

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11 AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - IN THE MATTER OF PINE ANIMATION LIMITED.

In respect of:

S.No.	Name of the entity	PAN	Authorised Representatives
Company:			
1	Pine Animation Limited	AAECM0267A	Not Appeared
Directors of Pine Animation Limited:			
2	Nagaraja Sharma Rajagopalan	AABPN3336R	Self
3	Deepak Prakash Rane	AMCPR0635A	Not Appeared
4	Lalji Ramraj Yadav	AAPPY0422P	Not Appeared
5	Mandar Subhash Palav	AOMPP1671C	Not Appeared
6	Nirmal Pragjibhai Jodhani	AJZPJ7049J	Not Appeared
7	Priyesh Prakash Pethe	APUPP9069B	Not Appeared
8	Santosh Kumar	BMKPK5626B	Not Appeared
Promoters/Directors of the Promoter Companies:			
9	First Entertainment Private Limited	AABCF0975D	1. Murali Shanmugam
10	Unique Image Production Pvt. Ltd.	AAACU9294K	
11	Murali Shanmugam	AEZPM6900L	
12	Prabhu Sekar	ARUPP1577G	
13	Sekar Vasu	ADRPV2013N	
Promoter Related:			
14	Manisha Narpatkumar Chopra	ACTPC4078P	1. Vinay Chopra
15	Deepak Agarwal HUF	AAGHD3018R	1. Ramesh Chandra Mishra and Lokanath Mishra
16	Govind Agarwal HUF	AADHG0808H	
17	Heena Hitendra Nagda	ABVPN8122C	1. P.K. Ramesh
18	Darshan D Bhanushali	AGKPB3602K	1. P.K. Ramesh
19	Alok Navinchandra Kubadia	ABFPK6567J	1. Khmir Arun Kamdar
20	Bina Devi Dhanuka	AEZPD5474N	1. Zal Andhyarujna 2. Neerav Merchant 3. Archit Jayakar 4. Rahil Jhaveri 5. Akanksha Agarwal
21	Mayank Dhanuka	ADLPD5568J	
22	Neha Dhanuka	ADOPB3260E	
23	Nikunj Dhanuka	ADNPD6220D	
24	Rajkumari Dhanuka	ADUPD7020N	
25	Umang Dhanuka	ADLPD0494K	
26	Madan Mohan Dhanuka	ADQPD6035P	
27	Gajakarna Trading Pvt Ltd	AAECG2103R	1. Ravi Ramaiya

28	Mahaganapati Financial Services Pvt Ltd	AAHCM1333N	
29	Nimesh S Joshi	AAFPJ6734M	
30	Roshni N Joshi	AGSPJ6909M	
31	Hitesh N Kawa	AGYPK8780F	
32	Roopal H Kawa	ANMPK4236D	
33	Akash Ranchhodbhai Golakia	ALDPG8381J	Not Appeared
34	Chintan Ranchhodbhai Golakia	AEEPG1294G	Not Appeared
35	Ranchhodbhai Jasmatbhai Golakia	AAYPG3878J	Not Appeared
36	Vijuben Ranchhodbhai Golakia	AAWPG3157A	Not Appeared
37	Sushilkumar Shribhagwan Fatehpuria	AABPF1503E	Not Appeared
38	Umadevi Sushilkumar Fatehpuria	AABPF1507A	Not Appeared
39	Pankaj Kumar Rajkumar Beria	ABFPB2995P	Not Appeared
40	Poonam Pankaj Beria	AFTPB8600D	Not Appeared
41	Rajkumar Budhram Agarwal	AAPPA6950Q	Not Appeared
42	Pinky Rajkumar Agrawal	AAPPA6951R	Not Appeared
43	Sudhesh Jajoo	AAEPJ9602R	Not Appeared
44	Sunil Jajoo	AAEPJ9603Q	Not Appeared
45	Snehlata Jajoo	AALPJ9756B	Not Appeared
46	Kiran Jajoo	AALPJ9757A	Not Appeared
47	Anuradha Jajoo	AAMPJ0021E	Not Appeared
48	Omprakash Jajoo	AARPJ7854N	Not Appeared
49	Ashish Goel	AAEPG6708K	Not Appeared
50	Shakuntala Maru	ACIPM0237D	Not Appeared
51	Paras Chand Maru	ADUPM7778C	Not Appeared
52	Saurabh Maru	AJWPM1991R	Not Appeared
Preferential Allotees:			
53	Hirji Morarji Shah	AAEPS8716P	1. Ravichandra Hegde 2. Jayesh H 3. Samir Shah 4. Monil Chheda 5. Dhaval Kothari
54	Anil Kumar Kasaraneni	AGMPK5927A	1. Mukesh Solanki
55	Neelam Mor	AFPPM2107Q	1. Manoj Sethia
56	Balchand Jain	AAAPB5499G	1. Rajesh Jain
57	Anmol Prakash Babani	AEUPB3427L	
58	Kunal Ramesh Babani	AEUPB2920C	
59	Sharan Mohan Babani	AKYPB3382J	1. Chintan Shah
60	Haresh Rawani HUF	AAHH5526G	
61	Priyanka Haresh Rawani	AADPR1704M	
62	Neena Sudhir Vora	AAAPV9144N	1. Rahul Mody
63	Prithvi Sudhir Vora	APZPV0747H	2. Hardik Bhuta
64	Mahendra Vasantraai Pandhi	AACPP0931H	1. Khamir Kamdar

65	Sanjay Dnyaneshwer Nikam (HUF)	AATHS9775H	
66	Santosh Yashwant Tandel	ADQPT9711L	
67	M/s.TVC Shares Stock & Investment Pvt Ltd	AAACT8706B	1. Shailesh Bathiya
68	Vasudev Mahirwan Hemrajani	AAAPH6194E	2. Divyam Sharma
69	Gopal N Pariani	AAAPP9409N	1. Bharat Merchant 2. Rupinder Kher
70	Pradip Damji Shah	AABPS7441L	1. KRCV Seshachalam
71	Rajesh D Joshi	ABSPJ2879F	2. Prakash Shah
72	Lata V Shah	AAQPS5640E	1. Prakash Shah 2. Robin M Shah
73	Anil Vishanji Dedhia	AABPD9375L	
74	Mayur Ishvardas Gandhi	AAEPG6125C	
75	Hemant Jayant Gogri	AEIPG1584P	1. Khamir Kamdar
76	Brijesh Chowdhary Lavu	ABAPL3679D	Self
77	Ankit Miglani	AACPM1902D	
78	Archana Miglani	AREPS5118G	
79	Anuj Miglani	AABPM6332L	1. Vinay Chauhan
80	Priyanka Miglani	ARIPS3477L	2. K.C. Jacob
81	Ashok Jain HUF	AADHA7870F	1. Rishika Harish
82	Prakash Hiralal Jain HUF	AAHHP7899B	2. Amit B Dey
83	Kaushal Kanhayalal Bagadia	AADPB1550B	
84	Poonam Kaushal Bagadia	AAEPS7956D	
85	Arvind Chhotalal Morzaria	AEKPM9977L	1. Prakash Shah
86	Anil Kumar Chamanlal	ADZPC5979N	1. Shailashri Bhaskar
87	Jay Hansraj Chheda	AJLPC9910H	1. Sunil Badsawal
88	Neha Bansal	ADSPA3332J	
89	Sadhna Rani	ABHPA9244J	
90	Savita Bansal	AEJPB6903J	1. Prakash Shah
91	Monesh Israni	AAJPI8348E	
92	Sunny Mirchandani	ALVPM6130D	1. Deepak R Shah
93	Nareshkumar Kishanlal Saraf	AALPS7124C	1. Rinku Valanju 2. Nareshkumar Kishanlal Saraf
94	Peeyush Makhija	BGGPM9415G	Not Appeared
95	Damji Anandji Rambhia	ADPPR2047A	1. Prakash Shah
96	Kantilal Lalji Shah	AAIPS4820L	
97	Kishor Pranjivan Mehta	ACMPM6181A	1. Prachi Pandya 2. Dhaval Shah
98	Rajesh C Mehta	AAZPM0573H	3. Jatin K Mehta
LTP Contributors:			
99	Prem Lata Nahar	AFAPN8764M	1. Prakash Shah
100	Dhirendra Kumar Gupta and Sons HUF	AAFHD9092L	1. Dhirendra Kumar Gupta
101	J M S Financial Services Ltd.	AAACJ8428J	1. Krishna Aggarwal
102	Nellakkara Raghunath	AESPN9474K	Not Appeared

103	Sanjay Kumar Shah	AJSPS5543F	Not Appeared
104	Rajesh Kumar Shukla	BGGPS9416R	Not Appeared
Exit Providers:			
105	Vibgyor Financial Services Pvt Ltd	AAACV8378B	1. Pretti Bhardwaj 2. Minakshi Lata
106	Bazigar Trading Pvt Ltd	AABCB3052B	1. K.C.Jacob 2. Ayush Agarwal, Advocate
107	Burlington Finance Limited	AABCB2575P	
108	Symphony Merchants Pvt Ltd	AADCS5411K	
109	Apex Commotrade Private Limited Ltd	AAJCA4459K	Not Appeared
110	Dhanraksha Vincom Pvt Ltd	AADCD6028P	Not Appeared
111	Divya Drishti Traders Pvt Ltd	AABCD8146J	Not Appeared
112	Divyadrishti Merchants Pvt Ltd	AABCD8147K	Not Appeared
113	Linus Holdings Ltd	AADCR9508C	Not Appeared
114	Ridhi Vincom Pvt Ltd	AAECR9858C	Not Appeared
115	Runicha Merchants Private Limited	AAECR0580M	Not Appeared
116	Sanklap Vincom Private Limited	AAMCS1711P	Not Appeared
117	Signet Vinimay Private Limited	AAMCS1712Q	Not Appeared
118	SKM Travels Private Limited	AAICS0688K	Not Appeared
119	Spice Merchants Private Limited	AAPCS7492G	Not Appeared
120	Swarna Pushpa Vanijya Private Limited	AAJCS0597G	Not Appeared
121	Winall Vinimay Private Limited	AAACW8004B	Not Appeared
122	BSR Finance and Construction Ltd	AABCB0636K	Not Appeared
123	S N Srinivasan	ACIPS8803M	Not Appeared
The aforesaid entities are hereinafter referred to by their respective names or by their respective category as described in the <i>interim order</i> dated May 08, 2015 or collectively as 'the Noticees'.			

1. Securities and Exchange Board of India ("SEBI"), vide an *ad interim ex-parte order* dated May 8, 2015 (hereinafter referred to as "*interim order*"), restrained 178 entities, including Pine Animation Limited (formerly known as "*Four K Animation Limited*." and hereinafter referred to as "*Pine*") and its promoters and directors from accessing the securities market and further prohibited them from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever, till further directions.
2. The *interim order* was passed in view of *prima facie* findings about a scheme/device or artifice involving a façade of preferential issue of equity shares of around ₹24.7 crores in order to provide fictitious long term capital gains ("LTCCG") to *Pine's* preferential allottees and promoter related entities (i.e. entities to whom *Pine's* promoters transferred their shares in physical form) so as to convert their unaccounted income into accounted one. It was observed that after the release of compulsory lock-in period, the preferential allottees and the promoter related entities were provided exit at a high price by the entities related/connected amongst themselves and with *Pine* (hereinafter referred to as "Exit Providers"). In the process Exit Providers,

preferential allottees and the promoter related entities artificially increased the volume of the scrip and misused securities market system for making illegal gains and to convert ill-gotten gains into genuine one to avail LTCG. The *modus operandi* used by these entities was *inter-alia* as under:

- a) On December 13, 2012, *Pine* made a preferential allotment of 1,50,00,000 equity shares at the price of ₹ 10 per share (hereinafter referred to as the "1st preferential allotment") to 49 entities.
 - b) Thereafter, the promoters namely, First Entertainment Private Limited and Unique image Production Pvt. Ltd. who were holding shares in the physical form, transferred their entire holdings i.e. 9, 27,400 shares to 6 entities, who in turn transferred the shares to 62 entities (the total of 68 entities, hereinafter referred to as "*Promoter related entities*") during the period from December 28, 2012 to February 05, 2013. 49 of the *Promoter related entities* subsequently sold 54.76% of the shares received from the promoters.
 - c) Subsequently, on March 15, 2013, *Pine* made another preferential allotment of 97,00,000 equity shares at the price of ₹ 10 per share (hereinafter referred to as the "2nd preferential allotment") to 48 entities who included 5 entities who were allotted shares in the 1st preferential allotment.
 - d) In total, *Pine* allotted 2,47,00,000 equity shares to 92 entities. The equity shares allotted on preferential basis to aforesaid allottees were locked-in for a period of one year i.e. up to December 12, 2013 and March 14, 2014, respectively in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Thus, the shares held by 49 entities who were allotted shares in the 1st preferential allotment and shares held by 48 entities (including 5 entities who were allotted shares in the 1st preferential allotment) who were allotted shares in the 2nd preferential allotment were not tradable till December 12, 2013 and March 14, 2014 respectively.
 - e) On May 20, 2013, the equity shares of *Pine* were split in the ratio 1:10 and thereafter between May 22, 2013 to June 19, 2013 ("Patch 1"), the price of the scrip increased from ₹ 472 (unadjusted and ₹ 47.2 adjusted to share split) on May 22, 2013 to ₹ 1006 (unadjusted and ₹ 100.6 adjusted to share split) on June 19, 2013 i.e. an increase by approximately 113%.
 - f) Between June 20, 2013 and December 16, 2013, ("Patch 2") the scrip was traded only on 13 trading days and the price moved from ₹ 1006 (unadjusted and ₹ 100.6 adjusted to share split) to ₹ 910 (unadjusted and ₹ 91 adjusted to share split).
 - g) Thereafter, there was a huge increase in the traded volume during the period December 17, 2013 to January 30, 2015 and the entities connected / related, directly or indirectly, to *Pine*, started providing hugely profitable exit to the preferential allottees and *promoter related entities*.
 - h) Such sharp rise in price and volume of the scrip was not supported by any acceptable market factor such as fundamentals, trading history, corporate announcements, etc as discussed in the *interim order* but was on account of non-genuine and manipulative trading in the scrip by certain entities.
3. The *interim order* provided the restrained entities opportunity to file their objections, if any,

within twenty one days from the date of the order and, if they so desire, to avail opportunity of personal hearing before SEBI. Several entities filed their replies in the matter and availed opportunity/ies of personal hearing and filed additional written submissions after personal hearings. Some of the entities who had filed their written reply, waived the opportunity of personal hearing. Some of these entities had also sought inspection/ information/documents relied upon for passing the *interim order* and the same were provided to them. Total 26 entities neither filed written reply nor did they avail opportunities of personal hearing.

4. It is pertinent to mention that SEBI has passed several *interim orders* in similar cases against several entities based upon *prima facie* findings and pending investigations in those matters. Considering the large number of entities covered in such orders (more than 1200), entities common across different orders, complexities involved in the issues such as inter linkages of different tranches of alleged schemes, connection/relation amongst transacting parties in different tranche of scheme, it was considered appropriate to consider the facts and circumstances in totality after hearing maximum possible entities.
5. In the meanwhile, after considering the facts and circumstances brought out by the restrained entities who had responded to *interim orders*, to avoid erosion of value of securities due to volatility, maintain some investment avenues in the Capital Market such as Mutual Fund and to address the need of funds for meeting the business/ any other exigencies, all the entities were granted certain common *interim* reliefs, including the following :-
 - to sell the securities lying in their demat accounts as on the date of the respective *interim order*, other than the shares of the companies which are suspended from trading by the concerned stock exchange and keep the sale proceeds in an escrow account;
 - to utilize such sale proceeds for the purpose of investment in mutual fund units and fixed deposits.
 - to utilize 25% of their portfolio value for their business purposes and/or for meeting other exigencies subject to the condition that the balance portfolio value does not go below the profit/loss made by them.
6. In the above background, vide letters dated January 15, 2016, January 19, 2016, January 20, 2016, January 29, 2016 and June 30, 2016 the following were allowed to the entities who had responded to the *interim order*:
 - (i) to subscribe to units of the mutual funds including through SIP and redeem the units of the mutual funds so subscribed;
 - (ii) to avail the benefits of corporate actions like rights issue, bonus issue, stock split, dividend, etc.
 - (iii) to sell the securities lying in their demat accounts as on the date of the *interim order*, other than the shares of the companies which are suspended from trading by the concerned stock exchange, in orderly manner under the supervision of the stock exchanges so as not to disturb the market equilibrium and deposit the sale proceeds in an interest bearing escrow account with a nationalised bank.
 - (iv) to utilise and deal with the sale proceeds, lying in the aforesaid escrow account under the supervision of the concerned stock exchange, as provided hereunder:-

- (a) *the sale proceeds may be kept in a fixed deposit with a nationalised bank or may be utilised for subscription to units of the mutual funds which shall always be held in the demat form and if such units are redeemed the proceeds thereof shall be credited to the aforesaid escrow account or may be utilised for subscription to the units of mutual funds;*
- (v) *The aforementioned window for sale of shares lying in respective portfolio shall be withdrawn if the Noticees execute any trade beyond those mentioned in clause (iii) above. The aforesaid reliefs shall be subject to the supervision of the stock exchanges and depositories.*

7. In addition to the above relief, all the entities under the categories Company, Directors, Promoters and Directors of Promoters, Promoter related entities, exit providers and some of the preferential allottees, were permitted to utilize 25% of their portfolio value for their business purposes and/or for meeting other exigencies subject to the condition that the balance portfolio value does not go below the profit/loss made by them. For the purposes of determining the portfolio value of the entities, the value of portfolio of securities lying in the demat account/s (individual and joint both) on the date of the *interim order* after excluding the value of shares that have been suspended from trading as on the date of the communication was to be considered. For NBFCs and stock brokers the value of portfolio was to exclude the value of clients' securities lying in their demat accounts.
8. Further, specific representation of some of the Noticees was being separately decided on case to case basis and communicated to them separately during pendency of the proceedings for passing of confirmatory orders. It was also taken into account that such *interim* reliefs were reasonable and that the same may be granted expeditiously pending passing of the confirmatory order in respective cases which had to take time considering factors mentioned in above paras. Therefore, the decision to grant such *interim* reliefs was caused to be communicated by separate letters/orders to respective entities and was to be subsumed in the confirmatory orders. The details of such *interim* reliefs provided are as follows:
- a) In the matter of Shri Kishor P Mehta, one of the preferential allottees, on request received from Ms. Jyoti Mehta, the wife of Shri Kishor P Mehta and Ms. Pallavi Mehta and Ms. Dipti Mehta, being the daughters of Shri Kishore P Mehta, vide letters dated June 27, 2016, Ms. Jyoti Mehta, Ms. Pallavi Mehta and Ms. Dipti Mehta, were allowed to transfer those securities, which have been shown by them in their name while filing the Income Tax return for the Financial Years 2013-14 and 2014-15, from the joint demat account (to a demat account exclusively held by them in their individual name.
- b) In the matter of Shri Murali Shanmugham, on request received from him for de-freezing of the demat account number 1205460000207696 held by his mother Mrs. Kamala. S, jointly with him, considering the fact that the investments in the securities held in the jointly held demat account were made by Mrs. Kamala. S from her own source of funds and that she holds rights and interests in those securities, Mrs. Kamala was vide order dated August 18, 2016, allowed to transfer the securities from the demat account held jointly with Mr. Murali Shanmugham to another demat account exclusively held by her in her individual name.

9. Considering the fact that no response was received from the 26 entities, the matter was proceeded further and order dated July 05, 2016 was passed against the following 26 entities, based on the material available on record, confirming the directions issued against them vide *interim order* dated May 08, 2015:

Table 1:

S. No.	Name	PAN	Category
1	Archana Saluja	AANPS2300L	Preferential Allottee
2	Amit Singh	BABPS7447D	Exit Provider
3	Anjali Suppliers Private Limited	AAJCA1784D	Exit Provider
4	Antaryami Traders Private Limited	AALCA7880J	Exit Provider
5	Blue Horizon Commosales Private Limited	AAFCEB0211J	Exit Provider
6	Cheroot Vanijya Pvt. Ltd.	AAECC9285A	Exit Provider
7	Devatma Distributors Private Limited	AADCD7140G	Exit Provider
8	Dhlriti Traders Private Limited	AAECD8235D	Exit Provider
9	Dhyaneswar Dealers Private Limited	AAECD8010E	Exit Provider
10	Dove Suppliers Private Limited	AADCD7017J	Exit Provider
11	Dreamvalley Trading Private Limited	AADCD0633J	Exit Provider
12	Esha Securities Limited	AAACE2862P	Exit Provider
13	Goldensight Traders Private Limited	AAFCEG4773J	Exit Provider
14	Helot Properties Private Limited	AACCH8885R	Exit Provider
15	Indrawati Nirman Private Limited	AADCI5139E	Exit Provider
16	Kapeeshwar Vintrade Pvt Ltd	AAECK7329P	Exit Provider
17	Navdurga Investment Consultants Pvt Ltd	AACCN9567A	Exit Provider
18	Orchid Solution Private Limited	AABCO2236J	Exit Provider
19	Overload Financial Advisory Pvt. Ltd.	AABCO6950F	Exit Provider
20	Padma Impex Private Limited	AAACL4269P	Exit Provider
21	Ramya Mercantile Pvt Ltd	AAGCR6009M	Exit Provider
22	Rangoli Distributors Private Ltd	AAECC2312K	Exit Provider
23	Reachsmart Dealtrade Pvt. Ltd.	AAFCE9881C	Exit Provider
24	Sebika Commodities Private Limited	AARCS9144H	Exit Provider
25	Spark Commedeal Private Limited	AAOCS2216D	Exit Provider
26	Swarnprakash Traders Pvt Ltd	AATCS6718D	Exit Provider

10. While the proceedings pursuant to the *interim order* dated May 8, 2015 were going on separate appeals were filed before the Hon'ble Securities Appellate Tribunal ("the Hon'ble SAT"), by Mahendra B Mittal and Pooja Mahendra Mittal, Kishore P Mehta, Rajesh C Mehta, Kantilal L Shah, Mayank Dhanuka, Madan Mohan Dhanuka, Bina Devi Dhanuka, Rajkumari Dhanuka, Neha Dhanuka, Nikunj Dhanuka and Umang Dhanuka challenging this *interim order*. Hearing in this regard was conducted before the Hon'ble SAT on multiple dates when Hon'ble SAT

directed SEBI to pass appropriate order in the matter. In terms of the directions of Hon'ble SAT, confirmatory order dated June 2, 2016 was passed against Mahendra B Mittal and. Pooja Mahendra Mittal. Confirmatory proceedings with regard to Kishore P Mehta, Rajesh C Mehta, Kantilal L Shah, Mayank Dhanuka, Madan Mohan Dhanuka, Bina Devi Dhanuka, Rajkumari Dhanuka, Neha Dhanuka, Nikunj Dhanuka and Umang Dhanuka is dealt in this order.

11. In view of the above out of total 178 entities debarred vide *interim order* dated May 8, 2015 in the matter, the confirmatory orders have been passed in respect of 28 entities as mentioned hereinabove. The proceedings against 123 entities are being dealt with in this order. The following remaining 27 entities are either yet to submit their written submission or have requested for opportunity of personal hearing :-

Table 2:

S.No.	PAN	Name	Category
1	AAJPM6827G	Krishnakumar Omprakash Murarka	Director
2	ABEPJ7142D	Madanlal Jain	Promoter Related
3	ABEPJ7147G	Moolchand Jain	Promoter Related
4	ADIPJ9498C	Mukesh Kumar Jain	Promoter Related
5	AFOPJ4431P	Vikas Jain	Promoter Related
6	AEFPS6298M	Brij Bhushan Singal	Preferential Allottee
7	AACPG7709G	Pankaj Dhanji Goshar	Preferential Allottee
8	ABAPA2027N	Praveen K Arora	Preferential Allottee
9	AAECD5782B	Dreamlight Exim Private Limited	Exit Provider
10	AAECD9323N	Duari Marketing Private Limited	Exit Provider
11	AABCF5486H	Function Financial Consultants Private Limited	Exit Provider
12	AAFCG2554B	Gajgamini Merchandise Private Limited	Exit Provider
13	AAFCG5351A	Gangeshwari Traders Private Limited	Exit Provider
14	AADCH3599R	Hanshika Dealers Private Limited	Exit Provider
15	AACCH4303G	Helpful Investment Advisory Private Limited	Exit Provider
16	AACCL3868N	Ladios Trading Private Limited	Exit Provider
17	AAICM4750C	Mobixa Distributors Private Limited	Exit Provider
18	AAICM6982C	Muchmore Vincom Private Limited	Exit Provider
19	AACCM6582E	Pride Distillery Private Ltd	Exit Provider
20	AAGCR1715E	Rangan Vincom Private Limited	Exit Provider
21	AAGCR8144M	Reachsmart Developers Private Limited	Exit Provider
22	AAGCR8142P	Rochak Vinimay Private Limited	Exit Provider
23	AAGCR7017M	Rochi Dealcom Private Limited	Exit Provider
24	AAPCS7850L	Shivkhori Construction Private Limited	Exit Provider
25	AATCS3687H	Sidhiman Vyapaar Private Limited	Exit Provider
26	AADCT8403C	Topwell Properties Private Limited	Exit Provider
27	AAECV4988P	Vishnudham Marketing Private Limited	Exit Provider

12. I note that the *interim order* highlighted the profit/gain earned by the allottees. The details of the profit/gain earned by the preferential allottees covered in this order and against whom confirmatory directions have already been passed are tabulated below:

Table 3:

S.No.	PAN	Name	Profit earned on the sale of shares
1	AABPM6332L	Miglani Anuj Rajinder	412882486
2	ADPPR2047A	Damji Anandji Rambhia	271482750
3	AALPS7124C	Nareshkumar Kishanlal Saraf	230971791
4	AREPS5118G	Archana Miglani	212219486
5	AAHHP7899B	Prakash Hiralal Jain HUF	199142160
6	ARIPS3477L	Priyanka Miglani	189624800
7	ALVPM6130D	Sunny Mirchandani	163202252
8	AACPM1902D	Ankit Rajiderkumar Miglani	129888648
9	AEBPM1654H	Mahendra Bmittal	140436827
10	ACHPB0564H	Poojamahendra Mittal	140597415
11	AFPPM2107Q	Neelam Mor	113809995
12	AAJPI8348E	Monesh Israni	96723175
13	ADZPC5979N	Anilkumar Chamanlal	87654200
14	AEIPG1584P	Hemant Jayant Gogri	93448750
15	AADPB1550B	Kaushal Kanhayalal Bagadia	84655287
16	AAEPS7956D	Poonam Kaushal Bagadia	84593213
17	AGMPK5927A	Anil Kumar Kasaraneni	78501550
18	AABPS7441L	Pradip Damji Shah	79109225
19	AAAPP9409N	Gopal Nihchaldas Pariani	72097825
20	AAEPS8716P	Hirji Morarji Shah	70960750
21	AADHA7870F	Ashok Jain HUF	48041943
22	AEKPM9977L	Arvind Chhotalal Morzaria	45435010
23	AAHH5526G	Haresh Rawani Huf	45128900
24	AABPD9375L	Anil Vishanji Dedhia	40122000
25	AAIPS4820L	Kantilal Lalji Shah	37251230
26	AAZPM0573H	Rajesh Champaklal Mehta	35780835
27	AJLPC9910H	Jay Hansraj Chheda	39392775
28	ACMPM6181A	Kishor Pranjivan Mehta	33075606
29	AAAPB5499G	Balchand Jain	31222685
30	AADPR1704M	Priyanka Haresh Rawani	26545250
31	AEJPB6903J	Savita Bansal	27956750
32	ABHPA9244J	Sadha Rani	27598200
33	AAACT8706B	TVC Shares Stock & Investment Pvt Ltd	26316871
34	AANPS2300L	Archana Saluja	22725750
35	AAAPV9144N	Neena Sudhir Vora	24463400
36	BGGPM9415G	Peeyush Makhija	21957694

37	AAEPG6125C	Mayur Ishvardas Gandhi	21716489
38	APZPV0747H	Prithvi Sudhir Vora	19317325
39	ABSPJ2879F	Rajesh Durgashankar Joshi	18587500
40	ADQPT9711L	Santosh Yashwant Tandel	17267750
41	ABAPL3679D	Brijesh Chowdhary Lavu	13240300
42	ADSPA3332J	Neha Bansal	13637500
43	AATHS9775H	Sanjay Dnyaneshwer Nikam Huf	9122320
44	AAAPH6194E	Vasudev Mahirwan Hemrajani	8793472
45	AEUPB3427L	Anmol Prakash Babani	6756075
46	AEUPB2920C	Kunal Ramesh Babani	6747325
47	AKYPB3382J	Sharan Mohan Babani	6753975
48	AACPP0931H	Mahendra Pandhi	4710250
49	AAQPS5640E	Lata V Shah*	0

*- Lata V Shah transferred shares allotted through preferential allotment to Pankaj Dhanji Goshar who subsequently sold in the market.

