

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 - IN THE MATTER OF FIRST FINANCIAL SERVICES LIMITED

In respect of:

| Sl.No. | Noticee | PAN |
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| Promoters | | |
| 1 | Mr. Ponnuswamy Natrajan | AAAPN9499G |
| 2 | Ms. N. Jayanthi | AACPJ1012F |
| 3 | Ms. N. Nithya | AKWPN5092R |
| | Entities at Sl. No. 1 - 3 hereinafter collectively referred to as “ promoters ” or individually by their respective names. | |
| Directors | | |
| 4 | Mr. S. Krishna Rao | AGWPR3410R |
| 5 | Mr. S. G. F. Melkhasingh | AAMPF5456D |
| 6 | Mr. Sambasivaiyer Swaminathan | AABPS1434P |
| 7 | Mr. Nirmal Singh Mertia | AKHPM8437G |
| | Entities at Sl. No. 4 - 7 hereinafter collectively referred to as “ directors ” or individually by their respective names | |
| Acquirers | | |
| 8 | Mr. B. P. Jhunjhunwala | ACVPJ5021H |
| 9 | B. P. Jhunjhunwala HUF | AACHB0680D |
| | Entities at Sl. No. 8 - 9 hereinafter collectively referred to as “ Acquirer ” or “ B.P. Jhunjhunwala ” | |
| Preferential Allottees | | |
| 10 | Mr. Dhirajlal Maganlal Mehta | AACPM3147N |
| 11 | Ms. Sarla Dhirajlal Mehta | AANPM7722Q |
| 12 | Ms. Rupal Tushar Mehta | AGWPM9589L |
| 13 | Mr. Tushar Dhirajlal Mehta | AAAPM8897P |
| 14 | Mr. Samir Harshadrai Doshi | AAQPD2202F |
| 15 | Mr. Narayan Prasad Mundhra | AENPM3873N |
| 16 | Ms. Manjudevi Mundhra | AHDPM7706M |
| 17 | Amit Saraf HUF | AAJHA6325F |
| 18 | Pawan Kumar Bajaj HUF | AAKHP1145F |
| 19 | Mr. Devshibhai Parshottambhai Dungrani | AAIPD7191D |
| 20 | Mr. Gopalbhai Parshottambhai Dungrani | ACOPD6501F |

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| 21 | Mr. Ashokbhai Nathabhai Buha | AECPB5885J |
| 22 | Mr. Bharatbhai Nathabhai Buha | AAWPB3665Q |
| 23 | Gokul Securities Pvt. Limited | AADCG7372B |
| 24 | Mr. Aamir Nawab Malik | ATAPM4926A |
| 25 | Mr. Champakbhai Manubhai Sopariwala | AHPPS8032G |
| 26 | Ms. Himanshu Champakbhai Sopariwala | AVZPS5235M |
| 27 | Navratnamal Jitmal Ganna HUF | AACHN5142C |
| 28 | Jinesh N. Ganna HUF | AAFHJ7950P |
| 29 | Vikas N. Ganna HUF | AAHHV1011R |
| 30 | Ms. Shilpa V. Ganna | AFRPJ6563K |
| 31 | Ms. Priyanka J. Ganna | AFQPJ7537N |
| 32 | Mr. Ketan Dhirajlal Kapasi | AABPK6452F |
| 33 | Mr. Vinal Arvind Kapasi | ADQPK1014P |
| 34 | Mr. Suresh Kumar Khandelia | ABSPK3417A |
| 35 | Ms. Manju Khandelia | ABSPK3421A |
| 36 | Anil Agrawal HUF | AACHA9591E |
| 37 | Mr. Brij Bhushan Singhal | AEFPS6298M |
| 38 | Mr. Neeraj Singhal | ANRPS7986B |
| 39 | Ms. Uma Singhal | ANRPS7987A |
| 40 | Mr. Sunder Somani | AAWPS1022L |
| 41 | Mr. Kamal Khemka | AAQPK0916R |
| 42 | Mr. Bharat Ramjibhai Manek | AACPM3397G |
| 43 | Ms. Barti Bharat Manek | AHTPM1266G |
| 44 | Mr. Chetan Ramjibhai Manek | AACPM3398K |
| 45 | Mr. Sanjiv Chaudhary | ACLPC7284P |
| 46 | Ms. Sunita Chaudhary | ACLPC7278D |
| 47 | Mr. Anshul Jain | ALGPJ9222L |
| 48 | Giriraj Prasad Manihar HUF | AAAHG6195E |
| 49 | Mr. Santosh Manihar | ACSPM8149E |
| 50 | Ms. Harshita Maheshwari | AZWPM4747P |
| 51 | Bithal Das Parwal HUF | AACHB8343P |
| 52 | Hari Narayan Parwal HUF | AABHH6685K |
| 53 | N. K. Agarwal and Sons HUF | AAAHN5067J |
| 54 | Vimal Kumar Mantri HUF | AACHV0973P |
| 55 | Mr. Suresh Kumar Kalani | ADRPK7629M |
| 56 | Mr. Gaurav Jain | ACKPJ4330N |
| 57 | Mr. Prem Jain | ABZPJ4150C |
| 58 | Mr. Aashish V. Aggarwal | AADPA5357P |
| 59 | Amit H. Patel HUF | AAEHA4171N |
| 60 | Hasmukhbhai B. Patel HUF | AABHH5224A |
| 61 | Ms. Nandita B. Madiyar | ACOPM4635R |
| 62 | Mr. Harjeet Singh Arora | AAMPA0474C |

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| 63 | Ms. Harneesh Kaur Arora | ACJPA6923B |
| 64 | Mr. Rajinder Kumar Singhania | ABRPS7928R |
| 65 | Mr. Parveen Singhania | ABRPS7929Q |
| 66 | Mr. Puneet Singhania | AROPS8175R |
| 67 | Mr. Jashanjyot Singh | AUPPS9752A |
| 68 | Master Trust Limited | AABCM5833B |
| 69 | Master Commodity Services Limited | AAACE3600M |
| 70 | Mr. Naresh Garg | AAAPG1524B |
| 71 | Ms. Sangeeta Garg | AAAPG5628E |
| 72 | Girishbhai Patel HUF | AALHP0436L |
| 73 | Mr. Dheeraj Krishan Agarwal | ABHPA9593N |
| 74 | Mr. Rajkumar T. Singh | ANTPS3913J |
| 75 | Mr. Kulbir Singh | AATPS8757M |
| 76 | Rajendrakumar Agarwal HUF | AAEHR7685G |
| 77 | Ritesh Agarwal HUF | AAMHR6805C |
| 78 | Ms. Shilpa Agarwal | AERPJ3347N |
| 79 | Balkishan Atal and Sons HUF | AAEFB0727D |
| 80 | Ms. Karuna Atal | ABHPA0900D |
| 81 | Mr. Rajesh Atal | AAEPA0264C |
| 82 | Mukesh Atal HUF | AADHM9088H |
| 83 | Ms. Rajni Atal | AAEPA0263F |
| 84 | Ms. Anjali Daga | BFRPD1515E |
| 85 | Ramesh Kumar Daga HUF | AAHR7973K |
| 86 | Sanjay Daga HUF | AABHS1744Q |
| 87 | Krishnan Kumar Daga HUF | AAHK5685D |
| 88 | Drake Properties Pvt. Limited | AACCD4639H |
| 89 | Syncom Formulations Limited | AAFCS6794R |
| | Entities at Sl. No. 10 to 89 hereinafter collectively referred to as “ Preferential Allottees ” or individually by their respective names | |
| First Financial Group | | |
| 90 | Global Infratech and Finance Limited | AABCA4255H |
| 91 | Dynamic Portfolio Management and Services Limited | AAACD9125E |
| 92 | Ritesh Commercial Holdings Limited | AABCR1974J |
| 93 | Ritesh Projects Pvt. Limited | AADCR6224M |
| 94 | Padma Impex Pvt. Limited | AAACL4269P |
| 95 | Ranisati Dealer Pvt. Limited | AADCR7368C |
| 96 | Burlington Finance Limited | AABCB2575P |
| 97 | Manimudra Vincom Pvt. Limited | AADCM4316K |
| 98 | Amrit Sales Promotion Pvt. Limited | AACCA3220D |
| 99 | Symphony Merchant Pvt. Limited | AADCS5411K |
| 100 | Bazigar Trading Pvt. Limited | AABCB3052B |

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| 101 | Blue Circle Services Limited | AAACB2131L |
| 102 | Pine Animation Limited | AAECM0267A |
| 103 | Forever Flourishing Finance and Investment Pvt. Limited | AAACF4311Q |
| 104 | Astabhuja Construction Pvt. Limited | AAKCA4137B |
| 105 | Navdurga Investment Consultants Pvt. Limited | AACCN9567A |
| 106 | Nityadhara Plaza Pvt. Limited. | AADCN9427C |
| 107 | Jaihanuman Multi Agencies Pvt. Limited | AABCJ6667L |
| 108 | Master Securities/ Master Infrastructure and Real Estate Developers Limited | AAHFM8098F |
| 109 | Dhanlakshmi Brokers Pvt. Limited | AAECD4759L |
| 110 | H. S. Tradecom Pvt. Limited | AACCH8988B |
| 111 | Jayine Tradecom Pvt. Limited | AACJ8342D |
| 112 | Swarna Pushpa Vanijya Pvt. Limited | AAJCS0597G |
| 113 | Hari Om Suppliers Pvt. Limited | AABCH2251E |
| 114 | Goldstar Tracom Pvt. Limited | AADCG8045K |
| 115 | Kalakar Commercial Pvt. Limited | AADCK9346B |
| 116 | Swarnapriya Vanijya Pvt. Limited | AAJCS0595E |
| 117 | Surbhika Vyapaar Pvt. Limited | AAJCS0680C |
| 118 | Stardox Vinimoy Pvt. Limited | AAECS0352C |
| 119 | R.C. Suppliers Pvt. Limited | AABCR2904A |
| 120 | Raina Vyapaar Pvt. Limited | AABCR3482R |
| 121 | Ushita Trading and Agencies Limited | AAACU3269L |
| 122 | Waltare Investment Pvt. Limited | AAACW2314A |
| 123 | Mr. Bimal Kumar Drolia/ GRD Capital Markets Limited | AABCG9640C |
| 124 | Mr. Parmanand Drolia/ Cellour Marketing Pvt. Limited | AABCC0603M |
| 125 | Mr. Roshan Drolia/ Falcon Holdings Pvt. Limited | AAACF4335Q |
| 126 | GRD Enclave Pvt. Limited | AABCG9641D |
| 127 | Life Line Marketing Pvt. Limited | AAACL5973G |
| 128 | Linton Consultants Pvt. Limited | AAACL5784F |
| 129 | BSR Finance and Consultants Private Limited | AABCB0636K |
| 130 | Prefer Abasan Pvt. Limited | AAECP2470J |
| 131 | Kripa Securities Pvt. Limited | AACCK2399D |
| 132 | Pride Distillery Pvt. Limited | AACCM6582E |
| 133 | Minimum Shares and Securities Pvt. Limited | AAGCM0970Q |
| 134 | Rajani Investment Pvt. Limited | AABCR2457G |
| 135 | R. K. Investment Pvt. Limited | AABCR2488R |
| 136 | Toplight Commercials Limited/ Tara Chand Agarwal | AABCT1134Q |
| 137 | Ms. Veena Mohanlal Chandiramani | AAWPC3158M |
| 138 | Mr. Nirmal Kumar Malhotra | AAUPM6284E |
| 139 | Mr. Kirit Vasudeo Dave | AHKPD0543J |
| | Entities at Sl. No. 90 to 139 hereinafter collectively referred to as “ First Financial Group ” or individually by their respective names. | |

| LTP contributors/ Others | | |
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| 140 | Ms. Prem Lata Nahar | AFAPN8764M |
| 141 | Mr. Shyam Kanheyalal Vyas | ACTPV2787Q |
| 142 | Mr. Bharat Bagri Bagri | AADHB8488A |
| 143 | Ms. Sumitra Devi Agrawal | ABLPA9728M |
| | Entities at Sl. No. 140 to 143 hereinafter collectively referred to as “ LTP contributors ” or individually by their respective names. | |
| The aforesaid entities at Sl. No. 1 to 143 hereinafter referred to by their respective names or by their respective categories or collectively as “ the noticees ”. | | |

1. Securities and Exchange Board of India (SEBI) vide an *ex-parte* order dated December 19, 2014 (hereinafter referred to as the “first *interim order*”) restrained the Company namely *First Financial Services Limited* (hereinafter referred to as “*First Financial*” or “the company”) and 151 other entities including the noticees (except Mr. B. P. Jhunjhunwala and B. P. Jhunjhunwala HUF) from accessing the securities market and further prohibited them from buying, selling or dealing in securities, either directly or indirectly, in any manner, whatsoever, till further directions. Thereafter, SEBI, vide another *ex-parte* order dated August 11, 2015 (hereinafter referred to as the “second *interim order*”) restrained Mr. B. P. Jhunjhunwala and B. P. Jhunjhunwala HUF (noticees mentioned at serial no. 8 and 9) from accessing the securities market and further prohibited these from buying, selling or dealing in securities, either directly or indirectly, in any manner, whatsoever, till further directions. The persons/ entities against whom the *interim orders* were passed were advised to file their objections, if any, within twenty one days from the date of the respective orders and, if they so desire, to avail themselves of an opportunity of personal hearing before SEBI.
2. The *interim orders* were passed taking into account facts and circumstances more particularly described therein and summarised, *inter alia*, as under:-
 - (a) *First Financial* on December 08, 2011, had made a preferential allotment of 54,50,000 equity shares of ₹20/-. Further, on April 28, 2012, *First Financial* made another preferential allotment of 22,50,000 equity shares of ₹20/- each. In total, *First Financial* had allotted 77,00,000 equity shares to 83 persons/ entities.
 - (b) The shares allotted on preferential basis to the said 83 entities were locked-in for a period of one year (i.e. up to December 07, 2012 and April 27, 2013 respectively) in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Thus, these shares held by the *Preferential Allottees* pursuant to preferential allotment were not tradable during such lock-in period.
 - (c) During the period from May 15, 2012 to February 08, 2013 (*patch-1*), the price of the scrip increased from ₹5/- to ₹263/-, i.e. an increase of 5,160% with an average volume of 23 shares per day. Such sharp price rise in the scrip was not supported by any acceptable market factor such as fundamentals, trading history, corporate

announcements, etc. It was *prima facie* found that the price of the scrip was influenced by certain entities primarily through first trades during *patch 1*. Such entities had entered 1 or 2 trades per day with negligible/ very less quantity of buy order which contributed to the price rise. It was also revealed that when such entities were purchasing the shares, the shares were being supplied by B. P. Jhunjhunwala, who was the top net seller during the relevant period.

- (d) It was *inter alia* found that Mr. B.P. Jhunjhunwala had played an important role in manipulating the price of the scrip of *First Financial* during the lock-in period/ *patch 1*, leading to an abnormal increase in the price of the scrip that had resulted into profitable exit to the *Preferential Allottees*, while misusing the stock exchange mechanism.
- (e) During the period of February 11, 2013 to December 12, 2013 (*patch-2*), the scrip of *First Financial* was traded with an average volume of 41,252 shares per day and total volume of 86,21,776 shares in 209 trading days. As compared to *patch-1*, during *patch-2* the average volume had increased by 179256% (1793 times) and average price had increased by 193%. During this period, the *Preferential Allottees* had sold their shares and a group of entities (named as *First Financial Group*) while acting as buyers had provided exit to the *Preferential Allottees*. In the process, the *Preferential Allottees* had made huge profits/ gains.
- (f) On December 13, 2013, the equity shares of *First Financial* were split in the ratio of 1:10. Consequent to the same, the paid up share capital of *First Financial* had increased to ₹80,74,76,000 comprising 8,07,47,600 shares (i.e. an increase of 7,70,00,000 shares) as on quarter ended December 31, 2013. Pursuant to the stock split, during the period of December 13, 2013 to March 31, 2014 (*patch -3*), the price of the scrip opened at ₹17.70 as on December 13, 2013 and fell to as low as ₹7 as on March 31, 2014. The scrip was traded with an average volume of 8,02,667 shares per day and total volume of 6,01,90,286 shares in 75 trading days.
- (g) The funds received as proceeds of preferential allotment were also found to have utilised for the purposes other than those disclosed and were transferred to various entities on the same day or next day and the same were never retained in the company for expansion of its business or execute its future plans as envisaged in the special resolution passed under section 81(1A) of the Companies Act, 1956.
- (h) It was *inter alia* noted that:-
 - (i) Even when substantial number of shares, i.e., 77 lakh shares were under lock-in and non transferable/ tradable, the price of the scrip had increased substantially to the extent of 5160% with a very small chunk of volume/ purchase by certain entities;
 - (ii) After the expiry of the lock-in period (i.e. in *patch- 2*), the average volume in the scrip had increased astronomically by 1,79,256% (1793 times) and average price increased by 193% on account of trading amongst the *First Financial Group* and the *Preferential Allottees*.
- (i) Following *modus operandi* was observed in the matter:

- (i) Firstly, shares were allotted on preferential basis to 83 entities by *First Financial*. A company which was dormant or suspended for 11 years with nil activity was able to garner funds amounting to ₹15.40 crore (about 42 times of its share capital) by way of preferential allotment.
 - (ii) During lock-in period, the price of the scrip had increased from ₹5/- to ₹263/-.
 - (iii) After the expiry of lock-in, the *Preferential Allottees* had sold the shares to the entities of *First Financial* Group, thereby made huge profits.
 - (j) It was, thus, *prima facie* observed that the *Preferential Allottees* while acting in concert, with the *First Financial* Group entities along with the promoters and directors of *First Financial*, misused the stock exchange mechanism to generate fictitious long term capital gains (hereinafter referred to as 'LTCG'). In the process, *First Financial* entities and the *Preferential Allottees* artificially increased the volume and price of the scrip and misused securities market system for making illegal gains and to convert ill-gotten gains, into genuine one.
3. The allegation against the noticees as mentioned in the *interim orders* are that, acts and omissions of the *noticees* are 'fraudulent' as defined under regulation 2(1)(c) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('PFUTP Regulations') and are in contravention of the provisions of regulations 3(a), (b), (c) and (d) and 4(1), 4(2)(a), (b), (e) and (g) thereof and section 12A(a), (b) and (c) of the Securities and Exchange Board of India Act, 1992. Such allegations against the noticees were made on the basis of following:
- (a) The directors of *First Financial* and the Acquirers had cropped the scheme of preferential allotment in nexus with the *Preferential Allottees*. During *patch 1* i.e. when the shares issued in preferential allotment were under lock-in, the LTP contributors and the Acquirers had traded and increased the price of the scrip of *First Financial*.
 - (b) The entities forming part of the *First Financial* Group had acted as buyers to the *Preferential Allottees* thereby creating artificial demand for the supply of shares from *Preferential Allottees* and provided profitable exit to the *Preferential Allottees* in such scrips that hardly had any credential in the market.
 - (c) In the process, the noticees forming part of the *First Financial* Group while acting in concert with the *Preferential Allottees* had misused the stock exchange mechanism to provide fictitious LTCG benefit to the *Preferential Allottees* so as to convert unaccounted income into accounted one with no payment of taxes, as LTCG is tax exempt.
 - (d) As a result, average trading volume in the scrip of *First Financial* had increased astronomically to the extent of 5,160%. Such increase in volume was mainly on account of trading amongst *First Financial* Group and *Preferential Allottees*.
 - (e) Securities market was used to artificially increase volume and price of the scrip for making illegal gains and to convert ill-gotten gains into genuine one.

(f) Thus, the preferential allotment was used as a tool for implementation of the dubious plan, device and artifice of the *noticees*.

4. Pursuant to the *interim orders*, majority of the noticees had filed their replies on different dates. During the course of proceedings, information/ documents which were relied upon by SEBI for passing the *interim orders*, were provided to the noticees, who had asked for the same. Thereafter, opportunities of personal hearings were granted to the noticees on various dates. Out of such noticees, certain persons/ entities had attended the personal hearing, while some other had sought exemption and a few had failed to appear for the personal hearings. The additional written submissions, if any, submitted by such noticees pursuant to the personal hearings were also taken on record.
5. The hearing notices issued to certain noticees namely Ranisati Dealer Pvt. Limited, Astabhuja Construction Pvt Limited, Nityadhara Plaza Pvt. Limited, Navdurga Investment Consultant Pvt. Limited and Jaihanuman Multi Agencies Pvt. Limited had returned undelivered, newspaper advertisements communicating the date of personal hearing to such entities were also issued by SEBI on August 27, 2015.
6. While the proceedings were pending, certain entities had approached Hon'ble Securities Appellate Tribunal ("SAT") by way of appeals challenging the *interim order*. In terms of the directions of Hon'ble SAT, confirmatory order were passed in respect of the following entities:

Table 1: Order passed against the entities

| Sr. No. | Name of the Entity | PAN Number | Date of Confirmatory order |
|---------|--|------------|----------------------------|
| 1. | First Financial Services Limited | AAACF1145J | April 20, 2015 |
| 2. | Comfort Fincap Limited | AABCP4792J | June 02, 2016 |
| 3. | Comfort Securities Limited | AABCC9625R | |
| 4. | Comfort Intech Limited | AAACC5567H | |
| 5. | East India Securities Limited | AABCE2412N | June 14, 2016 |
| 6. | Value and Worth | AAFFV5756K | |
| 7. | Mr. Santosh Kumar Shah | AACCM0579K | |
| 8. | Shree Sudharshan Castings Pvt. Limited | AABCM6864G | |
| 9. | Madsan Agencies Pvt. Limited | AADCS9429B | |
| 10. | Motorex Finance Pvt. Limited | AACCM1042R | |

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| 11. | Midnight Agencies Pvt. Limited | ALGPS0859J | |
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7. It is relevant to mention that SEBI has passed several *interim orders* in similar cases against various entities based upon the *prima facie* findings and pending investigations in those matters. In response to such *interim orders*, several entities filed respective replies praying for revocation of order and for certain common *interim* reliefs, pending passing of confirmatory orders. Considering the number of entities covered in such orders (more than 1200), complexities involved in the issues such as inter linkages of different tranches of alleged schemes, connection/ relation amongst transacting parties in different tranche of scheme, etc., the conclusion of the proceedings in each case had to take time after complying with the procedure in compliance of the principles of natural justice, with regard to each of the involved entities. After considering the facts and circumstances brought out by the entities who had responded to the *interim orders*, to avoid erosion of value of securities due to volatility, maintain some investment avenues in the capital market such as mutual fund and to address the need of funds for meeting the business/ any other exigencies, all such entities were granted certain common *interim* reliefs, including the following :-
- (a) to sell the securities lying in their demat accounts as on the date of the respective *interim order*, other than the shares of the companies which are suspended from trading by the concerned stock exchange and keep the sale proceeds in an escrow account;
 - (b) to utilize such sale proceeds for the purpose of investment in mutual fund units and fixed deposits.
 - (c) to utilize 25% of their portfolio value for their business purposes and/or for meeting other exigencies subject to the condition that the balance portfolio value does not go below the profit/ loss made by them.
8. In the above background, the noticees who had either appeared for hearing or had filed their submissions pursuant to the passing of *interim* orders, were also granted the common *interim* reliefs as aforesaid and the decision in this regard was caused to be communicated to the noticees vide separate letters dated January 15, 2016, January 20, 2016, January 22, 2016 and January 29, 2016 and February 02, 2016 permitting them:-
- (i) to subscribe to units of the mutual funds including through SIP and redeem the units of the mutual funds so subscribed;
 - (ii) to avail the benefits of corporate actions like rights issue, bonus issue, stock split, dividend, etc.
 - (iii) to sell the securities lying in their demat accounts as on the date of the *interim order*, other than the shares of the companies which are suspended from trading by the concerned stock exchange, in orderly manner under the supervision of the stock exchanges so as not to disturb the market equilibrium and deposit the sale proceeds in an interest bearing escrow account with a nationalised bank.
 - (iv) to utilise and deal with the sale proceeds, lying in the aforesaid escrow account under the supervision of the concerned stock exchange, as provided hereunder:-
 - (a) the sale proceeds may be kept in a fixed deposit with a nationalised bank or may be utilised for

subscription to units of the mutual funds which shall always be held in the demat form and if such units are redeemed the proceeds thereof shall be credited to the aforesaid escrow account or may be utilised for subscription to the units of mutual funds;

(v) The aforementioned window for sale of shares lying in respective portfolio shall be withdrawn if the noticees execute any trade beyond those mentioned in clause (iii) above. The aforesaid reliefs shall be subject to the supervision of the stock exchanges and depositories.

9. In addition to the above reliefs, all the entities under the categories of Directors, Promoters, Acquirers, *First Financial Group* and certain *Preferential Allottees*, were permitted to utilize 25% of their portfolio value for their business purposes and/ or for meeting other exigencies. In case of the concerned *Preferential Allottees*, an additional condition was also put that the residual value of the portfolio (i.e. remaining 75%) is higher/ equal to the profit made as indicated in the *interim order*. For the purposes of determining the portfolio value of the entities, the value of portfolio of securities lying in the demat account/s (both individual and joint) on the date of the *interim order* after excluding the value of shares that have been suspended from trading as on the date of the communication was to be considered. For NBFCs and stock brokers, the value of portfolio was to exclude the value of clients' securities lying in their demat accounts.
10. Further, specific representation of some of the noticees was separately decided on case to case basis and communicated separately during the pendency of the proceedings. It was also taken into account that such *interim* reliefs were reasonable and that the same may be granted expeditiously pending passing of the confirmatory/ revocatory order in respective cases which had to take time considering factors mentioned in above paras. Therefore, the decision to grant such *interim* reliefs was caused to be communicated by separate letters/ e-mail/ orders to the respective entities and was to be subsumed in the confirmatory orders. The details of such *interim* reliefs provided are as follows:
 - i. Master Trust Limited vide its letter dated March 03, 2015, had requested SEBI to allow redemption of units of Birla Sunlife Mutual Fund pledged with Aditya Birla Finance Limited, towards the settlement of loan availed by it from Aditya Birla Finance Limited. In this regard, it was noted that Master Trust Limited had borrowed money from Aditya Birla Finance Limited by pledging the units of Birla Sunlife Mutual Fund prior to the passing of *interim order* and thus allowed the pledgee i.e Aditya Birla Finance Limited to redeem the mutual funds to the extent of its outstanding loan amount vide letter dated May 12, 2015.
 - ii. Master Trust Limited vide its another letter dated April 12, 2016, had requested to carry out its NBFC business. Considering the nature of business, SEBI vide letter dated May 17, 2016, acceded to the request of Master Trust Limited.

- iii.** Further, Master Trust Limited vide its letter dated May 23, 2016, had *inter-alia* requested for release of shares of Prime Industries Limited pledged with The Punjab State Industrial Development Corporation Limited (hereinafter referred as 'PSIDC') in favour of pledgors and also transfer the shares of Prime Industries Limited subscribed by PSIDC in the name of Master Trust Limited. In this regard, SEBI vide its order dated August 19, 2016 has acceded to the request.
- iv.** Master Commodity Services Limited vide its letter dated April 25, 2016, requested SEBI to grant permission to sell the shares of the client in order to recover the dues in case of default for smooth running of their broking business. In this regard, SEBI vide letter dated May 17, 2016, acceded to the request of Master Commodity Services Limited.
- v.** Anil Agrawal HUF was permitted to credit the shares of Splash Media and Infra Limited acquired through open offer in order to ensure compliance with the statutory obligation cast on Anil Agrawal HUF. SEBI vide e-mail dated July 16, 2015, had acceded to the request for the stated purpose.
- vi.** Artech Power Products Limited vide letter dated January 21, 2015, requested SEBI to grant permission to credit the equity shares issued on preferential basis into the demat accounts of Mr. Suresh Khandelia and Ms. Manju Khandelia whose demat accounts were frozen pursuant to the *interim order*. SEBI acceded to the request vide its letter dated March 23, 2015.
- vii.** Mr. Brij Bhushan Singhal and Mr. Neeraj Singhal (the promoters of Bhushan Energy Limited and Bhushan Steel Limited) vide respective letters requested SEBI to grant permission to to pledge additional shares in favour of the consortium of banks as warranted under the corrective action plan (CAP) formed by Joint Lenders Forum as per RBI guidelines in order to exercise better control. SEBI vide its letter dated March 29, 2016, had acceded to the requests made.
- viii.** Mr. Brij Bhushan Singhal and Mr. Neeraj Singhal vide respective letter dated June 06, 2016 *inter-alia* requested for acquisition of shares of Bhushan Steel Limited that were earlier invoked by certain financiers. It was also informed that such shares will again be pledge with the consortium of banks. SEBI vide its order dated August 19, 2016, had acceded to the requests made by Mr. Brij Bhushan Singhal and Mr. Neeraj Singhal.
- ix.** Mr. Nimisha Arora and others vide letter dated August 05, 2015, had sought SEBI's permission to allow GRD Capital Market Pvt. Limited, GRD Enclave Pvt. Limited, Cellour Marketing Pvt. Limited and Falcon Holdings Pvt. Limited to transfer the shares of Jalan Cement Works Limited to the acquirers namely Mr. Nimisha Arora along with

Ms. Namrata Arora and Sindhvani Metal Engineering Pvt. Limited under the Share Purchase Agreement dated December 31, 2013. In this regard, SEBI vide its letter dated January 01, 2016, acceded to the request made.

11. I also deem it appropriate to highlight here the correct figures of the profit/ gain earned by the *preferential allottees* for the purposes of allegation in the *interim order* as tabulated below:

Table 2: Profit/ gains earned by the *Preferential Allottees*

| Sr. No. | Name | Profit earned on the sale of shares (₹) |
|---------|-------------------------------------|---|
| 1 | AMIT HASMUKHBHAI PATEL HUF | 2,51,61,167 |
| 2 | GOKUL SECURITIES PVT. LIMITED | 7,53,97,817 |
| 3 | KAMAL KHEMKA | 1,52,77,704 |
| 4 | ANIL AGRAWAL HUF | 6,75,42,759 |
| 5 | MASTER COMMODITY SERVICES LIMITED | 5,39,90,800 |
| 6 | BRIJ BHUSHAN SINGAL | 6,12,49,627 |
| 7 | NEERAJ SINGAL | 6,03,35,211 |
| 8 | DEVSHIBHAI PARSHOTAMBHAI DUNGRANI | 5,42,91,100 |
| 9 | GOPALBHAI PARSHOTAMBHAI DUNGARANI | 5,43,19,451 |
| 10 | SANGEETA GARG | 4,67,01,750 |
| 11 | SUNITA CHAUDHARY | 3,76,57,450 |
| 12 | SANJIV CHAUDHRY | 3,77,55,752 |
| 13 | PREM JAIN | 3,41,23,649 |
| 14 | GAURAV JAIN | 3,38,10,325 |
| 15 | NARESH GARG | 3,22,94,990 |
| 16 | SURESH KUMAR KHANDELIA | 2,89,95,539 |
| 17 | N.K. AGARWAL AND SONS | 2,73,79,910 |
| 18 | SYNCOM FORMULATIONS (INDIA) LIMITED | 2,29,63,016 |
| 19 | MANJU KHANDELIA | 2,58,97,219 |
| 20 | SURESH KUMAR KALANI | 2,74,56,462 |
| 21 | NARAYAN PRASAD MUNDHRA | 2,68,45,604 |
| 22 | MANJUDEVI N. MUNDRA MUNDRA | 2,68,69,249 |
| 23 | AAMIR NAWAB MEHJABEEN MALIK | 2,38,55,054 |
| 24 | MASTER TRUST LIMITED | 1,59,24,650 |
| 25 | KETAN DHIRAJLAL KAPASI | 2,05,73,918 |
| 26 | BHARAT RAMJIBHAI MANEK | 2,04,84,438 |
| 27 | CHETAN RAMJIBHAI MANEK | 2,04,84,612 |
| 28 | RAJENDRAKUMAR AGARWAL HUF | 2,04,02,905 |
| 29 | RITESH AGARWAL HUF | 2,04,31,343 |
| 30 | SUNDER SOMANI | 1,90,12,201 |
| 31 | VINAL ARVIND KAPASI | 2,05,67,915 |
| 32 | SHILPA AGARWAL | 2,03,43,585 |
| 33 | BHARATI BHARAT MANEK | 2,05,22,488 |
| 34 | UMA SONGAL | 2,06,78,900 |
| 35 | DHEERAJ KRISHNA AGARWAL | 1,44,45,975 |
| 36 | RAJKUMAR TEJBAHADUR SINGH | 1,43,09,975 |
| 37 | KRISHAN KUMAR DAGA | 1,35,31,750 |
| 38 | RAMESH KUMAR DAGA | 1,35,12,000 |
| 39 | TUSHAR DHIRAJLAL MEHTA | 1,29,73,771 |
| 40 | H. N. PARWAL | 1,36,88,550 |
| 41 | SANJAY DAGA | 1,35,28,000 |

| | | |
|----|---------------------------------|-------------|
| 42 | DRAKE PROPERTIES PVT. LIMITED | 1,35,34,250 |
| 43 | BITTHAL DAS PARWAL | 1,37,05,000 |
| 44 | NAVRATANMAL JEETMAL GANNA | 1,30,22,850 |
| 45 | DHIRAJLAL MAGANLAL MEHTA | 1,33,26,875 |
| 46 | MUKESH ATAL MUKESH ATAL (HUF) | 1,37,02,000 |
| 47 | BAL KISHAN AND SONS HUF | 1,36,93,300 |
| 48 | RAJNI ATAL | 1,37,28,900 |
| 49 | RAJESH ATAL | 1,37,18,580 |
| 50 | JINESHNAVRATANMALGANNA | 1,29,93,425 |
| 51 | VIKASNAVRATANMALGANNA | 1,29,43,850 |
| 52 | AMIT SARAF | 1,37,55,240 |
| 53 | PAWAN KUMAR BAJAJ | 1,37,18,000 |
| 54 | GIRISHBHAI PATEL HUF | 1,15,78,951 |
| 55 | HARJEET SINGH ARORA | 1,31,84,180 |
| 56 | SARLA DHIRAJLAL MEHTA | 1,33,07,762 |
| 57 | SAMIR HARSHADRAI DOSHI | 1,37,28,680 |
| 58 | KULBIR SINGH | 1,37,53,670 |
| 59 | BHARATBHAI NATHABHAI BUHA | 1,37,03,371 |
| 60 | KARUNA ATAL | 1,37,18,700 |
| 61 | RAJINDER KUMAR SINGHANIA | 1,36,83,020 |
| 62 | PARVEEN PARVEEN SINGHANIA | 1,37,36,600 |
| 63 | HARNEESH KAUR ARORA | 1,35,24,450 |
| 64 | NANDITA BHAVESH MADIYAR | 1,37,44,850 |
| 65 | ASHOKBHAI NATHABHAI BUHA | 1,35,90,648 |
| 66 | PRIYANKA GANNA | 1,29,49,708 |
| 67 | SHILPA GANNA | 1,29,65,480 |
| 68 | RUPAL TUSHAR MEHTA | 1,28,44,535 |
| 69 | CHAMPAKBHAI MANUBHAI SOPARIWALA | 1,32,45,180 |
| 70 | ANSHUL JAIN JAIN | 1,35,97,500 |
| 71 | PUNEET SINGHANIA | 1,35,46,735 |
| 72 | JASHANJYOT SINGH | 1,36,87,586 |
| 73 | HIMANSHU C SOPARIWALA | 1,34,26,965 |
| 74 | ANJALI DAGA | 1,33,78,300 |
| 75 | AASHISH V AGGARWAL | 1,10,07,946 |
| 76 | HARSHITA MAHESHWARI | 73,87,996 |
| 77 | GIRIRAJ PRASAD MANIHAR | 68,18,400 |
| 78 | VIMAL KUMAR MANTRI | 68,64,800 |
| 79 | SANTOSH MANIHAR | 68,55,600 |

Note:- The name of Hashmukhbhai B. Patel HUF has not been mentioned in the table as the directions *qua* it are being revoked for the reasons, mentioned hereinafter.

