

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF DHYANA FINSTOCK LIMITED

1. Dhyana Finstock Ltd. {hereinafter referred to as "*Dhyana*", "the company"} was incorporated on February 17, 1995. The equity shares of the company were listed on Ahmedabad Stock Exchange (ASE) in 1996. With effect from June 12, 2014, the equity shares of Dhyana are listed and admitted to dealings on the BSE in the list of "Trade for Trade" Group Securities. The first trade on BSE took place on June 13, 2014.
2. Bombay Stock Exchange Limited ("BSE") received complaints from several investors on July 28, 2015 stating that they have entered into buy trades in Dhyana on July 27, 2015 based on the stock tips received through SMS. The investors alleged price manipulation / fraud and requested to carry out investigation in the securities of the company and to withhold/annul/cancel the pay-out for trading carried out in the securities of the company on July 27, 2015.
3. On conducting an analysis in the said scrip for trades executed on July 27, 2015, BSE observed:
 - The investors complained that they bought Dhyana Finstock on July 27, 2015 based on stock tips received through SMS's and after that they cannot sell stock on the same day because of the scrip being in trade to trade segment. Further, on the next day the scrip opened at the lower circuit.
 - It was observed that, on July 27, 2015, large numbers of orders were placed in the system as compared to previous 5 trading days. Prima facie, buy orders placed were based on message appearing on website BSEbull.in & spam messages on "*stockAxis.com*" websites. Most of the sell orders were placed early in the morning trades.
 - On July 28, 2015, at www.stockaxis.com it was displayed that some unauthorized entity is using sender id "*StAxis*" and sent fraudulent investment advice to the investors.
 - Dhyana got listed in BSE on June 13, 2014 under Direct Listing mode from ASE. At that time equity capital of the company was ₹9.42 crore consisting of 94,26,100 equity

shares of ₹10/- each which included 64,25,000 equity shares of ₹10/- each issued under a preferential allotment to 49 entities on November 30, 2013 i.e. prior to listing on BSE. These shares were under lock-in till November 30, 2014.

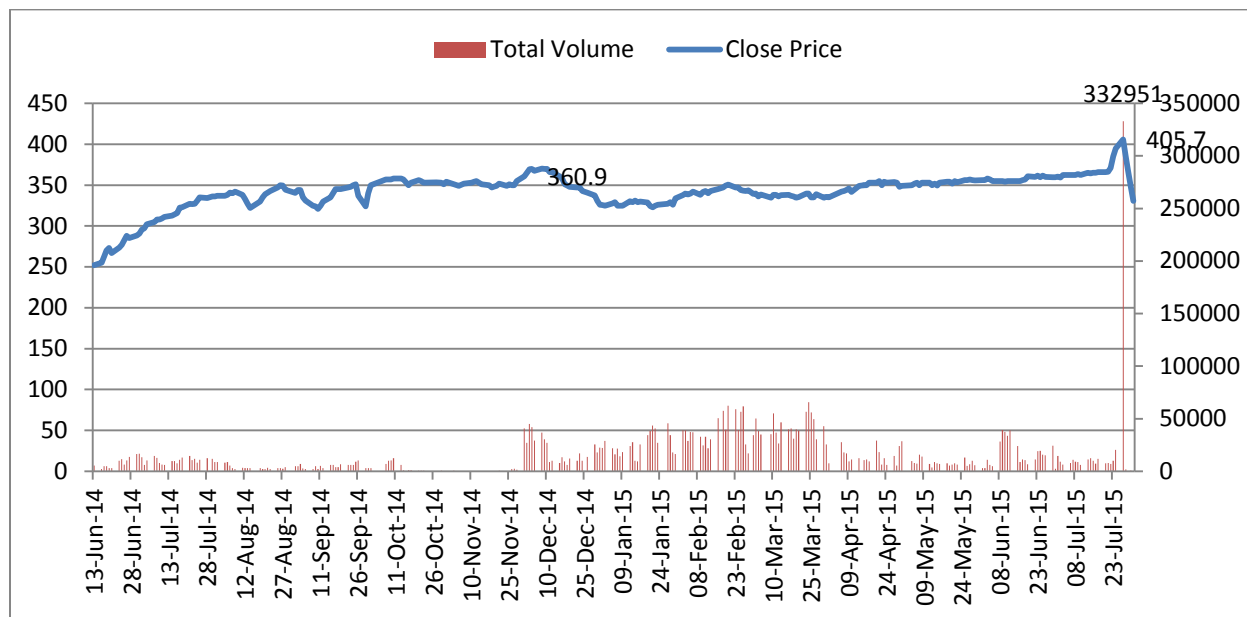
- On July 27, 2015, the market price of the equity shares of Dhyana moved from ₹.396.00 to ₹.405.70 i.e. an increase of 2.45 %. The applicable circuit filter on trading of the security was 5%.
 - Total traded volume on July 27, 2015 was 3,32,951 shares as compared to one month's average of 10,714 shares.
 - Top 10 net sellers on July 27, 2015 accounted for 47.83% of total market volume. Top net buyers and sellers are mainly from Ahmedabad.
 - 6 of the preferential allottees have altogether net sold 53,289 shares on July 27, 2015 which accounted for 16.72% of total market volume.
4. To BSE *prima facie*, the case appeared as that of misuse of stock exchange system to generate fictitious Long Term Capital Gains ("LTCG") where buyers were also lured to buy in the scrip to give exit to few shareholders/ preferential allottees. Hence, as a pre-emptive measure, pending investigation and in the interest of the investors, BSE proposed, inter-alia, to withhold the pay-out in the securities of the company for trading carried out on July 27, 2015 due on July 29, 2015.
5. The Open, High, Low and Close price of the securities of the company on July 27, 2015 is as follows:

Particulars	Co. Share Price Movement		Sensex Movement	
	Price	Date	Index	Date
Open	396	July 27, 2015	28117.65	July 27, 2015
High	406	July 27, 2015	28117.65	July 27, 2015
Low	396	July 27, 2015	27529.57	July 27, 2015
Close	405.7	July 27, 2015	27561.38	July 27, 2015
Volume	332951 shares		NA	

6. It was observed that on the first day of listing at BSE, i.e. June 12, 2014 equilibrium price was not established as there were no sell orders in the system. However, on June 13, 2014 equilibrium price was established at ₹. 251. As per data provided by ASE, there was no trading in the scrip on ASE during the last decade prior to listing on BSE.

7. An illustration of price/volume movement in the scrip of Dhyana since listing at BSE up to July 27, 2015 (herein referred as "examination period") is given below:

Chart: I – Price Volume Movement in the scrip of Dhyana



8. It is observed from the chart above that the average traded volume in the scrip during the period after expiry of lock-in (on December 01, 2014) up to July 27, 2015 (herein after referred to as "Post Lock in period") increased by 362% i.e. an increase from 5,277 shares to 24,376 shares compared to that during lock-in period (i.e. from June 13, 2014- November 30, 2014) (herein after referred to as "Lock in period").
9. While the rise in the price of the Dhyana of 43%, from June 13, 2014 (first date of trading) to July 27, 2015 does not look significant, it needs to be seen in the backdrop of the high base of ₹251 at which it got listed despite no trading history in the last decade prior to listing on BSE. Further, the company did not earn any income from operations during FY 2014-15, entire income was on account of 'other income'. The company has no fixed assets in FYs ended 2013 and 2014. The PE ratio of the company was 2141.67 compared to industry PE of 24.13. During the examination period there was no material corporate announcement made by Dhyana. Thus, the price and volume in scrip of Dhyana during the examination period was not supported by its fundamentals or any other genuine factor and appeared very suspicious.

10. From the Annual Reports of Dhyana for FY 2012-13, 2013-14 and FY 2014-15, it was observed that the company is in the business to provide financial advisory and helping the business and corporate world to avail finance. Its financial highlights are given below:

FY	2012-13	2013-14	2014-15
Revenue*	0.2	2.01	0
Other income*	1.13	11.3	16.76
PAT*	0.95	3.65	3.35
EPS	0.32	0.71	0.32
Fixed Assets*	0	0	0.09

***In ₹. million**

11. As on March 31, 2014, the company had a share capital of 94,26,100 equity shares of ₹ 10 each. The promoter holding in the company at that time was 4,20,000 shares of ₹ 10 each representing 4.46% of the share capital. Prior to listing on BSE, the company had made preferential allotment of 64,25,000 equity shares of ₹10/- each on November 30, 2013 to 49 allottees aggregating ₹6.42 cr. These shares were locked-in for a period of 1 year in compliance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

12. As on March 31, 2015, the promoter and directors of the company are as under:

Table 1- Directors and Promoters of Dhyana as per annual report for FY 2014-15

Name	PAN	Designation
Harshadkumar Patel	AGMPP7021Q	Non Executive Director
Rajeshkumar Theophilbhai Christie	AKAPC0179L	Promoter-Executive Director
Pinakin Dahyabhai Makwana	APJPM5729E	Non Executive Director
Pritesh Patel	AJIPP7200L	Non Executive Director
Priyanka Nrupesh Tripathi	AHVPT3728L	Non Executive Director
Purvesh Nareshbhai Chauhan	AHKPC9950A	Non Executive Director
Jaratal Mayaben Ashokbhai	AOCPJ0760Q	Promoter
Ashokbhai G Jaratal	AOCPJ0735R	Promoter
Priti Jayakarbhai Christian	AQBPC1558Q	Promoter
Aneelkumar Albertbhai Patel	ALOPP2057M	Promoter
Shaluben Nikeshbhai Shah	BPCPS1154K	Promoter

13. Immediate action was warranted to protect the interest of investors and also the integrity of the securities market considering:

- a. The abnormal and unprecedented rise in volume on July 27, 2015,
 - b. Several complaints from investors alleging receipt of SMS/Calls inducing them to buy shares of the company
 - c. Prima facie, suspicion on these SMS being sent fraudulently by unauthorized entities
 - d. Steep fall in the price of the scrip on the very next day touching the lower price band trapping the investors who bought on the previous day.
 - e. Background of the company including no trading history at ASE, weak financials and suspicious price-volume pattern post listing at BSE.
14. Based on the above, SEBI acceded to the request of BSE to withhold the pay-out of securities and funds for the trades executed on July 27, 2015 as an immediate measure since the pay-out of securities and funds for July 27, 2015 was due on July 29, 2015. The purpose of the entire exercise was to ensure that the securities/funds were not disposed off by the alleged perpetrators of fraud/manipulation, if any.
15. As part of the inquiry, BSE, on 29th July 2015, conducted a surprise inspection at the registered office of M/s Dhyana Finstock i.e. 12/3, Ajanta Complex, 4th Floor, A Wing, Asram Road, Above Oswal Restaurant, Income Tax, Ahmedabad, Gujarat – 380 014, where it was observed that premises was closed. However, at the entrance of the premises it was displayed that company also has corporate office on the 5th floor address on the same premises at No.24. On visiting at Room No. 24, it was observed that there was no name board displayed at the said premises. Mr. Rajeshkumar Christy, Director of the company who present at the time of visit informed that they are into financing activities. Further, there were five to six other persons sitting in the office. After discussion with BSE officials, Mr. Christy opened the registered office on the 4th floor. The registered office was empty premises without any furniture or office equipment no operation was found to be carried out from said registered office. From visit to the aforementioned sites it was revealed that company exists at the corporate office, however, they could not provide any documents to show that any operation activities are carried out from said office.
16. BSE vide its notice dated December 18, 2015, informed trading members of the exchange that -

"It is noticed that there has been substantial increase in manipulation/abrupt movement in the prices of securities wherein common modus operandi is through the route of preferential allotment.

While the Exchange, from time to time, has taken requisite steps to detect and contain such instances, it is felt necessary that further pre-emptive measures should be adopted to curtail misuse of the Exchange's system.

..... In furtherance of aforesaid course of action and as a preventive measure, trading in the securities of companies shall be suspended satisfying the parameters of the Exchange which includes preferential allotment done in past few years; pursuant to the provisions of Rules, Bye-laws and Regulations of the Exchange (Bye-law 21)."

17. Dhyana was one of the companies which, was suspended by BSE pursuant to the said notice w.e.f. December 24, 2015. Subsequently, as a part of process of revocation of suspension of the company, BSE sought an Auditor certificate from Dhyana duly supported by the documents relied upon, with regard to the preferential issue(s) made by the company. The company submitted the Auditor Certificate and certain supporting documents w.r.t. preferential issue(s), however, these documents were found to be not as per requirement prescribed by the Exchange. Thereafter, despite repeated reminders to the company to submit all the requisite documents along with other additional documents, the company failed to submit the same. The matter of non-cooperation by Dhyana was discussed by BSE in their Disciplinary Action Committee (DAC) and referred the matter to SEBI for necessary action.

Analysis of Trade Order Log of July 27, 2015 of M/s Dhyana Finstock by BSE:

18. The analysis of examination of July 27, 2015 conducted by BSE revealed the following:

- 32 entities ("Net sellers") net sold 3,18,971 shares on July 27, 2015. The details are as under:

Table 2- Details of Net Sellers on July 27, 2015

Sr No	Client name	Net sold Qty	Weighted Average Sell Rate	Total buy qty during Examinati on Period	Qty bought from Allottees Post Lock in Period	Category (Preferential Allottee/Co. Connected/Exit Provider/Others)
1	Ankit shah	30000	397	0	0	Preferential allottee
2	Jyotiben shah	16289	403.4	0	0	Preferential allottee
3	Shailesh Baldevbhai Patel	1750	400.2	0	0	Preferential Allottee & connected / related to the company
4	Harshaddkumar Baldevbhai patel	1750	400.2	0	0	Preferential Allottee & connected / related to the company

Sr No	Client name	Net sold Qty	Weighted Average Sell Rate	Total buy qty during Examinati on Period	Qty bought from Allottees Post Lock in Period	Category (Preferential Allottee/Co. Connected/Exit Provider/Others)
5	Ramilaben Baladevbhai Patel	1750	400.2	0	0	Preferential Allottee & connected / related to the company
6	Baldevbhai Shankerlal Patel	1750	400.2	1750	1750	Preferential Allottee, connected / related to the company & Exit Provider
7	Jayshreeben Shah	17576	400.35	122939	109836	Connected / related to the company & Exit Provider
8	Gautamsingh Zala	16379	401.65	77985	38277	Connected / related to the company & Exit Provider
9	Birju Pravinchandra Sanghvi	14910	402.77	20910	19910	Connected / related to the company & Exit Provider
10	Hiral Manish	13650	403.58	26350	21950	Connected / related to the company & Exit Provider
11	Hiteshkumar Mahipatlal Patel	13000	402.75	48260	41333	Connected / related to the company & Exit Provider
12	Manish Shah	12675	403.72	32675	32675	Connected / related to the company & Exit Provider
13	Ronak Nayankumar Shah	12620	403.27	51345	45420	Connected / related to the company & Exit Provider
14	Rohitkumar Shantilal Shah	12157	402.89	44930	40320	Connected / related to the company & Exit Provider
15	Kiritbhai Shah	11160	401.12	113640	103113	Connected / related to the company & Exit Provider

Sr No	Client name	Net sold Qty	Weighted Average Sell Rate	Total buy qty during Examinati on Period	Qty bought from Allottees Post Lock in Period	Category (Preferential Allottee/Co. Connected/Exit Provider/Others)
16	Fancy Augustine Christian	9905	400.1	10905	7765	Connected / related to the company & Exit Provider
17	Taru Pallav Projects Private Limited	7500	403.49	241900	135413	Connected / related to the company & Exit Provider
18	Pranatpal Tradelink Private Limited	7500	404.47	313923	238368	Connected / related to the company & Exit Provider
19	Ankit Rajeshbhai Rajput	11000	404.5	40088	8130	Connected / related to the company & Exit Provider
20	Naranbhai Panchal	10000	402.38	63800	58400	Connected / related to the company & Exit Provider
21	Jignesh Shah	10000	402.84	17260	11000	Exit provider
22	Hareshkumar P Patel	10000	402.6	121954	97001	Connected / related to the company & Exit Provider
23	Chandrikaben Panchal	10000	401.48	66755	52510	Connected / related to the company & Exit Provider
24	Rinkeshkumar Panchal	10000	403.28	61520	50119	Connected / related to the company & Exit Provider
25	Gaurang Pathak	8550	404.5	41319	10782	Connected / related to the company & Exit Provider
26	Jayshree Kishorbhai Dholakia	8400	401.33	72530	62419	Connected / related to the company & Exit Provider
27	Kishorbhai Sonabhai Dholakiya	8400	401.33	56290	51950	Connected / related to the company & Exit Provider

Sr No	Client name	Net sold Qty	Weighted Average Sell Rate	Total buy qty during Examinati on Period	Qty bought from Allottees Post Lock in Period	Category (Preferential Allottee/Co. Connected/Exit Provider/Others)
28	Anilbhai Bhalabhai Baria	8400	400.3	35490	29290	Connected / related to the company & Exit Provider
29	Shalomiben Anilbhai Bariya	8400	400.3	32089	14754	Connected / related to the company & Exit Provider
30	Rajendra Dahyalal Pathak	11000	404.5	20085	0	Others/ Connected / related to the company
31	Niravkumar Surendrakumar Shah	1250	400.3	0	0	Others/ Connected / related to the company
32	Palakben Niravkumar Shah	1250	400.3	1318	0	Others/ Connected / related to the company
	Total	3,18,971		17,36,260	12,82,485	

Out of the above 32 net sellers on July 27, 2015:

- 29 entities were observed to be connected to the company in this order and form part of "*Dhyana group*" (Table 3).
- 6 entities were preferential allottees.
- 24 Entities are Exit Providers to Preferential Allottees.
- 6 of the preferential allottees have altogether net sold 53,289 shares which accounted for 16.02% of total market volume.
- Baldevbhai Shankerlal Patel, one of preferential allottee also bought 1750 shares on July 27, 2015 from Ankit Shah, who is also a preferential allottee.
- Exit Providers are those who have bought shares from the preferential allottees during the period December 01, 2014- July 27, 2015 (Post lock in period).

Order Log Analysis as on July 27, 2015:

19. On analysing the sell and buy orders on July 27, 2015 it was further observed that:

- a) Large numbers of orders were placed in the system as compared to previous 5 trading days. Total 3,157 buy orders placed for 5,48,327 shares and 308 sell orders were placed for 5,19,646 shares.

- b) Majority of sell orders i.e. 70.92% of the total sell orders in the system were placed mainly during time patch 09:00 am to 10:30 am and 61.46% of total buy orders in the system were placed during time patch 11:00 am to 12:00 pm.
- c) Based on the various investor complaints, it appeared that buy orders placed were based on messages on www.bsebull.in & spam messages on StockAxis.com websites. Investors have also complained that they have received calls from certain numbers. The stock tips mentioned as 11 am to be the time for placing the buy orders.

20. On analyzing clients' KYCs & bank statement and trading details of net sellers on July 27, 2015, following entities were found to be connected / related to the Company. The particulars of the shortlisted group (hereinafter referred to as the "**Dhyana group**") and the basis of relationship/connection amongst them are as under:

Table 3- Particulars of Shortlisted Entities Forming Part of Dhyana Group

Sr No	Client Name	Basis of Connection	Category	Traded Qty. on 27 Jul 2015	
				Qty Bought	Qty Sold
1	Parin Infrastructure Pvt Ltd	Promoter- Executive Director of Dhyana Finstock Ltd, Rajeshkumar Theophilbhai Christie is a shareholder cum Director in Parin Infrastructure Pvt Ltd. Another director and shareholder of Parin Infrastructure Pvt Ltd, Priti Jayakarbhai Christian is a promoter of Dhyana Finstock Ltd.	Exit provider	960	
2	Mainak Comtrade Pvt Ltd	Mainak Comtrade Pvt Ltd & Parin Infrastructure Pvt Ltd have common Director viz. Priti Jayakarbhai Christian. Further, Priti Jayakarbhai Christian is also Promoter of Dhyana Finstock Ltd.	Exit provider	8000	
3	Baldevbhai Shankerlal Patel	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd. Also preferential Allottee.	Preferential Allottee, connected / related to the company & Exit Provider		1750

Sr No	Client Name	Basis of Connection	Category	Traded Qty. on 27 Jul 2015	
				Qty Bought	Qty Sold
4	Shailesh Baldevbhai Patel	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd. Also preferential Allottee.	Preferential Allottee & connected / related to the company		1750
5	Harshaddkumar Baldevbhai Patel	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd. Also preferential Allottee.	Preferential Allottee & connected / related to the company		1750
6	Ramilaben Baladevbhai Patel	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd. Also preferential Allottee.	Preferential Allottee & connected / related to the company		1750
7	Jayshreeben Shah	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		17576
8	Gautamsingh Zala	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		16379
9	Birju Pravinchandra Sanghvi	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		14910
10	Hiral Manish	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		13650
11	Hiteshkumar Mahipatlal Patel	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		13000

Sr No	Client Name	Basis of Connection	Category	Traded Qty. on 27 Jul 2015	
				Qty Bought	Qty Sold
12	Manish Shah	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		12675
13	Ronak Nayankumar Shah	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		12620
14	Rohitkumar Shantilal Shah	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		12157
15	Kiritbhai Shah	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		11160
16	Fancy Augustine Christian	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		9905
17	Taru Pallav Projects Private Limited	Mainak Comtrade Pvt Ltd and Taru Pallav Projects Pvt Ltd, have common Director viz. Michael James Christian . Further, another director of Taru Pallav Projects Pvt. Ltd. viz. Priti Jayakarbai Christian also Promoter of Dhyana Finstock Ltd.	Connected / related to the company & Exit Provider		7500
18	Pranatpal Tradelink Private Limited	Parin Infrastructure Pvt. Ltd. & Pranatpal Tradelinks Pvt. Ltd. have common Director viz. Hitesh Chinubhai Shah.	Connected / related to the company & Exit Provider		7500
19	Ankit RAjeshbhai Rajput	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		11000

Sr No	Client Name	Basis of Connection	Category	Traded Qty. on 27 Jul 2015	
				Qty Bought	Qty Sold
20	Naranbhai Panchal	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		10000
21	Hareshkumar P Patel	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		10000
22	Chandrikaben Panchal	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		10000
23	Rinkeshkumar Panchal	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		10000
24	Gaurang Pathak	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		8550
25	Jayshree Kishorbhai Dholakia	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		8400
26	Kishorbhai Sonabhai Dholakiya	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		8400
27	Anilbhai Bhalabhai Baria	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		8400
28	Shalomiben Anilbhai Bariya	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Connected / related to the company & Exit Provider		8400

Sr No	Client Name	Basis of Connection	Category	Traded Qty. on 27 Jul 2015	
				Qty Bought	Qty Sold
29	Rajendra Dahyalal Pathak	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Others/ Connected / related to the company		11000
30	Niravkumar Surendrakumar Shah	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Others/ Connected / related to the company		1250
31	Palakben Niravkumar Shah	As per bank statement there are various fund transaction with Mainak Comtrade Pvt. Ltd.	Others/ Connected / related to the company		1250
		Total		8,960	2,62,682

21. The table below gives the profit earned by Dhyana Group entities who were net sellers on July 27, 2015 :

Table 4- Profit made by Dhyana Group entities who net sold on July 27, 2015:

Sr No	Client Name	Allotted Qty	Gross Purchase	Buy Rate	Gross Sale	Sell Rate	Net Purchase	Net Sale	Profit
1	Jayshreeben Shah	#N/A	0	0	17576	400.35	0	17576	1047758.09
2	Gautamsingh Zala	#N/A	0	0	16379	401.65	0	16379	997694.03
3	Birju Sanghvi	#N/A	0	0	14910	402.77	0	14910	924852.39
4	Hiral Manish	#N/A	0	0	13650	403.58	0	13650	857806.95
5	Hiteshkumar Patel	#N/A	0	0	13000	402.75	0	13000	806078
6	Manish Shah	#N/A	0	0	12675	403.72	0	12675	798271.5
7	Ronak Shah	#N/A	0	0	12620	403.27	0	12620	789179.08
8	Rohitkumar Shah	#N/A	0	0	12157	402.89	0	12157	755557.55
9	Ankit Rajput	#N/A	0	0	11000	404.5	0	11000	701360
10	Baldevbhai Patel*#	150000	1750	397.5	3500	400.2	0	1750	687599.5
11	Shailesh Patel#	150000	0	0	1750	400.2	0	1750	682850
12	Harshaddkumar Patel#	150000	0	0	1750	400.2	0	1750	682850

Sr No	Client Name	Allotted Qty	Gross Purchase	Buy Rate	Gross Sale	Sell Rate	Net Purchase	Net Sale	Profit
13	Ramilaben Patel#	150000	0	0	1750	400.2	0	1750	682850
14	Kiritbhai Shah	#N/A	0	0	11160	401.12	0	11160	673829.64
15	Rinkeshkumar Panchal	#N/A	0	0	10000	403.28	0	10000	625400
16	Hareshkumar Patel	#N/A	0	0	10000	402.6	0	10000	618600
17	Naranbhai Panchal	#N/A	0	0	10000	402.38	0	10000	616400
18	Chandrikaben Panchal	#N/A	0	0	10000	401.48	0	10000	607400
19	Fancy Christian	#N/A	0	0	9905	400.1	0	9905	587970.71
20	Gaurang Pathak*	#N/A	2450	397	11000	404.5	0	8550	563523
21	Dholakia Kishor	#N/A	0	0	8400	401.33	0	8400	508939.2
22	Dholakiya S	#N/A	0	0	8400	401.33	0	8400	508939.2
23	Anilbhai Baria	#N/A	0	0	8400	400.3	0	8400	500304
24	Shalomiben Bariya	#N/A	0	0	8400	400.3	0	8400	500304
25	Pranatpal Tradelink Private Limited	#N/A	0	0	7500	404.47	0	7500	477990
26	Taru Pallav Projects Private Limited	#N/A	0	0	7500	403.49	0	7500	470632.5
27	Rajendra Pathak	#N/A	0	0	11000	404.5	0	11000	7.0136
28	Niravkumar shah	#N/A	0	0	1250	400.3	0	1250	74450
29	Palakben Shah	#N/A	0	0	1250	400.3	0	1250	74450
	Total								17823846.35

Allottees

***Entities with squared off position**

22. The following formula is used while calculating the profit of the net sellers as on July 27, 2015:

1. For allottees = (Weighted avg sell rate of respective allottee on Jul 27, 2015 - Rate of preferential allotment) * Net Sell qty on Jul 27, 2015.

2. For other entities = (Weighted avg sell rate on Jul 27, 2015 - Weighted avg rate during period Jun 13, 2014 to Jul 24, 2015) * Net Sell qty on Jul 27, 2015.
 3. For entities which have squared off position = profit calculated as per point no 1 & 2 + {(weighted avg sell rate - weighted avg buy rate) * squared off qty on Jul 27, 2015}.
23. More than 100 investors have lodged complaints with the Exchange / SEBI, inter alia informing that they have entered into buy trades in the securities of the company based on messages appearing on website bsebull.in & spam messages on stockAxis.com websites. The complainants requested to withhold/ cancel the pay out for trades done on July 27, 2015.
24. Some of the examples of SMSs received are as under:

A) SMS Text from Bsebull.in and information provided by Complainants:

Quote: "I got number of SMS from BSEBull for last couple of days and said that buy this stock on 27/07/2015 @ 11: 00 AM and it will go/hit 4 continuous upper circuit".

- "Dear Customer, 100% Real Insider News Based Operator Calls For 15-20% Profit In 2 Days Holding In BSE cash segment. no advance pay - register on www.BSEBULL.in."
- "Good Evening! 8 Days To Go. BSE BULL OPERATOR Call Coming On 27th July 2015. We Have Started Calling, Soon You Will Get Call Of Our Executive. www.BSEBULL.in"
- "Our JACKPOT Call Coming In Just Few Minute So Be Ready To Trade. New Members, We Request You To Trade Honestly As Per Your Registered Quantity.www.BSEBULL.in."
- "If You Are Not Allowed To Buy DHYANAFIN(538450) then please call your broking house head office and buy from there, anyhow just buy it, don't miss.www.BSEBULL.in."

B) SMS Text from StAxis:

The SMS text received from StAxis read as under:

- "Premium HNI Call. Buy DHYANAFIN(538450) Above 400 With Stop Loss 396 For Intraday Target 415 And 480+ By Thursday(30 July) 100% Loss Recovery Call So Don't Miss."

C) SMS Text from HBJCAP:

The SMS text received from HBJCAP read as under:

- "Premium HNI Call. Buy DHYANAFIN(538450) Above 400 With Stop Loss 396 For Intraday Target 415 And 480+ By Thursday(30 July) 100% Loss Recovery Call So Don't Miss."
- "JACKPOT Buy DHYANAFIN(538450) @400-405 With Stop Loss 396 For TARGET 480+ By Thursday(30 July) So Buy And Hold Till Thursday, Buy Quickly www.BSEBULL.in."

25. SEBI called for Call Data Records (CDR) from telecom operators about the entities who used the afore mentioned sender id's to send SMS's. Based on the information received it was found that:

- SMSs were sent to investors from July 18, 2015 to July 27, 2015 by using the sender id's BSEBull, StAxis and HBJCAP.
- The SMSs were aimed to entice the recipient of SMSs to buy the Dhyana Shares on July 27, 2015 at 11:00 A.M onwards.
- Multiple telecom operators were used to send the SMSs.

26. Based on information furnished by telecom operators, telemarketers and aggregators involved in the process of sending bulk SMSs the originator of SMS was found to be common in case of two telecom operators whose platform was used for sending SMSs. From the customer application form furnished to SEBI, the details of this entity are as under:

Customer Name- Ravi Makwana

Company Name- Shubh Investment

Designation- Managing Partner

Office Address - 117, Navcar Center, Waghavadi Road, Bhavnagar, Gujarat.

Registered E-mail- info@bsebull.in

27. The inspection of the address of Shubh Investment furnished by telecom service provider revealed that there was no such address in Gujarat. Moreover, the phone number of the Shubh Investment as provided by telecom service provider was also not reachable.

28. Based on the information furnished to SEBI it was found that

- Shubh Investment, as a bulk SMS sender used sender id's viz, "StAxis".
- Sender Id "StAxis" was used by Adskaro (*an unregistered telemarketer*) on behalf of Opulent Investment Adviser Private Limited (Opulent), a registered investment adviser with SEBI (registration no INA000002462) using IP address 103.231.41.201.
- Shubh Investment was not sending SMSs on behalf of Opulent.

- The IP address used by Shubh Investment to send SMSs was different as used by Adskaro to send the SMSs.

Opulent had lodged a complaint with Cyber Cell, Mumbai for fake SMS being sent by using their sender id and hacking of their database of subscribed members. Further, they have also lodged a similar complaint dated 27 July 2015 with SEBI. It has been submitted by the telecom operator that same Sender Id can be used by two customers and it can also be used from two different IP addresses as happened in this case.

29. Findings of BSE show that the website www.bsebull.in was created only recently and same was shown to have been registered in Pakistan. The registrar of the website was found to be GoDaddy.com LLC. BSE has filed a complaint with the Cyber Crime Investigation Cell, Mumbai for fraudulent misuse of the term BSE. BSE has issued notice to the owner of the domain name at their email address infobsebull@gmail.com and to Godaddy, the registrar. SEBI also wrote letter to Cyber Crime Investigation Cell seeking information relating to websites- www.bsebull.in and www.stocktips.in.
30. On analyzing trading pattern of buyers on July 27, 2015, BSE found *inter alia* that except for 7 buyers all the other buyers (2088) had traded in the scrip Dhyana only on one day i.e. July 27, 2015 during the entire Examination Period.
31. Thus, since July 2015 several fraudulent SMS were circulated among investing public with the effect of inducing them to buy the shares of Dhyana. In the influence of SMS tips investors placed buy orders on July 27, 2015 at price ranging from ₹ 396-₹ 406 resulting in purchase of 3,18,971 shares from the net sellers.

Analysis of Trading during the period June 13, 2014- July 27, 2015 of M/s Dhyana Finstock by BSE:

32. On June 13, 2014, the first day of listing at BSE, during Special Pre Open Session (SPOS) conducted for the scrip, company related entity Gautamsingh Zala was first to place buy order for 1500 shares @ ₹. 251 which accounted for 38.46% of total buy order quantity placed above ₹ 251.
33. It was observed that within a short period of listing at BSE a significant increase in the price of the scrip was registered which continued during and after the period of lock in on the shares allotted to the preferential allottees. Considering the fact that prior to listing on BSE from ASE, no trading occurred in the scrip of *Dhyana*, the price volume behaviour of the scrip post listing at

BSE appeared unjustified and the trading in the scrip was analyzed in two patches as detailed below.

34. On analysis of trading activity in the scrip, it was observed that during the Examination Period, Dhyana group entities were primarily involved in pushing the price up during Patch 1 (when the volume in the scrip was very low) by contributing to positive LTP and thereafter acting as buyer in Patch 2 in order to provide exit to preferential allottees/Company related entities and in the process creating artificial volume. The modus operandi during the period is discussed in subsequent paragraphs.

Patch 1: Lock in Period (from June 13, 2014 to November 28, 2014):

35. During Patch 1 which was also lock in period of preferential allotment, the price of the scrip opened at ₹ 251 and closed at ₹ 355. During this period, the scrip was traded with an average volume of 5277 shares per day and total volume of 5,75,235 shares in 109 trading days. It was observed that price of the scrip was influenced by certain entities belonging to Dhyana Group who were found to be net buyers during this period.

Table 5- Contribution to Volume by Dhyana Group Entities in Patch 1:

Clnt Pan	Client Name	Net Trd Vol	Gr Buy Value	Vol% - Net Trd Vol/ Mkt Net
AADCT4840M	Taru Pallav Projects Pvt. Ltd.	69384	20987610	12.07%
AAFCP5109D	Pranatpal Tradelinks Private Limited	45839	15463886	7.98%
BSLPP1179H	Gaurang Pathak	31750	9523880	5.53%
AAIPZ3605N	GautamSingh Zala	20152	6030377	3.51%
ACKPP8546L	Rajendra Dahyalal Pathak	20085	6969744	3.50%
AAGCM5750N	Mainak Comtrade Pvt. Ltd.	11403	4006329	1.98%
BFMPP8817G	Hareshkumar P Patel	10150	3555200	1.77%
AAGCP6796D	Parin Infrastructure Private Limited	7410	2624550	1.29%
Total		216173.00	69161576.00	37.625%

36. It was observed that in Patch I, out of a total of 269 instances of trades establishing new high price in the scrip, Dhyana group entities established new high price on 103 instances (38.29% to total instances). The positive LTP contribution of these entities was 33.27%. The details of contribution to price rise by these entities during Patch 1 are as under:

Table 6- Contribution to price rise in Patch 1 by Connected Entities:

Clnt Pan	Clnt Name	No. of Instances	% of Total Instances	Pos LTP Contri of the Client as a buyer (in Rs.)	Pos Contri (in %)
AAFCP5109D	Pranatpal Tradelinks Private Limited	29	10.78 %	51	12.08%
AADCT4840M	Taru Pallav Projects Pvt. Ltd.	27	10.04 %	35.5	8.41%
BLSPP1179H	Gaurang Pathak	12	4.46 %	13	3.08%
AAIPZ3605N	Gautam Singh Zala	10	3.72 %	11	2.6%
ASWPR1312C	Ankit Rajeshbhai Rajput	11	4.09 %	15	3.55%
ACKPP8546L	Rajendra Dahyalal Pathak	9	3.35 %	10	2.37%
BFMPP8817G	Hareshkumar P Patel	5	1.86 %	5	1.18%
Total		103	38.29 %	140.5	33.27 %

Patch 2: Post Lock in Period (From December 01, 2014 to July 27, 2015):

37. During Patch 2, the price of the scrip opened at ₹ 351 and closed at ₹ 405.7. During this period, the scrip was traded with an average volume of 24,376 shares per day and total volume of 39,97,754 shares in 164 trading days.
38. On analysis of trading activity during Patch 2, *Dhyana group* entities were found to be the net buyers to the preferential allottees and thereby created artificial demand for the supply of shares from preferential allottees.
39. It was observed that after release of lock-in, entities of Dhyana group had bought substantial shares of the Dhyana from the preferential allottees. A snapshot of such trading is as following:-

Table 7: - Trading by entities of Dhyana Group and Preferential allottees

Scrip Name	Dhyana
No. of shares sold by Preferential Allottees (A)	3167410
(A) as % of total shares allotted	60.62%
No. of shares bought by Dhyana Group from Preferential Allottees	18,22,678

40. It was observed that 57.54% shares were bought by Dhyana Group from the preferential allottees. The details of counter parties for sale transactions by preferential allottees are provided in **Annexure A**.

41. It is observed that 39 preferential allottees made a collective profit of a ₹ 107.43 crores on a collective investment of ₹ 5.22 Crore, a whopping return of approximately 2060 % on their investment in a period of 20 months (including the lock in period of the shares allotted in the preferential allotment). This profit was obtained in a stock where the fundamentals/financials of the company do not justify the price. It is evident from the above analysis of Patch 2 that the entities of *Dhyana Group* provided a hugely profitable exit to the allottees. The profit/gain earned by the allottees during Patch 2 is given below:

Table: 8- Profit made by the Preferential Allottees:

Sr. No.	Name	Shares Allotted	Shares Sold	Sell Rate	Gross Sell Value	Profit in Cr
1	Manish B Shah	150000	150000	356.963	53544450	5.20
2	Rupal M Shah	150000	150060	338.206	50751192.36	4.93
3	Kalpesh Ugarchand Gadhecha	200000	200000	362.904	72580800	8.70
4	Sanjay P Shah	150000	150000	347.284	52092600	5.06
5	Bhavini S Shah	75000	12000	360	4320000	0.42
6	Zahir Farooq Hawa	50000	29000	334.121	9689509	0.94
7	Farooq Kasam Hawa	50000	50000	347.458	17372900	1.69
8	Noorbanu Farooq Hawa	50000	50000	346.78	17339000	1.68
9	Azim Farooq Hawa	50000	50000	351.324	17566200	1.71
10	Kumar A	150000	18500	355	6567500	0.64
11	M Mathivanan	150000	66791	343.979	22974701.39	2.23
12	Raj Rattan	100000	100000	325.733	32573300	3.16
13	Uttam Chunnilal Jain	50000	50000	334.168	16708400	1.62
14	Reenu Jain	50000	50000	334.157	16707850	1.62
15	Sanjay Nandlalbhair Parelia Huf	150000	2850	334.1	952185	0.09
16	Gunjan Rajendra Patel	150000	18595	351.883	6543264.385	0.64
17	Baldev S Patel	150000	61675	347.169	21411648.08	2.02
18	Shaileshkumar Baldevbhai Patel	150000	31681	359.154	11378357.87	1.11
19	Harshadkumar B Patel	150000	75690	343.4	25991946	2.52
20	Ramilaben B Patel	150000	37669	360.149	13566452.68	1.32
21	Ankit Mahendrabhai Shah	150000	109000	352.969	38473621	3.74
22	Jyotiben Mahendrabhai Shah	450000	323289	348.501	112666539.8	10.94
23	Manharbhai Vallabhbhai Vaghani	200000	200000	338.271	67654200	6.57
24	Mahesh V Vaghani	200000	200000	338.026	67605200	6.56
25	Haresh Bhikhabhai Vaghani	200000	200000	338.487	67697400	6.57

Sr. No.	Name	Shares Allotted	Shares Sold	Sell Rate	Gross Sell Value	Profit in Cr
26	Sanjay Bhikhabhai Vaghani	200000	200000	337.517	67503400	6.55
27	Chetna H Chandan	100000	77650	351.211	27271534.15	2.65
28	Pradipkumar Harakchand Doshi	100000	40650	354.534	14411807.1	1.40
29	Dilipkumar Manilal Chokshi	300000	99800	338.763	33808547.4	3.28
30	Jayprakash Maneklal Patel	100000	100000	331.815	33181500	3.22
31	Ashwinkumar K. Patel	50000	9500	338.463	3215398.5	0.31
32	Rajesh Pukhraj Raka (Huf)	100000	41400	336.19	13918266	1.35
33	Mohit Airen	100000	36945	339.105	12528234.23	1.22
34	Alok Gupta	100000	37865	338.96	12834720.4	1.25
35	Gaurav Manoj Agrawal	100000	42250	338.81	14314722.5	1.39
36	Ashok Kumar Sethi	100000	43650	342.416	14946458.4	1.45
37	Kantilal Amulkhadas Vohera	100000	13200	363.273	4795203.6	0.47
38	Kantilal Amulkhadas Vohera Huf	100000	1000	362.5	362500	0.04
39	Suresh Chinde Gowda	150000	36700	337.545	12387901.5	1.20
	Total	5225000	3167410		1090209411	107.43

42. The four private limited companies which form part of Dhyana group are engaged in various kinds of businesses and their details are given in the following table:

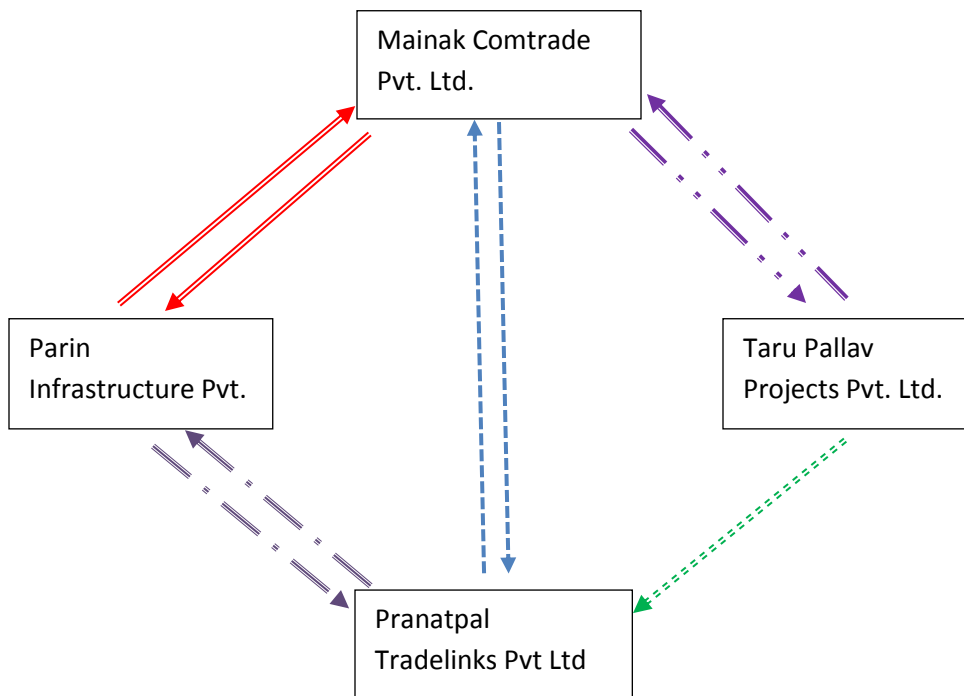
Table: 9- Details of Private Corporate Bodies in Dhyana Group:

Name of Private Company	E-mail	Share Capital (In Rs Lakhs)	Shareholders
Mainak Comtrade Pvt. Ltd	ssshah.ca@gmail.com	1,00,000 (10,000 equity shares of ₹ 10 each)	VishalBhai Vinodray Mistry
			Hitesh Hasmukhbhai Parekh
Parin Infrastructure Pvt. Ltd.	altus.fin@gmail.com	1,00,000 (10,000 equity shares of ₹ 10 each)	Priti Jayakarbhair Christian
			Rajeshkumar Theophilbhai Christie
Pranatpal Tradelinks Pvt. Ltd.	altus.fin@gmail.com	1,00,000 (10,000 equity shares of ₹ 10 each)	Sandeep Vinodchandra Dave
			Hitesh Chinubhai Shah
Tarupallav Projects	altus.fin@gmail.com	1,00,000 (10,000 equity shares of ₹ 10 each)	Michael James Christian

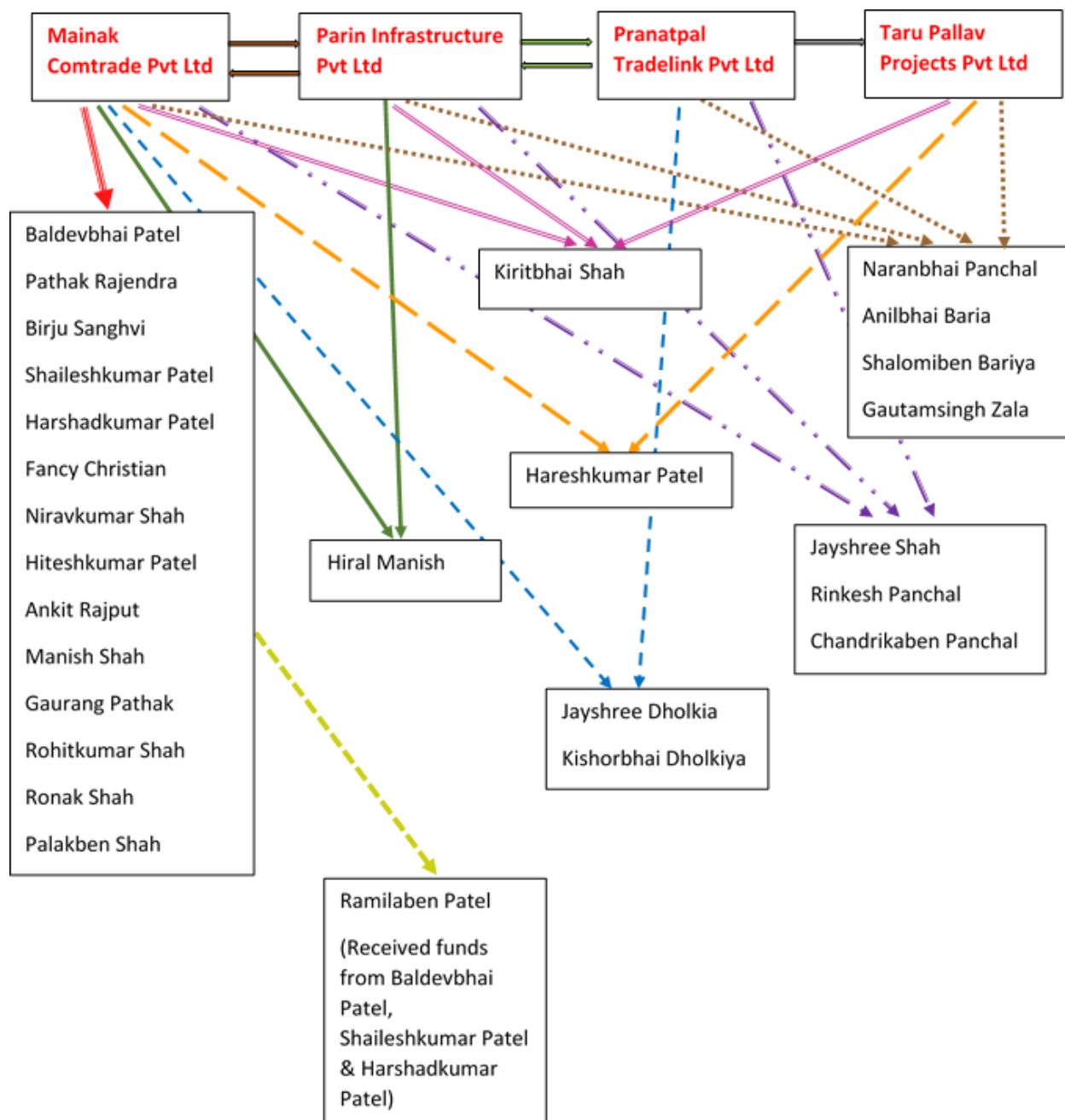
Name of Private Company	E-mail	Share Capital (In Rs Lakhs)	Shareholders
Pvt. ltd.	.com	shares of ₹ 10 each)	Priti Jayakarbhair Christian

Note: Names appearing in bold are directors or promoters of Dhyana

43. The directors/shareholders of Mainak Comtrade Pvt. Ltd. and Taru Pallav Projects Pvt. Ltd. were found to be director/promoter of Dhyana. Further, the flow of funds among the afore mentioned private corporate bodies were observed from their bank statements and the same is given in the following chart:



44. On analysis of bank statement of Dhyana group entities, it is found that the afore mentioned four private corporate bodies gave funds to other entities of Dhyana group. The pictorial presentation of fund flow is as following:



Note: As given in the Table 3 Director of Taru Pallav Projects Pvt. Ltd. and Mainak Comtrade Pvt. Ltd. is Promoter in Dhyana Finstock Ltd. Parin Infrastructure Pvt. Ltd. shared common director with Dhyana Finstock Ltd.

45. Further, in some of the instances it was observed that *Dhyana group* entities/ Exit Provider received money and immediately transferred to their trading members to purchase shares of

Dhyana from preferential allottees in order to give exit to them. The instances of the same are given below:

A) Exit Provider- Taru Pallav Projects Pvt. Ltd.:

Funds Received			Funds Transferred		
Received from Entity	Date of Receipt	Amount	Transferred to Broker	Date of Transfer	Amount
Mainak Comtrade Pvt. Ltd	01-May-15	2500000	Bansal Finstock Pvt. Ltd	01-May-15	2500000
Mainak Comtrade Pvt. Ltd	01-May-15	2000000	Bansal Finstock Pvt. Ltd	01-May-15	2000000

B) Exit Provider-Pranatpal Tradelinks Private Limited:

Name of Exit Provider	Funds Received			Funds Transferred		
	Receipt from Entity	Date of Receipt	Amount	Transferred to Broker	Date of Transfer	Amount
Pranatpal Tradelinks Pvt. Ltd	Mainak Comtrade Pvt. Ltd	08-May-15	2000000	Bansal Finstock Pvt. Ltd	08-May-15	2000000
	Mainak Comtrade Pvt. Ltd (Yes Bank A/c)	27-Jul-15	6300000	Mainak Comtrade Pvt. Ltd (DCB A/c)	27-Jul-15	2800000
				Bansal Finstock Pvt. Ltd		3500000
	Parin Infrastructure Pvt. Ltd.	05-Feb-15	180000	Bansal Finstock Pvt. Ltd	05-Feb-15	180000

C) Exit Provider-Parin Infrastructure Private Limited:

Name of Exit Provider	Funds Received			Funds Transferred		
	Receipt from Entity	Date of Receipt	Amount	Transferred to Broker	Date of Transfer	Amount
Parin Infrastruct ure Pvt.	Mainak Comtrade Pvt. Ltd	07-Apr-15	2200000	Bansal Finstock Pvt. Ltd	07-Apr-15	2200000

Name of Exit Provider Ltd.	Funds Received			Funds Transferred		
	Receipt from Entity	Date of Receipt	Amount	Transferred to Broker	Date of Transfer	Amount
	Taru Pallav Projects Private Limited	11-Mar-15	2600000	Bansal Finstock Pvt. Ltd	11-Mar-15	2600000
	Pranatpal Tradelinks Pvt. Ltd	29-Jan-15	200000	Bansal Finstock Pvt. Ltd	29-Jan-15	1800000

D) Exit Provider-Gautamsingh Zala:

Funds Received			Funds Transferred		
Received from Entity	Date of Receipt	Amount	Transferred to Broker	Date of Transfer	Amount
Mainak Comtrade Pvt. Ltd	16-May-15	1000000	Prudent Broking Services Pvt. Ltd.	16-May-15	1000000
Vidisha Tradelinks Pvt. Ltd.	05-Jun-15	1000000	Prudent Broking Services Pvt. Ltd.	05-Jun-15	1000000
Parin Infrastructure Pvt. Ltd.	09-Jun-15	1000000	Prudent Broking Services Pvt. Ltd.	09-Jun-15	1000000
Taru Pallav Projects Pvt. Ltd.	06-Jul-15	900000	Prudent Broking Services Pvt. Ltd.	06-Jul-15	900000

E) Exit Provider-Jayshree Kiritkumar Shah:

Funds Received			Funds Transferred		
Received from Entity	Date of Receipt	Amount	Transferred to Broker	Date of Transfer	Amount
Mainak Comtrade Pvt. Ltd	27-Jan-15	2000000	Prudent Broking Services Pvt. Ltd.	27-Jan-15	2000000
Mainak Comtrade Pvt. Ltd		400000			
Pranatpal Tradelinks Pvt. Ltd.	23-Jul-15	600000	Prudent Broking Services Pvt. Ltd.	23-Jul-15	1000000

F) Exit Provider Naranbhai J Panchal:

Funds Received			Funds Transferred		
Received from Entity	Date of Receipt	Amount	Transferred to Broker	Date of Transfer	Amount
Taru Pallav Projects Pvt. Ltd.	10-Mar-15	2000000	Jhaveri Securities Ltd.	10-Mar-15	2000000
Mainak Comtrade Pvt. Ltd	12-Mar-15	1000000	Jhaveri Securities Ltd.	12-Mar-15	1000000
Pranatpal Tradelinks Pvt. Ltd.	12-Jun-15	1500000	Jhaveri Securities Ltd.	12-Jun-15	1500000

46. From the copy of the special resolutions dated August 29, 2013, passed under section 81(1A) of the Companies Act, 1956 as submitted to Ahmedabad Stock Exchange (ASE) it is noted that *Dhyana* had disclosed to its shareholders and public that the purpose of aforesaid fund raising through preferential allotment was to meet following requirements:

- To achieve long term plans of the company and to meet the funding requirements including but not limited to investment for meeting its business requirement.
- To fund ongoing capital expenditure/or for the repayment of its long term debt and working capital requirements in order to improve its project capacity and enhance infrastructure facilities.

47. From the details regarding use of funds received from preferential allotment as furnished by the company it was observed that funds received through preferential allotment were largely given to various companies as finance for business development and earning interest income and some part of proceeds were also used for purchase of furniture and fixtures and for hire purchase land and developments. Further, the copies of loan agreement with the parties to whom the funds have been given by *Dhyana* for various purposes were sought from the company. However, the company fail to submit any documentary evidence w.r.t. loan given as claimed by them. After, repeated reminders, it was submitted by *Dhyana* that they have not executed any loan agreements with the parties to whom they have provided loans.

48. It is matter of common knowledge that in a private placement, wherein allotment is made to select persons or group of persons on one -to- one basis, the issuer and their promoters/

directors have connection on account of acquaintance and familiarity. Thus, it is safely inferred that preferential allottees, Dhyana and its promoters/directors had prior understanding, arrangement and purpose.

49. From the above facts and circumstances it can reasonably be inferred that the preferential allottees acting in concert with *Dhyana group* have misused the stock exchange system to generate fictitious long term capital gains ("LTCG") so as to convert their unaccounted income into accounted one with no payment of taxes as LTCG is tax exempt. I *prima facie* find that the above *modus operandi* helped the concerned entities to pay a lower rate of tax on account of LTCG and helped them to show the source of this income to be from legitimate source i.e. stock market.
50. From the above, it *prima facie* also appears that the exit providers to preferential allottees, after buying shares from preferential allottees also dumped the shares to unsuspecting investors who were induced into buying the shares of Dhyana in the influence of SMS tips.
51. In the present matter, the facts and circumstances as brought out hereinabove, when seen holistically, indicate high preponderance of probability of manipulative intention. From the aforesaid observations of preliminary inquiry it is *inter alia* noted that :-
 - a) The scrip was listed on BSE from ASE at a price of ₹ 251 which is not justifiable considering there was no trading in the scrip on during the last decade prior to listing on BSE and poor financials of the company.
 - b) Company connected entities was instrumental in establishing equilibrium price at BSE on June 13, 2014 in the SPOS.
 - c) Prior to listing on BSE, the company was listed on ASE and had made preferential allotment of 64,25,000 equity shares of ₹.10/- each on November 30, 2013 which were under lock-in on till November 30, 2014.
 - d) During lock-in period (Patch 1) Dhyana group entities contributed 33.27% to price rise of the scrip.
 - e) Since December 01, 2014 i.e. after expiry of lock-in period of shares issued to preferential allottees the traded volume increased. The average volume during post lock-in period (patch 2) increased by 362% as compared to average traded volume during the lock-in period (patch 1).

- f) The rise in price and volume during the examination period was not justified by any genuine factors.
- g) During Patch 2, out of the 49 preferential allottees, 39 allottees exited and sold 31,67,410 shares and have in aggregate made profit of ₹.107.43 crores. 6 Preferential Allottees sold 53,289 shares on July 27, 2015 itself and have made profit of ₹21.65 crores.
- h) Of the shares sold by preferential allottees, 18,22,678 shares representing 57.54% shares were bought by Dhyana Group. Of the total purchase (23,03,449 shares) bought by Dhyana group, 18,37,121 shares were bought by them from the preferential allottees representing 80%.
- i) Certain private corporate bodies connected to each other and to Dhyana were observed to have given funds to Exit providers. Some of these exit providers were immediately transferring the funds to trading members for purchase of shares of Dhyana.
- j) Since July 2015 several SMS were circulated among investing public to the effect of inducing them to buy the shares of Dhyana specially highlighting to make "Jackpot "profit on July 27, 2015.
- k) In the influence of SMS tips investors placed buy orders on July 27, 2015 at price ranging from ₹ 396-₹ 406 resulting in purchase of 3,18,971 shares from the net sellers.
- l) The 29 Net sellers who were part of Dhyana group have sold 2,62,682 shares on July 27, 2014 representing 82.35% of total shares bought by the investors in the influence of SMSs.
- m) The SMS sent and website BseBull.in used for sending SMS/call have been found to be fake/fraudulent in nature. Opulent Investment Adviser Private Limited (Opulent), a registered intermediary under SEBI (Investment Adviser) Regulations, 2013, to whom said SMS is attributed has denied sending the same. Further, the website BseBull.in have been found to be created recently only for the purpose of inducing investors to trade in the said scrip.
- n) Based on information furnished by telecom operators, telemarketers and aggregators involved in the process of sending bulk SMSs the originator of SMS was found to be Shubh Investment, which was not traceable. Further, Ravi Makwana, was shown as the Managing Partner of Shubh Investment. At this stage no connection could be established between him and the ex-Director of Dhyana i.e. Pinakin Dahyabhai Makwana.

- o) Thereby, ultimately shares acquired through preferential allotment and/or purchased to give exit to preferential allottees were sold to gullible investors by inducing them to buy shares through sending fraudulent/fake SMS. From July 28, 2015, the price of Dhyana started crashing.
52. Dhyana was listed on ASE till June 12, 2015 and I observe that there was no trading in the scrip during the period of listing at ASE. Further, a preferential allotment was made to certain entities prior to listing at BSE. At the time of listing at BSE the said shares issued to preferential allottees were under lock in. On expiry of lock in a spurt in the volume of Dhyana at BSE was observed and it is found that these preferential allottees sold their shares aggregating to 31,67,410 shares and making a profit of ₹107.43 Crore. Considering its prior trading history and its financials, the listing of Dhyana at a price of ₹ 251/- at BSE, and subsequent rise in price and volume especially in the light of role played by Dhyana Group in the price rise as brought out above, in my view, are reasonable grounds to conduct an investigation into the price and volume movement in the scrip of Dhyana during the period.
53. From the above facts and circumstances it is *prima facie* observed that the preferential allottees acting in concert with Dhyana group have misused the stock exchange system to generate fictitious long term capital gains ("LTCG") so as to convert their unaccounted income into accounted one with no payment of taxes as LTCG is tax exempt. I *prima facie* find that the above *modus operandi* helped the concerned entities to pay a lower rate of tax on account of LTCG and helped them to show the source of this income to be from legitimate source i.e. stock market.
54. Considering the above, I am of the *prima facie* view that the preferential allotment was used as a tool for implementation of the dubious plan, device and artifice of Dhyana group and allottees. One could argue that in the order to make LTCG, the preferential allottees in question could have bought in secondary market and waited for a year before selling the shares. In the instant case, probably the preferential allotment route was preferred over secondary market route because the share capital of Dhyana prior to preferential allotment was very small i.e. 30,01,100 equity shares (face value ₹ 10) to accommodate the required fictitious LTCG. As such the capital expansion through preferential allotment provided much bigger source to the persons involved in terms of volume and price manipulation to facilitate the whole operation.
55. Since prior to the trading in its scrip during the Examination Period, Dhyana did not have any business or financial standing in the securities market, in my view, the only way it could have increased its share value is by way of market manipulation. In this case, it is noted that the traded volume and price of the scrip increased substantially only after Dhyana group and allottees

started trading in the scrip. Dhyana group entities were trading in the scrip above the LTP and their trades resulted into artificial increase in price. Thus these groups of entities manipulated the price of the scrip during the Examination Period. I further note that, Dhyana group entities and allottees traded amongst themselves as substantiated by their trading details given in Table 7 and **Annexure A**. There was no change in the beneficial ownership of the substantial number of traded shares as the buyers and sellers both were part of the common group and were acting in league/concert to provide LTTCG benefits to the allottees. I *prima facie* find that Dhyana group and allottees used securities market system to artificially increase volume and price of the scrip for making illegal gains to and to convert ill-gotten gains into genuine one.

56. I am of the considered view that the schemes, plan, device and artifice employed in this case, apart from being a possible case of money laundering or tax evasion which could be seen by the concerned law enforcement agencies separately, is *prima facie* also a fraud in the securities market in as much as it involves manipulative transactions in securities and misuse of the securities market. The manipulation in the traded volume and price of the scrip by a group of connected entities has the potential to induce gullible and genuine investors to trade in the scrip and harm them.
57. It is relevant to note that in this case apart from misusing stock exchange mechanism for bogus LTTCG the investors were lured to buy shares of Dhyana at an unjustified price with the bait of stupendous profits. I observe that large numbers of investors lodged complaints with the BSE / SEBI alleging that they have entered into buy trades based on certain messages from "StAxis". I note that the said SMS id belongs to Opulent, a registered intermediary under SEBI (Investment Adviser) Regulations, 2013. I also note that Opulent in their clarification to SEBI, informed that the aforesaid advice was provided by some unauthorized entity using the SMS sender id "StAxis" and not provided by them. Opulent had lodged a complaint with Cyber Cell, Mumbai for fake SMS being sent by using their sender id and hacking of their database of subscribed members. Further, they have also lodged a similar complaint dated 27 July 2015 with SEBI. I further note that the investors also complained that they have entered into buy trades based on certain messages appearing on website bsebull.in & spam messages on stockAxis.com websites. Findings of BSE show that the website www.bsebull.in was created only recently and same was shown to have been registered in Pakistan. Since the name of BSE was used by BSEBull, BSE filed a complaint with the Cyber Crime Investigation Cell, Mumbai for fraudulent misuse of the term BSE. In this case, *prima facie*, a fraud was perpetrated by use of identity of a SEBI registered investment advisor, which shows the vicious intent behind the act.

58. The fraud acquires larger magnitude when seen in the circumstances as brought out hereinabove. The facts and circumstances discussed indicate a scheme, device and artifice to dump shares on July 27, 2015 in a pre-planned manner i.e. by sending fraudulent SMS to investors. This event completed the chain of events which started with the preferential allotment in Dhyana followed by listing at BSE and alleged price manipulation by Dhyana Group. Subsequent price crash in Dhyana also indicates presence of an artificial interest in the scrip during the period post listing at BSE which fizzled out with the dumping of shares completing the classic pump and dump chart of price and volume movement. In the facts and circumstances, I have reasonable ground to believe that net sellers who were either preferential allottees themselves or had purchased shares of preferential allottees at a high price during the examination period, may have availed the services of some unscrupulous elements to send the SMS and thereafter dumped the shares of Dhyana so acquired on unsuspecting investors by employing a scheme of sending fake SMS inducing them to buy in the scrip. Further scrutiny/examination/investigation is required to establish the connection of SMS sender with the entities who have dumped the shares on July 27, 2015 and the role of company or any other entity in the scheme.

59. As such the acts and omissions of Dhyana group and allottees are 'fraudulent' as defined under regulation 2(1)(c) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('PFUTP Regulations') and are in contravention of the provisions of Regulations 3(a), (b), (c) and (d) and 4(1), 4(2)(a), (b), (e) (g) and (r) thereof and section 12A(a), (b) and (c) of the Securities and Exchange Board of India Act, 1992. In the process the net sellers who have been identified as "preferential allottees"/"exit providers"/ have made unlawful gains by employing a device, artifice scheme which is fraudulent in terms of regulation 2(1)(c) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('PFUTP Regulations') and are in contravention of the provisions of regulations 3(a), (b), (c) and (d) and 4(1), 4(2)(a), (b), (e), (g) and (r) thereof and section 12A(a), (b) and (c) of the Securities and Exchange Board of India Act, 1992. The said regulations are reproduced hereunder:-

SEBI ACT

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

"12A. No person shall directly or indirectly—

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

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

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

PFUTP REGULATIONS, 2003

" Prohibition of certain dealings in securities

3. No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-

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

(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

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

.....
(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

.....
(r) planting false or misleading news which may induce sale or purchase of securities.

60. I also note that Dhyana did not cooperate with the BSE in respect of measures required for revocation of its suspension. Further, SEBI also found their attitude lackadaisical while seeking information in respect of the preferential allotment. I note that the directors of Dhyana during the relevant time, being in control of the day to day affairs of Dhyana had the knowledge of its acts and omissions. They were also under an obligation to ensure that the acts and transactions of Dhyana were not in violation of any of the applicable provisions of SEBI Regulations or other applicable laws. I, therefore, *prima facie* find that Rajeshkumar Theophilbhai Christie, Harshadkumar Patel, Pinakin Dahyabhai Makwana, Pritesh Patel, Priyanka Nrupesh Tripathi and Purvesh Nareshbhai Chauhan were responsible for Dhyana's acts and omissions in this case.
61. Niravkumar Surendrakumar Shah (PAN-APMPS5755B) and Palakben Niravkumar Shah (PAN-BKSPS8111B) though appearing to be connected to entities in Dhyana Group from analysis of their bank statements as brought out in Table 3, there is no evidence at this stage to suggest their direct involvement in the scheme. Their possible role and involvement in the scheme in question need to be investigated further.
62. I am of the opinion that a detailed investigation of the entire scheme employed in this case is necessary to find out the role of Dhyana Group/ any other entity therein; role and connection amongst / with the company of the entities, including Dhyana Group/ net sellers; role and connection of the entities involved in sending SMS and calling investors to lure them to purchase shares of Dhyana with the promoters or directors of the company/net sellers/ Dhyana Group and the ultimate owners of funds used for manipulating the price of the scrip. Further, while SEBI would investigate into the probable violations of the securities laws, the matter may also be referred to other law enforcement agencies such as Income Tax Department, Enforcement Directorate and Financial Intelligence Unit for necessary action at their end as may be deemed appropriate by them.
63. I further note the sale proceeds of trades of July 27, 2015 amounting to `13,38,27,975/- are on account of *prima facie* fraudulent trades and the pay out with regard to those trades is at present withheld by BSE. The whole scheme involving these transactions is under examination/investigation. I am of the view that, as a protective measure and in order to prevent the use of such sale proceeds in any manner by the sellers in such trades, the said sale proceeds should continue to be withheld by BSE till further orders.
64. In view of the foregoing, in order to protect the interest of investors and the integrity of the securities market, I, in exercise of the powers conferred upon me in terms of Section 19 read with Section 11(1), 11 (4) and Section 11B of SEBI Act, 1992, pending investigation and passing of final order in the matter, hereby direct as following:—

- a) BSE shall withhold the pay-out of funds for the trades executed on July 27, 2015 and keep the same in interest bearing escrow account.
- b) BSE shall release the securities to the buyers for the trades executed on July 27, 2015.
- c) Following persons/entities are restrained from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions:-

S. NO.	NAME OF THE ENTITY	PAN
COMPANY		
1	Dhyana Finstock Limited	AABCP8561B
DIRECTORS AND PROMOTERS OF DHYANA		
2	Harshadkumar Patel	AGMPP7021Q
3	Rajeshkumar Theophilbhai Christie	AKAPC0179L
4	Pinakin Dahyabhai Makwana	APJPM5729E
5	Pritesh Patel	AJIPP7200L
6	Priyanka Nrupesh Tripathi	AHVPT3728L
7	Purvesh Nareshbhai Chauhan	AHKPC9950A
8	Jaratal Mayaben Ashokbhai	AOCPJ0760Q
9	Ashokbhai G Jaratal	AOCPJ0735R
10	Priti Jayakarbhai Christian	AQBPC1558Q
11	Aneelkumar Albertbhai Patel	ALOPP2057M
12	Shaluben Nikeshbhai Shah	BPCPS1154K
PREFERENTIAL ALLOTTEES		
13	Ankit Mahendrabhai Shah	ANTPS6591E
14	Jyotiben Mahendrabhai Shah	ANHPS8282Q
15	Manish B Shah	AAIPM4715G
16	Rupal M Shah	AAEPR5198J
17	Kalpesh Ugarchand Gadhecha	ABTPG3143L
18	Sanjay P Shah	AMIPS4672G
19	Bhavini S Shah	AEVPB8830Q
20	Zahir Farooq Hawa	AAAPH2776E
21	Farooq Kasam Hawa	AAAPH2775H
22	Noorbanu Farooq Hawa	AAAPH8271Q
23	Azim Farooq Hawa	AAAPH2774G
24	Kumar A	AAEPK1457D

S. NO.	NAME OF THE ENTITY	PAN
25	M Mathivanan	AAEPM4368F
26	Raj Rattan	ADXPR0831L
27	Uttam Chunnilal Jain	AAFPJ3365A
28	Reenu Jain	AEYPJ8903R
29	Sanjay Nandlalbhai Parelia Huf	AATHS5168J
30	Gunjan Rajendra Patel	BFPPP4718F
31	Manharbhai Vallabhbhai Vaghani	ABOPV3650L
32	Mahesh V Vaghani	AAWPV3196N
33	Haresh Bhikhabhai Vaghani	ABPPV4917M
34	Sanjay Bhikhabhai Vaghani	AABPV4486G
35	Chetna H Chandan	AHGPC9842D
36	Pradipkumar Harakchand Doshi	AAHPD4722B
37	Dilipkumar Manilal Chokshi	AAKPC1264A
38	Jayprakash Maneklal Patel	ABCPP1959N
39	Ashwinkumar K. Patel	AGAPP9577F
40	Rajesh Pukhraj Raka (Huf)	AAFHR7898G
41	Mohit Airen	ABXPA1053F
42	Alok Gupta	ACHPG2799K
43	Gaurav Manoj Agrawal	AQMPA9216A
44	Ashok Kumar Sethi	AGTPS5503P
45	Kantilal Amulkhadas Vohera	ACHPV3687R
46	Kantilal Amulkhadas Vohera Huf	AAFHK8045N
47	Suresh Chinde Gowda	AHVPG4424G
DHYANA GROUP		
48	Parin Infrastructure Pvt Ltd	AAGCP6796D
49	Mainak Comtrade Pvt Ltd	AAGCM5750N
50	Baldevbhai Shankerlal Patel	ACIPP5953F
51	Shailesh Baldevbhai Patel	AOEPP2788Q
52	Harshaddkumar Baldevbhai Patel	AOKPP9234R
53	Ramilaben Baladevbhai Patel	AUHPP8735C
54	Jayshreeben Shah	BQMPS6009Q
55	Gautamsingh Zala	AAIPZ3605N
56	Birju Pravinchandra Sanghvi	ALLPS1169E
57	Hiral Manish	AZQPM9451N

S. NO.	NAME OF THE ENTITY	PAN
58	Hiteshkumar Mahipatlal Patel	APOPP1463R
59	Manish Shah	BFOPS3849R
60	Ronak Nayankumar Shah	FKQPS0981B
61	Rohitkumar Shantilal Shah	EHJPS4683H
62	Kiritbhai Shah	AWRPS2401E
63	Fancy Augustine Christian	AOSPC1308R
64	Taru Pallav Projects Private Limited	AADCT4840M
65	Pranatpal Tradelink Private Limited	AAFCP5109D
66	Ankit Rajeshbhairajput	ASWPR1312C
67	Naranbhai Panchal	AMQPP0054P
68	Hareshkumar P Patel	BFMPP8817G
69	Chandrikaben Panchal	BXQPP2080R
70	Rinkeshkumar Panchal	BYCPP1543E
71	Gaurang Pathak	BLSPP1179H
72	Jayshree Kishorbhai Dholakia	AMLPD5973G
73	Kishorbhai Sonabhai Dholakiya	ANHPD1507F
74	Anilbhai Bhalabhai Baria	BWMPB2794M
75	Shalomiben Anilbhai Bariya	BWMPB3400Q
76	Rajendra Dahyalal Pathak	ACKPP8546L

65. This order shall come into force with immediate effect. BSE is directed to ensure that all the above directions are strictly enforced.

66. The persons/entities against whom this Order is passed may file their objections, if any, within twenty one days from the date of this order and, if they so desire. They may also indicate in their replies whether they wish to an opportunity of personal hearing before the Securities and Exchange Board of India, on a date and time to be fixed on a specific request, received from the said persons/entities.

Date: June 1, 2016

Place: Mumbai

Sd/-

RAJEEV KUMAR AGARWAL

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA

**Annexure A- Shares purchased by Dhyana Group as Exit Provider/Counterparties to
Preferential Allottees**

Counterparty Name	Qty bought from Preferential Allottees	As a % of sales by Pref. allottees
Mainak Comtrade Pvt. Ltd.	327268	10.33
Pranatpal Tradelink Private Limited	238368	7.53
Parin Infrastructure Private Limited	223925	7.07
Taru Pallav Projects Private Limited	135413	4.28
Jayshreeben Kiritkumar Shah	109836	3.47
Kiritbhai Shantilal Shah	103113	3.26
Hareshkumar P Patel	97001	3.06
Dholakia Jayshree Kishor	62419	1.97
Naranbhai J Panchal	58400	1.84
Chandrikaben Naranbhai Panchal	52510	1.66
Kishorbhai Sonabhai Dholakiya	51950	1.64
Rinkeshkumar N Panchal	50119	1.58
Ronak Nayankumar Shah	45420	1.43
Hiteshkumar Mahipatlal Patel	41333	1.30
Rohitkumar Shantilal Shah	40320	1.27
Gautamsingh Shivsingh Zala	38277	1.21
Manish Shah	32675	1.03
Anilbhai Bhalabhai Baria	29290	0.92
Hiral Manish	21950	0.69
Birju Pravinchandra Sanghvi	19910	0.63
Shalomiben Anilbhai Bariya	14754	0.47
Gaurang Pathak	10782	0.34
Ankit Rajeshbhai Rajput	8130	0.26
Fancy Augustine Christian	7765	0.25
Baldevbhai Shankerlal Patel	1750	0.06
Total	1822678	57.54