SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 11(4), 11(4A), 11B(1), 11B(2) AND 15I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 AND SECTIONS 12A(2) AND 23I OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 READ WITH RULE 5 OF THE SECURITIES CONTRACTS (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005.

In respect of:

Noticee no.	Noticee Name	PAN
1	M/s. Natraj Capital & Credit Pvt Ltd	AAACN2928D
2.	Mr. Parmanand Yadav Proprietor of Roxtech Securities	AIMPY3580D
3.	Mr. Praveen Goyal Proprietor of Shivam Trading Company	AQMPG2650C
4	Mr. Santosh Kumar Proprietor of Balaji Enterprises	AEKPK6751Q
5	Ms. Sapna Proprietor of Stallion Trading Co.	DRUPS8079D
6	Mr. Sunil Singh Proprietor of Alfa Finsec	BDGPS0774K

(Aforesaid entities are hereinafter individually referred to by their respective name or noticee number and collectively as "the Noticees".)

In the matter of trading activities of certain entities in the scrip of Delta Leasing and Finance Ltd.

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1. Present proceedings emanate from a show cause notice dated September 3, 2021 (hereinafter referred to as "**SCN**") issued by Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), to the Noticees. It is noted that an investigation was conducted by SEBI into the trading activities of certain entities in the scrip of

Delta Leasing and Finance Ltd. (hereinafter referred to as "**the Company**"). Investigation has found that promoters of the Company had indulged in manipulation of the volume of the shares traded in the market by dealing in the scrip of the Company in such a manner where the promoter/promoter connected entities had transferred a substantial portion of their holdings through off market to the suspected entities group who had in turn sold the shares so received, in the market. The counter party buyers for these sale transactions were also amongst the suspected entity group who had transferred back the shares so bought, to the promoter/promoter connected entities through off market transfer either directly or in directly through other suspected entities. The extent to which the shares received through off market and sold in the market by the suspected entities and which were bought in the market by the counter party suspected entities and transferred back to the promoters group by them through off market transfers either directly or through other suspected entities constitute the artificial volume created in the market. As the entire shares transferred by the promoters group to the suspected entities had come back to them through market sale transaction by the suspected entities and subsequent off market transfer, there was no actual change in the ownership of the security in these transactions. Based on the investigation conducted in the aforesaid matter, enforcement actions were initiated by SEBI against 176 entities for volume manipulation, 78 entities for price and volume manipulation, 30 entities for price manipulation in violation of Section12A(c) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") and SEBI (Prevention of Fraudulent and Unfair Trade Practices relating to securities market) Regulations 2003 (hereinafter referred to as "**PFUTP Regulations, 2003**"), 15 promoter entities for disclosure violations under SEBI (Prohibition of Insider Trading) Regulations 1992 and 5 Promoter entities for disclosure violations under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

2. While the shares were sold from promoter/ promoter connected entities to suspected entities and later on, the promoter/ promoter connected entities bought back shares from suspected entities, these two legs of the transaction cycle were conducted through off-market in 802 transactions (spot delivery). SEBI conducted

another investigation into 802 off-market transactions (spot transactions) carried out during the period from January 01, 2013 to December 31, 2014 (hereinafter referred to as "**Investigation Period**") into the scrip of the Company, to examine as to whether these off market transactions were carried out in accordance with provisions of Section 2(i)(a) of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCRA, 1956**") or was there any violations of Section 13, Section 16 and Section 18 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 2, 2000 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013, or any other violation of provisions of SEBI Act, 1992 and PFUTP Regulations, 2003. The present order deals with these off-market transactions.

3. SCN alleged the violation of the following provisions:

Noticee no.	**Provisions alleged to have been violated**	**Called upon to show cause**
1 to 6	By committing the acts of acting as unregistered intermediaries (stock broker/sub-broker) in having clientele dealing for trading and dealing in securities and by creating a falsified/fabricated document to give an impression of authenticity about its transactions, the Noticees are alleged to have violated the provisions of Section 17(1) of SCRA, 1956 and 12(1) of SEBI Act,1992 read with Regulation 3 of SEBI (Stock Brokers) Regulations, 1992 (hereinafter referred to as "**Broker Regulations**, **1992**") and Section 12A(c) of SEBI Act, 1992 read with Regulation 3(a), 3(d), 4(1) of PFUTP Regulations, 2003	Why appropriate directions under Sections 11B(1) and 11(4) of the SEBI Act, 1992, including debarment, should not be issued against them and/ or why appropriate penalty under Sections 11(4A) and 11B(2) read with Sections 15HA and 15HB of SEBI Act, 1992 should not be imposed upon them.
1 to 6	By delaying the transfer of shares to the transferees subsequent to receipt of payment from the transferees much beyond the time frame stipulated in	Why appropriate penalty should not be imposed under Section 12A(2) read with Section 23H of SCRA, 1956.

	Section 2(i)(a) of SCRA, 1956, the Noticees are alleged to have violated Sections 13, 16 and 18 of SCRA, 1956 read with SEBI Notification G.S.R 219 (E) dated March 2, 2000 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013.	
1 to 6	By not responding in any manner to the summons issued, the Noticees are alleged to have violated the provisions of Section 11C(2) and 11C(3) of SEBI Act, 1992.	Why appropriate penalty should not be imposed under Sections 11(4A) and 11B(2) read with Section 15A(a) of SEBI Act, 1992
1, 2, 5 and 6	By stating an untrue and incorrect reason of gift transaction by Noticee no. 1 and further as "Loan/Return of Loan shares" by the Noticee no. 1, Noticee no. 2, Noticee no. 5 and Noticee no. 6, in the DIS while carrying out the off market transfer transactions without any creation of pledge of shares duly confirmed by the Depositories NSDL & CDSL, thereby falsifying the documents in an attempt to evade compliance of the transactions with the time frame stipulated in Section 2(i)(a) of SCRA, 1956, amounting to an act of deceit and unfair trade practice while dealing in securities thereby are alleged to have violated the provisions of Regulation 4(1) of PFUTP Regulations, 2003.	Why appropriate penalty should not be imposed against them under Sections 11(4A) and 11B(2) read with Section 15HA of SEBI Act, 1992.

4. An opportunity of personal hearing was granted to all the Noticees on March 29, 2022. On the scheduled date of hearing, authorized representative on behalf of Noticee no. 6 appeared and made submissions. None appeared for Noticee no. 1 to 5, nor was any request for adjournment received from them. The service of SCN and Hearing Notice was done upon the Noticees in the following manner.

Noticee	**Particulars**

Noticee no. 1	The SCN was sent by Speed Post on the three available addresses on record of Noticee no. 1. These Speed Post returned undelivered with the remark "Insufficient Address/ No such person in address". Another attempt for the delivery of SCN was made on October 4, 2021, at all the three addresses of Noticee no. 1. However, the SCN returned undelivered with the same remarks. Thereafter, SCN was affixed at two addresses of Noticee no. 1. I note that scanned copy of the SCN was also sent on the email id's of Noticee no. 1 available on record and successful email delivery notifications were also received. The Hearing Notice dated February 16, 2022, sent by Speed Post was delivered to one of the addresses of Noticee no. 1. An affixture of Hearing Notice was also done on two of the addresses of Noticee no. 1. I note that scanned copy of the Hearing Notice was also sent on the email id's of Noticee no. 1 available on record and successful email delivery notifications were also received. The SCN and Hearing Notice were also served upon Noticee no. 1 through paper publication in the Delhi Edition of Dainik Jagran on March 4, 2022 and Delhi Edition of Hindustan Times on March 4, 2022. I note that the unserved SCN and Hearing Notice were also published on the SEBI Website.
Noticee no. 2	The SCN was sent by Speed Post on the available address on record of Noticee no. 2. The Speed Post returned undelivered with the remark "Addressee left without instructions". Another attempt for the delivery of SCN was made on October 4, 2021. However, the SCN returned undelivered with the same remarks. Thereafter, SCN was affixed at last known address of Noticee no. 2. I note that scanned copy of the SCN was also sent on the email id's of Noticee no. 2 available on record, but delivery to those email id's was also unsuccessful. The Hearing Notice dated February 16, 2022, sent by Speed Post was retuned undelivered with the remark "Insufficient Address". I note that scanned copy of the Hearing Notice was also sent on the email id's of Noticee no. 2 available on record but delivery to those email id's was also unsuccessful. The SCN and Hearing Notice were also served upon Noticee no. 2 through paper publication in the Delhi Edition of Dainik Jagran on March 4, 2022 and Delhi Edition of Hindustan Times on March 4, 2022. I note that the unserved SCN and Hearing Notice were also published on the SEBI Website.
Noticee no. 3	The SCN was sent by Speed Post on the available address on record of Noticee no. 3. The Speed Post returned undelivered with the remark "Addressee left without instructions". Another attempt for the delivery of SCN was made on October 4, 2021. However, the SCN returned undelivered with the same remark. Thereafter, SCN was affixed at last known address of Noticee no. 3. I note that scanned copy of the SCN was also sent on the email id's of Noticee no. 3 available on record and successful email delivery notifications were also received. The Hearing Notice dated February 16, 2022, sent by Speed Post was retuned undelivered with the remark "Addressee cannot be located". I note that scanned copy of the Hearing Notice was also sent on the email id's of Noticee no. 3 available on record and successful email delivery notifications were also received.

	The SCN and Hearing Notice were also served upon Noticee no. 3 through paper publication in the Delhi Edition of Dainik Jagran on March 4, 2022 and Delhi Edition of Hindustan Times on March 4, 2022. I note that the unserved SCN and Hearing Notice were also published on the SEBI Website.
Noticee no. 4	The SCN was sent by Speed Post on the available address on record of Noticee no. 4. The Speed Post was successfully delivered. Since, no reply was received, another delivery of SCN was made on October 4, 2021, which was also successfully delivered. Since no reply was received, SCN was also affixed at the last known address of Noticee no. 4. I note that scanned copy of the SCN was also sent on the email id's of Noticee no. 4 available on record and successful email delivery notifications were also received. The Hearing Notice dated February 16, 2022, sent by Speed Post was retuned undelivered with the remark "Addressee left without instructions". I note that affixture of Hearing Notice was also done on the last known address of Noticee no. 4. I note that scanned copy of the Hearing Notice was also sent on the email id's of Noticee no. 4 available on record and successful email delivery notifications were also received. Though the service of SCN was successful, but since no reply was received, hence, out of abundant caution, the SCN and Hearing Notice were also served upon Noticee no. 4 through paper publication in the Delhi Edition of Dainik Jagran on March 4, 2022 and Delhi Edition of Hindustan Times on March 4, 2022. I note that the SCN and Hearing Notice were also published on the SEBI Website.
Noticee no. 5	The SCN was sent by Speed Post on the available address on record of Noticee no. 5. The Speed Post returned undelivered with the remark "Refused". Another attempt for the delivery of SCN was made on October 4, 2021. However, the SCN returned undelivered with the same remark. Thereafter, SCN was affixed at last known address of Noticee no. 5. I note that scanned copy of the SCN was also sent on the email id's of Noticee no. 5 available on record and successful email delivery notifications were also received. The Hearing Notice dated February 16, 2022, sent by Speed Post was retuned undelivered with the remark "Insufficient Address". I note that affixture of Hearing Notice was also done on the last known address of Noticee no. 5. I note that scanned copy of the Hearing Notice was also sent on the email id's of Noticee no. 5 available on record and successful email delivery notifications were also received. The SCN and Hearing Notice were also served upon Noticee no. 5 through paper publication in the Delhi Edition of Dainik Jagran on March 4, 2022 and Delhi Edition of Hindustan Times on March 4, 2022. I note that the unserved SCN and Hearing Notice were also published on the SEBI Website.
Noticee no. 6.	SCN and Hearing Notice dated February 16, 2022, were successfully delivered by Speed Post to Noticee no. 6. He has also filed a reply dated September 27, 2021.

5. I note that an email dated November 3, 2022 was also sent to all the Noticees providing them a final opportunity to make written submissions/ reply if any, to the SCN. However, no reply to the said email was received from any of the Noticees.

6. I note that the primary investigation in the trading activities of certain entities in the scrip of the Company, was concluded by SEBI on September 5, 2019, and enforcement action was initiated against a total of 190 entities for manipulation of the price and /or volume and /or both in the scrip for violations of PFUTP Regulations, 2003 and Section12A(c) of SEBI Act, 1992 and against the Promoter entities for disclosure violations under SEBI (PIT) Regulationsm, 1992 and SEBI (SAST) Regulations, 2011. However, during the course of the primary investigation, it was observed that several off-market transactions have taken place, which form part in the modus operandi adopted by the entities in the price-volume manipulation in the scrip. Thus, a separate investigation was carried out by SEBI involving these 802 off- market transactions, which got concluded on October 23, 2020. Subsequently, the matter was placed before another WTM, SEBI for approval of SCN but since the term of the then WTM was about to expire, hence, the matter came to be reassigned to the undersigned on July 23, 2021. The undersigned approved the issuance of the SCN on August 9, 2021 and the SCN dated September 3, 2021 came to be issued.

7. During the investigation, it was observed that 802 off market transactions were carried out between 231 entities which comprised of 58 Source Clients (Transferors) and 173 Target Clients (Transferees) where 2,17,99,401 quantity of shares were involved in the transactions. While examining the off market transactions of the Source clients and the replies of the Source/Target Clients together with documentary evidences furnished, SEBI investigation found that almost all the Source Clients had carried out off market transfers with several entities on varying dates and consideration amount. However, in such transactions, the Noticees, who are the Source Clients, were observed to have carried out off market transfers as an act of trading or dealing in securities market for their clients i.e. the entities have carried out clientele transactions with 34 entities inasmuch as offering shares as a sale transaction and issuing certain documents like Bills demanding payment of money, Cash Receipts acknowledging the receipt of cash for the transaction, ledgers indicating the extent of transactions done for the clients in the scrip etc. SEBI investigation also revealed that Noticee no. 1 had even charged brokerage from the client and issued a document purported to be a contract

note in a prescribed Format of Form A being used by SEBI Registered Stock Brokers except that it did not have the SEBI registration number. All the documents such as Cash Receipts, Bill, Ledgers etc. were issued in the name of Firms predominantly Proprietary Concerns with PAN numbers same as that of the Source entities.

8. Taking into account the number of clients dealt with by each of these Noticees and also the number of transactions which they have done, the SCN alleges that the transferor clients have been carrying out a clientele dealing while dealing in the scrip of the Company. None of these transferor entities/Noticees are registered with SEBI as a market intermediary in any capacity and authorized to do a direct clientele dealing in securities market. On analysis of the KYC forms of such entities, SEBI found that all the Noticees are registered with their respective stock brokers as a client and not as any sub broker. Therefore, the SCN alleges that the Noticees have acted as unregistered intermediaries.

9. The SCN provides the following details of Noticee no. 1 to 6 who have allegedly acted as unregistered stock broker/sub-broker and the number of clients for whom such transactions had been done and also the extent of transactions carried out by them:

S. No.	Firm Name	Proprietor	PAN	Number of clients dealt with	Number of transactions	Qty of shares transferred	Total value of shares transferred(Rs.)
1.	STALLION TRADING CO.	SAPNA	DRUPS8079D	11	14	415710	30906556
2.	ROXTECH SECURITIES SERVICES	PARMANAND YADAV	AIMPY3580D	11	18	181730	18912226.7
3.	ALFA FINSEC	SUNIL SINGH	BDGPS0774K	2	3	30500	6688000
4.	SHIVAM TRADING CO.	PRAVEEN GOYAL	AQMPG2650C	3	4	139900	11207100
5.	BALAJI ENTERPRISES	SANTOSH KUMAR	AEKPK6751Q	2	2	15100	13657650
6.	NATRAJ CAPITAL CREDIT PVT LTD		AAACN2928D	5	6	59750	7440875

10. The SCN alleges that all the aforementioned six Noticees have acted as unregistered stock broker / sub-broker in as much as carrying out clientele dealings and such dealings have been done either in their own name or in their firm name.

11. In addition to above, the SCN also alleges that all the aforesaid Noticees have carried out off market transactions with their clients wherein the settlement of the transactions was not in accordance within the time frame stipulated in Section 2(i)(a) of SCRA, 1956. Further, SCN alleges that in many of the transactions, the Noticees in order to evade the compliance of time period for settlement of off market transactions as stipulated in Section 2(i)(a) of SCRA, 1956 had also indulged in stating false reasons in the DIS for their transactions as loan of shares, return of loan, bad delivery, rectification of bad delivery and gift as the case may be, thereby committed an act of deceit and unfair trade practice in violation of Regulation 4(1) of PFUTP Regulations, 2003.

12. I note that in the SCN, the violations alleged against the Noticees emanate from the off-market transactions in the shares of the Company entered into by the Noticees which were not on spot delivery basis. In this regard, I note that in terms of Section 2(i) of SCRA, 1956, spot delivery contract has been defined as under:

> "(i) "spot delivery contract" means a contract which provides for,-
> (a) actual delivery of securities and the payment of a price therefor either on the same day as the date of the contract or on the next day, the actual period taken for the despatch of the securities or the remittance of money therefor through the post being excluded from the computation of the period aforesaid if the parties to the contract do not reside in the same town or locality;
> (b) transfer of the securities by the depository from the account of a beneficial owner to the account of another beneficial owner when such securities are dealt with by a depository;"

13. As per aforesaid definition, a 'spot delivery contract', means a contract which provides for actual delivery of securities and payment of consideration thereof either on the same day as date of the contract or on the next day. When a contract in securities qualifies as "spot delivery contract" as above, then by virtue of provision of Section 18(1) of SCRA, 1956, nothing contained in Sections, 13, 14, 15 and 17 applies to such contracts. Section 13 declares contracts in notified areas illegal in certain circumstances, Section 14 declares contracts in notified area to be void in certain circumstances, Section 15 provides that member of stock exchange may not act as principle in certain circumstances and Section 17 provides for licensing

of dealers in securities in certain areas. In addition, Section 16 provides for power of Central Government to prohibit contracts in securities in certain cases, save with the permission of the Central Govt. In terms of notifications dated July 30, 1992 and March 01, 2000, issued by the Central Government in exercise of its powers conferred under Section 29A of SCRA, 1956, the powers under Section 16 are also exercisable by SEBI and RBI also. SEBI vide notification dated March 01, 2000, issued by it in exercise of the powers conferred by Section 16(1) *inter alia* provided that no person in the territory to which the SCRA, 1956 extends, shall, save with the permission of the board, enter into any contract for sale or purchase of securities other than such spot delivery contract or contract for cash or hand delivery or special delivery or contract in derivative as is permissible under SCRA, 1956 or SEBI Act, 1992 and the rules and regulations made under such Acts and rules, regulations and bye laws of a recognized stock exchange. The said notification dated March 01, 2000 has been rescinded and replaced by another notification dated October 03, 2013, however, the position with respect to "spot delivery contracts" remained same under the said notification also. Section 16(2) of SCRA, 1956 provides that all contracts in contravention of the provisions of sub-section (1) entered into after the date of notification issued thereunder shall be illegal. The combined effect of Section 18(1) of SCRA, 1956 and of notifications issued by SEBI under Section 16(1) of SCRA, 1956, in respect of spot delivery contract, can be summarised as that any contract in securities which is not spot delivery contract, falls foul of Section 13, 14, 15, 16 and 17, that is to say it is either prohibited or illegal or void, if the other requirements laid down in these Sections are satisfied.

14. The details of the findings of investigation and the consequent alleged violations of each of the aforesaid six Noticees and my findings thereon are dealt with as under:

14.1. **Natraj Capital & Credit Pvt. Ltd. (Noticee no. 1):**

14.1.1. I note that Noticee no. 1 has neither filed any reply to the SCN nor has appeared for hearing, despite due service of the SCN and hearing notice.

14.1.2. SEBI investigation has revealed that Noticee no. 1 had issued contract note/bill which showed the details of the quantity of shares, rupee value of

the shares, the name of the transferee client, date of execution of the transaction etc. and the contract note/bill was issued in the name of 'M/s Natraj Capital and Credit Pvt. Ltd.' as a member of erstwhile Delhi Stock Exchange ('**DSE'**) [sample of which is provided in para 14.1.21 below]. In order to confirm the authenticity of the bill, SEBI investigation enquired from DSE whether 'M/s Natraj Capital and Credit Pvt. Ltd.' was registered as a member of DSE. In response, DSE stated that M/s. Natraj Capital and Credit Pvt. Ltd. was not registered with DSE as a trading member in any manner. Thus, I find that Noticee no. 1 has misled the investors by issuing the contract note/bill with a stamp mentioning itself as a member of DSE, misrepresenting the bill, by giving an authentication as a registered member of DSE, to the investors.

14.1.3. The SCN mentions the following details of client wise transactions done and nature of records issued by Noticee 1:

Table 2

S.No	Name of the Target Client	Date of Transfer of shares	Amount recorded (Rs.)	Qty of shares transferred	Name of document issued to clients	Date of issue of Contract Note /sale bill / Ledger
1	KRISHANU MUKHARJI ATUPM4571F 1201130000331614	16.06.2014	48209.65	3000	**Contract Note**	02.04.2013
2	KRISHANU MUKHARJI 06446825 ATUPM4571F	16.06.2014		3000	**Contract Note**	02.04.2013
3	AJEET SINGH CHAUHAN 10903373	22.03.2014	150000	18750	**Sale Bill and Ledger**	15.03.2010
4	DINESH KUMAR 11715795	22.03.2014	88000	11000	**Sale Bill and Ledger**	15.03.2010
5	VANDNA CHAUHAN 10373950	22.03.2014	88000	11000	**Sale Bill and Ledger**	15.03.2010
6	NAVNEET PAREEK 00010738	13.06.2014	130000	13000	**Contract Note**	10.10.2012

14.1.4. On analysis of the transactions of Noticee no. 1, it could be seen that Noticee no. 1 as on date of receipt of money from its clients either did not have any stock of the scrip in its account or sufficient quantity to transfer the shares. Further, it had acquired the shares from other sources either through off market or on market and provided the shares to the clients which clearly indicate that Noticee no. 1 has been engaging in trading /dealing in securities for its clients. It was also observed that in one instance, Noticee no. 1 while dealing with its client Krishanu Mukharji (PAN ATUPM4571F), had effected delivery of shares to the client through Noticee no. 6. It is pertinent to mention that even Noticee no. 6, for effecting transfer of shares to the client - Krishanu Mukharji of Noticee 1, did not have any stock of the scrip in his account or

sufficient quantity to transfer the shares as on date of receipt of payment from the target clients. The instances in the below table are given for illustration and the exhaustive list was provided as Annexure 1 to the SCN:

Table 3

Name, PAN, Demat Id of source client (1)	Name, PAN, Demat Id of target client (2)	Quantity transferred (3)	Date of payment by target client (4)	Date of transfer of shares by source client (5)	Balance shares as on date of credit of amount (6)	Balance shares as on 1 day before date of transfer of shares/Balance shares as on date of transfer of shares (7)
NATARAJ CAPITAL & CREDIT PVT LTD (through SUNIL SINGH BDGPS0774K 10113199 IN301766)	KRISHANU MUKHARJI ATUPM4571F 1201130000331614	3000	02.04.2013	16.06.2014	0	6000
	KRISHANU MUKHARJI 06446825 ATUPM4571F	3000	02.04.2013	16.06.2014	0	3000
NATRAJ CAPITAL & CREDIT PVT LTD 00001943	AJEET SINGH CHAUHAN 10903373	18750	15.03.2010	22.03.2014	0	68007
	DINESH KUMAR 11715795	11000	15.03.2010	22.03.2014	0	49257
	VANDNA CHAUHAN 10373950	11000	15.03.2010	22.03.2014	0	9007
	NAVNEET PAREEK 00010738	13000	10.12.2012	13.06.2014	0	13000

14.1.5. The details of a few transactions of acquisition of shares in between the time period of date of credit of amount to the transferor and date of transfer of shares to the transferee is given below and the exhaustive list of all the transactions was placed at Annexure 2 to the SCN:

Table 4

Name, PAN, Demat Id, DP Id of source client (1)	Date of acquisition (2)	Qty of shares acquired (3)	ON Mkt/ OFF Mkt (4)	Particulars of the Source client in case of OFF Market acquisitions	
				Name of the client	Client ID
NATARAJ CAPITAL & CREDIT PVT LTD (through SUNIL SINGH BDGPS0774K 10113199 IN301766)	28.09.2013	30,000	OFF Mkt	VIVEK FINANCIAL FOCUS	10178100
	01.10.2013	8000	ON Mkt	N.A	N.A
	19.10.2013	8300	OFF Mkt	VIVEK FINANCIAL FOCUS	10178100
	21.10.2013	26500	OFF Mkt	FARSIGHT SECURITIES LTD	10110348
	13.11.2013	25	ON Mkt	N.A	N.A
NATRAJ CAPITAL & CREDIT PVT LTD AAACN2928D 00001943 56300	13-05-2013	8500.000	INDEP-CR	N.A	
	20-05-2013	11456.000	INDEP-CR	N.A	
	28-06-2013	16810.000	INDEP-CR	M/s Tushar India Pvt Ltd.	IN301766 10110532
	01-07-2013	47061.000	INDEP-CR	N.A	
	30-07-2013	118300.000	OFF Mkt	M/s Kesri Industrial Lab Pvt Ltd.	1205630000002018
	13-06-2014	13000.000	OFF Mkt	Navneet Pareek	1206500000010738

14.1.6. The following are the date wise transactions of the Noticee no. 1 from its date of receipt of money from the clients and till the date of transfer of securities to the clients in column 2 of **Table 5**:

Table 5

Name, PAN,	Name, PAN, Demat Id of target client	Quantity transferred (3)	Consideration amount as per DIS (Rs.)	Consideration (Rs.) received	Market rate (Rs.)	Market value (Rs.)	Date of payment by target client	Date of transfer of	Number of days of delay

Demat Id of source client (1)	(2)		(4)	by source client (5)	(6)	(7)	(8)	shares by source client (9)	(10)
NATARAJ CAPITAL & CREDIT PVT LTD (through SUNIL SINGH BDGPS0774K 10113199 IN301766)	KRISHANU MUKHARJI ATUPM4571F 1201130000331614	3000	Not mentioned	48209.65	203	609000	02.04.2013	16.06.2014	439
	KRISHANU MUKHARJI 06446825 ATUPM4571F	3000	Not mentioned		203	609000	02.04.2013	16.06.2014	439
NATRAJ CAPITAL & CREDIT PVT LTD 00001943	AJEET SINGH CHAUHAN 10903373	18750	Not mentioned	150000	90.50	1696875	15.03.2010	22.03.2014	1467
	DINESH KUMAR 11715795	11000	Not mentioned	88000	90.50	995500	15.03.2010	22.03.2014	1467
	VANDNA CHAUHAN 10373950	11000	Not mentioned	88000	90.50	995500	15.03.2010	22.03.2014	1467
	NAVNEET PAREEK 00010738	13000	Not mentioned	130000	195	2535000	10.12.2012	13.06.2014	549

From **Table 5,** SCN observed that not only the consideration amount received by the Noticee no. 1 is generally far less but it is received much before the actual date of transfer. It could only be seen from the DIS (Delivery Instruction Slip) that the Noticee no. 1 had not made entries in DIS regarding the consideration amount and/or the date of receipt of consideration in order to conceal the actual date/ amount received by the Noticee no. 1. Further, the date of transfer of shares by Source client mentioned in the DIS is much after the actual date of payment received.

14.1.7. In view of the above, I find that all of the above acts by the Noticee no. 1 were to make the DIS appear as if it was for a normal genuine spot delivery transaction carried on the execution date (date of transfer of shares), whereas the actual payment had been received by the Noticee no. 1 in 2010, 2012 & 2013, and the transfer of shares was done in March-June 2014, after more than a year of delay. The open price in the market on June 16, 2013 was Rs. 203/- per share but the Noticee no. 1 had sold the shares at a mere Rs. 16.07/- per share through cash payment which raises serious doubts on the genuineness of the transaction.

14.1.8. From **Table 5**, I find that the Noticee no. 1 has delayed the transfer of shares to the transferees, after the receipt of the amount from the transferee, in all cases, by more than the time given in Section 2(i) of SCRA, 1956. Thus, I find that, the transactions were not “spot delivery contract” in terms of Section 2(i) of SCRA, 1956.

14.1.9. On examination of the DI slips of Noticee no. 1, it was observed that the reasons for transfers stated was “Loan of Shares or return of loan of shares”

and “gift”. The SCN alleges that if the transactions were to be considered as loan transactions, then such transactions should have happened only in the manner provided in Section 12 of the Depositories Act, 1996 (hereinafter to be referred to as **“Depositories Act, 1996”**) and Regulation 58 of SEBI (Depositories and participants) Regulations,1996 (hereinafter to be referred to as **“DP Regulations, 1996”**) (since repealed).

14.1.10. Upon further verification about the nature of the above transactions as to whether the same were either in the nature of creation of pledge or revocation or invocation of pledge, with the Depositories NSDL and CDSL, SEBI’s investigation found that none of the transactions are in the nature of pledge. I note that since the off market transfers involving the said loan transactions involve transfer of ownership of the shares, thereby these transactions cannot be considered as Pledge transactions. As mentioned above, I also note that the provisions of Section 2(i) of SCRA, 1956 requires that in a spot delivery contract the securities be delivered on the same day of receipt of consideration or on the next day. Further, in case of dematerialized shares, a spot delivery contract means transfer of securities by the depository from one BO account to another BO account. A plain reading of Section 2(i)(b) of SCRA, 1956 gives an impression that in case of dematerialized shares, there is no requirement of payment of consideration. In this regard, Hon’ble SAT in the matter of ***Mrs. Bhanuben Jaisukhlal Shah vs. Securities and Exchange Board of India, [Appeal no.271 of 2011 decided on March 5, 2010]***, held as under:

“……*According to clause (b), when securities are transferred from one beneficial account to another, it would be treated as “actual delivery” of securities within the meaning of clause (a). It is, thus, clear that clause (b) is not an independent clause but only an explanation to the words “actual delivery” as used in clause (a). We cannot, therefore, accept the argument of the appellant that clause (b) is an independent clause and that the spot delivery contract is complete with the mere transfer of securities from the account of one beneficial owner to that of another without reference to the payment of consideration. This could never be. If that were so, the contract itself would become void being without consideration. Clause (b) cannot be picked up and interpreted in a manner which defeats the very purpose for which it was enacted. While interpreting the provisions of Section 2(i) of the Act, we*

have to keep in mind the consequences which are likely to flow from the intended interpretation. We cannot but hold that clause (b) in Section 2(i) was not meant to stand on its own and it has to be read in conjunction with clause (a)."

14.1.11. Thus, in case of dematerialized shares as well, the delivery of shares and payment of consideration has to be completed either on the same day or the next day. Since, in these transaction payment was received by Noticee no. 1 much prior to making of delivery of shares, therefore, I note that these transactions were not spot delivery contracts in terms of Section 2(i) of SCRA, 1956. I note that by virtue of the provisions of SEBI Notification G.S.R 219 (E) dated March 1, 2000 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013, issued by SEBI in exercise of powers under Section 16 of SCRA, 1956, prior permission of SEBI is required to be obtained before entering into any contract for sale and purchase of securities, which does not fall in the category of any of the exceptions stipulated in the said notifications including the exception of spot delivery contract. As noted earlier, since the transactions entered into by the Noticees were not spot delivery contract, thus, the Noticees were required to obtain permission from SEBI before entering into such contracts. I find that no permission of SEBI was sought by Noticee no. 1 before entering into any of these transactions, which are squarely hit by the embargo put in place by the aforesaid notifications. Therefore, by virtue of the provision of Section 16(2) of SCRA, 1956, I find that all the transactions entered into by Noticee no. 1 were illegal.

14.1.12. I note that for effecting transfer of shares, electronically, it is the source client who had to issue the DIS duly filled in and signed to its DP (Depository Participant). Therefore, the source client is responsible for the contents filled in by him in the DIS. When the source client state the reasons for transfer in the DIS as "Loan or return of loan shares" transaction which is not true and when the other records exist contrary to the reasons stated in the DIS by the source client, I find that the contents of the DIS were falsified. I note that it can only be construed that such an act has been resorted to by the source client i.e. Noticee no. 1 to portray its off market transfer of shares as spot delivery contracts within the meaning of Section 2(i) of SCRA, 1956.

14.1.13. For few of the transactions, Noticee no. 1 had stated the reasons for such transactions as "gift". The following is the summary of total number of such so called "gift" transactions, number of target clients dealt with by the Noticee no. 1, quantity of shares involved and value of such transactions:

Table 8(Summary transactions)

Number of target clients dealt with(Transferees)	Number of off market transactions	Total Qty of shares transferred	Total Consideration as per DIS(Rs.)	Total market value as on date of transfer of shares in rupee terms of shares transferred (Rs.)
6	7	2,24,000	Not Mentioned	1,05,12,150

14.1.14. The following are the details of the Target clients with whom the Noticee no. 1 has dealt, with reason mentioned in the DIS as "gift" transaction:

Table 9

Name, PAN, Demat Id of source client	Name, PAN, Demat Id of target client	Quantity transferred	Consideration (Rs.) as per DIS	Market rate (Rs.)	Market value (Rs.)	Date of transfer of shares by source client
NATRAJ CAPITAL & CREDIT PVT LTD 00001943	FUSSY FINANCIAL SERVICES PVT LTD 10108866	1000	Not Mentioned	146.15	146150	21.05.2013
	AJEET AGARWAL 11698956	18000	Not Mentioned	89.5	1611000	04.06.2013
	TUSHAR INDIA PVT LTD 00001924	100000	Not Mentioned	35.05	3505000	13.08.2013
	DELPHINA DISTRIBUTORS PRIVATE LIMITED 11027148	30000	Not Mentioned	87.5	2625000	10.12.2013
	PLACIDO MARKETING PRIVATE LIMITED 11027156	20000	Not Mentioned	87.5	1750000	10.12.2013

The transactions mentioned in **Table 9** above are provided for illustration purpose and the exhaustive list of clients and their replies were placed at Annexure 4 to the SCN. Entities Delphina Distributors Pvt. Ltd, Placido Marketing Pvt. Ltd and Susane Traders Pvt. Ltd were merged with M/s. Utilas Infrastructure Pvt. Ltd on February 22, 2018.

14.1.15. I note that in all the aforesaid transactions in **Table 9** and the exhaustive list in Annexure 4 of the SCN**,** the consideration amount is not mentioned, the mode and manner of the amount received has also not been stated. I note that none of the source clients or the Target clients had substantiated their claim of consideration received / paid with any documentary evidences in response to the summons issued during SEBI investigation, seeking the aforementioned details.