12. I note that the *interim order* has highlighted the fact that the *First Financial Group*/ exit providers had purchased most of the shares sold by the *preferential allottees*. The details of the value of the shares purchased by the *First Financial Group* are tabulated below:

Table 3

| S. No. | Entities of <i>First Financial Group</i> | Bought Volume from preferential allottees | Bought Value from preferential allottees | Bought value among <i>First Financial Group</i> | Bought Value among <i>First Financial Group</i> |
|--------|--|---|--|---|---|
| 1. | Pride Distillery Pvt. Ltd. | 155373 | 1995462.90 | 910168 | 8733189.35 |

| | | | | | |
|-----|--|--------|-------------|---------|-------------|
| 2. | Minimum Shares and Securities Pvt. Ltd. | 0 | 0 | 1448618 | 11844667.45 |
| 3. | Kirit Vasudeo Dave | 114460 | 5654460 | 1403155 | 11491185.95 |
| 4. | R.K. Investment Pvt. Ltd. | 0 | 0 | 921134 | 7568242.25 |
| 5. | Veena Mohanlal Chandiramani | 134085 | 1074662 | 940656 | 7602413.60 |
| 6. | Rajani Investment Pvt. Ltd. | 4999 | 40491.90 | 1834896 | 15024598.90 |
| 7. | Nirmal Kumar Malhotra | 177050 | 1418398 | 940448 | 7596764.80 |
| 8. | Kripa securities Pvt. Ltd. | 232032 | 56920066.20 | 966484 | 7823567.47 |
| 9. | Vivek Agarwal | 86296 | 23958040 | 324636 | 21014477.60 |
| 10. | Santosh Kumar Shah | 68670 | 20297280 | 44500 | 12816250 |
| 11. | Padma Impex Pvt. Ltd. | 356782 | 65557900.55 | 354690 | 31593095.30 |
| 12. | Amrit Sales Promotion Pvt. Ltd. | 96696 | 27541057 | 25999 | 6384999 |
| 13. | Toplight Commercial Limited/ Tara Chand Agarwal | 113990 | 33726440 | 0 | 0 |
| 14. | Raina Vyapaar Pvt. Ltd. | 66840 | 19493767.50 | 20220 | 5884602.50 |
| 15. | Stardox Vinimoy Pvt. Ltd. | 80500 | 23287622.60 | 0 | 0 |
| 16. | Swarna Pushpa Vanijya Pvt. Ltd. | 65000 | 18714250 | 0 | 0 |
| 17. | Goldstar Tracom Pvt. Ltd. | 61000 | 17509400 | 0 | 0 |
| 18. | Global Infratech & Finance Ltd. | 45980 | 13610080 | 0 | 0 |
| 19. | Kalakar Commercial Private Limited | 65800 | 18921360 | 0 | 0 |
| 20. | Hariom Suppliers Pvt. Ltd. | 63800 | 18402780 | 0 | 0 |
| 21. | Bazigar Trading Pvt. Ltd. | 56500 | 15988125 | 0 | 0 |
| 22. | Astabhuja Construction Pvt. Ltd. | 401959 | 45481356.20 | 128906 | 23559177.05 |
| 23. | Jayine Tradecom Pvt. Ltd. | 222111 | 62527178.15 | 28117 | 7812948.10 |
| 24. | Swarnapriya Vanijya Pvt. Ltd. | 60000 | 17165900 | 0 | 0 |
| 25. | Surbhika Vyapaar Pvt. Ltd. | 65000 | 18621750 | 0 | 0 |
| 26. | Dhanlakshmi Brokers Pvt. Ltd. | 294548 | 83991499.05 | 36670 | 10556682.50 |
| 27. | Waltare Investment Pvt. Ltd. | 43000 | 12171050 | 5000 | 1485000 |
| 28. | Navdurga Investment Consultants Pvt. Ltd. | 9214 | 111950.10 | 110813 | 1468290.10 |
| 29. | Jaihanuman Multi Agencies Pvt. Ltd. | 209673 | 59191436.95 | 15078 | 4121844.50 |
| 30. | Life Line Marketing Pvt. Ltd. | 45500 | 13447622.50 | 0 | 0 |
| 31. | BSR Finance & Consultants Pvt. Ltd. | 43989 | 12402803.40 | 0 | 0 |
| 32. | Value And Worth | 35690 | 9711710 | 9300 | 2678400 |
| 33. | Roshan Kumar Drolia | 33900 | 9882165 | 10000 | 2945000 |
| 34. | Bimal Kumar Drolia | 42000 | 12228000 | 0 | 0 |
| 35. | Nityadhara Plaza Pvt. Ltd. | 299095 | 45622247.95 | 102468 | 28877081 |
| 36. | Parmanand Drolia | 40000 | 11678250 | 0 | 0 |
| 37. | Ushita Trading And Agencies Limited | 28956 | 8486885.65 | 9680 | 2835336.50 |
| 38. | Manimudra Vincom Pvt. Ltd. | 33890 | 9706775 | 0 | 0 |
| 39. | R.C. Suppliers Pvt. Ltd. | 20000 | 5818500 | 9000 | 2614500 |

| | | | | | |
|-----|--|--------|-------------|------|-----------|
| 40. | Linton Consultantants Pvt. Ltd. | 30000 | 8561750 | 0 | 0 |
| 41. | Ritesh Commercial Holdings Ltd. | 28100 | 7857600 | 0 | 0 |
| 42. | HS Tradecom Pvt. Ltd. | 202618 | 58814616.50 | 6000 | 1762050 |
| 43. | GRD Enclave Pvt. Ltd. | 16000 | 4589500 | 5000 | 1475000 |
| 44. | Master Securities | 245993 | 53998575.25 | 8 | 1799 |
| 45. | Symphony Merchant Pvt. Ltd. | 8500 | 2491700 | 0 | 0 |
| 46. | Burlington Finance Ltd. | 17305 | 4954444.50 | 0 | 0 |
| 47. | Dynamic Portfolio Management & Services Ltd. | 13322 | 3270201 | 2338 | 550499 |
| 48. | Pine Animation Ltd. | 61100 | 17454480.75 | 0 | 0 |
| 49. | Ranisati Dealer Pvt. Ltd. | 62935 | 18030879.25 | 1382 | 394078.90 |
| 50. | Ritesh Projects Pvt. Ltd. | 10980 | 3032995 | 0 | 0 |
| 51. | Prefer Abasan Pvt. Ltd. | 42850 | 12630437.80 | 0 | 0 |
| 52. | Shree Sudharshan Castings Pvt. Ltd. | 44000 | 12694500 | 0 | 0 |
| 53. | Blue Circle Services Ltd. | 6609 | 1955603.10 | 0 | 0 |
| 54. | Forever Flourishing Finance & Investment Pvt. Ltd. | 20000 | 5926000 | 0 | 0 |
| 55. | Madsan Agencies Pvt. Ltd. | 34000 | 9958800 | 0 | 0 |
| 56. | Motorex Finance Pvt. Ltd. | 22000 | 6505250 | 0 | 0 |
| 57. | Vijay Kumar Shah/ Midnight Agencies Pvt. Ltd. | 20000 | 5740000 | 0 | 0 |

13. In view of the above, out of total 154 entities against whom the *interim* directions were imposed vide the *interim orders* dated December 19, 2014 and August 11, 2015 in the matter, the confirmatory orders have been passed in respect of 11 entities as stated in table 1, above. It is noted that the proceedings for passing of appropriate order pending investigation in the matter are now complete and the order in the matter *qua* 143 noticees herein needs to be issued considering their replies/ submissions and relevant material available on record. While proceeding further, now I consider the respective replies/ submissions of the noticees (according to the respective group), the same in brief, are as under:

I. Promoters, Directors and Acquirer:

(1) **Mr. Ponnuswamy Natrajan, Ms. N. Jayanthi and Ms. N. Nithya (the promoters/ directors of *First Financial*)** (represented by Mr. Ponnuswamy Natrajan):

(a) They had sold 13,08,650 shares (which is 34.92% of the paid up capital of *First Financial*) to B. P. Jhunjhunwala as per a Memorandum of Understanding (MoU) dated May 27, 2010 signed between Mr. Ponnuswamy Natrajan and Mr. B. P. Jhunjhunwala. The salient features/ terms and conditions of the said MoU are summarized below:

i. Promoter/ non-promoter shareholders of *First Financial* representing 58.08% shareholding in *First Financial* (21,76,650 equity shares out of the total share capital

- of 37,47,600 shares) had expressed interest in selling their shares to the Acquirer (B. P. Jhunjhunwala).
- ii. Mr. Ponnuswamy Natrajan on behalf of all promoter/ non-promoter shareholders was authorized to negotiate and finalize the commercial terms for the sale of such shares.
 - iii. The Acquirer had expressed the interest to acquire the shares (58.08%) held by both the promoters (13,08,650 equity shares constituting 34.92%) and non-promoters (8,68,000 equity shares constituting 23.16%).
 - iv. The total consideration to be paid to the sellers for the sale of shares in *First Financial* was ₹21,76,650 (i.e. ₹1 per share for total equity shares of 21,76,650). Out of the said amount, ₹8,68,000 was to be paid by cheque upon signing of the MoU against 8,68,000 shares of non-promoter holding to be delivered to the acquirer in physical form. The balance amount of ₹13,08,650 was to be paid against promoter holding of 13,08,650 equity shares, to be subsequently transferred to the Acquirer by the promoters within a period of 4 - 6 months.
 - v. The nominees of the Acquirer were to be appointed on the Board of *First Financial* leaving one promoter-director.
- (b) The reason for selling the shares was that the company was in a financial crisis and was suspended due to non payment of listing fees. As per the MoU, power of attorney was given to the representative of Mr. B. P. Jhunjhunwala and the transfer deeds were signed and given to them. Subsequent to the sale of stake in *First Financial*, they have neither transacted in the share of *First Financial* nor had any transaction with the entities mentioned in the *interim order*.
- (c) In addition to above 4,14,100 shares of promoters constituting 11.05% of the paid up share capital of *First Financial* were pledged to companies namely Kothari Orient Finance and Leasing Limited and First Leasing Co. of India Limited in the year 1995.
- (d) Mr. Ponnuswamy Natrajan had resigned from the post of the Chairman and Managing Director and became a Non-Executive director of *First Financial* at the board meeting held on June 05, 2010 and finally resigned from the directorship of the company on July 09, 2012. From July 06, 2010, he never attended any board meetings of *First Financial*.
- (e) Ms. N. Jayanthi had resigned from the post of directorship on May 28, 2010, which was accepted in the board meeting held on June 05, 2010.
- (f) The directors namely Mr. S. Krishna Rao and Mr. S. G. F. Melkhasingh were introduced by Mr. B. P Jhunjhunwala as his associates. These persons were not known to Mr. Ponnuswamy Natrajan.
- (g) They prayed to release the ban on accessing the securities market imposed by the *interim order*.

(2) **Mr. S. Krishna Rao, Mr. S. G. F. Melkhasingh, Mr. Sambasivaier**

Swaminathan and Mr. Nirmal Singh Mertia (directors of *First Financial*) (none appeared):

- (a) In the capacity as directors, they had always acted with honesty, *bona fide* and in the best interests of the Company and its shareholders. The entire basis for drawing adverse inferences *qua* them is flawed. They neither held any shares of *First Financial* nor dealt in the shares of *First Financial*. Their role in *First Financial* was limited and they cannot be held liable for the acts and omissions of *First Financial*. The preferential allotments and split of shares, were done in the best interests of the Company and in consonance with all the applicable provisions including SEBI Act and Regulations/ Companies Act, etc. Further, the Company had sought the requisite approvals from the stock exchange for the preferential allotments and there was no infirmity in the entire process.
- (b) Nothing has been brought on record to establish/ bring out any nexus/ connection between the directors and the *Preferential Allottees*/ persons/ entities who had traded in the scrip/ purported *First Financial* Group/ other entities as set out in the *interim orders*. They have no role to play in the trading by various entities/ persons in the scrip.
- (c) The bank account in which the subscription funds were credited was exclusively operated by Mr. Nirmal Singh Mertia and the other directors had no role whatsoever in the utilisation of funds by *First Financial* or day to day decisions regarding transfer of funds, etc. by *First Financial*. The alleged fund transfers between Chiraag Suppliers Pvt. Limited, Nandlal Vyapaar Pvt. Limited and *First Financial*, wherein *First Financial* had given a loan of ₹50 lakhs each to Chiraag Suppliers Pvt. Limited and Nandlal Vyapaar Pvt. Limited on March 22, 2012, that was later on repaid by Chiraag Suppliers Pvt. Limited and Nandlal Vyapaar Pvt. Limited to *First Financial* sometime in September 2012. They have not employed any scheme, plan, device and artifice as alleged.
- (d) As per the submission of Mr. S. Krishna Rao, he was approached by Mr. Ponnuswamy Natrajan, the then director of *First Financial* sometime around July 2010, to join as Director and Compliance officer of *First Financial*. Later, he joined *First Financial* as its director on June 05, 2010. Subsequently, he had resigned from the board of directors of *First Financial* on August 10, 2013. His role as a director was limited and restricted to taking care of the compliance matters viz. co-ordinating with Registrar Transfer Agent and updating the compliance, etc. It has been said that he was never involved in the operations or in the finance and accounts of *First Financial* as the business operations, financial matters, accounts department including the day to day management and affairs of *First Financial* were handled by Mr. Nirmal Singh Mertia, the Executive Director.
- (e) Mr. S. Krishna Rao also submitted that both the impugned preferential allotments were taken care of by Mr. Nirmal Singh Mertia, Executive Director, who was solely

involved in the alleged preferential allotments. In view of the same, any liability flowing from the said preferential allotments cannot be fastened upon him, merely because he was the directors of *First Financial*, at the relevant time.

- (f) Mr. S. G. F. Melkhasingh was approached by Mr. S. Krishna Rao (one of the director of *First Financial*) sometime around May 2010 to join the board of *First Financial* as Non Executive and Independent Director. Thereafter, he joined *First Financial* as its Director on June 05, 2010. Subsequently, he had resigned from the board of *First Financial* on February 22, 2012. His role as Non Executive and Independent Director in *First Financial* was limited and restricted. At the relevant time, the management and affairs of *First Financial* were being taken care of by Mr. Ponnuswamy Natrajan (Director and Promoter of *First Financial*). During his tenure (i.e. May 06, 2010 to February 22, 2012), he had not attended a single board meeting in *First Financial*. Therefore, any liability flowing from the said preferential allotments cannot be fastened upon him, merely on the basis that he was the directors of *First Financial*, at the relevant time. He had resigned from *First Financial* much prior to the commencement of the examination period i.e May 15, 2012 to February 08, 2013.
- (g) Mr. Sambasivaier Swaminathan had joined *First Financial* as the Non Executive and Independent Director August 31, 2010, based on the insistence of Mr. Sathya Prakash, who was an acquaintance of Mr. Ponnuswamy Natrajan (one of the directors of *First Financial*, at the relevant time). Subsequently, he had resigned from the board of *First Financial* as director on July 07, 2014.
- (h) Mr. Nirmal Singh Mertia adopted the submissions of *First Financial*. Such submissions in brief were as under:
- i. The price rise in the scrip was supported by fundamentals. Complete information about the company and its business plans was provided, by way of detailed Information Memorandum to then proposed *Preferential Allottees*, who based on their assessment, decided to invest in the shares of the company.
 - ii. No material has been brought on record to demonstrate any kind of nexus between *First Financial*, its directors/ promoters and the *Preferential Allottees* or to substantiate that the preferential allotment of equity shares was under a prior arrangement between them.
 - iii. Neither the company nor its directors/ promoters had dealt in the shares of the company during the impugned examination period. There is no group, the grouping for *First Financial* Group is misleading.
 - iv. From the proceeds of the preferential allotment, the company had given short term loan to various entities which were repaid later on by these entities on multiple dates. These loans cannot be insinuated to have been supplied for the purpose of trading in the scrip.
 - v. Not aware that *First Financial* Group entities had provided profitable exit to the

Preferential Allottees.

- (3) **Mr. B. P. Jhunjhunwala and B. P. Jhunjhunwala HUF (Acquirers)** (represented by Mr. Vishal Kumar Garg, Practicing Company Secretary):
- (a) The second *interim order* is vitiated by gross violation of principles of natural justice, in as much as no opportunity was provided to explain his version. An *interim order* is justified if the circumstances justify the same. In the instant case, there was no such emergent situation or circumstance warranting such an *interim order*.
 - (b) An MoU dated May 27, 2010 was entered with Mr. Ponnuswamy Natarajan (the then director and promoter of *First Financial*) for the purchase of promoters and non-promoters holding i.e 21,76,650 equity shares amounting to 58.08% of the paid-up equity shares capital of the *First Financial*. Consequent to the said MoU, post dated cheques were provided to Mr. Ponnuswamy Natarajan in the name of respective seller by Mr. B. P Jhunjhunwala or by his nominees; however, no shares were transferred to Mr. B. P Jhunjhunwala or to his nominees, on the date of delivery of post-dated cheques.
 - (c) Later on it was gathered that certain arbitration proceedings were pending against *First Financial* and others in the matter of M. S. Shoes East Limited which if decided against may burden with huge financial liability. Further, he came to know that the promoter shareholding as was disclosed to him by Mr. Ponnuswamy Natarajan was not correct as the actual holding of the promoters in the scrip of *First Financial* was 45.97% (17,22,250 shares) instead of 34.92% (13,08,650 shares). The same was never brought to his notice, at the time of entering the MoU. He was not made aware that 11% shares out of the total 45.92% of the equity share capital of *First Financial* were pledged. There was nothing on record to suggest that 11% shares were pledged.
 - (d) Meanwhile the management of *First Financial* was controlled by Mr. Ponnuswamy Natarajan who had revived the company and complied with all the BSE/ SEBI/ MCA/ ROC/ IT requirements.
 - (e) While the matter was being followed up with Mr. Ponnuswamy Natarajan for the settlement of contingent liability, two cheques bearing no. 050638 and 050637 were processed for payment. Only one cheque bearing no. 561497 was stopped for payment. Thus as against the second lot of shares of 13,08,650 only 5,10,719 shares were acquired.
 - (f) Thereafter, efforts were made to return the shares to Mr. Ponnuswamy Natarajan and get the money back. However, the same did not fructify and 5,10,719 shares (of Ms. N. Nithya and Ms. N. Jayanthi) were transferred in the name of Onesource Ideas Pvt. Limited for which payment (post dated cheques) was made to Mr. Ponnuswamy Natarajan.
 - (g) Though it was envisaged in the MoU that Mr. Ponnuswamy Natarajan will hand over

- the control, etc. of the company to the Acquirer, however, the same never happened. Neither he became a director nor did any of his nominees become directors of *First Financial*. There was no involvement in the management or affairs of the Company nor had taken possession of the records/ documents of *First Financial*. Further, during the month of November 2010, the MoU was revoked/ cancelled.
- (h) The observation that Mr. Ponnuswamy Natarajan, Ms. N. Jayanti and Ms. Nithya are the erstwhile Promoters of *First Financial* is incorrect and is completely contrary to the factual position on record. As per the disclosures filed by *First Financial* for the quarter ending September 30, 2014, Mr. Ponnuswamy Natarajan, Ms. N. Jayanti and Ms. Nithya were disclosed as the promoters of *First Financial*.
- (i) He is neither aware of any preferential allotment of shares made by *First Financial* nor involved in creating a façade of preferential issue of equity shares of around ₹15.40 crores, in order to provide fictitious LTTCG to the *Preferential Allottees*.
- (j) As on December 01, 2010, a total of 13,78,719 shares comprising of 36.78% shareholding of *First Financial* were acquired. These 13,78,719 shares were later sold in the market during February 2012 to September 2013.
- (k) It is denied that “*supply side was being intentionally restrained/ controlled by B. P. Jhunjhunwala and his family*”. He had sold small quantities of shares at the prevalent prices through BOLT during the period of February 2012 to September 2013, to assess the marketability and demand of the shares of *First Financial*. The sale of shares were delivery based, the question of these increasing the price or being artificial cannot arise.
- (l) He had last sold the shares in September 2013 and he is not aware that after the expiry of compulsory lock-in period, the *Preferential Allottees* were provided an exit at a high price by the entities forming part of the *First Financial* Group. Nothing has been brought on record to demonstrate any connection with the alleged *Preferential Allottees*. He is not aware of the alleged acts of *Preferential Allottees* in generating fictitious LTTCG, so as to convert their unaccounted income into accounted one with no payment of taxes.
- (m) The consideration paid for the sale of shares of *First Financial* by way of post-dated cheques is a matter of record. However, the Cheque No. 561497 of HDFC issued by Radhasoami Securities Pvt. Limited for the amount of ₹8,00,931/- was cancelled and never cleared.
- (n) Execution of MoU for the acquisition of shares had no connection with the alleged board meeting which took place on June 05, 2010. It is now known that Mr. Ponnuswamy Natrajan, while keeping in abeyance the MoU, had called a Board Meeting of *First Financial* on June 05, 2010 and had made changes in the Board composition of his own choice.
- (o) Both Mr. S. Krishna Rao and Mr. S. G. F. Melkhasingh were the directors of the

alleged companies in professional capacity only. It is denied that there was any linkage between the execution of MoU and the alleged appointment of Mr. S. Krishna Rao and Mr. S. G. F. Melkhasingh as directors of *First Financial*. Both these events are independent and have no connection with each other. Further, the minutes of the Board meeting held on June 05, 2010 shows that Mr. S. Krishna Rao and Mr. S. G. F. Melkhasingh were nominated as Additional Directors on the recommendations made by Ms. N. Jayanthi. Thus, the allegation made in the *interim order* that the affairs of *First Financial* were being managed/ controlled through Mr. S. Krishna Rao and Mr. S.G.F. Melkha Singh is false, baseless and contrary to the factual position on record.

- (p) During the relevant period of price rise 54,50,000 shares (67.49% of the entire paid up capital) was released from lock-in during the quarter “October 2012 to December 2012”. Thus, the total shares available in the market during the alleged price rise period was 58,24,760 (72.13% of the entire paid up capital) instead of 3,74,760 shares as alleged in the *interim order*. Further Mr. B. P. Jhunjhunwala and his nominees were holding 1,37,872 shares (1.71% of the entire paid up capital) instead of 2,17,665 shares and Mr. Ponnuswamy Natrajan and his family were holding 1,21,203 shares (1.50% of the entire paid up capital) rest balance 35,892 shares (0.45% of the entire paid up capital) were held by more than 5,500 share holders.
- (q) He is not aware of any creation of huge demand at upper circuit in the scrip of *First Financial*. The price of the scrip was consistently rising even before the commencement of his sales. It is the buyers, if at all, who can be alleged to have increased the price and not *bona fide* sellers who had sold the shares and delivered the shares towards the pay in obligation.

II. *Preferential Allottees:*

- (4) **Mr. Dhirajlal Maganlal Mehta, Ms. Sarla Dhirajlal Mehta, Ms. Rupal Tushar Mehta and Mr. Tushar Dhirajlal Mehta** (all appeared in-person):
 - (a) The *interim order* is bad in law as no opportunity of clarification or prior notice was given. The *interim order* has failed to record any reason for the directions passed or attribute any linkage to market manipulation or other entities mentioned in the said order.
 - (b) They had invested in the scrip as normal investor from their own funds and were not connected with any of the entities mentioned in the *interim order*. Further, they had sold the shares of *First Financial* after lock-in period in the market and the sale proceed was again invested into the capital market.
- (5) **Mr. Samir Harshadrai Doshi** (appeared in-person along with Mr. Ramesh Mishra and Mr. Lokanath Mishra):

- (a) The *interim order* was passed without giving an opportunity of personal hearing in the matter. No evidence or cause has been shown to pass such an harsh order against him.
 - (b) Entire transactions were based on ICDR Regulation and he has not violated any provisions of SEBI Act, Regulations, etc.
 - (c) The investment in the preferential allotment was funded from his own sources. He sold the shares in market after the lock-in period between May 2013 to July 2013 and the sale proceeds were again put into the capital market.
 - (d) He was not connected to the promoters, directors or any of the alleged entities as named in the *interim order*. The *interim order* has failed to establish any linkage to price manipulation or relationship with buyer or illegality relating to sale of shares.
- (6) **Mr. Narayan Prasad Mundhra and Ms. Manjudevi Mundhra** (appeared in-person along with Mr Sumer Mal Sancheti, C.A.):
- (a) In reply they denied the allegations/ assertions made in the *interim order*. They were not a party to the transactions that were alleged to have resulted in price rise.
 - (b) They were neither part of the promoters nor have any concern/ relation with the associate group.
 - (c) The allotment of shares against the payment made cannot be an act of any violation under the regulations of SEBI.
 - (d) Neither they were connected to the promoters nor have any concern with any transactions carried out by them.
 - (e) They had sold the shares in the ordinary course of business in open market through the electronic trading mechanism without being aware of the buyers/ counterparties
 - (f) The investment/ sale of the shares in the company represent a small portion of their total investment/ sale in securities market.
 - (g) It is unfair to debar them from dealing in the units of mutual funds and shares of other companies. They requested to release the demat account and requested for permission to sell the shares in the capital market, in order to reduce the losses.
- (7) **Amit Saraf HUF and Pawan Kumar Bajaj HUF** (Mr. Amit Saraf appeared in-person for both the noticees):
- (a) They are the regular investor in the securities market and are deriving income from the trades in securities market. They had invested the disclosed money in the shares of the *First Financial* with *bona fide* expectation of gain in future and had sold such shares followed by delivery in its ordinary course of business as per law. They are regularly filing the income tax returns and there is no question of investing unaccounted money or gaining unaccounted income on the sale of shares.
 - (b) They had relied on the fact that the company is listed in a market well regulated by

SEBI and the respective stock exchanges. There was rumor about new management and revival plans for the company thereby making it a good investment option with high profit potential.

- (c) Stock exchange itself has permitted the *First Financial* to issue capital by way of preferential allotment having fixed the price at premium at ₹20/- per share.
 - (d) They were not associated in any manner either directly or indirectly with the promoter, directors, intermediaries and employees of *First Financial*. They had invested on the basis of rumours/ news in blog spot or live chat or some post on social media page and had sold the shares as soon as lock-in period was over.
 - (e) Whatever the transactions including the *bona fide* gain, with regard to the sale and purchase of the shares of *First Financial* are concerned, have been disclosed in the return of income for the F.Y. 2013-14, filed with the Income Tax Department and nothing in this regard, has been concealed or suppressed.
 - (f) SEBI has not alleged or recorded finding about any concealment or misrepresentation of material facts or fraud and has failed to prove that the applicant has acted in connivance or deceitful manner.
- (8) **Mr. Devshibhai Parshottambhai Dungrani and Mr. Gopalbhai Parshottambhai Dungrani** (represented by Mr. Khamir Kamdar, Advocate):
- (a) The *interim order* passed is against the principles of natural justice, fairness and equity. They had no connection with the company, its promoter and director or entities mentioned in the order except as an investor. As a genuine investor, they had invested in the shares of *First Financial* in normal commercial transaction and had sold these during the period March 2013 to June 2013.
 - (b) They cannot be said to have any influence on the decisions taken for raising funds through preferential allotments or in any other manner whatsoever over the Company.
 - (c) The *interim order* fails to even *prima facie* establish their connection with any of the persons/ entities which may be instrumental for the alleged price rise in the scrip of *First Financial*.
 - (d) There was no intention of creating any kind of artificial volume/ price rise or for making illegal gains and to convert illegal gains into genuine as has been alleged in the *interim order*.
 - (e) They denied of trading with the so called *First Financial* Group or having any nexus with the *First Financial* Group in any manner, what so ever.
 - (f) The *interim order* has deprived them of much needed liquidity and transferability of their shares.
- (9) **Mr. Ashokbhai Nathabhai Buha and Mr. Bharatbhai Nathabhai Buha** (none appeared):

- (a) The *interim order* has been passed without calling for any information or seeking any explanation. This action of SEBI is in violation of the principle of natural justice. They denied of having any nexus or connection with *First Financial* and its promoter/ directors or other allottees of the preferential issue or the *First Financial* Group.
 - (b) The allegation of profitable exit by any person/ group is *void abinitio*, as all the transactions had happened on the anonymous trading platform.
 - (c) They denied the allegation of having used the securities market system to artificially increase volume and price of the scrip for making illegal gains or to convert ill gotten gains into genuine one.
 - (d) They denied of having generated fictitious LTCG to convert unaccounted income into accounted.
 - (e) They prayed for permission to sell and redeem investments in shares and mutual funds.
- (10) **Navratnamal Jitmal Ganna HUF, Jinesh N. Ganna HUF, Vikas N. Ganna HUF, Ms. Shilpa V. Ganna and Ms. Priyanka J Ganna** (represented by Ms. Shailshri Bhaskar, Practising Company Secretary):
- (a) The *interim order* was passed without seeking any explanation which is in violation of principles of natural justice, equity and fair play. They denied of having hand in glove or having nexus with *First Financial* and its promoters/ directors and entities of *First Financial* Group.
 - (b) The information about preferential allotment by *First Financial* was available in public domain as the company had decided regarding the same in the board meeting held in July 2011. They had borrowed money from one Surya Diamond Pvt. Limited at an interest of 12% for investing in the equity shares of *First Financial*.
 - (c) There is no documentary evidence regarding nexus of promoters/ directors with the *Preferential Allottees* is available on record.
 - (d) They had sold the shares in the anonymous trading platform of the exchange and have denied the allegation of being provided exit. They had not received any surveillance alerts either from the stock brokers or from the stock exchanges regarding the price fluctuation in the scrip of *First Financial*.
 - (e) They denied to having generated fictitious LTCG as income tax return were being filed regularly and they were paying the taxes as per law. Hence, there was no chance of unaccounted income.
 - (f) None act of their act is fraudulent and violative of the provisions of the FUTP regulations.
 - (g) As the investment of their portfolio are reducing, they prayed for permission to redeem respective investments in the shares and mutual fnds.

(11) **Mr. Ketan Dhirajlal Kapasi and Mr. Vinal Arvind Kapasi** (represented by Mr. Gautam Ankhad, Advocate; Ms. Raksha Kothari, Advocate; Mr. Samit Shukla, Advocate; Ms. Ketki Kulkarni, Advocate; Mr. Aman Kancharia, Advocate; Mr. Vimal A. Kapasi, Advocate; Mr. Ketan D. Kapasi, Advocate):

- (a) The *interim order* is passed in defiance of principles of natural justice and there was no emergent situation for passing said order.
- (b) *First Financial* had appeared to be a good investment opportunity taking into various factors such as substantial rise in its profits; capital reduction (to wipe out huge losses on account of which the balance sheet of the Company was streamlined and looked healthier and promising); in principal approval of BSE for preferential allotment and revocation of suspension of trading.
- (c) It is baseless to allege that the shares were sold intentionally to the persons who were related to the company. The shares traded through the stock exchange were sold only to those persons who are willing to pay the desired and quoted price of the shares in an anonymous trading platform.
- (d) Funds utilised for subscribing to the shares under preferential allotment were obtained from internal accruals and not from any other “tainted” and “connected” sources as has been alleged. The entire gain was utilized for the business purposes and further investments, which have no nexus whatsoever with the promoters and/ or promoter group of the Company.
- (e) There is no material in the order which establishes any nexus with the Company and/or its related entities and /or any other entities which are referred to in the *interim order*. Therefore, in absence of such evidence the *interim order* is palpably arbitrary, unreasonable and defies settled canons of law.
- (f) There is no material on record to show any common intention.
- (g) As a consequence of the *interim order* huge number of shares valuing approximately ₹5,50,00,000/- and ₹1,50,00,000/- respectively have been frozen. Therefore, it has been prayed to withdraw all the allegations and abandon proceedings and unfreeze the respective demat accounts.

(12) **Mr. Suresh Kumar Khandelia and Ms. Manju Khandelia** (represented by Mr. Anant Upadhaya, Advocate):

- (a) The allegation of being promoter of Comfort Fincap Limited in the *interim order* is baseless and incorrect. They were holding very minimal percentage of shares in Comfort Fincap Limited and happen to be a relative of the promoter of the Comfort Fincap Limited. Their names were included in the promoter group of Comfort Fincap Limited for the reason that any holding by any relative of promoter of a company is required to be disclosed under the promoter group.

- (b) They were neither aware nor concerned of the alleged activities of the Comfort group (consisting of Comfort Fincap Limited, Comfort Securities Limited and Comfort Intech Limited) during the investigation period, except for having a client –broker relationship with Comfort Securities.
- (c) There was no warning, notification, etc. from the stock exchanges or SEBI during the two preferential allotments, which could raise suspicion or warn the investors.
- (d) The amount invested towards the preferential allotment was genuine and *bona fide*. After the lock-in period based on commercial wisdom, the shares were sold on the screen based trading system of the stock exchange and the sale proceeds were duly accounted.
- (e) The allegation pertaining to LTCCG is highly misplaced, baseless, unsubstantiated and highly imaginary. They denied the allegation of involvement in any alleged scheme, plan, device, artifice, money laundering and tax evasion.
- (f) They had no connection with the company, promoters of the company, the parties who allegedly had carried out the transactions in the share of the company.
- (g) It was prayed to revoke the directions imposed vide the *interim order* as they are suffering a huge opportunity loss on the portfolio.

(13) **Anil Agrawal HUF** (represented by Mr. Joby Mathew, Advocate):

- (a) Neither the HUF nor its 'karta' is a promoter or director of *First Financial* nor promoter or director of any company i.e. purported *First Financial* Group. It was allotted 2,50,000 shares on an investment of ₹50,00,000, which were subsequently sold in the normal course of business. It was not connected to *First Financial* except that some of the companies in which Karta - Mr. Anil Agrawal is a director had commercial transactions with it.
- (b) It had not converted unaccounted income into accounted one. Neither the Income Tax Department nor any other revenue departments have ever alleged that tax has been avoided by selling of the shares of *First Financial*.
It is not unnatural for the price of a scrip to rise during the period when the shares issued on a preferential basis are under lock-in because the number of shares available for trading are relatively less.
- (c) It was not connected to Mr. B. P. Jhunjhunwala or his family or with Ponnuswamy Natrajan, Ms. N. Nithya or Ms. N. Jayanthi.
- (d) It has not been shown in the order as to how the *Preferential Allottees* had acted in concert and the sale of shares after the lock-in period was a result of common intention. Each individual allottee could not have assumed that by sale of their respective shares there would be a sudden increase in supply.
- (e) When the price of the scrip had increased to levels beyond the subscription price, the *Preferential Allottees* had sold their shares. Such sale of shares may not be considered as

irrational.

- (f) The allegation that the entities of *First Financial* Group had created demand against supply from the *Preferential Allottees* is not substantiated by any details.

(14) **Mr. Brij Bhushan Singhal, Mr. Neeraj Singhal and Ms. Uma Singhal** (none appeared):

- (a) The order is vitiated by gross violation of principles of natural justice and there was no emergent situation or circumstance warranting such an *interim order*. They do not have link/ connection/ nexus with *First Financial*, its promoters/directors, other *Preferential Allottees* except for family members, persons or entities referred in the order.
- (b) The shares were sold in the market through broker, on the screen based mechanism of the stock exchanges as it was fetching good return. Prior to the sale of shares, the price of the scrip had increased to ₹285 and it cannot be anybody's case that as a result of their selling, the price has increased.
- (c) The alleged preferential allotment made by *First Financial* had the approval of the shareholders and stock exchanges and details about the same were in public domain. Therefore, the issuance of same cannot be questioned. At no point of time either the stock exchange or SEBI raised any alarm as to the price movement in the scrip not being in consonance with its financials or fundamentals.
- (d) Based on the advice received from the professionals, friends and persons, they had invested in the scrip of *First Financial*.
- (e) Merely because the broker had sold the shares during *patch-2*, when the alleged *First Financial* Group entities were also trading, no adverse inferences can be drawn.
- (f) It is denied that *First Financial* Group provided exit as the transactions were carried on the floor of the exchange wherein it is not possible to know the counterparty. Further there is not even a whisper about any connection/relation with *First Financial* Group.
- (g) Merely because profit has been earned on sale of shares, everything is being viewed suspiciously without any tangible basis and purely on surmises and conjectures.
- (h) No basis has been brought on record to show that the *Preferential Allottees*, *First Financial* Group entities and *First Financial* and its promoters/ directors were hand in glove with each other.
- (i) There is no connection with Marsh Steel Trading Limited and Vision Steel Limited controlled by Mr. Sanjay Singhal and his family members because of family dispute or litigation.
- (j) It is denied that the stock exchange system have been misused to generate fictitious LTCG so as to convert unaccounted income into accounted one with no payment of taxes. No material particular of the alleged unaccounted income have been spelled out.
- (k) Deny to have used the securities market system to artificially increase volume and price of the scrip for making illegal gains to and to convert ill-gotten gains into genuine one

as alleged

- (l) Neither the acts nor the omissions were fraudulent.
- (15) **Mr. Sunder Somani, Mr. Kamal Khemka, Mr. Bharat Ramjibhai Manek, Ms. Bharti Bharat Manek, Mr. Chetan Ramjibhai Manek, Mr. Sanjiv Chaudhary and Ms. Sunita Chaudhary** (represented by Mr. Vinay Chauhan, Advocate and Mr. K.C. Jacob, Advocate):
- (a) The order is vitiated by gross violation of principles of natural justice and there was no emergent situation or circumstance warranting such an ex-parte *interim order*.
 - (b) Do not have link/ connection/ nexus with *First Financial*, its promoters/ directors, other *Preferential Allottees* except for family members, persons or entities referred in the order.
 - (c) Clubbing with others (*First Financial* Group, other *Preferential Allottees*, persons/ entities who have traded in the scrip) has resulted in distorted conclusions as unrelated and unconnected entities have been grouped together based on mere surmises and conjectures to draw adverse inferences without any basis.
 - (d) The alleged preferential allotment made by *First Financial* had the approval of the shareholders and stock exchanges and details about the same were in the public domain. Therefore issuance of the same cannot be questioned.
 - (e) At no point of time either the stock exchange or SEBI raised any alarm bells as to price movement in the scrip not being in consonance with its financials or fundamentals.
 - (f) The shares were sold in the market through broker on the screen based mechanism of the stock exchanges as it was fetching good return.
 - (g) Though in the *interim order* it has been observed that the *First Financial* Group and other entities had provided a hugely profitable exit to the allottees, however, there is nothing on record to bring out any nexus.
 - (h) It is denied that stock exchange system have been misused to generate fictitious LTCG so as to convert unaccounted income into accounted one with no payment of taxes. It is also denied that the preferential allotment was used as a tool for implementation of the dubious plan, device and artifice as alleged.
 - (i) They have denied to have used the securities market system to artificially increase volume and price of the scrip for making illegal gains to and to convert ill-gotten gains into genuine one as alleged.
- (16) **Mr. Anshul Jain, Mr. Prem Jain, Mr. Gaurav Jain, Mr. Suresh Kumar Kalani, Mr. Santosh Manihar, Ms. Harshita Maheswari, Giriraj Prasad Manihar HUF, Bithal Das Parwal HUF, Hari Narayan Parwal HUF, Vimal Kumar Mantri HUF and N. K. Agarwal and Sons HUF** (represented by Mr. Naresh Gupta, Advocate):

- (a) They had filed the income tax return for the F.Y. 2013-14 disclosing the above transactions and the income so arisen.
- (b) No nexus, in any manner either directly or indirectly, with the promoters, directors, employees, principal, agent broker or intermediary of the *First Financial*; or further, not related or connected with the *First Financial* professionally or commercially. Not contravened any of the provisions of the SEBI.
- (c) SEBI has not alleged or recorded finding about any concealment or misrepresentation of material facts or fraud on the part of the applicant and further, that the applicant has acted in connivance or deceitful manner.
- (d) They had made investment in the scrip of the *First Financial* with *bona fide* expectation of gain in future. They had not acted or conducted the affairs, in a manner detrimental to the interest of the investors or securities market.
- (e) SEBI has recorded its finding in the impugned order based on presumption, assumptions, surmised and conjectures with regard to the trading in shares of *First Financial*.

