BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/KS/AE/2021-22/12648-12703]

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995 AND SECTION 23-I 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	Noticees	PAN
1	Saurabh Kumar Tayal	AABPT2950R
2	Bhawana Tayal	AABPT2948R
3	Jyotika Tayal	AABPT2949Q
4	Nina Tayal	AACPT3436B
5	Ram Pratap Tayal	AACPT9349R
6	Vandana Tayal	AAEPT9212D
7	Hitesh Dodiya	ANWPD9977E
8	Anil Kumar Dubey	AIBPD9829P
9	Dinesh Dongre	AGMPD8768J
10	Mahendra Kumar Panchal	AQNPP1369G
11	Nitish Nayak	ABAPN5330P
12	Beta Trading P Ltd	AADCB2320G
13	Inorbit Trading Co P Ltd.	AABCI4237M
14	Avera properties P Ltd	AAGCA2390G
15	Jayshree Petrochemicals P Ltd.	AAACJ0934B
16	EDC Securities P Ltd.	AAACE9165D
17	Axon Realpro P Ltd	AAGCA2391H
18	Megna developers P Ltd	AAECM7768A
19	Avery Procon P Ltd	AAGCA2559M
20	Girish Pukale	AIHPP0593L
21	Gopal Aggarwal	AFLPA6520K
22	Milind Mhatre	AGVPM1660K
23	Nandkishor Panchal	Not available
24	Pramod Patil	Not available
25	Rajesh Sharma	Not available
26	Rupesh Narvekar	ACQPN0985R
27	Sandip Murkar	AYLPM7098P
28	Sanjay Gadade	AIQPG9261R
29	Sanjay Sawant	Not available
30	Satish Pusalkar	Not available

31	Vijay Sawant	AMHPS5372A
32	Dhananjay Kandhare	Not available
33	Kishore Patil	ATMPP6578P
34	Jayesh Merchant	AALPM9050F
35	Amit shivalkar	Not available
36	Vijay Upadhyay	AARPU3795M
37	Anil Kumaran	Not available
38	Kanti C Patel	AIGPC1538H
39	Gauri S Raut	Not available
40	Sudhir Gargodia	Not available
41	Sanjay Jambhale	AGAPJ4974C
42	Satish Mhatre	Not available
43	Vipin Kumar Bhatnagar	AJCPK4281A
44	Cyberinfo zeeboomba.com	AABCC7400L
45	Ahmednagar Investments P ltd.	AADCA9872E
46	21st Century Entertainment	AAACZ1383L
47	Giriganga Investments P Ltd	AABCG8591L
48	Global Softech Ltd.	AABCG1089R
49	Cyber Infosystems and Technologies Ltd.	AABCC2176K
50	Delux Polymers P Ltd.	AAACD4132B
51	Shree Ganesh Hosiery Mills P Ltd.	AAACS5510L
52	Shree Krishna Silk Industries P Ltd.	AAACS5165K
53	Envair Realty P Ltd.	AABCF7461R
54	Charms Holding P Ltd.	AACCC9761F
55	Jaybharat Textile & Real Estate Ltd.	AAACJ5959L
56	KSL & Industries Ltd.	AAACK4722E

In the matter of Jaybharat Textiles and Real Estate Ltd. & KSL and Industries Ltd.

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) conducted investigation in the scrip of Jaybharat Textiles & Real Estate Ltd. (hereinafter referred to as "**JTREL**") and KSL and Industries Ltd. (hereinafter referred to as "**KSLIL**"), companies promoted by Saurabh Kumar Tayal, for the period October 23, 2006 to December 31, 2009 (hereinafter referred to as **'Investigation Period/IP'**). However, wherever necessary, reference to period before and after IP has also been made. During the period October 23, 2006 to August 28, 2007, the scrip of JTREL moved up from Rs. 93.10 to Rs. 192, resulting in a price rise of 106% and KSLIL moved up from Rs. 73 to Rs. 268 resulting in a price rise of 267%.

2. Investigation revealed that promoters of the Companies along with their connected entities with the common understanding have acquired and actually held shares in scrip of JTREL and in the scrip of KSLIL which is far in excess of what has been declared by them publicly. Investigations also revealed that the promoters of JTREL & KSLIL have been able to disguise the extent of the shareholding in both the companies in a devious manner through the artifice of holding the shares of their company through their benami, in most cases their employees or workers. Investigation further revealed that some of the above entities continuously dealt in the shares of KSLIL and JTREL and created artificial volumes in the said scrips. It is also observed that promoters utilized their connected entities for creating various layers of fund transfer among their connected entities to avoid any scrutiny.

3. Accordingly SEBI initiated adjudication proceedings vide order dated December 20, 2011 in the matter of Jaybharat Textiles and Real Estate Ltd. & KSL and Industries Ltd. against 57 entities for the alleged violation of provisions of Regulations 3 and 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations**"), Regulations 7, 8, 10 and 11 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 ("**Takeover Regulations**"), Conditions of Listing Agreement under Section 21 of the Securities Contracts (Regulation) Act, 1956 ("**SCRA, 1956**") including conditions for continuous listing. Vide Adjudication Order dated January 13, 2021 the proceedings against one of the entities viz Anshul Mercantile Pvt. Ltd. Were disposed off for reasons stated in the said order.

4. Incidentally, I note that Whole Time Member of SEBI vide order dated January 10, 2019 disposed of the parallel 11B proceedings initiated against the said entities tabulated in the first and second page of the instant order and *interalia* observed as under-

"58. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 19 read with Section 11(4) and Section 11B of the SEBI Act, Regulation 11 of PFUTP Regulations, 2003 and Section 12A of the SCRA, hereby issue the following directions –

(i) The following set of entities that were restrained from buying, selling or dealing in the shares of Jaybharat Textiles and KSL directly or indirectly, in any manner (vide the Ad–Interim Ex– Parte Order dated September 7, 2007), are hereby restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, either directly or indirectly, for a period of 2 years from the date of this Order.

TABLE XXIV – NOTICEES	
1	*EDC SECURITIES LIMITED*
2	*JAYSHREE PETROCHEMICALS PVT. LIMITED*
3	*AVERY PROCON PVT. LIMITED*
4	*AXON REALPRO PVT. LIMITED*
5	*MEGNA DEVELOPERS PVT. LIMITED*

(ii) The following set of entities are hereby restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, either directly or indirectly, for a period of 2 years from the date of this Order.

TABLE XXV – NOTICEES	
1	*KSL AND INDUSTRIES LIMITED*
2	*AMIT SHIVALKAR*
3	*VIJAY UPADHYAY*
4	*ANIL KUMARAN*
5	*KANTI C. PATEL*
6	*GAURI S. RAUT*
7	*SUDHIR GARGODIA*
8	*SANJAY JAMBHALE*
9	*SATISH MHATRE*
10	*VIPIN KUMAR BHATNAGAR*
11	*CYBERINFO ZEEBOOMBA.COM*
12	*AHMEDNAGAR INVESTMENTS PVT. LIMITED*
13	*21ST CENTURY ENTERTAINMENT*
14	*GIRIGANGA INVESTMENTS PVT. LIMITED*
15	*GLOBAL SOFTECH LIMITED*
16	*CYBER INFOSYSTEMS AND TECHNOLOGIES*
17	*DELUX POLYMERS PVT. LIMITED*
18	*SHREE GANESH HOSIERY MILLS PVT. LIMITED*
19	*SHREE KRISHNA SILK INDUSTRIES PVT. LIMITED*
20	*ENVAIR REALTY PVT. LIMITED*
21	*CHARMS HOLDING PVT. LIMITED*

(iii) I note that Jaybharat Textiles was restrained from accessing the securities market vide the Ad–Interim Ex–Parte Order dated March 12, 2010. I also note that vide the aforementioned Ad–Interim Ex–Parte Order, the following set of entities were prohibited from buying, selling or dealing in securities, directly or indirectly, in any manner whatsoever vide the aforementioned Ad–Interim Ex–Parte Order (Incidentally, Noticee at sr. no. 16 i.e. Nitish Nayak, was earlier restrained from buying, selling or dealing in the shares of Jaybharat Textiles and KSL directly or indirectly, in any manner vide the Ad–Interim Ex–Parte Order dated September 7, 2007). I note that the aforementioned directions have continued against the entities for a period of more than 8 years. In view of the aforesaid, I do not find it fit to pass any further direction against the following set of entities.

TABLE XXVI	
1	*SAURABH KUMAR TAYAL*
2	*JYOTIKA TAYAL*
3	*NINA TAYAL*
4	*RAM PRATAP TAYAL*
5	*VANDANA TAYAL*
6	*BHAWANA TAYAL*
7	*JAYBHARAT TEXTILES AND REAL ESTATE LIMITED*
8	*BETA TRADING PRIVATE LIMITED*
9	*ANSHUL MERCANTILE PVT. LIMITED*
10	*INORBIT TRADING CO. PVT. LIMITED*
11	*AVERA PROPERTIES PVT. LIMITED*
12	*ANIL KUMAR DUBEY*
13	*JAYESH V. MERCHANT*
14	*DINESH DONGRE*
15	*MAHENDRA KUMAR PANCHAL*
16	*NITISH NAYAK*
17	*HITESH DODIYA*
18	*KISHORE PATIL*
19	*GIRISH PUKALE*
20	*MILIND MHATRE*
21	*NANDKISHOR PANCHAL*
22	*GOPAL AGGARWAL*
23	*PRAMOD PATIL*
24	*RAJESH SHARMA*
25	*RUPESH NARVEKAR*
26	*SANDIP MURKAR*
27	*SANJAY GADADE*
28	*SANJAY SAWANT*
29	*SATISH PUSALKAR*
30	*VIJAY SAWANT*
31	*DHANANJAY KANDHARE*

59. The Ad–Interim Ex–Parte Order dated September 7, 2007 read with the Ad–Interim Ex–Parte Order dated March 12, 2010 along with the SCN dated January 5, 2016 is accordingly disposed of."

APPOINTMENT OF ADJUDICATING OFFICER

5. Ms. Rachna Anand was appointed as the Adjudicating Officer ("AO") vide Order dated October 07, 2015 under Section 19 read with Section 15-I(1) of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**SEBI Adjudication Rules**")and Section 23-I of SCRA read with Rule 3 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as "**SCR Adjudication Rules**") to inquire into and adjudge under the provisions of Sections 15H, 15HA and 15HB of the SEBI Act, and Sections 23E and 23H of SCR Act, as applicable, the aforesaid violations alleged to have been committed by the Noticees. Pursuant to the transfer of Ms. Rachna Anand vide order dated May 18, 2017 Shri Jeevan Sonparote was appointed as an AO. Subsequently, the adjudication proceedings were transferred to the undersigned vide communique dated December 26, 2019.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

6. A common Show Cause Notice ref no. SEBI/ EAD-8/ JTREL&KSLIL /JS/SP/ 2018 dated March 05, 2018 was issued to 57 entities by the erstwhile AO under the provisions of Rule 4 of SEBI Adjudication Rules and Rule 4 of the SCR Adjudication Rules to show cause as to why an inquiry should not be held against them and why penalty, if any, should not be imposed on them under Sections 15H, 15HA and 15HB of the SEBI Act, and Sections 23E and 23H of SCR Act, as applicable, for alleged violation of the relevant provisions of law.

a. The relevant part of SCN including details in respect of alleged violations by the Noticees are as given below:

1. *Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigation in the scrip of Jaybharat Textiles & Real Estate Ltd. (hereinafter referred to as "JTREL") and KSL and Industries Ltd. (hereinafter referred to as "KSLIL"), companies promoted by Saurabh Kumar Tayal, for the period October 23, 2006 to December 31, 2009 (hereinafter referred to as 'Investigation Period/IP'). During the period October 23, 2006 to August 28, 2007, the scrip of JTREL moved up from Rs. 93.10 to Rs. 192, resulting in a price rise of 106% and KSLIL moved up from Rs. 73 to Rs. 268 resulting in a price rise of 267%.*
2. *Investigation revealed that promoters of the Companies along with their connected entities with the common understanding have acquired and actually held shares in scrip of JTREL and in the scrip of KSLIL which is far in excess of what has been declared by them publicly. Investigations also revealed that the promoters of JTREL & KSLIL have been able to disguise the extent of the shareholding in both the companies in a devious manner through the artifice of holding the shares of their company through their benami, in most cases their employees or workers. Investigation further revealed that some of the above entities continuously dealt in the shares of KSLIL and JTREL and created artificial volumes in the said scrips. It is also observed that promoters utilized their connected entities for creating various layers of fund transfer among their connected entities to avoid any scrutiny.*
3. *Accordingly, SEBI instituted Adjudication Proceedings vide order dated December 20, 2011 in the matter of JTREL and KSLIL, against the following entities for the alleged violations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulation 2003 (hereinafter referred to as 'PFUTP Regulation'), SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 (hereinafter referred to as 'Takeover Regulations'), Listing Agreement read with provisions of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as 'SCRA'), the details are as follows:*

Sr. No	*Name of the Entity*	*Nature of Findings*	*Alleged Violations*
1	*Saurabh Kumar Tayal (Noticee 1)*	*Promoters along with connected entities with the common understanding have acquired and actually hold shares in JTREL and KSLIL which is far in excess of what has been declared by them publicly. Promoters also aided their connected entities for creating artificial volume & contributing towards price rise*	*Regulation 3(b), (c), (d) and 4(1) (2) (d), (e) and (r) of PFUTP Regulations.* *Regulations 7(1), (2), 8(1),(2), 10 and 11(1) & (2) of Takeover Regulations.* *Conditions of Listing Agreement read with Section 21 of SCRA, 1956 including conditions for continuous listing.*
2	*Bhawana Tayal (Noticee 2)*		
3	*Jyotika Tayal (Noticee 3)*		
4	*Nina Tayal (Noticee 4)*		
5	*Ram Pratap Tayal (Noticee 5)*		
6	*Vandana Tayal (Noticee 6)*		
7	*Hitesh Dodiya (Noticee 7)*	*These are the benami/ front entities of promoters. They hold shares of JTREL in physical as well as demat mode on behalf of the promoters* *These entities have traded in scrip of JTREL & KSLIL extensively in order to create false volume, inflate the process & few of them indulged into synchronized trades, which is inconsistence with interest of investors.*	*Regulation 3 (a), (b), (c), (d) and 4(1), (2)- (a), (b), (e) & (g) of PFUTP Regulations* *Regulation 7(1), (2), 8(2), 10 and 11(1) of Takeover Regulations*
8	*Anil Kumar Dubey (Noticee 8)*		
9	*Dinesh Dongre (Noticee 9)*		
10	*Mahendra Kuamr Panchal (Noticee 10)*		
11	*Nitish Nayak (Noticee 11)*		
12	*Beta Trading P Ltd (Noticee 12)*		
13	*Anshul Mercantile P Ltd (Noticee 13)*		
14	*Inorbit Trading Co P Ltd. (Noticee 14)*		
15	*Avera properties P Ltd (Noticee 15)*		
16	*Jayshree Petrochemicals P ltd. (Noticee 16)*		
17	*EDC Securities P Ltd. (Noticee 17)*		
18	*Axon Realpro P Ltd (Noticee 18)*		
19	*Megna developers P Ltd (Noticee 19)*		
20	*Avery Procon P Ltd (Noticee 20)*		
21	*Girish Pukale (Noticee 21)*	*These are the benami/front entities of promoters. They hold shares of JTREL in physical mode on behalf of promoters* *These entities in collusion with promoters hold shares over and above threshold limits stipulated by SEBI Regulations.*	*Regulation 3(a), (b), (c) & (d) and 4(1) & (2)- (e) of PFUTP Regulations* *Regulation 7(2), 8(2), 10 and 11(1) of Takeover Regulations.*
22	*Gopal Aggarwal (Noticee 22)*		
23	*Milind Mhatre (Noticee 23)*		
24	*Nandkishor Panchal (Noticee 24)*		
25	*Pramod Patil (Noticee 25)*		
26	*Rajesh Sharma (Noticee 26)*		
27	*Rupesh Narvekar (Noticee 27)*		
28	*Sandip Murkar (Noticee 28)*		
29	*Sanjay Gadade (Noticee 29)*		

30	Sanjay Sawant (Noticee 30)		
31	Satish Pusalkar (Noticee 31)		
32	Vijay Sawant (Noticee 32)		
33	Dhananjay Kandhare (Noticee 33		
34	Kishore Patil (Noticee 34)		
35	Jayesh Merchant (Noticee 35)		
36	Amit shivalkar (Noticee 36)		
37	Vijay Upadhyay (Noticee 37)		
38	Anil Kumaran (Noticee 38)		
39	Kanti C Patel (Noticee 39)		
40	Gauri S Raut (Noticee 40)		
41	Sudhir Gargodia (Noticee 41)		
42	Sanjay Jambhale (Noticee 42)		
43	Satish Mhatre (Noticee 43)		
44	Vipin Kumar Bhatnagar (Noticee 44)		
45	Cyberinfo zeeboomba.com (Noticee 45)		
46	Ahmednagar Investments P ltd. (Noticee 46)		
47	21st Century Entertainment (Noticee 47)		
48	Giriganga Investments P ltd (Noticee 48)		
49	Global Softech Ltd (Noticee 49)		
50	Cyber Infosystems and Technologies Ltd. (Noticee 50)		
51	Delux Polymers P ltd (Noticee 51)		
52	Shree Ganesh Hosiery Mills P Ltd. (Noticee 52)		
53	Shree Krishna Silk Industries P Ltd. (Noticee 53)		
54	Envair Realty P Ltd (Noticee 54)		
55	Charms Holding P Ltd (Noticee 55)		
56	Jaybharat Textile & Real Estate Ltd (Noticee 56)	*The Company has failed abjectly to disclose true and accurate information about shareholding in the company and neither has is apparently exercised any due diligence in preventing spurious and false data to be disseminated to the public*	*Regulation 4(2) (f), (k) & (r) of PFUTP Regulations* *Regulations 7(3), 8(3) and (4) of Takeover Regulations and Conditions of listing agreement read with Section 21 of the SCRA including Conditions of Continuous listing.*
57	KSL & Industries Ltd. (Noticee 57)		

4. *It is alleged that Noticees No. 7, 11, 21 to 30 and 34 are the front/benami entities of promoters of JTREL. Further, it is alleged that these noticees held the shares of JTREL on behalf of the promoter of JTREL as they are mere employees of JTREL or other group companies of Tayal group. Further, it is also alleged that the Company never paid dividend to these entities and since they never enjoyed any dividend from the Company, it reinforces the argument that they are benami/front entities of promoters of JTREL. The dividend paid to these entities, was immediately transferred to other promoter related/controlled entities.*
5. *It is alleged that promoters of JTREL and KSL were using these bank accounts to transfer funds, route dividends from their connected entities to their other group companies. It is also alleged that 19 entities acted as front/benami entity for channeling the funds from one promoter connected entity to another. Further, these 19 entities acted in concert with promoters by being a front entity and held shares on behalf of promoters of JTREL.*
6. *It is alleged that Sanjay held shares worth of Rs. 155.13 crore as on February 11, 2010 and stays in a place which does not commensurate to his networth. Thus, it is alleged that Sanjay Gadade, held shares on behalf of the promoters and working at the directions of promoters. With respect to Shri Satish Pusalkar, employee of KSL and stays in the same place as that of Sanjay Gadade and has an identical holding of shares of JTREL. As on Februray 11, 2010, Satish held shares worth of Rs. 155.13 crore of JTREL. Also, with respect to Shri Rupesh Narvekar, employee of KSL and also resides near the address of Sanjay Gadade and Satish Pusalkar. Further, Rupesh held shares worth of Rs. 883.49 cr as on February 11, 2010. Gopal Aggarwal, resides at B2/2, Pramukh Vihar, Naroli Road, Opp to Micro Tower, Silvassa-396230. It is alleged that Gopal Agarwal worked as Managing Director (MD) of KSLIL & later as MD of Eskay KnIT India Ltd. Gopal Agarwal has an identical holding of*

shares of JTREL in the physical mode from the year 2001 & never dealt in the shares of JTREL. The value of his entire holdings was worth of Rs.860 Crores as on February 11, 2010.

i. ***Sandip Murkar:*** *It is alleged that Sandip a Person Acting in Concert (PAC) during the acquisition of BOR by the Tayal group during 2002-03. Sandip Murkar, holds 1,06,08,750 (2.77%) shares of JTREL in physical mode and as on February 11, 2010, the shares was worth of Rs.535 Cr. That despite Sandip Murkar holds 2.77% of share capital of the JTREL, his name does not appear in the category of shareholders "Public" and holding more than 1% of the Total No. of Shares" before quarter ended December 2009. Therefore, it is alleged that promoters deliberately camouflage the names of these front/benami entities including Sandip Murkar from the shareholders list who were merely an employees of the JTREL & other group companies. Sandip Murkar did not trade in the shares of JTREL right from time he acquire the shares in the year 2002.*

ii. ***Sanjay Sawant:*** *Address of Sanjay Sawant is Gavdevi Chawl, Umesh Nagar Reti Bandar Road, Dombivali (W), Thane. Sanjay Sawant, held 30,75,000 (0.8%) shares of JTREL in physical mode and as on February 11, 2010 the value of these shares was worth Rs.155 crore. Sanjay Sawant did not trade in the shares of JTREL right from time he acquire the shares in the year 2002.*

iii. ***Girish Pukale:*** *Address of Girish Pukale is Gavdevi Chawl, Umesh Nagar Reti Bandar Road, Dombivali (W), Thane. Girish Pukale, holds 30,75,000 (0.8%) shares of JTREL in physical mode. The value of these shares was worth Rs.155 cr. as on February 11, 2010. Girish Pukale did not trade in the shares of JTREL since the time he acquire the shares in the year 2002.*

iv. ***Dhananjay Khandare:*** *Address of Dhananjay Kandhare is BDD Chawl, No 32/45 Jambuli Maidan, Worli, Mumbai. Dhananjay Kandhare, holds 30,75,000 (0.8%) shares of JTREL in physical mode and as on February 11, 2010 value of these shares was worth Rs.155 crore. It is alleged that Dhananjay Director of Jayshree Sarees Ltd., (later changed to JTREL) which had already been acquired by Tayal family to the extent of 57.01% with Shri Saurabh Tayal as the Chairman. He did not trade in the shares of JTREL right from time he acquire the shares in the year 2003.*

v. ***Nandkishore Panchal:*** *Nandkishore Panchal resides at Panwala Chawl, Meghwadi, Jogeshwari, Mumbai. Further, Nandkishore, held 77,36,250 (2.02%) shares of JTREL in physical mode and as on February 11, 2010, the value of these shares was worth Rs.390 crore. However, Nandkishore name does not appear in the category of shareholders "Public" and holding more than 1% of the Total No. of Shares" before quarter ended December 2009. This discrepancy was brought out in the SEBI interim order dt 12/03/10 & subsequently in the quarter ended March 2010 name Nandkishore Panchal & others entities were disclosed under the category. It is alleged that Nandkishore was Person Acting in Concert (PAC) during the acquisition of BOR by the Tayal group. Therefore, it is alleged that promoters deliberately attempted to camouflage names of these front / benami entities including Nandkishore Panchal from the shareholders list who were merely an employees of the JTREL & other group companies. Nandkishore Panchal did not trade in the shares of JTREL since the time he acquire the shares in the year 2002.*

vi. ***Pramod Patil****: Pramod Patil resides at 5/6, Spring Mill Compound, G D Ambedkar Road, Naigaon Dadar, Mumbai. He held 30,75,000(0.8%) shares of JTREL in physical mode and as on February 11, 2010 and the value of these shares were worth Rs.155 crore. It is alleged that Pramod was Director of Jayshree Sarees Ltd., (later changed to JTREL) which had already been acquired by Tayal family to the extent of 57.01% with Shri Saurabh Tayal as the Chairman. Pramod Patil did not trade in the shares of JTREL right from time he acquire the shares in the year 2002.*

vii. ***Rajesh Sharma:*** *Rajesh Sharma resides at Yadav Gajraj Sadan, Janu Compound Shantaram Tala, Malad (E), Mumbai. He held 61,50,000 (1.61%) shares of JTREL in physical mode and as on February 11, 2010, the value of these shares was worth Rs.310 crore. It is gathered that he appeared as a Person Acting in Concert (PAC) during the acquisition of BOR. Rajesh Sharma did not trade in the shares of JTREL right from time he acquire the shares in the year 2002. It is pertinent to note that in one of his reply letter to SEBI dated 31/03/10 Rajesh Sharma has submitted the annexure stating that he has purchased 4000 shares (1.61%) of JTREL from Satyapriya Arya. It is gathered that Arya's were erstwhile promoters of JTREL who transferred their holdings to Saurabh kumar Tayal & others during the open offer in year 2003. This indicates that Rajesh Sharma bought these shares in the physical form from one of the erstwhile promoters of JTREL. The fact that he was already acted as PAC in acquisition of Bank of Rajasthan, it can be inferred that Rajesh Sharma*

acquired & holds these shares on behalf of current promoters without abiding to SEBI take over regulations.

Therefore nature of their holdings and the fact that these entities never dealt in the shares of JTREL strengthens that these entities are benami holder of shares of JTREL & hold shares on behalf of promoters.

7. *Therefore, it is observed that these 20 entities are linked to the promoter's viz. the Tayal's through common addresses, or by their occupation in one of the promoters company or their associated companies or through web of common directorship in many unlisted companies which are also connected to promoters of JTREL & KSLIL. Therefore based on the above observations & their connections with promoters of JTREL & KSLIL and the manner in which they were not cooperative and procrastinating the process of investigation, it can be inferred that aforesaid entities are acting in concert with promoters and hold shares of JTREL & KSLIL on behalf of them as their front/benami entities. Many of them did not trade in the share of JTREL since the time they acquired these shares. Besides if, they traded it was only in the scrip of JTREL and KSLIL. Had their investments be genuine they would have dealt in other shares just as any other normal investors and would have taken some profits through sale of shares. These entities therefore are dormant / passive entities engaged by promoter to have a camouflaged control over floating stock, which will facilitate them to manipulate the price of scrip effortlessly.*

8. *The shareholding pattern of JTREL for the quarters ended March 2003- December 2009 are as follows:*

Quarterly Shareholdings→ / Categories ↓	**% shareholdings for Quarter endings**												
	Mar 2003	**June 2003**	**June 2004**	**Sep 2004**	**Dec 2004**	**Sep 2005**	**Mar 2006**	**Sep 2006**	**Mar 2007**	**Sep 2007**	**June 2009**	**Sep 2009**	**Dec 2009**
Shareholding of Promoter and Promoter Group	57.02	68.55	73.37	68.55	68.55	68.55	68.55	68.55	68.55	68.55	67.05	67.05	67.05
Institutions									0.61	0.61	0.61	0.61	0.61
Bodies Corporate			0.02	1.20	1.20	0.72	0.79	0.78	0.16	0.18	0.70	0.71	0.71
Individual shareholders holding nominal share capital up to Rs. 1 lakh	42.98	31.45	26.61	30.24	30.24	30.72	30.66	12.33	2.45	2.41	3.88	3.88	3.88
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh								18.44	28.23	28.25	27.75	27.75	27.75
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Between March 03 and March-06 Individuals holding up to1 lakh and in excess of 1 Lakh did not exist as separate categories

9. *Based on the above mentioned shareholding pattern and data provided by RTA, the following are observed:*

i. *Out of 19 as disclosed in the shareholding pattern, in respect of 13 entities the percentage of shareholdings remains the same since 2002-03 till date and these 13 entities were holding shares only in physical form and have not sold even a single share in the market over such a long period. Such holding pattern is similar to that of persons who are promoters of a company. The holding of the 19 entities range from a minimum of 1,05,951 shares to maximum of 1,75,12,125 shares.*

ii. *Between the quarters ended September 2006 and 2007 Dhananjay Kandhare, Dinesh Dongre, Hitesh Dodiya, Nitish Nayak, Satish Pusalkar and Mahendra Kumar Panchal have appeared as new shareholders. Dhananjay Kandhare alone holds shares in physical form and the others are holding shares in demat form. It is noted that all these entities opened their demat account with the same Depository Participant, Keynote Capital Ltd, on the same day i.e. September 17, 2002.*

iii. *Another entity Jayesh V Merchant, appeared for the first time at quarter ended September 30, 2006 with a holding of 2,50,000 (0.49%) shares. Subsequently the holdings increased to 12,50,000 (post split/bonus) and he then transferred this entire holding to Envair Realty Pvt Ltd. (Noticee No. 54) through off-market route on January 12, 2009 (3,02,050 shares), January 13, 2009 (2,47,520 shares), January 21, 2009 (1,75,000 shares), January 21, 2009 (2,79,880 shares), January 22, 2009 (2,45,000 shares). It is gathered that Subashchandra Nigam and Chandrashekhar R Pandey, directors of Envair Realty Pvt Ltd, were earlier directors of JTREL. The shareholding of 0.49% shifted from one connected entity to another but the total number of shares under the camouflaged control of the Tayal group did not change and remained at*

28.24% since September 2006. Such camouflage has left shareholders in the dark since 2002 and investors have traded shares with misleading information on the company and the control of its promoters.

iv. *On comparing the RTA data with the data publicly disclosed on BSE website it is observed that in respect of five entities viz, Gopal Aggarwal, Milind Mhatre, Nandkishor Panchal, Rupesh Narvekar and Sandip Murkar, though they have been holding more than 1% of share capital of the company since 2003, their names were not shown on BSE website under that category. Therefore it appears that JTREL has deliberately withheld disclosures to the public thereby giving misleading information.*

v. *As per data of RTA, there are only 20 entities under the public category of 'Individuals holding nominal share capital in excess of Rs. 1 lakh' and their total shareholding remained unchanged at 1,44,14,869 shares constituting 28.24% of share capital. Yet, as on September 30, 2006, the company disclosed to the stock exchange 94,14,869 shares under this category that constituted only 18.44% of share capital and a holding of 9.8% was added under the category of 'Individuals holding nominal share capital upto Rs. 1 lakh', which displayed a holding of 12.33%. Even the smallest holding among these 19 persons was greater than 1 lakh shares. Therefore for a share of face value of Rs 5/- it is impossible and incorrect for any of these 20 entities to be shown in the retail investor category. It appears that the company desired to project (falsely) that retail category shareholders had acquired shares in the company for the first time, thereby indicating misleadingly emergence of investor interest.*

vi. *Through entities evidently under the control of the promoter group, the promoters have control over an additional 28.24% of share capital of the company, which is falsely declared as public shareholding and not included in promoter category.*

vii. *The total public holding displayed on the website of BSE was 31.44% as on December 31, 2004, which increased to 32.95% as at quarter ended December 2009. This public holding excludes the promoter holding and represents the free-float shareholding in a company which is a critical factor that influences the price of the shares of the company. The share price has increased from Rs.90 to Rs. 486 during this five year time period. Evidently the promoters and once again their connected entities stood to gain most from this manifold increase in the price of their shares.*

viii. *As per shareholding pattern of JTREL for June and September 2008, within the categories that describe the Public shareholding, as opposed to promoter holding, it is observed that 20 entities that appear in the category of 'Individuals holding nominal share capital in excess of Rs. 1 lakh' together held around 28.24% of the share capital of JTREL. The comparable figures as per the latest shareholding pattern on December 31, 2009, for the same category were 19 entities with a shareholding of 27.75 %. As stated earlier, this change was due to the transfer of shares by Jayesh Merchant. As on this date the majority (89%) of these holdings by these 19 entities were in the physical form.*

ix. *Investigation also observed that as on December 31, 2009 the category 'Bodies Corporate' had 73 entities of which Envair Realty Pvt Ltd, Jayshree Petrochemicals Pvt Ltd and Avera Properties Pvt Ld. (Noticees No. 54,16 and 15) were directly or indirectly related to promoters of JTREL. These entities held 26,43,871 shares constituting 0.69% of the capital of the company. Envair had received 0.49% of shareholding from Jayesh Merchant which was under the category 'Individuals holding nominal share capital in excess of Rs. 1 lakh'.*

x. *Since the time of acquisition of shares and control by the current promoters in 2003 the actual level of public shareholding was, at best, never greater than 6.85% but the disclosures on the exchange website of shares held by the public or free-float holding in the company never fell below a level of 31.45% (except in the quarter ended June 2004).*

xi. *Shareholding to the magnitude of 28.24% or more of the share capital of the company is in the hands of connected entities that are controlled by the promoters with the declared holding of the promoters at 68.55%. The true or actual public holding is very small and worked out to 3.01% as on 30, September 2007, of which only a small fraction was in demat form and available for trading on the exchange.*

10. *Therefore, it is alleged that certain shareholders shown under the Public Holding category of JTREL were actually fronts or benami holders for the promoters of the company. Considering the combined shareholding of such entities with that of the promoters as publicly declared, it*

prima facie appears that the promoters, directly or indirectly, control as much as 96.99% of the share capital of the company since September 2006. Data prior to September 2006 is not examined as earlier data is not available with RTA, including that of holding of physical shares.

11. *The shareholding of promoters of JTREL during the quarter ending March 2003- December 2009 are as follows:*
12. *The following are the observations on shareholding of promoters of JTREL:*

Quarterly → Shareholdings / Names of Promoters↓	***% shareholding for Quarter endings***												
	Mar 2003	***Jun 2003***	***Jun 2004***	***Sep 2004***	***Dec 2004***	***Sep 2005***	***Mar 2006***	***Sep 206***	***Mar 2007***	***Sep 2007***	***Jun 2009***	***Sep 2009***	***Dec 2009***
Bhawana Tayal	*11.73*	*11.73*	*11.73*	*9.32*	*9.32*	*9.32*	*9.32*	*9.32*	*9.32*	*9.32*	*9.32*	*9.32*	*9.32*
Jyotika Tayal	*10.82*	*10.82*	*10.82*	*8.41*	*8.41*	*8.41*	*8.41*	*8.41*	*8.41*	*8.41*	*8.41*	*8.41*	*8.41*
Nina Tayal	*12.33*	*12.33*	*12.33*	*12.33*	*12.33*	*12.33*	*12.33*	*12.33*	*12.33*	*12.33*	*12.33*	*12.33*	*12.33*
Ram Pratap Tayal	*- -*	*- -*	*- -*		*--*	*4.82*	*4.82*	*4.82*	*4.82*	*4.82*	*4.82*	*4.82*	*4.82*
Rajan Aggarwal	*- -*	*- -*	*4.82*	*4.82*	*4.82*	*- -*	*- -*	*- -*	*- -*	*- -*	*- -*	*- -*	*- -*
Saurabh Kumar Tayal	*10.64*	*22.17*	*22.17*	*22.17*	*22.17*	*22.17*	*22.17*	*22.17*	*22.17*	*22.17*	*20.67*	*20.67*	*20.67*
Vandana Tayal	*11.49*	*11.49*	*11.49*	*11.49*	*11.49*	*11.49*	*11.49*	*11.49*	*11.49*	*11.49*	*11.49*	*11.49*	*11.49*
Total	***57.02***	***68.55***	***73.37***	***68.55***	***68.55***	***68.55***	***68.54***	***68.55***	***68.55***	***68.55***	***67.05***	***67.05***	***67.05***

xii. Saurabh Tayal, promoter, purchased shares through an open offer to the public consequent to the acquisition by the current promoters

xiii. The total promoter holding is 68.55% since June 2003 and from June 2009 it was reduced to 67.05%.

xiv. The level of promoter holding reduced by 1.5% to 67.05% as at June 30, 2009 owing to reduction of share holdings by Saurabh Kumar Tayal, one of the promoters from 22.17% to 20.67%. However, as demonstrated in the Table below, the shareholding of Shri Saurabh Tayal has not actually changed and it appears that the promoter has camouflaged part of his holdings under the category of 'retail shareholders holding nominal shares up to Rs.1 Lakh', wherein there is a rise in shareholding by 1.5% from 2.39% to 3.88 %. On comparing the data on the exchange website with that received from RTA it is found that Saurabh Kumar Tayal actually helds 22.17% shares as on December 31, 2009 under four different names as stated in Table below:

xv. ***Wrong Disclosures by Promoter***

Sr No.	***Name***	***Folio Number / BOID***	***Number of shares as per RTA***	***Number of shares as disclosed to public***
1.	*Saurabh Pravin Tayal*	*1202430000001125*	*1,53,750*	
2.	*Saurabh Tayal*	*1301760000002270*	*5,35,97,458*	
3.	*Saurabh Kumar Tayal*	*00010031*	*3,11,34,374*	*7,91,43,093*
4.	*Saurabh Kumar P Tayal*	*00012705*	*73*	
	Total		*8,48,85,655*	*7,91,43,093*

xvi. The above table reveals that other holding of Saurabh Kumar Tayal at serial number 1, 2 and 4 are not available in the public domain. There is a difference of 57,42,562 shares which constitutes 1.5% of the total shares of the company. Under the category of "Individual shareholders holding nominal share capital up to Rs. 1 lakh" (retail category), the data received from RTA indicates holding of only 2.38% of total capital and not 3.88% as disclosed in the public domain. Therefore it appears that promoters were attempting to show additional floating stock than what is actually available in the market. Clearly this conveyed a false impression to the public of the healthy demand for shares of the company by suggesting that more retail investors have become shareholders in the company. The Company, while making the quarterly disclosures, failed to detect the significant variation between the actual and declared holding of Saurabh Kumar Tayal.

xvii. From the above facts and findings, the shareholding of promoters as disclosed to the public at large gives a false and misleading impression that the promoters held only 67.05% as on December 31, 2009, whereas promoters had an effective ownership of 96.99%. This includes their direct ownership over 67.05% under the category of 'promoters' and another 1.5% not shown as promoter

holding but included in category of "Individual shareholders holding nominal share capital up to Rs. 1 lakh", indirect control over 27.75% held with benami entities under category of "Individual shareholders holding nominal share capital in excess of Rs. 1 lakh" and 0.69% held in camouflage with three entities that are in the category of 'Bodies Corporate'.

xviii. *Investors both current and potential were under the false impression that promoters held and controlled only 67.05% of the share capital. The Company and the Promoters had ostensibly conveyed the impression that their shareholding remained within the maximum permissible limit of 75% for non public shareholding in JTREL. This deception by the promoters has been persistent for long. It is seen from above that promoters holding was actually 68.55% and indirectly they controlled 27.75% and 0.69% held by front entities, as explained above. Effectively promoters had control of 96.99% of the shareholding since September 30, 2006 and only 3.01% of share capital was with the public.*

13. *Thus, it is alleged that the promoters of JTREL along with their connected entities with the common understanding have acquired and actually held shares in JTREL which is far in excess of what has been declared by them publicly.*

Trading analysis in the scrip of JTREL

14. *Investigation revealed that as per the trading data from December 2003, the promoters connected entities have been dealings & creating artificial volume in the shares of JTREL, the details of trading analysis are as follows:*

From December 24, 2003 to December 27, 2004

a. *Total quantity traded during the period was 14,800 shares, out of this entities connected to promoters accounted for as many as 12,550 shares thereby accounting for 84.79% of concentration in trading.*
b. *Out of total 50 trading days during the period, trades on 42 days were 100% contributed by the entities connected to promoters.*
c. *During the period on as many as 28 trading days connected entities were first to execute trades and remaining trading days their trades were either second or third.*
d. *The counterparty for the trades executed for as many as 1450 shares were connected entities during the period.*

Thus, it is alleged that the connected entities were hand in glove with promoters in creating trading interest in the scrip since the scrip of JTREL was illiquid during the period.

From January 01, 2005 to December 31, 2005

a. *During the period promoter's connected entities bought 6500 shares and sold 3995 shares accounting for 34.31% of gross buy and 21% of gross sale.*
b. *The connected entities accounted for approximately 100% of market concentration on as many as 64 trading days wherein trading volume was in the range of 1 to 7 shares. Therefore it appears that these entities placed orders on those days wherein there was no other trade executed in the scrip. Since the scrip was very illiquid it appears that such type of trading is generally adopted to create artificial volume and to make false appearance of trading in the scrip.*
c. *The below mentioned connected entities altogether had concentration of approximately 40.63% of first trades executed during the period.*
d. *Following table demonstrates buying and selling by promoter's connected entities during the period,*

Trading by connected entities

Entity	Buy Qty	Avg price (Rs)	Sale Qty	Avg price (Rs)
Anil K. Dubey	--		1500	115.43
Dinesh Dongre	50	203	350	231.30
Jayesh Merchant	500	91.80	--	

Nitish Nayak	*50*	*207.05*	*1145*	*314.98*
Jayshree Petrochemicals Ltd	*5850*	*100.65*	*950*	*55.48*
Total	*6450*		*3945*	

From January 01, 2006 to December 31, 2006

a. *During the period entities connected to promoters of the company purchased 7,49,351 shares accounted for 53.86% of gross buy and sold 7,62,707 shares accounted for 54.82% of gross sale.*
b. *Following table demonstrate trading by connected entities,*

Trading by connected entities

Entity	*Buy Qty*	*Avg price (Rs)*	*Sale Qty*	*Avg price (Rs)*
Nitish Nayak	*5,91,919*	*197.52*	*5,87,235*	*211.56*
Dinesh Dongre	*1,613*	*328.87*	*1,483*	*308.50*
Mahendra Panchal	*1,00,182*	*291.39*	*1,06,396*	*301.16*
EDC Securities Ltd	*45,232*	*159.13*	*45,140*	*160.80*
Jayshree Petrochemicals Ltd	*10,405*	*211.52*	*22,453*	*211.57*
Total	*7,49,351*		*7,62,707*	

c. *Thus, it is alleged that the promoter connected entities had traded in substantial quantity during the period. Nitish Nayak alone contributed 42.54% of gross purchases and accounted for 42.21% of gross sale.*
d. *Further, counterparty concentration is also observed between the trades of Nitish Nayak and Mahendra Panchal. These counterparty trades accounted for 15% of total trades executed by Nitish Nayak and that of 90% in case of Mahendra Panchal.*
e. *On majority of trading days whenever the volume was in the range of 1 to 15 shares, it is found that the connected entities had executed most of the trades.*

Thus, these entities were alleged to be responsible for creation of trading volume in the scrip.

From January 01, 2007 to August 31, 2007

Price-Volume Data:

The price-volume movement in the scrip (Annexure) during the period February 14, 2007 to August 28, 2007 was analyzed. During the said period share price increased from Rs. 93.10 (opening price on February 14, 2007) to Rs. 397.70 (closing price on August 28, 2007) which amounts to 327% increase. However, the rate of increase of price during the said period was not consistent. Based on the pattern in price movement the entire period was segmented into three patches/ sub-periods and the details are as follows:

Patch-I 14/02/2007 to 25/04/2007,
Patch-II 26/04/2007 to 28/05/2007 and
Patch-III 29/05/2007 to 28/08/2007

a. *February 14, 2007 to April 25, 2007**:** The price of the scrip increased from Rs. 93.10 (opening price on February 14, 2007) to Rs. 169.10 (closing price on April 25, 2007) a rise of 81.66% in just 48 trading days. The scrip was traded with daily average volume of 5600 shares during this patch.*
b. *April 26, 2007 to May 28, 2007: The price of the scrip increased from Rs. 172.45 (Opening Price on April 26, 2007) to Rs. 192 an increase of 11% in 21 trading days. The scrip was traded with daily average volume of 11882 shares during this patch. The average daily volume has gone up substantially in this patch.*
c. *May 29, 2007 to August 28, 2007: The price of the scrip increased from Rs.190 (Opening price on May 29, 2007) to Rs. 397.70 (intra-day high of 404.95 on August 28, 2007) a rise of 109% in 63 trading days). The scrip was traded with daily average volume of 49451 shares during this patch.*

d. *The scrip was traded with daily average volume of around 27529 shares during the entire period, however maximum traded volume i.e. 1,45,518 shares was observed on July 12, 2007. It is found that the share capital base of the company has increased from 127,612,500 shares as on quarter ended June 2007 to 255,225,000 shares as on quarter ended September 2007.*

e. *It is found during this period that connected entities (Annexure) details of trades by connected entities) traded in huge volume and also they had substantially contributed towards price rise. The trading data for 2007 is divided into three patches in order to demonstrate the impact of trading by the entities connected to the promoters of the company.*

Dealing by the connected entities during patch I (14/02/2007 to 25/04/2007)

Sr no	***Client Name***	***Qty Bought***	***Average rate***	***Qty Sold***	***Average rate***
1	*EDC Securities Pvt. Ltd.(Noticee No. 17)*	*4,000*	*150.18*	*4,000*	*150.35*
		1,572	***135.6***	***1,572***	*135.28*
2	*Jayshree Petrochemicals Pvt. Ltd. (Noticee No. 16)*	*89,864*	*131.57*	*65,316*	***137.84***
3	*Nitish Nayak (Noticee No. 11)*	***82,677***	***128.99***	***84,425***	***130.46***
		17,610	***154.03***	***17,610***	***154.40***
Total		*1,95,723*		***1,72,923***	
% of total market volume		*72.81%*		*64.33%*	

Dealing by the connected entities during patch II (26/04/2007 to 28/05/2007)

Sr no	***Client Name***	***Qty Bought***	***Average rate***	*Qty Sold*	*Average rate*
1	*EDC Securities Pvt. Ltd.*	*3,303*	*191.97*	*3,294*	*191.87*
2	*Jayshree Petrochemicals Pvt. Ltd.*	*69,527*	*187.48*	***63,099***	***186.87***
3	*Nitish Nayak*	*72,971*	*187.44*	*81,773*	*186.82*
		2,300	***171.16***	***2,300***	***171.40***
Total		***1,48,101***		*1,50,466*	
% of total market volume		*59.3%*		*60.3%*	

Dealing by the connected entities during patch III (29/05/2007 to 28/08/2007)

Client Name	***Qty Bought***	***Average rate***	*Qty Sold*	*Average rate*
Axon Realpro Pvt. Ltd. (Noticee No. 18)	*16,343*	*341.62*	*18,839*	*262.11*
Jayshree Petrochemicals Pvt. Ltd. (Noticee No. 16)	*3,231*	*194.43*	*4,311*	*192.60*
Avery Procon Pvt. Ltd. (Noticee No. 20)	*80,999*	*249.51*	*65,341*	*210.74*
Nitesh Nayak	*28,865*	*190.78*	*32,051*	*207.42*
Megna Developers Pvt. Ltd. (Noticee No. 19)	*2,004*	*397*	*2,000*	*398*
Total	*131442*		*122542*	
% of total market volume	*4.2%*		*3.9%*	

f. *Thus, these entities connected to the promoters had created volume in the scrip by continuously buying and selling shares of JTREL. It is further found that during the two patches of investigation all these entities together accounted for approximately 60.30% to 72.81% of daily average trading volume in the scrip.*

g. *During Patch-I entities mentioned in the table appeared as buyers in 73 instances out of total 94 instances of price rise over the last traded price and contributed a rise of Rs.54.45 to the total price rise of Rs.76.4. Out of these 73 instances, on 31 instances these entities were counter parties to each other and these instances contributed price rise of Rs.22.75.*

h. *It was further found during the patch-I that these entities traded among themselves to the tune of 1,06,777 shares (39.72% of the market volume).Out of these, orders for trades executed for 55,372*

shares were synchronized which accounted for 20.6% of the market volume.

i. *During patch-II analysis of trades resulting into establishing a new price, it was found that entities connected to promoters group appeared as buyers in 17 instances out of total 35 instances and contributed Rs.8.65 to the total price rise of Rs.20.05. Out of these trades, on 9 instances these entities were counter parties to each other. Similarly connected entities traded among themselves to the tune of 59,888 shares all of which were synchronized in nature.*

j. *Further during the patch-III i.e. May 29, 2007 to August 28, 2007, in addition to highlighting the continuing concentration of the connected entities as observed in the earlier period, revealed the presence of few more entities apparently connected to the group companies of Tayal family as the same can be seen above.*

k. *During the patch-III the scrip witnessed significant rise in its price and volume. The trading volumes pertaining to the above listed connected entities were not as significant when compared to the total market volume as was observed in their dealing in shares of JTREL in the earlier periods. This suggests that significant concentration in trading attributable to the connected entities over the earlier periods between February and May 2007 resulted in rising price and volumes thereby attracting larger investor participation.*

l. *It was found that the investors' interest moved up significantly to 95% of the traded quantity as against around 40% noticed in May 2007, prima facie evidencing the impact of concentrated levels of activity earlier driving up the investors' interest and momentum in the trading of the scrip.*

Manipulation of Order Book

15. *Investigation revealed that Nitish Nayak, Jayshree Petrochemicals Pvt. Ltd., Avery Procon Pvt. Ltd. and Axon Realpro Pvt. Ltd. (Sr.No.21,9,57 and 16) placed the orders away from the market price which were deleted from the order book. Based on the pattern of placing and deleting orders it can be inferred that these orders were placed with intention to create artificial depth in the order book and not intended to execute trades. Indulging into such trading activity, these noticees attracted gullible retail investors by manipulating. The following table reveals that majority of orders deleted were placed away from market price:*

Client Name	Number of placed	Number of orders deleted	Number out of deleted order which were placed away from the Mkt price*
Nitish Nayak	2289	388	150
Avery Procon Pvt Ltd	739	175	125
Jayshree Petrochemical Pvt Ltd	948	72	51
Axon Realpro Pvt Ltd	72	42	37

**order placed in the range of Rs.1 to Rs.6.1 to last traded price*

16. *The following instances revealed orders placed & deleted by the aforesaid entities who are connected to promoters of JTREL:*

Nitish Nayak

a. *It is observed that on 20/03/2007 that Nitish Nayak placed three orders for 1000 shares each. These orders were placed with price difference of Rs.1.25 to Rs 1.75 from last traded price & subsequently these orders for 3000 shares were deleted from the order book. It is pertinent note that the trading volume on 20/03/2007 was just 2938 shares. Since the scrip was thinly traded & the entity placed & deleted orders for 3000 shares implies that the intentions of such trading behavior was to inflate the order book & portrait the rosy picture of healthy order book of JTREL.*

b. *Similarly on 16/04/2007 & 19/04/2007 Nitish Nayak placed order for 5000 shares & 6000 shares respectively which were thereafter deleted from the order book. These orders were placed with the price difference of Rs.1.8 to Rs.6.1 to last traded price. The trading volume on the said trading days was 6871 & 8288 shares respectively. Therefore it implies that Nitish Nayak was placing & deleting order for inflating the order book of JTREL.*

Jayshree Petrochemicals Pvt Ltd

c. *It is observed that on 15/02/2007 Jayshree Petrochemicals Pvt Ltd placed order for 200 shares &*

another two orders 300 shares each which were subsequently deleted from the order book. These orders were placed with a price difference of Rs.0.45 to Rs.3.8 to last traded price. It is noted that traded volume on 15/02/2007 was 2724 shares. Since the scrip was thinly traded & the fact that the entity placed & deleted orders for 800 shares (200+300+300) implies that these orders were placed with the intention to inflate the order book of JTREL & thereby created false appearance of healthy order book of JTREL .

d. *Similar trading pattern by Jayshree Petrochemicals Pvt Ltd was observed on many other trading days.*

17. ***The following are the other observations from order book of JTREL***

a. *During the patch-I, it is observed that the entities connected to promoters mentioned in the table above had placed 4,08,082 valid buy orders out of which only 1,95,723 resulted in to trade. Similarly 9,68,247 sale orders had placed out of which only 1,72,923 resulted into trades.*

b. *During patch-II &-III these entities had placed buy orders for 2,42,809 & 3,89,396 shares out of which only 1,48,101 & 1,38,304 were executed respectively & on sale side 4,16,438 & 6,20,471 orders had placed out of which only 1,50,466 & 1,29,249 orders got executed. This shows that these connected entities created artificial volume in the order book of JTREL. Thus these entities were dominant in terms of concentration of orders (in the range of 70% to 74%) while the general investor participation was not significant.*

c. *Jayshree Petrochemicals Ltd & Nitish Nayak had placed buy orders at prices significantly higher than the last traded price whenever price declined. On many occasions, they placed buy orders & simultaneous sale orders at higher prices just to establish a price at particular level. It was observed that they were giving consistent support to the price. Few examples of nature of trading by promoter connected entities Jayshree Petrochemical Ltd & Nitish Nayak are provided below:*

- *<u>On February 15, 2007:</u> The last traded price on 15/02/07 at 10.18.35 was Rs. 93.15 Nitish Nayak has placed various buy orders in the price range of Rs 95.05 to 95.90 since there was no other buyer at this price therefore the trade was executed at the price of Rs.95.90.Subsequently as there was no other buyers at this price the price had fallen down to Rs.93.30. Nitish Nayak had again placed various buy orders in the range of Rs. 94.50 to Rs.95 as result trade was executed at a price of Rs.95. It is further observed that during the closing sessions another company related entity Jayshree Petrochemicals Ltd had placed various buy orders at the price of Rs.96.95 & therefore the scrip was closed at Rs.96.95.These buy orders were higher than the prevailing market price which is not normal behaviour.*
- *<u>On February 20, 2007:</u> The scrip had opened at Rs.96.90 and it had consistently gone up to Rs.100.60. It is observed that Jayshree Petrochemicals ltd & Nitish Nayak had been continuously placing the buy orders at higher price and these entities together accounted for approximately 99% of buy orders on this day.*
- *<u>On March 01, 2007:</u> On this day at 11:02:41 the last traded price was Rs.107.50 all the ask orders were around Rs.107.50, the company related entity Nitish Nayak had placed sale order at 10:49:18 for Rs. 111.65. Since there was no buyer at this price Jayshree Petrochemicals Ltd promoter entity had placed buy order for the same price (Rs.111.65) & thus their trade got executed at Rs. 111.65. Thereby last traded price had gone up from Rs.107.50 to Rs.111.65. Again buyer displayed irrational behaviour.*
- *<u>On June 26, 2007: T</u>he opening price was Rs. 195.25 an increase of Rs. 3.50 from previous closing price of Rs. 191.75. The buy-side client was Avery Procon Pvt Ltd, entity connected to promoters of JTREL.*
- *<u>On July 24, 2007: T</u>he opening price was Rs. 286.05 an increase of Rs. 13.06 from previous closing price of Rs. 272.45. The buy-side client was Avery Procon Pvt Ltd entity connected to promoters of JTREL.*
- *During February 14, 2007 to April 25, 2007 it is observed that Jayshree Petrochemicals Pvt Ltd & Nitish Nayak were the counterparty for approximately 190 trades out of 601 trades wherein the price established was higher than last traded price.*

*Few examples of trades executed during the period February 14, 2007 to August 28, 2007 are enclosed as **Annexure** .*

18. ***Analysis Of First Trades Executed By Connected Entities :***

a. *It is further observed that on many occasions when connected entities had executed the first trades, the quantity traded was very thin (in the range of 1 to 100 shares). Such kind of trading is generally adopted either for increasing the price or for maintaining the price at particular level.*
b. *During the period patch-I price of the scrip had gone up from Rs.93.15 to Rs.169.50, it is observed that on 22 trading days out of 48 trading days the connected entities successfully executed first trade at the price substantially higher than last traded price of the scrip. Further it is also noted that on 6 such trading days these company related were counterparty to each other.*
c. *From the above analysis it is observed that out of the 132 trading days, on 43 trading days the buy side clients were entities connected to promoter of JTREL out of which on 8 instances these entities were counterparty to each other in establishing the price. Similarly on 44 trading days the sale clients were connected entities. No other clients were having such a high concentration on first trades than the entities connected to promoters of JTREL. Details of first trade executed during the period are enclosed as* ***Annexure*** *.*

19. *Few entities individually contributed substantially in the trading of JTREL. The role of individual entities in the trading in scrip of JTREL is discussed below,*

Nitish Nayak

20. *Nitish Nayak initially purchased 400 shares of JTREL from the market in year 2004. It is noted that counterparty for the said purchase was Anil Kumar Dubey & Hitesh Dodiya, entities connected to promoters of JTREL. He currently holds 6,67,071 shares of JTREL & the value of these share are Rs. 15.40 Cr as on June 14, 2011. It is noted from trading data of JTREL that Nitish Nayak has traded in substantial quantity during the year 2006 & 2007.*

21. *Followings are the highlights of trading activity of Nitish Nayak,*

a. *It is observed in the year 2006 that Nitish Nayak alone purchased 5,91,919 shares contributed 42.54% of gross purchases and sold 5,87,235 shares accounted for 42.21% of gross sale. Further counterparty concentration revealed that 15% of total trades executed by Nitish Nayak are with the counterparties who are connected entities.*
b. *The During the period February 14, 2007 to April 25, 2007 the Nitish Nayak had concentration of 37.29% & 30% on buy side & sale side of the trades respectively. Similarly during period April 26, 2007 to May 28, 2007 the entity had concentration of 38% & 33.69% on buy & sale side of the trades respectively.*
c. *During February 14, 2007 to May 28, 2007 Nitish Nayak had executed first trade on incremental price on 28 trading days out of 132 trading days during the entire investigation period.*
d. *It is observed that during the period February 14, 2007 to April 25, 2007 he had appeared as buyer in 28 instances out of total 94 instances of price rise over last traded price & contributed a rise of Rs.21.90 out of total rise of Rs.76.40.*
e. *Similarly during patch-II i.e. April 26, 2007 to May 28, 2007 Nitish Nayak had appeared as buyer on 13 instances out of total 17 instances of price rise & accounted for price rise of Rs.6 out of total rise of 8.65.*
f. *The counterparty analysis during February 14, 2007 to April 25, 2007 revealed that Nitish Nayak had appeared as buy side counterparty to other connected entities to the tune of 37,447 shares accounted for 14 % of total volume. Similarly on the sale side the entity had concentration of 67,382 shares accounted for 25% of total volume during the period. In the third patch during the period of April 26, 2007 to May 28, 2007 he had counterparty concentration in the range of 10% to 12% of total trading volume.*
g. *Analysis of Synchronized transactions is carried out & it is observed that during February 14, 2007 to April 25, 2007 the entities connected to the promoters group had executed trades for 55,372 shares which were in synchronized in nature. Out of these synchronized trades Nitish Nayak had appeared for 23,916 shares on buy side as well as 30,698 shares on sale side of aforesaid synchronized trades.*

Similarly during period of April 26, 2007 to May 28, 2007 the entities connected to the promoters executed synchronized trades for 59,888 shares. Out of these synchronized trades Nitish Nayak had appeared as a buyer & seller for 29505 shares & 26806 shares respectively.

Dinesh Dongre

22. *It is noted that Dinesh Dongre initially purchased 400 shares of JTREL from the market during December 2003 to April 2004. It is noted that he had opened demat account on 17/09/02 with Key Note Capital; the same date on which accounts were opened by other connected entities. He started trading in the scrip of JTREL from December 2003 onwards. Dinesh Dongre holds 6,09,375 shares of JTREL since 2002 and the market value of these shares is 14.07cr as on June 14, 2011. The trading details of Dinesh Dongre in the scrip of JTREL is as follows,*

Table No 20: Trading of Dinesh Dongre

Year	Buy Qty	Buy rate	Sale Qty	Sale rate
Dec 03-Dec 04	400	43.75	Nil	
Jan 05-Dec 05	50	203.00	350	231.30
Jan 06-Dec 06	1,613	328.87	1,483	308.50

23. *Even though the trading volume of Dinesh Dongre appears to be low, it is noted that Dinesh Dongre has executed all his trades at the incremental rates thereby influence the price. It is observed that Dinesh Dongre has not traded in JTREL after December 2006 & just held these shares in his account since then.*

Anil Kumar Dubey

24. *It is noted that Anil Kumar Dubey had opened demat account on 17/09/02 with Key Note Capital; on the same date as did other connected entities. It is also noted that on 17/12/03 and 31/08/04 he had made an application for demat of 1000 & 1070 shares of JTREL. The purchase of these physical shares (2070) appears to be off market transaction, since BSE has confirmed no trade took place either in demat mode or physical mode in the scrip of JTREL in the year 2003 (till December 2003). Anil Kumar Dubey, holds 43,56,375 shares of JTREL since year 2002 and market value of these shares is Rs. 100.63 cr as on June 14, 2011. The client started trading in the scrip of JTREL from 27th December 2003 onwards immediately after dematerializing the shares. Following are the observations from the trades executed by Anil Kumar Dubey.*

a. *The client sold 450 shares through nine trading days during the period 2003-04. As many as on seven trading days there was only a single trade in that trading session.*
b. *The counterparty for the 450 shares was Nitish Nayak (200 shares), Dinesh Dongre (150 shares) and Mahendra Panchal (100 shares) connected entities of the promoters of JTREL. Since the scrip was very illiquid, the above trades appear to be deliberately executed by connected entities to create the artificial trading interest in the scrip.*
c. *During 2005 the client sold 1500 shares. The client traded on 27 trading days wherein selling price ranged from Rs.57.55 to Rs.158.55*
d. *On as many as 19 trading days the client executed the first trade at incremental price in given trading day & did not trade thereafter.*

Mahendra Panchal

25. *It is noted that client had opened demat account on 17/09/02 with Key Note Capital along with other connected entities. Mahendra Panchal initially purchased 400 shares of JTREL in the year 2004 from the market. He currently holds 1,05,951 shares and value of these shares is 2.44Cr as on June 14, 2011. Following are the observations from the trade undertaken by Mahendra Panchal,*

a. *During the Dec 03 to Dec 04 Mahendra Panchal bought 400 shares of JTREL through 8 trading sessions. Out of these trades on six instances he was observed to execute the first trade. On many occasions these first trade were executed at around 11.19AM to 14.12PM. This implies that Mahendra Panchal has placed the buy orders whenever there was no other buy orders present in the scrip of JTREL and thereby created artificial volume in the scrip. As stated earlier the counterparties were other connected entities.*
b. *During year 2006 Panchal has traded in substantial quantity in the scrip of JTREL. He bought 1,00182 shares & sold 1,06,396 shares of JTREL. Majority of these trades (more than 90%) the counterparty was connected entities viz, Nitish Nayak. As a result of trading by connected entities among themselves the volume in the scrip has gone up considerably and falsely.*

Hitesh Dodiya

26. *It is noted that client had opened demat account on 17/09/02 with Key Note Capital on the common date as did other suspected connected entities. Hitesh Dodiya on 17/12/03 and 31/08/04 had made an application for demat of 1400 & 2500 shares of JTREL. The purchase of these physical shares (3900-1.57% of capital) appears to be an off market transaction, as BSE has confirmed not having any trade either in demat mode or physical mode in the scrip of JTREL in the year 2003 (till December 2003). Hitesh Dodiya holds 9,22,500 shares of JTREL since 2003 and the market value of these shares is 21.30 Cr as on June 14, 2011.*
27. *Hitesh Dodiya started trading in these shares immediately after demat of 3900 shares in 2003. Following are the observations from trades undertaken by Hitesh Dodiya*

a. *During Dec 2003 to Dec 2004 the entity sold 3350 shares in 20 trading sessions. Out of these on 9 occasions he was observed to execute the first trade. Counterparties for 350 shares were other connected entities & all trades among the connected entities were the first trades of a day.*
b. *Even in the year 2005 the entity has sold 350 shares & bought another 50 shares, all these trades were the first trades of the day.*
c. *During 2006 period the entity has traded frequently in the scrip of JTREL. He has bought 1613 shares and sold 1483 shares.*
d. *The counterparty for 1020 shares & 408 shares of aforesaid buy & sell trades respectively was Mahendra Panchal, a connected entity to promoters of JTREL. Their trading pattern indicates creation of artificial volume in the scrip. As a result daily trading volume in the scrip has also gone up in the year 2006.*

Jayshree Petrochemicals Pvt Ltd

28. *Address of Jayshree Petrochemicals Pvt Ltd is Unit No 34A 2nd Floor Arsiwala Bldg 57 Wodehouse, Colaba, Mumbai. Jayshree Petrochemicals Pvt Ltd is appearing in the promoter's category of Krishna Lifestyle Technologies Ltd, Eskay KnIT India Ltd and erstwhile Bank of Rajasthan (now known as ICICI bank Ltd), group companies of Tayal group. Jayshree Petrochemicals purchased 3800 shares of JTREL in December 2004 from the market. Jayshree Petrochemicals Pvt Ltd has traded extensively in the scrip of JTREL & KSLIL. Following are some of the observations of trading in the scrip of JTREL,*

a. *During the period February 14, 2007 to April 25, 2007 Jayshree had concentration of in the range of 24.29% to 33.42% on buy side & sale side of the trades. It had executed first trade on incremental price on 36 trading days out of 132 trading days during investigation period. It had appeared as buyer in 45 instances out of total 94 instances of price rise over last traded price & contributed a rise of Rs.32.55 out of total rise of Rs.76.40.*
b. *The counterparty analysis during February 14, 2007 to April 25, 2007 revealed that Jayshree Petrochemicals Pvt Ltd had appeared as sale side counterparty for other*

connected entities to the tune of 33,867 shares accounted for 12.59 % of total volume. Similarly on the buy side it had concentration of 63,784 shares accounted for 23.72% of total volume during the period. While during the period of April 26, 2007 to May 28, 2007 the entity had counterparty concentration in the range of 11.6 % to 12% of total trading volume.

c. *An analysis of Synchronized transactions is carried out & it is observed that during February 14, 2007 to April 25, 2007 the entities connected to the promoters group had executed trades for 55,372 shares which were synchronized in nature. Out of these synchronized trades Jayshree Petrochemicals Pvt Ltd had appeared for 25,910 shares on buy side as well as 21,645 shares on sale side of aforesaid synchronized trades. Similarly during period of April 26, 2007 to May 28, 2007 the entities connected to the promoters group executed synchronized trades for 59,888 shares. Out of these trades Jayshree Petrochemicals Pvt Ltd had appeared as a buyer & seller for 29139 shares & 30532 shares respectively.*

29. *Therefore, on the basis of the above it is alleged that the above-mentioned noticees had traded in scrip of JTREL extensively in order to create false volume, inflate the prices and few of them indulged into synchronised trades, which is inconsistent with interest of investors.*

Findings regarding KSLIL

30. *In KSLIL also large block of shares in the category of "Body Corporate" & " Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh" have been actually held by the entities who are either promoter entities or entities connected to promoters of the Company i.e. Tayal. These entities together constitute 39.38% of share holdings of KSLIL.*
31. *The shareholding pattern of KSLIL for the quarters ended March 2003- December 2009 are as follows:*

Quarterly Shareholdings→ / Categories ↓	***% shareholdings for Quarter endings***												
	Mar 2003	***June 2003***	***June 2004***	***Sep 2004***	***Dec 2004***	***Sep 2005***	***Mar 2006***	***Sep 2006***	***Mar 2007***	***Sep 2007***	***June 2009***	***Sep 2009***	***Dec 2009***
Shareholding of Promoter and Promoter Group	*71.21*	*71.21*	*71.21*	*66.62*	*66.62*	*39.58*	*39.73*	*39.73*	*39.16*	*38.79*	*39.22*	*39.22*	*39.22*
Institutions	*0.43*	*0.43*	*0.50*	*0.50*	*0.49*				*4.14*	*4.75*	*5.02*	*4.85*	*4.72*
Bodies Corporate			*17.10*	*9.94*	*9.94*	*27.53*	*27.13*	*30.61*	*27.67*	*27.70*	*27.92*	*27.99*	*28.03*
Individual shareholders holding nominal share capital up to Rs. 1 lakh	*28.36*	*28.36*	*11.19*	*22.95*	*22.95*	*32.89*	*33.14*	*7.80*	*7.43*	*7.32*	*7.05*	*7.15*	*7.24*
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh								*21.86*	*21.60*	*21.43*	*20.77*	*20.77*	*20.77*
Total	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*

Between March 03 and March-06 Individuals holding up to1 lakh and in excess of 1 Lakh did not exist as separate categories

32. *During the investigation, few of the benamis found to be holding shares of JTREL on behalf of the promoters also held shares of KSLIL-Nitish Nayak, Mahendra Kumar Panchal, Hitesh Dodiya, Dinesh Dongre, Anil Kumar Dubey and Kishore Patil were holding 42,81,848 shares between themselves. It is found from the shareholding pattern that promoters' shareholding has come down from 71.21% to 39.22% decrease of 31.99%. At the same time shareholding of "Body Corporate" and "Individual shareholders holding nominal share capital in excess of Rs. 1 lakh" has increased and as on December 09 it was 48.80%. Investigation revealed that shareholding in KSLIL is also camouflaged and held under different promoter connected entities. As much as*

26.28% out of 28.03% of shareholding in the category of Body Corporate are held with entities who are connected to promoters of KSLIL and JTREL.

33. *Similarly, individuals appearing in the category of "Individual shareholders holding nominal share capital in excess of Rs.1 lakh" are observed to be connected to the promoters of JTREL and KSLIL. As a result of holding of shares by promoter or company connected entities in KSLIL, promoters had control over 78.39% of shareholding in KSLIL.*
34. *The following table demonstrate common findings with respect to entities appeared under category of 'Body Corporate' and their connections with promoters.*

Sr No	Names of Entities	Common Observations
1	Cyberinfo Zeeboomba.Com	➢ The noticees mentioned at Sr. Nos 1 to 11 are promoter entities as disclosed in the shareholding of KSLIL. Moreover, they are also promoters of other Tayal group companies viz JTREL, BoR etc. ➢ The noticees mentioned at Sr. Nos. 12 to 17 are connected to promoters of KSLIL through common web of directors and similar addresses. For instance, Charms Holding Pvt. Ltd. has same address as that of Avery Porcon Pvt. Ltd. and Axon Real Pro Pvt. Ltd. which is connected to promoters of KSLIL as Anil Kumar Dubey is common director of JTREL and Avery Procon Pvt. Ltd. ➢ These entities have been holding shares of KSLIL since March 2001 and their holdings remain constant since 2001. ➢ The physical certificates numbers for shares held across some of these entities are nearly in continuous serial numbers. ➢ Majority of the entities also hold shares of JTREL in substantial quantity since year 2002. ➢ The noticees stated at Sr. Nos. 12 to 15 have traded extensively in the scrip of JTREL and KSLIL. These entities are discussed at para 11.7.7 of the investigation report.
2	Ahmednagar Investments Pvt. Ltd.	
3	21st Century Entertainment	
4	Giriganga Investments Private Ltd.	
5	Global Softech Ltd.	
6	Cyber Infosystems And Technologies	
7	EDC Securities Pvt. Ltd	
8	Delux Polymers Pvt. Ltd.	
9	Shree Ganesh Hosiery Mills Pvt. Ltd.	
10	Shree Krishna Silk Industries Pvt. Ltd..	
11	Jayshree Petro Chemicals Pvt. Ltd.	
12	Avery Procon Pvt. Ltd.	
13	Avera Properties Pvt. Ltd.	
14	Axon Realpro Pvt. Ltd.	
15	Megna Developers Pvt. Ltd.	
16	Envair Realty Pvt. Ltd.	
17	Charms Holding Pvt. Ltd.	

35. *The following noticees held shares of KSLIL in the category of "Individual shareholders holding nominal share capital in excess of Rs.1 lakh" and are connected to promoters of JTREL and KSLIL.*

Sr. No	Names of Entities	Common Observations
1	Dinesh Dongre	➢ These noticees are connected to promoters of KSLIL and JTREL as already discussed. ➢ It is observed from the data received from RTA that promoters/company camouflaged the shareholdings of Dinesh Dongre, Kishore Patil & Nitish Nayak. Their actual shareholding is 1.72%, 1.81% and 1.71% respectively; instead their holdings split between demat mode and physical mode and shown as a less than 1%. Their names are not shown under the shareholders who held more than 1% of share capital of the company. It can be inferred that since aforesaid noticees also held shares of JTREL in substantial quantity, their names were deliberately withheld from the public disclosure to avoid any scrutiny. ➢ These noticees held shares in physical mode as well as in demat mode and their physical share certificates are nearly in continuous serial numbers. ➢ These noticees have been holding shares of KSLIL since 2002. None of them have traded in scrip of KSLIL except Nitish Nayak.
2	Kishore Patil	
3	Nitish Nayak	
4	Mahendra Kumar Panchal	
5	Hitesh Dodiya	
6	Anil Kumar Dubey	

Sr No	Names of Entities*	Common Observations
1	Amit Shivalkar	➢ Address of noticees at Sr. No 1 to 5 is common which is SKPYL, Bhilad, Vapi. It is noted that SKPL stands for Shri Krishna Polyester Ltd. an old name of Krishna Lifestyle Technologies Ltd., a group company of Tayal group. Similarly, address of entities at Sr. Nos. 6 to 8 is common and same as that of EDC Securities Ltd. which is promoter entity of BoR.
2	Vijay Upadhyay	
3	Anil Kumaran	
4	Kanti C Patel	
5	Gauri S Raut	

6	Sudhir Gargodia	➢ These noticees have been holding shares of KSLIL in physical mode since 2001 and did not trade in the shares of KSLIL. Their physical share certificates numbers are nearly in continuous serial numbers. ➢ Their holding remains constant since year 2001. It is also observed that Amit Shivalkar, Vijay Upadhayay, Anil Kumaran and Vipin Bhatnagar are holdings exact number of shares (90,000). ➢ Few entities viz., Vijay Upadhya, Kanti C Patel, Vipin Bhatnagar found holding shares of BoR. It is noted in the investigation in the matter of BoR that these entities observed as front entities of Tayal group who bought shares of BoR on behalf of promoters of BoR i.e., Tayal's.
7	Sanjay Jambhale	
8	Satish Mhatre	
9	Vipin Kumar Bhatnagar	

36. *On the basis of the above-mentioned findings, it is alleged that these entities mentioned above are found to be benami/front holders of shares of KSLIL similar to the findings in the scrip of JTREL and that the promoters/ companies could camouflage shareholdings through these noticees and thereby controlled as much as 78.39% of shareholding of KSLIL. Actual shares available for trading in the market, i.e., free float were 5.19% of share capital of KSLIL.*
37. *Investigation further revealed that many of the aforesaid noticees, appearing in the shareholding category, have traded in shares of KSLIL in substantial quantity. It is found that noticees who have traded, bolstered the trading volume in the scrip of KSLIL and contributed towards price rise.*
38. *The price of the scrip during the period October 26, 2006 to August 28, 2007 was increased from Rs.97.05 (opening price on October 26, 2006) to Rs.173.40 (closing price on August 28, 2007), which is an increase of 73.4%. Based on the pattern in price movement the entire period was segmented into three patches/ sub-periods. Patch-I (October 23, 2006 to December 18, 2006), patch-II (December 19, 2006 to May 29, 2007) and patch-III (May 30, 2007 to August 28, 2007).*
39. *The trading details of the entities connected to the promoters were analyzed as given below:*

Dealing by the connected entities during patch I 23/10/06 to 18/12/06

Client Name	Member Name	Gross Purchases	Avg. Buy Rate	Gross sale	Avg. Sell Rate
EDC Securities Ltd.	RR Chokhani Stock Brokers Pvt. Ltd.	3,08,986	154.21	1295008	128.44
	Dimensional Securities Pvt. Ltd.	0	0	595000	125
Nitish Nayak	R R Chokhani Stock Brokers Pvt. Ltd.	0	0	3566	246.99
	Senator Securities Pvt. Ltd.	334717	111.82	284745	110.32
Jayshree Petrochemicals Pvt. Ltd.	Finquest Securities Pvt. Ltd.	447	244.19	6117	250.73
	Networth Stock Broking Ltd.	0	0	500000	125.13
Total		644150	170.07	2684436	164.43
%Age to total market volume		16.12		67.18	

Dealing by the connected entities during patch II 19/12/06 to 29/05/07

Client Name	Member Name	Gross Purchase	Buy Rate	Gross Sale	Sell Rate
EDC Securities Ltd.	R.R.Chokhani Stock Brokers Pvt.Ltd.	13641	223.78	43612	225.77
	Dimensional Securities Pvt. Ltd.	6021	236.85	5801	237.96
Nitish Nayak	R.R.Chokhani Stock Brokers Pvt.Ltd.	385310	232.87	341570	232.27
	Senator Securities Pvt. Ltd.	26514	236.89	26514	237.04
	Finquest Securities Pvt. Ltd.	414823	234.04	379433	231.9

Client Name	Member Name	Gross Purchase	Buy Rate	Gross Sale	Sell Rate
Jayshree Petrochemicals Pvt. Ltd.	Networth Stock Broking Ltd.	0		0	
Total		846309	233.15	766930	235.32
%Age to total market volume		55.98		50.73	

Dealing by the connected entities during patch III 30/05/07 to 28/08/07

Client Name	Broker	Gross Purchase Quantity	% to Total Gross Purchases	Gross sell quantity	% to total Gross Sales
Axon Realpro Pvt. Ltd.	Finquest Securities pvt.	284904	14.26	263183	13.17
Jayshree Petrochemicals Pvt. Ltd.	Finquest Securities pvt.	187884	9.40	187547	9.39
Avory Procon Pvt. Ltd.	R.R.Chokhani Stock Broker	475121	23.78	423473	21.20
Nitesh Nayak	R.R.Chokhani Stock Broker	72908	3.65	68971	3.45
MDGNA Developers Pvt. Ltd.	R.R.Chokhani Stock Broker	1905	0.10	0	0.00
Total		1022722	51.18	943174	47.20

40. *It is found from the above tables that entities connected to the promoters had created volume in the scrip by continuously buying and selling shares of KSLIL. It is further found that during the period all the above mentioned entities together accounted for approximately 50% of daily average trading volume in the scrip.*
41. *Trade log analysis during patch-I revealed that on 94 instances trades executed by connected entities have contributed to price rise of Rs.38.60 out of a total rise of Rs.195.40 during the period under examination.*

Manipulation of Order Book

42. *Table below followed by instances demonstrates number of orders placed & deleted by the entities connected to promoters of JTREL &KSLIL clients during the period of Investigation from October 16, 2006 to August 28, 2007. It is revealed during these period these entities placed the orders away from the market price which were deleted from the order book. Based on the pattern of placing & deleting orders it can be inferred that these orders were placed with intention to create artificial depth in the order book & not intended to execute trades. Indulging into such trading activity, these entities attracted gullible retail investors by manipulating order book. It is further revealed from the table below that majority of orders deleted were placed away from market price.*

Client Name	Number of placed	Number of orders deleted	Number out of deleted order which were placed away from the mkt price*
Nitish Nayak	7208	604	593
Avery Procon Pvt Ltd	8735	398	301
Jayshree Petrochemical Pvt Ltd	1184	242	210
Axon Realpro Pvt Ltd	587	267	261
EDC Securities Ltd	532	29	15

**order placed in the range of Rs.1 to Rs.41 to last traded price*

43. *The following instances revealed orders placed & deleted by the aforesaid entities who are connected to promoters of JTREL& KSLIL*

Nitish Nayak

44. *On 27/12/2006 & 09/02/2007 Nitish Nayak placed orders for 1000 shares each in afternoon session which were subsequently deleted. It is pertinent to note that number of shares traded in the aforesaid trading days was 5170 shares & 4721 shares respectively. Since the scrip was thinly traded & the entity was placing & deleting orders for 1000 shares implies that the intentions of such trading behavior was to inflate the order book & portrait the rosy picture of healthy order book. Thus Nitish Nayak was inflating the order book to the extent of approximately 20% of trading volume.*

45. *Similarly on 25/04/2007, 14/05/2007 & 24/05/2007 the client Nitish Nayak placed orders for 2000 shares 1000shares, and another 1000 shares respectively. These orders were placed substantial way from the last traded price i.e with the difference of Rs.13.05, Rs.29.95 & Rs.41 respectively to their last traded price. The said orders were subsequently deleted. Though the quantity of deleted order to total volume traded in said trading days were not substantial, such pattern of placing & deleting the orders away from the market price implies the manipulative intent of the entity connected to promoters of KSLIL.*

Jayshree Petrochemical Pvt Ltd

46. *In case of Jayshree Petrochemicals Pvt Ltd it is observed that on 05/03/2007 & 25/04/2007 it placed orders for 1183 shares & 5764 shares which were subsequently deleted. Though the quantity of deleted orders to total volume traded in said trading days were not substantial, such pattern of placing & deleting the orders away from the market price shows that client Jayshree Petrochemicals Pvt Ltd along with another promoters connected entity Nitish Nayak was manipulating order book of KSLIL.*

Avery Procon Pvt Ltd

47. *It is observed on 18/06/2007 that Avery Procon Pvt Ltd placed two orders for 1000 shares each. These orders were placed with price difference of Rs.42.95 from last traded price & subsequently these orders were deleted. The fact that these orders were placed at a price substantially away from the market price & deleted thereafter indicates that they were placed with the intention to inflate the order book of KSLIL.*
48. *Similarly on 25/06/2007 the entity placed three orders for 500 shares, 1000 shares & another 1000 shares which were deleted from the order book. These were also placed with difference of Rs. 34 & Rs 35.05 from last traded price. Such kind trading pattern suggest that these connected entities were intended to inflate the order book & portrayed rosy picture of healthy order book of KSLIL.*

<u>Further analysis of order book of KSLIL revealed the following</u>

49. *During patch-I it is observed that the entities connected to promoters group had placed 3237 valid buy orders out of which only 2111 resulted in to trade. Similarly 1233 sale orders had placed out of which only 664 resulted into trades.*
50. *During period –II & period –III these entities had placed buy orders for 14,894 & 24,999 shares out of which only 7534 & 12,269 were executed respectively & on sale side 2281 & 1987 orders had placed out of which only 770 & 1162 orders got executed. Above mentioned entities created artificial volume in the order book of KSLIL. Thus they were dominant in terms of concentration of orders (in the range of 50% to 74%) while the general investor participation was not significant.*
51. *Few examples of nature of trading by aforesaid entities connected to the company are provided below:*

- *<u>On December 06, 2006:</u> The last traded price on 06/12/06 at 12:12:47was Rs. 210.05. EDC Securities Pvt Ltd had placed buy order at the price of Rs 217.85 with the incremental rate of*

Rs.7.85 since there was no other buyer at this price the trade was executed at the price of Rs.217.85. Subsequently the price had fallen to Rs.201.05. EDC Securities Pvt Ltd had again placed buy order at a higher price of Rs.212 and the trade got executed at Rs.212. Similarly it was observed that the EDC Securities Pvt Ltd pushing up the price and placed buy orders in the range of Rs. 212 to Rs.230 as result the price went up to Rs.230 & it finally closed at Rs.229.05.

- *On December 29, 2006: The scrip opened at Rs. 245.80 on 29/12/06 and Nitish Nayak was consistently placing orders at higher price and as a result the price had gone up to Rs.251 intra-day & settled at Rs.250.05. It was noted that Nitish Nayak had placed more than 90% buy orders on this trading day.*

- *On February 02, 2007: On this trading day the scrip opened at Rs.254 and it was continuously falling and closed at Rs.244.35 after intraday low of Rs.237.It is observed that Nitish Nayak and Jayshree Petrochemicals Ltd was placing buy orders in the range of 0.05 to 8.35 higher than last traded prices. Thus by placing orders at higher rates these entities were giving support to the price when price was continuously falling throughout the trading session.*

- *On December 22, 2006: It is observed that scrip was continuously falling on 22/12/06. The Nitish Nayak had placed ask orders away from the market price. For instance 11:26:17 the last traded price was 217.10 Nitish Nayak had placed ask order for at difference of Rs.14.95 at 232.05. Similarly on the same day many ask orders were placed away from the market price. However since there were no buyers for such high price, the price further fell down to Rs.215. Thereafter at 15:19:18 Nitish Nayak himself placed buy order for Rs.229 & Rs.230 and another connected entity had placed simultaneously placed sell order for Rs.228 with the quantity as low as 5 shares and thus the price was established at Rs.228. This again reiterates the fact that these connected entities influenced the price giving support to the price and thereby not allowed it to fall further.*

- *On May 25, 2006: It is observed that on this trading day EDC Securities Pvt Ltd had placed various buyer order Rs 0.05 to Rs 8.05 higher than last traded price. It is further observed that many orders executed in the afternoon session by EDC matched with Nitish Nayak with the exact price which was Rs. 217.10.This shows that there were creating artificial volume in the order book.*

*Few examples of trades executed during the period October 23, 2006 to August 28, 2007 are enclosed as **Annexure** .*

*52. **ANALYSIS OF FIRST TRADES EXECUTED BY CONNECTED ENTITIES:***

a. *It is observed that Nitish Nayak & Jayshree Petrochemicals Pvt Ltd had executed first trades with a substantial difference (in the range of Rs.4.75 to Rs18.90) to previous closed price on as many as 41 instances. This resulted into sharp rise in the price of the scrip.*

b. *It is further observed that on as many as 143 occasions the company related entities Nitish Nayak & Jayshree Petrochemicals Pvt Ltd had executed the first trades; quantity traded was very thin (in the range of 1 to 10 shares). This was done for the purpose of increasing the price or for maintaining the price at particular level.*

c. *It is further noted that on 8 trading days the above mentioned entities were counterparty to each other for first trades and the quantity traded was just 1share each. Out of these 8 instances on 2 occasions the first trade was executed at the price higher than previous price by Rs.15.05 & Rs.15.65. These are artificial volumes created by connected entities.*

d. *Therefore it is observed that out of the 210 trading days, on 149 trading days the buy side clients were the connected entities out of which on 8 instances they were counterparty to each other in*

establishing the price. No other clients were having such a high concentration on first trades other than connected entities. Details of first trade executed during the period are enclosed as ***Annexure****.*

53. ***FOLLOWING IS THE ROLE OF ENTITIES OBSERVED IN THE TRADING OF KSLIL.***

Nitish Nayak

a. Nitish Nayak has traded in substantial in the shares of KSLIL during investigation period. It is observed that Nitish Nayak alone contributed in the range of 3.6 % to 27% of gross purchase and in the range of 3.6% to 24% of gross sold during three patch of Investigation stated above.

b. Nitish Nayak had executed first trade on incremental price on 35 trading days out of 210 trading days during the entire investigation period. Analysis of Intra -day trades revealed that the entity had appeared as buyer and executed 2392 trades which resulted into rise in the price of the scrip.

c. During December 19, 2006 to May 28, 2007 it is observed that Nitish Nayak had appeared as buyer for buy order of 3,85,560 which was 18.45% of total buy orders during the period. Further out of these buy orders which for the buy orders, for the orders of as many as 1,95,739 shares (50.71% of total bid orders of the client), the counterparty was another company related entity. Similarly during May 28, 2007 to August 28, 2007 the number was 1,98352 shares out of which for 28,323 shares, the counterparty was company related entities. Nitish Nayak has concentration of more than 30% of trades throughout the investigation period.

d. Nitish Nayak in collusion with another entity connected to promoter group, viz, Jayshree Petrochemicals Pvt Ltd had placed buy orders at price significantly higher than the last traded price whenever price declined significantly due to trading by other market participants. On many occasions, they placed buy orders & simultaneous sale orders at higher prices just to establish a price at particular level. It was observed that connected entities including Nitish Nayak were giving consistent support to the price.

Jayshree Petrochemicals Pvt Ltd

a. Jayshree Petrochemicals Pvt Ltd had mainly traded during patch II & patch III. It contributed 27% of gross purchase & 25% of gross sale during patch-II and 9.4% of gross purchase & 9.39% of gross sale during patch-III.

b. Jayshree Petrochemicals Pvt Ltd had executed first trade on incremental price on 56 trading days out of 210 trading days during investigation period. During December 19, 2006 to May 28, 2007 it is observed that it had appeared as buyer for buy order of 9,10,289 shares out of which for the buy orders of 2,35,383 shares, the counterparty was another company related entity. Similarly during May 28, 2007 to August 28, 2007 the number was 1,87,884 shares out of which for 1,22,898 shares, the counterparty was company related entities.

c. Jayshree Petrochemicals Pvt Ltd in collusion with another entity connected to promoter group, viz, Nitish Nayak & EDC Securities Pvt Ltd had placed buy orders at price significantly higher than the last traded price whenever price declined significantly due to trading by other market participants. On many occasions, they placed buy orders & simultaneous sale orders at higher prices just to establish a price at particular level. It was observed that they were giving consistent support to the price. it may be concluded that, by placing the buy or sell orders at higher price, by indulging the synchronized trades and having counterparty concentration it had contributed to price rise and also to increase in the trading volume in the scrip.

EDC Securities Ltd.

EDC Securities Pvt Ltd has traded extensively in the scrip of KSLIL mainly during patch-I. It contributed 7.7% of gross purchase & sold 32% of gross sale during patch-I.

54. *It is alleged on the basis of the above that aforesaid entities mainly indulged into buying & selling of shares of KSLIL & thereby creating artificial volume in the scrip. On the other hand as noted earlier few of them viz, Nitish Nayak, also influencing the price by placing orders at higher prices.*

55. *Therefore, on the basis of the discussions above, it is alleged that the Modus Operandi of promoters was to hold control over substantial shareholdings through benamis and on the other hand to create the volume and manipulate the price through web of different entities at different point in time. For instance, in the year 2003-04, Dinesh Dongre, Hitesh Dodiya, Anil Kumar Dubey and Nitish Nayak were found to be creating artificial volume in the scrip. In the year 2005, Jayshree Petrochemicals Pvt. Ltd. along with others traded extensively in the scrips. In the year 2006-07, new set of entities were found trading in the scrip viz., EDC Securities Pvt. Ltd., Avera Properties Pvt. Ltd. and Axon Realpro Pvt. Ltd. etc. Similarly, these noticees were also utilized for transfer of funds among themselves which was ultimately used for trading. This strategy appears to have been adopted to hide the ultimate controller i.e., promoters from any documentary scrutiny by concerned regulatory agencies.*

56. *It is noted during investigation that the company JTREL and KSLIL were always non cooperative during the course of investigation. Summons dated 21/04/10 and 04/03/11 issued to JTREL and various letters were sent to JTREL as well as KSLIL to appear before Investigating Authority and furnish certain documents including copies of physical share certificates of entities mentioned above. However, JTREL and KSLIL failed to furnish information and they did not co-operate with Investigating Authority. It is also found from the data received from RTA that JTREL and KSLIL filed misleading information to the stock exchange. For instance, JTREL did not disclose shareholders under the category of shareholder holding more than 1% of share capital of the company. KSLIL disguised promoter entities under the category of "Body Corporate". The role played by the promoters in placing misleading and giving false information regarding shareholding of promoters, in the public domain is fraud upon the investors and the market. The manipulation of price by promoter related entities allowed the promoter to gain from artificial valuation and to deceitfully obtain higher value from banks against pledge of shares.*

57. *It is also found during the investigation that as per the consolidated financial statement of JTREL for year ended March 2008, the total revenue of the company was Rs.4290.41 million and its net profit was Rs.326.52 million. On comparing this data with bank transaction statement of JTREL for 01/04/2007 to 31/03/2008, it is found that on several occasions funds were transferred between Krishna Knitwear Technology Ltd., which is group company of Tayal group and JTREL. It is also noted that an amount of Rs. 410.54 millions was credited to JTREL throughout the said financial year from M/s Krishna Knitwear Technologies Ltd. which was more than the net profit recorded by the company. These fund transfer between related parties raise suspicion about the revenue generating capacity of the company and its operating cash flow.*

Role of Promoters and the Companies

58. *Current promoters of the company Saurabh Tayal & others acquired JTREL in the year 2003 by buying 57.02% of share from the Jitendra Arya's & others erstwhile promoter of the company. Further Saurabh Tayal & others made an open offer to public to acquire additional 20% shares. On comparing shareholding pattern ending December 31, 2001 & March 31, 2002 it is noted that Pramod Patil, Vijay Sawant, Girish Pukale, Rupesh Narvekar, Milind Mhatre, Rajesh Sharma, Sanjay Sawant and Nandkishore Panchal are appearing first time and together holding 20.98% of share capital of the company. This coincides with discontinuation of Phool Chand Arya- HUF, Phool Chand Arya, Satya Priya Arya-HUF and Satya Priya (appears to be related to erstwhile promoters of JTREL) who had together holding 18.57% shares as on December 2001. These*

shares were held in physical form & records of physical share certificates are available with these entities & the company both of whom are not co-operating with Investigation. Further one of the entity Rajesh Sharma in his letter to SEBI he has submitted that he purchased shares from Satya Priya Arya. Therefore it can be inferred that holdings of Arya's were transferred among aforesaid entities. Based on this it can be inferred that promoters of JTREL had control over 96% of share capital of the company right from the year 2002-03 Tayal took over this company.

59. *Similar to JTREL, in the case of KSLIL also promoters control over 78% of share capital of company since March 2001. The promoters have disguised the actual holding through different classes of share holders viz "Body Corporate" & Individuals holding nominal shares in excess of Rs1 lakhs" wherein promoter entities & entities connected to promoters holds shares. Therefore it is observed that control of shareholdings by promoter, promoter entities & their connected entities far exceeds their threshold limits is persistent feature of this company right from year 2001.*

60. *It is observed from bank transaction statement of few connected entities that complex web of bank transactions were created among benami/front entities, unlisted companies controlled by promotes and group companies of Tayal's. For instance in case of Nitish Nayak it is noted that majority of fund was coming into his account from either Jayshree Petrochemicals Pvt Ltd (promoter entity) or Solid Vision Pvt Ltd.(promoter connected entities. These entities viz Solid Vision Pvt Ltd in turn receiving funds from Mahendra Panchal, Anil Kumar Dubey and Hitesh Dodiya etc which was a dividend for Bank of Rajasthan. Nitish Nayak utilized this fund for trading shares of JTREL & KSLIL. It is also noted that few front entities were also transferred funds other entities connected to promoters of JTREL & KSLIL or group companies of Tayal group viz, Jyotsna Developers Pvt Ltd, Star view Mercantile Pvt Ltd and KSL & Industries Ltd.*

61. *It is further noted that having control over substantial quantity of shareholding of JTREL & KSLIL manipulation in the scrip's becomes very easy. Therefore it can be inferred that Modus Operandi of promoters is to have control over substantial shareholdings through benami means and on the other hand to create the volume & manipulate the price through web of different entities at different point in time. For instance in the year 2003-04 Dinesh Dongre, Hitesh Dodiya, Anil Kumar Dubey & Nitish Nayak were found creating artificial volume in the scrip. In the year 2005 Jayshree Petrochemicals Pvt Ltd along with others traded extensively in the scrips. In the year 2006-07 new set of entities were found trading in the scrip viz EDC Securities Pvt Ltd, Avera Properties Pvt Ltd and Axon Realpro Pvt Ltd etc. Similarly these entities were also utilized for transfer funds among themselves which was ultimately used for trading. This strategy appears to have been adopted to hide the ultimate controller i.e. promoters from any documentary scrutiny by law making authorities.*

62. *As per the consolidated financial statement of JTREL for year ended March 2008, the total revenue of the company was Rs.4290.41 million & its net profit was Rs.326.52 million. On comparing this data with bank transaction statement of JTREL for 01/04/2007 to 31/03/2008, it is found that on several occasions funds were transferred between from Krishna Knitwear Technology Ltd which is group company of Tayal group and the company JTREL. It is also noted that an amount of Rs. 410.54 millions was credited to JTREL throughout the said financial year from M/s Krishna Knitwear Technologies Ltd which was more than the net profit recorded by the company. These fund transfer between related parties raise suspicion about the revenue generating capacity of the company & its operating cash flow.*

63. *It is noted that during the period of 2006-07 company was making positive corporate announcements. List of corporate announcement are placed at* ***Annexure .*** *It is noted that during this period connected entities indulged into buying & selling of shares of JTREL. Thus on one*

hand company is making positive corporate announcement & other the other hand connected entities have been inflating & sustaining price prices at high level. It is learned during the investigation from one of the leading financial institution that 1,562,500 shares of JTREL were taken as a collateral from one of the promoter entity for extending finance to group company of Tayal group. Thus it can be inferred that the purpose of keeping price higher levels may appear to claim higher valuation for their shares which can be pledged with any financial institution.

64. In view of findings of the investigation as above, it is alleged that:

- *Noticees at Sr. Nos.1 to 6 above found to have violated Regulation 3 (b),(c),(d) and Regulation 4 (1), (2)-(d),(e) & (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003; Regulation 7(1),(2) 8(1),(2), 10 and 11 (1) & (2) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and read with Section 21 of SCRA,1956 including conditions for continuous listing.*
- *Noticees at Sr. Nos.7 to 20 above found to have violated Regulation 3 (a),(b),(c),(d) and 4 (1), (2)-(a),(b), (e) & (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 and Regulation 7(1),(2) 8 (2), 10 and 11 (1) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.*
- *Noticees at Sr. Nos.21 to 55 above found to have violated Regulation 3 (a),(b),(c) & (d) and 4 (1) & (2)-(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 and Regulation 7(2), 8(2), 10 and 11(1) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.*
- *Noticees at Sr. Nos.56 and 57 above found to have violated Regulation 4 (2)- (f),(k) & (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003; Regulation 7(3), 8(3) and (4) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 read with Section 21 of SCRA,1956 including conditions for continuous listing.*

6.2. Pursuant to appointment of undersigned, vide letters dated March 20, 2020 intimation of change of AO was sent to the 57 entities along with the copy of communique dated December 26, 2019 and the same had returned undelivered from the address of entity at serial no. 1,3-7,11-14,17-19,21,22,25,28-31,33-43,45,53,54. Subsequently, adjudication proceedings in respect of one out of 57 entities *namely* Anshul Mercantile Pvt. Ltd. is disposed of vide order dated January 13, 2021. Thus, the present order deals with adjudication proceedings against 56 entities as detailed in the table above from serial no. 1 to 56. Collectively said 56 entities are referred to as '**Noticees**' and individually by their respective name / serial nos. as indicated in the table above.

7. Service of Notice to Show Cause, Reply, Hearing and other communication:

7.1 JTREL, KSLIL and its promoters /Noticee 1 to 6, 55 and 56- Mindspright Legal, authorised representative (**AR**) of Noticee 1 to 6, 55 and 56 vide separate letters submitted identical replies vide letter dated January 29, 2021 and same are summarized hereunder-

I. *At the outset it is submitted that none of the aforesaid allegations, and the alleged basis on which the SCN has been issued, is applicable to Our Client. There have been no benami transactions entered into or enabled by Our Client in respect of the shares of JTREL and KSLIL. Our Client in no manner traded or dealt in shares, for generation of artificial volumes in the said scrips, as alleged or at all. Our Client has not utilized any person, as alleged or at all, for creating layers of fund transfer.*

It is hereby submitted that the findings in the SCN are vague and merely conjectures and surmises. The SCN proceeds on the assumption that the shareholding of JTREL to the extent of 27.75% belonging to various persons (as stated in the SCN) belongs to Our Client and other Promoters and that those various persons are holding shares in their name as Our Client's benamis. In respect of KSLIL, it has been assumed that the promoter entities of the said company had a control over 78.69% of the shareholding of the company, arriving at the above percentage by erroneously attributing the shareholding of various body corporates and individuals to that of the promoter entities. Further, the inference of benamis has been drawn on the assumption that the said persons are connected to Our Client and other Promoters or their companies as employees or workers or associate. It is submitted that the entire basis of the SCN is flawed and erroneous. There is no justification for saddling on Our Client for the shares belonging to other persons or for branding other persons as Our Client's benamis. The allegations levelled against Our Client in the SCN are based on mere surmises and conjectures, completely ignoring and overlooking the factual position on ground. In this context it is submitted that Our Client has not paid any consideration on behalf of various persons (alleged to be our benamis) either as promoter of JTREL or in his individual capacity for acquiring shares of JTREL held by them;

Our Client had no role to play in the decision of various persons (alleged to be his benamis) to acquire the shares of JTREL or to subsequently deal with the shares;merely because some of the persons were employees or workers in the companies connected to Our Client cannot lead to a finding that the shares held by them are Our Client's shares or that they are only holding shares as benamis;Our Client has no right, title or interest in the shares held by various persons (alleged to be his benamis) as alleged in the SCN not have any common understanding with the said persons.

II. *It is submitted that Our Client has not paid any consideration to the alleged entities for purchase of shares of JTREL and KSLIL. There is nothing on record to even remotely suggest that Our Client had provided any consideration to the alleged entities for purchasing the shares of JTREL and KSLIL on his behalf. Our Client reiterates that he has not paid any consideration on behalf of the said persons / entities for acquiring the shares*

of JTREL and KSLIL and inferences drawn by SEBI in the SCN are merely conjectures and surmises.

III. *Further, it is evident from the SCN itself that there are no allegations or materials brought on record to establish any violation by Our Client in respect of any of the provisions of SEBI Act, SCRA, PFUTP and/or SAST Regulations.*

IV. *Our Client vehemently denies each and every allegation levied upon it. It is humbly submitted that the allegations levied upon Our Client are baseless and devoid of any evidence in support of them.*

Jurisdiction

V. *Our Client states that the entire basis and crux of the allegation is that Our Client along with other promoters had used certain connected entities to hold shares of JTREL & KSLIL, without disclosing the same in the shareholding pattern as promoter group entities and therefore these entities whose name were not disclosed as promoter group entities were benamis of Our Client and other Promoters.*

VI. *In this regard it is humbly submitted that SEBI lacks the jurisdiction to decide* the *present case. This is because SEBI does not have the jurisdiction to decide the violation of Benami Transactions (Prohibition) Act, 1988. It is submitted that there is altogether a new law to deal with the benami transactions and hence the same cannot be covered into the ambit of SEBI Act and consequently cannot be adjudicated by SEBI. Therefore it is imperative that the proceedings must not be continued against Our Client and must be dropped as SEBI does not have jurisdiction to try the present case.*

Violation of principles of natural justice-

VII. *Our Client most humbly submits that, SEBI being a statutory authority has a duty to provide the documents relied upon while issuing the SCN to the entity in accordance with the principle of natural justice. However, in the present case, certain important documents have not been supplied to the Our Client even when the requisite documents have been relied upon while levying the allegations on Our Client. Our Client had requested for the document through a letter dated August 01, 2018, where he has asked for the following documents, namely:*

a. *Copy of the complete Investigation Report for the investigation conducted by SEBI in the captioned matter.*
b. *Complete Price volume data of the scrip of Jaybharat Textile & Real Estate Ltd. and KSL & Industries Ltd. for the period October 23, 2006 to December 2009 in the SCN as data provided in the SCN is only till the year 2007.*
c. *Complete Order Log for the orders placed in the scrip of Jaybharat Textile & Real Estate Ltd. and KSL & Industries Ltd. at BSE since October 23, 2006 to December 2009.*
d. *Complete Trade Log in the scrip of Jaybharat Textile & Real Estate Ltd. and KSL & Industries Ltd. since October 23, 2006 to December 2009 as the trade log provided is only of KSL & Industries Ltd. from the year 2003 to 2006.*
e. *Bank Statements and Demat Statements of Our Client.*
f. *Any other documents/ material relied upon while issuing the SCN for the alleged violation in the captioned matter.*

Our Client humbly brings to your knowledge that the above documents have not been provided by SEBI even when SEBI being the market regulator and statutory authority an obligation to provide the documents to the entity has based on which the allegations have been drawn. Since in the present case, an allegation that Our Client being a promoter entity in JTREL and KSLIL has indulged in acts leading to or purporting to price manipulation in the shares of the above companies have been levied, the above mentioned documents become necessary so as to provide Our Client an opportunity to defend himself. Since the above documents/ material have not been provided by SEBI, the cardinal principles of natural justice have been violated by SEBI. Further, Our Client would also like to point out that the documents provided by the SEBI do not clearly establish his involvement in the present matter, which when cumulatively considered together with the fact that the principles of natural justice have been abrogated, makes the SCN appropriately liable to be quashed on this ground alone.

VIII. *It is imperative that when the case is one involving the serious allegations as to price manipulation or using of front entities, the entire Trade Log and Order Log of the scrip, Bank Statements and Demat Statements of the is to be provided to Our Client in order to enable it to produce a meaningful defense to the charges levied against him. In the absence of the same it becomes impossible forOur Client to give any justification for any prevailing factual circumstance whatsoever. Even the copy of the investigation report has not been provided to Our Client which is an essential document and is also considered as a part of a Show-Cause Notice as per the regulatory jurisprudence of India.*

IX. *Our Client wishes to bring to the notice that the Hon'ble Supreme Court in the matter of Securities and Exchange Board of Ind ia v. Price Waterhouse (Civil Appeal No. 6003-6004/12) observed that SEBI, being a statutory authority, is not at the liberty to withhold information on the basis of what it has relied upon while preparing the Notice or otherwise. The relevant part of the said judgment is reproduced as under for the ready reference of your goodself:*

"We direct, that all statements recorded during the course of investigation shall be provided to the respondents. We further direct, that all documents collected during investigation shall be pennitted to be inspected by the respondents. The authors of such statements (recorded during investigation), which are to be relied upon (against the respondents), shall be offered for cross-examination to the respondents. Only thereupon, it will be pennissible to rely upon the same." ...

X. *Further, the Hon'ble Securities Appellate Tribunal made the observations in the matter of Shri B. Ramalinga Raju v.SEBI (Appeal No. 286 of 2014 dated May 12, 2017) that:*

XI. *"There can be no dispute that while determining the rights and obligations of the parties the quasi-judicial authority must adhere to the principles of natural justice which inter alia, includes the obligation to furnish requisite documents on the basis of which charges are framed and cross-examination of the persons whose statements are relied upon." (emphasis supplied)*

XII. *It is reiterated that in the matter of Ms. Smitaben N. Shah v. SEBI (Appeal No. 37 of 2010 dated July 30, 2010) the Hon'ble Tribunal in Para 7 of the order had clearly stated that:-*

"If the documents asked for are relevant and may help the delinquent to prepare his/her defence they have to be furnished and it is not correct to say that only the documents relied upon in the show cause Notice alone are to be supplied to meet the ends of the justice"

XIII. *Further, your goodself s kind attention is drawn towards the ratio laid by the Hon'ble Supreme Court while deciding the case of New Prakash v. New Suvama, AIR 1957 SC 232 in which it was observed that:*

"The rules of natural justice require that the party should have the opportunity to adduce all the relevant evidence on which he relies, that the evidence of the opponent should be taken in his presence and that he should be given an opportunity of cross-examining the witnesses examined by the other party;, and further that no material should be relied upon against him without his being given an opportunity of explaining it."

XIV. *Therefore, it is reiterated that from perusal and application of the above view of Hon'ble Supreme Court and Securities Appellate Tribunal, it can be concluded that the rules of natural justice mandates that, when an action of an authority gravely injures any individual's right and the reasonableness of the said action depends on fact findings, the evidence used to prove the case must be disclosed to the individual/entity so that he/it has an opportunity to show that it is untrue. Further, when an enquiry is conducted by an authority against individual visiting civil consequences, it cannot be treated as a casual exercise.*

XV. *Our Client further submits that the law laid down by the Hon'ble Supreme Court, Hon'ble High Court, Hon'ble Tribunal are binding on SEBI. Following the dictate of the Hon'ble Supreme Court, Hon'ble High Court, Hon'ble Tribunal, it is incumbent on the part of SEBI to provide complete inspection of all the documents, materials, reports, data etc. relied upon by SEBI for issuing the said SCN. It is pertinent to note that, by not providing the aforesaid complete documents, materials, reports, data etc., grave prejudice has been caused to Our Client. It is submitted that in view of non-availability of the aforesaid documents, Our Client has been incapacitated to submit an effective reply/ objection in the captioned matter.*

XVI. *In the light of the aforesaid, it is submitted that the documents that have not been provided to Our Client cannot be further relied upon and if the documents are relied upon then the same needs be provided to the Our Client to enable him to prepare a good defense in the matter or the whole SCN is liable to be quashed.*

VAGUE SCN

XVII. *It is further submitted that the SCN is bad in law and must be struck down on the ground of being vague and uncertain. The law as regards the requirement of issuance of Show Cause Notice and the contents that are mandatorily required to be included in such show cause notice was recently considered and elaborated by the Hon'ble Supreme Court in Gorkha Security Services v. Govt., (2014) 9 SCC 105. It was held as follows:*

" Contents of the show-cause notice

The central issue, however, pertains to the requirement of stating the action which is proposed to be taken. The fundamental purpose behind the serving

of show-cause notice is to make the noticee understand the precise case set up against him which he has to meet. This would require the statement of imputations detailing out the alleged breaches and defaults he has committed, so that he gets an opportunity to rebut tire same. Another requirement, according to us, is the nature of action which is proposed to be taken for such a breach. That should also be stated so that the noticee is able to point out that proposed action is not warranted in the given case, even if the defaults/breaches complained of are not satisfactorily explained ...

The High Court has simply stated that the purpose of show-cause notice is primarily to enable the noticee to meet the grounds on which the action is proposed against him. No doubt, the High Court is justified to this extent. However, it is equally important to mention as to what would be the consequence if the noticee does not satisfactorily meet the grounds on which an action is proposed. To put it otherwise, we are of the opinion that in order to fulfil the requirements of principles of natural justice, a show-cause notice should meet the following two requirements viz:

(i) The material/grounds to be stated which according to the department necessitates an action;

(ii) Particular penalty/action which is proposed to be taken. It is this second requirement which the High Court has failed to omit...."(emphasis supplied)

XVIII. *It has been further held in S.L. Kapoor v. Jagmohan & Ors., (1980} 4 SCC 379 that:*

"The demands of natural justice are not met even if the very person proceeded against has furnished the information on which the action is based, if it is furnished in a casual way or for some other purpose. We do not suggest that the opportunity need be a 'double opportunity' that is, one opportunity on the factual allegations and another on the proposed penalty. Both may be rolled into one. But the person proceeded against must know that he is being required to meet the allegations which might lead to a certain action being taken against him."

XIX. *It is humbly submitted that the SCN nowhere makes out any specific case against Our Client and in any manner provides an opportunity or details of any allegations that Our Client has to meet. The SCN is general and vague in nature and there is no specific case made out against Our Client and accordingly Our Client's submissions are also in respect of establishing his innocence by showing his non involvement in any of the actions of the company. It is therefore submitted that the SCN does not meet the mandatory requirements of a valid show cause notice as laid down by the Hon'ble Supreme Court in the aforesaid decision and so must be struck down on this ground alone.*

XX. *It is vehemently submitted that the alleged finding in the investigation carried out does not pertain to Our Client and the SCN itself does not, at any place, allege or produces any material on record, to suggest or establish that Our Client has been in any manner connected with any of the violations suggested. There has been no benami transactions, entered into or enabled by Our Client in respect of the shares of JTREL and KSLIL, and further has in no manner traded or dealt in shares for generation of artificial volumes in the said scrips as alleged or at all. Our Client has not been utilized by any person as alleged or at all for creating layers of fund transfer.*

XXI. Our Client submits that the allegations levied against Our Client is completely baseless, erroneous and without having any basis of any fact or documents, material and evidence on record. It is submitted that, assuming without admitting that Our Client is connected with the other Noticees, by no stretch of imagination would mean that other Noticees has acted as a benami entity for Our Client of JTREL and KSLIL and promoters / companies could camouflage shareholdings through Our Client.

XXII. Our Client submits the following:

a) It is denied that the 20 entities (hereinafter "said entities") detailed in SCN are linked to Our Client.

b) With reference to the Noticees on serial no. 01 to 11 (also referred to as "said entities") as mentioned in the Para 39 of the SCN it is denied that the entities as enlisted are promoter entities of KSLIL. Taking into consideration the shareholding of KSLIL for the quarter ended December, 2009 it is submitted that nowhere the said entities have been defined as either promoter entities or entities related to the promoters of KSLIL and hence the observation of the said entities being the promoter entities of KSLIL as per quarter ended December, 2009 is flawed and hence is denied.

c) Further, the Noticees mentioned on serial no. 12 to 17 (also referred to as "said entities") are alleged to be connected to promoters of KSLIL through common web of directors and similar addresses. It is brought to your kind consideration to the ratio of the Ld. Adjudication Officer in the matter of M/s. Nageshwar Investment Ltd. dated November 18, 2008, where the it has been held that commonality of directorships and address cannot be a definite base for concluding that two entities are connected in any sense and hence the said entities cannot be said to be connected to the promoter entities till the time any concrete evidence of the same is not put on the record. Since that is not the case in the present matter, we deny that Our Client is connected to any of the said entities. Further it is to be noted that the no elaboration on the basis of the connections alleged to be drawn has been provided to Our Client, in which case Our Client is unable to provide any justification or reply for the alleged connections.

d) Without prejudice to any of the argument, it is submitted that with respect to 'Bodies Corporate', and the allegation of direct or indirect relation with the promoter group, it is submitted that the same is neither uncommon nor unlawful and hence no adverse inference can be taken against Our Client based on the above alleged connection.

e) It is denied that the said entities hold shares as benamis of the companies in which Our Client & his relatives were promoter / Director at the relevant time.

f) As admitted by SEBI in the SCN, the said entities are shareholders under the category "holding by public".

g) Our Client's shareholding has been regularly disclosed by him to JTREL and KSLIL.

h) All purchases of shares made by him were made following the due procedure.

i) The shareholding pattern of JTREL AND KSLIL including total public holding referred to in the SCN is a matter of record and the details are available in the public domain. It is denied that the connected entities are connected to Our Client as alleged in the SCN.

j) The disclosures regarding total public holding etc. displayed on the website of BSE are matter of record. The rise in the share price cannot be attributed to Our Client. The same can be governed by various factors including market research reports and corporate announcements.

k) It is denied that Our Client has gained anything out of the increase in the price of shares of JTREL or KSLIL and the same is evident from the fact that he has never traded in the shares of JTREL or KSLIL on the market platform.

l) This is also corroborated from the fact that his shareholding in JTREL has remained unchanged for many years.

m) In respect of KSLIL, it is to be noted that the change in Our Client's holding has been reported in only 4 quarters out of the 39 months of the relevant Investigation Period which too is so insignificant that no adverse inference considering same can be taken against Our Client.

n) It is denied that there was any circular trading related to Our Client. Any trading done by alleged entities cannot be attributed to Our Client. The allegations in the SCN are vague and baseless.

o) It is denied that there was a very high promoter control as alleged in the SCN.

p) From time to time disclosures were made regarding the public or free float holding of the shares of JTREL and KSLIL and the same were as per actual facts and figures.

q) It is denied that there are any connected entities controlled by Our Client and that the allegations levelled against Our Client in the SCN are baseless and unfounded.

r) The shareholding of the entities is independent of their employment history. No negative inference can be drawn against Our Client on the basis of the employment history of few of the shareholders of JTREL or KSLIL. It is further denied that there was any degree of control by Our Client and the allegations in the SCN are baseless and unsubstantiated.

s) With respect to 'Bodies Corporate', and the allegation of direct or indirect relation with the promoter group, it is reiterated that the same is neither uncommon nor unlawful and hence no adverse inference based on such alleged connection can be taken against Our Client.

t) All disclosures made by Our Client for his shareholding were true and correct to the best of his knowledge.

u) It is denied that the alleged connected entities were controlled by Our Client at any point of time during the relevant period.

v) It is denied that the promoters attempted to show additional floating stock than what is actually available in the market as alleged. There was no reason for the promoters to do so.

w) It is denied that the shareholding of promoters as disclosed to the public at large gives a false and misleading impression or there was any deception on Our Client's part as alleged. It may be pointed out that it is a widely accepted fact that higher the stake of a promoter in a company, gives more comfort to an investor and hence the stock becomes more desirable and not vice versa.

x) It is denied that promoters were attempting to build up public interest by creating artificial volume resulting in price rise as alleged. Admittedly, Our

Client has not traded in the scrip of JTREL and KSLIL during the relevant period.

y) It is submitted that Our Client's shareholding in JTREL and KSLIL has always remained within the maximum permissible limit, and the same can be verified from the relevant documents. It is denied that there was any deception at all. It is denied that there was any indirect control by Our Client over the shares of JTREL or KSLIL. It is further denied that there were any front entities as alleged in the SCN. It is submitted that the allegations levelled in the SCN are base on conjectures and surmises.

z) It is denied that Our Client along with the other connected entities (as stated in the SCN), with the common understanding, had acquired and actually held shares in JTREL or KSLIL which is far in excess of what has been declared publicly. Our Client had no common understanding with anybody. All the acquisitions of shares of JTREL or KSLIL (if any) were made by him independently and the same were also disclosed from time to time transparently. Shareholding of others cannot be clubbed with Our Client's shareholding without any reason and merely based on suspicion, in order to draw adverse inference against him.

aa) It is denied that the alleged connected entities were actually connected to Our Client. It is denied that Our Client held shares in excess of what has been declared by him publicly. The said finding is baseless and totally contrary to the factual position on record.

bb) It is submitted that Our Client's Shareholding in JTREL and KSLIL has been always within the permissible limits, and the same can be verified from the record available.

cc) Further on the point that Mr. Rajesh Sharma, Mr. Nandkishore Panchal and Mr. Sandip Murkar have been defined as Person Acting in Concert (hereinafter referred to as "PAC") with the promoter group of JTREL and KSLIL, it is to be noted that the concept of "Person Acting in Concert" is very person and situation specific i.e. a person can be defined as a PAC in one situation with one person and the same relationship may not exist when the situation is altered or the person is different. It is brought to your knowledge that while the above 3 entities are defined to be PAC, to whom they may be called as PAC out of the whole promoter group of JTREL and KSLIL is not defined which makes it difficult for Our Client justify any such connection based on the factual circumstance. We would further like to bring to your consideration that the Hon'ble Supreme Court has also in the case of M/s Daiichi Sankyo Company Ltd. vs. Jayaram Chigurupati & Ors. (Civil Appeal No 7148/2009) has held that the position of parties as PAC is defined by the intention and the actions of the parties and such a status is to be determined based on the facts of each case and since the above mentioned entities did not have any common intention or understanding with Our Client, the same have been wrongly considered as his PAC, Our Client being a part of the promoter group.

XXIII. *Holding shares in physical form is lawful and no negative inference can be drawn against us for the said entities holding the shares of JTREL in physical form. Further, it is their wisdom and decision whether to hold the stocks or to dispose it and the same is of no concern to us and no negative inference can be drawn against us for the same*

XXIV. *It would be hard to say that just because an entity is connected to another entity, it is acting as the benami or front holder of that entity. Hence, in the present case no illegality can be attributed to Our Client as the findings bought out in the SCN, even if it is true cannot lead to a legitimate conclusion that Our Client has acted as a beneficial holder of the shares in JTREL and KSLIL.*

XXV. *The concept of benami transactions has been explained in Meenakshi Mills, Madurai v. The Commissioner of Income Tax, Madras, AIR 1957 SC 49 in which it has been observed by the Hon'ble Apex Court that*

"In this connection, it is necessary to note that the word ' benami' issued to denote two classes of transactions which differ from each other in their legal character and incidents. In one sense, it signifies a transaction which is real, as for example when A sells properties to B but the sale deed mentions X as the purchaser. Here the sale itself is genuine, but the real purchaser is B, X being his benamidar. This is the class of transactions which is usually termed as benami. But the word 'benami' is also occasionally used, perhaps not quite accurately, to refer to a sham transaction, as for example, when A purports to sell his property to B without intending that his title should cease or pass to B. The fundamental difference between these two classes of transactions is that whereas in the former there is an operative transfer resulting in the vesting of title in the transferee, iu tile latter there is none such, the transferor continuing to retain the title notwithstanding the execution of the transfer deed. It is only in the former class of cases that it would be incessant;, when a dispute arises as to whether the person named in the deed is the real transferee or B, to enquire into the question as to who paid the consideration for the transfer, X or B. But in the latter class of cases, when the question is whether the transfer is genuine or sham, the point for decision would be, not who paid the consideration but whether any consideration was paid." (emphasis supplied)

XXVI. *Further in Thakur Bhim Singh (Dead) by Lrs and Anr. v. Thakur Kan Singh, (1980) 3 SCC 72 it has been explained by the Hon'ble Supreme Court of India that:*

"Two kinds of benami transactions are generally recognised in India. Where a person buys a property with his own money but in the name of another person without any intention to benefit such other person, the transaction is called benami. In that case, the transferee holds the propertv for the benefit of the person who has contributed the purchase money, and he is the real owner. The second case which is loosely termed as a benami transaction is a case where a person who is the owner of the property; executes a conveyance in favour of another without the intention of transferring the title to the property; thereunder. In this case, the transferor continues to be tile real owner. The difference between the two kinds of benami transactions referred to above lies in the fact that whereas in the former case, there is an operative transfer from the transferor to the transferor though transferor holds the property; for the benami of the person who has contributed the purchase money;, in the latter case there is no operative transfer at all and the title rests with the transferor notwithstanding the execution of the conveyance. One common feature, however, in both these cases is that the real title is divorced from the ostensible title and they are vested in different persona." (emphasis given).

In the present case, it has nowhere been shown that the consideration for the transaction of purchase of shares of JTREL and KSLIL by certain Noticees was paid by Our Client. There is neither an allegation in the SCN nor any finding from which it can be deduced that the consideration for the purchase of stake in JTREL or KSLIL by the other Noticees was paid by Our Client. Hence, it cannot be said that Our Client is the beneficial holder of the shares in JTREL and KSLIL.

XXVII. *Further, it has been alleged in the that the only purpose of the involvement of these entities as a shareholder in JTREL and/ or KSLIL is for the purpose of camouflaging the control of the Promoter entities on the floating stock of the respective companies which would ultimately help such Promoter Entities to efficiently manipulate the stock prices of the shares of the respective companies. On the above point we would like to submit that though in the above narrative elaborately mentions the alleged purpose of the Promoter maintaining benami/from entities, it fails to mention the ultimate reason for which there would be a need of Our Client to manipulate the prices of the shares of the respective Companies and hence the above allegations is purely based on the vile imaginations and not on the factual grounds. The SCN fails to bring out the necessity or reason for Our Client to indulge in any of the scheme as described above. Along with the above argument, it also needs to be considered that the shareholding in JTREL has remained static during the Investigation Period.*

XXVIII. *Further, it has been alleged that JTREL never paid dividend to the alleged benami/ front entities and since they never enjoyed any dividend from JTREL, this reinforces the argument that such entities are benami/ front entities of promoters of JTREL. Further, the dividend paid to these entities, was immediately transferred to other promoter related/ controlled entities. On the allegation drawn above, it is submitted non-receipt of dividend by any shareholder cannot be a decisive factor to determine the nature of transactions and the holdings of that person. It is submitted that payment or non-payment of dividend is the prerogative of the Company and hence such non-payment of dividend cannot be linked to Our Client. Additionally, on the point that SCN mentions that such entities have transferred the dividends received by them to promoter related/ controlled entities, it is submitted that while the SCN mentions such transfer of monies, it is nowhere ascertained in what nature of transactions, the funds were transferred by the alleged benami entities of Our Client to other entities controlled by him and hence, we do not have any justifications for the same and for the same reason, no adverse inference can be taken against the Our Client in the present case. In any event Our Client states that all the monies received by him or in any of the entities controlled by him from any of the shareholder of KSLIL / JTREL was for bonafide purposes and had nothing to do with the dividends received by them, Our Client puts to the strict proof to prove otherwise.*

XXIX. *It can be seen from the SCN that there is no specific averment, allegation or statement against Our Client in respect of the alleged violation of various rules and regulations of SEBI Act, PFUTP Regulations, SAST Regulations and / or SCRA as alleged or at all. It is submitted that the SCN wrongly alleges that Our Client has violated Regulation 3 (b), (c), (d) and 4 (1), & 2 (d) (e) and (r) of PFUTP Regulations and Regulation 7(1),(2), 8(1),(2), 10 and 11(1) & (2) of SAST Regulations read with Section 21of SCRA.*

As regards alleged violations of the provisions of PFUTP Regulations:

XXX. With regard to the alleged violation of Regulation 3(b), it is denied that Our Client had used or employed any manipulative or deceptive device while trading in the shares of JTREL and/or KSLIL. There is not even a single allegation in the SCN itself that Our Client has in fact traded any shares of JTREL and/ or KSLIL.

XXXI. With regard to the alleged violation of Regulation 3(c), it is denied that Our Client had used or employed any manipulative or deceptive device or scheme to commit fraud while trading in the shares of JTREL and/ or KSLIL. There is not even a single allegation in the SCN itself that Our Client has in fact traded any shares of JTREL and/ or KSLIL.

XXXII. With regard to the alleged violation of Regulation 3(d), it is denied that Our Client had engaged in any act, practice or course of business which had operated as fraud or deceit on any person while dealing with shares of JTREL and/ or KSLIL. There is not even a single allegation in the SCN itself that Our Client has in fact traded any shares of JTREL and/ or KSLIL.

XXXIII. With regard to the alleged violation of Regulation 4(1), it is denied that Our Client had indulged in any fraudulent or an unfair practice in securities as alleged. There is no allegation in the SCN and no material, document or evidence has been brought on record by SEBI in the SCN to establish a violation of this provision.

XXXIV. With regard to the alleged violation of Regulation 4(2)(d) it is denied that Our Client has paid, offered or agreed to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security.

XXXV. With regard to the alleged violation of Regulation 4(2)(e) it is denied that Our Client had done any act or omission amounting to manipulation of the price of security. There is no allegation in the SCN and no material, document or evidence has been brought on record by SEBI in the SCN to establish violation of this provision.

XXXVI. With regard to the alleged violation of Regulation 4(2)(r) it is denied that Our Client has planted false or misleading news which may induce sale or purchase of securities.

XXXVII. No evidence whatsoever has been provided by SEBI to prove the aforesaid allegation of the PFUTP Regulations. It is humbly submitted that serious charges like fraud cannot be established on the basis of the surmise and conjectures. Attention is invited to the decision of the Supreme Court in Union of India vs. Chaturbhai M. Patel, AIR 1976 SC 712 which holds that fraud, even in civil proceedings, must be established beyond reasona ble doubt. Thus the allegations against Our Client does not meet the well settled standards of law and evidence in such a case and needs to be withdrawn.

XXXVIII. The SAT also held in Sterlite Industries vs. SEBI (Appeal No. 20/ 2001 dated 22nd October 2001) that "...in the absence of reasonably strong evidence, even in a civil proceeding, a person cannot be held guilty and awarded punishment. Mere surmise, conjuncture or suspicion cannot sustain the finding of fault". It is seen that in the present case, the SCN is admittedly based on no evidence leaving aside high or convincing preponderance of probabilities Thus, the SCN is bad in law and so must be withdrawn and the proceedings must be dropped.

XXXIX. It is submitted that serious allegation of violation of PFUTP Regulations cannot be alleged on the basis of mere surmises and conjectures and based on the erroneous interpretation of data, as has been done in the instant case. The same is also clear from the decisions given by various courts in numerous cases.

XL. In L.D. Jaisinghani v. Naraindas N Punjabi, AIR 1976 SC 373 wherein Ray, CJ speaking for the Court has observed:

"In any case we are left in doubt whether the complainants version with which he had come forward with considerable delay was really truthful. We think that in a case of this nature, involving possible debarring of the advocate concerned the evidence should be of a character which should leave no reasonable doubt about guilt. The Disciplinan; Committee had not only found the Appellant guilty but had disbarred him permanently. (In Re An advocate AIR 1989 SC 245)"

XLI. About the test of evidence in a civil proceeding, the following observations made by the Hon'ble Apex Court in Razikram v. J.S. Chauhan, AIR 1975 SC 667 is to be noted:

"It is true that there is no difference between the general rules of evidence in civil and criminal cases and the definition provided in section 3 of the Evidence Act does not draw a distinction between civil and criminal cases. Nor does this definition insist on perfect proof because absolute certainty amounting to demonstration is rarely to be had in the affairs of life. Nevertheless, the standard of measuring proof prescribed by the definition is that of a person of prudence and practical good sense... The same is equally true about proof of a charge of corrupt practice which cannot be established by a mere balance of probabilities".

XLII. The Hon'ble Supreme Court in yet another case with reference to adjudication under the Sea Customs Act and Land Customs Act in Ambalal v. Union of India, AIR 1961SC 264 relating to imposition of penalty on the person concerned had held:

"To such a situatian though the provisians of the Code of Criminal Procedure or the Evidence Act may not apply, except in so Jar as thet; are statutorily made applicable, the fundamental principles of criminal jurisprudence and of natural justice must necessarily apply. If so, the burden of proof is on the customs authorities and they have to bring home the guilt to the person alleged to have committed a particular offence under the said Acts by adducing evidence"

XLIII. Further in the case of Seth Gulabchand v. Seth Kudilal, AIR 1966 SC 1734 the Hon'ble Court has inter alia held that:

"the Indian Evidence Act applies the same standard of proof in civil cases. It makes no difference between cases in which charges of a fraudulent or criminal character are made and cases in which such charges are not made. But this is not to say that the courts will not, while striking the balance of probability; keep in mind the presumption of honesty; or innocence or the nature of the crime or fraud charged."

The SAT in its order in case of KSL & Industries Ltd v. SEBI (SAT Appeal no. 9/2003 decided on 30.09.2009) has held that "I do not find any material on record in support of the said charge. A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with

convincing evidence are not sustained. Fraud cannot survive on mere conjecture and surmises."

XLIV. *In Union of India v s. H.C. Geol (AIR 1964 SC 364) the Hon'ble Court has inter alia held that:*
"the principle that in punishing the guilhj scrupulous care must be taken to see that the innocent are not punished, applies as much to regular criminal trials as to disciplinary inquiries held under the statutory rules".

XLV. *As regards alleged violations of the provisions of SAST Regulations: it is submitted that as discussed above in detail above, there is not even a single allegation in the SCN and no material, document or evidence has been brought on record by SEBI in the SCN to establish that Our Client has in fact not traded any shares of JTREL and/ or KSUL. In fact the SCN itself states that Our Client has not traded in shares of KSLIL since March 2001. Therefore, in the absence of any acquisition of shares of either JTREL and/ or KSLIL during the Investigation Period, there is no violation of the provisions of the SAST Regulations as alleged or at all including specifically of Regulation 7(1),(2), 8(1),(2), 10 and 11(1) & (2) of SAST Regulations. The reason for the same is that as Our Client has not acquired any shares, either directly or indirectly, and so the provisions of SAST Regulations relating to the offer size, offer price, general exemptions or exemptions by the board does not apply to Our Client.*

XLVI. *As regards alleged violations of the provisions of SCRA: it is submitted that Our Client has complied with all the conditions of the listing agreement of the concerned Stock Exchange(s) and so it cannot be said that Our Client has violated Section 21 of SCRA.*

XLVII. *From the aforesaid it is clear that the allegations of violating the PFUTP Regulations, SAST Regulations and SCRA cannot be alleged against Our Client and the SCN needs to be dropped forthwith.*

XLVIII. *It is further submitted that while taking a decision under the impugned provision, the Learned Adjudicating Officer has to take in to account Section 15J of the SEBI Act, 1992 which specifies the factors to be considered before levying any penalty, which are as under:*
a) the amount of disproportionate gain or unfair advantage, whether 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."

XLIX. *With regard to Clause (a):- "the amount of disproportionate gain or unfair advantage, whether quantifiable, made as a result of the default": it is submitted that the findings do not lead to the conclusion that there has been disproportionate gain or unfair advantage to Our Client.*

L. *With regard to Clause (b);- "the amount of loss caused to an investor or group of investors as a result of the default" : it is submitted that there are no investor complaints filed at any Stock Exchange or SEBI in respect of the trades executed by Our Client (if any) in the scrip and the same has also not been alleged in the SCN. In absence of any direct information, the allegation of causing loss to other investors is baseless.*

LI. *With regard to Clause (c):- "the repetitive nature of the default." it is stated that Our Client does not have a repetitive nature of defaults and carries on their job in a dignified and respectful manner. It is submitted that the*

instances pointed out in the SCN are isolated instances of allegations drawn against him and hence there is no question of repetitive nature of default.

LII. *Having stated the factors of Section 15J, we would like to draw the attention of your goodself to a few case laws, wherein the respective courts have dealt into the aspect of penalty and factors for levying any penalty on any delinquent. In this regard your kind attention is drawn to Hon'ble Supreme Court's decision in the case of Hindustan Steel vs. State of Orissa (AIR 1970 SC 253) where it was held as follows:*

"An order imposing penalty; for failure to comply with a statutory; obligation is the result of a quasi-criminal proceeding and penalty will not be ordinarily imposed unless the party obliged either acted deliberately in defiance of law or was guilty of conduct contumacious or dishonest, or acted in conscious disregard of its obligation. Penalty will not also be imposed merely because it is lawful to do so. Whether penalty should be imposed for failure to perform a statutory obligation is a matter of discretion of the authority to be exercised judicially and on a consideration of all the relevant circumstances. Even if a minimum penalty is prescribed, the authority competent to impose the penalty will be justified in refusing to impose penalty, when there is a technical or venial breach of the provisions of the Act or where the breach flows from a bonafide belief that the offender is not liable to act in the manner prescribed by the statute."

We also brings to your goodself's notice that the Hon'ble Supreme Court of India in the matter of Adjudicating Officer vs. Bhavesh Pabari (Civil Appeal No. (S).11311 of 2013, dated February 28, 2019) has held that section 15J is illustrative in nature and the relevant factors depends from case to case basis. The relevant part of the same is reproduced below:

"..This is dictum, however, does not mean that factum of continuing default is not a relevant factor, as we have held that clauses (a) to (c) in Section 15-J of the SEBI Act are merely illustrative and are not the only grounds/factors which can be taken into consideration while determining the quantum of penalty;."

LIII. *Again, the Hon'ble Apex Court in the case of Ex-Naik Sardar Singh vs. Union of India (1991) 3 SCC 212) inter alia held that:*

LIV. *11 the penalty imposed must be commensurate with the gravity of the misconduct and that any penalty disproportionate to the gravity of the misconduct would be violative of Article 14 of the Constitution.11*

LV. *Further in the matter of Ranjit Thakur vs. Union of India (AIR 1987 SC 2386) it was held that:*

"77. The Sentence has to suit the offence and the offender. It should not be vindictive or unduly harsh. It should not be so disproportionate to the offence as to shock the conscience and amount in itself to conclusive evidence of bias. The doctrine of proportionality, as part of the concept of judicial review would ensure that even on an aspect which is, otherwise, within the exclusive province of Court Martial, if the decision of the Court even as to sentence is an outrageous defiance of logic then the sentence would not be immune from correction. Irrationality and perversity are recognized ground of judicial review. The penalty imposed must be commensurate with the gravity of the misconduct and that any penalty disproportionate to the gravity of the misconduct would be violative of Art. 14 of the Constitution. The point to note and emphasis is that all powers have legal limits."

LVI. *In the instant case it can be seen from the SCN that there is no specific averment, allegation or statement made out against Our Client in respect of the alleged violation of various rules and regulations of SEBI, the said allegations have been made out in a generalized manner, without any specific details as to the nature of any role played by Our Client in respect of any of the alleged violations. Further, as we have also explained the genuineness of the case, the question of imposition of any penalty does not arise in the present case. Therefore, it is duly submitted that Our Client has not committed any wrong and no charge has been established against Our Client even prima facie, to warrant any action and hence the SCN must be quashed.*

LVII. *It is strenuously submitted that Our Client has not traded in either of the scrips of the said two companies. The SCN also does not make out any case of trading by Our Client and no documents, materials and evidence has been annexed to the SCN to establish any trading by Our Client in the scrips of JTREL and KSLIL during the Investigation Period.*

LVIII. *It is submitted that the aforesaid explanations make it quite clear that Our Client has not violated any provisions of the SEBI Act, PFUTP Regulations and SAST Regulations and therefore the directions and findings of the SCN must be quashed and set aside with immediate effect. The SCN is uncalled for and unjust since there is no justification in subjecting Our Client to such harsh and baseless allegations. It is submitted that, Our Client has not committed any wrong and no charge has been established against Our Client even prima facie, to warrant any action. Therefore it will be unfair to subject Our Client to unwarranted directions under the SEBI Act, PFUTP Regulations and SAST Regulations.*

LIX. *In view of the foregoing submission it is respectfully submitted that Our Client has not violated any provisions of the SEBI Act, PFUTP Regulations SAST Regulations and therefore the findings of the SCN must be quashed and set aside with immediate effect. The SCN is uncalled for and unjust since there is no justification in subjecting Our Client to such harsh and baseless allegations. It is submitted that, Our Client has not committed any wrong and no charge has been established against its prima facie, to warrant any action. Therefore, it will be unfair to subject them to unwarranted directions under the SEBI Act, PFUTP Regulations and SAST Regulations.*

LX. *We request on behalf of Our Client that in addition to the opportunity to place this reply on record, Our Client should also be given an opportunity of personal hearing before any decision is taken by your goodself in the matter. Our Client reserves his right to add / alter / amend / modify / any of the contentions raised in this reply at any time during the pendency of these proceedings.*

Further, with regard to Noticee 55 and 56, AR has enclosed copies of orders of NCLT dated September 06, 2019 in the matter of Abhinandan Multitrade Pvt. Ltd. and Anr.; and January 03, 2020 in the matter of Vighnaharta Corrugators Pvt. Ltd.

& Ors. Vs. Jaybharat Textilies & Real Estate Limited. AR *interalia* stated "*taking into consideration the observations and dictum of the Hon'ble Supreme Court and Hon'ble Tribunal, since in instant case, the Hon'ble NCLT by its order dated January 03, 2020 has declared moratorium under Section 14 of the IBC, therefore, any proceedings under any law against our client cannot be preceded with once the moratorium is in effect*."

Mr. Ankit Lohia, Mr. Aditya Bhansali, Mr. Pulkit Sharma, and Ms. Nirali Mehta, authorized representatives of the Noticee 1-6 and 55 (hereinafter referred to as 'ARs') attended the hearing through Video Conference mode using Webex platform. The AR reiterated the submissions made vide reply dated January 29, 2021. During the course of hearing on February 09, 2021 ARs contended that certain documents were not provided to them, it was communicated to the AR that the relevant portion of the investigation report (**IR**) may be collected in person by the representative of the Noticees. Further, regarding the request for other documents including Price Volume Data and Trade and Order Log, it was stated that the same would be reconciled with the annexures already provided to the Noticees in CD. Also the AR was advised to provide justification for the request of bank and demat statements by the Noticees. In this regard, in the interest of natural justice, the representative of the Noticees was advised to visit SEBI's office on February 10, 2021 at 11:00 AM to reconcile the data already provided with the SCN. Ms. Nirali Mehta, Authorised Representative appeared on behalf of Jaybharat Textile and Real Estate Limited, Ms. Vandana Tayal, Ms. Nina Tayal, Ms. Jyotika Tayal, Ms. Bhawana Tayal, Mr. Saurabh Kumar Tayal, and Mr. Ram Pratap Tayal) and attended the SEBI office on February 10, 2021 for reconciliation of documents in the matter of JTREL and KSLIL. Another opportunity of hearing

granted to Noticee 1- 6 and 56 on February 23, 2021 was availed. Vide letter dated April 08, 2021, AR has submitted post hearing submissions reiterating the submissions made in its earlier reply.

7.2 KSLIL /Noticee 56- Vide email dated newly appointed Authorized Representative, Ms. Akshada Pasi had requested for a week's time to engage counsel in the matter. Accordingly, vide email dated March 01, 2021 hearing was granted on March 10, 2021. Hearing was conducted through Webex on March 10, 2021. Ms. Rishika Harish, Advocate, reiterated the submissions made by Mindspright Legal (erstwhile AR) vide letter dated January 19, 2021 and January 29, 2021 on behalf of the Noticee. Advocate of the Noticee further requested time till March 12, 2021 to submit separate reply along with a list of documents seeking copies of the same in the subject matter. Vide email dated March 12, 2021 Noticee had sent a list of documents seeking IR and other documents. Vide email dated April 09, 2021, a copy of IR in the matter of JTREL and KSLIL was provided to Noticee 56 and it was also informed that rest other documents were already provided as annexures to the SCN. Vide email dated April 28, 2021 Noticee 56 was granted an opportunity of hearing on May 05, 2021. However, Noticee 56 did not avail the opportunity of hearing on the scheduled date.

7.3 Hitesh Dodiya / Noticee 7 - SCN sent through SPAD had returned undelivered with comment "*Left*" from the address '*Silvassa Police Lane, Building No. F2, D. & N, Haveli, Silvassa'*. Undelivered envelope is available in file. SCN was uploaded on SEBI website under the head "Unserved Summons/ Notices". Subsequent to appointment of the undersigned, SCN and copy of communique were sent vide letter dated January 10, 2020. SCN along with the communique dated December 26, 2019 sent to the address of the Noticee had returned undelivered with comment

"*left*". Vide paper publication dated August 28, 2020 SCN was served upon the Noticee. Noticee 7 was granted 14 days time to file its reply and an opportunity of hearing was provided on October 06, 2020 through paper publication. In this regard newspaper clipping of Hindustan Times is available on record. Vide newspaper publication dated January 23, 2021 the Noticee was granted time of 14 days to submit reply to the SCN and was also granted an opportunity of hearing on February 22, 2021.

Pursuant to public notice, I note that Noticee 7 has furnished reply without mentioning his current address in his letter dated February 05, 2021. Noticee 7 in his reply submitted identical reply as detailed under Noticee 35, additionally submitted as under:

i*) I specifically deny that I have held more than 600 shares in JTREL which has been declared by me publicly. There have been no benami transactions, entered into or enabled by me in respect of the shares of JTREL and KSLIL, and further have in no manner traded or dealt in shares for generation of artificial volumes in the said scrips as alleged or at all. The SCN has failed to establish any connection between me and any of the Promoters and so it cannot be alleged for creating any kind of layers of fund transfer to avoid scrutiny.*
ii)With respect to the findings made in Paragraph 3 of the SCN, it is submitted that Paragraph 3 of the SCN sates SEBI instituted Adjudication proceedings vide order dated December 20, 2011 in the matter of JTREL and KSLIL, against the 57 entities (including me) for alleged violation of SAST Regulation, 1997 and PFUTP Regulation, 2003. It is further submitted that, the SCN erroneously and without any basis alleged me for being a benamidar I front holder for Promoters of JTREL. Further, with regard to table in the paragraph no. 3, I humbly submit that the said details of findings post evaluating all the evidences and facts available on record, has gone ahead and dropped charges of benamidarI front holder against me and the same is documented in Page no. 4 of the SCN. Therefore, it is SEBI's own case that, Iam not a benamidar I front holder in relation to JTREL and therefore, the allegation of being benamidarlfront holder as contained in the Show Cause Notice is erroneous, and arbitrary, and the same also ex-facie reflect the present prepared SCN without giving any due regard to the facts which are part of the record and hence, the same has to be disposed off qua me.
iii) Please note that specific allegations against me have been brought out in the Notice in paragraph 7, 40, 41, 42, 43 only and I have no other allegations in the SCN against me. It is submitted that, on the basis of reasons and explanations given in this Reply including the fact that there are no specific allegations against me with respect to any alleged wrongdoing in the proceeding paragraphs other than

paragraph 7, 40, 41, 42, 43 and the fact that I have not traded in the scrip of JTREL during the Investigation Period is true. Also, all the trades and activities which have been analysed for the purpose of formulating the supposed conclusion that I and other noticees in the SCN extensively create false volume and inflate prices is totally wrong. Therefore, the allegations as regard any wrongdoing on the basis of material, documents and evidence allegedly analyzed under the SCN do not and cannot pertain to me as I have not traded in the scrip of JTREL.

vi)I have vide dated August 01, 2018 requested your goodself to provide me with certain documents.

v)The SCN also does not make out any case of trading by me and no documents, materials and evidence has been annexed to the SCN to establish any trading by me in the scrips of JTREL and KSLIL during the Investigation Period.

vi) As regards investigation into the trading in the scrip of KSLIL is concemed, it is submitted that since I have not traded in the said scrip during the Investigation Period, since I am not a shareholder of KSLIL and in any case since the SCN also does not in any manner suggests or makes any allegations or observations or produces any materials and documents to suggest that I am involved in any wrong doing with respect to the price movement of such scrip or trading in the said scrip, no allegations of any violations of the provisions of the SEBI Regulations including PFUTP Regulations and SAST Regulations, as alleged or at all, can be sustained against me.

vii) It is evident from the trade logs detailing the trades in the scrips of JTREL and KSLIL during the Investigation Period, as annexed to the SCN as well as to this Reply that I have not traded in either of the scrips of the said two companies. In fact, I do not even hold any shares in KSLIL as regards JTREL

viii) Also, it is important to note that the Learned Whole Time Member in the same subject matter has passed an Order dated January 10, 2019 wherein I have been exonerated as the SCN did not bring out the fact to establish connection of the Noticee with other notices for manipulating the volume and price of the scrip of JTREL and KSLIL."

It is pertinent to mention here that Noticee's letter dated "August 01, 2018" as claimed by Noticee 7 in the above reply, is not found on record. In the absence of the same, it is not clear as to what documents had been sought in order to examine the request. However, all relied upon documents have been shared with the Noticee along with the SCN. The hearing for the Noticee was scheduled on February 22, 2021, however, the Noticee did not appear for the same despite seeking opportunity of hearing and providing the same.

7.4 Anil Kumar Dubey / Noticee 8- SCN was delivered. Proof of delivery is availble on record. Vide letter dated July 07, 2018, Noticee was informed to file reply to the

SCN with in 14 days and an opportunity of hearing was granted on August 07, 2018. Subsequent to appointment of the undersigned, a copy of communique was sent to the Noticee vide letter dated March 20, 2020 through SPAD. Vide letter dated October 09, 2020 Noticee was granted hearing on October 21, 2020 Noticee did not avail hearing opportunity on specified date. Vide letter dated January 11, 2021 Noticee was granted final opportunity of hearing on January 22, 2021. Noticee had neither filed reply to the SCN nor availed the hearing on specified date.

7.5 Dinesh Dongre/ Noticee 9-SCN sent through SPAD was delivered at address "*101, Ridhi Sindhi CHS, Muktanand Marg, opp to Union bank, Silvassa Road, Silvassa-396230*". Proof of delivery is available in file. Vide letter dated July 07, 2018, Noticee was informed to file reply to the SCN with in 14 days and an opportunity of hearing was granted on August 08, 2018. This letter was sent through SPAD and proof of delivery is available in file. Vide letter dated April 08, 2019, an opportunity of hearing was granted on May 13, 2019. This letter was sent through SPAD and proof of delivery is available in file. Subsequent to appointment of the undersigned, copy of communique was sent to the Noticee vide letter dated March 20, 2020 through SPAD. This letter was sent through SPAD and proof of delivery is available in file. Vide letter dated October 09, 2020 another opportunity of hearing was granted on October 21, 2020. This letter was returned undelivered. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. Noticee 9 did not avail hearing opportunity on specified date.

7.6 Mahendra Kumar Panchal / Noticee 10-

SCN was served through SPAD. Delivery proof is available in file. Vide letter dated July 07, 2018, Noticee was granted hearing on August 08, 2018. Subsequent to appointment of the undersigned, copy of communique dated December 26, 2019

was sent vide letter dated March 20, 2020. Further, Noticee was advised reply to the SCN within 15 days after receipt of the letter. Proof of delivery of this letter through SPAD is on record. Noticee neither filed reply nor availed the hearing. Vide letter dated October 09, 2020 another opportunity of hearing was granted on October 21, 2020. Vide letter dated January 08, 2021 Noticee was granted final opportunity of hearing on January 22, 2021. This letter sent through SPAD had returned undelivered with comment "*door locked*". Vide public notice dated February 17, 2021, Noticee was granted time to file reply within 15 days from the publication and an opportunity of hearing was granted on March 15, 2021. This public notice was published in Vapi edition of Times of India; Gujarat Vaibhav and Gujarat Samachar. Pursuant to public notice, I note that the Noticee 10 has furnished reply without mentioning his current address in his letter dated February 20, 2021. Noticee 10 in his reply submitted identical reply as detailed under Noticee 35, additionally submitted as under:

1) *As per details provided along with the SCN, I was holding 1,05,951 shares of JTREL, and as per the data available in BSE website about total shareholding of the JTREL it tantamount to only 0.03% of the total shareholding and this in no manner could be said to have breached the threshold limit prescribed under Regulations 7(2) and Regulations 8(2).*
2) *It is further submitted that, the liability to make a disclosure of a person only arises under Regulation 7(2), if he crosses the threshold limit prescribed in Regulations 7(1) and 7(1)(A). Regulations 7(1) casts a responsibility upon an acquirer (along with their PAC), to disclose in the manner provided under the Regulations if he is entitled to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company. Regulation 7(1) (A) deals with acquisition by a class of acquirers more than 2% of the shareholding of the Company. It is submitted that as a matter of fact, I do not by virtue of my holding become an acquirer hence; the liability under Regulations 7(2) does not get triggered qua me.*
3) *It is further submitted that, as I was holding O.O3% of the total shareholding of JTREL and during the entire investigation period there was no change in my shareholding thus, in an ex-facie manner the Regulations 10 and 11(1) do not get attracted in the present matter.*
4) *The SCN apart from making sweeping allegations that l and Tayals were using a common communication or business address, the SCN further failed to point out a single piece of evidence which could reflect that, I was using*

communication address, which was used by Krishna Life Style Technologies Ltd., a company promoted by Tayals. It is further to be noted that, the allegations contained in the SCN should be substantiated by the documents which are annexed and made part of the SCN and in absence of the same your goodself cannot take cognizance of the same.

5) *Further, not an iota of evidence has been brought in record to show that, I along with other noticees have ever acted in furtherance of a common objective or for a purpose of substantial acquisition of shares or voting rights or tried gaining control of JTREL. Please note, I had 1,05,951 shares in JTREL which l had invested out of my hard-earned money, and my holding in JTREL represented O.O5% of the total shareholding of JTREL. In any event SCN fails to bring on record any evidence which could to establish that, there was agreement between me and with other noticees to act in a manner, in furtherance of any understanding or design or co-operated any person by acquiring shares in JTREL or exercise control over JTREL.*
6) *Further it is important to note that, the concept of PAC generally comes into existence when there is an acquirer who tries to acquire substantial shares of a company or control over it. However, in the present case, SCN has demonstrated/contended that the Promoters of JTREL were at all times were in control of the Company or in other words, the substantial shares of JTREL were at all times with the Promoters of JTREL, under such circumstances, how would I have co-operated with the Promoters, in gaining control of JTREL which at all-time were in control of JTREL or co operated them in acquiring substantial shares in JTREL, who as per the SCN at all times had substantial shares of JTREL with them.*
7) *It is also important to note here that, SCN neither provides any evidence nor makes a suggestion that, the shares acquired/investment made by me, in the scrip of JTREL was out of any funds received from either from Promoters of the JTREL or from any other noticees mentioned in the SCN.*
8) *Thus, in light of the aforesaid it is not only irrational but, beyond reason as to why the SCN has alleged violation Regulations 7(2), 8(2), 10, 11(1) of Takeover Regulations 1997 on me.*
9) *It is humbly submitted that SEBI lacks the jurisdiction to decide the present case. This is because SEBI does not have the jurisdiction to decide the cases pertaining to Benami Transactions (Prohibition) Act, 1988. It is submitted that there is altogether a new law to deal with the benami transactions and hence the same cannot be covered into the ambit of SEBI Act. Therefore, it is imperative that the proceedings must not be continued against me and must be dropped as SEBI does not have jurisdiction to try the present case.*

Vide letter dated March 31, 2021, Noticee 10 was granted hearing on April 12, 2021. This letter was sent through SPAD. Proof of delivery is available on record. Noticee 10 did not avail the opportunity of hearing on the scheduled date. Further the details of hearing provided through newspaper publication is mentioned elsewhere in this order.

7.8 Nitish Nayak / Noticee 11- SCN sent through SPAD had returned undelivered from address "*204, Alphine Building, Garden City, Krishna Company Road Samarvani*" with the comment "*left*". Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading "Unserved Summons / Notices". Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 10, 2020 through SPAD and Hand Delivery (HD) returned undelivered with the comment "left". Undelivered envelope is available in file. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. Noticee 11 did not avail hearing oppoertunity on specified date.

7.9 Beta Trading P Ltd. / Noticee 12 – Upon perusal of the records as available on MCA website it is understood that the status of Noticee 12 i.e., Beta Trading Pvt. Ltd (having CIN : U52590MH2007PTC174176) is shown as "Strike Off". As per the approval, action has been initiated against the company. Further, on perusal of the Form No. STK-7, Notice of Striking Off and Dissolution No. ROC-MUM/Section 248/22774/STK-7/9182, dated December 14, 2018, as available in the MCA website, issued by the Registrar of Companies, Mumbai, Maharashtra, I note that it has been stated in the said notice that pursuant to Section 248(5) of the Companies Act, 2013, Noticee 12 has been struck off the register of companies, and stands "dissolved" since December 04, 2018. I note that as per law the Noticee company i.e., Beta Trading Pvt Ltd does not exist as on from the date of dissolution as certified by the RoC. It may also be noted that a company is an artificial juristic person with separate legal entity that comes and exits by operation of law. Therefore, the SCN issued against the

company-Noticee cannot be proceeded further and the same needs to be disposed of for the above reason.

7.10 Inorbit Trading Co P Ltd. / Noticee 13- Upon perusal of the records as available on MCA website it is understood that the status of Noticee 13 i.e., Inorbit Trading Co P Ltd. is shown as “Strike Off”. However, the Form No. STK-7, Notice of Striking Off and Dissolution in relation to Noticee 13 has not been made available. I note that the SCN sent to the Noticee 13 through SPAD returned undelivered from the Noticee’s address with the comment “No such Consignee”. Subsequent to the appointment of the undersigned as AO, the SCN was once again sent to the Noticee through SPAD and also for affixture, however the same could not be delivered. Accordingly, details of the SCN was served on the Noticee though newspaper publication on November 16, 2020. The Noticee was also granted opportunity of personal hearing on October 06, 2020. However, the Noticee did not submit any reply nor did it appear for the hearing. Subsequently, vide newspaper publication on April 21, 2021, the Noticee was granted another opportunity of hearing on April 30, 2021. However, the Noticee did not submit any reply nor did it appear for the hearing.

7.11 Avera Properties P Ltd. / Noticee 14- SCN sent through SPAD returned undelivered with the comment “left”. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. However, Noticee 14 neither filed any reply nor avail the opportunity of hearing on the scheduled date.

7.12 Jayshree Petrochemicals P Ltd./ Noticee 15- SCN was served through hand delivery. Delivery proof is available in file. Vide letter dated July 07, 2018, Noticee

was granted hearing on August 07, 2018. Vide letter dated July 30, 2018 Noticee had requested for copies of documents listed therein. Vide letter dated September 03, 2018 Noticee was sent with the requested documents detailed in the letter. Further Noticee was granted time to file reply by September 18, 2018 and an opportunity of hearing on September 24, 2018. However, the said letter with the enclosed CD returned undelivered from the address of the Noticee as mentioned in its letter head. Subsequent to appointment of the undersigned, copy of communique dated December 26, 2019 was sent vide letter dated March 20, 2020. Further, Noticee was advised to file reply to the SCN within 15 days after receipt of the letter. Proof of delivery of this letter through SPAD is on record. Noticee vide letter dated August 31, 2020 requested till end of novel coronavirus to submit written reply. Vide letter dated October 09, 2020 another opportunity of hearing was granted on October 21, 2020. This letter sent through SPAD had returned undelivered with comment "*Unclaimed-returned to sender*". Vide letter dated January 08, 2021 Noticee was once again provided the documents requested by it and was also granted final opportunity of hearing on January 22, 2021. The letter was sent to the address as mentioned in the letter head of Noticee's reply and even the covering envelope of the letter carried the same address. However, this letter sent through SPAD had returned undelivered with comment "*Unclaimed-retunrned to sender*". The said letter was also sent for affixture at the address mentioned by the Noticee, however the same returned undelivered as no such consignee at the address. Later hearing notice was served through public notice as detailed elsewhere in this order. Pursuant to public notice, I note that the Noticee 15 has furnished reply without mentioning his current address in his letter dated February 04, 2021. Noticee in its reply

submitted identical reply as detailed under Noticee 35, additionally submitted as under:

i) In regards to the alleged connection with the promoter entity of JTREL and KSLIL, it is submitted that the Noticee though is related to promoter entities of JTREL and KSLIL, the said association is narrow and limited as evident from the fact. It can be seen from the facts that no director of JTREL and KSLIL has been a director at the board of the Noticee or vice versa, during the Investigation Period and hence the Noticee submits that its connection/ association with the promoters of JTREL and KSLIL is thin and very restricted.

ii) At the outset it is submitted that none of the aforesaid allegations, and the alleged basis on which the Notice has been issued, is applicable to the Noticee. Noticeehas not traded in the scrip of JTREL or KSLIL for generation of artificial volumes or jacking up the prices in the said scrips, as alleged.

iii) In regards to the allegation that the Noticee was used by the promoters of JTREL and KSLIL for fund transfer between the entities allegedly connected to the promoters of JTREL and KSLIL, the said allegation in Para 6-H of SH Notice is denied and it is submitted that the basis of such an allegation is some fund transfer between the Noticee and Mr. Nitish Nayak. It has been alleged that Mr. Nitish Nayak on October 30, 2006, received a sum of Rs. 2,88,000/- and Rs.10,55,000/- from the Noticee and immediately i.e. October 31, 2006 and November 01, 2006, entire amount was transferred to KSLIL. In regards to the same it is submitted that the Noticee had transferred the said amount to Mr. Nitish Nayak in the Normal Course of Business. Hence, taking into consideration the above submission, no adverse inference regarding the same can be taken in the present case or attributed to the said transfer of funds. In respect of Mr. Nitish Nayak transferring the funds to KSLIL, since the same does not relates to the Noticee, no comments are offered on the same, while at the same time the Noticee reserves its right to comment on the same if any inference to the above fact is taken which pertains, relates or in any way affects the Noticee.

iv) Without prejudice to any other fact, submission or argument, it is submitted that the Notice brings out only one such instance of the fund transfer through the Noticee to any entity alleged to be connected to the promoters of JTREL and KSLIL and hence it is earnestly submitted that if the Noticee would have been used as a medium for transfer of funds by the promoters of JTREL and KSLIL, your goodself and/ or the Investigating Officer would have come across many such instances and hence it is denied that the Noticee was used as a medium for fund transfer and the allegation is devoid of any merit in the present case.

v) Without prejudice to any of the submissions and arguments, it is reiterated that your goodself has not provided the Noticee with the complete trade log and order log of the scrip of JTREL and hence the Noticee is not able to make a viable defense in the matter. The Noticee hereby requests you to kindly provide the complete trade log and order log of the scrip of JTREL to the Noticee in order to enable it to present its viable defense against such serious allegations.

vi) Without prejudice it is submitted that name of the Noticee has been unduly coupled with names of other Noticee against whom there are allegations of volume manipulation. It is submitted that the Noticee independently deals in the

securities market and does not influences other entities nor is influenced by the trading decision of other entities. It is submitted that even if the Noticee is associated, though restrictively with the promoters of JTREL and KSLIL, no connection or association of the Noticee with other Noticees in respect of the Noticee trading or trading of other Noticees has been shown in the Notice and hence it is submitted and maintained that the trading of the Noticee is to be considered independently.

Without prejudice to any of the submissions and arguments, it is reiterated that your goodself has not provided the Noticee with the complete trade log and order log of the scrip of JTREL and hence the Noticee is not able to make a viable defense in the matter. The Noticee hereby requests you to kindly provide the complete trade log and order log of the scrip of JTREL to the Noticee in order to enable it to present its viable defense against such serious allegations.

Without prejudice to the foregoing arguments and the submissions, it is submitted that even if the trading variables in respect of the Noticee as mentioned in the Notice are to be considered, it can be seen that the overall trading of the Noticee forms a meager 2.3% of the total shares traded at BSE during the period of January 01, 2006 to December 31, 2006 and 1.18% of the overall trading volume in the market. Hence the allegation of the Noticee leading to creation of volume in the market is untenable. It is further to be noted that there is no allegation of any manipulative/fraudulent trading against the Noticee for the aforesaid period.

It can be seen that the contribution of the Noticee to the overall trading volume at BSE is just 4.05% and hence the allegation of your goodself that the Noticee has contributed in creation of artificial volume in the scrip of JTREL is wrong and is liable to be set aside. It is to be noted that your goodself has failed to bring out any connection of the Noticee with either EDC Securities or Mr. Nitish Nayak in relation to the trading of the shares of JTREL from which the intent of the Noticee to enter into such transactions could be ascertained and hence the allegation regarding the same are liable to be set aside. It is brought to your notice that synchronized trades are not defined per-se to be illegal and it is only in the cases where it is profoundly established that the same transactions have been entered into in order to upset the equilibrium of the market, that such transactions can be termed as synchronized transaction. The Noticee in support of the above arguments relies upon the ratio of the Hon'ble Tribunal/ Courts in the cases of Ketan Parekh vs. SEBI (Appeal No. 02/2004) decided on July 14, 2006 and S.P.J. Stock Brokers Pvt. Ltd. v. Securities and Exchange Board of India.

Vide letter dated March 31, 2021 Noticee 15 was granted an opportunity of hearing on April 12, 2021. Later hearing notice was served through paper publication and newspaper details are mentioned in subsequent paras. Noticee 15 did not avail the hearing opportunity on the specified date.

7.13 EDC Securities P Ltd. / Noticee 16

The SCN was delivered to the Noticee. However, no reply was received. Vide Hearing Notice dated July 07, 2018, Noticee was granted opportunity of hearing in the matter on August 07, 2018, and further Noticee was granted opportunity of filing reply to the SCN. Purusant to the appointment of the undersigned as AO, the change in AO was communicated to the Noticee vide letter dated March 20, 2020, and the Noticee was granted opportunity to submit reply to the SCN. In reply, vide letter dated September 02, 2020 Noticee requested four weeks time to file reply to the SCN.Vide letter dated October 09, 2020 Noticee was granted hearing on October 21, 2020. However, the Noticee did not appear for the same. Vide letter dated January 11, 2021 Noticee was granted final opportunity of hearing on January 20, 2021. Vide letter dated January 19, 2021, Noticee requested extension of 3 weeks for an opportunity of hearing. I note that Noticee has repeatedly sought adjournments and not filed any reply to the SCN and also did not avail hearing on the specified dates. Vide email dated July 19, 2021 (sent to the email id- edcsecurities@hotmail.com, as mentioned in its reply and as available in the MCA company master data) the Noticee was granted final opportunity of hearng on July 22, 2021 through video conference, in view of the prevailing circumstances owing to pandemic. However, no response was received from the Noticee and the Noticee did not appear for the hearing.

7.14 Axon Realpro P Ltd / Noticee 17- SCN sent through SPAD returned undelivered with the comment “left”. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. However, Noticee 17 neither filed any reply nor avail the opportunity of hearing on the scheduled date.

7.15 Megna Developers P Ltd / Noticee 18- SCN sent through SPAD was returned undelivered from address "*Unit no.34 a, 2nd floor, Arsiwala Building, wode House Road, Colaba, Mumbai-"*. Undelivered envelope is available in file. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. Noticee 18 did not avail hearing opportunity on specified date.

7.16 Avery Procon P Ltd / Noticee 19- SCN sent through SPAD returned undelivered with the comment "left". Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. However, Noticee 19 neither file any reply nor avail the opportunity of hearing on the scheduled date.

7.17 Girish Pukale / Noticee 20 - Vide letter dated February 11, 2021 Noticee 42 had submitted an identical reply as detailed under Noticee 35. Advocate Tanvi Patil appeared for hearing on behalf of Noticee 42. Hearing is completed on February 03, 2020.

7.18 Gopal Aggarwal/ Noticee 21- SCN sent through SPAD had returned undelivered from address "B/11, 2nd Floor, Gurudev Complex II, Silvassa – 396230" with the comment "left". Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading "Unserved Summons / Notices". Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 10, 2020 through SPAD and HD returned undelivered with the comment "left". Undelivered envelope is available in file. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. Pursuant to public notice, I note that the Noticee 21 has

furnished reply without mentioning his current address in his letter dated February 17, 2021. Noticee 21 had submitted an identical reply as detailed under Noticee 35. Additionally, Noticee 21 submitted as under-

"Further, not an iota of evidence has been brought in record to show that, the Noticee along with other noticees have ever acted in furtherance of a common objective or for a purpose of substantial acquisition of shares or voting rights or tried gaining control of KSLIL. Please note, the Noticee had 72,000 shares in KSLIL which he had invested out of his hard-earned money, and his holding in KSLIL represented 0.68% of the total shareholding of KSLIL Apart from these shares, the Noticee has never acquired any further shares in KSLIL, and therefore his holding in the company cannot be said to be substantial or any control be exercised in pursuant to the said holding. In any event SCN fails brought in record any evidence which could to establish that, there was agreement between the Noticee and with other noticees to act in a manner, in furtherance of any understanding or design or co-operated any person by acquiring shares in KSLIL or exercise control over KSLIL."

Vide letter dated March 31, 2021 Noticee 21 was granted an opportunity of hearing on April 12, 2021. Later hearing notice was served through paper publication and newspaper details are mentioned in above paras. Noticee 21 did not avail the hearing opportunity on the specified date.

7.19 Milind Mhatre/ Noticee 22- SCN sent through SPAD had returned undelivered from address "*41, Kukade Layout, Nagpur-440027*" with the comment "left". Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading "Unserved Summons / Notices". Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 20, 2020 through SPAD and HD returned undelivered with the comment "left". Undelivered envelope is available in file. Later hearing notice was served

through paper publication. Details of publication are mentioned elsewhere in this order. Noticee 22 did not avail hearing opportunity on specified date.

7.20 Nandkishor Panchal / Noticee 23- SCN sent for hand delivery was delivered at the address “Panwala Chawl, Meghwadi, Jogeshwari, Mumbai- 400060”. Vide letter dated July 07, 2018 Noticee was granted hearing on April 08, 2018. This letter sent through SPAD was delivered and proof of service is available in file. Subsequent to appointment of the undersigned, copy of communique was sent to the Noticee vide letter dated March 20, 2020 through SPAD. Acknowledgment of delivery of letter through SPAD is available in file. Vide letter dated October 09, 2020, Noticee was granted opportunity of hearing on October 20, 2020. Acknowledgment of service of this letter through SPAD is available in file. Vide letter dated January 11, 2021, Noticee was granted an opportunity of hearing on January 20, 2021. Noticee vide letter dated “10/02/2021” received on March 05, 2021, Noticee 23 had submitted an identical reply as detailed under Noticee 35. Additionally, Noticee 23 submitted as under--

i) With regard to Point V of Para 11 of the SCN, it is submitted that prior to the Investigation Period I held only 10,900 shares of JTREL and it was only due to multiple share splits and bonus issues by the JTREL, that the number of the shares got swollen to what has been mentioned and hence any comparison done with the number of shares and their market prices has to be with a caveat that I had not traded, bought or sold any shares of JTREL during the Investigation Period. In regards to the alleged non-disclosure, it is submitted that the same pertains to JTREL and hence no adverse inference regarding the same can be taken against me in the present case.
ii) I had not acquired any shares of JTREL, either directly or indirectly, and hence the provisions of SAST Regulations do not apply to me. Moreover, my shareholding in the scrip of JTREL is meager 2.02% and that I cannot be considered as PAC and hence the said allegation concerning violation of SAST Regulations cannot apply on me.

Vide letter dated March 09, 2021 sent through hand delivery, Noticee 23 was granted an opportunity of hearing on March 30, 2021. Proof of service is available on record. However, Noticee 23 had not availed the opportunity of hearing on the scheduled date.

7.21 Pramod Patil / Noticee 24- SCN sent through SPAD had returned undelivered from address “5/6, Spring Mill Compound, G D Ambedkar Road, Naigaon Dadar, Mumbai” with the comment “no such consignee”. Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading “Unserved Summons / Notices”. Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 09, 2020 was delivered and proof of delivery of SPAD and HD is available in file. Vide letter dated January 08, 2021, an opportunity of hearing was granted on January 22, 2021. This letter has returned undelivered with the comment “*unclaimed*”. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. Noticee 24 did not avail hearing opportunity on specified date.

7.22 Rajesh Sharma/ Noticee 25- SCN sent through SPAD had returned undelivered from address “Yadav Gajraj Sadan, Janu Compound, Shantaram Tala, Malad (E), Mumbai with the comment “*person shifted*”. Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading “Unserved Summons / Notices”. Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 09, 2020 through SPAD and HD returned undelivered with the comment “*no such consignee*”. Undelivered envelope is available in file. Later SCN and hearing notice were served through paper publication. Details of publication is dealt elsewhere in this order. Pursuant to public notice, I note that the Noticee 25 has furnished reply without mentioning his current address in his letter dated February

05, 2021. Noticee 25 had submitted an identical reply as detailed under Noticee 35. Additionally, Noticee 25 submitted as under-

> *"Further, not an iota of evidence has been brought in record to show that, the Noticee along with other Noticees have ever acted in furtherance of a common objective or for a purpose of substantial acquisition of shares or voting rights or tried gaining control of KSLIL. Please note, the Noticee had 4,000 shares in JTREL which he had invested out of his hard-earned money, and his holding in JTREL represented 1.61% of the total shareholding of JTREL. Apart from these shares, the Noticee has never acquired any further shares in JTREL, and therefore his holding in the company cannot be. said to be substantial or any control be exercised in pursuant to the said holding. In any event SCN fails brought in record any evidence which could to establish that, there was agreement between the Noticee and with other Noticees to act in a manner, in furtherance of any understanding or design or co-operated any person by acquiring shares in JTREL or exercise control over JTREL."*

Vide letter dated March 09, 2021 Noticee 25 was granted an opportunity of hearing on March 30, 2021. This letter had returned undelivered with comment "no such consignee". Vide letter dated March 19, 2021 an opportunity of hearing on March 30, 2021 had sent through affixure returned unaffixed with the comments "no such consignee". Later hearing notice was served through paper publication and newspaper details are mentioned in subsequent paras. Noticee 25 did not attend the hearing on specified date.

7.23 Rupesh Narvekar / Noticee 26- SCN was served through hand delivery at address "*Yadav Patil Wadi, 384, V S Marg, Prabhadevi, Mumbai-400025*". Proof of delivery is available in file. Vide letter dated July 07, 2018 Noticee was granted hearing on April 08, 2018. Mr. Pratap D Sampat, Advocate vide letter dated July 17, 2018 on behalf of his client Noticee 26 stated non-receipt of SCN dated March 05, 2018. Further he requested for inspection of documents. Vide letter dated September 03, 2018, SCN alongwith the annexures were resent to the Noticee. Proof of delivery 'SPAD card' is available in file. In the letter, Noticee was advised to avail inspection of relied upon documents latest by September 18, 2018 and file his reply to SCN by September 28, 2018. Further, an opportunity of hearing was

granted on October 08, 2018. Proof of delivery 'SPAD card' is available in file. Mr Vilas Jadhav, Advocate alongwith the Noticee 26 appeared before the erstwhile Adjudicating Officer on October 08, 2018 and requested adjournment of hearing. Acceding to the request of the Noticee 26, another opportunity of hearing was granted on October 22, 2018 and the same was recorded in the hearing minutes. Record of hearing signed by erstwhile AO is available in file. Further, vide email dated October 08, 2019, Noticee 26 was informed that a final opportunity of hearing is granted on October 22, 2018. Copy of email is available on record. Vide an email dated October 19, 2018 addressed to Enforcement Department of SEBI, Mr. Pratap Sampat had stated "*we request you to send us a scan copies of SCN dated 05.03.2018 which is not received by our client. Though, our client have received the CD of the documents relied upon by SEBI in the said proceedings. Hence, kindly urgently send us the scan copy of the said SCN to reply to the said SCN*".

Subsequently**,** Noticee 26 attended the hearing scheduled on October 22, 2018 through his Advocate P D Sampat and Ms. Swapna Arolkar. During the course of hearing, Noticee submitted his reply summarised as under-

(i) *With further reference only to the CD documents sent along with SEBI letter of 05/03/2018, the perusal thereof does not specifically show the breach of law and our clients involvement within the scope of enquiry and adjudication under Chapter VI A of SEBI . There are no specific averments about nexus of our clients in relation to the enquiry, conducted by SEBI in the case matter. As to how our client is connected transaction wise in the dealings in securities under enquiry there is nothing stated in those documents except his name is included as connected entity. In absence of specific averments, our client is unable to assess and have opportunity to oppose the allegation and it is against principles of natural justice.*

(ii)*Our clients further state that alleged cause of action if any arose in 2007 and now in 2018, after eleven (11) years, he is called upon to answer proposed adjudication enquiry. The action of SEBI thus is with delay latches and burocratic negligence and our client is This address is also shown in Annexure "34" of CD listed documents sent by SEBI and also in earlier correspondence*

ofthe year around 2010. Moreover, the person acknowledging the postal article is someone called "Shukla" on 08/03/2018 with mobile phone no.9820698509, who is not our client. The postal article therefore is not received by our client Further our client and his advocate Mr.Pratap Sampat state that enclosure of the said notice letter of 03/09/2018 consisted of only cover enclosing the CD document and not copy of SCN dated 05/03/2018. Our client still do not have the said SCN copy, but he has CD documents. In absence of the said SCN notice, our client requisitioned scan copy by email dated 19/10/2018, which he has yet to receive. Upon receipt of the copy of said SCN , our client shall make detail reply .

Para 4 (a) Our client understands that adjudication proceedings are separate from S.11B proceedings. As now stated in the para. Our client is not aware whether S. 11 B proceedings are concluded and he has no notice about its conclusion. Apparently it seems that adjudication proceedings under Chapter VI-A of SEBI Act, have commenced while S.llB proceedings under chapter IV are still in progress. Our client say that two simultaneous proceedings for the same cause of action in which proceeding under S.llB need to be conducted prior to issue of show cause notice is unjust , unfair and against the principles of natural justice. Our client is aggrieved thereby as he does not know of the any orders therein. Our client reserves the right to make further submission upon verification of status of proceeding under S.IIB aggrieved thereby and in particular application of limitation period under the law.

During the course of hearing, a copy of the SCN was once again provided to Noticee 26 and was informed to file reply to the SCN on or before November 15, 2018. Vide letter dated “13/11/2017”, received by the erstwhile AO on November 16, 2018; Mr. Pratap D Sampat requested extension of time till November 26, 2018 for filing of reply to the SCN. Subsequent to appointment of the undersigned, vide letter dated March 20, 2020 sent through SPAD and HD; copy of communique was sent to the Noticee and an opportunity to make additional submissions within 15 days was granted to the Noticee. SPAD card is available on record. Vide letter dated October 09, 2020, Noticee 26 was granted an opportunity of hearing on October 22, 2020. SPAD card is available on record. Noticee 26 did not avail the hearing opportunity on the specified date.

7.19 Sandip Murkar / Noticee 27- SCN sent through SPAD was delivered at address “Gulmore Wadi, S K Bhole Road, Dadar, Mumbai 400028”. Proof of delivery is

available in file. Vide letter dated July 07, 2018, Noticee was informed to file reply to the SCN with in 14 days and an opportunity of hearing was granted on August 08, 2018. This letter was sent through SPAD and proof of delivery is available in file. Subsequent to appointment of the undersigned, a copy of communique were sent to the Noticee vide letter dated March 20, 2020 through SPAD and delivery proof is available in file. Vide letter dated October 09, 2020 an opportunity of hearing was granted on October 20, 2020. This letter was sent through SPAD and delivery proof is available on record. Noticee 27 did not avail hearing opportunity on specified date.

7.20 Sanjay Gadade / Noticee 28- SCN sent through SPAD was delivered at address "Yadav Patil Wadi, 384, V S Marg, Prabhadevi, Mumbai 400025" Subsequent to appointment of the undersigned, a copy of communique were sent to the Noticee vide letter dated March 20, 2020 through SPAD and HD returned undelivered with the comment "not known". Undelivered envelope is available in file. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. Noticee 28 did not avail hearing opportunity on specified date.

7.21 Sanjay Sawant / Noticee 29- Vide letter dated February 20, 2021, Noticee had submitted an identical reply as detailed under Noticee 35. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. Pursuant to public notice, I note that the Noticee 29 has furnished reply without mentioning his current address in his letter dated February 20, 2021. Noticee 29 did not avail hearing opportunity on specified date.

7.22 Satish Pusalkar / Noticee 30- SCN sent through SPAD was delivered at address 396, V S Marg, Prabhadevi, Mumbai. However, subsequent hearing

notices returned undelivered with the comments “consignee shifted” / “not known”. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. However, Noticee 30 neither filed any reply nor avail of the opportunity of hearing on the scheduled date.

7.23 Vijay Sawant / Noticee 31- SCN sent through SPAD was delivered at address “B/302, Siddesh S H Society, Building No 2, Sadguru Nagar, Prabhadevi, Mumbai” Subsequent to appointment of the undersigned, a copy of communique were sent to the Noticee vide letter dated March 20, 2020 through SPAD and HD returned undelivered with the comment “not known”. Undelivered envelope is available in file. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. Noticee 31 did not avail hearing opportunity on specified date.

7.24 Dhananjay Kandhare / Noticee 32- SCN sent for hand delivery returned undelivered from the address “BDD Chawl, No. 32/45, Jambuli Maidan, Worli, Mumbai – 400018” with comment “refused to accept”. Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading “Unserved Summons / Notices”. Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 09, 2020 through SPAD and HD. Acknowledgments of delivery of letter through SPAD and HD are available in file. Vide letter dated January 08, 2021 sent through SPAD, Noticee was granted an opportunity of hearing on January 22, 2021. Acknowledgment of delivery is available in file. Noticee vide letter dated February 06, 2021 interalia submitted as under-

(i) The SCN does not point out any specific allegations/violations against me apart from few general observation that the promoters of Jaybharat Textiles and Real Estate Limited ("JTREL" for short) have been able to disguise the

extent of the shareholding in the said company employing the artifice of holding the shares of the company through benami entities.

(ii) *Further it is has been alleged that the entities mentioned in the SCN as noticees (including me), continuously dealt in shares of JTREL created artificial volumes in the said scrips and acquired the shares of JTREL under a common understanding with promoters of JTREL which is far in excess of what has been declared by them publicly. Further, the promoters of JTREL utilized connected entities for creating various layers of fund transfer among their connected entities to avoid any regulatory scrutiny.At the outset, I humbly submit that I do not accept or admit anything stated in the SCN except where the same is expressly admitted by me in this reply. Nothing stated herein shall be deemed to be admitted by me merely on account of non-traverse and unless the same is specifically admitted by me hereinafter.*

(iii) *It is further to be seen that the SCN considers me to be at par with all other entities / noticees who might have allegedly traded / acquired shares of JTREL and hence without going into details that whether I had traded in the shares of JTREL the allegations of PFUTP and SAST Regulations have been levied which is totally unjustified and arbitrary. It is further asserted that the allegations of violations that have been made against me are unsubstantiated and made in a very sweeping manner, without dealing or providing any specific details as how I had violated any law or had participated in any wrongdoing in relation to any of the alleged violations.*

(iv) *It is submitted that the SCN is vague, unclear and imprecise as to what was my role in the alleged wrongdoing or how my actions or inactions has led to the alleged violations. In this regard, I place my reliance on order of the Hon'ble Supreme Court of India in Gorkha Security Services v. Govt. (NCT of Delhi). It is further submitted that I would be able to provide my justifications and defence only on the basis of the explicit allegations against me as the SCN is vague and unspecific about basis on which the allegations have been drawn against me and nothing should be treated as accepted merely on the ground of non-traverse.*

(v) *Considering the fact that an allegation of me being a benami holder of shares of JTREL on behalf of the promoters of JTREL has been levied against me, it is most humbly submitted that SEBI lacks the jurisdiction to proceed and adjudicate any further in the present case. It is submitted that since Benami Transactions (Prohibition) Act, 1988 covers and deals with benami transactions, the same cannot concurrently fall under the ambit of SEBI Act and hence the proceedings against me are non-est must be dropped on this point itself.*

(vi) *It is earnestly submitted that, as per the SCN and annexures attached there, nothing has been brought on record to suggest that, the consideration for the 2,000 shares which were purchased by me have not been paid by me. Further SCN also fails to bring on record any evidence which qualifies my transaction as a benami transaction as provided under relevant law.*

(vii) *As regards investigation into the trading in the scrip of JTREL is concerned, it is submitted that I have not traded in JTREL and no documents, materials and evidence has been annexed to the SCN to establish any trading of mine in the scrips of JTREL during the Investigation Period. Taking into consideration the SCN and its contents, it is submitted that I have not traded in the said scrip during the Investigation Period and the SCN also does not*

elucidates, shows or suggest that I was involved in any wrong doing with respect of trading in the said scrip.

(viii) *As per details provided alongwith SCN itself, I was, in the year 2009, holding 30,75,000 shares of JTREL, which tantamounts to only 0.8% of the total shareholding of JTREL and hence I cannot be in any manner be said to have breached SAST Regulations. It is further submitted that during the entire Investigation Period there was no change in any shareholding and thus SAST Regulations cannot be alleged to have been violated by me.*

(ix) *The period for which the said allegations pertain to is in year 2006 to 2009 while I had purchased the shares in 2004 and the present SCN has been issued in year 2018 and hence it is submitted that there is an unexplained delay of which SEBI has failed to show any cause or reason and hence the present SCN cannot sustain and is liable to be set aside. I further place my reliance on the order of Hon'ble Securities Appellate Tribunal in the matter of Ashlesh Gunvantbhai Shah vs SEBI on 31/01/2020.*

(x) *Paragraph 01 of the SCN deals with the description of the entities in relation to the scrip of which an alleged investigation was conducted by SEBI. The paragraph also mentions that there has been alleged a price rise of 267% and 106% in the scrip of KSLIL and JTREL respectively during the period 23/10/2006 to 28/08/2007. While no specific allegation has been made against me, in this respect it is submitted that there is nothing in the SCN or annexure to the SCN, show whether such price, rise itself was achieved by any person by violating any of the applicable laws or if so, that I am in any manner whatsoever responsible or associated with the same. Further, the SCN does not provide or in any manner suggests reasons as to why 23/10/2006 to 31/12/2009 has been selected as the investigation period. The analysis of the abnormality in price rise in the scrip of JTREL and KSLIL has not been provided in the SCN; therefore, the basis for conducting the investigation itself is incorrect.*

(xi) *With respect to findings made in Paragraph 02 of the SCN, it is submitted that Paragraph 2 of the SCN states what the investigation allegedly revealed. Once again it is submitted that the alleged finding in the investigation does not pertain to me and the SCN itself does not at any place, allege or produces any material on record, to suggest or establish that I am in any manner connected with any of the violations suggested in the said paragraph. There have been no benami transactions, entered into or enabled by me in respect of the shares of JTREL and KSLIL, further I have in no manner traded or dealt in shares for generation of artificial volumes in the said scrip as alleged or at all. The SCN has failed to establish any connection between me and any of the Promoters and so I cannot be alleged for creating any kind of layers of fund transfer to avoid scrutiny.*

(xii) *Paragraph 3 of the SCN states that SEBI instituted Adjudication proceedings videorder dated 20/12/2011 in the matter of JTREL and KSLIL, against the 57 entities (including me) for alleged violation of SAST Regulation, 1997 and PFUTP Regulation, 2003. It is further submitted that, the SCN erroneously and without any basis alleges me for being a benamidar / front holder for Promoters of KSLIL. Further, with regard to table in the paragraph no. 03, I humbly submit that the said details of findings, post evaluating all the evidences and facts available on record, has gone ahead and dropped charges of benamidar / front holder against me and the*

same is documented in Page no. 5 of the SCN. Therefore, it is SEBI's own case that, I am not a benamidar / front holder in relation to KSLIL and therefore, the, allegation of being benamidar / front holder as contained in the Show Cause Notice is erroneous, and arbitrary, and the same also ex-facie reflect the present prepared SCN without giving any due regard to the facts which are part of the record and hence, the same needs to be discharged qua me.

(xiii) With regard to Point B of Paragraph 4 it is submitted that while I am alleged to have opened the depository account with Keynote Capital Limited in 12/09/2002, the SCN does not make any allegation regarding the same and hence no adverse inference regarding the same is to be taken against me in the present case.

(xiv) It is submitted that the physical share certificates have not been provided to me to compare my physical share certificate numbers with others, and so I am not in a position to comment on the same.

(xv) That it is on the company to pay the dividend and any illegality pertaining to non-payment to dividend by the company can only pertain to the company and not qua me. It is submitted that even if contention of your goodself that the company has not provided dividend is to be considered, it can be seen that the company has through issuance of bonus shares and splits provided returns to its shareholders.

(xvi) It was due to various corporate events that the number of the shares swelled eventually and hence no adverse inference by simply quoting the number of shares and their present value, can someone reasonably take any adverse inference against me.

(xvii) Until and unless it is proved that there was a fund transfer by the promoters of JTREL to me in order to enable me to purchase the shares of JTREL, it cannot be said that my shareholding was camouflaged under the Tayal group.

(xviii) The SCN itself fails to elucidate as to when and how I have acquired more than the threshold limit prescribed as per the aforesaid provisions of SAST Regulations or acted in concert with any acquirer of the shares of JTREL.

(xix) The alleged violations of Regulation 7(1), (2), 8 (2), 10 and 11 (1) of SAST Regulations, it is to be noted that acquisition the shares of a target company that too beyond the threshold limit provided by aforesaid provisions of the SAST Regulations or acting as a person aiding an acquirer through acquisition of shares has along with the acquirer beyond the threshold limit provided by aforesaid provisions of the SAST Regulations is essential and a necessary pre-requisite to be proved as without there being any acquisition, there cannot be any violation of provisions of SAST Regulations. Considering the same in the present proceedings, nothing of such sort has been brought on record. The SCN itself fails to elucidate as to when and how I have acquired more than the threshold limit prescribed as per the aforesaid provisions of SAST Regulations or acted in concert with any acquirer of the shares of JTREL. The SCN itself does not mention that I acted as Person Acting in Concert for the acquisition of shares beyond the alleged threshold limit and hence I cannot be held liable for the violations of provisions of SAST Regulations as alleged in the SCN.

The personal hearing was conducted through Webex on March 30, 2021. Shri Chetan Shah; authorized representative (AR) of the Noticee 32 reiterated the submissions made vide Noticee's letter dated February 06, 2021. The personal hearing in the matter was complete and the AR didn't request for any further opportunity of personal hearing. Vide email dated March 31, 2021 AR acknowledged the receipt of the minutes.

7.25 Kishore Patil / Noticee 33- Subsequent to appointment of the undersigned, SCN and copy of communique were sent vide letter dated January 10, 2020 SCN along with the communique dated December 26, 2019 sent to the address of the Noticee had returned undelivered with comment "left". Vide paper publication dated August 28, 2020 SCN was served upon the Noticee. Noticee was granted 14 days time to file its reply and an opportunity of hearing was provided on October 06, 2020. In this regard clipping of Hindustan Times is available on record.

Later hearing notice was published again in the newspapers. Pursuant to public notice, I note that the Noticee 33 has furnished reply without mentioning his current address in his letter dated February 15, 2021. Noticee's reply is summarised as under:

(i) Noticee has raised preliminary objection as to the jurisdiction of SEBI to decide the issue of benami transaction in the matter as it does not have the power to decide as to if the transaction entered in to by any of the alleged I entities including the Noticee are in the nature of benami transaction. It is submitted that here is altogether a new law to deal with the benami transactions and hence the same cannot be covered into the ambit of SEBI Act. SCN has failed to establish the specific provision under securities law which has been alleged to be violated by the Noticee for allegedly holding the shares as a benami / front holder of shares of KSLIL. It must be appreciated by your goodself that unless a relation is established of the act or omission by an entity with the specific provision alleged to have been violated, the authority cannot be said to have jurisdiction to punish the entity for the alleged violation. Unless there is a violation of a provision in securities law, SEBI cannot assume jurisdiction. Hence, it is imperative that the proceedings must not be continued

against the Noticee and must be dropped as SEBI does not have jurisdiction to try the present case.
(ii)I have not traded in the scrip of Jaybharat during the Investigation Period and hence there is no basis of the allegation that I have violated PFUTP or SAST Regulations.
With regard to the observation of your goodself that the physical shares have running and continuous numbers, it is submitted that neither have I perused the physical share certificates nor your goodself has provided the same in support of your finding and hence I have no comments to offer regarding the same.
Nowhere in the SCN it has been stated that I acted as PAC for the acquisition of shares beyond the alleged threshold limit and hence I cannot be held liable for the violations of provisions of SAST Regulations. My holding was never more than 1.42% hence have not violated SAST Regulation. The said transactions were done in ordinary course of business hence requires no adverse inference. Nothing on record to show that the consideration for shares which were purchased by me was not paid by me. Even if it is assumed that I am connected with the promoters of JTREL and KSL, it cannot be said by any prudent man that I was acting as a benami / front holders of shares of JTREL and KSL and promoters / companies could camouflage shareholdings through me.

Vide letter dated March 09, 2021 sent through SPAD Noticee 33 was granted an opportunity of hearing on March 30, 2021 had returned undelivered with comment "Left". Thereafter, vide letter dated March 12, 2021 intimation of hearing scheduled on March 30, 2021 was sent through ERO of SEBI for affixture for the hearing. Affixture report is available on record. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. Noticee 33 did not avail opportunity of hearing.

7.26 Jayesh Merchant / Noticee 34- SCN sent for hand delivery returned undelivered from the address "3, New Jitendra Society, Dadabhai Road No 1, Vile Parle (W), Mumbai – 400056" with comment "no such consignee". Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading "Unserved Summons / Notices". Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 09, 2020 through SPAD and HD or affixture. Letter sent through SPAD had returned undelivered with comment "left" and affixture report returned

unaffixed with comment “no such consignee or consignee shifted”. Later SCN and hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order. Subsequent to publication in newspaper Noticee 34 vide letter dated February 19, 2021 interalia submitted as under-

(i)It is submitted that none of the aforementioned allegations, on which the SCN has been issued, is applicable to me. At the outset, I submit that I have never held shares in the scrip of KSLIL and neither have I traded in the said scrip. Secondly, I have not held shares in the scrip of JTREL in excess of what has been declared by me publicly. There have been no benami transactions entered into or enabled by me in respect of the shares of JTREL and further have, in no manner traded or dealt in shares, for generation of artificial volumes in the said scrips, as alleged or at all. I have not been utilized by any person, as alleged or at all, for creating layers of fund transfer.
(ii)It is apparent from the SCN itself that there are no allegations or materials brought on record to establish any violation by me in respect of any of the provisions of SEBI Act, PFUTP and/or SAST Regulations
(iii)It is humbly submitted that as is mentioned in the Nature of Findings in the SCN that I was holding shares of JTREL in the physical form on behalf of the promoters. It is submitted that I was not acting or holding shares on behalf of any entity. All my holding was absolutely independent and for my own holding. Moreover, without prejudice, it is submitted that holding shares in physical form is not unlawful and no negative inference can be drawn against me for the said entities holding the shares of JTREL in physical form.
(iv)At the outset, it is submitted that SEBI lacks the jurisdiction to decide the present case. This is because SEBI does not have the jurisdiction to decide the case of benami transaction.
(v)It has nowhere been stated in the SCN as to how I have acted as the front holder I benami for promoters of JTREL and no single evidence is there to show any attempt by me to camouflage the shareholding.
(vi)The view that just because an entity is connected to another entity, it is acting as the benami or front holder of that entity cannot be held to be true. Hence, in the present case no illegality can be attributed to me as the findings brought out in the SCN, even if it is true, the same cannot lead to a legitimate conclusion that I have acted as the front holder I benami for promoters of JTREL.
(vii)In regard to my shareholding in JTREL, it is submitted that I had been holding 5,000 shares since 2004 and from my own hard-earned money. It is submitted that I bought these shares being in a belief that JTREL would do well in future and hence, I had bought for the sole purpose of long-term investment. My assessment of the shares bore fruits and the value of my investment increased substantially primarily due to various corporate actions of the company such as bonus issues and share splits and they resulted in the increase of prices of the scrip. However, in 2007 there was a steep increase in the prices and volume of the scrip and accordingly I thought that it was a befitting time to exit from the investment and accordingly, I transferred my shareholding.

(viii)Though there is an allegation that the shares were bought as a benamidar on behalf of the promoters of JTREL, there is nothing on record to show that the funds required to purchase the shares of JTREL in 2007, were provided by such promoters or any entities acting at the behest of such promoters. Similarly, there is nothing brought on record to show that the consideration received from the sale of the shares of JTREL in 2007, was in any way were forwarded to the promoter of JTREL or any of the entities acting at the behest of such such promoters. Therefore, it cannot be said that I acted as a front entity for the promoters. My decision of entering into investment in JTREL and exiting the same was done by own will and was not done under influence of any promoter of JTREL or any of the entity.

(ix)It is reiterated that I had bought shares of JTREL prior to Investigation Period for the sole purpose of long-term investment. I further submit that I had not traded in the scrip of JTREL during the Investigation Period.

(x)It is submitted that very serious allegations and averments have been levelled against me which require a high level of proof and establishment of mens rea. And since there is no basis to the allegations that have been levied against me, SEBI has been unable to prove any manipulation on my part or my intention to be in contravention to the prescribed law.

(xi)It is submitted that I held 5000 shares since 2004 which increased to 2,50,000 shares of JTREL in 2009 as the result of bonus issues and split in the face value of shares. However, the SCN fails to mention as to how any transactions done by me comes out as a violation which is not explained and hence remain unsubstantiated. The SCN nowhere explains as to how purchasing or transferring my holdings to another entity is fraudulent or manipulative in itself and hence the SCN needs to be scraped-off.

(xii)There can be no violation of the provisions of the SAST Regulations when no fact of me trading in the market or acquiring any shares has been brought out in the SCN.

Vide letter dated March 09, 2021 sent through SPAD, Noticee 34 was granted an opportunity of hearing on March 30, 2021. Letter sent through SPAD had returned undelivered with comment “consignee shifted”. Subsequently, vide letter dated March 19, 2021, Noticee 34 was granted an opportunity of hearing on March 30, 2021 sent through affixture and affixture report returned unaffixed with comment “no such consignee”. Later hearing notice was served through paper publication. Details of publication is dealt elsewhere in this order.

7.27 Amit Shivalkar /Noticee 35- SCN sent through SPAD had returned undelivered from address “C/O Shree Krishna Polyester Ltd (SKPL), Bhilad, Vapi, Gujarat 396195 with the comment “address incomplete”. Undelivered envelope is

available in file. Thus, SCN was uploaded on SEBI website under the sub-heading “Unserved Summons / Notices”. Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 15, 2020 through SPAD and HD returned undelivered with the comment “address incomplete”. Undelivered envelope is available in file. Subsequently paper publication was done in this regard and an opportunity of hearing was granted on October 06, 2020. Newspaper clipping of City Bhaskar dated September 16, 2020 is available on record. Later SCN and hearing notice were served through paper publication. Details of publication is dealt elsewhere in this order. Pursuant to public notice, I note that the Noticee 35 has furnished reply without mentioning his current address in his letter dated February 08, 2021. Reply is summarised as under:

PARAWISE REPLY TO THE SHOW CAUSE NOTICE

1. Paragraph 1 of the SCN deals with the description of the entities in relation to the scrip of which an alleged investigation was conducted by SEBI. The paragraph also mentions that there has been alleged a price rise of 267% and 106% in the scrip of KSLIL and JTREL respectively during the period October 2S, 2006 to August 28, 2007. While no specific allegation has been made against the Noticee, in this respect it is submitted that there is nothing in the SCN or annexure to the SCN, show whether such price rise itself was achieved by any person by violating any of the applicable laws or if so, that the Noticee in any manner whatsoever responsible or associated with the same: Further, the SCN does not provide or in any manner suggests reasons as to why October 25, 2006 to December 31, 2009 has been selected as the investigation period. The analysis of the abnormality in price rise in the scrip of JTREL and KSLIL has not been provided in the SCN; therefore, the basis for conducting the investigation itself is incorrect.

2. With respect to findings made in Paragraph 2 of the SCN, it is submitted that Paragraph 2 of the SCN states what the investigation allegedly revealed. Once again it is submitted that the alleged finding in the investigation does not pertain to the Noticee and the SCN itself does not at any place, allege or produces any material on record, to suggest or establish that the Noticee in any manner connected with any of the violations suggested in the said paragraph. The Noticee specifically denies that the Noticee's holding is more than 1% in the scrip of KSLIL which has been declared publicly. There have been no benaini transactions, entered into or enabled by the Noticee in respect. of the shares of JTREL and KSLIL, further the Noticee has in no manner traded or dealt in shares for generation of artificial volumes in the said scrip as alleged or at all. The SCN has failed to establish any connection between the Noticee and any of the Promoters scrutiny.

3. With respect to the findings made in Paragraph 3 of the SCN, it is submitted that Paragraph 3 of the SCN states that SEBI instituted Adjudication proceedings vide order

dated December 20, 2011 in the matter of JTREL and KSLIL, against the 57 entities (including the Noticee) for alleged violation of SAST Regulation, 1997 and PFUTP Regulation, 2003. It is further submitted that, the SCN erroneously and without any basis alleges the Noticee for being a benamidarI front holder for Promoters of KSLIL. Further, with regard to table in the paragraph no. 3, the Noticee humbly submits that the said details of findings, post evaluating all the evidences and facts available on record, has gone ahead and dropped charges of benamidar/ front holder against the Noticee and the same is documented in Page no. 5 of the SCN. Therefore, it is SEBI's own case that, the Noticee is not a benamidar/ front holder in relation to KSLIL and therefore, the allegation of being benamidar/front holder as contained in the Show Cause Notice is erroneous, and arbitrary, and the same also ex-facie reflect the present prepared SCN without giving any due regard to the facts which are part of the record and hence, the same needs to be discharged qua him.

4. With respect to the findings made in Paragraph No.4 to 34 of the SCN deals with investigation in the scrip of JTREL and there are no allegations or suggested transactions that pertain to the Noticee and therefore no comment is offered in respect of the same. The allegations in the said paragraph are principally against Noticees 1 - 36 and 57 and no allegations have been made against the Noticee (Noticee no.S7). the Noticee reserves his right to respond to any of the allegations or statements in the said paragraphs of the SCN if deemed relevant or necessary in any subsequent reply that may be filed by the Noticee if so required. It is however for the sake of clarity stated that the Noticee does not hold and never held any shares in JTREL during the Investigation Period and have never traded in the shares of JTREL during the Investigation Period.

5. The contents of Paragraph 4 - 34 of the SCN to the extent the same pertain to the Noticee (if at all) are denied. It is stated that, on the basis of reasons and explanations given in this Reply including the fact that there are no specific allegations against the Noticee with respect to any alleged wrong doing in the proceeding paragraphs and the fact that the Noticee had not traded in the scrip of JTREL during the Investigation Period and that all the trades and activities which have been analyzed for the purpose of formulating the supposed conclusion in paragraph 4 - 34 pertain to Noticees specified in the SCN other than the Noticee. Therefore, the allegations as regard any wrong doing on the basis of material, documents and evidence allegedly analyzed under the SCN do not and cannot pertain to the Noticee.

6. The SCN in Paragraph 35-37 onwards deals with the alleged investigation in the scrip of KSLIL. The specific allegations in paragraph 37 are against Noticee 17, 19, 20, 21, 22 and 23 and are not in respect of the Noticee and to that extent the Noticee is not concerned with the said allegations. Further, in respect of the general allegations contained in the said paragraph, the Noticee denies that his shareholding in KSLIL was camouflaged or that the Noticee held the shares in KSLIL to camouflage the shareholding of different Promoter entities as the SCN has failed to establish connection between the Noticee and the Promoters remotely also.

7. With respect to the findings made in Paragraph No 38 of the SCN, the Noticee humbly submits that the said paragraph pertains to individuals appearing in the category of "Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh". The Promoters shareholding in KSLIL is said to be 78.39% observing that there was connection between the said category and the Promoters of JTREL and KSLIL. the Noticee denies the allegations as the SCN has failed to establish connection between the Noticee and the Promoters. Further, the allegation in the said paragraph does not pertain to the Noticee and no comment is accordingly offered at this stage With respect to the findings made in Paragraph No 39-40 of the SCN, it is pertinent to note that, apart from making few swiping allegations, neither para refers to any direct evidence nor any evidence is provided with the SCN, which can show that, there exits any connection between the Noticee and with any other Noticees. Further, as the SCN does not provide the basis of the charge levied, your good self is also incapacitated to

consider the allegation to the prejudice and under such circumstances the allegations has to be dismissed in total.

8. With respect to the findings made in Paragraph No 39-40 of the SCN, it is pertinent to note that, apart from making few swiping allegations, neither para refers to any direct evidence nor any evidence is provided with the SCN, which can show that, there exits any connection between the Noticee and with any other Noticees. It is further pertinent to note that, the SCN alleges the Noticee, of using an address "SKPYL, Bhilad, Vapi" as it is correspondence address and it is alleged that, the same was used by other notice. In this regard please note, the SCN apart from making wild allegation that, the Noticee was using the said address, fails to provide any documentary evidence which could demonstrate that, the Noticee was using the said address. It is further submit the SCN nowhere explains what is SKPYL stands for, and the address provided appears in complete. In light of the same, the Noticee was at loss to provide any comment on the same. Further as the SCN does not provide the basis of the charge levied, your good self is also incapacitated to consider the allegation to the prejudice and under such circumstances the allegations has to be dismissed in total.

9. It is also, submitted that, SCN alleges the Noticee, of indulging in manipulative/fraudulent

trading and alleges further being part of wrong doing, in cohorts, with other Noticees. In this regard before proceeding any further I wish to draw your good self's attention to the matter of Smitaben N. Shah vs. SEBI (Date of decision 30/07/2010), where the Hon'ble Tribunal observed as under that:

"We cannot lose sight of the fact that a serious charge like fraudulent trading cannot be established on the basis of these tenuous and farfetched connection. In this view of the matter, we have no hesitation to hold that the appellants did not act in tandem with any of the entities referred to in Annexure 2 as alleged in the show cause notice and found by the whole time member."

10. Thus, it not only imperative that, the SCN must demonstrate that, the Noticee had indulged into fraudulent trading but appropriate evidence has to be brought in record which could establish, that their existed a connection between parties and the Noticee had acted in tandem.

11. With regard to the observation in the second paragraph of the common observation column, it is submitted that specifically the Noticee's name is not indicated in the para. It is further submitted that no illegality can be attributed to the fact that the Noticee is holding the shares of KSLIL since March 2001 and his holding is constant. Many investors purchase the shares of a company for a long term with the optimism that the same will give them high returns in long run. It is submitted that the same has been done by the Noticee with the bona fide intention. It is not the case that the Noticee has frequently traded in the scrip with the intention to manipulate the price of the scrip. The Noticee fails to understand as to what has been attempted by the SCN by observing that the Noticee has not traded n shares of KSL since 2001. No negative observation can be made in this regard against him. The subsequent tables on pages 37 and 38 of the SCN and the observations and statements made therein do not pertain to the Noticee and no comment is accordingly offered at this stage.

12. The table of Paragraph 40 is the first instance in the entire SCN where the Noticee has been referred to the Noticee's address is SKPYL, Bhilad, Vapi, Gujarat, with regard to the same the Noticee wishes to reiterate the submission made in preceding paras. Further in the common observation column, it has been stated that the physical certificates numbers for 90,000 shares held across some are nearly in continuous serial numbers, however no material on the basis of which such observation has been noted, has been provided in the SCN. Even no attempt has been made in the SCN to provide the specific details of the Noticees of which the physical certificate numbers are in continuous serial number. Only a simple finding has been made that some of the entities physical certificate numbers are in continuous serial number without specifying the specific details of the Noticees. It is of paramount importance to note

here that the Noticee has not traded in the scrip of KSL. Thus, the only observation relating to the Noticees that he was holding shares since 2001, which makes the allegation that the Noticee was a party to the alleged manipulation incongruous in its entirety.

13. the Noticee denies the contents of Paragraph 41 in its entirety and submits that the same are completely baseless, erroneous and without having any basis of any fact or documents, material and evidence on record. It is submitted that assuming without admitting that the Noticee was connected with the promoters of KSL does not mean that he was acting as a benami /front holder of shares of KSLIL and promoters/ companies could camouflage shareholdings through him. It has nowhere been stated in the SCN as to how the Noticee has acted as the front holder I benami for promoters of KSL and no iota of evidence is there to show any attempt by him to camouflage the shareholding.

14. It is strenuously submitted that by no stretch of imagination, it can be said that just because an entity is connected to another entity, so the Noticee is acting as the benami or front holder of that entity. Hence, in the present case no illegality can be attributed to the Noticee as the findings bought out in the SCN, even if it is true, by no stretch of imagination can lead to a legitimate conclusion that the Noticee has acted as the front holder /benami for promoters of KSL.

15. A benami transaction is when a transaction is undertaken by a person and the consideration for the transaction is paid by a different person. In the present case, it has nowhere been shown that the consideration for the transaction of purchase of shares of KSL by the Noticee was paid by another person. There is neither an allegation in the SCN nor any finding from which it can be deduced that the consideration for the purchase of stake in KSL was not paid by the Noticee. Hence, it cannot be said that he was the benamidar/ front holders of shares of KSL. Further the Noticee repeats and reiterates the submissions made in relation to benamidar in preceding paras.

16. Further, the Noticee asserts that a benami transaction is when a transaction is undertaken by a person and the consideration for the transaction is paid by a different person. In Thakur Bhim Singh (Dead) by Lrs and Anr. v. Thakur Kan Singh, (1980) s SCC 72 it has been observed by the Hon'ble Supreme Court of India that:

"Two kinds of benami transactions are generally recognized in India. Where a person buys a property with his own money but in the name of another person without any intention to benefit such other person, the transaction is called

benami. In that case, the transferee holds the property for the benefit off the person who has contributed the purchase money. and he is the real owner. The second case which is loosely termed as a benami transaction is a case where a person who is the owner of the property executes a conveyance in favour of another without the intention of transferring the title to the property thereunder. In this case, the transferor continues to be the real owner. The difference between the two kinds of benami transactions referred to above lies in the fact that whereas in the former case, there is an operative transfer from the transferor to the transferor though transferor holds the property for the benami of the person who has contributed the purchase money, in the latter case there is no operative transfer at all and the title rests with the transferor notwithstanding the execution of the conveyance. One common feature, however, in both these cases is that the real title is divorced from the ostensible title and they are vested in different persona." (Emphasis given).

17. It is humbly submitted that serious charges like fraud cannot be established on the basis of the surmise and conjectures. Attention is invited to the decision the SAT in Sterlite Industries vs. SEBI (Appeal No. 20/2001 dated 22ndOctober 2001) wherein it was held that " ...in the absence of reasonably strong evidence, even in a civil proceeding, a person cannot be held guilty and awarded punishment. Mere surmise, conjuncture or suspicion cannot sustain the finding of fault'. It is seen that in the present case, the SCN is admittedly based on no evidence leaving aside high or convincing

preponderance of probabilities. Thus, the SCN is bad in law and so must be withdrawn and the proceedings must be dropped.

18. It is submitted that serious allegation of violation of PFUTP Regulations cannot be alleged on the basis of mere surmises and conjectures and based on the erroneous interpretation of data, as has been done in the instant case. The same is also clear from the decisions given by various courts in numerous cases.

19. The Supreme Court in the case of Nandkishor Prasad v. State of Bihar AIR 1978 SC 1277, observed that:

"the minimum requirement of the rules of natural justice is that the Tribunal should arrive at its conclusion on the basis of some evidence i.e. evidential material which with some degree of definiteness points to the guilt of the delinquent in respect of the charge against him. Suspicion cannot be allowed to take place of proof even in domestic enquiries."

20. It is humbly submitted that serious charges like fraud cannot be established on the basis of the surmise and conjectures. Attention is invited to the decision of the Supreme Court where the following observations made by the Hon'ble Court (Razikram vs. J.S. Chauhan- AIR 1975 SC 667: {1975} 4 sec 769) is to be noted:

"It is true that there is no difference between the general rules if evidence in civil and criminal cases and the definition provided in section 3 if the Evidence Act does not draw a distinction between civil and criminal cases. Nor does this definition insist on perfect proof because absolute certainty amounting to demonstration is rarely to be had in the affairs of life. Nevertheless, the standard if measuring proof prescribed by the definition is that if a person if prudence and practical good sense... The same is equally true about proof of a charge if corrupt practice which cannot be established by a mere balance if probabilities".

21. Further in the case of Seth Gulabchand vs. Seth Kudilal (AIR 1966 SC 1734), the Hon'ble Court has inter-alia held that:

"the Indian Evidence Act applies the same standard if proof in civil cases. It makes no difference between cases in which charges if a fraudulent or criminal character are made and cases in which such charges are not made. But this is not to say that the courts will not, while striking the balance of probability keep in mind the presumption if honesty or innocence or the nature if the crime or fraud charged."

22. In Union of India vs. H C. Geol (AIR 1964 SC 364) the Hon'ble Court has inter alia held that

"the principle that in punishing the guilty scrupulous care must be taken to see that the innocent are not punished, applies as much to regular criminal trials as to disciplinary inquiries held under the statutory rules".

23. Further it is submitted that the allegations /statement in paragraph 42 does not pertain to the Noticee and if they do, they are contradictory to the statements made by SEBI in the SCN itself the Noticee cannot be said to have traded in the shares of KSLIL in substantial quantity when it has been alleged in paragraph 40 that the Noticee has been holding shares of KSLIL since March 2001 and its shareholding has remained constant since March 2001. It is submitted that the Noticee has never traded at all in the scrip and hence the allegation in the SCN has been made with complete non-application of mind.

24. The Securities Appellate Tribunal, Mumbai in its order in case of In Re: Samurai Securities Private Limited decided on March 16, .f!017has held that:

"The necessity of 'Intent' and the element of 'fraud" appears to be a pre-requisite in all the parts if Regulations 3 and 4 of the PFUTP Regulations. 'Fraud' has been principally defined under Regulation 2(c), though inclusively, to mean such trades which are entered into in order to 'induce others'. Regulation 4(2) are very specific in nature. The test laid down in the regulation demand a- manipulative intent to affect market information. Even clause (a) as a strict liability clause, the test is to prove 'misleading appearance of trading."

25. With respect to the Paragraph 43 of the SCN, the Noticee submits that the said

paragraph contains allegations pertaining to increase in the price of the scrip. While no allegation has been made against the Noticee and therefore he cannot be held responsible for any such alleged violations. In any event it is clarified, and as stated above, there can be no wrongdoing alleged as against the Noticee since he never traded in the scrip of KSLIL during the Investigation Period.

26. With respect to the Paragraphs 44- 55 of the SCN, the Noticee submits that the said paragraphs do not make any allegations against the Noticee and deal with trading by certain Noticees in the SCN which does not include the Noticee. Since no allegation is made against the Noticee, no comment as regards the said paragraphs is offered at this stage and the Noticee reserves his right to make further submissions if so necessary.

27. The contents of Paragraph 56-58 of the SCN to the extent that the same pertain to the Noticee, are denied. It is stated that on the basis of reasons and explanations given in this Reply, including the fact that there are no specific allegations against the Noticee with respect to any alleged wrongdoing, and the fact that the Noticee is a benami/connected entities of the promoter entities of the KSLIL and has not traded in the scrip of KSLIL during the Investigation Period, and that all the trades and activities which have been analyzed for the purpose of formulating the supposed conclusion in paragraph 58 pertain to Noticees specified in the SCN other than the Noticee. Therefore, the allegations as regards any wrong doing on the basis of material, documents and evidence allegedly analyzed under the SCN do not and cannot pertain to the Noticee.

28. With respect to the Paragraphs 58-60 of the SCN are generally against JTREL and KSLIL and do not pertain to the Noticee specifically. Hence, no comment required on the same.

29. It can be seen from the SCN that there is no specific averment, allegation or statement against the Noticee in respect of the alleged violation of various rules and regulations of SEBI Act, PFUTP Regulations and SAST Regulations as alleged or at all. It is submitted that the SCN wrongly alleges that the Noticee has violated Regulation 3(a), (b), (c) & (d) and 4 (1) & 2 (e) of PFUTP Regulations and Regulation 7(2), 8(2), 10 and 11(1) of SAST Regulations. It is further submitted for the reasons stated in the preceding parts the violations of these Regulations cannot stand against the Noticee.

In any even without prejudice to aforesaid with regard to the alleged violations of provisions of PFUTP Regulations following is submitted:

30. With regard to the alleged violation of Regulation 3(a), it is denied that the Noticee had traded in securities of JTREL and/or KSLIL in a fraudulent manner. There is not even a single allegation in the SCN itself that the Noticee had in fact traded any shares of JTREL and/or KSLIL.

31. With regard to the alleged violation of Regulation 3(b), it is denied that the Noticee had used or employed any manipulative or deceptive device while trading in the shares of JTREL and/or KSLIL. There is not even a single allegation in the SCN itself that the Noticee had in fact traded any shares of JTREL and/or KSLIL.

32. With regard to the alleged violation of Regulation 3(c), it is denied that the Noticee had used or employed any manipulative or deceptive device or scheme to commit fraud while trading in the shares of JTREL and/or KSLIL. There is not even a single allegation in the SCN itself that the Noticee had in fact traded any shares of JTREL and/or KSLIL.

33. With regard to the alleged violation of Regulation 3(d), it is denied that the Noticee had engaged in any act, practice or course of business which had operated as fraud or deceit on any person while dealing with shares of JTREL and/or KSLIL. There is not even a single allegation in the SCN itself that the Noticee had in fact traded any shares of JTREL and/or KSLIL.

34. With regard to the alleged violation of Regulation 4(1), it is denied that the Noticee had indulged in any fraudulent or an unfair practice in securities as alleged. There is

no allegation in the SCN and no material, document or evidence has been brought on record by SEBI in the SCN to establish a violation of this provision.

35 . With regard to the alleged violation of Regulation 4(2) (e), it is denied that the Noticee had done any act or omission amounting to manipulation of the price of security. There is no allegation in the SCN and no material, document or evidence has been brought on record by SEBI in the SCN to establish violation of this provision.

As regards alleged violations of the provisions of SAST Regulations :

36 . It is submitted that as discussed above in detail above, there is not even a single allegation in the SCN and no material, document or evidence has been brought on record by SEBI in the SCN to establish that I had in fact traded any shares of JTREL and/or KSLIL. In fact the SCN itself states that I had not traded in shares of JTREL since 2004. Therefore, in the absence of any acquisition of shares of either JTREL and/or KSLIL during the Investigation Period, there is no violation of the provisions of the SAST Regulations as alleged or at all including same is that as I had not acquired any shares, either directly or indirectly, and the provisions of SAST Regulations relating to the offer size, offer price, general exemptions or exemptions by the board do not apply to the Noticee.

37. From the aforesaid it is clear that the allegations of violating the PFUTP Regulations and SAST Regulations cannot be alleged against the Noticee and the SCN needs to be dropped forthwith.

38. The Noticee submit that there is a long unexplained delay in initiation of proceedings against the Noticee. As per the show cause notice the alleged transaction were executed by the Noticee in year 2001. SEBI issued SCN in March 2018. There is unnatural and unexplained delay of almost 17 year coursing serious prejudice to the Noticee. Hence, the SCN cannot sustain and is liable to be quashed.

39. Through various judgments this Hon'ble Tribunal has made its stand very clear in this particular issue that there cannot be an inordinate delay in initiation of the proceedings even though there is no period of limitation prescribed in the Act and Regulations. In Ashlesh Gunvantbhai Shah vs SEBI on January 81, 2020 (Appeal no. 169 of 2019) the Hon'ble Tribunal held that:

"14. We also find that in the case rif Ashok ShivlalRupani (supra) the period of investigation was January 4, 2010 to January 10, 2011 in the scrip of Mls. Oregon Commercial Ltd. and the show cause notice issued on November 20, 2017 which this Tribunal held that there was an inordinate delay. In the instant case, the same scrip was investigated for the same period and there is a delay rif7 years in issuing the show cause notice. To this extent, the facts are common. Further, Civil Appeal No. 8444 - 8445 of 2019 Securities and Exchange Board of India vs. Ashok ShivlalRupani & Anr., etc. was dismissed by the Supreme Court on November 15, 2019 thus affirming the decision of this Tribunal.

15. In the light of the aforesaid, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice. Even though there is no period of limitation prescribed in the Act and Regulations in the issuance of a show cause notice or for completion of the adjudication proceedings the authority is required to exercise its powers within a reasonable period as held recently in Adjudicating Officer, Securities and Exchange Board of India vs. Bhavesh Pabari (2019) SCC OnLine SC 294. In the instant case, we are of the opinion that the power to adjudicate has not been exercised within a reasonable period and therefore no penalty could be imposed."

40. Similar view was taken by this Tribunal in Mr. Rakesh Kathotia & Ors. vs SEBI (Appeal No.7 of2016) decided by this Tribunal on May 27, 2019. The relevant paragraph is extracted herein below:-

"23. It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771)

held that in the absence of any period of limitation, the authority is required to exercise

its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination o/ this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court in Bhavnagar University v. Palitana Sugar Mill (2004) Vol.12 SCC 670, State of Punjab vs. Bhatinda District Coop. Milk P. Union Ltd (2007) Vol.1 1 SCC 363 and Joint Collector Ranga Reddy Dist. & Anr. vs. D. Narsing Rao & Ors. (2015) Vol. 3 SCC 695. The Supreme Court recently in the case o/ Adjudicating Officer, SEBI vs. BhaveshPabari (2019) SCC Online SC 294 held:

"There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."

41. Please note that the view held in the abovementioned judgments squarely applies to his case as the trades alleged took place in the year 2001 and the SCN was issued only in 2018 which is an inordinate delay as decided by the Tribunal. On this ground alone the Impugned Order ought to be quashed and set aside.

In addition to the aforesaid para wise reply to the contents of the SCN, the following are some additional objections I grounds for quashing the SCN as against the Noticee:

OBJECTIONS AND GROUNDS FOR QUASHING THE SHOW CAUSE NOTICE

A. NO SPECIFIC AVERMENT AGAINST MY CLIENT

(i) It can be seen from the SCN that there is no specific averment, allegation or statement against the Noticee in respect of the alleged violation of various rules and regulations of SEBI.

(ii) The SCN proceeds to treat the Noticee at par with all other entities who have in fact allegedly traded I acquired shares of JTREL and/or KSLIL and the Noticee has been wrongly painted with the same brush. The allegations have been made against the Noticee and in a generalized manner, without any specific details as to the nature of any role played by the Noticee in respect of any of the alleged violations.

B. THE SCN IS BAD IN LAW AND MUST BE STRUCK DOWN / QUASHED AS AGAINST MY CLIENT

(i) The law as regards the requirement of issuance of Show Cause Notice and the contents that are mandatorily required to be included in such show cause notice was recently considered and elaborated by the Hon'ble Supreme Court in Gorkha Security Services v. Govt. (NCT of Delhi), (2014) 9 SCC 105. It was held as follows:

"Contents of the show-cause notice

21. The central issue, however, pertains to the requirement of stating the action which is proposed to be taken. The fundamental purpose behind the serving of show-cause notice is to make the Noticee understand the precise case set up against him which he has to meet. This would require the statement of imputations detailing out the alleged breaches and defaults he has committed, so that he gets an opportunity to rebut the same. Another requirement according to us is the nature of action which is proposed to be taken for such a breach. That should also be stated so that the Noticee is able to point out that proposed action is not warranted in the given case even if the defaults/breaches complained of are not satisfactorily explained...

22. The High Court has simply stated that the purpose rf show-cause notice is primarily to enable the Noticee to meet the grounds on which the action is proposed against him. No doubt, the High Court is justified to this extent. However, it is equally important to mention as to what would be the consequence if the Noticee does not satisfactorily meet the grounds on which an action is proposed. To put it otherwise, we are of the opinion that in order to fulfil the requirements of principles of natural justice, a show-cause notice should meet the following two requirements viz:

(i) The material/ grounds to be stated which according to the department necessitates an action;

(ii) Particular penalty/action which is proposed to be taken. It is this second requirement which the High Court has failed to omit.. .."
(ii) It has been further held in S.L. Kapoor v. Jagmohan & Ors., (1980) 4 SCC 379 that: "The demands rf natural justice are not met even if the very person proceeded against has furnished the information on which the action is based, if it is furnished in a casual way or for some other purpose. We do not suggest that the opportunity need be a "double opportunity" that is, one opportunity on the factual
allegations and another on the proposed penalty. Both may be rolled into one. But the person proceeded against must know that he is being required to meet the allegations which might lead to a certain action being taken against him."
(iii)It is humbly submitted that the SCN nowhere makes out any specific case against the Noticee and in manner provides an opportunity or details of any allegations that are Client has to meet. The SCN is general and vague in nature and there is no specific case made out against the Noticee and accordingly his submissions are also in respect of establishing his innocence by showing his non-involvement in any of the actions of the company.
(iv)It is therefore submitted that the SCN does not meet the mandatory requirements of a valid show cause notice as laid down by the Hon'ble Supreme Court in the aforesaid decision.

C. NO TRADES UNDERTAKEN BY MY CLIENT IN THE CONCERNED SCRIPS
(i)It is evident from the trade logs detailing the trades in the scrips of JTREL and KSLIL during the Investigation Period, as annexed to the SCN as well as to this Reply that the Noticee has not traded in either of the scrips of the said two companies. In fact, the Noticee does not even hold any shares in JTREL and as regards KSLIL.
(ii)The SCN also does not make out any case of trading by the Noticee and no documents, materials and evidence has been annexed to the SCN to establish any trading by the Noticee in the scrips of JTREL and KSLIL during the Investigation Period.
(iii)As regards investigation into the trading in the scrip of JTREL is concerned, it is submitted that since the Noticee has not traded in the said scrip during the Investigation Period, since the Noticee is not a shareholder of JTREL and in any case since the SCN also does not in any manner suggests or makes any allegations or observations or produces any materials and documents to suggest that the Noticee is involved in any wrong doing with respect to the price movement of such scrip or trading in the said scrip, no allegations of any violations of the provisions of the SEBI Regulations including PFUTP Regulations and SAST Regulations, as alleged or at all, can be sustained against the Noticee.
(iv)As regards investigation into the trading in the scrip of KSLIL is concerned, it is submitted that the Noticee has not traded in the said scrip during the Investigation Period. It is a promoter related entity of KSLIL and its shareholding has been disclosed to stock exchange. No changes in the said shareholding has taken place since March 2001 as alleged in the SCN itself and the SCN does not in any manner suggests or makes any allegations or observations or produces any materials and documents to suggest that the Noticee is involved in any wrong doing with respect to the price movement of such scrip or trading in the said scrip. Due to these reasons no allegations of any violations of the provisions of the SEBI Regulations including PFUTP Regulations and SAST Regulations as alleged or at all can be sustained against the Noticee.

42. It is further submitted that while taking a decision under the impugned provision, the Learned Adjudicating Officer has to take in to account Section 15J of the SEBI Act, 1992 which specifies the factors to be considered before levying any penalty, which are as under:
"(a) the amount of dispmportionate gain or urifair advantage, whether 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 difault."

43. With regard to Clause (a):- "the amount of disproportionate gain or unfair advantage, whether quantifiable, made as a result of the default": it is submitted that the findings does not lead to the conclusion that there has been disproportionate gain or unfair advantage to the Noticee.

44. With regard to Clause (b):- "the amount of loss caused to an investor or group of investors as a result of the default" : it is submitted that there are no investor complaints filed at any Stock Exchange or SEBI in respect of the trades executed by the Noticee in the scrip and the same has also not been alleged in the SCN. In absence of any direct information, the allegation of causing loss to other investors is baseless.

45. With regard to Clause (c):- "the repetitive nature of the default." it is stated that the Noticee has never been held guilty of financing its own issue of securities before. It is submitted that the instances pointed out in the notice are isolated instances and hence there is no question of repetitive nature of default.

46. Having stated the factors of Section 15J, the Noticee would like to draw the attention of your good self to a few case laws, wherein the respective courts have dealt into the aspect of penalty and factors for levying any penalty on any delinquent. In this regard your kind attention is drawn to Hon'ble Supreme Court's decision in the case of Hindustan Steel vs. State of Orissa (AIR 1970 SC 253) where it was held as follows:

"An order imposing penalty for failure to carry out a statutory obligation is the result of a quasi-criminal proceeding and penalty will not be ordinarily imposed unless the party obliged either acted deliberately in defiance of law or was guilty of conduct contumacious or dishonest, or acted in conscious disregard of its obligation. Penalty will not also be imposed merely because it is lawful to do so. Whether penalty should be imposed for failure to perform a statutory obligation is a matter of discretion of the authority to be exercised judicially and on aconsideration of all the relevant circumstances. Even if a minimum penalty is prescribed, the authority competent to impose the penalty will be justified in refusing to impose penalty, when there is a technical or venial breach of the provisions of the Act or where the breach flows from a bonafide belief that the offender is not liable to act in the manner prescribed by the statute."

47. Again, the Hon'ble Apex Court in the case of Ex-Naik Sardar Singh vs. Union of lndia (1991) s SEC 212) inter alia held that:

"the penalty imposed must be commensurate with the gravity cf the misconduct and that any penalty disproportionate to the gravity if the misconduct would be violative of Article 14 of the Constitution."

48. Further in the matter of Ranjit Thakur vs. Union of India (AIR 1987 SC 2386) it was held that:

"The Sentence has to suit the offence and the offender. It should not be vindictive or unduly harsh. It should not be so disproportionate to the offence as to shock the conscience and amount in itself to conclusive evidence of bias. The doctrine of proportionality, as part if' the concept if judicial review would ensure that even on an aspect which is, otherwise, within the exclusive province cf Court Martia4 if the decision cf the Court even as to sentence is an outrageous defiance cf logic then the sentence would not be immune from correction. Irrationality and perversity are recognized ground if judicial review. The penalty imposed must be commensurate with the gravity cf the misconduct and that any penalty disproportionate to the gravity of the misconduct would be violative of Art. 14 of the Constitution. The point to note and emphasis is that all powers have legal limits."

49. In the instant case since no primary violation against the Noticee has been made out and as the Noticee explained the genuineness of the case, the question of imposition of any penalty does not arise. Therefore it is duly submitted that the Noticee

has not committed any wrong and no charge has been established against the Noticee even prima facie, to warrant any action.
50. It is submitted that the aforesaid explanations make it quite clear that the Noticee has not violated any provisions of the SEBI Act, PFUTP Regulations and SAST Regulations and therefore the directions and findings of the SCN must be quashed and set aside with immediate effect. The SCN is uncalled for and unjust since there is no justification in subjecting the Noticee to such harsh and baseless allegations. It is submitted that, the Noticee has not committed any wrong and no charge has been established against it prima facie, to warrant any action. Therefore it will be unfair to subject the Noticee to unwarranted directions under the SEBI Act and PFUTP Regulations and SAST Regulations. ·
51. The Noticee humbly requests that in addition to the opportunity to place this reply on record, the Noticee may also be given an opportunity for the personal hearing before any decision is taken by your good self in the matter. the Noticee reserves his right to add /alter / amend/ modify any of the contentions raised in this reply at any time during the pendency of proceedings.

Vide letter dated March 31, 2021 Noticee 35 was granted an opportunity of hearing on April 12, 2021. This letter had returned undelivered. Later hearing notice was served through paper publication and newspaper details are mentioned elsewhere in this order. Noticee 35 did not avail of the hearing opportunity on the specified date.

7.28 Vijay Upadhyay / Noticee 36- SCN sent through SPAD had returned undelivered from address “C/O Shree Krishna Polyster Ltd., SKPL BHilad Vapi, Gujarat 396195” with the comment “address incomplete”. Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading “Unserved Summons / Notices”. Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 10, 2020 through SPAD and HD returned undelivered with the comment “*address incomplete*”. Undelivered envelope is available in file. Later hearing notice was served through paper publication. Details of publication are noted elsewhere in this order. Noticee 36 did not avail of hearing opportunity on specified date. Subsequently paper publication was done in this regard and an

opportunity of hearing was granted on October 06, 2020 Newspaper clipping of City Bhaskar dated September 16, 2020 is available on record.

Later hearing notice was served through paper publication and newspaper details are mentioned elsewhere in this order. Noticee 36 did not avail of the hearing opportunity on the specified date.

7.29 Anil Kumaran / Noticee 37**-** SCN sent through SPAD had returned undelivered from address "C/O Shree Krishna Polyester Ltd (SKPL), Bhilad, Vapi, Gujarat 396195 with the comment "*address incomplete*". Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading "Unserved Summons / Notices". Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 10, 2020 through SPAD and HD returned undelivered with the comment "*address incomplete*". Undelivered envelope is available in file. Subsequently paper publication was done in this regard and an opportunity of hearing was granted on October 06, 2020 Newspaper clipping of City Bhaskar dated September 16, 2020 is available on record. Later SCN and hearing notice were served through paper publication. Details of publication is dealt elsewhere in this order. Pursuant to public notice, I note that the Noticee 37 has furnished reply without mentioning his current address in his letter dated February 15, 2021. Noticee 37 had submitted an identical reply as detailed under Noticee 35 above. Additionally, Noticee 37 submitted as under-

"Further, not an iota of evidence has been brought in record to show that, the Noticee along with other Noticees have ever acted in furtherance of a common objective or for a purpose of substantial acquisition of shares or voting rights or tried gaining control of KSLIL. Please note, the Noticee had 90,000 shares in KSLIL which he had invested out of his hard-earned money, and his holding in KSLIL represented 0.84% of the total shareholding of KSLIL. Apart from these shares, the Noticee has never acquired any further shares in KSLIL, and therefore his holding in the company cannot be. said to be

substantial or any control be exercised in pursuant to the said holding. In any event SCN fails brought in record any evidence which could to establish that, there was agreement between the Noticee and with other Noticees to act in a manner, in furtherance of any understanding or design or co-operated any person by acquiring shares in KSLIL or exercise control over KSLIL."

Vide letter dated March 31, 2021 Noticee 37 was granted an opportunity of hearing on April 12, 2021. This letter had returned undelivered. Later hearing notice was served through paper publication and newspaper details are mentioned elsewhere in this order. Noticee 37 did not avail the hearing opportunity on the specified date

7.30 Kanti C Patel / Noticee 38**-** SCN sent through SPAD had returned undelivered from address "C/O Shree Krishna Polyester Ltd (SKPL), Bhilad, Vapi, Gujarat 396195 with the comment "*address incomplete*". Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading "Unserved Summons / Notices". Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 10, 2020 through SPAD and HD returned undelivered with the comment "*address incomplete*". Undelivered envelope is available in file. Subsequently paper publication was done in this regard and an opportunity of hearing was granted on October 06, 2020. Newspaper clipping of City Bhaskar dated September 16, 2020 is available on record. Vide letter dated January 12, 2021 sent through SPAD, Noticee was granted an opportunity of hearing on January 25, 2021. This letter had returned undelivered from the alternate address of the Noticee 38 "C/O O P Khandelwal, Gauhati Tea Housing Pvt. Ltd., Dispur, G S Road, Guwahati, Assam-781006 with the comment "*left*".

Later SCN and hearing notice were served through paper publication. Details of publication are noted elsewhere in this order. Pursuant to public notice, I note

that the Noticee 38 has furnished reply without mentioning his current address in his letter dated February 20, 2021. Noticee 38 had submitted an identical reply as detailed under Noticee 35 above. Additionally, Noticee 38 submitted as under-

"Further, not an iota of evidence has been brought in record to show that, the Noticee along with other noticees have ever acted in furtherance of a common objective or for a purpose of substantial acquisition of shares or voting rights or tried gaining control of KSLIL. Please note, the Noticee had 72,000 shares in KSLIL which he had invested out of his hard-earned money, and his holding in KSLIL represented 0.68% of the total shareholding of KSLIL Apart from these shares, the Noticee has never acquired any further shares in KSLIL, and therefore his holding in the company cannot be said to be substantial or any control be exercised in pursuant to the said holding. In any event SCN fails brought in record any evidence which could to establish that, there was agreement between the Noticee and with other noticees to act in a manner, in furtherance of any understanding or design or co-operated any person by acquiring shares in KSLIL or exercise control over KSLIL."

Vide letter dated March 31, 2021 Noticee 38 was granted an opportunity of hearing on April 12, 2021. This letter had returned undelivered. Later hearing notice was served through paper publication and newspaper details are mentioned elsewhere in this order. Noticee 38 did not avail the hearing opportunity on the specified date.

7.31 Gauri S Raut / Noticee 39- SCN sent through SPAD had returned undelivered from address "C/O Shree Krishna Polyester Ltd (SKPL), Bhilad, Vapi, Gujarat 396195" with the comment "*address incomplete*". Undelivered envelope is available in file. Thus, SCN was uploaded on SEBI website under the sub-heading "Unserved Summons / Notices". Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated January 10, 2020 through SPAD and HD returned undelivered with the comment "*address incomplete*". Undelivered envelope is available in file.

Subsequently paper publication was done in this regard and an opportunity of hearing was granted on October 06, 2020. Newspaper clipping of City Bhaskar dated September 16, 2020 is available on record.

Later SCN and hearing notice were served through paper publication. Details of publication is dealt elsewhere in this order.

7.32 Sudhir Gargodia/ Noticee 40 – Vide letter dated February 11, 2021 Noticee 40 had submitted an identical reply as detailed under Noticee 35. Advocate Tanvi Patil appeared for hearing on behalf of Noticee 40. Hearing is completed on February 03, 2020.

7.33 Sanjay Jambhale/ Noticee 41- SCN was served through hand delivery. Vide letter dated July 07, 2018 Noticee was granted hearing on April 09, 2018. Vide letter dated August 16, 2018 Noticee had requested for copies of documents listed therein. Vide letter dated August 16, 2018 Noticee was provided with the requested documents detailed in the letter. Further Noticee was granted hearing on September 14, 2018. Vide letter dated September 07, 2018, Noticee requested hearing after October 15, 2018. Vide letter dated September 21, 2018, Noticee was granted time till October 10, 2018 to file reply and granted an opportunity of hearing on October 15, 2018. Vide letter dated October 13, 2018 Noticee 41 had submitted an identical reply as detailed under Noticee 35 above. Additionally, Noticee 41 submitted as under:

i) It is submitted that, as per details provided along with the SCN, I was holding I,05,900 shares of KSLIL in the year 200 I, as per the data available in BSE website around on March 200 1 total shareholding of the Company was 1,05,99,000 which tantamount to 0.99% of the total shareholding and I have no manner could be said to have breached the threshold limit prescribed under Regulations 7(2) and Regulations 8(2).

Table: Showing constant shareholding

Sr. No.	Year	Noticee no. 43 shareholding in KSLIL (March Quarter)	Total Shareholding of theKSLIL (March Quarter)	Percentage of Holding C=A/B*lOO
		A	B	
1	2001	1,05,900	10599000	0.99
2	2002	1,05,900	10599000	0.99
3	2003	,05,900	10599000	0.99
4	2004	1,05,900	10599000	0.99
5	2005	1,05,900	10599000	0.99
6	2006	1,05,900	79492500	0.13
7	2007	1,05,900	96792870	0.10
8	2008	1,05,900	99877725	0.10
9	2009	1,05,900	100668325	0.10

ii)It is further submitted that, the liability to make a disclosure of a person only arises under Regulation 7(2), if he crosses the threshold limit prescribed in Regulations 7(1) and 7(1)(A). Regulations 7(1) casts a responsibility upon an acquirer (along with his PAC), to disclose in the manner provided under the Regulations if he is entitled to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company. It is submitted that as a matter of fact by virtue of my holding, I do not become an acquirer hence; the liability under Regulations 7(2) does not get triggered qua me.

iii)It is further submitted that, as my holding in the KSLIL is 0.11% of the total shareholding of the Company and during the entire investigation period there was no change in the shareholding of me thus, in an ex-facie manner the Regulations 7(2), 8(2), 10 and 11(1) does not get attracted in the present matter.

iv) It is earnestly submitted that, as per the SCN and annexures attached there, nothing has been brought on record to suggest that, the consideration for the 1,05,900 shares which were purchased by me has not been paid by me. Further SCN also fails to bring on record any evidence which qualifies my transaction as a benami transaction as provided under relevant law.

v) Please note, the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations 2003 were not in existence on July 17, 2003 and the alleged act was committed in the year 2001. Further, if the Repeal and Savings provisions of the PFUTP Regulations is perused, the same makes it abundantly clear that the PFUTP Regulations is not given a retrospective effect and therefore the present proceeding for the violation Regulation 3(a), (b), (c) and 4 (1), (2)(e) of PFUTP 2003 cannot be continued qua me.

Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated March 20, 2020 through SPAD and HD. Vide letter dated October 09, 2020, Noticee was granted an opportunity of hearing on October 21, 2020. Vide letter dated October 19, 2020 Noticee requested 25 days' time to brief his counsel and requested extension of the

hearing scheduled on October 21, 2020. Vide letter dated January 07, 2021, Noticee was granted final opportunity of hearing on January 19, 2021. Noticee vide letter dated January 18, 2021 again requested time stating the receipt of hearing notice only on January 16, 2021. Once again final opportunity of hearing was granted to the Noticee on February 03, 2021. Shri Saurabh Bachawat and Ms. Tanvi Patil; authorized representatives of the Noticee the personal hearing conducted through Webex on February 03, 2021. The ARs reiterated the submissions made vide Noticee's letter dated October 13, 2018. Vide email dated February 03, 2021, AR acknowledged the receipt of hearing minutes.

7.34 Satish Mhatre/ Noticee 42- Vide letter dated February 11, 2021 Noticee 42 had submitted an identical reply as detailed under Noticee 35. Advocate Tanvi Patil appeared for hearing on behalf of Noticee 42. Hearing is completed on February 03, 2020.

7.35 Vipin Kumar Bhatnagar/ Noticee 43- SCN sent through SPAD was delivered at address "*D-A-1, Gurudev Complex II, Dadrae Nagar Haveli, Silvassa – 396230*". Proof of delivery is available in file. Vide letter dated July 07, 2018, Noticee was informed to file reply to the SCN with in 14 days and an opportunity of hearing was granted on August 09, 2018. This letter was sent through SPAD and proof of delivery is available in file. Subsequent to appointment of the undersigned, SCN and copy of communique were sent to the Noticee vide letter dated March 20, 2020 through SPAD returned undelivered with the comment "left". Undelivered envelope is available in file. Later hearing notice was served through paper publication. Details of publication are noted elsewhere in this order. Noticee 43 did not avail of hearing opportunity on specified date.

7.36 Cyberinfo Zeeboomba.com Pvt. Ltd. / Noticee 44- Vide letter dated July 31, 2018 Noticee had requested for documents. Vide letter dated October 06, 2018 Noticee requested for 6 weeks time to file reply and reschedule the hearing. Vide email dated October 16, 2018 documents were provided once again and link was shared for accessing the documents through FTP (File Transfer Protocol). Subsequent to appointment of the undersigned, a copy of communique was sent to the Noticee vide letter dated March 20, 2020 through SPAD. Vide letter dated August 30, 2020, and requested extension till November 2020 citing Covid-19 situation. Vide letter dated October 09, 2020 Noticee was granted hearing on October 21, 2020 Noticee did not avail hearing opportunity on specified date. Vide letter dated January 07, 2021 Noticee was granted final opportunity of hearing on January 20, 2021. Noticee had neither filed any reply to the SCN nor availed of the hearings on specified date. Vide letter dated January 19, 2021 Noticee sought 2 weeks time for a personal hearing. Vide email dated July 20, 2021 sent to the email id - 'cyber_zeeboomba@hotmail.com' (as mentioned in its reply and as available in the MCA company master data), Noticee was granted an opportunity of personal hearing on July 20, 2021 through video conference, in view of the prevailing circumstances owing to pandemic. However, no response was received from the Noticee.

7.37 Ahmednagar Investments P Ltd. / Noticee 45- SCN returned undelivered. Accordingly, SCN was served through paper publication along with opportunity of hearing. Details of publication is mentioned elsewhere in this order. However, Noticee 45 neither filed any reply nor availed of the opportunity of hearing on the scheduled date.

7.38 21st Century Entertainment/ Noticee 46- SCN sent through SPAD was delivered at address “Shree Krishna Group Share Department, Raghuvanshi mill compound,11/12 Senapati Bapat Nr. Tata Power, Lower Parel (West) Mumbai- 13”. Proof of delivery is available in file. Vide letter dated July 07, 2018, Noticee was informed to file reply to the SCN with in 14 days and an opportunity of hearing was granted on August 09, 2018. This letter was sent through SPAD and proof of delivery is available in file. Vide letter dated August 01, 2018 Noticee 46 had requested for documents listed therein. Vide email dated October 16, 2018 documents were provided once again and link was shared for accessing the documents through FTP (File Transfer Protocol). Subsequent to appointment of the undersigned, copy of communique were sent to the Noticee vide letter dated March 20, 2020 through SPAD. Vide letter dated August 24, 2020, and requested extension till end of novel Covid-19 situation. Vide letter dated October 09, 2020 Noticee was granted hearing on October 21, 2020 This letter returned undelivered with the comment “left”. Subsequently, vide letter dated November 03, 2020, Noticee requested 4 weeks time for hearing. Vide letter dated January 07, 2021 Noticee was granted final opportunity of hearing on January 19, 2021, proof of delivery is available on record. Noticee had neither filed any reply to the SCN nor availed of the hearings on specified date.

7.39 Giriganga Investments P Ltd. / Noticee 47- SCN sent through SPAD was delivered at address “*Share Department, Raghuvanshi mill compound,11/12 Senapati Bapat Nr. Ambica Mill Bus Depot.P.,Mumbai- 13*”. Proof of delivery is available in file. Vide letter dated July 07, 2018, Noticee was informed to file reply to the SCN with in 14 days and an opportunity of hearing was granted on August 09, 2018. This letter was sent through SPAD and proof of delivery is

available in file. Vide letter dated July 31, 2018 Noticee had requested for documents listed therein. Vide letter dated Noticee had updated his current addres as " *Ecomax, Musrane Taluka- Wada, Dist. Thane- 421372*". Noticee further requested for extension of 15 days for the hearing. Vide email dated October 16, 2018 documents were provided once again and link was shared for accessing the documents through FTP (File Transfer Protocol). Subsequent to appointment of the undersigned, copy of communique were sent to the Noticee vide letter dated March 20, 2020 through SPAD. The same was delivered at "Ecomax, Musrane Taluka- Wada, Dist. Thane- 421372". Vide letter dated September 02, 2020, Noticee again requested 4 weeks for filing reply to the SCN. Vide letter dated October 09, 2020 an opportunity of hearing was granted on October 21, 2020. This letter was sent through SPAD and proof of delivery is available in file. However, Noticee did not avail of the hearing on the specified date. Vide letter dated January 07, 2021 another opportunity of hearing was granted on January 19, 2021. However, Noticee 47 did not avail of the hearing on the specified date.

7.40 Global Softech Ltd./ Noticee 48 – Noticee through its Authorised Representative (AR), Mindspright Legal, submitted a copy of order of hon'ble NCLT dated November 18, 2019 in the matter of Capman Conpro Pvt. Ltd. & Anr. Vs. Global Softech Ltd. AR *interalia* stated "*taking into consideration the observations and dictum of the Hon'ble Supreme Court and Hon'ble Tribunal, since in instant case, the Hon'ble NCLT by its order dated January 03, 2020 has declared moratorium under Section 14 of the IBC, therefore, any proceedings under any law against our client cannot be preceded with once the moratorium is in effect*."

Vide letter dated January 29, 2021, Noticee 48 through its newly appointed AR, Mr. Abdul Rehman submitted identical reply as detailed under Noticee 35, additionally submitted as under -

i) The Noticee humbly submits that they invested in the scrip of the KSLIL in year 2002, and the said shareholding was amounting of 423,930 shares, in percentage of 4% of the total shareholding in the scrip ofKSLIL. The Noticee submits that due to several corporate actions and trading in the scrip, the said shareholding of the Noticee had come to 3.09% of the total shareholding of KSLIL in December 2009.

Year	*Shareholding of Noticee in KSLIL*	*Total shares of the KSLIL*	*Percentage of holding C=A/B*100*
	A	*B*	
2002	*423960*	*10599000*	*4*
2005	*1271880*	*31797000*	*4*
2005	*3179700*	*79492500*	*4*
2006	*3815640*	*95391000*	*4*
2007	*3510760*	*96792870*	*3.627085*
2008	*3416156*	*99877725*	*3.420338*
2008	*3102945*	*99877725*	*3.106744*
2009	*3106543*	*100668325*	*3.985919*

ii) The Noticee humbly submits that they are not connected or part of the promoter entities or promoter group of KSLIL d uring the Investigation Priod. It is further submitted that the SCN had failed to provide any connection between the Noticee and the promoter entities or the promoter group entities during the investigation period and hence the shareholding of the Noticee in KSLIL cannot be taken together with other alleged promoter group entities of KSLIL.
iii) In this regard, the Noticee submits that merely they holding shares in the KSLIL, does not makes them party to the alleged manipulation. Further it is submitted that the SCN does not contains any concrete observation regarding the Noticee being a promoter of KSLIL or can be rightfully characterized as PAC of the promoters of KSLIL during the Investigation period.

Mr. Abdul Rehman attended the hearing conducted through Webex on February 09, 2021 and with regard to corporate insolvency resolution process submitted that

the moratorium under Section 14 of the IBC Code is still in force in respect of the Noticee 48.

7.41 Cyber Infosystems and Technologies Ltd. / Noticee 49- SCN sent through SPAD was delivered at address "Shree Krishna Group Share Dep, Raghuvanshi Mill Compound 11/12 S.B.Marg near Tata Power ,Lower Parel (West), Mumbai". Proof of delivery is available in file. Vide letter dated July 31, 2018 Noticee had requested for documents. Vide letter dated October 06, 2018 Noticee requested for 6 weeks time to file reply and reschedule the hearing. Vide email dated October 16, 2018 documents were provided once again and link was shared for accessing the documents through FTP (File Transfer Protocol). Subsequent to appointment of the undersigned, a copy of communique was sent to the Noticee vide letter dated March 20, 2020 through SPAD. Vide letter dated August 28, 2020, and requested extension of 7-8 weeks. Vide letter dated October 09, 2020 Noticee was granted hearing on October 21, 2020 Noticee did not avail hearing opportunity on specified date. Vide letter dated January 07, 2021 Noticee was granted final opportunity of hearing on January 19, 2021. Noticee had neither file reply to the SCN nor availed of the hearings on specified date.

7.42 Delux Polymers P Ltd. / Noticee 50**-** SCN was hand delivered at address 'Delux Polymers Pvt Ltd., Raghuvanshi Mill Compound, 11/12 S.B. Marg, Lower Parel (West), Mumbai - 400013'. Proof of service is available in file. Vide letter dated July 07, 2018 Noticee was informed to file reply in 14 days and an opportunity of hearing was granted on August 09, 2018. Noticee vide letter dated August 02, 2018 requested for certain documents listed therein and additional time to file reply thereafter. Vide letter dated August 16, 2018 erstwhile AO, in response to Noticee's letter dated August 02, 2018 acceding to request of Noticee for

provided relevant extract of IR; copy of Trade Log/ Order log of JTREL and KSLIL and PV data. Further, Noticee was informed to file reply by September 03, 2018 and an opportunity of hearing was granted on September 10, 2018. Noticee vide letter dated October 05, 2018 sought additional time for filing of reply and an opportunity of hearing thereafter. Vide email dated October 08, 2018 another opportunity of hearing was granted on October 24, 2018. Vide email dated October 16, 2018 documents were provided once again and link was shared for accessing the documents through FTP (File Transfer Protocol). Vide email dated October 23, 2018 Noticee once again filed extension letter. Vide email dated final opportunity of hearing was granted on November 15, 2018. Vide letter dated November 14, 2018 Noticee informed that Mr. Varun Nathani, Advocate and Ms. Sneha Baria, Advocate are authorized to appear for hearing on his behalf. Authorized representatives attended the hearing on November 15, 2018 before the erstwhile AO and made oral submissions. Noticee was further advised to submit the mode of acquisition of the shares in March 2001 and file written submissions. Hearing Minutes signed by erstwhile AO is on record. Vide letter dated November 12, 2018 submitted reply to SCN as summarized in later paras. Subsequent to appointment of the undersigned, copy of communique was sent to the Noticee vide letter dated March 20, 2020 through SPAD. Vide letter dated September 01, 2020 Noticee requested 2 months time for filing submissions, due to Covid-19. Vide letter dated October 09, 2020 delivered at alternate address “Unit 34A, 2nd Floor, Arsiwala Building, Wode House Road, Colaba, Mumbai 400005” Noticee was advised to attend hearing on October 22, 2020. Vide letter dated October 20, 2020 Noticee requested extension of 5-6 weeks for hearing. Vide letter dated January 08,

2021 Noticee was advised to file the information sought by erstwhile AO (vide his email dated November 20, 2018) by January 19, 2021 and granted an opportunity of hearing on January 22, 2021. Noticee did not avail of the hearing on the specified date. Vide letter dated February 04, 2021, Noticee 50 filed reply to the SCN. Noticee 50 and 51 have filed identical replies vide their separate letters as summarized in subsequent paras.

Vide letter dated March 31, 2021 Noticee 50 was granted an opportunity of hearing on April 12, 2021. This letter had returned undelivered from address "Unit 34A, 2nd Floor, Arsiwala Building, Wode House Road, Colaba, Mumbai 400005" and from another address. Neither envelope nor acknowledgment card is received back. Later hearing notice was served through paper publication. Details of publication is noted elsewhere in this order. However, Noticee 50 did not avail of the opportunity of hearing on the scheduled date.

7.43 Shree Ganesh Hosiery Mills P Ltd. / Noticee 51**-** SCN sent for hand delivery was delivered at the address "*Shree Krishna Groupshare Dep, Raghuvanshi Mills Compound, 11/12 S B Marg, Lower Parel (W) Mumbai, 400013*". Vide letter dated July 07, 2018 Noticee was granted hearing on April 09, 2018. This letter sent through SPAD had returned with comment "closed". Subsequent to appointment of the undersigned, copy of communique was sent to the Noticee vide letter dated March 20, 2020 through SPAD at the addresses "*Unit No. 34A, 2nd Floor, Arsiwala Building, 57, Wode House Road, Colaba, Mumbai – 400005*" and "*Shree Krishna Groupshare Dep, Raghuvanshi Mills Compound, 11/12 S B Marg, Lower Parel (W) Mumbai, 400013*". Acknowledgments of delivery of letter through SPAD is available in file. Vide letter dated September 01, 2020, Noticee sought one month time to prepare and submit the reply. Vide

letter dated October 09, 2020, Noticee was granted opportunity of hearing on October 20, 2020. Acknowledgment of service of this letter through SPAD is available in file. Vide email and letter both dated January 11, 2021, Noticee was granted an opportunity of hearing on January 20, 2021. Noticee did not avail of the hearing on the scheduled date. However, Noticee vide letter dated "17/04/2020" received on March 05, 2021 *interalia* submitted as under-

(i)At the outset it is submitted that none of the wild and bald allegations stated in the Notice are applicable to the Noticee. The Noticee does not hold any shares of JTREL and has never dealt in the said scrip. The Noticee never held any shares in the scrip of KSLIL in excess of what has been declared by it publicly. No benami transactions have ever been entered into or enabled by the Noticee with regard to the shares of JTREL and KSLIL. The Noticee has not traded or dealt in shares for generation of artificial volumes in the said scrips. The Noticee has not acted on behalf of any person, for creation of layers of fund transfer.

(ii)It is submitted that this is not the final reply to be submitted by the Noticee and the Noticee reserves its right to file additional replies to the Notice as and when required during the course of these proceedings. The Noticee even reserves its right to add I alter I amend I modify I any of the contentions raised in this reply at any time during the pendency of these proceedings.

(iii) The preliminary submissions of the Noticee are as follows:

(a) It is strenuously submitted that in the present matter, the investigation report, which is the most integral part of a Show Cause Notice has not been provided to the Noticee. The Noticee is proceeding on the basis that there exists no material on record of proceedings other than what has been provided to the Noticee.

(b) It is strenuously submitted that the present Notice provides contradictory findings against the Noticee. In the whole Notice, there are only two instances in which the name of the Noticee is indicated and that is the table indicated in Para 3 of the Notice and the first table indicated in Para 39 of the Notice. It is pertinent to note here that the observations made in Para 3 of the Notice are contradictory to the observations made in Para 41 of the Notice (based on the findings in Para 39 of the Notice). Para 3 of the Notice, states the details of the findings and the alleged violations as against the entities are indicated, it has been stated that the Noticee holds shares of JTREL and is the benami / frontentity of promoters holding shares in physical mode on behalf of the promoters. However, in Para 41 of the Notice it has been alleged that the Noticee has been found to be benami I front holders of shares of KSLIL. However, it is humbly submitted that the Noticee does not hold and never held any shares in the scrip of JTREL. The Noticee only has shareholding in the scrip of KSLIL and the same has been duly disclosed in the shareholding pattern of the company as uploaded on the website of the Stock Exchanges. It is further submitted that the Notice inter alia alleges violation of Regulation 4(2)(e) of PFUTP Regulations which states that: "dealing in securities shall be deemed to be fraudulent or an unfair trade practice if it involves fraud and may

include all or any of the following, namely:-It is humbly submitted that the said provision will be attracted if an entity has manipulated the price of the scrip. This means that for the said provision to be triggered, it is at least required that the entity has traded in the scrip of a company. By no stretch of imagination it can be said that the said provision can be attracted against a person even if a person has not traded or dealt in the security. It is humbly submitted that trading by an entity is a sine qua non for alleging Regulation 4(2)(e) of PFUTP Regulations. In the present case, the Noticee has neither traded in the scrip of JTREL or any act or omission amounting to the manipulation of the price of a security" KSLIL nor has the same been alleged in the Notice. Nowhere in the Notice has it been explained as to how the Noticee has traded in the scrip of JTREL of KSLIL and has manipulated the price of the scrip. Even in the Trade Log and Order Log files, which have been provided along with the Notice, nowhere the name of the Noticee has been indicated. The Noticee fails to understand as to how the Notice has been alleged to have violated Regulations 4(2)(e) of PFUTP Regulation if there is neither any charge against the Noticee for trading and manipulating the price of the scrip of JTREL or KSLIL nor has the same been brought out in the Notice. From all the above, it prima facie appears that the Notice has been issued without any pertinent material and appears to have been issued just for the sake of issuing, since the Noticee has not traded either in the scrip of JTREL or KSLIL nor has the same been alleged in the Notice. Nowhere in the Notice has it been explained as to how the Noticee has traded in the scrip of JTREL of KSLIL and has manipulated the price of the scrip. Even in the Trade Log and Order Log files, which have been provided along with the Notice, nowhere the name of the Noticee has been indicated. The Noticee fails to understand as to how the Notice has been alleged to have violated Regulations 4(2)(e) of PFUTP Regulation if there is neither any charge against the Noticee for trading and manipulating the price of the scrip of JTREL or KSLIL nor has the same been brought out in the Notice. From all the above, it prima facie appears that the Notice has been issued without any pertinent material and appears to have been issued just for the sake of issuing, since the Noticee has not traded either in the scrip of JTREL or KSLIL, nor is there any material on record to show the same. The Noticee submits that the allegation of violating PFUTP Regulations is therefore unfounded. Relying on all of the above, the Noticee submits that the Notice is bad in law and must be struck down on the ground of being vague and uncertain. This is the violation of the cardinal principle of natural justice. The law as regards the requirement of issuance of Show Cause Notice and the contents that are mandatorily required to be included in such show cause notice was recently considered and elaborated by the Hon'ble Supreme Court in Gorkha Security Services v. Govt.

(c) The Noticee is not able to understand the case which has been made against it and the answers of the vagueness and contradictions in the Notice. In the light of the above, the Noticee requests your goodself to provide the explanation for the same and it is only then that the Noticee will be able to submit the final reply in the matter. It is humbly submitted by the Noticee that it is the duty of your goodself to explain the Noticee the offence alleged to have been committed by the Noticee. Rule 4(3) of the Adjudicating Rules provides that the Adjudicating Officer shall fix a date of appearance of the person and Rule 4(4) provides that on the date fixed, the Adjudicating Officer shall explain to the Noticee about the offence indicating the violation of provisions of the Act, rules

and regulations. Rule 4(3) and 4(4) of the Adjudication Rules are provided below for the ready reference of your goodself.

(d) On the date of the hearing, your goodself must explain the Noticee about the contradictions in the Notice as well as the relation of the act or conduct of the Noticee with the charges levied in the Notice.

(e) It is submitted that the violations of the provisions of the SAST Regulations cannot be leveled against the Noticee as the shareholding of the Noticee in KSLIL was duly disclosed in the shareholding pattern of KSLIL as uploaded on the website of the Stock Exchanges. It must be appreciated by your goodself that the charge against the Noticee, as stated in the Notice, is that it was holding shares as a benami on behalf of the promoters of KSLIL and so has violated the minimum public shareholding norms.

(f) It is humbly submitted that the Noticee was disclosed as the 'person acting in concert' in the shareholding pattern of the company. The shareholding pattern of KSLIL is hereby attached and marked as II Annexure A colly". Therefore, the Noticee cannot be held liable for holding the shares of promoters of KSLIL as a benami in order to camouflage the holding of the promoters.

(g) Though it is to be considered that Noticee was concerned as 'person acting in concert' with KSLIL but the same has to be considered that due to some change in circumstances, the Noticee was not the 'person acting in concert' of KSLIL during the investigation period. Without prejudice to the above argument, it is to be considered that position of 'person acting in concert' ascertainable according to prevalent circumstances. Since, the Show Cause Notice in the present case has failed to point out any fact based on which the Noticee can be considered as 'person acting in concert' of KSLIL, the same reinforces the fact that Noticee is not the 'person acting in concert' of KSLIL and hence, is not to be considered one.

(h) Without prejudice to the aforesaid contention, it is further important to point out here that SEBI lacks the jurisdiction to adjudicate upon the issue of benami transaction in the present matter as it does not have the power to decide if the transaction entered in to by any of the alleged entities including the Noticee are in the nature of benami transaction. It is submitted that there is altogether a new law to deal with the benami transactions and hence the same cannot be covered into the ambit of SEBI Act.

(i) It is further submitted that your goodself has failed to establish in the Notice the specific provision under securities law which has been allegedly violated by the Noticee for holding the shares as a benami / front holder of shares of KSLIL. It must be appreciated by your goodself that unless a relation is established of the act or omission by an entity with the specific provision alleged to have been violated, the authority cannot be said to have jurisdiction to punish the entity for the alleged violation. Unless there is a violation of a provision in securities law, SEBI cannot assume jurisdiction. Hence, it is imperative that the proceedings must not be continued against the Noticee and must be dropped as SEBI does not have jurisdiction to try the present case. It is further submitted that it can be seen from the Notice that there are no specific averments against the Noticee in respect of the alleged violation of various rules and regulations of SEBI Act, PFUTP Regulations and / or SAST Regulations. It is submitted that the Notice wrongly alleges that the Noticee has violated Regulation 3(a), (b), (c) & (d) and 4 (1) & 2-(e) of PFUTP Regulations and Regulation 7(2), 8(2), 10 and 11(1) of SAST Regulations.

(j) It is humbly submitted that the Notice must be quashed against the Noticee as there are no specific averments against the Noticee. It can be seen from the Notice that there is no specific averment, allegation or statement against the Noticee in respect of the alleged violation of various rules and regulations of SEBI. The allegations against the Noticee are in generalized manner and bereft of any specific details as to the nature of any role played by the Noticee in respect of any of the alleged violations. Certain observation have been made against the Noticee in Para 39 of the Notice. In the common observations column at first unnumbered para of the first table at Para 39 it is stated that the Noticee (mentioned at serial number 9 in the said table on page 35 of the Notice) is disclosed as a promoter related entity in the shareholding of KSLIL. The Noticee states that no material has been provided in the Notice which can establish that the Noticee is a promoter of either Tayal group of companies viz. JTREL, etc. The said allegation against the Noticee is completely baseless and vague and not supported with any material, document or evidence on record. It is humbly submitted that serious allegations have been levied on the Noticee on the basis of the above stated vague findings.

(k) The allegation in the second unnumbered paragraph of the common observations does not pertain to the Noticee and the same pertains to the entities mentioned in Sr. nos. 12 to 17 of the table and no comment is accordingly offered on the same.

(l) With regard to the observation in the third unnumbered paragraph of the common observation column, it is submitted that the name of the Noticee has not been specifically indicated in the para. However, without prejudice it is submitted that no illegality can be attributed to the fact that the Noticee is holding the shares of KSLIL since March 2001and its holding is constant. Many investors purchase and hold the shares of a company for a long term with the optimism that the same will give them high returns in the future. It is not the case that the Noticee has frequently traded in the scrip with the intention to manipulate the price of the scrip. The Noticee fails to understand as to what has been attempted by the Notice by observing that the Noticee's holding in KSLIL and the fact that Noticee has not traded in shares of KSLIL since 2001. No negative observation can be made in this regard against the Noticee.

(m)In the fourth unnumbered paragraph of the common observation column it has been stated that the physical certificate numbers for shares held across some of the entities are nearly in continuous serial numbers, however no material on the basis of which such observation has been noted, has been placed on record. Further no attempt has been made in the Notice to provide the specific details of the Noticees of which the physical certificate numbers are in continuous serial number. Only a simple finding has been made that some of the entities physical certificate numbers are in continuous serial number without specifying the specific details of the Noticees.

(n) With regard to the observation in the fifth unnumbered paragraph of the common observation, it is vehemently denied that the Noticee holds shares in the scrip of JTREL in substantial quantity. Hence, the said allegation as against the Noticee is completely baseless and vague and not supported with any material or document or evidence on record.

(o) The last observation in the common observations column of the said table (in the said table on page 35 of the Notice) does not pertain to the Noticee and the

same pertains to entities mentioned in serial nos. 12-15 of the table) and no comment is accordingly offered at this stage.

(p) Therefore it can also be seen that it is incorrect and misleading to state in the table that the observations so made in the Notice are common observations against all entities stated therein when it is ex-facie not so, and majority of the allegations and statements do not apply to the Noticee. It is submitted that the Noticee has not traded in the scrip of KSLIL. Thus, the only observation relating to the Noticee is that the Noticee is holding shares since 2001, which the Noticee fails to understand as to how that makes the Noticee a party to the alleged manipulation. On the basis of the common observations made in Para 39 of the Notice, it has been alleged in Para 41 of the Notice that the Noticee has acted as the benami I front holder of promoters of KSLIL. With regard to this and without prejudice to the contention above that SEBI does not have jurisdiction on this issue, it is submitted that Notice does not bring any iota of evidence to support the conclusion arrived by it. It is to be noted that, the SEBI Act does not deal with the provisions relating to benami and/ or benami transaction and the same are dealt in Benami Transactions (Prohibition) Act, 1988.

(q) It is humbly submitted that as per the Notice itself, the Noticee have been holding shares of KSLIL since March, 2001 and his holding remained constant since 2001. Hence, there is no question of acquisition of shares of KSLIL and crossing the prescribed threshold limits. It is submitted that the liability to make a disclosure of a person only arises under Regulation 7(2), if he crosses the threshold limit prescribed in Regulations 7(1) and 7(1)(A). Regulations 7(1) casts a responsibility upon an acquirer (along with his PAC), to disclose in the manner provided under the Regulations if he is entitled to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company. Regulation 7(1) (A) deals with acquisition by a class of acquirers more than 2% of the shareholding of the Company. It is submitted that as a matter of fact, the Noticee by virtue of his holding does not become an acquirer hence; the liability under Regulations 7(2) does not get triggered qua the Noticee.

(r) It is also important to note here that, Notice neither provides any evidence nor makes a suggestion that, the shares acquired/ investment made by the Noticee, in the scrip of KSLIL was out of any funds received from either from Promoters of the KSLIL or from any other Noticees mentioned in the Notice. Thus, in light of the aforesaid it is not only irrational but, beyond reason as to why the Notice has alleged violation Regulations 7(2), 8(2), 10, 11(1) of SAST Regulations on the Noticee. From the aforesaid it is clear that the allegations of violating the PFUTP Regulations and SAST Regulations cannot be alleged against the Noticee and the Notice needs to be dropped forthwith. The Notice is uncalled for and unjust since there is no justification in subjecting the Noticee to such harsh and baseless allegations. It is submitted that, the Noticee has not committed any wrong and no charge has been established against the Noticee prima facie, to warrant any action. Therefore, it will be unfair to subject the Noticee to unwarranted directions under the SEBI Act, PFUTP Regulations and SAST Regulations.

Vide letter dated March 09, 2021 Noticee 51 was granted another opportunity of hearing on March 30, 2021. This letter was sent through SPAD at the addresses, "*Unit No. 34A, 2nd Floor, Arsiwala Building, 57, Wode House Road, Colaba, Mumbai – 400005*" had returned with comment "UNCLAIMED –Return to Sender". Undelivered envelope is available in file. Further, the said letter was delivered at "*Shree Krishna Groupshare Dep, Raghuvanshi Mills Compound, 11/12 S B Marg, Lower Parel (W) Mumbai, 400013* and as per 'Track Consignment downloaded from India post website' item delivery is confirmed on March 13, 2021". However, Noticee 51 did not avail of the opportunity of hearing on the scheduled date.

7.44 Shree Krishna Silk Industries P Ltd. / Noticee 52- SCN sent through SPAD was delivered at address "Shree Krishna Groupshare Dep, Raghuvanshi Mills Compound 11/12 S B Marg, Lower Parel (W) Mumbai". Proof of delivery is available in file. Vide letter dated July 07, 2018, Noticee was informed to file reply to the SCN with in 14 days and an opportunity of hearing was granted on August 09, 2018. Vide letter dated August 01, 2018 sought documents listed therein. Vide email dated October 16, 2018 documents were provided once again and link was shared for accessing the documents through FTP (File Transfer Protocol). Subsequent to appointment of the undersigned, a copy of communique was sent to the Noticee vide letter dated March 20, 2020 through SPAD. Vide letter dated August 31, 2020, requested extension of three months citing Covid-19 situation. Vide letter dated October 09, 2020 Noticee was granted hearing on October 21, 2020 Noticee did not avail of hearing opportunity on specified date. Vide letter dated March 09, 2021 Noticee was granted final

opportunity of hearing on March 30, 2021. Noticee had neither filed reply to the SCN nor availed of the hearings on specified date.

7.45 Envair Realty P Ltd. / Noticee 53- SCN sent through SPAD returned undelivered with the comment “left”. Later hearing notice was served through paper publication. Details of publication are noted elsewhere in this order. However, Noticee 53 neither filed any reply nor avail the opportunity of hearing on the scheduled date.

7.46 Charms Holding P Ltd. / Noticee 54- SCN sent through SPAD returned undelivered with the comment “left”. Later hearing notice was served through paper publication. Details of publication are noted elsewhere in this order. However, Noticee 54 neither filed any reply nor availed of the opportunity of hearing on the scheduled date.

8. **Hearing opportunity through Newspaper publication:**

Hearing Notices issued to the Noticees (viz. Kanti C Patel; Kishore Patil; Milind Mhatre; Rajesh Sharma; Jayesh Merchant; Ahmednagar Investments Pvt Ltd.; Sanjay Sawant; Hitesh Dodiya; Nitish Nayak; Avera Properties Pvt Ltd.; Axon Realpro Pvt Ltd.; Avery Procon Pvt Ltd.; Gopal Aggarwal; Vijay Upadhyay; Envair Realty Pvt Ltd.; Charms Holding Pvt Ltd.; Shri Dinesh Dongre; Shri. Vipin Kumar Bhatnagar; Gauri S Raut; Anil Kumaran; Amit Shivalkar; Shri Pramod Patil; Shri Satish Pusalkar; Shri Vijay Sawant ; Megna Developers Pvt. Ltd.; Jayshree Petrochemicals Pvt. Ltd.; Sanjay Gadade ; Mahendra Kumar Panchal; Jayesh Merchant; Rajesh Sharma; Inorbit Trading Co. Pvt. Ltd.; and Delux Polymers Pvt. Ltd.) mentioned in the table below could not be delivered at the last known address of the said Noticees. Thus hearing opportunity was granted vide Newspaper Publication. Details of public notice is as under:-

(i) I note from the OW.No./SEBI-NRO/DAVP/2020-21/308/1414 dated January 18, 2021; OMR ref: 15204181202176629 that the public notice of the hearing opportunity granted to 2 Noticees was published on January 23, 2021 in newspapers namely The Assam Tribune; Nispaksh Samachar and Asomiya Pratidin in their Guwahati edition.

Name of the entities who were granted hearing on February 22, 2021 & their last known addresses in Guwahati.
Kanti C Patel; C/O K.K.Patodia, Deepti Bhawan, Ulubar, G.S.Road, Guwahati, Assam
Kishore Patil; C/o O P Khandelwal, Gauhati Tea Housing Pvt Ltd, Dispur, G S Road, Guwahati, Assam-781006

(ii) I note from the OW.No./SEBI-NRO/DAVP/2020-21/306/1411 dated January 18, 2021; OMR ref: 15204181202176627 that the public notice of the hearing opportunity granted to 4 Noticees was published on January 23, 2021 in newspapers namely Hindustan Times, Navbharat Times and Maharashtra Times in their Mumbai edition.

Name of the entities who were granted hearing on February 22, 2021 & their last known addresses in Mumbai.
Rajesh Sharma; Yadav Gajraj Sadan, Janu Compound, Shantaram Tala, Malad (E), Mumbai - 400097
Jayesh Merchant; 3, New Jitendra Society, Dadabhai Road No 1, Vile Parle (W), Mumbai – 400056
Ahmednagar Investments Pvt Ltd; Address 1: Ecomax, Taluka-wada, Musarane, Dist-Thane-421312 Address 2: Share Department, Raghuvanshi Mill Comp.; 11/12, S.B.Marg, Lower Parel, Mumbai-400013
Sanjay Sawant; Address 1: Gavdevi Chawl, Umesh Nagar, Reti Bandar Road, Devi Pada, Borivali (W), Mumbai Address 2: D2,Yadav Patil Wadi, Plot No:384, V. S. Marg, Prabhadevi, Mumbai-400025

(iii) I note from the OW. No./SEBI-NRO/DAVP/2020-21/307/1413 dated January 18, 2021; OMR ref: 15204181202176628 that the public notice of the hearing opportunity granted to Milind Mhatre on February 23, 2021 was published on

January 23, 2021 in newspapers namely Hindustan Times, Navbharat Times and Maharashtra Times in their Nagpur edition. His last known address in Nagpur is 41, Kukade Layout, Nagpur – 440027.

(iv) I note from the OW.No./SEBI-NRO/DAVP/2020-21/304/1407 dated January 18, 2021; OMR ref: 15204181202176625 that the public notice of the hearing opportunity granted to 11 Noticees was published on January 23, 2021 in newspapers namely Silvasa Mirror, Samana Times and Daman Ganga Times in their Silvassa edition.

Name of the entities who were granted hearing on February 22, 2021 & their last known addresses in Silvassa.
Hitesh Dodiya; Silvassa Police Lane, Building No. F2, D. & N, Haveli, Silvassa
Nitish Nayak; 204, Alphine Building, Gardem City, Krishan Company Road, Samarvani, Silvassa 396230
Avera Properties Pvt Ltd.; Address 1:Flat No. 303, Silver Park, Plot No. 5 of Survey No.6, Vanmali Park, Silvassa Address 2: Khanvel Main Road, Samarvani, Silvassa ,Dadra and Nagar Haveli-396230
Axon Realpro Pvt Ltd.; Address 1:Flat No. 103, Silver Park, Plot No 5 of Survey No 6 Vanmalini Park, Silvassa – 396230 Address 2: Flat No.304, Silver Park, Plot No.5 Of Survey No.6, Vanamali Park, Samarvani, Silvassa (TN)-396230
Avery Procon Pvt Ltd Address 1: Flat No G-2, Silver Park, Plot No.5 of Survey, Vanmali Park, Khanvel Mainroad, Silvassa – 396230 Address 2:103, Silver Park., Plot No.5 Survey No.6, Vanamali Park, Silvassa-Khanvel Road, Samarvani, Silvassa, Dadra & Nagar Haveli-396230
Gopal Aggarwal Address 1: B/11, 2nd Floor, Gurudev Complex II, Silvassa – 396230 Address 2: B-2, Flat No 2, Pramukh Vihar, Naroli Road, Silvassa, D & Nh-396230
Vijay Upadhyay Shiv Sagar Bldg, Near Dadra Check Post, Silvassa-396230
Envair Realty Pvt Ltd.;Flat No.202, Silver Park, Plot No 5 of Survey No. 6, Vanamali Park, Silvassa – 396230
Charms Holding Pvt Ltd.; Flat No.102, Silver Park, Plot No 5 of Survey No 6, Vanmali Park, Silavassa – Khanvel Main Road, Silvassa – 396230
Shri Dinesh Dongre; 101, Ridhi Sidhi CHS, Muktanand Marg, Opp to Union Bank, Silvassa Road, Silvassa – 396230
Shri. Vipin Kumar Bhatnagar; D-A-1, Gurudev Complex II, Dadrae Nagar Haveli, Silvassa 396320

(v) I note from the OW. No./SEBI-NRO/DAVP/2020-21/305/1409 dated January 18, 2021; OMR ref: 15204181202176626 that the public notice of the hearing opportunity granted to Vijay Updhayay on February 22, 2021 was published on January 23, 2021 in newspapers namely Silvasa Mirror, Samana Times and Daman Ganga Times in their Valsad edition. His last known address in Valsad is Sanjan Road, PO Bhilad, TA Umargam, Valsad, Gujarat-396150.

(vi) I note from the OW.No./SEBI-NRO/DAVP/2020-21/303/1405 dated January 18, 2021; OMR ref: 15204181202176624 that the public notice of the hearing opportunity granted to 5 Noticees was published on January 23, 2021 in newspapers namely The Times of India , Gujarat Vaibhav and Gujarat Samachar in their Vapi edition.

Name of the entities who were granted hearing on February 22, 2021 & their last known addresses in Vapi
Kanti C Patel; C/O Shree Krishna Polyester Ltd (SKPL), Bhilad, Vapi, Gujarat
Gauri S Raut; C/O Shree Krishna Polyester Ltd (SKPL), Bhilad Vapi, Gujarat
Anil Kumaran; C/O Shree Krishna Polyester Ltd (SKPL), Bhilad Vapi, Gujarat
Amit Shivalkar; C/o Shree Krishna Polyester Ltd (SKPL),Bhilad Vapi, Gujarat
Vijay Upadhyay; C/O Shree Krishna Polyester Ltd (SKPL), Bhilad, Vapi, Gujarat

(vii) I note from the OW.No./SEBI-NRO/DAVP/2020-21/332/3688/1 dated February 11, 2021; OMR ref: 15204112202177302 that the public notice of the hearing opportunity granted to the 6 Noticees was published on February 17, 2021 in newspapers namely The Hindustan Times; Nav Bharat and Lokmat in their Mumbai edition.

Name of the entities who were granted hearing on March 15, 2021 & their last known addresses in Mumbai.
Shri Pramod Patil; 5/6, Spring Mill Compound, G D Ambedkar Road, Naigaon Dadar, Mumbai-400014
Shri Satish Pusalkar; 396, V. S. Marg, Prabhadevi, Mumbai 400025
Shri Vijay Sawant ;B/302, Siddesh S H Society,Building No 2, Sadguru Nagar, Prabhadevi, Mumbai
Megna Developers Pvt. Ltd.;Unit no. 34A, 2nd floor, Arsiwala Building; Wood House Road, Colaba; Mumbai 400005
Jayshree Petrochemicals Pvt. Ltd.; Unit no. 34A, 2nd floor, Arsiwala Building;Wood House Road, Colaba; Mumbai 400005

Sanjay Gadade ;Yadav Patil Wadi, 384, V. S. Marg, Prabhadevi, Mumbai 400025

(viii) I note from the OW.No./SEBI-NRO/DAVP/2020-21/333/3689/1 dated February 11, 2021; OMR ref: 15204112202177301 that the public notice of the hearing opportunity granted to Mahendra Kumar Panchal was published on February 17, 2021 in newspapers namely Times of India; Gujarat Vaibhav and Gujarat Samachar in their Vapi edition. His last known address in Vapi is D-1-15, Ambika Park Lavachha, Vapi, Gujarat – 396195.

(ix) I note from the OW.No./SEBI-NRO/DAVP/2021-22/47 dated April 16, 2021; OMR ref: 15204164202178376 that the public notice of the hearing opportunity granted to the following 6 Noticees was published on April 21, 2021 in newspapers namely The Hindustan Times; Nav Bharat and Loksatta in their Mumbai edition.

Name of the entities who were granted hearing on April 30, 2021 & their last known addresses in Mumbai.
Jayesh Merchant 3, New Jitendra Society, Dadabhai Road No 1, Vile Parle (W), Mumbai – 400056
Rajesh Sharma Yadav Gajraj Sadan, Janu Compound, Shantaram Tala, Malad (E), Mumbai – 400097
Sanjay Sawant Address 1: Gavdevi Chawl, Umesh Nagar, Reti Bandar Road, Devi Pada, Borivali (W), Mumbai Address 2: D2, Yadav Patil Wadi, Plot No:384, V. S. Marg, Prabhadevi, Mumbai-400025
Inorbit Trading Co. Pvt. Ltd. H-157, Dr. Babasaheb Ambedkar Nagar, S.M. Road, Kokari Agar, Sion Koliwada, Mumbai – 400037
Jayshree Petrochemicals Pvt. Ltd. Address 1: Raghuvanshi Mills Compound, 11/12, Senapati Bapat Marg, Lower Parel (W), Mumbai –400013 Address 2: Unit no. 34A, 2nd Floor., Arsiwala Building, Wood House Road, Colaba, Mumbai 400005
Delux Polymers Pvt. Ltd. Address 1: Unit 34A, 2nd Floor, Arsiwala Building, Wode House Road, Colaba, Mumbai 400005 Address 2: Raghuvanshi Mills Compound, 11/12 S.B. Marg, Lower Parel (West), Mumbai 400013

(x) I note from the OW. No. /SEBI-NRO/DAVP/2021-22/48 dated April 16, 2021 that the public notice of the hearing opportunity granted to Gopal Aggarwal and his last known two addresses are “B/11, 2nd Floor, Gurudev Complex II, Silvassa – 396230” and “B-2, Flat No 2, Pramukh Vihar, Naroli Road, Silvassa”, D & Nh-3962301 Noticee was published on April 21, 2021 in newspapers namely Silvasa Mirror; Samana Times and Daman Ganga Times in their Silvassa edition.

(xi) I note from the OW. No. /SEBI-NRO/DAVP/2021-22/49 dated April 16, 2021; OMR ref: 15204164202178375 that the public notice of the hearing opportunity granted to the following 4 Noticees was published on April 21, 2021 in newspapers namely The Times of India; Nav Bharat Times and Nav Gujarat Samay in their Vapi edition.

Name of the entities who were granted hearing on April 30, 2021 & their last known addresses in Vapi, Gujarat
Kanti C Patel; C/O Shree Krishna Polyester Ltd (SKPL), Bhilad, Vapi, Gujarat
Anil Kumaran; C/O Shree Krishna Polyester Ltd (SKPL), Bhilad Vapi, Gujarat
Amit Shivalkar; C/o Shree Krishna Polyester Ltd (SKPL), Bhilad Vapi, Gujarat
Mahendra Kumar Panchal; D-1-15, Ambika Park Lavachha, Vapi, Gujarat

9. I am compelled to proceed in the matter, based on available records, against certain Noticees who have neither replied on merits nor appeared for hearing. I am of the view that principles of natural justice have been complied with since sufficient opportunities have been provided to the Noticees to submit reply and to appear for hearing. Therefore, the present proceedings against the said Noticees are undertaken ex-parte on the basis of available documents and information.

10. At this juncture, I would like to quote the findings of the Hon’ble SAT in the matter of Sanjay Kumar Tayal and Ors. vs SEBI (Appeal No 68 of 2013), wherein SAT had observed that “..... *As rightly contended by Mr. Rustomjee, the learned senior counsel for respondents, appellants have neither filed any reply to*

the show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted the charges leveled against them in the show cause notices ....."

11. After taking into account, the allegations levelled in the SCN, and other evidences / material available on record, I hereby proceed to decide the case on merits.

CONSIDERATION OF ISSUES, EVIDENCES AND FINDINGS

12. The issues arising for consideration in the instant proceedings before me are as following:

I. Alleged violation of PFUTP Regulations against the Noticees

JTREL

Issue a) Whether Noticee 7 to 11, Noticee 20 to 34 and 53, as identified in pages 1 & 2 of this order were connected and front entities to the Promoters of JTREL? Whether Noticee 12 to 19 were connected to the promoters of JTREL?

Issue b) Whether as a result of the aforementioned, the Promoters of JTREL along with entities connected to them had misrepresented their shareholding in JTREL?

Issue c) Whether some of the aforementioned Noticees i.e. Jayshree Petrochemicals, EDC Securities Pvt. Limited, Megna Developers Pvt. Limited, Axon Realpro Pvt. Limited, Anil Kumar Dubey, Jayesh V. Merchant, Dinesh Dongre, Mahendra Kumar Panchal, Nitish Nayak, Hitesh Dodiya and also Avery Procon Pvt. Limited, had indulged in artificial volume creation, order book manipulation and price manipulation in the scrip of JTREL?

KSLIL

Issue d) Whether Noticee 7 to 11 and Noticee 33, 35 to 43; and Noticee 14 to 19 and Noticee 44 to 54 were connected to the Promoters of KSLIL?

Issue e) Whether as a result of the aforementioned, the Promoters of KSLIL along with entities connected to them had misrepresented their shareholding in KSLIL?

Issue f) Whether some of the aforementioned Noticees i.e. Jayshree Petrochemicals, EDC Securities Pvt. Limited, Megna Developers Pvt. Limited, Axon Realpro Pvt. Limited, Nitish Nayak and Avery Procon Pvt. Limited, had indulged in artificial volume creation, order book manipulation and price manipulation in the scrip of KSLIL?

JTREL and KSLIL

As a result of the aforementioned -

Issue g) Whether Noticee 1 to 6 have violated Regulation 3 (b),(c),(d) and Regulation 4 (1), (2)-(d),(e) & (r) of PFUTP Regulations?

Issue h) Whether Noticee 7 to 19 have violated Regulation 3 (a),(b),(c),(d) and 4 (1), (2)-(a),(b), (e) & (g) of PFUTP Regulations?

Issue i) Whether Noticee 20 to 54 have violated Regulation 3 (a),(b),(c) & (d) and 4 (1) & (2)-(e) of PFUTP Regulations?

Issue j) Whether Noticee 55 and 56 have violated Regulation 4 (2)- (f),(k) & (r) of PFUTP Regulations?

II. Alleged violation of Takeover Regulations against the Noticees

Issue k) Whether Noticee 1 to 6 have violated Regulation 7(1),(2) 8(1),(2), 10 and 11 (1) & (2) of Takeover Regulations?

Issue l) Whether Noticee 7 to 19 have violated Regulation 7(1),(2) 8 (2), 10 and 11 (1) of Takeover Regulations?

Issue m) Whether Noticee 20 to 54 have violated Regulation 7(2), 8(2), 10 and 11(1) of Takeover Regulations?

Issue n) Whether Noticee 55 and 56 have violated Regulation 7(3), 8(3) and (4) of Takeover Regulations?

III. Alleged violation of conditions of Listing Agreement read with Section 21 of SCRA, 1956 including conditions for continuous listing against the Noticees

Issue o) Whether Noticee 1 to 6, and Noticee 55 and 56 have violated the conditions of Listing Agreement read with Section 21 of SCRA, 1956 including conditions for continuous listing?

<u>As a result of the aforementioned -</u>

Issue j) Do the violations, if any, on the part of the Noticees attract monetary penalty under the provisions of SEBI Act and SCRA, 1956 for the alleged violations by the Noticees?

Issue k) If yes, then what would be the monetary penalty that can be imposed upon the Noticees, taking into consideration the factors mentioned in section 15J of the SEBI Act r/w rule 5 of the Adjudication Rules and Section 23J of SCRA, 1956 read with Rule 5 of the SCR Adjudication Rules?

13. Before moving forward, the relevant extracts of the provision of law, allegedly violated by the Noticees, are reproduced hereunder;

SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating To Securities Market) Regulations, 2003

Prohibition of certain dealings in securities

***3**. No person shall directly or indirectly-*

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

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

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

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

***4**. Prohibition of manipulative, fraudulent and unfair trade practices*

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

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

(a) indulging in an act which creates false or misleading appearance of trading in the securities market.
(b)dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;
(c)—
(d) paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;
(e) any act or omission amounting to manipulation of the price of a security;
(f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;
(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;
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(k) an advertisement that is misleading or that contains information in a distorted manner and which may influence the decisions of the investors;
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(r) planting false or misleading news which may induce sale or purchase of securities.

SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997
***7**. (1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed.*
(2) The disclosures mentioned in sub-regulations (1) and (1A) shall be made within two days of,—
(a) the receipt of intimation of allotment of shares; or
(b) the acquisition of shares or voting rights, as the case may be.

(3) Every company, whose shares are acquired in a manner referred to in sub-regulations (1) and (1A), shall disclose to all the stock exchanges on which the shares of the said company are listed the aggregate number of shares held by each of such persons referred above within seven days of receipt of information under sub-regulations (1) and (1A).

Continual disclosures.
***8**. (1) Every person, including a person mentioned in regulation 6 who holds more than fifteen per cent shares or voting rights in any company, shall, within 21 days from the financial year ending March 31, make yearly disclosures to the company, in respect of his holdings as on 31st March.*

(2) A promoter or every person having control over a company shall, within 21 days from the financial year ending March 31, as well as the record date of the company for the purposes of declaration of dividend, disclose the number and percentage of shares or voting rights held by him and by persons acting in concert with him, in that company to the company.
(3) Every company whose shares are listed on a stock exchange, shall within 30 days from the financial year ending March 31, as well as the record date of the company for the purposes of declaration of dividend, make yearly disclosures to all the stock exchanges on which the shares of the company are listed, the changes, if any, in respect of the holdings of the persons referred to under sub-regulation (1) and also holdings of promoters or person(s) having control over the company as on 31st March.
(4) Every company whose shares are listed on a stock exchange shall maintain a register in the specified format to record the information received under sub-regulation (3) of regulation 6, sub-regulation (1) of regulation 7 and sub-regulation (2) of regulation 8.

Acquisition of fifteen per cent or more of the shares or voting rights of any company.
***10**. No acquirer shall acquire shares or voting rights which (taken together with shares or voting rights, if any, held by him or by persons acting in concert with him), entitle such acquirer to exercise fifteen per cent or more of the voting rights in a company, unless such acquirer makes a public announcement to acquire shares of such company in accordance with the regulations.*

Consolidation of holdings.
***11**. (1) No acquirer who, together with persons acting in concert with him, has acquired, in accordance with the provisions of law, 15 per cent or more but less than fifty five per cent (55%) of the shares or voting rights in a company, shall acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights entitling him to exercise more than 5% of the voting rights, with post acquisition shareholding or voting rights not exceeding fifty five per cent., in any financial year ending on 31st March unless such acquirer makes a public announcement to acquire shares in accordance with the regulations.*
(2) No acquirer, who together with persons acting in concert with him holds, fifty-five per cent (55%) or more but less than seventy-five per cent (75%) of the shares or voting rights in a target company, shall acquire either by himself or through or with persons acting in concert with him any additional shares entitling him to exercise voting rights] or voting rights therein, unless he makes a public announcement to acquire shares in accordance with these Regulations: Provided that in a case where the target company had obtained listing of its shares by making an offer of at least ten per cent (10%) of issue size to the public in terms of clause (b) of sub-rule (2) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, or in terms of any relaxation granted from strict enforcement of the said rule, this sub-regulation shall apply as if for the words and figures seventy-five per cent (75%)', the words and figures 'ninety per cent (90%)' were substituted.
Provided further that such acquirer may, notwithstanding the acquisition made under regulation 10 or sub-regulation (1) of regulation 11, without making a public announcement under these Regulations, acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights entitling

him upto five per cent. (5%) voting rights in the target company subject to the following: -
(i) the acquisition is made through open market purchase in normal segment on the stock exchange but not through bulk deal /block deal/ negotiated deal/ preferential allotment; or the increase in the shareholding or voting rights of the acquirer is pursuant to a buyback of shares by the target company;
(ii) the post acquisition shareholding of the acquirer together with persons acting in concert with him shall not increase beyond seventy five per cent. (75%).

SECURITIES CONTRACTS (REGULATION) ACT, 1956
Conditions for listing.

21*. Where securities are listed on the application of any person in any recognised stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.*

14. From the SCN, I note that the allegations against the Noticees named therein are of a very serious nature *inter alia* including engaging in fraudulent activities thereby adversely affecting investors in the securities market. I note from the IR and SCN, the phrase 'benami' is used for describing the front entities / entities connected with the Promoters of JTREL ans KSLIL. Further, it has not been alleged the violation of the Benami Transactions (Prohibition) Act, 1988 as contended by the Noticees.

15. Further, Noticees have contested SEBI's jurisdiction in the instant matter. In this regard, I refer to Preamble of the Securities and Exchange Board of India Act, 1992, describing the basic functions of the Securities and Exchange Board of India as "...*to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto*". Thus, I note that any act of omission/commission by any individual / entity which is likely to have an impact on the interests and welfare of investors in the securities market is subject matter of SEBI's jurisdiction. I am, therefore, of the considered view that SEBI has full jurisdiction for

determination of the allegations contained in the SCN and to proceed against the Noticees as per the provisions of law as contemplated therein.

16. Noticee 1 to 6 have contended that there are no investor complaints filed at any Stock Exchange or SEBI in respect of the trades executed by Our Client (if any) in the scrip and the same has also not been alleged in the SCN. They further contended that in absence of any direct information, the allegation of causing loss to other investors is baseless. In this regard, I note from the IR that as on December 31, 2009, it was observed that the Promoters effectively held 96.99% shareholding in JTREL, which included direct ownership of 67.05% shareholding under the category of 'Promoters and Promoter Group', direct ownership of 1.5% shareholding under the category of 'Individual shareholders holding nominal share capital up to Rs. 1 Lakh', indirect ownership of 27.75% shareholding held through connected entities under the category of 'Individual shareholders holding nominal share capital up to Rs. 1 Lakh' and indirect ownership of 0.69% shareholding held through three connected entities under the category of 'Bodies Corporate'. However, the Promoters had publicly disclosed only 67.05% shareholding in JTREL. As a result, investors were led to believe that the Promoters held and controlled only 67.05% of the share capital of JTREL, which was well within the maximum permissible non–public shareholding limit of 75%, whereas the public shareholding was effectively only 3.01%. It is clear that by misleading disclosures, a wrong impression of the shareholding in a fraudulent manner. I find it relevant to refer to the case of Mrs. Komal Nahata vs. SEBI (Appeal No. 5 of 2014 decided on January 27, 2014, Hon'ble SAT has held that "…*Argument that no investor has suffered on account of non-disclosure and that the AO has not considered the mitigating factors set out under Section 15J of SEBI Act, 1992 is without any merit*

because firstly penalty for non compliance of SAST Regulations, 1997 and PIT Regulations, 1992 is not dependent upon the investors actually suffering on account of such non-disclosure. "

17. Further I note that Noticees have made repeated requests for copies of documents collected during the Investigation by SEBI. For example, copies of documents were earlier provided to all the Noticees by the erstwhile AO to the Noticees who had sought copies in 2018. However, I note from the subsequent letters that, some of the Noticees had sought the copies of the same documents once again. In this regard, it is also noted that the said documents were sent at the addresses of certain entities by erstwhile AO and once again by the undersigned, have returned undelivered from the addresses on record and as mentioned in the letter head of the said Noticees. I note that all relied upon documents in the SCN dated March 05, 2018, were provided to the Noticees along with the said SCN and copies of the same were provided once again at the request of the Noticees thereafter. Having regard to the aforementioned, I am of the considered view that the requests for copies of documents were repeatedly made by the Noticees only with a view to protract and stall the instant proceedings and if entertained further, will consequently result in the proceedings remaining pending without SEBI reaching any conclusion for a prolonged period. It is on account of the aforementioned facts that the Noticees were served notice of hearing through affixture / newspaper publication advising to file their replies and attend hearing on the scheduled dates. I note that the allegations against the Noticees are clearly delineated in the SCN and all the relevant documents that have been relied upon in the SCN have been provided to the Noticees as annexures to the SCN. Further, inspection of documents have been granted to the Noticees and opportunity to file reply and

hearing has been granted to the Noticees. I also note that the AR of the Noticee 1 to 6 and 55, appeared in person on February 10, 2021 to reconcile the documents sought by them and in this regard, was provided the copy of the following documents viz. copy of the complete Investigation report, Price Volume data and Trade and Order log for the period from October 23, 2006 to December 2009. Further, it was recorded in the minutes that no justification was provided for the request of the bank statements and demat statements of Noticee 1 to 6 and 55; and that the relied upon bank statements and RTA data was already provided the SCN as annexures. I note that in the present proceeding reliance is being placed on only those documents, which have been provided to the Noticees. Further, I note that the Hon'ble SAT, in its order dated February 12, 2020, in the matter of Shruti Vora vs. SEBI has held that : "*Reliance was also made of a decision of the Supreme Court in Union of India and Others vs E. Bashyan (1988) 2 SCC 196 which has no bearing to the controversy involved in the present context, in as much as, the said decision relates to a disciplinary proceedings wherein the Supreme Court observed that the inquiry report was required to be made available to the delinquent. An inquiry report is totally distinct and different from an investigation report. The inquiry report considers all the materials in the inquiry proceedings which form the basis of the final order and therefore the said report is required to be made available to the delinquent. In the instant case, the show cause notice relies upon certain documents which have been made available. Thus the investigation report is not required to be supplied*".

"*The learned counsel has also placed reliance upon a minority view of this Tribunal in Price Waterhouse vs Securities and Exchange Board of India decided by this Tribunal in Appeal No. 8 of 2011 on June 1, 2011 wherein it was observed that*

fairness demands that the entire material collected during the course of investigation should be made available for inspection to the person whose conduct was in question and hat said material should also be supplied. In our opinion, the said minority view is directly against the decision of the Supreme Court in Natwar Singh case (supra)".

"A bare reading of the provisions of the Act and the Rules as referred to above do not provide supply of documents upon which no reliance has been placed by the AO, nor even the principles of natural justice require supply of such documents which has not been relied upon by the AO. We are of the opinion that we cannot compel the AO to deviate from the prescribed procedure and supply of such documents which is not warranted in law. In our view, on a reading of the Act and the Rules we find that there is no duty cast upon the AO to disclose or provide all the documents in his possession especially when such documents are not being relied upon."

18. Further, the Hon'ble SAT in the matter of Anant R Sathe Vs SEBI (Appeal No. 150 of 2020) vide Order dated July 17, 2020 has reaffirmed the principle elucidated in the judgment of Shruti Vora's case, which was reproduced herein above and ruled that "the Authority is required to supply the documents that they rely upon while serving the show cause notice which in the instant case has been done and which is sufficient for the purpose of filing an efficacious reply in his defence".
19. In view of the above, since all the documents which are relevant and relied upon in the instant proceedings have been provided to the Noticees, I am of the opinion that principles of natural justice have been duly complied with in the instant proceedings and no prejudice in filing reply has been caused to the Noticees.

20. Incidentally, I note from the IR that JTREL and KSLIL had failed to furnish any information including copies of physical share certificates of entities connected to them and also did not co-operate with the IA in respect of summons. Further, during the Investigation, several Noticees had failed to respond to Summons issued by the IA. Further, with regard to the instant proceedings, I note that various Noticees have failed to reply to the SCN despite granting opportunities for replying to the SCN and appearing for personal hearings. Various Noticees have reverted only after publication of the notices in the newspaper. Also, such Noticees have preferred not to furnish current postal address to enable communication at all, shows the non-cooperative approach to participate in instant adjudication proceedings.

21. Noticees have also contended that the SCN does not provide or in any manner suggests reasons as to why October 23, 2006 to December 31, 2009 has been selected as the investigation period. Further, they contended that the analysis of the abnormality in price rise in the scrip of JTREL and KSLIL has not been provided in the SCN; therefore, the basis for conducting the investigation itself is incorrect. In this regard, I note from the SCN that the investigation period IP has been defined as October 23, 2006 to December 31, 2009. The SCN also mentions that during the period October 23, 2006 to August 28, 2007, the scrip of JTREL moved up from Rs. 93.10 to Rs. 192, resulting in a price rise of 106% and KSLIL moved up from Rs. 73 to Rs. 268 resulting in a price rise of 267%. Further, I note that the SCN also discusses the roles of the Noticees in the alleged price and / or volume manipulation in the scrips, providing therewith the details of the trades in Annexures to the SCN. Thus the contentions of the Noticees are without any merit.

22. Various Noticees have also contended that there has been an inordinate and un-explained delay in issuing the SCN. In this regard, I note that Hon'ble SAT in its order dated February 05, 2020 in the matter of Jindal Cotex Ltd. vs. SEBI had made the following observations:

"*Arguments on delay in investigation and consequently affecting natural justice are also devoid of any merit in the matter since this Tribunal is aware of the complexity involved in the entire manipulative GDR issue; how long it took SEBI to gain information relating to the various entities from multiple jurisdictions in the matter of PAN Asia Advisors Limited (Supra) and Cals Refineries Limited (Supra) etc.*"

23. In this regard, I also note that proceedings in Order in the matter of KSL and Industries Ltd and Jaybharat Textile and Real Estate Ltd were initiated by SEBI as early as 2007, wherein SEBI passed an interim order dated September 07, 2007. Subsequently, order against the Noticees were passed by SEBI on March 12, 2010. Pursuant to the completion of investigation against the JTREL and KSLIL and their promoters and other entities final orders were passed by SEBI against those entities in 2019. Adjudication proceedings were initiated against the above entities and SCNs were issued by the erstwhile AO. Pursuant to the appointment of the undersigned as AO vide Order dated December 26, 2019, the proceedings were continued with in the matter. Further, the Noticees were granted opportunity for inspection of documents, submitting replies and hearing in the matter. Thus, I note that there is no delay in the present adjudication proceedings. Further, I would like to rely upon the judgement of Hon'ble SAT in the case of Ravi Mohan & Ors. vs. SEBI (SAT Appeal No. 97 of 2014, DoD 16/12/2015) wherein it was held that : -

"*....Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (Appeal no.114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside. There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice....*"

24. In this context I find it relevant to refer to the order passed by Hon'ble SAT in the case of Metex Marketing Pvt. Ltd. vs. SEBI (order dated June 4, 2019) wherein Hon'ble SAT held that: "*This Tribunal has consistently held that in the absence of any specific provision in the SEBI Act or in the Takeover Regulations, the fact that there was a delay on the part of SEBI in initiating proceedings for violation of any provision of the Act cannot be a ground to quash the penalty imposed for such violation.*".
25. Having decided the preliminary issues raised by the Noticees, now I proceed to deal with the merits of the matter.
26. On perusal of the material available on record and giving regard to the facts and circumstances of the case, I hereby record my findings as under:

I. Alleged violation of PFUTP Regulations against the Noticees

JTREL

Issue a) Whether Noticee 7 to 11, Noticee 20 to 34 and 53, as identified in pages 1 & 2 of this order were connected and front entities to the Promoters of JTREL? Whether Noticee 12 to 19 were connected to the promoters of JTREL?

Issue b) Whether as a result of the aforementioned, the Promoters of JTREL along with entities connected to them had misrepresented their shareholding in JTREL?

27. I note that as per the IR and SCN, the total Promoter holding in JTREL since June 2003 was 68.55% (except for the Quarter ending June 30, 2004). The same reduced to 67.05% as on June 2009 owing to reduction of share holdings by one of the Promoters viz. Saurabh Kumar Tayal from 22.17% to 20.67%. It is noted that correct and accurate disclosures in respect of the 57,42,562 (1.5%) shares held by the promoter, Saurabh Kumar Tayal in JTREL were not made, which is as under –

Table -1

Sr No.	Name	Folio Number / BOID	Number of shares as per RTA	Number of shares as disclosed to public
1.	Saurabh Pravin Tayal	1202430000001125	1,53,750	-
2.	Saurabh Tayal	1301760000002270	5,35,97,458	-
3.	Saurabh Kumar Tayal	00010031	3,11,34,374	7,91,43,093
4.	Saurabh Kumar P Tayal	00012705	73	-
	Total		**8,48,85,655**	**7,91,43,093**

The above table reveals that other holding of Saurabh Kumar Tayal at serial number 1, 2 and 4 are not available in the public domain. There is a difference of 57,42,562 shares which constitutes 1.5% of the total shares of the company. Therefore, it appears that promoters were attempting to show additional floating stock (i.e. public shareholding) than what is actually available in the market.

Clearly this conveyed a false impression to the public of the healthy demand for shares of the company by suggesting that more retail investors have become shareholders in the company. The Company, while making the quarterly disclosures, failed to detect the significant variation between the actual and declared holding of Saurabh Kumar Tayal.

28. I note from the public shareholding of JTREL that 19 entities listed under the category of *'Individuals holding nominal share capital in excess of Rs. 1 Lakh',* held 27.75% of the total equity share capital of the Company, which were held in physical form since the year 2002. However, from the information obtained by SEBI from the RTA of JTREL, it is noted that there were actually 20 entities appearing in the shareholding of the Company under the category of *'Individuals holding nominal share capital in excess of Rs. 1 Lakh'* i.e. Noticee 7 to 11 and Noticee 20 to 34 (namely Hitesh Dodiya, Anil Kumar Dubey, Dinesh Dongre, Mahendra Kumar Panchal, Nitish Nayak, Girish Pukale, Gopal Aggarwal, Milind Mhatre, Nandkishor Panchal, Pramod Patil, Rajesh Sharma, Rupesh Narvekar, Sandip Murkar, Sanjay Gadade, Sanjay Sawant, Satish Pusalkar, Vijay Sawant, Dhananjay Kandhare, Kishore Patil and Jayesh Merchant), as against the 19 entities displayed by the Company on the BSE website. Their shareholding stood at 28.24% of the total equity share capital of the Company.

29. Further, it is also noted that as on September 30, 2006, JTREL had disclosed only 18.44% as share capital under the category of *'Individuals holding nominal share capital in excess of Rs. 1 Lakh'* while the remaining 12.33% was disclosed under the category of *'Individuals holding nominal share capital up to Rs. 1 Lakh'.* I note that the said entities were wrongly classified in the category of *'Individuals holding nominal share capital up to Rs. 1 Lakh',* as even the smallest holding among the

20 Noticees was more than 1 Lakh shares and the face value of JTREL was Rs. 5 per share.

30. The individual shareholding of the aforementioned 20 Noticees as on December 31, 2009 is provided as annexure 34 to the SCN and is detailed below –

Table - 2

SL. NO.	NOTICEE	SHAREHOLDING (No. of Shares)	% SHAREHOLDING
1	Rupesh Narvekar	1,75,12,125	4.57
2	Gopal Aggarwal	1,70,66,250	4.46
3	Sandip Murkar	1,06,08,750	2.77
4	Milind Mhatre	91,02,000	2.38
5	Nandkishor Panchal	77,36,250	2.02
6	Vijay Sawant	75,33,750	1.97
7	Rajesh Sharma	61,50,000	1.61
8	Kishore Patil	54,27,375	1.42
9	Anil Kumar Dubey	43,56,375	1.14
10	Girish Pukale	30,75,000	0.8
11	Pramod Patil	30,75,000	0.8
12	Sanjay Gadade	30,75,000	0.8
13	Sanjay Sawant	30,75,000	0.8
14	Satish Pusalkar	30,75,000	0.8
15	Dhananjay Kandhare	30,75,000	0.8
16	Jayesh V. Merchant*	12,50,000	0.49
17	Hitesh Dodiya	9,22,500	0.24
18	Nitish Nayak	6,67,071	0.17
19	Dinesh Dongre	6,09,375	0.16
20	Mahendra Kumar Panchal	1,05,951	0.03

**Shareholding is as on December 31,2008 since he transferred his entire holding to another connected entity i.e. Envair Realty, on January 2009.*

31. The shareholding of the 20 entities remained constant since the year 2002-03 except in case of Jayesh Merchant, who transferred his entire holdings, in the year 2008, to another promoter related entity. The following are also noted from the SCN and Investigation Report in respect of the aforementioned 20 entities –

    a. 6 entities i.e. the Noticees (Nos. 7 to 11 and 33) viz. Hitesh Dodiya, Anil Kumar Dubey, Dinesh Dongre, Mahendra Kumar Panchal, Nitish Nayak, and Kishore Patil, held 3.17% of the total equity share capital of the

Company in dematerialized form. The aforementioned 6 Noticees had all opened their demat account on the same day i.e. September 17, 2002, with Keynote Capital Limited (Depository Participant). Additionally, Jayesh V Merchant (Noticee 34) also held 0.49 % shareholding in demat form who transferred his entire holding to another connected entity on January 2009.

b. Remaining 13 entities (Noticee 20 to 32) mentioned below held 24.58% of the total equity share capital of the Company in physical form. Following are common observations regarding the aforesaid 13 entities –

Table - 3

Sl. No.	Entity Name	Common Observations
1	Girish Pukale	i. The shares were acquired by the said Noticees through off–market transactions in the year 2001–02. The said shares were purchased from the erstwhile Promoters of JTREL i.e. Phool Chand Arya HUF and Satya Priya Arya HUF (Noticee no. 25 i.e. Rajesh Sharma, vide letter dated March 31, 2010, confirmed that he had purchased shares from Satya Priya Arya HUF). ii. These noticees did not trade in the shares of JTREL from the time they first acquired these shares in the year 2001-02. iii. Each noticee holds substantial quantity of shares of JTREL in the range of 0.8% to 4.57% of shareholding of JTREL but none of these noticees received any dividend from JTREL till date. iv. Out of these 13 entities, 7 entities had addresses located in chawls of Mumbai, which is considered as occupied by persons of moderate means. Their stay or means of living are disproportionate to number of shares held and its value at the then current market price. Further, out of the remaining entities, several entities have the same address as that of registered offices of different companies of the Tayal group.
2	Milind Mhatre	
3	Nandkishor Panchal	
4	Gopal Aggarwal	
5	Pramod Patil	
6	Rajesh Sharma	
7	Rupesh Narvekar	
8	Sandip Murkar	
9	Sanjay Gadade	
10	Sanjay Sawant	
11	Satish Pusalkar	
12	Vijay Sawant	
13	Dhananjay Kandhare	

		v. Milind Mhatre, Nandkishor Panchal, Gopal Aggarwal, Rupesh Narvekar and Sandip Murkar, who held more than 1% share capital of JTREL, were not publicly disclosed under the category of 'Individuals holding nominal share capital in excess of Rs. 1 Lakh' on the BSE website as on September 30, 2006. It is to be noted that between March 2003 and March 2006, 'Individuals holding nominal share capital in excess of Rs.1 Lakh' and 'Individuals holding nominal share capital upto Rs. 1 Lakh' did not exist as separate categories. However, thereafter, disclosures were to be made under the aforementioned separate categories. vi. All the aforementioned Noticees were employed with Tayal Group Companies, for e.g. Gopal Aggarwal was managing Director of KSLIL, then subsequently MD of Eskay Knit India Ltd, and Milind Mhatre had been working with Eskay Knit India Ltd. Incidentally, JTREL refused to divulge information regarding the physical share Certificates of these Noticees or their status as employees of Tayal Group Companies despite repeated requests from the IA through Summons dated April 21, 2010 and March 4, 2011. Further, these Noticees did not co-operate with Investigating Authority despite issue of summons/letters. All of them were time and again seeking for extension of time for filing their replies or appearing before Investigating Authority. vii. Some of the Noticees viz. Rajesh Sharma, Nandkishor Panchal and Sandip Murkar, were persons acting in concert ("PAC") with the Tayal Group during their acquisition of Bank of Rajasthan.

		viii. The Letter of Offer dated January 6, 2003, to acquire additional shares of JTREL (then known as Jayshree Sarees Limited) mentioned that Pramod Patil and Dhananjay Kandhare were its Directors.

32. Apart from the above common observations, following are other important observations for 9 out of the 20 entities that held shares as front entities for the promoter entities of JTREL–

a. **Kishore Patil** : Kishore Patil held 54,27,375 shares (1.42% of shareholding of JTREL) and the value of these shares was Rs. 130.26 crores as on July 13, 2011. As per the KYC documents received from Andhra Bank (Nariman Point Branch, Mumbai), it was observed that Kishore Patil (Noticee no. 23) had opened a bank account bearing account number 112810011000011 on October 03, 2002. As per the account opening form, this account was introduced/witnessed by Saurabh Kumar Tayal, Promoter of JTREL and KSLIL. From the bank statement of said account of Kishore Patil several fund transactions were observed with entities connected with the promoters of JTREL which has been discussed in subsequent paragraphs.

b. **Vijay Sawant** : Vijay Sawant held 75,33,750 shares (1.97% of shareholding of JTREL) and the value of these shares was Rs. 180.80 crores as on July 13, 2011. He had opened a joint bank account in Andhra Bank (Account no. 112810011000025) with Subhash Jamble, who was a Director of Single Point Security, an entity which had made an application with SEBI for Certificate of registration as RTA. The aforesaid application was rejected by SEBI since Subhash Jamble and other Directors of Single Point Security were employees of Eskay Knit India Limited, a Tayal Group Company and the said entity was indirectly controlled by Tayal entities, which had been debarred vide SEBI's Order dated June 18, 2003. Further, Vijay Sawant was found to have proposed the appointment of a Director related to the Tayal Group in the Annual General Meeting of Bank of Rajasthan, which was held on August 02, 2008. From the bank statement of said account of Vijay Sawant several fund transactions were observed with entities

connected with the promoters of JTREL which has been discussed in subsequent paragraphs.

c. **Milind Mhatre** : Milind Mhatre, is an employee of Eskay Knit India Limited, a Tayal Group Company. He held 91,02,000 (2.38%) shares of JTREL in physical mode and the value of these shares stood at Rs. 218.45 crores as on July 13, 2011. His residential address as per the RTA database was 15/372 Tata Colony, Bandra (E), Mumbai. However, during the visit of the inspection team, it was gathered that the entity has shifted to Thane and was not therefore available at that address. He did not co-operate with IA. Therefore, copies of his physical shares certificates, transfer deeds, records of his bank accounts and other details including details of entities from whom he acquired shares, etc. could not be ascertained. It is noted from the Income Tax Returns of Milind Mhatre for the Assessment Year 2009– 10 that his gross total income was Rs. 3 Lakhs; however, as per the records of RTA he received dividend of Rs. 9.10 Lakhs for the Year 2009–10, which leads to an inference that he may not have actually received any divided from JTREL as he was only front entity of its Promoters. Incidentally, during the course of the investigation, Milind Mhatre and Dinesh Dongre (connected entity–Noticee no. 9) filed a Writ Petition dated March 30, 2010 in the Hon'ble High Court of Bombay, Nagpur Bench which was subsequently withdrawn. Further, he along with Dinesh Dongre also filed an Appeal dated November 16, 2010 before the Hon'ble SAT which vide an Order dated December 14, 2010 directed the appellants therein to co-operate with the IA. However, despite the aforesaid direction of the Hon'ble SAT, Milind Mhatre failed to co–operate with the IA.

d. **Dinesh Dongre** : Dinesh Dongre held 6,09,375 shares (0.16% of shareholding of JTREL) and the value of these shares was Rs. 14.62 crores as on July 13, 2011. As per the bank KYC documents received from Andhra Bank, Dinesh Dongre had opened a bank account bearing account no. 00000012 on October 3, 2002. As per the bank account opening form, this account was introduced/witnessed by Saurabh Kumar Tayal, Promoter of JTREL and KSLIL. Further, during the personal verification conducted by SEBI at Silvassa, it was ascertained from the neighbours of Dinesh Dongre that he was employed with Shree Krishna Group Companies for

approximately 10 years, which is managed by the Tayal Group. From the bank statement of said account of Dinesh Dongre several fund transactions were observed with entities connected with the promoters of JTREL which has been discussed in subsequent paragraphs.

e. **Anil Kumar Dubey** : Anil Kumar Dubey held 43,56,375 shares (1.14% of shareholding of JTREL) and the value of these shares was Rs. 104.55 crores as on July 13, 2011. Anil Kumar Dubey was a Director of JTREL till June 2007. He is also Director of Avery Procon Pvt. Limited, an entity connected to the Promoters of JTREL, which was debarred vide SEBI's Order dated September 7, 2007. Anil Dubey opened account (no: 0670101411196) in BoR (now known as ICICI Bank) on October 03, 2002, and in the said account of Anil Kumar Dubey several fund transactions were observed with entities connected with the promoters of JTREL which has been discussed in subsequent paragraphs.

f. **Hitesh Dodiya** : Hitesh Dodiya held 9,22,500 shares (0.24% of shareholding of JTREL) and the value of these shares was Rs. 22.14 crores as on July 13, 2011. Hitesh Dodiya had opened a bank account with Bank of Rajasthan (Fort Branch, Mumbai) on October 03, 2002 (since merged with ICICI Bank) having account no. 411202. From the account opening form, it is observed that the communication address given was Krishna Life Style Technologies Limited, which is a company promoted by the Tayal Group. Hitesh Dodiya opened account (no: 411202) in BoR (now merged with ICICI Bank) on October 03, 2002, and in the said account of Hitesh Dodiya several fund transactions were observed with entities connected with the promoters of JTREL which has been discussed in subsequent paragraphs.

g. **Mahendra Kumar Panchal** : Mahendra Panchal held 1,05,951 shares (0.03% of shareholding of JTREL) in demat mode. Mahendra Panchal had opened a bank account (no. 0670101411165) with Bank of Rajasthan (now merged with ICICI Bank) on October 03, 2020 and the communication address was given as Krishna Life Style Technologies Limited, which is a company promoted by the Tayal Group. Further, during the personal verification conducted by SEBI at Silvassa, it was ascertained from the neighbours of Mahendra Panchal that he was employed with Shree Krishna

Group Companies, which is managed by the Tayal Group. In the aforesaid account of Mahendra Kumar Panchal several fund transactions were observed with entities connected with the promoters of JTREL which has been discussed in subsequent paragraphs

h. **Nitish Nayak** : Nitish Nayak held 6,67,071 shares (0.17% of shareholding of JTREL) and the value of these shares was Rs. 16.00 crores as on July 13, 2011. The residential address of Nitish Nayak was G/1, Staff Colony, Krishna Nagar, Silvassa, UT–396230, which is the staff quarters for Krishna Knitwear Technology Limited (Tayal Group Company). As per the bank KYC documents received from Andhra Bank, Nitish Nayak had on October 03, 2002, opened a bank account. As per the bank account opening form, this account was introduced by Saurabh Kumar Tayal, Promoter of JTREL and KSL. Nitish Nayak also shared the same telephone number as that of EDC Securities Pvt. Limited, which is a Promoter of Bank of Rajasthan, a company of the Tayal Group. In the said account of Nitish Nayak, several fund transactions were observed with entities connected with the promoters of JTREL which has been discussed in subsequent paragraphs.

i. **Jayesh V. Merchant** : Jayesh V. Merchant, is an employee of Eskay Knit India Limited, a Tayal Group Company, as mentioned above. Jayesh V. Merchant had transferred his entire shareholding (0.49%) through off–market transactions in January 2009 to Envair Realty, a company connected to the Promoters of JTREL. The Directors of Envair Realty i.e. Subashchandra Nigam and Chandrashekhar R Pandey, were earlier Directors of JTREL. The shareholding of 0.49% therefore shifted from one connected entity to another but the total number of shares under the camouflaged control of the Tayal Group did not change and remained at 28.24% since September 2006.

33. Noticee 1 to 6 have inter alia submitted that they have not paid any consideration to the alleged entities for purchase of shares of JTREL and KSLIL. I note that the Promoters of JTREL had employed some of the aforementioned Noticees and created various layers of fund transfers through their employees (the aforesaid

Noticees) to avoid any scrutiny. From the bank account statement at annexure 19 to annexure 25 of the SCN of the aforementioned Noticees, the following fund transfers are noted-

Table - 4

NAME OF ENTITY	FUNDS RECEIVED IN THE FORM OF (IN Rs.)	FUNDS TRANSFERRED TO (IN Rs.)
KISHORE PATIL	Dividend of Rs. 1,40,750 received on shares of Bank of Rajasthan	JYOTSNA DEVELOPERS PVT. LIMITED (similar pattern was observed from the account of Anil Kumar Dubey, Mahendra Panchal and Vijay Sawant)
	Dividend of Rs. 11,26,000 and Rs. 11,04,000 received to purchase shares of Bank of Rajasthan(BoR)	MONTREAL TRADING CO. PVT. LIMITED. (a company connected to Tayal Group). In the matter of BoR, Montreal Trading received funds from Tayal to purchase shares of BoR on behalf of the promoters.
	Rs. 25,000 received from KRISHNA LIFESTYLE TECHNOLOGY LIMITED (group company of Tayal group)	KEY NOTE CAPITAL LIMITED. towards DP charges
VIJAY SAWANT	Dividend of Rs. 19,72,686 and Rs. 11,16,216 received on shares of Bank of Rajasthan.	KSLIL (group company of Tayal)
	Rs. 1,73,000 received.	JYOTSNA DEVELOPERS PVT. LIMITED
	Dividend of Rs. 13,83,900 received on shares of Bank OF Rajasthan	SUPER HOUSE TRADING CO. P LTD. (hereinafter referred to as "Super") which is connected to promoters of JTREL. The directors of Super namely Girishchand Yadav and Sangita Sawant connected to promoters by virtue of receipt of funds from Tayal and other connected entities for purchase of shares of BoR on behalf of promoters in the matter of BoR.
	Rs. 30,000 received from KRISHNA LIFESTYLE TECHNOLOGY LIMITED (group company of Tayal group)	KEY NOTE CAPITAL LIMITED towards annual charges
DINESH DONGRE	Rs. 88,15,015.50 received from CYBER ZOOMBA.COM PVT. LIMITED, promoter entity of Bank of Rajasthan.	SINGLE POINT SECURITY, who made an application with SEBI for Registrar and Transfer Agent. From the IR it is noted that SEBI vide its order dated July 02, 2004 rejected the application of Single Point Security Solutions Pvt Ltd for certificate of registration as Share Transfer Agent. It was observed that the company had been promoted by, or connected with or was under the control and management of KSLIL and its promoters who had been debarred from accessing capital markets vide SEBI order dated June 18, 2003.
	Dividend of Rs. 12,00,000 received on shares of Bank of Rajasthan	SOLID VISION PVT. LIMITED., a company connected to the promoters of JTREL.

	Dividend of Rs. 12,00,000 received as on shares of Bank of Rajasthan	KSLIL
	Rs. 1,15,28,653.89 and Rs. 2,08,51,390.45 received towards sale proceeds of sale of Bank of Rajasthan shares.	An amount of Rs. 3.23 crores was immediately transferred to ALMAL TEXTILE PVT. LIMITED, an entity connected to the promoters of JTREL. It is observed that Jayesh Kumar Ghandilal, director of Almal Textile and his address is similar to EDC Securities Ltd (Promoter entity of JTREL). The email id of Almal Textile which is kslrealty@yahoo.com is the erstwhile name of KSL & Industries Ltd.
ANIL KUMAR DUBEY	Rs. 21,00,059.71 received from CYBER ZOOMBA.COM PVT. LIMITED., a promoter entity of BoR	SINGLE POINT SECURITY, who made an application with SEBI for Registrar and Transfer Agent (as detailed elsewhere)
	DIVIDEND WARRANTS of Rs. 1,97,232 and Rs. 57,972 on shares of Bank of Rajasthan	SOLID VISION PVT. LIMITED., a company connected to the promoters of JTREL
	Dividend of Rs. 2,55,204 on Shares of Bank of Rajasthan	KSLIL
	Rs. 1,42,000 received from Unpaid Dividend Account of Bank of Rajasthan.	JYOTSNA DEVELOPERS PVT. LIMITED
	Dividend warrants of Rs. 11,36,000 received on shares of Bank of Rajasthan	WATERGATE MERCANTILE PVT. LIMITED., an entity connected to promoters of JTREL and KSLIL. Girishchand Yadav and Sangita Sawant are directors of Watergate Mercantile are also directors of Montreal Trading Co. P. Ltd.
	Rs. 29,000 received from KRISHNA LIFE STYLE TECHNOLOGY LIMITED., Tayal promoted company	KEY NOTE CAPITAL LIMITED. towards DP charges.
HITESH DODIYA	Rs. 33,35,989.84 received from CYBER ZOOMBA.COM PVT. LIMITED., promoter entity of BoR	SINGLE POINT SECURITY, who made an application with SEBI for Registrar and Transfer Agent (as detailed elsewhere)
	Dividend of Rs. 44,872 received for Bank of Rajasthan.	SOLID VISION PVT. LIMITED., connected to promoters of JTREL and also carry the same address of JTREL
	Dividend of Rs. 44,872 received on shares of Bank of Rajasthan.	KSLIL
MAHENDRA KUMAR PANCHAL	Rs. 85,15,083 received from CYBER ZOOMBA.COM PVT. LIMITED.	SINGLE POINT SECURITY, who made an application with SEBI for Registrar and Transfer Agent (as detailed elsewhere)
	Dividend Rs. 46,936 and 12,00,000 received on shares of Bank of Rajasthan.	SOLID VISION PVT. LIMITED.
	Dividend warrants of Rs. 12,46,936 received from Unpaid Dividend Account of Bank of Rajasthan.	KSLIL

	Rs. 1,41,000 received from Unpaid Dividend Account of Bank of Rajasthan.	JYOTSNA DEVELOPERS PVT. LIMITED
	Rs. 11,28,000 received from Unpaid Dividend Account of Bank of Rajasthan	An amount of Rs. 11,27,000/- was transferred to STARVIEW MERCANTILE PVT. LIMITED. It was observed that Girishchandra Yadav & Sangita Sawant are the directors of Starview Mercantile P Ltd., are also directors of Montreal Trading Co. P. Ltd.
NITISH NAYAK	Rs. 2,88,000 and Rs. 10,55,000 received from JAYSHREE PETROCHEMICALS	SENATOR SECURITIES PVT. LIMITED, STOCK BROKER OF NITISH NAYAK
	Rs. 1,43,29,823 AND 1,52,31,500 RECEIVED TOWARDS SALE PROCEEDS OF SHARES OF JAYBHARAT TEXTILES.	Rs. 25,00,000/- WAS TRANSFERRED TO KSL, COMPANY OF TAYAL GROUP
	Rs. 11,00,000 RECEIVED FROM SOLID VISION PVT. LIMITED	EDC SECURITIES PVT. LIMITED, PROMOTER ENTITY OF BANK OF RAJASTHAN.

34. Noticee 1 to 6 have inter alia submitted that the SCN mentions that such entities have transferred the dividends received by them to promoter related/ controlled entities, however it is nowhere ascertained in what nature of transactions, the funds were transferred by the alleged front entities to other entities controlled by them and hence, they do not have any justifications for the same and for the same reason, no adverse inference can be taken against them. Noticee 15 viz. jayshree Petrochemicals Pvt Ltd has also inter alia submitted that the amount of Rs. 2.88 Lakh and Rs. 10.55 Lakh transferred by it to Noticee 11 (Nitish Nayak) was in the normal course of business. In this regard, it is noted that Nitish Nayak received the said amounts from Jayshree Petrochemicals Pvt Ltd on October 30, 2006 and immediately transferred the same on October 31, 2006 and November 01, 2006 to Senator Securities Pvt Ltd, its stock broker. From the IR, I note that Jayshree Petrochemicals Pvt Ltd is a promoter entity of Eskay K'n'IT Ltd, a company of Tayal Group. The same shows the connection between the said entities and connection with promoter related companies. Further, Nitish Nayak and Jayshree

Petrochemicals Pvt Ltd were also found to be trading extensively amongst each other in the scrip of JTREL and KSLIL, as discussed in subsequent paragraphs.

35. It was observed that the bank accounts of the entities viz. Kishore Patil, Dinesh Dongre, Anil Kumar Dubey, Hitesh Dodiya, Mahendra Kumar Panchal, and Nitish Nayak had been opened either in Andhra Bank or Bank of Rajasthan (merged with ICICI Bank) simultaneously i.e. on the same day viz. October 03, 2020. I note that in several instances the above entities and also Vijay Sawant have transferred the amounts received as dividends to entities connected to promoters of JTREL and KSLIL. Even the DP and other charges were paid from the funds received from companies promoted by Tayals. The same indicates that these entities were acting as front entities of the promoters of JTREL. From the bank transaction statement of the aforesaid entities, it is clear that the promoters of JTREL & KSLIL were using these accounts to transfer funds, route dividends from their connetcted entities to their other group companies.

36. The promoters have inter alia submitted that there is no justification for saddling on them for the shares belonging to other persons or for branding other persons as their benamis / front entities. Further, other Noticees have denied any connection between them and the promoters. In this regard, upon a consideration of the above, I note that the aforementioned entities were connected to the Promoters of JTREL either through common addresses, or by their occupation in one of the Promoters' companies or their Associate companies or through a web of common Directorship in many unlisted companies, which were also connected to Promoters of JTREL and KSLIL. I note that the 20 entities and JTREL did not co-operate with the investigation process by furnishing the necessary details regarding the physical share Certificates of these Noticees or their status as

employees of Tayal Group Companies, etc. Further as noted previously, in respect of 13 entities the percentage of shareholdings remains the same since 2002-03 onwards and these 13 entities were holding shares only in physical form and have not sold even a single share in the market. The holding of the above Noticees ranges from a minimum of 1,05,951 shares to maximum of 1,75,12,125 shares. The same is incongruous with the material in evidence that their source of livelihood/occupation and in several instances their residences are such as usually occupied by persons of modest means. Further, the addresses of many of them are the same as that of companies of Tayal group. Further, I also note similar nature of the holdings of the above Noticees and the fact that these entities had never dealt in the shares of JTREL. The above entities appear to be dormant / passive entities engaged to have camouflaged control of the floating stock, which would facilitate manipulation of the scrip effortlessly (the role of few of these entities who were active and manipulated the price of the scrip are detailed while dealing in PFUTP violations). Based on the factors as discussed previously, and based on preponderance of probabilities, I find that the above 20 Noticees were acting as front entities of shares of promoters of JTREL and held shares on behalf of them.

37. The shareholding pattern of JTREL for the quarters ended March 2003- December 2009 are as follows:

Table - 5

Quarterly Shareholdings → / Categories ↓	**% shareholdings for Quarter endings**												
	Mar 2003	**June 2003**	**June 2004**	**Sep 2004**	**Dec 2004**	**Sep 2005**	**Mar 2006**	**Sep 2006**	**Mar 2007**	**Sep 2007**	**June 2009**	**Sep 2009**	**Dec 2009**
Shareholding of Promoter and Promoter Group	57.02	68.55	73.37	68.55	68.55	68.55	68.55	68.55	68.55	68.55	67.05	67.05	67.05
Public Shareholding													
Institutions									0.61	0.61	0.61	0.61	0.61
Bodies Corporate			0.02	1.20	1.20	0.72	0.79	0.78	0.16	0.18	0.70	0.71	0.71

Individual shareholders holding nominal share capital up to Rs. 1 lakh	42.98	31.45	26.61	30.24	30.24	30.72	30.66	12.33	2.45	2.41	3.88	3.88	3.88
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh								18.44	28.23	28.25	27.75	27.75	27.75
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Between March 03 and March-06 Individuals holding up to Rs. 1 lakh and in excess of Rs. 1 Lakh did not exist as separate categories

38. Therefore, as on December 31, 2009, the Promoters of JTREL effectively had control over an additional 27.75% (excluding the 0.49% held by Jayesh V. Merchant and transferred to Envair Realty) of the total equity share capital of the Company, which was incorrectly disclosed on the BSE website as public shareholding under the category 'Individuals holding nominal share capital in excess of Rs. 1 Lakh' and 'Individuals holding nominal share capital upto Rs. 1 Lakh' instead of shares held under the Promoter category. It was also observed that as on December 31, 2009, the category 'Bodies Corporate' had 73 entities of which Jayshree Petrochemicals, Avera Properties and Envair Realty were directly or indirectly related to Promoters of JTREL. It is reiterated that Envair Realty had acquired 0.49% share capital from Jayesh V. Merchant during January 2009. These entities held 0.69% of the total equity share capital of JTREL.

39. As on December 31, 2009, it was observed that the Promoters effectively held 96.99% shareholding in JTREL, which included direct ownership of 67.05% shareholding under the category of 'Promoters and Promoter Group', direct ownership of 1.5% shareholding under the category of 'Individual shareholders holding nominal share capital up to Rs. 1 Lakh', indirect ownership of 27.75% shareholding held through connected entities under the category of 'Individual

shareholders holding nominal share capital up to Rs. 1 Lakh' and indirect ownership of 0.69% shareholding held through three connected entities under the category of 'Bodies Corporate'. I note from the observations in IR that by virtue of the fact that these entities were connected to the promoters and were acting as front entities for the promoters, their shareholding could not have been classified under public shareholding.

40. The total public shareholding disclosed on the BSE website was 31.44% as on December 31, 2004 and increased to 32.95% as on December 31, 2009. The disclosures on the BSE website under the category public shareholding or free–float holding in the Company showed that the same never fell below 31.44% (except in the Quarter ended June 2004) and the Promoters had publicly disclosed only 67.05% shareholding in JTREL. As a result, investors were led to believe that the Promoters held and controlled only 67.05% of the share capital of JTREL, which was well within the maximum permissible non–public shareholding limit of 75%, whereas the public shareholding was effectively only 3.01%. The aforementioned clearly reveals that the floating stock of the Company was substantially reduced and that the entities connected to the Promoters attempted to build up public interest in the Company through artificial volume creation and a manipulated price rise in the scrip (which is discussed in the subsequent paragraphs).

Issue c) Whether some of the aforementioned Noticees i.e. Jayshree Petrochemicals, EDC Securities Pvt. Limited, Megna Developers Pvt. Limited, Axon Realpro Pvt. Limited, Anil Kumar Dubey, Jayesh V. Merchant, Dinesh Dongre, Mahendra Kumar Panchal, Nitish Nayak, Hitesh Dodiya and also Avery Procon Pvt. Limited, had indulged in artificial volume creation, order book manipulation and price manipulation in the scrip of JTREL?

41. I note that investigation revealed that as per the trading data from December 2003 onwards, the promoters connected entities have created artificial volume in the shares of JTREL. Further, the promoters connected entities have indulged in order book manipulation and price manipulation.

42. An analysis of the trade log of trades executed in the scrip of JTREL for the investigation period, is reproduced below :–

From January 1, 2007 to August 31, 2007 –

During the said period share price of JTREL increased from Rs. 93.10 (opening price on February 14, 2007) to Rs. 397.70 (closing price on August 28, 2007) which amounts to 327% increase. Based on the pattern in price movement the entire period was segmented into three patches/sub-periods as follows -

i. **Patch–I : February 14, 2007 to April 25, 2007**: The price of the scrip increased from Rs. 93.10 (opening price on February 14, 2007) to Rs. 169.10 (closing price on April 25, 2007), a rise of 81.66% in just 48 trading days. The scrip was traded with daily average volume of 5600 shares during this patch.

ii. **Patch–II : April 26, 2007 to May 28, 2007**: The price of the scrip increased from Rs. 172.45 (Opening Price on April 26, 2007) to Rs. 192, an increase of 11% in 21 trading days. The scrip was traded with daily average volume of 11882 shares during this patch. The average daily volume has gone up substantially in this patch.

iii. **Patch–III : May 29, 2007 to August 28, 2007**: The price of the scrip increased from Rs. 190 (Opening price on May 29, 2007) to Rs. 397.70 (intra-day high of Rs. 404.95 on August 28, 2007) i.e. a rise of 109% in 63 trading days. The scrip was traded with daily average volume of 49,451 shares during this patch. The scrip was traded with daily average volume of around 27,529 shares during the entire period, however maximum traded volume i.e. 1,45,518 shares was observed on July 12, 2007. It is found that the share capital base of the company has increased from 127,612,500 shares as on quarter ended June 2007 to 255,225,000 shares as on quarter ended September 2007.

iv. Details of trading by the entities connected to promoters of JTREL and their contribution in Patch I, II and III are detailed in the table below -

Table - 6

Period	**Entity**	**Buy Qty**	**Sell Qty**	**Trading with counterparties connected with promoters of JTREL**					
				Buy			**Sell**		
				Qty	**% to mkt volume**	**Price Impact - Pos LTP Contribution (% pos LTP contribution to market pos LTP)**	**qty**	**% to mkt volume**	**Price Impact - Pos LTP Contribution (% pos LTP contribution to market pos LTP)**
Patch–I : February 14, 2007 to April 25, 2007	Nitish Nayak	1,00,287	1,02,035	37,447	13.93%	Rs. 48.55 (8.31%)	67,382	25.07%	Rs. 131.90 (22.58%)
	Jayshree Petrochemicals Pvt. Ltd.	89,864	65,316	63,784	23.73%	Rs. 131.10 (22.45%)	33,867	12.60%	Rs. 43.95 (7.53%)
	EDC Securities Pvt. Ltd.	5,572	5,572	5,546	2.06%	Rs. 0.35 (0.06%)	5,528	2.06%	Rs. 4.15 (0.71%)
	Total	**1,95,723**	**1,72,923**	**1,06,777**	**39.72%**		**1,06,777**	**39.72%**	
	Total as % to mkt vol	**72.81%**	**64.33%**						
Patch–II : April 26, 2007 to May 28, 2007	Nitish Nayak	75,271	84,073	29,505	11.82%	Rs. 34.95 (13.29%)	27,306	10.94%	Rs. 20.20 (7.68%)
	Jayshree Petrochemicals Pvt. Ltd.	69,527	63,099	29,139	11.68%	Rs. 19.45 (7.40%)	30,532	12.24%	Rs. 34.15 (12.98%)
	EDC Securities Pvt. Ltd.	3,303	3,294	1,244	0.50%	Rs. 0.00 (0%)	2,050	0.82%	Rs. 0.40 (0.15%)
	Total	**1,48,101**	**1,50,466**	**59,888**	**24.00%**		**59,888**	**24.00%**	
	Total as % to mkt vol	**59.35%**	**60.30%**						
Patch–III : May 29, 2007 to August 28, 2007	Nitish Nayak	32,227	34,658	613	0.02%	Rs. 0.65 (0.03%)	3,692	0.12%	Rs. 0.65 (0.03%)
	Jayshree Petrochemicals Pvt. Ltd.	3,231	4,311	2,727	0.09%	Rs. 4.30 (0.21%)	3,245	0.10%	Rs. 2.10 (0.10%)
	EDC Securities Pvt. Ltd.	3,500	3,500	Nil	Nil	NA	Nil	Nil	NA

	Axon Realpro Pvt. Ltd.	16,343	18,839	10,826	0.35%	Rs. 2.80 (0.14%)	5	0.00%	Rs. 0.00 (0%)
	Avery Procon Pvt. Ltd.	80,999	65,341	3,720	0.12%	Rs. 2.20 (0.11%)	8,969	0.29%	Rs. 5.90 (0.29%)
	Megna Developers Pvt. Ltd.	2,004	2,000	Nil	Nil	NA	1,975	0.06%	Rs. 1.30 (0.06%)
	Total	**1,38,304**	**1,28,649**	**17,886**	**0.57%**		**17,886**	**0.57%**	
	Total as % to mkt vol	**4.43%**	**4.12%**						

v. During Patch–I, entities connected to promoters of JTREL appeared as buyers in 73 instances out of total 94 instances of price rise over the last traded price and contributed a rise of Rs. 54.45 to the total price rise of Rs. 76.40. Out of these 73 instances, on 31 instances these entities were counterparties to each other and these instances contributed price rise of Rs. 22.75. It was further found during the Patch–I that these entities traded among themselves to the tune of 1,06,777 shares (39.72% of the market volume). Out of these, orders for trades executed for 55,372 shares were synchronized which accounted for 20.6% of the market volume. **First Trades during Patch-I** : During this period, the price of the scrip had gone up from Rs. 93.10 (opening price on February 14, 2007) to Rs. 169.10 (closing price on April 25, 2007). It is observed that on 22 out of 48 trading days, the connected entities successfully executed first trade at a price substantially higher than the last traded price. Further, it is also observed that on 6 such trading days these connected entities were counterparty to each other's trades. Regarding the price impact due to first trades on these 6 days, it is observed that the gross positive LTP contribution on these 6 days was Rs. 3.30 on gross basis (0.57%).

vi. During patch-II analysis of trades resulting into establishing a new price, it was found that entities connected to promoters group appeared as buyers in 17 instances out of total 35 instances and contributed Rs.8.65 to the total price rise of Rs.20.05. Out of these trades, on 9 instances these entities were counter parties to each other. Similarly connected entities traded among themselves to the tune of 59,888 shares all of which were synchronized in nature.

vii. During Patch–III, the scrip witnessed significant rise in its price and volume. The trading volumes pertaining to the above listed connected entities were not as significant when compared to the total market volume as was observed in their dealing in shares of JTREL in the earlier periods. This suggests that significant concentration in trading attributable to the connected entities over the earlier periods between February and May 2007 resulted in rising price and volumes thereby attracting larger investor participation. It was found that the investors' interest moved significantly up to 95% of the traded quantity as against around 40% noticed in May 2007, evidencing the impact of concentrated levels of activity earlier driving up the investors' interest and momentum in the trading of the scrip.

viii. **Manipulation of Order Book** : During the Patch I, II and III i.e. period from February 14, 2007 to August 28, 2007, it is observed that Nitish Nayak, Jayshree Petrochemicals, Avery Procon Pvt. Limited and Axon Realpro Pvt. Limited placed the orders away from the market price, which were deleted from the Order Book. Based on the pattern of placing and deleting orders it can be inferred that these orders were placed with intention to create artificial depth in the order book and not intended to execute trades. Indulging into such trading activity, these noticees attracted gullible retail investors by manipulating. The following table reveals that majority of orders deleted were placed away from market price:

Table - 7

Client Name	Number of placed	Number of orders deleted	Number out of deleted order which were placed away from the
Nitish Nayak	2289	388	150
Avery Procon Pvt Ltd	739	175	125
Jayshree Petrochemical Pvt Ltd	948	72	51
Axon Realpro Pvt Ltd	72	42	37

**order placed in the range of Re.1 to Rs.6.1 to last traded price*

The following instances revealed orders placed & deleted by the aforesaid entities who are connected to promoters of JTREL:

Nitish Nayak

a. On March 20, 2007, NitishNayak placed three orders for 1000 shares each. These orders were placed with price difference of Rs. 1.25 to Rs.

1.75 from last traded price and subsequently, these orders for 3000 shares were deleted from the Order Book. On that specific date, the trading volume was just 2938 shares. Since the scrip was thinly traded and the entity placed and deleted orders for 3000 shares, it clearly implies that the intentions of such trading behavior was to inflate the order book and portray a rosy picture of healthy order book of JTREL.

b. Similarly, on April 16, 2007 & April 19, 2007, Nitish Nayak placed orders for 5000 shares and 6000 shares respectively which were thereafter deleted from the Order Book. These orders were placed with the price difference of Rs. 1.80 to Rs. 6.10 to last traded price. The trading volume on the said trading days was 6871 & 8288 shares respectively. Therefore, it implies that Nitish Nayak was placing and deleting order for inflating the Order Book of JTREL.

Jayshree Petrochemicals Pvt Ltd

c. On February 15, 2007, Jayshree Petrochemicals placed order for 200 shares and another two orders for 300 shares each, which were subsequently deleted from the Order Book. These orders were placed with a price difference of Rs. 0.45 to Rs. 3.8 to last traded price. It is noted that the traded volume on February 15, 2007 was 2724 shares. Since the scrip was thinly traded and the fact that the entity placed & deleted orders for 800 shares (200+300+300) implies that these orders were placed with the intention to inflate the order book of JTREL and thereby created false appearance of healthy order book of JTREL. A similar trading pattern was also observed on many other trading days in respect of trades by the aforementioned entity.

Other observations from order book of JTREL

d. During the Patch-I, it is observed that the entities connected to promoters mentioned in the table above had placed 4,08,082 valid buy orders out of which only 1,95,723 resulted in to trade. Similarly 9,68,247 sell orders had been placed out of which only 1,72,923 resulted into trades. During patch-II &-III these entities had placed buy orders for 2,42,809 & 3,89,396 shares out of which only 1,48,101 & 1,38,304 were executed respectively & on sell side 4,16,438 & 6,20,471 orders had placed out of which only 1,50,466 & 1,29,249 orders got executed. This

shows that these connected entities created artificial volume in the order book of JTREL. Thus these entities were dominant in terms of concentration of orders (in the range of 70% to 74%) while the general investor participation was not significant.

e. Few examples of nature of trading by promoter connected entities Jayshree Petrochemical Ltd, Nitish Nayak and Avery Procon Pvt Ltd are provided below:

- On February 20, 2007: The scrip had opened at Rs.96.90 and it had consistently gone up to Rs.100.60. It is observed that Jayshree Petrochemicals ltd & Nitish Nayak had been continuously placing the buy orders at higher price and these entities together accounted for approximately 99% of buy orders on this day.
- On March 01, 2007: On this day at 11:02:41 the last traded price was Rs.107.50 all the ask orders were around Rs.107.50, the company related entity Nitish Nayak had placed sell order at 10:49:18 for Rs. 111.65. Since there was no buyer at this price Jayshree Petrochemicals Ltd promoter entity had placed buy order for the same price (Rs.111.65) & thus their trade got executed at Rs. 111.65. Thereby last traded price had gone up from Rs.107.50 to Rs.111.65.
- On June 26, 2007: The opening price was Rs. 195.25 an increase of Rs. 3.50 from previous closing price of Rs. 191.75. The buy-side client was Avery Procon Pvt Ltd, entity connected to promoters of JTREL.
- On July 24, 2007: The opening price was Rs. 286.05 an increase of Rs. 13.06 from previous closing price of Rs. 272.45. The buy-side client was Avery Procon Pvt Ltd entity connected to promoters of JTREL.
- During February 14, 2007 to April 25, 2007 it is observed that Jayshree Petrochemicals Pvt Ltd & Nitish Nayak were the counterparty for approximately 190 trades out of 601 trades wherein the price established was higher than last traded price.

ix. On many occasions when connected entities had executed the first trades, the quantity traded was very thin (in the range of 1 to 100 shares.

43. I note from the IR that certain entities viz. Dinesh Dongre, Anil Kumar Dubey, Mahendra Panchal and Hitesh Dodiya have traded in the scrip prior to the investigation period i.e. prior to September 2006. Further, the details of manipulative activities i.e. the counterparty details to all the trades of the aforesaid Noticees, contribution to volume in the scrip through trading amongst connected counterparties and contribution to the price rise in the scrip have not been brought out in the material available on record. Further, I note that the tradelog of the scrip of KSLIL for the period from September 2003 to September 2006 is part of Annexure 1 to the SCN and the said annexure does not contain the details of the tradelog of JTREL. In view of the same, the role of the said entities viz. Dinesh Dongre, Anil Kumar Dubey, Mahendra Panchal and Hitesh Dodiya in the price and volume manipulation in the scrip in respect of JTREL is not established.

44. I note that the following entities viz. Nitish Nayak, Jayshree Petrochemicals Pvt Ltd, EDC Securities Pvt Ltd, Avery Procon Pvt Ltd, Axon Realpro Pvt Ltd and Megna Developers Pvt Ltd have traded in the scrip during Ptach I, II and III of the investigation period as has been detailed in Table No 6 above. In view of same, I note that the said entities have traded amongst themselves and contributed to the volume / price rise in the scrip. Certain entities viz. (Nitish Nayak and Jayshree petrochemicals Pvt Ltd) have individually contributed substantially in the trading of JTREL. The role of these individual entities in the trading in scrip of JTREL is also discussed below –

A. **Nitish Nayak** – The entity initially purchased 400 shares of JTREL from the market in the year 2004. It is noted that counterparty for the said purchase was Anil Kumar Dubey & Hitesh Dodiya, entities connected to promoters of JTREL. As on the date of the SCN, he held 6,67,071 shares of JTREL and the value of these shares were Rs.15.40 Crores as on June 14, 2011. It is noted from the trading data of JTREL that Nitish Nayak has traded in substantial quantity during the year 2006 and 2007. Certain main observations in respect of his trading as noted from the Investigation Report and SCN, are mentioned below –

a. In 2006, Nitish Nayak alone had purchased 5,91,919 shares and contributed to 42.54% of the gross purchases in the scrip of JTREL. He also sold 5,87,235 shares and accounted for 42.21% of gross sale in the said scrip. Further, the counterparty concentration revealed that 15% of

total trades executed by Nitish Nayak were with counterparties who are also connected to the Promoters of JTREL.

b. During the period February 14, 2007 to April 25, 2007 (Patch –I), Nitish Nayak had a concentration of 37.29% and 30% on buy and sell side of the trades, respectively. Similarly, during the period April 26, 2007 to May 28, 2007 (Patch –II), he had a concentration of 38% and 33.69% on buy and sell side of the trades, respectively. The counterparty analysis during February 14, 2007 to April 25, 2007, revealed that Nitish Nayak had appeared as buy side counterparty to other connected entities to the tune of 37,447 shares accounting for 14 % of total volume. Similarly, on the sale side, Nitish Nayak had concentration of 67,382 shares and accounted for 25% of total volume. During the Patch–II period, he had counterparty concentration in the range of 10% to 12% of total trading volume

c. During February 14, 2007 to May 28, 2007, Nitish Nayak had executed first trade on incremental price on 28 trading days. He also appeared as a buyer in 28 instances out of the total 94 instances of price rise over the last traded price and he contributed a rise of Rs. 21.90 out of the total price rise of Rs. 76.40 during the Patch–I period. During the Patch–II period, he appeared as a buyer in 13 instances out of the total 17 instances of price rise over the last traded price and he contributed a rise of Rs. 6 out of the total price rise of Rs. 8.65.

d. It was also observed that during February 14, 2007 to April 25, 2007, the entities connected to the Promoters' group had executed trades for 55,372 shares which were in synchronized in nature. Out of these synchronized trades, Nitish Nayak had appeared for 23,916 shares on buy side as well as 30,698 shares on sale side of aforesaid synchronized trades. Similarly, during period of April 26, 2007 to May 28, 2007, the entities connected to the Promoters executed synchronized trades for 59,888 shares. Out of these synchronized trades, Nitish Nayak had appeared as a buyer and seller for 29505 shares and 26806 shares respectively.

B. **Jayshree Petrochemicals Pvt Ltd** – Jayshree Petrochemicals Pvt Ltd appeared in the Promoter's category of Krishna Lifestyle Technologies Limited, Eskay Knit India Limited and erstwhile Bank of Rajasthan (now ICICI Bank Limited), which were all group companies of the Tayal Group. Jayshree Petrochemicals purchased 3800 shares of JTREL in December 2004 from the market. Jayshree Petrochemicals Pvt Ltd traded extensively in the scrip of JTREL. Following are some of the main observations of trading by Jayshree Petrochemicals Pvt Ltd in the scrip of JTREL –

i. During the period February 14, 2007 to April 25, 2007, Jayshree Petrochemicals had concentration of trades in the range of 24.29% to 33.42% on buy side and sell side, respectively. It had executed first trade on incremental price on 36 trading days out of 132 trading days during investigation period. It had appeared as buyer in 45 instances out of total 94 instances of price rise over last traded price & contributed a rise of Rs.32.55 out of total rise of Rs.76.40.

ii. The counterparty analysis during February 14, 2007 to April 25, 2007 revealed that Jayshree Petrochemicals Pvt Ltd had appeared as sale side counterparty for other connected entities to the tune of 33,867 shares accounted for 12.59 % of total volume. Similarly, on the buy side it had concentration of 63,784 shares accounted for 23.72% of total volume during the period. While during the period of April 26, 2007 to May 28, 2007 the entity had counterparty concentration in the range of 11.6 % to 12% of total trading volume.

iii. From the analysis of synchronized transactions, it was observed that during February 14, 2007 to April 25, 2007, the entities connected to the Promoters' Group executed trades for 55,372 shares, which were synchronized in nature. Out of these synchronized trades, Jayshree Petrochemicals Pvt Ltd appeared as a buyer and seller for 25,910 shares and 21,645 shares, respectively of the aforesaid synchronized trades. Similarly, during the period of April 26, 2007 to May 28, 2007, the entities connected to the Promoters' Group executed synchronized trades for 59,888 shares. Out of these trades Jayshree Petrochemicals Pvt Ltd appeared as a buyer and seller for 29,139 shares and 30,532 shares, respectively.

45. From the investigation report, it is observed that Inorbit Trading Co Pvt Ltd (Noticee 13) has traded in the scrip of JTREL in the year 2007, however its connection to the promoters of JTREL is not clear. Further, Avera Properties Pvt Ltd (Noticee 15) who was connected to the promoters of JTREL was observed to have traded in the scrip during the Investoigation Period. From the investigation report, in respect of Avera Properties Pvt Ltd (Noticee 15), it is noted that the address of the entity is similar to many other entities viz. Axon Real Pro Pvt Ltd, Avery Procon Pvt Ltd who are connected to promoters of JTREL. Further, Subhash Chandra Nigam is one of the directors of the company whio was director of JTREL in the year 2005. It is observed that Avera Properties Pvt Ltd bought 58,929 shares and sold 17,312 shares in the year 2009, however, the counterparties were not observed to be connected. Accordingly, the role of Noticee 13 and 15 in the manipulation in the scrip is not established.

46. Therefore, on the basis of the above discussions, I find that the abovementioned Noticees viz. Nitish Nayak, Jayshree Petrochemicals Pvt Ltd, EDC Securities Pvt Ltd, Avery Procon Pvt Ltd, Axon Realpro Pvt Ltd and Megna Developers Pvt Ltd had traded in the scrip of JTREL extensively in order to create false volume and/ or inflate the price of the said scrip, which were detrimental to the interests of investors in the securities market.

KSLIL

Issue d) Whether Noticee 7 to 11 and Noticee 33, 35 to 43; and Noticee 14 to 19 and Noticee 44 to 54 were connected and front entitites to the Promoters of KSLIL?

Issue e) Whether as a result of the aforementioned, the Promoters of KSLIL along with entities connected to them had misrepresented their shareholding in KSLIL?

As regards KSLIL, the Investigation Report along with the SCN states –

47. The total Promoter and Promoter Group holding in KSLIL on June 2003 was 71.21% and it had reduced to 39.22% as on June 2009. Analysis of the public shareholding of KSLIL revealed that as on December 31, 2009, the Promoters effectively held 78.39% shareholding in KSLIL, which included direct ownership of 39.22% shareholding under the category of 'Promoters and Promoter Group', indirect ownership of 13.01% shareholding held through connected entities under the category of 'Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh' and indirect ownership of 26.16% shareholding held through connected entities under the category of 'Bodies Corporate'. However, the Promoters had publicly disclosed only 39.22% shareholding in KSLIL. As a result, investors were led to believe that the Promoters and Promoter Group held and controlled only 39.22% of the share capital of KSLIL, which was well within the maximum permissible non–public shareholding limit of 75%, whereas the public shareholding was effectively only 21.61%.

48. The following Table demonstrates the common findings with respect to the entities appearing under the category of 'Body Corporate' and their connections with the Promoters of KSLIL –

Table - 8

Sr No	Names of Entities	Common Observations
1	Cyberinfo Zeeboomba.Com	i. Some of the noticees are connected to the promoter entities as they are promoter entities in Bank of Rajasthan and other Tayal Group Compnaies. ii. The noticees mentioned at Sr. Nos. 12 to 17 are connected to promoters of KSLIL through common web of directors and similar addresses. For instance, Charms Holding Pvt. Ltd. has same address as that of Avery Porcon Pvt. Ltd. and Axon Real Pro Pvt. Ltd. which is connected to promoters
2	Ahmednagar Investments Pvt. Ltd.	
3	21st Century Entertainment	
4	Giriganga Investments Private Ltd.	
5	Global Softech Ltd.	
6	Cyber Infosystems And Technologies	
7	EDC Securities Pvt. Ltd	
8	Delux Polymers Pvt. Ltd.	

9	Shree Ganesh Hosiery Mills Pvt. Ltd.	of KSLIL as Anil Kumar Dubey is common director of JTREL and Avery Procon Pvt. Ltd. iii. These entities have been holding shares of KSLIL since March 2001 and their holdings remain constant since 2001. iv. Majority of the entities also hold shares of JTREL in substantial quantity since year 2002. v. The noticees stated at Sr. Nos. 12 to 15 have traded extensively in the scrip of JTREL and KSLIL.
10	Shree Krishna Silk Industries Pvt. Ltd..	
11	Jayshree Petro Chemicals Pvt. Ltd.	
12	Avery Procon Pvt. Ltd.	
13	Avera Properties Pvt. Ltd.	
14	Axon Realpro Pvt. Ltd.	
15	Megna Developers Pvt. Ltd.	
16	Envair Realty Pvt. Ltd.	
17	Charms Holding Pvt. Ltd.	

49. Noticee 35 viz. Mr. Amit Shivalkar and certain other Noticees have contended that there is no basis for alleging them as front entities for promoters of KSLIL. Further it was denied that their shareholding in KSLIL was camouflaged or that the Noticee held the shares in KSLIL to camouflage the shareholding of different promoter entities. The following Table demonstrates the common findings with respect to the entities appearing under the category of 'Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh' and also their connections with the Promoters of KSLIL –

Table - 9

Sr. No	Names of Entities	Common Observations
1	Dinesh Dongre	i. These noticees are connected to promoters of KSLIL and JTREL as already discussed. ii. It is observed from the data received from RTA that promoters/company camouflaged the shareholdings of Dinesh Dongre, Kishore Patil & Nitish Nayak. Their actual shareholding is 1.72%, 1.81% and 1.71% respectively; instead their holdings split between demat mode and physical mode and shown as a less
2	Kishore Patil	
3	Nitish Nayak	
4	Mahendra Kumar Panchal	
5	Hitesh Dodiya	

6	Anil Kumar Dubey	than 1%. Their names are not shown under the shareholders who held more than 1% of share capital of the company. It can be inferred that since aforesaid noticees also held shares of JTREL in substantial quantity, their names were deliberately withheld from the public disclosure to avoid any scrutiny. iii. These noticees have been holding shares of KSLIL since 2002. None of them have traded in scrip of KSLIL except Nitish Nayak.

Table - 10

Sr No	Names of Entities	Common Observations
1	Amit Shivalkar	i. Address of noticees at Sr. No 1 to 5 is common which is SKPYL, Bhilad, Vapi. It is noted that SKPL stands for Shri Krishna Polyester Ltd. an old name of Krishna Lifestyle Technologies Ltd., a group company of Tayal group. Similarly, address of entities at Sr. Nos. 6 to 8 is common and same as that of EDC Securities Ltd. which is promoter entity of BoR. ii. These noticees have been holding shares of KSLIL in physical mode since 2001 and did not trade in the shares of KSLIL. Their holding remains constant since year 2001. It is also observed that Amit Shivalkar, Vijay Upadhayay, Anil Kumaran and Vipin Bhatnagar are holdings exact number of shares (90,000). iii. Few entities viz., Vijay Upadhya, Kanti C Patel, Vipin Bhatnagar found holding shares of BoR. It is noted in the investigation in the matter of BoR that these entities observed as front entities of Tayal group who bought shares of BoR on behalf of promoters of BoR i.e., Tayal's.
2	Vijay Upadhyay	
3	Anil Kumaran	
4	Kanti C Patel	
5	Gauri S Raut	
6	Sudhir Gargodia	
7	Sanjay Jambhale	
8	Satish Mhatre	
9	Vipin Kumar Bhatnagar	

50. Noticee 41 viz. Mr. Sanjay Jambhale has contended that nothing has been brought on record to suggest that, the consideration for the 1,05,900 shares which were purchased by him has not been paid by him. In this regard, the connection of the Noticee with the promoter entities of KSLIL has been discussed in the previous

paragraphs. Based on those factors and preponderance of probabilities, I don't find any merit in the said contention of the Noticee.

51. Noticee 51 viz. Shree Ganesh Hosiery Mills Pvt Ltd has contended that it never held any shares in the scrip of KSLIL in excess of what has been declared by it publicly. In this regard, I note that the quantity of shares held by the Noticee is not the question rather the classification of the Noticee in the correct category of the shareholding pattern. To this extent, I don't find any merit in the contentinos of the Noticee. Further, Noticee has also submitted inter alia that though it could be considered as 'person acting in concert' PAC with KSLIL, however due to some change in circumstances, the Noticee was not the 'person acting in concert' (PAC) of KSLIL during the investigation period, hence it should not be considered as PAC with KSLIL. In this regard, I note that the Noticee is admittedly connected to the promoters viz Tayals.

52. Upon a consideration of the above, it is clear that the aforementioned entities were connected to the Promoters of KSLIL either through common addresses, or by their occupation in one of the Promoters' company or their Associate companies or through a web of common Directorship in many unlisted companies, which were also connected to Promoters of KSLIL. On the basis of the above-mentioned findings, I note that these entities mentioned above are found to be front holders of shares of KSLIL similar to the findings in the scrip of JTREL and that the Promoters could camouflage shareholdings through these Noticees and thereby controlled as much as 78.39% of shareholding of KSLIL. Therefore, as on December 31, 2009, the Promoters of KSLIL effectively had control over an additional 39.17% of the total equity share capital of the Company, and these shareholding could not have been disclosed as public shareholding. The

aforementioned clearly reveals that the floating stock of the Company was substantially reduced. Investigation further revealed that many of the aforesaid notices connected to the Promoters, have traded in shares of KSLIL in substantial quantity. It is found that these Noticees who have traded, bolstered the trading volume in the scrip of KSLIL and contributed towards price rise and the same is discussed in the subsequent paragraphs.

Issue f) Whether some of the aforementioned Noticees i.e. Jayshree Petrochemicals, EDC Securities Pvt. Limited, Megna Developers Pvt. Limited, Axon Realpro Pvt. Limited, Nitish Nayak and Avery Procon Pvt. Limited, had indulged in artificial volume creation, order book manipulation and price manipulation in the scrip of KSLIL?

53. The price of the KSLIL scrip during the period October 26, 2006 to August 28, 2007 was increased from Rs.97.05 (opening price on October 26, 2006) to Rs.173.40 (closing price on August 28, 2007), which is an increase of 73.4%. Based on the pattern in price movement the entire period was segmented into three patches/ sub-periods. Patch-I (October 23, 2006 to December 18, 2006), patch-II (December 19, 2006 to May 29, 2007) and patch-III (May 30, 2007 to August 28, 2007). It is observed that artificial volume creation and order book manipulation occurred during the period from October 26, 2006 to August 28, 2007.Further, during this period, all the aforementioned entities together accounted for approximately 50% of daily average trading volume in the scrip.

54. An analysis of the trade log of trades executed in the scrip of KSLIL for the period from October 26, 2006 to August 28, 2007 (Based on the pattern in price movement the entire period was segmented into three patches/sub–periods), is reproduced below –

Dealing by the connected entities during patch I 23/10/06 to 18/12/06 (Table -11)

Client Name	Member Name	Gross Purchases	Avg. Buy Rate (Rs.)	Gross sale	Avg. Sell Rate (Rs.)
EDC Securities Ltd.	RR Chokhani Stock Brokers Pvt. Ltd.	3,08,986	154.21	12,95,008	128.44
	Dimensional Securities Pvt. Ltd.	0	0	5,95,000	125
Nitish Nayak	R R Chokhani Stock Brokers Pvt. Ltd.	0	0	3,566	246.99
	Senator Securities Pvt. Ltd.	3,34,717	111.82	2,84,745	110.32
Jayshree Petrochemicals Pvt. Ltd.	Finquest Securities Pvt. Ltd.	447	244.19	6,117	250.73
	Networth Stock Broking Ltd.	0	0	5,00,000	125.13
Total		6,44,150	170.07	26,84,436	164.43
%Age to total market volume		16.12		67.18	

- It is observed that the connected counterparty concentration in the trades of the above Noticees in Patch –I was nil.

Dealing by the connected entities during patch II 19/12/06 to 29/05/07 (Table 12)

				Buy			Sell		
Period	Entity	Buy Qty	Sell Qty	Qty	% to mkt volume	Price Impact - Pos LTP Contribution (% pos LTP contribution to market pos LTP)	qty	% to mkt volume	Price Impact - Pos LTP Contribution (% pos LTP contribution to market pos LTP)
Patch–II : April 26, 2007 to May 28, 2007	Nitish Nayak	4,11,824	3,68,084	2,09,919	13.89%	Rs. 142.00 (3.33%)	2,37,231	15.69%	Rs. 390.85 (9.17%)
	Jayshree Petrochemicals Pvt. Ltd.	4,14,823	3,79,433	2,35,531	15.58%	Rs. 358.60 (8.41%)	2,05,761	13.61%	Rs. 110.20 (2.59%)
	EDC Securities Pvt. Ltd.	19,662	49,413	9,856	0.65%	Rs. 7.50 (0.18%)	12,314	0.81%	Rs. 7.05 (0.17%)
	Total	**8,46,309**	**7,96,930**	**4,55,306**	**30.12%**		**4,55,306**	**30.12%**	
	Total as % to mkt vol	**55.99%**	**52.72%**						

Dealing by the connected entities during patch III 30/05/07 to 28/08/07 (Table – 13)

Period	Entity	Buy Qty	Sell Qty	Buy			Sell		
				Qty	% to mkt volume	Price Impact - Pos LTP Contribution (% pos LTP contribution to market pos LTP)	qty	% to mkt volume	Price Impact (Rs.)
Patch–III : May 29, 2007 to August 28, 2007	Nitish Nayak	72,908	68,971	28,323	1.42%	Rs. 2.10 (0.07%)	9,882	0.49%	Rs. 3.25 (0.11%)
	Jayshree Petrochemicals Pvt. Ltd.	1,87,884	1,87,547	1,22,903	6.15%	Rs. 13.90 (0.46%)	53,300	2.67%	Rs. 33.75 (1.13%)
	Axon Realpro Pvt. Ltd.	2,84,904	2,63,183	2,50,320	12.53%	Rs. 55.80 (1.86%)	17,402	0.87%	Rs. 12.60 (0.42%)
	Avery Procon Pvt. Ltd.	4,75,121	4,23,473	42,603	2.13%	Rs. 28 (0.94%)	3,63,597	18.20%	Rs. 71.50 (2.39%)
	Megna Developers Pvt. Ltd.	1,905	-	32	0.00%	Rs. 21.30 (0.71%)	-	0.00%	Rs. 0.00 (0.00%)
	Total	**10,22,722**	**9,43,174**	**4,44,181**	**22.23%**		**4,44,181**	**22.23%**	
	Total as % to mkt vol	**51.19%**	**47.21%**						

55. It is found from the above tables that Nitish Nayak, Jayshree Petrochemicals Pvt Ltd, EDC Securities Pvt Ltd, Avery Procon Pvt Ltd, Axon Realpro Pvt Ltd and Megna Developers Pvt Ltd i.e. entities connected to the promoters had created volume in the scrip by continuously buying and selling shares of KSLIL, and further, they have traded significantly amongst themselves.

56. **Manipulation of Order Book :** Table below followed by instances demonstrates number of orders placed & deleted by the entities connected to promoters of JTREL &KSLIL clients during the period of Investigation from October 16, 2006 to

August 28, 2007. It is revealed during these period these entities placed the orders away from the market price which were deleted from the order book. Based on the pattern of placing & deleting orders it can be inferred that these orders were placed with intention to create artificial depth in the order book & not intended to execute trades. Indulging into such trading activity, these entities attracted gullible retail investors by manipulating order book. It is further revealed from the table below that majority of orders deleted were placed away from market price.

Table - 14

Client Name	Number of placed	Number of orders deleted	Number out of deleted order which were placed away from the mkt price*
Nitish Nayak	7208	604	593
Avery Procon Pvt Ltd	8735	398	301
Jayshree Petrochemical Pvt Ltd	1184	242	210
Axon Realpro Pvt Ltd	587	267	261
EDC Securities Ltd	532	29	15

**order placed in the range of Re.1 to Rs.41 to last traded price*

57. The following instances revealed orders placed & deleted by the aforesaid entities who are connected to promoters of JTREL& KSLIL

I. Nitish Nayak

a. On 27/12/2006 & 09/02/2007 Nitish Nayak placed orders for 1000 shares each in afternoon session which were subsequently deleted. It is pertinent to note that number of shares traded in the aforesaid trading days was 5170 shares & 4721 shares respectively. Since the scrip was thinly traded & the entity was placing & deleting orders for 1000 shares implies that the intentions of such trading behavior was to inflate the order book & portrait the rosy picture of healthy order book. Thus Nitish Nayak was inflating the order book to the extent of approximately 20% of trading volume.

b. Similarly, on 25/04/2007, 14/05/2007 & 24/05/2007 the client Nitish Nayak placed orders for 2000 shares 1000shares, and another 1000 shares respectively. These orders were placed with substantial difference from the

last traded price i.e with the difference of Rs.13.05, Rs.29.95 & Rs.41 respectively to their last traded price. The said orders were subsequently deleted. Though the quantity of deleted order to total volume traded in said trading days were not substantial, such pattern of placing & deleting the orders away from the market price implies the manipulative intent of the entity connected to promoters of KSLIL.

II. Jayshree Petrochemical Pvt Ltd

c. In case of Jayshree Petrochemicals Pvt Ltd it is observed that on 05/03/2007 & 25/04/2007 it placed orders for 1183 shares & 5764 shares which were subsequently deleted. Though the quantity of deleted orders to total volume traded in said trading days were not substantial, such pattern of placing & deleting the orders away from the market price shows that client Jayshree Petrochemicals Pvt Ltd along with another promoters connected entity Nitish Nayak was manipulating order book of KSLIL.

III. Avery Procon Pvt Ltd

d. It is observed on 18/06/2007 that Avery Procon Pvt Ltd placed two orders for 1000 shares each. These orders were placed with price difference of Rs.42.95 from last traded price & subsequently these orders were deleted. The fact that these orders were placed at a price substantially away from the market price & deleted thereafter indicates that they were placed with the intention to inflate the order book of KSLIL.

Similarly on 25/06/2007 the entity placed three orders for 500 shares, 1000 shares & another 1000 shares which were deleted from the order book. These were also placed with difference of Rs. 34 & Rs 35.05 from last traded price. Such kind trading pattern suggest that these connected entities were intended to inflate the order book & portrayed rosy picture of healthy order book of KSLIL.

Few examples of nature of trading by aforesaid entities connected to the company are provided below:

a. <u>On December 06, 2006:</u> The last traded price on 06/12/06 at 12:12:47was Rs. 210.05. EDC Securities Pvt Ltd had placed buy order at the price of Rs

217.85 with the incremental rate of Rs.7.85 since there was no other buyer at this price the trade was executed at the price of Rs.217.85. Subsequently the price had fallen to Rs.201.05. EDC Securities Pvt Ltd had again placed buy order at a higher price of Rs.212 and the trade got executed at Rs.212. Similarly it was observed that the EDC Securities Pvt Ltd pushing up the price and placed buy orders in the range of Rs. 212 to Rs.230 as result the price went up to Rs.230 & it finally closed at Rs.229.05.

b. On December 29, 2006: The scrip opened at Rs. 245.80 on 29/12/06 and Nitish Nayak was consistently placing orders at higher price and as a result the price had gone up to Rs.251 intra-day & settled at Rs.250.05. It was noted that Nitish Nayak had placed more than 90% buy orders on this trading day.

c. On February 02, 2007: On this trading day the scrip opened at Rs.254 and it was continuously falling and closed at Rs.244.35 after intraday low of Rs.237. It is observed that Nitish Nayak and Jayshree Petrochemicals Ltd was placing buy orders in the range of 0.05 to 8.35 higher than last traded prices. Thus by placing orders at higher rates these entities were giving support to the price when price was continuously falling throughout the trading session.

d. On May 25, 2006: It is observed that on this trading day EDC Securities Pvt Ltd had placed various buyer order Rs 0.05 to Rs 8.05 higher than last traded price. It is further observed that many orders executed in the afternoon session by EDC matched with Nitish Nayak with the exact price which was Rs. 217.10. This shows that there were creating artificial volume in the order book

58. Certain entities who were connected to the Promoters of KSLIL were found to have contributed substantially to trades executed in the said scrip. Their individual roles are discussed below –

A. Nitish Nayak – Certain observations in respect of his trading as noted from the Investigation Report and SCN, are reproduced below –

I. Nitish Nayak had traded in substantial quantities in the shares of KSLIL during investigation period. Nitish Nayak alone contributed in the range of 3.6 % to

27% of gross purchase and in the range of 3.6% to 24% of gross sold during three patches of Investigation stated above.

II. Nitish Nayak had executed first trade on incremental price on thirty–five trading days out of two hundred and ten trading days during the entire investigation period. Analysis of intra–day trades revealed that he had appeared as buyer and executed 2392 trades which resulted into rise in the price of the scrip.

III. During December 19, 2006 to May 28, 2007, Nitish Nayak appeared as buyer for buy order of 3,85,560 shares, which was 18.45% of total buy orders during the period. Further out of these buy orders, for the orders of as many as 1,95,739 shares (50.71% of total bid orders of the client), the counterparty was another company related entity. Similarly, during May 28, 2007 to August 28, 2007, the number was 1,98352 shares out of which for 28,323 shares, the counterparty was company related entities. Nitish Nayak had a concentration of more than 30% of trades throughout the Investigation period.

IV. Nitish Nayak in collusion with another entity connected to the Promoter Group, viz. Jayshree Petrochemicals, placed buy orders at price significantly higher than the last traded price whenever price declined significantly due to trading by other market participants. On many occasions, they placed buy orders and simultaneous sell orders at higher prices just to establish a price at particular level. It was observed that connected entities including Nitish Nayak were giving consistent support to the price.

B. Jayshree Petrochemicals – Certain observations in respect of his trading as noted from the Investigation Report and SCN, are reproduced below –

I. Jayshree Petrochemicals mainly traded during Patch–II and Patch–III and contributed 27% of gross purchase and 25% of gross sale during Patch–II and 9.4% of gross purchase and 9.39% of gross sale during Patch–III. Jayshree Petrochemicals executed first trade on incremental price on fifty–six trading days out of two hundred and ten trading days during the Investigation Period.

II. During Patch II viz. April 26, 2007 to May 28, 2007, Jayshree Petrochemicals appeared as buyer for 4,14,823 shares out of which for the buy of 2,35,531 shares, the counterparty were promoter related entities i.e. Jayshree Petrochemicals Pvt Ltd itself, Nitish Nayak and EDC Securities Pvt Ltd. Similarly, during May 29, 2007 to August 28, 2007, Jayshree Petrochemicals

appeared as buyer for 1,87,884 shares out of which for the buy orders of 1,22,903 shares, the counterparty was promoter related entities i.e. Jayshree Petrochemicals Pvt Ltd itself, Nitish Nayak and Avery Procon Pvt Ltd.

III. Jayshree Petrochemicals in collusion with other entities connected to the Promoter Group, viz. Nitish Nayak and EDC Securities Pvt. Limited, had placed buy orders at price significantly higher than the last traded price whenever price declined significantly due to trading by other market participants. On many occasions, they placed buy orders and simultaneous sell orders at higher prices just to establish a price at particular level. It was observed that they were giving consistent support to the price by placing the buy or sell orders at higher price and by indulging the synchronized trades. Further, by having counterparty concentration, it had contributed to price rise and also to increase in the trading volume in the scrip.

C. EDC Securities Pvt. Limited – EDC Securities Pvt. Limited mainly traded during Patch–I and contributed 7.7% of gross purchase and 32% of gross sale.

59. Therefore, upon a consideration of the aforementioned, I find that the abovementioned Noticees had traded in the scrip of KSLIL extensively in order to create false volume and also inflate the price of the said scrip.

JTREL and KSLIL

As a result of the aforementioned -

Issue g) Whether Noticee 1 to 6 have violated Regulation 3 (b),(c),(d) and Regulation 4 (1), (2)-(d),(e) & (r) of PFUTP Regulations?

Issue h) Whether Noticee 7 to 19 have violated Regulation 3 (a),(b),(c),(d) and 4 (1), (2)-(a),(b), (e) & (g) of PFUTP Regulations?

Issue i) Whether Noticee 20 to 54 have violated Regulation 3 (a),(b),(c) & (d) and 4 (1) & (2)-(e) of PFUTP Regulations?

Issue j) Whether Noticee 55 and 56 have violated Regulation 4 (2)- (f),(k) & (r) of PFUTP Regulations?

60. In this regard, upon a consideration of the facts mentioned at preceding paragraphs, it is noted that –

A. JTREL and KSLIL were both companies promoted by Shri Saurabh Kumar Tayal and as of June 2007, shared common Promoters, viz. Nina Tayal, Vandana Tayal, Bhawana Tayal, Jyotika Tayal and Ram Pratap Tayal.

B. As stated earlier, the Promoters of JTREL and KSLIL have been able to disguise the extent of their shareholding in the aforesaid Companies in a deceitful manner through the artifice of holding shares through entities connected to them, who in several cases happened to be their employees or employees of other Group Companies or shared common Directorship in several unlisted companies connected to the aforesaid Promoters. The Promoters along with their related/connected entities failed to provide a true and accurate disclosure of their shareholding in the aforementioned Companies; resultantly the companies i.e. JTREL & KSLIL had to diisseminate false information to the investors in the securities market.

C. The *modus operandi* adopted by the Promoters of JTREL and KSLIL was to hold control over substantial shareholdings through entities connected to them and thereafter, indirectly indulge in artificial volume creation and manipulation of the price of the said scrips through such entities at different point in time. For example,

- It is observed that the entities Nitish Nayak, Jayshree Petrochemicals Pvt Ltd, EDC Securities Pvt Ltd, Avery Procon Pvt Ltd, Axon Realpro Pvt Ltd and Megna Developers Pvt Ltd had traded in the scrip of JTREL extensively in order to create false volume and/ or inflate the price of the said scrip, which were detrimental to the interests of investors in the securities market as detailed earlier in the order.
- In the year 2003–04, Dinesh Dongre, Hitesh Dodiya, Anil Kumar Dubey and Nitish Nayak were found to be trading in the scrips of JTREL and KSLIL.
- Subsequently, in the year 2005, Jayshree Petrochemicals along with other entities connected to the Promoters of JTREL and KSLIL traded extensively in the said scrips.
- In the year 2006–07, EDC Securities Pvt. Limited, Avera Properties and Axon Realpro Pvt. Limited and other entities connected to the Promoters of

JTREL and KSLIL, were found to have traded extensively to create artificial volume along with resultant price manipulation in the said scrips.

- As noted from the preceding paragraphs, investors' interest moved significantly up to 95% of the traded quantity as against around 40% noticed in May 2007, prima facie evidencing the impact of concentrated levels of activity earlier driving up the investors' interest and momentum in the trading of the scrip.
- Further, in the scrip of JTREL, the Noticees were found to have placed and deleted orders for shares with the intention of inflating and portraying a rosy picture of the Order Book of the said Company.
- On many occasions, when the Noticees connected to the Promoters of JTREL and KSLIL had executed the first trades, the quantity traded was very thin (in the range of 1 to 100 shares). Such pattern of trading is generally adopted either for increasing the price or for maintaining the price at particular level.
- Similarly, some of the aforementioned Noticees were also utilized by the Promoters of JTREL and KSLIL for transferring funds among themselves as discussed earlier in this Order.

D. Having regard to the aforementioned, it is pertinent to recognize that through the aforementioned fraudulent and unfair trade practices adopted by the Promoters along with the entities connected to them, JTREL and KSLIL stood to benefit in terms of capital raising/borrowing, etc. In such cases, valuation of a Company is *inter alia* considered on the basis of its share price. Further, the shares belonging to the Promoters were used as collateral/security to the lenders, banks and other financial institutions from whom finance is availed. Consequently, such lenders, banks, etc. stand exposed and imperil a risk of loss in return on investment/lending since their decisions will be based on false and incorrect information publicly disclosed by an erring Company. Incidentally, in this context, it is also noted from the Interim Order dated March 12, 2010 that SEBI had obtained confirmation from a financial institution that shares of JTREL were taken as collateral security from a Company of the Tayal Group.

61. Regulation 3 of the PFUTP Regulations *inter alia* prohibit employment of any manipulative/deceptive device, scheme or artifice to defraud in connection with dealing in securities; engaging in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with dealing in securities. Regulation 4(1) of the PFUTP Regulations, provides for prohibition on indulging in fraudulent or unfair trade practices in securities while Regulations 4(2)(a), (b), (d), (e), (f), (g), (k) and (r) inter alia states that dealings in securities by a person shall be deemed as fraudulent if it involves 'fraud' including (a) indulging in an act which creates false or misleading appearance of trading in the securities market; (b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate the price of such security for wrongful gain; (d) paying, directly or indirectly, to any person any money for inducing such person for dealing in any security with the object of inflating the price of such security; (e) any act or omission amounting to manipulation of the price of a security; (f) publishing any information which is not true prior to or in the course of dealing in securities; (g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security; (k) and (r) misleading and false news/advertisements, which may influence the decision of investors or induce sale or purchase of securities. The aforementioned actions of JTREL and KSLIL and its Promoters and entities connected to them clearly resulted in 'fraud' as defined under the PFUTP Regulations, being committed by the aforementioned entities, which in turn affected the interests of investors in the securities market. The investors were wrongly misled through the false and misleading appearance of trading volumes

created in the scrip of JTREL and KSLIL and therefore, may also have been induced into investing in the securities of the said Companies.

62. The following Noticees – Noticee 7 to 11 and 20 to 54 (except 48) were the front entities who held the shares in physical and demat mode on behalf of the promoters of JTREL and KSLIL. The said entities have aided and abetted the promoters of JTREL and KSLIL in showing a wrong picture of the shareholding of the companies and as a result have caused to disseminate false information to the investors in the securities market. Further the following Noticees connected to the promoters viz. Nitish Nayak (Noticee 11), Jayshree Petrochemicals Pvt Ltd (Noticee 15), EDC Securities Pvt Ltd (Noticee 16), Avery Procon Pvt Ltd (Noticee 19), Axon Realpro Pvt Ltd (Noticee 17) and Megna Developers Pvt Ltd (Noticee 18) have traded in the scrip of JTREL extensively in order to create false volume and/ or inflate the price of the said scrip, which were detrimental to the interests of investors in the securities market.

63. Accordingly, upon a consideration of the aforementioned, I find that the Promoters of JTREL and KSLIL i.e. Noticee 1 to 6 violated Regulation 3(b),(c),(d) and (f) and Regulation 4(1), (2)(d), (e) and (r) of PFUTP Regulations. The Noticee 7 to 10, 20 to 47 and 49 to 54 have violated violated Regulation 3(a),(b),(c) and (d) and Regulation 4(1) of PFUTP Regulations and the alleged violation of Regulation 4(2)(a), (b), (e) and (g) or 4(2) (e) of PFUTP Regulations is not established against them. Further the following Noticees viz. Noticee 11, 15 to 19 have violated Regulation 3(a),(b),(c),(d) and Regulation 4(1), (2)(a),(b),(e) and (g) of PFUTP Regulations. The alleged violations by Noticee 48, 55 and 56 are discussed in subsequent paragraphs.

Alleged violations of the Takeover Regulations –

Issue k) Whether Noticee 1 to 6 have violated Regulation 7(1),(2) 8(1),(2), 10 and 11 (1) & (2) of Takeover Regulations?

Issue l) Whether Noticee 7 to 19 have violated Regulation 7(1),(2) 8 (2), 10 and 11 (1) of Takeover Regulations?

Issue m) Whether Noticee 20 to 54 have violated Regulation 7(2), 8(2), 10 and 11(1) of Takeover Regulations?

Issue n) Whether Noticee 55 and 56 have violated Regulation 7(3), 8(3) and (4) of Takeover Regulations?

64. I note that the promoters of JTREL and KSLIL viz. Noticee 1 to 6 are alleged to have violated the provisions of Regulations 7(1),(2), 8(1),(2), 10 and 11(1)&(2) of the Takeover Regulations. Further, Noticee 55 and 56 (viz. JTREL and KSLIL respectively) are alleged to have violated the provisions of Regulations 7(3), 8(3) and (4) of the Takeover Regulations. Further, the other Noticees were the front entities of the promoters and were alleged to have violated the provisions of Regulations 7(1),(2), 8(2), 10 and 11(1) of the Takeover Regulations From the Investigation Report, it is noted that the Promoters of JTREL i.e. Noticee 1 to 6 ("hereinafter referred to as Acquirers for this and the subsequent paragraph"), had acquired shares of the Company in the year 2003 by buying 57.02% of the shareholding from the erstwhile Promoter of the Company. Thereafter, the Acquirers had made an open offer to the public for acquiring an additional 20% shares of the Company in accordance with the Takeover Regulations.

65. As noted previously, as on December 31, 2009, it was observed that the Promoters effectively held 96.99% shareholding in JTREL, which included direct ownership of 67.05% shareholding under the category of 'Promoters and Promoter Group', direct ownership of 1.5% shareholding under the category of

'Individual shareholders holding nominal share capital up to Rs. 1 Lakh', indirect ownership of 27.75% shareholding held through connected entities under the category of 'Individual shareholders holding nominal share capital up to Rs. 1 Lakh' and indirect ownership of 0.69% shareholding held through three connected entities under the category of 'Bodies Corporate'. In the instant proceedings, apart from the allegations of violation of PFUTP Regulations, which stand established, it has also been alleged that the Promoters of JTREL and the entities connected to them held such substantial extent of shares, which was far in excess of what had been declared by them publicly, in violation of the Takeover Regulations.

66. A similar allegation of violation of the Takeover Regulations, was also made in respect of the shareholding in KSLIL held by the Promoters along with the entities connected to them since they were found to have held such substantial extent of shares, which was far in excess of what had been declared by them publicly, in violation of the Takeover Regulations. The Promoters' shareholding in KSLIL had decreased from 71.21% to 39.22%, a reduction of 31.99% for the period from March 2003 to December 2009. However, as on December 31, 2009, it was observed that the Promoters effectively held 78.39% shareholding in KSLIL, which included direct ownership of 39.22% shareholding under the category of 'Promoters and Promoter Group', indirect ownership of 13.01% shareholding held through connected entities under the category of 'Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh' and indirect ownership of 26.16% shareholding held through connected entities under the category of 'Bodies Corporate'.

67. I note that the allegation regarding violation of the Takeover Regulations has arisen on account of the observations contained in the SCN against the Promoters

of JTREL and KSLIL and the entities connected to them that they were together holding more than 96% and 78% respectively, in the said Companies during the period beginning from 2002–03. Regulation 10 and 11 stipulate that no acquirer shall acquire shares or voting rights above certain thresholds mentioned therein unless they make public announcement to acquire shares in accordance with the regulations. Regulations 7 and 8 of the Takeover Regulations deal with the requirement of making disclosures with respect to the shareholding to the company and stock exchanges as per the stipulations of the said regulations. Certain Noticees have contended that the SCN itself fails to elucidate as to when and how they have acquired more than the threshold limit prescribed as per the aforesaid provisions of Takeover Regulations or acted in concert with any acquirer of the shares of JTREL. It is noted that the Investigation Report and the SCN contained observations in respect of entities connected to the Promoters of JTREL and KSLIL and their shareholding, which are confirmed in the preceding paragraphs of this Order. However, I note that with regards to the allegations of the provisions of Takeover Regulations, relevant details such as date(s) of acquisition of such shares of JTREL and KSLIL made by the concerned Noticees who were connected to the promoters of JTREL and KSLIL; specific Noticee–wise acquisition, etc are not contained in the Investigation Report and hence the triggers for invoking of the aforesaid specific provsions of the Takeover Regulations by the Noticees is not clear. Further, while the Investigation Report and the SCN make a reference to fund transfers between entities connected to the Promoters of JTREL and KSLIL, such transfers were mostly made during the years 2004, 2006 and 2007 and cannot be specifically attributed to any acquisition of shares in the aforesaid Companies. From the SCN and Investigation Report, I

note that such details as the datewise percentage of consolidation of shareholding by the Promoters along with entities connected to them has not been provided.

68. Having regard to the facts in the instant proceedings, another requirement for proving violation of Regulations 10 and 11 of the Takeover Regulations is that the entities connected to the Promoters of the aforesaid Companies had to also be 'persons acting in concert' with the aforesaid Promoters in terms of Regulation 2(e) of the Takeover Regulations. The Takeover Regulations do not recognize 'connected entities' for the purposes of Regulations 10 and 11 thereof. In this context, the observations of the Hon'ble Securities Appellate Tribunal in the matter of M/s. Modipon Ltd vs. SEBI (Appeal No. 34/2001, Order date July 31, 2001) has held that - "*It could be seen that in terms of regulation 2 (1) (e) (1) persons acting in concert comprises persons who, for a common objective or purpose of substantial acquisition of shares or voting rights or gaining control over the target company pursuant to an agreement or understanding (formal or informal), directly or indirectly co-operate by acquiring or agreeing to acquire shares or voting rights in the target company. In the present case it is no ones case that the Appellant is in any manner interested or involved in the acquisition of shares or voting rights or in gaining control over MRL*". Supreme Court of India in the matter of Daiichi Sankyo Company Limited vs. Jayaram Chigurupati and others (2010) 157 Comp Cas 380(SC) may be noted –"*To begin with, the concept of 'person acting in concert' under Regulation 2(1)(e)(1) is based on a target company on the one side, and on the other side two or more persons coming together with the shared common objective or purpose of substantial acquisition of shares, etc., of the Target Company. ...Two or more persons may join hands together with the shared common objective or purpose of any kind but so long as the common object and*

purpose is not of substantial acquisition of shares of a Target Company they would not comprise 'person acting in concert'. The other limb of the concept requires two or more persons joining together with the shared common objective and purpose of substantial acquisition of shares, etc. of a certain Target Company. There can be no 'person acting in concert' unless there is a shared common objective or purpose between two or more persons of substantial acquisition of shares, etc. of the Target Company." In the facts of the present proceedings, no sufficient evidence has been provided in the Investigation Report or SCN to demonstrate that the entities connected to the Promoters of JTREL and KSLIL shared a common objective to acquire substantial shares in suchCompanies. In view of the aforementioned, it is not possible to proceed further with the allegation that the aforementioned Noticees had violated the provisions of the Takeover Regulations, and I am inclined to drop the said charges without any adverse inference.

Alleged violations of Section 21 of the SCRA and conditions for continuous listing –

Issue o) Whether Noticee 1 to 6, and Noticee 55 and 56 have violated the conditions of Listing Agreement read with Section 21 of SCRA, 1956 including conditions for continuous listing?

69. The SCN also alleges violation by the Promoters of JTREL and KSLIL along with the said Companies, of Section 21 of the SCRA and conditions for continuous listing. It is observed that both the above companies have failed abjectly to disclose true and accurate information about shareholding in the company and have allowed spurious and false data to be disseminated to the public. JTREL and KSLIL misrepresented the information in the shareholding pattern whereby it was

shown that the Promoters held and controlled only 67.05% and 39.22% of the share capital of JTREL and KSLIL, respectively, which were well within the maximum permissible non–public shareholding limit of 75%. However, as stated in the preceding paragraphs, the public shareholding in JTREL and KSLIL were effectively only 3.01% and 21.61%, respectively. In this context, it is noted that Section 21 of the SCRA states: "*Where securities are listed on the application of any person in any recognised stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange*." From the same, I note that the aforesaid provision applies to the listed companies i.e. JTREL and KSLIL in the present case and not to the promoters. It has also not been clearly brought out in the Investigation Report that all the Noticee 1 to 6 were members of the board of directors of JTREL and KSLIL at the relevant point in time. Thus, the non-compliance of the provisions of the Listing Agreement read with Section 21 of SCRA, 1956 cannot be extended to the Noticee 1 to 6. Accordingly, the alleged violation of conditions of Listing Agreement read with Section 21 of SCRA, 1956 including conditions for continuous listing does not stand established against Noticee 1 to 6. The findings related to the allegations against JTREL and KSLIL i.e. Noticee 55 and 56 respectively have been discussed separately in the subsequent paragraphs.

Findings regarding Noticee 48, 55 and 56 (i.e Global Softech Ltd., JTREL and KSLIL respectively)

70. In response to the SCN, Authorized representative ('AR'), on behalf of the Noticee 55 and 56 submitted that National Company Law Tribunal, Ahmedabad Bench ("NCLT") vide its Orders dated September 06, 2019 in respect of Noticee 56; and

January 03, 2020 in respect of Noticee 55, had allowed initiation of the Corporate Insolvency Resolution Process ('CIRP') of the Noticee 55 and 56 in terms of Section 14 of the Insolvency and Bankruptcy Code, 2016 ("IBC Code") and from the date of the said Order, moratorium is applicable inter-alia prohibiting the institution of suits or continuation of pending suits or proceedings against the corporate debtor i.e. Noticee 55 and 56 including execution of any judgement, decree or order in any court of law, tribunal, arbitration panel or other authority. During the course of the personal hearing granted to him through WebEx platform on January 20, 2021, the AR of the Noticee made oral submissions and claimed that moratorium under Section 14 of the IBC Code is still in force in respect of the Noticee. From the NCLT order brought on record by the AR, I observe from the order in C.P. No. (IB) 266-7-NCLT-AHM-2019 delivered on January 03, 2020 by Adjudicating Authority, NCLT Ahmedabad Bench in the matter of Vighnaharta Corrugators Pvt. Ltd & Ors. Vs. Jaybharat Textiles & Real Estate Ltd., it was held that- "*24. The petition is therefore, admitted and the moratorium is declared for prohibiting all of the following in terms of sub-section (1) of Section 14 of the Code:- (i) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority; (ii)....; (iii)....*

The order of moratorium shall have effect from the date of receipt of authenticated copy of this order till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of Section 31 or passes an order for liquidation of corporate debtor under Section 33 as the case may be. "

71. Further, I observe that RP for Jaybharat Textiles & Real Estate Ltd. vide IA 601 of 2020 in CP(IB) 266/NCLT/AHM/2019 before the Adjudicating Authority, NCLT Ahmedabad Bench had requested for an order for extension of further 90 days beyond 180 days. Hon'ble NCLT vide order dated September 21, 2020 held that-

".....In view of such resolution, so passed by COC in favour of extension of time, this Bench do hereby extend the time for further 90 days excluding the period from the date of filing of the instant application i.e. 16.09.2020 till today, i.e. 21.09.2020."

72. In this regard, I note from the order delivered on September 06, 2019 by Adjudicating Authority, NCLT Ahmedabad Bench in the matter of Abhinandan Multitrade Pvt. Ltd. & Ors. Vs. KSL Industries Ltd., it was observed that- "*22. The petition is therefore, admitted and the moratorium is declared for prohibiting all of the following in terms of sub-section (1) of Section 14 of the Code:- (i) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority; (ii)....; (iii)....*

The order of moratorium shall have effect from the date of receipt of authenticated copy of this order till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of Section 31 or passes an order for liquidation of corporate debtor under Section 33 as the case may be. "

73. Further, I observe that RP for KSL Industries Ltd. vide IA for extension of CIRP Period beyond 330 days vide IA 784 of 2020 in CP(IB) 397/NCLT/AHM/2018 before the Adjudicating Authority, NCLT Ahmedabad Bench had requested for an

order excluding 233 days from CIRP. Hon'ble NCLT vide order dated November 24, 2020 held that-

"*16. Under the above background and the circumstances stated hereinabove, the instant application so filed by the applicant is hereby allowed and the period of 233 days as well as the period consumed in deciding this application is exempted / excluded from the period of CIRP and the CIRP period is extended for further 233 days as prayed for, for the purpose of completing CIRP. 17. Since the facts of the present case involve exceptional circumstances, the order so passed in the present case shall not be treated as a precedent*."

74. Incidentally, I observe that Noticee 48 viz. Global Softech Ltd. through its AR, Mr. Abdul Rahman submitted reply to the SCN vide letter dated January 18, 2021 and January 29, 2021 and during the course of hearing submitted regarding the corporate insolvency resolution process being initiated against the Noticee. AR further submitted, that moratorium under Section 14 of the IBC Code is still in force in respect of the Noticee 48. From the NCLT order brought on record by the AR, I observe as under:

75. National Company Law Appellate Tribunal, New Delhi Company Appeal (AT) (Insolvency) No. 942 of 2020 vide order dated November 02, 2020 in the matter of Hemant Sharma, Resolution Professional of Global Softech Ltd. held: "*1. Prayer for exclusion of time as sought by the Resolution Professional of the Corporate Debtor – 'Global Softech Ltd.' was partially allowed by the Adjudicating Authority (National Company Law Tribunal), Ahmedabad Bench, Ahmedabad, Court in terms of impugned order dated 15th October, 2020.*

....we are convinced that the ground projected for exclusion of the lockdown restriction period from 25th March, 2020 till 15th September, 2020 has

substance and same deserves to be allowed, so as to make the resolution process meaningful and result oriented. We accordingly allow this appeal and set aside the impugned order with direction that the period commencing from 25th March, 2020 till 15th September, 2020 shall be excluded while computing the period of 180 days for the purpose of bringing the Corporate Insolvency Resolution Process to its logical conclusion. To remove any ambiguity, it is clarified that the extended period of 90 days beyond 180 days shall commence only after the prescribed period of 180 days after exclusion of aforesaid period in terms of this judgment is over...."

76. In this regard, I refer to the Hon'ble SAT's judgment dated 09.10.2020 in the matter of Dewan Housing Finance Corporation Ltd. vs. SEBI held that "*13. Thus, where a moratorium has been declared under section 14 of IBC, the authority which in the instant case is SEBI / AO will have no jurisdiction to institute any proceedings. Where a proceeding has already been instituted and during the pendency of the proceedings a moratorium order is passed under section 14 then the authority is prohibited from continuing with the proceedings. This is clear from a bare reading of the provisions of section 14(1) of the IBC*." Further, I note that the Hon'ble Supreme Court of India in the matter of **Committee of Creditors of Essar Steel India Limited v. Satish Kumar Gupta**, (2019) 153 CLA 275 (SC) held as follows: *"A successful resolution applicant cannot suddenly be faced with "undecided" claims after the resolution plan submitted by him has been accepted as this would amount to a hydra head popping up which would throw into uncertainty amounts payable by a prospective resolution applicant who successfully take over the business of the corporate debtor. All claims must be submitted to and decided by the resolution professional so that a prospective resolution applicant knows*

exactly what has to be paid in order that it may then take over and run the business of the corporate debtor. This the successful resolution applicant does on a fresh slate, as has been pointed out by us hereinabove."

77. Thus, in view of the abovesaid observations, I note that the present proceedings are not maintainable against Noticee 48, 55 and 56; and therefore, cannot be proceeded with. The SCN is accordingly disposed of against Noticee 48, 55 and 56.

Issue j) Do the violations, if any, on the part of the Noticees attract monetary penalty under the provisions of SEBI Act and SCR Act, for the alleged violations by the Noticees?

Issue k) If yes, then what would be the monetary penalty that can be imposed upon the Noticees, taking into consideration the factors mentioned in section 15J of the SEBI Act r/w rule 5(2) of the Adjudication Rules and Section 23J of SCR Act read with Rule 5 of the SCR Adjudication Rules?

78. Therefore, the Noticees (except Noticee 12, 13, 14, 48, 55, and 56 as stated in pages 1 and 2 of this order) are liable for a penalty under Section 15HA of SEBI Act, 1992. The text of the said provision of law is being reproduced below:

Provisions of SEBI Act, 1992 is as follows:

Penalty for fraudulent and unfair trade practices.
Section 15HA *(as existing at the time of commission of offence)*
If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty liable to a penalty which may extend to one crore rupees

79. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the SEBI Adjudication Rules require that while adjudging the quantum of penalty, 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.

80. With regard to the above factors, it may be noted that the investigation report has not quantified the profit made or the loss caused to general investors on account of the violations committed by the Noticees.

81. I note that the following 6 Noticees namely, Hitesh dodiya, Anil Kumar Dubey, Dinesh Dongre, Mahendra Kumar Panchal, Nitish Nayak and Kishore Patil are appearing as front /benami entities in both the scrips. I also note that Nitish Nayak, Jayshree Petrochemicals Pvt Ltd, EDC Securities Pvt Ltd, Axon Realpro Pvt Ltd, Megna Decvelopers Pvt Ltd and Avery Procon Pvt Ltd have done manipulative trades in both the scrips.

82. Further, in light of order dated August 02, 2019 of Hon'ble SAT in the matter of P G Electroplast vs SEBI, I also note that, Hon'ble Whole Time Member of SEBI order dated January 10, 2019 certain entities were debarred, as detailed in para 4 of this order.

ORDER

83. After taking into consideration the facts and circumstances of the case, material/facts on record and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of SEBI Adjudication Rules, hereby impose the following penalty on the Noticees under Section 15HA of the SEBI Act for their violation of the provisions of PFUTP Regulations as discussed in this order:

Sl No.	Noticees	PAN	Category	Penal Provisions	Penalty Amount
1	Saurabh Kumar Tayal	AABPT2950R	Promoters of JTREL and KSLIL	Section 15 HA of SEBI Act, 1992	Rs. 20,00,000/- (Rupees Twenty Lakh Only) (for Noticees at sl. Nos. 1 to 6) (payable jointly and / or severally)
2	Bhawana Tayal	AABPT2948R			
3	Jyotika Tayal	AABPT2949Q			
4	Nina Tayal	AACPT3436B			
5	Ram Pratap Tayal	AACPT9349R			
6	Vandana Tayal	AAEPT9212D			
7	Hitesh Dodiya	ANWPD9977E	Front / benami entities		Rs. 5,00,000/- (Rupees Five Lakh Only) (for Noticees at sl. Nos. 7 to 44) (payable jointly and / or severally)
8	Anil Kumar Dubey	AIBPD9829P			
9	Dinesh Dongre	AGMPD8768J			
10	Mahendra Kumar Panchal	AQNPP1369G			
11	Girish Pukale	AIHPP0593L			
12	Gopal Aggarwal	AFLPA6520K			
13	Milind Mhatre	AGVPM1660K			
14	Nandkishor Panchal	Not available			
15	Pramod Patil	Not available			
16	Rajesh Sharma	Not available			
17	Rupesh Narvekar	ACQPN0985R			
18	Sandip Murkar	AYLPM7098P			
19	Sanjay Gadade	AIQPG9261R			
20	Sanjay Sawant	Not available			
21	Satish Pusalkar	Not available			
22	Vijay Sawant	AMHPS5372A			
23	Dhananjay Kandhare	Not available			
24	Kishore Patil	ATMPP6578P			
25	Jayesh Merchant	AALPM9050F			
26	Amit shivalkar	Not available			
27	Vijay Upadhyay	AARPU3795M			
28	Anil Kumaran	Not available			
29	Kanti C Patel	AIGPC1538H			
30	Gauri S Raut	Not available			
31	Sudhir Gargodia	Not available			

32	Sanjay Jambhale	AGAPJ4974C			
33	Satish Mhatre	Not available			
34	Vipin Kumar Bhatnagar	AJCPK4281A			
35	Cyberinfo zeeboomba.com	AABCC7400L			
36	Ahmednagar Investments P ltd.	AADCA9872E			
37	21st Century Entertainment	AAACZ1383L			
38	Giriganga Investments P Ltd	AABCG8591L			
39	Cyber Infosystems and Technologies Ltd.	AABCC2176K			
40	Delux Polymers P Ltd.	AAACD4132B			
41	Shree Ganesh Hosiery Mills P Ltd.	AAACS5510L			
42	Shree Krishna Silk Industries P Ltd.	AAACS5165K			
43	Envair Realty P Ltd.	AABCF7461R			
44	Charms Holding P Ltd.	AACCC9761F			
45	Nitish Nayak	ABAPN5330P	Front / benami / connected entities involved in trading manipulation		i. Rs. 3,00,000/- (Rupees Three Lakh Only) for Noticee at Sl. No. 45 ii. Rs. 5,00,000/- (Rupees Five Lakh Only) (for Noticee at Sl. No. 46
46	Jayshree Petrochemicals P Ltd.	AAACJ0934B			
47	EDC Securities P Ltd.	AAACE9165D			
48	Axon Realpro P Ltd	AAGCA2391H			
49	Megna Developers P Ltd	AAECM7768A			
50	Avery Procon P Ltd	AAGCA2559M			

					iii. Rs. 2,00,000/- (Rupees Two Lakh Only) (for Noticees at sl. Nos. 47 to 50) (payable jointly and / or severally)

84. In respect of Noticee 12, 13, 14, 48, 55 and 56 (viz. Beta Trading Pvt Ltd, Inorbit Trading Co Pvt Ltd., Avera properties P Ltd, Global Softech Ltd., Jaybharat Textile & Real Estate Ltd., and KSL & Industries Ltd. respectively) no penalty is imposed in view of the reasons as discussed in the preceeding paragraphs.

85. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the above Noticees. Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order 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 AO -> PAY NOW. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in

86. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief (Enforcement Department–DRA-1), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, "G" Block,

Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.". The Noticee shall also provide the following details while forwarding DD / payment information:

a) Name and PAN of the Noticee

b) Name of the case / matter

c) Purpose of Payment – Payment of penalty under AO proceedings

d) Bank Name and Account Number

e) Transaction Number

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

88. In terms of the provisions of Rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

Place: Mumbai **K SARAVANAN**

Date: July 23, 2021 **CHIEF GENERAL MANAGER &**

ADJUDICATING OFFICER