14.1.16. In order to ascertain the genuineness of these transactions as a gift transaction, SEBI investigation had sought information from both the Donor and the Donee such as copy of the gift deed, relationship between the Donor and the Donee, formal acceptance of the gift by the Donee etc. Neither the Donor nor the Donee had replied to the summons. Therefore, it could only be inferred from this that the source client had stated the transaction as "gift" in order to portray these off market transactions as "spot delivery contract" within the meaning of Section 2(i) of SCRA, 1956 so as to avoid rigors of Sections 13, 14, 15, 16 and 17 of SCRA, 1956.

14.1.17. In the instant case, Noticee no. 1 by stating its off market transfer of shares as "Gift" transactions in the DIS when the fact is that none of such transactions are "Gift" transactions, the said Noticee no. 1 has committed an act of deceit and unfair trade practice by giving false reason of "Gift" in DIS for transfer of shares in order to portray these off market transfer of shares as spot delivery contract as defined under Section 2(i) SCRA, 1956.

14.1.18. For the summons issued to the Noticee no. 1 during SEBI investigation, seeking information on the transactions inter-alia including the reasons for delay in delivery of shares to the clients, the Noticee no. 1 neither replied nor responded to the summons in any manner. I note that there is no record of successful delivery of the said summons to Noticee no. 1. Thus, the allegations in the SCN for violations of Section 11C (2) and 11C (3) of SEBI Act, 1992, cannot be sustained.

14.1.19. The clients of the Noticee no. 1 in response to the summons had furnished the copy of records issued by the Noticee no. 1 and while some of them had stated that they were not aware of the delay and others have stated that they have been following up with the Noticee no. 1 to receive the shares.

14.1.20. The following are the details of the responses /replies furnished by the recipient clients of the Noticee 1:

Table 10

Sl.no.	Name of the recipient client	Date of summons	Date of reply	List of documents of the Noticee 1 furnished by the transferee	Reply stated by transferee for delay in receipt of shares
1.	KRISHANU MUKHARJI 06446825 ATUPM4571F	18.11.2019	27.11.2019	Contract note & statement of account	I would like to state that I had purchased the shares in April 2013 from Natraj Capital & Credit Pvt. Ltd. I continuously pursued broker Natraj Capital & Credit Pvt. Ltd. through its authorized representative over telephone for transfer of shares to my Demat account and after continuously following up with them, they finally transferred the shares in June

					2014. I did not have any prior knowledge about the likelihood date/period of the transfer of shares to my Demat account
2.	AJEET SINGH CHAUHAN 10903373	18.11.2019	27.12.2019	Sale bill & Transaction statement	No reply
3.	DINESH KUMAR 11715795	18.11.2019	30.12.2019	Sale bill & Transaction statement	No reply
4.	VANDNA CHAUHAN 10373950	19.11.2019	27.12.2019	Sale bill & Transaction statement	No reply
5.	NAVNEET PAREEK 00010738	19.11.2019	15.12.2019	Contract note cum bill	When I came to know that the shares purchased by me were not updated by the broker and were not reflecting in my Demat Account after lapse of time, I started pursuing the broker Natraj Capital and Credit Private Limited. As per my memory, the person whom I was contacting was Mr. Vinod Garg and with the follow-up, I got the Shares transferred to my Demat Account. I had no prior knowledge about the likely date/ period of the transfer of shares to my Demat Account

It is observed from the reply of the recipient clients and the documents furnished by them (sample of which is shown below in para 14.1.21) that Noticee no. 1 has acted as sub-broker/stock broker.

14.1.21. The following is a sample of the nature of records issued by the Noticee no. 1 to its clients while dealing in the scrip of the company. as clientele transactions:

Contract Note

Regd. Office: Plot No.-28, Gali No.3, Sainik Farm, Mohan Garden, Uttam Nagar, New Delhi - 110059					CONTRACT NOTE (Regulation 3.5) Subject to Jurisdiction of the Courts in New Delhi CONTRACT NOTE ISSUED BY MEMBERS ACTING FOR CONSTITUENTS AS BROKERS & AGENTS									
NATRAJ CAPITAL & CREDIT PVT. LTD.														
KRISHANU MUKHARJI D-62, Swasi Madho Sigh Road Bani Park JAIPUR – 302016 PAN: ATUPM4571F					Contract Note-Form A No.: DATE SETTLEMENT NO. SETTLEMENT PERIOD Sir/Madam, I/We have this day done by your order and on your account the following transactions:							7 02/04/2013 DR-003/2013-2014 02/04/2013 TO 02/04/2013		
					Securities BOUGHT FOR YOU for Delivery/Clearing									
Order No.	Trade No.	Trade Time	Quantity	Kind of Security	Purchase rate	Brokerage	Rate plus brokerage Net Rate	Amount Rs.	Quantity	Kind of security	Sale Rate	Brokerage	Rate minus brokerage Net Rate	Amount Rs.
			6000	Delta	8.00	0.03	8.03	48,180.00						
Add Service Tax @ 12.36 %							29.65							
					48,209.65									
					For NATRAJ CAPITAL & CREDIT PVT. LTD. AUTHORIZED SIGNATORY Member of Delhi Stock Exchange Association Ltd. New Delhi									

The above representation of contract notes cum bill issued by Noticee no. 1 is for illustration and the copies of all the cash bills, contract notes of Noticee no. 1 were provided as Annexure-5 (Colly) to the SCN.

14.1.22. On scrutiny of the documents furnished by the clients during investigation, as can be seen from para 14.1.21, I find that the Noticee no. 1 has issued certain documents viz.: a ledger account for the clients indicating a running

account being maintained for the clients, and also a sale bill raised on the client for purchase of 6000 quantity of shares of the Company at a price of Rs. 8 per share. The share bill also contains a settlement no. DR-003/2013-2014 for the transaction done. However, the name of the Exchange in which such transaction had been done have not been mentioned. I note that the scrip was listed on BSE only, on April 18, 2013 i.e. subsequent to the date of transaction mentioned in the Sale Bill. Further, the settlement number in BSE starts with a sequence of DR-040/20-21 which means 40th settlement in the financial year 2020-2021. The settlement number indicated in the sale bill do not match the format of settlement number being followed in BSE. Further, the trading in Delhi Stock Exchange Ltd. in which the scrip was listed had ceased w.e.f. October 30, 2003. The rate quoted in the sale bill for the scrip also has no basis as the scrip had not been traded in BSE and DSE as on the date of transaction. As such, I find that the settlement number stated in the Sale Bill is incorrect, false and misleading. I also find that Noticee no. 1 had used a Firm Name "Natraj Capital & Credit Pvt. Ltd.", used a client code for the client which is mandatory for a stock broker to deal with clients, a fictitious settlement number etc. Thus, I note that it is only an attempt made by Noticee no. 1 to provide an illusionary impression of genuineness about itself and also as if the transaction is done through authentic sources such as Stock Exchanges, so as to win over the trust and confidence of the clients to deal with it. As such, the Noticee 1 was not authorized to do a clientele transaction. Further, I note that Noticee no. 1 has falsified/fabricated the documents so as to give an impression of authenticity about itself and its transactions. From the manner in which the transactions have been executed by the Noticee no. 1 and on scrutiny of the documents such as contract note, sale bill etc. issued by the Noticee no. 1 to its clients as explained above, I find that Noticee no. 1 namely, M/s Natraj Capital and Credit Pvt. Ltd. has acted as a Stock Broker/Sub-broker in as much as carrying out clientele dealing in securities without obtaining prior registration from SEBI or without being the member of a recognized stock exchange and thus, violated Regulation 3 of Broker Regulations, 1992 and Section 12(1) of SEBI Act,1992.

14.1.23. All the aforesaid acts committed by Noticee no. 1, such as acting as unregistered stock broker/ sub-broker, issuing false contract notes to clients, falsifying DIS by not mentioning the consideration amount in the DIS in order to make it appear as a genuine spot delivery contract, falsifying DIS by mentioning the false reason of transfer in DIS, entering into illegal contracts for sale/purchase of securities in violation of Section 16(1) of SCRA, 1956, tantamount to unfair trade practice relating to securities market. Thus, I find that Noticee no. 1 has also violated the provisions of Regulation 4(1) of PFUTP Regulations, 2003.

14.2. Parmanand Yadav, Proprietor of Roxtech Securities Services (Noticee no. 2):

14.2.1. I note that Noticee no. 2 has neither filed any reply to the SCN nor has appeared for hearing, despite due service of the SCN and hearing notice. SEBI's investigation has revealed that Noticee no. 2 had carried out clientele transactions both in his name as "Parmanand Yadav" and also in his firm name "Roxtech Securities Services" as seen from the documents such as cash receipt, client ledger, share bill etc. maintained by the Noticee no. 2 (sample of which is provided in para 14.2.16 below)

Table 11

Name	PAN	Address
ROXTECH SECURITIES SERVICES	AIMPY3580D	C-76/189, BILSON SQUARE UDHAN MARG, GOLE MARKET NEW DELHI INDIA 110003
PARMANAND YADAV	AIMPY3580D	C-76/189, BILSON SQUARE UDHAN MARG, GOLE MARKET NEW DELHI INDIA 110003

14.2.2. The following are the details of client wise transactions done and nature of records issued by Noticee no. 2 which are provided for illustration purpose and the exhaustive list was placed at Annexure 6 to the SCN.

Table 12

S.No	Name of the Client	Date of transfer of shares	Amount recorded (Rs.)	Qty of shares transferred	Name of document issued to clients	Bill/Receipt date
1	ASHOK KUMAR MITTAL HUF 00028581	30.05.2013	2523	2523	**Sale Bill, Ledger**	04.04.2012
2	ASHOK KUMAR MITTAL HUF 00028581	04.06.2013	11000	11000	**Sale Bill, Ledger**	04.04.2012
3	ASHOK KUMAR MITTAL HUF 00028581	04.06.2013	15000	15000	**Sale Bill, Ledger**	04.04.2012
4	ASHOK KUMAR MITTAL HUF 00028581	04.06.2013	7601	7601	**Sale Bill, Ledger**	04.04.2012
5	ASHOK KUMAR MITTAL HUF 00028581	05.06.2013	23876	23876	**Sale Bill, Ledger**	04.04.2012

14.2.3. As per the SCN, total number of clients for which such transactions have been executed, quantity of shares involved, money value of the shares involved for dealing in the scrip are given below:

Table 13

Number of clients involved	Number of transactions	Total Quantity of shares involved	Total value in rupee terms of shares transferred (Rs.)
11	18	1,81,730	1,15,23,900

14.2.4. On analysis of the transactions of Noticee no. 2, SEBI's investigation has revealed that Noticee no. 2 as on date of receipt of money from its clients either did not have any stock of the scrip in his account or sufficient quantity to transfer the shares. Further, it was found that Noticee no. 2 had acquired the shares from other sources either through off market or on market and provided the shares to the clients which clearly indicate that the Noticee no. 2 has been engaging in trading /dealing in securities for its clients. It was also observed that Noticee no. 2 while dealing with its clients, for few clients he had effected delivery of shares to them through Noticee no. 6 and another entity by name Prem Chand (PAN AXNPC3713G). It is pertinent to mention that the Source clients Mr. Prem Chand and Noticee 6 who has transacted through Roxtech Securities also did not have any stock of the scrip in their accounts or sufficient quantity to transfer the shares as on date of receipt of payment from the target clients.

Table 14

Name, PAN, Demat Id of source client (1)	Name, PAN, Demat Id of target client (2)	Quantity transferred (3)	Date of payment by target client (4)	Date of transfer of shares by source client (5)	Balance shares as on date of credit of amount (6)	Balance shares as on 1 day before date of transfer of shares/Balance shares as on date of transfer of shares (7)
PARMANAND YADAV 00026166	ASHOK KUMAR MITTAL HUF 00028581	2523	02.04.2012	30.05.2013	0	50,250
	ASHOK KUMAR MITTAL HUF 00028581	11000	02.04.2012	04.06.2013	0	47,727
	ASHOK KUMAR MITTAL HUF 00028581	15000	02.04.2012	04.06.2013	0	36,727
	ASHOK KUMAR MITTAL HUF 00028581	7601	02.04.2012	04.06.2013	0	21,727
	ASHOK KUMAR MITTAL HUF 00028581	23876	02.04.2012	05.06.2013	0	64,126
	ASHOK KUMAR MITTAL 00028596	4580	02.04.2012	06.06.2013	0	40,250
	ASHOK KUMAR MITTAL HUF 00028581	200	02.04.2012	06.06.2013	0	35,670
	VIVEK KUMAR AGARWAL 00002671	16000	14.06.2013	12.06.2013	13170	35,470
	ASHOK KUMAR MITTAL HUF 00028581	6300	02.04.2012	13.06.2013	0	19,470
PARMANAND YADAV 00026166 (through PREM CHAND AXNPC3713G 0002847132000)	AMANJEET MADAN 00018175	5500	23.04.2013 (Rs. 38,500)	23.05.2014	0	21,576
	ANIL NAGPAL 00018308	6000	26.04.2013(Rs. 42000)	26.05.2014	0	16,076
	BALPREET SINGH MADAN 00018181	6000	23.04.2013 (Rs. 42000)	03.06.2014	0	10,076
	SAMYAK JAIN 00018268	13500	Rs. 94500 paid in cash	13.06.2014	0	33,526
	ASHNA GROVER 00031725	2150	02.04.2012 (Rs. 4300)	20.06.2014	0	5,226
PARMANAND YADAV 00026166 (through SAPNA	NEERAJ CHAWLA & SONS HUF 10679475	24000	April 2012 (Rs. 48000)	05.08.2014	0	74.328
	NEELAM JAIN 00052722	21000	N.A	21.08.2014	0	55.958
	NEERAJ CHAWLA & SONS HUF 10679475	10000	April 2012 (Rs. 20000)	26.08.2014	0	11.658

DRUPS8079D 00030356 32000)	PRIYA JAIN 10138157	6500	25.04.2013 (Rs. 13000 paid in cash)	27.08.2014	0	8.658
Total		**1,81,730**				

14.2.5. The details of a few transactions of acquisition of shares by the Noticee no. 2 in between the time period of date of credit of amount to the transferor and date of transfer of shares to the transferee is given below and the exhaustive list of all the transactions was provided as Annexure 7 to the SCN.

Table 15

Name, PAN, Demat Id, DP ID of source client (1)	**Date of acquisition (2)**	**Qty of shares acquired (3)**	**ON Mkt/ OFF Mkt (4)**	**Particulars of the Source in case of OFF Market acquisitions**	
				Name of the client	**Client ID**
PARMANAND YADAV AIMPY3580D 00026166 32000	23.04.2013	250	INTEP-CR	N.A	N.A
	15.05.2013	50,000	INTEP-CR	N.A	N.A
	05.06.2013	50,000	OFF Mkt	SHASHI YADAV	1203200000026092
PARMANAND YADAV 00026166 (through PREM CHAND AXNPC3713G 00028471 32000)	07.06.2013	25,000	ON Mkt	N.A	N.A
	14.06.2013	23,790	ON Mkt	N.A	N.A
	21.06.2013	30,000	ON Mkt	N.A	N.A
PARMANAND YADAV 00026166 (through SAPNA DRUPS8079D 00030356 32000)	31.07.2014	1,17,328	OFF Mkt	SACHIN KUMAR	1203200000028484
				PREM CHAND	1203200000028471
				KARAN	1203200000028919
				SANDEEP KUMAR	1203200000028923
	13.08.2014	65,930	OFF Mkt	SANDEEP KUMAR	1203200000028923
				PREM CHAND	1203200000028471
	18.08.2014	14,000	OFF Mkt	SANDEEP KUMAR	1203200000028923

14.2.6. The following are the date wise transactions of the Noticee no. 2 from its date of receipt of money from the client and till the date of transfer of securities to the clients in col. 2 of **Table 16**. The details of transactions provided below are for illustration purpose and the exhaustive list was placed as Annexure 8 to the SCN.

Table 16

Name, PAN, Demat Id of source client (1)	**Name, PAN, Demat Id of target client (2)**	**Quantity transferred (3)**	**Consideration amount as per DIS (Rs.) (4)**	**Consideration (Rs.) received by source client (5)**	**Market rate (Rs.) (6)**	**Market value (Rs.) (7)**	**Date of payment by target client (8)**	**Date of transfer of shares by source client (9)**	**Number of days of delay (10)**
PARMANAND YADAV 00026166	ASHOK KUMAR MITTAL HUF 00028581	2523	2,11,932	66,500	99.9	252047.7	02.04.2012 (Rs. 66,500)	30.05.2013	422
	ASHOK KUMAR MITTAL HUF 00028581	11000	21,89,200		92	1012000	02.04.2012	04.06.2013	427
PARMANAND YADAV 00026166 (through PREM CHAND AXNPC3713G 00028471 32000)	AMANJEET MADAN 00018175	5500	8,74,500	38,500	168	924000	23.04.2013 (Rs. 38,500)	23.05.2014	394
	ANIL NAGPAL 00018308	6000	9,96,000	42,000	182.95	1097700	26.04.2013(Rs. 42000)	26.05.2014	394
PARMANAND YADAV 00026166 (through SAPNA DRUPS8079D 00030356 32000)	NEERAJ CHAWLA & SONS HUF 10679475	24000	23,34,400	48,000	95	2280000	April 2012 (Rs. 48000)	05.08.2014	855

It can be seen from **Table 16** that the consideration amount mentioned as per DIS is more or less close to the market rate prevailing then at the time of transfer of shares. It could also be seen that not only the consideration amount received by the Noticee no. 2 is far less but it is received much before the actual date of transfer. It could be seen from the DIS that the Noticee no. 2 has made entries in DIS regarding the consideration amount to match with the prevailing market rate, thereby, concealing the actual amount received. Further, the execution date (date of transfer of shares) mentioned in the DIS is much after the actual date of payment received.

14.2.7. All of the above acts are an attempt to make the DIS appear as if it is a normal genuine spot delivery transaction carried on the execution date (date of transfer of shares) whereas the actual payment has been received by the Noticee no. 2 in 2012 & April, 2013, the transfer of shares was done in May-June-August 2014, after more than a year of delay. The open price in the market on 23.05.2013 was Rs. 133.55 but the Noticee no. 2 has sold the shares at a mere Rs. 7 per share through cash payment which raises serious doubts on the genuineness of the transaction.

14.2.8. Further, it can be seen from **Table 16** that the Noticee no. 2 has delayed the transfer of shares to the transferee after the receipt of the amount from the transferee, in all cases, by more than the time given in Section 2(i) of SCRA, 1956. Thus, the transactions were not "spot delivery contract" in terms of Section 2(i) of SCRA, 1956.

14.2.9. On examination of the DI slips of Noticee 2, it was observed that the reasons for transfers stated was "Loan of Shares or return of loan of shares". The following is the summary of total number of such so called loan transactions, number of target clients dealt with by the Noticee 2, quantity of shares involved and value of such transactions:

Table 17(Summary transactions)

Number of target clients dealt with(Transferees)	Number of off market transactions	Total Qty of shares transferred	Total Consideration as per DIS(Rs.)
14	22	2,82,161	2,50,85,916

14.2.10. SEBI's investigation has revealed the following details of the Target clients who had categorically denied the transactions to be loan transactions and

had confirmed the same to be only sale or purchase transaction as the case may be:

Table 18

Source client particulars	Target Client Particulars	Date of transfer of shares	Summons date of source client	Reply date of source client	Summons date of target client	Reply date of target client	Nature of reply of target clients
PARMANAND YADAV 00026166	ASHOK KUMAR MITTAL HUF 00028581	30.05.2013	22.10.2019	N.A	14.11.2019	29.11.2019	Denied as loan transaction
	ASHOK KUMAR MITTAL 00028596	06.06.2013	22.10.2019	N.A	14.11.2019	29.11.2019	Denied as loan transaction
	VIVEK KUMAR AGARWAL 00002671	12.06.2013	22.10.2019	N.A	18.11.2019	26.11.2019	Denied as loan transaction

The transactions mentioned in **Table 18** above are provided for illustration purpose and the exhaustive list of clients and their replies was placed at Annexure 9 to the SCN.

14.2.11. The SCN states that if all the aforesaid transactions were to be considered as loan transactions, then such transactions should have happened only in the manner provided in Sec.12 of the Depositories Act, 1996 and Regulation 58 of DP Regulations, 1996 (since repealed).

14.2.12. Upon further verification about the nature of the above transactions as to whether the same were either in the nature of creation of pledge or revocation or invocation of pledge, with the Depositories NSDL and CDSL, SEBI's investigation found that none of the transactions are in the nature of pledge. I note that since the off market transfers involving the said loan transactions involve transfer of ownership of the shares, thereby these transactions cannot be considered as Pledge transactions. As mentioned above, I also note that the provisions of Section 2(i) of SCRA, 1956 requires that in a spot delivery contract the securities be delivered on the same day of receipt of consideration or on the next day. Since, in these transaction payment was received by Noticee no. 2 much prior to making of delivery of shares, therefore, I note that these transactions were not spot delivery contracts in terms of Section 2(i) of SCRA, 1956. I note that by virtue of the provisions of SEBI Notification G.S.R 219 (E) dated March 1, 2000 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013, issued by SEBI in exercise of powers under Section 16 of SCRA, 1956, prior permission of SEBI is required to be obtained before entering into any

contract for sale and purchase of securities, which does not fall in the category of any of the exceptions stipulated in the said notifications including the exception of spot delivery contract. I find that no permission of SEBI was sought by Noticee no. 2 before entering into any of these transactions, which are squarely hit by the embargo put in place by the aforesaid notifications. Therefore, by virtue of the provision of Section 16(2) of SCRA, 1956, I find that all the transactions entered into by Noticee no. 2 were illegal.

14.2.13. I note that for effecting transfer of shares, electronically, it is the source client who had to issue the DIS duly filled in and signed to its DP (Depository Participant). Therefore, the source client is accountable and responsible for the contents filled in by him in the DIS. When the source client state the reasons for transfer in the DIS as "Loan or return of loan shares" transaction which is not true and when the other records exist contrary to the reasons stated in the DIS by the source client, the act of the source client in giving false reason of "loan or return of loan shares" for transfer of shares amounts to unfair trade practice while dealing in securities. I note that it can only be construed that such an act has been resorted to by the source client i.e. Noticee no. 2 to portray its off market transfer of shares as spot delivery contracts within the meaning of Section 2(i) of SCRA, 1956. In the instant case, the Noticee no. by stating its off market transfer of shares as Loan transactions in the DIS when the fact is that none of such transactions are loan transactions, the said Noticee no. 1 has committed an act of deceit and resorted to unfair trade practice by giving false reason of "Loan / return of loan shares" in DIS for transfer of shares to portray its off market transfer of shares as spot delivery contracts within the meaning of in Section 2(i) of SCRA, 1956.

14.2.14. For the summons issued to Noticee no. 2 (during SEBI's investigation), seeking information on the transactions inter-alia including the reasons for delay in delivery of shares to the clients, I note that, the Noticee no. 2 neither replied nor responded to the summons in any manner. I note that there is no record of successful delivery of the said summons to Noticee no. 2. Thus, the allegations in the SCN for violations of Section 11C(2) and 11C(3) of SEBI Act, 1992, cannot be sustained.

14.2.15. The clients of the Noticee no. 2 in response to the summons had furnished the copy of records issued by the Noticee no. 2 and while some of them had stated that they were not aware of the delay and others have stated that they have been following up with the Noticee no. 2 to receive the shares. The following are the details of the responses /replies furnished by the recipient clients of the Noticee no. 2:

Table 19

Sl.no.	Name of the recipient client	Date of summons	Date of reply	List of documents of the Noticee 2 furnished by the transferee	Reply stated by transferee for delay in receipt of shares
1.	ASHOK KUMAR MITTAL HUF 00028581	14.11.2019	29.11.2019	Copy of sub ledger, sale bill	I had no prior knowledge about the likelihood date/ period of delivery of shares. I had requested (M/s Roxtech Securities Services) time and again for delivery of shares.
2.	ASHOK KUMAR MITTAL 00028596	14.11.2019	29.11.2019	Copy of sub ledger, sale bill	I had no prior knowledge about the likelihood date/ period of delivery of shares. I had requested (M/s Roxtech Securities Services) time and again for delivery of shares.
3.	VIVEK KUMAR AGARWAL 00002671	18.11.2019	26.11.2019	Copy of sub ledger, sale bill	No reply
4.	AMANJEET MADAN 00018175	14.11.2019	23.11.2019	Copy of sub ledger, sale bill	No reply
5.	ANIL NAGPAL 00018308	14.11.2019	21.11.2019	Copy of sub ledger, sale bill	It is stated that we have no prior knowledge about the likelihood date/period of the transfer of shares in my account. There was no formal communication with the buyer in respect of delay in transfer of shares in my account. Delivery of shares was made by seller prior to sale of shares on exchange.
6.	BALPREET SINGH MADAN 00018181	14.11.2019	23.11.2019	Copy of sub ledger, sale bill	No reply
7.	SAMYAK JAIN 00018268	18.11.2019	26.11.2019	Copy of sub ledger, sale bill	No reply
8.	ASHNA GROVER 00031725	14.11.2019	13.12.2019	Copy of sub ledger, sale bill	No reply
9.	NEERAJ CHAWLA & SONS HUF 10679475	18.11.2019	27.11.2019	Copy of sub ledger, sale bill	No reply
10	NEELAM JAIN 00052722	18.11.2019	25.11.2019	Copy of sub ledger, sale bill	I had no prior knowledge about the likelihood date/ period of delivery of shares. I had requested (M/s Roxtech Securities Services) time and again for delivery of shares.
11	PRIYA JAIN 10138157	18.11.2019	25.11.2019	Copy of sub ledger, sale bill	No reply

From the reply of the recipient clients and the documents furnished by them (sample of which is provided in para 14.2.16 below), it is revealed that Noticee no. 2 has acted as an unregistered sub-broker/ stock broker.

14.2.16. The following is a sample of the details of the nature of records issued by the Noticee no. 2 to its clients while dealing in the scrip of the Company as clientele transactions:

Contract Note

SALE BILL

ROXTECH SECURITIES SERVICES C-76/189, BILSON SQUARE UDHAN MARG, GOLE MARKET DELHI- 110003 PAN No. AIMPY3580D	Bill No.: B1-R-SC/1314003/56 Bill Date: 04/04/2012 To ASHOK KUMAR MITTAL HUF (YYYY/CAK55) B-31 EAST JYOTI NAGAR LON ROAD NEW DELHI – 110093 PAN No.: AAJHA7095N Benef. Code : Dp Id:

Dear Sirs,
We are herewith delivering you the Shares/Debs. Stated below for which please make the payments

Sauda Dt.	Security Details	Book Cl.	Distinctive Numbers	Cert	Qty.	Rate	Bkg.	Serv. Tax	Trxn. Chrg	Amount
02/04/2012	DELTA LEASING	DM			66500	1.00	0.00	0.00	0.00	66500.00
	Scrip Total:				66500					66500.00

*** Due To Us *** 66500.00

E & O.E. We are not responsible for keeping blank shares after taking delivery according to Association Rules	For ROXTECH SECURITIES SERVICES Authorized Signatory

The above representation of sale bill issued by Noticee no. 2 is for illustration and the copies of all the cash bills, ledgers, share bills and other documents issued to the clients by Noticee no. 2 were provided as Annexure-10 (Colly) to the SCN.

14.2.17. On scrutiny of the documents furnished by the clients as given in Annexure-10 (Colly), I find that the Noticee no. 2 has issued certain documents viz.: a ledger account for the clients indicating a running account being maintained for the clients, and also a sale bill raised on the client for purchase of 5500 quantity of shares of the Company at Rs. 7. The sale bill also contains a settlement no. B1R 1314018 for the transaction done. However, the name of the Exchange in which such transaction had been done have not been mentioned. The scrip was listed in BSE only on 18.04.2013 that is subsequent to the date of transaction mentioned in the Sale Bill. Further, the settlement No. in BSE starts with a sequence of DR-040/20-21 which means 40th settlement in the financial year 2020-2021. The settlement number indicated in the sale bill do not match the format of settlement no. being followed in BSE. Further, the trading in Delhi Stock Exchange Ltd in which the scrip was listed had ceased w.e.f. 30.10.2003. The rate quoted in the sale bill for the scrip also has no basis, as the scrip had not been traded in

BSE and DSE as on the date of transaction. I note that the settlement number stated in the Sale Bill is incorrect, false and misleading. It could be seen that Noticee no. 2 had used a Firm Name "Roxtech Securities Services", used a client code for the client which is mandatory for a stock broker to deal with clients, a fictitious settlement number etc. Thus, I find that it is only an attempt made by the Noticee no. 2 to provide an illusionary impression of genuineness about itself and also of the transaction done through authentic sources such as Stock Exchanges so as to win over the trust and confidence of the clients to deal with it. I note that, Noticee no. 2 was not authorized or licensed to do a clientele transaction. Further, I also note that Noticee no. 2 had also falsified/fabricated the documents so as to given an impression of authenticity about itself and its transactions. Therefore, from the manner in which the transactions have been executed by the Noticee no. 2 and on scrutiny of the documents such as contract note, sale bill etc. issued by the Noticee no. 2 to its clients as explained above, I find that Noticee no. 2, Proprietor of 'Roxtech Securities Services' has acted as a Stock Broker/ Sub-broker inasmuch as carrying out clientele dealing in securities without obtaining prior registration from SEBI or without being the member of a recognized stock exchange and thus, violated the provision of Regulation 3 of Broker Regulations, 1992 and Section 12(1) of SEBI Act,1992.

14.2.18. All the aforesaid acts committed by Noticee no. 2, such as acting as unregistered stock broker/ sub-broker, falsifying DIS by mentioning the false consideration amount in the DIS in order to make it appear as a genuine spot delivery contract, falsifying DIS by mentioning the false reason of transfer in DIS, entering into illegal contracts for sale/purchase of securities in violation of Section 16(1) of SCRA, 1956, tantamount to unfair trade practice relating to securities market. Thus, I find that Noticee no. 2 has also violated the provisions of Regulation 4(1) of PFUTP Regulations, 2003.

14.3. **Praveen Goyal (Noticee no. 3) – Proprietor of Shivam Trading Co.**

14.3.1. I note that Noticee no. 3 has neither filed any reply to the SCN nor has appeared for hearing, despite due service of the SCN and hearing notice.

SEBI's investigation has revealed that Noticee no. 3 had carried out clientele transactions both in his name as "Praveen Goyal" and also in his firm name "Shivam Trading Company" as seen from the documents such as cash receipt, client ledger, share bill etc. maintained by the Noticee no. 3 (sample of which is provided in para 14.3.12 below).

Table 20

Name	Address
SHIVAM TRADING Co.	E-24 KAMLA NAGAR DELHI INDIA 110007
PRAVEEN GOYAL	E-24 KAMLA NAGAR DELHI INDIA 110007

14.3.2. SCN mentions the following are the details of client wise transactions done and nature of records issued by the Noticee no. 3:

Table 21

S.No	Name of the Client	Date of Transfer of shares	Amount recorded (Rs.)	Qty of shares transferred	Name of document issued to clients	Receipt/bill date
1	MANISH GUPTA (HUF) 00020930	04.08.2014	176000	22000	**Sale Bill, Ledger**	02.04.2013
2	NEERAJ RATHOR (HUF) 00020755	06.08.2014	769600	17700	**Sale Bill, Ledger**	07.04.2013
3	NEERAJ RATHOR (HUF) 00020755	04.09.2014		78500	**Sale Bill, Ledger**	07.04.2013
4	PREM CHAND GUPTA (HUF) 00020761	06.08.2014	179200	22400	**Sale Bill, Ledger**	05.04.2013
5	MAYA GUPTA 00020244	04.08.2014	204800	25600	**Sale Bill, Ledger**	06.04.2013

14.3.3. SCN also mentions, total number of clients for which such transactions have been executed, quantity of shares involved, money value of the shares involved are given below:

Table 22

Number of clients involved	Number of transactions	Total Quantity of shares involved	Total value in rupee terms of shares transferred
4	5	1,65,500	13,56,000

14.3.4. On analysis of the transactions of Noticee no. 3, I find from **Table 23** that the Noticee no. 3 as on date of receipt of money from its clients either did not have any stock of the scrip in its account or sufficient quantity to transfer the shares. Further, it had acquired the shares from other sources either through off market or on market and provided the shares to the clients which clearly indicate that the Noticee no. 3 has been engaging in trading /dealing in securities for its clients.

Table 23

Name, PAN, Demat Id of source client (1)	Name, PAN, Demat Id of target client (2)	Quantity transferred (3)	Date of payment by target client (4)	Date of transfer of shares by source client (5)	Balance shares as on date of credit of amount (6)	Balance shares as on 1 day before date of transfer of shares/Balance shares as on date of transfer of shares (7)
PRAVEEN GOYAL 11029158	MANISH GUPTA (HUF) 00020930	22000	02.04.2013 (Rs. 176000 paid in cash)	04.08.2014	0	93,306
	NEERAJ RATHOR (HUF) 00020755	17700		06.08.2014	0	17,806

	NEERAJ RATHOR (HUF) 00020755	78500	07.04.2013 (Rs. 769600 paid in cash for 96200 shares)	04.09.2014	0	78,785
	PREM CHAND GUPTA (HUF) 00020761	22400	05.04.2013 (Rs. 179200 paid in cash)	06.08.2014	0	35,706
	MAYA GUPTA 00020244	25600	06.04.2013(Rs. 204800 paid in cash)	04.08.2014	0	1,18,906
Total		**1,65,500**				

14.3.5. The details of a few transactions of acquisition of shares in between the time period of date of credit of amount to the transferor and date of transfer of shares to the transferee is given below and the exhaustive list of all the transactions was placed at Annexure 11 to the SCN.

Table 24

Name, PAN, Demat Id, DP ID of source client (1)	**Date of acquisition (2)**	**Qty of shares acquired (3)**	**ON Mkt/ OFF Mkt (4)**
PRAVEEN GOYAL AQMPG2650C 11029158 IN300206	20.11.2013	10,249	INTEP-CR
	03.12.2013	2400	ON Mkt
	04.12.2013	8410	INTEP-CR
	24.02.2014	100	ON Mkt
	28.02.2014	5	ON Mkt

14.3.6. The SCN mentions the following are the date wise transactions of the Noticee no. 3 from its date of receipt of money from the client and till the date of transfer of securities to the client in respect of the clients in col.2 of **Table 25**:

Table 25

Name, PAN, Demat Id of source client (1)	**Name, PAN, Demat Id of target client (2)**	**Quantity transferred (3)**	**Consideration amount as per DIS (Rs.) (4)**	**Consideration (Rs.) received by source client (5)**	**Market rate (Rs.) (6)**	**Market value (Rs.) (7)**	**Date of payment by target client (8)**	**Date of transfer of shares by source client (9)**	**Number of days of delay (10)**
PRAVEEN GOYAL 11029158	MANISH GUPTA (HUF) 00020930	22000	Not Mentioned	176000	94.5	2,079,000	02.04.2013 (Rs. 176000 paid in cash)	04.08.2014	488
	NEERAJ RATHOR (HUF) 00020755	17700	Not Mentioned	796000	95	1,615,000	07.04.2013 (Rs. 769600 paid in cash for 96200 shares)	06.08.2014	485
	NEERAJ RATHOR (HUF) 00020755	78500	Not Mentioned		68.6	5,385,100		04.09.2014	514
	PREM CHAND GUPTA (HUF) 00020761	22400	Not Mentioned	179200	95	2,128,000	05.04.2013 (Rs. 179200 paid in cash)	06.08.2014	487
	MAYA GUPTA 00020244	25600	Not Mentioned	2,04,800	94.5	2,419,200	06.04.2013(Rs. 204800 paid in cash)	04.08.2014	484
Total		**1,65,500**		**13,56,000**		**1,36,26,300**			

From **Table 25,** I find that the consideration amount received by the Noticee no. 3 is much before the actual date of transfer. From the DIS, I also find that the Noticee no. 3 has not made entries in DIS regarding the consideration amount in order to conceal the actual amount received by the Noticee no. 3. Further, the execution date mentioned is much after the actual date of payment received.

14.3.7. I find that all of the above acts are an attempt to make the DIS appear as if it is a normal genuine spot delivery transaction carried on the execution date

(date of transfer of shares), whereas the actual payment has been received by the Noticee no. 3 in April, 2013, the transfer of shares was done in August 2014, after more than a year of delay. The open price in the market on 06.08.2013 was Rs. 34.15 but the Noticee no. 3 has sold the shares at a mere Rs. 8 per share through cash payment which raises serious doubts on the genuineness of the transaction.

14.3.8. Further, from **Table 25,** I find that the Noticee no. 3 has delayed the transfer of shares to the transferee after the receipt of the amount from the transferee, thereby, Noticee no. 3 has not settled the transaction as per the time frame stipulated in section 2(i) of SCRA, 1956. I note that the provisions of Sec. 2(i) of SCRA, 1956 requires that in a spot delivery contract the securities be delivered on the same day of receipt of consideration or on the next day. Since, these transactions are not in conformation to the time frame of settlement stipulated in Sec. 2(i)(a) of SCRA, 1956, they are not spot delivery contracts. I note that by virtue of the provisions of SEBI Notification G.S.R 219 (E) dated March 1, 2000 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013, prior permission of SEBI is required to be obtained before entering into any contract for sale and purchase of securities, which does not fall in the category of any of the exceptions stipulated in the said notifications including one of the exception as spot delivery contract. I find that no permission of SEBI was sought by Noticee no. 3 before entering into any of these transactions, which are squarely hit by the embargo put in place by the aforesaid notifications. Therefore, by virtue of the provision of Section 16(2) of SCRA, 1956, I find that all the transactions entered into by Noticee no. 3 were illegal.

14.3.9. I note that for the summons issued to the Noticee no. 3, during SEBI's investigation, seeking information on the transactions inter-alia including the reasons for delay in delivery of shares to the clients, Noticee no. 3 neither replied nor responded to the summons in any manner. I note that there is no record of successful delivery of the said summons to Noticee no. 3. Thus, the allegations in the SCN for violations of Section 11C(2) and 11C(3) of SEBI Act, 1992, cannot be sustained.

14.3.10. The clients of Noticee no. 3 in response to the summons had furnished the copy of records issued by the Noticee no. 3 and while some of them had stated that they were not aware of the delay and others have stated that they have been following up with the Noticee no. 3 to receive the shares. The following are the details of the responses /replies furnished by the recipient clients of the Noticee no. 3:

Table 26

Sl.no.	Name of the recipient client	Date of summons	Date of reply	List of documents of the Noticee 3 furnished by the transferee	Reply stated by the transferee for delay in receipt of shares
1.	MANISH GUPTA (HUF) 00020930	13.11.2019	14.12.2019	Copy of sale bill and ledger	As per our agreed terms, M/s Shivam Trading Co. were required to transfer the DAFL shares immediately on payment of purchase price (i.e. on April 02, 2013). However, they failed to transfer the same despite regular follow-ups from our end. We had no prior knowledge about the same. After we informed that legal action would be initiated on non-transfer of shares legitimately bought by us, the shares were transferred to us in August, 2014.
2.	NEERAJ RATHOR (HUF) 00020755	13.11.2019	14.12.2019	Copy of sale bill and ledger	As per our agreed terms, M/s Shivam Trading Co. were required to transfer the DAFL shares immediately on payment of purchase price (i.e. on April 07, 2013). However, they failed to transfer the same despite regular follow-ups from our end. We had no prior knowledge about the same. After we informed that legal action would be initiated on non-transfer of shares legitimately bought by us, the shares were transferred to us in August, 2014.
3.	PREM CHAND GUPTA (HUF) 00020761	14.11.2019	14.12.2019	Copy of sale bill and ledger	As per our agreed terms, M/s Shivam Trading Co. were required to transfer the DAFL shares immediately on payment of purchase price (i.e. on April 05, 2013). However, they failed to transfer the same despite regular follow-ups from our end. We had no prior knowledge about the same. After we informed that legal action would be initiated on non-transfer of shares legitimately bought by us, the shares were transferred to us in August, 2014.
4.	MAYA GUPTA 00020244	13.11.2019	14.12.2019	Copy of sale bill and ledger	As per our agreed terms, M/s Shivam Trading Co. were required to transfer the DAFL shares immediately on payment of purchase price (i.e. on April 06, 2013). However, they failed to transfer the same despite regular follow-ups from our end. We had no prior knowledge about the same. After we informed that legal action would be initiated on non-transfer of shares legitimately bought by us, the shares were transferred to us in August, 2014.

14.3.11. It is from the reply of the recipient clients and the documents furnished by them (sample of which is shown in para 14.3.12 below), I find that Noticee no. 3 has acted as an unregistered sub-broker/ stock broker.

14.3.12. The following is a sample of the details of the nature of records issued by the Noticee no. 3 to its clients while dealing in the scrip of the company as clientele transactions:

Contract Note

Shivam Trading Co. Address: E-24 Kamla Nagar New Delhi-110007 Phone No. 011-64704632	
To, Manish Gupta HUF Address: A-304/E-8, Krishna Apra Residency Sector 61, Noida - 201307	No. 21 Dated 2/4/2013
DEBIT NOTE	
Particulars	**Amount**
We have debit your account, for sale of 22000 shares of Delta Leasing & Finance Ltd.	176000.00
Total	176000.00
(Rupee One Lac Seventy Six Thousand Only)	

Proprietor For, Shivam Trading Co	

The above representation of sale bill issued by Noticee no. 3 is for illustration and the copies of all the cash bills, ledgers, share bills and other documents issued to the clients by Noticee no. 3 were provided as Annexure-12 (Colly) to the SCN.

14.3.13. On scrutiny of the documents furnished by the clients as given in Annexure-12 (Colly) to the SCN, I find that the Noticee no. 3 has issued certain documents viz.: a ledger account for the clients indicating a running account being maintained for the clients, and also a sale bill raised on the client for purchase of 78,500 quantity of shares of the company at Rs. 8 per share. The scrip was listed in BSE only on 18.04.2013 that is subsequent to the date of transaction mentioned in the Sale Bill. Further, the trading in Delhi Stock Exchange Ltd in which the scrip was listed had ceased w.e.f. 30.10.2003. The rate quoted in the sale bill for the scrip also has no basis as the scrip had not been traded in BSE and DSE as on the date of transaction. I find that Noticee no. 3 had used a Firm Name "Shivam Trading Co.", used a client code for the client which is mandatory for a stock broker to deal with clients, a cash bill etc. Thus, I find that it is only an attempt made by Noticee no. 3 to provide an illusionary impression of genuineness about the itself and also of the transaction done through authentic sources such as Stock Exchanges so as to win over the trust and confidence of the clients to deal with it. As such, the Noticee no. 3 was not authorized or licensed to do a clientele transaction. Further, it had also falsified/ fabricated the documents so as to given an impression of authenticity about itself and its transactions. From the manner in which the transactions have been executed by the Noticee no. 3 and on scrutiny of the documents such as contract note, sale bill etc. issued by the Noticee no. 3 to its clients as explained above, I find that Noticee no. 3 namely Mr. Praveen Goyal – Proprietor of Shivam Trading Co. has acted as a Stock Broker/Sub-broker inasmuch as carrying out clientele dealing in securities without obtaining prior registration from SEBI or without being the member of a recognized stock exchange and thus,

violated the provision of Regulation 3 of Broker Regulations, 1992 and Section 12(1) of SEBI Act,1992.

14.3.14. All the aforesaid acts committed by Noticee no. 3, such as acting as unregistered stock broker/ sub-broker, falsifying DIS by not mentioning the consideration amount in the DIS in order to make it appear as a genuine spot delivery contract, falsifying DIS by mentioning the false reason of transfer in DIS, entering into illegal contracts for sale/purchase of securities in violation of Section 16(1) of SCRA, 1956, tantamount to unfair trade practice relating to securities market. Thus, I find that Noticee no. 3 has also violated the provisions of Regulation 4(1) of PFUTP Regulations, 2003.

14.4. **Santosh Kumar (Noticee no. 4) – Proprietor of Balaji Enterprises**

14.4.1. I note that Noticee no. 4 has neither filed any reply to the SCN nor has appeared for hearing, despite due service of the SCN and hearing notice. Investigation has revealed that Noticee no. 4 has carried out clientele transactions both in his name as "Santosh Kumar" and also in his firm name "Balaji Enterprises" as seen from the documents such as cash receipt, client ledger, share bill etc. maintained by the Noticee no. 4 (sample of which is shown in para 14.4.12)

Table 27

Name	PAN	Address
BALAJI ENTERPRISES	AEKPK6751Q	B-4/51 C, ASHOK VIHAR, PHASE-II, DELHI INDIA 110052
SANTOSH KUMAR	AEKPK6751Q	B-4/51 C, ASHOK VIHAR, PHASE-II, DELHI INDIA 110052

14.4.2. The SCN mentions the following details of client wise transactions done and nature of records issued by Noticee no. 4:

Table 28

S.No	Name of the Client	Date of Transfer of shares	Amount recorded (Rs.)	Qty of shares transferred	Name of document issued to clients	Receipt/bill date
1	RAJ SAURABH SINGH 11022666	13.12.2013	82000	1000	**Sale Bill, Ledger**	02.04.2013
2	INDO CREDITOP PVT LTD 00017304	22.03.2014	22140000	150000	**Sale Bill, Ledger**	07.04.2013

14.4.3. As per the information mentioned in the SCN, total number of clients for which such transactions have been executed, quantity of shares involved, money value of the shares involved are given below:

Table 29

Number of clients involved	Number of transactions	Total Quantity of shares involved	Total value in rupee terms of shares transferred (Rs.)
2	2	1,51,000	2,22,22,000

14.4.4. On analysis of the transactions of Noticee no. 4, I find that, in the transaction involving 1,50,000 shares executed on 22.03.2014, the Noticee no. 4 as on date of receipt of money from its clients did not have sufficient quantity to transfer the shares. Further, he had acquired the shares from other sources either through off market or on market and provided the shares to the clients which clearly indicate that the Noticee no. 4 has been engaging in trading /dealing in securities for its clients. The following are the details of the shares obtained through other sources by Noticee no. 4 for effecting transfer to its clients:

Table 30

Name, PAN, Demat Id of source client from whom acquired (1)	Name, PAN, Demat Id of target client to whom transferred subsequently (2)	Quantity transferred (3)	Date of payment by target client (4)	Date of transfer of shares by source client (5)	Balance shares as on date of credit of amount (6)	Balance shares as on 1 day before date of transfer of shares/Balance shares as on date of transfer of shares (7)
SANTOSH KUMAR 00429092 (through MEERA MISHRA 10592317)	INDO CREDITOP PVT LTD 00017304	150000	21.03.2013	22.03.2014	6,38,870	Not Available

14.4.5. The details of a few transactions of acquisition of shares in between the time period of date of credit of amount to the transferor and date of transfer of shares to the transferee is given below and the exhaustive list of all the transactions was provided as Annexure 13 to the SCN.

Table 31

Name, PAN, Demat Id, DP ID of source client (1)	Date of acquisition (2)	Qty of shares acquired (3)	ON Mkt/ OFF Mkt (4)
SANTOSH KUMAR 00429092 (through MEERA MISHRA 10592317)	01.04.2013	1,00,000	OFFMKT
	15.05.2013	2,00,000	OFFMKT
	06.06.2013	50,000	OFFMKT
	22.07.2013	1,45,000	OFFMKT
	29.07.2013	4,00,000	OFFMKT

14.4.6. The following are the date wise transactions of the Noticee no. 4 from its date of receipt of money from the client and till the date of transfer of securities to the client in respect of the clients mentioned in col. 2 of **Table 32:**

Table 32

Name, PAN, Demat Id of source client (1)	Name, PAN, Demat Id of target client (2)	Quantity transferred (3)	Consideration (Rs.) received by source client	Market rate (Rs.)	Market value (Rs.) (6)	Date of payment by target client (7)	Date of transfer of shares by source client	number of days of delay (9)

			(4)	(5)			(8)	
SANTOSH KUMAR 00429092	RAJ SAURABH SINGH 11022666	1000	82000	82.65	82,650	10.12.2013 (paid through bank)	13.12.2013	2 days
SANTOSH KUMAR 00429092 (through MEERA MISHRA 10592317)	INDO CREDITOP PVT LTD 00017304	150000	22140000	90.5	13575000	21.03.2013	22.03.2014	365
Total		**1,51,000**	**2,22,22,000**		**1,36,57,650**			

14.4.7. Further, from **Table 32,** I find that the Noticee no. 4 has delayed the transfer of shares to the transferee after the receipt of the amount from the transferee, in one case, by more than the time given in Section 2(i) of SCRA, 1956. Thus, I note that, the transactions were not "spot delivery contract" in terms of Section 2(i) of SCRA, 1956.

14.4.8. I note that by virtue of the provisions of SEBI Notification G.S.R 219 (E) dated March 1, 2000 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013, prior permission of SEBI is required to be obtained before entering into any contract for sale and purchase of securities, which does not fall in the category of any of the exceptions stipulated in the said notifications including one of the exception as spot delivery contract. I find that no permission of SEBI was sought by Noticee no. 4 before entering into any of these transactions, which are squarely hit by the embargo put in place by the aforesaid notifications. Therefore, by virtue of the provision of Section 16(2) of SCRA, 1956, I find that all the transactions entered into by Noticee no. 4 were illegal.

14.4.9. For the summons issued to Noticee no. 4, during SEBI's investigation, seeking information on the transactions inter-alia including the reasons for delay in delivery of shares to the clients, the Noticee no. 4 neither replied nor responded to the summons in any manner. I note that there is no record of successful delivery of the said summons to Noticee no. 4. Thus, the allegations in the SCN for violations of Section 11C (2) and 11C(3) of SEBI Act, 1992, cannot be sustained.

14.4.10. The clients of the Noticee no. 4 in response to the summons had furnished the copy of records issued by the Noticee no. 4 and while some of them had stated that they were not aware of the delay and others have stated that they have been following up with the Noticee no. 4 to receive the shares. The

following are the details of the responses /replies furnished by the recipient clients of the Noticee no. 4 to SEBI:

Table 33

Sl.no.	Name of the recipient client	Date of summons	Date of reply	List of documents of the Noticee 4 furnished by the transferee
1.	RAJ SAURABH SINGH 11022666	19.11.2019	09.12.2019	Entity stated in writing with copy of bank statement.
2.	INDO CREDITOP PVT LTD 00017304	19.11.2019	11.12.2019	Sale Bill & Entity stated in writing with copy of bank statement.

14.4.11. It is from the reply of the recipient clients and the documents furnished by them (sample of which is provided in para 14.4.12 below), I find that the Noticee no. 4 has acted as an unregistered sub-broker/ stock broker.

14.4.12. The following is a sample of the details of the nature of records issued by Noticee no. 4 to its clients while dealing in the scrip of the Company as clientele transactions.

Contract Note

SALE BILL

BALAJI ENTERPRISES B4/51D ASHOK VIHAR PHASE II DELHI 110052	Bill No.: B1-R-SC/1314037/2 Bill Date: 23/05/2013 To INDO CREDITOP PVT LTD (YYYY/CIC65) PAN NO-AAACI1876R 47, COMMUNITY CENTER, NEW FRIENDS COLONY, NEW DELHI - 110065

Dear Sirs,
We are herewith delivering you the Shares/Debs. Stated below for which please make the payments

Sauda Dt.	Security Details	Book Cl.	Distinctive Numbers	Cert	Qty.	Rate	Bkg.	Serv. Tax	Trxn. Chrg	Amount
21/05/2013	DELTA LEASING	DM			1,50,000	147.60	0.00	0.00	0.00	22140000.00
	Scrip Total:				1,50,000					22140000.00

*** Due To Us *** 22140000.00

E & O.E. We are not responsible for keeping blank shares after taking delivery according to Association Rules	For BALAJI ENTERPRISES Authorized Signatory

Copies of all the cash bills, ledgers, share bills and other documents issued to the clients by Noticee no. 4 were placed as Annexure-14 (Colly) to the SCN.

14.4.13. On perusal of the documents furnished by the clients as can be seen from para 14.4.12 above, I find that the Noticee no. 4 has issued certain documents viz: a ledger account for the clients indicating a running account being maintained for the clients, and also a sale bill raised on the client for purchase of 1,50,000 quantity of shares of the company at Rs. 147.60. The share bill also contains a Bill no. B1-R-SC/1314037/2 for the transaction done. However, the name of the Exchange in which such transaction had been done have not been mentioned. It could be seen that Noticee no. 4 had

used a Firm Name “Balaji Enterprises”, used a client code for the client which is mandatory for a stock broker to deal with clients, etc. Thus, I note that it is only an attempt made by Noticee no. 4 to provide an illusionary impression of genuineness about itself and also of the transaction done through authentic sources such as Stock Exchanges so as to win over the trust and confidence of the clients to deal with it. As such, the Noticee no. 4 was not authorized or licensed to do a clientele transaction. Further, it had also falsified/ fabricated the documents so as to given an impression of authenticity about itself and its transactions. From the manner in which the transactions have been executed by the Noticee no. 4 and on perusal of the documents such as contract note, sale bill etc. issued by the Noticee no. 4 to its clients as explained above, I find that Noticee no. 4 namely Santosh Kumar – Proprietor of Balaji Enterprises has acted as a Stock Broker/Sub-broker inasmuch as carrying out clientele dealing in securities without obtaining prior registration from SEBI or without being the member of a recognized stock exchange and thus, violated the provision of Regulation 3 of Broker Regulations, 1992 and Section 12(1) of SEBI Act,1992.

14.4.14. All the aforesaid acts committed by Noticee no. 4, such as acting as unregistered stock broker/ sub-broker, entering into illegal contracts for sale/purchase of securities in violation of Section 16(1) of SCRA, 1956, tantamount to unfair trade practice relating to securities market. Thus, I find that Noticee no. 4 has also violated the provisions of Regulation 4(1) of PFUTP Regulations, 2003.

14.5. **Ms. Sapna – Proprietor of Stallion Trading Co. (Noticee no. 5)**

14.5.1. The SCN states that Noticee no. 5 has carried out clientele transactions both in her name as “Sapna” and also in her firm name “Stallion Trading Company” as seen from the documents such as cash receipt, client ledger, share bill etc. maintained by the Noticee no. 5 (sample of which is provided in para 14.5.17 below).

Table 34

Name	PAN	Address
STALLION TRADING COMPANY	DRUPS8079D	23, DOUBLE STOREY, WELCOME, SEELAM PUR-III, DELHI INDIA 110053

SAPNA	DRUPS8079D	23, DOUBLE STOREY, WELCOME, SEELAM PUR-III, DELHI INDIA 110053

14.5.2. The following are the details of client wise transactions done and nature of records issued by Noticee no. 5:

Table 35

Sno	Name of the Client	Date of Transfer of shares	Amount recorded(Rs.)	Qty of shares transferred	Name of document issued to clients	Cash Receipt/Sale bill date
1	RAJAN VERMA 18548284	15.04.2013	199500	57000	**Sale Bill, Ledger**	17.04.2013
2	BALA GARG 00018521	15.04.2013	32000	16000	**Sale Bill, Ledger**	17.04.2013
3	SHILPA GARG 00018711	15.04.2013	32000	16000	**Sale Bill, Ledger**	17.04.2013
4	NITISH AHUJA 00024846	02.04.2012	68000	33000	**Sale Bill, Ledger**	02.04.2012
5	MEETU AGGARWAL 00031007	05.04.2013	68000	34000	**Sale Bill, Ledger**	15.05.2013
6	SAROJ BANSAL 10049574	15.04.2013	122500	35000	**Sale Bill, Ledger**	17.04.2013
7	SHARADA PRASAD 00052821	10.05.2013	448200	35000	**Sale Bill, Ledger**	14.03.2013
8	SUDHIR PRASAD 00052834	10.05.2013	218230	35000	**Sale Bill, Ledger**	14.09.2013
9	VIJAY KUMAR AGGARWAL 00031011	05.04.2013	41000	20000	**Sale Bill, Ledger**	15.05.2013
10	VIJAY KUMAR AGGARWAL 00031011	05.04.2013		500	**Sale Bill, Ledger**	15.05.2013
11	ADHIR SACHDEVA 00005889	10.05.2013	N.A	29000	**Sale Bill, Ledger**	14.05.2013
12	RAJINDER BANSAL 18873305	15.04.2013	N.A	35210	**Sale Bill, Ledger**	17.04.2013
13	SHARADA PRASAD 00052821	10.05.2013	448200	35000	**Sale Bill, Ledger**	14.03.2013
14	SUDHIR PRASAD 00052834	10.05.2013	218230	35000	**Sale Bill, Ledger**	14.09.2013

14.5.3. The SCN states that, total number of clients for which such transactions have been executed, quantity of shares involved, money value of the shares involved for dealing in the scrip are given below:

Table 36

Number of Target clients involved	Number of transactions	Total Quantity of shares involved	Total value in rupee terms of shares transferred (Rs.)
11	14	4,15,710	2,73,43,220

14.5.4. On analysis of the transactions of the Noticee no. 5, from the below table, I find that Noticee no. 5 as on date of receipt of money from its clients either did not have any stock of the scrip in its account or sufficient quantity to transfer the shares and it had acquired the shares from other sources either through off market or on market and provided the shares to the clients which clearly indicate that Noticee no. 5 has been engaging in trading /dealing in securities for its clients.

Table 37

Name, PAN, Demat Id of source client (1)	Name, PAN, Demat Id of target client (2)	Quantity transferred (3)	Date of payment by target client (4)	Date of transfer of shares by source client (5)	Balance shares as on date of credit of amount (6)	Balance shares as on 1 day before date of transfer of shares/Balance shares as on date of transfer of shares (7)
SAPNA 00030356	RAJAN VERMA 18548284	57000	15.04.2013 (Rs. 199500 paid in cash)	13.08.2014	0	81,958
	BALA GARG 00018521	16000	15.04.2013 (Rs. 32000)	22.08.2014	0	18,958

	SHILPA GARG 00018711	16000	15.04.2013 (Rs. 32000)	22.08.2014	0	34,958
	NITISH AHUJA 00024846	33000	02.04.2012 (Rs. 66000 paid in cash)	26.08.2014	0	41,658
	MEETU AGGARWAL 00031007	34000	05.04.2013 (Rs. 68000 paid in cash)	27.08.2014	0	98,658
	SAROJ BANSAL 10049574	35000	15.04.2013 (Rs. 122500 paid in cash)	28.08.2014	0	37,658
	SHARADA PRASAD 00052821	35000	10.05.2013 (Rs. 448200 paid in cash for 298800 shares)	02.09.2014	0	70,000
	SUDHIR PRASAD 00052834	35000	10.05.2013 (Rs. 218230 paid in cash for 145500 shares)	02.09.2014	0	35,000
	VIJAY KUMAR AGGARWAL 00031011	20000	05.04.2013 (Rs. 41000 paid in cash)	03.09.2014	0	81,500
	VIJAY KUMAR AGGARWAL 00031011	500		03.09.2014	0	5000
	ADHIR SACHDEVA 00005889	29000	10.05.2013	04.09.2014	0	1,28,090
	RAJINDER BANSAL 18873305	35210	15.04.2013	04.09.2014	0	1,14,300
	SHARADA PRASAD 00052821	35000	10.05.2013 (Rs. 448200 paid in cash for 298800 shares)	04.09.2014	0	1,63,090
	SUDHIR PRASAD 00052834	35000	10.05.2013 (Rs. 218230 paid in cash for 145500 shares)	04.09.2014	0	1,98,090
Total		**415710**				

14.5.5. The details of a few transactions of acquisition of shares in between the time period of date of credit of amount to the transferor and date of transfer of shares to the transferee is given below in **Table 38** and the exhaustive list of the transactions was placed at Annexure 15 to the SCN.

Table 38

Name, PAN, Demat Id,DP ID of source client (1)	**Date of acquisition (2)**	**Qty of shares acquired (3)**	**Source of acquisition – OFF Mkt / ON Mkt (4)**	**Particulars of the Source in case of OFF Market acquisitions**	
				Name of the client	**Client ID**
SAPNA DRUPS8079D 00030356 DP ID: 32000	31.07.2014	1,17,328	OFF Mkt	SACHIN KUMAR	1203200000028484
				PREM CHAND	1203200000028471
				KARAN	1203200000028919
				SANDEEP KUMAR	1203200000028923
	13.08.2014	65,930	OFF Mkt	SANDEEP KUMAR	1203200000028923
				PREM CHAND	1203200000028471
	18.08.2014	14,000	OFF Mkt	SANDEEP KUMAR	1203200000028923
	25.08.2014	66,000	OFF Mkt	SACHIN KUMAR	1203200000028484
				SANDEEP KUMAR	1203200000028923
	26.08.2014	40,000	OFF Mkt	SACHIN KUMAR	1203200000028484
				SANDEEP KUMAR	1203200000028923

14.5.6. The following are the date wise transactions of Noticee no. 5 from its date of receipt of money from the client and till the date of transfer of securities to the client in respect of the clients in col.2 of **Table 39**:

Table 39

Name, PAN, Demat Id of source client (1)	**Name, PAN, Demat Id of target client (2)**	**Quantity transferred (3)**	**Consideration amount as per DIS (Rs.) (4)**	**Consideration (Rs.) received by source client (5)**	**Market rate (Rs.) (6)**	**Market value (Rs.) (7)**	**Date of payment by target client (8)**	**Date of transfer of shares by source client (9)**	**Number of days of delay (10)**
SAPNA 00030356	RAJAN VERMA 18548284	57000	5167050	1,99,500	88.85	5064450	15.04.2013 (Rs. 199500 paid in cash)	13.08.2014	484
	BALA GARG 00018521	16000	1312000	32,000	78.85	1261600	15.04.2013 (Rs. 32000)	22.08.2014	493

	SHILPA GARG 00018711	16000	1312000	32,000	78.85	1261600	15.04.2013 (Rs. 32000)	22.08.2014	493
	NITISH AHUJA 00024846	33000	2602050	66,000	75.8	2501400	02.04.2012 (Rs. 66000 paid in cash)	26.08.2014	875
	MEETU AGGARWAL 00031007	34000	262800	68,000	75.8	2577200	05.04.2013 (Rs. 68000 paid in cash)	27.08.2014	508
	SAROJ BANSAL 10049574	35000	2705500	1,22,500	74.3	2600500	15.04.2013 (Rs. 122500 paid in cash)	28.08.2014	499
	SHARADA PRASAD 00052821	35000	2645000	4,48,200	71.4	2499000	10.05.2013 (Rs. 448200 paid in cash for 298800 shares)	02.09.2014	479
	SUDHIR PRASAD 00052834	35000	2645000	2,18,230	71.4	2499000	10.05.2013 (Rs. 218230 paid in cash for 145500 shares)	02.09.2014	479
	VIJAY KUMAR AGGARWAL 00031011	20000	1428000	41,000	70	1400000	05.04.2013 (Rs. 41000 paid in cash)	03.09.2014	515
	VIJAY KUMAR AGGARWAL 00031011	500	35700		70	35000		03.09.2014	515
	ADHIR SACHDEVA 00005889	29000	2088000	N.A	68.6	1989400	10.05.2013	04.09.2014	481
	RAJINDER BANSAL 18873305	35210	2535120	N.A	68.6	2415406	15.04.2013	04.09.2014	481
	SHARADA PRASAD 00052821	35000	2520000	4,48,200	68.6	2401000	10.05.2013 (Rs. 448200 paid in cash for 298800 shares)	04.09.2014	481
	SUDHIR PRASAD 00052834	35000	2520000	2,18,230	68.6	2401000	10.05.2013 (Rs. 218230 paid in cash for 145500 shares)	04.09.2014	481
Total		**415710**	**2,73,43,220**						

From **Table 39,** I find that the consideration amount mentioned as per DIS is more or less close to the market rate prevailing then at the time of transfer of shares. I also find that not only the consideration amount received by the Noticee no. 5 is far less but it is received much before the actual date of transfer. It could only be seen from the DIS that the Noticee no. 5 has made entries in DIS regarding the consideration amount to match with the prevailing market rate thereby concealing the actual amount received. Further, the execution date (date of transfer of shares) mentioned in the DIS is much after the actual date of payment received.

14.5.7. I note that all of the above acts are an attempt by Noticee no. 5 to make the DIS appear as if it is a normal genuine spot delivery transaction carried on the execution date (date of transfer of shares) whereas the actual payment has been received by Noticee no. 5 in 2012 & April-May 2013, the transfer of shares was done in August-September 2014, after more than a year of delay. The open price in the market on 10.05.2013 was Rs.173.75 but Noticee no. 5 has sold the shares at a mere Rs.1.50 per share through cash payment which raises serious doubts on the genuineness of the transaction.

14.5.8. Further, from **Table 39,** I find that Noticee no. 5 has delayed the transfer of shares to the transferee after the receipt of the amount from the transferee.

I note that, Noticee no. 5 has not settled the transaction as per section 2(i) of SCRA, 1956.

14.5.9. On examination of the DI slips of Noticee no. 5, I find that the reasons for transfers stated was "Loan of Shares or return of loan of shares". The following is the summary of total number of such so called loan transactions, number of target clients dealt with by the Noticee no. 5, quantity of shares involved and value of such transactions:

Table 40(Summary transactions)

Number of target clients dealt with(Transferees)	Number of off market transactions	Total Qty. of shares transferred	Total Consideration as per DIS (Rs.)
23	28	7,13,710	5,53,47,825

14.5.10. The following are the details of the Target clients who had categorically denied the transactions to be loan transactions and had confirmed the same to be only sale or purchase transaction as the case may be:

Table 41

Source client particulars	Target Client Particulars	Date of transfer of shares	Summons date of source client	Reply date of source client	Summons date of target client	Reply date of target client	Nature of reply of target clients
SAPNA 00030356	BALA GARG 00018521	22.08.2014	22.10.2019	N.A	14.11.2019	24.11.2019	Denied as loan transaction
	SHILPA GARG 00018711	22.08.2014	22.10.2019	N.A	18.11.2019	25.11.2019	Denied as loan transaction
	MEGHNA SRIVASTAVA 21358418	25.08.2014	22.10.2019	N.A	30.10.2019	05.11.2019	Denied as loan transaction
	NITISH AHUJA 00024846	26.08.2014	22.10.2019	N.A	18.11.2019	22.11.2019	Denied as loan transaction
	DIVYA JAIN 10138173	27.08.2014	22.10.2019	N.A	14.11.2019	22.11.2019	Denied as loan transaction

The transactions mentioned in **Table 41** above are provided for illustration purpose and the exhaustive list of clients and their replies was provided as Annexure 16 to the SCN.

14.5.11. The SCN alleges that If all the aforesaid transactions are to be considered as loan transactions, then such transactions should have happened only in the manner provided in Section 12 of the Depositories Act, 1996 and Regulation 58 of DP Regulations, 1996.

14.5.12. Upon further verification about the nature of the above transactions as to whether the same were either in the nature of creation of pledge or revocation or invocation of pledge, with the Depositories NSDL and CDSL, SEBI's investigation found that none of the transactions are in the nature of pledge. I note that since the off market transfers involving the said loan transactions involve transfer of ownership of the shares, thereby these transactions cannot be considered as Pledge transactions. As mentioned

above, I also note that the provisions of Section 2(i) of SCRA, 1956 requires that in a spot delivery contract the securities be delivered on the same day of receipt of consideration or on the next day. Since, in these transaction payment was received by Noticee no. 5 much prior to making of delivery of shares, therefore, I note that these transactions were not spot delivery contracts in terms of Section 2(i) of SCRA, 1956. I note that by virtue of the provisions of SEBI Notification G.S.R 219 (E) dated March 1, 2000 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013, issued by SEBI in exercise of powers under Section 16 of SCRA, 1956, prior permission of SEBI is required to be obtained before entering into any contract for sale and purchase of securities, which does not fall in the category of any of the exceptions stipulated in the said notifications including the exception of spot delivery contract. I find that no permission of SEBI was sought by Noticee no. 5 before entering into any of these transactions, which are squarely hit by the embargo put in place by the aforesaid notifications. Therefore, by virtue of the provision of Section 16(2) of SCRA, 1956, I find that all the transactions entered into by Noticee no. 5 were illegal.

14.5.13. For effecting transfer of shares electronically it is the Source Client who had to issue the DIS duly filled in and signed to the Source DP (Depository Participant). Therefore, the Source client is accountable and responsible for the contents filled in by him in the DIS. When the Source client state the reasons for transfer in the DIS as “Loan or return of loan shares” transaction which is not true and when the other records exist contrary to the reasons stated in the DIS by the Source Client, the act of the Source client in giving false reason of “loan or return of loan shares” for transfer of shares would amount to an act of deceit. It can only be construed that such an act has been resorted to by the source client, Noticee no. 5 in order to evade or avoid regulatory compliance on off market transfer of shares as stipulated in Section 2(i) of SCRA, 1956. In the instant case, the Noticee no. 5 by stating its off market transfer of shares as Loan transactions in the DIS when the fact is that none of such transactions are loan transactions, I find that Noticee no. 5 has resorted to giving false reason of “Loan / return of loan shares” in

DIS for transfer of shares in order to evade or avoid regulatory compliance stipulated in Section 2(i) SCRA for off market transfer of shares.

14.5.14. The SCN states that, for the summons issued to Noticee no. 5, during investigation, seeking information on the transactions inter-alia including the reasons for delay in delivery of shares to the clients, the Noticee no. 5 neither replied nor responded to the summons in any manner. I note that there is no record of successful delivery of the said summons to Noticee no. 5. Thus, the allegations in the SCN for violations of Section 11C (2) and 11C(3) of SEBI Act, 1992, cannot be sustained.

14.5.15. The clients of the Noticee no. 5 in response to the summons had furnished the copy of records issued by the Noticee no. 5 and while some of them had stated that they were not aware of the delay and others have stated that they have been following up with the Noticee no. 5 to receive the shares. The following are the details of the responses /replies furnished by the recipient clients of the Noticee no. 5 during investigation:

Table 42

Sl.no.	Name of the recipient client	Date of summons	Date of reply	List of documents of the Noticee 5 furnished by the transferee	Reply stated by the transferee for delay in receipt of shares
1.	RAJAN VERMA 18548284	18.11.2019	17.12.2019	Copy of sub ledger, sale bill	No prior knowledge regarding delay & Regularly taken up the matter with transferor.
2.	BALA GARG 00018521	14.11.2019	24.11.2019	Copy of sub ledger, sale bill	No reply
3.	SHILPA GARG 00018711	18.11.2019	25.11.2019	Copy of sub ledger, sale bill	No prior knowledge regarding delay & not taken up the matter with anyone.
4.	NITISH AHUJA 00024846	18.11.2019	22.11.2019	Copy of sub ledger, sale bill	the shares were held by the share broker in his Demat account on behalf of me and when I wanted to sell the shares, I got them transferred to my Demat account for sale.
5.	MEETU AGGARWAL 00031007	18.11.2019	22.11.2019	Copy of sub ledger, sale bill	No reply
6.	SAROJ BANSAL 10049574	18.11.2019	26.11.2019	Copy of sub ledger, sale bill	No reply
7.	SHARADA PRASAD 00052821	18.11.2019	26.11.2019	Copy of sub ledger, sale bill	The delivery of the shares was delayed by the broker without any intimation to me. I had no prior knowledge regarding the delay, nor had I agreed to any delay in transfer of the equity shares. I had spoken and followed up with Mr. Anil Gupta several times thereafter regarding the undue delay and he always assured the delivery of equity shares of M/s Delta Leasing and Finance Ltd shall be done immediately.
8.	SUDHIR PRASAD 00052834	18.11.2019	26.11.2019	Copy of sub ledger, sale bill	The delivery of the shares was delayed by the broker without any intimation to me. I had no prior knowledge regarding the delay, nor had I agreed to any delay in transfer of the equity shares. I had spoken and followed up with Mr. Anil Gupta several times thereafter regarding the undue delay and he always assured the delivery of equity shares of M/s Delta Leasing and Finance Ltd shall be done immediately.
9.	VIJAY KUMAR AGGARWAL 00031011	18.11.2019	26.11.2019	Copy of sub ledger, sale bill	No reply

10	ADHIR SACHDEVA 00005889	14.11.2019	18.02.2020	Copy of sub ledger, sale bill	No prior knowledge regarding delay & Regularly taken up the matter with transferor.
11	RAJINDER BANSAL 18873305	18.11.2019	26.11.2019	Copy of sub ledger, sale bill	No reply

14.5.16. It is from the reply of the recipient clients and the documents furnished by them (sample of which is given in para 14.5.17 below), I find that the Noticee no. 5 has acted as an unregistered Stock Broker/Sub-broker.

14.5.17. The following is a sample of the details of contents of the "SALE BILL" issued by the Noticee no. 5 to its clients while dealing in the scrip of the Company as clientele transactions.

Contract Note

SALE BILL				
STALLION TRADING CO. 23, Double Storey, Welcome, Seelampur-III, Delhi - 110053		To RAJAN VERMA 491, Sec -14 GURGAON- 122001 HARYANA Bill No : 003		CRV23 Dated: 17/04/2013
Dear Sirs, We are herewith delivering the shares state below :-				
Transaction Date	Description of Security	Qty	Rate	Amount
15/04/2013	DELTA LEASING & FIN.	57000	3.50	199500.00
Settlement No.: BIR1314013			Total	199500.00
Demat Delivery transfer from: Client ID: DP ID: Slip No. :				
E & O.E.	Received above shares	Signature of customer		For STALLION TRADING CO. Authorized Signatory PAN: DRUPS8079D

Copies of all the cash bills, ledgers, share bills and other documents issued to the clients by Noticee no. 5 were provided as Annexure-17 (Colly) to the SCN.

14.5.18. On perusal of the documents furnished by the clients as can be seen from para 14.5.17 above, I find that the Noticee no. 5 has issued certain documents viz.: a ledger account for the clients indicating a running account being maintained for the clients, and also a sale bill raised on the client for purchase of 57000 quantity of shares of the company at Rs. 3.50 per share. The sale bill also contains a settlement no. B1R 1314013 for the transaction done. However, the name of the Exchange in which such transaction had been done have not been mentioned. The scrip was listed in BSE only on 18.04.2013 that is subsequent to the date of transaction mentioned in the Sale Bill. Further, the settlement No. in BSE starts with a sequence of DR-

040/20-21 which means 40th settlement in the financial year 2020-2021. The settlement number indicated in the sale bill do not match the format of settlement no. being followed in BSE. Further, the trading in Delhi Stock Exchange Ltd in which the scrip was listed had ceased w.e.f. 30.10.2003. The rate quoted in the sale bill for the scrip also has no basis as the scrip had not been traded in BSE and DSE as on the date of transaction. As such, I find that the settlement number stated in the Sale Bill is incorrect, false and misleading. I also find that Noticee no. 5 had used a Firm Name "Stallion Trading Co", used a client code for the client which is mandatory for a stock broker to deal with clients, a fictitious settlement number etc. Thus I find that it is only an attempt made by Noticee no. 5 to provide an illusionary impression of genuineness about itself and also of the transaction done through authentic sources such as Stock Exchanges so as to win over the trust and confidence of the clients to deal with it. I note that, the Noticee no. 5 was not authorized or licensed to do a clientele transaction. Further I also note that, Noticee no. 5 had also fabricated the documents so as to give an impression of authenticity about itself and its transactions. From the manner in which the transactions have been executed by the Noticee no. 5 and on scrutiny of the documents such as contract note, sale bill etc. issued by the Noticee no. 5 to its clients as explained above, I find that Noticee no. 5 namely Ms. Sapna – Proprietor of Stallion Trading Co. has acted as a Stock Broker/Sub-broker inasmuch as carrying out clientele dealing in securities without obtaining prior registration from SEBI or without being the member of a recognized stock exchange and thus, violated the provision of Regulation 3 of Broker Regulations, 1992 and Section 12(1) of SEBI Act,1992.

14.5.19. All the aforesaid acts committed by Noticee no. 5, such as acting as unregistered stock broker/ sub-broker, falsifying DIS by concealing the consideration amount in the DIS in order to make it appear as a genuine spot delivery contract, falsifying DIS by mentioning the false reason of transfer in DIS, entering into illegal contracts for sale/purchase of securities in violation of Section 16(1) of SCRA, 1956, tantamount to unfair trade practice relating

to securities market. Thus, I find that Noticee no. 5 has also violated the provisions of Regulation 4(1) of PFUTP Regulations, 2003.

14.6. Mr. Sunil Singh – Proprietor of Alfa Finsec (Noticee no. 6)

14.6.1. SCN alleges that Noticee no. 6 had carried out clientele transactions both in his name as "Sunil Singh" and also in his firm name "Alfa Finsec" as seen from the documents such as cash receipt, client ledger, share bill etc. maintained by the Noticee no. 6 (sample of which is given in para 14.6.18 below).

Table 43

Name	PAN
ALFA FINSEC	BDGPS0774K
SUNIL SINGH	BDGPS0774K

14.6.2. The following are the details of client wise transactions done and nature of records issued by Noticee no. 6:

Table 44

S.No	Name of the Target Client	Date of Transfer of shares	Amount recorded (Rs.)	Qty of shares transferred	Name of document issued to clients	Cash Receipt/Sale Bill date
1	MOHIT BEHAL 10184950	24.06.2014	14000	8000	**Sale Bill, Ledger**	09.04.2013
2	MOHIT BEHAL 10184950	26.06.2014		6000	**Sale Bill, Ledger**	09.04.2013
3	TILAK RAJ BEHAL AAGPB4536N IN30086110186548	07.07.2014	132000	16500	**Sale Bill, Ledger**	09.04.2013

14.6.3. SCN states that, total number of clients for which such transactions have been executed, quantity of shares involved, money value of the shares involved are given below:

Table 45

Number of clients involved	Number of transactions	Total Quantity of shares involved	Total value in rupee terms of shares transferred (Rs.)
2	3	30,500	2,44,000

14.6.4. On analysis of the transactions of Noticee no. 6, I find from the below table that the Noticee no. 6 as on date of receipt of money from its clients either did not have any stock of the scrip in its account or sufficient quantity to transfer the shares and it had acquired the shares from other sources either through off market or on market and provided the shares to the clients which clearly indicate that the Noticee no. 6 has been engaging in trading /dealing in securities for its clients.

Table 46

Name, PAN, Demat Id of source client (1)	Name, PAN, Demat Id of target client (2)	Quantity transferred (3)	Date of payment by target client (4)	Date of transfer of shares by source client (5)	Balance shares as on date of credit of amount (6)	Balance shares as on 1 day before date of transfer of shares/Balance shares as on date of transfer of shares (7)
SUNIL SINGH 10113199	MOHIT BEHAL 10184950	8000	09.04.2013(Rs. 14000(8000+6000) paid in cash)	24.06.2014	0	8000
	MOHIT BEHAL 10184950	6000		26.06.2014	0	19,730
	TILAK RAJ BEHAL AAGPB4536N IN30086110186548	16500	05.04.2013 (Rs. 132000)	07.07.2014	0	23,730
Total		**30,500**				

14.6.5. The details of a few transactions of acquisition of shares in between the time period of date of credit of amount to the transferor and date of transfer of shares to the transferee is given below and the exhaustive list of all the transactions was provided as Annexure 18 to the SCN.

Table 47

Name, PAN, Demat Id, DP ID of source client (1)	Date of acquisition (2)	Qty of shares acquired (3)	ON Mkt/ OFF Mkt (4)	Particulars of the Source in case of OFF Market acquisitions	
				Name of the client	**Client ID**
SUNIL SINGH BDGPS0774K 10113199 IN301766	28.09.2013	30,000	OFF Mkt	VIVEK FINANCIAL FOCUS	10178100
	01.10.2013	8,000	ON Mkt	N.A	N.A
	19.10.2013	8,300	OFF Mkt	VIVEK FINANCIAL FOCUS	10178100
	21.10.2013	26,500	OFF Mkt	FARSIGHT SECURITIES LTD	10110348
	13.11.2013	25	ON Mkt	N.A	N.A
	09.12.2013	2000	ON Mkt	N.A	N.A

14.6.6. The following are the date wise transactions of the Noticee no. 6 from its date of receipt of money from the client and till the date of transfer of securities to the client in respect of the clients in col. 2 of **Table 48**:

Table 48

Name, PAN, Demat Id of source client (1)	Name, PAN, Demat Id of target client (2)	Quantity transferred (3)	Consideration amount as per DIS (Rs.) (4)	Consideration (Rs.) received by source client (5)	Market rate (Rs.) (6)	Market value (Rs.) (7)	Date of payment by target client (8)	Date of transfer of shares by source client (9)	Number of days of delay (10)
SUNIL SINGH 10113199 IN301766	MOHIT BEHAL 10184950	8000	Not mentioned	112000	245	1960000	09.04.2013	24.06.2014	440
	MOHIT BEHAL 10184950	6000	Not mentioned		260	1560000		26.06.2014	442
	TILAK RAJ BEHAL AAGPB4536N IN30086110186548	16500	Not mentioned	132000	192	3168000	05.04.2013 (Rs. 132000)	07.07.2014	457
Total		**30,500**		**2,44,000**		**66,88,000**			

14.6.7. From **Table 48,** I find that not only the consideration amount received by the Noticee no. 6 is generally far less but it is received much before the actual date of transfer. I also find from the DIS that the Noticee no. 6 has not made entries in DIS regarding the consideration amount in order to conceal the

actual amount received by the Noticee no. 6. Further, the execution date (date of transfer of shares) mentioned in the DIS is much after the actual date of payment received so as to make the DIS appear as if it is a normal genuine spot delivery transaction carried on the execution date (date of transfer of shares), whereas the actual payment has been received by the Noticee no. 6 in April, 2013, the transfer of shares was done in June-July 2014, after more than a year of delay. The open price in the market on 24.06.2013 was Rs. 41.55 but the Noticee no. 6 has sold the shares at a mere Rs. 1 per share through cash payment which raises serious doubts on the genuineness of the transaction.

14.6.8. Further, it can be seen from **Table 48** that the Noticee no. 6 has delayed the transfer of shares to the transferee after the receipt of the amount from the transferee, thereby, the Noticee no. 6 has not settled the transaction as per the time frame stipulated in Section 2(i)(a) of SCRA, 1956.

14.6.9. On examination of the DI slips of Noticee no. 6, I find that the reasons for transfers stated was "Loan of Shares or return of loan of shares". The following is the summary of total number of such so called loan transactions, number of target clients dealt with by the Noticee no. 6, quantity of shares involved and value of such transactions:

Table 49(Summary transactions)

Number of target clients dealt with(Transferees)	Number of off market transactions	Total Qty of shares transferred	Total Consideration as per DIS(Rs.)	Total market value as on date of transfer of shares in rupee terms of shares transferred (Rs.)
4	18	3,00,970	Not mentioned	70,10,070

14.6.10. The following are the details of the Target clients who had categorically denied the transactions to be loan transactions and had confirmed the same to be only sale or purchase transaction as the case may be:

Table 50

Source client particulars	Target Client Particulars	Date of transfer of shares	Summons date of source client	Reply date of source client	Summons date of target client	Reply date of target client	Nature of reply of target clients
SUNIL SINGH 10113199 IN301766	TILAK RAJ BEHAL AAGPB4536N IN300861101 86548	07.07.2014	23.10.2019	N.A	19.11.2019	26.11.2019	Denied as loan transaction
	MOHIT BEHAL 10184950	24.06.2014	23.10.2019	N.A	18.11.2019	26.11.2019	Denied as loan transaction
	MOHIT BEHAL 10184950	26.06.2014	23.10.2019	N.A	18.11.2019	26.11.2019	Denied as loan transaction

The transactions mentioned in **table 50** above are provided for illustration purpose and the exhaustive list of clients and their replies was placed at Annexure 19 to the SCN.

14.6.11. The SCN alleges that if all the aforesaid transactions are to be considered as loan transactions, then such transactions should have happened only in the manner provided in Section 12 of the Depositories Act, 1996 and Regulation 58 of DP Regulations, 1996.

14.6.12. Upon further verification about the nature of the above transactions as to whether the same were either in the nature of creation of pledge or revocation or invocation of pledge, with the Depositories NSDL and CDSL, SEBI's investigation found that none of the transactions are in the nature of pledge. I note that since the off market transfers involving the said loan transactions involve transfer of ownership of the shares, thereby these transactions cannot be considered as Pledge transactions. As mentioned above, I also note that the provisions of Section 2(i) of SCRA, 1956 requires that in a spot delivery contract the securities be delivered on the same day of receipt of consideration or on the next day. Since, in these transaction payment was received by Noticee no. 6 much prior to making of delivery of shares, therefore, I note that these transactions were not spot delivery contracts in terms of Section 2(i) of SCRA, 1956. I note that by virtue of the provisions of SEBI Notification G.S.R 219 (E) dated March 1, 2000 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013, issued by SEBI in exercise of powers under Section 16 of SCRA, 1956, prior permission of SEBI is required to be obtained before entering into any contract for sale and purchase of securities, which does not fall in the category of any of the exceptions stipulated in the said notifications including the exception of spot delivery contract. I find that no permission of SEBI was sought by Noticee no. 6 before entering into any of these transactions, which are squarely hit by the embargo put in place by the aforesaid notifications. Therefore, by virtue of the provision of Section 16(2) of SCRA, 1956, I find that all the transactions entered into by Noticee no. 6 were illegal.

14.6.13. Here I would like to touch upon a related contention being raised by Noticee no. 6. It is argued by the Noticee that provisions of Section 2(i)(a) of SCRA,

1956, are not applicable to him, since he is not a market intermediary, I note that as to how Noticee no. 6 was acting as an unregistered stock broker/ sub-broker, is dealt in the subsequent paragraphs of this order, notwithstanding this finding, I note that provisions of Section 2(i)(a), Section 18A and Section 16 of SCRA, 1956, are applicable to all persons alike, whether as market intermediary or otherwise. Attention is drawn to the objects clause of the SCRA, 1956 which states that "An Act to prevent undesirable transactions in securities by regulating the business of dealing therein, by providing for certain other matters connected therewith." In pursuance of this objective, Section 2(i)(a) of SCRA, 1956 provides that a spot delivery contract is one which is settled on the same day or on the next day. Section 18A declares all such contracts in derivatives illegal if not consummated on a recognized stock exchange. In order to prevent undesirable speculation in securities, Section 16 of SCRA, 1956, empowers the Central Government (power delegated to SEBI) to stipulate rules in respect of previous approval to be obtained for certain contracts in securities. Accordingly, SEBI issued the following two notifications, SEBI Notification G.S.R 219 (E) dated March 2, 2000 and SEBI Notification No. LAD-NRO/GN/2013-14/26/6667 dated October 03, 2013. Thus, I note that, all the aforesaid provisions of law, are designed to prevent undesirable contracts in securities, in line with the objects of the SCRA, 1956. It is also pertinent to note that none of the aforesaid provisions of law, stipulate that they shall be applicable to SEBI registered intermediaries only. Rather if the objects of SCRA, 1956, were to be read into these provisions, one would agree that these provisions would squarely be applicable to all persons regardless of their status as SEBI registered intermediary or not. In view of the foregoing discussion, I do not find any merit in the contention being raised by Noticee no. 6.

14.6.14. For effecting transfer of shares electronically it is the Source Client who had to issue the DIS duly filled in and signed to the Source DP (Depository Participant). Therefore, the Source client is accountable and responsible for the contents filled in by him in the DIS. When the Source client state the reasons for transfer in the DIS as "Loan or return of loan shares" transaction which is not true and when the other records exist contrary to the reasons

stated in the DIS by the Source Client, the act of the Source client in giving false reason of "loan or return of loan shares" for transfer of shares would amount to an act of deceit and unfair trade practice while dealing in securities. It can only be construed that such an act has been resorted to by the source client, Noticee no. 6 in order to evade or avoid regulatory compliance on off market transfer of shares as stipulated in Section 2(i)(a) of SCRA, 1956 In the instant case, the Noticee no. 6 by stating its off market transfer of shares as Loan transactions in the DIS when the fact is that none of such transactions are loan transactions, I find that the said Noticee no. 6 has committed an act of deceit by giving false reason of "Loan / return of loan shares" in DIS for transfer of shares in order to evade or avoid regulatory compliance stipulated in Section 2(i)(a) SCRA, 1956 for off market transfer of shares.

14.6.15. For the summons dated 23.10.2019 issued to Noticee no. 6 (during SEBI investigation), seeking information on the transactions inter-alia including the reasons for delay in delivery of shares to the clients, Noticee no. 6 neither replied nor responded to the summons in any manner. I note that there is no record of successful delivery of the said summons to Noticee no. 6. Thus, the allegations in the SCN for violations of Section 11C (2) and 11C (3) of SEBI Act, 1992, cannot be sustained.

14.6.16. From the replies of the Target clients of Noticee 6, it could be ascertained that the transactions have been settled in a delayed manner not in accordance with the time frame stipulated in Section 2(i) of SCRA, 1956. The clients of the Noticee no. 6 in response to the summons issued by SEBI during investigation, had furnished the copy of records issued by the Noticee no. 6 and they stated that they were not aware of the delay and as they became aware they followed up with the Company to receive the shares. The following are the details of the responses /replies furnished by the recipient clients of the Noticee no. 6 in response to the summons issued:

Table 51

Sl.no.	Name of the recipient client	Date of summons	Date of reply	List of documents of the Noticee 6 furnished by the transferee	Reply stated by the transferee for delay in receipt of shares
1.	MOHIT BEHAL 10184950	18.11.2019	26.11.2019	Copy of sale bill and cash receipt	I had given these shares for transfer but could not pursue the same. Later on while checking the Demat account, I came to know that these shares were not transferred. I pursued the matter and

					advised the company to transfer these shares immediately. I had no prior knowledge about the delay and came to know about it only at the later stage
2.	TILAK RAJ BEHAL AAGPB4536N IN30086110186548	19.11.2019	26.11.2019	Copy of sale bill and cash receipt	I had given these shares for transfer but could not pursue the same. Later on while checking the Demat account, I came to know that these shares were not transferred. I pursued the matter and advised the company to transfer these shares immediately. I had no prior knowledge about the delay and came to know about it only at the later stage

14.6.17. It is from the reply of the recipient clients and the documents furnished by them (sample of which is given in para 14.6.18 below), I find that the Noticee no. 6 has acted as an unregistered Stock Broker/Sub-broker.

14.6.18. The following are the details of the nature of records issued by the Noticee no. 6 to its clients while dealing in the scrip of the Company as clientele transactions:

Contract Note

Alfa Finsec
Regd. Off: 55, Dhaka Chamber, 2068/39 Naiwala, karol Bagh, New Delhi - 110005

SALE BILL

Bill No.: N1-N-SC/2013067/1
Bill Date: 09/04/2013

To
MOHIT BEHAL (1111/CMH9)
102, HARGOVIND
KARKARDUMA,
DELHI - 110092

Dear Sirs,
We are herewith delivering you the Shares/Debs. Stated below for which please make the payments

Sauda Dt.	Security Details	Book Cl.	Distinctive Numbers	Cert	Qty.	Rate	Bkg.	Serv. Tax	Trxn. Chrg	Amount
05/04/2013	DELTA LEASING	DM			14000	8.00	0.00	0.00	0.00	112000.00

*** Due To Us *** 112000.00

E & O.E.
We are not responsible for keeping blank shares after taking delivery according to Association Rules

For

Authorized Signatory

14.6.19. Copies of all the cash bills, ledgers, share bills and other documents issued to the clients by Noticee no. 6 were provided as Annexure-20 (Colly) to the SCN.

14.6.20. On scrutiny of the documents furnished by the clients as given in Annexure-20 (Colly), I find that the Noticee no. 6 has issued certain documents viz.: a ledger account for the clients indicating a running account being maintained for the clients, and also a sale bill raised on the client for purchase of 16,500 qty of shares of the Company at Rs. 8. I note that Noticee no. 6 has not denied having issued such a Sale Bill. The sale bill also contains a Bill no. N1-N-SC/2013067/2 for the transaction done. However, the name of the Exchange in which such transaction had been done has not been mentioned.

The scrip was listed in BSE only on 18.04.2013 that is subsequent to the date of transaction mentioned in the Sale Bill. Further, the trading in Delhi Stock Exchange Ltd in which the scrip was listed had ceased w.e.f. 30.10.2013. The rate quoted in the sale bill for the scrip also has no basis as the scrip had not been traded in BSE and DSE as on the date of transaction. I note that Noticee no. 6 has contested that the sale bill was iisued subsequent to a private sale between two parties and that by itself does not make him a broker/sub-broker. I do not agree with this contention, for the following reason. I find that Noticee no. 6 had used a Firm Name "Alfa Finsec", while dealing with the private party. One may wonder why would an individual use a Business Firm name, while entering into a private contract. I also note that Noticee no. 6 has used a client code '1111/CMH9' for the client, which is mandatory for a stock broker to deal with clients. I also note that Noticee no. 6 has also mentioned the following term in his Sale Bill, which clearly indicates that buying and selling of securities on behalf of others was part of his regular course of business, *"We are not responsible for keeping blank shares after taking delivery according to Association Rules*". In view of the above, I note that Noticee no. 6 used to provide these Sale Bills to his clients in order to give an illusionary impression of genuineness about itself and also of the transaction done through authentic sources such as Stock Exchanges so as to win over the trust and confidence of the clients to deal with it. I note that, the Noticee no. 6 was not authorized or licensed to do a clientele transaction. Further, it had also falsified/fabricated the documents so as to given an impression of authenticity about itself and its transactions. From the manner in which the transactions have been executed by the Noticee no. 6 and on scrutiny of the documents such as contract note, sale bill etc. issued by Noticee no. 6 to its clients as explained above, I find that Noticee no. 6 namely Mr. Sunil Singh – Proprietor of Alfa Finsec, has acted as a Stock Broker/Sub-broker inasmuch as carrying out clientele dealing in securities without obtaining prior registration from SEBI or without being the member of a recognized stock exchange and thus, violated the provision of Regulation 3 of Broker Regulations, 1992 and Section 12(1) of SEBI Act,1992.

14.6.21. All the aforesaid acts committed by Noticee no. 6, such as acting as unregistered stock broker/ sub-broker, falsifying DIS by not mentioning the consideration amount in the DIS in order to make it appear as a genuine spot delivery contract, falsifying DIS by mentioning the false reason of transfer in DIS, entering into illegal contracts for sale/purchase of securities in violation of Section 16(1) of SCRA, 1956, tantamount to unfair trade practice relating to securities market. Thus, I find that Noticee no. 6 has also violated the provisions of Regulation 4(1) of PFUTP Regulations, 2003.

15. I note that in the present case, all the Noticees have been found to have acted as a stock broker / sub-broker without obtaining registration from SEBI or without being registered as a member of a recognized stock exchange. I also note that the Noticees have been found to be issuing false contract notes to clients / falsifying DIS by not mentioning the consideration amount (or mentioning false amount) in the DIS/falsifying DIS by mentioning the false reason of transfer in DIS / entering into illegal contracts for sale/purchase of securities in violation of Section 16(1) of SCRA, 1956, all these acts of the Noticees tantamount to unfair trade practice relating to securities market. Thus, I find that the Noticees have also violated the provisions of Regulation 4(1) of PFUTP Regulations, 2003. Therefore, I find that the Noticees are liable for imposition of appropriate penalty under Section 15HA of the SEBI Act, 1992. I also note that the Noticees have also been charged with violation of Section 11C(2) and 11C(3) of the SEBI Act, 1992, for not responding to the summons issued by SEBI during investigation. However, as observed in previous paras, no violation of Section 11C(2) and 11C(3) is made out in the instant case, and thus no penalty under Section 15A(a) of the SEBI Act, 1992 is attracted. I also note from the pre-paras that all the Noticees have entered into contracts in securities in violation of Section 16(1) of SCRA, 1956 and thus, by virtue of Section 16(2) had entered in illegal contracts, for which Noticees are liable for imposition of monetary penalty under Section 23H of SCRA, 1956. Similarly, for the violations of Regulation 3 of Broker Regulations, 1992 and Section 12(1) of SEBI Act, 1992, I find that the Noticees are liable for imposition of penalty under Section 15HB of SEBI Act, 1992. I note that the Noticees have been charged with the violation of Section 13 and 18 of SCRA, 1956. Section 13 of SCRA, 1956 provides as under:

"13. If the Central Government is satisfied, having regard to the nature or the volume of transactions in securities in any State or States or area that it is necessary so to do, it may, by notification in the Official Gazette, declare this section to apply to such State or States or area, and thereupon every contract in such State or States or area which is entered into after the date of the notification otherwise than between members of a recognised stock exchange or recognised stock exchanges in such State or States or area or through or with such member shall be illegal:

Provided that....."

16. Hon'ble SAT while interpreting Section 13 of SCRA, 1956 in Bhanuben case (*supra*) held as under:

"2…….

A reading of the aforesaid provisions would make it clear that the Central Government has the power under section 13 of the Act to make the provisions of this section applicable in any State or States or area and upon its doing so, every contract in such State, States or area is required to be entered into from the date of the notification only between the members of a recognized stock exchange or recognized stock exchanges or through or with such member(s). Section 13 also provides that contracts entered into in any other manner shall be illegal. …….

Section 18(1) of Act, however, carves out an exception. It provides that nothing contained in Section 13 shall apply to spot delivery contracts. A combined reading of Sections 13 and 18(1) would lead us to conclude that as a general rule, every contract in securities should be executed through members of recognised stock exchange (s) or through or with such member(s) and the only exception thereto is spot delivery contract(s). In other words, every contract in securities must be executed through the stock exchange mechanism unless it is a spot delivery contract. It would follow that a contract in securities which is not executed through or with member(s) of a recognised stock exchange(s) and is not a spot delivery contract would be illegal.

……"

In addition to the scope and ambit of Section 13, as expounded by Hon'ble SAT, Section 13 has also to be read with SEBI circular dated September 14, 1999 on Negotiated deals, which is applicable to all registered stock brokers and stipulates

that stock brokers shall not be allowed to cross trade (square off) the clients transactions at its own end and all transactions have to be necessarily routed through the stock exchange. I note that these provisions have *inter alia* been put in place to prevent undue speculation in securities and ensure a market driven price for the securities to the investors. I note that in the instant case, the Noticees themselves have been found to have acted as unregistered stock brokers/ sub-brokers. Thus, the impugned transactions, were not consummated through the member of a stock exchange, and therefore, in terms of Section 13 of SCRA, 1956, read with Section 18, I find that all these off-market transfers were illegal. I find that the Noticees have violated the mandate of Section 13 of SCRA,1956, and thus, they are liable for imposition of penalty under Section 23H of SCRA, 1956.

17. For imposition of penalty under the provisions of the SEBI Act, 1992, Section 15J of the SEBI Act,1992 provides as follows:

> "**Factors to be taken into account while adjudging quantum of penalty.**
> **15J.** While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —
> (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
> (b) the amount of loss caused to an investor or group of investors as a result of the default;
> (c) the repetitive nature of the default.
>
> Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

Similar, requirements are laid down under Section 23J of SCRA, 1956 for imposition of monetary penalty under the provisions of SCRA, 1956.

18. Regarding the factors under Section 15J of SEBI Act, 1992 and SCRA, 1956, I note that there is no assessment in the SCN regarding the amount of disproportionate gain or unfair advantage gained by the Noticees, as a result of the alleged violation. Further, the SCN also does not specify the amount of loss caused to investor or group of investors, if any. I note that there is no material on record to indicate that Noticee no. 2, 3 and 6, have been found to have committed similar violations any

time in the past. I also note that, in the past, Noticee no. 4 and 5 have been found guilty for violation of Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) and (e) of PFUTP Regulations, 2003, in the matter of Eco Friendly Food Processing Park Ltd. and accordingly they were visited with penalty of Rs. 5 lakhs and debarment from securities market for a period of four years. I also note that, in the past, Noticee no. 1 has been found guilty for violation of Section 11C (2) and 11C(3) of SEBI Act, 1992 and Regulations 3 (a), (b), (c), (d) and 4 (1), 4(2)(a), (e) of PFUTP Regulations, 2003, in the matter of Focus Industrial Resources Ltd. and accordingly it was visited with aggregate penalty of Rs. 20 lakhs.

Directions and monetary penalties:

19. In view of the aforesaid findings and having regard to the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 11(1), 11(4), 11(4A),11B(1) and 11B(2) of SEBI Act, 1992 read with Section 19 and Rule 5 of the SEBI (Procedure for holding Inquiry and Imposing Penalties) Rules, 1995 and Section 12A(2) of SCRA, 1956 read with Rule 5 of the Securities Contracts (Regulation) (Procedure for holding Inquiry and Imposing Penalties) Rules, 2005, direct as under:

(i) The Noticee no. 1, 2, 3, 4, 5 and 6, are restrained from accessing the securities market in any manner whatsoever, and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, in any manner, whatsoever, for a period of three months, from the date of coming into force of this order;

(ii) The Noticee no. 1, 2, 3, 4, 5 and 6, are hereby imposed with, the penalties, as specified hereunder:

Noticee No.	Name of Noticees	Provisions under which penalty imposed	Penalty Amount (In Rupees)
Noticee no. 1	M/s. Natraj Capital & Credit Pvt Ltd	Section 15HA of the SEBI Act, 1992.	Rs. 7,50,000/- (Rupees Seven Lakhs and Fifty Thousand Only)

		Section 15HB of the SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh Only)
		Section 23H of SCRA, 1956	Rs. 2,00,000/- (Rupees Two Lakh Only)
Noticee no. 2	Mr. Parmanand Yadav Proprietor of Roxtech Securities	Section 15HA of the SEBI Act, 1992.	Rs. 5,00,000/- (Rupees Five Lakhs Only)
		Section 15HB of the SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh Only)
		Section 23H of SCRA, 1956	Rs. 2,00,000/- (Rupees Two Lakh Only)
Noticee no. 3	Mr. Praveen Goyal Proprietor of Shivam Trading Company	Section 15HA of the SEBI Act, 1992.	Rs. 5,00,000/- (Rupees Five Lakhs Only)
		Section 15HB of the SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh Only)
		Section 23H of SCRA, 1956	Rs. 2,00,000/- (Rupees Two Lakh Only)
Noticee no. 4	Mr. Santosh Kumar Proprietor of Balaji Enterprises	Section 15HA of the SEBI Act, 1992.	Rs. 7,50,000/- (Rupees Seven Lakhs and Fifty Thousand Only)
		Section 15HB of the SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh
		Section 23H of SCRA, 1956	Rs. 2,00,000/- (Rupees Two Lakh Only)
Noticee no. 5	Ms. Sapna Proprietor of Stallion Trading Co.	Section 15HA of SEBI Act, 1992	Rs. 7,50,000/- (Rupees Seven Lakhs and Fifty Thousand Only)
		Section 15HB of the SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh
		Section 23H of SCRA, 1956	Rs. 2,00,000/- (Rupees Two Lakh Only)
Noticee no. 6	Sunil Singh Proprietor of Alfa Finsec M/s. Natraj Capital & Credit Pvt Ltd	Section 15HA of the SEBI Act, 1992.	Rs. 5,00,000/- (Rupees Five Lakhs Only)
		Section 15HB of the SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh Only)
		Section 23H of SCRA, 1956	Rs. 2,00,000/- (Rupees Two Lakh Only)

(iii) The said Noticees shall remit / pay the said amount of penalties within 45 days from the date of coming into force of this order. The said Noticees shall remit / pay the said amount of penalties through either by way of Demand

Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, or through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the said Noticees may contact the support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to "The Division Chief, IVD/ ID-14, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051” and also to e-mail id:- tad@sebi.gov.in in the format as given in table below:

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

20. The obligation of the Noticees, restrained/ prohibited by this Order, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of coming into force of this Order, are allowed to be discharged irrespective of the restraint/prohibition imposed by this Order. Further, all open positions, if any, of the Noticees, restrained/prohibited in the present Order, in the F & O segment of the recognised stock exchange(s), are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

21. This Order comes into force with immediate effect.

22. This Order shall be served on all the Noticees, Recognized Stock Exchanges, Depositories and Registrar and Share Transfer Agents of mutual funds to ensure necessary compliance.

Sd-

ANANTA BARUA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Date: January 31, 2023
Place: Mumbai