(17) **Mr. Aashish V. Aggarwal** (none appeared):

- (a) Throughout the order there is a general finding about the nexus between *Preferential Allottees* and the *First Financial* Group without referring to any documentary evidence. He is investing in the securities market for last ten years and has investments in various financial instruments.
- (b) Denied that the preferential allotment was used as a tool for implementation of the alleged dubious plan, device and artifice of *First Financial entities*
- (c) Denied that there was any prior arrangement with *First Financial* and its promoters/ directors as the information of preferential issue of *First Financial* was in public domain
- (d) He had sold the shares on the anonymous trading platform of the stock exchanges wherein the identity of the counter party is not disclosed and has denied the allegation that profitable exit was provided by the so called entities of *First Financial* Group.
- (e) Denied to have nexus or hand in glove with *First Financial* and its promoters/ directors or any person/entity mentioned in the order.
- (f) He had invested accounted money into the shares of *First Financial* and later sold the shares in various lots and had earned profit.
- (g) Denied to have generated fictitious LTCG by misusing stock exchange mechanism and further denied to be part of any dubious plan, device and artifice since every information was available in the public domain.
- (h) He was not indulged in any manipulative activities directly or indirectly and have not violated the provisions of law as alleged.

(18) **Amit H. Patel HUF and Hasmukhbhai B. Patel HUF** (represented by Mr. Amit H.

Patel; Mr. Prakash Shah, Advocate; Mr. Prakash A. Doshi, C.A.):

- (a) Mr. Hasmukhbhai B. Patel, father of Amit H. Patel 'Karta' of 'Amit H. Patel HUF', had expired on July 15, 2013. Late Mr. Hasmukhbhai B. Patel, was the head of the family and he was the only person who had taken decision to make investment in the preferential issue of *First Financial*.
- (b) SEBI has made sweeping common observations against all the entities named in the *interim order*. There has been no attempt to examine their individual role.
- (c) They are not related/ connected to any other entity mentioned in the *interim order*. A generic, generalised categorisation of placing all the allottees as party to an alleged 'scheme' is incorrect and inappropriate.
- (d) Investment in *First Financial* was in accordance with a legitimate and *bona fide* commercial rationale. It was not pursuant to any pre-arranged "scheme" as alleged in the *interim order* or otherwise. Their decision to invest in *First Financial* shares cannot by any means be questioned by SEBI as long as such investment is compliant with all the legal requirements as prescribed by SEBI and BSE.
- (e) They had invested in *First Financial's* first preferential allotment using funds from their resources. There has been no fund transfer or any dealing (financial or otherwise) between them and any outside entity as generally alleged in the *interim order* or otherwise.
- (f) They had sold *First Financial* shares on the anonymous platform of the BSE in compliance with rules, regulations and byelaws of SEBI/ BSE.
- (g) The sales made by them were after the release of the lock in period and was a prudent investment decision which was supported by the *bona fide* commercial rationale.
- (h) They had no role at all in the alleged 'manipulation' of the price or volume of the *First Financial* scrip.
- (i) On account of the anonymous trading platform of the Exchange, they have no control over the identity, price or quantity of the orders of the buyers and accordingly no adverse inferences are liable to be drawn against them merely by virtue of the identity or trading rationale of the counterparty purchaser(s) of their trades in *First Financial* shares.
- (j) SEBI has not identified any connection between them and *First Financial*, its promoters/ directors/ management or any other entity named in the *interim order*.
- (k) The allegations made in the *interim order* are all in the hindsight and were not looked into or considered appropriate at the relevant time by the relevant authorities.
- (l) The reasons best known to SEBI, belatedly charges and allegations are made against them purely on surmises and conjunctures ignoring the reality that they have done what was and is even now permitted and not yet prohibited by relevant Authority.
- (m) The *interim order* has incorrectly and illegally clubbed them with all the other entities. They had only subscribed to the shares of *First Financial* in the first preferential

allotment and had not participated in the second preferential allotment of *First Financial*.

- (n) There is nothing on record to show even remotely any commonality or nexus between them and *First Financial* and/ or its promoters/ directors or the *First Financial* Group entities.
- (o) SEBI's vague allegations attempting to include them along with other *Preferential Allottees* as a party that was involved in the "price manipulation" of the scrip of *First Financial* in *patch 1* or *patch 2* is completely false and untenable.
- (p) All transactions in the scrip of *First Financial* executed on the market were backed by actual delivery and were genuine trades leading to the change in beneficial ownership. These trades were not intended to increase the volume of trading in *First Financial* scrip but were executed as a part of their regular investment practice.
- (q) It can be seen that only small percentage of their total shares sold in the *First Financial* scrip have been purchased by the alleged *First Financial* Group entity and that too through the anonymous screen based trading on which they had no control on the other counter party.
- (r) There was no change in the price of the scrip of *First Financial* as a result of the trades by them, which is a clear pointer to the fact that they had no intention of influencing the price of the scrip in any manner.
- (s) The fact that they had invested in *First Financial* by way of preferential allotment appears to have been taken adversely against them. As per the list of present and past investments they have invested in various shares through the preferential allotment route.
- (t) SEBI is required to demonstrate the basis of the *prima facie* observations, other than mere presumptions, surmises, speculations, conjectures and hypothesis.

(19) **Ms. Nandita B. Madiyar** (represented by Mr. Deepak Madiyar):

- (a) She had invested in the shares of *First Financial* on the suggestion of her brother-in – law, Mr. Deepak Madiyar who chalks out yearly plan of investment for entire family on the basis of funds available. She had sold the shares of *First Financial* during April - June 2013 and was satisfied with the profit earned.
- (b) She had lent a part of the earnings to family business on which interest @ 12% was received and TDS was also paid on the said interest.
- (c) No documentary evidence has been provided, related to the nexus of promoters/ directors with the *Preferential Allottees*.
- (d) The *interim* order was passed without seeking any explanation which is in violation of principles of natural justice, equity and fair play. She denied of having nexus with *First Financial* and its promoters/ directors and that there was any prior arrangement with *First Financial* and its promoters/ directors as the information of preferential issue of

First Financial was in public domain

- (e) She had sold the shares on the anonymous trading platform of the stock exchanges wherein the identity of the counter party is not disclosed.
 - (f) She denied of having generated fictitious LTCG by misusing stock exchange so as to convert unaccounted income into accounted one with no payment of taxes as income tax returns are being regularly filed and hence there is no chance of having any unaccounted income. She has not used the securities market system to artificially increase volume and price of the scrip for making illegal gains and/ or to convert ill gotten gains into genuine one.
 - (g) Not indulged in any manipulative activities directly or indirectly and have not violated the provisions of law as alleged.
- (20) **Master Trust Limited and Master Commodity Services Limited**(represented by Mr. Kumar Desai, Advocate; Mr. Ravi Chandra Hegde, Advocate; Ms. Aashni Dalal, Advocate; Mr. Gurmeet Singh Chawla and Mr. Pavan Chhabra); **Harjeet Singh Arora and Harneesh Kaur Arora** (Harjeet Singh Arora appeared in person along with Mr. Prakash Shah, Advocate for himself and Harneesh Kaur Arora); **Rajinder Kumar Singhania, Praveen Singhania and Puneet Singhania** (Rajinder Kumar Singhania appeared in person along with Mr. Prakash Shah, Advocate for himself, Praveen Singhania and Puneet Singhania); **Jashanjyot Singh** (represented by Mr. Prakash Shah, Advocate):
- (a) Master Trust Group (consisting of Master Trust Limited, Master Commodity Services Limited) were deprived of a fair opportunity to present their case. There is a total want of clarity and absence of particulars by SEBI in the present matter. The *interim order* merely contains generic, generalised, unsubstantiated and common allegations against all the entities named therein. The same is based on surmises, conjectures, probabilities and hypothesis, which is impermissible.
 - (b) There was no arrangement with the *First Financial*, its promoters/ directors or the *First Financial* Group as alleged or otherwise.
 - (c) The *interim order* fails to adduce even an *iota* of evidence to show any transfer of funds between the Master Trust Group and any other *First Financial* Group entity (excluding the entities of Master Securities) named in the *interim order* or any connection / commonality with any other entity named in the *interim order*.
 - (d) No nexus, relationship or prior understanding/ arrangement was there between them and *First Financial* or its promoters/ directors/ connected entities as alleged in the *interim order*. The inclusion of Master Securities in the *First Financial* Group is wholly unjustified, baseless and misplaced and warrants the immediate deletion of the same.
 - (e) The *interim order* has incorrectly and illegally clubbed the Master Trust Group with all the other allottees in the *First Financial*. There are fundamental distinctions which

underscore the submission of Master Trust Group that they were not party to any alleged fraud perpetrated by *First Financial*, its promoters/ directors or other connected entities.

- (f) The observation in the *interim order* that the broking entities, allottees and *First Financial* were all connected in the alleged 'scheme' perpetrated by *First Financial* does not have any application to the Master Trust Group and cannot be the basis for any action against the present Master Trust Group
- (g) SEBI has failed to take into account the material fact that the Master Trust still holds 24,60,010 shares of *First Financial* (shares post-split). The same demolishes SEBI's observation that the Master Trust has made a "hugely profitable exit" through some pre-arrangement between it and *First Financial* or its promoters / directors/connected entities.
- (h) They had subscribed to the shares of *First Financial* in the first Preferential Allotment and did not participate in the second Preferential Allotment of *First Financial*. If they had been a party to any pre-arranged scheme or had any intention to commit fraud and earn more profit (as alleged by SEBI), they would have participated in the second Preferential Allotment (during April 2012) which actions would have multiplied the profits earned by them manifold.
- (i) Investment in *First Financial* was in accordance with a legitimate and *bona fide* commercial rationale using funds from own resources. It was not pursuant to any pre-arranged "scheme" as alleged in the *interim order* or otherwise. Further investment in the shares of *First Financial* is relatively small compared to other investments.
- (j) The investment decision of the Master Trust Group, which was based on an internal research and analysis, cannot by any means be questioned by SEBI as long as such investment is compliant with all the legal requirements as prescribed by SEBI.
- (k) All the shares sold by Master Trust Limited were bought by Master Securities through negotiated deals executed on the screen of the Exchange as per the price and order matching mechanism of the Exchange, just like any other normal trades. Such intra-group sales do not and cannot establish any 'connection' or 'pre-arrangement' or 'hugely profitable exit' or scheme to 'convert unaccounted income into accounted income' 'or hand in glove' arrangement between the Master Trust Limited and *First Financial*, its directors/ promoters or group entities.
- (l) If SEBI's allegation that the entire sale was pre-arranged to provide an exit to the allottees is accepted, then they would have off-loaded the shares to third parties when the price of the scrip had reached the high of ₹300 rather than hold on to the shares within the Master Trust Group itself.
- (m) All transactions by the Master Trust Group in the scrip of *First Financial* executed on the market during the *patch 2* were backed by actual delivery and were genuine trades. These trades were not intended to/ nor had any effect on the volume of trading in *First*

Financial scrip. Further, all transactions in *First Financial* were carried out at the then prevailing market price with change of beneficial ownership. Hence there is no scope for drawing any adverse inferences in regard to the execution of sale transactions by the Master Trust Group in the scrip of *First Financial*.

- (n) It is important to note that there was no change in the price of the scrip of *First Financial* as a result of the trades by the Master Trust Group, which is a clear pointer to the fact that Master Trust Group had no intention of influencing the opening / closing price of the day or during the day and these trades had not impacted the market price.
- (o) There is not a shred of evidence or material on record to demonstrate that the Master Trust Group had any knowledge of the acts/ omissions of *First Financial*, or the alleged ‘pre-arrangement’ or ‘scheme’ allegedly perpetrated by *First Financial*, its promoters/ directors and connected entities. SEBI has merely made generic, generalised observations and allegations against the Master Trust Group, without even attempting to establish the particular role or wrongdoing on the part of the Master Trust Group in the alleged “scheme” of market manipulation.
- (p) In absence of any nexus being demonstrated by SEBI, the allegation of a prior arrangement between the Master Trust Group and *First Financial* is baseless and without merit.
- (q) SEBI as the regulator of the securities market has no jurisdiction to adjudicate on issues relating to alleged evasion of tax.
- (r) Master Trust Limited and Master Commodity Services Limited are liable to pay Minimum Alternate Tax (“MAT”). Hence, the allegations of fictitious LTCG against both of them are unsustainable.
- (s) The mere fact that the shares of *First Financial* were sold on the anonymous platform of the BSE in compliance with rules, regulations and byelaws of SEBI/ BSE cannot be the basis to sustain a serious charge of fraud or subject the Master Trust Group to debilitating restraints, and that too on an *ex-parte* basis.
- (t) SEBI has merely made generic, generalised observations and allegations against all the entities mentioned in the *First Financial* order in general, without even attempting to establish the particular role or wrong doing in the alleged scheme of market manipulation.
- (u) The practice of recording firm findings in *interim order* deserves to be deprecated. In this regard, they have relied on the observations of the Hon’ble SAT in *Bhoruka Financial Services Limited Vs. SEBI* (Appeal No. 18 of 2006).
- (v) The *interim order* has failed to discharge the high evidentiary standards required to sustain a serious charge of fraud. They have relied upon the judgement of Supreme Court in *Mousam Singha Roy Vs. State of West Bengal* [13 (2003) 12 SCC 377].
- (w) The restriction imposed against the Master Trust Group for trading in other shares directly or indirectly, is wholly unsustainable and disproportionate.

(21) **Mr. Naresh Garg and Ms. Sangeeta Garg** (represented by Mr. Deepak Sanchety, Advocate and Mr. Jaikishan Lakhwani, Advocate):

- (a) The *interim order* is vitiated by gross violation of principles of natural justice and there was no emergent situation or circumstance warranting such an *interim order*. They do not have link/ connection/ nexus with *First Financial*, its promoters/ directors, other *Preferential Allottees* except for family members, persons or entities referred in the order.
- (b) Clubbing with others (*First Financial Group*, other *Preferential Allottees*, persons/entities who have traded in the scrip) has resulted in distorted conclusions as unrelated and unconnected entities have been grouped together based on mere surmises and conjectures to draw adverse inferences without any basis.
- (c) The alleged preferential allotment made by *First Financial* had the approval of the shareholders and stock exchanges and details about the same were in public domain. Therefore, issuance of the same cannot be questioned.
- (d) At no point of time either the stock exchange or SEBI had raised any alarm with regard to the price movement in the scrip not being in consonance with its financials or fundamentals. The shares were sold in the market through broker on the screen based mechanism of the stock exchanges, as it was fetching good return.
- (e) Though in the *interim order* it has been observed that the *First Financial Group* and other entities had provided a profitable exit to the allottees, nothing is there on record to bring out any nexus.
- (f) No basis has been brought on record to show that the allottees, *First Financial* entities and *First Financial*, its promoter and director were hand in glove with each other.
- (g) The stock exchange system have not been misused to generate fictitious LTCG so as to convert unaccounted income into accounted one with no payment of taxes. It is also denied that preferential allotment was used as a tool for implementation of the dubious plan, device and artifice as alleged. They also denied of having used the securities market system to artificially increase volume and price of the scrip for making illegal gains and to convert ill-gotten gains into genuine one as alleged.
- (h) If the law provides the facility of LTCG in case the shares are sold after a period of more than one year then how one held guilty for the same.

(22) **Ramesh Kumar Daga HUF, Krishnan Kumar Daga HUF, Sanjay Daga HUF, Anjali Daga and Drake Properties Pvt. Limited** (represented by Mr. Nikunj Kanodia, C.A.):

- (a) They denied that investment in *First Financial* was not a rational behaviour. There was neither any nexus with *First Financial*, its director and promoter nor any prior arrangement with them. It was a pure stock market investment made in ordinary

course of business.

- (b) The *interim order* does not link with the entities that may have allegedly influenced the price of the scrip, if any group or entities were ever doing it.
 - (c) They were not connected with *First Financial* and its connected entities and the brokers.
 - (d) They were not aware if the shares sold on the BSE were bought by the so called *First Financial* Group. Shares of *First Financial* were sold on the stock exchange over a number of days and in smaller lots through the broker. There has been no nexus between sale of shares and with the so called *First Financial* Group.
 - (e) They had sold the shares in the ordinary course and not with an intent and design imputed by the *interim order*. Not aware if *First Financial* or its connected entities were providing alleged profitable exit. The profits made were due to mechanism of the stock market and not by manipulation as alleged.
 - (f) The *interim order* has not relied on cogent evidence, but has taken impermissible assumptions of a connection of the sellers with buyers based on buying pattern. They have categorically denied of having hand in glove with *First Financial* and its promoters/ directors as there has been no corroboration of any connection with the buyer in the said order.
 - (g) They had invested in the shares of *First Financial* by using own funds and in good faith that the alleged preferential allotment was approved by BSE and had complied with the provisions of ICDR Regulations of SEBI.
 - (h) There is a transfer of beneficial ownership arising out of the sale transaction. They have not indulged in any manipulative trading while buying or selling the shares. Also they have not transferred any funds to *First Financial*, directly or indirectly, to enable so called *First Financial* Group to buy the shares so sold.
 - (i) There is no evidence with SEBI to draw the inference that they had acted in concert with so called *First Financial* Group to misuse the stock exchange system, to generate fictitious LTCG so as to convert alleged unaccounted income into accounted income.
 - (j) They have not committed any fraud and also not indulged in any manipulative or fraudulent trade practice. Applied for shares in the preferential allotment based on the Information Memorandum filed by *First Financial* with the BSE. The income earned from the sale of shares was duly accounted and declared in Income Tax Returns.
- (23) **Girishbhai Patel HUF** (represented by Ms. Rinku Valanju, Advocate and Mr. Vivek Shah):
- (a) No *prima facie* case has been made out to warrant the issuance of a direction of serious consequences which is penal in nature. Exercise of such arbitrary power is unwarranted and unjustified in the facts and circumstances of the instant case
 - (b) Mr. Girishbhai Patel is the Karta of the HUF whose main occupation is agriculture and having secured education upto undergraduate level and novice to the stock market

world.

- (c) It was a *bona fide* acquirer of shares of *First Financial* for consideration and without any notice of any defect or error. The dealing was at arm's length and in good faith. Not aware about the counter parties as trades were executed on the exchange trading platform.
 - (d) No connection or nexus or relationship is established with any of the buyers of the shares of *First Financial*. The shares of *First Financial* were sold in the market in the normal course, through SEBI registered stock broker and at prevailing market prices. It is unaware of any acts of *First Financial*, transferring money received through the two preferential allotments to any entities. It has no acquaintance with the any of the entities whose names are mentioned in the *interim order*.
 - (e) It is pertinent to mention that it is an independent investor and had subscribed to preferential allotment with the sole purpose of investment with his own funds and there was no manipulative intent on his part.
 - (f) It has not contributed to any price or volume rise in the scrip and there was actual beneficial transfer of ownership qua its trades.
 - (g) Its trading in shares of *First Financial* was not fraudulent, unfair and manipulative. There is complete mis-appreciation of factual aspects *qua* it and the *interim order* is illogical, irrational and misdirected.
 - (h) The order has grossly failed to establish the connection of any sort whatsoever between it and any other party of the *First Financial* Group or any other Group, if any. If the sale orders in *First Financial* shares were pre-decided between it and any other party as alleged, then there has to be prior meeting of minds, prior collaboration and the minds ought to have been on same wave length which is not the case here.
- (24) **Mr. Dheeraj Krishna Agarwal and Mr. Rajkumar T. Singh** (represented by Ms. Prachi Pandya, Advocate; Mr. Devang Gopani and Mr. Dheeraj Agarwal):
- (a) Except being preferential allottee, there is no connection with *First Financial*. Further, there are no evidence or material or finding in the order to indicate any nexus or collusion or arrangement with various categories of entities named in the *interim order*. There is no proof that there was meeting of minds or that dealings thereof were a part of some articulated or structured trades.
 - (b) Thus, the charges of acting hand in glove, implementation of dubious plan, device and artifice and securities market fraud are unfounded, bald, sweeping and devoid of merits.
 - (c) There contribution to the total market volume and quantity is very minuscule. It is beyond the understanding of any logical mind as to how such a small volume can influence the market price and market mechanism or even contribute to a larger scheme or some structured trades.

- (d) BSE has not been questioned for the basis of relisting and allowing trading of the scrip. Categorizing the scrip under B Group would obviously give an impression to any investor that the company is sound with good fundamentals.
 - (e) Investment decisions like most of the other investors are based on the news and rumors in print/ electronic media, company information procured from internet, Annual Reports, electronic media, grapevines, investment decision of other investors, etc
 - (f) The acts are not in violation of any securities market laws. They had participated in the stock market in respect of *First Financial* scrip by buying the shares and thereafter sale of the shares at market price and taken/ given delivery of shares thereof. Both the above acts are *bona fide* acts and none of these are in violation of any SEBI/ Exchange law.
 - (g) Not employed any device, scheme or artifice to defraud anyone in execution of trades in *First Financial* scrip.
 - (h) Parties alleged to have contributed to the transactions that led to artificial increase in the price are not at all concerned or connected, in any manner.
 - (i) Not indulged in an act with intent to misuse the stock exchange system to generate fictitious LTCG so as to convert unaccounted money into accounted one, without any payment of taxes.
 - (j) No material on record evidencing involvement or connection with *First Financial*, its Promoters/ Directors, related entities. Further, there is no evidence of diversion of funds or securities to/ from such entities. Therefore, the charge of fraud and manipulation is not sustainable and fallacious
- (25) **Rajendrakumar Agarwal HUF, Ritesh Agarwal HUF and Ms. Shilpa Agarwal** (represented by Mr. S. Ramamurthy, Advocate):
- (a) It is difficult to understand as to how they have misused the Stock Exchange mechanism or connected to the buyers of the shares of *First Financial* or connected to *First Financial* and its promoters/ directors.
 - (b) All the details regarding *First Financial* was available in the public domain since it is a listed Company. The noticees are respectful and law abiding citizen and have good reputation in social circles.
 - (c) They denied of having nexus or any connection with *First Financial* and its promoters/ directors or other allottees of the preferential issue or the *First Financial* group.
 - (d) The allegation that *Preferential Allottees* were provided 'profitable exit' by any person or group is *void ab initio* because now a days the trading in shares takes place only on anonymous trading platform through a registered broker, where no person can know the identity of the counter party.
 - (e) They were neither part of any dubious plan nor hand in-glove with the *First Financial*

entities and its promoter/ directors. They denied to have used the securities market system to artificially increase the volume and price of the scrip, for making illegal gains and/ or to convert ill gotten gains into genuine one. They further denied to have generated fictitious LTCG to convert any unaccounted income into accounted one with no payment of taxes. Income Tax Returns were regularly filed and there is no question of investing unaccounted money or gaining unaccounted income on sale of shares.

- (f) They may be allowed to sell and redeem other investments in shares and mutual funds etc. and further request that the said *interim order* and the directions therein may be withdrawn.

(26) **Balkishan Atal and Sons HUF, Mukesh Atal HUF, Ms. Rajni Atal, Mr. Rajesh Atal, Ms. Karuna Atal** (represented by Mr. Nikunj Kanodia, C.A.):

- (a) The investment into the equity shares of *First Financial* was purely stock market investment made in ordinary course of business and was undertaken as a commercial decision. The assumption that there subsists a nexus and prior arrangement with the Company or its directors or promoters is not correct and denied.
- (b) They did not play any role in either of the groups described in the *interim order*, nor they were ever aware of the groups designs, if any.
- (c) Not connected with *First Financial* or its connected entities or brokers who allegedly acted in connivance with a pre-planned arrangement/ scheme to artificially increase the price during the lock-in period. Not aware if the shares sold by these on the electronic trading platform of BSE were bought by the so called *First Financial* Group.
- (d) They had sold the shares in the ordinary course on the stock exchange. The same was not with an intent and design imputed by *interim order*. The profits they made were due to mechanism of the stock market and not by manipulation as alleged.
- (e) They were neither hand in glove with *First Financial* and its promoters/ directors nor had nexus between sale of shares with *First Financial* Group.
- (f) They had invested in the shares of *First Financial* using their own funds and in good faith that the alleged preferential allotment was approved by BSE and had complied with the provisions of ICDR Regulations of SEBI.
- (g) There is a transfer of beneficial ownership arising out of the sale transaction. They had not indulged in any manipulative trading while buying or selling the shares. They had also not transferred any funds to *First Financial*, directly or indirectly, to enable *First Financial* Group to the buy the shares so sold.
- (h) They denied to have acted in concert with the so called *First Financial* Group to allegedly misuse the Stock Exchange mechanism. Further, there is no evidence with SEBI to draw the inference that they had acted in concert with *First Financial* Group to misuse the stock exchange system to generate fictitious LTCG to convert alleged

unaccounted income into accounted one.

- (i) Preferential allotment was not used as a tool for a dubious plan, device and artifice of so called *First Financial* Group. They have not committed any fraud and have not indulged in any manipulative or fraudulent trade practice. They had applied for the shares in the preferential allotment based on the Information Memorandum provided by *First Financial* to the BSE. The income earned from sale of shares was duly accounted and declared in the Income Tax Returns.

(27) **Syncom Formulations Limited** (represented by Mr. Ankit Lohiya, Advocate and Mr. Amit Dey, Advocate):

- (a) It is a company registered under Companies Act 1956 and by the virtue of the same, MAT is applicable under section 115JB of the Income Tax Act, 1961. Therefore, the profits generated out of LTCG are taxable at least at the applicable MAT rate. It was liable to pay the specified amount of tax, calculated as per provision of Income Tax Act or calculated as per the provisions of MAT, whichever is higher.
- (b) It is submitted, in the FY 2013-14 the tax liability was ₹2,91,94,854 where as per the provision of Income Tax Act nominal tax liability was ₹4,45,73,365. The higher of the two was paid by the company. Therefore, in no circumstance it can said to be, part of any scheme, plan, device and artifice vide which tax was evaded.
- (c) It is submitted that, SEBI has failed to furnish any evidence/ documents which could establish any relationship with the buyers in *patch 2* or assisted in any manner in creating/ maintaining the alleged artificial demand, of the scrip during *patch 2*.
- (d) Being a preferential allottee, it neither had any knowledge nor control over the usage of the fund by the *First Financial*. Further, the *interim order* also has failed to bring out the involvement/ role in the alleged routing of the funds between *First Financial*, *First Financial* Group of entities and *Preferential Allottees*.
- (e) It had no knowledge about the counter-part for its transactions, at any point of time. Therefore, the premise that there was a nexus between it and the so called exit providers is unfounded.
- (f) The *interim order* is in violation of principles of natural justice. The said *interim order* has failed to establish any relationship between it and the *First Financial* Group of entities or with the LTP contributors or with the *Preferential Allottees*.
- (g) SEBI has completely ignored the corporate events that have occurred during the Examination Period.

(28) **Mr. Kulbir Singh** (represented by Mr. Ashish Agarwal, Advocate):

- (a) The shares were sold on the trading platform of BSE through the broker and was not aware as to whom the said shares are being sold. The transactions on the stock

- exchange are determined and consummated on the basis of time, price priority system
- (b) A sale order placed on the system will be matched with the best buy order available on the system. Once the system has determined the price of a scrip in the aforesaid manner, it can never be described as artificial.
 - (c) He had no relation or nexus whatsoever with *First Financial* or its directors or any of the entities allegedly related to *First Financial*.
 - (d) None of the entities who were allegedly found to be the net buyers to the *Preferential Allottees* are related to him in any manner.
 - (e) The trades done by him are *bona fide* and there was no *mala fide* or fraudulent intent on his part.
 - (f) None of the allegations made against him are true. The allegations are even otherwise not borne out from the facts made in the *interim order*.

III. **First Financial Group:**

(29) **Global Infratech and Finance Limited** (represented by Mr. Nikunj Kanodia, C.A.):

- (a) Relationship cannot be established between it and *First Financial* merely on the grounds that Mr. Ashok Bothra and Mr. S. Krishna Rao were the common directors in both the entities; as Mr. Ashok Bothra and Mr. S. Krishna Rao, being Independent Directors, had no role to play either in the management decisions or the operations of the company, either jointly or severally. Further Mr. Ashok Bothra and Mr. S. Krishna Rao, does not held even a single share in the company.
- (b) *First Financial* had made a payment of ₹2,00,000/- to the company on November 11, 2013 towards purchase of 1915 share of Vinmay Agro Pvt. Limited and ₹100/- per share and 5,000 shares of Anugraha Jewellers Limited (@ ₹1.70/- per share in the ordinary course of its business. Save and except the said sale, Global Infratech and Finance Limited does not have any other business transaction with *First Financial*. There is no nexus between Global Infratech and Finance Limited and *First Financial Services Limited*
- (c) Considering the past records of *First Financial* about declaration of dividends and good returns to the investors, company looked forward to make investment in the shares of *First Financial* with an object to earn dividend and make profits on long-term investment. Save and except this, the company is not concerned/ aware about any other matter in the *interim order*.
- (d) The company is a NBFC registered with RBI and due to the said order, the company is unable to carry on its business operations which has endangered its business and has also endangered its registration with RBI to function as a NBFC due to non-fulfillment of its criteria to continue as a NBFC.

- (e) It's name be withdrawn from the *interim order* as it had no role to play in the market manipulation as alleged in the said order and there is no relation/ connection between the company and *First Financial* except as those mentioned above.
- (30) **Dynamic Portfolio Management and Services Limited, Ritesh Projects Pvt. Limited and Ritesh Commercial Holdings Limited** (represented by Mr. Govind Rishi, Advocate and Mr. Ravi Newatia, Director):
- (a) *Interim order* has failed to take cognizance of the fact that Mr. Ashok Bothra was director in the *First Financial* for a period of two months during year 2011. However, he was appointed as director in the Company during 2010 and continued as such till 2014, and the transaction under consideration happened for the first time during March 2013 i.e. after a lapse of around 1 year 8 months after Mr. Bothra ceased to be director in *First Financial*. Thus, in light of the aforesaid there was no connection of the Company with *First Financial*.
- (b) Mr. Bothra being an independent non-executive director in the company was appointed to promote the governance and transparency and not involved into managing day to day affairs of the Company
- (c) It had purchased the shares of *First Financial* considering it was a good investment opportunity. Late Mr. Arun Kumar Agarwal was the promoter director who was actively involved in the management of the companies and the investment decisions of the companies were taken on his behest.
- (d) It is pertinent to mention that the sale of shares were undertaken for the reason that the Company was in dire and unavoidable needs of funds to meet its payment obligations and to help the family of Mr. Agarwal for his treatment and also it was the high time to stop the loss already incurred on the investments made by the Company.
- (e) As the order was placed on electronic trading system of BSE which is basically an anonymous order driven system, where the identity of the counterparty is not known, the Company was neither aware about the identity of the counter-party in such trades nor had any control in selecting such counter-party.
- (31) **Padma Impex Pvt. Limited** (not appeared):
- (a) It had purchased the shares of *First Financial* looking into the market trends of the company and with an expectation of good returns, in the normal course of business.
- (b) Further, it had neither been provided any opportunity of hearing nor have been ever produced any document based on which *interim order* has been passed.
- (32) **Burlington Finance Limited, Manimudra Vincom Pvt. Limited, Symphony Merchant Pvt. Limited, Amrit Sales Promotion Pvt. Limited and Bazigar Trading**

Pvt. Limited (represented by Mr. Vinay Chauhan, Advocate; Mr. Prasant Ingle, Advocate; Mr. Apurv Gupta, Advocate; Mr. K.C. Jacob, Advocate; Mr. Narendra Goushal):

- (a) The *interim order* is vitiated by gross violation of principles of natural justice, in as much as no opportunity was provided to explain the version. The circumstances as stated in the *interim order* do not justify dispensation of pre-decisional hearing. In the instant case, there was no such emergent situation or circumstance warranting such an *interim order*.
- (b) Do not have any link/ connection/ nexus with the Company/ *First Financial* or its promoter/ directors or the alleged *Preferential Allottees*. These denied being part of any *First Financial* Group or connected to *First Financial* or *Preferential Allottees*. The allegation is sweeping, bald and devoid of any basis.
- (c) They had traded in the scrip of *First Financial* independently without acting in concert with anybody in the ordinary course of business, based on their commercial wisdom. Not aware of the counter parties to trades. All the shares were bought or sold at the then prevalent market prices through the screen based mechanism of stock exchange, wherein counter parties are not known.
- (d) Purchased most of the shares of *First Financial* by using own fund and no borrowings were made for purchasing of the said shares from the entities belonging to *First Financial* or from their promoter or from *Preferential Allottees* or from any of the entities mentioned in the *interim order*.
- (e) Though Mr. Rabi Paul is the common director in Burlington Finance Limited and Amrit Sales promotion Limited, it may be noted that Mr. Rabi Paul is a professional director in Amrit Sales Promotion Pvt. Limited and an independent Director in Burlington Finance Limited. Therefore, nothing turns out on the basis of the same as both the entities have acted independently.
- (f) Not aware of the fund transfer with Forever Flourishing Finance and Pine Animation. So far as Common e-mail id maloo.kol@gmail.com is concerned, no inferences should be drawn on this basis.
- (g) So far as Mr. Panna Lal Maloo being the common director of Manimudra Vincom Pvt. Limited, Amrit Sales Promotion Pvt. Limited and Symphony Merchant Pvt. Limited is concerned, it may be noted nothing turns on the basis of the same. Though Panna Lal Maloo is the common director, but all the entities had acted independently. No role to play in the management and affairs (including trading) of other entities and *vice versa*. Further in case of Symphony Merchant Pvt. Limited it may be noted that Mr. Panna Lal Maloo was appointed as a Director in Symphony Merchant Pvt. Limited only on March 04, 2014 i.e. only after the purchase and sales transactions in the scrip of *First Financial* were over. Hence, Symphony Merchant Pvt. Limited cannot be clubbed with other companies because of common directorship.

- (h) So far as Bazigar Trading Pvt. Limited having common address with Manimudra Vincom Pvt. Limited is concerned, it may be noted that the Registered Office address of Bazigar Trading Pvt. Limited had been shifted to Mumbai w.e.f. March 24, 2009 which is 131/B, Mittal Court, 13th Floor, 224, Nariman Point, Mumbai - 400 021 and the office space was never shared with any other person/ entities mentioned in the order. Further Bazigar Trading Pvt. Limited denied to have any common phone no with Amrit Sales Promotion Pvt. Limited
- (i) After permitting *First Financial* to make preferential allotment, granting listing and trading permission for the shares issued in preferential allotment, the issuance of the same cannot be questioned.
- (j) It is denied that any exit had been provided to any *Preferential Allottees* as alleged. Nothing has been brought on record to connect these to *Preferential Allottees* in any manner. In the absence of any link/ connection, issue of providing any exit cannot and does not arise.
- (k) Merely because, shares of *First Financial* were bought from the market in the ordinary course, when the *Preferential Allottees* were allegedly selling the shares, it cannot be alleged that we have provided exit to them.
- (l) All trades were delivery based, wherein they had taken delivery and were not in the nature of square off trades.
- (m) They are victims of price fluctuation and not the perpetrators of the same as insinuated. They have unwittingly been caught in this imbroglio without any role in it and for no fault on our part
- (n) They denied of creating any demand against supply from the *Preferential Allottees* as alleged. It is also denied that they have provided a hugely profitable exit to the allottees as alleged. No data in support of the same has been brought on record.
- (o) From the perusal of the trading details, it is evident that none of the counterparties to its trade is a preferential allottee said fact completely destroys the entire theory of purported exit provided by them to the *Preferential Allottees*
- (p) Not part of any purported “dubious plan, device and artifice”.
- (q) There is no justification for subjecting them to the directions made in the *interim order*.

(33) **Blue Circle Services Limited** (not appeared):

- (a) Company is neither directly nor indirectly related to *First Financial* or any of its Promoters or Directors. Company was neither in a position nor had acted in concert with *First Financial* and its Promoters or Directors to misuse the Stock Exchange System.
- (b) Company had purchased the shares of *First Financial* purely as its investment strategy and with the sole object of earning good returns. There was no *mala fide* intention behind buying the shares of *First Financial*.