13. I note that the *interim order* highlighted the fact that the Exit Providers bought most of the shares sold by the preferential allottees and the promoter related entities. The details of the value of the exit provided by the exit providers covered in this order and against whom confirmatory directions have already been passed are tabulated below at Table 5. The details of the profit/gain earned by the promoter related entities covered in this order are tabulated below at Table 6. As the promoter related entities had acquired the shares through off-market transactions, the purchase price has been considered at face value of the scrip.

Table 4:

S. No.	Name	PAN	Total No. of shares purchased from promoter related/preferential allottees	Value of the exit provided to promoter related/preferential allottees
1	Dreamvalley Trading Private Limited	AADCD0633J	3459200	32,36,75,273
2	Rangoli Distributors Private Ltd	AAECR2312K	1608411	15,05,87,671
3	Linus Holdings Ltd	AADCR9508C	1551830	14,51,05,105
4	Orchid Solution Private Limited	AABCO2236J	1306167	12,22,21,735
5	Indrawati Nirman Pvt Ltd	AADCI5139E	1032824	8,04,96,427
6	Dhlriti Traders Private Limited	AAECD8235D	956669	8,02,86,383
7	Spice Merchants Private Limited	AAPCS7492G	927945	8,31,87,753
8	Sebika Commodities Pvt Ltd	AARCS9144H	720449	5,51,81,408
9	Spark Commodeal Private Limited	AAOCS2216D	705374	6,17,17,449
10	Esha Securities Ltd	AAACE2862P	670644	6,33,79,090
11	Ridhi Vincom Private Limited	AAECR9858C	632995	5,91,76,420
12	Dove Suppliers Pvt Ltd	AADCD7017J	624434	4,03,48,417
13	Apex Commotrade Private Limited Ltd	AAJCA4459K	618981	5,69,62,423
14	Dhanraksha Vincom Private Limited	AADCD6028P	615991	5,75,27,170
15	Anjali Suppliers Private Limited	AAJCA1784D	567120	4,17,27,282

16	Goldensight Traders Private Limited	AAFCEG4773J	411950	3,15,61,200
17	Antaryamini Traders Private Limited	AALCA7880J	367114	4,31,64,295
18	Dhyaneswar Dealers Pvt Ltd	AAECD8010E	337363	2,74,34,922
19	Ramya Mercantile Pvt Ltd	AAGCR6009M	321300	3,03,10,505
20	Devatma Distributors Private Limited	AADCD7140G	314466	2,89,89,582
21	Kapeeshwar Vintrade Pvt Ltd	AAECK7329P	307500	2,52,91,390
22	Swarnprakash Traders Private Limited	AATCS6718D	299619	2,63,60,164
23	Helot Properties Private Limited	AACCH8885R	202101	1,91,28,615
24	Reachsmart Dealtrade Private Limited	AAFCE9881C	176545	1,66,03,662
25	Overload Financial Advisory Pvt Ltd	AABCO6950F	173556	1,64,77,634
26	Blue Horizon Commosales Private Limited	AAFCB0211J	170434	1,60,72,437
27	Winall Vinimay Private Limited Ltd	AAACW8004B	159800	1,49,43,475
28	Vibgyor Financial Servicepvt Ltd	AAACV8378B	146117	1,38,56,563
29	Divyadrishti Merchants Pvt Ltd	AABCD8147K	141000	1,31,58,700
30	Padma Impex Private Limited	AAACL4269P	100100	93,57,323
31	Divya Drishti Traders Pvt Ltd	AABCD8146J	81000	75,51,700
32	Signet Vinimay Private Limited	AAMCS1712Q	80704	72,91,468
33	Cheroot Vanijya Pvt Ltd	AAECC9285A	57150	46,88,038
34	SKM Travels Private Limited	AAICS0688K	55000	52,08,750
35	S N Srinivasan	ACIPS8803M	42000	39,66,850
36	Navdurga Investment Consultants Pvt Ltd	AACCN9567A	38000	35,51,100
37	Symphony Merchant Pvt Ltd	AADCS5411K	30000	28,36,500
38	Bazigar Trading Private Limited	AABCB3052B	20000	17,17,000
39	Runicha Merchants Private Limited	AAECR0580M	20000	18,85,000
40	Amit Singh	BABPS7447D	15000	14,14,000
41	BSR Finance And Construction Ltd	AABCB0636K	7000	6,04,100
42	Swarna Pushpa Vanijya Private Limited	AAJCS0597G	3470	2,99,288
43	Sanklap Vincom P Ltd	AAMCS1711P	3000	2,83,200
44	Burlington Finance Limited	AABCB2575P	600	51,600

Table 5:

S. No.	PAN	Name	Gr Sell Vol	Gr Sell Value	Purchase value of the shares sold assumed to be Rs. 10*	Profit
1	ADLPD0494K	Umang Dhanuka	200000	1,73,95,806.00	20,00,000.00	1,53,95,806.00
2	ADLPD5568J	Mayank Dhanuka	219000	1,92,18,695.00	21,90,000.00	1,70,28,695.00
3	ADNPD6220D	Nikunj Dhanuka	280000	2,39,16,117.00	28,00,000.00	2,11,16,117.00
4	ADOPB3260E	Neha Dhanuka	48000	40,56,000.00	4,80,000.00	35,76,000.00
5	ADQPD6035P	Madan Mohan Dhanuka	48000	45,22,400.00	4,80,000.00	40,42,400.00

6	ADUPD7020N	Raj Kumari Dhanuka	120000	1,12,92,097.20	12,00,000.00	1,00,92,097.20
7	AEZPD5474N	Bina Devi Dhanuka	48000	45,30,150.00	4,80,000.00	40,50,150.00
Group Total			963000	8,49,31,265.20		7,53,01,265.20
8	AAWPG3157A	Vijuben Ranchhodbhai Golakia	51500	47,23,025.00	5,15,000.00	42,08,025.00
9	AAYPG3878J	Ranchhodbhai Jasmatbhai Golakia	96100	85,12,992.50	9,61,000.00	75,51,992.50
10	AEEPG1294G	Chintan Ranchhodbhai Golakia	95300	85,03,297.50	9,53,000.00	75,50,297.50
11	ALDPG8381J	Akash Ranchhodbhai Golakia	51500	47,23,025.00	5,15,000.00	42,08,025.00
Group Total			294400	2,64,62,340.00		2,35,18,340.00
12	ACIPM0237D	Shakuntala Maru	55500	44,73,425.00	5,55,000.00	39,18,425.00
13	ADUPM7778C	Paras Chand Maru	90300	54,39,310.00	9,03,000.00	45,36,310.00
14	AJWPM1991R	Saurabh Maru	100000	59,59,230.00	10,00,000.00	49,59,230.00
Group Total			245800	1,58,71,965.00		1,34,13,965.00
15	AABPF1503E	Sushilkumar Shribhagwan Fatehpuria	100000	85,75,730.60	10,00,000.00	75,75,730.60
16	AABPF1507A	Umadevi Sushilkumar Fatehpuria	100000	85,75,100.00	10,00,000.00	75,75,100.00
Group Total			200000	1,71,50,830.60		1,51,50,830.60
17	AAGHD3018R	Deepak Agarwal Huf	100000	69,47,440.15	10,00,000.00	59,47,440.15
18	AADHG0808H	Govind Agarwal Huf	100000	72,49,475.00	10,00,000.00	62,49,475.00
Group Total			200000	1,41,96,915.15		1,21,96,915.15
19	ABFPB2995P	Pankajkumar Rajkumar Baria	100000	85,79,030.00	10,00,000.00	75,79,030.00
20	AFTPB8600D	Poonam Pankaj Beria	100000	85,76,100.00	10,00,000.00	75,76,100.00
Group Total			200000	1,71,55,130.00		1,51,55,130.00
21	AAPPA6950Q	Rajkumar Budhram Agarwal	95900	84,96,692.50	9,59,000.00	75,37,692.50
22	AAPPA6951R	Pinky Rajkumar Agrawal	95300	85,11,297.50	9,53,000.00	75,58,297.50
Group Total			191200	1,70,07,990.00		1,50,95,990.00
23	AAEPJ9602R	Sudhesh Jajoo	31000	28,86,850.00	3,10,000.00	25,76,850.00

24	AAEPJ9603Q	Sunil Jajoo	31000	28,86,850.00	3,10,000.00	25,76,850.00
25	AALPJ9756B	Snehlata Jajoo	30000	28,00,250.00	3,00,000.00	25,00,250.00
26	AALPJ9757A	Kiran Jajoo	30000	28,00,250.00	3,00,000.00	25,00,250.00
27	AAMPJ0021E	Anuradha Jajoo	30000	28,00,250.00	3,00,000.00	25,00,250.00
28	AARPJ7854N	Omprakash Jajoo	31000	28,86,850.00	3,10,000.00	25,76,850.00
Group Total			183000	1,70,61,300.00		1,52,31,300.00
29	ABVPN8122C	Heena Hitendra Nagda .	175000	1,66,03,000.00	17,50,000.00	1,48,53,000.00
30	AGKPB3602K	Darshan D Bhanushali	160000	1,39,84,250.00	16,00,000.00	1,23,84,250.00
31	AAEPG6708K	Ashish Goel	161300	1,08,81,285.00	16,13,000.00	92,68,285.00
32	ACTPC4078P	Manisha Narpatkumar Chopra	500000	4,39,75,148.00	50,00,000.00	3,89,75,148.00
33	ABFPK6567J	Alok Navinchandra Kubadia	250000	2,33,95,950.00	25,00,000.00	2,08,95,950.00

* - Purchase value assumed at the price face value of the scrip

14. Considering the fact that majority of entities have already been heard and that the replies are similar/identical, even though some of the entities are delaying by seeking adjournment /documents, it is felt that at this stage a view can be taken for the Noticees based on reply/submissions already received.
15. The replies/submission of 123 Noticees are summarised as under. It is noted that some of the entities belonging to the same category, have submitted replies that are similar /identical in nature. Such replies have been grouped together for the sake of brevity. In addition to the various case laws referred by the noticees, they have *inter alia* submitted the following

I: Pine Animation Limited and Directors

1. Pine Animation Limited:

- a) The entity denied all allegations made against the company and its directors in the *interim-order*.
- b) The entity has submitted that there were no documents relied upon that would substantiate that the company or any of its officers having nexus with the shareholder or any other entities as mentioned in the order and that there were no document relied upon that would substantiate that the company or any of its officers are responsible for the market movement in the company's scrip. Moreover, neither the company, nor the officers of the company has gained any benefit from the same.
- c) None of the Directors of the company or its officials have directly/ indirectly traded in the company's scrip to gain any benefit.

- d) The company has made preferential allotment of 1,50,00,000 equity shares at the price of Rs. 10 per share and 97,00,000 equity shares at a price of Rs 10 per shares in the FY 2012-13 within the rules and regulations of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and as per the relevant section of the Companies Act,1956. Process of lock-in of shares made on preferential basis has also been duly followed by the company. The entities to whom the shares has been allotted were not "promoter related entities". All these entities have invested in the shares of the company on their own will and after going through the company's profile and its future plan. Thus allegation made in the order that the entities to whom the shares have been allotted on preferential basis are completely made on assumptions presumptions and is irrelevant and void.
- e) The entity has submitted that it is evident from the company's financials, that the company has consistently made profits after the preferential allotment with the inflow of further capital. The Company has made profit with the new investments made and has maximized shareholders wealth by properly utilizing their funds in line with its business activities. Hence, the company has no way misutilised the shareholder's funds and that the allegation that the company's intention were malafide is purely irrelevant and based on assumptions.
- f) The investors/shareholders of the company are no way connected / associated with the company or its directors under any arrangement or scheme.
- g) The company or its directors do not have direct access to volume data, order placement data or any other data wherefrom the company can gain information about the order placed on the exchange in the company's scrip.
- h) Allegation that the transfers to related entities of the promoters is irrelevant as only on account of transfer of shares to these entities, a relationship cannot be established between transferor and the transferee. These allegations are pure assumptions and have no truth which can be justified or proved.
- i) After revocation of suspension, the company has been able to raise funds to the tune of Rs.247.00 lacs. The increase in EPS from -0.24 to 0.15 in just a span of one year itself justifies the growth of the company and its ability to grow in future and outperform the benchmark industries. Hence, the allegation that the price of scrip was not supported by its fundamentals is incorrect, irrational and is unwarranted.
- j) Neither the company nor its directors have benefitted in any manner with respect to the trading in the shares of the company.
- k) The directors of company have just acted in their capacity of directors and have done all acts and business transactions within the purview of all rules and regulations applicable to them.
- l) There has been no complaint filed by anyone to any regulatory authority towards any malafide intentions of the company.
- m) The company has purely carried out its business activities and aimed maximizing profits to create shareholders wealth.

2. Lalji Ramraj Yadav:

- a) The entity has stated that no documents/evidences were provided to him before passing *ad-interim order* against him, which is in violation to the law of natural justice.

- b) The entity has denied all allegations made in the order and has submitted that he has not violated the provisions of SEBI Act and PFUTP Regulations as alleged in the order.
- c) He had been appointed as the Non-Executive Independent Director of M/s. Pine Animation Limited (Formerly Four K Animation Limited) w.e.f 18th January, 2012 and subsequently, resigned from the board w.e.f 28th May 2014 due to personal reasons.
- d) He has no relation or interest with company or its promoters or the preferential allottees of the company except for the Independent Directorship of the company.
- e) He has no relation/nexus of whatsoever nature with preferential allottees and with their dealings in the securities of Pine Animation Ltd.
- f) He had no role to play with the operation of the company and was not involved in any decision taken by the management. He was not in control of the day to day affairs of the company and had acted only in the capacity of the independent director for proper compliance and disclosure requirements of the company.
- g) He has not held and do not hold any share of M/s. Pine Animation Limited and have never transacted in any shares of the company and also has no role to play in respect to either in the movement of the price of shares of M/s. Pine Animation Limited or the volume of trades that had executed.
- h) Has no relation/ nexus either with the directors, promoters, preferential allottees or with any other shareholders of the company.

3. Santosh Kumar:

- a) The entity has denied all allegations made in the order and has submitted that he has not violated the provisions of SEBI Act and PFUTP Regulations as alleged in the order.
- b) He had been appointed as the Managing Director of M/s. Pine Animation Limited (Formerly Four K Animation Limited) w.e.f 2nd September, 2013.
- c) He has no relation/nexus of either with the preferential allottees or with any other shareholders of the company.
- d) He does not hold any share of M/s. Pine Animation Limited and had no role to play in respect to either in the movement of the price of shares of M/s. Pine Animation Limited or the volume of trades that are done.

4. Priyesh Prakash Pethe, Deepak Prakash Rane and Nirmal Pragjibhai Jodhani:

Letters were received from the entities appointing CA Nikunj Kanodia to appear before SEBI on their behalf. No other replies/submission received from the entities.

5. Mandar Subhash Palav:

- a) The entity has stated that no documents/evidences were provided to him before passing *ad-interim order* against him, which is in violation to the law of natural justice.
- b) The entity has denied all allegation made in the order and has submitted that he has not violated the provisions of SEBI Act and PFUTP Regulations as alleged in the order.
- c) He had been appointed as the Non-Executive Independent Director of M/s. Pine Animation Limited (Formerly Four K Animation Limited) w.e.f 18th January, 2012.

- d) He had no role to play with the operation of the company and was not involved in any decision taken by the management. He was not in control of the day to day affairs of the company and had acted only in the capacity of the independent director for proper compliance and disclosure requirements of the company.
- e) He has not held and do not hold any share of M/s. Pine Animation Limited and have never transacted in any shares of the company and also has no role to play in respect to either in the movement of the price of shares of M/s. Pine Animation Limited or the volume of trades that had executed.
- f) He has no relation/nexus of whatsoever nature with preferential allottees and with their dealings in the securities of Pine Animation Ltd.
- g) He has no relation or interest with company or its promoters or the preferential allottees of the company except for the Independent Directorship of the company.
- h) Has no relation/ nexus either with the directors, promoters, preferential allottees or with any other shareholders of the company.

6. Rajagopalan Nagaraja Sharma:

- a) The entity has submitted that he was an Independent Director of the company from 2007.
- b) After the original promoters sold their shares to Mumbai based entities in 2012, the new promoters moved their operations to Mumbai and the company name was changed to Pine Animation Ltd.
- c) He had tendered his resignation to the Board, immediately on the change of ownership of the company, but was asked to continue for a short time till the new Board of Directors were formed.
- d) He had not attended any Board meetings, as he was never informed of Board Meetings.
- e) On his continuous insistence and request to the new Board during 2012 and 2013, he was released in April 2013.
- f) As the scope of SEBI's investigation was from May 2013, he was never a director during the period of investigation.
- g) He was never in control of the day to day affairs of the company, nor had any knowledge of its act and omissions.
- h) He did not hold any shares of the company and has never involved himself in share market activities at any point of time.
- i) The entity has further submitted an affidavit stating the following:
 - a. That the company did not have any business and hence was not able to pay the listing fees and therefore trading in its shares was suspended by BSE.
 - b. He received a call from Mr. Nimesh Joshi and Mr. Hitesh Kawa in January 2012, asking if the promoter shares can be acquired. He did not know them before the call.
 - c. He introduced them to Mr. Murali, the Director of First Entertainment Pvt. Ltd. and Unique Image Productions Pvt. Ltd.
 - d. He accompanied Mr. Murali for discussing the transaction in Mumbai. Mr. Nimesh Joshi and Mr. Hitesh Kawa and the company arrived at the purchase price of the shares and payment towards the acquisition of shares were made subsequently through banking channels during February 2012.

- e. He had signed the B/S and P/L for the year ending March 31, 2012 and submitted his resignation letter on July 01, 2012 and left for USA in July 2012 and came back only in January 2013.
- f. On his return, he found that his name was still appearing as a Director of the company. He enquired with Mr. Nimesh Joshi and Mr. Hitesh Kawas and was assured that it will be removed soon.
- g. On February 4, 2013, he wrote to the Registrar of Companies, Chennai, informing them that he had resigned from the company Board through his resignation letter to the company dated July 01, 2012. The entity enclosed a copy of his letter addressed to the Registrar of Companies, Chennai, in this regard.
- h. He was not involved in any activities of the company after change of ownership.

II: Promoters and Directors of the Promoter Companies

1. Unique Image Production Pvt. Ltd., First Entertainment Pvt. Ltd., Murali Shanmugam, Prabhu Sekar and Sekar Vasu:

- a. The entities have submitted that based on their industrial experience, they thought that they can bring business in Four K animation. They have been only shareholders of the company and never been in the management board or day to day affairs of that company. They tried to bring business but due to recession period from 2008 they were unable to get business to this company. Since they could not bring business to the company, the revenue was almost nil and nothing was happening in that company
- b. They were holding physical shares of the company and it was not being traded.
- c. One Mr.Nagaraj Sharma who was on that company in 2011, got a call from somebody who wanted to take over their shares and willing to run their business in that company.
- d. Mr.Nagaraj introduced Mr. Nimesh S. Joshi and Mr. Hitesh N Kawa, stating that they are the people buying their shares and they are going to run the business.
- e. The negotiation of the price was done by Mr. Nagaraj. They were negotiating the price, since it was not trading. The shares were sold as they felt there was no scope of getting business in that company and that their share value will be zero.
- f. The payment for sale of their shares was received through RTGS. After the payment was made, they have been totally out of the company.
- g. First Entertainment Pvt. Ltd. and Unique Image Pvt. Ltd., were put together holding around 7, 50,000Shares. The shares were sold in March 2012 at the price of around Rs. 2. The shares were sold to the new promoter company called Gajakaran Trading Private Ltd and Mahaganapati Financial Services.
- h. After they sold their shares in March 2012, the new group immediately changed the Registrar also and they have not got any communication from any registrar or Government channels from the date they sold the shares related to company.

III: Promoters related entities

1. Manisha Narpatkumar Chopra:

- a. The entity has denied any kind of intentional involvement in any fraudulent/illegal activity, as alleged in the order.
- b. The entity has submitted that she had purchased 50000 share of *Pine @* Rs.3 on 20/03/2013 through Mahaganapati Financial Services Pvt Ltd via Bhushit Trading Private Limited. She had got contact of Bhushit Trading Pvt Ltd through advertisement in newspaper (Economics times dated 02/01/2013).
- c. Further, the entity has submitted that when he saw there is fruitful profit on the shares, she started selling the shares gradually.
- d. The entity has according requested to allow her to access the securities market.

2. Govind Agarwal HUF And Deepak Agarwal HUF:

- a. The entities have submitted that they had met Mr. Hitesh Kawa in Mumbai who informed them that he was dealing in suspended company (ies) shares. On his pursuance they decided to risk Rs 30,000/- as investments in small companies. Accordingly, Around January 2013, they bought 10,000 equity shares each, of the company which constitutes hardly 0.001% of the then paid up capital.
- b. They were not aware that Mr. Hitesh Kawa belonged to any alleged promoter group or the shares he bought earlier belonged to any promoter of the Company. They have never met any Director or company personnel including that of the Promoters or Mr. Hitesh Kawa thereafter. They have submitted that they are neither connected to any promoter or director of the Company nor any alleged entities.
- c. At the time of their purchase, as there were no trades in the stock exchange, the sell or purchase of the shares were only possible through off market deals. The payment was made by way of cheque from their own source.
- d. The entities have submitted that SEBI in its order failed to justify what the fair opening price for the share and how the company after the pre-opening at Rs. 441/- in a gradual manner raised to a level of Rs 900 and above. The entities have also stated that there were no regulation in place or prohibition not to book profit and that SEBI also failed to show a single evidence of their role or any premeditated plan or ideology to sell the shares with the help of any persons named in the order. SEBI failed to establish how they are related to the promoters.
- e. The entities have submitted that the price was maintained for a period of two years and during this wide period any person who holds shares as per their risk propositions decided to sale. It cannot be attributable that the sale was predefined for LTCG.
- f. SEBI stepped into the shoes of the Income tax to say that there was long term capital gain by misuse of market mechanism, FUTP or any act or the SEBI act, 1992. SEBI nowhere substantiated its stand of misuse of the trading mechanism or use of the same for LTCG gains. If LTCG gain is a matter of concern, in that case all the listed company (ies) needs to be examined. LTCG is an incidental part of trade or trading.
- g. Except for the off market purchase and sale of shares, they have not traded any single shares in the market and have not created any volume as alleged. The shares were sold from their investment portfolio.
- h. The purchase was much before the commencement of the trading of the shares.

- i. Despite bad financials, BSE and SEBI allowed the company to start/resume its trading on 28/03/2013 at Rs. 441/- and allowed the company to come out with preferential allotment and split of shares. The failure of BSE and SEBI cannot be passed on to the genuine investors who gained on account of the market.

3. Heena Hitendra Nagda and Darshan D Bhanushali:

- a. The entities have denied all the allegations made in the order and further submitted that they have not violated the provisions of SEBI Act and PFUTP Regulations as alleged in the said order.
- b. They had acquired the shares of Pine Animation Limited only as an Investor and the said investment was made by out of their own savings and resources. These investments were made with the sole objective of earning dividend and profits.
- c. They are neither directly nor indirectly related to the said Company or any of its Promoters or Directors and were neither in a position nor have acted in concert with Pine Animation Limited and its Promoters or Directors to misuse the Stock Exchange System.
- d. Ms. Nagda has submitted that the purchase of 16,000 shares of *Pine* in the month of March 2013 was carried out as per the provisions of law and in a bonafide manner. The entity refutes the allegation contained in the SCN that she is a 'Promoter Related Entity' as she had not purchased from promoters or in the Preferential allotment. The shares were bought from an independent third party M/s Mahaganapati Financial Services Pvt. Ltd. after having been advised by one Mr. Jasubhai in this regard.
- e. Mr. Bhanushali has submitted that he came across an advertisement in the Economic Times newspaper by one Bhushit Trading Private Ltd., who, as per the advertisement, were dealing in the physical/odd lot shares of all companies. In the month of March 2013, Mr. Rajkumar, the authorized person of the said firm gave an option of investing in the shares of *Pine*. He had legally and in a bonafide manner got transferred in his name 16,000 shares of the company, at an investment cost of Rs.48,000 from his own funds and paid to M/s. Mahaganapati Financial Services Pvt Ltd., the seller. He can't be said to be Promoter related entity as he has not purchased from Promoters or in the Preferential allotment.
- f. The entities have submitted that in the facts and circumstances of the case, Section 11(1), 11(4) and 11B of SEBI Act, 1992, have no relevance and these provisions are inapplicable. SEBI's resorting to Section 11 and issuing directions against her is improper, invalid, untenable and illegal.
- g. They have no acquaintance with M/s. Mahaganapati Financial Services Pvt. Ltd, the transferor or any other entities, whose names are mentioned in the order.
- h. The entities have stated that no connection or nexus or relationship is established with any of the buyers of *Pine* shares. They had sold *Pine* shares in the market in the normal course, through stock broker and at prevailing market prices. Securities Transaction Tax (STT) was also paid on the sell transactions as per law and market regulations.
- i. The entities have submitted that proceeds from selling off the shares of *Pine* had been utilized for self/family requirement and there is no transfer of the money received from the sale of the said shares to any other entities.

- j. They are not preferential allottees and their trading in shares of *Pine* was not fraudulent, unfair and manipulative.
- k. There no evidence, whatsoever, to prove that the entities were Promoter related entity.
- l. The entities are small shareholders (holding 0.061%) and first timers in the market and were neither in a position to influence nor have entered into any manipulative practice at all.
- m. They are not aware about the counterparties to their trades.

4. Alok Navinchandra Kubadia:

- a. The entity has denied all the allegations made in the order and further submitted that he has not violated the provisions of SEBI Act and PFUTP Regulations as alleged in the said order.
- b. He had acquired the shares of Pine Animation Limited only as an Investor and the said investment was made out of his own savings and resources. These investments are made with the sole objective of earning dividend and profits.
- c. He has submitted that he is neither directly nor indirectly related to the said Company or any of its Promoters or Directors and also that neither was in a position nor have acted in concert with *Pine* Animation Limited and its Promoters or Directors to misuse the Stock Exchange System.
- d. The inclusion of his name in the *Pine* Group is erroneous as there is no elaboration on any evidence provided in the said Order and the examination materials provided by SEBI which conclusively establishes his nexus with the Exit Providers and the Promoter related entities.
- e. He has denied that his act and/or omission amounts to fraud, as there were no intentions of creating any kind of artificial price rise, nor concealment of any fact or making a false representation. He cannot be held liable for any violation of the SEBI Act or the PFUTP Regulations and strongly state that the shareholders cannot be held liable for the alleged misdeeds of the promoters or the Company or their related entities.
- f. He has earnestly sold shares of the said Company in a blind and transparent mechanism without any nexus to any of the counter parties.

5. Madan Mohan Dhanuka, Neha Dhanuka, Nikunj dhanuka, Bina Devi Dhanuka, Rajkumari Dhanuka, Umang Dhanuka and Mayank Dhanuka:

- a. The entities have submitted that they have been investing in securities from a longtime and have a portfolio of investment amounting to several lakhs.
- b. In and around December 2012, the shares of *Pine* were purchased, through an intermediary from one M/s Gajakarna Trading Pvt Ltd. (At no time did they meet and/or interact with any person from Gajakarna Trading and the investment in *Pine's* shares was made as the shares were available for a relatively lower price.
- c. Thereafter, they had sold their shareholding through the BSE platform. As the BSE ensures anonymity, they did not know any of the purchaser(s) and the sale of their shares was purely inspired by the prevailing share price of *Pine*.

- d. They have no connection with *Pine* and/or its promoters/directors or with Gajakarna Trading or its promoters/directors. However, vide the Order, they have been included as part of an alleged syndicate, instrumental in manipulation of the shares of *Pine*, for generating Long Term Capital Gains without any basis and when they had nothing to do with the same.
- e. Pertinently, even the physical share certificates received by them nowhere showed the names of the promoters of *Pine* but rather, only showed the name of Gajakarna Trading.
- f. The Order is completely silent about the emergency circumstances warranting action under Section 11(4) of the SEBI Act. Moreover, after so much time having elapsed, it could never be said that there existed such a grave urgency to justify action under Section 11(4) of the SEBI Act. Thus, absent the same, the Order and action taken under Section 11(4) is oppressive and excessive.
- g. The entities have submitted that the findings in the Order are based on conjectures, surmises and inferences. The Order alleges that persons (classified as Promoter related entities, Preferential Allottees and Exit Providers) have misused the stock exchange to allegedly generate fictitious Long Term Capital Gains and thereby convert black money into white. However, in the Order there is not a whisper of how the entities were a part of any wrongdoing.
- h. Merely because they had purchased shares which once belonged to the Promoters of *Pine* cannot be the only punitive and wide sweeping action against them.
- i. In the instant case, they had learnt for the first time from the Order that *Pine's* promoters sold their shareholding inter alia to Gajakarna Trading (being one of the 6 entities) The shares were issued directly in the name of Gajakarna Trading as witnessed from the Share Certificates and there was no reason or possibility for them to ever suspect or know that the shares were ever owned by promoters of *Pine*. Thus, without any link or connection between them Gajakarna Trading and/or the promoters of *Pine*, their categorisation as a 'Promoter related entity' is itself bad in law and unreasonable.
- j. Off-market purchase of shares is a permitted method of purchasing the shares of a company.
- k. The entities have submitted that the Order is discriminatory as much as, only those entities who have earned over Rs. 1,00,00,000 are alleged to have partaken in the wrongdoing and other entities, have, for reasons unexplained, been excluded from liability.
- l. There is no material whatsoever to suggest any laundering by them. The entities have submitted that notwithstanding this, and assuming for the sake of arguments that there was any alleged money laundering, the appropriate authorities would commence action. However, such allegations are not within the domain of SEBI.
- m. The Order fails to reconcile how, merely by making Long Term Capital Gains, our client has violated any prevailing law.
- n. Their shareholdings are negligible compared to the traded volume of *Pine* and hence, they could not, with such a meagre shareholding, be able to influence the price of *Pine* in any manner whatsoever or create any appearance of trading, false, misleading or otherwise.

- o. The entities have also submitted that there was no power under the provisions of the SEBI Act, to freeze their account and that the Order is therefore, to this extent, exceeding jurisdiction and authority.
- p. They had sold their entire shareholding from March 2014 to October 2014. As such, the rationale for passing the directions of the Order that the entities still holding the shares may potentially book a bogus tax-exempt LTCG of approximately Rs. 420 crores, cannot and does not apply to the case of the entities.
- q. Apart from being family members, the entities are in fact all individuals in their own right and for the purposes of including them in the Shortlisted Group, their sales have been incorrectly clubbed together. Individually, the Noticees Madan Mohan Dhanuka, Neha Dhanuka and Bina Devi Dhanuka have in fact sold shares for less than Rs, 1 crore.
- r. Pertinent that on the one hand, the Order finds that the acts and Omissions inter alia of the "Promoter-related entities" were fraudulent. But on the other hand, Whilst imposing the directions, only the "Shortlisted Group" of "Promoter-related entities" have been foisted with liability. This also shows that the classifications of the Order are arbitrary and without any legal basis.
- s. The entities have submitted that the Order under Section 11 and Section 11B of the SEBI Act, 1992 must necessarily be for preserving the objectives of SEBI with regard to the market. As such, and in the present circumstances of the case, the Order in paragraph 42 prohibiting them from accessing the capital market is penal in nature.
- t. The Noticees say and submit that the detailed facts with regard to the loan transactions are stated in the Replies filed by Bina Dewi Dhanuka, Mayank Dhanuka, Umang Dhanuka and Rajkumari Dhanuka, who are the directors of Biharji Constructions. The facts substantiating the genuineness of the arms' length nature of the loan transaction are set out in their entirety in these Replies.
- u. The Noticees say and submit that these loan transactions have no bearing whatsoever upon the sale and purchase of the shares of *Pine* by the Noticees. Further, the Order altogether fails to make any connection between the loan transactions and purchase in the shares of *Pine*. As such the loan transaction is entirely irrelevant for the purposes of the Order and ought to have been excluded from consideration.
- v. Ms. Bina Devi Dhanuka, Mr. Mayank Dhanuka, Mr. Umang Dhanuka and Ms. Rajkumari Dhanuka, who are the directors of Biharji Constructions, have submitted that in paragraph 25 of the Order, it is stated that 2 loans in a sum of Rs. 25,00,000 each were advanced by *Pine* to Biharji Constructions. It is alleged that the loans were advanced from monies received by *Pine* from the Preferential Allotments and that the said monies were not used by *Pine* for the stated purpose of the Preferential Allotment(s). In this regard, the said entities have submitted that they were not aware of and/or concerned with the source of funds used by *Pine* to advance the loans to Biharji Constructions and that the record will show that the loans were advanced on an arms-length basis and Biharji Constructions has also paid interest to *Pine* for the loans. The entities have submitted that therefore, they cannot be made liable by association, merely because *Pine* advanced a loan to Biharji Constructions and they are directors therein and that they are also classified, albeit wrongly, as a 'Promoter related entity'.

6. Gajakarna Trading Pvt. Ltd., Nimesh S Joshi, Rashmi N Joshi, Hitesh N Kawa, Roopal H Kawa, and Mahaganapati Financial Services Pvt Ltd:

- a. They have denied any and all allegations in the order and also denied having violated any of the provisions of SEBI Act 1992 or Regulations thereunder.
- b. The entities have objected the unilateral act of restraining them from accessing securities market, without allowing them an opportunity to make submissions and hearing their defense in the matter before issuing this order, which is void as it is issued against the principles of natural justice.
- c. The entities have stated that the period under examination is from May 22, 2013 to January 30, 2015 and they had never executed a single transaction in the security under investigation during this period. All their transactions were before the period under examination and they had absolutely no role to play in this period, where SEBI has detected huge rise in trade volume and prices, which is the basic cause behind the investigation.
- d. The entities have mentioned that they had given loans to the promoters of *Pine* in March 2012. As the company expressed its inability to repay the loan, as a last resort to recover the loan, they had to acquire the shares of *Pine* offered by the promoters, failing which they would not have been able to recover their hard earned money. On acquiring, they immediately transferred them to the buyers, who had made payment to them.
- e. The entities have submitted that they have not violated any of the Regulations of PFUTP or Sections of SEBI Act as alleged upon them in the *ex-parte ad-interim order*.
- f. The entities had sought documents relied upon for passing the order and the same were provided. In this regard, the entities have submitted that the information provided was of standard nature and no meaningful information substantiating the allegations was provided.
- g. The entities Mr. Nimesh Joshi, Ms. Rashmi Nimesh Joshi, Mr. Hitesh Kawa and Ms. Roopal Kawa, have stated that from the order it does not appear that approval of Judicial Magistrate was sought before attaching their demat accounts. The entities have submitted that though section 11(4) (e) applies to bank accounts and not demat accounts, but both bank and demat accounts are used to park assets in the favour of beneficial owners and hence demat accounts should be treated at par with bank accounts and all the requirements for attachment of bank accounts should be complied with while attaching demat accounts, which has not been done in this case.
- h. The entities Mr. Nimesh Joshi, Ms. Rashmi Nimesh Joshi, Mr. Hitesh Kawa and Ms. Roopal Kawa have further submitted that by restraining them from accessing securities markets and attaching their demat accounts, SEBI has subjected their investments to a huge risk of devaluation, which they have been made to face for no fault.

7. Akshar Ranchhodbhai Golakia, Chintan Ranchhodbhai Golakia, Ranchhodbhai Jasmatbhai Golakia, Vijuben Ranchhodbhai Golakia, Sushilkumar Fatehpuria, Uma Devi Sushilkumar Fatehpuria, Pankaj Kumar Beria, Poonam Pankaj Beria, Rajkumar Budhram Agarwal and Pinky Rajkumar Agarwal:

- a. The entities have denied all the allegations made in the said order. In addition, they submitted that they have not violated the provisions of SEBI Act and PFUTP Regulations as alleged in the said order.
- b. They had acquired the shares of Pine Animation Limited only as an Investor and the said investment was made by them out of their own savings and resources. Due to the said order, they cannot sell any of the shares or securities which they have purchased for investment purpose.
- c. The entities have stated that Mr. Narayan Jagetiya was introduced to them by CA Suraj Soni who in turn introduced them to Hitesh N Kawa stating that they deal in physical/ odd lot of shares of all companies and had suggested tem to buy the shares of Pine Animation Limited. They relied upon the representations made by Mr. Narayan Jagetiya and CA Suraj Soni and bought shares of Pine Animation Limited.
- d. They had purchased the shares of *Pine* in physical form from a stock broker and not directly from the promoter. The buying of shares from the promoter cannot be classified to draw interference that they are related to promoter.
- e. They are neither directly nor indirectly related to the said Company or any of its Promoters or Directors. They further stated that neither they were in a position nor they have acted in concern with Pine Animation Limited and its Promoters or Directors to misuse the Stock Exchange System.
- f. The entities have submitted that, pending the investigation by SEBI, they may be permitted to subscribe to units of mutual funds including through SIP and redeem the units of the mutual fund so subscribed. They may be permitted to avail the benefits of corporate actions like rights issue, bonus issue, stock split, dividend, etc and may be permitted to sell the shares lying in their demat account and to utilize the sale proceeds.
- g. In addition, they have requested to remove their name from the said order and withdraw the restrain on them from accessing the securities market.

8. Ashish Goel:

- a. The entity has made objections for the allegations made against him in the said order.
- b. The entity has submitted that he is an investor in the stocks and securities. The purpose of purchase of shares and securities is to have appreciation in his wealth and liquidity in case of need. Due to certain conditions imposed in the said order, he not able to sell shares of *Pine*.
- c. He has submitted that he got a tip from the market to buy shares of Pine Animation Ltd, stating that this company has good prospects in the future. Relying upon this tip, bought 20000 shares of Pine Animation Ltd, in physical form. He sold the shares of *Pine Animation Ltd* through his broker "Share Wise Equity Brokers Private Limited" through BOLT. He confirmed that there were no cash transaction or no exchange of monies took place illegally. He never knew who the buyers were.
- d. He is neither related nor connected to any promoter, directors. He further confirmed that he does not have any business or professional dealing with Pine Animation Ltd.
- e. SEBI has mentioned certain persons were responsible for pushing the price of the scrip but does not mention his name therefore action can be taken only against them and not against him. Further, SEBI has not given any finding in the order that any

entity listed in the order is connected and/ or related to him or he is related to any exit providers.

- f. The entity has stated that the ex-parte order passed against him is bad in the eyes of Law. A mere possibility of committing breach is not sufficient to issue directions and restrain him from selling securities. These directions are therefore, violative of principles of natural justice.
- g. Therefore, the entity has submitted that all directions issued against him may be withdrawn.

9. Shakuntala Maru, Paras Chand Maru and Saurabh Maru:

- a. The entities have emphatically denied the contention of the order mentioning them as promoters related entity.
- b. The entities have submitted that they are bonafide investors who indulged in the trading of securities on the basis of tips provided by the experts or trends expressed as per the prevailing market conditions.
- c. They have stated that they have no role to play in the market manipulation as alleged in the said order. Further, due to the said order, they have been deprived by carrying on their bonafide investment activities.
- d. The entities have requested to consider their case on the merits and withdraw their name from the order and remove all restraints on them from transacting in the security market.

10. Sudesh Jajoo, Sunil Jajoo, Snehlata Jajoo, Kiran Jajoo, Anuradha Jajoo and Omprakash Jajoo:

- a. The entities have denied all allegations made against them in the *interim* order and submitted that they have not carried out any violations as alleged in the said order.
- b. The entities have purchased shares from Roopal H Kawa with duly executed transfer deeds and submitted that they are not connected directly or indirectly to Roopal Kawa.
- c. The entities have submitted that it has not been specified what, if any, is the connection between the six entities being the transferees and the promoters and that terming entities who have merely acquired shares from the transferees as being Promoter related entities is stretching the unsubstantiated allegation even further.
- d. Their transaction of purchase and sale of shares were in the ordinary course of business without any concern or connection with any of the other parties involved. They are not a party to any of the transactions alleged for increase of price.
- e. They have sold the shares at the ruling market price. Further, they have sold only a small portion of their shares in *Pine* and this is wholly inconsistent with the allegations made in the *interim* order that they were party of price manipulation, tax avoidance etc.
- f. Their holding in the shares of *Pine* was a small fraction of their total investment in shares.
- g. The entities have stated that they have not caused loss to any investors nor have they made any wrongful profits at the cost of any other person.

- h. They have not received any funds from *Pine* as so alleged from the preferential issue proceeds. Further, they have stated that they are not connected whatsoever with the company, its promoters, any of the preferential allottees, any of the other purchase of the shares, with the person who sold them the shares, with any of the alleged exit providers, etc.
- i. Further, they are neither a part of the Promoters nor connected with any of such persons named. They are not connected directly or indirectly whether by way of financial/personal relation or otherwise with the Promoters, the transferees from the Promoters or the Exit Providers.
- j. Therefore, they have requested that the bar on them on accessing the capital markets and purchasing/selling / dealing in securities be removed immediately. In addition, they may be allowed to sell shares presently held by them other than those of *Pine*.

IV: Preferential Allotees

1. Hirji M Shah:

- a. The entity denied all allegations made in the *interim order*.
- b. He is a regular investor in the securities market and has been trading in scrips of various companies over a long period of time.
- c. The *interim order* has been passed in complete disregard of principles of natural justice, as no opportunity of hearing was provided before passing the *ex-parte order*. There was no compelling urgency for SEBI to inflict the debilitating restrains on him on ex-parte basis.
- d. He had made investment in *Pine* out of his own source of income and in the normal course of his trading. There is nothing to demonstrate that he had contributed towards price manipulation or price rigging.
- e. Based on various inputs received from publicly available material and upon coming across a good investment opportunity, he decided to invest in *Pine*.
- f. He is not connected/ related to any entity named in the order and has no role in price rigging or manipulation of *Pine* shares.
- g. He has been included merely because he participated in the preferential allotment and that by itself cannot be the basis to level a serious charge of fraud or market manipulation.
- h. It is wrongly deducted that the buyers in Patch 2 provided exit to preferential allottees in order to create artificial volume.
- i. More than 1/3rd of the shares sold by him were sold to parties other than exit providers and therefore there was no pre-determined exit to be provided to allottees as alleged in the order.
- j. The entity has submitted that the sale proceeds of *Pine* shares were immediately utilised for his business.
- k. Merely because the shares of *Pine* were suspended from trading and the scrip had weak fundamentals, any investment in *Pine* cannot be considered as a bad investment decision.

- l. The entity had requested for inspection/copies of all documents relied upon for passing the *interim order* in the matter. The documents were provided, subsequent to which the entity had submitted that SEBI did not provide any document which remotely links him to the sweeping allegations.
- m. The entity has accordingly had requested the directions in the *ex-parte order* be revoked and all proceedings be dropped.

2. Anil Kumar Kasaraneni and Neelam Mor:

- a. The entity denied all allegations made in the order and has claimed to be a genuine investor.
- b. During February 2013, Mr. Kasaraneni met a person at an exhibition in Mumbai and had discussion about investment opportunity in securities market and subsequently got invitation to invest in *Pine*. Ms. Neelam Mor's brother-in-law met a person at an exhibition in Mumbai and as had discussion about investment opportunity in securities market and subsequently got invitation to invest in *Pine*
- c. The order does not offer any documentary evidence regarding any nexus of the entities with promoter directors of *Pine*. Therefore the allegation against them is not tenable in law.
- d. They have denied any relation with *Pine*, promoter/director, PA, promoter related entities and exit providers. In addition, they have also denied that they had ever used securities market system to artificially increase volume and price for making illegal gains.
- e. They have stated that end use of funds received by company through preferential allotment has no relevance to them and they were not privy to the said facts.
- f. They have submitted that the order was passed without seeking any explanation from them which is in violation of principles of natural justice, equity and fair play. The findings are in the nature of final orders drawing final conclusions and have been made against them without giving opportunity to present their case.
- g. They have denied that they have misused the stock exchange system to generate fictitious profit.
- h. They have stated that the directions against them are harsh, disproportionate and therefore have requested to withdraw the same. They have requested to unfreeze their demat account and permit them to have access to the securities and stock market for buying selling his shares & stocks.

3. Balchand Jain:

- a. The entity denied all allegations made in the order and has submitted that he is not connected/related to *Pine*, its promoter and/directors, promoter related entities and exit providers.
- b. He has submitted that his decision to make investment in preferential allotment of *Pine* was prudent was out of his own funds. This investment decision was based on his own research about good future prospects of *Pine*.

- c. He is a regular and retail investor in securities market and has never misused the stock exchange mechanism. He had no malafied intention behind investment in *Pine*.
- d. He has sold negligible percentage of his investment in *Pine*. Further, he has stated that he has filed income tax returns about his income and has not created bogus non-taxable profits.
- e. He has submitted that the order has violated the principles of natural justice.
- f. SEBI has failed to express how interest of investors would be affected if he was not debarred with immediate effect considering the percentage of his trading volume vis-à-vis the trading volume at BSE.
- g. The entity has requested to withdraw the directions passed against him, unfreeze his demat account, allow him to redeem his investments in other securities and permit him to deal in securities market for buying, selling in shares and securities.

4. Anmol Prakash Babani, Kunal Ramesh Babani and Sharan Mohan Babani:

- a. They have denied all allegations made against them in the order.
- b. The order has been passed without according opportunity to them to present their case, which is against the principles of natural justice, fairness and equity.
- c. They are genuine investors and investing in the shares of this company was a normal commercial transaction.
- d. They have purchased the shares out of their own funds. They expected reasonable returns from this investment and did not have any malafide intentions in investing in the shares of the said company.
- e. They are still holding 94% of the shares purchased by them which implies that they had no intentions to make a profitable exit giving rise to the alleged artificial price rise.
- f. They have no nexus with alleged preferential allottees and exit providers as none of the shares sold by them were purchased by exit providers. They had no role in price rigging and have no relation with alleged entities that were responsible for price rigging.
- g. They deny that they are in any way connected with the Company, the Promoter Related entities and the Exit Provider entities.
- h. Investment made by them in *Pine* was based on presentation received by them about business plan, expansion plan, future prospects, balance sheet, annual report of company & was post revocation of suspension.
- i. It is not established that they have made cash payment to make long term gain and avoid income tax.
- j. They are not guilty of any provisions mentioned in the *interim order* as they have no role to play in unfair trade practice.
- k. Investing in company is not a crime and for wrongdoing of the company, investors cannot be punished
- l. The Order is unconstitutional & causing grave, serious and undue hardship to them.
- m. Accordingly, the order passed against them deserves to be set aside and have requested for de-freezing their demat account, permitting to access the securities market and be allowed to buy sell or deal in securities directly or indirectly.

5. Haresh T Rawani HUF, Priyanka Haresh Rawani, Neena Sudhir Vora and Prithvi Sudhir Vora:

- a. They have denied all allegations made against them in the order.
- b. The order has been passed without according opportunity to them to present their case, which is against the principles of natural justice, fairness and equity.
- c. They are genuine investors and investing in the shares of this company was a normal commercial transaction.
- d. They expected reasonable returns from this investment and did not have any malafide intentions in investing in the shares of the said company.
- e. They are still holding a majority of the shares purchased which implies that they had no intentions to make a profitable exit giving rise to the alleged artificial price rise.
- f. They deny that they are in any way connected with the Company, the Promoter Related entities and the Exit Provider entities.
- g. Investment made by them in *Pine* was based on presentation received by them about business plan, expansion plan, future prospects, balance sheet, annual report of company & was post revocation of suspension.
- h. It is not established that they have made cash payment to make long term gain and avoid income tax.
- i. They are not guilty of any provisions mentioned in the *interim order* as they have no role to play in unfair trade practice.
- j. Investing in company is not a crime and for wrongdoing of the company, investors cannot be punished
- k. The Order is unconstitutional & causing grave, serious and undue hardship to them.
- l. Accordingly, the order passed against them deserves to be set aside and have requested for de-freezing their demat account, permitting to access the securities market and be allowed to buy sell or deal in securities directly or indirectly.

6. Mahendra Vasantrai Pandhi, Sanjay Dnyaneshwer Nikam (HUF) and Santosh Yashwant Tandel:

- a. They have denied all allegations made against them in the order.
- b. The order has been passed without according opportunity to them to present their case, which is against the principles of natural justice, fairness and equity.
- c. They are genuine investors and investing in the shares of this company was a normal commercial transaction.
- d. Had informed about the purchase of shares to the Income Tax department and the shares were purchased out of their own/family funds and that the same has not been borrowed from anyone.
- e. They expected reasonable returns from this investment and did not have any malafide intentions in investing in the shares of the said company.
- f. They are still holding a majority of the shares purchased which implies that they had no intentions to make a profitable exit giving rise to the alleged artificial price rise.

- g. They deny that they are in any way connected with the Company, the Promoter Related entities, Exit Provider entities and the entities who have contributed to the price rise.
- h. Investment made by them in *Pine* was based on presentation received by them about business plan, expansion plan, future prospects, balance sheet, annual report of company and was post revocation of suspension.
- i. They have denied that their act and/or omission amounts to fraud, as they had no intentions of creating any kind of artificial price rise, nor did they conceal any fact of make false representation. They cannot be held liable for any violation of the SEBI Act of the PFUTP Regulations and strongly state that the shareholders cannot be held liable for the alleged misdeeds of the promoters of the company or their related entities.
- j. While making investments in the company, he had relied on documents and factors like (a) revocation of suspension dated 18th June 2012 of the company by the Stock Exchange (b) presentation on company received by us explaining about the business plan and why funds were needed, expansion plan, future prospects etc. for preferential allotment (c) Balance sheets /Annual Reports of the company.
- k. They have denied that he had paid a premium of Rs. 10 per share.
- l. They had sold the shares of the company in a blind and transparent mechanism without any nexus to any of the counterparties and that it is seen from the logs provided by SEBI that many of the shares which they have sold were purchased by persons who are not in the Exit Providers list.
- m. In a recent *Ex-parte ad interim order* in the matter of Four scrips in SME segment, a threshold of Rs. 1 crore was determined by SEBI. Though they have not made a gain of Rs. 1 crore or above but still have been restrained from accessing the securities market, which is unfair and arbitrary on the part of SEBI.
- n. The Order is causing grave, serious and undue hardship to them.
- o. Accordingly, the order passed against them deserves to be set aside and have requested for de-freezing their demat account, permitting to access the securities market and be allowed to buy sell or deal in securities directly or indirectly.

7. Vasudev Mahirwan Hemrajani:

- a. The entity has denied all allegations made against him in the order.
- b. The order has been passed without according opportunity to him to present his case, which is against the principles of natural justice, fairness and equity.
- c. The entity is a genuine investor and investing in the shares of this company was a normal commercial transaction.
- d. Had informed about the purchase of shares to the Income Tax department and the shares were purchased out of his own/family funds and that the same has not been borrowed from anyone.
- e. Had expected reasonable returns from this investment and did not have any malafide intentions in investing in the shares of the said company.
- f. The entity is still holding 94% of the shares purchased which implies that he had no intentions to make a profitable exit giving rise to the alleged artificial price rise.

- g. The entity denied that they are in any way connected with the Company, the Promoter Related entities, Exit Provider entities and the entities who have contributed to the price rise.
- h. Has denied that their act and/or omission amounts to fraud, as they had no intentions of creating any kind of artificial price rise, nor did they conceal any fact of make false representation. They cannot be held liable for any violation of the SEBI Act of the PFUTP Regulations and strongly state that the shareholders cannot be held liable for the alleged misdeeds of the promoters of the company or their related entities.
- i. The investment made in the Pine Animation Limited was made from his own/family funds and the same was not sourced from any of the *Pine* Group Entities.
- j. While making investments in the company, he had relied on documents and factors like (a) revocation of suspension dated 18th June 2012 of the company by the Stock Exchange (b) presentation on company received by us explaining about the business plan and why funds were needed, expansion plan, future prospects etc. for preferential allotment (c) Balance sheets /Annual Reports of the company.
- k. He has denied that he had paid a premium of Rs. 10 per share.
- l. He had purchased the shares looking at the projected growth or potential in the animation industry and only with a view of investment.
- m. It is inconceivable that more than 200 persons made a prior arrangement for alleged price rigging. He had sold shares in open market without knowing who the purchaser is.
- n. The sale proceeds from the sale of shares of Pine Animation Ltd have been utilized for the purpose of investment in other companies, none of the funds have been directly/indirectly transferred to any of the entities enlisted in Table 6 of the said order.
- o. After analysing the trade logs provided by SEBI, it is observed that there is a gap of timing between the orders placed and being the orders executed. Further, it is seen that out of the total shares sold by him many shares were purchased by the persons who are not in the Exit providers list. Persons who buy shares cannot be termed as exit providers as they invest based on their calculations.
- p. The entity is facing grave and severe hardships because of ban and freezing of his demat account. That at an extreme case SEBI could, at best, freeze only shares of the company lying in his demat account ad de-freeze all other shares and lift the ban on him from dealing in securities.
- q. The Order is causing grave, serious and undue hardship to him. Accordingly, the order passed against them deserves to be set aside and have requested for de-freezing their demat account, permitting to access the securities market and be allowed to buy sell or deal in securities directly or indirectly.

8. TVC Shares Stock & Investment Pvt. Ltd.:

- a. The entity has denied all allegations made against them in the order.
- b. The order has been passed without according opportunity to them to present their case, which is against the principles of natural justice, fairness and equity.
- c. The entity is a genuine investor and investing in the shares of this company was a normal commercial transaction.

- d. Had expected reasonable returns from this investment and did not have any malafide intentions in investing in the shares of the said company.
- e. The entity is still holding 90% of the shares purchased which implies that they had no intentions to make a profitable exit giving rise to the alleged artificial price rise.
- f. The entity denied that they are in any way connected with the Company, the Promoter Related entities Exit Provider entities and the entities who have contributed to the price rise.
- g. They have denied that their act and/or omission amounts to fraud, as they had no intentions of creating any kind of artificial price rise, nor did they conceal any fact of make false representation. They cannot be held liable for any violation of the SEBI Act of the PFUTP Regulations and strongly state that the shareholders cannot be held liable for the alleged misdeeds of the promoters of the company or their related entities.
- h. They being a private limited company, provisions of Section 115JB of Income Tax Act relating to minimum alternative tax (MAT) on book profit is applicable to them and they have paid approximately 20% income tax (MAT on book profit) and thus it is clearly indicative that they had no intentions of creating any bogus and not taxable profits.
- i. The investment made in the Pine Animation Limited was made from their funds and the same was not sourced from any of the *Pine* Group Entities.
- j. While making investments in the company, they had relied on documents and factors like (a) revocation of suspension dated 18th June 2012 of the company by the Stock Exchange (b) presentation on company received by us explaining about the business plan and why funds were needed, expansion plan, future prospects etc. for preferential allotment (c) Balance sheets /Annual Reports of the company.
- k. He had purchased the shares looking at the projected growth or potential in the animation industry and only with a view of investment.
- l. He has denied that he had paid a premium of Rs. 10 per share.
- m. It is inconceivable that more than 200 persons made a prior arrangement for alleged price rigging. They had sold their shares in open market without knowing who the purchaser is.
- n. The sale proceeds from the sale of shares of Pine Animation Ltd have been utilized for the purpose of investment in other companies, none of the funds have been directly/indirectly transferred to any of the entities enlisted in Table 6 of the said order.
- o. After analysing the trade logs provided by SEBI, it is observed that there is a gap of timing between the orders placed and being the orders executed. Further, it is seen that out of the total shares sold by him many shares were purchased by the persons who are not in the Exit providers list. Persons who buy shares cannot be termed as exit providers as they invest based on their calculations.
- p. The entity is facing grave and severe hardships because of ban and freezing of his demat account. That at an extreme case SEBI could, at best, freeze only shares of the company lying in his demat account and de-freeze all other shares and lift the ban on him from dealing in securities.
- q. The Order is causing grave, serious and undue hardship to him. Accordingly, the order passed against them deserves to be set aside and have requested for de-freezing their

demat account, permitting to access the securities market and be allowed to buy sell or deal in securities directly or indirectly.

9. Gopal N. Pariani:

- a. The *ex-parte ad interim order* is misconceived and contrary to the principle of natural justice in as much as the observations in the preliminary enquiry conducted by SEBI have not been furnished.
- b. The *ex-parte ad interim order* is vitiated by making general and generic observation and does not contain any findings which are party specific.
- c. He has submitted that he has been wrongly clubbed with others on the basis of false and unsubstantial allegation of allegedly acting in concert. He has merely acted as an investor and investment in the said shares was a personal decision. The shares had a lock in period of one year and it is difficult to envisage that he knew about profit booking on the said shares 12 months in advance.
- d. The entity has submitted that he has been investing in securities market since last 15 years and is genuine investors and invested in *Pine* from his own sources of fund.
- e. The entity has submitted that he is no way connected or associated to any promoter/director, preferential allottees, promoter related entities and exit providers & *Pine* group. In addition, he denied that he was not involved in either pushing up or down the share price of *Pine*. He has submitted that he is a mere investor and sold only part of the allotted equity and retained a substantial portion of 12,00,000 shares and in fact suffered a loss on the quantity of the retained equity.
- f. SEBI is only concerned with the market movement and not the issues pertaining to long term capital gain or otherwise which are within the domain of income tax authority. The provisions of income tax act are being misinvoked and misapplied only for sole object of giving direction in the matter and without hearing the parties hearing concerned.
- g. The entity has denied of his involvement in money laundering, tax evasion and fraud in security market. In addition, his transactions in *Pine* were not manipulative.
- h. He is neither an exit provider nor a promoter related entity nor a transferee of funds from *Pine*, hence the question of attributing manipulating conduct against him does not arise.
- i. The entity has stated that Pine Animation shares were recommended to him by Mr Sudhir Vora who is chartered accountant and family friend. Mr Vora gave a copy of prospectus of Four K Animation.
- j. The client has requested to set-aside the order and to permit him to deal in shares and securities.

10. Pradip Damji Shah and Rajesh D. Joshi:

- a. The entities have submitted that the *ex-parte and ad-interim order* has been passed not merely on the basis of prima facie findings but on conclusive findings, which is against the principles of natural justice.

- b. The entities had applied for preferential issue on the basis of a corporate presentation made by the company. The entities had further submitted that Mr. Tushar Vora who is a Chartered Accountant had informed them of an investment opportunity in the shares of *Pine* and based on a corporate presentation made by an official of from the company, they had applied for the preferential issue.
- c. The entities had applied for the shares of *Pine* from their own sources of funds and this was not in furtherance of any fraud or part of any scheme or connivance to defraud as alleged in the order.
- d. The assumption that “investments in a company with meagre fundamentals cannot be termed as rational investment” is not based on any law or facts. A purported unwise investment decision cannot be treated as any kind of market irregularity and the finding that the allottees had a nexus with the company, its promoters or directors of the company is farfetched and without any basis.
- e. They had not contributed to the rise in price since he sold on market price and has not influenced the positive increase from the last traded price. They have denied that any effort was made to illegally avoid tax in the form of Long Term Capital gains as alleged.
- f. They were holding less than 1% of the shares of *Pine* and as a result in no way, with less than 1% shareholding, could affect the price or volume of *Pine’s* shares being traded on the exchange.
- g. The entities have submitted that *Pine’s* shares were disposed by them after the lock-in period (as mandated by law) came to an end, due to circumstances arising which were not in sync with the Info Memo and was brought to my notice via the Director’s Report.
- h. The Purported loss caused to any investors on account of their trades as alleged by SEBI is notional and not quantified.
- i. There is no alert issued by the Exchange with regard to trading in the scrip. It is customary that the surveillance system of the Exchange gives alerts to the general public and to the Brokers and Brokers in turn to the investors. In the absence of such an alert and advisory, it is not possible for a common investors like them to detect any market level malfeasance, if any, in a stock.
- j. They had applied for the shares of the *Pine* from his own sources of funds and not in furtherance of any fraud or part of any scheme or connivance to defraud as alleged in the Order.
- k. They had sold a part of their shares through broker on the online trading system of the Stock Exchange and the proceeds of sale of shares were utilised by them for his genuine business purposes.
- l. They have submitted that the finding that the allottees including them had a nexus with the company, its promoters or Directors of the Company is farfetched and without any basis.
- m. They have submitted that they did not participate in any scheme devised to make ill gotten gains and that they never had any black money and that the question of conversion of any black money into white does not arise.
- n. They have sold shares during the relevant period and it is not proved with any cogent evidence, wither prima-facie or otherwise, that this sale of shares is in any way termed

as fraudulent. Hence, they have submitted that the prohibition from the securities market as directed in the order is disproportionate and wholly unnecessary.

11. Lata V Shah:

- a. The entity has submitted that on perusal of all the Orders of similar nature and findings, it is observed that only the person/entity who had booked or gained long term profit on market has been restrained and not a single person/entity who has not made long term gains, has been restrained from securities market, except her, indicating discrimination, bias, prejudice, inequality and inconsistency of SEBI in passing the present order against her.
- b. The entity has submitted that her transaction in Pine Animation is of an “off market” nature and therefore beyond the jurisdiction of SEBI. Thus, ab-initio, the said order passed against her is wholly unsustainable and bad in law and therefore ought to be and deserves to be withdrawn in limine.
- c. She had made the investment in the preferential shares of Pine Animation Limited on the recommendation of my real younger brother, Pankaj Dhanji Goshar. On 30.07.2014, out of natural love and affection by the way of an “off market transaction”, she had gifted 60 Lac shares of *Pine* to her only real younger brother, Pankaj Goshar for which she had executed delivery instruction slip dated 04.08.2014. In the circumstances, the allegations in the said order with regard to ‘tax evasion’ or ‘avoidance of tax’ are unsustainable and non-maintainable against her and the said findings are perverse, arbitrary, misconceived and misdirected.
- d. The entity has submitted that she does not have any sort of connection, nexus, link or relationship with the company, its promoters/directors, and promoter related entities or any exit providers whatsoever.
- e. The entity has submitted that in the interest of natural justice, SEBI ought to have provided her with all the relevant documents, evidences referred to and relied upon in making such bald and unsubstantiated allegations against her at the time when the said Order was served upon her or at least before granting her an opportunity of personal hearing.
- f. The entity has submitted that an open ended Restraint Order against her is in breach of fundamental right of carrying on business bestowed upon every citizen under Article 19 (g) of the ‘Constitution of India’ and also in gross violation of cardinal rule of ‘audi alteram partem’ and therefore violates basic principles of equity, fair play and natural justice.
- g. She has not sold a single share on floor/automated trading system of the stock and hence the question of misusing the stock exchange system does not arise in her case and the charge thereof is absurd.
- h. She has not earned a single rupee from the gift of the said shares to her brother and hence there was no profit which has accrued and therefore the question of claiming any exemption as Long Term Capital Gain under Section 10(38) of Income Tax act, 1961 does not and cannot arise at all.
- i. She has not employed any manipulative or deceptive device or acted in contravention of the provisions of the SEBI Act or the rules or the regulations made there under.

Additionally, by requiring her to explain how her investment in *Pine* shares is not in contravention of the PFUTP Regulations, SEBI has effectively called her to prove a negative, namely that there was an absence of connection between me and *Pine* Company, its promoters and connected entities; without SEBI having first discharged its obligation to establish such a nexus. The approach thus adopted by SEBI is contrary to all canons of evidentiary principles which are central to a fair adjudicatory process.

- j. The entity has further submitted that the partial reliefs granted to her have been passed in a routine mechanical manner in as much the facts of her case are totally distinctive and different from those of all others named in the said Order.

12. Anil Vishanji Dedhia and Mayur Ishwardas Gandhi:

- a) They have denied all allegations made against them in the order.
- b) The order has been passed without according opportunity to them to present their case, which is against the principles of natural justice, fairness and equity.
- c) They are genuine investors and investing in the shares of this company was a normal commercial transaction.
- d) They expected reasonable returns from this investment and did not have any malafide intentions in investing in the shares of the said company.
- e) They are still holding a majority of the shares purchased which implies that they had no intentions to make a profitable exit giving rise to the alleged artificial price rise.
- f) They deny that they are in any way connected with the Company, the Promoter Related entities and the Exit Provider entities.
- g) Investment made by them in *Pine* was based on presentation received by them about business plan, expansion plan, future prospects, balance sheet, annual report of company & was post revocation of suspension.
- h) It is not established that they have made cash payment to make long term gain and avoid income tax.
- i) They are not guilty of any provisions mentioned in the *interim order* as they have no role to play in unfair trade practice.
- j) Investing in company is not a crime and for wrongdoing of the company, investors cannot be punished
- k) The Order is unconstitutional & causing grave, serious and undue hardship to them.
- l) Accordingly, the order passed against them deserves to be set aside and have requested for de-freezing their demat account, permitting to access the securities market and be allowed to buy sell or deal in securities directly or indirectly.

13. Hemant Jayant Gogri:

- a) The entity has denied that he has violated any provisions of PFUTP Regulations, 2006 and the provisions of the SEBI Act, 1992, while dealing in the scrip of '*Pine*' as wrongly alleged.
- b) Merely because he was allotted shares on preferential basis and after expiry of lock in period, the shares got sold to the entities purportedly connected/related, directly or

indirectly, to the so called *Pine* Group/suspected entities, and in the process he earned profits, it has been assumed that he was party to some fraud and acting concert with *Pine* Group and suspected entities and have misused stock exchange system to generate fictitious profits.

- c) He had applied for allotment in the preferential offer of *Pine* from his own funds. He was neither aware of nor connected with nor involved in nor participated in nor had the means to know the entities of the purported *Pine* Group/ Suspected on their alleged dealings.
- d) He has submitted that he had sold the shares of *Pine* on the floor of the exchange in a blind and transparent trading mechanism and was neither aware not have means to verify the counter party to his trades and hence deny the allegation that he sold his shares to entities connected/related directly or indirectly to *Pine*/suspected entities. In any event the order is totally silent on the alleged connection/relation
- e) There is nothing unusual or objectionable to invest in the share of companies to earn returns profits/gains.
- f) The entity has submitted that with reference to the noting that the said price movement was not backed by fundamentals of the company and its financials the said noting is vague and abstract. The price of scrip can be influenced due to innumerable factors as like the general market trend, market sentiment, the existing market position of market players etc.
- g) Except for making an application in the preferential allotment he has absolutely no financial dealing with the *Pine* group. All his transactions in *Pine* shares were delivery based and he has met with all obligations on the market. The same were also carried out at the ten prevailing market price and there is no allegation of establishing New High Price (NHP) or that any trades had any impact on the Last traded price (LTP) of *Pine* shares.
- h) He has no connection with any of the entities who are alleged to have played role in established New High Price as mentioned in the *interim order*.
- i) The inclusion of his name in the *Pine* group is erroneous as there is no elaboration on any evidence provided in the said order and the examination materials provided by SEBI which conclusively establishes his nexus with the Exit Providers and the Promoter related entities.
- j) He cannot be held liable for any violation of the SEBI Act or the PFUTP Regulations and strongly state that the shareholders cannot be held liable for the alleged misdeeds of the promoters of the company of their related entities.

14. Ashok M. Jain HUF:

- a) He denies the allegations made in the *Ex-parte ad-interim order* and the allegations are without any evidence/documents/material substantiating the same.
- b) He is an active trader the securities market and a businessman. His investments are solely with a bonifide intention of earning profit in return of his investment
- c) The fact that *Pine* was making a preferential allotment came to knowledge of the client by the virtue of him being an active trader in the securities market. At that time he was looking to make an investment in a scrip. Therefore, he thought it as a good

investment opportunity. On being shown the presentation on the operations of the company, he was of the opinion that the animation industry in India which was relatively new at that time had very high prospects of flourishing in the future. Accordingly, he decided to invest in the company through the preferential allotment.

- d) On the completion of the one year lock in period, the scrip witnessed a significant rise in its price. On witnessing the then prevalent trend in the scrip, he chose to sell a few of the total shares held by him in the scrip, thereby making a desirable and an entirely legal profit. He was unaware about any alleged scheme employed by the company or any other investor, until the said order was served upon him.
- e) At the time he invested in the company, he had no knowledge of the promoter's intention of exiting the company. Therefore, to presuppose that the said investment in this case confirms a nexus with the company and its directors/promoters is absolutely erroneous. He stated that only because he was one among the preferential allottees, does not necessarily mean that he is related to the company. To assume that all Preferential Allottees are connected to the Company by the virtue of being Preferential Allottees is incorrect.
- f) While selling the said shares in question, the client had in mind to make profit on his investment, not who the counterparty to his trade was. Also, when he sold a part of his shares in the scrip, the animation industry was facing some challenges.
- g) The fact that his trade matched to that of the Exit Provider, is a matter of mere coincidence.
- h) Profit earned by him is completely legal in nature and well deserved as a result of his risk taking ability and well timed decisions. Moreover, this does not in any way throw light upon the fact that the Exit providers and the Preferential Allottees were hand in glove with each other.
- i) If he would've in fact had any nexus with the Promoter Related Entities or the Exit Providers, he wouldn't have sold just a part of his share holding in the scrip of the company. Instead he would've, like any other prudent person who was to possess a nexus, sold his entire share holding in the scrip of the company, thereby maximizing his profit.
- j) The price at which he sold his shares was rarely near to the highest price for that particular trading day. In fact, on most days, his selling price is very close to the lowest price for a given trading day. Therefore, had it been the case that he was colluding with other entities to artificially increase the price and the volume, he would have sold the shares at the highest market price to gain maximum profits. But, the fact that the selling price was actually much less than the highest price of that trading day, clearly shows that he did not resort to any collusion in the process of selling the shares of the company.
- k) He has no role in contribution to increase in price either directly or indirectly, nor a part of any scheme for increasing the price of the scrip.
- l) The client has submitted that the inference taken therein that the Preferential Allottees along with Promoter related entities acting in concert with Exit providers has misused the stock exchange system to generate fictitious LTCG is incorrect. The client has always been and is an honest taxpayer.

- m) In the entire alleged scheme, he is a victim of the circumstances and not the beneficiary as in alleged.
- n) He denies that he has violated the provisions of Regulation 2, 3 and 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 or Section 12A of the SEBI Act. He has neither directly nor indirectly bought or sold or otherwise dealt in the securities in any fraudulent manner.
- o) Instead of passing a complete restraining order in terms of Section 19 read with Sections 11(1), 11(4) and 11B of the SEBI Act, 1992, A Cease and Desist Order under section 11D would have sufficed the cause and served the purpose of protecting the interest of the investors. However, to absolutely debar him from accessing the securities market is a severe course of action.
- p) He has stated that, to blindly assume a situation to be true for one and thereby assume the same to be true for the lot may be the cause of grave injustice to those who have absolutely no mens rea to commit any fraud and have been wrongly grouped for the sake of convenience.
- q) He has requested SEBI to look at his case independently and without any presuppositions or prejudice. In addition, requested to quash the order against him and all charges, inquiries and investigations against him be dropped.

15. Prakash Hiralal Jain HUF:

- a) He denies the allegations made in the *Ex-parte ad-interim order*
- b) He was initially into plywood business and subsequently commenced business in Viva Composite Panel Pvt Ltd which flourished gradually. His business has been steady and has scarcely traded in securities market.
- c) His risk taking ability is apparent from the fact that his business is doing well. Therefore, investing in securities market once in a while was ok for him. His investments are solely with a bonafide intention of earning profit in return of his investment.
- d) The fact that *Pine* was making a preferential allotment came to knowledge of the client by a chartered accountant who hailed from Rajasthan. At that time he was looking to make an investment in a scrip. Therefore, he thought it as a good investment opportunity. On being shown the presentation on the operations of the company and on being assured about the soundness of the investment, he decided to invest in the company through the preferential allotment
- e) On the completion of the one year lock in period, the scrip witnessed a significant rise in its price. On witnessing the then prevalent trend in the scrip, he chose to sell a few of the total shares held by him in the scrip, thereby making a desirable and an entirely legal profit. He was unaware about any alleged scheme employed by the company or any other investor, until the said order was served upon him.
- f) At the time he invested in the company, he had no knowledge of the promoter's intention of exiting the company. Therefore, to presuppose that the said investment in this case confirms a nexus with the company and its directors/promoters is absolutely erroneous. He stated that only because he was one among the preferential allottees, does not necessarily mean that he is related to the company. To assume that all

Preferential Allottees are connected to the Company by the virtue of being Preferential Allottees is incorrect.

- g) He had absolutely no knowledge of any relationship between the net buyers who had traded in Patch III and preferential allottees/promoter related entities. Further, he had traded only 2.96% of total shares traded in Patch III. This shows that he is not responsible for any substantial increase in volume in *Pine* during Patch III.
- h) The fact that his trade matched to that of the Exit Provider, is a matter of mere coincidence.
- i) Profit earned by him is completely legal in nature and well deserved as a result of his risk taking ability and well timed decisions. Moreover, this does not in any way throw light upon the fact that the Exit providers and the Preferential Allottees were hand in glove with each other.
- j) If he would've in fact had any nexus with the Promoter Related Entities or the Exit Providers, he wouldn't have sold just a part of his share holding in the scrip of the company. Instead he would've, like any other prudent person who was to possess a nexus, sold his entire share holding in the scrip of the company, thereby maximizing his profit.
- k) The price at which he sold his shares was rarely near to the highest price for that particular trading day. Out of 70 trading days, only on 8 trading days the trades executed by him in the days's high price. Therefore, had it been the case that he was colluding with other entities to artificially increase the price and the volume, he would have sold the shares at the highest market price to gain maximum profits. But, the fact that the selling price was actually much less than the highest price of that trading day, clearly shows that he did not resort to any collusion in the process of selling the shares of the company.
- l) He has submitted that he, as a preferential allottee, invested into the company on the assurances made to him by the company as to the purposes for which the said funds may be utilised. Therefore, he has no means to find out where his money goes.
- m) He has no role in contribution to increase in price either directly or indirectly, nor a part of any scheme for increasing the price of the scrip.
- n) The client has submitted that the inference taken therein that the Preferential Allottees along with Promoter related entities acting in concert with Exit providers has misused the stock exchange system to generate fictitious LTCG is incorrect. The client has always been and is an honest taxpayer.
- o) In the entire alleged scheme, he is a victim of the circumstances and not the beneficiary as in alleged.
- p) He denies that he has violated the provisions of Regulation 2, 3 and 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 or Section 12A of the SEBI Act. He has neither directly nor indirectly bought or sold or otherwise dealt in the securities in any fraudulent manner.
- q) Instead of passing a complete restraining order in terms of Section 19 read with Sections 11(1), 11(4) and 11B of the SEBI Act, 1992, A Cease and Desist Order under section 11D would have sufficed the cause and served the purpose of protecting the interest of the investors. However, to absolutely debar him from accessing the securities market is a severe course of action.

- r) He has stated that, to blindly assume a situation to be true for one and thereby assume the same to be true for the lot may be the cause of grave injustice to those who have absolutely no mens rea to commit any fraud and have been wrongly grouped for the sake of convenience.
- s) He has requested SEBI to look at his case independently and without any presuppositions or prejudice. In addition, requested to quash the order against him and all charges, inquiries and investigations against him be dropped.

16. Brijesh Chowdhary Lavu:

- a) The entity has submitted that the order has been issued without any prior letter/communication/notice or any correspondence seeking his explanation or clarification on the subject matter. Passing an *interim order* against him was unwarranted and unjustified and any post decisional hearing cannot cure the basic lacuna and deficiency in law.
- b) His demat account has been frozen and he has been restrained from buying, selling and dealing in the securities market directly or indirectly in any manner. As a consequence, presently he has been deprived of an opportunity to sell his existing shares at the best opportune time during prohibitory period. Further, he has been deprived of an ongoing opportunity of making investment in the stock market such as “offer for sale” of Public sector Undertakings.
- c) He has been carrying out investment activities in the market in past and has had an unblemished and clean track record of carrying out activities in the stock market. Even in the matter of his dealing in Pine Animation scrip, he is not in violation of any provision of securities market law as alleged or otherwise.
- d) There has been proper disclosure of his dealing in Pine Animation shares as statutorily required and it had been carried out in absolutely fair and transparent manner as required. He had invested in preferential allotment of Pine Animation Company as it was very much within his own ‘risk and reward’ parameters. He had no nexus in any manner whatsoever with Pine Animation or any persons/entity named in the *interim order*
- e) He had paid for the shares allotted to him under preferential allotment from his bank account and similarly deposited sale proceeds in his bank account. The same has been properly accounted and fully disclosed to the authorities including Income tax departments hence question of avoidance of Income Tax, as long term profit on securities are exempted from tax as per the Income tax rules.
- f) His sale value is not even 5% of his holding and if he had mala fide intention and was party to the mala fide plan as alleged he would have sold almost entire holdings.
- g) He has denied violation of the alleged provisions of PFUTP Regulations.
- h) All his transactions in Pine Animation share were delivery based and have meet with all obligations on the market. The same were also carried out at the then prevailing market price and there is no allegation of establishing New High Price (NHP) or that any trades had any impact on the Last Trades Price (LTP) of Pine Animation shares. Thus, allegation of any price manipulation is not applicable in his case.

17. Ankit Miglani, Archana Miglani, Anuj Rajinder Miglani and Priyanka Ankit Miglani:

- a) The entities denied all the allegations made against them in the Order. They have submitted that, I have not violated any of the provisions of SEBI Act/Regulations as alleged.
- b) The entities had requested to provide them inspection of all the documents / material relied upon by SEBI for making the allegations against them vide the aforesaid order. Opportunity for inspection of documents was provided on June 29, 2015. However, the entities did not avail the opportunity. Subsequently, the entities requested for copies of documents relied upon for passing the order. The same were provided.
- c) The entities have submitted that the order is vitiated by gross violation of principles of natural justice, in as much as no opportunity was provided to them to explain their version and the circumstances as stated in the said order do not justify dispensation of pre-decisional hearing.
- d) The entities have submitted that the power to issue directions under section 11 and section 11 (B) of SEBI Act has to be exercised judiciously and it is all the more necessary in a case having adverse civil consequences as well as reputational adversity. In the instant case, there was no such emergent situation or circumstance warranting such an *ex-parte ad interim order*.
- e) They have been dealing in the stock market since a considerable period of time and have never defaulted in meeting their payment or delivery obligations on any occasion.
- f) They had come to know about the investment proposal through their father/father-in-law. After paying the consideration amount, the shares were allotted by the company. After the lock-in-period expired, they continued to hold the shares for more than one and a half year and subsequently sold the shares in the secondary market through their stock broker.
- g) The pay-out amount received from the broker towards sale of shares of Pine Animation were utilised by them for their own business and financial purpose.
- h) They have no link/connection/nexus with Pine Animation, its promoters/directors, save and except as a shareholder, by virtue of preferential allotment. They have no connection with any other entities in the order, except for their family members, who have been allotted the shares through preferential allotment.
- i) SEBI cannot, based on its own subjective assessment brand the investment behaviour as not being rational.
- j) The entities have denied that they have been provided exit by the alleged exit providers.
- k) The entities have denied that the principle of price discovery was kept aside by them and that the market lost its purpose. The return of their investment was decent and they were prepared to take risk of fall in price while selling their shares. It took about six months to sell their shares and there were many occasions where their sale order did not get executed.
- l) They have submitted that they are not aware of any alleged modus operandi or mechanism to deceived the authorities by laundering black money or making tax free profits as alleged and have no role to play in the same.

18. Kaushal Kanhayalal Bagadia and Poonam Kaushal Bagadia:

- a) The entities have strongly contended the allegations and observation contained in the Order.
- b) The said SEBI Order is against the natural principle of equity, fair play, natural justice and hence bad in law and should be withdrawn.
- c) Power to issue directions under section 11, 11(4) and 11(B) is a drastic power having serious civil consequences and ramifications on the reputations and livelihood of those against whom it is directed. There was no need, necessity or rationalisation in the present *interim order* for use of such severe and drastic power against them.
- d) An open ended Restraint Order against them is in breach of their fundamental right of carrying on business bestowed upon every citizen of India granted under Article 19(g) of the 'Constitution of India'
- e) They are small investors in the capital market and unlike informed Institutional Investors and HNI category investors; retail investors like them have limited skill and experience of fundamental and technical research before making an investment decision. Thus the investment decisions are mostly made on the basis of news and rumors in print media, electronic media, grapevines, investment decision of other investors, institutions and psychology of the other investors.
- f) The uncle of the clients i.e., Mr. Raghuvir Prasad Ramlal Bagadia, strongly suggested that they should invest in Pine Animation Ltd (formerly, Four K Animation Ltd).
- g) Mr. Raghuvir Prasad Ramlal Bagadia was in the business of financial consultancy and investments for 50 years of his lifetime and he had an innate sense of financial advisory.
- h) On February 23, 2013 the entities were further informed that *Pine Animation* had received an 'in principle' approval from BSE for the proposed issue of preferential shares. They genuinely assumed that considering the authority and access to information which the BSE may have over *Pine Company* and its management, BSE would have exercised adequate due diligence, enquiry and would have obtained all necessary information before granting permission for issue of preferential shares and also subsequent commencement of trading of *Pine* on the stock exchange.
- i) The entities are regular Income Tax Assessee and file Income Tax returns regularly and also have been paying all the taxes due. Hence the question of any 'money laundering' or 'tax evasion' does not arise in their case.
- j) The entities have humbly submitted that they are not part of any wrong doing and genuinely had no idea of any alleged 'modus operandi' as alleged or otherwise. In addition, they are not connected or related to any person whose names are published by SEBI in the aforesaid *interim order*.
- k) The entities have stated that none of the companies wherein they are directors have any common directors from the persons mentioned in SEBI's *interim order*. In addition, they are not a director in any of the companies (entities) named in SEBI's *interim order*.
- l) Further, they have no financial dealings like giving loan, taking loan or any other dealing with any of the persons or entities mentioned in SEBI's *interim order*.

- m) They have submitted that all their sale transactions of *Pine* shares were delivery based and they had no idea who purchased their shares since all the transactions were executed through the normal screen based trading system of Stock Exchange. It is an undisputed fact that in case of screen based trading, the automated system itself matches orders on a price-time priority basis and hence it is not possible for anybody to have access over the identity of counter party dealing in any transaction.
- n) The entities have stated that they had followed and complied with all the procedure and requirements of the capital market through their broker and stock exchanges.
- o) Poonam bagadia has mentioned that on May 07, 2015, she had sold shares worth Rs. 24,00,598/- and on May 08, 2015, had sold shares worth Rs. 27,451/- in the market and shockingly as a consequence of the aforesaid restraint order her demat account was immediately frozen and the shares had to be auctioned whereby she had to suffer a loss of Rs. 1,02,375/-.
- p) The entities have submitted that they were wrongly roped into the present proceedings and requested to make the order inoperative with regard to them and quash charges against them as imposed in the order. In addition, they have requested that during the pending enquiry, they may be permitted to sell the shares and securities held by them and utilise the proceeds for their need based requirements.

19. Arvind Chhotalal Morzaria:

- a) The entity has strongly and vehemently contends the allegations and observation therein.
- b) The entity has submitted that SEBI has made sweeping, bald and common observations against him, amongst others, in the *Ex-parte Order* and there has been no attempt to examine his particular and individual role.
- c) His investment decision in the shares of *Pine* was made by him independently based on the recommendation received from Mr. Mukesh Champaklal Das.
- d) Merely because the company had allotted Preferential Shares to him, it cannot be presumed or pre-supposed that he has a nexus, link or relationship with the *Pine* Company.
- e) He has no 'nexus', link, relationship or any association whatsoever with the alleged *Pine* group or its promoters, directors or employee or any other entity except his investment in the said company
- f) He had no idea who purchased his shares as all the transactions were executed through the normal screen based trading system of the Bombay Stock Exchange.
- g) The entity has submitted that he is an ordinary and lay investor of capital market and has no insight about the functioning of the company and has no capacity to carry out research or investigate utilization of funds of the company.
- h) The present order is in gross violation of the basic principles of 'audi alteram partem'.
- i) The entity has submitted that the power to issue directions under section 11, 11(4) and 11(B) is a drastic power having serious civil consequences and ramifications on the repute and livelihood of those against it is directed. There was no need, necessity or rationalisation in the present *interim order* for use of such severe and drastic power against him. Further, an open ended restraint order against him is in breach of my

fundamental right of carrying on business bestowed upon every citizen of India guaranteed under Article 19(g) of the 'Constitution of India'.

- j) The entity has further submitted that he had purchased the shares of *Pine* with his legitimate source of income from his saving Bank Account and is a regular Income Tax Assessee who files all his Income Tax returns regularly. Hence the question of any 'money laundering' or 'tax evasion' does not arise in his case.
- k) The entity had assumed that BSE would have exercised adequate due diligence, enquiry and would have obtained all necessary information for issue for preferential shares and also subsequent commencement of trading of *Pine* on the stock exchange. Further, when the scrip was traded on market, no alert was generated by any regulation authority including SEBI and BSE and it is only in hindsight that SEBI has established on 'prima facie' findings that some entities may have been involved in alleged manipulation in the scrip of *Pine*.
- l) His sale transactions of *Pine* shares were delivery based and has complied with all obligations towards the market. He sold shares after the release of the lock-in period and was a prudent investment decision which is supported by bonafide commercial rationale.
- m) He dealt in *Pine* through a SEBI registered intermediary i.e Latin Manharlal Securities Pvt Ltd and all his sale transactions were as per the rules and regulation as laid out by the regulator from time to time.
- n) The entity has submitted that he is not party to any "scheme" of manipulation as alleged in the *interim order* otherwise he would have sold all his shares in the scrip in *Pine* at an earlier stage at the highest possible price in the market and exited from the scrip.
- o) He has not employed any manipulative or deceptive device with respect to his purchase or sale of shares of *Pine* or neither has he acted in contravention of the provisions of SEBI Act or the rules or the regulations made thereunder.
- p) As a consequence of said order, his Demat Account has been frozen and SEBI has acted beyond its scope and purview and power assigned to it and transgressed the power delegated to it by the Parliament of India.
- q) The entity has stated that the continuance of his trading activity in the securities market is not likely to be detrimental to the interest of investors and the securities market. In addition, has submitted that continuation of such an open ended restrain order is causing great harm and has wide ramification on his livelihood and business activities.
- r) He has requested to allow him to sell the shares held in his portfolio and use at least 25% of the proceeds for his need based requirements. The *interim order* as far as it is applicable to him may be made inoperative. The allegation against him and charges qua him be quashed and he may be discharged at the earliest.

20. Anil Kumar Chamanlal:

- a) The entity has denied all allegations made against him in the order. The impunged order was passed in violation of natural justice, equity and fair play.
- b) The entity has submitted that he has been an active investor in the stock market for the past 25 years and has been investing in securities on regular basis on his own analysis and judgement and on recommendations

- c) He has never known, met or dealt with any person identified in the order. He has no connection/nexus with transaction, trading activity, alleged price escalation or any event that can be deemed to be in violation of any SEBI Regulations.
- d) His trades have been on screen by giving instructions to his brokers and not on instructions of any third party. He was holding less than 1% of the total outstanding shares and thus could not have affected the price in any manner.
- e) He had applied for the preferential issue based on the information memorandum circulated by the company. The investment was made from his own funds. As the basic objective of his investment was to earn profits, the shares were sold once the lock-in ended.
- f) SEBI cannot presume a connection between the other parties and him and therefore cannot and should not be restricted from carrying out his livelihood and thereby made to face severe financial hardships.
- g) He is an unsuspecting investor with no relation to the alleged illegal transactions or with the people involved.

21. Jay Hansraj Chheda:

- a) The entity has denied all allegations made against him in the order.
- b) During the month of January 2013, he had met with one person who has lot of experience in the stock market and on his advise, he decided to invest in the preferential allotment of *Pine*.
- c) He had bought the shares of *Pine* and as a prudent investor had started selling it in tranches when market price of the same was more than the cost price.
- d) The order was passed without seeking any explanation from him, which is in violation of principles of natural justice, equity and fair play.
- e) The findings are in the nature of final orders drawing final conclusions and have been made against him without giving him any opportunity to present his case.
- f) He has no nexus with the company, promoter related entities, exit providers or the preferential allottees.
- g) The shares were sold on the floor of the exchange. The entity has submitted that the profits that were earned are not fictitious and has denied that he had misused the stock exchange system to generate fictitious profit.

22. Neha Bansal, Sadhna Rani and Savita Bansal:

- a) The entities denied all allegations made against them in the order & claimed that they are bonafide investors who had invested in *Pine* in normal course of investment activity.
- b) Claimed that they had made investment in *Pine* in compliance with all the Rules and Regulations that govern securities market. They have not employed any manipulative or deceptive device with respect to their purchase or sale of shares of *Pine*.
- c) The shares were sold on the floor of the exchange.
- d) The entities denied about their relationship with *Pine* Company, its promoters/directors/key management persons mentioned in SEBI's *interim order*

neither they have any common Know Your Client details, bank statement, off-market transactions with the said entities.

- e) Continuation of an open ended restrain order has wide ramification on their livelihood and business activities.
- f) Therefore, the entities have made prayer to make the order against them inoperative and all allegations against them and charges against them be quashed. During pendency of the Order, they may be permitted to sell the shares and securities held by them and utilise the proceeds thereof.

23. Monesh Israni and Sunny Mirchandani:

- a) The entities have submitted that they have no relations with any of the Directors or Promoters of *Pine* and the issue of the shares were not under a prior arrangement between the entity and the Directors/Promoters of *Pine*.
- b) Have traded at the prevailing market price through a registered broker and there is no allegation of any synchronized trade against them in the order.
- c) Had no knowledge as to who were purchasing the shares, as the sale of shares were through the Stock Exchange mechanism.
- d) They are not related to promoter related entities or to the exit providers, other preferential allottees, promoter related entities as alleged in the aforesaid order.
- e) The eligibility for claiming exemption Under Income Tax Act is so provided in the Central Act and cannot be viewed otherwise. The exemption is available depending upon the status of the acquiring person as to whether he is an investor or trader. Therefore, drawing adverse inference on the basis of statutory provision under the Income Tax Act is misconceived. Acquiring the share in preferential allotment in accordance with SEBI Regulations cannot be considered a scheme devised. Selling the shares as per market mechanism through screen based trading also cannot be considered as a scheme devised. The gains are legal and hence cannot be considered to be "ill-gotten gains".
- f) Without any evidence against them on record, no adverse inference can be drawn against them. During the pendency of investigation, debarring them from trading in any securities will amount to violation of their fundamental rights and therefore, the order is not sustainable in law.
- g) As they have not violated any provisions of SEBI Act, rules and regulations, the said order may be made inapplicable to them.

24. Nareshkumar Kishanlal Saraf:

- a) The entity has denied all allegations made against him in the SEBI order and stated that he has not violated any provisions of SEBI Act and regulations.
- b) He has not indulged in any fraudulent and unfair practices relating to securities so as to warrant any punitive directions.
- c) The *interim order* has been passed in complete disregard of principles of natural justice, as no opportunity of being heard was provided before passing the *ex-parte order*. There was no emergent situation that had arisen to pass an *ex-parte order* against him.
- d) The Order passed by SEBI is beyond the scope and reach of section 11B and 11(4).

- e) The entity has been trading in the securities market since 9-10 years and is a genuine investor.
- f) With regard to the preferential allotment, the entity had received business plan highlighting positivities of business prospects. The company also highlighted growth prospects of Indian animation industry. Therefore, the entity had invested on preferential basis in shares of *Pine* in good faith and with the commercial wisdom.
- g) The entity has no association with the company, promoter related entities, directors, and any alleged entities mentioned in the *ex-parte order*. Further, he has neither made any fund transfer to company, its directors, promoters or any entity nor made any off market transaction with any alleged entities.
- h) The shares were purchased from his own funds and all shares of *Pine* were sold on the floor of the exchange. He has no nexus with any of the counterparties/exit providers.
- i) As the said SEBI order has adversely impacted reputation and recognition of the entity, he has requested to withdraw the directions against him.

25. Peeyush Makhija:

Denies all allegations made in the order.

26. Damji Anandji Rambhia:

- a) The entity has denied all the allegations made in the *interim order*.
- b) He is a bonafide investor and invested money in normal course of his investment activity and his investment was within his own financial and risk bearing capacity.
- c) His investment decision was made on the basis of news and rumours in print media, electronic media, grapevine, investment decision of other investors etc.
- d) Merely because the Company had allotted preferential shares to him, it cannot be presumed or pre-supposed that he has a nexus, link or relationship with the *Pine* Company.
- e) Entity has stated that he is not connected or related to any person whose names are mentioned in the said *interim order*. He has no relation with *Pine* Group or its promoters, directors or employee or any other entity.
- f) None of the companies wherein he is a Director has any common directors from the persons mentioned in the SEBI's *interim order*. Further, he is not a Director in any of the Companies (entities) named in the SEBI's *interim order*.
- g) He had no idea who purchased his shares as all the transactions were executed through the normal trading system of Bombay Stock Exchange.
- h) He has not received a single rupee of the amount invested by him from *Pine* or any other entity mentioned in the *interim order*. Further, he has no financial dealings whatsoever with any of the persons or entities mentioned in the *interim order*.
- i) The entity has submitted that an open ended Restraint Order against him is in breach of fundamental right of carrying on business bestowed upon every citizen under Article 19 (g) of the 'Constitution of India' and also in gross violation of cardinal rule of 'audi alteram partem' and therefore violates basic principles of equity, fair play and natural justice
- j) Power to issue directions under section 11, 11(4) and 11(B) is a drastic power having serious civil consequences and ramifications on the repute and livelihood of those

against whom it is directed. There was no need, necessity or rationalisation in the present *interim order* for use of such severe and drastic power against him.

- k) While making investment he has followed and complied with all the procedure and requirements of the capital market and rules and regulations which govern securities market.
- l) He had no idea of any alleged manipulative modus operandi by any entity in *Pine* and not part of any game plan, fraudulent scheme devise or artifice as alleged in the *interim order*.
- m) He is a regular income tax assessee and he files income tax return regularly and never defaulted in filing income tax returns or depositing the tax due thereon. Therefore, question of any money laundering or tax evasion does not arise in his case.
- n) Therefore, he has requested to quash the charges against him made in the said *interim order* and allow him to buy and sell shares and securities and use entire process thereof for his need based requirements.

27. Kantilal Lalji Shah, Kishor Pranjivan Mehta and Rajesh C Mehta:

- a) *Ex-parte ad interim order* has been passed against them without giving an opportunity of being heard and without conducting any investigation. This is in sheer violation of the principles of natural justice.
- b) They are long term investors and are not involved in any kind of illegal activity. Like any other investor, they had invested their money in securities to get returns and thus when the prices of the company's shares increased they thought it to be a good time to sell and to make some profit. There was no ill intent involved and they had acted in a prudent manner in which any other investor would have acted in the given circumstances.
- c) SEBI has completely overlooked the fact that they were subscribers of the smallest portion of the total preferential issue of the company. Under no circumstances it can be said that, they were part of any scheme, plan, device and artifice vide which they had evaded any tax. In any event, they had held the shares for more than one year and no company with however good financial planning can predict in advance about its future profitability position and therefore could have planned transactions to avoid tax as alleged.
- d) They were involved in only sale of shares and not involved in any price discovery or volume creation mechanism. SEBI has failed to furnish any evidence/documents which could establish that they had any relationship with the buyers, promoters in the patch 2 or that they assisted in any manner in creating/maintaining the alleged artificial demand in the stock exchange, of the company, during the patch 2.
- e) It is inconceivable that huge numbers of persons/entities such as 92 persons/entities were together involved in carrying out the alleged fraudulent transactions and in price manipulations. It is physically impossible for 92 persons to act in collusion with each other and engage in price manipulations.
- f) It is utmost pertinent to note that if there was any collusion between them and the promoters and directors of *Pine* as alleged, then they would not have retained 80% of their shares in *Pine*.

- g) They started selling their shares only after the expiration of the lock-in period and even then sold only 20% of the total shares held by them. They waited for nearly 6 months after the lock in period before selling part of their shareholding in *Pine* in the market. During the period when they did not sell my shares, the price of the scrip was higher than the price at which they sold their part shareholding. If they were part of the *Pine* group then they would have sold at the highest price and maximized on profits, which is not the case. The sale on the floor of the exchange was also as per law.
- h) The entire basis and foundation of the said *ex- parte ad interim order* is that preferential allottee like them acting in concert with *Pine* group have misused the stock exchange system to generate fictitious LTCG so as to convert unaccounted income into accounted one with no payment of taxes as LTCG is tax exempt. However, this is beyond the purview and jurisdiction of SEBI and that SEBI had acted beyond the jurisdiction vested in them by arriving at findings relating to LTCG, which is within the exclusive jurisdiction and domain of the relevant tax authorities.
- i) Till date there is no such finding, either by the Indian Tax Authorities or any other authorities qua their trades in the scrip of *Pine*. Assuming without accepting that SEBI does have jurisdiction to adjudicate upon the same, then also, no case has been made out to establish that their trades in the scrip of *Pine* were with a view to evade tax. The allegations are a result of assumptions, conjectures and surmises and do not hold any ground.

V: LTP Contributors

1. Premlatha Nahar:

- a) The entity has contended the allegations and observation contained in the order.
- b) The entity has put forward her objections on the order stating that the same has been issued *ex-parte* without any prior communication, notice, letter or any correspondence seeking her explanation or clarification.
- c) The entity has submitted that the power to issue directions under section 11, 11(4) and 11 (B) is a drastic power having serious civil consequences and ramifications on the repute and livelihood of those against whom it is directed. However, no such need, necessity or rationalization has been delineated in present *interim order* for use of such severe and drastic power against her.
- d) The entity has submitted that an open ended restraint order against her is in breach of her fundamental right of carrying on business bestowed upon every citizen of India guaranteed under Article 19 (g) of the 'Constitution of India'.
- e) The entity has submitted that as she has very less or almost no educational background her investments were managed by my husband Mr. Naxatramal Nahar.
- f) She has traded in around 176 stocks and was holding more than 50 stocks. These stocks included stocks from various sectors and sizes ranging from blue chip large caps, mid-caps and a small proportion of penny stocks or small caps. She has paid tax of Rs. 8843 for 2012-13, Rs. 14,852 for 2013-14 and Rs.2,21,574 for 2014-15.
- g) As the scope of operation of the *Pine* Company touched on variety of applications in animation especially in gaming, live search maps, medicine, surgery and other

simulations she found the scrip to be interesting and hence decided to trade in the same and had bought the shares of *Pine* at the best available price in the market.

- h) The entity has submitted that out of total around 618 days of investigation period, she has traded merely on 5 days and had bought merely 265 shares. The shares were held by her for more than 6 months before selling the same on the floor of the market.
- i) All her transactions were executed through the normal screen based trading system of the stock exchange and it was impossible to know the counter-party with whom her trades matched.
- j) The entity has stated that she does not have any common “Know Our Client” details, bank statements, off-market transactions with alleged promoter related entities of *Pine* Company which are mentioned in SEBI’s order. And has no nexus, link, relationship or any association whatsoever with the alleged *Pine* group or promoters/directors/key management persons of *Pine*. She has earned a meagre gross profit of Rs.9541/- and thus the question of converting or making LTCG does not arise in her case at all.
- k) The entity has submitted that she has not employed any manipulative or deceptive device with respect to her purchase or sale of shares of *Pine* or neither has she acted in contravention of the provisions of SEBI Act or the rules or the regulations made there under. None of her transactions were intended to operate only as a device to inflate, depress or cause fluctuations in the price of the *Pine*.
- l) The entity has submitted that the *ad-interim ex-parte order* is totally silent on her specific role in relation to the alleged scheme by the *Pine* Company and that it is untenable for any authority to arrive at a grave finding of fraud without demonstrating any connection of whatsoever nature in the order other than that she had dealt in the scrip of *Pine*.
- m) The entity has also quoted SEBI’s order dated 10.11.2015 in the matter of Radford Global Ltd., in respect of Jayesh Narendra Kesharia wherein in similar facts and circumstances the Hon’ble Whole Time Member had revoked the directions against Jayesh Narendra Kesharia. The entity has requested that the principle of parity be applied since the facts and circumstances of her case are exactly similar.

2. Sanjay Kumar Shah:

- (a) The entity has submitted that the shares of Pine Animation Ltd. are listed in BSE and Quoted and as an individual Investor there is nothing wrong on the part of the small investor like him to trade in the normal course in the quoted shares for the nominal profit/loss in share trading. The total investment on his part is only for a meagre 30 shares in two instalments which cannot be considered as a contributory factor for any price scam of the subject share by any stretch of imagination.
- (b) The entity has submitted that he has no connection whatsoever with the management or the brokers or any employee and other stakeholders of *Pine* and that he is not at all associated in any manner with the price sensitive operations of the company.
- (c) The entity has requested to kindly exclude his name from the alleged contributory to price scam as stated in *interim order* and also defreeze his demat account/trading account.

- (d) The entity had submitted that it would not possible for him to make personal appearance in the hearing before the WTM, SEBI and had requested to consider his submissions for granting relief as sought for.

3. Raghunath Nellakkara:

- (a) The entity has submitted that he noticed the scrip going up through his routine browsing of BSE website and thought will do some trading. Based on this, he decided to make a small investment of around Rs.75000 on the scrip and bought 725 shares at an average price of Rs.66.75 on 6 trading days. There were hardly any sellers available on these days and so he placed the order as the best buyer.
- (b) The entity has submitted that he had placed the order for higher quantity but the transaction was not executed. He had sold these 725 shares on January 22, 2014, making a small profit of approx. Rs. 15000.
- (c) The entity has submitted that it was just a coincidence that he became a buyer at higher price for the subject scrip. Beyond this, he has no involvement. Further, the entity has submitted that he has no relationship with the promoter or management of the company in whatsoever manner.
- (d) The entity has submitted that he is NRI employed and residing in Dubai over the past 18 years and that all his financial transactions are done through legitimate channels.
- (e) The entity has submitted that the key point for selecting capital market for investment was the liquidity which he does not have any more.
- (f) The entity has submitted that considering the points raised above, he has requested to reconsider the order against him, exempt him from the banned entities and allow him to carry on his investment activities.

4. Rajesh Kumar Shukla:

- (a) The entity has submitted that he has bought shares of Pine Animation Ltd after split in the scrip, as after split share price got reduced. He had no prior knowledge about Pine Animation Ltd. He had bought shares of other scrips also. The entity has further submitted that he usually buy shares where bonus/stock split declared by company.
- (b) The entity has submitted that he is an ordinary person and if he would have known wrongdoing of company, he wouldn't have bought shares of *Pine*.
- (c) The entity has submitted that he has no connection with any promoters of Pine Animation Ltd and its employees. He has been trading in shares since many years.

5. Dhirendra Kumar Gupta and Sons HUF:

- (a) The entity has submitted that they are regular traders in the stock market and do the trading on online platforms provided by stock exchanges i.e. BSE and NSE through the stock brokers. They generally keep watch on rising stocks and try to make some profit out of the rising graph and as the stock was rising consistently they tried to buy some stocks.

- (b) The entity has submitted that they have no connection with any of the other entities mentioned in the order.
- (c) The entity has submitted that they are not able to trade in stock market any longer apart from reputation loss as their name is being displayed in the order.
- (d) Accordingly they have requested to review the order and restore their PAN.

6. JMS Financial Services:

- (a) The entity has stated that the order is wrong and liable to be recalled in respect of them.
- (b) The entity has stated that the order was passed without going through true facts and figures related to their case.
- (c) The entity has submitted that they had not placed the orders for negligible quantity of shares and that if the sellers sell only negligible quantity, same is not within their control and there is no mechanism at online portal of BSE to refuse if the seller has accepted only a part of order placed and sold only negligible quantity and hence they are not intentional LTP contributor.
- (d) They have been wrongly treated as LTP contributor whereas they are genuine and bonafide market participant who has traded without any malafide intentions.
- (e) The entity has stated that they have no connection with Pine Animation Ltd., any of its directors or any of the other entities mentioned in the order.
- (f) Accordingly, they have requested to recall the order and withdraw the order of suspension of their PAN.

VI: Exit Provider

1. BSR Finance and Construction Limited:

- a) The entity has submitted that they failed to understand the basis on which SEBI has established them as a Pine Animation Group Connected Entity. According to the order they have been accused of making off-market transactions to Bikash Sureka and Bikash Sureka had off-market transactions with other companies.
- b) The entity has submitted that like any other investor in the securities market, they also with an intention to make good profit in a short period purchased the shares of Pine Animation Ltd on a market hunch that investment in the shares of Pine Animation would yield a handsome profit. They had only done one transaction of purchase of shares on 18th July, 2014 and the same is held as stock in trade till date. The transaction was done on the National Stock Exchange and was not an off-market purchase.
- c) They have submitted that they have absolutely no direct or indirect or any remotest connection either with Pine Animation Ltd or any of the entities mentioned in the *ex-parte interim order*. Neither have they done any off market transactions with Bikash Sureka in the above mentioned period nor dealt in shares of Pine Animation with any entity.
- d) The order passed by SEBI against them is erroneous, bad in law and unjustified, since they are not a party either directly or indirectly to any wrong doing in the securities

market and the said order is in violation of the very basic tenets of principles of natural justice.

2. Apex Commotrade Pvt. Ltd, Runicha Merchants Pvt. Ltd., Sanklap Vincom Pvt. Ltd., Signet Vinimay Pvt. Ltd. and Winall Vinimay Pvt. Ltd.:

- a) They have denied all the allegations made in the *interim order* and submitted that they have not violated the provisions of SEBI Act and PFUTP Regulations as alleged in the *interim order*.
- b) The order was passed against the principle of natural justice and had brought huge loss to their business.
- c) They were neither directly nor indirectly related to *Pine* or any of its promoters or directors. They were neither in a position nor have acted in concert with *Pine* and its promoters or directors to misuse the stock exchange System.
- d) They acquired the shares of *Pine* only as an investor and the said investment was made by them out of their own savings and resources. They regularly invest in shares and securities. Those investments were made with the sole objective of earning dividend and profits.
- e) They had no knowledge regarding control over price and volume of shares of *Pine* or its promoters or directors or any other person or group of persons in any manner whatsoever.
- f) The transaction in the script of *Pine* was as per the rules and regulations of the stock exchange, as applicable.
- g) They have done trading in *Pine* in normal course of trading.
- h) They were not in any way involved in price manipulation of *Pine*.
- i) They did not know who were the seller brokers nor their clients who have sold the shares.
- j) They did not receive any funds from the promoters/directors of *Pine*.
- k) They had submitted that it was not possible for them to come for personal hearing and requested to treat the written submissions as their final submissions.
- l) They have requested to revoke the restrictions imposed on their trading and defreeze their trading account.

3. SKM Travels Pvt. Ltd. and Spice Merchants Pvt. Ltd.:

- (a) They have denied all the aggregations made by SEBI regarding their trading in the scrip.
- (b) They have no connection with promoters/directors of *Pine*.
- (c) They have done trading in *Pine* in normal course of trading.
- (d) They were not in any way involved in price manipulation of *Pine*.
- (e) They did not know who were the seller brokers nor their clients who have sold the shares.
- (f) They did not receive any funds from the promoters/directors of *Pine*
- (g) They had submitted that it was not possible for them to come for personal hearing and requested to treat the written submissions as their final submissions.

- (h) They have requested to revoke the restrictions imposed on their trading and defreeze their Demat account.

4. Bazigar Trading Pvt. Ltd., Burlington Finance Ltd. and Symphony Merchants Pvt. Ltd.:

- (a) The entities have denied the allegations made against them in the said order. They have specifically denied that they have violated any of the provisions of Regulations 3 or 4 of the FUTP Regulations or provisions of SEBI Act as alleged. In addition, they have submitted that they have not indulged in any fraudulent and unfair trade practices relating to the securities so as to warrant any kind of punitive directions.
- (b) They have no link/connection/nexus with the company/Pine Animation Ltd./Pine (“Pine Animation”) or its promoter/directors or the alleged preferential allottees.
- (c) The entities have submitted that the said order is vitiated by gross violation of principles of natural justice, in as much as no opportunity was provided to them to explain their version and the circumstances as stated in the said Order do not justify dispensation of pre-decisional hearing.
- (d) The power to issue directions under section 11 and section 11(B) of SEBI Act has to be exercised judiciously and it is all the more necessary in a case having adverse civil consequences as well as reputational adversity. Further, it is well settled that a discretionary power is not to be invoked arbitrarily devoid of justification, as has been done in the matter under reference.
- (e) In the instant case, there was no such emergent situation or circumstance warranting such an *ad interim ex-parte order*.
- (f) The entities are an investment and financial company primarily engaged in the trading of securities in secondary and primary market. They are registered with Reserve Bank of India as a Non-Banking Financial Company (NBFC).
- (g) Their trading activity is huge. They are carrying on the trading activities in the market with due diligence, fairness and incompliance with the provisions of law. They have never defaulted in meeting their payment or delivery obligations to the brokers or the Exchange.
- (h) The entities have stated that SEBI has erroneously clubbed them with other entities and branded them as a part of Exit Providers and drawn adverse inferences against them. All their trading in the Pine Animation scrip was independent and had no nexus with or connection with trading done by other entities.
- (i) While purchasing in the scrip of Pine Animation they were trading independently without acting in concert with anybody. They were not aware of the counter parties to their trades.
- (j) Their decision to buy shares of Pine Animation was primarily and majorly influenced by the past price movement of the scrip, the rumours floating in the market about potential takeover by corporate house and also the technical analysis of the scrip which was also suggesting similar signals.
- (k) Total shares of Pine Animation purchased by them were funded mostly out of their own fund. No borrowings were made from the entities belonging to Pine Animation or from their promoter or from preferential allottees of Pine Animation.

- (l) Noting has been brought on record to connect them to preferential allottees in any manner. Merely because, they had bought the shares in the ordinary course, when the preferential allottees were allegedly selling the shares, it cannot be alleged that they have provided exit to them.
- (m) Merely because they had bought shares, it cannot be alleged that they had created volumes
- (n) They have submitted that their trading was spread over various dates and was intermittent and not continuous. Further the quantum of their trades was also insignificant as compared to the total volume in the scrip.
- (o) The entities were not aware of any preferential allottees selling the shares and they had no role to play in the decision to sell the shares. Further, they were not aware that the preferential allottees have made gains and the same was of no concern to them.
- (p) They have denied that they had provided any exit (or hugely profitable exist) to preferential allottees as alleged.
- (q) The entities have submitted that they are totally not connected with any of the preferential allottees as alleged in the order to provide LTCG benefits to preferential allottees.
- (r) Bazigar Trading Pvt. Ltd. and Burlington Finance Ltd. have submitted that they have not sold any shares of *Pine* and are still holding the same.
- (s) Since the order has adverse impact not only on their reputation and recognition but also it unfairly deprives them from carrying on their business. Therefore, they have requested to reconsider the order to the extent it applies to them and withdraw the directions passed against them.

5. Vibgyor Financial Service Ltd.:

- (a) The entity is into the business of NBFC since the year 2001 and have been investing and trading in shares, derivatives and commodities from a long time.
- (b) The entity has purchased the shares of *Pine* in normal course of business after evaluating the trend of the security. His investment in shares of the company was by using the genuine money and it has been accounted for in its financial statements.
- (c) The trades matched with preferential allottees or promoters related entities are only a miniscule 0.26% of the market volumes. Though 77.31% of the client's trades have matched with preferential allottees/promoters related entities, the entity never knew at that time and even later, only through SEBI order has got to know that he has been trapped in the scam for no fault.
- (d) The purchase was done in normal course of business, is no where even remotely associated or connected in whatsoever way with the promoters/directors of *Pine*.
- (e) They were categorized as a part of *Pine* Group because of their off market transactions with Scope Vyapar Pvt. Ltd. Their transactions had nothing to do with their dealing in *Pine*. Further, the reason for showing them as an entity of Radford group was not specifically explained by SEBI except that in Annexure A to *interim order*. Details of transactions were given hereunder:

- i. On November 18, 2009, they purchased 67000 equity shares of Rich Universe Network Ltd. @ ₹172.45/- per share for ₹1, 15,54,150/-. The payment was made through bank account.
 - ii. On February 15, 2012, they purchased 30,000 equity shares of Rander Corporation Ltd @ ₹153/- per share for ₹45,90,000/-. The payment was made through bank account.
 - iii. It is evident that 1st transaction was carried out more than 4 years before the transactions in *Pine* and the 2nd transaction was carried out more than 2 years before the transactions in *Pine* and can no way form a basis of categorizing us as a “*Pine Group*” entity.
- (f) The entity has submitted that none of its activities fall under the definition of fraud or are fraudulent and that we have not violated any of the provisions of PFUTP Regulations or SEBI act as wrongly alleged.
 - (g) The said order has been passed in blatant breach of the well established principles of Natural Justice and is therefore, bad in law.
 - (h) The entity has submitted that it has been victimized by the preferential allottees, promoter related entities, prime manipulators and promoters who have reaped a profit of hundreds of crores by luring genuine traders/investors to purchase the shares of the said company.
 - (i) There is nothing on record to substantiate that the entity have knowingly misrepresented truth or concealed material fact, suggested a fact which we believe is untrue, concealed any fact required to be disclosed. Further the entity has never made any promise, made any representation, and not omitted any obligation under other law. Lastly the entity has not issued any securities and the question of giving misinformation in relation thereto does not arise.
 - (j) The entity has submitted that the exercise of your powers in the current matter against me is grossly unjust and totally unwarranted. These extreme powers, which are an exception to the basic principles of natural justice, should be used sparingly to deal with emergency situations, where seemingly heavens will fall if the powers are not exercised.
 - (k) Therefore, the entity has requested to revoke the directions passed against him.

6. Dhanraksha Vincome Pvt. Ltd.:

- (a) The entity has denied all the allegations made against him in the *ex-parte order*.
- (b) The entity has stated that the said *Ex-parte Order* has been passed without granting an opportunity of hearing and the same is therefore in gross violation of principles of natural justice.
- (c) Besides Investment activities, the entity engages in momentum play, by trading in shares & securities having sudden price and volume action, to make profit out such trading bets.
- (d) They have been trading in the securities market, in the ordinary course, devoid of any manipulative intent, independently based on his commercial wisdom and analysis and out of their own funds. They have never defaulted in meeting their payment or delivery obligations to the broker.

- (e) The entity has denied that they are exit providers and are not related/ connected to M/s Pine Animation ltd or M/s Compass Distributors Pvt Ltd or their directors. Further, has submitted that they are not related/ connected with M/s Spark Commodeal Pvt ltd or its directors. The entity submitted that they had no off market transaction in the script of 'Pine' with M/s Spark Commodeal Pvt ltd. The off-market transactions with M/s Spark Commodeal Pvt ltd were in the ordinary course and nothing ulterior should be read into such commercial transaction in the ordinary course.
- (f) Dhanraksha Vincom Pvt. Ltd. stated that their address was changed from 163B, M. G. Road, Kolkata 700 007 to 14/1 Hazra Road, 14 Floor, Flat No IA, Kolkata 700026 with effect from 10.06.2014 therefore they did not share common address with other entities.
- (g) The entity has submitted that they are not related to Divyadrishti traders Pvt Ltd, Divyadrishti Merchants Pvt Ltd and M/s. Ridhi Vincon Pvt Ltd for the purpose of their shares trading and investment activities.
- (h) The basis of connection/ relationship with the other alleged "Exit Providers", is erroneous and flawed and any inference drawn on the same is erroneous.
- (i) The entity has stated that of the 5,73,86,531 shares sold by preferential allottees and promoter related entities, only 2,82,65,949 shares matched with the alleged 'Exit Provider' and that there is no mention of the other entities who have provided exit for 2,91,20,582 shares to the preferential allottees and promoter related entities and the reason for exempting such entities has nowhere been spelt out.
- (j) The entity has submitted that they have been in the order based on the premises that some portion of shares bought by them matched with that of sell trades of preferential allottees/promoter related entities. The entity further submitted that the alleged matching has occurred in the ordinary course, in the anonymous order matching system of the BSE.
- (k) The entity has denied that they have acted in league/concert with anybody. It is further denied that they have provided any LTCG benefit to any of the allottee or that they are related to any of the allottee. It is denied that they have made any gains vide their trading. The content of the order is based on mere apprehension, presumption and assumption and any conclusion drawn based on same would lead to erroneous result.
- (l) The shares of *Pine* were acquired by them from their own funds. It is denied that there has been no change in beneficial ownership of shares, so far as their trading is concerned. Their trades were insignificant to influence the volume during Patch 3.
- (m) Therefore, the directions against the entity in the *ex-parte order* may be set aside.

7. Divya Drishti Merchants Pvt. Ltd.:

- (a) The entity has denied all the allegations made against him in the *ex-parte order*.
- (b) The entity has stated that the said *Ex parte Order* has been passed without granting an opportunity of hearing and the same is therefore in gross violation of principles of natural justice.

- (c) Besides Investment activities, the entity is engage in momentum play, by trading in shares & securities having sudden price and volume action, to make profit out such trading bets.
- (d) He has been trading in the securities market, in the ordinary course, devoid of any manipulative intent, independently based on his commercial wisdom and analysis and out of his own funds. The entity has never defaulted in meeting his payment or delivery obligations to the broker.
- (e) It was stated by the entity that he has been alleged to be part of the *Pine* Group solely by virtue of his trading in *Pine* and based on some farfetched connection based on some common address with some other entities.
- (f) With regard to the alleged transaction with M/s Topwell Properties Pvt Ltd, it is submitted by the entity that the transaction dates back to 17/11/2011 and is not related to his trading in *Pine*. The entity has traded in *Pine* out of his own funds and was not aware of day to day transactions of Topwell Properties Pvt Ltd or relationship/dealing with other entities. Such isolated transaction dating back to 4years cannot be the basis for any connection/relation to group the entity under "*Pine* Group".
- (g) It was submitted by the entity that alleging him to be part of the *Pine* Group based on farfetched connection based on sharing common address with other entities and some banking transaction with one of the entity and debarring him from securities market is erroneous and flawed.
- (h) It is submitted by the entity that he is not related to Divya Drishti Traders Pvt Ltd, Dhanraksha Vincom Pvt Ltd and Ridhi Vincom Pvt Ltd. The shareholders of the entity are different from that of the aforesaid 3 entities. Further, Directors of Dhanraksha Vincom Pvt Ltd and Ridhi Vincom Pvt Ltd are different from that of the directors of the entity.
- (i) The basis of connection/ relationship with the other alleged "Exit Providers", is erroneous and flawed and any inference drawn on the same is erroneous.
- (j) The entity has stated that of the 5,73,86,531 shares sold by preferential allottees and promoter related entities, only 2,82,65,949 shares matched with the alleged 'Exit Provider' and that there is no mention of the other entities who have provided exit for 2,91,20,582 shares to the preferential allottees and promoter related entities and the reason for exempting such entities has nowhere been spelt out.
- (k) The entity has submitted that he has been in the order based on the premises that some portion of shares bought by him matched with that of sell trades of preferential allottees/promoter related entities. The entity further submitted that the alleged matching has occurred in the ordinary course, in the anonymous order matching system of the BSE.
- (l) The entity has denied that he has acted in league/concert with anybody. It is further denied that he has provide any LTCG benefit to any of the allottee or that is related to any of the allottee. It is denied that he has made any gains vide his trading. The content of the order is based on mere apprehension, presumption and assumption and any conclusion drawn based on same would lead to erroneous result.

- (m) The shares of *Pine* were acquired by him from his own funds. It is denied that there has been no change in beneficial ownership of shares, so far as his trading is concerned.
- (n) Therefore, the directions against the entity in the *ex-parte order* may be set aside

8. Divya Drishti Traders Pvt. Ltd.

- (a) The entity has denied all the allegations made against him in the *ex-parte order*.
- (b) The entity has stated that the said *Ex parte Order* has been passed without granting an opportunity of hearing and the same is therefore in gross violation of principles of natural justice.
- (c) Besides Investment activities, the entity is engage in momentum play, by trading in shares & securities having sudden price and volume action, to make profit out such trading bets.
- (d) He has been trading in the securities market, in the ordinary course, devoid of any manipulative intent, independently based on his commercial wisdom and analysis and out of his own funds. The entity has never defaulted in meeting his payment or delivery obligations to the broker.
- (e) The entity has stated that he has been in the order solely on the fact that he shared common address with 3 other entities. It was submitted by the entity that he is not related to Divyadrishti Merchants Pvt Ltd, Dhanraksha Vincome Pvt. Ltd., Ridhi Vincon Pvt Ltd for the purpose of his trading & investment activities. The shareholders of the entity are different from that of the aforesaid 3 entities. Further, Directors of Dhanraksha Vincom Pvt Ltd and Ridhi Vincom Pvt Ltd are different from that of the directors of the entity.
- (f) The entity has further submitted that he is not related to any of the entities mentioned in the order for the purpose of his investment and share trading business and his trade is independent of others, out of his own will and own funds.
- (g) The basis of connection/ relationship with the other alleged “Exit Providers”, is erroneous and flawed and any inference drawn on the same is erroneous.
- (h) The entity has stated that of the 5,73,86,531 shares sold by preferential allottees and promoter related entities, only 2,82,65,949 shares matched with the alleged 'Exit Provider' and that there is no mention of the other entities who have provided exit for 2,91,20,582 shares to the preferential allottees and promoter related entities and the reason for exempting such entities has nowhere been spelt out.
- (i) The entity has submitted that he has been in the order based on the premises that some portion of shares bought by him matched with that of sell trades of preferential allottees/promoter related entities. The entity further submitted that the alleged matching has occurred in the ordinary course, in the anonymous order matching system of the BSE.
- (j) The entity has denied that he has acted in league/concert with anybody. It is further denied that he has provide any LTCG benefit to any of the allottee or that is related to any of the allottee. It is denied that he has made any gains vide his trading. The content of the order is based on mere apprehension, presumption and assumption and any conclusion drawn based on same would lead to erroneous result.

- (k) The shares of *Pine* were acquired by him from his own funds. It is denied that there has been no change in beneficial ownership of shares, so far as his trading is concerned.
- (l) Therefore, the directions against the entity in the ex-parte order may be set aside

9. Ridhi Vincom Pvt. Ltd.:

- (a) The entity has denied all the allegations made against him in the *ex-parte order*.
- (b) The entity has stated that the said *Ex parte Order* has been passed without granting an opportunity of hearing and the same is therefore in gross violation of principles of natural justice.
- (c) Besides Investment activities, the entity is engage in momentum play, by trading in shares & securities having sudden price and volume action, to make profit out such trading bets.
- (d) The entity has been trading in the securities market, in the ordinary course, devoid of any manipulative intent, independently based on its commercial wisdom and analysis and out of its own funds. The entity has never defaulted in meeting its payment or delivery obligations to the broker.
- (e) The entity has stated that it has been in the order based on the fact that there was off market transaction with Spark Commodeal. Common directors with Dhanraksha Vincom-Rajesh Kumar Agarwal and Debasis Mitra. Further, Pine Animation Ltd had off-market transaction with Compass Distributors Pvt. Ltd. Compass Distributors Pvt Ltd and Spark Commodeal have a common director –Jai Shankar Joshi.
- (f) The entity has submitted that it is not related/connected to *Pine* or Compass Distributors Pvt Ltd. In addition, not related/connected with Spark Commodeal Pvt Ltd or its directors. The entity was not aware about the day to day working or their relationship/dealing with other entities. The entity has stated that it had no off-market transaction in the script of *Pine* with Spark Commodeal Pvt Ltd. The off-market transaction with Spark Commodeal Pvt Ltd was in ordinary course and nothing ulterior should be read in such commercial transaction in the ordinary course.
- (g) The basis of connection of the entity brought out in the order is flawed and erroneous.
- (h) The entity has stated that it has been in the order solely on the fact that it shared common address with 3 other entities.
- (i) The entity has submitted that it is not related to Dhanraksha Vincom Pvt Ltd for the purpose of share trading and investment activities. Shareholders of the entity are different from that of Dhanraksha Vincom Pvt Ltd. It was further submitted by the entity that it is not related to Divyadrishi Traders Pvt Ltd, Divyadrishi Merchants Pvt Ltd and shareholders and directors these entities is different from that of shareholders and directors of Ridhi Vincom Pvt. Ltd.
- (j) The basis of connection/ relationship with the other alleged “Exit Providers”, is erroneous and flawed and any inference drawn on the same is erroneous.
- (k) The entity has stated that of the 5,73,86,531 shares sold by preferential allottees and promoter related entities, only 2,82,65,949 shares matched with the alleged 'Exit Provider' and that there is no mention of the other entities who have provided exit for

2,91,20,582 shares to the preferential allottees and promoter related entities and the reason for exempting such entities has nowhere been spelt out.

- (l) The entity has submitted that it has been in the order based on the premises that some portion of shares bought by it matched with that of sell trades of preferential allottees/promoter related entities. The entity further submitted that the alleged matching has occurred in the ordinary course, in the anonymous order matching system of the BSE.
- (m) The entity has denied that it has acted in league/concert with anybody. It is further denied that it has provide any LTCG benefit to any of the allottee or that is related to any of the allottee. It is denied that it has made any gains vide his trading. The content of the order is based on mere apprehension, presumption and assumption and any conclusion drawn based on same would lead to erroneous result.
- (n) The shares of *Pine* were acquired by the entity from its own funds. It is denied that there has been no change in beneficial ownership of shares, so far as its trading is concerned.
- (o) Therefore, the directions against the entity in the *ex-parte order* may be set aside.

10. Linus Holdings Ltd.:

- a) The entity has denied all the allegations made against it in the *ex-parte order*.
- b) The entity has stated that the said *Ex parte Order* has been passed without granting an opportunity of hearing and the same is therefore in gross violation of principles of natural justice.
- c) Besides Investment activities, the entity is engage in momentum play, by trading in shares & securities having sudden price and volume action, to make profit out such trading bets.
- d) The entity has been trading in the securities market, in the ordinary course, devoid of any manipulative intent, independently based on its commercial wisdom and analysis and out of its own funds. The entity has never defaulted in meeting its payment or delivery obligations to the broker.
- e) The entity has stated that it has been in the order solely on the fact that Alishan Estate Pvt Ltd transferred funds to Duari Marketing Pvt Ltd. Common director with Alishan Estae Pvt Ltd-Arindam Roy.
- f) The entity has denied to be connected/related to the company, *Pine*, its promoters, Directors and any key management personnel.
- g) Mr Arindam Roy is a common director in Alishan Estae Pvt Ltd and Linus Holdings Ltd. In tis regard, it was submitted that as per MCA website, Mr Arindam Roy was a director of M/s Alishan Estate Pvt Ltd from 15th August 2013 to 1st December 2014. He was a director with entity from January 22, 2013 to 4th August 2014. Further, on the date of the said SEBI Order, Mr Arindam Roy was not a director in any of these companies.
- h) The entity has submitted that it has inquired from Mr Arindam Roy of his or Alishan Estate Pvt Ltd's relationship with M/s Duari Marketing Pvt Ltd and got confirmations from Mr Arindam Roy that Alishan Estate Pvt Ltd has not transferred any funds to Duari Marketing Pvt Ltd.

- i) The entity has submitted that it is not related/connected to M/s Alishan Estae Pvt Ltd or M/s Duari Marketing Pvt Ltd or their Directors in any manner
- j) Further, Mr Arindam Roy, the erstwhile Directors, was not the managing or wholetime director with the entity. He was director of many other companies and the entity cannot be alleged to be connected to all those companies wherein it is/was a Director.
- k) The entity has further stated that all his trades in securities market are independent and from its own funds.
- l) The basis of selection of the entity as exit provider is wrong and flawed and has stated that it is not an exit provider. Further, the basis of connection/ relationship with the other alleged "Exit Providers" is also erroneous and flawed and any inference drawn on the same is erroneous.
- m) The entity has stated that of the 5,73,86,531 shares sold by preferential allottees and promoter related entities, only 2,82,65,949 shares matched with the alleged 'Exit Provider' and that there is no mention of the other entities who have provided exit for 2,91,20,582 shares to the preferential allottees and promoter related entities and the reason for exempting such entities has nowhere been spelt out.
- n) The entity has submitted that it has been in the order based on the premises that some portion of shares bought by the entity matched with that of sell trades of preferential allottees/promoter related entities. The entity further submitted that the alleged matching has occurred in the ordinary course, in the anonymous order matching system of the BSE.
- o) The entity has denied that it has acted in league/concert with anybody. It is further denied that it has provided any LTCG benefit to any of the allottee or that is related to any of the allottee. It is denied that it has made any gains vide its trading. The content of the order is based on mere apprehension, presumption and assumption and any conclusion drawn based on same would lead to erroneous result.
- p) The shares of *Pine* were acquired by the entity from its own funds. It is denied that there has been no change in beneficial ownership of shares, so far as his trading is concerned.
- q) Therefore, the directions against the entity in the *ex-parte order* may be set aside

11. Swarna Pushpa Vanijya Pvt. Ltd.:

- a) The entity has denied the allegations made in the *ex parte* and *interim order*.
- b) The entity is a regular short term investor and frequently deals in the securities market.
- c) The entity has submitted that it is not directly or indirectly connected to company/its director/entities which are top trading entities.
- d) No chance being given to the entity to counter the allegations and give explanation which is in gross violation of the principles of natural justice, equity and fair play.
- e) It was further submitted that the entity always invest in the securities market with its own funds. The entity has traded in *Pine* in its own account at the electronic and anonymous trading platform provided by the stock exchange and approved by SEBI, through a SEBI registered broker, at the market price existing at that time and none of

the transactions carried out by it were off market or through any negotiated deal/block deal.

- f) The entity has denied that it has acted as counter party to the preferential allottees/promoter related entities. In addition, has no direct or indirect transaction with *Pine*, its promoter/directors or with the entities which have transaction with *Pine*.
- g) The entity has submitted that it is not connected to Ritesh Commercial Holdings Ltd. (Hereinafter referred to as “RCHL”) in any manner, hence, the chain being allege by SEBI has been proved wrong and/or breaks at the first step itself and he cannot be allege to be connected to *Pine*, its promoter/directors or with the entities which have transaction with *Pine* by any stretch of imagination.
- h) As regards the fact that RCHL was a shareholder of Surbhika, it has submitted that it was shareholders of Surbhika sometimes in the FY 2008-09 i.e. around seven years back and sold that holding in April 2010 i.e. more than 5 years back.
- i) The so called exit providers have allegedly bought only 47.14% of the total market gross volume and this clearly establishes that there were other entities who were carrying out trading in that period.
- j) The entity has denied that it is part of the alleged ‘Exit Providers’ and have provided exit to any person. In addition, it has no common address, common directors/ shareholders with *Pine* or with any of the preferential allottees.
- k) The entity has denied that ite has misused the stock exchange mechanism to generate fictitious LTGC since no LTGC was accrued as all transactions relating to the purchase and sale of the shares of *Pine* by done within a time span of one year
- l) SEBI has taken action against him without giving a chance to explain its position which is in gross violation of principles of natural justice, equity and fair play.
- m) Therefore, the entity has requested for lifting the ban on him.

12. S N Srinivasan:

- a) The entity has repeatedly sought time to submit written reply. However, further reply has been submitted by the entity.

16. I have considered the allegations levelled against the Noticees in the *interim order*, their replies/written submissions and other material on record. I note that in the instant case, the directions issued against the Noticees are *interim* in nature and have been issued on the basis of *prima facie* findings. SEBI had issued directions vide the *interim order* in the matter in order to protect the interests of investors in the securities market. Detailed investigation in the matter is still in progress. Thus, the issue for consideration at this stage is whether the *interim* directions, issued against the Noticees vide the *interim order*, need to be confirmed, vacated or modified in any manner, during pendency of investigation in the matter.

17. I note that several Noticees have contended that no opportunity of hearing was provided to them by SEBI before passing the *interim order*. In this regard, I note that the *interim order* has been passed on the basis of *prima facie* findings observed during the preliminary examination/inquiry undertaken by SEBI. The facts, circumstances and the reasons necessitating issuance of directions by the *interim order* have been examined and dealt with in the

said *interim order*. The *interim order* has also been issued in the nature of a show cause notice affording the Noticees a post decisional opportunity of hearing. I also note that the power of SEBI to pass *interim orders* flows from sections 11 and 11B of the SEBI Act which empower SEBI to pass appropriate directions in the interests of investors or securities market, pending investigation or inquiry or on completion of such investigation or inquiry. While passing such directions, it is not always necessary for SEBI to provide the entity with an opportunity of pre-decisional hearing. The law with regard to doing away with the requirement of pre-decisional hearing in certain situations is also well settled. The following findings of the Hon'ble Supreme Court of India in the matter of *Liberty Oil Mills & Others Vs Union Of India & Other* (1984) 3 SCC 465 are noteworthy:-

"It may not even be necessary in some situations to issue such notices but it would be sufficient but obligatory to consider any representation that may be made by the aggrieved person and that would satisfy the requirements of procedural fairness and natural justice. There can be no tape-measure of the extent of natural justice. It may and indeed it must vary from statute to statute, situation to situation and case to case. Again, it is necessary to say that pre-decisional natural justice is not usually contemplated when the decisions taken are of an interim nature pending investigation or enquiry. Ad-interim orders may always be made ex-parte and such orders may themselves provide for an opportunity to the aggrieved party to be heard at a later stage. Even if the interim orders do not make provision for such an opportunity, an aggrieved party have, nevertheless, always the right to make appropriate representation seeking a review of the order and asking the authority to rescind or modify the order. The principles of natural justice would be satisfied if the aggrieved party is given an opportunity at the request. "

18. Thus, considering the facts and circumstances of a particular case, an *ad-interim ex-parte order* may be passed by SEBI in the interests of investors or the securities market. It is pertinent to note that the *interim order* in the present case was passed under the provisions of sections 11(1), 11(4) and 11B of the SEBI Act. The second proviso to section 11(4) clearly provides that *"Provided further that the Board shall, either before or after passing such orders, give an opportunity of hearing to such intermediaries or persons concerned"*. Further, various Courts, while considering the aforesaid sections of the SEBI Act have also held that principles of natural justice will not be violated if an *interim order* is passed and a post-decisional hearing is provided to the affected entity. In this regard, the Hon'ble Bombay High Court in the matter of *Anand Rathi & Others Vs. SEBI* (2002) 2 Bom CR 403, has held as under:

"It is thus clearly seen that pre decisional natural justice is not always necessary when ad-interim orders are made pending investigation or enquiry, unless so provided by the statute and rules of natural justice would be satisfied if the affected party is given post decisional hearing. It is not that natural justice is not attracted when the orders of suspension or like orders of interim nature are made. The distinction is that it is not always necessary to grant prior opportunity of hearing when ad-interim orders are made and principles of natural justice will be satisfied if post decisional hearing is given if demanded. Thus, it is a settled position that while ex parte interim orders may always be made without a pre decisional opportunity or without the order itself providing for a post decisional opportunity, the principles of natural justice which are never excluded will be satisfied if a post decisional opportunity is given, if demanded."

19. Further, the Hon'ble High Court of Judicature of Rajasthan at Jaipur in the matter of *M/s. Avon Realcon Pvt. Ltd. & Ors Vs. Union of India & Ors* (D.B. Civil WP No. 5135/2010 Raj HC) has held that:

“...Perusal of the provisions of Sections 11(4) & 11(B) shows that the Board is given powers to take few measures either pending investigation or enquiry or on its completion. The Second Proviso to Section 11, however, makes it clear that either before or after passing of the orders, intermediaries or persons concerned would be given opportunity of hearing. In the light of aforesaid, it cannot be said that there is absolute elimination of the principles of natural justice. Even if, the facts of this case are looked into, after passing the impugned order, petitioners were called upon to submit their objections within a period of 21 days. This is to provide opportunity of hearing to the petitioners before final decision is taken. Hence, in this case itself absolute elimination of principles of natural justice does not exist. The fact, however, remains as to whether post-decisional hearing can be a substitute for pre-decisional hearing. It is a settled law that unless a statutory provision either specifically or by necessary implication excludes the application of principles of natural justice, the requirement of giving reasonable opportunity exists before an order is made. The case herein is that by statutory provision, principles of natural justice are adhered to after orders are passed. This is to achieve the object of SEBI Act. Interim orders are passed by the Court, Tribunal and Quasi Judicial Authority in given facts and circumstances of the case showing urgency or emergent situation. This cannot be said to be elimination of the principles of natural justice or if ex-parte orders are passed, then to say that objections thereupon would amount to post-decisional hearing. Second Proviso to Section 11 of the SEBI Act provides adequate safeguards for adhering to the principles of natural justice, which otherwise is a case herein also...”

20. I, therefore, find that the *interim order* in this case was in accordance with provisions of law envisaged in the SEBI Act and was not in disregard of the principles of natural justice. It is also pertinent to mention that the *interim order* has been passed in the course of preliminary inquiry and the investigation in the matter is ongoing. Based on the *prima facie* findings in the matter and in order to protect the interest of investors in the securities market, SEBI had issued directions vide the *interim order*. In this case, the purpose of the *interim order* is to achieve the objectives of investor protection and safeguarding the market integrity by enforcing the provisions of the SEBI Act. I, therefore, do not agree with the contentions of the Noticees.
21. The Noticees have raised another common preliminary contention that no emergency situation existed warranting such an ex parte *ad-interim order*. It is relevant to mention that the time taken to arrive at such decision/action is dependent on the complexity of the matter, its scale and modus operandi involved and other attendant circumstances. The power under section 11 and 11B of the SEBI Act can be invoked at any stage, i.e. either during pendency or on completion of enquiry/inquiry or investigation. I, therefore, am not inclined to agree with these contention of the Noticees.
22. Some of the Noticees have also contended that the primary allegation in the *ex-parte ad interim order* against them is of conversion of unaccounted income into accounted income and subsequent tax evasion which falls outside the jurisdiction of SEBI and that assuming without accepting that SEBI does have jurisdiction to adjudicate upon the same, then also, no case has been made out to establish that their trades in the scrip was with a view to evade tax. In this

regard, I note that the *interim order* has reasonably highlighted the *modus operandi* wherein the scheme, plan, device and artifice employed, apart from being a possible case of 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. Accordingly, I am of the view that SEBI has acted well within its jurisdiction, in the matter. I, therefore, do not agree with the contentions of the Noticees in this regard.

23. Another contention of some of the Noticees is that the open restraint order is in breach of their fundamental right to carry on business under Article 19(1)(g) of the Constitution of India. In this regard, it is noted that Article 19 (1) (g) guarantees to all citizens the right to practice any profession or to carry on any occupation, trade or business. However, at the same time it is pertinent to mention that this freedom is not uncontrolled as clause (6) of Article 19 authorises legislation which imposes reasonable restrictions on this right in the interest of general public. It is a matter of common knowledge that Securities and Exchange Board of India, 1992 is a special Act enacted by the Parliament conferring on SEBI the duty to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit. In the present case, the restraint order has been passed by SEBI in exercise of the powers conferred upon it by law and towards fulfilment of the duties cast under the SEBI Act. As noted in the *interim order*, the conduct of the Noticees has been found to be *prima facie* fraudulent and the Noticees have therefore been restrained from accessing the securities market and dealing in securities till further directions. In view of the above, I find that the restraint order against the Noticees is not in violation of Article 19(1)(g) of the Constitution of India as contended by them.
24. I note that some of Noticees namely – Nimesh Joshi, Rashmi Nimesh Joshi, Hitesh Kawa and Roopal Kawa have contended that SEBI has attached their demat accounts without the approval of Judicial Magistrate as required under the provisions of section 11 (4) (e) of the SEBI Act which mandates such approval for all accounts including a bank accounts as well as demat accounts. In this regard, it is pertinent to mention that section 11(4) (e) of the SEBI Act mandates approval of the Judicial Magistrate of the first class for attachment of “*bank account or accounts*”. It is noted that this requirement is applicable for attachment of one or more bank accounts and does not apply with respect to suspension of demat accounts towards implementation of the *interim* directions of restraint/prohibition on buying , selling or dealing in securities as specifically provided in section 11(4)(b) and contemplated in plenary power under section 11B. In my view, such contention, if accepted, it would defeat the provisions of section 11(4)(b) read with section 11B which are not subject to requirements of approval as sought to be contended by these Noticees and also the purpose thereof. I, therefore, do not agree with this contention.
25. I note that some of the Noticees have contended that they have traded on the anonymous screen based system of the stock exchanges and as such their trades cannot be regarded as having manipulative/fraudulent intent. In this context, I note that in the screen based trading, the manipulative or fraudulent intent can be inferred from various factors such as conduct of the party, pattern of transactions, etc. In this context, vide its order dated July 14, 2006, in

Ketan Parekh vs. SEBI (Appeal no. 2/2004), the Hon'ble SAT has observed that:

"The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions,, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."

I, therefore, do not agree with the contentions of the Noticees in this regard.

26. Having dealt with the preliminary contentions as above, I now proceed to deal with the specific submissions made by the different categories among the Noticees.

Pine and its Directors

27. *Pine* has contended that it is evident from its financials that it had made profit after the preferential allotment with the inflow of further capital. Further, it had with the new investments made, maximised the shareholders wealth by properly utilising their funds in line with its business activities and that they have in no way mis-utilised the shareholder's funds. *Pine* has further contended that investors/shareholders of the company are in no way connected/associated with it or its directors under any arrangement or scheme and that they have invested in its shares on their own will and after going through the company's profile and its future plans. I note that *Pine* has further contended that neither the company nor its directors have benefitted in any manner with respect to the trading in the shares of the company and that the directors have just acted in their capacity of directors and have done all acts and business transactions within the purview of all rules and regulations applicable to them. In this regard, it is pertinent to note that, the sharp price rise in the scrip was not supported by fundamentals of *Pine* or any other external factor as mentioned in the *interim order*, which in my opinion would not entail investments from rational investors unless the company and the preferential allottees are known to each other and there is prior arrangement between them for issue of shares. I note that company was unable to/has failed to provide sufficient material on record such as how the preferential allottees were arranged, communication between preferential allottees and the company, Information Memorandum, etc. in order to substantiate its said contention.

28. It is noted that nowhere in the *interim order* it is mentioned that company is not a profit making company. The *prima facie* allegations have been about *Pine* being a part of the scheme/device involving a façade of preferential issue of equity shares of around ₹24.7 crores in order to provide fictitious long term capital gains ("LTCCG") to the preferential allottees and promoter related entities so as to convert their unaccounted income into accounted one. As discussed in the *interim order*, from the bank statement analysis of *Pine*, it was observed that proceeds of preferential allotment were immediately transferred to various entities on the same day or in a matter of next three days and was never retained in the company for executing its plans as envisaged in the special resolution passed under section 81(1A) of the Companies Act, 1956.

Prior to receipt of proceeds of preferential allotment, the funds available in bank account of *Pine* were not sufficient for transferring them to various entities as described in the *interim order*. It has also been observed that the Annual Reports of *Pine* for FY 2012-13 and FY 2013-14, showed increase in *Pine's* revenue from operations from ₹ 8,94,000 for the year ending March 31, 2012 to ₹ 8,76,36,983 for the year ending March 31, 2013 i.e. an exponential growth in the revenue by 9703%. Similarly, the revenue from operations increased from ₹ 8,76,36,983 for the year ending March 31, 2013 to ₹ 86,13,67,052 for the year ending March 31, 2014, which again was an exponential increase of 883%. On further examination of the "*Management Discussion and Analysis*" part of the annual reports, it was observed that the annual reports do not discuss the factors that contributed to such exponential increase in the revenue from operations. The "*Management Discussion and Analysis*" indicated that during the relevant period, the animation industry faced various challenges due to global and economic slowdown and increasing rates of interest rates. When the animation industry was facing various challenges and the annual reports are silent about the reasons for the substantial increase in the revenue from operations, it gives rise to a doubt, whether the reported income figures are genuine. This matter is matter of investigation. *Pine* has failed to give any plausible explanation as how the transfer of the proceeds of preferential allotment to various entities as observed in the *interim order*, can be said to be utilisation of funds for the disclosed purposes. It has also failed to explain as to how the entire *modus operandi* including the preferential allotments and stock –split as alleged in the *interim order* was genuine and not part of device, plan as brought out in the *interim order*. I, therefore, reject the contentions of the company in this regard.

29. Admittedly, after revocation of suspension by the stock exchange in trading of *Pine* it could raise funds to the tune of ₹247 lakhs and there was an increase in EPS from -0.24 to 0.15 in just a span of one year. The steep price rise with meagre volume followed by sudden increase in volume cannot be assumed as a normal market trend when the buyers and sellers are known entities of company, i.e., preferential allottees and promoter related entities as sellers and entities belonging to the Exit Provider group as buyers as described in the *interim order*. In addition, it was also observed that scrip price started falling post Patch 3 as mentioned in the *interim order*. If the company would have strong fundamentals, as claimed by it, the scrip price would not have fallen drastically from ₹707.5 on January 2, 2015 to ₹ 388.5 on January 30, 2015 in span of 20 trading days.
30. As described in the *interim order* clearly the market was manipulated for the benefit of the promoter related entities and preferential allottees to give them an exit at huge profits, and the Company was involved in the *modus operandi*, since the first step was the large preferential issue and the transfer of promoter holdings to the promoter related entities. This itself establishes the connections and the complicity. I, therefore, do not find any merit in the contention of *Pine* in this regard.
31. I note that the directors who are Noticees herein have contended that they have no relation with the preferential allottees or any of the other shareholders of the company. Some of them have also submitted that they had no role to play with the operation of the company and were

not involve in any decision taken by the management. However, they have failed to substantiate their claims by any cogent evidence. The position of a 'director' in a company comes along with responsibilities and compliances under law associated with such position, which have to be fulfilled by such director or face the consequences for any violation or default thereof. The directors therefore cannot wriggle out from liability by merely stating that they were not involved in the affairs of the Company. A director who is part of a company's board shall be responsible for all the deeds/acts of the Company during the period of his directorship. From this, I note that the whole scheme of operations starting from issue of equity shares on preferential basis to exit of preferential allottees at a very high price could not have been fructified without the involvement and co-operation of the directors of *Pine*. I, therefore, do not find any merit in the contention of the directors in this regard.

32. I further note that one of the directors, viz; Mr. Rajagopalan Nagaraja Sharma has submitted that he had tendered his resignation to the Board, immediately on change of ownership of the company, but was asked to continue for a short time till the new Board of Directors was formed. However, finding his name still appearing as director of the company in January 2013, he had written to the Registrar of Companies, Tamil Nadu, Chennai on February 04, 2013, informing them about his resignation in July 2012. I note that Mr. Sharma has not produced any document to substantiate that the company had received the resignation letter submitted by him in July 2012. Further, the Annual Report of the company for the year ending March 2013, continued to show Mr. Sharma as one of the directors of *Pine* and also mentions about his appointment as Executive Director for a period of one year from 2nd September 2013 to 1st September 2014. I therefore, do not accept claims of Mr. Sharma.

Promoters of *Pine* and Directors of the Promoter Companies

33. I note that while the promoters have made submissions that one of the directors of *Pine* Mr. Nagaraja Sharma introduced Mr. Nimesh S. Joshi and Mr. Hitesh N Kawa, subsequent to which they had sold their shares during March 2012 to the new promoters namely Gajakarna Trading Pvt. Ltd. and Mahaganapati Financial Services and received payment for the same through RTGS. I note that contrary to the submissions made by the promoters, the promoter related entities who had purchased the promoters' holdings had made submissions that they had given loans to the promoters of *Pine* in March 2012 and as they had expressed their inability to repay the loan, they had to acquire the shares of *Pine* offered by the promoters.
34. I further note that Unique Image Productions Pvt. Ltd. and First Entertainment Pvt. Ltd., were shown as promoters of *Pine*, in the shareholding pattern available on the BSE Website till quarter ending 31 December 2012. I also note that as per available records, the shares held by the promoters were transferred to the six promoter related entities namely - Mahaganapati Financial Services Pvt. Ltd., Gajakarna Trading Pvt. Ltd., Nimesh S. Joshi, Rashmi N. Joshi, Hitesh N Kawa and Roopal H. Kawa, only during January and February 2013. As the facts and circumstances of this case, in my view, *prima facie* indicate that the transfer of these shares in physical form was under a prior arrangement for the ulterior motive or the end objective of the scheme that has been brought out explicitly in the *interim order* and in the light of the

contrary submissions made by the concerned entities and in the absence of any documentary evidence in support of their submissions, I do not find any merit in the submissions made by the promoters and their directors at this stage.

Promoter related entities

35. I note that the entities Mahaganapati Financial Services Pvt. Ltd., Gajakarna Trading Pvt. Ltd., Nimesh S. Joshi, Rashmi N. Joshi, Hitesh N Kawa and Roopal H. Kawa have made submissions that they had given loans to the promoters of *Pine* in March 2012 and as they had expressed their inability to repay the loan, they had to acquire the shares of *Pine* offered by the promoters. I find this submission by the said entities in contradiction to the submissions made by the promoters and one of the directors Mr. Nagaraj Sharma, who have made submissions that Nimesh S. Joshi and Hitesh N Kawas had got in touch with them, asking if the promoter shares can be acquired. I also note that the said promoter related entities have not provided any documents in support of their claim of having given loans to the promoters. Accordingly, at this stage, I do not find any merit in the submissions made by the said promoter related entities and reject the same.
36. I note that some of the promoter related entities have also submitted that *interim order* is discriminatory in as much as only those entities who have earned over Rs. 1,00,00,000 are alleged to have partaken in the wrongdoing and other entities, have, for reasons unexplained, been excluded from liability. Further, the entities have also submitted that for the purpose of including them in the shortlisted group, their sales have been incorrectly clubbed together, while individually, they have sold shares for less than Rs. 1 crore. In this regard, I find it important to mention that the *interim order* clearly mentions that detailed investigation in the matter is in progress. The fact that certain Promoter Related Entities have been left out of the *interim order* does not signify that they are outside the scope of SEBI's investigation or have been exonerated. At the stage of the *interim order*, directions were issued against entities whose role / involvement in the entire scheme was *prima facie* observed in light of the facts and circumstances at that stage. It is pertinent to clarify that appropriate action in accordance with the provisions of law will be initiated against every entity (including the Promoter Related Entities) who has a role in the plan, scheme, design employed in this case. In view of the above, I do not find any merit in the contention of the said promoter related entities that SEBI has adopted a discriminatory approach in the matter.
37. I note that some of the promoter related entities have submitted that they had purchased shares of *Pine* when approached by some of the other promoter related entities, while few of the promoter related entities have stated that they had purchases shares via Bhushit Trading Pvt. Ltd, based on an advertisement issued by Bhushit Trading Pvt. Ltd or based on market tips. The Promoter related entities have further contended that they had not purchased shares from the promoters of the company. Be whatever it may, the fact remains that those shares were purchased through off- market transactions and considering the background of *Pine*, the investment made by the Promoter related entities cannot be termed as a rational investment behavior and such investment, as in this case, could be possible only if the Promoter Related Entities had nexus with the company and the transfer of shares in physical form was under a

prior arrangement for a sole objective to provide the Promoter Related Entities Long Term Capital Gains. This is further substantiated by the fact that majority of the shares sold by the Promoter related entities were bought by the Exit Providers. In my view, this cannot be termed as coincidence especially when sellers have nexus with the company and buyers i.e. Exit Providers are either connected among themselves or connected to the company directly or indirectly as mentioned in the *interim order*. As brought out in the *interim order*, the ultimate beneficiaries of the whole scheme in question are preferential allottees and the Promoter Related Entities. It is beyond reason to hold that the company and other entities mentioned in the *interim order*, except the Promoter Related Entities, would devise the impugned plan/scheme for the benefit of the entities who are neither party to the plan/scheme nor have any complicity in the plan with others. The facts and circumstances of this case, in my view, *prima facie* indicate that the transfer of these shares in physical form was under a prior arrangement for the ulterior motive or the end objective of the scheme that has been brought out explicitly in the *interim order*. In view of the foregoing, I reject the contentions of Promoter related entities in this regard.

38. I further note that some of the promoter related entities namely – Ms. Bina Devi Dhanuka, Mr. Mayank Dhanuka, Mr. Umang Dhanuka and Ms. Rajkumari Dhanuka, who are the directors of Bihariji Constructions have with respect to the fund transaction between *Pine* and Bihariji Constructions, submitted that the loans were advanced by *Pine* to Bihariji Constructions and that they were not aware of and/or connected with the source of funds used by *Pine* to advance the loans to Bihariji Constructions and that therefore, the said directors of Bihariji Constructions cannot be classified wrongly as Promoter Related entities. I note that the context of mentioning this transaction in the *interim order* is to emphasis the fact that that funds received as proceeds of preferential allotment were immediately transferred to various entities on the same day or in a matter of next three days and were never retained in the company for executing its plans as envisaged in the special resolution passed under section 81(1A) of the Companies Act, 1956. The Bihariji Constructions or its directors have not been classified as promoter related entities, based on this transaction. I find that, pending investigation, the contentions made by the said promoter related entities with respect to the subject of transfer of funds received as proceeds of preferential allotment to various entities, are irrelevant at this stage.

Preferential Allottees

39. The preferential allottees, have contended that they had invested in the scrip of *Pine* from their own funds as genuine investors considering the preferential allotment a good investment opportunity. They are not connected/ related to the company or its promoters or directors or with any entities mentioned in the *interim order*. They are not connected/ related to the entities who are alleged to be indulged in the price manipulation or with the exit providers. Thus, they cannot be said to be involved in any dubious plan as alleged in the *interim order*.
40. It is trite law that the preferential allotment of shares is an issue of shares by an issuer to select person or group of persons on a private placement basis unlike a public issue where funds are raised by inviting subscriptions from public in general. It is also a matter of common

knowledge that a preferential allotment is made to the persons/entities on a one-to-one basis who are acquainted/familiar with the company and/or its promoters/directors. A preferential allotment is always for the purposes of meeting fund requirements of the concerned company and involves a covert, manifested and planned actions by the concerned parties, i.e.,-

- (a) the company to identify select persons/group of persons who are known to it or its promoters/directors for investing in its share capital,
- (b) select persons/ group of persons (preferential allottees) exercise due diligence and then finance the fund requirements of the company and subscribe to its shares issued on preferential basis;
- (c) the company allots shares to the preferential allottees.

41. The preferential allottees, in this case, have failed to substantiate their claim that they made investment in preferential allotment and were not known to the company or its promoters/directors and/or had no nexus, connection with them in the preferential allotment. When asked during personal hearings to the respective preferential allottees they have failed to give any plausible explanation as to how the company could make allotment to them if they were not known to it or its promoters/directors and if they had no nexus/connection with them. The preferential allottees have claimed that they were approached by certain individuals with a presentation and were asked to make investment in the preferential allotment but they have failed to explain as to how only they were selected by the Company for making presentation to them individually. The fact that such presentations were made to few preferential allottees, individually, itself suggests existence of prior understanding and nexus between the company, its promoters/directors and the Noticees.

42. It is well accepted position that a preferential allotment signifies that the allottees agree with the issuer on one-to-one basis to finance its fund requirements and is not open to general public as an investment opportunity. Such financing pre-supposes nexus and prior understanding amongst the issuer, its promoters/directors and the allottees. A stranger cannot make investment in a preferential allotment merely on the basis of an advice without having any connection direct or indirect, and prior understanding with the company. A preferential allotment is not open to all type of investment opportunity as sought to be contended by the Noticees. A company will, in no case, make a preferential allotment to a stranger who just approaches it for allotment of its shares. I, therefore, am unable to accept such explanation.

43. Infusion of funds by way of preferential by the preferential allottees in a company like *Pine* had hardly any credential in the market at the time of allotment could only be possible if the preferential allottees had nexus and prior understanding with *Pine*, its promoter & directors, exit providers with regard to the dubious plan, device and artifice as *prima facie* found in the *interim order*. As brought out in the *interim order* ultimate beneficiaries of the whole scheme in question are the preferential allottees as such they cannot pretend to be oblivious to the scheme/plan/device/artifice in question. It is beyond reason to hold that the company and other entities mentioned in the *interim order*, except the preferential allottees, would devise the impugned plan/scheme for the benefit of the entities who are neither party to the plan/scheme nor have any complicity in the plan with *Pine* and other entities mentioned in the

interim order as sought to be contended by the Noticees. The facts and circumstances of this case, in my view, *prima facie* indicate that the issue of these shares was under a prior arrangement between them for the ulterior motive and the end objective of the scheme that has been brought out explicitly in the *interim order*.

44. Some of the preferential allottees have contended that they have only sold a small percentage of their total shares allotted under preferential allotment and were still holding majority of the shares in *Pine*. It is noted that the *interim order* has duly provided the reasons for directions issued against these noticees. In this regard I would like to reiterate para 39 of the *interim order* which reads as under:

"39. ...I note that currently a major portion of the shareholding (around 65.93%) lies with the Preferential Allottees and Promoter related entities . It is further noted that as on May 06, 2015, the allottees are still holding 18,03,34,724 shares of Pine that were allotted to them in the aforesaid preferential allotments. Further, the promoter related entities who bought shares from promoters are holding 23,00,645 shares of Pine as on May 06, 2015. The price of the scrip as on May 06, 2015 was ₹24/- per share. Thus, the preferential allottees and promoter related entities who are still holding these shares, may potentially book a bogus tax exempt LTCG of approximately ₹420 crore. Unless prevented they may use the stock exchange mechanism in the same manner as discussed hereinabove for the purposes of their dubious plans as prima facie found in this case. In my view, the stock exchange system cannot be permitted to be used for any unlawful/forbidden activities."

45. Some of the preferential allottees have contended that they are Private Limited Companies and provisions of Section 11JB of Income Tax Act relating to Minimum Alternate Tax (MAT) are applicable to them. Therefore, they had no intension of creating any bogus and not taxable profit. In this regard I note that the *interim order* has reasonably highlighted the *modus operandi* wherein the whole scheme of preferential allotment was orchestrated to enable the allottees to book illegitimate profits, avail fictitious/bogus LTCG on these profits and convert their unaccounted income into accounted one by misusing the securities market system in the manner as mentioned in the said *interim order*. While the possible case of tax evasion in the instant case, is jurisdiction of other law enforcement agencies such as Income Tax Department, Enforcement Directorate and Financial Intelligence Unit, the acts and omissions of preferential allottees in the whole process are construed to be *fraudulent* as much as it involves manipulation in the securities by misuse of the stock exchange system for making unlawful gains. It will be open for the concerned authority(ies) to take cognizance of the contention regarding payment of MAT. At this juncture for the limited purpose of deciding on the matter relating to market manipulation, I do not see any merit in the argument regarding payment of MAT and therefore I am compelled to turn down the argument. Moreover no benefit in this regard may be given with detailed confirmation of the claims of Noticees for the Income Tax Department.

46. I note that one of the preferential allottees Ms. Lata V Shah has contended that she had not sold the shares allotted to her on the floor of the exchange and instead had gifted the shares to her younger brother Mr. Pankaj Dhanji Goshar and has further contended that the allegations

in the *interim order* against her with regard to 'tax evasion' or 'avoidance of tax' are unsustainable and non-maintainable. I note that Mr. Pankaj Dhanji Goshar is also one of the preferential allottees of *Pine* and Mr. Goshar subsequent to the expiry of the lock-in period had sold the shares allotted to him along with the shares received by him from his sister.

47. I note that as per the provisions of Income tax, in case of gift, the period of holding of shares shall be reckoned from the acquisition date of shares by the owner who has actually acquired the shares otherwise than by inheritance or gift. Accordingly, the date when Ms. Lata Shah purchased the shares would be considered as acquisition date and period of holding will have to be computed from then on. Thus, the sale proceeds received by Mr. Pankaj Goshar on the sale of shares received by him as a gift from his sister would have been eligible for claiming exemption from tax on LTCG.
48. I further note that *prima facie* the fact remains that the preferential allotment made to Ms. Lata Shah and the act of gifting of shares to her brother Mr. Pankaj Goshar all form a part of the *modus operandi* wherein the whole scheme of preferential allotment was orchestrated to enable the allottees to book illegitimate profits, avail fictitious/bogus LTCG on these profits and convert their unaccounted income into accounted one by misusing the securities market system in the manner as mentioned in the said *interim order*. In these facts and circumstances, I *prima facie* do not find any merit in the contention of the above mentioned Ms. Lata Shah in this regard and reject the same.
49. I note that some of the preferential entities, namely, Mr. Anmol Prakash Babani, Mr. Kunal Ramesh Babani and Mr. Sharan Mohan Babani have submitted that they have no nexus with the exit providers as none of the shares sold by them were purchased by exit providers mentioned in the *interim order*. In this regard, I find it important to mention that the *interim order* clearly mentions that detailed investigation in the matter is in progress. The list of exit providers mentioned in the *interim order* is not exhaustive and at the stage of the *interim order*, directions were issued against entities whose role / involvement in the entire scheme was *prima facie* observed in light of the facts and circumstances at that stage. It is pertinent to clarify that appropriate action in accordance with the provisions of law will be initiated against every entity who has a role in the plan, scheme, design employed in this case. In view of the above, I do not find any merit in the contention of the preferential allottees that they have no nexus with the exit providers as none of the shares sold by them were purchased by the exit providers.
50. With regard to contention made by some of the preferential allottees that they have not paid a premium of ₹10 per share and that an error in the *interim order* was evidenced from paragraph 5 wherein it was mentioned that "*Strangely, in spite of such fundamentals and tarnished track record of long period of suspension of trading, exit by the promoters and no available market price on account of no trading in the scrip, Pine was able to garner funds aggregating to ₹24,70,00,000 from aforesaid 92 entities at a premium of ₹ 10 per share within a short span of few months from the revocation of suspension*". In this regard, it may be clarified that this was a typo error in the *interim order*.

LTP Contributors

51. I now proceed to deal with submissions of the LTP Contributors.
52. From the facts of the matter brought out in the *interim order* dated May 08, 2015, it may be recalled that during Patch I, the scrip opened at ₹47.2 (adjusted to share split price) on May 22, 2013 and closed at ₹100.60 on June 19, 2013. During this period, the scrip was traded with an average volume of 38 shares per day and total volume of 1181 shares in 19 trading days with an average of 1.6 trades per day. It was observed that price of the scrip was influenced by certain entities primarily through first trades during this period. It was noticed that these entities by putting 1 or 2 trades per day with negligible/ very less quantity of buy orders contributed significantly to the price rise. From LTP analysis, it was observed that price of the scrip increased from ₹47.2 to ₹100.6 mainly through first trades in 19 instances.
53. The Noticees have contended that they have no connections with any of the other entities mentioned in the *interim order*. Further, the Noticees have also contended that they have made miniscule investments in the scrip of *Pine* and subsequently sold off the shares yielding minimal profits.
54. Without going to any further discussion on this subject matter, based on common sense and knowledge, I am of the view that the role played by the entities trading in the Patch I to artificially increase the price during the lock in period in order to give huge profitable exit to preferential allottees and promoter related entities as brought out in the *interim order* of May 8, 2015 needs to be seen holistically. This is further strengthened by the fact that restrictions have been imposed on some of the LTP contributors in several *interim orders* issued by SEBI on the same modus operandi. Hence, the role played by the Noticees in the Patch 1 need to be seen in the backdrop of scale and size of operations undertaken by helping the beneficiaries (preferential allottees and promoter related entities) to generate fictitious long term capital gains by showing that the source of their income was trading at the stock exchange.
55. As brought out in the *interim order* dated May 8, 2015, it was observed that in Patch 1, out of a total of 31 instances of trades establishing new high price in the scrip, six entities namely, Nellakkara Raghunath, Prem Lata Nahar, Dharendra Kumar Gupta and Sons, J M S Financial Services Ltd., Sanjay Kumar Shah and Rajesh Kumar Shukla established new high price on 25 instances. The contribution of these six entities in establishing new high price was ₹45.75/- out of total price rise of ₹54.9/-, which constitutes 83.3% of the total new high price. The details of contribution to price rise by these six entities during Patch 1 are as under:

Table 6:

Name	PAN	Name reflected in the <i>interim order</i>	Positive LTP Contribution as a buyer	% to Total Positive LTP Contribution
Nellakkara Raghunath	AESPN9474K	-	17.15	31.2
Prem Lata Nahar	AFAPN8764M	Radford Global Limited, First Financial	9.85	17.9

		Services Ltd		
Dhirendra Kumar Gupta And Sons Huf	AAFHD9092L	-	8.2	14.9
J M S Financial Services Ltd.	AAACJ8428J	-	4.4	8
Sanjay Kumar Shah	AJSPS5543F	-	3.15	5.7
Rajesh Kumar Shukla	BGGPS9416R	-	3	5.5
TOTAL			45.75	83.3

56. Upon further analysis of trading data pertaining to the price increase period (Patch 1 from May 22, 2013 to June 19, 2013), it was observed that, buy orders were placed in the trading system at upper circuit. The details of order log of the Noticees is given below:

Table 7:

Name of the entity	Count of orders	Sum of shares placed in all orders	% of total order book	Avg qty per order	buy qty	Trade to Order ratio	LTP in %
Nellakkara Raghunath	17	3155	14.73	186	725	22.98	31.24
Prem Lata Nahar	12	1150	5.37	96	265	23.04	17.94
Dhirendra Kumar Gupta And Sons Huf	8	1760	8.22	220	15	0.85	14.94
J M S Financial Services Ltd.	16	3850	17.97	241	6	0.16	8.01
Sanjay Kumar Shah	14	6450	30.11	461	30	0.47	5.74
Rajesh Kumar Shukla	8	375	1.75	47	50	13.33	5.46

57. From the analysis of order book made after the passing of the *interim order*, it was observed that during the price increase period i.e. patch 1, there were total of 119 buy orders for 21,420 shares placed by 25 buyers. Of these 21,420 shares, buy orders for 16,740 shares constituting 78.15% of the order book were placed by the 6 *LTP Contributors* as brought out in the table above. From the data it is also observed that, they have placed buy orders with average quantity per order in the range of 47 shares to 461 shares. From the above trading pattern of the noticees, it was observed that the contribution to price rise by top 3 *LTP Contributors* is individually quite high (around 15%). In this background, I reject the submissions of top 3 *LTP Contributors* that their trading did not have an impact on the price rise of the scrip of *Pine*.

58. Further, order log analysis of top buy-side order book (in terms of all order placed in the order book) was carried out and is tabulated as under:

Table 8:

Name of the entity	PAN	No. of	Sum of	% of	Avg	Trade to
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		orders placed	shares placed in all orders	order book	qty per order	Order ratio
Sanjay Kumar Shah	AJSPS5543F	14	6450	30.11	460.71	0.47
J M S Financial Services Ltd.	AAACJ8428J	16	3850	17.97	240.63	0.16
Nellakkara Raghunath	AESPN9474K	17	3155	14.73	185.59	22.98

59. From the above, it was observed that, with respect to the entities J M S Financial Services Ltd and Sanjay Kumar Shah, I observe that even if the contribution to the price rise is less than around 15%, the said entities have contributed to a substantial percentage of the total order book, ranging from 17.97% to 30.11%. The entities have not demonstrated the reasons as to why they would place such large quantity of buy order despite knowing that the scrip is very thinly traded, few sellers available in the scrip and also that the scrip was suspended for a considerable time. By placing huge buy orders, the Noticees had created artificial demand in the scrip and induced genuine investor to invest in the scrip. I note that this fact raises doubt on the intent and trading pattern of the Noticees. Hence, such flooding of buy side order book by J M S Financial Services Ltd and Sanjay Kumar Shah appears to be suspicious in nature and may need further investigation on account of irrational exuberance of these entities in placing such huge orders in such scrip having weak fundamentals. I therefore, reject the contentions of the said entities that their trading in the scrip did not have an impact on the price rise of the scrip.

60. I further note that the entity Rajesh Kumar Shukla has only contributed to 5.46% of the LTP and his contribution to the percentage of orders placed, is a mere 1.75%. I do not find the contributions made by Rajesh Kumar Shukla to be significant to continue the directions issued in the *interim order* dated May 08, 2015 against him. Therefore, the directions issued against by Rajesh Kumar Shukla in the *interim order* of *Pine* dated May 08, 2015 stand revoked.

61. As noted in the *interim order*, during the examination period an artificial demand for the shares of *Pine* was created though it did not have the fundamentals to command such a high demand nor were there any external factors such as corporate announcements which could have led to such demand. From the trading behavior shown in this case it is noted that despite there being a huge demand for the shares of *Pine*, the sellers sold shares in miniscule quantities on various occasions and thereby controlled the supply of shares. Such selling behavior also exhibits suspicious trading in spite of a huge demand for the shares. Although the role of buyers in creating such demand cannot be outrightly ignored, the facts and circumstances of each case need to be holistically examined. In this case, from the material available on record, I note that the Noticees are not connected / related to the company or its promoters or directors or with any entities mentioned in the interim order. The Noticees have demonstrated that they had placed the buy orders seeing huge demands on previous trading day as against thin volume traded and purchase quantity was always far less than the traded volume. Further, they had placed impugned orders in the scrip without foreseeing any manipulation or being a party to the scheme described in the interim order. They have also demonstrated that they had purchased only 1181 shares out of his own funds through 31 trades without being party to the

scheme in question. I do not find sufficient material at this stage to attribute role of the some of the LTP contributors in the dubious plan, scheme or devices and to continue the directions issued in the interim order against such LTP contributors.

62. An examination of the trading pattern in the shares of the company revealed that during Patch 1, the scrip witnessed a sharp increase in price from ₹47.2 (adjusted to share split price) to ₹ 100.60 till June 19, 2013. During this period, price of the scrip increased continuously from ₹47.2 to ₹ 100.60 by 113% with an average volume of 38 shares per day and total volume of 1,181 shares in 19 trading days with an average of 1.6 trades per day. As on quarter ending March 2013, the total share capital of the company was 2,77,00,000 shares out of which 2,47,00,000 shares (comprising 89.16% of the share capital) were held by the preferential allottees and were under lock-in during the said price increase period. Remaining 9,27,400 shares (comprising 3.35% of the share capital) was held by promoter related entities and 7.48% of the total share capital available with other investors were available for trading. Thus, out of the total share holding of the company, large chunk of shares, i.e., 92.51% was with the preferential allottees and the promoter related entities.
63. Upon further analysis of trading data pertaining to the price increase period, it was observed that single sell orders of small quantities were placed at substantial time gap after buy orders of large quantity on many of the days. It was also observed from the order book that there were total of 21420 buy orders for 1181 shares as against 60 sell orders for 1713 shares during the said period. These facts indicate that supply side was being intentionally restrained/controlled by the sellers.
64. This type of trading pattern in illiquid scrip like *Pine*, *prima facie*, indicates that the seller being in control of the tradable shares of this scrip played a major role in manipulating the price of the scrip. From the order book it appears that a facade of huge demand at upper circuit was created without which a scrip like *Pine* with hardly any credential regarding its trading history, fundamentals, business or financial standing etc., could not have witnessed an increase in the price (113%) within a period of 19 trading days. The only way the price of such scrip could have increased is by deploying manipulative trading pattern. Although the role of buyers in creating such demand cannot be outrightly ignored, the facts and circumstances of each case need to be holistically examined.

Exit Providers

65. I now proceed to deal with submissions of Exit providers on merit.
66. Exit providers have contended that SEBI has erroneously named them as exit providers and clubbed them as Pine Animation Group entities and they have not done any wrong-doing. In this regard, I would like to reiterate para 19 of the *interim order* which reads as under:

"The transactions wherein the Exit Providers bought most of the shares sold by the Preferential Allottees and Promoter related entities cannot be just a coincidence particularly when sellers have nexus with Pine

and its promoters/directors by virtue of being Preferential allottees/Promoter related entities and other factors mentioned in Annexure-A. It is interesting to note that in Patch 1, 92.52% of the share capital of Pine was with the Preferential Allotees and the Promoter related entities. From the analysis presented for Patch 1 and 2, it was established that the shares of Pine were not in demand by the general investors of the market and saw very low volume on most of the trading days and hence could not have commanded the price as observed in Patch 3. In any market, a sudden supply if not matched by similar demand leads to price fall. Considering the same, any rational investor would not have dumped a large number of shares without facing the risk of a significant price fall until and unless he was sure of the demand side absorbing the supply. In this peculiar case, the Exit Providers created the demand against the supply from the Preferential Allotees/Promoter related entities. In the whole process, the principle of price discovery was kept aside and the market lost its purpose. It is evident from the above analysis that the Exit Providers provided a hugely profitable exit to the Preferential Allotees/Promoter related entities. This could be only possible if Pine and its promoters/directors, Preferential Allotees, Promoter related entities and the Exit Providers were hand in glove with each other".

67. Exit providers have contended that they invested in the shares of *Pine* as a normal investment activity and did not create any artificial volume. I note that considering the share price as discussed in the *interim order* was not supported by fundamentals of *Pine* or any other external factor, investment by the Noticees in *Pine* that has hardly any intrinsic value cannot be termed as rational/normal buying or investment behaviour.
68. It is pertinent to note that in any normal market, a sudden supply if not matched by similar demand leads to price fall. In this peculiar case, the preferential allottees and the promoter related entities were able to offload shares at high price continuously for a period of more than 13 months because of the artificial demand created by the Exit Providers so as to absorb the supply from the preferential allottees and the promoter related entities. This artificial demand in the scrip created by the entities of Exit Providers had the potential to induce any genuine investor to invest in the scrip without knowing the scheme of operations deployed, as in the instant case. Thus, the above facts and circumstances reinforces the finding in the *interim order* that entities of the preferential allottees, promoter related entities and the Exit Providers used the securities market system to artificially increase volume and price of the scrip for making illegal gains and to convert ill-gotten gains into genuine one. Thus in my view the entities of Exit Providers are *prima facie* involved in the *modus operandi* or scheme in question.
69. Some of the Exit providers have contended that they had not acted as counterparties to the preferential allottees and the promoter related entities. In the instant case, exit providers had acted as buyers when the preferential allottees and the promoter related entities were selling the shares of *Pine* after the lock-in period. It is apparent from the trading pattern that these Exit providers had bought shares at high prices. Such trading behaviour belies any economic rationale and indicates existence of premeditated arrangement among the Noticees. Moreover, as discussed in the *interim order*, had these Noticees not traded/dealt in the scrip of *Pine* during the relevant time, it would not have been possible for the preferential allottees and the promoter related entities to offload/sell in large numbers at such price in such a stock that has hardly any intrinsic value.

70. In view of the above facts and circumstances, I find that exit providers had *prima facie* acted in concert/league and misused the exchange platform to provide exit to the preferential allottees and promoter related entities at a high price thereby enabling these preferential allottees and promoter related entities to reap the benefit of tax exemption available under the Income Tax Act, as discussed in the *interim order*. I, therefore, at this stage reject the contention of these Noticees in this regard.
71. Exit providers have contended that establishing any relation/connection between entities as mentioned in the *interim order* was flawed. In this regard, it is submitted that the basis of connection as discussed in the *interim order* is based on the KYC and Bank Statement analysis, off market analysis, data available with the exchange and MCA details, exit providers were observed to be dealing in the scrip during the period of examination. The basis of connection was identified to give an indication of connection of them with the other entity/entities of the *Pine* Group. Further, it may also be noted that the basis of connection as described in the *interim order* is not to be seen selectively but holistically. Therefore, I reject the contention of the Noticees at this stage.
72. With regards to the contention made by Vibgyor Financial Services Pvt. Ltd. in respect to their off market transaction with Scope Vyapar Pvt. Ltd., they have submitted that their transactions were commercial transaction of shares purchase and had nothing to do with purchase or sales of *Pine*. I note that the primary reason for issuance of *interim* directions against them, like other entities of the Exit Provider Group, was its role in dealing in the scrip of *Pine* in the manner as discussed in para's hereinabove. The off-market transaction as discussed in the *interim order* was identified to give an indication of connection of them with the other entity/entities of the Exit Provider Group.
73. With regard to the contention made by Dhanraksha VincomPvt Ltd., Divya Drishti Merchants Pvt. Ltd., Divya Drishti Traders Pvt. Ltd and Ridhi Vincom Pvt. Ltd. that the address of Dhanraksha VincomPvt Ltd. was changed from 163B, M. G. Road, Kolkata 700 007 to 14/1 Hazra Road, 14 Floor, Flat No IA, Kolkata 700026 with effect from 10.06.2014 therefore they did not share common address with Divya Drishti Merchants Pvt Ltd., Divya Drishti Traders Pvt Ltd. and Ridhi Vincom Pvt Ltd. In this regard, I note that Dhanraksha Vincom Pvt. Ltd. had in its correspondence dated January 08, 2015 in the matter of Radford Global Ltd. had replied on its letter head of earlier address i.e. 163B, M. G. Road, Kolkata 700 007. It shows that they are sharing address and also known to each other. Therefore, I reject this contention.
74. With regard to the contention made by Linus Holdings Ltd., that there have been no fund transfers between Alishan Estate Pvt. Ltd and Duari Marketing Pvt. Ltd., it is observed from the bank statement that Alishan Estate Pvt. Ltd had received ₹10lac from Duari Marketing Pvt. Ltd. on September 09, 2014. In this regard, I note that this fund transaction in itself is an indication that they are known to each other as the said transfer was done on one to one basis and in virtue of Linus Holdings Ltd. and Alishan Estate Pvt. Ltd., having a common director, it shows the connection between Linus Holdings Ltd. and Duari Marketing Pvt. Ltd. In addition to their connection, the trading of these connected entities in the same scrip i.e *Pine* at the same time and in similar pattern as other entities of Exit Provider Group signifies their role

in the scheme in question that led to misuse of securities market system. In view of the same I find no merit in the contention of Linus Holdings Ltd.

75. With regard to the contention of BSR Finance and Constructions Ltd., that they have absolutely no direct or indirect or any remotest connection either with Pine Animation Ltd or any of the entities mentioned in the *ex-parte interim order* and that they have not done any off market transactions with Bikash Sureka in the above mentioned period nor dealt in shares of Pine Animation with any entity, I note that the entity has indeed made an off-market transaction of shares to Bikash Sureka on March 20, 2013. Further, as already indicated, this off-market transaction as discussed in the *interim order* was identified to give an indication of connection of them with the other entity/entities of the *Pine Group*. In view of the same I find no merit in the contention of BSR Finance and Constructions Ltd.
76. I note that some of the Exit Providers have contended that of the 5,73,86,531 shares sold by preferential allottees and promoter related entities, only 2,82,65,949 shares matched with the alleged 'Exit Provider' and that there is no mention of the other entities who have provided exit for 2,91,20,582 shares to the preferential allottees and promoter related entities and the reason for exempting such entities has nowhere been spelt out. In this regard, I find it important to re-iterate that the *interim order* clearly mentions that detailed investigation in the matter is in progress. The list of exit providers mentioned in the *interim order* is not exhaustive and at the stage of the *interim order*, directions were issued against entities whose role / involvement in the entire scheme was *prima facie* observed in light of the facts and circumstances at that stage. It is pertinent to clarify that appropriate action in accordance with the provisions of law will be initiated against every entity who has a role in the plan, scheme, design employed in this case. Therefore, I reject the above contention.
77. Further, I also note that though the value of the exit provided by the exit providers appear to be small, considering the facts and circumstances holistically and the connection with the company and the other exit providers directly or indirectly, their role cannot be absolved at this stage.
78. It is intriguing to note that, inspite of its tarnished track record, price of the scrip increased from ₹472/- to ₹1006/- in 19 trading days with an average trading volume of 38 shares per day during the lock-in period. Thereafter, the preferential allottees and the promoter related entities were able to offload their shares at high price, continuously for a period of around 13 months. In any normal market, a sudden supply if not matched by similar demand leads to price fall. In this peculiar case, the preferential allottees and the promoter related entities were able to offload shares at high price because of the presence of Exit Providers who acted as buyers when the preferential allottees and the promoter related entities were selling their shares. In the whole process, artificial demand was created by the entities of the Exit Providers so as to absorb the supply from the preferential allottees and the promoter related entities. Thus as a result of the trading between preferential allottees and the promoter related entities and the Exit Providers in patch-3, the average trading volume in the scrip increased astronomically to the extent of 4433 times. Such increase in volume was mainly on account of matched trading amongst preferential allottees, promoter related entities and the Exit Providers. This artificial

volume in the scrip created by the preferential allottees, promoter related entities and the Exit Providers had the potential to induce any genuine investor to invest in the scrip without knowing the scheme of operations deployed, as in the instant case. Thus, the above facts and circumstances reinforces the finding in the *interim order* that preferential allottees, promoter related entities and the Exit Providers used the securities market system to artificially increase volume and price of the scrip for making illegal gains and to convert ill-gotten gains into genuine one.

79. In the instant case, the *interim order* has reasonably highlighted the *modus operandi* wherein *Pine*, its promoters and directors in nexus with the preferential allottees made a facade of preferential allotment ostensibly to raise money and simultaneously the promoters of *Pine* transferred their holdings to the promoter related entities. Thereafter the preferential allottees and the promoter related entities with the aid of the Exit providers misused the stock exchange mechanism to exit at a high price in order to generate fictitious LTCCG. While the tax related issues will be looked after by the other law enforcement agencies, SEBI would look into the probable violations of securities market system. Thus, in the instant case, some of the Noticees, while acting under dubious plan, device and artifice, have traded in the shares of *Pine* that *prima facie* led to the creation of artificial volume in the scrip by misuse of securities market system. Therefore, *prima facie*, the acts and deeds of some of the Noticees are fraudulent and are in contravention of the provisions of the Securities Laws so far as it relates to the misuse of securities market system.
80. Considering the findings as mentioned above, the facts and circumstances of the case do not justify the continuation of the directions passed against Rajesh Kumar Shukla (BGGPS9416R) vide the *interim order* dated May 08, 2015. I, therefore, in exercise of the powers conferred upon me under section 19, read with sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 hereby revoke the directions as against him.
81. I, however, find that the following 122 Noticees have, at this stage, failed to give any plausible reasoning/explanation for their acts and omissions as described in the *interim order* and have not been able to make out a *prima facie* case for revocation of the *interim order*:-

S.No.	Name of the entity	PAN
Company:		
1	Pine Animation Limited	AAECM0267A
Directors of Pine Animation Limited:		
2	Nagaraja Sharma Rajagopalan	AABPN3336R
3	Deepak Prakash Rane	AMCPR0635A
4	Lalji Ramraj Yadav	AAPPY0422P
5	Mandar Subhash Palav	AOMPP1671C
6	Nirmal Pragjibhai Jodhani	AJZPJ7049J
7	Priyesh Prakash Pethe	APUPP9069B
8	Santosh Kumar	BMKPK5626B

Promoters/Directors of the Promoter Companies:		
9	First Entertainment Private Limited	AABCF0975D
10	Unique Image Production Pvt. Ltd.	AAACU9294K
11	Murali Shanmugam	AEZPM6900L
12	Prabhu Sekar	ARUPP1577G
13	Sekar Vasu	ADRPV2013N
Promoter Related:		
14	Manisha Narpatkumar Chopra	ACTPC4078P
15	Deepak Agarwal HUF	AAGHD3018R
16	Govind Agarwal HUF	AADHG0808H
17	Heena Hitendra Nagda	ABVPN8122C
18	Darshan D Bhanushali	AGKPB3602K
19	Alok Navinchandra Kubadia	ABFPK6567J
20	Bina Devi Dhanuka	AEZPD5474N
21	Mayank Dhanuka	ADLPD5568J
22	Neha Dhanuka	ADOPB3260E
23	Nikunj Dhanuka	ADNPD6220D
24	Rajkumari Dhanuka	ADUPD7020N
25	Umang Dhanuka	ADLPD0494K
26	Madan Mohan Dhanuka	ADQPD6035P
27	Gajakarna Trading Pvt Ltd	AAECG2103R
28	Mahaganapati Financial Services Pvt Ltd	AAHCM1333N
29	Nimesh S Joshi	AAFPJ6734M
30	Roshni N Joshi	AGSPJ6909M
31	Hitesh N Kawa	AGYPK8780F
32	Roopal H Kawa	ANMPK4236D
33	Akash Ranchhodbhai Golakia	ALDPG8381J
34	Chintan Ranchhodbhai Golakia	AEEPG1294G
35	Ranchhodbhai Jasmatbhai Golakia	AAYPG3878J
36	Vijuben Ranchhodbhai Golakia	AAWPG3157A
37	Sushilkumar Shribhagwan Fatehpuria	AABPF1503E
38	Umadevi Sushilkumar Fatehpuria	AABPF1507A
39	Pankaj Kumar Rajkumar Beria	ABFPB2995P
40	Poonam Pankaj Beria	AFTPB8600D
41	Rajkumar Budhram Agarwal	AAPPA6950Q
42	Pinky Rajkumar Agrawal	AAPPA6951R
43	Sudhesh Jajoo	AAEPJ9602R
44	Sunil Jajoo	AAEPJ9603Q
45	Snehlata Jajoo	AALPJ9756B
46	Kiran Jajoo	AALPJ9757A
47	Anuradha Jajoo	AAMPJ0021E

48	Omprakash Jajoo	AARPJ7854N
49	Ashish Goel	AAEPG6708K
50	Shakuntala Maru	ACIPM0237D
51	Paras Chand Maru	ADUPM7778C
52	Saurabh Maru	AJWPM1991R
Preferential Allotees:		
53	Hirji Morarji Shah	AAEPS8716P
54	Anil Kumar Kasaraneni	AGMPK5927A
55	Neelam Mor	AFPPM2107Q
56	Balchand Jain	AAAPB5499G
57	Anmol Prakash Babani	AEUPB3427L
58	Kunal Ramesh Babani	AEUPB2920C
59	Sharan Mohan Babani	AKYPB3382J
60	Haresh Rawani HUF	AAAHH5526G
61	Priyanka Haresh Rawani	AADPR1704M
62	Neena Sudhir Vora	AAAPV9144N
63	Prithvi Sudhir Vora	APZPV0747H
64	Mahendra Vasantrai Pandhi	AACPP0931H
65	Sanjay Dnyaneshwer Nikam (HUF)	AATHS9775H
66	Santosh Yashwant Tandel	ADQPT9711L
67	M/s.TVC Shares Stock & Investment Pvt Ltd	AAACT8706B
68	Vasudev Mahirwan Hemrajani	AAAPH6194E
69	Gopal N Pariani	AAAPP9409N
70	Pradip Damji Shah	AABPS7441L
71	Rajesh D Joshi	ABSPJ2879F
72	Lata V Shah	AAQPS5640E
73	Anil Vishanji Dedhia	AABPD9375L
74	Mayur Ishvardas Gandhi	AAEPG6125C
75	Hemant Jayant Gogri	AEIPG1584P
76	Brijesh Chowdhary Lavu	ABAPL3679D
77	Ankit Miglani	AACPM1902D
78	Archana Miglani	AREPS5118G
79	Anuj Miglani	AABPM6332L
80	Priyanka Miglani	ARIPS3477L
81	Ashok Jain HUF	AADHA7870F
82	Prakash Hiralal Jain HUF	AAHHP7899B
83	Kaushal Kanhayalal Bagadia	AADPB1550B
84	Poonam Kaushal Bagadia	AAEPS7956D
85	Arvind Chhotalal Morzaria	AEKPM9977L
86	Anil Kumar Chamanlal	ADZPC5979N
87	Jay Hansraj Chheda	AJLPC9910H

88	Neha Bansal	ADSPA3332J
89	Sadhna Rani	ABHPA9244J
90	Savita Bansal	AEJPB6903J
91	Monesh Israni	AAJPI8348E
92	Sunny Mirchandani	ALVPM6130D
93	Nareshkumar Kishanlal Saraf	AALPS7124C
94	Peeyush Makhija	BGGPM9415G
95	Damji Anandji Rambhia	ADPPR2047A
96	Kantilal Lalji Shah	AAIPS4820L
97	Kishor Pranjivan Mehta	ACMPM6181A
98	Rajesh C Mehta	AAZPM0573H
LTP Contributors:		
99	Prem Lata Nahar	AFAPN8764M
100	Dhirendra Kumar Gupta and Sons HUF	AAFHD9092L
101	J M S Financial Services Ltd.	AAACJ8428J
102	Nellakkara Raghunath	AESPN9474K
103	Sanjay Kumar Shah	AJSPS5543F
Exit Providers:		
104	Vibgyor Financial Services Pvt Ltd	AAACV8378B
105	Bazigar Trading Pvt Ltd	AABCB3052B
106	Burlington Finance Limited	AABCB2575P
107	Symphony Merchants Pvt Ltd	AADCS5411K
108	Apex Commotrade Private Limited Ltd	AAJCA4459K
109	Dhanraksha Vincom Pvt Ltd	AADCD6028P
110	Divya Drishti Traders Pvt Ltd	AABCD8146J
111	Divyadrishiti Merchants Pvt Ltd	AABCD8147K
112	Linus Holdings Ltd	AADCR9508C
113	Ridhi Vincom Pvt Ltd	AAECR9858C
114	Runicha Merchants Private Limited	AAECR0580M
115	Sanklap Vincom Private Limited	AAMCS1711P
116	Signet Vinimay Private Limited	AAMCS1712Q
117	SKM Travels Private Limited	AAICS0688K
118	Spice Merchants Private Limited	AAPCS7492G
119	Swarna Pushpa Vanijya Private Limited	AAJCS0597G
120	Winall Vinimay Private Limited	AAACW8004B
121	BSR Finance and Construction Ltd	AABCB0636K
122	S N Srinivasan	ACIPS8803M

82. Having dealt with the contentions of the noticees as aforesaid, I note that majority of them have raised concern over challenges in running their activities on account of ban and consequent freezing of their demat accounts. Many of these entities have pleaded for removal

of the restraint imposed vide the *interim order* or atleast allow them partial relief of permitting trading in securities other than those involved in this case. It is worth mentioning that the case in hand is peculiar as large number of entities have been restrained and the ongoing investigation in the matter may take time in completion. I have been conscious that the restraint order should not cause disproportionate hardship or avoidable loss to the portfolio of the noticees. That is why several relaxations, such as allowing investment in mutual fund units, permission to liquidate existing portfolio and keep the proceeds in escrow account and even utilize 25% of the proceeds for meeting exigencies, etc. have been made in the past. Now at this stage, considering the facts and circumstances of this case and submissions/oral arguments made before me, I deem it appropriate to make further relaxations so as to address the issues of the personal and business exigencies or other liquidity problems.

83. Considering the above, I, in exercise of the powers conferred upon me under section 19 of the SEBI Act, read with sections 11(1), 11(4) and 11B thereof, hereby confirm the directions issued vide the *ad interim ex parte* order dated May 08, 2015 as against the aforesaid 122 Noticees except that they can:-

- (a) enter into delivery based transactions in cash segment in the securities covered in NSE Nifty 500 Index scrips and/ or S&P BSE 500 scrips;
- (b) subscribe to units of the mutual funds including through SIP and redeem the units of the mutual funds so subscribed;
- (c) deal in Debt/Government Securities;
- (d) invest in ETF
- (e) avail the benefits of corporate actions like rights issue, bonus issue, stock split, dividend, etc.;
- (f) tender the shares lying in their demat account in any open offer/delisting offer under the relevant regulations of SEBI;

84. Further considering business and personal exigencies and liquidity problems submitted by the restrained entities I allow them further relaxations/reliefs as under:-

- (a) They are permitted to sell the securities lying in their demat accounts as on the date of the interim order, other than the shares of the companies which are suspended from trading by the concerned stock exchange, in orderly manner under the supervision of the stock exchanges so as not to disturb the market equilibrium and deposit the sale proceeds in an interest bearing escrow account with a nationalized bank.
- (b) They may deal with or utilize the sale proceeds lying in the aforesaid escrow account under the supervision of the concerned stock exchange as provided:-

- i. the sale proceeds may be utilised for investments permitted in para 81;

- ii. upto 25% of the value of the portfolio as on the date of the *interim order* or the amount* in excess of the profit made /loss incurred or value of shares purchased to give exit, whichever is higher, may be utilized for business purposes and/or for meeting any other exigencies or address liquidity problems etc.

* *The amount will include the value of portfolio in the demat account*

Explanation: For the purposes of determining the portfolio value of the entities, the value of portfolio of securities lying in the demat account/s (individual and joint both) on the date of the interim order after excluding the value of shares that have been suspended from trading as on the date of the communication shall be considered. For NBFCs and stock brokers the value of portfolio shall exclude the value of clients' securities lying in their demat accounts.

- (c) The aforesaid reliefs shall be subject to the supervision of exchanges and depositories. The stock exchanges may use this existing mechanism available for implementing the similar interim relief earlier granted to some of the entities.

85. It is, however, clarified that the aforesaid exceptions/relaxation/reliefs shall be available
- (a) To the aforesaid 122 Noticees and those restrained entities in respect of whom the confirmatory orders have already been passed as mentioned in para 10 above.
 - (b) The common *interim* reliefs already granted in the matter earlier are subsumed in the aforesaid general relaxations/reliefs. The specific reliefs granted if any, to any of the Noticees shall remain in operation.
86. This order is without prejudice to any enforcement action that SEBI may deem necessary against the aforesaid *Noticees* on completion of the investigation in the matter.
87. The trading in the securities of Pine Animation Limited shall continue to remain suspended till further directions.
88. This order shall continue to be in force till further directions.
89. A copy of this order shall be served on all recognized stock exchanges and depositories to ensure compliance with above directions.

Sd/-

DATE: August 22nd, 2016
PLACE: MUMBAI

RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA