

SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

UNDER SECTIONS 11(1), 11(4), 11(4A), 11B(1) AND 11B(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

Against:

Noticee No.	Noticees	PAN
1.	Arrowline Distributors Private Limited	AAKCA2275L
2.	Aryavrat Suppliers Private Limited	AAKCA8624R
3.	Metrocity Suppliers Private Limited	AAHCM2162R
4.	Sourav Builders Private Limited	AARCS4184K
5.	Sourav Management Private Limited	AARCS4185J
6.	Sourav Nursing Home Private Limited	AARCS4552R
7.	Gokul Solutions Limited	AADCG2262J
8.	Sanjay Kumar Agarwal	ACHPA1285G
9.	Sunita Agarwal	ACQPA6844C

The entities are hereinafter either individually referred to by their respective names/numbers or collectively as “the Noticees”.

In the matter of Gokul Solutions Limited.

1. A complaint was received in the SEBI Complaints Redress System (“**SCORES**”) on February 07, 2018 alleging price manipulation in the shares of Gokul Solutions Limited (“**Company**” or “**GSL**”). A preliminary examination into the trading in the shares of GSL by the Bombay Stock Exchange (“**BSE**”) was forwarded to the Securities and Exchange Board of India (“**SEBI**”) vide its letter dated June 28, 2019 which revealed that a group of clients connected with the Company i.e. GSL contributed to the unnatural increase in the price and volume of the scrip of GSL.

2. SEBI carried out a detailed investigation for the period between December 09, 2014 to February 23, 2018 ("**Investigation Period**"/ "**IP**") so as to ascertain the possible violation of any of the provisions of the securities laws by entities trading in the said scrip. The findings of the investigation revealed the following:
- The shares of GSL were listed on the SME-ITP platform of BSE through direct listing on December 09, 2014. The price of the GSL scrip opened at ₹ 38 on December 09, 2014, and closed at ₹ 349 on February 23, 2018 after touching a high of ₹ 355 on August 04, 2017.
 - No corporate announcements were made by GSL during the investigation period.
 - As per the financial results filed with the Exchange, GSL registered a net profit of ₹ 13 lacs for the year ended March 2015. However, its net sales and net profit kept declining as compared to that in the previous year. In FY 2016-17, GSL registered a loss of ₹ 5 lacs.
 - A summary of the price and volume movement of GSL; pre and post investigation revealed the following:

Period	Date		Open Price / Volume	Close Price / Volume	Low Price / Volume	High Price / Volume	Total Vol. /Avg. Vol.
Pre-Investigation period	No trading GSL got listed on the Exchange on 09.12.2014						
Investigation Period	09/12/2014-23/02/2018	Price	38.00	349.00	38.00	355 (04/08/2017)	1280250/9625
		Vol	27000	4500	2900 (15 & 19/09/2017)	27000 (09/12/2014)	
Post-Investigation period	No trading reported by the Exchange after Feb 2018, since GSL got suspended w.e.f December 30, 2019 for non-compliance of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.						

- GSL allotted 42,90,000 of its shares @₹ 10 on a preferential basis on March 31, 2014 to 23 entities and again allotted 57 lakh shares on a preferential basis

to 10 entities on May 06, 2014 and June 07, 2014 @ ₹ 10 i.e. in total 33 entities were allotted shares on a preferential basis. (These allotments have been detailed in Annexure 2 to the show cause notice (“**Notice**”) dated September 20, 2021). Subsequently, some more shares were acquired directly/indirectly through off market transactions by certain entities including the entities who were allotted shares on a preferential basis.

- f) Certain entities were found to have traded in the scrip of GSL during the investigation period and of them, 31 entities were identified as being connected/ related to each other in a certain manner and also with the company/ its promoters/ directors (“**Connected Entities**”) who had traded in the scrip of GSL during the investigation period. 6 of these 31 entities i.e. Noticees 1 to 6, were recipients of the shares allotted on a preferential basis.
- g) The details and the basis of the connection or relationship between the 31 entities as provided in Annexure 3 to the Notice, is reproduced hereunder for ease of reference.

S. No.	Connected entities	PAN	Basis of connection (Period considered for connection is Investigation period and FY in which preferential allotments were made by GSL)
1.	Alishan Merchants Private Limited (Alishan)	AAHCA6662L	<ul style="list-style-type: none"> As per UCC/KYC, entities at S. No 1, 8, 11, 12 and 15 shared a common address viz. ‘30, Bentinck Street, 3rd Floor, Room No. 307 West Bengal Kolkata 700001’ which was also the address of GSL. GSL had business relationship and executed fund transfers with entities at S. No. 1, 9, 10 and 14. The entities at S. No. 1, 4, 7, 16 & 19 had common directors Kundan Mandal and Niraj K Mishra. As per UCC/KYC, entities at S. No 1, 7, 9 and 14 had a common mobile number 9830897177. The entities at S. No. 1, 9 and 14 reported their email in UCC/KYC as cm93271@gmail.com which also belongs to the entities at S. No. 12, 13 and 17 as per MCA records. All the entities at S. No. 1, 9, 10, 14 and 16 had a common email address msanjeev707@gmail.com as per MCA records. The entity at S. No 14 had fund transfers with entities at S. No, 1, 2, 3, 4, 10, 11, 18 and GSL, The entities at S. No. 1, 4 and 20 are the shareholders of S. No 2.
2.	Arrowline Distributors Private Limited (Arrowline)	AAKCA2275L	<ul style="list-style-type: none"> As per UCC/KYC, S. No 2, 3, 5 and 19 had common mobile number 9830697177 which belongs to Chandan Mandal, a director of entities at S. No. 8, 11, 12 and 17. As per Bank

S. No.	Connected entities	PAN	Basis of connection (Period considered for connection is Investigation period and FY in which preferential allotments were made by GSL)
3.	Aryavrat Suppliers Private Limited (Aryavrat)	AAKCA8624R	<p>details(OBC/PNB), mobile number 9830697177 belongs to S. No. 7 (Suman S).</p> <ul style="list-style-type: none"> All the entities at S. No. 2, 3, 6, 18 & 20 have common directors Avinash Bagri and Sanjeev K Mandal. The entity at S. No 6 received funds from Promoter Entity Genuine, and entities at S. No. 3, 4 and 5. The entity at S. No 14 entered into fund transfers with entities at S. No, 1, 2, 3, 4, 10, 11, 18 and GSL. All the entities at S. No 3, 4, 12 and 17 are the shareholders of S. No 11 All the entities at S. No. 1, 4 and 20 are the shareholders of S. No 2. As per its reply, GSL was invested in entities at S. No. 2, 7, 16, 17, and 20 as on March 31, 2018.
4.	Dhanapati Suppliers Private Limited (Dhanapati S)	AAECD2440G	<ul style="list-style-type: none"> All the entities at S. No. 1, 4, 7, 16 & 19 had common directors Kundan Mandal and Niraj K Mishra S. No 6 received funds from Promoter Entity Genuine, and entities at S. No. 3, 4 and 5. The entity at S. No 13 had fund transfer with and entities at S. No. 18, 6 and 4. The entity at S. No 14 had fund transfers with and entities at S. No, 1, 2, 3, 4, 10, 11, 18 and GSL. All the entities at S. No 3, 4, 12 and 17 are the shareholders of entity at S. No 11. All the entities at S. No. 1, 4 and 20 are the shareholders of entity at S. No 2. As per UCC/KYC, mobile No.9007228372 belongs to entities at S. no 4, 10 and 16.
5.	Dhanapati Vintrade Private Limited (Dhanapati V)	AAECD2444C	<ul style="list-style-type: none"> As per UCC/KYC, S. No 2, 3, 5 and 19 have common mobile number 9830697177 which belonged to Chandan Mandal, a director in entities at S. No. 8, 11,12 and 17. As per Bank (OBC/PNB), mobile number 9830697177 belonged to entities at S. No. 7; S. No 6 received funds from Promoter Entity Genuine, and entities at S. No. 3, 4 and 5. Dhanapati V and Glatt (S. No 5 & 6) shared common address HMP House, 608, 4th Fairlie place, Kolkata.
6.	Gungun Computers Private Limited (Now Glatt Ceramics Private Limited) (Glatt)	AAECG9737B	<ul style="list-style-type: none"> Entity at S. No. 9 transferred 20,000 and 5900 shares to entity at S. No. 6 (Glatt) on September 17, 2015 and October 05, 2015 to meet the pay-in obligations by Glatt. Entity at S. No 13 executed fund transfer with entities at S. No. 18, 6 and 4. Entity at S. No 6 received funds from Promoter Entity Genuine, and entities at S. No. 3, 4 and 5. All entities at S. No. 2, 3, 6, 18 & 20 had common directors Avinash Bagri and Sanjeev K Mandal. Dhanapati V and Glatt (S. No 5 & 6) shared same address HMP House, 608, 4th Fairlie place, Kolkata.

S. No.	Connected entities	PAN	Basis of connection (Period considered for connection is Investigation period and FY in which preferential allotments were made by GSL)
7.	Suman Stock Advisory Private Limited (Suman S)	AAPCS3307L	<ul style="list-style-type: none"> As per UCC/KYC, entities at S. No 1, 7, 9 and 14 had common mobile number 9830897177. As per Bank details (OBC/PNB), mobile number 9830697177 belonged to entity at S. No. 7 which belonged to Chandan Mandal, a director in entities at S. No. 8, 11, 12 and 17 Chandan Mandal is a director in Suman S and Sourav M (S. No. 7 & 8). Prior to IP, entities at S. No.7 and 16 transferred funds to promoters Genuine and Unity which was utilized to get the shares of Gokul on preferential basis in June 2014. As per its reply, GSL had investments in entities at S. No. 2, 7, 16, 17 and 20 as on March 31, 2018.
8.	Sourav Management Private Limited (Sourav M)	AARCS4185J	<ul style="list-style-type: none"> As per UCC/KYC, entities at S. No 2, 3, 5 and 19 had common mobile number 9830697177 which belonged to Chandan Mandal, a director in entities at S. No. 8, 11, 12 and 17. As per Bank details (OBC/PNB), mobile number 9830697177 belongs to entities at S. No. 7. Chandan Mandal is a director in Suman S and Sourav M (S. No. 7 & 8). Prior to IP, entities at S. No.8 and 11 transferred funds to the promoter Genuine which was utilized to get the shares of GSL on preferential basis in June 2014.
9.	Kautirya Trading Private Limited (Kautirya T)	AAFCK3315C	<ul style="list-style-type: none"> GSL has business relationship and fund transfers with entities at S. No. 1, 9, 10 and 14. Entity at S. No. 9 transferred 20,000 and 5900 shares to entity at S. No. 6 (Glatt) on September 17, 2015 and October 05, 2015 to meet the pay-in obligations by Glatt. As per UCC/KYC, entities at S. No 1, 7, 9 and 14 had common mobile number 9830897177. Entities at S. No. 1, 9 and 14 had reported their email in UCC/KYC as cm93271@gmail.com which also belongs to entities at S. No. 12, 13 and 17 as per MCA. Entities at S. No. 1, 9, 10, 14 and 16 had common email address msanjeev707@gmail.com as per MCA records.
10.	Rishvanjas Trading Private Limited (Rishvanjas)	AAGCR6348M	<ul style="list-style-type: none"> GSL has business relationship and fund transfers with entities at S. No. 1, 9, 10 and 14. All the entities at S. No. 1, 9, 10, 14 and 16 have common email address msanjeev707@gmail.com as per MCA Entity at S. No 14 had executed fund transfers with entities at S. No, 1, 2, 3, 4, 10, 11, 18 and GSL, As per UCC/KYC, the mobile number 9007228372 pertains to entities at S. no 4, 10 and 16.
11.	Sourav Builders Private Limited (Sourav B)	AARCS4184K	<ul style="list-style-type: none"> As per UCC/KYC, entities at S. No 2, 3, 5 and 19 have common mobile number 9830697177 which pertains to Chandan Mandal, a director in entities at S. No. 8, 11, 12 and 17. As per Bank details (OBC/PNB), mobile number 9830697177 pertains to entity at S. No. 7. Entity at S. No 14 had executed fund transfers with entities at S. No, 1, 2, 3, 4, 10, 11, 18 and GSL,

S. No.	Connected entities	PAN	Basis of connection (Period considered for connection is Investigation period and FY in which preferential allotments were made by GSL)
			<ul style="list-style-type: none"> All the entities at S. No 3, 4, 12 and 17 are the shareholders of entity at S. No 11
12	Sourav Nursing Home Private Limited (Sourav N)	AARCS4552R	<ul style="list-style-type: none"> As per UCC/KYC, entities at S. No 2, 3, 5 and 19 have common mobile number 9830697177 which pertains to Chandan Mandal, a director in entities at S. No. 8, 11,12 and 17. As per Bank details (OBC/PNB), mobile number 9830697177 pertains to the entity at S. No. 7. Entities at S. No. 1, 9 and 14 reported their email in UCC/KYC cm93271@gmail.com which also belongs to entities at S. No. 12, 13 and 17 as per MCA Entities at S. No 3, 4, 12 and 17 are the shareholders of entity at S. No 11
13	Vintage Breweries Private Limited (Vintage)	AAECV2870L	<ul style="list-style-type: none"> As per UCC/KYC, entities at S. No 2, 3, 5 and 19 have common mobile number 9830697177 which pertains to Chandan Mandal, a director in entities at S. No. 8, 11,12 and 17. As per Bank details (OBC/PNB), 9830697177 pertains to entity at S. No. 7. Entities at S. No. 1, 9 and 14 have reported its email in UCC/KYC as cm93271@gmail.com which also belongs to entities at S. No. 12, 13 and 17 as per MCA Entity at S. No 13 executed fund transfers with entities at S. No. 18, 6 and 4. As per UCC/KYC, entities at S. No 13, 16 and 18 have same address; Room No B3, 29a Weston Street 2nd Floor Kolkata
14	Wakeeta Commercial Private Limited (Wakeeta)	AABCW4428J	<ul style="list-style-type: none"> GSL has business relationship and fund transfers with entities at S. No. 1, 9, 10 and 14. As per UCC/KYC, entities at S. No 1, 7, 9 and 14 have common mobile number 9830897177. Entities at S. No. 1, 9 and 14 reported its email in UCC/KYC as cm93271@gmail.com which also belongs to entities at S. No. 12, 13 and 17 as per MCA All the entities at S. No. 1, 9, 10, 14 and 16 have common email address msanjeev707@gmail.com as per MCA. Entity at S. No 14 executed fund transfers with entities at S. No, 1, 2, 3, 4, 10, 11, 18 and GSL, Sanjay executed fund transfers with Wakeeta which was used to pay buying obligation by Wakeeta in the scrip. As per UCC/KYC, entities at S. No 10 and 14 shared same address HMP House, 601, 4th Fairlie place, Kolkata.
15	Goodtime Advisory Private Limited (Goodtime)	AAFCG5233M	<ul style="list-style-type: none"> As per UCC/KYC, entities at S. No 1, 8, 11, 12 and 15 shared common address viz. '30, Bentinck Street, 3rd Floor, Room No. 307 West Bengal Kolkata 700001 which is also address of GSL.
16	Suman Infocom Private Limited (Suman I)	AAPCS4903E	<ul style="list-style-type: none"> All the entities at S. No. 1, 9, 10, 14 and 16 shared a common email address msanjeev707@gmail.com as per MCA records. Prior to IP, entities at S. No.7 and 16 transferred funds to promoters Genuine and Unity which was utilized to get the shares of Gokul on preferential basis in June 2014. As per its reply, GSL had investment in entities at S. No. 2, 7, 16, 17, and 20 as on March 31, 2018.

S. No.	Connected entities	PAN	Basis of connection (Period considered for connection is Investigation period and FY in which preferential allotments were made by GSL)
			<ul style="list-style-type: none"> As per UCC/KYC, 9007228372 belongs to entities at S. no 4, 10 and 16. As per UCC/KYC, entities at S. No 13, 16 and 18 have same address; Room No B3, 29a Weston Street 2nd Floor Kolkata
17	Khandeshwar Vinimay Private Limited (Khandeshwar)	AAECK5890P	<ul style="list-style-type: none"> As per UCC/KYC, entities at S. No 2, 3, 5 and 19 have common mobile number 9830697177 which belongs to Chandan Mandal, a director in entities at S. No. 8, 11, 12 and 17. Entities at S. No. 1, 9 and 14 reported their email in UCC/KYC as cm93271@gmail.com which also belongs to entities at S. No. 12, 13 and 17 as per MCA Entities at S. No 3, 4, 12 and 17 are the shareholders of entity at S. No 11 As per its reply, GSL had investment in entities at S. No. 2, 7, 16, 17 and 20 as on March 31, 2018
18	Bluerose Dealcom Private Limited (Bluerose)	AAFCEB4480R	<ul style="list-style-type: none"> All the entities at S. No. 2, 3, 6, 18 & 20 have common directors Avinash Bagri and Sanjeev K Mandal. Entities at S. No 18 and 19 received funds from Promoter Unity Entity at S. No 18 transferred ₹ 70.50 Lakh to GSL Consultants Private Limited ("GSL C") wherein Sanjay and O P Agrawal were the promoters/directors during the IP and still hold 100% shareholding even as on date. Entity at S. No 13 executed fund transfer with entities at S. No. 18, 6 and 4. Entity at S. No 14 executed fund transfers with entities at S. No, 1, 2, 3, 4, 10, 11, 18 and GSL. As per UCC/KYC, entities at S. No 13, 16 and 18 shared the same address; Room No B3, 29a Weston Street 2nd Floor Kolkata
19	Sarvlok Vincom Private Limited (Sarvlok V)	AARCS4563N	<ul style="list-style-type: none"> As per UCC/KYC, entities at S. No 2, 3, 5 and 19 have common mobile number 9830697177 which belonged to Chandan Mandal, a director in entities at S. No. 8, 11, 12 and 17. As per Bank details (OBC/PNB), mobile number 9830697177 belonged to entity at S. No. 7. Fefar group received shares from Sarvlok V (S, No 19) KAG India received 250,000 shares from Sarvlok V (S, No 19).
20	Metrocity Supplier Private Limited (Metrocity)	AAHCM2162R	<ul style="list-style-type: none"> All entities at S. No. 2, 3, 6, 18 & 20 have common directors Avinash Bagri and Sanjeev K Mandal. Entities at S.No. 1, 4 and 20 are the shareholders of entity at S. No 2. As per its reply, GSL had investment in entities at S. No. 2, 7, 16, 17 and 20 as on March 31, 2018.
21	Manharlal Shivalal Fefar (Maharalal) (Fefar group)	AJEPP0043K	<ul style="list-style-type: none"> Fefar Group: All entities at S. No 21-28 have common address, email. Fefar group received shares from Sarvlok V (S, No 19) Entity at S. No 18 transferred ₹ 25 Lakh to Manharlal in March 2018 and ₹ 1.01Cr in Mar 2017. He became a director in entity at S. No 18 (Bluerose) from September 2019.
22	Pritiben Amritlal Fefar (Fefar group)	AAWPF0300Q	
23	Seemaben Mahendrabhai Fefar (Fefar group)	AAZPF5703C	

S. No.	Connected entities	PAN	Basis of connection (Period considered for connection is Investigation period and FY in which preferential allotments were made by GSL)
24	Trambaklal Shival Fefar (Fefar group)	ACNPP7803K	
25	Jashvanti Trambaklal Fefar (Fefar group)	AAQPF4902J	
26	Mahendra Trambaklal Fefar (Fefar group)	AAJPF1952B	
27	Amrutlal Shivabhai Fefar (Fefar group)	AJEPP0042J	
28	Manoj Trambakbhai Fefar (Fefar group)	AAQPF4901M	
29	KAG India Private Limited (KAG)	AADCK5381Q	<ul style="list-style-type: none"> KAG received 250,000 shares from Sarvlok V (S, No. 19) prior to listing of shares of GSL Sanjay had digitally signed the Form 23ACA as CA on Oct 28, 2014 for uploading P&L accounts -2014 of Devangayam Finance P Ltd, a sister concern of KAG. (Muralidharan G, MD of Kag is director of Devangayam) KAG had received ₹ 8.20 Cr from Bholenath Merchant P Ltd during IP. As per financial statement 2017, Bholenath holds 13.61% share of KAG. Bholenath received ₹ 3.12 crore from GSL during Feb 2015 to Dec 2016
30	Ankitaben R Sapariya	DCCPS1285N	<ul style="list-style-type: none"> Ankitaben R Sapariya and Kirtiben N Sapariya shared a common address and received shares through off-market mode from entity at S. No 12 (Sourav N). Ankitaben R Sapariya had off market transactions with entity at S.No. 4 (Dhanpati S).
31	Kirtiben N Sapariya	BCWPS6280B	

- h) 27 out of these 31 entities (including Noticees 1 to 6), whose connections have been detailed earlier, were found to have executed 83 trades in GSL amongst themselves. These trades kept getting executed at a higher price and involved 5,95,450 shares for ₹ 12.54 Cr such that the Last Traded Price (hereinafter referred to as “**LTP**”) increased by ₹ 256 i.e. 67.54% of the total market positive LTP. (Details of the related trade logs and order logs were provided as Annexure 4 to the Notice.) In these trades, the order price and quantity were matched frequently, thus creating a misleading appearance of trading in the scrip of GSL.
- i) These entities not only appeared to be operating as a group to buy and sell shares of GSL amongst themselves, but also appear to be enabling the buying obligations since funds were transferred amongst themselves. A preliminary

analysis of such fund transfers, revealed a collusion between major buyers, promoters and connected entities that appeared to have been entered into, for the purpose of executing these transactions. (Some of the illustrative fund transfers were provided as Annexure 5 to the Notice.)

Trading by Noticees 1 to 6:

- j) Of the 33 preferential allottees, 6 entities i.e. Noticees 1 to 6 were allotted a total of 32,10,000 shares out of which they sold 3,57,650 shares for ₹ 307.97 Lakh during the Investigation Period. The connected entities bought 2,39,400 shares for a total of ₹ 251.92 Lakh through trades of which 25 were matched in terms of price and quantity and were found to have resulted in a positive LTP contribution of ₹ 111 which enabled them to book profits. (Summary of these 25 trades along with relevant extract of Trade log and Order log was provided as Annexure 6 to the Notice.)
- k) The gains made by Noticees 1 to 6 from such matched trades are detailed in the table below:

Entity Name	No of shares Allotted @ ₹10	Date of Allotment	No of shares sold	Value of shares sold (in ₹ Lakhs)	No of shares sold through matched trades	Value of shares sold through matched trades (in ₹ Lakhs)	Total Profit (in ₹ Lakhs)	Profit through matched trades (in ₹ Lakhs)
Noticee 1	500000	31-03-14	35500	40.34	35500	40.34	36.79	36.79
Noticee 2	500000	31-03-14	105200	50.81	53200	30.30	40.29	24.98
Noticee 3	530000	31-03-14	24950	35.04	24950	35.04	32.55	32.55
Noticee 4	1000000	31-03-14	55000	30.57	11900	10.35	25.07	9.16
Noticee 5	650000	31-03-14	104650	91.00	83850	80.38	80.53	72.00
Noticee 6	30000	31-03-14	32350	60.21	30000	55.51	52.59	52.51
TOTAL	3210000		357650	307.97	239400	251.92	276.75	227.99**
Calculation Methodology {FIFO}: Net Gain = Sale value – No. of shares sold X allotment price (₹ 10) <i>*Noticee 6 has, in total, sold 32,350 shares for value of ₹60.21 lakh. For profit calculation, only 30000 shares are considered.</i> <i>**Cost of acquisition has been deducted and net profit has been calculated.</i>								

- l) Thus Noticees 1 to 6 being preferential allottees, appeared to be part of the scheme orchestrated for manipulating the price of the scrip of GSL by entering into matched trades with connected entities that resulted in them making overall gains of almost ₹ 2.28 crore upon the sale of these shares at higher prices, despite it being a highly illiquid scrip.

The role of GSL and its directors (Noticees 7 to 9)

- m) Noticee 8 was the Promoter and Managing Director and Noticee 9 was the Promoter and Non-Executive Director of GSL during the period when its shares were issued on a preferential basis in 2014. As per the Board resolutions dated May 06, 2014 and June 07, 2014, the Noticees 8 and 9 were authorized to undertake steps for the issuance of shares. Noticee 8 became the Managing Director of GSL on July 01, 2014 as per the Board resolution dated June 09, 2014. Thus, the preferential allotments and listing of the scrip of GSL at the BSE-SME-ITP appears to have been done as per their knowledge and instructions.
- n) Considering the scheme of events i.e. issuance of such shares on a preferential basis to certain entities, listing of the scrip at the BSE-SME-ITP platform, inflating the price of the scrip by the company related entities and subsequently granting an exit to the allottees at artificially increased prices by the company related entities, Noticees 7 to 9 appeared to have played an active role in the adoption of such manipulative devices and Noticee 8 also appeared to have indirectly contributed to the price manipulation by providing funds to another entity; Wakeeta Commercial Private Limited (“**Wakeeta**”), who had actively traded in the scrip of GSL during the Investigation Period.

Issuance of Show Cause Notice

- o) A Notice dated September 20, 2021 was issued to Noticees 1 to 6 for allegedly acting in violation of Sections 12A(a), 12A(b) and 12A(c) of the SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c), 3(d) and 4(1), 4(2)(a) and 4(2) (e) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (“**PFUTP Regulations**”). The Notice

called upon them to show cause as to why direction(s) under Sections 11B (1), 11(4) read with 11(1) of SEBI Act, 1992 including directions for disgorgement of the amounts of unlawful gains made by them, should not be issued and why directions and appropriate penalty under Sections 11B (2) and 11 (4A) read with 15HA of the SEBI Act, 1992 should not be issued/ imposed upon them.

- p) Noticees 7, 8 and 9 who were alleged to have acted in violation of Sections 12 A(a), 12A(b) and 12A(c) of the SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c), 3(d) and 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations and Noticee 8 who was alleged to have funded certain entities for purchasing the shares of GSL at higher prices, in violation of Regulation 4(2)(d) PFUTP Regulations, were called upon, vide the above referred Notice, to show cause as to why direction(s) under Section 11B (1), 11(4) read with 11(1) of SEBI Act, 1992 should not be issued against them and why directions and appropriate penalty under Sections 11B (2) and 11 (4A) read with 15HA of the SEBI Act, 1992 should not be issued/ imposed upon them.

3. The following documents were annexed to the Notice:

Annexure No.	Particulars of the document
Annexure 1	Price –Volume Details
Annexure 2	Details of Preferential Allotment
Annexure 3	Names and basis of connection for connected entities
Annexure 4	Trade Log for 83 trades and order log
Annexure 5	Illustrative fund transfers
Annexure 6	Summary of 25 trades

Replies, Hearing and Submissions:

4. Upon receipt of the Notice, Noticees 2, 4, 5, 6, 8 and 9 sought for inspection of certain documents. While the representatives for Noticees 2, 8 and 9 appeared on December 17, 2021 and inspected the documents, and Noticees 1, 3 and 7 who sought for inspection were provided the same on June 30, 2022. Noticees 4, 5 and 6 did not appear for inspection despite being informed vide letter dated November

26, 2021 and reminder letter dated December 16, 2021 of the inspection scheduled for their benefit.

5. An opportunity of hearing was also granted to all the Noticees on June 21, 2022 before the then quasi-judicial authority. On the date of the personal hearing, their respective representatives made their submissions, besides seeking additional documents which were provided to them vide email dated August 26, 2022.
6. Subsequently, the cases were transferred to me on August 08, 2022.
7. Despite all the opportunities offered as detailed above, none of the Noticees filed their replies to the Notice. In due adherence to the principles of natural justice, the Noticees were once again advised vide letter and email both dated September 26, 2022 to file their replies to the Notice if they do desired, within 15 days from the date of receipt of the said letter and email. Despite the same, none of the Noticees replied to the Notice.
8. The Noticees were then granted an opportunity of personal hearing on November 15, 2022 and to file their replies to the Notice before the scheduled date of hearing. Noticees 1, 2, 3, 8 and 9 filed their replies to the Notice only on November 15, 2022 i.e. the date of the hearing and once again sought for additional documents. However, Noticees 1, 2, 3, 8 and 9, vide their respective letters, requested for adjournment of the personal hearing scheduled on November 15, 2022. Accordingly, the hearing was postponed and another opportunity of personal hearing was granted to all the Noticees on their request on December 15, 2022. On the said date, their authorised representatives appeared and made their submissions. Despite the hearings being concluded for all the Noticees on December 15, 2022, the representatives once again sought time to file additional submissions. Once again, additional time was granted to them. The submissions were filed by all the Noticees vide their respective letters dated December 22, 2022.
9. Details of the replies made by the Noticees are as follows:

Notictee No.	Replies (Notice dated September 20, 2021)	Name of the Notictee	Date of Inspection
1.	a) November 09, 2022 b) December 22, 2022	Arrowline Distributors Private Limited	June 30, 2022
2.	a) November 12, 2022 b) December 22, 2022	Aryavrat Suppliers Private Limited	Inspection not sought by the Notictee
3.	a) November 09, 2022 b) December 22, 2022	Metrocity Suppliers Private Limited	June 30, 2022
4.	a) December 13, 2022 b) December 22, 2022	Sourav Builders Private Limited	Inspection not sought by the Notictee
5.	a) December 13, 2022 b) December 22, 2022	Sourav Management Private Limited	Inspection not sought by the Notictee
6.	a) December 13, 2022 b) December 22, 2022	Sourav Nursing Home Private Limited	Inspection not sought by the Notictee
7.	a) December 12, 2022 b) December 22, 2022	Gokul Solutions Limited	June 30, 2022
8.	a) November 12, 2022 b) December 22, 2022	Sanjay Kumar Agarwal	Inspection not sought by the Notictee
9.	a) November 12, 2022 b) December 22, 2022	Sunita Agarwal	Inspection not sought by the Notictee

10. Thus, after issuing the Notice and after repeatedly offering them opportunities and inspection which was availed by them at different points of time and after some procrastination the hearing process got concluded before this forum after almost 20 months.

Submissions of the Noticees:

11. The gist of the submissions made commonly by all the Noticees is summarised below:
- a) The Notice is bad in law since it has been issued after 6 years from the last date of execution of trades.

- b) Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("**Inquiry Rules, 1995**"), has not been followed while issuing the Notice since Rule 4(1) of the said Rules provides that while holding an inquiry for the purpose of adjudging *inter alia* under Section 15HA of the SEBI Act, as to whether a person has committed a contravention; the adjudicating officer is required in the first instance to issue a notice to such a person requiring him to show cause within such period as may be specified in the Notice as to why an inquiry should not be held against him.
- c) The first stage of issuing a Notice to the Noticees for the purposes of holding inquiry was not done which vitiates the entire proceedings.
- d) The Securities and Appellate Tribunal ("**Tribunal**") in the matter of ***Kaushik Rajnikant Mehta vs. SEBI in Appeal no. 79 of 2019*** held that the Investigating Officer has misdirected himself in law by drawing a connection between entities who were not charged in the impugned Notice and that while the impugned order showed that connection was established between 56 entities, the show cause notice was issued only to 35 entities and hence in its opinion, a connection had to be drawn only between 35 entities and not against 56 entities in as much as the charge is one of synchronised trades and reversal trades and hence if one of the entities who is not charged in the show cause notice is a link for the synchronised trading; then that charge against the opposite entity cannot be proved.
- e) Even though a group of 31 entities were alleged to be connected/ related amongst themselves and also with the company/its promoters/ directors who had traded in the scrip during the investigation period, the Notice was issued only against 9 entities and is conspicuously silent on the basis of which the remaining 22 entities were not impleaded as Noticees.
- f) Several entities shown as connected and suspected entities are alleged to have contributed significantly to positive LTP but were not made part of the present notice and even the counterparties to the trades of the Noticees are

not part of the Notice. Hence, the proceedings and Notice has been issued in a discriminatory and arbitrary manner.

- g) Out of a total of 99,90,000 shares of GSL in the preferential issues, only 37,10,000 shares were allotted to Noticees 1 to 6 and only 3,57,650 shares of the Noticee Company were sold by them in the market. Out of these 3,57,650 shares, the allegations are in respect of 2,39,400 shares only but not in respect of 97,50,600 shares that was issued to 33 preferential allottees including Noticees 1 to 6. Yet the Noticees were alleged to sell part of the purported scheme.
- h) All their trades were genuine, delivery based and bonafide trades and executed on the anonymous platform of the BSE and transfer of beneficial ownership of such trades had duly taken place.
- i) The Company was not a connected entity on the basis of the connection details as given in Annexure 3 of the Notice.
- j) Most of the preferential allottees had already sold their holding in the Company through on/off market transactions, but the allegations have been made only against 6 preferential allottees.
- k) The Investigating Officer has failed to appreciate that being a Company, the Noticee cannot control the acts of the shareholders and that it had nothing to do with the trades executed by Noticees 1 to 6.

Consideration of issues and findings:

- 12. Upon a reading of the Notice dated September 20, 2021, along with its Annexures, and after considering the replies filed by the Noticees, the submissions made during the course of personal hearing and the additional submissions filed thereafter, the principle question that arises for my consideration is whether the scheme of events detailed hereinafter violated the provisions of the SEBI Act, 1992 and the PFUTP Regulations, as has been alleged in the Notice thereby making the Noticees liable for the consequences arising therefrom.

13. In this context, it would be appropriate to refer to the provisions as applicable during the Investigation Period that are alleged to have been violated by the Noticees; the relevant extract of which is reproduced below:

Relevant extract of the provisions of the SEBI Act, 1992:

“Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control

Section 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 recognised 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;

(d)”

Relevant extract of provisions of 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.”

Regulation 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;

.....

(d) paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;

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

.....”

14. In the backdrop of these provisions, it would be appropriate to first deal with certain preliminary contentions raised by the Noticees.
15. With reference to the contention of Noticees 4, 5 and 6 that the Notice is bad in law as the same has been issued after a period of more than 6 years from the date of execution of the last trades by them, I note that basis a complaint and a preliminary examination of BSE, SEBI carried out a detailed investigation so as to ascertain the possible violation of the provisions of the securities laws by certain entities that concluded on June 24, 2021. 45 entities were specifically identified for the detailed analysis of their dealings in the scrip of GSL based on the extent of their respective roles in the trades executed by them and also on the basis of the inter-se connection between them. Thereafter, a Notice was issued on September 20, 2021. Thus, the time taken by SEBI from the date of receiving the complaint and the preliminary examination report from BSE and the investigation conducted by SEBI and issuance of a Notice, is a reasonable time required to deal with the issues considering the number of entities involved, the nature of the trades, details of the bank, KYC, mobile, address, email id, etc. that were required to be analyzed to determine inter se connection in the trades executed by each of them. Thus, it cannot be argued that there was substantial delay and that for the said reason, the proceedings are bad in law. Thereafter, as has been detailed in paragraph 10, the Noticees delayed the proceedings till the end of December 2022.
16. Given the same as also the complexity in the matter involving violation of fraudulent and unfair trade practices, there has been no inordinate delay in the conduct of the present proceedings even after the issuance of the Notice and

hence I find the contention of the Noticees that there has been an inordinate delay of more than 6 years, untenable.

17. It would be relevant to rely upon a similar factual case concerning connected entities involving the price rise of a scrip in a manner violative of the PFUTP Regulations, wherein, the Tribunal vide its Order dated April 29, 2022 in the matter of **Praveen Kurele & Ors vs. SEBI**, held 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.....”

“..... 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.

.....”

18. Such a finding is squarely applicable to the facts of the present matter since action as deemed appropriate was recommended against 45 entities in the investigation period that spanned from December 09, 2014 to February 23, 2018
19. Noticees 1, 3 and 7 have contended that the procedure provided under Rule 4 of the Inquiry Rules, 1995, has not been followed while issuing the Notice. Noticee 7 has contended that the first stage of issuing a Notice for the purposes of holding inquiry was not done and hence the entire proceedings have been vitiated.
20. I find that the Noticees have misconstrued the procedure prescribed under Rule 4 of the Inquiry Rules, 1995 and hence to put into perspective the law as it stands and for the sake of clarity, seek reference to the recent judgment dated September 14, 2022 of the Hon'ble Supreme Court in the matter of **Kavi Arora vs. SEBI** in **SLP no. 15149 of 2021**, where it was pertinently observed as follows:

“46. After the Board forms its opinion to appoint an Adjudicating Officer, comes the next stage, which is the stage under Rule 4 of an inquiry for adjudging under Sections 15A, 15B, 15C, 15D, 15E, 15F, 15G, 15H, 15I, 15J and 15HB whether any person has committed contraventions as specified in those sections. The inquiry commences with a Show Cause Notice calling upon the noticee to show cause why an inquiry should not be held against him. The Show Cause Notice has to specify the nature of offence alleged to have been committed and the penalty proposed, to enable the noticee to effectively reply to the show cause. A reading of Section 4(3) makes it clear that, if after considering the cause, if any shown by the noticee, the Adjudicating Officer is of the opinion that an inquiry should be held, he shall issue a notice fixing a date for appearance of that person either personally or through his lawyer or other authorised representative. The noticee is not required to be heard personally or through lawyer before taking a decision to proceed with an inquiry in respect of the contraventions alleged in the Show Cause Notice. Decision to proceed or not to proceed with the inquiry may be taken on the basis of the reply of the noticee to the Show Cause Notice. Once it is decided to proceed with the inquiry, an opportunity of personal hearing is mandatory. The inquiry has to be conducted in accordance with law, in compliance with the principles of natural justice.”

Emphasis supplied

21. As the order of the Hon'ble Supreme Court makes it abundantly clear, the inquiry under Rule 4 of the Inquiry Rules, 1995, is required to commence with the issuance of a Notice calling upon the Noticee to show cause as to why an inquiry should not

be held against the Noticee who is not required to be heard personally or through a lawyer, before taking a decision to proceed with the inquiry. The decision to proceed or not to proceed with the inquiry may be taken on the basis of the reply of the Noticee to the show cause notice i.e. the cause shown in the reply. The contention of the Noticees is thus erroneous and untenable.

22. The Noticee have contented of the Noticees that they have been discriminated against on the basis that while SEBI had conducted investigation into the trading activities of several entities, they had not disclosed whether any proceedings have been initiated against many other suspected entities stated to have contributed positive LTP by selling shares at manipulated prices.
23. At the very outset, such a contention is vehemently denied as apparent from a reference to the proceedings initiated against various entities named in the investigation.
24. However, for the sake of clarity, the following may be noted:
 - a) Investigation revealed that 30 suspected entities had traded in the scrip during the investigation period. The list of entities is as given below:

Sr. No.	Entity Name
1.	Wakeeta Commercial Private Limited
2.	Vintage Breweries Private Limited
3	Rishvanjas Trading Private Limited
4.	Kautirya Trading Private Ltd
5.	Dhanapati Suppliers Private Limited
6.	Alishan Merchants Private Ltd
7.	Dhanapati Vintrade Private Ltd
8.	Glatt Ceramics Private Ltd
9.	Sourav Nursing Home Private Limited
10.	Sourav Management Private Limited
11.	Goodtime Advisory Private Limited
12.	Bluerose Dealcom Private Ltd
13.	Suman Infocom Private Ltd
14.	KAG India Private Limited
15.	Aryavrat Suppliers Private Limited

Sr. No.	Entity Name
16.	Sourav Builders Private Limited
17.	Arrowline Distributors Private Limited
18.	Jashvanti Trambaklal Fefar
19.	Manharlal Shivilal Fefar
20.	Pritiben Amritlal Fefar
21.	Seemaben Mahendrabhai Fefar
22.	Manoj Trambaklal Fefar
23.	Mahendra T Fefar
24.	Metrocity Suppliers Private Limited
25.	Khandeshwar Vinimay Private Limited
26.	Trambaklal Shivilal Fefar
27.	Suman Stock Advisory Private Ltd
28.	Ankitaben R Sapariya
29.	Kritiben N Sapariya
30.	Amrutlal Shivabhai Fefar

- b) These entities including one Sarvlok Vincom Pvt. Ltd. (involved in off-market transactions) were found to be connected entities. The details of the connection of these 31 suspected entities have already been provided as Annexure 3 to the Notice.
- c) SEBI approved the initiation of action under Section 11B of the SEBI Act against 6 entities, who were the preferential allottees and had also executed matching trades with certain connected entities as well as against the Company and its promoter/ directors. In total there are 9 entities against whom Section 11B proceedings were initiated whose details are as follows:

Sr. No.	Name of entity	Remarks/Role
1.	Arrowline Distributors Pvt. Ltd.	Preferential allottee and executed matching trades with connected entities.
2.	Aryavrat Suppliers Pvt. Ltd.	Preferential allottee that had executed matching trades with connected entities.
3.	Metrocity Suppliers Pvt. Ltd.	Preferential allottee that had executed matching trades with connected entities.

Sr. No.	Name of entity	Remarks/Role
4.	Sourav Nursing Home Pvt. Ltd.	Preferential allottee that had executed matching trades with connected entities.
5.	Sourav Builders Pvt. Ltd.	Preferential allottee that had executed matching trades with connected entities.
6.	Sourav Management Pvt. Ltd.	Preferential allottee that had executed matching trades with connected entities.
7.	Gokul Solutions Ltd	Company
8.	Sanjay Kumar Agarwal	Director of Gokul Solutions Ltd who was responsible for the preferential allotment and had also transferred funds to connected entities.
9.	Sunita Agarwal	Director of Gokul Solutions Ltd who was responsible for the preferential allotment.

- d) SEBI initiated adjudication proceedings against the following 10 entities after examining the nature of their trades, based on the connection amongst them and their other activities. Some of the proceedings have been concluded as detailed here:

Sr. No.	Name of entity	Remarks/Role	Particulars of the order passed
1.	Dhanapati Suppliers Pvt. Ltd.	Counterparties to the matching trades between connected parties, but were not preferential allottees, and had contributed more than 5% of market volume and individually contributed LTP of more than 5% through such matching trades.	Vide an order dated September 29, 2022, the Adjudicating Officer had imposed monetary penalties on the entities. None here appealed against the order. Except for KAG India Pvt. Ltd. (who has paid the monetary penalty), steps for enforcement of the adjudication order has been initiated
2.	Rishvanjas Trading Pvt. Ltd.		
3.	Wakeeta Commercial Pvt. Ltd.		
4.	KAG India Pvt. Ltd.		
5.	Sarvlok Vincom Pvt. Ltd.	Connected with GSL which had transferred 2,17,500 and 2,50,500 shares of GSL to Fefar group and KAG respectively, which were then sold to suspected entities during the investigation period.	
6.	Kundan Mandal	Director of Sarvlok, who had signed all the delivery	

Sr. No.	Name of entity	Remarks/Role	Particulars of the order passed
		instruction slips (DIS) and a shareholder and director in other suspected entities.	against the remaining entities.
7.	Unity Commotrade Pvt. Ltd.	Pursuant to listing of GSL shares, the promoter group entities i.e. Unity and Genuine transferred shares without making requisite disclosures to the Stock Exchanges as well as the company under the SEBI (PIT) Regulations, 1992. There was also a fall in the total shareholding of promoters, to the extent of 3.58%. However, the promoters failed to file disclosures under the SEBI (SAST) Regulations, 2011, with the Stock exchange.	Vide an order dated September 12, 2022, the Adjudicating Officer had imposed monetary penalties on the entities. None of the entities have appealed against the said order. Since the entities have not paid the monetary penalty, steps for enforcement of adjudication order has been initiated against them.
8.	Genuine Tradecom Pvt. Ltd.		
9.	Om Prakash Agarwal		
10.	Sanjay Kumar Agarwal		

- e) I also note that the individual LTP contribution of entities at Sr. no. 1 to 17 was less than 5% and that their individual number of trades executed were insignificant. The entity at Sr. no. 18 had acted as a conduit for transferring funds for undertaking the purchase transactions in the scrip of GSL by entities at Sr. no. 19 to 26. The entity at Sr. no. 27 was found to have traded in these shares during the investigation period in insignificant quantities. Accordingly, these entities were suitably warned.

Sr. No.	Entity Name
1	Vintage Breweries Pvt. Ltd
2	Kautirya Trading Pvt. Ltd
3.	Dhanapati Vintrade Pvt. Ltd
4	Alishan Merchants Pvt. Ltd.
5	Glatt Ceramics Pvt. Ltd.
6	Bluerose Dealcom Pvt. Ltd.
7	Suman Infocomm Pvt. Ltd.
8	Jashvanti Trambaklal Fefar
9	Manharlal Shivilal Fefar

Sr. No.	Entity Name
10	Pritiben Amritlal Fefar
11	Seemaben Mahendrabhai Fefar
12	Manoj Trambaklal Fefar
13	Mahendra T Fefar
14	Trambaklal Shivilal Fefar
15	Suman Stock Advisory Pvt. Ltd.
16	Ankitaben R Sapariya
17	Kritiben N Sapariya
18	Speedwell Complex Pvt. Ltd
19	Chirag Tradecom Pvt. Ltd.
20	Dhanapati Commotrade Pvt. Ltd.
21	Sanjeevani Commodeal Pvt. Ltd.
22	Sarvlok Trading Pvt. Ltd.
23	Satyawan Commotrade Pvt. Ltd.
24	Orange Trexim Pvt. Ltd.
25	Vandana Advisory Services Pvt. Ltd.
26	Winwood Agencies P Ltd.
27	Horizon Financial Consultants Pvt. Ltd.

25. Thus, the competent authority approved the initiation of different proceedings against the entities depending on the respective roles played by each of them and the extent of their LTP contribution to the manipulation in the scrip of GSL during the investigation period.
26. Without prejudice to the above, as a quasi-judicial authority, the issue before me is to adjudicate on the violations as alleged against the Noticees, and this has no bearing on whether or not, any action has been proposed or imposed against the rest.
27. Further, I also note that the Noticees have primarily relied upon the Order dated May 05, 2021 of the Tribunal in the matter of ***Kaushik Rajnikant Mehta vs. SEBI in Appeal no. 79 of 2019***, to incorrectly contend that the Investigating Officer has misdirected himself in law by drawing a connection between entities who were not charged in the impugned Notice. In the order under reference, the Tribunal held that while the impugned order showed that connection was established between 56 entities, the show cause notice was issued only to 35 entities and hence in its

opinion, a connection had to be drawn only between 35 entities and not against 56 entities in as much as the charge is one of synchronised trades and reversal trades and if one of the entities who is not charged in the show cause notice is a link for the synchronised trading; then that charge against the opposite entity cannot be proved.

28. To counter such rationale which in any case, is peculiar to the facts of that case, it would be appropriate to refer to the subsequent Order dated January 03, 2023 of the Tribunal in **Dukes Products (India) Ltd vs. SEBI**, wherein, it was held as follows:

“.....In the absence of any evidence being placed by the appellants other than the fact that the investigation identified 361 noticees which was reduced to 116 entities when the show cause was issued, in our opinion, is not sufficient to show that no intelligible differentia was exercised by the respondent while issuing the show cause notice. Classification is based on intelligible differentia. The differentia bears a reasonable nexus with the object sought to be achieved. In our opinion, we find that the classification is based on an intelligible criteria and has a nexus with the objectives of the Regulations. The Board exercised intelligible differentia based on the material before it and issued show cause notice to the relevant entities in the attendant circumstances relating to the modus operandi of fraudulent trade practices committed by the appellants. Thus, the contention that the show cause notice issued to 116 entities was not based on any intelligible differentia is patently erroneous.....”

29. Thus intelligible differentia has been exercised in the initiation of the enforcement proceedings against the entities depending on their respective roles, the illegal gains made by some of them and their respective LTP contribution of each entity in the manipulation of the scrip of GSL.
30. Apart from the Noticees in the proceedings under consideration, the charges have not been dropped against other entities. Instead separate proceedings have been initiated as was deemed appropriate by the competent authority. There is no case where the remaining entities other than the Noticees have been absolved. On the general principle that suitable criteria should be exercised to decide the action or proceedings that are to be initiated against different entities on the basis of their role, illegal gains made or contribution of each entity etc. the same was

done in this case too. The facts and circumstances in the present matter are thus distinguishable from the Order in the matter of ***Kaushik Rajnikant Mehta vs. SEBI*** and hence the reliance upon the same is misplaced and untenable.

31. Hence, there is no merit in the contention of the Noticees that they were discriminated against or that selective action was proposed against certain entities and it cannot be argued that no action or proceedings have been initiated against the various other entities who were their counterparties. There is also no basis for such a submission and the same appears to have been made simply to prejudice any reasoned mind.
32. It is a matter of record that Noticees 1 to 6 were allotted a total of 37,10,000 shares by GSL, out of which 3,57,650 shares were sold for ₹307.97 lakh during the Investigation Period, out of which connected entities bought 2,39,400 shares for a total of ₹251.92 Lakh. What is significant in these numbers is that these transactions were undertaken through 25 matched trades which resulted in a positive LTP contribution of ₹111 which was 29.28% of the total market positive LTP. The fact that the orders for these 25 trades were placed in a pre-mediated manner in an illiquid scrip by matching the price and quantity, indicates that the same was facilitated only on account of a prior meeting of minds. To add to their fraudulent activity, the connected entities kept raising the LTP while matching trades with the other connected entities thus unfairly and fraudulently booked profits. The gains made by Noticees 1 to 6 from such fraudulent, matched and manipulative trades are calculated in the Table at paragraph 2(k) above.
33. The role/ trades and justification for them by each Noticee is dealt separately herein below:

A. Noticee 1 (Arrowline Distributors Pvt. Ltd.):

- a) Noticee 1 was allotted 5,00,000 shares on March 31, 2014 and 5,00,000 shares on May 06, 2014 by GSL. After a brief period of holding these shares, they sold their 35,500 shares through matched trades with connected entities and thus illegally made a total profit of ₹ 36.79 lakh in the process.

- b) Details of the matched trades with connected entities during the investigation period as brought out in the Notice is reproduced below:

Trade date	Buyer	Trade Rate	LTP Rate	LTP Percent	Trade Value	Traded Quantity
10-02-2015	Vintage Breweries Pvt. Ltd.	64	3	4.92	1011200	15800
18-08-2015	Dhanapati Suppliers Pvt. Ltd.	99	4	4.21	1009800	10200
09-08-2016	Rishvanjas Trading Pvt. Ltd.	216	4	1.89	1004400	4650
27-07-2016	Wakeeta Commercial Pvt Ltd.	208	4	1.96	1008800	4850
Total			15	12.98	40,34,200	35,500

- c) The Noticee 1 has not disputed the trade details but has disputed that the shares were sold through matched trades with connected entities and also denied that they were connected on the basis of details provided in Annexure 3 to the Notice. The details of connection of Noticee 1 with other suspected entities has already been highlighted in detail in Annexure 3 to the Notice and has been reproduced in paragraph 2(g). As apparent from the same, there was shared common directors, addresses, mobile numbers, emails, fund transfers, shareholding etc. with other group entities.
- d) The connection of Noticee 1 specifically with its counterparties in the aforesaid trades, is as given hereunder:

Sr. No.	Days of trading	Traded Quantity	Counterparty	Connection
1	10-02-2015	15800	Vintage Breweries Private Limited	Noticee 1 shared common directors Avinash Bagri and Sanjeev Mandal with Gungun Computers Pvt. Ltd, which transferred funds to Vintage Breweries Pvt. Ltd.
2	18-08-2015	10200	Dhanapati Suppliers Private Limited	Both the Noticee 1 and Dhanapati Suppliers Pvt. Ltd. transferred funds to a common entity Wakeeta Commercial Pvt. Ltd.

Sr. No.	Days of trading	Traded Quantity	Counterparty	Connection
				Further, Dhanapati Suppliers Is a shareholder of Noticee no. 1
3	27-07-2016	4850	Wakeeta Commercial P Ltd	Noticee 1 transferred funds to Wakeeta Commercial Pvt. Ltd.
4	09-08-2016	4650	Rishvanjas Trading Private Limited	Both the Noticee 1 and Rishvanjas Trading Pvt. Ltd. transferred funds to a common entity Wakeeta Commercial Pvt. Ltd.

- e) Other than a bare denial, Noticee 1 has not disputed these specific points of connection with other entities as detailed in Annexure 3 to the Notice and reproduced herein above. Such commonality of details cannot but lead to a finding of connection between the entities. Undoubtedly, these connections of the Noticee 1 with other group entities enabled it to sell shares in a highly illiquid scrip at a manipulative price through 4 matched trades with connected entities in a pre-meditated manner, as part of the fraudulent scheme orchestrated for manipulating the price of the scrip of GSL through matched trades.

B. Noticee 2 (Aryavrat Suppliers Private Limited):

- a) Noticee 2 was allotted 5,00,000 shares on March 31, 2014 by GSL and thereafter, sold 53,200 shares through matched trades with connected entities and thus illegally made a total profit of ₹ 24.98 lakh in the process. Details of the matched trades with connected entities during the investigation period as alleged in the Notice is as reproduced below:

Trade date	Buyer	Trade Rate	LTP Rate	LTP Percent	Trade Value	Traded Quantity
27-01-2015	Alishan Merchants Pvt. Ltd.	55	2	3.77	1001000	18200
03-02-2015	Gungun Computers Pvt. Ltd.	57	2	3.64	1026000	18000
04-02-2015	Vintage Breweries Pvt. Ltd.	59	2	3.51	1003000	17000
Total			6	10.92	30,30,000	53,200

- b) Noticee 2 has not disputed these trade details but has simply disputed that the shares were sold through matched trades with connected entities and on that basis denied that any of the entities with whom the Noticee is shown connected were the counterparties to their sell trades. Instead the Noticee has submitted that the Noticee's alleged 3 sell trades have been matched with Alishan, Gungun and Vintage who have not been made parties to the Notice in this case and hence the allegation of connection against the Noticee cannot be established.
- c) On the same analogy and perspective, applied to the case of Noticee 1 and others, the contention of Noticee 2 that since none of the counterparties have been made parties to the Notice, the connection against the Noticee herein cannot be established is erroneous and untenable. The connection of the Noticee 2 specifically with its counterparties in the aforesaid trades, is as given hereunder:

Sr. No.	Days of trading	Traded Quantity	Counterparty	Connection
1	27-01-2015	18200	Alishan Merchants Private Limited	Both Noticee 2 and Alishan Merchants Pvt. Ltd. transferred funds to a common entity Wakeeta Commercial Pvt. Ltd. Alishan Merchants and Sourav Builders Pvt. Ltd. shared a common address and Noticee 2 is the shareholder of Sourav Builders Pvt. Ltd. Alishan Merchants is also the shareholder of Arrowline Distributors Pvt. Ltd., which has common directors and common mobile number (UCC/KYC) with Noticee 2.
2	03-02-2015	18000	Gungun Computers Private Limited	Noticee 2 has common directors Avinash Bagri and Sanjeev Mandal with Gungun Computers Pvt. Ltd. Gungun Computers received funds from Noticee 2.

Sr. No.	Days of trading	Traded Quantity	Counterparty	Connection
3	04-02-2015	17000	Vintage Breweries Private Limited	Noticee 2 has the same mobile number as Mr. Chandan Mandal who is director in Sourav group (i.e. Noticee 4, 5 and 6) who all have the same address with Alishan Merchants Pvt. Ltd, which has the same email with Vintage Breweries (UCC/KYC).

- d) I note that the details of connection of Noticee 2 with other suspected entities has been brought out in detail as Annexure 3 to the Notice and reproduced in paragraph 2 (g) earlier. From the same, it is seen that Noticee 2 is connected to other group entities, either directly or indirectly by way of common directors, address, mobile numbers, emails, fund transfers, shareholding etc. Hence, the connection of Noticee 2 with the other group entities stands established. By virtue of such connection, Noticee 2 was able to easily sell shares in a highly illiquid scrip at a manipulative price through 3 matched trades with connected entities in a pre-meditated manner and was thus part of the fraudulent scheme orchestrated solely for manipulating the price of the scrip of GSL through matched trades.
- e) The counterparties i.e. Alishan, Gungun and Vintage are part of the group of connected entities but the extent of their roles and their connection as has been clearly brought out in the table in paragraphs 2(g) and (h) above prompted initiation of enforcement action of another kind as deemed appropriate.
- f) On this issue, I find it appropriate to refer to another relevant aspect of the Order of the Tribunal in *Dukes Products (India) Ltd vs. SEBI (supra)*, wherein, it was held as follows:

“21. In this regard the appellant Dukes Products (India) Ltd. contended that he has been shown to be connected with one Geeta Shah from whom 10,000 shares were bought off market. It was alleged that since Geeta Shah was subsequently exonerated and no show cause notice was issued, the alleged link with the Company and / or with the group entities was broken and the appellants should also be

exonerated is patently misconceived. This submission cannot be accepted as we find that apart from Geeta Shah the appellant was connected with other entities. Further, Geeta Shah is connected to the counter party buyer Do Max Steel Limited and also had a common e-mail with Cromakem Limited. Further we find that an ex parte ad interim order dated August 14, 2014 was passed against 44 entities which included Geeta Shah as she was suspected to have carried out price manipulation and had fund transaction with the Company and had also acquired shares off market from the promoters of Kelvin. This restraint order continued for almost 3 years when it was revoked on October 13, 2017. Thus, it is not a case of exoneration of Geeta Shah but it was a case that upon further investigation no further evidence came out to prosecute or take further action against Geeta Shah. Thus, the contention that the link was broken because Geeta Shah was exonerated is erroneous and cannot be accepted.....”

C. Noticee 3 (Metrocity Suppliers Pvt. Ltd.):

- a) Noticee 3 was allotted 5,30,000 shares on March 31, 2014 by GSL and thereafter, sold 24,950 shares through matched trades with connected entities and thus illegally made a total profit of ₹ 32.55 lakh in the process.
- b) Details of the matched trades with connected entities during the investigation period as brought out in the Notice is reproduced below:

Trade date	Buyer	Trade Rate	LTP Rate	LTP Percent	Trade Value	Traded Quantity
31-08-2015	Dhanapati Suppliers Private Limited.	103	4	4.04	1493500	14500
03-06-2016	Wakeeta Commercial Pvt. Ltd.	182	8	4.60	1001000	5500
22-07-2016	Wakeeta Commercial Pvt. Ltd.	204	4	2.00	1009800	4950
Total			16	10.64	3504300	24,950

- c) Noticee 3 has not disputed the aforesaid trade details or that they were matched, but submitted that the basis of connection as shown in Annexure 3 to the Notice is farfetched, tenuous and convoluted and has no connection with their trades in the scrip of GSL and thus has not made any specific submission with respect to the findings of the connection as highlighted with

any of the group entities. Such vague and refutation of its connection not based on any sound reasoning is indicative of the finding that Noticee 3 is indeed connected to other group entities either directly or indirectly as evident from common directors, address, mobile numbers, emails, fund transfers, shareholding etc. as given below:

Sr. No.	Days of trading	Traded Quantity	Counterparty	Connection
1	31-08-2015	14500	Dhanapati Suppliers Private Limited	Noticee 3 and Dhanapati Suppliers Pvt. Ltd. are common shareholders of Arrowline Distributors Pvt. Ltd. Noticee 3 and Arrowline Distributors shared common directors Avinash Bagri and Sanjeev K Mandal and Dhanapati Suppliers is a shareholder of Arrowline.
2	03-06-2016	5500	Wakeeta Commercial P Ltd	Noticee 3 shared common directors Avinash Bagri and Sanjeev K Mandal with Arrowline Distributors and Aryavrat Suppliers. Arrow and Aryavrat transferred funds to Wakeeta. Gokul Solutions Ltd have investments in Noticee 3 and also have business relationship with Wakeeta Commercial Pvt. Ltd.
3	22-07-2016	4950	Wakeeta Commercial Pvt. Ltd	

- d) By virtue of such connections, Noticee 3 was able to enter into matched trades with connected entities in a pre-meditated manner and then sell shares in a highly illiquid scrip at a manipulative price and was thus, part of the fraudulent scheme orchestrated for manipulating the price of the scrip of GSL.

D. Noticee 4 (Sourav Builders Pvt. Ltd.):

- a) The Notice has alleged that Noticee 4 was allotted 10,00,000 shares on May 06, 2014 by GSL. Thereafter they sold 11,900 shares through matched trades with connected entities and thus made illegally a total profit of ₹ 9.16 lakh in the process. Details of the matched trades with connected entities during the investigation period as brought out in the Notice is as given below:

Trade date	Buyer	Trade Rate	LTP Rate	LTP Percent	Trade Value	Traded Quantity
10-08-2015	Vintage Breweries Pvt. Ltd.	87	4	4.82	1035300	11900
Total			4	4.82	1035300	11900

- b) I note that the Noticee 4 has not disputed the aforesaid trade details but disputed that the shares were sold through matched trade with connected entities and submitted that they had no connection/relation of whatsoever nature with the counterparty i.e. Vintage Breweries Pvt. Ltd. The Noticee further submitted that most of the preferential allottees had sold their holdings in the company through on/or off market transaction but that SEBI has arbitrarily initiated proceedings only against them.
- c) The details of the connection of the Noticee 4 specifically with its counterparty, is as given hereunder:

Sr. No.	Days of trading	Traded Quantity	Counterparty	Connection
1	10-08-2015	11900	Vintage Breweries Private Limited	<p>Noticee 4 and Sourav Nursing Pvt. Ltd. shared the same address and common director. Sourav Nursing and Vintage Breweries Pvt. Ltd. also shared the same email address.</p> <p>Vintage Breweries entered into fund transfers with Bluerose Dealcom Pvt. Ltd., which entered into fund transfers with Gokul Consultants, where Noticee 8 (director of Gokul Solutions Ltd) was a promoter and Gokul Solutions Ltd. had investments in Noticee 4.</p>

- d) Admittedly, Noticee 4 shared a common address with GSL i.e. Noticee 7 which strengthens the findings that Noticee 4 is a connected entity of Noticee 7 and that the preferential allotment of shares to Noticee 4 by Noticee 7 was part of the fraudulent plan to artificially increase the price of the scrip of GSL through selling of its shares through connected entities.

- e) In view of the above, there is no merit in the contention of Noticee 4 that they have been arbitrarily selected when it is evident that Noticee 4 sold shares in a highly illiquid scrip at a manipulative price through matched trades with a connected entity in a pre-meditated manner due to the fraudulent scheme orchestrated for manipulating the price of the scrip of GSL through matched trades.

E. Noticee 5 (Sourav Management Pvt. Ltd.):

- a) Noticee 5 was allotted 6,50,000 shares on May 06, 2014 by GSL. Thereafter, it sold 83,850 shares through matched trades with connected entities and thus illegally made a total profit of ₹ 72 lakh in the process. Details of the matched trades with connected entities during the investigation period as brought out in the Notice is as given below:

Trade date	Buyer	Trade Rate	LTP Rate	LTP Percent	Trade Value	Traded Quantity
06-02-2015	Vintage Breweries Pvt. Ltd.	61	2	3.39	1006500	16500
12-02-2015	Alishan Merchants Pvt. Ltd.	67	3	4.69	1011700	15100
22-04-2016	Blue Rose Dealcom Pvt. Ltd.	133	6	4.72	1004150	7550
05-05-2016	Blue Rose Dealcom Pvt. Ltd.	139	6	4.51	1000800	7200
12-08-2015	Dhanapati Suppliers Pvt. Ltd.	91	4	4.60	1001000	11000
14-08-2015	Dhanapati Suppliers Pvt. Ltd.	95	4	4.40	1007000	10600
08-09-2015	Dhanapati Suppliers Pvt. Ltd.	108	5	4.85	1004400	9300
24-05-2016	Rishvanjas Trading Pvt. Ltd.	152	7	4.83	1003200	6600
Total			37	35.99	8038750	83850

- b) Once again Noticee 5 has not disputed the aforesaid trade details. but has disputed that the shares were sold through matched trades with connected entities and attributed that the 8 trades totalling 85,850 shares were coincidentally matched with 5 different entities without any connection/

relation. In this regard, I note that the connection of the Noticee 5 specifically with its 5 counterparties in the aforesaid trades, is as given hereunder:

Sr. No.	Days of trading	Traded Quantity	Counterparty	Connection
1	06/02/2015	16500	Vintage Breweries Private Limited	<p>Noticee 5 and Sourav Nursing Pvt. Ltd. shared the same address and common director. Sourav Nursing and Vintage Breweries Pvt. Ltd. shared the same email address.</p> <p>Vintage Breweries had fund transfers with Bluerose Dealcom Pvt. Ltd., which had fund transfers with Gokul Consultants, where Noticee 8 (director of Gokul Solutions Ltd) was a promoter, and Gokul Solutions Ltd. had investments in Noticee 5.</p>
2	12/02/2015	15100	Alishan Merchants Private Limited	Noticee 5 and Alishan Merchants Pvt. Ltd. have the same/common address
3	22/04/2016	7550	Blue Rose Dealcom Private Limited	Blue Rose Dealcom Pvt. Ltd. made fund transfers to Wakeeta Commercial Pvt. Ltd. like Sourav Builders Pvt. Ltd., who is connected to Noticee 5 by having same/common director and address (UCC/KYC).
4	05/05/2016	7200	Blue Rose Dealcom Private Limited	
5	12/08/2015	11000	Dhanapati Suppliers Private Limited	Dhanapati Suppliers Pvt. Ltd. is ashareholder of Sourav Builders Pvt. Ltd. which shared the common director and address with Noticee 5
6	14/08/2015	10600	Dhanapati Suppliers Private Limited	Further, Dhanapati Suppliers shared common directors with Alishan Merchants Pvt. Ltd which in turn shared a common address with Noticee 5
7	08/09/2015	9300	Dhanapati Suppliers	

Sr. No.	Days of trading	Traded Quantity	Counterparty	Connection
			Private Limited	
8	24/05/2016	6600	Rishvanjas Trading Private Limited	Rishvanjas Trading Pvt. Ltd. transferred funds to Wakeeta Commercial Pvt. Ltd. like Sourav Builders Pvt. Ltd. which is connected to Noticee 5 by sharing the common director and address.

- c) Apart from the above, Noticee 5 also shared a common address with GSL i.e. Noticee 7, the company whose shares were allotted to Noticee 5 on a preferential basis.
- d) These details clearly indicate the connection of Noticee 5 with other group entities, either directly or indirectly, by way of common directors, shared mobile numbers, fund transfers amongst them, etc. further reiterating the connection of Noticee 5 with the counterparties of the alleged trades.

F. Noticee 6 (Sourav Nursing Home Pvt. Ltd.):

- a) Noticee no. 6 was allotted 30,000 shares on March 31, 2014 by GSL and has also admitted to further purchasing 24,800 shares through off market transactions. Noticee 6 was found to have sold 32,350 shares through matched trades with a total profit of ₹ 52.51 lakh. Details of the trades with connected entities during the investigation period as brought out in the Notice is as given below:

Trade date	Buyer	Trade Rate	LTP Rate	LTP Percent	Trade Value	Traded Quantity
01-06-2016	Rishvanjas Trading Pvt. Ltd.	174	8	4.82	1000500	5750
09-06-2016	Rishvanjas Trading Pvt. Ltd.	191	9	4.95	1002750	5250
14-06-2016	Rishvanjas Trading Pvt. Ltd.	194	3	1.57	1008800	5200

Trade date	Buyer	Trade Rate	LTP Rate	LTP Percent	Trade Value	Traded Quantity
31-05-2016	Wakeeta Commercial Pvt. Ltd.	166	7	4.40	1004300	6050
27-06-2016	Wakeeta Commercial Pvt. Ltd.	197	3	1.55	1004700	5100
05-07-2016	Wakeeta Commercial Pvt. Ltd.	200	3	1.52	1000000	5000
Total			33	18.81	6021050	32350

- b) Noticee 6 has not disputed the aforesaid trade details but has disputed that the shares were sold through matched trades with connected entities by contending that the matching of the 6 sell trades was coincidental with 2 different entities with whom they had no connection/relation.
- c) In this regard, I note the connection of the Noticee 6 specifically with the 2 counterparties in the aforesaid trades, as given hereunder:

Sr. No.	Days of trading	Traded Quantity	Counterparty	Connection
1	01-06-2016	5750	Rishvanjas Trading Private Limited	Rishvanjas Trading Pvt. Ltd. and Sourav Builders Pvt. Ltd, are entities that had transferred funds to Wakeeta Commercial Pvt. Ltd. as brought out in para 1(f) above. Sourav Builders is connected to Noticee 6 by having common directors and address. Rishvanjas Trading Pvt. Ltd. has business relationship with Gokul Solutions Ltd., which shared a common address with Noticee 6.
2	09-06-2016	5250	Rishvanjas Trading Private Limited	
3	14-06-2016	5200	Rishvanjas Trading Private Limited	
4	31-05-2016	6050	Wakeeta Commercial Pvt. Ltd	Noticee 6 and Wakeeta Commercial Pvt. Ltd. shared the same email address.
5	27-06-2016	5100	Wakeeta Commercial Pvt. Ltd	Wakeeta Commercial Pvt. Ltd. had a business relationship with Gokul

Sr. No.	Days of trading	Traded Quantity	Counterparty	Connection
6	05-07-2016	5000	Wakeeta Commercial Pvt. Ltd	Solutions Ltd., which shared a common address with Noticee 6. Wakeeta Commercial Pvt. Ltd. shared the same mobile number with Alishan Merchants Pvt. Ltd (UCC/KYC), which shared the common address with Noticee 6.

- d) Even though Noticee 6 has submitted that the Notice is based on a pick and choose data and that most of the preferential allottees had sold their holdings in the company through on/or off market transaction and that SEBI had arbitrarily initiated proceedings only against them, no justification for the trades entered into only with entities, who either shared a common address with GSL i.e. Noticee 7 or with other group entities or who were either directly or indirectly connected by way of common directors, mobile numbers, emails, shareholding, etc. has been provided, on this basis, the connection of Noticee 6 with the counterparties which cannot be disputed enabled Noticee 6 and Noticee 7 in the preferential allotment of shares and the connection with other entities enabled them to participate in this fraudulent scheme to artificially increase the price of the scrip of GSL.

G. Noticee 7 (Gokul Solutions Limited):

- a) Noticee 7 has denied the charge that they had played an active role in the modus operandi of making preferential allotments, listing the scrip at BSE-SME-ITP, followed by enabling selling of its shares at higher price by the preferential allottees/ connected entities. It has also argued that no case has been made out to demonstrate any connection between the Noticee 7 and the scheme complained of in the Notice and that the allegations are only based on conjectures, fanciful inferences and assumptions and yet it has been dragged into the present proceedings.

- b) In this regard, there is no dispute of the following admitted facts as relied upon relevant in the investigation:

Common address

- (i) As per UCC/KYC, Alishan Merchants Pvt. Ltd, Sourav Management Pvt. Ltd, Sourav Builders Pvt. Ltd., Sourav Nursing Home Pvt. Ltd. and Goodtime Advisory Pvt. Ltd. share a common address viz. '30, *Bentinck Street, 3rd Floor, Room No. 307 West Bengal Kolkata 700001*', which is also the address of Noticee 7.

Business relationship

- (ii) Noticee 7 has a business relationship and fund transfers with Alishan Merchants Pvt. Ltd., Kautirya Trading Pvt. Ltd., Rishvanjas Trading Pvt. Ltd. and Wakeeta Commercial Pvt. Ltd.

Fund transfers/ investments

- (iii) Noticee 7 had investments in Arrowline Distributors Pvt. Ltd, Suman Stock Advisory Pvt. Ltd., Suman Infocom Pvt. Ltd., Khandeshwar Vinimay Pvt. Ltd., and Metrocity Supplier Pvt. Ltd. as on March 31, 2018.

Common Directors

- (iv) Noticee 7 had common address with Alishan Merchants Pvt. Ltd, had common directors (Kundan Mandal and Niraj K Mishra) with Dhanapati Suppliers Pvt. Ltd., Suman Stock Advisory Pvt. Ltd., Suman Infocom Pvt. Ltd and Sarvlok V.

- c) Thus, Noticee 7 evidently was directly connected with many of the group entities in terms of a common address with Noticees 4, 5 and 6 and investments in Noticees 1 and 3, which are the entities that had received preferential allotment of shares from Noticee 7. Thereafter, upon the scrip of Noticee 7 being listed on BSE-SME-ITP, the shares were sold at manipulated prices through matched trades with connected entities in a pre-meditated manner. Further, Noticee 7 is connected to Wakeeta Commercial Pvt. Ltd.,

Rishvanjas Trading Pvt. Ltd. and Dhanapati Suppliers Pvt. Ltd., who had contributed volumes and LTP through matched trades as buyers (counterparties) to Noticees 1 to 6.

- d) As stated earlier, an Adjudication Order dated September 29, 2022 was passed levying monetary penalty upon Wakeeta Commercial Pvt. Ltd., Rishvanjas Trading Pvt. Ltd. and Dhanapati Suppliers Pvt. Ltd. for creating positive LTP and inflating the price of the scrip of GSL (Noticee 7) through matched trades with connected entities in violation of provisions of the SEBI Act, 1992 and PFUTP Regulations.
- e) Further an adjudication order dated September 29, 2022, was also passed against Sarvlok V and its director Kundan Mundal who were connected to Noticee 7. The adjudication order found these entities to be instrumental in the transfer of shares to major sellers prior to the investigation period and also instrumental in the transfer of shares which were sold in the market. None of the orders has been challenged by the entities.
- f) The Noticee 7 has also submitted that both the preferential issues were in due compliance with the applicable provisions of the Companies Act, 1956 and Rules made thereunder and that the preferential issue was made much before the listing of the Company in December 2014 and hence, the allegation against the Noticee 7 that it had violated provisions of the SEBI Act, 1992 and PFUTP Regulations, 2003 are devoid of any merit and substance. Such contentions are clearly misconceived since the Notice has not alleged any irregularity in process of the preferential issue or allotment by Noticee 7 or alleged non-compliance of the provisions of the SEBI Act, 1992 or PFUTP Regulation, 2003 except calling out in question the purpose of the preferential allotment.
- g) The financial results of the Company were weak and had in fact registered a net profit of only ₹ 1 lakh for the year ended March 2014, ₹ 13 lakh for the year ended March 2015 and thereafter, the Company's net sales and net profit kept declining such that a loss of ₹ 5 lakh was registered in 2017. Yet, upon being

listed on the BSE-SME-ITP in 2014, the price of the scrip of Noticee 7 that opened at ₹ 38 on December 09, 2014, closed at ₹ 349 on February 23, 2018 with touching a high of ₹ 355 on August 04, 2017. During this period, in a very timely manner, some of the preferential allottees (Noticees 1 to 6) closely connected with the Company, sold their allotted shares, and manipulated the price of the scrip as described earlier and thus earned profits ranging from ₹ 9 lakh to ₹ 54 lakh. The counterparties to these trades were all part of the connected group of Noticee 7. Further, the entities that had created significant positive LTP and inflated the price of the scrip of Noticee 7 through matched trades with connected entities, were also all directly or indirectly connected with Noticee 7 as discussed earlier.

- h) On a cumulative analysis of these set of facts, it becomes evident that Noticee 7 can be held liable for facilitating the entire fraudulent scheme of making preferential allotments, listing of the scrip on BSE-SME-ITP, followed by price manipulation with the help of the connected entities and subsequently enabling exit to the allottees by certain connected entities.
- i) Noticee 7 has submitted that most of the preferential allottees had already sold their holding in the Company through on/off market transactions, but that the allegations have been made only against 6 preferential allottees and further that the Investigating Officer has failed to appreciate that being a Company, the Noticee cannot control the acts of the shareholders and that it had nothing to do with the trades executed by Noticees 1 to 6.
- j) I find it curious that Noticee 7 questioned the allegations made against Noticees 1 to 6 and defended their action even while defending itself and denying any connection with them. This more than other factor, is indicative of its connection Noticees 1 to 6. As can be summarized from the facts detailed in the aforesaid paragraphs, from the above factual matrix, it becomes evident that Noticees 1 to 6, the Company and all the connected entities traded as a cohesive group with a predetermined mindset to manipulate the price of the scrip of Noticee 7 by selling them at higher prices by preferential allottees and other connected entities.

H. Noticees 8 and 9 (Sanjay Kumar Agarwal and Sunita Agarwal):

- a) It is noted that in the matter of GSL itself, separate adjudication proceedings were initiated against Noticee 8 for violation of disclosure obligations under the SEBI (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and monetary penalty was imposed on Noticee 8, which has not been paid by him till date nor been appealed against. Despite the same, in the present proceedings, Noticee 8 denied all the violations of the provisions of the securities laws.
- b) Admittedly, Noticee 8 was the Promoter/ Managing Director of the Company and Noticee 9 was the Promoter/ Non-Executive Director of the Company during the period when the shares of GSL were issued on a preferential basis in 2014. As per the Board resolutions dated May 06, 2014 and June 07, 2014, both Noticees 8 and 9 were authorized to undertake steps for issuance of shares. Consequently, without the knowledge of these entities, the preferential allotments and listing of the scrip of GSL at the Exchange could not have taken place. Hence, whatever violations have been committed by the Company are also attributable to Noticees 8 and 9, who were responsible for the functioning of the Company during the relevant time and were authorized to undertake steps for the issuance of shares. Thus, by virtue of holding such promotership and directorships of the Company, Noticees 8 and 9 are equally guilty of manipulating the scrip of GSL.
- c) Noticees 8 had also indirectly contributed to the price manipulation in the scrip of Noticee 7 by providing funds to Wakeeta Commercial Pvt. Ltd., who was found to have manipulated the price of the scrip during the investigation period. In their defense, Noticees 8 and 9 have submitted that they had transferred only ₹ 20 lakh to Wakeeta Commercial Pvt. Ltd. for the purchase of the shares of a private company and provided a receipt of the said purchase and stated that the transfer of ₹ 20 lakh to Wakeeta Commercial Pvt. Ltd. has nothing to do with the trades executed by Wakeeta Commercial Pvt. Ltd. which was for more than ₹ 17 crores. However, details with respect to the amount

that was transferred by Noticees 8 and 9 to Wakeeta or the details as to when such amount was transferred and the proof/ evidence of such details thereof was not provided even when asked. In view of the same, no credence can be attached to such a submission of Noticees 8 and 9.

34. It is clear that in the trades that were executed, the modus operandi adopted by all the Noticees including the Company, the promoter and directors with certain entities acting as buyers were involved in purchasing the shares placed by the sellers at an increased price from the last traded price of the scrip thereby contributing significantly to the positive LTP of the scrip. The time difference between the buy orders and the sell orders ranged from a mere 3 seconds to a bit more than 6 hours, but either no difference or not much difference in the buy order limit price and sell order limit price was noticed. Such a peculiar trading pattern of matching and concentrated trades by the Noticees who were a group of connected entities cannot be a mere coincidence. The role performed by each of them was in aid of one another i.e. to raise the price of the scrip and benefit thereon and the same could not have been possible without them these Noticees having engaged in a pre-conceived scheme to manipulate the price of the scrip. The overall combined trading pattern of all the Noticees clearly evidences the preponderance of a fraudulent and an unfair trade scheme between them.
35. In the face of the facts as has been established it stands to reason that the Noticees were indeed connected entities and traded or facilitated trading as a cohesive group with a predetermined mindset to manipulate the price of the scrip by cumulatively contributing to the LTP of the scrip over a period of time.
36. It would be appropriate to refer to the Order dated April 25, 2018 of the **BP Fintrade Pvt. Ltd. vs SEBI** decided on November 20, 2020, wherein it was observed that:

“10. Having heard the learned counsel/ authorized representative for the parties at reasonable length and having perused the documents placed before us, we are of the considered view that the nature/ pattern of trading adopted by the appellants is not in the nature of what a rational investor would do. A large number of sell orders

were placed repeatedly on several trading dates at less than the LTP; it is illogical. Therefore, the contention of the appellants that it was following momentum trading has no meaning as by placing a large number of orders below the LTP the appellants themselves were creating a momentum. Of course we notice that a number of orders of the appellants were placed on or marginally above LTP, but that is the rational behaviour expected from a seller and no fault can be found for SEBI in not considering such trades as violative of the PFUTP Regulations. Appellants submission of a small list of trades in which they impacted LTP both positively and negatively on a few days also does not help the appellants since the overwhelming evidence is clearly towards placing sell orders below the LTP. When such trades are done on a large number of occasions, such as 166 times, one cannot but come to the conclusion that such trades are manipulative in nature. Given such large number of instances of trades in these appeals, judgments relied on by the appellants are distinguishable.”

37. The Tribunal in **Asha Sharma vs SEBI** decided on September 21, 2022 further observed that:

“20. Upon hearing both the sides, in our view, it is established that these two appellants had regularly released shares contributing to the positive LTP without any justifiable reason, vide the trades to which the other connected noticees were also regular buyers. These connected noticees were nothing but noticee nos. 3 Padma Impex about which we have already referred above. The rest of the noticees i.e. noticee nos. 1 and 2 HS Tradecom Pvt. Ltd. (hereinafter referred to as 'HS Tradecom') and Dhanlakshmi Brokers Pvt. Ltd. (hereinafter referred to as 'Dhanlakshmi') were also connected with Padma Impex vide fund transactions and sharing common director, common address as given in the impugned order. We, therefore, find no force in the submissions of these two appellants. Their appeals also deserve to be dismissed. We may state here, that whereas individual contribution to the LTP may be miniscule, nonetheless, the trading pattern in collusion with other noticees leads to a contribution of positive LTP of Rs. 16.85% or 5.26% of total positive LTP which in our opinion is sustainable and cannot be ignored.”

38. The connected entities including the Noticees were found to have executed 83 trades in GSL amongst themselves which were executed at a higher price and involved 5,95,450 shares for ₹ 12.54 crore such that the LTP increased by ₹ 256 i.e. 67.54% of the total market positive LTP. Thus the aforesaid observations of the Tribunal are equally applicable in the present matter.

39. Further, the Tribunal in the matter of **Bhavesh Patel and Others vs. SEBI** in the matter of **S J Corporation Limited** in Appeal No. 456 of 2015 held that:

*“50. Argument made by each of the appellant individually that each of them played only a small trade in isolation or as per normal course of their business or some of them did not trade at all or some small loan has been given etc. stand no merit when totality of the picture is looked at. All of them together enabled launching this major fraud by using a dormant, low capital base and low public float company. In this context, we also find that the argument that many of the appellants did not off-load either full or major chunk of their holding even in Phase-III or thereafter also has no merit since with the still limited liquidity of about 1100 shares per day there was an inbuilt absorptive limitation for the market and thereafter the ad-interim restraint order of the WTM of SEBI came on their way on February 5, 2010. As held by the Hon’ble Supreme Court in several orders such as **SEBI vs Rakhi Trading** (supra), **SEBI vs. Shri Kanaiyalal Baldevbhai** (supra) and **SEBI vs. Kishore R. Ajmera** (supra) complete evidence may not be forthcoming in every such matter and what is needed is to prove that in a factual matrix preponderance of probabilities indicate a fraud. In **Rakhi Trading** (supra) it is held that in some cases parties may even incur willful losses in the market to achieve some objectives.”*

40. The aforesaid Order of the Tribunal, while referring to the judgments of the Hon’ble Supreme Court such as **SEBI vs Rakhi Trading**, **SEBI vs. Shri Kanaiyalal Baldevbhai** and **SEBI vs. Kishore R. Ajmera**, makes it clear that complete evidence may not be forthcoming in every such matter. What is needed is to prove that a factual matrix and preponderance of probabilities exist that indicates a fraud based on the facts of the case.
41. Regulation 4(1) of the PFUTP Regulations states that “....no person shall indulge in a fraudulent or an unfair trade practice in securities”. Noticees 1 to 6 were part of the fraudulent scheme orchestrated for manipulating the price of scrip of GSL through matched trades and in the process made overall gains of ₹2.28 crore by selling shares in a highly illiquid scrip at a manipulative price through matched trades with other connected entities.
42. Further, I also find that the same was equally enabled by Noticee 7, who was connected to all the Noticees and also the counterparties who contributed significantly to the positive LTP and price rise in the scrip of Noticee 7. I find that

the Noticees 8 and 9, who were the directors of Noticee 7 during the period of allotment of preferential shares to the Noticees and authorised to take steps for the issuance of shares, are also responsible for the actions of the Company.

43. Section 27(2) of the SEBI Act states that where a contravention under the SEBI Act has been committed by a company and it is proved that the contravention has been committed with the consent or connivance of or is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.
44. In view of the above, I find that Noticees 1 to 6 have violated Section 12 A(a), 12A(b) and 12A(c) of the SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c), 3(d) and 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations, 2003 and Noticees 7 to 9 have violated Section 12 A(a), 12A(b) and 12A(c) of the SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c), 3(d) and 4(1), 4(2)(a) and 4(2)(e) of the PFUTP Regulations, 2003. Further, I find that in addition to the aforesaid provisions, Noticees 8 has also violated Regulation 4(2)(d) of the PFUTP Regulations, 2003.
45. In so far as the directions for disgorgement of the respective amounts of unlawful gains made by Noticees 1 to 6 are concerned, they have submitted that such action is liable to be dropped since disgorgement of alleged unlawful gains had been recommended against only 6 entities and SEBI has let-off as many as 27 entities by issuing suitable warnings.
46. While any entity may make profits while trading in the market, the manner in doing so forms the crux of any issue. As has been discussed in the earlier paragraphs, Noticees 1 to 6 have been unjustly enriched at the cost of the investing public and hence, it is only fair and just that Noticees 1 to 6 should be ordered to disgorge the gains made by them in violation of the provisions of the SEBI Act, 1992 and PFUTP Regulations, 2003 which were made at the cost of gullible investors who traded in the securities market.

47. None of the Noticees have denied making profits of ₹2.28 crore as given below:

A. Noticee	B. No of shares sold through matched trades	C. Value of shares sold through matched trades (in ₹ Lakhs)	D. Total Profit (in ₹ Lakhs)	E. Profit through matched trades (in ₹ Lakhs)
Noticee 1	35500	40.34	36.79	36.79
Noticee 2	53200	30.30	40.29	24.98
Noticee 3	24950	35.04	32.55	32.55
Noticee 4	11900	10.35	25.07	9.16
Noticee 5	83850	80.38	80.53	72.00
Noticee 6	30000	55.51	52.59	52.51
	239400	251.92	276.75	227.99

This issue of SEBI not taking action against other entities has been discussed in detail in earlier paragraphs and hence I see no reason in reiterating the discussion here.

48. Further, I find that the violations committed by the Noticees also render them liable for imposition of penalty under Section 15HA of the SEBI Act, 1992 which provides as under:

“Penalty for fraudulent and unfair trade practices.

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

49. I note that while imposing penalty under Section 15HA of the SEBI Act, 1992 the factors enumerated in Section 15J are to be taken into consideration which provides 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.”

50. Having regard to other facts and circumstances including the nature of violations and conduct of the Noticees, several attempts were made to procrastinate and delay the proceedings before this forum as detailed in paragraph 10. I find that suitable directions under Sections 11(1) and 11B of the SEBI Act, 1992, are also called for in the present matter.

DIRECTIONS:

51. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with of Section 19 of the SEBI Act, 1992 and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, hereby pass this order with the following directions:

- a) Noticees 1 to 9 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, either directly or indirectly, for a period of 6 (six) months from the date of this Order;

- b) Noticees 1 to 6 are directed to disgorge the respective amounts, as mentioned in Column E of Table in paragraph 47 above, along with an interest at the rate of 12% per annum from December 09, 2014 till the date of actual payment, which would be proportionate manner of dealing with the gravity of the violations committed by each of the said Noticees. The said amount shall be remitted by Noticees 1 to 6 to the Investor Protection and Education Fund (“**IPEF**”) referred to in Section 11(5) of the SEBI Act, 1992. An intimation regarding the payment of the said disgorgement amount directed to be paid herein, shall be sent to "The Division Chief, IVD-ID16, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051”.
- c) The Noticees 1 to 9 are hereby imposed with the following penalties, under Section 15HA of the SEBI Act, 1992:

Noticee No.	Name of Noticees	Penalties
1	Arrowline Distributors Private Limited	₹ 5,00,000 (Rupees Five lakh)
2	Aryavrat Suppliers Private Limited	₹ 5,00,000 (Rupees Five lakh)
3	Metrocity Suppliers Private Limited	₹ 5,00,000 (Rupees Five lakh)
4	Sourav Builders Private Limited	₹ 5,00,000 (Rupees Five lakh)
5	Sourav Management Private Limited	₹ 5,00,000 (Rupees Five lakh)
6	Sourav Nursing Home Private Limited	₹ 5,00,000 (Rupees Five lakh)
7	Gokul Solutions Limited	₹ 5,00,000 (Rupees Five lakh)
8	Sanjay Kumar Agarwal	₹ 5,00,000 (Rupees Five lakh)
9	Sunita Agarwal	₹ 5,00,000 (Rupees Five lakh)

- d) During the period of restraint, the existing securities of the Noticees including the units of mutual funds, shall remain frozen. However, the obligation of the Noticees, in respect of the settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, are allowed to be discharged irrespective of the restraint/prohibition imposed by this Order. Further, all open positions, if any, of the Noticees, in the F&O segment of the recognised stock exchange(s), are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.
- e) The Noticees shall remit / pay their respective penalties within a period of forty-five (45) days, from the date of receipt of this order. The Noticees shall remit/pay the amount of penalties through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of ED / CGM > PAY NOW. In case of any difficulties in online payment of penalties, the said Noticees may contact the support at portalhelp@sebi.gov.in. The details/ confirmation of e-payment should be sent to "The Division Chief, IVD-ID16, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051" and also to e-mail id:- tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Bank details in which payment is made:	
Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount/ legal charges along with order details)	

52. This Order shall come into force with immediate effect.

53. A copy of this order shall also be sent to all the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

Sd/-

Place: Mumbai

Date: September 08, 2023

**BABITHA RAYUDU
EXECUTIVE DIRECTOR
SECURITIES AND EXCHANGE BOARD OF INDIA**