- (c) Analyzing the past track records of *First Financial*, its growth and future returns, company considered the equity shares of *First Financial* as a good investment opportunity that can earn good returns and can create wealth.
- (d) Company has not violated or misused any system to make personal gains or to provide gains to others. Merely on the grounds of buying shares of *First Financial* does not create basis or grounds for alleging to have violated any provisions of the Securities Regulation Act
- (e) Company had received ₹150 lakh from Pine Animation Limited towards the sale of 15,000 units of Equity Shares of JMD Sounds Limited at a rate of ₹1000/- per equity share. Such transaction is merely a business transaction and a nexus cannot be established between them in any manner whatsoever through this transaction. Thus, establishing such a relationship between the company and *First Financial* based on the above single transactions is purely hypothetical and based on assumptions which does not stand valid
- (f) There had been no transaction between the company and M/s. Amrit Sales Promotion Pvt. Limited at any time. Thus, company is no way connected to M/s. Amrit Sales Promotion Pvt. Limited in any manner whatsoever.
- (g) Mr. Ashok Bothra served as the Independent Director of the company for the period from 15 May 2009 to 25 September 2012. He has severed his ties with the company before the examination period. Moreover, he was appointed as Independent Director and had no control or influence over the operations of company. Hence, establishing connections between the company and others on the basis of the independent directorship stands invalid.
- (h) Mr. Dhruvo Narayan Jha served as the Independent Director of our company for the period from August 10, 2009 to May 07, 2015. Moreover, he had no control or influence over the operations of company. Hence, establishing connections between the company and others on the basis of the independent directorship stands invalid.
- (i) The connection with Astabhuja Construction Pvt. Limited based on common email id: dhruvonarayan.jha@rediffmail.com is invalid as the company has no connection or relation with them. It is pertinent to note here that Mr. Dhruvo Narayan Jha was the Director of the company for the period 15 July 2006 to 28 October 2011 who looking after the ROC compliances of their company during the tenure of his appointment. Subsequent to his resignation, the responsibility of looking after the ROC and Secretarial Compliances of the company under professional arrangement between them.
- (j) The name of company be withdrawn from the *ad-interim order* as the company had no role to play in the market manipulation as alleged in the said order. Further there is no relation/connection between company and *First Financial Global Limited* except as those mentioned above.

- (k) The company has dues to be repaid to its creditors and lenders for an amount of ₹1798.82 Lakhs which the company is unable to repay due to the fact that the company is unable to liquidate shares and payoff its debts.

(34) **Pine Animation Limited** (not appeared):

- (a) It had acquired the shares of *First Financial* as investment strategy and with the sole object of earning good returns. There was no *mala fide* intention behind buying the shares of *First Financial*.
- (b) It was neither directly nor indirectly related to the said company or any of its promoters or directors. Neither in a position nor had acted in concert with *First Financial* and its Promoters or Directors to misuse the Stock Exchange System.
- (c) Merely buying of shares of *First Financial* does not create basis or grounds for alleging that it had violated any provisions of the SCRA, rules or procedures.
- (d) It had only single transaction with Blue Circle Services Limited, wherein it had transferred ₹150 lakh to Blue Circle Services Limited. This payment was made towards the purchase of 15,000 units of equity shares of JMD Sounds Limited at a rate of ₹1,000/- per equity share. No other transaction has been made between both the entities.
- (e) An amount of ₹200 lakh was given as advance to Forever Flourishing Finance and Investments Pvt. Limited towards purchase of a property as investment strategy. Subsequently, due to some issues, the transaction was cancelled with them and it had requested for refund of advance money paid to them. The total amount of ₹200 lakh were subsequently refunded to Forever Flourishing Finance and Investments Pvt. Limited in various tranches within April 10, 2013. Except this, there were no other transactions with the said company till date and there is no connection/relation with them either.
- (f) Merely by such transaction between these companies cannot be made basis of connection. Thus, establishing such a relationship between it and *First Financial* based on the above transactions are purely hypothetical and based on assumptions which does not stand valid.

(35) **Forever Flourishing Finance and Investments Pvt. Limited** (represented by Mr. Krishan Khadaria and Ms. Disha Jain):

- (a) That the basis of connection amongst it and Pine Animation Limited as stated in the *interim order* is inappropriate for the reason that a MoU to sell the property for consideration of ₹2,50,00,000/- was entered into and executed between the Company and Pine Animation Limited.

- (b) The said MoU was entered on February 22, 2013 wherein the stipulated time period mentioned for payment of consideration was 30 days from the date of executing the MoU i.e. by March 24, 2013. The part payment of ₹2,00,00,000/- was received by it by March 25, 2013 but residual amount of ₹50,00,000/- remained outstanding.
- (c) Consequently, the MoU was cancelled for the reason Pine Animation Limited expressed their incapability to make arrangements for payment of the due amount of consideration, followed by cancellation of the said MoU and it refunded the amount of part consideration to Pine Animation Limited.
- (d) The official email id of the Company is secretarialegal2014@gmail.com and no other email id has been maintained and accessed by it.

(36) **Jai Hanuman Multi Agencies** (not appeared):

- (a) The charges made against the company in the *interim order* were denied. The said *interim order* has been passed without enquiring anything and without giving any opportunity to explain the position. The order is against natural justice and bad in law.
- (b) The ban imposed on it illegal and against the law.

(37) **Master Securities Pvt. Limited** (represented by Mr. Gurmeet Singh Chawla; Mr. Pavan Chhabra; Mr. Kumar Desai, Advocate; Mr. Ravichandra Hegde, Advocate; Ms. Aashni Dalal, Advocate):

- (a) It is not connected, either directly or indirectly, to *First Financial*, its promoters, directors, or other entities allegedly connected to *First Financial* and named in the *interim order* or otherwise, save and except with the entities of the Master Trust Group and its promoters.
- (b) There isn't and cannot be any other reason whatsoever to justify the directions against it or classify it as being part of the *First Financial* group. The only reason for its impleadment in the *First Financial* group is the purchase transaction executed by it to buy the shares of *First Financial* from its group entities.
- (c) Its trades in *First Financial* shares in *patch 2* were merely for the purpose of executing certain negotiated deals within the Master Trust Group for legitimate intra-group commercial considerations. These were genuine trades executed at the prevailing market price, backed by delivery of shares and entailed a change in beneficial ownership. All the said sales were valid transactions on the floor of the Exchange as per all the applicable rules and regulations and no taint of any wrongdoing can be attributed with regard to the same.
- (d) They have not received any funds, directly or indirectly (whether by way of layering of funds or otherwise) from *First Financial*, its promoters/ directors or any entity alleged to be connected to *First Financial*. All the trades were executed through the funds which

were readily available with it. There was no arrangement with *First Financial*, its promoters, directors or connected entities as alleged or otherwise, nor was there any arrangement with any entity named in the *interim order*. It had no role whatsoever in the entire alleged scheme of fraud as incorrectly alleged by SEBI.

- (e) It had not violated any law or acted in contravention of rules and regulation of SEBI or acted fraudulently as defined under regulation 2(1)(c) of the PFUTP Regulations.
 - (f) SEBI has not taken into account the important circumstance that the Master Group continues to hold all the *First Financial* shares purchased despite the fact that they were free to sell the shares at any time during the two-year period between December 2012 and December 2014.
 - (g) There is no connection whatsoever even remotely alleged between *First Financial*, its directors and promoters or any of its connected entities on the one hand and the entities of Master Trust Group, which includes it, on the other.
 - (h) SEBI's vague allegations attempting to include the Noticee along with other entities connected to *First Financial* as a party that was involved in the "price manipulation" of the scrip of *First Financial* in *patch 1* or *patch 2* is completely false and untenable. It did not trade during *patch 1* and its trades have not materially impacted the LTP in the scrip of *First Financial*. Further, it had not traded during the *patch 3* at all.
- (38) **Dhanlakshmi Brokers Pvt. Limited, H.S. Tradecom Pvt. Limited and Jayine Tradecom Limited** (not appeared):
- (a) *Interim order* dated December 19, 2014, is based on surmises and conjectures without their being any irregularity or illegality on their part.
 - (b) Dhanlakshmi Brokers Limited and H.S. Tradecom Pvt. Limited are different entities and different company, having no nexus or connection with each other. Similarly, H.S. Tradecom Pvt. Limited and Jayine Tradecom Limited are different company, having no nexus or connection.
 - (c) The directors of Dhanlakshmi Brokers Pvt. Limited and HS Tradecom Pvt. Limited are separate and distinct persons. However, it is submitted that Ms. Punita Srivastava is the sister-in-law of Mr. Rakesh Srivastava as wife of Mr. Rakesh Srivastava i.e. Ms. Preeti Srivastava is the real sister of Ms. Punita Srivastava. Since Ms. Punita Srivastava was living at the residence of her sister, therefore she has used this address, however, Ms. Punita Srivastava is having no nexus or no role or control in any manner, whatsoever, in Dhanlakshmi Brokers Pvt. Limited.
 - (d) The directors of H.S. Tradecom Pvt. Limited and Jayine Tradecom Limited are separate and distinct persons. However, both the companies, were formed by a common practicing Company Secretary i.e. Ms. Shefali Khandelwal. At the time of incorporation of both the companies, the necessary formalities relating to the

formation of companies was done by Ms. Shefali Khandelwal and for the same reason both the companies have common e-mail id: i.e.shefali.khandelwal@gmail.com.

- (e) They had not undertaken any illegal activities and have no nexus or no role with *First Financial*. The company has purchased and sold the shares of *First Financial* looking to the market trends.

(39) **Hariom Suppliers Pvt. Limited, Kalakar Commercial Pvt. Limited, Swarnapriya Vanijya Pvt. Limited, Swarna Pushpa Vanijya Pvt. Limited, Goldstar Tradcom Pvt. Limited and Surbhika Vyapaar Pvt. Limited** (not appeared):

- (a) They denied to be part of any of the so called *First Financial* group and stated to have invested in the scrip of *First Financial*, on the basis of trends available in the market and/ or information acquired from the public domain. Therefore, dealings in the scrip of *First Financial* were intended to provide any exit to the so called *Preferential Allottees*.
- (b) They denied of having provided a hugely profitable exit to the *Preferential Allottees* as trading was on the anonymous and electronic trading platform of the stock exchange approved by SEBI, wherein the counter party is not known.
- (c) The connection mentioned in the order with other entities does not prove that the company is connected to *First Financial*. Except for Hariom Suppliers, others noticees stated that they were never the shareholders of Surbhika Vyapaar Pvt. Limited and thus they are not connected to Ritesh Enclave Pvt. Limited (REPL) and Ritesh Properties Pvt. Limited (RPPL). Therefore, these cannot be alleged to be connected to Dynamic Portfolio. Hence, the chain being alleged by SEBI has been proved wrong or the same breaks at the first step itself.
- (d) Hariom Suppliers submitted that they have already sold the shares of Surbhika Vyapaar Pvt. Limited long ago, hence denied to have any connection with Ritesh Enclave Pvt. Limited and Ritesh Properties Pvt. Limited Hence any attempt to draw the connection based on the past shareholding in Surbhika Vyapaar Pvt. Limited and in turn stretch the connection with *First Financial* is wholly and substantially misplaced, unfounded, imaginative and incorrect.
- (e) Although it might appear that they are related/ associated to few other entities mentioned in the order, however, it cannot by any stretch of imagination, be concluded that they were directly or indirectly connected to *First Financial* and/ or its directors/ promoters.
- (f) Swarnapushpa Pvt. Limited submitted that they were the shareholder of Surbhika Vyapaar Pvt. Limited sometime in the FY 2008-09 i.e. around 7 years back and had sold the holding in April 2010 i.e. more than 5 years back. It is difficult to comprehend as to how the current connection, if any, can be established based on an event which happened around 7-8 years ago. In view of the same, it denied any connection with

Dynamic Portfolio Management Services Pvt. Limited, Ritesh Enclave Pvt. Limited and Ritesh Properties Pvt. Limited.

- (g) Surbhika Vyapaar Pvt. Limited submitted that REPL and RPPL were never shareholders of Surbhika at any point of time. Hence, they strongly denied their connection with Dynamic Portfolio Management and Services Limited
 - (h) The order shows that the so called 'exit providers' had allegedly bought only 56% of the total market buy volume. This establishes that there were other entities who were carrying out trading in that period.
 - (i) They denied of being directly or indirectly connected or related to any of the entities shortlisted in '*First Financial* group'. They also denied of having connected or related to the promoters/ directors of *First Financial* directly or indirectly. They have not used the securities market system to artificially increase the volume and/or the price of the scrip and had not made any illegal gains. They were not part of any dubious plan, device and artifice or part of any *First Financial* group that provided exit to any person
 - (j) They including their promoters and directors do not have any connection whatsoever with the directors, promoters and the *Preferential Allottees* of *First Financial*.
- (40) **R. C. Suppliers Pvt. Limited, Raina Vyapaar Pvt. Limited, Stardox Vinimay Pvt. Limited, Ushita Trading Agencies Pvt. Limited** (represented by Mr. Arun Goenka, C.A. and Mr. Kushal Goenka):
- (a) They are not the entities of *First Financial* group and had not provided profitable exit to the *preferential allottees*. In fact they had incurred huge losses and are victim of market hype wherein the price and volume of the shares rose very high inducing them to invest their monies in the shares of *First Financial*.
 - (b) There is no connection between them and *First Financial* group. They denied of being *First Financial* group entity or providing an exit to the *preferential allottees* or receiving funds from various sources and transferring the funds to their trading member towards purchase of shares of *First Financial*. They do not have any relation with any other *First Financial* group entity. They also denied of huge inflow of funds from different entities related to *First Financial* group.
 - (c) They denied to be involved in any kind of manipulative or fraudulent activity as mentioned in the *interim order*. The noticees are the victim of such fraudulent, unfair and manipulative transactions.
 - (d) They denied to have created artificial demand for the supply of shares from *Preferential Allottees*. They had purchased shares and paid for the same. Such genuine purchases cannot be termed as “artificial demand”.

- (41) **Waltare Investment Pvt. Limited, GRD Enclave Pvt. Limited, GRD Capital**

Markets Limited, Falcon Holdings Pvt. Limited and Cellour Marketing Pvt. Limited (represented by Mr. Jaikishan Lakhwani, Advocate):

- (a) They denied of having violated any of the provisions of the PFUTP Regulations or provisions of the SEBI Act as alleged. They are not indulged in any fraudulent and unfair trade practices relating to the securities so as to warrant any kind of punitive directions.
- (b) The *interim order* is vitiated by gross violation of principles of natural justice, in as much as no opportunity was provided to explain their version and the circumstances as stated in the *interim order* do not justify dispensation of pre-decisional hearing.
- (c) There is no link/ connection/ nexus with *First Financial*, its promoters/directors or any of the *Preferential Allottees* or the persons/entities who had traded in the scrip during the examination period or persons/ entities referred to in the *interim order*.
- (d) The entire grouping is erroneous, unrelated and unconnected entities have been grouped together based on mere surmises and conjectures to draw adverse inferences without any basis. Since the grouping is erroneous the whole edifice of the order falls. Based on the alleged acts of other entities, no adverse inference can be drawn and no liability can be saddled.
- (e) They do not share common address with Lifeline Marketing Pvt. Limited. The address of Lifeline Marketing Pvt. Limited as per the website of MCA is 63, Radha Bazar Street, 1st Floor, Kolkata, West Bengal – 700001 and they do not have any office on the same address of Lifeline Marketing Pvt. Limited. It is further submitted that during the inspection also SEBI was not able to provide any document/ evidence to show that they had shared a common address with Lifeline Marketing Pvt. Limited. It is therefore submitted that the allegation for sharing common address with Lifeline Marketing Pvt. Limited is without basis and hence should be dropped immediately.
- (f) The purchase and sales were carried out by them through their brokers on the screen based mechanism of the stock exchanges wherein it is not possible to know the counter party seller or the counter party broker. At the relevant time, they were not aware of other persons/ entities (including the *Preferential Allottees* or the alleged *First Financial* group entities) who were trading in the scrip and the same is of no concern to them.
- (g) They were not aware about the mode and manner of trading of the alleged *First Financial* group entities and the other *Preferential Allottees*. Based on their trading no adverse inferences can be drawn against them as they are not connected to the alleged *First Financial* group in any manner whatsoever.
- (h) They denied to have given exit to the *Preferential Allottees* as alleged. It is reiterated that they have no connection with any *Preferential Allottees* or the alleged *First Financial* group

entities as set out in the *interim order*. Moreover, there has been no evidence provided during inspection of documents to show that they are connected to the *First Financial* group in any manner. They were not involved in fraudulent, unfair and manipulative transactions.

- (i) They were not part of or employed any scheme, plan, device and artifice as alleged.
- (j) GRD Enclave Pvt. Limited, GRD Capital Markets Limited, Falcon Holdings Pvt. Limited and GRD Securities Limited are group companies of the Drolia Family.
- (k) They requested that the charges in the order be dropped and direction issued against them be lifted.

(42) **Linton Consultants Pvt. Limited and BSR Finance and Construction Limited**
(represented by Mr. Y. Suryanarayan, Advocate):

- (a) They had purchased the shares of *First Financial* on a market hunch that investment in the shares of *First Financial* would yield a handsome profit. However, they realized that it was a wrong call to invest in *First Financial* as the share price of *First Financial* had started sliding down rapidly they had sold the investment at an abysmally low price resulting in huge losses.
- (b) SEBI, without following the principles of natural justice and without any notice, has through the aforesaid ex-parte *interim order* froze their demat accounts thereby disabling them from entering into any further transactions in the securities market
- (c) The company has absolutely no direct or indirect or any remotest connection either with *First Financial* or any of the entities mentioned in the ex-parte *interim order* except for the fact that there are common directors in Linton Consultants Pvt. Limited and BSR Finance and Construction Limited.
- (d) There is absolutely no truth in the contention of SEBI that both Linton Consultants Pvt. Limited and BSR Finance and Construction Limited were having common address. As per MCA, the addresses of the Registered Office of both companies are different. Thus, it is evident that SEBI had passed the aforesaid order based on certain conjectures and surmises which have no credible or legally tenable grounds.
- (e) Mainly derives its income from investment activities and as a consequence of the freezing of the demat account, they are unable to carry on and sustain the business activities.
- (f) On account of the freezing of demat account, the company is made to suffer immense losses and undue hardship for no fault.
- (g) The said order is bad in law and unjustified and is in violation of the very basic tenets of principles of natural justice.

- (43) **Kripa Securities Pvt. Limited** (represented by Mr. Ajay Sureka, Mr. Vinay Chouhan, Advocate and Mr. Apurva Gupta, Advocate):
- (a) It denied to have violated any of the provisions of SEBI Act 1992 and PFUTP as alleged in the *interim order*. The *interim order* is vitiated by gross violation of principles of natural justice, in as much as no opportunity was provided to explain its version.
 - (b) Decision to buy shares of *First Financial* was primarily and majorly influenced by the past price movement of the scrip, the rumours floating in the market about potential takeover by corporate house and also the technical analysis of the scrip which was also suggesting similar signals.
 - (c) Globe Capital Market is a Clearing Member of Kripa Securities Pvt. Limited. The shares were transferred as additional margin in the off-market to Globe Capital Market to meet the overall margin requirement on the outstanding exposure with the Exchange, on respective segments.
 - (d) Kripa Commodities is a separate and independent entity. Kripa Commodities had taken a loan from Goldstar in the ordinary course of business and purely on commercial terms in the year 2010-11, which was repaid within 60 days along with interest after deduction of TDS as applicable. Similarly, small amounts were borrowed from Goldstar on few other occasions which were subsequently repaid by Kripa Commodities as per the terms of the borrowing. These loan transactions has got no nexus with its trading in the scrip of *First Financial*, also there is no relation between the period in which the loan was taken and the period in which the shares of *First Financial* were purchased. Based on the same, no adverse inferences can be drawn against Kripa.
 - (e) It denied being part of any *First Financial* Group or connected to *First Financial* or its promoter and director or *Preferential Allottees*. No evidence has been brought on record to connect Kripa Securities Pvt. Limited with other entities and to demonstrate even remotely as to how they were acting in concert with others.
 - (f) Kripa Securities Pvt. Limited has also contended in respect of price and volume movement in the scrip of *First Financial*, preferential allotment of equity shares, entities acting in concert, nexus between the entities, misuse of stock exchange mechanism and fraud in the securities market wherein they have either primarily denied the allegations or have mentioned '*not aware of*' or '*not concerned*'.
 - (g) It requested to drop the charges in the *interim order* or to allow it to sell its shares other than the impugned scrip, lying in the demat account to meet its working capital requirements
- (44) **Minimum Shares and Securities Pvt. Limited, Rajani Investment Pvt. Limited and R. K. Investment Pvt. Limited** (represented by Mr. K.K. Garg, C.A. and Mr. Rohit Bardia, C.A.):

- (a) It is admitted that Minimum Shares and Securities Pvt. Limited, Rajani Investment Pvt. Limited and R. K. Investment Pvt. Limited are Associate Company.
- (b) As a finance and investment company they had made investment in the shares with a perspective to make good return. With this perspective and looking at the market trend, the company had made investments in *First Financial*. Investment in *First Financial* was made for pure commercial considerations and they are not involved in the price manipulation of the scrip in the circumstances, as the shares were repurchased at a price of ₹9/- and bought till the price of ₹8.25/-. Thereafter, it realized of already taken a huge position and decided to wait for the right time to exit for making good profits.
- (c) All the shares were purchased from the owned funds of the companies. Neither the companies nor any of their director or their relative had any direct or indirect relation with *First Financial* or with the sellers of shares.
- (d) Did not have the knowledge that director or associates of Narayan Securities Pvt. Limited were the *Preferential Allottees* through whom the company traded. Narayan Securities Pvt. Limited is renowned broker with whom they and their other associates have been dealing since February 2011. Other than that they are in no manner related to Narayan Securities Pvt. Limited or any of its director or associates.

(45) **Toplight Commercial Limited** (represented by Mr. Udit Gupta):

- (a) The *interim order* is violative of the basic principles of natural justice. Neither any intimation nor an opportunity of hearing was given to Top Light Commercial Limited prior to the passing of the *interim order*. No reasons or any allegations of manipulative conduct by Toplight are recorded in the *interim order* except for the basis of connection at entry Sl. No. 58 of Table III in the *interim order*.
- (b) The basis of connection reflected in the entry at Sl. No. 58 of Table III at page 11 of the *interim order* is extremely tenuous and not sustainable. ISG Traders Limited is one among approximately 2200 public shareholders of Toplight Commercial Limited holding 3000 equity shares since last 9-10 years which is approximately 0.1% of the equity capital of Toplight Commercial Limited. The company had no dealings with *First Financial* and/or Comfort Intech Limited and/or ISG Traders Limited.
- (c) Mere reference of ISG as a shareholder cannot constitute a justification for invoking the provisions against Toplight Commercial Limited as there is no connection or transaction between Toplight Commercial Limited and Comfort Intech Limited.
- (d) No dealings with *First Financial* and/or ISG Traders Limited/ Comfort Intech Limited and/or Comfort Securities Limited and/or Preferential Allottees.
- (e) The *interim order* has not indicated any evidence of connection of Toplight Commercial Limited with the various entities, transfer of any funds by Toplight Commercial

Limited to the entities mentioned in the order or manipulation of trades by Toplight Commercial Limited in the scrip of *First Financial*.

- (f) Toplight Commercial Limited acquired shares of *First Financial* during the period April 2013 at a price of ₹295.87/- per share and held the same for nearly 9 months as a regular investor and disposed of the same in January 2014 at ₹8.42/- per share and had incurred a loss of ₹2.53 crores approximately.

(46) **Lifeline Marketing Pvt. Limited** (represented by Mr. Jitendra Lohia, C.A.):

The *interim order* has alleged that Lifeline Marketing Pvt. Limited shares common address with Waltare Investment Pvt. Limited. The registered office of Lifeline is located at 63, Radha Bazaar Street, R.no. S 23, Kolkata-700001 and the office of Waltare Investment Pvt. Limited is located at 3rd floor of the said building. The said address is one of the centrally situated office location and housing more than 100 different office premises. Hence, linking Lifeline Marketing Pvt. Limited with Waltare Investment Pvt. Limited on the basis of common address is totally misplaced and baseless. Lifeline and its directors have no connection whatsoever with Waltare Investment Pvt. Limited/Drolia family.

(47) **Kirit Vasudeo Dave** (not appeared):

- (a) Investment in the scrip of *First Financial* was as per the information available in public domain. After the *interim order* was passed, he was surprised to know that the company was involved in such type of activities.
- (b) SEBI has wrongly and without any basis clubbed his trading with other entities which together accounts for 41% of the total trading volume as alleged in the said *interim order*. His trading in the scrip of *First Financial* were quite low and minimal and denied of having connection with any of the persons mentioned in the *interim order*.
- (c) He denied of having hand in glove with any person.
- (d) He is a 62 year old *bona fide* and a genuine investor who had traded in 88 different scrips between 2011-14 and had no connection with any person related to the Company or the *Preferential Allottees* or any other person/entity mentioned, in the order.
- (e) It is prayed that an order lifting the directions issued under the *ex parte interim order* dated December 19, 2014 may be passed on an urgent basis and he may be allowed to redeem investments in shares, mutual funds, etc.

(48) **Nirmal Kumar Malhotra** (not appeared):

- (a) He has always invested in the securities market with his own funds and denied the allegation that he was used as a conduit to transfer the funds.

- (b) He had invested in the scrip of *First Financial* as per the information available in public domain. After the aforesaid order was passed, he was shocked to know that the company was involved in such type of activities.
- (c) He had traded on the anonymous trading platform of the stock exchanges wherein the identity of the counter party was not disclosed and deny the allegation to have provided 'exit' to any person.
- (d) He has denied to be connected with *First Financial* and its promoters/ directors. The same is completely erroneous and baseless observation and no details have been provided in the said order to prove the connection. He was not hand in glove with any person and carried out trading based on the information and analysis. He also denied acting fraudulently or violating the provisions of the SEBI Act and the PFUTP Regulations.

IV. LTP Contributors

(49) **Mr. Bharat Bagri Bagri** (represented by Mr. Bharat Bagri and Mr. Uttam Bagri):

- (a) He had purchased a total of 96 shares over 12 days during the relevant period for a consideration of approximately ₹10,000/-. These shares were subsequently sold off in February 2013, yielding a profit of around ₹23,000/-. At no time the exposure to the securities of the said company exceed an amount of ₹10,000/-, which makes his transactions in the said security insignificant. The same was miniscule and unlikely to have any significant impact on the price movement.
- (b) He has not claimed any Short Term Capital Gains/ LTCG and the profit was amount of ₹23,000/- which is trading profit, not capital gains.
- (c) All trades have been done in the market, with no off market transaction. He has traded in many securities during the said time period and the said trades are a part of his trading strategy with no *mala fide* intentions.
- (d) He has no connection or relationship with the promoters/ directors/ key management of *First Financial*, the *Preferential Allottees* or any entity against whom order has been passed.
- (e) One of the trading strategies, followed by him as a market participant, is to look for securities locked at upper circuits where the number of outstanding buyers at the end of the day is significantly higher than the volumes traded on that day. Such cases are that of unsatisfied demand, i.e. large number of buyers are desirous of purchasing the securities and therefore the chances of prices hitting higher circuits in the forthcoming days are bright.

- (f) The list of such securities is compiled by analysing the BSE touchline data at the end of the day. Based on this data, such securities were identified and the orders were placed the next day to purchase shares at the upper circuit for that day. Usually, there is a single order entered at the beginning of the day. The said order is not modified or updated during the course of the day. The exposure under this trading style was usually capped at ₹1 lakh, and this cap was relaxed on the higher side only in exceptionally buoyant markets.
 - (g) The decision was purely a technical decision based on a demand and supply in the momentum style of trading and there was no study of the fundamentals of the company.
 - (h) In March 2014, he had made a declaration of his trading strategies to SEBI and BSE. He had made proactive disclosures and hence his intentions were absolutely clear and devoid of any *mala fide*.
 - (i) He had entered in to trades of buy side only of those securities, which had already hit upper circuits in previous trading day and have not contributed to any increase in price of any scrip. In all the instances, there were many other buyers at the upper circuit rates and hence the absence of his order in the system would have led to the same price discovery. Further, there is an average gap of a week between two trades. Thus, the presence or absence of their order had no implication on the price movement of the scrip which continued to hit upper circuits continuously.
 - (j) In the exchange matching system, participants place orders. Trade is a function of the counterparty order rate and size. In this case, his order size was always significant. However, the reason for the low trade size was that the counterparty seller(s) seemed to have sold extremely low quantities every day and because of this he had to repeat the orders continuously to get the desired stock. The behaviour of the seller who was selling such small quantity of shares seems suspicious and the same requires further investigation.
 - (k) It is submitted that a large numbers of other buyers on the screen to purchase the securities enticed him to enter purchase order.
 - (l) There was no reason/ indication from any authority to not deal in the scrip.
 - (m) It is requested for better clarification of the true facts to be placed on records and the same may kindly be not construed to an admission of any liability whatsoever.
- (50) **Ms. Prem Lata Nahar** (represented by Mr. Prakash Shah, Advocate and Mr. Devang Gopani):
- (a) Heavy movement in stock price/ volume and constant sessions of upper circuits, made the stock look more attractive and profitable which made her place trades on many

occasions at the upper circuit limits, to ensure the purchase of stock from the market. Eventually, over a period of time she had purchased 844 shares.

- (b) She had started buying the shares of *First Financial* only from 09.08.2012 which is almost 3 months and 9 months from the date of beginning of *patch-1* and first preferential allotment respectively. Thus, she started buying the stock after seeing price and volume movement.
 - (c) As the stock used to hit the upper circuit limit of 5% immediately as soon as the market would open, she gave standing instruction to the dealer to enter her order at the time of commencement of market, at the applicable upper circuit rate of the day.
 - (d) Further, there was a substantial time gap between the stock price hitting the upper circuit and execution of order. This time gap indicates that the buy and sell trades were done by unrelated parties and were not a part of negotiated deals placed by related parties at both the ends.
 - (e) Orders were necessarily required to be placed for small quantities. The volume for the orders were nearly the number of shares which were usually traded on any trading day. Thus, the argument that the orders were placed purposely in small quantities with a view to manipulate price does not hold good.
 - (f) She gained a sum of ₹1,27,500/- from dealing in *First Financial*. The investment in *First Financial* is merely coincidental and she has no connection with this organized LTCCG, as alleged in the *interim order*.
 - (g) Further, for the purpose of Income Tax for Assessment Year 2013-2014 (Financial Year 2012-2013), she has offered the profit for the period to be taxed under the head Short Term Capital Gain and paid tax at highest marginal rate. Had she been involved in the syndication for managing LTCCG then ultimately, she would not have ended up in paying tax and enjoyed the benefit of tax free income like others.
 - (h) As on date, she does not hold any single share of *First Financial*. The impugned order has considered her responsible for price rise in 34 out of 115 occasions for establishing new high price. These are only for the day when trades were successfully executed in the market. The fact that on many occasions trades were placed but were not executed has not been considered.
- (51) **Mr. Shyam Kanhey Lal Vyas** (represented by Mr. Prakash Shah, Advocate and Mr. Robin Shah):
- (a) Sudden spurt in volumes/ price and constant sessions of upper circuits, made the stock look more attractive and profitable. The stock used to hit the upper circuit limit of 5% immediately as soon as the market would open, so he gave standing instruction to the

dealer to enter his order at the time of commencement of market at the applicable upper circuit rate of the day.

- (b) Further, there was a substantial time gap between the stock price hitting the upper circuit and execution of order. This time gap indicates that the buy and sell trades were done by unrelated parties and were not a part of negotiated deals placed by related parties at both the ends.
- (c) Orders were necessarily required to be placed for small quantities. The volume for which orders were placed was nearly the number of shares which were usually traded on any trading day. Thus, the argument that the orders were placed purposely in small quantities with a view to manipulate price does not hold good.
- (d) The impugned order has considered him responsible for price rise in 16 out of 115 occasions for establishing new high price. These are only for the day when trades were successfully executed in the market. The fact that on many occasions trades were placed but were not executed, has not been considered.
- (e) From review of *interim order*, it is observed that no nexus or trail of prior arrangement has been established with *First Financial* and its directors/ promoters, during the course of investigation.
- (f) Securities were received either in his own demat account or beneficiary account of the broker.
- (g) He had gained a sum of ₹10,442/- from dealing in *First Financial*. The investment in *First Financial* is merely co-incidental and he has no connection with this organized LTCG as alleged in the *interim order*.
- (h) Further, for the purpose of Income Tax for Assessment Year 2013-2014 (Financial Year 2012-2013), he has offered the profit for the period to be taxed under the head Business Income and had paid tax at highest marginal rate. Had he been involved in the syndication for managing LTCG then ultimately, he would not have ended up in paying tax and enjoyed the benefit of tax free income like others.
- (i) The onus of proving a serious violation of fraud, beyond reasonable doubt, rests on the claimant and the same has not been done.
- (j) Denied any violation of the alleged provisions of PFUTP Regulations. His transactions were genuine transactions where there was complete and formal change of ownership of securities and payments were duly made. Hence, the allegations as levelled against him is denied and stated to be not applicable in his case.
- (k) The parties alleged to have contributed to the transactions that led to artificial increase in price are not at all concerned or connected with him in any manner.

(52) **Ms. Sumita Devi Agrawal** (represented by Mr. Vinay Chauhan, Advocate and Mr. K. C. Jacob, Advocate):

- (a) She had traded only on 8 days in the *patch 1* and on 3 days in the *patch 2*. Prior to commencement of buying, the price of the scrip had been rising consistently for 7 months and had already increased by 2951%. Further the quantum of shares was too meager to have any impact on the market, both in terms of price and volume.
- (b) Anticipating rise in price of the scrip further (as in the past), she purchased the scrip in January 2013. But due to poor volume in the scrip, she exited completely from the scrip on February 25, 2013
- (c) Due to lower volumes, she had at times placed the order at a higher price than the prevalent price. Therefore, merely because she had placed order at higher than LTP on few occasions, she cannot be alleged to have increased the price of the scrip. Price rise as a result of genuine buying cannot be alleged to be violative of any provisions of law.
- (d) She had denied any fraudulent/ manipulative intention in trading. Further, all the trading was delivery based and own funds were used for the purpose of trading. The total funds deployed for purchasing 310 shares was ₹79460/- only and profit made was ₹5103/- only.
- (e) No connection between her and the *First Financial* Group has been alleged.
- (f) She had placed orders in the market in the ordinary course on several days, of which the trades were executed only on 8 occasions. So, the allegation pertains only to 7 instances. Several other buyers had placed orders on those occasions as the shares were not available freely in the market. However, just because her partial orders got executed, she cannot be held responsible for any price rise. She had only placed orders at prices higher than the last traded price to be able to purchase the shares. Thus, the reason for placing buy orders at higher price than last traded price was not to raise the price as alleged but to buy the shares as there was no other way of buying the shares, since, there were no sellers below that price. Even at that price only few shares were available in the market. Furthermore, whether the orders placed were first trades or not does not make any difference. In other words sellers were not available for requisite quantity of shares.
- (g) She denied any connection or link with Mr. B.P. Jhunjhunwala or his family. She is not aware of other persons who had traded in the scrip during the relevant time, including Ms. Prem Lata Nahar, Mr. Shyam Kanheyalal Vyas, etc. She denied any connection to Shilpa Stock Broker Pvt. Limited, except the relationship of a broker and client.
- (h) On the days when she had bought the scrip of *First Financial*, she had also traded in various other scrips. She has denied having acted in connivance under a preplanned arrangement as alleged or to have artificially increased the price during the lock-in period as alleged.
- (i) The orders that remained in the system also shows that she was a genuine buyer, who was interested in buying the shares and not in the increasing the price as otherwise she would have withdrawn/ cancelled her orders once the scrip hits the upper circuit.

- (j) She had not provided/ received any funds to/ from any of the entities as stated in the *interim order* including the *Preferential Allottees*.
- (k) She is not connected to any of the entities against whom the *interim order* has been passed.
- (l) All trades were delivery based and there was change of beneficial ownership. Also she was not aware of other persons/ entities who were trading in the scrip or the counter parties to her trades.
- (m) SEBI in its order has not spelled out the scrips, the entities and the stock brokers based on which her conduct is being doubted.
- (n) There was nothing adverse about the scrip in the public domain and there were no cautionary announcements made by BSE, in this regard.
- (o) There is nothing on record to show that sell orders were pending in the system at prices lower than the price at which she had purchased the shares.

14. I have carefully considered the allegations and the submissions of the noticees herein and have perused the relevant documents and material available on record. I note that the limited issue to be considered, in view of submissions made by the noticees and in the facts and circumstances so far brought on record in the instant case, is as to whether the directions issued in the *interim orders qua* the noticees need to be continued, revoked or modified in any manner. It is noted that the respective noticees have not disputed the facts relating to preferential allotments and the trading in the scrip, as allged in the *interim order*.

15. It is noted that Mr. Aamir Nawab Malik, Mr. Champakbhai Manubhai Sopariwala, Mr. Himanshu Champakbhai Sopariwala, Gokul Securities Pvt. Limited have neither furnished any reply nor did attend the personal hearings granted. I note that Mr. Champakbhai Manubhai Sopariwala and Mr. Himanshu Champakbhai Sopariwala had availed the inspection of the documents relied upon by SEBI. In absence of any reply/ defence from these noticees, I am inclined to confirm the *interim* directions against them on the basis of the material available on record.

16. It has been brought on record that Karta of Hasmukh B. Patel HUF viz; Mr. Hasmukh B. Patel had passed away on July 15, 2013. It has also now come to light that Hasmukh B. Patel HUF had actually incurred a loss of ₹ 86,74,703 on account of its trades in question. Thus, the cause of action as agaisnt Hasmukh B. Patel HUF does not survice. Accordingly the *interim order* dated December 19, 2014, is hereby revoked *qua* Mr. Hasmukh B. Patel HUF.

17. Before proceeding further, I deal with the preliminary and common contentions raised by the noticees.

- i. The first such contention is that the *interim order* has been passed in complete disregard of the principles of natural justice in as much as no opportunity of hearing was provided to

the noticees. In this regard, I note that the *interim order* has been passed on the basis of *prima facie* findings observed during the preliminary examination/ inquiry undertaken by SEBI. The facts and circumstances necessitating issuance of *interim* directions by the *interim order* have been examined and dealt with in the *interim orders*. The *interim orders* have also been issued in the nature of show cause notice affording the noticees a post decisional opportunity. This position has been upheld in various judgements of the Hon'ble SAT, the Hon'ble High Courts and the Hon'ble Supreme Court. Relevant extracts of few such judgments, are referred to hereinafter:-

- (a) Hon'ble Bombay High Court in *Anand Rathi & Others Vs. SEBI* (2002 (2) BomCR 403 upheld the procedure of post decisional hearing in such matters and observed as under:

"31. It is thus clearly seen that pre decisional natural justice is not always necessary when ad-interim orders are made pending investigation or enquiry, unless so provided by the statute and rules of natural justice would be satisfied if the affected party is given post decisional hearing. It is not that natural justice is not attracted when the orders of suspension or like orders of interim nature are made. The distinction is that it is not always necessary to grant prior opportunity of hearing when ad-interim orders are made and principles of natural justice will be satisfied if post decisional hearing is given if demanded.

32. Thus, it is a settled position that while ex parte interim orders may always be made without a pre decisional opportunity or without the order itself providing for a post decisional opportunity, the principles of natural justice which are never excluded will be satisfied if a post decisional opportunity is given, if demanded."

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

"...Perusal of the provisions of Sections 11(4) & 11(B) shows that the Board is given powers to take few measures either pending investigation or enquiry or on its completion. The Second Proviso to Section 11, however, makes it clear that either before or after passing of the orders, intermediaries or persons concerned would be given opportunity of hearing. In the light of aforesaid, it cannot be said that there is absolute elimination of the principles of natural justice. Even if, the facts of this case are looked into, after passing the impugned order, petitioners were called upon to submit their objections within a period of 21 days. This is to provide opportunity of hearing to the petitioners before final decision is taken. Hence, in this case itself absolute elimination of principles of natural justice does not exist. The fact, however, remains as to whether post-decisional hearing can be a substitute for pre-decisional hearing. It is a settled law that unless a statutory provision either specifically or by necessary implication excludes the application of principles of natural justice, the requirement of giving reasonable opportunity exists before an order is made. The case herein is that

by statutory provision, principles of natural justice are adhered to after orders are passed. This is to achieve the object of SEBI Act. Interim orders are passed by the Court, Tribunal and Quasi Judicial Authority in given facts and circumstances of the case showing urgency or emergent situation. This cannot be said to be elimination of the principles of natural justice or if ex-parte orders are passed, then to say that objections thereupon would amount to post-decisional hearing. Second Proviso to Section 11 of the SEBI Act provides adequate safeguards for adhering to the principles of natural justice, which otherwise is a case herein also...”

- ii. I, therefore, note that the *interim orders* have not been passed in violation of the principles of natural justice as has been contended by the noticees. In my view, section 11(1) of the SEBI Act casts the duty on SEBI to protect the interests of the investors, promote development of and regulate the securities market, “*by such measures as it thinks fit*”. Apart from this plenary power, under section 11(2) of the SEBI Act enumerates illustrative list of measures that may be provided for by SEBI, in order to achieve its objective. One of the measures enumerated in section 11(2)(e) is “*prohibiting fraudulent and unfair trade practices relating to securities markets*”. The word ‘*measure*’ has not been defined or explained under the SEBI Act. It is well settled position that this word has to be understood in the sense in which it is generally understood in the context of the powers conferred upon the concerned authority. From the provisions of section 11, it is clear that the purpose of section 11(2)(e) of the SEBI Act is to prohibit all fraudulent and unfair trade practices relating to the securities market and the Board may take any ‘*measures*’ in order to achieve this purpose.
- iii. The ‘*measures*’ and the directions under sections 11 and 11B of the SEBI Act can be taken/ issued for prohibiting the fraudulent and unfair trade practices relating to the securities market and achieving the objective of investor protection, and promotion of and regulation of the securities market. It is also pertinent to mention that the *interim order* has been passed in the course of preliminary inquiry and the investigation in the matter is ongoing. Based on the *prima facie* findings in the matter and in order to protect the interest of investors in the securities market, SEBI had issued directions vide the *interim order*.
- iv. In this case, as discussed hereinabove, the purpose of the *interim order* is to achieve the objectives of investor protection and safeguarding the market integrity by enforcing the provisions of the SEBI Act and the SCRA. I, therefore, do not agree with the contentions of the noticees with regard to the scope of the *interim order* and the power of SEBI in the matter.
- v. Another preliminary contention raised by most of the noticees is that no emergency situation had existed warranting such an *ex parte interim order*. I note that the time taken to

arrive at such decision/ action is dependent on the complexity of the matter, its scale and *modus operandi* involved and other attendant circumstances. The power under section 11 and 11B of the SEBI Act can be invoked at any stage, i.e., either during pendency or on completion of enquiry/ inquiry or investigation. The *modus operandi* as detailed in the *interim orders* where suspected entities were found misusing the stock exchange mechanism came to light only in the year 2014. The *interim orders* have clearly brought out the reasons and circumstances for issuance of *ex-parte* directions. I, therefore, do not find any merit in these common preliminary contention of the noticees.

- vi. Certain noticees have also contended that the primary allegation in the *interim order* against them is of conversion of unaccounted income into accounted one and subsequent tax evasion which falls outside the jurisdiction of SEBI. Further, assuming without accepting that SEBI does have jurisdiction to adjudicate upon the same, then also, no case has been made out to establish that their trades in the scrip was with a view to evade tax. In this regard, I note that the *interim order* has reasonably highlighted the *modus operandi* wherein the scheme, plan, device and artifice employed, apart from being a possible case of tax evasion (which could be seen by the concerned law enforcement agencies separately) is *prima facie* also a fraud in the securities market, in as much as it involves manipulative transactions in securities and misuse of the securities market. Accordingly, I am of the view that SEBI has acted well within its jurisdiction, in the matter. I, therefore, do not agree with the respective contentions of the noticees, in this regard.
- vii. Another common contention is that the *interim order* is in breach of their fundamental right to carry on the business under Article 19(1)(g) of the Constitution of India. In this regard, it is noted that Article 19(1)(g) guarantees to all citizens the right to practice any profession or to carry on any occupation, trade or business. However, at the same time it is pertinent to mention that this freedom is not uncontrolled as clause (6) of Article 19 authorises legislation which imposes reasonable restrictions on this right, in the interest of general public. It is a matter of common knowledge that SEBI Act, 1992 is a special Act enacted by the Parliament conferring on SEBI the duty to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit. In the present case, the restraint order has been passed by SEBI in exercise of the powers conferred upon it by law and towards fulfilment of the duties cast under the SEBI Act. As noted in the *interim order*, the conduct of the noticees has been found to be *prima facie* fraudulent and the noticees have therefore been restrained from accessing the securities market and dealing in securities till further directions. In view of the above, I find that the restraint order against the noticees is not in violation of Article 19(1)(g) of the Constitution of India, as contended by them.

- viii. Certain noticees have also contended that no material has been brought on record to demonstrate any kind of nexus or prior arrangement between the allottees and the company and its directors/ promoters. Some of the noticees have also contended that they have invested in the scrip based on background of the company, positive news/ rumours about the company such as change in management, capital reduction to wipe out losses, positive financial results, internal research, price movement in the scrip, etc. In this regard, I note that the noticees were unable to demonstrate or provide plausible reasons as to why any rational investor would like to invest in a company who was suspended for more than a decade and there was hardly any operation in the company and had poor business/ financial standing in the securities market. Even the inquiry/ inspection has revealed that the company was not available at its registered office. Despite such poor background of the company, the exuberance shown by the noticees for a scrip like of *First Financial* either by way of subscription to preferential allotment or by way of purchase from the market cast doubt on the investment/ trading strategy of these noticees. In my view, this type of investment was possible only when the entities are acting in nexus for a common objective as brought out in the *interim order*. In view of the same, the contention of the noticees finds no merit.
- ix. Another common contention is that after giving permission to make preferential allotment, granting listing and trading permission for the shares issued in preferential allotment, the issuance of the same cannot be questioned, has no merit as preferential allotment is like any other corporate action/ instrument which is allowed as per the extant regulations for raising funds by corporate bodies, for the purpose of business requirements. I note that the subscription to preferential allotment is *per se* not illegal, however, the same become suspicious/ doubtful when it is used as a tool for implementation of a dubious plan, device and artifice as discussed in the *interim order*. The nature and mode of such issue of equity shares, especially in the instant case, suggest that securities of the company were issued to selected people that have nexus with the company for achieving a common objective. The nexus between the *preferential allottees* and the company and the common objective or plan is summarily elaborated in the *interim order*. I, therefore, find no merit in this submission of the noticees.
- x. As regard the contention of certain noticees that pricing of a scrip is subjective, contingent upon forces of demand and supply and at no point of time either the stock exchange or SEBI had raised any alarm as to price movement in the scrip, I note that it is an admitted position that the movement in the price of a scrip is driven by various factors. Unlike in the instant case, the steep price rise with meagre volume followed by sudden increase in volume at high price cannot be assumed as a normal market trend when the buyers and sellers of *patch-2* are found to be entities of *First Financial* group and

Preferential Allottees. The facts and circumstances of this case were fit for issuing directions by way of *interim orders* during the pendency of the investigation. It is also relevant to mention here that there was a price rise of almost 155% in the scrip even later from August 2014 to December 2014. I, therefore, do not find any merit in the contentions of the noticees. It has been found that certain entities of *First Financial Group* had acted as a buyer when the *Preferential Allottees* were selling the shares of *First Financial* after the lock-in period. It is apparent from the trading pattern that the said *First Financial Group* entities had bought shares at high prices in a market which saw sudden sale of huge number of shares post expiry of lock-in period for the *preferential allottees*. Such trading behaviour belies any economic rationale and indicates existence of premeditated arrangement among the *Preferential Alottees* and those *First Financial Group* entities.

- xi. Moreover, as discussed in the *interim order*, had the *First Financial Group* entities not traded/ dealt in the scrip of *First Financial* during the relevant time, it would not have been possible for the *Preferential Allottees* to offload/ sell in large numbers at such price in such a stock that had hardly any intrinsic value. The conduct of the parties as deduced from the pattern of transaction in such a scrip and such a high percentage of contribution of the *Preferential Allottees* and the said *First Financial Group* entities on the opposite side of the trade, corroborates existence of a premeditated plan amongst these transacting parties. Thus, the mere *ipse dixit* denial by the *Preferential Allottees* does not absolve them of the charges/ allegations against them in the *interim order*. I, therefore, am not convinced with the contentions of the *Preferential Allottees*, in this regard.
- xii. Another common contention of the *Preferential Allottees* and the *First Financial Group* entities is that they had traded on the anonymous screen based system of the stock exchanges and as such their trades cannot be regarded as having manipulative/ fraudulent intent. They have further contended that they have not provided exit to the *Preferential Allottees*. In this context, I note that in the screen based trading, the manipulative or fraudulent intent can be inferred from various factors such as conduct of the party, pattern of transactions, etc. In this context, vide its order dated July 14, 2006, in *Ketan Parekh Vs. SEBI* (Appeal no. 2/2004), the Hon'ble SAT has observed that:

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

18. Having dealt with the preliminary and common contentions of the noticees, I now proceed to separately deal with the specific submissions of the persons/ entities of the respective

categories.

I. Promoters: Mr. Ponnuswamy Natrajan, Ms. N. Jayanthi and Ms. N. Nithya:

19. I have carefully considered the allegations and submissions of the Promoters of *First Financial* namely Mr. Ponnuswamy Natrajan, Ms. N. Jayanthi and Ms. N. Nithya and have perused the documents available on record. I note from the records available that the combined shareholding of the Promoters in *First Financial* as on quarter ended March 2010 was 46.97%. From the submission, I note that out of the total, shareholding constituting 11% was pledged in 1995-96 and the remaining shares (constituting 34.92%) were sold to Mr. B.P. Jhunjhunwala by way of a Memorandum of Understanding (“MoU”) dated May 27, 2010. It is noted that promoters have failed to make disclosure to the stock exchange, in this regard and they continued figuring as promoters of *First Financial* with 45.97% shareholding till quarter ending September 2011, with 2.96% shareholding till the quarter ending March 2012 and with 0.51% shareholding till June 2014.
20. I note from the minutes of the board meeting held on June 05, 2010, that Mr. Ponnuswamy Natrajan was the Chairman and Managing Director of *First Financial* till June 05, 2010 and thereafter he continued to act as a director of the Company. It is an admitted fact that Mr. Ponnuswamy Natrajan was in control of *First Financial* till he had entered into an MoU with Mr. B. P. Jhunjhunwala for the sale of the promoter group shareholding. Even thereafter as per the terms of MoU, he continued to be the director of *First Financial* till he had tendered his resignation. In the meantime, *First Financial* had made preferential allotment of shares on two dates i.e. December 08, 2011 and April 28, 2012, which as detailed in the *interim order* was found to be the key to the scheme/ artifice/ plan wherein the *Preferential Allottees* and the company while acting in nexus with the entities of *First Financial* Group, misused the stock exchange mechanism for fraudulent and manipulative trading.
21. As per the submission of Mr. Ponnuswamy Natrajan, he had submitted his resignation on July 09, 2012 i.e. after the allotments of preferential shares. Mr. Ponnuswamy Natrajan has also claimed that he has not attended any board meeting after the sale of his shareholding through MoU, however, he has failed to produce any documentary evidence such as minutes of the board meeting, in support of the claim made. In this regard, I note from the Annual Reports of the years 2010-2011 and 2011-2012, it is noticed that Mr. Ponnuswamy Natrajan had attended all the board meetings that held during the said two years in his capacity as director of *First Financial*. Further, from the Annual Report of *First Financial* for the year 2012-13 it is noted that Mr. Ponnuswamy Natrajan had resigned from the company w.e.f. February 20, 2013. Also, as per the filings to the MCA, Mr. Ponnuswamy Natrajan had resigned as director of *First Financial* vide his letter dated April 15, 2013.
22. Additionally, in case of Mr. Ponnuswamy Natrajan, I note that he being the principal

promoter/ director of the company, at the relevant time, was responsible for concealment/ non-disclosure of relevant/ sensitive information as well as furnishing of false/ incorrect information and as such *prima facie* hand in glove with other directors of the company for the alleged issue of equity shares on preferential basis.

23. While proceeding further, I now consider the role of other promoters of *First Financial* namely Ms. N. Jayanthi and Ms. N. Nithya. I note that during the relevant time Ms. N. Jayanthi had ceased to be a director of *First Financial* since May 28, 2010 i.e. after execution of the MoU. Further, these two had sold their shareholding to Mr. B.P. Jhunjhunwala and had held only nominal shareholding in the company after such sale. Ms. N. Jayanthi and Ms. N. Nithya as per available record have not been found associated with the affairs of the company.
24. In view of the same, I, *prima-facie* do not find sufficient material on record to attribute Ms. N. Jayanthi and Ms. N. Nithya, the erstwhile promoters of *First Financial*, any role in the acts and omissions in respect of the affairs of *First Financial*. I note that in the instant case, these noticees have already undergone restraint of more than 18 months since the passing of *interim order* dated December 19, 2014. In my view, the balance of convenience, at this stage is in favour of Ms. N. Jayanthi and Ms. N. Nithya and the facts and circumstances of this case do not suggest any reasons to continue with the directions issued against Ms. N. Jayanthi and Ms. N. Nithya vide the *interim order*. I am therefore, of the considered view that the directions issued vide the *interim order* against Ms. N. Jayanthi and Ms. N. Nithya need not continue during the pendency of the investigation in the matter. In view thereof, the directions issued vide the *interim order* dated December 19, 2014 *qua* Ms. N. Jayanthi and Ms. N. Nithya needs to be revoked. However, such revocation is without prejudice to any enforcement action that SEBI may deem necessary against the Ms. N. Jayanthi and Ms. N. Nithya, on completion of the investigation in the matter.

II. Acquirers: Mr. B. P. Jhunjhunwala and B. P. Jhunjhunwala HUF:

25. Pursuant to the signing of MoU for the sale of the promoter group shareholding between Mr. B.P. Jhunjhunwala and Mr. Ponnuswamy Natrajan dated May 27, 2010, the relevant documents (transfer deeds and power of attorney) were handed over to Mr. B.P. Jhunjhunwala. Further, the post dated cheques issued in the name of respective seller (promoter/ non-promoter) were handed over to Mr. Ponnuswamy Natrajan by Mr. B.P. Jhunjhunwala vide his letter dated May 27, 2010.
26. Mr. B.P. Jhunjhunwalain in his reply has contended that he had acquired only 13,78,719 equity shares comprising of 36.78% of share capital of *First Financial* instead of 21,76,650 equity shares amounting to 58.08% of share capital of *First Financial* as mentioned in the

MoU and also as alleged in the *interim order*. He has also contended that only ₹13,75,719 were paid to Mr. Ponnuswamy Natrajan for 13,75,719 shares whereas remaining ₹8,00,931 was stopped for payment. In this context, I note that Mr. B. P. Jhunjunwala has not furnished any documentary evidence i.e. proof of non payment of balance amount of ₹8,00,931 to Mr. Ponnuswamy Natrajan, non acquisition of balance 8,00,931 shares and correspondence with Mr. Ponnuswamy Natrajan on the said issue, in support of his contention. Thus, it can be said that Mr. B. P. Jhunjunwala has failed to substantiate his claim, on the basis of any credible evidence.

27. Mr. B. P. Jhunjunwala has further contended that Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh were appointed as directors on the recommendations of Ms. N. Jayanthi and has no linkage/ connection either with him or with the execution of MoU dated May 27, 2010. In this regard, it is noted that para 7 of the *interim order* dated August 11, 2015, has especially highlighted the connection of Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh with Mr. B. P. Jhunjunwala and his family members through directorships and shareholding in multiple companies such as Skyed Network Pvt. Limited, BPJ Holding Pvt. Limited, Carewell Consultants Pvt. Limited, Radhasoami Securities Pvt. Limited, Onesource Techmedia Limited, Chiraag Suppliers Pvt. Limited, Nandlal Vyapaar Pvt. Limited and Anurodh Merchandise Pvt. Limited. It is further intriguing to note that out of these nine companies, five companies namely Skyed Network Pvt. Limited, BPJ Holding Pvt. Limited, Radhasoami Securities Pvt. Limited, Nandlal Vyapaar Pvt. Limited and Anurodh Merchandise Pvt. Limited are appearing in the letter dated May 27, 2010 among others through which payments by way of post dated cheques was made by Mr. B. P. Jhunjunwala to Mr. Ponnuswamy Natrajan for acquiring 58.08% of share capital of *First Financial* as per the terms of MoU dated May 27, 2010. This coupled with other factors such as presence of signature of Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh on the said MoU as witnesses and subsequent appointment of these as directors of *First Financial* and resignation of other directors except for one promoter director namely Mr. Ponnuswamy Natrajan in the board meeting held on June 05, 2010 in line with the terms and conditions at point of 1(a) of said MoU which says that 'The nominees of the Acquirer shall be appointed on the Board leaving one Promoter Director', strongly indicate the connection of Mr. B. P. Jhunjunwala with Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh through whom he was managing or controlling the affairs of *First Financial*. In view of the same, the contention of Mr. B. P. Jhunjunwala finds no merit.

28. Considering the above, even for the time being, it is assumed that Mr. B. P. Jhunjunwala had acquired only 36.78% of the share capital of *First Financial* instead of 58.08% as per the MoU, then also it is a fact that the said acquisition of substantial shares/ voting rights and/ or control in *First Financial* was not disclosed by Mr. B.P. Jhunjunwala to the Stock Exchange as required under the provisions of the SEBI (Substantial Acquisition of Shares

and Takeovers) Regulations, 1997 ('Takeover Regulations') and the SEBI (Prohibition of Insider Trading) Regulations, 1992 as applicable at that relevant point of time. These details shows that Mr. B.P. Jhunjhunwala had acquired majority stake which he wilfully and deliberately concealed from the stock exchange and investors, at the relevant time.

29. With regard to the contention of Mr. B. P. Jhunjhunwala that management of *First Financial* was controlled by Mr. Ponnuswamy Natrajan who revived the company and complied with all the regulatory requirements. In this regard, it is relevant to note the submission of Mr. Ponnuswamy Natrajan that the primary reason for selling their stake in *First Financial* was their financial crisis as well as of the company because of which they are not able to pay the statutory fees and the company was suspended for trading for many years with nil activity. The facts and circumstances, before me shows that Mr. B. P. Jhunjhunwala had acquired the shareholding as well as management control of *First Financial* from the erstwhile promoters as per MoU dated May 27, 2010, and was managing or controlling the affairs of the company through his two related/ connected persons, namely, Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh. Therefore, it can be well envisaged that Mr. B. P. Jhunjhunwala through his nominees namely Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh carried out the scheme of capital reduction, revived the company for trading by complying with the statutory/ regulatory requirements and then orchestrated the scheme of preferential allotment. Further the contention of Mr. B. P. Jhunjhunwala that he was unaware of 11% promoters' shares holding out of their total holding in *First Financial* was pledged is factually incorrect. The email dated May 30, 2010 from Mr. B. P. Jhunjhunwala (bpjworld@hotmail.com) to Mr Ponnuswamy Natrajan (i.e. just after signing the MoU) seeking various documents (*inter alia* the pledge agreement with Kothari Orient Finance and Leasing Limited and First Leasing Co. of India Limited with whom promoters have pledged their shares). Later, vide e-mail dated June 06, 2010, Mr. Ponnuswamy Natrajan forwarded the details of pledged shares to Mr. Ponnuswamy Natrajan. The same shows that Mr. B. P. Jhunjhunwala was well aware of the shares pledged by the promoters while signing the MoU. This is further evident from the MoU that Mr. B. P. Jhunjhunwala has expressed his interest to acquire only 34.92% shares of promoters shareholding in *First Financial* which is promoters total shareholding minus the promoters shares pledged (i.e $45.92\% - 11\% = 34.92\%$). In view of the same, I find no merit in the contention of Mr. B. P. Jhunjhunwala and therefore reject it.

30. Mr. B. P. Jhunjhunwala has submitted that he had not taken possession of the records/ documents of *First Financial* and contended that neither he nor any of his nominees became directors of *First Financial*. In this regard, in addition to the MoU and the letter dated May 27, 2010 (contents discussed in the *interim order* dated August 11, 2015), the contents of e-mail dated May 30, 2010 sent from Mr. B. P. Jhunjhunwala to Mr. Ponnuswamy Natrajan (discussed herein above para) indicate that Mr. B. P. Jhunjhunwala had received certain files and documents from Mr. Ponnuswamy Natrajan. This apart, it is a proven fact that Mr. S.

Krishna Rao and Mr. S. G. F. Melkha Singh were related/ connected entities of Mr. B. P. Jhunjunwala who later on became the directors of *First Financial* as per the terms and conditions of MoU. The facts and circumstances of this case shows that only after acquisition of *First Financial* by Mr. B. P. Jhunjunwala, the board of directors of *First Financial* was reconstituted with two nominees of Mr. B. P. Jhunjunwala on board as directors namely Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh along with Mr. Ponnuswamy Natrajan. Thus, Mr. B. P. Jhunjunwala was *prima facie* at helm of affairs of the company, when his representatives are managing the affairs of the company and had carried out the scheme of capital reduction, revival of trading and finally cropped the scheme of alleged preferential allotment. Further, the fund transactions of *First Financial* with companies owned/ controlled by Mr. B. P. Jhunjunwala and his family such as Onesource Techmedia Limited, Onesource Ideas Pvt. Limited, B. P. J. holding Pvt. Limited, Anurodh Merchandise Pvt. Limited, Radhasoami Securities Pvt. Limited and BPJ Associates during the years 2011-2013, are additional factors to indicate that Mr. B. P. Jhunjunwala was very much involved in the affairs of the company. In view of the same, I find no merits in the contention of Mr. B. P. Jhunjunwala.

31. Mr. B. P. Jhunjunwala has contended that he had sold his shares on the exchange platform, at the prevalent market prices and his trades were delivery based and he cannot construed to be artificially increasing the price. In this regard, I note that the paid up share capital of *First Financial* had increased from 3,74,76 shares to 80,74,760 shares by way of two preferential allotment (54,50,000 shares on December 2011 and 24,50,000 shares on April 2012). The said 77 lakh equity shares issued on preferential basis were under lock in and not available for trading for one year from their date of allotment as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ICDR Regulations”).
32. An examination of the trading pattern in the scrip of *First Financial* revealed that during May 15, 2012 to February 18, 2013, the scrip had witnessed a sharp price rise i.e. from ₹5.35/- to ₹263.45/-. During this price rise period, there was huge demand for the scrip on the buy side (buy orders to the tune of 18,44,536 shares were placed). The average traded volume in the scrip was 23 shares per day and total volume traded was 2653 shares in the said price increase period. As on quarter ending June 2012, the total share capital of the company was 80,74,760 shares out of which 77,00,000 shares (comprising 95% of the share capital) were held by the *Preferential Allottees* and these were under lock-in during the said price increase period. Remaining, 3,74,760 shares (comprising 5% of the share capital) held by Mr. B.P. Jhunjunwala and his family (2,17,665 shares) and other investors (1,57,095 shares) were available for trading. Thus, out of the said 5% shares available for trading, large chunk of shares, i.e., 58.08% was with Mr. B.P. Jhunjunwala and his family, who as discussed above, were at the helm of affairs of the company, during the relevant time period.

33. Upon further analysis of trading data pertaining to the price increase period (i.e. from May 15, 2012 - February 08, 2013), it was observed that single sell orders of small quantities were placed at substantial time gap after buy orders of large quantity. The buy orders were placed in the trading system at upper circuit at the beginning of the trading session, i.e. between 09:15 a.m. to 09:30 a.m. It was also observed from the order book that there were total of 1707 buy orders for 18,44,536 shares as against 124 sell orders for 2653 shares during the said period. Mr. B.P. Jhunjhunwala and his family were having substantial number of tradeable shares (2,17,665 shares- representing 58.08% of tradable shares) in First Financial chose to sell 620 shares, releasing through 89 orders/instances (i.e. 72% of 124 the sale orders executed during that period) with each sale order ranging 5-25 shares. These facts indicate that supply side was being intentionally restrained/ controlled by Mr. B.P. Jhunjhunwala and his family.
34. This type of trading pattern in an illiquid scrip like *First Financial*, *prima facie*, indicates that the seller being in control of the tradable shares of this scrip and the persons responsible for the flooding the order book inspite of the fact that only a miniscule is being traded, have played a major role in manipulating the price of the scrip. From the order book it appears that a facade of huge demand at upper circuit was created without which a scrip like First Financial with hardly any credential regarding its trading history, fundamentals, business or financial standing etc., could not have witnessed a sustained increase in the price (5160% or 53 times) for a continuous period of 9-10 months. The only way the price of such scrip could have increased is by deploying manipulative trading pattern.
35. Mr. B.P. Jhunjhunwala and his family, despite having substantial number of tradeable shares (2,17,665 shares- representing 58.08% of tradable shares), chose to sell only 620 shares. As detailed in the *interim order*, these 620 shares were sold through 89 sell orders with average 7 shares per order. These same indicate that supply side was being intentionally restrained/ controlled by Mr. B.P. Jhunjhunwala and his family that ultimately resulted into increase in price from ₹5.35/- to ₹263.45/- during the said period. Thus, Mr. B.P. Jhunjhunwala and his family, as a seller, had *prima facie* played a major role in artificially increasing the price of the scrip by deploying manipulative trading pattern.
36. After the price of the scrip had reached its desired level, Mr. B. P. Jhunjhunwala and his family offloaded their entire stake in *First Financial* during July 24, 2013 to September 09, 2013 i.e. sold 31317 shares through 8 sell orders during a period of 40 days especially when the price of the scrip was at its peak (₹289 – ₹295). Thus the trading pattern of Mr. B.P. Jhunjhunwala and his family, in an illiquid scrip like *First Financial* shows that their acts and deeds were under a prior plan, device and arrangement for the ulterior motive or the end objective of the scheme that has been brought out explicitly in the *interim order* dated December 19, 2014.

III. Directors: Mr. S. Krishna Rao, Mr. S. G. F. Melkha Singh, Mr. Sambasivaier Swaminathan, Mr. Nirmal Singh Mertia:

37. Mr. S. Krishna Rao in his submissions has contended that he was approached by Mr. Ponnuswamy Natrajan, the then director of *First Financial* sometime around July 2010 to join as Director and Compliance officer of *First Financial*. Mr. S. G. F. Melkha Singh has also contended that he was approached by Mr. S. Krishna Rao, sometime around May 2010 to join the board of *First Financial* as Non Executive and Independent director. In this regard, it is noted that Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh were close associates of Mr. B. P. Jhunjhunwala who had acquired *First Financial* from the erstwhile promoters i.e. Mr Ponnuswamy Natrajan and others vide MoU dated May 27, 2010. Their association/ connection /relation with Mr. B. P. Jhunjhunwala was already in existence at the time of signing of the MoU as detailed above and also in the *interim order* dated August 11, 2015. In fact, just few days after signing of the MoU, both Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh were inducted as directors of the company in its board meeting held on June 05, 2010, in line with the terms and conditions at point of 1(a) of said MoU which says that “The nominees of the Acquirer shall be appointed on the Board leaving one Promoter Director”. Further the submission that Mr. S. Krishna Rao approached Mr. S. G. F. Melkha Singh for directorship in *First Financial* in May 2010 appears to be incorrect and misleading in view of the fact that Mr. S. Krishna Rao himself was appointed as director of the company in June 05, 2010. In view of the facts and circumstances of this case, the contention of both the directors are factually incorrect, appears to be imaginary and thus untenable.

38. The contention of Mr. Sambasivaier Swaminathan that he joined *First Financial* on August 31, 2010 as Non Executive and Independent Director on insistence of one Mr. Sathya Prakash, who is an acquaintance of Mr. Ponnuswamy Natrajan (one of the directors of *First Financial* at the relevant time) is again baseless and devoid of substance as no documentary evidence has been furnished in this regard. In fact the record before me shows that Mr. Sathya Prakash Baskaran is the director of Onesource Tech Media Limited since May 30, 2008 whose promoters are Mr B.P. Jhunjhunwala and his family. This apart, both Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh were also directors of the Onesource Tech Media Limited at the relevant time. Further Mr. Sambasivaier Swaminathan was a director in Onesource Ideas Venture Limited where Mr. B. P. Jhunjhunwala was also director and promoters among others. Thus, all these facts and circumstances indicate that Mr. Sambasivaier Swaminathan and Mr. Sathya Prakash Baskaran were acquaintance/ associates of Mr. B. P. Jhunjhunwala. The facts of record shows that as a result of this acquaintance only Mr. Sambasivaier Swaminathan was inducted into the board of directors of *First Financial* to look into the affairs of the company along with Mr. S. Krishna Rao and Mr. S. G. F. Melkha Singh pursuant to the acquisition of the company by Mr. B. P. Jhunjhunwala in May 27, 2010.

39. Mr. Nirmal Singh Mertia has relied upon the submissions made by *First Financial*. In this regard, I note that the submissions of *First Financial* have already been considered by SEBI in its order dated April 20, 2015. Considering the same, I find no reason to differ from the findings of the said confirmatory order. Therefore, I find no merits in the submissions of Mr. Nirmal Singh Mertia, at this stage. I note that Mr. Nirmal Singh Mertia was appointed as additional director of *First Financial* on July 26, 2011 and later on became whole time director of the company. The same suggests that Mr. Nirmal Singh Mertia was among the board of directors who had brought the alleged scheme of preferential allotment and preferential allotment was used as a tool for implementation of the dubious plan, device and artifice of the *First Financial* Group and the *Preferential Allottees* in the manner as mentioned in the *interim order*. Thus, the facts and circumstances of this case suggests that Mr. Nirmal Singh Mertia was grossly involved in the scheme of affairs of *First Financial*.
40. The directors of the company have also contended that their role in the company was very limited and restricted being Independent Directors and they were not involved in the day to day management of the company or have no role to play in the preferential allotment made by the company. In this regard, it is noted that there is certain contradictions in the submissions of Mr. S. Krishna Rao, Mr. S. G. F. Melkha Singh and Mr. Sambasivaier Swaminathan. As per Mr. S. Krishna Rao the day to day management and affairs of *First Financial* were being taken care of by Mr. Nirmal Singh Mertia, the Executive Director whereas as per Mr. S. G. F. Melkha Singh and Mr. Sambasivaier Swaminathan, the affairs of the company were being taken care of by Mr. Ponnuswamy Natrajan, the then director and promoter of the company. Be that as it may, with regard to the refutation of the directors that they had no role to play in the alleged preferential allotments made by the company, I note that none of the directors have furnished any documentary evidence such as proof of attendance to show that they were not present in the relevant board meeting where the decision for preferential allotment was taken and also when the shares allotted on preferential basis were actually allotted. In my opinion such a crucial decision like preferential allotment and the selection of allottees could not have happened without the consent and knowledge of the directors of the company at the relevant time. This is corroborated by the disclosure made by the company on BSE relating to the approval of preferential allotment, allotment of shares on preferential basis and usage of funds received from shares issued on preferential basis on different dates which is self explanatory that all these action or events or decisions have been duly approved by the board of directors at the relevant time. For a company like *First Financial* that had hardly any business/ operation at the relevant time, its directors cannot take the plea that they were unaware or not involved in the events happening in the company as these were the only event happening around the company, at that point of time. The facts and circumstances of this case indicate beyond doubt that the board of directors of *First Financial* at the relevant time were equally

responsible for approving and implementing the scheme of preferential allotment that finally led to misuse of securities market system. It is immaterial which director was managing the funds and looking after the day to day management/ affairs of the company. The series of events starting from the acquisition of company by Mr. B. P. Jhunjhunwala, appointment/ nominations of its related entities in the board of directors of the company, compliance with listing regulations to bring the company alive for trading in the stock exchange platform that was dormant for more than decade, capital reduction to wipe out the accumulating losses and finally the approval of the preferential allotment by the board were pre-arranged/ pre-mediated in order to achieve the end objective of the scheme in question i.e. to provide fictitious/ bogus LTCG to *Preferential Allottees* as detailed in the *interim order*.

41. At this stage, I also note a common contention of certain directors that they were the Independent Directors of *First Financial*. In this regard, it is necessary to note that no document has been submitted by the noticees in support of such claim. Further, these have been found connected/ related to Mr. B.P. Jhunjhunwala (Acquirer) and were *prima facie* managing the affairs of *First Financial* on his behest. It is noted that the the Board of *First Financial* in its meeting held on July 26, 2011, had decided to increase the authorised capital of the company and to make preferential issue to the interested investors of the Company. Thereafter, in the meeting held on August 25, 2011, the Board of the company decided to issue and allot 10000000 equity shares under a preferential issue. The company allotted 54,50,000 equity shares on preferential basis on December 08, 2011. I note that the discussions regarding the preferential issue had been decided in the Board meeting held in July 2011 and the shares were allotted during December 2011. From the same, it can be said that all the directors on the Board of *First Financial* are aware of the preferential allotment.
42. While proceeding further, I note that the Independent Directors do have an important role and responsibility in a company. They were expected to guide the management so that the interest of the Company and the interest of stakeholders are protected. The position of a 'director' in a public/ listed company comes along with responsibilities and compliances under law associated with such position, which have to be fulfilled by such director or face the consequences for any violation or default thereof. The directors therefore cannot wriggle out from liability by merely stating that they were not involved in the affairs of the Company. A director who is part of a company's board shall be responsible for all the deeds/ acts of the Company during the period of his directorship. This apart, I also note that Mr. S. Krishna Rao and Mr. Sambasivaier Swaminathan being member of the Audit Committee (Annual Reports for FY 2010-11, 2011-12 and 2012-13) of the *First Financial* were responsible for the affairs of the company especially with regard to financial aspect. As such the contention of directors that they have no role to play in preferential allotment and utilisation of funds received through preferential allotment is baseless and devoid of substance. As it has already been brought out in the *interim order* that the funds raised

through preferential allotment were not utilised for the purpose for which it was raised indicate that directors have not played their role diligently and the whole issue of preferential allotment was a facade. Thus from the facts and circumstances of this case, I note that the whole scheme of operations starting from the issue of equity shares on preferential basis to exit of *Preferential Allottees* at a very high price could not have been fructified without the involvement and co-operation of the directors and acquirer of *First Financial*. I, therefore, do not find any merit in the contention of the directors, in this regard.

43. In this regard, I also place my reliance on the order of Hon'ble High Court of Madras in the matter of *Madhavan Nambiar Vs. Registrar of Companies* [2002 108 Comp Cas 1 Mad] wherein it was observed that:

"13. It may be that the petitioner may not be a whole-time director, but that does not mean he is exonerated of the statutory obligations which are imposed under the Act and the rules and he cannot contend that he is an ex officio director and, therefore, he cannot be held responsible. There is substance in the contention advanced by Mr. Sridhar, learned counsel since the petitioner a member of the Indian Administrative Service and in the cadre of Secretary to Government when appointed as a director on the orders of the Government to a Government company or a joint venture company, he is expected not only to discharge his usual functions, but also take such diligent care as a director of the company as it is expected of him not only to take care of the interest of the Government, but also to see that the company complies with the provisions of the Companies Act and the rules framed thereunder. Therefore, the second contention that the petitioner cannot be proceeded against at all as he is only a nominee or appointed director by the State Government, cannot be sustained in law. A director either full time or part time, either elected or appointed or nominated is bound to discharge the functions of a director and should have taken all the diligent steps and taken care in the affairs of the company. 14. In the matter of proceedings for negligence, default, breach of duty, misfeasance or breach of trust or violation of the statutory provisions of the Act and the rules, there is no difference or distinction between the whole-time or part time director or nominated or co-opted director and the liability for such acts or commission or omission is equal. So also the treatment for such violations as stipulated in the Companies Act, 1956. 15. Section 5 of the Companies Act defines the expression "officer who is in default". The expression means either (a) the managing director or managing directors ; (b) the whole-time director or whole-time directors ; (c) the manager ; (d) the secretary ; (e) any person in accordance with whose directions or instructions the board of directors of the company is accustomed to act; (f) any person charged by the board with the responsibility of complying with that provision ; (g) any director or directors who may be specified by the board in this behalf or where no director is so specified, all the directors. 16. Section 29 of the Companies Act provides the general power of the board and Therefore it follows there cannot be a blanket direction or a blanket indemnity in favour of the petitioner or other directors who have been nominated by the Government either ex officio or otherwise. Hence the second point deserves to be

answered against the petitioner. As regards the first contention, it is contended by Mr. Arvind P. Datar, learned senior counsel appearing for the petitioner that the company or its board had resolved that Thiagaraj S. Chettiar shall be the director in charge of the company of all its day-to-day affairs and, therefore, the petitioner, an ex officio chairman and director, cannot be expected to attend to the affairs on a day-to-day basis. This contention though attractive cannot be sustained as a whole. There may be a delegation, but ultimately it comes before the board and it is the board and the general body of the company which are responsible.” [Emphasis supplied]”

IV. Preferential Allottees

44. Let me first consider the preliminary contentions of the *Preferential Allottees*:

- i. The *Preferential Allottees* have raised a common contention that there is nothing in the *interim order* to allege or demonstrate any wrong-doing on their part. They have further contended that they are not connected/ related to *First Financial*/ its promoters/ its directors/ with any entities who are alleged to be indulged in the price manipulation or with the entities who have provided exit to the *Preferential Allottees*. The noticees forming part of the *Preferential Allottees* have also contended that they had invested in the scrip of *First Financial* from their own funds as genuine investors considering the preferential allotment a good investment opportunity. It has been further contended that they had invested in the scrip after seeing the positive turnaround/ development in the Company. Thus, they cannot be said to be involved in any dubious plan or artifice as alleged in the *interim order*. It is trite to say that the preferential allotment of shares is an issue of shares by an issuer to select person or group of persons on a Pvt. placement basis unlike a public issue where funds are raised by inviting subscriptions from public in general. It is also a matter of common knowledge that a preferential allotment is made to the persons/ entities on a one-to-one basis who are acquainted/ familiar with the company and/ or its promoters/ directors. A preferential allotment is always for the purposes of meeting fund requirements of the concerned company and involves a covert, manifested and planned actions by the concerned parties, i.e.,-
 - (a) the company to identify select persons/ group of persons who are known to it or its promoters/ directors for investing in its share capital;
 - (b) select persons/ group of persons (*Preferential Allottees*) exercise due diligence and then finance the fund requirements of the company and subscribe to its shares issued on preferential basis;
 - (c) the company allots shares to the *Preferential Allottees*.
- ii. It is well accepted position that a preferential allotment signifies that the allottees agree with the issuer on one-to-one basis to finance its fund requirements and is not open to general public as an investment opportunity. Such financing pre-supposes nexus and prior understanding amongst the issuer, its promoters/ directors and the *Preferential*

Allottees. A stranger cannot just make investment in a preferential allotment merely on the basis of an advice without having nexus, directly or indirectly, and prior understanding with the company. A preferential allotment is not open to all type of investment opportunity as sought to be contended by the respective noticees. A company will, in no case, make a preferential allotment to a stranger who just approaches it for allotment of its shares.

- iii. Infusion of funds by way of preferential allotment by the *Preferential Allottees* that too at a premium in a company like *First Financial* that had hardly any credential in the market at the time of allotment could only be possible if the *preferential allottees* had nexus and prior understanding with *First Financial* and its promoters and directors with regard to the plan, device and artifice as *prima facie* found in the *interim order*. As brought out in the *interim order* ultimate beneficiaries of the whole scheme in question are the *preferential allottees* as such they cannot pretend to be oblivious to the scheme/ plan/ device/ artifice in question. It will not be correct to hold that the company and other entities mentioned in the *interim order* (except the *preferential allottees*) would devise the impugned plan/ scheme for the benefit of the entities who were neither party to the plan/ scheme nor have any complicity in such plan. The facts and circumstances of this case, suggests that the issue of the shares in preferential allotment were under a prior arrangement for the ulterior motive and the end objective of the scheme that has been explicitly brought out in the *interim order*. These facts indicate that *First Financial* and the *Preferential Allottees* were acting in concert towards a common objective, as also detailed in the *interim order*. Considering the background of *First Financial*, the investment made by the *Preferential Allottees* cannot be termed as a rational investment behaviour and such investment, as in this case, could be possible only if the *Preferential Allottees* had nexus with *First Financial* and its promoter/ directors and the issue of such shares under a prior arrangement between them for an objective other than providing equity capital to the company. This is further substantiated by the fact that funds received as proceeds of preferential allotments were immediately transferred by *First Financial* to various entities and were never retained with the company for expansion of its business or for execution of its plans as envisaged in the special resolution in respect of the aforesaid preferential allotments. The trading data also reveals that significant number of shares sold by the *Preferential Allottees* were bought by the entities of *First Financial* Group entities. The same cannot be a mere coincidence especially when sellers have nexus with the company and buyers who are either connected amongst themselves or connected to *First Financial*, directly or indirectly, as mentioned in the *interim order*. As brought out in the *interim order*, the ultimate beneficiaries of the whole scheme in question were the *Preferential Allottees*. It is beyond reason to hold that *First Financial* and other entities mentioned in the *interim order*, except the *Preferential Allottees*, would devise the impugned plan/ scheme for the benefit of the entities who are neither party to the plan/ scheme nor have any complicity in the plan with others. Since,

the *Preferential Allottees* are the ultimate beneficiaries, they cannot pretend to be oblivious to the scheme/ plan. The facts and circumstances of this case, in my view, strongly indicate that the issue of these shares was under a prior arrangement between them for the ulterior motive or the end objective of the scheme that has been brought out explicitly in the interim order. Also, the contention of the *Preferential Allottees* that no specific allegation has been levelled against them in the *interim order* does not hold any merit in light of the fact that the *Preferential Allottees* have *prima facie* been found to be a part of the holistic scheme as discussed hereinabove and also in the *interim order*. In view of the foregoing, I reject the contentions of the *Preferential Allottees*, in this regard.

- iv. Certain *Preferential Allottees* have claimed that they were approached by certain individuals for make investment in the preferential allotment by *First Financial*. I am unable to accept the explanation of the *Preferential Allottees* that they invested in the shares of *First Financial* on the advice/ tips of some random sources. I note that such persons/ entities have failed to give any plausible explanation as to how *First Financial* could make allotment to them, if they were not known to it or its promoters/ directors and if they had no nexus/ connection with them. I note that the *Preferential Allottees* have not been able to furnish any satisfactory documentary evidence to explain how they were approached by *First Financial* for the preferential allotment, or in providing the details of the offer made by *First Financial* to them and other details of communication between them and *First Financial* in that regard. It is important to note that financing of a company by way of preferential allotment, as found in this case, pre-supposes a nexus and prior understanding amongst the issuer, its promoters/ directors and the allottees.
- v. The *preferential allottees* have also contended that they had invested in the scrip of *First Financial* from their own funds as genuine investors considering the preferential allotment a good investment opportunity. The infusion of funds by way of preferential allotment that too at a premium in a company like *First Financial* that hardly had any credential in the market at the time of allotment could only be possible if the *Preferential Allottees* had nexus and prior understanding with the *First Financial* with regard to the plan, device and artifice as *prima facie* found in the *interim order*. As brought out in the *interim order*, ultimate beneficiaries of the whole scheme in question are the *preferential allottees* as such they cannot pretend to be oblivious to the scheme/ plan/ device/ artifice in question.
- vi. In this case, considering the background of *First Financial*, as brought out in the *interim order*, the investment made by the noticees cannot be termed as rational investment behaviour. It is strange to note that a company which was dormant or suspended for more than 10 years with negligible or nil activity was able to make preferential allotment at premium of ₹10 and garner funds approximately 21 times its capital, at that time, just few months after the revocation of suspension by the Stock Exchange by way of two

preferential allotments within a gap of hardly four months. Thus, the fact that *First Financial* was able to garner funds aggregating to ₹15,40,00,000/- from 83 *Preferential Allottees* within a short span of five months of revocation of suspension, is an indication that allottees were in nexus with *First Financial* and its directors/ promoters and the issue of these shares was under a prior arrangement between them. Further, the funds raised by *First Financial* in the purported preferential allotment were transferred to various other entities shortly after receipt from the *preferential allottees* and were never retained by *First Financial* for expansion of its business or for execution of its plans as disclosed in the special resolution in respect of the said preferential allotments. These facts and circumstances strongly indicate that the preferential allotment was just a facade and was never done with the real intent of raising capital for *First Financial*.

- vii. It is intriguing to note that, inspite of the tarnished track record, price of the scrip of *First Financial* had increased from ₹5/- to ₹263/- in 115 instances with an average trading volume of 23 shares per day during the lock-in period. Thereafter, 80 *Preferential Allottees* including the noticees were able to offload around 1,02,65,530 shares at high price, continuously for a period of around 10-11 months. In any normal market, a sudden supply if not matched by similar demand leads to price fall. However, in this case, the *Preferential Allottees* were able to offload shares at higher price because of the presence of *First Financial* Group who had acted as buyers when the *Preferential Allottees* were selling their shares. The circumstances *prima facie* shows that in the whole process, artificial demand was created by the entities of the *First Financial* Group so as to absorb the supply from the *Preferential Allottees*. Thus as a result of the trading between *Preferential Allottees* and entities of *First Financial* Group in *patch-2*, the average trading volume in the scrip had increased 179256% (1793 times) and average price increased by 197% as compared to *patch-1*. Such increase in volume was mainly on account of matched trading amongst *First Financial* Group entities and allottees. This artificial volume in the scrip created by the *Preferential Allottees* including the Noticees and the entities of *First Financial* Group had the potential to induce any genuine investor to invest in the scrip without knowing the scheme of operations deployed, as in the instant case. Such facts and circumstances reinforces the finding in the *interim order* that *Preferential Allottees* and entities of the *First Financial* Group had used the securities market system to artificially increase volume and price of the scrip for making illegal gains and to convert ill-gotten gains into genuine one.
- viii. Certain *Preferential Allottees* have contended that they are not aware that entities of the *First Financial* Group had provided profitable exit to them and no adverse inference can be drawn against them based on the same. In my view, the contention has no merit and seems to be an after thought in the backdrop that preferential allotment itself was a key to the scheme of operations deployed in the instant case by *First Financial*, its director or Acquirer and the entities of *First Financial* Group that provided exit to the *Preferential*

Allottees are either related to each other or to the *First Financial*, its director or acquirer in the manner as detailed in the *interim order*. I agree to the submission of the noticees that exchange platform is an anonymous trading platform where counter party is not known but the said theory does not fit in the instant case when it is observed that the noticees dealing in the scrip were driven by the common objective of the scheme. The objective of the scheme was aptly brought out in the *interim order* which says that that the scheme of preferential allotment was orchestrated to provide LTCG benefit to the *Preferential Allottees* where company acted as a platform for issue of equity shares on preferential basis and the entities of *First Financial Group* as exit providers to provided exit to these *Preferential Allottees* after lock-in so that the they can claim LTCG and convert their unaccounted income into accounted one. The *modus operandi* deployed in the instant case is such that the entities involved in the scheme necessarily have to act in concert, under a pre-mediated plan to achieve the end objective of the scheme. Admittedly, none of the noticees have denied to have dealt in the scrip during the examination period as mentioned in the *interim order* and when the acts and deeds of these noticees are seen holistically with the facts and circumstances of this case, it shows that they are acting in nexus.

- ix. Some of the *preferential allottees* have contended that SEBI has no jurisdiction to examine the issue of avoidance of taxes which falls under the purview of the Income Tax Department. I note that the *interim order* has reasonably highlighted about the *modus operandi* wherein *First Financial* in nexus with the *preferential allottees* was able to float equity shares on preferential basis and thereafter entities of the *First Financial* in concert with the *preferential allottees* misused the stock exchange mechanism to provide exit to *preferential allottees* at a high price in order to generate fictitious LTCG. The *interim order* has clearly described the manner in which price and volume of the scrip were manipulated by the entities of the *First Financial Group* and the *Preferential Allottees*. The schemes, plan, device and artifice employed in this case, apart from being a possible case of money laundering or tax evasion which could be seen by the concerned law enforcement agencies separately, is *prima facie* also a fraud in the securities market inasmuch as it involves manipulative transactions in securities and misuse of the securities market. The manipulation in the traded volume and price of the scrip by a group of connected entities has the potential to induce gullible and genuine investors to trade in the scrip and harm them. As such the acts and omissions of *First Financial Group* and allottees are 'fraudulent' as defined under regulation 2(1)(c) of the PFUTP Regulations and are in contravention of the provisions of regulations 3(a), (b), (c) and (d) and 4(1), 4(2)(a), (b), (e) and (g) thereof and section 12A(a), (b) and (c) of the SEBI Act, 1992. I, therefore, reject the contention of the *preferential allottees* in this regard.

45. I note that the *interim order* has reasonably highlighted about the *modus operandi* wherein the

company in nexus with the *Preferential Allottees* was able to float equity shares on preferential basis and thereafter entities of the *First Financial* Group along with others and in concert with the *Preferential Allottees* misused the stock exchange mechanism to provide exit to *Preferential Allottees* at a high price in order to generate fictitious LTCG. Further, para 17 and 18 of the *interim order* have specifically discussed the manner by which *Preferential Allottees* sold their shares and made huge profit in the whole event. Considering the same, now I proceed to deal with the specific submissions of the *Preferential Allottees*.

46. Mr. Suresh Kumar Khandelia and Ms. Manju Khandelia:

The noticees namely Mr. Suresh Kumar Khandelia and Ms. Manju Khandelia in their respective submissions has mentioned that their names have been included in the promoter group of Comfort Fincap Limited for the reason that they were shareholder of Comfort Fincap Limited (0.92%) and happen to be relative of the promoter of the Comfort Fincap Limited. Thus, this in itself is an indication of their connection with Comfort group and its promoter/ director who are also connected to *First Financial* in the manner as discussed in the *interim order*. Further the fact that one of the promoter of Comfort Fincap Limited namely Anil Agarwal HUF is also a preferential allottee along with Mr. Suresh Kumar Khandelia and Ms. Manju Khandelia and beneficiary to the scheme in question. The same cannot be a coincidence and boils down to the finding that they have acted under a pre-mediated plan. In view of the same, I find no merit in the contention.

47. Master Trust Limited, Master Commodity Services Limited and Syncom Formulation Limited:

- i. Master Trust Limited has contended that they did not participate in second preferential allotment of *First Financial* and this fact shows that they had no advance knowledge of the alleged intention of the company and its connected entities to provide an exit to the allottees. They have also submitted that they still hold 24,60,010 shares of *First Financial* (shares post-split). In this regard, it is observed from the available records and data that Master Group in total had subscribed for 6,25,000 shares of *First Financial* through preferential allotment which they sold in the market pursuant to end of lock in period during *patch-2* of the examination period starting from March 2013. It is also noticed that out of 6,25,000 shares sold in the market by the Master group, Master Securities/ Master Infrastructure and Real Estate Developers Limited had bought 2,45,988 shares from Master Trust Limited and Master Commodity Services Limited. The shares so bought by Master Securities /Master Infrastructure and Real Estate Developers Limited were later on transferred to Master Trust Limited (60,000 shares) on May 2014 and to Master Capital Services Limited (24,00,000 shares) on January 2014 i.e pursuant to stock split through off-market transfers. Thereafter Master Capital Services Limited transferred the

shares so received from Master Securities/ Master Infrastructure and Real Estate Developers Limited (24,00,000 shares) to Master Trust Limited on July, 2014. It is also pertinent to mention here that these off-market transfers of shares to Master Trust Limited (i.e. 24,60,000 shares in total) on May 2014 and July, 2014 were after the examination period. From the said transactions, it can be well observed that the shares sold by Master Trust Limited and Master Commodity Services Limited to its group company i.e. Master Securities/ Master Infrastructure and Real Estate Developers Limited were again routed back to Master Trust through off-market transfers. Thus, the contention of Master Trust Limited that they are still holding 24,60,010 shares is baseless and devoid of substance. Thus these facts and evidences, at this stage indicate that Master Group, as *preferential allottees* and one of its group company had acted as an exit provider i.e. Master Securities/ Master Infrastructure and Real Estate Developers Limited has certainly a role to play in the scheme in question as brought out in the interim order. In view of the same, I therefore find no merit in the contention of Master Group.

- ii. The noticees namely Master Trust Limited, Master Commodity Services Limited and Syncom Formulation Limited, have further contended that allegation of fictitious LTTCG is untenable in their case as they are liable to pay Minimum Alternate Tax (MAT) in any event under the Income Tax Act. In this regard, I note that the *interim order* has reasonably highlighted the *modus operandi* wherein the whole scheme of preferential allotment was orchestrated to enable the allottees to book illegitimate profits, avail fictitious/ bogus LTTCG on these profits and convert their unaccounted income into accounted one by misusing the securities market system, in the manner as detailed in the *interim order*. While the possible cases of money laundering and tax evasion in the instant case, are jurisdictions of other law enforcement agencies such as Income Tax Department, Enforcement Directorate and Financial Intelligence Unit, the acts and omissions of *Preferential Allottees* in the whole process are construed to be *fraudulent* as much as it involves manipulation in the securities by misuse of the stock exchange system for making unlawful gains. It will be open for the concerned authority(ies) to take cognizance of the contention regarding payment of MAT. At this juncture for the limited purpose of deciding on the matter relating to market manipulation, I do not see any merit in the argument regarding payment of MAT and therefore, I am compelled to turn down the argument.

V. *First Financial Group/ Exit Provider:*

48. I now proceed to deal with the common submissions of the *First Financial Group* entities who have contended that there is nothing in the *interim order* dated December 19, 2014, to allege or demonstrate any wrong doing on their part. In this regard, the *interim order* has alleged that "... *certain entities related/connected to First Financial were found to be the net buyers to the*

Preferential Allottees and thereby created artificial demand for the supply of shares from Preferential Allottees.” I note the allegation has been levelled on seeing the inter-relationship/connections from the Know Your Client (KYC) details, bank statements, off-market transactions amongst themselves and the information available on the website maintained by the Ministry of Corporate Affairs (“MCA”). In addition, certain entities of *First Financial Group* were found to be the top buyers in *patch-3* of the examination period. Such entities were not only found connected among themselves but had also provided exit to the other entities of *First Financial Group* that bought shares in *patch-2*. Thus the homogenous trading pattern across the entities of *First Financial Group* *prima facie* indicates that they were acting in concert and had a pre-defined role to play in the *modus operandi/* scheme of things as detailed in the *interim order*.

49. In the instant case, it is noted that the entities of *First Financial Group* had acted as buyers when the *Preferential Allottees* were selling the shares of *First Financial* after the lock-in period (especially in *patch-2*). It is apparent from the trading pattern that these entities had bought shares at high prices and sold it at extremely low prices, during the same time and in the same manner, thereby incurring huge losses when there was no general downturn in the market. Such trading behaviour belies any economic rationale and indicates existence of certain premeditated arrangement among the *Preferential Allottees* and these entities of *First Financial Group*. Moreover, as already discussed in the *interim order*, had the entities of *First Financial Group* not traded/ dealt in the scrip of *First Financial* during the relevant time, it would not have been possible for the *Preferential Allottees* to offload/ sell the shares in large numbers at such price (i.e. 69,95,530 shares at an average price of ₹276) in a stock that hardly had any intrinsic value. It is further noted from the trading data that, apart from buying shares from the *Preferential Allottees*, the entities of *First Financial Group* were also indulged in trades among themselves in order to maintain the price at the desired level so as to aid the *Preferential Allottees* in exiting at higher price, thereby contributing to artificial volume in the scrip as well. The price of the scrip remained in the range of ₹268.65 to ₹295 from February 11, 2013 to July 31, 2013 and thereafter it gradually fell to ₹178.45 as on December 12, 2013, with an average volume of 41252 shares per day and total volume of 86,21,766 shares. It is also observed that some of the entities of *First Financial Group* had provided exit to certain entities of *First Financial Group* in *patch-3* who have already bought shares from *Preferential Allottees* in *patch-2* pursuant to stock split at extremely low price of ₹8 thereby contributing significantly to the trading volume of the scrip. The trading details of *First Financial Group* and other entities are provided in **Annexure –A**.
50. In view of the facts and circumstances, I find that the entities of *First Financial Group* had acted in concert and had misused the exchange platform to provide exit to the *Preferential Allottees* at a high price thereby enabling these *Preferential Allottees* to reap the benefit of tax exemption available under the Income Tax Act, as discussed in the *interim order*. Further, by

such trading artificial volume and liquidity was created in the scrip. I, therefore, find no merits in the contention of the notices, in this regard.

51. Entities of *First Financial Group* have further contended that establishing any relation/ connection between the entities as mentioned in Table-III of the *interim order* is flawed, thus leading to erroneous conclusions. They have also contended that formation of *First Financial Group* is flawed as it is based on faulty and erroneous facts. Certain entities of *First Financial Group* have also contended that neither they are connected to the company, its promoter or director nor the same has been shown in the order. Further some of the entities of *First Financial Group* have contended that they are not connected to the entities mentioned in the order. In this regard, I note that the primary reason for clubbing the entities under the *First Financial Group* is that they had traded during the examination period, wherein they had provided exit to the *Preferential Allottees*, they had indulged in trades among themselves to maintain the high price and liquidity and later on provided exit to their group members/entities. In the entire process they have not only enabled the *Preferential Allottees* to claim for fictitious LTCCG and convert their unaccounted income into accounted but had also created artificial trading volume in the scrip leading to false liquidity in the scrip as it was not determined by the genuine market forces. In fact the trading pattern of the entities of *First Financial Group* certainly gives an indication that they were acting in concert or in nexus under a pre-mediated plan for a common objective of the scheme in question.
52. It can be gauged from the instant case that or the *modus operandi* deployed herein is complex and deep-rooted as the entities involved in the matter are large and spread on to different geographical areas. In view of the same, the entities can be grouped mainly through their trading pattern and circumstantial evidence. It is also difficult to find the fund trail considering the scale of the operation as the funds used for the purpose have been layered through complex structure before reaching to the end users, which in any case has been referred to the concerned regulatory agencies/ bodies. The entities clubbed under *First Financial Group* were based on their trading pattern. However, *prima facie* connections were shown among the entities appearing in the *interim order*, to substantiate the nexus. The basic criterion uniformly followed across entities of *First Financial Group* is that they had traded in the scrip of *First Financial* during the examination period in the manner as mentioned in the trading data (**Annexure A**). I therefore note that the role of these entities and their *prima facie* connections as described in the *interim order* dated December 19, 2014, should not to be seen selectively but holistically.

53. Global Infratech and Finance Limited:

While proceeding further, let me consider the specific contentions of the respective *First Financial Group*. It is observed that Mr. Ashok Bothra, Mr. S. Krishna Rao and Mr.

Sambasivaier Swaminathan were the common directors in *First Financial* and Global Infratech and Finance Limited during the relevant period. In my view, commonality of directors is an important/ essential factor to establish the connection between the two companies. It is worthwhile to mention here that Mr. S. Krishna Rao and Mr. Sambasivaier Swaminathan are found to be the associates of Mr. B. P. Jhunjhunwala who had acquired *First Financial* along with its management control from its erstwhile promoters. The relationship of Mr. S. Krishna Rao and Mr. Sambasivaier Swaminathan with Mr. B. P. Jhunjhunwala has already been discussed in the *interim* order dated August 11, 2015. Further, as per MCA database, Mr. Ashok Bothra was a director for different time periods in *First Financial*, Meenakshi Enterprises Limited, Unisys Software and Holding Industries Limited, Global Infratech and Finance Limited, JMD Ventures Limited, Blue Circle Services Limited, Dynamic Portfolio Management and Services Limited, Onesource Ideas Venture Limited, etc. during the period 2010-2014. As per the MCA database, the companies where Mr. Ashok Bothra was director were also connected among themselves either on the basis of shareholding or common directors. This apart, Global Infratech and Finance Limited is also a shareholder of Radhasoami Securities Pvt. Limited, Meenakshi Enterprises Limited and Onesource Techmedia Limited promoted by Mr. B.P. Jhunjhunwala and his family. It is also observed that Global Infratech and Finance Limited had same address as Meenakshi Enterprises Limited (promoted by Mr. B.P. Jhunjhunwala, its family and associates) i.e. T2, 3rd Floor, Sindur Pantheon Plaza, 346, Pantheon Road, Egmore, Chennai. Thus, all these factors not only indicate the connection of Global Infratech and Finance Limited with *First Financial* but also with Mr. B.P. Jhunjhunwala. Such financial transactions in itself shows the connection between the two companies during the relevant time. Considering the facts and circumstances of this case, connections of Global Infratech and Finance Limited with *First Financial* and its director and Acquirer indicate their nexus in the scheme in question whereby the Global Infratech and Finance Limited had bought the shares at the time when the preferential allottees were selling thereby providing exit opportunity to the preferential allottees. In view of the same, I find no merit in the contention of the Global Infratech and Finance Limited

54. Dynamic Portfolio Management and Services Limited, Ritesh Projects Pvt. Limited and Ritesh Commercial Holdings Limited:

It is noted that these three are related to each other, on the basis of common promoter and director i.e Late Mr. Arun Kumar Agarwal. With regard to these, I note the following:

- a. Mr. Ashok Bothra was a common director in Global Infratech and Finance Limited, Dynamic Portfolio Management and Services Limited, Blue Circle Services Limited, *First Financial*, etc. The presence of Mr. Ashok Bothra in these companies hints to a common link among these companies.

- b. This apart, it is an undisputed fact that Ritesh Enclave Pvt. Limited, Ritesh Construction Pvt. Limited and Ritesh Properties Pvt. Limited are promoter and group companies of Dynamic Portfolio Management and Services Limited. It is further observed from the KYC records that these were also the shareholder of Surbhika Vyapaar Pvt. Limited and Hariom Suppliers Pvt. Limited as on March 2011.
- c. It is noted from the shareholding pattern of Ritesh Properties Pvt. Limited that *inter alia* its shareholders namely Anchal Vyapaar Pvt. Limited, Apostel Distributors Pvt. Limited, Finlink Distributor Pvt. Limited and Indico Vanijya Pvt. Limited are also shareholders of Hariom Suppliers Pvt. Limited, Kalakar Commercial Pvt. Limited, Swarnapriya Vanijya Pvt. Limited, Swarnapushpa Vanijya Pvt. Limited, Goldstar Tracom Pvt. Limited and Surbhika Vyapaar Pvt. Limited.
- d. These connections indicate the complicity of these entities in the *modus operandi* as discussed in the *interim order*. Further the trading of these connected entities in the scrip of *First Financial*, at the same time and in similar fashion cannot be said to be a mere coincidence and the same *prima-facie* indicates their involvement in the scheme of things.
- e. The trading details shows that Dynamic Portfolio Management and Services Limited, Ritesh Commercial Projects Pvt. Pvt. Limited and Ritesh Commercial Holdings Limited had traded in the scrip of *First Financial* in a similar manner as other entities of *First Financial* Group i.e. they had bought the shares at high prices when the preferential allottees were selling and later on sold these shares at extremely low prices.
- f. It is observed that Dynamic Portfolio Management and Services Pvt. Limited, Ritesh Commercial Projects Pvt. Limited and Ritesh Commercial Holdings Limited altogether bought shares at an average price of ₹267 and later on, pursuant to the split of shares, these entities sold their shares at an average price of ₹8. The commonality of directors and the trading pattern of these entities in the scrip of *First Financial* as exit providers or entities of *First Financial* Group along with *prima-facie* connections strongly indicate that these entities were acting in concert under a pre-mediated plan, to provide exit to the preferential allottees. Considering the circumstantial evidence and *prima facie* connections, I am not inclined to accept the contentions of Dynamic Portfolio Management and Services Limited, Ritesh commercial Projects Pvt. Limited and Ritesh Commercial Holdings Limited, at this stage.

55. Burlington Finance Limited, Manimudra Vincom Pvt. Limited, Symphony Merchant Pvt. Limited, Amrit Sales Promotion Pvt. Limited and Bazigar Trading Pvt. Limited:

Burlington Finance Limited, Manimudra Vincom Pvt. Limited, Symphony Merchant Pvt.

Limited, Amrit Sales Promotion Pvt. Limited and Bazigar Trading Pvt. Limited have contended that no adverse inferences can be drawn on the basis of common directorship or common *e-mail id* as mentioned in the *Table-III* of the *interim order* dated December 19, 2014. In this regard, the following is noted:

- a. The said noticees have not disputed the fact that Mr. Rabi Paul, is the common director of Amrit Sales Pvt. Limited and Burlington Finance Pvt. Limited.
- b. It has also not been argued that Mr. Panna Lal Maloo is the common director of the companies namely Amrit Sales Pvt. Limited, Manimudra Pvt. Limited and Symphony Pvt. Limited. It is also not disputed that they have common *e-mail id* which is maloo.kol@gmail.com.
- c. From the KYC documents it is observed that Mr. Vinay Maloo is the common director in Manimudra Vincom Pvt. Limited and Bazigar Trading Pvt. Limited.
- d. This apart, it is further noticed that Burlington Finance Limited, Manimudra Vincom Pvt. Limited and Bazigar Trading Pvt. Limited are shareholders of Amrit Sales Promotion Pvt. Limited as per the shareholding pattern for the quarter ended September 30, 2013 i.e. the period when the scheme in question was in operation.
- e. Apart from this, Bazigar Trading Pvt. Limited has contended that their registered office address is 131/B, Mittal Court, 13th Floor, 224, Nariman Point, Mumbai- 400 021 and the office space was never shared with any other person/ entities mentioned in the order. It has been contended they do not share this address with Manimudra Vincom Pvt. Limited. In this regard, it is noted from the available records that prior to shifting to the said Mumbai address, Bazigar Trading Pvt. Limited was having common address with Manimudra Vincom Pvt. Limited (i.e. 19, R.N. Mukherjee Road, 2nd Floor, Kolkatta-700001).
- f. Additionally, it is observed from the shareholding pattern furnished with MCA that Symphony Merchants Pvt. Limited is one of the shareholder of Bazigar Trading Pvt. Limited. Apart from this, it is also noticed from the bank statements of Amrit Sales Promotion Pvt. Limited that there were fund transfers from to Amrit Sales Promotion Pvt. Limited with Burlington Finance Limited, Manimudra Vincom Pvt. Limited, Symphony Merchant Pvt. Limited and Bazigar Trading Pvt. Limited on multiple occasions during the period of May 2012 to March 2013.
- g. All these evidences hints that Burlington Finance Limited, Manimudra Vincom Pvt. Limited, Symphony Merchant Pvt. Limited, Amrit Sales Promotion Pvt. Limited and Bazigar Trading Pvt. Limited were connected to each other. In addition to their connection, the trading of these connected entities in the same scrip i.e *First Financial* at the same time and in similar pattern as other entities of *First Financial* Group signifies their role in the scheme in question that led to the misuse of securities market system.
- h. In view of the same, I find no merit in the contentions of Burlington Finance Limited, Manimudra Vincom Pvt. Limited, Symphony Merchant Pvt. Limited, Amrit Sales

Promotion Pvt. Limited and Bazigar Trading Pvt. Limited.

56. Blue Circle Services Limited and Pine Animation Limited:

The entities namely **Blue Circle Services Limited and Pine Animation Limited**, have admitted the fund transaction between them amounting to ₹150 lakh which was towards the sale/ purchase of 15,000 equity shares of one J.M.D. Sounds among themselves. In this regard, I note that such fund transaction as well as share transaction hints towards an indication that they are known to each other as the said deal was done on one to one basis. In this regard, I also note the following:

- a. J.M.D. Sounds is a shareholder of B.P.J. Holding Pvt. Limited, a company promoted by Mr. B.P. Jhunjhunwala.
- b. Pine Animation Limited had fund transactions with Unisys Software and Holding Limited and J.M.D. Sounds.
- c. It is pertinent to note here that J.M.D. Sounds and Unisys Software and Holding Limited are promoted and controlled by Purohit's family i.e. Mr. Kailash Prasad Purohit, Mr. Jagdish Prasad Purohit, Mr. Pawan Kumar Purohit, Mr. Bal Chandra Purohit, Mr. Anil Kumar Purohit, etc.
- d. It is also noted that Unisys Software and Holding Limited is the promoter and Mr. Anil Kumar Purohit is the director of Blue Circle Services Limited.
- e. It is observed that Mr. Mohit Jhunjhunwala, a family member of Mr. B. P. Jhunjhunwala is also a director in certain companies such as Unisys Software and Holding Limited, J.M.D. Ventures Limited (promoted and controlled by Purohit's family). In view of the such connection, I find no merit in the contention of Blue Circle Services Limited and Pine Animation Limited.
- f. The email id (dhruvonarayan.jha@rediffmail.com) of Mr. Dhruvonarayan Jha, director of Blue Circle Services Limited is found mentioned in the KYC documents of Astabhuja Construction Pvt. Limited (one of the entity found to be part of *First Financial* Group) and Nityadhara Plaza Pvt. Limited. Further, Astabhuja Construction Pvt. Limited, Nityadhara Plaza Pvt. Limited and Navdurga Investment Consultants Pvt. Limited are also found to be the entities of *First Financial* Group and are found to be connected to each other, on the basis of common director i.e. Mr. Narendra Joshi and Mr. Ratan Pandit and common address i.e. 8, Lyons Range, 5th Floor, Kolkatta- 700001.
- g. Mr. Dhruvonarayan Jha was also the director of the companies namely Navdurga Investment Consultants Pvt. Limited, Warner Multimedia Limited, Scan Infrastructure Limited and Prime Capital Market Limited, etc. It is further noted that Warner Multimedia Limited, Scan Infrastructure Limited and Prime Capital Market Limited belongs to the same promoter group i.e Purohit's family. These companies are also the shareholder in Meenakshi Enterprises Limited (a company promoted and managed by B.P. Jhunjhunwala and its family or associates). These entities viz. Astabhuja

Construction Pvt. Limited, Nityadhara Plaza Pvt. Limited and Navdurga Investment Pvt. Limited are also related to *First Financial* in the manner as described in the *interim order*. Further, the connection/ relation of Blue Circle Services Limited on the basis of common directorship with other exit providers such as Global Infratech and Finance Limited, Dynamic Portfolio Management and Services Limited and *First Financial* has already been discussed herein above.

- h. This apart, it is an undisputed fact that Blue Circle Services Limited had traded in the scrip of *First Financial* along with its connected entities during the same time and in similar manner as other entities of *First Financial* Group. Further, while trading, Blue Circle Services Limited and other entities of *First Financial* Group had not only provided exit to the *preferential allottees* but also contributed to artificial trading volume in the scrip.
- i. In view of the discussion above, Blue Circle Services Limited, Pine Animation Limited, Astabhuj Construction Pvt. Limited and, Nityadhara Plaza Pvt. Limited and Navdurga Investment Pvt. Limited are connected to each other and had acted in concert while dealing in the scrip of *First Financial*. In view of the same, I do not find merit in the contentions of the Blue Circle Services Limited.

57. Pine Animation Limited and Forever Flourishing Finance and Investments Pvt Limited:

With regard to the contention of Pine Animation Limited and Forever Flourishing Finance and Investments Pvt Limited, I note that Pine Animation Limited had paid an amount of ₹2 lakh in total to Forever Flourishing Finance and Investments Pvt. Limited on March 25, 2013 and March 26, 2013. Later on, Pine Animation Limited had received an amount of ₹2.25 lakh in total from Forever Flourishing Finance and Investments Pvt. Limited on April 02, 2013, April 03, 2013, April 10, 2013 and April 12, 2013. As the transactions were executed on one to one basis, the same hints that they were known to each other. Their connection or nexus in the scheme of affairs is further corroborated when seen in light of their trading pattern in the scrip of *First Financial* i.e buying the shares of *First Financial* at the time when the *Preferential Allottees* were selling thereby providing exit to the *Preferential Allottees*. Thus, from the trading pattern, it is also confirmed that they have traded in a similar pattern as of other entities of *First Financial* Group which signifies that they had acted in nexus to achieve the common objective of the *modus operandi*/ scheme in question thereby contributing to trading volume of the scrip. Considering the facts and circumstances of this case, I find no merit in the contention of Pine Animation Limited and Forever Flourishing Finance and Investments Pvt. Limited.

58. Master Securities:

- a. Master Securities has contended that it had purchased shares from its group company i.e Master Trust Limited and Master Commodity Services Limited through a negotiated deal

on the exchange platform. In this context, I note that Master Trust Limited and Master Commodity Services Limited are *Preferential Allottees* in the scrip of *First Financial* who had sold their shares in the year 2013 pursuant to the end of lock-in period. It is also admitted fact that Master Securities had bought the shares of its group companies at a high price thereby giving exit to them from the said scrip. As regards the argument of negotiated deal, it is noted that the same is like any normal trade on the exchange platform. Thus the said trading cannot be differentiated from the trading done by other entities of *First Financial* Group in the scrip of *First Financial* and in the scheme of things as brought out in the *interim order*. Further, the dealing of the Master Securities in the scrip of *First Financial* while acting as buyer to its group entities namely Master Trust Limited and Master Commodities Services Limited have already been discussed in above. Be that as it may the facts along with circumstantial evidences shows that Master Securities had acted in similar fashion as other entities of *First Financial* Group whereby it had provided exit to its own group entities. In view of the facts and circumstances of this case, I do not find merit in the contention of Master Securities.

- b. I note that Master Securities has relied upon the judgement of Hon'ble SAT in the matter of *Vikash Bengani Vs. SEBI* (Appeal No. 283 of 2009) to substantiate its contention that it has not contributed to the price rise. In this regard, it is pertinent to note the facts and circumstances of the present case are different. In the instant case, as brought out in the *interim order* dated December 19, 2014 the price of the scrip had moved from ₹263.45 on February 08, 2013 to a high of ₹300 as on June 06, 2013 and thereafter closed at ₹178.45 as on December 12, 2013. During this period, the average volume increased astronomically to the extent of 179256% (1793 times) and the average price had increased by 197%. Such increase in volume was on account of trading amongst *First Financial* Group entities mainly acting as buyers and *Preferential Allottees* as sellers. Thus the primary charge against the entities of *First Financial* Group is that they had provided exit to the *Preferential Allottees* and contributed to artificial trading volume. This trading also influenced the price of the scrip in the manner, as mentioned above. It is an admitted fact that Master Securities Limited had provided exit to its own group company who were *Preferential Allottees* thereby contributing to trading volume similar to other entities of *First Financial* Group. Further the exit provided by Master Securities also enabled its group company to book huge profits for a scrip like *First Financial*. Further, the manner in which the Master Group including Master Securities have dealt in the shares of *First Financial* as also detailed above, wherein the *Preferential Allottees* from the Master Group were provided exit by the other group companies. The same hints towards there role in the scheme as brought out in the *interim order*.

59. Jaihanuman Multi Agencies Pvt. Limited:

With regard to the contention of Jaihanuman Multi Agencies Pvt. Limited, I find that they have not furnished any material submission against the connections or allegations made in the *interim order*. From the *interim order*, it is noted that they have provided exit to the *Preferential Allottees* in the manner as other entities of *First Financial* Group and they have common directors with Gokul Securities Pvt. Limited which is one of the *preferential allottee* in this case. From the submission of Jaihanuman Multi Agencies Pvt. Limited, I note that it has neither disputed the connection nor has denied the trading in the scrip of *First Financial*. It's connection with one of the *preferential allottee* is *prima facie* a strong evidence to show that the trading of Jaihanuman Multi Agencies Pvt. Limited in the scrip of *First Financial* was similar to the entities of *First Financial* Group.

60. Dhanlakshmi Brokers Pvt. Limited, H.S. Tradecom Pvt. Limited, Jayine Tradecom Limited:

- a. Dhanlakshmi Brokers Pvt. Limited has admitted that its director namely Mr. Rakesh Srivastava is related/ connected to the director of H.S. Tradecom Pvt. Limited i.e. Ms. Punita Srivastava, in the manner that Ms. Punita Srivastava is sister-in-law of Mr. Rakesh Srivastava. It has been contended that since Ms. Shefali Khandelwal had done the necessary formalities at the time of incorporation of H.S. Tradecom Pvt. Limited and Jayine Tradecom Limited, for the said reason both the companies have common e-mail id: shefali.khandelwal@gmail.com.
- b. I note that none of these have denied trading in the shares of *First Financial*. Further, they are not able to show that they have not provided exit to the *preferential allottees* through their trading except for mere denial.
- c. From the trading data it has been found that these entities had traded in the scrip of *First Financial* in a similar manner as other entities of *First Financial* Group and thereby provided exit to the *Preferential Allottees*, at a higher price. The trading pattern of these shows that they have acted in concert with other entities of *First Financial* Group and had misused the securities market system for providing the benefit of fictitious LTCG to the *Preferential Allottees*.
- d. It has been found that Dhanlakshmi Brokers Pvt. Limited and H.S. Tradecom Pvt. Limited had fund transactions with certain common entities namely Keshav Madhav Enterprises, Madanji Enterprises/ associates, Dominant Multi Trade, Jalaram Finvest/ Enterprise, Marck Bioscience, Balu India, Ajay Enterprise. The name of these entities are also appearing in the bank statement of Astabhuja Construction Pvt. Limited, Nityadhara Plaza Pvt. Limited, Padma Impex Pvt. Limited, Mc Pride Distillery Pvt. Limited, Mr. Nirmal Kumar Malhotra, Mr. Kirit Vasudeo Dave and Ms. Veena Mohanlal Chandiramani (exit providers). In these cases, it has been observed that funds were being supplied by the said common entities and the same were immediately transferred to the brokers possibly for trading in the securities market.

- e. Further, Subh Labh Share Brokers Pvt. Limited, Anugraha Jewellers Limited and Global Infratech and Finance Limited are appearing in the bank statement of Dhanlakshmi Brokers Pvt. Limited. It is pertinent to mention here that Subh Labh Share Brokers Pvt. Limited and Anugraha Jewellers Limited are companies promoted by Mr. B.P. Jhunjhunwala and his associates.
- f. From the above discussion, it can be said that their trading in the scrip of *First Financial* is not independent and they are connected to the entities mentioned in the *interim order*. Considering the same, I find no merits in the contention of the Dhanlakshmi Brokers Pvt. Limited, H.S. Tradecom Pvt. Limited and Jayine Tradecom Limited.

61. Hariom Suppliers Pvt. Limited, Kalakar Commercial Pvt. Limited, Swarnapriya Vanijya Pvt. Limited, Swarnapushpa Vanijya Pvt. Limited, Goldstar Tracom Priavte Limited and Surbhika Vyapaar Pvt. Limited:

- a. It is an undisputed fact that the said entities had common directors namely Mr. Bishwanath Agarwal and Mr. Uttam Banerjee and all these entities have common phone no i.e. (033) 22427470/ 22427417 and common e-mail id (bishwanath1951@gmail.com) as per the KYC/ MCA records. These entities also had common address i.e. 4, Synagogue Street, 8th Floor, Kolkata- 700001.
- b. From the record of MCA (for the year 2012-13) it is noted that all these were the shareholders of each other along with other common shareholders. Even before, i.e. as in March 2011 Surbhika Vyapaar Pvt. Limited, Swarnapushpa Pvt. Limited, Ritesh Properties Pvt. Limited, Ritesh Construction Pvt. Limited, Ritesh Enclave Pvt. Limited and Swarnapriya Vanijya Pvt. Limited were the shareholders of Hariom Suppliers Pvt. Limited among others.
- c. Additionally, it is also observed that certain shareholders of Ritesh Properties Pvt. Limited namely Anchal Vyapaar Pvt. Limited, Apostel Distributors Pvt. Limited, Finlink Distributor Pvt. Limited and Indico Vanijya Pvt. Limited were also shareholders of Hariom Suppliers Pvt. Limited, Kalakar Commercial Pvt. Limited, Swarnapriya Vanijya Pvt. Limited, Swarnapushpa Vanijya Pvt. Limited, Goldstar Tracom Pvt. Limited and Surbhika Vyapaar Pvt. Limited.
- d. It is also relevant to mention here that Ritesh Properties Pvt. Limited, Ritesh Construction Pvt. Limited, Ritesh Enclave Pvt. Limited are promoters of Dynamic Portfolio Management and Services Limited who in turn is also related to *First Financial* and other exit providers.
- e. In addition to these, it is also observed that these connected entities have traded in the scrip of *First Financial* as other entities of *First Financial* Group wherein they have bought shares at high price, at a time when the preferential allottees were selling and later on sold the same at extremely low prices. Thus trading of these connected entities in same scrip at same point of time and in a similar manner cannot be termed as mere coincidence or

independent decision. In the process, their trading not only contributed to the trading volume in the scrip but also signifies that they are grossly involved in the *modus operandi*. In view of all these, basis of connections along with their trading pattern in the scrip of *First Financial* strongly indicate that they are connected to each other and have acted in concert/ nexus for providing exit to the preferential allottees thereby misusing the securities market mechanism. Therefore, I find no merit in the contention of the Hariom Suppliers Pvt. Limited, Kalakar Commercial Pvt. Limited, Swarnapriya Vanijya Pvt. Limited, Swarnapushpa Vanijya Pvt. Limited, Goldstar Tracom Pvt. Limited and Surbhika Vyapaar Pvt. Limited.

62. R. C. Suppliers Pvt. Limited, Raina Vyapaar Pvt. Limited, Stardox Vinimay Pvt. Limited and Ushita Trading Agencies Pvt. Limited:

With regard to the contention of R. C. Suppliers Pvt. Limited, Raina Vyapaar Pvt. Limited, Stardox Vinimay Pvt. Limited and Ushita Trading Agencies Pvt. Limited, it is noted that these entities had common directors namely Mr. Biswanath Basak and Mr. Swarup Kumar Dey. Further, it is also observed that R. C. Suppliers Pvt. Limited and Raina Vyapaar Pvt. Limited have common address i.e. 161/1, Mahatma Gandhi Road, Kolkata -700007. Similarly, Stardox Vinimay Pvt. Limited and Ushita Trading Agencies Pvt. Limited have common address i.e. 52, Weston Street, Kolkata-700012. It is also noted that they have neither disputed the connection nor their trading in the scrip of *First Financial*. In view of the same, I find that they are not able to show any material before me to negate the allegations made against them in the *interim order*. It is observed that not only they were connected but they have also traded in a similar manner as other entities of *First Financial* Group whereby they bought the shares at the time when *Preferential Allottees* are selling thereby providing exit opportunity to the *Preferential Allottees*. Their concerted trading in the scrip of *First Financial* not only contributed to the trading volume but had also squarely fit into the *modus operandi*. Thus, considering the facts and circumstances of this case and their trading pattern in the scrip, I am of the view that these connected entities while acting in nexus with other entities of *First Financial* Group had *prima facie* misused the stock exchange mechanism for providing exit to the *Preferential Allottees*. In view of the same, I find no merit in the contention of the R. C. Suppliers Pvt. Limited, Raina Vyapaar Pvt. Limited, Stardox Vinimay Pvt. Limited and Ushita Trading Agencies Pvt. Limited.

63. GRD Enclave Pvt. Limited, GRD Capital Markets Limited, Falcon Holdings Pvt. Limited, Cellour Marketing Pvt. Limited, Waltare Investment Pvt. Limited and Lifeline Marketing Pvt. Limited:

- a. It is an admitted the fact that GRD Enclave Pvt. Limited, GRD Capital Markets Limited, Falcon Holdings Pvt. Limited, and GRD Securities Limited are group companies of the

Drolia Family.

- b. Further, Falcon Holdings Pvt. Limited and Cellour Marketing Pvt. Limited are shareholder of Waltare Investment Pvt. Limited among others. All these companies except for Lifeline Marketing Pvt. Limited had traded in the scrip of *First Financial* through GRD Securities.
- c. Their connections with each other along with their homogenous trading pattern in the scrip of *First Financial* suggest that they had acted in concert with other entities of *First Financial* Group for providing an exit to the *Preferential Allottees*.
- d. Further, I note the submission of Lifeline Marketing Pvt. Limited that their office and office of Waltare Investment Pvt. Limited is located in the same building (63, Radha Bazaar Street, Kolkata-700001) but on different floors. In this context, I note that the relevant records of Waltare Investment Pvt. Limited such as bank account statement, KYC documents, Form 20 filed with MCA are of the address of Lifeline Marketing Pvt. Limited only i.e. 63, Radha Bazaar Street, Kolkata-700001. Thus, in absence of any other credible evidence to show otherwise, I have no reason to believe that they had different addresses.
- e. Further, it is also observed that Lifeline Marketing Pvt. Limited had fund transaction with Maruti Enterprises which is also appearing in the bank statement of Mc Pride Distillery Pvt. Limited (an entity part of the *First Financial* Group). I note that the said connection is an indication of their relationship with other entities of *First Financial* Group who had acted in a similar fashion as of Life Line Marketing Pvt. Limited.
- f. However, the primary reason for issuance of directions against Lifeline Marketing Pvt. Limited was its role in dealing in the scrip of *First Financial* in the manner as discussed in the *interim order* as well as herein above. The trade data suggests that during the relevant time, Lifeline Marketing Pvt. Limited had traded in a manner similar to other entities of the *First Financial* Group leading to the *prima facie* inference that they are acting in nexus or concert to provide exit to the *Preferential Allottees*. It is observed that all these noticees had bought shares at high prices at the time when the *Preferential Allottees* were selling their shares and later on sold these shares at extremely low prices thereby incurring losses.
- g. This type of trading pattern cannot be termed as rational/ normal trading behavior and appears to be a pre-mediated plan or arrangement for providing exit to the *Preferential Allottees*.

64. Linton Consultants Pvt. Limited and BSR Finance and Construction Limited:

With regard to the contention of Linton Consultants Pvt. Limited and BSR Finance and Construction Limited, it is observed that although they had different address but their directors are common namely Mr. Dilip Das and Mr. Nand Kumar Agarwala. Further, it is also observed that Mr. Dilip Das and Mr. Nand Kumar Agarwala are promoters of Linton

Consultants Pvt. Limited whereas Mr. Dilip Das and Linton Consultants Pvt. Limited are promoters of BSR Finance and Construction Limited. I further note that the primary reason for issuance of directions against them was their role in dealing in the scrip of *First Financial* in the manner as discussed in the *interim order*. The basis of connection was identified to give an indication of connection with the other entity/ entities of the *First Financial* Group who have traded in a similar fashion. BSR Finance and Construction Limited had purchased 45500 shares and out of these 43989 shares (constituting 97% of its total purchase) from the *Preferential Allottees*. Linton Consultants Pvt. Limited had purchased 30000 shares (constituting 100% of its total purchase) from the *Preferential Allottees* during the relevant period of examination. The same shows that it had acted in a similar way as other entities of *First Financial* Group. The examination has revealed that the *modus operandi* deployed in this scheme was to provide fictitious LTCCG to the *Preferential Allottees* whereby the entities of *First Financial* group had purchased the shares sold by the *Preferential Allottees* pursuant to end of lock-in period at a very high price in order to book LTCCG benefit and to convert their unaccounted money into accounted one. Considering the background of the *First Financial*, investment by these entities in the scrip of *First Financial* at a high price and later on selling it at extremely low price in itself shows their nexus in the scheme in question and the same cannot be termed as rational/ normal investment behaviour. The conduct of these entities along with their connections, if any, is required to be seen holistically with the facts and circumstances of this case and not selectively.

65. Toplight Commercial Limited:

Toplight Commercial Limited has contended that the basis of connection of ISG Traders Limited with the Comfort Group as highlighted in the *interim order* cannot constitute a justification for passing the directions against it as there is no connection or transaction between Toplight Commercial Limited and Comfort Intech Limited. I note that the primary reason for issuance of the *interim* directions against Toplight Commercial Limited was its role in dealing in the scrip of *First Financial* in the manner as discussed in the *interim order*. It was observed from the trading data that Toplight Commercial Limited while trading in the scrip of *First Financial* had purchased 119000 shares and out of these 113990 shares (constituting 96% of its total purchase) from the *Preferential Allottees* during the relevant period of examination. The same shows that it had acted in a similar way as other entities of *First Financial* Group. Thus, its trading pattern not only indicates that it has acted in concert with others entities of *First Financial* Group but also contributed to the trading volume of the scrip. It is observed that Toplight bought shares at high prices at the time when the preferential allottees were selling their shares and later on sold these shares at extremely low prices thereby incurring losses. This type of trading pattern cannot be termed as rational/normal trading behavior and appears to be acted under a pre-mediated plan or arrangement for providing exit to the preferential allottees. In view of these facts and

circumstances, I reject the contentions of Toplight Commercial Limited.

66. As regards the contention of Toplight Commercial Limited that PAN: “AABCT1134Q” mentioned in the *interim order* is incorrect as its correct PAN is AABCT1134G, it was confirmed from BSE that the trading member Eureka Stock and Share Broking Services Limited (with whom Toplight Commercial is registered as a client), has incorrectly updated PAN of Toplight as “AABCT1134Q” instead of “AABCT1134G”. I note that as Toplight Commercial Limited has admitted to trading in the shares of *First Financial* during the relevant time. Therefore, mentioning of incorrect PAN of Toplight in the *interim order* will have no bearing on the findings in respect of Toplight in the *interim order* is concerned.

67. Kripa Securities Pvt. Limited:

a. It has been contended that Kripa Commodities Pvt. Limited is a separate and independent entity and the loan taken by Kripa Commodities Pvt. Limited from Goldstar Tracom Pvt. Limited were in the ordinary course of business and purely on commercial terms which were subsequently repaid along with interest after deduction of Tax Deducted at Source. It is undisputed fact that Kripa Commodities Pvt. Limited is a group company of Kripa having common address (viz. 5 Clive Row, 2nd Floor, Room No. 44, Kolkata-700001) and common directors namely Mr. Ajay Sureka, Mr. Dwarka Prasad Sureka and Mr. Sandip Kejriwal. In view of these facts, the contention of Kripa Securities Limited that Kripa Commodities Pvt. Limited is separate and independent entities, does not hold good. The loan arrangement between Kripa Commodities Pvt. Limited and Goldstar Tracom Pvt. Limited was one of the basis of connection of Kripa Securities Limited with the other entities of the *First Financial* Group. The documents submitted by Kripa Securities Limited in support of its claim that loans availed by Kripa Commodities Pvt. Limited from Goldstar Tracom Pvt. Limited were being repaid, with interest indicates that the interest was being credited to the account of Kripa Commodities Pvt. Limited, instead of being debited. I also note that the name appearing in the TDS certificate is that of one Samarath Commodity Futures Pvt. Limited instead of Kripa Commodities Pvt. Limited.

b. I, therefore, find that Kripa Securities Pvt. Limited has failed to produce adequate and credible documentary evidence such as bank statement indicating receipt of loan and repayment of loan to Goldstar Tracom Pvt. Limited, terms and conditions of loan agreement and TDS certificate, in support of its claims. Based on these facts, I am of the considered view that such loan arrangement can happen, only if the lender and borrower are known to each other and the same cannot be termed as mere business/ commercial relationship. I, therefore, reject the contention of Kripa Securities Pvt. Limited with regard to its connections with other entities of the *First Financial* Group. Further, as noted from the annexed trade data, during the relevant period of time, Kripa Securities

Pvt. Limited had traded in a manner similar to other entities of the *First Financial* Group leading to *prima facie* inference that it was acting in concert to provide exit to the *Preferential Allottees*. In view of these facts and circumstances and pending investigation in the matter, I am not inclined to accept the contentions of Kripa Securities Pvt. Limited.

68. Minimum Shares and Securities Pvt. Limited, Rajani Investment Pvt. Limited and R. K. Investment Pvt. Limited:

With regard to the contention of Minimum Shares and Securities Pvt. Limited, Rajani Investment Pvt. Limited and R. K. Investment Pvt. Limited, I note that it is an undisputed fact that these entities are connected to each other and they had traded in the shares of *First Financial* during the examination period. I also note that these connected entities were top buyers in *patch-3* wherein they altogether purchased 1,06,15,000 shares of *First Financial*. Considering the background of the company and its poor fundamentals, purchase of such large quantity of shares at a huge investment does not appear to be a rational/ normal investment. This finding gets strengthened especially when seen in the context that these entities had traded through Narayan Securities Limited whose director Mr. Amit Saraf was a *preferential allottee* and his related entity Mr. Pawan Kumar Bajaj is also a *preferential allottee*. Their trading pattern along with circumstantial evidence indicate that they had acted in nexus or concert with other entities of *First Financial* Group or other entities appearing in the order as a part of the *modus operandi* or the scheme in question which was orchestrated by the company, its directors and promoter to provide fictitious LTCCG benefit to the *Preferential Allottees*. In view of the facts and circumstances of this case, I find no merit in the contention of Shares and Securities Pvt. Limited, Rajani Investment Pvt. Limited and R.K. Investment Pvt. Limited.

69. Mr. Nirmal Kumar Malhotra and Mr. Kirit Vasudeo Dave and Ms. Veena Mohanlal Chandiramani:

- a. With regard to the contention of Mr. Nirmal Kumar Malhotra and Mr. Kirit Vasudeo Dave, I note that these entities are said to be connected or related along with Ms. Veena Mohanlal Chandiramani in the *interim order* on the basis of similar trading pattern, fund transaction with certain common entities and trading through same broker i.e. Comfort Securities Limited which is also debarred in the said order for its alleged role in the matter or scheme in question. The bank statements of these entities shows that funds were received from certain common entities among others namely Keshav Madhav Enterprises, Madanji Enterprises/ associates, Dominant Multi Trade, Jalaram Enterprise which are subsequently transferred to the broker i.e Comfort Securities Limited possibly for the purchase of shares. This shows that these entities are being funded to deal in the securities market especially in the scrip of *First Financial*. It is noted that Ms. Veena Mohanlal Chandiramani has not furnished any reply to the *interim order* in this context

while other two persons namely Mr. Nirmal Kumar Malhotra and Mr. Kirit Vasudeo Dave have not given any credible evidence to show that their trading in the *First Financial* was from their own funds. It is also pertinent to mention here that the common entities namely Keshav Madhav Enterprises, Madanji Enterprises/ Associates, Dominant Multi Trade, Jalaram Enterprise who were found to have funded these persons were also appearing in the bank statement of Dhanlakshmi Brokers Pvt. Limited, H.S. Tradecom Pvt. Limited, Padma Impex Pvt. Limited, Astabhuja Construction Pvt. Limited and Nityadhara Plaza Pvt. Limited for the same reason i.e routing/ funding.

- b. It is also noticed that Mr. Kirit Vasudeo Dave has the same address as of Texchem Enterprises i.e. Chawl no. 3, Lavji Nanji Compound, N.B. Road, Malad (W), Mumbai-4200064 and Texchem Enterprises is a shareholder of Nandlal Vyapaar Pvt. Limited, a company promoted by Mr. B.P. Jhunjhunwala and his associates. In view of the same, I reject the contention of the Mr. Nirmal Kumar Malhotra and Mr. Kirit Vasudeo Dave.
- c. I note that the Ms. Veena Mohanlal Chandiramani has neither attended the opportunities of personal hearings granted to her nor furnished any reply to SEBI.

70. Padma Impex Pvt. Limited, Ranisati Dealer Pvt. Limited, Prefer Abasan Pvt. Limited, Pride Distillery Pvt. Limited, Astabhuja Construction Pvt. Limited, Nityadhara Plaza Pvt. Limited and Navdurga Investment Consultants Pvt. Limited:

Padma Impex Pvt. Limited, Pride Distillery Pvt. Limited, Astabhuja Construction Pvt. Limited, Nityadhara Plaza Pvt. Limited and Navdurga Investment Consultants Pvt. Limited have made general submission in the respective replies. Further, in case of Ranisati Dealer Pvt. Limited and Prefer Abasan Pvt. Limited no reply was received. It is not denied that all these entities being part of *First Financial* Group had traded in the shares of *First Financial* in the manner as stated in the *interim order* dated December 19, 2014. Their trading pattern shows that they had acted in nexus whereby they provided exit to the *Preferential Allottees*, during the relevant time. In addition to the same, the following is also important to be noted:

- a. Ms. Bina Hemanshu Mehta and Ranisati Dealer Pvt. Limited are shareholders of Padma Impex Pvt. Limited. Further, Ms. Bina Hemanshu Mehta received a part of preferential allotment money from *First Financial* during the relevant time whereas Ranisati Dealer Pvt. Limited and Prefer Abasan Pvt. Limited had fund transactions with the entities namely Comfort Intech Limited and Comfort Fincap Limited (the entities debarred in the present matter, for their alleged role).
- b. It is also observed that promoter/ shareholder of Pride Distillery Pvt. Limited was Mr. Jagdish Purohit who belongs to the Purohit's family (as discussed above) promoters of Blue Circle Services Limited, J.M.D. Sound, J.M.D. Telefilms Industries, Unisys Software

and holding Limited, etc.

- c. It is also observed that J.M.D. Sound is a shareholder of Onesource Techmedia Limited and Chiraag Suppliers Pvt Limited, companies promoted by Mr. B.P. Jhunjhunwala and its associates. Further, it is already mentioned in the *interim order* as well as in above discussed paragraph that Astabhujia Construction Pvt. Limited, Nityadhara Plaza Pvt. Limited and Navdurga Investment Consultants Pvt. Limited are connected among themselves as well as with the *First Financial*.
 - d. It is also observed that Padma Impex Pvt. Limited, Astabhujia Construction Pvt. Limited and Nityadhara Plaza Pvt. Limited have received funds from certain common entities among others namely Keshav Madhav Enterprises, Madanji Enterprises/Associates, Dominant Multi Trade, Jalaram Finvest/ Enterprise, Balu India, Ajay Enterprise which are subsequently transferred to their respective broker possibly for purchase of shares. When these fund transfers are seen in the backdrop of the *modus operandi* as brought out in the *interim order*, strongly suggests that these entities were being funded to deal in the securities market especially in the scrip of *First Financial*. In addition to their trading, these connections along with the facts and circumstances of this case, firmly indicate their involvement in the scheme of things.
71. Having considered the above, I note that the *modus operandi* as observed in the present matter, an individual contribution of *First Financial* Group to the scheme might look to be insignificant but collectively it completes the circle of manipulation, deceit or fraud. Individually, entities forming part of the *First Financial* Group might look to be contributing a very small percentage of the trade on the day of their trading, but all were *prima facie* collectively responsible for the profitable exit of the *preferential allottees*.
72. With regard to the contention of the entities of *First Financial* Group relating to price movement in the scrip, I note that it has been aptly brought out in the *interim orders*, the manner by which the scrip of *First Financial* was traded to influence the price of the scrip. It was observed that the scrip which was dormant for more than a decade resumed its trading in May 2012 and thereafter the price of the scrip was increased from ₹5 to ₹263 (i.e 5160%) by certain entities through manipulative trading. This abnormal increase in price of the scrip through miniscule trading in *patch-1*, especially during the lock-in period when seen holistically in the backdrop of the facts and circumstances of this case clearly indicate/ envisage that this artificial price increase was done with an intention to take the price to the desired level in order to provide exit to the *Preferential Allottees* for enabling them to claim bogus/ fictitious LTCCG.
73. The entities of *First Financial* Group have contended that they had invested in the shares of *First Financial* as a normal investment activity and did not create any artificial volume. I note that considering the poor fundamentals and tarnished track record of the company,

investment of funds of this magnitude (buy value mentioned in the trading data which is annexed) in a scrip that has hardly any intrinsic value, cannot be termed as rational/normal buying or investment behaviour. It is further noticed that consequent to purchase of shares at high prices, majority of the entities of *First Financial* Group had sold their shareholding in *First Financial* at an extremely low prices (at an average price of ₹8 per share) thereby incurring huge losses. In the whole process, the entities of *First Financial* Group had contributed to trading volume in the scrip of *First Financial* that rose to 86,21,776 shares in *patch-2* and 6,01,90,286 shares in *patch-3* as compared to 2653 shares in *patch-1*. Such significant increase in the volume cannot be said to be normal considering the background of the company and the same hints towards the concerted trading activity between entities forming part of *First Financial* Group as buyers and *Preferential Allottees* as sellers.

74. It is also pertinent to note that in any normal market, a sudden supply if not matched by similar demand leads to price fall. In this peculiar case, the *Preferential Allottees* were able to offload shares at high price (average closing price ₹276) continuously for a period of more than 11 months because of the artificial demand created by the entities of the *First Financial* Group so as to absorb the supply from the *Preferential Allottees*. These facts reinforces the finding in the *interim order* that entities of the *First Financial* Group and *Preferential Allottees* had used the securities market system to artificially increase volume and price of the scrip for making illegal gains and to convert ill-gotten gains into genuine one. Such artificial demand in the scrip created by *First Financial* Group had the potential to induce genuine investors to invest in the scrip without knowing the scheme of operations deployed, as in the instant case. Thus in my view the entities of *First Financial* Group are grossly involved in the *modus operandi/* or scheme in question.
75. It is worthwhile to note that there was hardly any trading history in the scrip of *First Financial* nor does the company had any business or financial standing in the securities market till May 2012 as the scrips of *First Financial* was suspended for trading from June 2000 onwards for non payment of statutory fees and non-compliances. Thus, considering such poor credentials of the company, no prudent investor would have invested in such company unless there was a pre-mediated plan. This is further corroborated by the fact that *First Financial* Group had continuously acted as buyers while the other set of entities (*Preferential Allottees*) had acted as seller. This trading pattern or behaviour in itself suggests that entities were acting in concert for a common objective.
76. Further, the inquiry has revealed that majority of the entities of *First Financial* Group are for namesake and have no other business except for being used for the purpose of routing of funds, providing exit to the *Preferential Allottees*, etc. The said finding was derived from the analysis of bank statements of certain entities of *First Financial* Group where funds have been received by these entities either in the form of cash deposit or from other sources which are

then subsequently transferred to the brokers for dealing in securities. Such pattern of fund flow not only indicates that their trading was being funded but also highlight the routing of funds through layers in order to hide the actual source or origin or purpose.

77. In the instant case, the *interim order* dated December 19, 2014, has reasonably highlighted the *modus operandi* wherein *First Financial*, its promoters and directors in nexus with the *Preferential Allottees* made a facade of preferential allotment ostensibly to raise money and thereafter the *Preferential Allottees* with the aid of the entities of the *First Financial* Group misused the stock exchange mechanism to exit at a high price in order to generate fictitious LTCG. Subsequently, pursuant to passing of *interim order*, it was also gathered that this type of *modus operandi* were devised not only to help the concerned entities to claim LTCG and convert their unaccounted money into accounted one but also to accommodate other entities who wants to book short term loss in their books of accounts in order to pay less tax. This aspect of booking of short term loss to reduce tax liability can be well envisaged from the trading pattern of the *First Financial* Group whereby they had purchased shares at high price and sold these shares at very low price within a period of one year using the stock exchange mechanism thereby booking short term losses. While the tax related issues and routing of funds will be looked after by the concerned law enforcement agencies, SEBI has observed the violations of securities market system. Therefore, considering the discussion, it can *prima facie* be said that the the acts and deeds of the noticees are fraudulent and in contravention of the provisions of the Securities Laws.

VI. LTP Contributors:

78. I now proceed to deal with submissions of LTP contributor's namely Ms. Prem Lata Nahar, Mr. Shyam Kanheyalal Vyas, Mr. Bharat Bagri Bagri and Ms. Sumitra Devi Agrawal.
79. From the *interim order* dated December 19, 2014, it is noted that the scrip of *First Financial* on May 15, 2012 had opened at ₹5.35 and closed at ₹263.45 on February 08, 2013. During this period of 115 trading days, the scrip was traded with an average volume of 23 shares per day and total volume of 2653 shares, with an average of one trade per day. It has been observed that the price of the scrip was influenced by certain entities primarily through first trades during this period. From the analysis, it was observed that the price of the scrip had increased from ₹5.35 to ₹263.45 mainly through the first trades in 115 instances.
80. The noticees have contended that they have no connections with any of the other entities mentioned in the *interim order*. Further, the noticees have also contended that they have made miniscule investments in the scrip of *First Financial* and subsequently sold the shares yielding minimal profits. It has been said that there were large number of other buyers in the scrip of *First Financial* which enticed them to place purchase order in scrip and they had started buying in the scrip after observing the price and volume movement. It has been further said

that the investment in the scrip was a technical decision based on demand and supply, in the momentum style of trading and not on fundamentals of the company.

81. In the facts and circumstance of the case, I am of the view that the role played by the entities trading in the *Patch 1* to artificially increase the price during the lock in period in order to give huge profitable exit to *preferential allottees* as detailed in the *interim order* of December 19, 2014, needs to be seen holistically. This is further strengthened by the fact that restrictions have been imposed on some of the LTP contributors in several *interim orders* issued by SEBI on the same *modus operandi*. Hence, the role played by the noticees in *Patch 1* need to be seen in the backdrop of scale and size of operations undertaken by helping the beneficiaries (*preferential allottees*) to generate fictitious LTCG by showing that the source of their income was legitimate.
82. As discussed in the *interim order* during the period of May 15, 2012 to February 08, 2013, out of total 115 instances of trades establishing new high price in the scrip, top four persons namely Ms. Prem Lata Nahar, Mr. Shyam Kanheyalal Vyas, Mr. Bharat Bagri Bagri and Ms. Sumitra Devi Agrawal had established new high price on 69 instances. The contribution of these four entities in establishing new high price was ₹185/- out of total price rise of ₹258/-, which constitutes 72% of the total new high price. The details of contribution to price rise by the said four persons during May 15, 2012 to February 08, 2013 (*patch 1*) has been detailed hereunder:

Table 4: Contribution to price rise in *patch 1* by the four noticees (LTP contributors)

| Client PAN | Client Name | Positive Contribution (in %) | Total Positive Contribution in Securities | Positive LTP Contribution of the Client as a buyer | Count of LTP |
|--------------|-----------------------|------------------------------|---|--|--------------|
| AFAPN8764M | Prem Lata Nahar | 29.01 | 258.35 | 74.94 | 34 |
| ACTPV2787Q | Shyam Kanheyalal Vyas | 19.04 | 258.35 | 49.2 | 16 |
| AADHB8488A | Bharat Bagri Bagri | 12.74 | 258.35 | 32.91 | 12 |
| ABLPA9728M | Sumitra Devi Agrawal | 10.88 | 258.35 | 28.1 | 7 |
| Total | | 71.67 | 258.35 | 185.15 | 69 |

83. From the table above, I note that the noticees namely Ms. Prem Lata Nahar and Mr. Shyam Kanheyalal Vyas had contributed 50 instances out of a total of 69, towards the price rise. Further, Mr. Bharat Bagri Bagri and Ms. Sumitra Devi Agrawal had individually contributed 12 and 7 instances, respectively.
84. Upon further examination of the trading data pertaining to the price rise period (i.e. *patch 1*) it has been revealed that the buy orders were placed in the trading system at upper circuit, at the beginning of the trading session. An analysis of order log of the LTP contributors, is discussed below:

Table 5: Order log analysis of LTP contributors during price rise period

| Sr. No. | Client Name | No. of orders placed | Quantity ordered | % of order book | Avg. qty. per order | Buy qty. | Trade to Order ratio | LTP in % |
|---------|-----------------------|----------------------|------------------|-----------------|---------------------|----------|----------------------|----------|
| 1 | Prem Lata Nahar | 106 | 106000 | 5.75 | 1000 | 844 | 0.7962 | 29 |
| 2 | Shyam Kanheyalal Vyas | 45 | 45000 | 2.44 | 1000 | 350 | 0.7778 | 19.04 |
| 3 | Bharat Bagri Bagri | 35 | 26700 | 1.45 | 763 | 121 | 0.4532 | 12.74 |
| 4 | Sumitra Devi Agrawal | 34 | 14000 | 0.76 | 412 | 60 | 0.4286 | 10.88 |

85. From the above discussed order log and trading pattern of the noticees, it is observed that Ms. Prem Lata Nahar and Mr. Shyam Kanheyalal Vyas had contributed positively to the extent of 29.01% and 19.04% to the price in the scrip of *First Financial* which is quite high. I also note that Ms. Prem Lata Nahar and Mr. Shyam Kanheyalal Vyas had placed 106 and 45 orders respectively during the relevant period. I note that they have not satisfactorily demonstrated the reasons for quoting price at upper circuit through their first trades for an *illiquid* scrip like *First Financial* which had resulted into unusual price increase in the scrip. Hence, their trading in the scrip is suspicious in nature and same requires further investigation. In this background, I reject the submissions of the said LTP Contributors that their trading did not have an impact on the price rise of the scrip of *First Financial*.

86. I further note that Mr. Bharat Bagri Bagri and Ms. Sumitra Devi Agrawal had placed 35 and 34 orders respectively during the relevant period and contributed to less than 15% to the price rise during *patch-1*. Even their contribution to the total order placed in the order book is miniscule ranging from 0.76% to 1.45%. Thus, I do not find the contributions made by Mr. Bharat Bagri Bagri and Ms. Sumitra Devi Agrawal towards the price and volume to be significant. In view of the same, the directions issued vide the *interim order* dated December 19, 2014, against Mr. Bharat Bagri Bagri and Ms. Sumitra Devi Agrawal are being relaxed, at this stage. However, such revocation is without prejudice to any enforcement action that SEBI may deem necessary against these, on completion of the investigation.

87. While proceeding further, an analysis of the order book revealed that during the price increase period i.e. *patch 1*, there were 124 sell orders for 2653 shares as against total of 1707 buy orders for 18,44,536 shares. From the order book, it appears that a facade of huge demand at upper circuit was created without which a scrip like *First Financial* with hardly any credentials regarding its trading history, fundamentals, business or financial standing, etc., could not have witnessed a sustained increase in the price (i.e. 5160% or 53 times) for a continuous period of 9-10 months. As mentioned above, there were 113 buyers during this period who had placed buy order for 18,44,536 shares through 1707 orders. These orders were placed at the upper circuit, average quantity per order ranged from 477 to 5000 and buyers were always placing orders ahead of the sellers. Thus the involvement of entities/ persons in placing large quantity of orders knowing that the scrip is very thinly traded creates doubt on the intent and trading pattern of these entities/ persons. Considering the *modus*

operandi deployed in the instant case, the exuberance shown by the buyers such as Mr. Rahul Kumar Agrawal (who has contributed more than 15% to the order book) in placing orders for the purchase of the scrip needs further investigation. It is very unusual in the market that in a situation when miniscule quantity is being offered by the sellers in a thinly traded scrip the buyers as discussed hereinabove contribute more than 15% of the order book at the upper circuit price. Such behaviour appears to be self detrimental as seeing so much interest on the buyer side, no seller will offer shares. In a real market situation the buyer and sellers move step by step gauging the interest on the opposite side. Nobody displays such a huge interest which is in complete disconnect with the interest on the other side. Therefore, the order book appears to be spoofed up by the buyers who may be doing the same with an understanding with the sellers. The same needs a detailed investigation to find out such link.

88. Having considered the above discussion, I note that the scrip in question was suspended till July, 2011 and thereafter the price and the trading volume of the scrip substantially increased in *Patch 1* and *Patch 2* respectively on account of manipulative trading as demonstrated in the *interim order*. In view of these facts and circumstances, matching of transactions of *Preferential Allottees* with those of the exit providers cannot be a mere coincidence of anonymous screen based trading as sought to be contended by the noticees. The above facts and circumstances of the case, reinforce the *prima facie* finding that preferential allotment was used as a tool for implementation of the dubious plan, device and artifice of *First Financial*, its promoter and director, entities of *First Financial Group* and *Preferential Allottees*.
89. The facts and circumstances of the instant case indicates that the preferential allotment was an essential and important act in the whole scheme of things and the need to make such preferential allotment was to achieve the end objective of the scheme that has been amply brought out hereinabove and in the *interim orders*. In the instant case, the *interim orders* have reasonably highlighted about the *modus operandi* wherein the company in nexus with the *Preferential Allottees* made façade of preferential allotment to raise money and thereafter the *Preferential Allottees* with the aid of the entities of *First Financial Group* misused the stock exchange mechanism to exit at a high price and book illegitimate gains with no payment of taxes as LTCG is exempted from tax under section 10(38) of the Income Tax Act, 1961. Thus, as detailed above, the noticees, while acting under dubious plan, device and artifice, have traded in the shares of *First Financial* that *prima facie* led to the creation of artificial volume in the scrip by misuse of securities market system.
90. In view of the findings hereinabove with regard to the noticees namely Ms. N. Jayanthi [PAN: AACPJ1012F], Ms. N. Nithya [AKWPN5092R], Hasmukhbhai B. Patel HUF [AABHH5224A], Mr. Bharat Bagri Bagri [AADHB8488A] and Ms. Sumitra Devi Agrawal [ABLPA9728M], the facts and circumstances of the case do not justify the continuation of the directions issued against them. I, therefore, in exercise of the powers conferred upon me

under section 19, read with sections 11(1), 11(4) and 11B of the SEBI Act, hereby revoke the directions against these noticees, as contained in the *ex-parte interim order* dated December 19, 2014.

91. I, however, find that the following 138 noticees have failed to give any plausible reasoning/ explanation for their acts and omissions as described in the *interim order* and have not been able to make out a *prima facie* case for revocation of the *interim order*. I, therefore, reject the prayers of such noticees for setting aside the *interim order* or for complete removal of restraint imposed by it. I, therefore, do not have any reasons to change or revoke the *ad interim* findings as against them. The list of these noticees is as under:

Table 6

| Sl.No. | Noticee | PAN |
|--------|--|------------|
| 1. | Mr. Ponnuswamy Natrajan | AAAPN9499G |
| 2. | Mr. S. Krishna Rao | AGWPR3410R |
| 3. | Mr. S. G. F. Melkhasingh | AAMPF5456D |
| 4. | Mr. Sambasivaier Swaminathan | AABPS1434P |
| 5. | Mr. Nirmal Singh Mertia | AKHPM8437G |
| 6. | Mr. B. P. Jhunjhunwala | ACVPJ5021H |
| 7. | B. P. Jhunjhunwala HUF | AACHB0680D |
| 8. | Mr. Dhirajlal Maganlal Mehta | AACPM3147N |
| 9. | Ms. Sarla Dhirajlal Mehta | AANPM7722Q |
| 10. | Ms. Rupal Tushar Mehta | AGWPM9589L |
| 11. | Mr. Tushar Dhirajlal Mehta | AAAPM8897P |
| 12. | Mr. Samir Harshadrai Doshi | AAQPD2202F |
| 13. | Mr. Narayan Prasad Mundhra | AENPM3873N |
| 14. | Ms. Manjudevi Mundhra | AHDPM7706M |
| 15. | Amit Saraf HUF | AAJHA6325F |
| 16. | Pawan Kumar Bajaj HUF | AAKHP1145F |
| 17. | Mr. Devshibhai Parshottambhai Dungrani | AAIPD7191D |
| 18. | Mr. Gopalbhai Parshottambhai Dungrani | ACOPD6501F |
| 19. | Mr. Ashokbhai Nathabhai Buha | AECPB5885J |
| 20. | Mr. Bharatbhai Nathabhai Buha | AAWPB3665Q |
| 21. | Gokul Securities Private Limited | AADCG7372B |
| 22. | Mr. Aamir Nawab Malik | ATAPM4926A |
| 23. | Mr. Champakbhai Manubhai Sopariwala | AHPPS8032G |
| 24. | Ms. Himanshu Champakbhai Sopariwala | AVZPS5235M |
| 25. | Navratnamal Jitmal Ganna HUF | AACHN5142C |
| 26. | Jinesh N. Ganna HUF | AAFHJ7950P |
| 27. | Vikas N. Ganna HUF | AAHHV1011R |
| 28. | Ms. Shilpa V. Ganna | AFRPJ6563K |
| 29. | Ms. Priyanka J. Ganna | AFQPJ7537N |
| 30. | Mr. Ketan Dhirajlal Kapasi | AABPK6452F |
| 31. | Mr. Vinal Arvind Kapasi | ADQPK1014P |
| 32. | Mr. Suresh Kumar Khandelia | ABSPK3417A |
| 33. | Ms. Manju Khandelia | ABSPK3421A |
| 34. | Anil Agrawal HUF | AACHA9591E |
| 35. | Mr. Brij Bhushan Singhal | AEFPS6298M |

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|-----|-----------------------------------|------------|
| 36. | Mr. Neeraj Singhal | ANRPS7986B |
| 37. | Ms. Uma Singhal | ANRPS7987A |
| 38. | Mr. Sunder Somani | AAWPS1022L |
| 39. | Mr. Kamal Khemka | AAQPK0916R |
| 40. | Mr. Bharat Ramjibhai Manek | AACPM3397G |
| 41. | Ms. Barti Bharat Manek | AHTPM1266G |
| 42. | Mr. Chetan Ramjibhai Manek | AACPM3398K |
| 43. | Mr. Sanjiv Chaudhary | ACLPC7284P |
| 44. | Ms. Sunita Chaudhary | ACLPC7278D |
| 45. | Mr. Anshul Jain | ALGPJ9222L |
| 46. | Giriraj Prasad Manihar HUF | AAAHG6195E |
| 47. | Mr. Santosh Manihar | ACSPM8149E |
| 48. | Ms. Harshita Maheshwari | AZWPM4747P |
| 49. | Bithal Das Parwal HUF | AACHB8343P |
| 50. | Hari Narayan Parwal HUF | AABHH6685K |
| 51. | N. K. Agarwal and Sons HUF | AAAHN5067J |
| 52. | Vimal Kumar Mantri HUF | AACHV0973P |
| 53. | Mr. Suresh Kumar Kalani | ADRPK7629M |
| 54. | Mr. Gaurav Jain | ACKPJ4330N |
| 55. | Mr. Prem Jain | ABZPJ4150C |
| 56. | Mr. Aashish V. Aggarwal | AADPA5357P |
| 57. | Amit H. Patel HUF | AAEHA4171N |
| 58. | Ms. Nandita B. Madiyar | ACOPM4635R |
| 59. | Mr. Harjeet Singh Arora | AAMPA0474C |
| 60. | Ms. Harneesh Kaur Arora | ACJPA6923B |
| 61. | Mr. Rajinder Kumar Singhanian | ABRPS7928R |
| 62. | Mr. Parveen Singhanian | ABRPS7929Q |
| 63. | Mr. Puneet Singhanian | AROPS8175R |
| 64. | Mr. Jashanjyot Singh | AUPPS9752A |
| 65. | Master Trust Limited | AABCM5833B |
| 66. | Master Commodity Services Limited | AAACE3600M |
| 67. | Mr. Naresh Garg | AAAPG1524B |
| 68. | Ms. Sangeeta Garg | AAAPG5628E |
| 69. | Girishbhai Patel HUF | AALHP0436L |
| 70. | Mr. Dheeraj Krishan Agarwal | ABHPA9593N |
| 71. | Mr. Rajkumar T. Singh | ANTPS3913J |
| 72. | Mr. Kulbir Singh | AATPS8757M |
| 73. | Rajendrakumar Agarwal HUF | AAEHR7685G |
| 74. | Ritesh Agarwal HUF | AAMHR6805C |
| 75. | Ms. Shilpa Agarwal | AERPJ3347N |
| 76. | Balkishan Atal and Sons HUF | AAEFB0727D |
| 77. | Ms. Karuna Atal | ABHPA0900D |
| 78. | Mr. Rajesh Atal | AAEPA0264C |
| 79. | Mukesh Atal HUF | AADHM9088H |
| 80. | Ms. Rajni Atal | AAEPA0263F |
| 81. | Ms. Anjali Daga | BFRPD1515E |
| 82. | Ramesh Kumar Daga HUF | AAHR7973K |
| 83. | Sanjay Daga HUF | AABHS1744Q |
| 84. | Krishnan Kumar Daga HUF | AAAHK5685D |
| 85. | Drake Properties Private Limited | AACCD4639H |

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| 86. | Syncom Formulations Limited | AAFCS6794R |
| 87. | Global Infratech and Finance Limited | AABCA4255H |
| 88. | Dynamic Portfolio Management and Services Limited | AAACD9125E |
| 89. | Ritesh Commercial Holdings Limited | AABCR1974J |
| 90. | Ritesh Projects Pvt. Limited | AADCR6224M |
| 91. | Padma Impex Pvt. Limited | AAACL4269P |
| 92. | Ranisati Dealer Pvt. Limited | AADCR7368C |
| 93. | Burlington Finance Limited | AABCB2575P |
| 94. | Manimudra Vincom Pvt. Limited | AADCM4316K |
| 95. | Amrit Sales Promotion Pvt. Limited | AACCA3220D |
| 96. | Symphony Merchant Pvt. Limited | AADCS5411K |
| 97. | Bazigar Trading Pvt. Limited | AABCB3052B |
| 98. | Blue Circle Services Limited | AAACB2131L |
| 99. | Pine Animation Limited | AAECM0267A |
| 100. | Forever Flourishing Finance and Investment Pvt. Limited | AAACF4311Q |
| 101. | Astabhuja Construction Pvt. Limited | AAKCA4137B |
| 102. | Navdurga Investment Consultants Pvt. Limited | AACCN9567A |
| 103. | Nityadhara Plaza Pvt. Limited | AADCN9427C |
| 104. | Jaihanuman Multi Agencies Pvt. Limited | AABCJ6667L |
| 105. | Master Securities/ Master Infrastructure and Real Estate Developers Limited | AAHFM8098F |
| 106. | Dhanlakshmi Brokers Pvt. Limited | AAECD4759L |
| 107. | H. S. Tradecom Pvt. Limited | AACCH8988B |
| 108. | Jayine Tradecom Pvt. Limited | AACCJ8342D |
| 109. | Swarna Pushpa Vanijya Pvt. Limited | AAJCS0597G |
| 110. | Hari Om Suppliers Pvt. Limited | AABCH2251E |
| 111. | Goldstar Tracom Pvt. Limited | AADCG8045K |
| 112. | Kalakar Commercial Pvt. Limited | AADCK9346B |
| 113. | Swarnapriya Vanijya Pvt. Limited | AAJCS0595E |
| 114. | Surbhika Vyapaar Pvt. Limited | AAJCS0680C |
| 115. | Stardox Vinimoy Pvt. Limited | AAECS0352C |
| 116. | R.C. Suppliers Pvt. Limited | AABCR2904A |
| 117. | Raina Vyapaar Pvt. Limited | AABCR3482R |
| 118. | Ushita Trading and Agencies Limited | AAACU3269L |
| 119. | Waltare Investment Private Limited | AAACW2314A |
| 120. | Mr. Bimal Kumar Drolia/ GRD Capital Markets Limited | AABCG9640C |
| 121. | Mr. Parmanand Drolia/ Cellour Marketing Pvt. Limited | AABCC0603M |
| 122. | Mr. Roshan Drolia/ Falcon Holdings Pvt. Limited | AAACF4335Q |
| 123. | GRD Enclave Pvt. Limited | AABCG9641D |
| 124. | Life Line Marketing Pvt. Limited | AAACL5973G |
| 125. | Linton Consultants Pvt. Limited | AAACL5784F |
| 126. | BSR Finance and Consultants Pvt. Limited | AABCB0636K |
| 127. | Prefer Abasan Pvt. Limited | AAECP2470J |
| 128. | Kripa Securities Pvt. Limited | AACCK2399D |
| 129. | Pride Distillery Pvt. Limited | AACCM6582E |
| 130. | Minimum Shares and Securities Pvt. Limited | AAGCM0970Q |
| 131. | Rajani Investment Pvt. Limited | AABCR2457G |

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| 132. | R. K. Investment Pvt. Limited | AABCR2488R |
| 133. | Toplight Commercials Limited/ Tara Chand Agarwal | AABCT1134Q |
| 134. | Ms. Veena Mohanlal Chandiramani | AAWPC3158M |
| 135. | Mr. Nirmal Kumar Malhotra | AAUPM6284E |
| 136. | Mr. Kirit Vasudeo Dave | AHKPD0543J |
| 137. | Mr. Prem Lata Nahar | AFAPN8764M |
| 138. | Mr. Shyam Kanheyalal Vyas | ACTPV2787Q |

92. Having dealt with the contentions of the noticees as aforesaid, I note that the majority of these have raised concern over challenges in running their activities on account of ban and consequent freezing of their demat accounts. Many of these entities have pleaded for removal of the restraint imposed vide the *interim order* or atleast allow them partial relief of permitting trading in securities other than those involved in this case. It is worth mentioning that the case in hand is peculiar as large number of entities have been restrained and the ongoing investigation in the matter may take time in completion. I have been conscious that the restraint order should not cause disproportionate hardship or avoidable loss to the portfolio of the noticees. For the said reasons several relaxations, such as allowing investment in mutual fund units, permission to liquidate existing portfolio and keep the proceeds in an escrow account and even utilize 25% of the proceeds for meeting exigencies, etc. have been made in the past. Now at this stage, considering the facts and circumstances of this case and submissions/ oral arguments made before me, I deem it appropriate to make further relaxations so as to address the issues of the personal and business exigencies or other liquidity problems.

93. Considering the above, I, in exercise of the powers conferred upon me under section 19 of the SEBI Act, read with sections 11(1), 11(4) and 11B thereof, hereby confirm the directions issued vide the *ad interim ex parte* orders dated December 19, 2014 and August 11, 2015 as against the aforesaid 138 noticees except that they can:-

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

94. Further, considering the business and personal exigencies and liquidity problems submitted

by the these noticees, I allow them further relaxations/reliefs as under:-

- a. They are permitted to sell the securities held in the demat account as on the date of the *interim* order, other than the shares of the companies which are suspended from trading by the concerned stock exchange, in orderly manner under the supervision of the stock exchanges so as not to disturb the market equilibrium and deposit the sale proceeds in an interest bearing escrow account with a nationalized bank.
- b. They may deal with or utilize the sale proceeds lying in the aforesaid escrow account under the supervision of the concerned stock exchange as provided under:-
 - (i) the sale proceeds may be utilised for investments permitted in para 93;
 - (ii) upto 25% of the value of the portfolio as on the date of the *interim order* or the amount* in excess of the profit made /loss incurred or value of shares purchased to give exit, whichever is higher, may be utilized for business purposes and/or for meeting any other exigencies or address liquidity problems etc.

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

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

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

95. It is, however, clarified that the aforesaid exceptions/ relaxation/ reliefs shall be available:

- a. To the noticees mentioned in table 6 above except the noticees namely Gokul Securities Pvt. Limited, Mr. Aamir Nawab Malik, Ms. Veena Mohanlal Chandiramani, Ranisati Dealers Pvt. Limited and Prefer Abasan Pvt. Limited who have not replied to the *interim order*.
- b. To the entities against whom the *confirmatory orders* have already been passed as mentioned in the table 1 above.
- c. The common *interim* reliefs already granted in the matter earlier are subsumed in the aforesaid general relaxations/ reliefs. The specific reliefs granted if any, to any of the noticees/ entities shall remain in operation.

96. This order is without prejudice to any enforcement action that SEBI may deem necessary

against the aforesaid *notices* on completion of the investigation in the matter.

97. This order shall continue to be in force till further directions.

98. A copy of this order shall be served on all recognized stock exchanges and depositories to ensure compliance with above directions.

DATE: AUGUST 25th, 2016

PLACE: MUMBAI

Sd/-

RAJEEV KUMAR AGARWAL

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA

Annexure-A

Trading of Entities of *First Financial Group*

| Sr. No | Name | Clnt Pan | Gr Buy Vol | Gr Sell Vol | Gr Buy Value | Gr Sell Value |
|--------|---|------------|------------|-------------|--------------|---------------|
| 1 | Pride Distillery Pvt. Ltd. | AACCM6582E | 4261022 | 430707 | 39610205.24 | 7599380.83 |
| 2 | Minimum Shares And Securities Pvt. Ltd. | AAGCM0970Q | 4276622 | 0 | 34884491.67 | 0.00 |
| 3 | Kirit Vasudeo Dave | AHKPD0543J | 3830021 | 5000 | 36823448.91 | 41450.00 |
| 4 | R K Investment Pvt. Ltd. | AABCR2488R | 3275051 | 0 | 26902932.10 | 0.00 |
| 5 | Veena Mohanlal Chandiramani | AAWPC3158M | 3088030 | 0 | 24942378.00 | 0.00 |
| 6 | Rajani Investment Pvt. Ltd. | AABCR2457G | 3063327 | 0 | 25186041.38 | 0.00 |
| 7 | Nirmal Kumar Malhotra | AAUPM6284E | 3056650 | 0 | 24680934.97 | 0.00 |
| 8 | Kripa securities Pvt. Ltd. | AACCK2399D | 1958501 | 804670 | 80118198.23 | 43316440.12 |
| 9 | Vivek Agarwal | AABCE2412N | 429000 | 2040000 | 49173435.70 | 16550500.00 |
| 10 | Santosh Kumar Shah | ALGPS0859J | 129500 | 2135000 | 37942856.25 | 17408500.00 |
| 11 | Padma Impex Pvt. Ltd. | AAACL4269P | 1330537 | 161471 | 113604628.53 | 14140539.64 |
| 12 | Amrit Sales Promotion Pvt. Ltd. | AACCA3220D | 135500 | 1355000 | 37074232.50 | 11167000.00 |
| 13 | Tara Chand Agarwal | AABCT1134Q | 119000 | 1190000 | 35209500.00 | 10021000.00 |
| 14 | Raina Vyapaar Pvt. Ltd. | AABCR3482R | 94180 | 941800 | 27459160.00 | 7608871.05 |
| 15 | Stardox Vinimoy Pvt. Ltd. | AAECS0352C | 80500 | 805000 | 23287622.60 | 6511475.00 |
| 16 | Swarna Pushpa Vanijya Pvt. Ltd. | AAJCS0597G | 65000 | 650000 | 18714250.00 | 5385000.00 |
| 17 | Goldstar Tracom Pvt. Ltd. | AADCG8045K | 61000 | 610000 | 17509400.00 | 4941000.00 |
| 18 | Global Infratech & Finance Ltd. | AABCA4255H | 646000 | 0 | 18505999.25 | 0.00 |
| 19 | Kalakar Commercial Pvt. Ltd. | AADCK9346B | 65800 | 579910 | 18921360.00 | 4695764.55 |
| 20 | Hari Om Suppliers Pvt. Ltd. | AABCH2251E | 63800 | 580000 | 18402780.00 | 4698000.00 |
| 21 | Bazigar Trading Pvt. Ltd. | AABCB3052B | 58000 | 580000 | 16430925.00 | 4821919.10 |
| 22 | Astabhuja Construction Pvt. Ltd. | AAKCA4137B | 591375 | 0 | 73793598.30 | 0.00 |
| 23 | Jayine Tradecom Pvt. Ltd. | AACCJ8342D | 287151 | 287151 | 80594904.50 | 80530649.50 |
| 24 | Swarnapriya Vanijya Pvt. Ltd. | AAJCS0595E | 60000 | 500000 | 17165900.00 | 4170000.00 |
| 25 | Surbhika Vyapaar Pvt. Ltd. | AAJCS0680C | 65000 | 485000 | 18621750.00 | 6362500.00 |
| 26 | Dhanlakshmi Brokers Pvt. Ltd. | AAECD4759L | 365776 | 181152 | 104538681.55 | 52519278.50 |
| 27 | Waltare Investment Pvt. Ltd. | AAACW2314A | 49000 | 490000 | 13950250.00 | 3944500.00 |
| 28 | Navdurga Investment Consultants Pvt. Ltd. | AACCN9567A | 511873 | 0 | 6362893.10 | 0.00 |
| 29 | Jaihanuman Multi Agencies Pvt. Ltd. | AABCB6667L | 252377 | 252377 | 71338506.85 | 71416616.05 |
| 30 | Life line marketing Pvt. Ltd. | AAACL5973G | 45500 | 455000 | 13447622.50 | 3685500.00 |
| 31 | BSR Finance and Construction Ltd. | AABCB0636K | 45500 | 455000 | 12845700.00 | 3718004.55 |
| 32 | Value and Worth | AAFFV5756K | 45000 | 450000 | 12393000.00 | 3657000.00 |
| 33 | Roshan Kumar Drolia | AAACF4335Q | 44000 | 440000 | 12855500.00 | 3608000.00 |
| 34 | Bimal Kumar Drolia | AABCG9640C | 42000 | 420000 | 12228000.00 | 3391500.00 |
| 35 | Nityadhara Plaza Pvt. Ltd. | AADCN9427C | 447968 | 0 | 82475773.45 | 0.00 |
| 36 | Parmanand Drolia | AABCC0603M | 40000 | 400000 | 11678250.00 | 3220000.00 |
| 37 | Ushita Trading and Agencies Limited | AAACU3269L | 38636 | 386360 | 11322222.15 | 3112584.20 |
| 38 | Manimudra Vincom Pvt. Ltd. | AADCM4316K | 34900 | 349000 | 10003625.00 | 2860650.00 |
| 39 | R. C.Suppliers Pvt. Ltd. | AABCR2904A | 34000 | 340000 | 9885500.00 | 2747300.10 |
| 40 | Linton Consultantants Pvt. Ltd. | AAACL5784F | 30000 | 300000 | 8561750.00 | 2455500.00 |
| 41 | Ritesh Commercial Holdings Ltd. | AABCR1974J | 28100 | 281000 | 7857600.00 | 2273750.00 |
| 42 | H.S. Tradecom Pvt. Ltd. | AACCH8988B | 219790 | 60190 | 63804199.05 | 17609307.50 |

| | | | | | | |
|----|--|------------|--------|--------|-------------|-------------|
| 43 | GRD Enclave Pvt. Ltd. | AABCG9641D | 23000 | 230000 | 6658500.00 | 1856000.00 |
| 44 | Master Securities Ltd. | AAHFM8098F | 246001 | 0 | 54000374.25 | 0.00 |
| 45 | Symphony Merchant Pvt. Ltd. | AADCS5411K | 8500 | 225000 | 2491700.00 | 1850000.00 |
| 46 | Burlington Finance Ltd. | AABCB2575P | 17500 | 175000 | 5011350.00 | 1430000.00 |
| 47 | Dynamic Portfolio Management & Services Ltd. | AAACD9125E | 15734 | 157340 | 3836980.00 | 1274454.00 |
| 48 | Pine Animation Ltd. | AAECM0267A | 136000 | 0 | 38808475.75 | 0.00 |
| 49 | Ranisati Dealer Pvt. Ltd. | AADCR7368C | 65817 | 65817 | 18868958.15 | 11831314.50 |
| 50 | Ritesh Projects Pvt. Ltd. | AADCR6224M | 11000 | 110000 | 3038500.00 | 891000.00 |
| 51 | Prefer Abasan Pvt. Ltd. | AAECP2470J | 55000 | 55000 | 16250687.80 | 14469120.50 |
| 52 | Shree Sudharshan Castings Pvt. Ltd. | AADCS9429B | 51000 | 44500 | 14767200.00 | 12816250.00 |
| 53 | Blue Circle Services Ltd. | AAACB2131L | 36634 | 6000 | 10894278.10 | 1743600.00 |
| 54 | Forever Flourishing Finance & Investment Pvt. Ltd. | AAACF4311Q | 20000 | 20000 | 5926000.00 | 5000000.00 |
| 55 | Madsan Agencies Pvt. Ltd. | AACCM0579K | 35000 | 0 | 10253850.00 | 0.00 |
| 56 | Motorex Finance Pvt. Ltd. | AACCM1042R | 22000 | 0 | 6505250.00 | 0.00 |
| 57 | Vijay Kumar Shah | AABCM6864G | 20000 | 0 | 5740000.00 | 0.00 |

Trading of *Preferential Allottees*

| Sr. No | Name | PAN | Gr Buy Vol | Gr Sell Vol | Gr Buy Value | Gr Sell Value |
|--------|------------------------------------|------------|------------|-------------|--------------|---------------|
| 1 | Amit Hasmukhbhai Patel HUF | AAEHA4171N | 0 | 2175000 | 0.00 | 68661167.34 |
| 2 | Hashmukhbhai B. Patel HUF | AABHH5224A | 0 | 1535000 | 0.00 | 22025296.90 |
| 3 | Gokul Securities Pvt. Ltd. | AADCG7372B | 0 | 300000 | 0.00 | 81397816.80 |
| 4 | Kamal Khemka | AAQPK0916R | 0 | 286030 | 0.00 | 20998303.75 |
| 5 | Anil Agrawal HUF | AACHA9591E | 0 | 249900 | 0.00 | 72540758.90 |
| 6 | Master Commodity Services Ltd. | AAACE3600M | 0 | 240000 | 0.00 | 58790800.00 |
| 7 | Brij Bhushan Singal | AEFPS6298M | 0 | 225000 | 0.00 | 65749627.15 |
| 8 | Neeraj Singal | ANRPS7986B | 0 | 225000 | 0.00 | 64835210.50 |
| 9 | Devshibhai Parshottambhai Dungrani | AAIPD7191D | 0 | 200000 | 0.00 | 58291100.00 |
| 10 | Gopalbhai Parshotambhai Dungarani | ACOPD6501F | 0 | 200000 | 0.00 | 58319450.75 |
| 11 | Sangeeta Garg | AAAPG5628E | 0 | 178000 | 0.00 | 50261750.00 |
| 12 | Sunita Chaudhary | ACLPC7278D | 0 | 150000 | 0.00 | 40657450.00 |
| 13 | Sanjiv Chaudhry | ACLPC7284P | 0 | 150000 | 0.00 | 40755752.00 |
| 14 | Prem Jain | ABZPJ4150C | 0 | 125000 | 0.00 | 36623648.75 |
| 15 | Gaurav Jain | ACKPJ4330N | 0 | 125000 | 0.00 | 36310325.00 |
| 16 | Naresh Garg | AAAPG1524B | 0 | 120100 | 0.00 | 34696990.00 |
| 17 | Suresh Kumar Khandelia | ABSPK3417A | 0 | 112500 | 0.00 | 31245539.45 |
| 18 | N.K. Agarwal & Sons | AAAHN5067J | 0 | 100000 | 0.00 | 29379910.00 |
| 19 | Syncom Formulations (India) Ltd. | AAFCS6794R | 0 | 100000 | 0.00 | 24963016.00 |
| 20 | Manju Khandelia | ABSPK3421A | 0 | 100000 | 0.00 | 27897219.00 |
| 21 | Suresh Kumar Kalani | ADRPK7629M | 0 | 100000 | 0.00 | 29456462.00 |
| 22 | Narayan Prasad Mundhra | AENPM3873N | 0 | 100000 | 0.00 | 28845603.95 |
| 23 | Manjudevi Mundhra | AHDPM7706M | 0 | 100000 | 0.00 | 28869249.00 |
| 24 | Aamir Nawab Mehjabeen Malik | ATAPM4926A | 0 | 87500 | 0.00 | 25605054.00 |
| 25 | Master Trust Ltd. | AABCM5833B | 0 | 85000 | 0.00 | 17624650.00 |
| 26 | Ketan Dhirajlal Kapasi | AABPK6452F | 0 | 75000 | 0.00 | 22073918.00 |

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|----|---------------------------------|------------|------|-------|-----------|-------------|
| 27 | Bharat Ramjibhai Manek | AACPM3397G | 0 | 75000 | 0.00 | 21984437.50 |
| 28 | Chetan Ramjibhai Manek | AACPM3398K | 0 | 75000 | 0.00 | 21984612.00 |
| 29 | Rajendrakumar Agarwal HUF | AAEHR7685G | 0 | 75000 | 0.00 | 21902905.00 |
| 30 | Ritesh Agarwal HUF | AAMHR6805C | 0 | 75000 | 0.00 | 21931342.50 |
| 31 | Sunder Somani | AAWPS1022L | 0 | 75000 | 0.00 | 20512200.50 |
| 32 | Vinal Arvind Kapasi | ADQPK1014P | 0 | 75000 | 0.00 | 22067915.00 |
| 33 | Shilpa Agarwal | AERPJ3347N | 0 | 75000 | 0.00 | 21843584.50 |
| 34 | Bharati Bharat Manek | AHTPM1266G | 0 | 75000 | 0.00 | 22022487.50 |
| 35 | Uma Songal | ANRPS7987A | 0 | 75000 | 0.00 | 22178900.00 |
| 36 | Dheeraj Krishna Agarwal | ABHPA9593N | 0 | 52500 | 0.00 | 15495975.00 |
| 37 | Rajkumar Tejbahadur Singh | ANTPS3913J | 0 | 52000 | 0.00 | 15349975.00 |
| 38 | Krishan Kumar Daga | AAAHK5685D | 0 | 50000 | 0.00 | 14531750.00 |
| 39 | Ramesh Kumar Daga | AAHR7973K | 0 | 50000 | 0.00 | 14512000.00 |
| 40 | Tushar Dhirajlal Mehta | AAAPM8897P | 0 | 50000 | 0.00 | 13973770.65 |
| 41 | H.N. Parwal | AABHH6685K | 0 | 50000 | 0.00 | 14688550.00 |
| 42 | Sanjay Daga | AABHS1744Q | 0 | 50000 | 0.00 | 14528000.00 |
| 43 | Drake Properties Pvt.Ltd. | AACCD4639H | 0 | 50000 | 0.00 | 14534250.00 |
| 44 | Bitthal Das Parwal | AACHB8343P | 0 | 50000 | 0.00 | 14705000.00 |
| 45 | Navratanmal Jeetmal Ganna | AACHN5142C | 0 | 50000 | 0.00 | 14022850.00 |
| 46 | Dhirajlal Maganlal Mehta | AACPM3147N | 0 | 50000 | 0.00 | 14326875.00 |
| 47 | Mukesh Atal Mukesh Atal (HUF) | AADHM9088H | 0 | 50000 | 0.00 | 14702000.00 |
| 48 | Bal Kishan & Sons HUF | AAEFB0727D | 0 | 50000 | 0.00 | 14693300.00 |
| 49 | Rajni Atal | AAEPA0263F | 0 | 50000 | 0.00 | 14728900.00 |
| 50 | Rajesh Atal | AAEPA0264C | 0 | 50000 | 0.00 | 14718580.00 |
| 51 | Jinesh Navratanmal Ganna | AAFHJ7950P | 0 | 50000 | 0.00 | 13993425.00 |
| 52 | Vikas Navratanmal Ganna | AAHHV1011R | 0 | 50000 | 0.00 | 13943850.00 |
| 53 | Amit Saraf | AAJHA6325F | 0 | 50000 | 0.00 | 14755240.00 |
| 54 | Pawan Kumar Bajaj | AAKHP1145F | 0 | 50000 | 0.00 | 14718000.00 |
| 55 | Girishbhai Patel HUF | AALHP0436L | 0 | 50000 | 0.00 | 12578950.95 |
| 56 | Harjeet Singh Arora | AAMPA0474C | 0 | 50000 | 0.00 | 14184180.00 |
| 57 | Sarla Dhirajlal Mehta | AANPM7722Q | 0 | 50000 | 0.00 | 14307762.00 |
| 58 | Samir Harshadrai Doshi | AAQPD2202F | 0 | 50000 | 0.00 | 14728680.15 |
| 59 | Kulbir Singh | AATPS8757M | 0 | 50000 | 0.00 | 14753670.00 |
| 60 | Bharatbhai Nathabhai Buha | AAWPB3665Q | 0 | 50000 | 0.00 | 14703370.70 |
| 61 | Karuna Atal | ABHPA0900D | 0 | 50000 | 0.00 | 14718700.00 |
| 62 | Rajinder Kumar Singhanian | ABRPS7928R | 0 | 50000 | 0.00 | 14683020.00 |
| 63 | Parveen Parveen Singhanian | ABRPS7929Q | 0 | 50000 | 0.00 | 14736600.00 |
| 64 | Harneesh Kaur Arora | ACJPA6923B | 0 | 50000 | 0.00 | 14524450.00 |
| 65 | Nandita Bhavesh Madiyar | ACOPM4635R | 0 | 50000 | 0.00 | 14744850.00 |
| 66 | Ashokbhai Nathabhai Buha | AECPB5885J | 0 | 50000 | 0.00 | 14590647.50 |
| 67 | Priyanka Ganna | AFQPJ7537N | 0 | 50000 | 0.00 | 13949707.50 |
| 68 | Shilpa Ganna | AFRPJ6563K | 0 | 50000 | 0.00 | 13965480.00 |
| 69 | Rupal Tushar Mehta | AGWPM9589L | 0 | 50000 | 0.00 | 13844535.35 |
| 70 | Champakbhai Manubhai Sopariwala | AHPPS8032G | 0 | 50000 | 0.00 | 14245180.00 |
| 71 | Anshul Jain | ALGPJ9222L | 0 | 50000 | 0.00 | 14597500.00 |
| 72 | Puneet Singhanian | AROPS8175R | 0 | 50000 | 0.00 | 14546735.00 |
| 73 | Jashanjyot Singh | AUPPS9752A | 0 | 50000 | 0.00 | 14687586.25 |
| 74 | Himanshu C. Sopariwala | AVZPS5235M | 0 | 50000 | 0.00 | 14426964.75 |
| 75 | Anjali Daga | BFRPD1515E | 0 | 50000 | 0.00 | 14378300.00 |
| 76 | Aashish V Aggarwal | AADPA5357P | 0 | 40000 | 0.00 | 11807946.00 |
| 77 | Harshita Maheshwari | AZWPM4747P | 2000 | 27000 | 588000.00 | 7927996.00 |
| 78 | Giriraj Prasad Manihar | AAAHG6195E | 0 | 25000 | 0.00 | 7318400.00 |

| | | | | | | |
|----|--------------------|------------|---|-------|------|------------|
| 79 | Vimal Kumar Mantri | AACHV0973P | 0 | 25000 | 0.00 | 7364800.00 |
| 80 | Santosh Manihar | ACSPM8149E | 0 | 25000 | 0.00 | 7355600.00 |

Trading of LTP Providers

| Sr. no | Name | Clnt Pan | Gr Buy Vol | Gr Sell Vol | Gr Buy Value | Gr Sell Value |
|--------|-----------------------|------------|------------|-------------|--------------|---------------|
| 1 | Shyam Kanheyalal Vyas | ACTPV2787Q | 1000 | 1350 | 268700.00 | 367880.00 |
| 2 | Prem Lata Nahar | AFAPN8764M | 0 | 844 | 0.00 | 227880.00 |
| 3 | Sumitra Devi Agrawal | ABLPA9728M | 250 | 310 | 67175.00 | 84725.00 |
| 4 | Bharat Bagri Bagri | AADHB8488A | 0 | 121 | 0.00 | 32512.70 |

Trading of Mr. B. P. Jhunjhunwala

| Clnt Pan | Name | Gr Buy Vol | Gr Sell Vol | Gr Buy Value | Gr Sell Value |
|----------------|------------------------------------|------------|-------------|--------------|---------------|
| AACHB0680 D | B. P. Jhunjhunwala & Others HUF | 0 | 31982 | 0.00 | 9213354.60 |

Sd/-

DATE: AUGUST 25th, 2016

PLACE: MUMBAI

RAJEEV KUMAR AGARWAL

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA