28, Great Western Building, 1st Floor, 130, Sahid Bhagat Singh Marg, Opp lion Gate, Fort, Mumbai-400023”.

24.3.2. Numisma, Emerald, Ithica and Onyx have transferred shares through off market to each other. A few of the off – market transfers between the companies (Annexure 3 to the Investigation Report) is provided as under:

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Emerald Corporate Advisory Pvt. Ltd.	Onyx Corporate Services Pvt. Ltd.	Transglobe Foods Limited Eq	14-01-2016	100

24.3.3. In view of the common address and common promoter/ directors, abovementioned off market transactions and based on the observations in paragraph no. 19.2.3 hereinabove, I find that Emerald, Numisma, Ithica and Onyx are *inter se* connected.

24.3.4. Furthermore, Mr. Nafeez Hakeem and Ms. Ridhima Hakeem along with Mr. Jayesh Rawal were directors of Hermes Corporate Advisory Pvt. Ltd. (hereinafter referred to as “**Hermes**”). Hermes Corporate Advisory Pvt. Ltd. has the same address as Emerald, Numisma, Ithica, Onyx, Mr. Nafeez Hakeem and Ms. Ridhima Hakeem. As a partner

of the CA firm Sutaria Associates, Mr. Jayesh Rawal has signed the Net Worth certificate dated June 16, 2010 of Emerald. I note that at the time of obtaining a Net Worth Certificate, a Chartered Accountant is required to assess all the assets and liabilities of the entity seeking a Net Worth Certificate. During the process, the entity is required to interact with the Chartered Accountant for sharing the relevant documents, records, invoices, bank statement, provide clarifications etc. Furthermore, as a proprietor of CA firm, J. S. Rawal & Co., Mr. Jayesh Rawal has signed the audited financial statements of company, Ithica for FY 2012-13 and 2013-14.

24.3.5. Mr. Jayesh Rawal in his reply dated April 29, 2023 has submitted that he had been doing accounting and auditing work for the father of Mr. Nafeez Hakeem and undertook directorship in Hermes in an advisory capacity. Further, the fact of signing of audited financial statements of company, Ithica and Net Worth certificate of Emerald was undertaken in his professional capacity.

24.3.6. I note that Emerald in its reply dated May 25, 2023 has stated that there is no clear connection established between them and Mr. Jayesh Rawal. The Noticee has relied on the orders of the Hon'ble SAT in (i) **Ashlesh Gunvantbhai Shah v. SEBI**¹⁵ (ii) **Nishith M. Shah HUF v. SEBI**¹⁶ and (iii) **Baldevsinh Zala v. SEBI**¹⁷ to emphasize that connection and pattern of trading must have an inter connection to establish the meeting of minds. Further, Mr. Jayesh Rawal has relied on the order of the Hon'ble SAT in **Bharti Goyal v. SEBI**¹⁸ to argue that even though the nature and pattern of trading are violative of the provisions of the PFUTP Regulations, in the light of the lack of establishment of any connection between the entities, it could not uphold the imposition of penalty. However, I note that the facts of the present case can be distinguished from the aforesaid cases in view of the facts mentioned hereinabove, viz., (i) Directorship of Mr. Jayesh Rawal in Hermes wherein Mr. Nafeez Hakeem and Ms. Ridhima Hakeem, who were promoter-directors of Numisma, (ii) Mr. Jayesh Rawal has signed the Net Worth certificate of Emerald, a connected company and (iii) Mr. Jayesh Rawal has

¹⁵ Order dated September 15, 2021

¹⁶ Appeal no. 157 of 2019 (Decided on January 13, 2020).

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¹⁸ Appeal no. 159 of 2020 (Decided on August 25, 2020).

signed the audited financial statements of company, Ithica, a connected company for FY 2012-13 and 2013-14.

24.3.7. Finding:

24.3.7.1. In view of the above, I find that Emerald, Numisma, Ithica, Onyx, Mr. Nafeez Hakeem and Ms. Ridhima Hakeem are *inter se* connected.

24.3.7.2. Mr. Nafeez Hakeem and Ms. Ridhima Hakeem are connected to Mr. Jayesh Rawal.

24.3.7.3. Numisma is connected to Mr. Jayesh Rawal and the company, GECPL.

24.4. Muzali Arts Ltd.:

24.4.1. The company, Muzali Arts Ltd. was formerly known as Sinner Energy India Ltd. (hereinafter referred to as “**Muzali**”). The Board of Directors of Muzali during the FY 2016-17 comprised of the following:

Table 11

Sr. No.	Name of the Director	Designation
1	Mr. Mahesh Raut	Managing Director
2	Mr. Mukesh Desai	Independent Director
3	Ms. Vidhi Shambwani	Independent Director
4	Mr. Jaymin Modi	Independent Director
5	Mr. Jayesh Rawal	Additional Director
6	Mr. Mohit Khetwani	Additional Director

24.4.2. The SCN has observed that Mr. Jaymin Piyushbhai Modi, who was a director in GECPL from February 12, 2016 to February 12, 2021 was also a director in Muzali. Mr. Mahesh Jagdevrao Raut, who was the director in GECPL from December 12, 2004 to February 12, 2016 was also a director in Muzali.

24.4.3. Furthermore, it is seen from the Annual Report for FY 2016-17 that Mr. Jaymin Piyushbhai Modi and Mr. Mahesh Raut was a part of the Nomination and Remuneration Committee (hereinafter referred to as “NRC”). From the Explanatory Statement filed pursuant to section 102 (1) of the Companies Act, 2013 dated August 17, 2017, I note that the NRC recommended the appointment of Mr. Jayesh Rawal as an Additional

Director (Executive) of Muzali. I note that recommending a person to the directorship of a company is a long drawn process wherein the directors would have had to look into the antecedents of Mr. Jayesh Rawal, the professional reputation he has in the industry and for this purpose they would have had to interact with him on multiple occasions. Therefore, even though the appointment of Mr. Jayesh Rawal took place in August 2017, I note that he would have been acquainted with Mr. Jaymin Modi and Mr. Mahesh Raut prior to the said period and therefore, connected with Muzali. As shown above, Mr. Jayesh Rawal was known to GECPL even prior to his appointment as an Executive Director on August 17, 2017. I also note from the Annual Report of GECPL for FY 2016 -17 and FY 2017 – 18 that the NRC of the company comprised of Mr. Jaymin Modi, Mr. Rajesh Ladhada and Ms. Sheeta Nagda. I note that in the preceding paragraphs, Mr. Jayesh Rawal's acquaintance with Mr. Jaymin Modi and Mr. Mahesh Raut (also directors of Generic) helped him get a nomination and later directorship in Muzali. Incidentally, Mr. Jayesh Rawal became the Director of both companies on the same date.

24.4.4. In this regard, it is pertinent to note the observations of the Hon'ble SAT in ***Sanjay Kumar Poddar HUF & Others v. SEBI***¹⁹ wherein it was observed that “*common directorship is not a fleeting relationship like a co-passenger sharing a common seat in a passenger bus but one of the long time trust between the directors. Mere short time-gap between the trading period and appointment as common director would not be a cause to assume that these people were totally stranger to one another.*”

24.4.5. Finding: In view of the above, I find that Muzali is connected to Mr. Jayesh Rawal and the company, GECPL.

24.5. Pillar Investment Company Ltd. (Noticee no. 20):

24.5.1. The SCN has also alleged that one Ms. Vidhi Dinesh Shambwani, director of Muzali from March 31, 2015 onwards was also part of the Board of Directors of Pillar from March 31, 2015. As Muzali is connected with the company, GECPL and Mr. Jayesh

¹⁹ Appeal no. 326 of 2020 (Decided on August 24, 2021).

Rawal, it has been alleged that Pillar is also connected to them. The Board of Directors of Pillar during FY 2016-17 comprised of the following:

Table 12

Sr. No.	Name of the Director	Designation
1	Mr. Vinod Gupta	Chairman & Executive Director
2	Mr. Hareshkumar Maheta	Managing Director
3	Mr. Santosh Date	Independent Director
4	Ms. Vidhi Shambwani	Independent Director
5	Mr. Vinay Mehta	Non – Executive Director

24.5.2. The SCN has also alleged that Pillar was promoted by one, Daman Investments and Finance Pvt. Ltd. (hereinafter referred to as “**Daman Investments**”) and that one of the directors of Daman Investments is Mr. Jasbir Singh, who was also a director in another company namely, Kuber Udyog Ltd. (hereinafter referred to as “**Kuber**”) during the period of January 17, 2012 to February 04, 2015. Mr. Zeal Mahesh Bilakhia, who was a director of GECPL from March 31, 2015 up to June 01, 2016 was also a director in Kuber from October 20, 2014 to June 01, 2016. In view of the above, it has been alleged that Pillar is connected with GECPL and Mr. Jayesh Rawal.

24.5.3. In its reply dated May 05, 2023, Pillar has submitted that the connection sought to be drawn is a sixth degree of separation, viz., Pillar => Daman => Mr. Jasbir Singh => Kuber => Mr. Zeal Bilakhia => GECPL and Mr. Jayesh Rawal. Furthermore, it is also submitted that the connection through Ms. Vidhi Shambwani is a fourth degree of separation, viz., Pillar => Ms. Vidhi Shambwani => Muzali => GECPL and Mr. Jayesh Rawal.

24.5.4. I note that although the connection between Pillar, on one hand and GECPL and Mr. Jayesh Rawal, on the other as alleged above, may prima facie appear to be far-fetched, it is equally crucial to look at the trading pattern of Pillar in the scrip of Generic.

24.5.5. On examination of the trade log, I note that Pillar entered into buy trades in the months of March – April 2017 and sell trades in the month of July 2017. It is pertinent to note, however, that Pillar in its reply dated May 05, 2023 has submitted as follows, “*We have not traded in a single share of Generic*”. An analysis of the counterparties to the buy

trades shows that out of the 40 trades entered into by Pillar, in 52.5 % instances, the counterparty was a connected Noticee. In respect of the other trades entered into by Pillar, the counterparties were scattered. The details of the same are tabulated below:

Table 13

Name of the Connected Noticee	No. of Instances
Emerald Corporate Advisory Private Limited	13
Numisma Financial Advisors Private Limited	7
Ithica Fiscal Services Private Limited	1
Total	21

24.5.6. An analysis of the sell trades of Pillar, shows that out of the 23 sell trades entered into by Pillar, in 43.48 % instances, the counterparty was a connected Noticee. In respect of the other trades entered into by Pillar, the counterparties were scattered. The details of the same are tabulated below:

Table 14

Name of the Connected Noticee	No. of Instances
Emerald Corporate Advisory Private Limited	1
Numisma Financial Advisors Private Limited	1
Ithica Fiscal Services Private Limited	8
Total	10

24.5.7. From the aforesaid, I note that the counterparty to the trades of Pillar are Emerald, Numisma, Ithica and Onyx in 52.5% buy trades and 43.4% sell trades which according to me, is a substantial percentage in a screen based trading platform. As has been observed in the preceding paragraphs, Emerald, Numisma, Ithica and Onyx are connected to Mr. Jayesh Rawal and the company. At this stage, I would like to place reliance on the following observation of the Hon'ble Supreme Court in **SEBI v. Kishore R. Ajmera**²⁰:

“...While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising

²⁰ (2016) 6 SCC 368.

out of violation of the Act or the provisions of the Regulations framed thereunder is concerned.”

24.5.8. It is also pertinent to note the following observations of the Hon’ble Supreme Court, albeit in the context of synchronized and reversal trades in **SEBI v. Rakhi Trading Private Ltd.**²¹ cautioning against the treatment of screen based trading as sacrosanct:

“...considering the reversal transactions, quantity, price and time and sale, parties being persistent in the number of such trade transactions with huge price variations, it will be too naïve to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be overlooking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the Board's circular.”

24.5.9. Finding: In view of the above, I find that Pillar is connected with the company, GECPL and Mr. Jayesh Rawal.

24.6.Mr. Ashish Shankar Pandare:

24.6.1. Mr. Ashish Shankar Pandare was the CFO of Pillar w.e.f. August 13, 2016. The Noticee’s connection with Mr. Jayesh Rawal and the company is based on Pillar’s connection with Mr. Jayesh Rawal. The Noticee vide his reply dated May 08, 2023 has stated that his connection with Noticee no. 1 and 2 is far-fetched. However, in the preceding paragraph, it is shown that Pillar’s connection with Mr. Jayesh Rawal is not only based on the six degrees of connection but also based on the trading pattern where counter-parties to its trade were other Connected Noticees. The Noticee has not denied being the CFO of Pillar during the Investigation Period. In view of the same, I note that Mr. Ashish Shankar Pandare is connected to Pillar. Furthermore, from the PAN of the Noticee, it is also understood that Mr. Shankar Ramchandra Pandare is the Noticee’s father, who has been listed as one of the top shareholders of Pillar at the end of FY 2016 -17. In fact, 85,000 shares of Pillar were allotted to Mr. Shankar Ramchandra Pandare on payment of Rs. 18,70,000/- through preferential allotment in March 2017. I note that that private placements of shares are rarely given to unknown entities and consequently, it can be safely presumed that preferential allottees are known to such company. Mr.

²¹ Civil appeal no. 1969 of 2011 decided on February 8, 2018.

Shankar Ramchandra Pandare has also been listed as one of the top shareholders of Muzali at the end of FY 2016 -17. As observed hereinabove, Pillar and Muzali are connected with the company and Mr. Jayesh Rawal.

24.6.2. Finding: Therefore, I find that Mr. Ashish Shankar Pandare apart from being connected with the aforesaid entities is also connected with GECPL and Mr. Jayesh Rawal.

24.7.Mr. Arun Ramchandra Gole (Noticee no. 7):

24.7.1. I note from the Annual Report of Pillar for FY 2016-17 that Mr. Arun Ramchandra Gole was one of the top ten shareholders of that company. The Noticee, in his reply dated April 11, 2023 has stated that he invested in the shares of Pillar and Muzali purely for investment reason. I note from the Pillar's submission dated May 05, 2023 that 80,000 shares were allotted to the Noticee as part of a preferential allotment of shares. I note that that private placements of shares are rarely given to unknown entities and consequently, it can be safely presumed that preferential allottees are known to such company. In view of the same, I note that Mr. Arun Ramchandra Gole is connected to Pillar. I also note from the Annual Report of Muzali for FY 2016-17 that Mr. Arun Ramchandra Gole was one of the top ten shareholders of that company, and by virtue of the same, connected with Muzali. Furthermore, as shown above, Muzali is connected with the company and Mr. Jayesh Rawal.

24.7.2. Finding: In view of the above, I find that Mr. Arun Ramchandra Gole is connected with the company, GECPL and Mr. Jayesh Rawal.

24.8.Mr. Laxman Dhananjay Gunde (Noticee no. 8):

24.8.1. I note from the Annual Report of Pillar for FY 2016-17 that Mr. Laxman Dhananjay Gunde was one of the top ten shareholders of that company. I note that the Noticee has not filed any reply in the matter, however, I note from the Pillar's submission dated May 05, 2023 that 80,000 shares were allotted to the Noticee as part of a preferential allotment of shares. I note that that private placements of shares are rarely given to

unknown entities and consequently, it can be safely presumed that preferential allottees are known to such company.²² In view of the same, I note that Mr. Laxman Dhananjay Gunde is connected to Pillar. Furthermore, as shown above, Pillar is connected with the company and Mr. Jayesh Rawal.

24.8.2. Finding: In view of the above, I find that Mr. Laxman Dhananjay Gunde is connected with the company, GECPL and Mr. Jayesh Rawal.

24.9. Mr. Shivakumar Gattai Kamballa (Noticee no. 4):

24.9.1. I note from the Annual Report of Pillar for FY 2016-17 that Mr. Shivakumar Gattai Kamballa was one of the top ten shareholders of that company. I note that the Noticee has not filed any reply in the matter, however, I note that the Noticee has not filed any reply in the matter, however, I note from the Pillar's submission dated May 05, 2023 that 80,000 shares were allotted to the Noticee as part of a preferential allotment of shares. I note that that private placements of shares are rarely given to unknown entities and consequently, it can be safely presumed that preferential allottees are known to such company. In view of the same, I note that Mr. Shivakumar Gattai Kamballa is connected to Pillar. Furthermore, as shown above, Pillar is connected with the company and Mr. Jayesh Rawal.

24.9.2. Finding: In view of the above, I find that Mr. Shivakumar Gattai Kamballa is connected with the company, GECPL and Mr. Jayesh Rawal.

24.10. Mr. Saurabh Ashok Shinde (Noticee no. 5):

24.10.1. I note from the Annual Report of Pillar for FY 2016-17 that Mr. Saurabh Ashok Shinde was one of the top ten shareholders of that company. I note that the Noticee vide letter dated August 19, 2022 had submitted that he is not related with any of the Noticees in the SCN and sought copies of the Investigation Report which have been provided to him. Thereafter, the Noticee has not filed any reply in the matter. However, I note from

²² Praveen Kurele & Anr. v. SEBI (Appeal no. 319 of 2020, decided on April 29, 2022)

the Pillar's submission dated May 05, 2023 that 80,000 shares were allotted to the Noticee as part of a preferential allotment of shares. I note that that private placements of shares are rarely given to unknown entities and consequently, it can be safely presumed that preferential allottees are known to such company. In view of the same, I note that Mr. Saurabh Ashok Shinde is connected to Pillar. Furthermore, as shown above, Pillar is connected with the company and Mr. Jayesh Rawal.

24.10.2. Finding: In view of the above, I find that Mr. Saurabh Ashok Shinde is connected with the company, GECPL and Mr. Jayesh Rawal.

24.11. Mr. Moglesh Channappa Koni (Noticee no. 11)

24.11.1. I note from the Annual Report of Pillar for FY 2016-17 that Mr. Moglesh Channappa Koni was one of the top ten shareholders of that company. I note that the Noticee has not filed any reply in the matter, however, I note from the Pillar's submission dated May 05, 2023 that 80,000 shares were allotted to the Noticee as part of a preferential allotment of shares. I note that that private placements of shares are rarely given to unknown entities and consequently, it can be safely presumed that preferential allottees are known to such company. In view of the same, I note that Mr. Moglesh Channappa Koni is connected to Pillar. Furthermore, as shown above, Pillar is connected with the company and Mr. Jayesh Rawal.

24.11.2. Finding: In view of the above, I find that Mr. Moglesh Channappa Koni is connected with the company, GECPL and Mr. Jayesh Rawal.

24.12. Mr. Ashok Sinaiya Metari (Noticee no. 13):

24.12.1. I note from the Annual Report of Pillar for FY 2016-17 that Mr. Ashok Sinaiya Metari was one of the top ten shareholders of that company. I note that the Noticee has not filed any reply in the matter, however, I note from the Pillar's submission dated May 05, 2023 that 80,000 shares were allotted to the Noticee as part of a preferential allotment of shares. I note that that private placements of shares are rarely given to

unknown entities and consequently, it can be safely presumed that preferential allottees are known to such company. In view of the same, I note that Mr. Ashok Sinaiya Metari is connected to Pillar. I also note from the Annual Report of Muzali for FY 2016-17 that Mr. Ashok Sinaiya Metari was one of the top ten shareholders of that company, and by virtue of the same, connected with Muzali. Furthermore, as shown above, Pillar and Muzali are connected with the company and Mr. Jayesh Rawal.

24.12.2. Finding: In view of the above, I find that Mr. Ashok Sinaiya Metari is connected with the company, GECPL and Mr. Jayesh Rawal.

24.13. Ms. Roopali Hari Om (Noticee no. 10):

24.13.1. I note from the Annual Report of Muzali for FY 2016-17 that Ms. Roopali Hari Om was one of the top ten shareholders of that company, and by virtue of the same, connected with Muzali. The Noticee, in her reply dated April 03, 2023 has submitted that she has bought shares of Muzali in FY 2016 – 17, 2017-18 and 2020-21 and that she acquired the shares of Muzali whenever there was a fall in the price. The Noticee also submitted that she started investing in the shares of GECPL from February 23, 2016 and Mr. Jayesh Rawal was appointed as director of GECPL and Muzali on August 17, 2017, after a gap of almost 18 months. I note that in 2016, Mr. Jayesh Rawal gave a networth certificate to Mr. Manish Patel, Acquirer of the company, GECPL. He was also the designated partner of Golden ARC Ventures LLP along with Mr. Tarak Gor (Director of Generic), Mr. Dinesh Ravilal Patel and Mr. Mitul Ravilal Patel, who were persons acting in concert with the acquirers for the acquisition of the Company during June 2016 to September 2016. This close association with the acquirers gave Mr. Jayesh Rawal access to the company and its director namely Mr. Jaymin Modi (also a director of Muzali) and Mr. Mahesh Raut (also a director of Muzali). Mr. Jaymin Modi and Mr. Mahesh Raut were part of the NRC of Muzali and as noted hereinabove, recommended the appointment of Mr. Jayesh Rawal as an Additional Director (Executive) in Muzali. I note that in the preceding paragraphs, Mr. Jayesh Rawal's acquaintance with the company and its directors has been established. This acquaintance helped him get a nomination in Muzali. Furthermore, as shown above, Muzali is connected with the company and Mr. Jayesh Rawal.

24.13.2. I also note that when the Noticee started investing in the shares of GECPL from February 23, 2016, the price of the scrip on an average from February 23, 2016 to March 31, 2016 was Rs. 19.38/- (average high price) and Rs. 18.78/- (average low price). Furthermore, I note from the Investigation Report that even before the Investigation Period i.e. from September 01, 2016 to November 03, 2016), the price of the scrip was Rs. 35/-. However, the Noticee did not trade during this period when the Noticee could have sold the shares at a higher price than what she had purchased in February 2016. I note that the Noticee, rather waited for the price to increase from November 2016 which she knew being part of the scheme to manipulate the price of the scrip whereby she could trade at a higher price. I note from the Trade Log that Ms. Roopali Hari Om has traded at an average price of Rs. 78.37/- during the Investigation Period.

24.13.3. I also note that based on examination of the Trade Log that during the Investigation Period, the Noticee entered into 127 trades. Out of these 127 trades, for 59 trades i.e. 46.45%, the counterparty either Emerald (26 trades), Numisma (5 trades), Ithica (27 trades) and Onyx (1 trade), parties connected with Mr. Jayesh Rawal. The Noticee, in her reply dated May 02, 2023 has cherry-picked certain on dates where the counterparties were not the aforesaid entities. She has stated that out of the alleged total sale of 94,200 shares, for 63,380 shares i.e. 73%, there was no counterparty from the alleged Group 1. I note that the said figures are applicable for the trades of the Noticee from November 2016 to December 2016. I note that the Noticee has in fact traded in the scrip from November – December 2016, March 2017 and August 2017, and 59 trades mentioned hereinabove pertain to the said period.

24.13.4. Finding: In view of the above, I find that Ms. Roopali Hari Om is connected with the company and Mr. Jayesh Rawal.

24.14. Mr. Subhash Vithoba Dongre (Noticee no. 6):

24.14.1. I note from the Annual Report of Muzali for FY 2016-17 that Mr. Subhash Vithoba Dongre was one of the top ten shareholders of that company and by virtue of the same, connected with Muzali. The Noticee vide reply dated April 28, 2023 has denied

connection with the company, GECPL. However, as shown above, Muzali is connected with the company and Mr. Jayesh Rawal.

24.14.2. Finding: In view of the above, I find that Mr. Subhash Vithoba Dongre is connected with the company, GECPL and Mr. Jayesh Rawal.

24.15. Ms. Mita Rasesh Dani (Noticee no. 14):

24.15.1. I note from the replies of the Ms. Mita Rasesh Dani and Ms. Jigna Rasesh Dani that they both reside at “2, Jagdambaniwas, Jainudin Compound, Carter Road No. 3, Boriavali (East), Mumbai – 400066”. Furthermore, vide email dated April 28, 2023, Ms. Mita Dani informed that she does not wish to avail a personal hearing in the matter. In this regard, I note that the said email was sent from the email ID of Ms. Jigna Dani i.e. *jigurdani@yahoo.com*. Therefore, I find that Ms. Mita Rasesh Dani and Ms. Jigna Rasesh Dani are connected with each other.

24.15.2. The Noticee, in her reply dated March 28, 2023, has denied being connected to Noticee nos. 1 and 2 i.e. GECPL and Mr. Jayesh Rawal. I note from the Annual Report of Pillar for FY 2016-17 that Ms. Mita Rasesh Dani was one of the top ten shareholders of that company. I note from the Pillar’s submission dated May 05, 2023 that 80,000 shares were allotted to the Noticee as part of a preferential allotment of shares. I note that that private placements of shares are rarely given to unknown entities and consequently, it can be safely presumed that preferential allottees are known to such company. In view of the same, I note that Ms. Mita Rasesh Dani is connected to Pillar. I note from the Annual Report of Muzali for FY 2016-17 that Ms. Mita Rasesh Dani was one of the top ten shareholders of that company, and by virtue of the same, connected with Muzali. Furthermore, as shown above, Muzali is connected with the company and Mr. Jayesh Rawal.

24.15.3. Finding: In view of the above, I find that Ms. Mita Rasesh Dani is connected with the company, GECPL and Mr. Jayesh Rawal.

24.16. Ms. Jigna Rasesh Dani (Noticee no. 12):

24.16.1. I note from the replies of the Ms. Jigna Rasesh Dani and Ms. Mita Rasesh Dani that they both reside at “2, Jagdambaniwas, Jainudin Compound, Carter Road No. 3, Borivali (East), Mumbai – 400066”. Furthermore, vide email dated April 28, 2023, Ms. Mita Dani informed that she does not wish to avail a personal hearing in the matter. In this regard, I note that the said email was sent from the email ID of Ms. Jigna Dani i.e. *jigurdani@yahoo.com*. Therefore, I find that Ms. Jigna Rasesh Dani and Ms. Mita Rasesh Dani are connected with each other.

24.16.2. The Noticee, in her reply dated March 28, 2023, has submitted that she cannot be made party to the SCN solely on the ground that she invested in the shares of Pillar. I note from the Annual Report of Pillar for FY 2016-17 that Ms. Jigna Rasesh Dani was one of the top ten shareholders of that company. I note from the Pillar’s submission dated May 05, 2023 that 80,000 shares were allotted to the Noticee as part of a preferential allotment of shares. I note that that private placements of shares are rarely given to unknown entities and consequently, it can be safely presumed that preferential allottees are known to such company. In view of the same, I note that Ms. Jigna Rasesh Dani is connected to Pillar. Furthermore, as shown above, Pillar is connected with the company and Mr. Jayesh Rawal. It is also true that Ms. Mita Rasesh Dani is connected with Muzali, GECPL and Mr. Jayesh Rawal.

24.16.3. Finding: In view of the above, I find that Ms. Jigna Rasesh Dani is connected with the company, GECPL and Mr. Jayesh Rawal.

24.17. Mr. Anil Gautam Jadhav (Noticee no. 3):

24.17.1. I note that the SCN has alleged that Mr. Anil Gautam Jadhav, who sold the shares of GECPL during the Investigation Period, has transferred part of the sell value to GECPL. The Noticee vide letter dated September 09, 2023 had sought copy of the Investigation Report and all the relevant documents which have been provided to the Noticee. However, no reply on merits has been filed by him. I note from Table 36 of the Investigation Report which has been shared with the Noticee and Table 9 of the SCN

that on January 18, 2017, he transferred Rs. 19,25,058/- to one Shree Constructions. The said Shree Constructions in turn transferred Rs. 13,25,000/- to Welplace, now known as GECPL. I note that apart from the aforesaid indirect fund transaction with GECPL, the SCN does not contain any other connection. As a result, I am unable to agree that Mr. Anil Gautam Jadhav is connected with the company, GECPL.

24.17.2. Finding: Mr. Anil Gautam Jadhav is not connected with the company, GECPL.

24.18. Edocs Solutions Ltd. (Noticee no. 17):

24.18.1. I note from the SCN that Mr. Ravindra Tribhuvan Mishra, who was Managing Director of Noticee no. 1 i.e. GECPL during the Investigation Period i.e. till February 27, 2017 was also the director of Edocs Solutions Ltd. I also note that Ms. Pallavi Hiren Kothari and Mr. Manan Hiren Kothari, relatives of the then promoter of Noticee no. 1 viz. Mr. Hiren Shantilal Kothari, were also the directors and signatories of Edocs Solutions Ltd. The Noticee in its reply dated March 21, 2023 has submitted that no connection can be established between them and Noticee no. 1 on the basis of old directorship and far-fetched indirect connections.

24.18.2. I note that the Noticees have not disputed that Mr. Ravindra Tribhuvan Mishra was a director of the company during the relevant period nor have they disputed that the then promoter of Noticee no. 1 viz. Mr. Hiren Shantilal Kothari, were also the directors and signatories of Edocs Solutions Ltd. Further, I note that the Hon'ble SAT in several cases such as *Classic Credit Ltd. v. SEBI*²³ and *Veronica Financial Services Ltd. v. SEBI*²⁴ has held that connection can be established on the basis of factors including the common directors/shareholders, etc. I, therefore, do not agree with the contention of the Noticee with regard to connections between Noticee and GECPL/ Mr. Jayesh Rawal.

24.18.3. Finding: In view of the above, I find that Edocs Solutions Ltd. is connected with Mr. Jayesh Rawal and the company, GECPL.

²³ Decided on January 9, 2007 (Can be accessed on <https://indiankanoon.org/doc/162459/>).

²⁴ Decided on 24 August, 2004 (Can be accessed on <https://indiankanoon.org/doc/356819/>)

24.19. Bullish Bonds and Holdings Ltd. (Noticee no. 18):

24.19.1. The SCN alleges that Mr. Mitesh Dani was the Managing Director of Bullish Bonds for FY 2016 -17. However, the SCN is unclear about the connection of Mr. Mitesh Dani with the company, GECPL and Mr. Jayesh Rawal. The SCN also alleges that the Net Sellers, Mr. Subhash Dongre and Mr. Arun Ramchandra Gole transferred Rs. 10,00,000/- and Rs. 26,25,000/- to Bullish Bonds. I note that the Noticee in their reply dated May 06, 2023 have stated that the company is now known as East West Holding Ltd. and the current promoters are Mr. Mohammed Shafi and Mohammed Ajaz Shafi. It is submitted that the current promoters acquired Bullish Bonds in March 2018 through an Open Offer. The company has also submitted that on examination of the books of accounts, it is understood that the aforesaid money was received for sale of physical shares of Bullish Bonds. The Noticee also provided a Certificate from a Chartered Accountant certifying that the said money was received in the bank account of Bullish Bonds towards the sale of securities as appearing in the books of accounts.

24.19.2. During the hearing granted to Noticee on May 09, 2023, the Noticee was advised to obtain relevant records from the Share Transfer Agent regarding issue of securities to Mr. Subhash Dongre and Mr. Arun Gole within ten days. Vide post hearing submissions dated May 26, 2023, the Noticee submitted that the previous management had sold the shares and that the current management acquired the Noticee through an open offer in March 2018 i.e. after a period of one year. Therefore, I note that the Noticee has not been able to provide the relevant records from the Share Transfer Agent. Nevertheless, the sole basis of connection sought to be drawn between the Net Sellers and the Noticee is the aforementioned fund transfers. I note that fund transfer alone cannot be the basis to connect the Noticee with the Net Sellers in order to prove connivance for manipulation of the price of the scrip.

24.19.3. Finding: In view of the above, I find that Bullish Bonds and Holdings Ltd. is not connected with the company.

24.20. Behoof Investments and Trade Pvt. Ltd. (Noticee no. 19):

24.20.1. I note from the Annual Report of Muzali for FY 2016-17 that Behoof Investments and Trade Pvt. Ltd. was one of the top ten shareholders of that company. As shown above, Muzali is connected with the company and Mr. Jayesh Rawal. Furthermore, the director of Behoof Investments during the Investigation Period was Mr. Ravindra Tribhuvan Mishra, who was Managing Director of Noticee no. 1 i.e. GECPL i.e. till February 27, 2017 which falls within the Investigation Period. Furthermore, one of the Major Net Sellers, Mr. Subhash Vithoba Dongre, who as shown above is connected to Pillar and therefore, connected to Mr. Jayesh Agarwal and the company, is also the director of Behoof since January 27, 2015 till date. The Noticee, Behoof, in their reply dated March 20, 2023 have not denied the aforesaid facts.

24.20.2. Finding: In view of the above, I find that Behoof Investments and Trade Pvt. Ltd. is connected with the company and Mr. Jayesh Rawal.

24.21. Kuber Udyog Ltd. (Noticee no. 21):

24.21.1. Mr. Zeal Mahesh Bilakhia, who was a director of GECPL from March 31, 2015 upto June 01, 2016 was also a director in Kuber from October 20, 2014 to June 01, 2016. I note that the Noticee has not filed any response in the matter.

24.21.2. Finding: In view of the above, I find that Kuber Udyog Ltd. is connected with the company and Mr. Jayesh Rawal.

Having established the connections of the Noticees with the company and Mr. Jayesh Rawal, I shall now proceed to deal with the second issue that merits consideration.

Issue No. 2: Whether the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price and volume of the scrip of GECPL and facilitated other connected entities to sell their shares at an inflated price?

25. I note that during the investigation period price of the scrip in BSE²⁵ moved from Rs. 35/- to the high of Rs. 161/- registering an increase of Rs. 126/- (360%). I note from the Investigation Report that for the purpose of investigation, the entities suspected of indulging in manipulative trading have been classified into groups. In this regard, it has been alleged that Mr. Jayesh Rawal and the company, GECPL along with entities in “Group 1” (hereinafter referred to as “Group 1 Entities”) have placed orders higher than the LTP and thus influenced the price of the scrip. The details of the said Group 1 entities and their connections is reproduced as under:

Table 15

Sr. No.	Name	UCC based connection details
1	Emerald Corporate Advisory Private Limited (ECAPL)	Entities at sr.no 1 to 4 have common promoter and Director namely Mr. Nafeez Hakeem and Mrs Ridhima Hakeem.
2	Ithica Fiscal Services Private Limited (IFSPL)	Entities at sr.no 1 to 4 and Mr. Nafeez Hakeem and Mrs Ridhima Hakeem have same address viz 28, Great Western Building, Ist Floor, 130, Sahid Bhagat Singh Marg, Opp lion Gate, Fort, Mumbai-400023.
3	Numisma Financial Advisors Private Limited (NFAPL)	Entities at sr. no. 1 to 4 have transferred shares of GECPL through off Market to each other.
4	Onyx Corporate Services Private Limited (OCSPL)	<p>NFAPL has transferred funds to IFSPL (sr no. 2), OCSPL (sr. no. 4), Prashant Ashok Shah (sr no. 7) Parag Shah (sr no 8), Manisha Prashant Shah (sr. no. 9) and Javedbhai A. Mirza (sr no. 10)</p> <p>Mr. Jayesh Rawal (sr no. 5), Mr. Nafeez Hakeem and Mrs Ridhima Hakeem were director of Hermes Corporate Advisory Pvt Ltd.</p> <p>Hermes Corporate Advisory Pvt Ltd have same address as of entities at sr.no 1 to 4.</p> <p>As per the Member Client Agreement, Mr. Parag Shah (sr. no. 8) was authorized to deal in securities on behalf of Company IFSPL (Sr. no. 2) and NFAPL (sr. no 3). Mr. Prashant Shah was introducer for IFSPL and NFAPL.</p> <p>Mr. Prashant Shah and Mr. Parag Shah (sr. no. 7 & 8)) were authorized to deal in securities on behalf of Company ECAPL (Sr. no. 1) as per the Member Client Agreement.</p> <p>Entity Parag Sevantilal Shah (no. 8) has fund transaction with sr. No. 3 (Numisma Financial Advisors Private Limited) and Sr. No 1 (ECAPL).</p>

²⁵ The shares of the company were not listed on NSE during the investigation period.

		<p>Entity Prashant Ashok Shah (Sr. No 7) has fund transaction with company ECAPL (Sr. No. 1).</p> <p>Entity no. 8, 1 and 4 have common mobile no. 9820820922. Entity Manisha Prashant Shah (sr .no 9) has fund transfer with entity NFAPL (sr no.3)</p> <p>Entity Javedbhai A. Mirza (sr. no. 10) has fund transfer with entity NFAPL (sr no.3)</p>
5	Jayesh Rawal	<p>Entity Jayesh Rawal (sr.no 5) is director of Generic Engineering Construction and Projects Ltd.</p> <p>He is also director of Hermes Corporate Advisory Pvt Ltd along with Mr. Nafeez Hakeem and Mrs. Ridhima Hakeem.</p> <p>Hermes Corporate Advisory Pvt Ltd have same address as of entities at sr.no 1 to 4.</p> <p>He is proprietor of CA firm J.S. Rawal & Co. As a proprietor of CA firm J. S. Rawal & co he has signed the Audited financial statements of company IFSPL (sr. No. 2) for FY2012-13 and 2013-14.</p> <p>He is Partner in CA Firm Sutaria Associates. As a partner of Sutaria associates, he has signed the Net worth certificate of company ECAPL (sr. no. 1) dated June 16, 2010.</p> <p>He is also partner in CA firm JDNG & Associates. As a partner he has signed the Audit report of promoter company Generic Engineering & construction Pvt Ltd for FY 2015-16 and as a partner of CA firm JDNG & Associates, he has signed Networth certificate of Promoter cum MD of GECPL - Mr. Manish Patel as on Sept 30, 2016.</p> <p>Entity is also director in Vidhi Investment Solution Pvt Ltd alongwith Ms. Chanda Rawal (sr. No. 6).</p>
6	Chanda Rawal	<p>Entity Chanda Rawal is wife of Jayesh Rawal (sr. no. 5).</p> <p>Entities at sr. no 5 & 6 connected /related to each other as they have same mobile number viz.9320206161, 9833676161 and email id - rawaljayesh@gmail.com and address 1302 /03 Sunrise Point, Neptune living Point LBS Road, Bhandup West. Entity is also director in Vidhi Investment Solution Pvt Ltd alongwith Mr. Jayesh Rawal (sr. No. 5)</p>
7	Prashant Ashok Shah	<p>Entity Prashant Ashok Shah (sr. No 7) has transferred shares through off market to entity Manisha Prashant Shah Sr. No. 9) on Jan 10, 2017.</p> <p>Entity has common address - B001, Ridhhi Palace,30 Feet Road, Bhayander with sr. no 9 (Manisha Prashant Shah).</p> <p>Entity Prashant Ashok Shah has fund transaction with company ECAPL (Sr. No. 1).</p>

		<p>He is authorized to deal in securities on behalf of Company ECAPL (Sr. no. 1) as per the Member Client Agreement.</p> <p>Mr. Prashant Shah and Mr. Parag Shah (sr no 8) both were working for RNZ & Co. The address of RNZ & Co is same as of entities at Sr no 1 to 4 i.e. 28, Great Western Building, Ist Floor, 130, Sahid Bhagat Singh Marg, Opp lion Gate, Fort, Mumbai-400023.</p>
8	Parag Sevantilal Shah	<p>Entity no. 8, 1 and 4 have common mobile no. 9820820922. Entity Parag Sevantilal Shah (no. 8) has fund transaction with sr. No. 3 (Numisma Financial Advisors Private Limited) and Sr. No 1 (ECAPL).</p> <p>He is authorized to deal in securities on behalf of Company ECAPL (Sr. no. 1) as per the Member Client Agreement.</p> <p>Mr. Prashant Shah and Mr. Parag Shah (sr no 8) both were working for RNZ & Co. The address of RNZ & Co is same as of entities at Sr no 1 to 4 i.e. 28, Great Western Building, Ist Floor, 130, Sahid Bhagat Singh Marg, Opp. Lion Gate, Fort, Mumbai-400023.</p>
9	Manisha Prashant Shah	<p>Entity Prashant Ashok Shah (sr. No 7) has transferred shares through off market to entity Manisha Prashant Shah Sr. No. 9) on Jan 10, 2017.</p> <p>Entity has common address - B001, Ridhhi Palace, 30 Feet Road, Bhayander with sr. no 7 (Prashant Shah).</p> <p>Entity has fund transfer with entity NFAPL (sr no.3)</p>
10	Javedbhai A. Mirza	<p>Fund transfer with entity NFAPL (sr no.3).</p> <p>Off market transfer with Rahulkumar Leua (sr no. 13) and Jayeshbhai Kachhiya (sr no. 12)</p>
11	Mrugesh Natwarlal Ruparel	<p>Entity at sr. no 11 had off market transaction with entity at sr.no 10 on Sept 23, 2016 in Hemo Organic Ltd</p>
12	Jayeshbhai Rohitbhai Kachhiya	<p>Off Market with Javedbhai A. Mirza (Sr. no. 10).</p> <p>Entities at sr.no 12 and 14 connected /related to each other as they have same mobile number viz. 9925068321</p>
13	Rahulkumar Manilal Leua	<p>Entity no. 13 and Entity no.16 have common mobile no. 9173937164.</p> <p>Off Market with Javedbhai A. Mirza (Sr. no. 10) and Natubhai Parmar (sr no. 17)</p>
14	Vijaykumar Natubhai Kapadiya	<p>Entities at sr.no 12 and 14 connected /related to each other as they have same mobile number viz. 9925068321.</p> <p>Entity has fund transaction with entity Jayveersinh Chavda (sr.no 15).</p> <p>Entity Kevalkumar Shailesbhai Sutariya (Sr.no 16) have fund transaction with entity, Vijaykumar Natubhai Kapadiya (sr.no 14.) - (Dena Bank a/c on Aug 4, 2017 Rs. 72000/-)</p>

15	Jayveersinh Chavda	Entity has fund transaction with entity Vijaykumar Natubhai Kapadiya (sr.no 14) and with Jitendrakumar Somchand Malviya.
16	Kevalkumar Shailesbhai Sutariya	Entity at Sr.no Kevalkumar Shailesbhai Sutariya have fund transaction with entity Vijaykumar Natubhai Kapadiya (sr.no 14.) - (Dena Bank a/c on Aug 4, 2017 Rs. 72000/-)
17	Natubhai Dhulabhai Parmar	Entity has off-market transaction with Rahulkumar Manilal Leua (sr.no 13)
		Entity has common address with sr. No. 14(Vijaykumar Natubhai Kapadiya) B 302 Labh Apartment Near Raghuvir Society, D School Road Sahijpur Bogha, Ahmedabad
18	Ashokbhai Nanjibhai Parmar	Entity at sr.no 18 & 19 were being introduced by Jitendrabhai Malviya.
19	Nareshbhai Pappubhai Parmar	
20	Sajidhusen Mahmmadali Saiyad	Entity no 20 and 21 have common mobile no. 8347837707. Entity at sr.no 20, 21 and 23 have the same address viz. Azmatpura, Vadigam, Hadgud, Anand-388110, Gujarat. As per KYC documents both (sr no 20 & 21) entities were introduced by Jitendrakumar Somchand Malviya.
21	Vahidhusen Mahamadali Saiyad	
22	Taliyan Nisha	Entity at sr.no 22 have off-mkt transaction with Safiyuddin Nurmiya Saiyad (Sr. No. 23) (on Sept 1, 2016 - Hemo Organic Ltd)
23	Safiyuddin Nurmiya Saiyad	Entity at sr.no 22, 24 and 17 have off-mkt transaction with Safiyuddin Nurmiya Saiyad (Sr. No. 23) Entity at sr.no 20, 21 and 23 have the same address viz Azmatpura, Vadigam, Hadgud, Anand-388110, Gujarat
24	Parvez Muniruddin Kazi	Off-mkt transaction with Safiyuddin Nurmiya Saiyad (Sr . No. 23)

26. The SCN has alleged that the following 10 entities of Group 1 viz. (1) Emerald Corporate Advisory Private Limited, (2) Numisma Financial Advisors Private Limited, (3) Kevalkumar Shailesbhai Sutariya, (4) Jayveersinh Mahendrasinh Chavda, (5) Javedbhai Ashrafbhai Mirza, (6) Natubhai Dhulabhai Parmar, (7) Vahidhusen Mahamadali Saiyad, (8) Ashokbhai Nanjibhai Parmar, (9) Jayesh Rawal and (10) Parvez Muniruddin Kazi have contributed Rs. 205.7 (30.24%) to positive LTP (the market total was Rs. 115.80/-), during the investigation period. The details are as under:

Table 16

Name	All trades			LTP Diff. >0			LTP Diff. < 0			LTP Diff. =0		% of Positive LTP to Total Market positive LTP
	Sum of LTP diff	Sum of Quantity	No of trades	Sum of LTP diff	QTY traded	No of trades	Sum of LTP diff	QTY traded	No of trades	QTY traded	No of trades	
Emerald Corporate Advisory Private Limited	109.65	350312	3054	763.45	55235	684	-653.80	123368	1587	171709	783	20.99

Numisma Financial Advisors Private Limited	28.10	139411	695	154.60	14910	145	-126.50	25125	255	99376	295	4.25
Kevalkumar Shailesbhai Sutariya	21.05	226528	711	26.70	104884	157	-5.65	17701	34	103943	520	0.73
Jayveersinh Mahendrasinh Chavda	11.60	420288	1238	79.60	130450	227	-68.00	151223	226	138615	785	2.19
Javedbhai Ashrafbhai Mirza	11.35	28007	171	13.95	17804	89	-2.60	3736	14	6467	68	0.38
Natubhai Dhulabhai Parmar	8.00	238168	845	23.50	66789	102	-15.50	54043	64	117336	679	0.65
Vahidhusen Mahamadali Saiyad	6.90	109082	324	13.75	56289	117	-6.85	25079	41	27714	166	0.38
Ashokbhai Nanjibhai Parmar	6.15	176828	465	18.15	37775	48	-12.00	32152	44	106901	373	0.50
Jayesh Rawal	2.60	15450	65	5.70	6494	13	-3.10	820	5	8136	47	0.16
Parvez Muniruddin Kazi	0.30	1500	6	0.30	1500	6	0.00	0	0	0	0	0.01
Total	205.7	1705574	7574	1099.7	492130	1588	-894	433247	2270	780197	3716	30.24
Market Total	115.80	7759513	28273	3637.90	1755356	5816	-3522.10	1993176	6782	4010981	15675	100.00

27. I note from Table 3 that the price of the scrip before the Investigation Period was Rs. 35/-. However, during the Investigation Period, the price of the scrip increased from Rs. 35/- to Rs. 161/-. It is pertinent to observe that the connection amongst the Group 1 entities is one of the basis for alleging violations against the Noticee and other Group 1 entities. I note that the connection of each Noticee is also corroborated by their unique ways of trading.
28. Mr. Jayesh Rawal, in his reply, has stated that he bought the shares of Generic as an investment and that only 13 trades executed by the Noticee had a positive impact on the price, 5 trades had a negative impact and 47 trades had no impact on LTP. Further, he has also contended that if his intention would have been to impact the LTP positively, then he would not have executed so many trades with 0 LTP and 5 trades with negative LTP and this would show that the impact on LTP was incidental to the trades and not intentional. In this regard, I note from the aforesaid Table that Emerald, Numisma and Mr. Jayesh Rawal through their trades contributed 20.99%, 4.25% and 0.16% respectively, of positive LTP to the total market positive LTP. As shown in paragraph nos. 19.2.1 to 19.2.3 hereinabove, Emerald, Numisma, Ithica and Onyx are connected with each other through common promoter and director, Mr. Nafeez Hakeem and common address i.e. 28, Great Western Building, 1st Floor, 130, Shahid Bhagat Singh Marg, Opp lion Gate, Fort, Mumbai-400023. I also note from the preceding paragraphs that Mr. Nafeez Hakeem and Ms. Ridhima Hakeem along with Mr. Jayesh Rawal were directors of Hermes which shares the same address as Emerald, Numisma, Ithica, Onyx, Mr. Nafeez Hakeem and Ms. Ridhima

Hakeem. Furthermore, Mr. Jayesh Rawal in his reply dated April 29, 2023 has submitted that he had been doing accounting and auditing work for the father of Mr. Nafeez Hakeem and undertook directorship in Hermes in an advisory capacity. Therefore, their contribution to LTP ought to be considered together. In view of the same, I note that the Emerald, Numisma and Mr. Jayesh Rawal collectively contributed 25.4% of positive LTP to total market LTP.

29. Having noted the aforesaid argument of the Noticee, I also note that **Annexure 5 to the Investigation Report – Positive LTP Contribution Group 1** (Group 1 entities contributing to positive LTP by trading among themselves)

Table 17 - Buy Side

Name of the Noticee	LTP Difference of each Noticee
Emerald Corporate Advisory Private Limited	71.2
Numisma Financial Advisors Private Limited	0.9
Jayesh Rawal	0.15
Total LTP Difference	72.25

30. Noticee no. 2, in his reply, has stated that of the 65 trades executed by him, only 9 trades have matched with the Group 1 entities, and further submitted that if the Noticee was a member of the group then matching with the group would have been much higher. In this regard, as already shown above, Mr. Jayesh Rawal is connected to Emerald and Numisma, and therefore, I cannot examine his trades in isolation. The table above shows that even while the Group 1 Noticees were dealing amongst themselves, the contribution of Mr. Jayesh Rawal, Emerald and Numisma to the LTP is Rs. 72.25/-. Furthermore, as noted hereinabove, the contribution of the said Noticees to the net LTP is Rs. 140.35/- i.e. 25.4%. Therefore, I am unable to accept the said argument of the Noticee.
31. The Noticee no. 2 has also submitted that the entities in Group 3²⁶ have contributed to negative LTP and no action has been taken against them, and that the Noticee has also

²⁶ Group 3 comprises of Pillar Investment Company Ltd, Ashish Shankar Pandare, Bharti Mukesh Sampat, Saurabh Ashok Shinde, Omkar Ashok Shinde, Manjiri Shankar Pandare, Shankar Ramchandra Pandare, Mukesh Chatrabhuj Sampat, Manashi Mukesh Sampat, Laxman Dhananjay Gunde

contributed to negative LTP and therefore, deserves a treatment like Group 3 entities. I note from paragraph no. 15.4 of the Investigation Report that barring two entities in Group 3 who made a net LTP contribution of Rs. 0.65/- and Rs. 0.15/-, the remaining entities have made LTP contribution that is zero or negative. Furthermore, as per the findings in the Investigation Report, no adverse observation is made against Group 3 as their consolidated net LTP contribution is Rs. -10.65/-. On the other hand, the contribution of Noticee along with Emerald and Numisma to the net LTP is Rs. 140.35/- i.e. 25.4%. Therefore, Noticee no. 2 cannot be treated at par with Group 3 entities.

32. It is also submitted by Noticee no. 2 that the rise in price is attributable to the positive corporate announcements made by the company from November 2016. Some of these corporate announcements pertain to the takeover of the company. I note that the corporate announcements made during the Investigation Period (Annexure 1 to SCN) are reproduced as under:

Table 18

<i>Date</i>	<i>Significant Corporate announcement</i>	<i>Effect on Price and volume</i>
07-11-2016	<u>Outcome of Board Meeting (EGM on December 07, 2016)</u> Welplace Portfolio and Financial Consultancy Services Ltd has informed BSE that the Board of Directors of the Company at its meeting held on November 07, 2016, have subject to approval of shareholders and stock exchanges where the shares of the Company are listed and other relevant authorities have decided to issue and allot 83,91,800 Equity Shares of Rs.10/- each on acquisition of business/ assets (Contracting & construction Business) from M/s Generic Engineering & Constructions Private Limited and execution of Business Transfer cum share Subscription Agreement. And to alter the main objects of the Company and amend the Memorandum of Association accordingly and to Change the name of the Company.	Price has increased from 36.25 to 43.5 on 7 th November, 2016 and volume has increased by 27%.
08-11-2016	<u>Open Offer</u> Systematix Corporate Services Ltd ("Manager to the Offer") has submitted to BSE a Copy of Public Announcement regarding Open Offer to the shareholders of the Welplace Portfolio and Financial Consultancy Services Ltd for acquisition of 42,87,972 fully paid-up equity shares constituting 26% of the Expanded Paid Up Share Capital of the Target Company by M/s Generic Engineering and Construction Private Limited and, Mr. Manish Ravilal Patel alongwith PACs, pursuant to and in compliance with Regulation 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)	Price has increased from 43.5 to 45.55 on 8 th November, 2016 and volume has increased by 259%.

	Regulations, 2011 as amended ("SEBI (SAST) Regulations, 2011" or "the Takeover Regulations").	
14-11-2016	<u>Standalone Financial Results, Limited Review Report for September 30, 2016</u> Welplace Portfolio and Financial Consultancy Services Ltd has informed BSE about: Standalone Financial Results for the period ended September 30, 2016 and Standalone Limited Review for the period ended September 30, 2016	Price has decreased from 47.7 to 46.8 on 14 th November, 2016 and volume has decreased by 45%.
07-12-2016	<u>Outcome of EGM:</u> Welplace Portfolio and Financial Consultancy Services Ltd has informed BSE that the Extra Ordinary General Meeting (EGM) of the Company was held on December 07, 2016.	Price has increased from 57.45 to 58.9 on 7 th December, 2016 and volume has decreased by 76%.
20-12-2016	<u>Board Meeting on Dec 22, 2016</u> Welplace Portfolio and Financial Consultancy Services Ltd has informed BSE that pursuant to a special resolution passed by the equity shareholders of the Company at their Extra Ordinary General Meeting held on December 07, 2016, the meeting of the Board of Directors of the Company will be held on December 22, 2016, <i>inter alia</i> , for issue and allotment of Equity Shares to the proposed allottees.	Price has increased from 62.65 to 62.8 on 20 th December, 2016 and volume has decreased by 43%.
22-12-2016	<u>Outcome of Board Meeting</u> Pursuant to the Special Resolutions passed by the Shareholders at their Extra Ordinary General Meeting held on December 07, 2016 and on receipt of the In-principle approval under Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Welplace Portfolio and Financial Consultancy Services Ltd has now informed BSE that the Board of Directors at their meeting held on December 22, 2016, has allotted 1,12,55,800 (83,91,800 Equity shares for consideration other than cash and 28,64,000 Equity shares for cash) Equity Shares at face value of Rs. 10/- per Equity share at a price of Rs 37/- per Equity Share (Rs. 27/- being the premium) to the proposed allottees who are Non Promoters and whose names have been placed on the table and initialled by the Chairman for the purpose of identification.	Price has decreased from 63.2 to 63.05 on 22 nd December, 2016 and volume has decreased by 80%.
04-01-2017	<u>Committee Meeting on Jan 09, 2017</u> Welplace Portfolio and Financial Consultancy Services Ltd has informed BSE that the Meeting of the Committee of the Independent Directors (IDC) on the open offer made by "Generic Engineering And Construction Private Limited" for acquiring of 42,87,972 fully paid Equity Shares of Rs. 10/- of the Company, will be held on January 09, 2017.	Price has increased from 66.9 to 70.75 on 4 th January, 2017 and volume has increased by 32%.
14-02-2017	<u>Standalone Financial Results, Limited Review Report for December 31, 2016</u> Generic Engineering Construction and Projects Ltd has informed BSE about: 1. Standalone Financial Results for the period ended December 31, 2016 2. Standalone Limited Review for the period ended December 31, 2016	Price has increased from 82.4 to 89 on 14 th February, 2017 and volume has decreased by 24%.
21-02-2017	<u>Board Meeting on Feb 27, 2017</u>	Price has increased from 112.85 to

	Generic Engineering Construction and Projects Ltd has informed BSE that the a meeting of the Board of Directors of the Company will be held on February 27, 2017, inter alia, to consider the change in composition of the Board of Directors of the company due to completion of open offer process as per SEBI (SAST) Regulations, 2011, reconstitution of various committees and shifting of Registered Office of the Company.	112.95 on 21 st February, 2017 and volume has decreased by 32.5%.
27-02-2017	<p><u>Outcome of Board Meeting</u></p> <p>Generic Engineering Construction and Projects Ltd has informed BSE that the Board of Directors of the Company at its meeting held on February 27, 2017, has considered the following;</p> <ol style="list-style-type: none"> 1. Appointment of Mr Manish Ravilal Patel and Mr Tarak Bipinchandra Gor as Executive Directors of the Company; 2. Appointment of Mr Rajesh Ladhada as an Independent Director of the Company; 3. Acceptance of resignation letters received from Mr Ravindra Mishra as Managing Director, Mr Deepak Ratilal Mehta as Director and CFO and Mr Paresh Pathak as an Independent Director of the Company. 4. Re-constitution the composition of Audit Committee, Nomination and Remuneration Committee and Stakeholders Grievance Committee pursuant to resignation of Mr. Ravindra Mishra and Mr. Paresh Pathak and appointment of Mr. Manish Ravilal Patel and Mr Rajesh Lad had as the new members to the said committees; 5. Shifting of the Registered Office of the Company within the local limits from 613/B, Mangal Aarambh, Near MC Donalds, Korakendra, Off S V Road, Borivali West, Mumbai - 400092 to 201 & 202, Fitwell House, 2nd Floor, Opp Home Town, LBS Road, Vikhroli-West, Mumbai-400083. 6. Taking on record the Memorandum of Delivery dated February 27, 2017 for transfer of assets as per Business Transfer Cum Share Subscription Agreement (BTA) dated November 07, 2016. 7. Cessation of Mr Hiren Kothari as promoter of the company pursuant to the Share Purchase Agreement (SPA) dated November 07, 2016 and subsequent completion of the Open Offer made by the Acquirers and the PACs in accordance with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations 2011, The Board has noted on the basis of letter received from the Acquirers and the PACs that formalities w.r.t. open offer have been completed in accordance with the referred regulations. <p>Further, the Board has inducted the Acquirers and the PACs as the new promoter and promoter group of the Company which are as follow:</p> <ol style="list-style-type: none"> 1. M/s Generic Engineering and Construction Private Limited 2. Manish Ravilal Patel 3. Hemlata Manish Patel 4. Krupa Manish Patel 5. Nayana Ravilal Patel 6. Ranjan Dinesh Patel 7. Trupti Mitul Patel 	Price has increased from 113.55 to 117.6 on 27 th February, 2017 and volume has decreased by 63.51%.

22-05-2017	<u>Board Meeting On May 29, 2017</u> Pursuant to the Regulations 29 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that Meeting of the Board of Directors of the Company is scheduled to be held on Monday, 29th May, 2017, inter alia to consider the following matters:- 1) Audited financial results for the quarter and year ended 31st March, 2017; 2) Closure of Trading window from 22nd May, 2017 till 31st May, 2017 as per Company's Code of Conduct for prevention for Insider Trading; 3) To consider and approve change in composition of Directors and reconstitution of various committees; 4) Appointment of Secretarial Auditor of the Company	Price has decreased from 115.35 to 114.5 on 22 nd May, 2017 and volume has decreased by 76.23%.
25-05-2017	<u>Board to consider Dividend</u> Generic Engineering Construction and Projects Ltd has informed BSE that in addition to the items to be considered by the Board in upcoming Board Meeting to be held on May 29, 2017, Board may also consider the recommendation of Dividend to the shareholders for the year 2016-2017 if any.	Price has increased from 114.24 to 113.9 on 25 th May, 2017 and volume has increased by 123.5%.
29-05-2017	<u>Outcome of Board Meeting</u> Generic Engineering Construction and Projects Limited has informed BSE that the Board of Directors in their meeting held on 29th May, 2017 has considered the following: 1) Standalone Audited Financial Results for the Quarter and Year ended 31st March, 2017 along with declaration statement and report of Auditors 2) Recommendation of payment of Dividend of Rs. 0.10/- per Equity share on 1,63,56,200 shares of face Value of Rs 10/- each for the financial year 2016-17 subject to Shareholders Approval at the ensuing Annual General Meeting 3) Appointment of Ms Trupti Mitul Patel as an Additional Director of the Company 4) Considered and approved the appointment of Ms Dipika Biyani, Practising Company Secretary as Secretarial Auditor of the Company.	Price has increased from 114.24 to 115.16 on 29 th May, 2017 and volume has decreased by 15%.
29-05-2017	<u>Financial Results As On 31st March, 2017</u> Generic Engineering Construction and Projects Limited has informed BSE that the Board of Directors in their meeting held on 29th May, 2017 has considered the following: 1) Standalone Audited Financial Results for the Quarter and Year ended 31st March, 2017 along with declaration statement and report of Auditors 2) Recommendation of payment of Dividend of Rs. 0.10/- per Equity share on 1,63,56,200 shares of face Value of Rs 10/- each for the financial year 2016-17 subject to Shareholders Approval at the ensuing Annual General Meeting	Price has increased from 114.24 to 115.16 on 29 th May, 2017 and volume has decreased by 15%.
30-05-2017	<u>Board recommends Dividend</u> Generic Engineering Construction and Projects Ltd has informed BSE that the Board of Directors of the Company in their meeting held on May 29, 2017, have inter alia, approved the following: - Recommended the payment of Dividend of Rs. 0.10/- per Equity share on 1,63,56,200 shares of face Value of Rs. 10/-	Price has decreased from 115.16 to 113.11 on 30 th May, 2017 and volume has increased by 100%.

	each for the financial year 2016-17 at the ensuing Annual General Meeting.																									
07-07-2017	<p><u>Generic Bags Order Worth 132.84 Cr</u> We are pleased to inform you that our Company has been awarded the following projects/work from various reputed clients the details for which are as follows:</p> <table border="1"> <thead> <tr> <th>Sr. No.</th><th>Project/Client's Name Location</th><th>Project Value (approx.) (Rs. In Lakhs)</th></tr> </thead> <tbody> <tr> <td>1</td><td>JKC General Trading Company Pawane - Navi-Mumbai</td><td>1,477.30</td></tr> <tr> <td>2</td><td>Kesar Housing and Development Co Matunga - Mumbai</td><td>1,812.10</td></tr> <tr> <td>3</td><td>Kesar Housing and Development Co Ghatkopar - Mumbai</td><td>2,005.72</td></tr> <tr> <td>4</td><td>Kesar Housing and Development Co Dadar - Mumbai</td><td>1,870.00</td></tr> <tr> <td>5</td><td>Kolte Patil Developers Limited Vile Parle - Mumbai</td><td>5,758.80</td></tr> <tr> <td>6</td><td>Idemitsu Lube India Private Limited Raigad</td><td>360.05</td></tr> <tr> <td></td><td>Total</td><td>13,283.97</td></tr> </tbody> </table>	Sr. No.	Project/Client's Name Location	Project Value (approx.) (Rs. In Lakhs)	1	JKC General Trading Company Pawane - Navi-Mumbai	1,477.30	2	Kesar Housing and Development Co Matunga - Mumbai	1,812.10	3	Kesar Housing and Development Co Ghatkopar - Mumbai	2,005.72	4	Kesar Housing and Development Co Dadar - Mumbai	1,870.00	5	Kolte Patil Developers Limited Vile Parle - Mumbai	5,758.80	6	Idemitsu Lube India Private Limited Raigad	360.05		Total	13,283.97	Price has increased from 124.1 to 129.45 on 7 th August, 2017 and volume has increased by 73.61%.
Sr. No.	Project/Client's Name Location	Project Value (approx.) (Rs. In Lakhs)																								
1	JKC General Trading Company Pawane - Navi-Mumbai	1,477.30																								
2	Kesar Housing and Development Co Matunga - Mumbai	1,812.10																								
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6	Idemitsu Lube India Private Limited Raigad	360.05																								
	Total	13,283.97																								
11-08-2017	<p><u>Outcome of Board Meeting</u> Outcome of Board Meeting held on Friday, 11th August, 2017.</p>	Price has increased from 124.85 to 123.6 on 11 th August, 2017 and volume has increased by 47.88%.																								
16-08-2017	<p><u>Fixes Book Closure for Dividend & AGM (Cut-off date for e-voting)</u> Generic Engineering Construction and Projects Ltd has informed BSE that the Register of Members & Share Transfer Books of the Company will remain closed from September 15, 2017 to September 29, 2017 (both days inclusive) for the purpose of Payment of Dividend & 23rd Annual General Meeting (AGM) of the Company to be held on September 29, 2017.</p>	Price has increased from 125.4 to 125.5 on 16 th August, 2017 and volume has increased by 5%.																								
05-09-2017	<p><u>Annual General Meeting On Friday, 29Th September, 2017</u> Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Notice of 23rd Annual General meeting of the Company to be held on Friday, 29th September, 2017 at 04.00 p.m. at Lilac Banquet Hall, Ghatkopar Jolly Gymkhana, Jugaldas Mody Marg (Kirol Road), Opp Fatima High School, Ghatkopar (West), Mumbai - 400086</p>	Price has increased from 139.8 to 141.15 on 5 th September, 2017 and no significant change in volume.																								
18-09-2017	<p><u>Financial Results For The Quarter Ended 30Th June 2017</u> With reference to your e-mail dated September 12, 2017 please find enclosed herewith the following:</p>	Price has increased from 149.5 to 151.95 on 18 th September, 2017																								

	1) Revised Financial Result as per Schedule III and IND AS for the Quarter June 2017	and volume has decreased by 14%.
	2) Limited Review Report for the quarter June 2017	

33. From the aforesaid Table (Corporate Announcements), I note that on November 14, 2016, the company had informed BSE about the Standalone Financial Results for the period ended September 30, 2016 and Standalone Limited Review for the period ended September 30, 2016. I further note that pursuant to the said announcement the price had decreased from Rs. 47.7/- to Rs. 46.8/- and volume has decreased by 45% on November 14, 2016. Furthermore, on February 14, 2017, the company had informed BSE about the Standalone Financial Results for the period ended December 31, 2016 and Standalone Limited Review for the period ended December 31, 2016. I further note that pursuant to the said announcement the price had increased from Rs. 82.4/- to Rs. 89/- on February 14, 2017.
34. I have gone through the announcement and the financial result published on the website of BSE. I note that for the quarter ending on September 2016, the company had shown a net profit of Rs. 1.78 lakhs. Pursuant to the results, as indicated above, the price had decreased from Rs. 47.7/- to Rs. 46.8/- and volume has decreased by 45% on November 14, 2016. However, for the quarter ending on December 2016, the company had shown a net loss of Rs. 16.98 lakhs, and interestingly, the price had increased from Rs. 82.4/- to Rs. 89/- on February 14, 2017.
35. In this regard, I note that if the company reports a profit of Rs. 1.78 lakhs and the price falls in November 2016, then I am unable to understand the increase in price of the scrip when the company reports a loss of Rs. 16.98 lakhs unless the same is being increased with a manipulative intent. Furthermore, it is also crucial to look at the accompanying volume in the scrip. In November 2016 when the price decreased, the volume also decreased which appears to be logical. On the other hand, when the price of the scrip increased in February 2017, the volume did not increase simultaneously which would mean that following the report of a loss, genuine investors would have abstained from trading in the scrip. Therefore, I note that the corporate announcements and accompanying price rise cannot be

treated as clean and clear indicator of the prospects of the company and do not support the unusual rise in the price in the instant case.

36. The Noticees, Emerald and Numisma have referred to the connection drawn in the SCN with Mr. Prashant Shah and Mr. Parag Shah, who form part of Group 1 entities wherein it is stated that both Mr. Prashant Shah were authorized to deal in securities on behalf of the Noticees. It is also alleged that Mr. Parag Shah was authorized to deal in securities on behalf of Numisma and Ithica. In this regard, the Noticees have submitted that the said Mr. Prashant Shah and Mr. Parag Shah can have more than one client as there is no restriction on the same and that this information cannot act as a sole basis for connecting the aforementioned entities as an individual can have multiple clients. It is submitted that authorization does not mean that all the clients are thereby linked and have acted in concert with one another. In this regard, I note from the SCN and the Investigation Report that Mr. Parag Shah and Mr. Prashant Shah were employees of Mr. Nafeez Hakeem, director of Emerald and Numisma. Accordingly, Mr. Nafeez Hakeem nominated Mr. Prashant Shah to deal in securities on behalf of Emerald which is evidenced from the Member Client Agreement. Furthermore, Mr. Parag Shah was authorized by Mr. Nafeez Hakeem to deal in securities on behalf of Numisma. In addition to the above, I also note from the SCN that Mr. Prashant Shah was introducer for Numisma and Ithica and had fund transactions with Emerald. Mr. Parag Shah had fund transactions with Emerald and Numisma. I note that the Noticees have not disputed the said facts stated in the SCN. Therefore, I am unable to agree with the contention of the Noticees that they are not connected with Mr. Parag Shah and Mr. Prashant Shah.
37. The Noticees, Emerald and Numisma have submitted that the SCN is silent as to how they had helped Noticee nos. 1 and 2 i.e. the company and Mr. Jayesh Rawal in the alleged fraud. In this regard, the Noticee relied on the order of the Hon'ble SAT in ***Vikas Bengani v. SEBI***²⁷ wherein it was observed that the board is required to tell the appellant about the manner in which he has played the fraud or committed the unfair trade practice. The Noticee also relied on the observations in ***Commissioner of Central Excise, Bangalore v.***

²⁷ Order dated March 08, 2010.

Brindavan Beverages Pvt. Ltd.²⁸ and **Dhanalakshmi Bank Ltd. v. SEBI**²⁹ to argue that the allegations in the SCN should be specific to enable the Noticee to meet the same. At this stage, I find it relevant to reproduce the exact observations of the Hon'ble SAT in **Vikas Bengani v. SEBI**:

“It is common case of the parties that at no stage of the proceedings was the appellant ever informed as to what the last traded price of the scrip was when he purchased the shares as shown in the annexure 4 to the show cause notice. As a matter of fact, there is no material on the record indicating what the last traded price was and there is no reference to this price in the impugned order. This being the position, we wonder how it could be alleged and how the adjudicating officer could record a finding in paragraph 14 of the impugned order that the appellant made purchased at prices which were higher than the last traded price of the scrip. Not only is the show cause notice vague but findings recorded in this regard are without any basis and cannot but be set aside.”

38. I note that the facts of the matter before me are distinguishable from the aforesaid case. In this regard, I note that paragraph 8 of the SCN provides the price volume analysis of the scrip of GECPL before, during and after the Investigation Period. The SCN at paragraph no. 16 provides the connections of Mr. Jayesh Rawal with the Group 1 entities including Emerald and Numisma. Paragraph no. 19 states that 10 entities including Emerald and Numisma have contributed Rs. 205.7/- to positive LTP and details thereof are provided in Annexure 4 to the SCN. Furthermore, the Noticees have been provided a copy of the Trade Log which is only pertaining to the Investigation Period consisting of columns such as date of the order, Name of the party and their broker, name of counterparty and their broker, Order price, counterparty order price, Trade price, Trade Value, quantity, and more importantly LTP difference. Paragraph no. 21 of the SCN provides the connections of Mr. Jayesh Rawal with Emerald and Numisma. Paragraph nos. 22 to 25 explains the connections of Mr. Jayesh Rawal with Pillar and Muzali. Paragraph nos. 28 to 29 elaborate on the connections of Pillar and Muzali with the major net sellers namely, Mr. Ashish Shankar Pandare, Mr. Arun Ramchandra Gole, Mr. Laxman Dhananjay Gunde, Mr. Shivakumar Gattai Kamballa, Roopali Hari Om, Mr. Saurabh Ashok Shinde, Mr. Moglesh Chanappa Koni, Mr. Subhash Vithoba Dongre, Ms. Jigna Rasesh Dani, Mr. Ashok Sinaiya Metari and Mr. Mita Rasesh Dani. Paragraph no. 30 of the SCN deals with the direct and indirect transfer of net sale proceeds to the Company/ connected entities. Thereafter,

²⁸ (2007) 5 SCC 388.

²⁹ Order dated October 22, 2001.

paragraph no. 34 of the SCN explains the modus operandi adopted by the Noticees. At paragraph no. 36, the SCN alleges that Noticees No. 1 and 2 manipulated price and volume of GECPL with help of Group 1 entities and facilitated exit to major net sellers (Noticee Nos. 3 to 14). The said major net sellers (Noticees Nos. 3 to 14) offloaded shares at allegedly manipulated price and thereby, allegedly made unlawful gains. Subsequently, as a part of whole scheme, certain part of such unlawful gains have been allegedly transferred to Noticee No. 1 and Noticees no. 15 to 21. In view thereof, the SCN alleges that Noticees (Noticee No 1 to 21) by indulging into the aforesaid activities, have jointly or severally violated provisions of Section 12 A (a), (b), (c) of SEBI Act, Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations. I also note that the Noticees have been provided an inspection of all the documents including Investigation Report and Trade Logs to submit an effective reply to the SCN. The relevant evidence applicable to each of the Noticees is being considered at the appropriate places in the order. Therefore, I am unable to accept the contention of the Noticee that the contents of the SCN are vague and note that the observations of the Hon'ble SAT are not attracted in the facts of the present matter.

39. Further, I note from the Adjudication Order dated May 31, 2023 in the matter of Generic Engineering Construction and Projects Ltd. wherein the same facts are involved, the AO has culled out instances of trading of Emerald, Ithica and Onyx wherein connected Group 1 entities acted as counterparties and the buy trades were placed at a higher price than the counterparty sell orders and above the prevailing Last Traded Price, as given below:

Table 19

Trade Date	Clientname	Cp_Clientname	Order Time	Cp_Order Time	Trade Time	Trade Rate	Ltp Rate	Ltp Percent	Order Rate	Cp_Order Rate	Diff *
27/01/2017	EMERALD CORPORATE ADVISORY PRIVATE LIMITED	MANISHA PRASHANT SHAH	15:09:28.343033	15:09:30.743280	15:09:38.074328	95.5	3.5	3.8	95.5	92.05	3.45
04/09/2017	EMERALD CORPORATE ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	14:56:17.891622	14:56:15.238044	14:56:17.891622	139.05	0.05	0.04	141	139.05	1.95
20/03/2017	EMERALD CORPORATE ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	15:29:15.295903	15:29:07.757381	15:29:15.295903	115	1.35	1.19	116	115	1
04/09/2017	EMERALD CORPORATE ADVISORY PRIVATE LIMITED	PARAG SEVANTILAL SHAH	14:56:06.247038	14:55:58.739609	14:56:06.247038	139	0.5	0.36	140	139	1
31/07/2017	EMERALD CORPORATE ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	15:11:45.771531	15:02:43.301448	15:11:45.771531	129.65	2.65	2.09	129.65	129	0.65

Order in the matter of Generic Engineering Construction and Projects Limited

Trade Date	Clientname	Cp_Clientname	Order Time	Cp_Order Time	Trade Time	Trade Rate	Ltp Rate	Ltp Percent	Order Rate	Cp_Order Rate	Diff *
14/12/2016	ITHICA SERVICES PRIVATE LIMITED	MANISHA PRASHANT SHAH	11:24:20.586698	09:24:02.021899	11:24:20.586698	62.95	0.3	0.48	63	62.45	0.55
31/03/2017	EMERALD ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	15:01:07.175314	14:46:28.184579	15:01:07.175314	117.45	0.05	0.04	118	117.45	0.55
21/03/2017	EMERALD ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	15:15:46.868676	15:14:57.948909	15:15:46.868676	116.5	0.5	0.43	117	116.5	0.5
27/02/2017	ITHICA SERVICES PRIVATE LIMITED	EMERALD ADVISORY PRIVATE LIMITED	11:02:12.709785	10:27:17.953472	11:02:12.709785	117.5	0.25	0.21	118	117.5	0.5
23/05/2017	EMERALD ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	15:22:19.755010	15:16:13.909888	15:22:19.755010	113.45	0.45	0.4	113.45	113	0.45
14/12/2016	ITHICA SERVICES PRIVATE LIMITED	EMERALD ADVISORY PRIVATE LIMITED	11:24:20.586698	09:03:38.313882	11:24:20.586698	62.65	0.65	1.05	63	62.65	0.35
25/05/2017	EMERALD ADVISORY PRIVATE LIMITED	PARAG SEVANTILAL SHAH	15:06:37.012987	15:02:53.325965	15:06:37.012987	116	1.5	1.31	116.35	116	0.35
24/08/2017	EMERALD ADVISORY PRIVATE LIMITED	MANISHA PRASHANT SHAH	15:26:28.616969	15:26:21.455258	15:26:28.616969	129.5	1.45	1.13	129.75	129.5	0.25
21/03/2017	EMERALD ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	15:15:46.868676	15:14:47.246570	15:15:46.868676	116.75	0.25	0.21	117	116.75	0.25
29/08/2017	EMERALD ADVISORY PRIVATE LIMITED	MANISHA PRASHANT SHAH	15:21:07.192417	15:20:59.567447	15:21:07.192417	132.75	0.75	0.57	133	132.8	0.2
09/03/2017	EMERALD ADVISORY PRIVATE LIMITED	PARAG SEVANTILAL SHAH	15:11:42.843549	14:48:15.924549	15:11:42.843549	113.65	0.65	0.58	113.85	113.65	0.2
27/02/2017	ITHICA SERVICES PRIVATE LIMITED	EMERALD ADVISORY PRIVATE LIMITED	11:02:12.709785	10:27:46.066194	11:02:12.709785	117.85	0.35	0.3	118	117.85	0.15
11/09/2017	EMERALD ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	12:57:44.799984	12:57:14.306362	12:57:44.799984	151.4	0.05	0.03	151.5	151.4	0.1
17/07/2017	EMERALD ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	15:29:38.345194	15:29:33.167392	15:29:38.345194	132.75	2.2	1.69	132.8	132.75	0.05
18/07/2017	EMERALD ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	15:21:07.038297	15:20:58.065193	15:21:07.038297	132.95	1.05	0.8	133	132.95	0.05
12/04/2017	ONYX SERVICES PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	10:15:08.065500	10:12:00.734840	10:15:08.065500	116.95	2.1	1.83	117	116.95	0.05
30/05/2017	EMERALD ADVISORY PRIVATE LIMITED	PARAG SEVANTILAL SHAH	15:25:53.231652	15:25:50.011307	15:25:53.231652	113.7	1.7	1.52	113.75	113.7	0.05
10/04/2017	EMERALD ADVISORY PRIVATE LIMITED	PRASHANT ASHOKKUMAR SHAH	15:25:03.891559	15:23:54.388544	15:25:03.891559	117.95	0.95	0.81	118	117.95	0.05
09/03/2017	EMERALD ADVISORY PRIVATE LIMITED	PARAG SEVANTILAL SHAH	15:11:42.843549	15:11:08.139258	15:11:42.843549	113.8	0.05	0.04	113.85	113.8	0.05

Trad e_Da te	Clientname	Cp_Clientname	Order_ Time	Cp_Ord er_Tim e	Trade_ Time	Trad e_Ra te	Ltp _Ra te	Ltp_ Perce nt	Orde r_Rat e	Cp_Or der_Ra te	Di ff *
*Difference between Order price and Counter party order price is hereinafter referred to as "Diff"											

40. From the above table it can be observed that out of 24 instances enumerated above, wherein the buy orders were higher than the price of sell orders and further the counterparties were directly connected entities, in 22 instances the sell orders were placed before and pursuant to placing sell orders, buy orders were placed at a price higher than sell orders and were thus matched.
41. I note from the SCN and the Investigation Report that Mr. Nafeez Hakeem, director of Emerald, Numisma, Ithica and Onyx was also a sub-broker of Mehta Equities Ltd. I note that out of the **3054 trades** entered into by Emerald during the Investigation Period, **2623 trades** were executed by Mr. Nafeez Hakeem in his capacity as a sub-broker of Mehta Equities. This further substantiates that Mr. Jayesh Rawal, Emerald and Numisma along with Mr. Nafeez Hakeem were part of a design to manipulate the price of the scrip. I note that the Adjudicating Officer vide order dated May 31, 2023 has found that the Noticee, Mr. Nafeez Hakeem, in his capacity as director of Emerald, Numisma, Ithica and Onyx has violated Sections 12 A (a), (b), (c) of the SEBI Act and Regulation 3 (a), (b), (c), (d), Regulation 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations and levied a penalty of Rs. 7,00,000/- for the said violation.
42. Therefore, I note that Emerald, Numisma and Mr. Jayesh Rawal collectively contributed 25.4% of positive LTP to total market LTP and thereby manipulated the price of the scrip.
43. The SCN has further alleged that the purpose of manipulation in the price of the scrip was to facilitate other connected entities (major net sellers) to sell the shares of the GECPL held by them at an inflated price. In order to assess the allegation, I shall now proceed to examine the trades of the major net sellers.

(A) Trades of Mr. Subhash Vithoba Dongre (Noticee no. 6)

44. As shown in paragraph no. 24.14, Noticee no. 6, Mr. Subhash Vithoba Dongre is connected with Mr. Jayesh Rawal. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 138 trades. Out of these 138 trades, in 42.75% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 20

Name of the connected Noticee / Group 1 entity	No. of instances
Emerald Corporate Advisory Private Limited	31
Ithica Fiscal Services Private Limited	4
Jayesh Rawal	4
Manisha Prashant Shah	1
Numisma Financial Advisors Private Limited	4
Parag Sevantilal Shah	3
Prashant Ashokkumar Shah	12
Total	59

45. In this regard the following observation of the Hon'ble Supreme Court in **SEBI v. Kishore R. Ajmera**³⁰ ought to be considered:

“...While the screen based trading system keeps the identity of the parties anonymous it will be too naïve to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned.”

46. It is also pertinent to note the following observations of the Hon'ble Supreme Court, albeit in the context of synchronized and reversal trades in **SEBI v. Rakhi Trading Private Ltd.**³¹ cautioning against the treatment of screen based trading as sacrosanct:

“...considering the reversal transactions, quantity, price and time and sale, parties being persistent in the number of such trade transactions with huge price variations, it will be too naïve to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be overlooking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as

³⁰ (2016) 6 SCC 368.

³¹ Civil appeal no. 1969 of 2011 decided on February 8, 2018.

per the Board's circular. The impugned transactions are manipulative/ deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities.”

47. Considering that in 42.75 % instances, the counterparty to the trades of Mr. Subhash Vithoba Dongre was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also connected with Mr. Jayesh Rawal through Muzali shows that veil of anonymity has been pierced in light of the decisions of the Hon’ble Supreme Court in **SEBI v. Kishore R. Ajmera** and **SEBI v. Rakhi Trading Private Ltd.** I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. Therefore, I observe that by virtue of Mr. Subhash Vithoba Dongre’s connection with Muzali and ultimately, Mr. Jayesh Rawal, he was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 whereby he sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore, I find that the Noticee, Mr. Subhash Vithoba Dongre was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Mr. Subhash Vithoba Dongre to sell their shares at an inflated price.

(B) Trades of Mr. Shivakumar Gattai Kamballa (Noticee no. 4)

48. As shown in paragraph no. 24.9, Noticee no. 4, Mr. Shivakumar Gattai Kamballa is connected with Mr. Jayesh Rawal. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 139 trades. Out of these 139 trades, in 26.61% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 21

Name of the connected Noticee / Group 1 entity	No. of instances
Emerald Corporate Advisory Private Limited	18
Manisha Prashant Shah	4
Numisma Financial Advisors Private Limited	8

Parag Sevantilal Shah	4
Prashant Ashokkumar Shah	3
Total	37

49. Considering that in 26.61% instances, the counterparty to the trades of Mr. Shivakumar Gattai Kamballa was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also connected with Mr. Jayesh Rawal through Pillar shows that veil of anonymity has been pierced in light of the decisions of the Hon'ble Supreme Court in **SEBI v. Kishore R. Ajmera** and **SEBI v. Rakhi Trading Private Ltd.** I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. Therefore, I observe that by virtue of Mr. Shivakumar Gattai Kamballa's connection with Pillar and Mr. Jayesh Rawal, he was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 whereby he sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore, I find that the Noticee, Mr. Shivakumar Gattai Kamballa was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Mr. Shivakumar Gattai Kamballa to sell their shares at an inflated price.

(C) Trades of Mr. Arun Ramchandra Gole

50. As shown in paragraph no. 24.7, Noticee no. 7, Mr. Arun Ramchandra Gole is connected with Mr. Jayesh Rawal and the company. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 251 trades. Out of these 251 trades, in 25.1% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 22

Name of the connected Noticee / Group 1 entity	No. of instances
Ashish Shankar Pandare	1
Emerald Corporate Advisory Private Limited	29
Ithica Fiscal Services Private Limited	8

Jayesh Rawal	3
Jayeshbhai Rohitbhai Kachhiya	1
Manisha Prashant Shah	5
Parag Sevantilal Shah	2
Prashant Ashokkumar Shah	14
Total	63

51. Considering that in 25.1% instances, the counterparty to the trades of Mr. Arun Ramchandra Gole was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also connected with Mr. Jayesh Rawal through Pillar and Muzali shows that veil of anonymity has been pierced in light of the decisions of the Hon'ble Supreme Court in *SEBI v. Kishore R. Ajmera* and *SEBI v. Rakhi Trading Private Ltd.* I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. Therefore, I observe that by virtue of Mr. Arun Ramchandra Gole's connection with Pillar and Muzali, and ultimately, Mr. Jayesh Rawal, he was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 entities whereby he sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore, I find that the Noticee, Mr. Arun Ramchandra Gole was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Mr. Arun Ramchandra Gole to sell their shares at an inflated price.

(D) Trades of Ms. Roopali Hari Om

52. As shown in paragraph no. 24.13, Noticee no.10, Ms. Roopali Hari Om is connected with Mr. Jayesh Rawal. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 127 trades. Out of these 127 trades, in 53.54% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 23

Name of the connected Noticee / Group 1 entity	No. of instances
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Emerald Corporate Advisory Private Limited	26
Ithica Fiscal Services Private Limited	27
Numisma Financial Advisors Private Limited	5
Onyx Corporate Services Private Limited	1
Prashant Ashokkumar Shah	9
Total	68

53. Considering that in 53.54 % instances, the counterparty to the trades of Ms. Roopali Hari Om was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also connected with Mr. Jayesh Rawal through Muzali shows that veil of anonymity has been pierced in light of the decisions of the Hon'ble Supreme Court in *SEBI v. Kishore R. Ajmera* and *SEBI v. Rakhi Trading Private Ltd.* I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. I also note that when the Noticee started investing in the shares of GECPL from February 23, 2016, the price of the scrip on an average from February 23, 2016 to March 31, 2016 was Rs. 19.38/- (average high price) and Rs. 18.78/- (average low price). Furthermore, I note from the Investigation Report that even before the Investigation Period i.e. from September 01, 2016 to November 03, 2016), the price of the scrip was Rs. 35/-. However, the Noticee did not trade during this period when the Noticee could have sold the shares at a higher price than what she had purchased in February 2016. I note that the Noticee, rather waited for the price to increase from November 2016 which she knew being part of the scheme to manipulate the price of the scrip whereby she could trade at a higher price. I note from the Trade Log that Ms. Roopali Hari Om has traded at an average price of Rs. 78.37/- during the Investigation Period. Based on examination of the Trade Log that during the Investigation Period, the Noticee entered into 127 trades. Out of these 127 trades, for 59 trades i.e. 46.45%, the counterparty either Emerald (26 trades), Numisma (5 trades), Ithica (27 trades) and Onyx (1 trade), parties connected with Mr. Jayesh Rawal. The Noticee, in her reply dated May 02, 2023 has cherry-picked certain on dates where the counter-parties were not the aforesaid entities. She has stated that out of the alleged total sale of 94,200 shares, for 63,380 shares i.e. 73%, there was no counterparty from the alleged Group 1. I note that the said figures are applicable for the trades of the Noticee from November 2016 to December 2016. I note that the Noticee has in fact traded in the scrip from November –

December 2016, March 2017 and August 2017, and 59 trades mentioned hereinabove pertain to the said period.

54. Therefore, I observe that by virtue of Ms. Roopali Hari Om's connection with Muzali and ultimately, Mr. Jayesh Rawal, she was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 whereby she sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore, I find that the Noticee, Ms. Roopali Hari Om was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Ms. Roopali Hari Om to sell their shares at an inflated price.

(E) Trades of Mr. Ashok Sinaiya Metari

55. As shown in paragraph no. 24.12, Noticee no. 13, Mr. Ashok Sinaiya Metari is connected with Mr. Jayesh Rawal. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 121 trades. Out of these 121 trades, in 62.80% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 24

Name of the connected Noticee / Group 1 entity	No. of instances
Emerald Corporate Advisory Private Limited	13
Ithica Fiscal Services Private Limited	51
Manisha Prashant Shah	6
Numisma Financial Advisors Private Limited	2
Parag Sevantilal Shah	2
Prashant Ashokkumar Shah	1
Taliyan Nisha	1
Total	76

56. Considering that in 62.8 % instances, the counterparty to the trades of Mr. Ashok Sinaiya Metari was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also connected with Mr. Jayesh Rawal through Pillar and Muzali shows that veil of anonymity has been pierced in light of the decisions of the Hon'ble Supreme Court in **SEBI**

v. Kishore R. Ajmera and SEBI v. Rakhi Trading Private Ltd. I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. Therefore, I observe that by virtue of Mr. Ashok Sinaiya Metari's connection with Pillar and Muzali, and ultimately, Mr. Jayesh Rawal, he was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 whereby he sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore, I find that the Noticee, Mr. Ashok Sinaiya Metari was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Mr. Ashok Sinaiya Metari to sell their shares at an inflated price.

(F) Trades of Ms. Mita Rasesh Dani

57. As shown in paragraph no. 24.15, Noticee no. 14, Ms. Mita Rasesh Dani is connected with Mr. Jayesh Rawal. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 80 trades. Out of these 80 trades, in 35% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 25

Name of the connected Noticee / Group 1 entity	No. of instances
Emerald Corporate Advisory Private Limited	8
Ithica Fiscal Services Private Limited	1
Jayesh Rawal	3
Manisha Prashant Shah	3
Numisma Financial Advisors Private Limited	1
Parag Sevantilal Shah	3
Prashant Ashokkumar Shah	9
Total	28

58. Considering that in 35 % instances, the counterparty to the trades of Ms. Mita Rasesh Dani was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also

connected with Mr. Jayesh Rawal through Pillar and Muzali shows that veil of anonymity has been pierced in light of the decisions of the Hon'ble Supreme Court in **SEBI v. Kishore R. Ajmera** and **SEBI v. Rakhi Trading Private Ltd.** I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. Therefore, I observe that by virtue of Ms. Mita Rasesh Dani's connection with Pillar and Muzali, and ultimately, Mr. Jayesh Rawal, she was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 whereby she sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore, I find that the Noticee, Ms. Mita Rasesh Dani was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Ms. Mita Rasesh Dani to sell their shares at an inflated price.

(G) Trades of Ms. Jigna Rasesh Dani

59. As shown in paragraph no. 19.16, Noticee no. 12, Ms. Jigna Rasesh Dani is connected with Mr. Jayesh Rawal. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 100 trades. Out of these 100 trades, in 27% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 26

Name of the connected Noticee / Group 1 entity	No. of instances
Emerald Corporate Advisory Private Limited	19
Jayesh Rawal	2
Manisha Prashant Shah	4
Prashant Ashokkumar Shah	2
Total	27

60. Considering that in 27 % instances, the counterparty to the trades of Ms. Jigna Rasesh Dani was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also connected with Mr. Jayesh Rawal through Pillar shows that veil of anonymity has been

pierced in light of the decisions of the Hon'ble Supreme Court in **SEBI v. Kishore R. Ajmera** and **SEBI v. Rakhi Trading Private Ltd.** I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. Therefore, I observe that by virtue of Ms. Jigna Rasesh Dani's connection with Pillar and ultimately, Mr. Jayesh Rawal, she was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 whereby she sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore, I find that the Noticee, Ms. Jigna Rasesh Dani was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Ms. Jigna Rasesh Dani to sell their shares at an inflated price.

(H) Trades of Mr. Saurabh Ashok Shinde

61. As shown in paragraph no. 24.10, Noticee no. 5, Mr. Saurabh Ashok Shinde is connected with Mr. Jayesh Rawal. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 101 trades. Out of these 101 trades, in 37.62% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 27

Name of the connected Noticee / Group 1 entity	No. of instances
Chanda Rawal	2
Emerald Corporate Advisory Private Limited	15
Ithica Fiscal Services Private Limited	2
Jayesh Rawal	3
Jayeshbhai Rohitbhai Kachhiya	1
Manisha Prashant Shah	6
Numisma Financial Advisors Private Limited	1
Parag Sevantilal Shah	3
Prashant Ashokkumar Shah	4
Taliyan Nisha	1
Total	38

62. Considering that in 37.62% instances, the counterparty to the trades of Mr. Saurabh Ashok Shinde was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also connected with Mr. Jayesh Rawal through Pillar shows that veil of anonymity has been pierced in light of the decisions of the Hon'ble Supreme Court in **SEBI v. Kishore R. Ajmera** and **SEBI v. Rakhi Trading Private Ltd.** I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. Therefore, I observe that by virtue of Mr. Saurabh Ashok Shinde's connection with Pillar and Mr. Jayesh Rawal he was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 whereby he sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore, I find that the Noticee, Mr. Saurabh Ashok Shinde was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Mr. Saurabh Ashok Shinde to sell their shares at an inflated price.

(I) Trades of Mr. Laxman Dhananjay Gunde

63. As shown in paragraph no. 24.8, Noticee no. 8, Mr. Laxman Dhananjay Gunde is connected with Mr. Jayesh Rawal. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 158 trades. Out of these 158 trades, in 26.58% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 28

Name of the connected Noticee / Group 1 entity	No. of instances
Emerald Corporate Advisory Private Limited	5
Parag Sevantilal Shah	7
Prashant Ashokkumar Shah	30
Total	42

64. Considering that in 26.58 % instances, the counterparty to the trades of Mr. Laxman Dhananjay Gunde was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also connected with Mr. Jayesh Rawal through Pillar shows that veil of

anonymity has been pierced in light of the decisions of the Hon'ble Supreme Court in **SEBI v. Kishore R. Ajmera** and **SEBI v. Rakhi Trading Private Ltd.** I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. Therefore, I observe that by virtue of Mr. Laxman Dhananjay Gunde's connection with Pillar and ultimately, Mr. Jayesh Rawal, he was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 whereby he sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore, I find that the Noticee, Mr. Laxman Dhananjay Gunde was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Mr. Laxman Dhananjay Gunde to sell their shares at an inflated price.

(J) Trades of Mr. Ashish Shankar Pandare

65. As shown in paragraph no. 24.6, Noticee no. 9, Mr. Ashish Shankar Pandare is connected with Mr. Jayesh Rawal. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 513 sell trades. Out of these 513 sell trades, in 29.62% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 29

Name of the connected Noticee / Group 1 entity	No. of instances
Ashokbhai Nanjibhai Parmar	1
Emerald Corporate Advisory Private Limited	55
Ithica Fiscal Services Private Limited	21
Jayeshbhai Rohitbhai Kachhiya	1
Jayveersinh Chavda	1
Manisha Prashant Shah	10
Natubhai Dhulabhai Parmar	1
Numisma Financial Advisors Private Limited	6
Prashant Ashokkumar Shah	55
Sajidhusen Mahmmadali Saiyad	1
Total	152

66. Considering that in 29.62 % instances, the counterparty to the trades of Mr. Ashish Shankar Pandare was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also connected with Mr. Jayesh Rawal through Pillar shows that veil of anonymity has been pierced in light of the decisions of the Hon'ble Supreme Court in *SEBI v. Kishore R. Ajmera* and *SEBI v. Rakhi Trading Private Ltd.* I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. I note from the Investigation Report that Mr. Ashish Shankar Pandare had acquired 231700 shares of GECPL through physical transfers at a consideration of Re. 1/- per share. The details were sought from Mr. Ashish Shankar Pandare and Satellite Corporate Services Pvt. Ltd (Share Transfer Agent of GECPL) during investigation. The details submitted are given below:

Table 30

Sr. No.	Date of Transfer	Regd. Folio No. of Transferee	Regd. Folio No. of Transferor	Name of Transferor	No. of Shares
01	27/11/2015	A000002	0001098	Pramila Deepak Tandle	20,000
02	27/11/2015	A000002	0001097	Deepak Dattatray Tandle	20,000
03	27/11/2015	A000002	0001111	Jayantilal Kunvarji Chheda	17,000
04	27/11/2015	A000002	0001108	Shankar Pandare	17,500
05	27/11/2015	A000002	0001109	Manjiri Pandare	17,500
06	27/11/2015	A000002	0001083	Shankarkumar Gupta	33,400
07	27/11/2015	A000002	0001084	Anita Shankarkumar Gupta	33,400
08	27/11/2015	A000002	0001078	Nuriben Akber Maredia	20,900
09	27/11/2015	A000002	0001077	Imran Akber Maredia	35,000
10	25/01/2011	A000002	0000051	Rajesh Madhan	17,000
Total					2,31,700

67. Therefore, I observe that by virtue of Mr. Ashish Shankar Pandare's connection with Pillar and ultimately, Mr. Jayesh Rawal, he was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 whereby he sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore, I find that the Noticee,

Mr. Ashish Shankar Pandare was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Mr. Ashish Shankar Pandare to sell their shares at an inflated price.

(K) Trades of Mr. Moglesh Chanappa Koni

68. As shown in paragraph no. 24.11, Noticee no. 11, Mr. Moglesh Chanappa Koni is connected with Mr. Jayesh Rawal. On examination of the Trade Log, I note that during the Investigation Period, the Noticee entered into 69 trades. Out of these 69 trades, in 18.84% instances, the counterparty was a connected Noticee or a Group 1 entity. In respect of the other trades entered into by the Noticee, the counterparties were scattered. The details of such trades are as follows:

Table 31

Name of the connected Noticee / Group 1 entity	No. of instances
Emerald Corporate Advisory Private Limited	6
Ithica Fiscal Services Private Limited	1
Manisha Prashant Shah	2
Numisma Financial Advisors Private Limited	1
Prashant Ashokkumar Shah	3
Total	13

69. Considering that in 18.84 % instances, the counterparty to the trades of Mr. Moglesh Chanappa Koni was a connected Noticee or a Group 1 entity along with the fact that the Noticee is also connected with Mr. Jayesh Rawal through Pillar shows that veil of anonymity has been pierced in light of the decisions of the Hon'ble Supreme Court in **SEBI v. Kishore R. Ajmera** and **SEBI v. Rakhi Trading Private Ltd.** I also note that without the aid of the trades of the Noticee, Noticee no. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. Therefore, I observe that by virtue of Mr. Moglesh Chanappa Koni's connection with Pillar and ultimately, Mr. Jayesh Rawal, Mr. Moglesh Chanappa Koni was able to reach a tacit understanding with Mr. Jayesh Rawal, Emerald and Numisma and other Group 1 whereby he sold shares of GECPL to them who in turn manipulated the price of the scrip. Therefore,

I find that the Noticee, he was part of the scheme whereby the Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price of the scrip of GECPL and facilitated other connected entities such as Mr. Moglesh Chanappa Koni to sell their shares at an inflated price.

70. In view of the above, I find that Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price and volume of the scrip of GECP and facilitated other connected entities namely, Mr. Shivakumar Gattai Kamballa, Mr. Saurabh Ashok Shinde, Mr. Subhash Vithoba Dongre, Mr. Arun Ramchandra Gole, Mr. Laxman Dhananjay Gunde, Mr. Ashish Shankar Pandare, Ms. Roopali Hari Om, Mr. Moglesh Chanappa Koni, Ms. Jigna Rasesh Dani, Mr. Ashok Sinaiya Metari and Ms. Mita Rasesh Dani to sell their shares at an inflated price. Therefore, I find that the said Noticees have violated regulations 3(a), (b), (c), (d) and regulations 4(1), 4(2) (a) and (e) of PFUTP Regulations.

71. I note that as per the Investigation Report, the details of Synchronised trades (where the buy and sell order quantity and rate were identical and orders for these transactions were placed within time gap of one minute) by the Group 1 entities is given in following table:

Table 32

Gross Buy Qty of suspected entities	Gross Sell Qty of suspected entities	Total traded qty among the suspected entities	Synchroniz ed traded qty by suspected entities	Sync Trades as % of total traded qty among the suspected entities	Sync Trades as % of Total market volume	Sum of LTP contribution through Sync Trades
3218296	3153267	2260227	2213939	97.95%	28.53%	2.50

72. The SCN has alleged that 23 Group 1 entities namely (1) Emerald Corporate Advisory Private Limited (Ecapl), (2) Ithica Fiscal Services Private Limited (Ifspl), (3) Numisma Financial Advisors Private Limited (Nfapl), (4) Onyx Corporate Services Private Limited (Ocspl), (5) Jayesh Rawal, (6) Chanda Rawal, (7) Prashant Ashok Shah, (8) Parag Sevantilal Shah, (9) Manisha Prashant Shah, (10) Javedbhai A. Mirza, (11) Mrugesh Natwarlal Ruparel, (12) Jayeshbhai Rohitbhai Kachhiya, (13) Rahulkumar Manilal Leua, (14) Vijaykumar Natubhai Kapadiya, (15) Jayveersinh Chavda, (16) Kevalkumar Shailesbhai Sutariya, (17) Natubhai Dhulabhai Parmar, (18) Ashokbhai Nanjibhai Parmar, (19) Sajidhusen Mahmmadali Saiyad, (20) Vahidhusen Mahamadali Saiyad, (21) Taliyan

Nisha, (22) Safiyuddin Nurmiya Saiyad and (23) Parvez Muniruddin Kazi have executed among themselves synchronized trades for 2213939 shares (28.53% of total market volume) during the investigation period. The details of the said synchronized trades are as under:

Table 33

Buy Client Name	Sell Client Name	No. of Trades	Sum of Sync Qty.	% of Sync Vol. to Mkt. Vol.
Ashokbhai Nanjibhai Parmar	Javedbhai Ashrafbhai Mirza	2	1003	0.01
	Jayeshbhai Rohitbhai Kachhiya	180	85228	1.10
	Jayveersinh Mahendrasinh Chavda	70	27384	0.35
	Kevalkumar Shailesbhai Sutariya	28	14250	0.18
	Mrugesh Natwarlal Ruparel	14	7000	0.09
	Rahulkumar Manilal Leua	78	20250	0.26
	Sajidhusen Mahmmadali Saiyad	79	21432	0.28
Ashokbhai Nanjibhai Parmar Total		451	176547	2.28
Chanda Rawal	Onyx Corporate Services Private Limited	1	734	0.01
Chanda Rawal Total		1	734	0.01
Emerald Corporate Advisory Private Limited	Javedbhai Ashrafbhai Mirza	1	28	0.00
	Jayeshbhai Rohitbhai Kachhiya	1	1	0.00
	Manisha Prashant Shah	19	4412	0.06
	Natubhai Dhulabhai Parmar	4	502	0.01
	Parag Sevantilal Shah	36	11367	0.15
	Prashant Ashokkumar Shah	72	21073	0.27
	Vahidhusen Mahamadali Saiyad	1	2	0.00
	Vijaykumar Natubhai Kapadiya	4	3528	0.05
Emerald Corporate Advisory Private Limited Total		138	40913	0.53
Ithica Fiscal Services Private Limited	Emerald Corporate Advisory Private Limited	2	108	0.00
	Manisha Prashant Shah	1	1000	0.01
	Vahidhusen Mahamadali Saiyad	1	10	0.00
Ithica Fiscal Services Private Limited Total		4	1118	0.01
Javedbhai Ashrafbhai Mirza	Jayveersinh Mahendrasinh Chavda	53	18068	0.23
	Rahulkumar Manilal Leua	4	1503	0.02
	Sajidhusen Mahmmadali Saiyad	108	7364	0.09
Javedbhai Ashrafbhai Mirza Total		165	26935	0.35

Jayesh Rawal	Emerald Corporate Advisory Private Limited	3	151	0.00
	Onyx Corporate Services Private Limited	1	500	0.01
	Parag Sevantilal Shah	1	360	0.00
Jayesh Rawal Total		5	1011	0.01
Jayeshbhai Rohitbhai Kachhiya	Ashokbhai Nanjibhai Parmar	106	33278	0.43
	Ithica Fiscal Services Private Limited	1	50	0.00
	Jayveersinh Mahendrasinh Chavda	107	51990	0.67
	Mrugesh Natwarlal Ruparel	5	5625	0.07
	Natubhai Dhulabhai Parmar	110	42325	0.55
	Rahulkumar Manilal Leua	51	22207	0.29
	Sajidhusen Mahmmadali Saiyad	263	62473	0.81
	Taliyan Nisha	28	11844	0.15
	Vijaykumar Natubhai Kapadiya	202	76397	0.98
Jayeshbhai Rohitbhai Kachhiya Total		873	306189	3.95
Jayveersinh Mahendrasinh Chavda	Ashokbhai Nanjibhai Parmar	263	112387	1.45
	Ithica Fiscal Services Private Limited	1	500	0.01
	Javedbhai Ashrafbhai Mirza	67	22123	0.29
	Jayeshbhai Rohitbhai Kachhiya	27	11056	0.14
	Kevalkumar Shailesbhai Sutariya	188	61435	0.79
	Natubhai Dhulabhai Parmar	275	81910	1.06
	Numisma Financial Advisors Private Limited	1	50	0.00
	Parvez Muniruddin Kazi	6	1500	0.02
	Prashant Ashokkumar Shah	2	680	0.01
	Rahulkumar Manilal Leua	9	4155	0.05
	Safiyuddin Nurmiya Saiyad	9	3004	0.04
	Sajidhusen Mahmmadali Saiyad	66	19808	0.26
	Vahidhusen Mahamadali Saiyad	273	92857	1.20
	Vijaykumar Natubhai Kapadiya	20	6253	0.08
Jayveersinh Mahendrasinh Chavda Total		1207	417718	5.38
Kevalkumar Shailesbhai Sutariya	Ashokbhai Nanjibhai Parmar	2	1004	0.01
	Jayveersinh Mahendrasinh Chavda	418	151019	1.95
	Natubhai Dhulabhai Parmar	15	6463	0.08
	Sajidhusen Mahmmadali Saiyad	230	52981	0.68
	Vahidhusen Mahamadali Saiyad	37	14586	0.19
Kevalkumar Shailesbhai Sutariya Total		702	226053	2.91
Manisha Prashant Shah	Emerald Corporate Advisory Private Limited	3	1094	0.01
	Ithica Fiscal Services Private Limited	1	350	0.00

	Onyx Corporate Services Private Limited	2	700	0.01
Manisha Prashant Shah Total		6	2144	0.03
Mrugesh Natwarlal Ruparel	Jayeshbhai Rohitbhai Kachhiya	7	7000	0.09
	Kevalkumar Shailesbhai Sutariya	14	7000	0.09
	Natubhai Dhulabhai Parmar	2	2500	0.03
	Sajidhusen Mahmmadali Saiyad	4	625	0.01
	Vijaykumar Natubhai Kapadiya	12	5473	0.07
Mrugesh Natwarlal Ruparel Total		39	22598	0.29
Natubhai Dhulabhai Parmar	Jayeshbhai Rohitbhai Kachhiya	151	41499	0.53
	Jayveersinh Mahendrasinh Chavda	111	30640	0.39
	Kevalkumar Shailesbhai Sutariya	174	60124	0.77
	Mrugesh Natwarlal Ruparel	8	4341	0.06
	Rahulkumar Manilal Leua	4	2008	0.03
	Sajidhusen Mahmmadali Saiyad	96	23940	0.31
	Vijaykumar Natubhai Kapadiya	178	61930	0.80
Natubhai Dhulabhai Parmar Total		722	224482	2.89
Numisma Financial Advisors Private Limited	Emerald Corporate Advisory Private Limited	1	500	0.01
	Javedbhai Ashrafbhai Mirza	1	257	0.00
	Kevalkumar Shailesbhai Sutariya	1	25	0.00
	Manisha Prashant Shah	1	10	0.00
	Prashant Ashokkumar Shah	1	1500	0.02
Numisma Financial Advisors Private Limited Total		5	2292	0.03
Onyx Corporate Services Private Limited	Manisha Prashant Shah	3	2400	0.03
	Parag Sevantilal Shah	1	500	0.01
Onyx Corporate Services Private Limited Total		4	2900	0.04
Parag Sevantilal Shah	Emerald Corporate Advisory Private Limited	13	4583	0.06
	Onyx Corporate Services Private Limited	2	500	0.01
Parag Sevantilal Shah Total		15	5083	0.07
Parvez Muniruddin Kazi	Jayveersinh Mahendrasinh Chavda	6	1500	0.02
Parvez Muniruddin Kazi Total		6	1500	0.02
Prashant Ashokkumar Shah	Emerald Corporate Advisory Private Limited	41	12876	0.17
	Ithica Fiscal Services Private Limited	3	1148	0.01
	Onyx Corporate Services Private Limited	2	666	0.01
	Sajidhusen Mahmmadali Saiyad	1	1	0.00

Prashant Ashokkumar Shah Total		47	14691	0.19
Rahulkumar Manilal Leua	Ashokbhai Nanjibhai Parmar	45	25413	0.33
	Javedbhai Ashrafbhai Mirza	2	500	0.01
	Jayeshbhai Rohitbhai Kachhiya	57	20052	0.26
	Jayveersinh Mahendrasinh Chavda	22	9743	0.13
	Natubhai Dhulabhai Parmar	2	1007	0.01
	Vahidhusen Mahamadali Saiyad	1	500	0.01
	Vijaykumar Natubhai Kapadiya	12	5004	0.06
Rahulkumar Manilal Leua Total		141	62219	0.80
Safiyuddin Nurmiya Saiyad	Jayveersinh Mahendrasinh Chavda	4	750	0.01
	Kevalkumar Shailesbhai Sutariya	6	2254	0.03
Safiyuddin Nurmiya Saiyad Total		10	3004	0.04
Sajidhusen Mahmmadali Saiyad	Ashokbhai Nanjibhai Parmar	14	4300	0.06
	Javedbhai Ashrafbhai Mirza	21	3064	0.04
	Jayeshbhai Rohitbhai Kachhiya	250	82802	1.07
	Jayveersinh Mahendrasinh Chavda	363	81599	1.05
	Kevalkumar Shailesbhai Sutariya	47	15924	0.21
	Natubhai Dhulabhai Parmar	30	8367	0.11
	Rahulkumar Manilal Leua	3	1526	0.02
	Taliyan Nisha	2	250	0.00
	Vahidhusen Mahamadali Saiyad	5	627	0.01
	Vijaykumar Natubhai Kapadiya	200	45419	0.59
Sajidhusen Mahmmadali Saiyad Total		935	243878	3.14
Taliyan Nisha	Ithica Fiscal Services Private Limited	1	200	0.00
	Jayeshbhai Rohitbhai Kachhiya	83	26527	0.34
	Sajidhusen Mahmmadali Saiyad	30	7407	0.10
	Vijaykumar Natubhai Kapadiya	120	39726	0.51
Taliyan Nisha Total		234	73860	0.95
Vahidhusen Mahamadali Saiyad	Jayveersinh Mahendrasinh Chavda	96	34616	0.45
	Kevalkumar Shailesbhai Sutariya	198	65103	0.84
	Rahulkumar Manilal Leua	11	4562	0.06
	Sajidhusen Mahmmadali Saiyad	14	3757	0.05
	Vijaykumar Natubhai Kapadiya	4	1018	0.01
Vahidhusen Mahamadali Saiyad Total		323	109056	1.41
Vijaykumar Natubhai Kapadiya	Jayeshbhai Rohitbhai Kachhiya	118	33295	0.43
	Jayveersinh Mahendrasinh Chavda	31	9146	0.12
	Mrugesh Natwarlal Ruparel	12	5632	0.07
	Natubhai Dhulabhai Parmar	279	85054	1.10
	Rahulkumar Manilal Leua	20	9025	0.12

	Sajidhusen Mahmmadali Saiyad	151	44269	0.57
	Taliyan Nisha	194	62593	0.81
Vijaykumar Natubhai Kapadiya Total		805	249014	3.21
Grand Total		6838	2213939	28.53

73. The SCN has alleged that the following 17 entities of Group 1 viz. (1) Jayveersinh Chavda, (2) Jayeshbhai Rohitbhai Kachhiya, (3) Sajidhusen Mahmmadali Saiyad, (4) Kevalkumar Shailesbhai Sutariya, (5) Natubhai Dhulabhai Parmar, (6) Vijaykumar Natubhai Kapadiya, (7) Ashokbhai Nanjibhai Parmar, (8) Vahidhusen Mahamadali Saiyad, (9) Rahulkumar Manilal Leua, (10) Taliyan Nisha, (11) Nareshbhai Pappubhai Parmar, (12) Mrugesh Natwarlal Ruparel, (13) Javedbhai Ashrafbhai Mirza, (14) Emerald Corporate Advisory Private Limited, (15) Numisma Financial Advisors Private Limited, (16) Safiyuddin Nurmiya Saiyad and (17) Prashant Ashokkumar Shah, have contributed to circular trading with circular trading quantity of 14,57,879 during the Investigation Period.

Table 34

S.No	Name	Circular Trade Quantity	Circular Trade Instances	% Of Circular Trade To Total Trade On Circular Days
1	Jayveersinh Chavda	270016	101	3.79%
2	Jayeshbhai Rohitbhai Kachhiya	229991	119	3.22%
3	Sajidhusen Mahmmadali Saiyad	183528	112	2.57%
4	Kevalkumar Shailesbhai Sutariya	164260	51	2.30%
5	Natubhai Dhulabhai Parmar	146589	67	2.05%
6	Vijaykumar Natubhai Kapadiya	143742	100	2.01%
7	Ashokbhai Nanjibhai Parmar	125227	37	1.76%
8	Vahidhusen Mahamadali Saiyad	72130	45	1.01%
9	Rahulkumar Manilal Leua	44323	30	0.62%
10	Taliyan Nisha	37238	20	0.52%
11	Nareshbhai Pappubhai Parmar	18462	37	0.26%
12	Mrugesh Natwarlal Ruparel	11466	4	0.16%
13	Javedbhai Ashrafbhai Mirza	5003	6	0.07%
14	Emerald Corporate Advisory Private Limited	2450	2	0.03%
15	Numisma Financial Advisors Private Limited	1800	1	0.03%
16	Safiyuddin Nurmiya Saiyad	1004	1	0.01%
17	Prashant Ashokkumar Shah	650	1	0.01%
	Total	1457879	734	20.42%

74. As mentioned hereinabove, the investigation has observed that 23 entities from Group 1 have executed among themselves synchronized trades for 2213939 shares (28.53% of total market volume) during the investigation period. In this regard, I note from Table No. 33 that the contribution of Noticee no. 2, Mr. Jayesh Rawal along with Noticee no. 15 and 16, Emerald and Numisma and other connected entities namely, Ithica Fiscal Services Pvt. Ltd. and Onyx Corporate Services Pvt. Ltd. to the percentage of synchronised trades to the market volume through 48234 trades is 0.62%.

Table 35

Sr. No.	Name of the Entity	No. of Trades	Sum of Sync Qty.	% of Sync Vol. to Mkt. Vol.
1	Emerald Corporate Advisory Pvt. Ltd.	138	40913	0.53
2	Ithica Fiscal Services Pvt. Ltd.	4	1118	0.01
3	Jayesh Rawal	5	1011	0.01
4	Numisma Financial Advisors Pvt. Ltd.	5	2292	0.03
5	Onyx Corporate Services Pvt. Ltd.	4	2900	0.04
Total		156	48234	0.62

75. Furthermore, the investigation has also observed that the 17 entities of Group 1 have contributed to circular trading with circular trading quantity of 14,57,879 during the Investigation Period. In this regard, I note from Table No. 34 that the number of instances on which there is a prima facie observation of circular trading contribution is 2 and 1 with regard to Noticee no. 15 and 16, Emerald and Numisma, respectively.

Table 36

S. No.	Name	Circular Trade Quantity	Circular Trade Instances	% Of Circular Trade To Total Trade On Circular Days
1	Emerald Corporate Advisory Pvt. Ltd.	2450	2	0.03%
2	Numisma Financial Advisors Pvt. Ltd.	1800	1	0.03%
Total		4250	3	0.06%

76. In view of the above, I note that the percentage of synchronised trading of Emerald, Numisma and Mr. Jayesh Rawal as compared to the total market volume is very miniscule. Similarly, the instances of circular trades indulged into by Emerald and Numisma are also

miniscule. Therefore, I find that the contribution of synchronized and circular trades as enumerated above as compared to the total market volume being very miniscule, does not indicate any manipulative pattern to artificially influence the price and volume in the scrip of GECPL. Hence, in view of the same, I conclude that the allegation against Noticee nos. 2, 15 and 16 for violation of Regulation 4(2) (g) does not stand established.

Issue No. 3: Who are the Noticees who have benefitted from the manipulation in the price of the scrip of GECPL during the investigation period? And whether the unlawful gains have been transferred to Noticee no. 1 and Noticee nos. 15 to 21?

77. The SCN has alleged that the money received from the sale of shares of the GECPL have been transferred by the major net sellers to the Company and/or to its Connected entities, either directly or indirectly by routing of the funds through various entities.
78. I shall first deal with the allegations pertaining to transfer of sale proceeds by major net sellers to the company, GECPL.

I. Transfer of funds of Major Net Sellers to Generic

79. The SCN has alleged that unlawful gains made by the Major Net Sellers have been transferred to the company, GECPL via the following entities:

79.1. Fund Transfer via Shree Construction

79.2. Fund Transfer via Vimkan Enterprises Pvt. Ltd.

79.3. Fund Transfer via Vee Pee Construction Pvt. Ltd

Fund Transfer to GECPL via Shree Construction

80. The details of transfer of sale proceeds by major net sellers to the Company and their corresponding amounts are as given below:

Table 37: Fund Transfer to Noticee no. 1 by the Net Sellers via Shree Construction

	Anil Gautam Jadhav	Shivakumar Gattai Kamballa	Saurabh Ashok Shinde	Laxman Dhananjay Gunde
Net Sell Value (Rs.)	62,22,037.50	80,49,352.45	69,30,457.20	1,11,29,153.75
Amount Transferred to Shree Construction (Rs.)	19,25,000.00	30,50,025.00	36,50,000.00	14,75,000.00
Amount Transferred to Generic by Shree Construction (Rs.)	59,75,000.00			

81. I note from paragraph no. 19.17, that I have found that Mr. Anil Gautam Jadhav is not connected with Mr. Jayesh Rawal or the company in any manner. Therefore, I shall deal with transfer of funds by Mr. Shivakumar Gattai Kamballa, Mr. Saurabh Ashok Shinde and Mr. Laxman Dhananjay Gunde indirectly via Shree Constructions to the company, GECPL. In this regard, I note from the bank account statement of Shree Construction (Annexure 6 to the SCN) that Mr. Shivakumar Gattai Kamballa, Mr. Saurabh Ashok Shinde and Mr. Laxman Dhananjay Gunde made the following fund transfers to account no. 509200010001**** of Shree Constructions held with the Karnataka Bank Limited.

Table 38

Date	Transferor	Amount (In Rs.)
18/01/2017	Mr. Shivakumar Gattai Kamballa	6,75,025
18/01/2017	Mr. Shivakumar Gattai Kamballa	23,75,000
20/01/2017	Mr. Laxman Dhananjay Gunde	14,75,000
21/01/2017	Mr. Saurabh Ashok Shinde	36,50,000
Total		81,75,025

82. I also note that the said amount of Rs. 81,75,025/- was received by Shree Constructions over a very short period of two – three days i.e. from January 18, 2017 to January 21, 2017. Thereafter, immediately on January 23, 2017, Shree Constructions transferred Rs. 59,75,000/- to the company. I note that Mr. Shivakumar Gattai Kamballa, Mr. Saurabh Ashok Shinde and Mr. Laxman Dhananjay Gunde have not filed their replies till date.
83. The company, GECPL, in its reply dated March 23, 2023 has submitted that the company had granted a loan of Rs. 73,00,000/- to Shree Construction from January 19, 2016 to September 22, 2016. During the hearing, the Noticee, GECPL was advised to provide supporting bank entries to prove its statement. Accordingly, vide submissions dated April

27, 2023 received through email, the Noticee has forwarded bank statements and ledger copy. I note that as per the ledger of Shree Constructions, the opening balance as on April 01, 2016 is Rs. 41,00,000/-. I note that supporting bank account entries for the said Rs. 41,00,000/- have not been provided by the Noticee. As regards other payments, I note the following fund transfers from the company to Shree Constructions from the bank account statement submitted.

Table 39: Fund transfer from GECPL to Shree Construction

Date	Amount (In Rs.)
04/04/2016	3,00,000
06/04/2016	5,00,000
22/09/2016	3,00,000
22/09/2016	9,00,000
22/09/2016	12,00,000
31/03/2017	1,25,516
Total	33,25,516

84. Thereafter, the company received the following payments from Shree Constructions in 2017 in its bank account:

Table 40: Fund transfer from Shree Construction to GECPL

Date	Amount (In Rs.)
19/01/2017	13,25,000
23/01/2017	59,75,000
29/03/2017	6,42,111
Total	33,25,516

85. The Noticee vide letter dated April 27, 2023 which was received on May 02, 2023, adduced a certificate dated April 26, 2023 issued by CA Mohandas Belle Shetty, it has been certified that all the entries in the ledgers are a part of the books of accounts of the company for the relevant years and that all the entries in the ledgers are duly reflected in the bank statements of the company. The CA has further certified that all the transactions in the ledgers of these entities are for loans advanced and repaid, interest thereon and TDS. Therefore, I am unable to conclude that the proceeds from the sale of shares were transferred by Mr. Shivakumar Gattai Kamballa, Mr. Saurabh Ashok Shinde and Mr. Laxman Dhananjay Gunde indirectly via Shree Constructions to the company, GECPL.

Fund Transfer to GECPL via Vimkan Enterprises Pvt. Ltd.

86. The details of transfer of sale proceeds by major net sellers to the Company via Vimkan Enterprises Pvt. Ltd. and their corresponding amounts are as given below:

Table 41: Total Fund Transfers to Noticee no. 1

Name of the Major Net Seller	Generic Net Sell Value (Rs.)	Funds directly/ indirectly transferred to	Sell Amount transferred to Generic (Rs.)
Subhash Vithoba Dongre	44,62,573.90	Generic	20,00,000
Arun Ramchandra Gole	1,03,33,969.90	Generic	35,00,000
Total Amount transferred			55,00,000

87. I note from the SCN and Annexure 6 to the SCN that the said transfer was executed by using two different levels of entities as given in the Table below:

Table 42: Fund Transfer to Noticee no. 1

	Subhash Vithoba Dongre	Arun Ramchandra Gole
First Level Entities	EDocs Solutions Ltd	Shah Kiran Amrutlal
Amount Transfer to First Level (Rs.)	20,00,000.00	35,00,000.00
Second Level Entities	Vimkan Enterprises Pvt. Ltd.	Vee Pee Construction Pvt. Ltd
Amount Transfer to Second Level (Rs.)	16,95,000.00	35,00,000.00
Amount Transfer by Second Level Entities to Generic (Rs.)	20,00,000.00	35,00,000.00

88. From the aforesaid, I note that it has been alleged that Noticee no. 6, Mr. Subhash Vithoba Dongre transferred Rs. 20,00,000/- out of his net sale proceeds of Rs. 44,62,573.90/- to EDocs Solutions which in turn transferred Rs. 16,95,000/- to Vimkan Enterprises Pvt. Ltd. (hereinafter referred to as “**Vimkan**”). Furthermore, Vimkan transferred Rs. 20,00,000/- to Noticee no. 1, GECPL. Noticee no. 6, Mr. Subhash Vithoba Dongre vide letter dated April 28, 2023 has submitted that he transferred Rs. 20,00,000/- as part payment towards subscription of equity shares of Edocs Solutions. In this regard, the Noticee has furnished allotment letter dated March 17, 2017 from Edocs Solutions informing him that 3 lakh equity shares of Rs. 10/- per share have been allotted to him on a preferential allotment basis. Furthermore, Edocs Solution, in its reply dated March 21, 2023 has submitted that it had borrowed money from Vimkan Enterprise Pvt Ltd. Upon receiving Rs. 20 lakhs from

Noticee no. 6, Mr. Subhash Vithoba Dongre on January 25, 2017, a part of the proceeds i.e. Rs 16, 95,000/- was paid to Vimkan as a partial repayment of loan. Thereafter, Vimkan paid Rs. 24,50,000/- to several parties before making payment of Rs. 20,00,000/- to Generic. Therefore, it is argued that money received by Vimkan from Edocs Solutions was utilised for making payment to other entities and as a result, it cannot be said that the money transferred by the Noticee was further transferred to Generic.

89. As regards, the submissions of Edocs Solutions on dealings with Vimkan, Edocs has submitted that it borrowed money from Vimkan and repaid the same as and when the fund were available. The Noticee also has provided a ledger of Vimkan in the books of the Noticee reflecting receipts and payments. The following Table reproduces the ledger of the Vimkan:

Table 43

Date		Vch Type	Debit	Credit
09-Nov-16	By	Receipt		2,75,000
11-Nov-16	By	Receipt		7,50,000
17-Nov-16	To	Payment	1,25,000	
30-Nov-16	By	Receipt		50,000
02-Dec-16	By	Receipt		2,75,000
06-Dec-16	By	Receipt		1,00,000
08-Dec-16	By	Receipt		50,000
09-Dec-16	By	Receipt		1,00,000
09-Dec-16	By	Receipt		3,00,000
10-Dec-16	By	Receipt		8,00,000
10-Dec-16	By	Receipt		6,00,000
12-Dec-16	By	Receipt		50,000
13-Dec-16	By	Receipt		8,00,000
28-Dec-16	By	Receipt		50,000
29-Dec-16	By	Receipt		3,60,000
30-Dec-16	By	Receipt		1,00,000
31-Dec-16	To	Payment	3,50,000	
31-Dec-16	To	Payment	6,50,000	
03-Jan-17	By	Receipt		1,10,000
09-Jan-17	By	Receipt		2,00,000
10-Jan-17	By	Receipt		7,00,000
13-Jan-17	By	Receipt		4,00,000
13-Jan-17	To	Payment	10,00,000	
24-Jan-17	By	Receipt		13,00,000
25-Jan-17	To	Payment	16,95,000	

27-Jan-17	To	Payment	17,50,000	
31-Jan-17	To	Payment	10,00,000	
02-Feb-17	To	Payment	1,000	
02-Feb-17	By	Receipt		23,75,000
02-Feb-17	By	Receipt		16,10,000
02-Feb-17	To	Payment	1,20,000	
07-Feb-17	To	Payment	8,50,000	
08-Feb-17	By	Receipt		25,000
10-Feb-17	By	Receipt		20,00,000
10-Feb-17	By	Receipt		20,65,000
14-Feb-17	To	Payment	2,00,000	
15-Feb-17	To	Payment	3,20,000	
18-Feb-17	To	Payment	60,000	
22-Feb-17	By	Receipt		6,05,000
28-Feb-17	By	Receipt		1,10,000
01-Mar-17	To	Payment	15,00,000	
02-Mar-17	By	Receipt		3,25,000
02-Mar-17	By	Receipt		10,000
02-Mar-17	By	Receipt		7,20,000
02-Mar-17	To	Payment	7,10,000	
03-Mar-17	To	Payment	9,00,000	
03-Mar-17	To	Payment	6,60,000	
06-Mar-17	To	Payment	10,00,000	
08-Mar-17	To	Payment	27,60,000	
08-Mar-17	By	Receipt		5,50,000
10-Mar-17	To	Payment	10,00,000	
15-Mar-17	To	Payment	11,14,000	
20-Mar-17	By	Receipt		3,50,000
22-Mar-17	To	Payment	3,50,000	
29-Mar-17	To	Payment	2,00,000	
29-Mar-17	By	Receipt		2,00,000
31-Mar-17	By	Journal		1,35,584
31-Mar-17	To	Payment	1,35,584	
			1,84,50,584	1,84,50,584

90. I note that the aforesaid fund transactions are also seen in the corresponding bank account statements of Edocs Solutions and Vimkan. Furthermore, Noticee no. 1, GECPL during the hearing before the undersigned submitted that the transaction between the company and Vimkan was in the nature of loans and advance. In its reply dated April 27, 2023, the Company has submitted that as on August 01, 2016, as per the ledger of Vimkan in the books of Genric, the said company had a debit balance of Rs. 1,46,24,860/-. Thereafter, there are receipt transactions till March 31, 2017 where Rs. 1,60,60,000/- have been received by GECPL from Vimkan. In furtherance of this, the company has provided a copy

of its bank account statements for accounts held with HDFC Bank Ltd. and Oriental Bank of Commerce. I note the following credit entries from Vimkan in the bank accounts of GECPL.

Table 44

HDFC Bank Ltd.		
Sr. no.	Date	Amount (In Rs.)
1	17/09/2016	20,00,000
2	19/09/2016	5,00,000
3	26/09/2016	15,00,000
4	27/09/2016	10,00,000
5	30/09/2016	3,00,000
6	30/09/2016	2,00,000
7	07/10/2016	15,00,000
8	10/10/2016	4,00,000
9	13/10/2016	6,00,000
10	21/10/2016	2,00,000
11	21/10/2016	12,00,000
12	21/10/2016	8,00,000
13	08/11/2016	5,00,000
14	30/01/2017	20,00,000
15	03/03/2017	8,00,000
Total		1,35,00,000

Table 45

Oriental Bank of Commerce		
Sr. no.	Date	Amount (In Rs.)
1	05/08/2016	10,000
2	07/09/2016	10,000
3	07/10/2016	10,000
4	27/10/2016	10,000
5	08/11/2016	20,00,000
6	08/11/2016	5,00,000
8	09/12/2016	10,000
9	03/01/2017	10,000
Total		25,60,000

91. I note that the said credit entries match with the receipts in the ledger of Vimkan in the company's books of accounts. In this regard, the Noticee no. 1 was advised to furnish supporting bank account statements and ledger of Vimkan duly certified by a Chartered Accountant. The Noticee vide letter dated April 27, 2023 adduced a certificate dated April 26, 2023 issued by CA Mohandas Belle Shetty, it has been certified that all the entries in the ledgers are a part of the books of accounts of the company for the relevant years and that all the entries in the ledgers are duly reflected in the bank statements of the company.

The CA has further certified that all the transactions in the ledgers of these entities are for loans advanced and repaid, interest thereon and TDS.

Fund Transfer to GECPL via Vee Pee Construction Pvt. Ltd.

92. As regards transfer of sale proceeds by Noticee no. 7, Mr. Arun Ramchandra Gole, I note that that it has been alleged that he transferred Rs. 35,00,000/- out of his net sale proceeds of Rs. 1,03,33,969.90/- to Mr. Kiran Amrutlal Shah which in turn transferred Rs. 35,00,000/- to Vee Pee Construction Pvt. Ltd. (hereinafter referred to as “**Vee Pee**”) Furthermore, Vee Pee transferred Rs. 35,00,000/- to Noticee no. 1, GECPL. Mr. Arun Ramchandra Gole in his reply dated April 11, 2023 has stated that the transfer to Mr. Kiran Amrutlal Shah was in the nature of loans and advances and that he is not aware of the funds being transferred to Vee Pee. I note that the Noticee has not adduced any evidence in furtherance of his claim. However, Noticee no. 1, GECPL in its reply dated March 23, 2023, has submitted that Vee Pee had borrowed Rs. 35,00,000/- from the company on November 01, 2016 and that the said amount was repaid on January 30, 2017. Therefore, it is GECPL’s case that the said transaction with Vee Pee was in the nature of a loan. The Noticee vide letter dated April 27, 2023 has forwarded a copy of ledger of Vee Pee and HDFC bank account statement of GECPL duly certified by a CA. I have perused the bank account statement, and note that there is a debit of Rs. 35,00,000/- on November 01, 2016 and credit of Rs. 35,00,000/- on January 30, 2017. I also note that there are corresponding entries in the company’s ledger of Vee Pee. I note from the certificate dated April 26, 2023 issued by CA Mohandas Belle Shetty that the transaction between Vee Pee and GECPL is in the nature of a loan.
93. The preceding paragraphs show that the company was regularly dealing with Shree Constructions, Vee Pee and Vimkan. Therefore, I am inclined to agree with the averments made by the Noticee vide letter dated March 23, 2023 and April 27, 2023 and find that the allegation in the SCN that part of the sale proceeds has been transferred by the major net sellers to the Company, does not stand established.

II. Transfer of funds from Major Net Sellers to Emerald and Numisma

94. The SCN has also alleged that certain funds have been transferred to Emerald and Numisma by major net sellers from the funds received by virtue of sale of shares of the Company as given below:

Table 46: Transfer of Funds to Emerald and Numisma

Name of the Major Net Seller	Generic Net Sell Value (Rs.)	Beneficiary Name	Sale amount transferred (Rs.)
Ashok Sinaiya Metari	21,71,097.75	Emerald	9,90,000
		Numisma	9,96,000
Total amount transferred			19,86,000

95. The said funds have been transferred to the two Noticees by layering the same through the following manner:

Table 47: Layering of Funds Transfer from Net Sellers to Emerald and Numisma

	Ashok Sinaiya Metari	
First Level Entities	Ganesh Enterprises	Balaji Traders
Amount Transfer to First Level (Rs.)	7,28,100.00	6,90,658
Second Level Entities	Emerald	Numisma
Amount Transfer to Second Level (Rs.)	9,90,000.00	9,96,000.00

96. I note from the Trade Log that the Noticee, Mr. Ashok Sinaiya Metari (major net seller) traded in the scrip of GECPL from November 04, 2016 to August 08, 2017 through 121 trades. However, majority of his trades were executed during the November 04, 2016 to December 15, 2016, and the value of trades executed during this period is Rs. 25,77,575.05/-. I also note that Mr. Ashok Sinaiya Metari transferred Rs. 7,28,100/- on December 20, 2016 to the bank account of Ganesh Enterprises bearing no. 64260505**** held with ICICI Bank (Annexure 6 to the SCN). Thereafter, immediately on December 21, 2016, Ganesh Enterprises transferred Rs. 9,90,000/- to Emerald. Similarly, from the bank account statement of Balaji Traders bearing no. 64260550**** held with ICICI Bank, I note that on December 20, 2016, Mr. Ashok Sinaiya Metari transferred Rs. 6,90,600/- to Balaji Traders. Thereafter, immediately on December 21, 2016, Balaji Traders transferred Rs. 9,96,000/- to Numisma. I have perused the replies submitted by Noticee no. 15, Emerald and Noticee no. 16, Numisma wherein they have merely stated that the Noticees have received Rs. 9.90 lakhs and Rs. 9.96 lakhs respectively and not denied receiving the said

money. The Noticees also submitted merely on the ground that a random third party has transferred some funds to the Noticee, SEBI has issued an SCN.

97. I note that Mr. Ashok Sinaiya Metari was one of the top shareholders of Muzali during FY 2016 – 17 and a preferential allottee of Pillar and therefore, connected with Mr. Jayesh Rawal. Furthermore, it has been shown above, that Mr. Jayesh Rawal was connected with the four companies, Emerald, Numisma, Ithica and Onyx through Mr. Nafeez Hakeem. It is also pertinent to note, as shown at paragraph no. 55 of this order, that out of 121 trades entered into by Mr. Ashok Sinaiya Metari during the Investigation Period, 66 trades were with Emerald, Numisma and Ithica (a connected entity), and 10 trades with other connected entities of Group 1. Therefore, in 54.55% instances, the counterparty to the trades of Mr. Ashok Sinaiya Metari was either Emerald, Numisma and Ithica.
98. In view of the fact that Rs. 14,18,758/- out of the sale proceeds of Rs. 25,77,575.05/- earned through trades executed during the November 04, 2016 to December 15, 2016, were transferred by Mr. Ashok Sinaiya Metari on December 20, 2016 to Ganesh Enterprises and Balaji Traders which in turned transferred Rs. 19,86,000/- on December 21, 2016 to Emerald and Numisma respectively, and that in more than 50 % instances the counterparty to the trades of Mr. Ashok Sinaiya Metari was either Emerald, Numisma or Ithica, a connected entity. I note that but for the trades of Mr. Ashok Sinaiya Metari along with the other connected entities, Mr. Jayesh Rawal along with Emerald, Numisma and other connected Group 1 entities would not have been able to manipulate the price of the scrip. Therefore, I find that Rs. 19,86,000/- have been transferred to Emerald and Numisma as part of the scheme to manipulate the price of the scrip and benefit from the same.

III. Transfer of funds by Major Net Sellers to Pillar

99. I note that the SCN has alleged that major net sellers namely, Mr. Saurabh Ashok Shinde and Mr. Laxman Dhananjay Gunde have transferred part of their sale proceeds directly to Pillar, the details of which are given below:

Table 48: Transfer of Funds to Pillar

Name of the Major Net Seller	Generic Net Sell Value (Rs.)	Sell Amount transferred to Beneficiary (Rs.)
Saurabh Ashok Shinde	6930457.20	17,60,000
Laxman Dhananjay Gunde	11129153.75	17,60,000
Total Amount transferred to Pillar		35,20,000

100. I note from the reply of Noticee no. 20, Pillar that it has received Rs. 17.6 lakhs each from Mr. Saurabh Ashok Shinde and Mr. Laxman Dhananjay Gunde as part of a fund raising exercise through preferential allotment of shares whereby they had raised Rs. 3.81 Crore from 35 investors including the aforesaid Noticees. The Noticee has also submitted a list of allottees filed with the Registrar of Companies. I note from the said list of allottees, the following Noticees to the present SCN had been allotted the shares of Pillar.

Table 49: List of Allottees of Pillar

Sr. No.	Name of the Allottee/ Noticee (Noticee no.)	No. of shares allotted	Total amount paid (in Rs.)
1	Mr. Laxman Dhananjay Gunde (N. 8)	80,000	17,60,000
2	Mr. Saurabh Ashok Shinde (N. 5)	80,000	17,60,000
3	Mr. Shivakumar Gattai Kamballa (N. 4)	80,000	17,60,000
4	Mr. Ashok Sinaiya Metari (N. 13)	80,000	17,60,000
5	Mr. Moglesh Channappa Koni (N. 11)	80,000	17,60,000
6	Mr. Arun Ramchandra Gole (N. 7)	80,000	17,60,000
7	Ms. Mita Rasesh Dani (N. 14)	80,000	17,60,000
8	Ms. Jigna Rasesh Dani (N. 12)	80,000	17,60,000

101. I note the following from the bank account statement (Annexure 6 to the SCN) of the aforesaid Noticees.

Table 50

Sr. No.	Name of the Allottee/ Noticee (Noticee no.)	Date of Transfer	Amount Transferred (in Rs.)	Trading in the scrip of Generic (From and To date)	Net sale proceeds (in Rs.)
1	Mr. Laxman Dhananjay Gunde (N. 8)	23/03/2017	17,60,000	19/12/2016 to 09/03/2017	1,11,29,153.75
2	Mr. Saurabh Ashok Shinde (N. 5)	24/03/2017	17,60,000	14/12/2016 to 15/03/2017	69,30,457
3	Mr. Shivakumar Gattai Kamballa (N. 4)	23/03/2017	17,60,000	20/12/2016 to 23/02/2017	80,49,352

4	Mr. Ashok Sinaiya Metari (N. 13)	24/03/2017	17,60,000	04/11/2016 to 08/08/2017	21,71,098
5	Mr. Moglesh Channappa Koni (N. 11)	29/03/2017	17,60,000	05/01/2017 to 06/02/2017	48,05,715
6	Mr. Arun Ramchandra Gole (N. 7)	Not available	17,60,000	19/12/2016 to 23/02/2017	1,03,33,970
7	Ms. Mita Rasesh Dani (N. 14)	24/03/2017	17,60,000	21/12/2016 to 23/02/2017	38,68,532
8	Ms. Jigna Rasesh Dani (N. 12)	24/03/2017	17,60,000	21/12/2016 to 23/02/2017	44,79,012

102. The above Table shows that apart from Mr. Ashok Sinaiya Metari all the other Noticees namely, Mr. Laxman Dhananjay Gunde (N. 8), Mr. Saurabh Ashok Shinde (N. 5), Mr. Shivakumar Gattai Kamballa (N. 4), Mr. Moglesh Channappa Koni (N. 11), Mr. Arun Ramchandra Gole (N. 7), Ms. Mita Rasesh Dani (N. 14) and Ms. Jigna Rasesh Dani (N. 12) traded in the scrip of Generic from December 2016 to February/ March 2017 i.e. before the preferential allotment of shares of Pillar. I note that the said Noticees transferred Rs. 17,60,000/- each to Pillar from the net sale proceeds between March 23, 2017 to March 29, 2017.

103. I reiterate that that private placements of shares are rarely given to unknown entities and therefore, it can be safely presumed that aforesaid Noticees who were the preferential allottees of Pillar are known to that company. Further, as shown hereinabove, Mr. Jayesh Rawal is connected with Pillar. As a result of the same, I note that the Noticees, Mr. Ashok Sinaiya Metari, Mr. Laxman Dhananjay Gunde, Mr. Saurabh Ashok Shinde, Mr. Shivakumar Gattai Kamballa, Mr. Moglesh Channappa Koni, Mr. Arun Ramchandra Gole, Ms. Mita Rasesh Dani and Ms. Jigna Rasesh Dani traded in the scrip of Generic and aided Noticee nos. 2, 15, 16 and Group 1 entities to manipulate the price of the scrip of GECP and thereafter transfer part of the proceeds to Pillar in the garb of a preferential allotment which took place in March 2017 i.e. during the Investigation Period.

104. In view of the above, I find that from the sale proceeds the aforesaid Noticees transferred Rs. 1,40,80,000/- to Pillar, which is a connected entity as part of the scheme to manipulate the price of the scrip and benefit from the same.

IV. Transfer of funds by Major Net Sellers to Edocs

105. I note that the SCN has alleged that major net sellers namely, Ms. Mita Rasesh Dani and Mr. Arun Gole have transferred part of their sale proceeds directly to Edocs Solutions Limited (**‘Edocs’**), the details of which are given below:

Table 51: Transfer of Funds to Edocs

Name of the Major Net Seller	Generic Net Sell Value (Rs.)	Sell Amount transferred (Rs.)
Mita Rasesh Dani	38,68,532	20,00,000
Arun Gole	1,03,33,970	6,00,000
Total amount transferred		26,00,000

106. I note from the Trade Logs that the Noticee, Ms. Mita Rasesh Dani had traded in the scrip of GECPL from December 21, 2016 to February 23, 2017 and the value of such trades was Rs. 41,07,556/-. The net sell value of the Noticee was Rs. 38,68,532/-. I note from the bank account statement of account bearing no. 1621010001**** that she transferred Rs. 10,00,000/- to Edocs Solutions on January 11, 2017. As on the said date, the value of her trades in GECPL was Rs. 12,89,500/-. Thereafter, she transferred Rs. 10,00,000/- to Edocs Solutions on March 03, 2017. It is also seen that on March 08, 2017 Ms. Mita Rasesh Dani received Rs. 20,00,000/- from Edocs Solutions. However, on the same date through two tranches of Rs. 5,00,000/- each a payment of Rs. 10,00,000/- was made to Edocs Solutions. Similarly, Rs. 10,00,000/- were transferred to Edocs Solutions on March 09, 2017. In this regard, Edocs Solutions vide reply dated March 21, 2023 submitted that the amount of Rs. 20,00,000/- was transferred to it by Ms. Mita Rasesh Dani in 2 tranches towards allotment of its shares. However, as the company was unable to allot the shares within 60 days of receipt of money in terms of sections 42 and 62 of the Companies Act, the Noticee refunded the amount on March 08, 2017 and ‘took it back’ in 4 tranches spread over March 08, 2017 and March 09, 2017.

107. I note from the submissions of Edocs Solutions that the allotment of shares to Ms. Mita Rasesh Dani was under section 42 of the Companies Act, 2013. I note that the said section as it stood prior to its amendment vide the Companies (Amendment) Act, 2017 dealt with offer or invitation for subscription of securities on private placement. The term “private

placement” was defined to mean “*any offer of securities or invitation to subscribe securities to a select group of persons by a company (other than by way of public offer) through issue of a private placement offer letter*”. The phrase “offer of securities to a select group of persons” would mean that such persons are identified/ shortlisted by the company, and therefore known to the company. I am also cognizant of the fact that Mr. Ravindra Tribhuvan Mishra, who was Managing Director of Noticee no. 1 i.e. GECPL during the Investigation Period i.e. till February 27, 2017 was also the director of Edocs Solutions Ltd. Furthermore, Ms. Pallavi Hiren Kothari and Mr. Manan Hiren Kothari, relatives of the then promoter of Noticee no. 1 viz. Mr. Hiren Shantilal Kothari, were also the directors and signatories of Edocs Solutions Ltd.

108. As shown above, Ms. Mita Rasesh Dani was also a top shareholder of Muzali and a preferential allottee of Pillar and thereby, connected with Mr. Jayesh Rawal. I have noted hereinabove that but for the trades of Ms. Mita Rasesh Dani along with other connected entities, Mr. Jayesh Rawal and other connected Group 1 entities would not have been able to manipulate the price of the scrip. Therefore, I conclude that Ms. Mita Rasesh Dani was connected with Edocs Solutions, and that out of the net sale proceeds, Rs. 20,00,000/- were transferred to Edocs Solutions as part of the scheme to manipulate the price of the scrip and benefit from the same.

109. In addition to the above, I note from the bank account statement of Ms. Jigna Rasesh Dani has made a payment of Rs. 8,00,000/- in two tranches of Rs. 4,00,000/- each on March 08, 2017 into the account of Edocs Solutions. I also note that Rs. 5,00,000/- were transferred to Edocs Solutions on March 09, 2017. In this regard, it is pertinent to note that Ms. Jigna Rasesh Dani had traded in the scrip of GECPL from December 21, 2016 to February 23, 2017 and net value of the trades was Rs. 44,79,012/-. I note from the submissions of Edocs Solutions that the said amount of Rs. 13 lakhs were received from Ms. Jigna Dani towards allotment of shares to her under section 42 of the Companies Act, 2013. As noted above, offer and allotment of shares through private placement would mean that such a person was known to the company. Furthermore, as shown above, Ms. Jigna Rasesh Dani and Ms. Mita were preferential allottees of Pillar and thereby, connected with Mr. Jayesh Rawal. I have also noted hereinabove that but for the trades of Ms. Jigna Rasesh Dani along with other

connected entities, Mr. Jayesh Rawal and other connected Group 1 entities would not have been able to manipulate the price of the scrip. Therefore, I conclude that Ms. Jigna Rasesh Dani was connected with Edocs Solutions, and that out of the net sale proceeds, Rs. 13,00,000/- were transferred to Edocs Solutions as part of the scheme to manipulate the price of the scrip and benefit from the same.

110. Furthermore, I note that from the bank account statement of Mr. Subhash Dongre bearing account no. 1050201100**** held with Punjab National Bank that Rs. 10,00,000/- and Rs. 20,00,000/- were transferred by him on January 10, 2017 and January 25, 2017 respectively to Edocs Solutions. I also note that on March 08, 2017, an amount of Rs. 30,00,000/- was refunded to Mr. Subhash Dongre by Edocs Solutions and on March 09, 2017, and again an amount of Rs. 30,00,000/- was transferred by Mr. Subhash Dongre to Edocs. I note that Mr. Subhash Dongre traded in the scrip of GECPL from December 19, 2016 to February 23, 2017 and the net value of his trades was Rs. 44,62,574/-. Mr. Subhash Dongre, in his reply dated April 28, 2023 has stated that he transferred Rs. 20,00,000/-³² towards subscription of shares of Edocs. I note from the submissions of Edocs Solutions that the said amount of Rs. 30 lakhs were received from him towards allotment of shares under section 42 of the Companies Act, 2013. As noted above, offer and allotment of shares through private placement would mean that such a person was known to the company. Furthermore, as shown above, Mr. Subhash Dongre was one of the top shareholders of Muzali and connected with Ms. Jayesh Rawal. I have also noted hereinabove above that but for the trades of Mr. Subhash Dongre along with other connected entities, Mr. Jayesh Rawal and other connected Group 1 entities would not have been able to manipulate the price of the scrip. It is also pertinent to mention that Mr. Subhash Dongre was the director of Behoof Investments wherein Mr. Ravindra T Mishra, former Managing Director of GECPL was also a director. Therefore, I conclude that Mr. Subhash Dongre was connected with Edocs Solutions, and that out of the net sale proceeds, Rs. 30,00,000/- were transferred to Edocs Solutions as part of the scheme to manipulate the price of the scrip and benefit from the same.

³² As per the share certificate produced by him and as per his bank account statement, I note that the amount transferred to Edocs is Rs. 30,00,000/- and not Rs. 20,00,000/- as stated by him in his reply.

111. Mr. Arun Ramchandra Gole has submitted that the amount of Rs. 6,00,000/- mentioned in the SCN has been forwarded to Edocs Solution as a loan which was repaid by the said company in FY 2016 -17. Furthermore, Edocs Solutions in its letter dated March 21, 2023 has submitted that the company had sought a loan and in furtherance of the same, Mr. Arun Ramchandra Gole had transferred Rs. 9,00,000/- on January 09, 2017 and Rs. 6,00,000/- on January 11, 2017. The Noticee repaid the said loan in two tranches i.e. Rs. 10,00,000/- on March 20, 2017 and Rs. 5,00,000/- on March 22, 2017.

112. Therefore, I find that a part of the sale proceeds of Ms. Mita Rasesh Dani, Ms. Jigna Rasesh Dani and Mr. Subhash Dongre i.e. Rs. 20,00,000/-, Rs. 13,00,000/- and Rs. 30,00,000/- respectively, were transferred to Edocs Solutions which a connected entity as part of the scheme to manipulate the price of the scrip and benefit from the same.

V. Transfer of funds by Major Net Sellers to Behoof

113. The SCN has alleged that major net sellers namely, Mr. Subhash Vithoba Dongre and Ms. Mita Rasesh Dani have transferred part of their sale proceeds directly to Behoof Investments, the details of which are given below:

Table 52: Transfer of Funds to Behoof

Name of the Major Net Seller	Generic Net Sell Value (Rs.)	Sale amount transferred (Rs.)
Subhash Vithoba Dongre	44,62,574	15,00,000
Mita Rasesh Dani	38,68,532	10,00,000
Total amount transferred		25,00,000

114. I note from Annexure 6 to the SCN that the transfer of funds to Behoof by Mr. Subhash Dongre and Ms. Mita Rasesh Dani is as under:

Table 53

Transfer of funds from Mr. Subhash Dongre to Behoof					
	Date	Amount Transferred	Client Name	Bank Name	Account
	06/01/2017	2000000	Subhash Vithoba Dongre	Punjab National Bank	10502011001825

Level 1	10/01/2017	10,00,000.00	E Docs Solutions Pvt Ltd	PNB/OBC	10501131003801
Level 2	10/01/2017	1500000	Harkishandas Chimanlal	Central Bank Of India, Santacruz	3069290336
Level 3	11/01/2017	15,00,000.00	BEHOOF INVESTME		
Transfer of funds from Ms. Mita Rasesh Dani to Behoof					
	Date	Amount Transferred	Client Name	Bank Name	Account
	06/01/2017	1000000	Mita Rasesh Dani	Bank Of Baroda	16210100017268
Level 1	11/01/2017	1000000	Edocs Solutions Pvt Ltd	Oriental Bank of Commerce	10501131003801
Level 2	11/01/2017	1000000	Harkishandas Chimanlal	Central Bank Of India, Santacruz	3069290336
Level 3	12/01/2017	1000000	Behoof Investme		

115. The Noticee, Behoof, in their reply dated March 20, 2023 has stated that it has not received the aforesaid amount from Mr. Subhash V. Dongre and Ms. Mita R. Dani. As shown above in paragraph no. 112, the transfer of sale proceeds of Ms. Mita Rasesh Dani and Ms. Jigna Rasesh Dani i.e. Rs. 20,00,000/- and Rs. 13,00,000/- respectively, towards allotment of shares and from the share certificates adduced by the Noticees as well as Edocs Solutions, it is clear that the shares for the aforementioned amount were allotted to the Noticees. Therefore, I am unable to conclude that the sale proceeds transferred by Ms. Mita Rasesh Dani and Mr. Subhash Dongre to Edocs Solutions was further transferred to Behoof Investments.

VI. Transfer of funds by Major Net Sellers to Kuber

116. The SCN has alleged that major net sellers namely, Mr. Ashish Shankar Pandare, Ms. Mita Rasesh Dani and Ms. Jigna Rasesh Dani have transferred part of their sale proceeds indirectly to Kuber Udyog. It is observed that the said fund transfers to Kuber were made

through layered transactions wherein in the first phase, the funds were transferred to one Mr. Atul A Mehta and then he transferred the funds to Kuber directly as below:

Table 54: Transfer of Funds to Kuber

Name of the Major Net Seller	Generic Net Sell Value (Rs.)	Sale Amount transferred to Kuber via Mr. Atul A Mehta (Rs.)
Ashish Shankar Pandare	1,85,71,359.70	62,50,000
Jigna Rasesh Dani	44,79,011.75	20,00,000
Mita Rasesh Dani	38,68,532.00	10,00,000
Amount Transferred to Kuber Udyog Ltd by Atul A Mehta (Rs.)		80,00,000

117. In his reply dated May 08, 2023, Mr. Ashish Shankar Pandare submitted that on January 17, 2017, he had lent Rs. 62.50 lakhs to Mr. Atul Mehta. Mr. Atul Mehta returned the said money to him on January 22, 2019, March 29, 2019, April 3, 2019, June 23, 2020 and July 4, 2020. In this regard, the Noticee has also adduced his bank statement. I have seen the bank account statement and the averments made by the Noticee are proved.
118. I also note from the above Table that Ms. Jigna Rasesh Dani transferred Rs. 20,00,000/- to Mr. Atul A Mehta which was in turn transferred by him to Kuber Udyog Ltd. Furthermore, Ms. Mita Rasesh Dani transferred Rs. 10,00,000/- to Mr. Atul A Mehta which was in turn transferred by him to Kuber Udyog Ltd. The Noticee, Kuber Udyog Ltd. has not submitted any response to the SCN till date. The Noticee, Ms. Jigna Rasesh Dani in her reply dated March 28, 2023 has submitted that she transferred Rs. 10 lakhs on January 18, 2017 and Rs. 10 lakhs on January 23, 2017 as a short term loan. The said amount was repaid by Mr. Atul Mehta to her in two tranches i.e. Rs. 2,50,000/- on November 27, 2017 and the balance amount of Rs. 17,50,000/- on April 19, 2021. The Noticee, Ms. Mita Rasesh Dani in her reply dated March 28, 2023 has submitted that she transferred Rs. 10 lakhs on January 18, 2017. The said amount was repaid by Mr. Atul Mehta to on March 19, 2021. The Noticees have merely made the said statements and not adduced any evidence to the effect. Furthermore, the Noticees, Ms. Jigna Rasesh Dani and Ms. Mita Rasesh Dani were granted an opportunity of hearing on March 24, 2023 and May 09, 2023. Vide email dated April 28, 2023, Noticee informed that she does not wish to avail the hearing. Therefore, I am unable to agree with their contention that the amount transferred to Mr. Atul Mehta was a loan.

Issue No. 4: Whether the Company, GECPL was part of the scheme to manipulate the price of the scrip and benefit from the same?

119. Noticee no. 1 in his reply dated March 23, 2023 has submitted that the alleged connection of the noticee with the Group 1 entities (i.e. the price manipulators) is through Noticee no. 2, Mr. Jayesh Rawal who is the director of Noticee no. 1. In this regard, the Noticee has submitted that an indirect connection with a third party can be established only if a director of a company forms a connection with the third party in his official capacity as a director and on behalf of the company. It is also submitted that any transaction of a director with a third party, done so in his personal capacity or in the capacity of an officer of another entity cannot be stated to be a connection of the company with the entity, and in view of the same, it was submitted that Noticee no. 1 is not connected with the Group 1 entities.

120. As noted hereinabove, Noticee nos. 2, 15 & 16 along with Group 1 entities have manipulated the price and volume of the scrip of GECP and facilitated other connected entities namely, Mr. Shivakumar Gattai Kamballa, Mr. Saurabh Ashok Shinde, Mr. Subhash Vithoba Dongre, Mr. Arun Ramchandra Gole, Mr. Laxman Dhananjay Gunde, Mr. Ashish Shankar Pandare, Ms. Roopali Hari Om, Mr. Moglesh Chanappa Koni, Ms. Jigna Rasesh Dani, Mr. Ashok Sinaiya Metari and Ms. Mita Rasesh Dani to sell their shares at an inflated price. I note that apart from the company's connection with Mr. Jayesh Rawal who is connected with Group 1 entities and the major net sellers through connections shown in paragraph no. 24 of the order, there is nothing on record to show the company's involvement in the scheme devised by the aforesaid entities. This is corroborated by the fact that the sale proceeds were not transferred to the company. As a result, I find that Company, GECPL was not part of the scheme to manipulate the price of the scrip and benefit from the same

Issue No. 5: Whether the Noticees have violated the provisions of the SEBI Act and the PFUTP Regulations?

121. The SCN has alleged that the Noticees by indulging into the aforesaid activities, have jointly or severally violated provisions of Section 12 A (a), (b), (c) of SEBI Act,

Regulations 3(a), (b), (c), (d), 4(1), and 4(2)(a) of the PFUTP Regulations. For the ease of understanding, the relevant sections are being reproduced again as under:

SEBI Act, 1992

12A. No person shall directly or indirectly—

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

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

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

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 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;

122. Based on the aforesaid discussion, I reach the following findings: In 2016, Mr. Jayesh Rawal gave a networth certificate to Mr. Manish Patel, Acquirer of the Company. He was

also the designated partner of Golden ARC Ventures LLP along with Mr. Tarak Gor (Director of Generic), Mr. Dinesh Ravilal Patel and Mr. Mitul Ravilal Patel, who were persons acting in concert with the acquirers for the acquisition of the Company during June 2016 to September 2016. This close association with the acquirers gave Mr. Jayesh Rawal access to the company and its director namely Mr. Ravindra T Mishra (also a director of Edocs), Mr. Jaymin Modi (also a director of Muzali) and Mr. Mahesh Raut (also a director of Muzali). Thereafter, he along with Emerald, Numisma, Pillar, Edocs and shareholders of Pillar and Muzali came up with the scheme to manipulate the price of the scrip and facilitated the persons connected with Pillar and Muzali namely, Mr. Shivakumar Gattai Kamballa, Mr. Saurabh Ashok Shinde, Mr. Subhash Vithoba Dongre, Mr. Arun Ramchandra Gole, Mr. Laxman Dhananjay Gunde, Mr. Ashish Shankar Pandare, Ms. Roopali Hari Om, Mr. Moglesh Chanappa Koni, Ms. Jigna Rasesh Dani, Mr. Ashok Sinaiya Metari and Ms. Mita Rasesh Dani, to sell the shares of GECPL held by them at an inflated price. I find that without the aid of such persons, Mr. Jayesh Rawal, Emerald and Numisma along with and other Group 1 entities would not have been able to manipulate the price and create a misleading appearance of trading in the scrip. Thereafter, part of the unlawful gains made by the said persons were transferred to Pillar and Edocs in the garb of making payments towards preferential allotment of shares of the said companies. The Noticees, Pillar and Edocs have submitted that since the funds were received towards allotment of shares, and therefore, it cannot be stated that the funds were received as a part of some “scheme”. However, based on the evidence analysed in the preceding paragraphs I note that the preferential allotment was used as a disguise to receive the unlawful gains.

123. An attempt to argue that the connection between Mr. Jayesh Rawal and Pillar is far-fetched was made on the basis that they are separated by six degrees of connection.³³ However, it is not only the connection drawn through common directorships but the trading pattern and counterparties to the trades of Pillar that has led me to conclude that Mr. Jayesh Rawal and Pillar are connected. The counter parties to the trades are Emerald and Numisma in 52.5% instances, who I have found have contributed 25% to the LTP along with Mr. Jayesh Rawal. I note that 52.5% instance is a shocking coincidence in a screen-based trading and indicates that there has meeting of minds elsewhere.

³³ I note that the social psychologist, Stanley Milgrim published an article in 1967, in the journal *Psychology Today* called “The Small World Problem” wherein he observed that everyone can be connected by a chain of acquaintances roughly six links long.

124. The Noticee, Ms. Mita Rasesh Dani and Ms. Jigna Dani in their replies have submitted that they traded at an average of Rs. 90/- and that the price of the scrip had increased upto Rs. 157/-. In such a scenario if they intended to manipulate the price of the scrip and reap its benefit they would have done so at a higher price. As noted hereinabove, the Noticees traded in the scrip of Generic from December 2016 to February 2017. Although, prima facie, it may appear that there is some substance to the defense put forward by the Noticees, but when one looks at their role in the whole scheme, the picture becomes clear. I note that the unlawful gains made by the Noticees were to be transferred to Edocs and Pillar for the preferential allotment scheduled by the said companies in the month of March. Therefore, in order to execute the scheme successfully, the Noticees were required to trade in the scrip during the months of December 2016 to February 2017 when the other Noticees had started manipulating the price of the scrip and therefore, bound to trade at an average rate of Rs. 90/-.

125. As regards reliance on circumstantial evidence, the Noticee relied on the orders of the Hon'ble Supreme Court in *Hanumant v. State of Madhya Pradesh*³⁴ and *Maharashtra State Board of Higher Secondary and Higher Education v. KS Gandhi*³⁵ to argue that when an inference of proof that a fact in dispute has been held established there must be some material facts or circumstances on record from which such an inference can be drawn. The former case also observed that "where the evidence is of a circumstantial nature, the circumstances from which the conclusion of guilt is to be drawn should in the first instance be fully established, and all the facts so established should be consistent only with the hypothesis of the guilt of the accused." The Noticee, Emerald and Numisma have relied on the decisions of Courts in the following cases: (1) *Chief Engineer, MSEB and Anr. v. Suresh Raghunath Bhokare*³⁶, (2) *KSL & Industries Ltd. v. SEBI*³⁷ (3) *A.L.N Narayanan Chettyar v. Official Assignee*³⁸ (4) *Nandakishore Prasad v. State of Bihar*³⁹ and submitted that for proving charges of fraud under the PFUTP Regulations, the evidence adduced must be compelling which can be inferred by logical process of reasoning from the totality of

³⁴ AIR 1952 SC 343.

³⁵ (1991) 2 SCC 716.

³⁶ (2005) 10 SCC 465.

³⁷ 2005 (59) SCL 1 SAT

³⁸ AIR 1941 P.C. 93.

³⁹ (1978) 3 SCC 366.

facts and circumstances surrounding the allegations. The proof of fraudulent and manipulative transactions is rarely found by direct evidence rather it always depends upon the given circumstances from which inferences are drawn from the factual details, the nature of transactions, conduct of the parties etc. In this respect, it would be relevant to refer the order of the Hon'ble SAT in the matter of **Ketan Parekh v. SEBI**⁴⁰ observing as under:

“...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.”

126. In the present case, based on the connections through common directorships, off market transfer of shares, trading pattern, fund transfers, issuance of Net Worth Certificate etc., it is found that Noticees connected with each other have manipulated the price and create a misleading appearance of trading in the scrip of GECPL. Based on the bank account statements and submissions made by the Noticees, it is clear that the unlawful gains made by dealing in the securities were transferred to conduit companies such as Pillar, Edocs and Kuber.

127. The Noticee, Edocs Solutions has also submitted that there is no allegation of inducement or that it used manipulative device to deceive any person. The Noticee also submitted that it not dealt in the shares of Generic. I note that Regulation 4(1) of PFUTP Regulations prohibits unfair trade practices in securities. Sub- Regulation (2) of Regulation 4 enumerates different situations in which dealing in securities can be deemed to be a fraudulent or an unfair trade practice. In this regard, the Hon'ble Supreme Court in **SEBI v. Kanaiyalal Baldev Bhai Patel**⁴¹ observed that a trade practice may be deemed “unfair”

⁴⁰ Appeal No. 2 of 2004 (Decided on 14.07.2006)

⁴¹ (2018) 13 SCC 753, MANU/SC/1188/2017.

if it undermines good faith dealings between the parties engaged in the business transactions. The Court also observed that whether an act or practice is unfair is to be determined by all the facts and circumstances surrounding the transaction. I find that it difficult to believe that two companies (Pillar and Edocs) connected to Mr. Jayesh Rawal decide to go for a preferential allotment in the same month i.e. March 2017 and the same Noticees namely, Ms. Mita Rasesh Dani and Ms. Jigna Rasesh Dani invested in the preferential allotment of both the companies. Furthermore, counterparties to the trades of these Noticees except Edocs Solutions are Noticees connected to Mr. Jayesh Rawal. Therefore, I find that the whole scheme, devised by the Noticee no. 2, Mr. Jayesh Rawal along with other connected Noticees to manipulate the price of the scrip and benefit from the same, would definitely attract the explanation provided to the term “unfair trade practices” by the Hon’ble Supreme Court.

128. In view of the observations at paragraph no. 122 to 127 hereinabove, I find that Noticee nos. 2, Mr. Jayesh Rawal, Noticee no. 15, Emerald and Noticee no. 16, Numisma have manipulated the price of the scrip of GECP and facilitated other connected entities namely, Mr. Shivakumar Gattai Kamballa, Mr. Saurabh Ashok Shinde, Mr. Subhash Vithoba Dongre, Mr. Arun Ramchandra Gole, Mr. Laxman Dhananjay Gunde, Mr. Ashish Shankar Pandare, Ms. Roopali Hari Om, Mr. Moglesh Chanappa Koni, Ms. Jigna Rasesh Dani, Mr. Ashok Sinaiya Metari and Ms. Mita Rasesh Dani to sell their shares at an inflated price. The said Noticees then transferred their unlawful gains to Pillar, Edocs and Kuber. Therefore, I find that the said Noticees have violated regulations 3(a), (b), (c), (d) and regulations 4(1) and 4(2) (a) of PFUTP Regulations.

Issue No. 6: If the answer to Issue No. (5) is in affirmative, what directions, if any, should be issued against the Noticees?

129. I note that Section 11B of the SEBI Act states that SEBI is empowered to direct any person, who made profit by indulging in any activity in contravention of the provisions of this Act or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention. The SCN has alleged that the unlawful gains

made by net sellers is Rs. 4,90,45,286/- as per the following calculation: [8,58,38,651(Sale proceeds of Net Sellers) – 10,51,239 (No. of shares sold) * 35 (price at start of IP) i.e. {8,58,38,651 - 3,67,93,365}] = INR 4,90,45,286. The SCN has been called upon the Noticees to show cause as to why why directions under Section 11B (1) read with Section 11(1) of the SEBI Act for disgorgement, jointly and severally, for recovering of unlawful gains made of INR 4,90,45,286 should not be issued. The unlawful gains alleged in the SCN is as under:

Table 55

Entity Name	Net Sell Qty (Number of Shares)	Net Sell Value (Rs.)	Sell Value @ 35 Rs/ per share	Unlawful Gains
Ashish Shankar Pandare	2,14,754	1,85,71,360	75,16,390	1,10,54,970
Arun Ramchandra Gole	1,22,689	1,03,33,970	42,94,115	60,39,855
Laxman Dhananjay Gunde	1,17,500	1,11,29,154	41,12,500	70,16,654
Shivakumar Gattai Kamballa	94,979	80,49,352	33,24,265	47,25,087
Roopali Hari Om	94,200	48,15,389	32,97,000	15,18,389
Saurabh Ashok Shinde	85,870	69,30,457	30,05,450	39,25,007
Anil Gautam Jadhav	74,816	62,22,038	26,18,560	36,03,478
Moglesh Channappa Koni	54,518	48,05,715	19,08,130	28,97,585
Subhash Vithoba Dongre	54,368	44,62,574	19,02,880	25,59,694
Jigna Rasesh Dani	48,480	44,79,012	16,96,800	27,82,212
Ashok Sinaiya Metari	45,650	21,71,098	15,97,750	5,73,348
Mita Rasesh Dani	43,415	38,68,532	15,19,525	23,49,007
Total	10,51,239	8,58,38,651	3,67,93,365	4,90,45,286

130. The Noticees have also argued that disgorgement is a remedy that is intended to restore any unjust enrichment that has been obtained as a result of a violation of securities laws. It is not intended to be a punitive measure. Therefore, it is imperative that any order for disgorgement should be based on the principle of restitution, and it cannot be ordered against a person who has not received any illegal gains.

131. Noticees nos. 2, 15, 16, 17 and 20 in their replies have relied on order of the Hon'ble SAT in **Mahavirsingh Chauhan v. SEBI**⁴² wherein it was observed that a person can be directed to disgorge amount equivalent to the wrongful gain made by him and that such a liability is individual and not collective. The relevant extract of the judgement is reproduced below:

“20. In the end, the contention that the liability to disgorge the amount cannot be made joint and several under Regulation 11B of the SEBI Act has same force. In this regard, the explanation to Section 11B is extracted hereunder:-

“Explanation. - For the removal of doubts, it is hereby declared that the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention.”

21. From the aforesaid, it is clear that a person can be directed to disgorge amount equivalent to the wrongful gain made by him. By such contravention, the liability to disgorge the amount is individual and not collective. Thus, we are of the opinion that the direction of the WTM directing the appellants to pay the amount jointly or severally is against the provisions of Section 11B and to that extent, it cannot be sustained.”

132. I agree with the submissions of the Noticees. Furthermore, Noticees, Emerald and Numisma have submitted the SCN alleges it received Rs. 9.90 lakhs from Mr. Ashok Sinaiya Metari out of the alleged unlawful gain. However, in terms of Table 20 of the SCN, the unlawful gain made by Mr. Ashok Sinaiya Metari is Rs. 5,73,348/-, and therefore, their liability cannot exceed the said amount. I agree with the Noticees submissions and therefore, the amount of unlawful gain made by the Noticees based on the findings hereinabove is computed as under:

I. The undersigned's finding on the amount transferred by Net Sellers to the other Noticees and % of the net sell value are as under:

Table 56

Sr. no.	Name of the Noticee	Finding s on amount transfer red to Emerald (in Rs.)	Finding s on amount transfer red to Numisma (in Rs.)	Findings on amount transferre d to Pillar (in Rs.)	Findings on amount transferred to Edocs (in Rs.)	Findings on amount transferr ed to Kuber (in Rs.)	% of Net Sell Value transferre d to Emerald	% of Net Sell Value transferr ed to Numisma	% of Net Sell Value transferred to Pillar	% of Net Sell Value transfe rred to Edocs	% of Net Sell Value transferred to Kuber
1	Arun Ramchandra Gole			17,60,000					17.03120872		
2	Ashish Shankar Pandare										

⁴² Appeal No. 393 of 2018 (Decided on October 18, 2019).

3	Ashok Sinaiya Metari	9,90,000 (dt. of transfer: 21/12/2016)	9,96,000 (dt. of transfer: 21/12/2016)	17,60,000 (dt. of transfer: 24/03/2017)			45.59904712	45.875405	81.06497265		
4	Jigna Rasesh Dani			17,60,000 (dt. of transfer: 24/03/2017)	13,00,000 (dt. of transfer: 08/03/2017 & 09/03/2017)	20,00,000 (dt. of transfer: 18/01/2017 & 23/01/2017)			39.2943801	29.024258	44.6527047
5	Laxman Dhananjay Gunde			17,60,000					15.81431976		
6	Mita Rasesh Dani			17,60,000 (dt. of transfer: 24/03/2017)	20,00,000 (dt. of transfer: 08/03/2017 & 09/03/2017)	10,00,000 (dt. of transfer: 18/01/2017)			45.49529382	51.6992	25.8495988
7	Moglesh Channappa Koni			17,60,000					36.62306233		
8	Saurabh Ashok shinde			17,60,000					25.39515071		
9	Shivakumar Gattai Kamballa			17,60,000					21.86511411		
10	Subhash Vithoba Dongre				30,00,000 (dt. of transfer: 09/03/2017)					67.225776	
	Total	9,90,000	9,96,000	1,40,80,000	63,00,000	30,00,000					

II. As regards, unlawful gains transferred to other Noticees, the amount of unlawful gains of those Noticees is computed as percentage of Net Sale Value transferred * total amount of unlawful gains made by the Noticee. Furthermore, wherever the collective percentage of amount transferred exceeds 100%, the date of transfer has been taken into account. Therefore, the percentage of amount transferred prior in time is considered and the same is deducted from the Net Sale Value. In case of the Noticee, Mr. Ashok Sinaiya Metari, the Noticee transferred Rs. 9,90,000/- (45.6% of Net Sale Value) to Emerald on December 21, 2016, Rs. 9,96,000/- (45.86% of Net Sale Value) to Numisma on December 21, 2016 and Rs. 17,60,000/- (81.06% of Net Sale Value) to Pillar on March 24, 2017. In such a case, the date of transfer i.e. December 21, 2016 being prior in time has been taken into account and the total unlawful gains transferred to Emerald & Numisma by Mr. Ashok Sinaiya Metari is computed as under:

Table 57

Total unlawful gains of Mr. Ashok Sinaiya Metari	5,73,348.00
Unlawful gains transferred to Emerald	2,61,441.22
Unlawful gains transferred to Numisma	2,63,025.72

The balance Rs. 48,881.06/- of the unlawful gains made by Mr. Ashok Sinaiya Metari have been considered towards unlawful gains of Pillar which received funds from the Noticee on March 24, 2017.

III. From the aforesaid and based on the date of transfer, the total unlawful gains transferred to Edocs is computed as under:

Table 58

Name of the Noticee transferring unlawful gains	Amount (in Rs)
Ms. Mita Dani	12,14,417.77
Ms. Jigna Dani	8,07,516.39
Mr. Subhash Dongre	17,20,774.15
Total	37,42,708.31

IV. From the aforesaid and based on the date of transfer, the total unlawful gains transferred to Kuber is computed as under:

Table 59

Name of the Noticee transferring unlawful gains	Amount (in Rs)
Ms. Jigna Dani	12,42,332.91
Ms. Mita Dani	6,07,208.88
Total	18,49,541.79

V. From the aforesaid and based on the date of transfer, the total unlawful gains transferred to Pillar is computed as under:

Table 60

Name of the Noticee transferring unlawful gains	Amount (in Rs)
Arun Ramchandra Gole	10,28,660.31
Ashok Sinaiya Metari	48,881.06
Jigna Rasesh Dani	7,32,362.70
Laxman Dhananjay Gunde	11,09,636.10
Mita Rasesh Dani	5,27,380.35
Moglesh Channappa Koni	10,61,184.36
Saurabh Ashok Shinde	9,96,761.44
Shivakumar Gattai Kamballa	10,33,145.66
Total	65,38,011.99

VI. The computation of unlawful gains based on the allegations in the SCN, the findings hereinabove and computation of unlawful gains and the amount to be disgorged is as under:

Table 61

Sr. no.	Name of the Noticee	Disgorgement Amount (In Rs.)
1	Mr. Arun Ramchandra Gole	50,11,194.69
2	Mr. Ashish Shankar Pandare	1,10,54,970.00
3	Mr. Laxman Dhananjay Gunde	59,07,017.90
4	Mr. Moglesh Channappa Koni	18,36,400.64
5	Ms. Roopali Hari Om	15,18,389.00
6	Mr. Saurabh Ashok Shinde	29,28,245.56
7	Mr. Shivakumar Gattai Kamballa	36,91,941.34
8	Mr. Subhash Vithoba Dongre	8,38,919.85
9	Pillar Investment Company Limited	65,38,011.99
10	Emerald Corporate Advisory Private Limited	2,61,441.22
11	Numisma Financial Advisors Private Limited	2,63,025.72
12	Edocs Solutions Ltd	37,42,708.31
13	Kuber Udyog Ltd	18,49,541.79
	Total	4,54,41,808.00

25. I note that although the SCN has asked Mr. Ashok Sinaiya Metari, Ms. Jigna Rasesh Dani and Ms. Mita Rasesh Dani to disgorge the unlawful gains, I note from the preceding paragraphs, that the unlawful gains made by them have been transferred to connected Noticees, and the said unlawful gains are being directed to be disgorged from the said Noticees namely, Emerald, Numisma, Pillar, Edocs and Kuber. However, the Noticees namely, Mr. Ashok Sinaiya Metari, Ms. Jigna Rasesh Dani and Ms. Mita Rasesh Dani are advised to ensure compliance with all applicable provisions of SEBI Act, 1992 and SEBI (PFUTP) Regulations, 2003.

133. The SCN has also called upon Noticee no. 2 to show cause as to why an inquiry should not be held against them in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and why suitable directions for imposing monetary penalty should not be imposed upon them under Section 15HA read with Section 11B(2) and 11(4A) of the SEBI Act for the alleged violations of law mentioned above.

134. While determining the quantum of penalty under Section 15HA of the SEBI Act, it is important to consider the relevant factors as stipulated in the Section 15J of the SEBI Act which reads as under:

Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.*

Explanation — For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

135. I note that from paragraph no. 132 of this order that the Noticees were able to make unlawful gains of Rs. 4,54,41,808/- through the scheme devised by Mr. Jayesh Rawal whereby he along with Emerald, Numisma and other Group 1 entities, he manipulated the price and created a misleading appearance of trading in the scrip. Thereafter, part of the unlawful gains made by persons associated with him were transferred to companies Pillar and Edocs in the garb of making payments towards preferential allotment of shares of the said companies. I cannot ignore the gravity of violations involved in the matter. Therefore, I note that a penalty of Rs. 25,00,000/- would be commensurate.

DIRECTIONS:

136. In the facts and circumstances of the case, I, in exercise of the powers conferred upon me in terms of Section 19 read with Sections 11(1), 11(4), 11(4A), 11B (1) and 11B (2) of the Securities and Exchange Board of India Act, 1992, hereby issue the following directions:

- (a) Based on the paragraph no. 132 hereinabove, the following Noticees shall disgorge the amounts as mentioned against their name in the below mentioned Table:

Sr. no.	Name of the Noticee	Disgorgement Amount (In Rs.)
1	Mr. Arun Ramchandra Gole	50,11,194.69
2	Mr. Ashish Shankar Pandare	1,10,54,970.00
3	Mr. Laxman Dhananjay Gunde	59,07,017.90
4	Mr. Moglesh Channappa Koni	18,36,400.64
5	Ms. Roopali Hari Om	15,18,389.00
6	Mr. Saurabh Ashok Shinde	29,28,245.56

7	Mr. Shivakumar Gattai Kamballa	36,91,941.34
8	Mr. Subhash Vithoba Dongre	8,38,919.85
9	Pillar Investment Company Limited	65,38,011.99
10	Emerald Corporate Advisory Private Limited	2,61,441.22
11	Numisma Financial Advisors Private Limited	2,63,025.72
12	Edocs Solutions Ltd	37,42,708.31
13	Kuber Udyog Ltd	18,49,541.79
	Total	4,54,41,808.00

(b) In the facts and circumstances of the case, I hereby dispose of the SCN dated July 20, 2022 issued to the Noticees mentioned in the table below without any directions for the reasons discussed in the relevant context above:

Sr. no.	Name of the Noticee	PAN
1	Generic Engineering Construction and Projects Limited	AAACW0670M
2	Mr. Anil Gautam Jadhav	ASBPJ2248J
3	Bullish Bonds and Holdings Limited (currently known as East West Holdings Limited)	PAN not available
4	Behoof Investments And Trade Private Limited	PAN not available

137. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticee and also the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Sections 11(4A) and 11B (2) of the SEBI Act read with Rule 5 of the AO Rules, I hereby impose a penalty of Rs. 25,00,000/- (Rupees Twenty Five Lakhs only) on the Noticee no. 2, Mr. Jayesh Rawal under the provisions of Section 15HA of the SEBI Act.

138. The Noticee shall remit / pay the said total amount of penalty within 45 days of receipt of this order in either of the way, such as by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT > Orders > Orders of AO > PAY NOW; OR by using the web link <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

139. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD-DRA- II, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

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

140. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

141. The order shall come into force with immediate effect.

142. A copy of this order shall be served upon all recognised Stock Exchanges, Depositories and the Registrar and Share Transfer Agents to ensure compliance with the above directions.

143. This order is without prejudice to any other actions that SEBI may take in accordance with securities laws.

DATE: August 10, 2023
PLACE: Mumbai

Sd/-
DR. ANITHA ANOOP
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA