

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

ORDER

UNDER SECTIONS 11, 11B AND 11(4) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 11 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003, IN THE MATTER OF EXELON INFRASTRUCTURE LIMITED

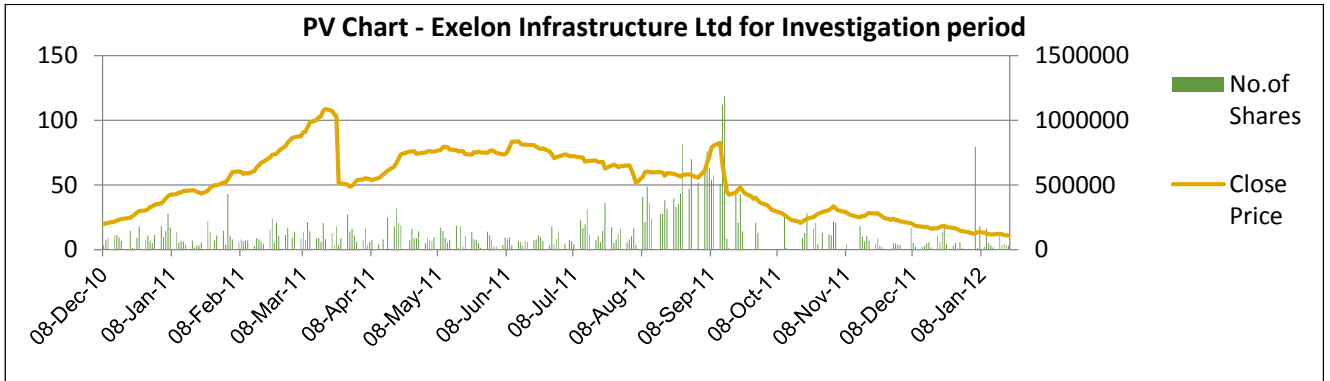
NOTICEES – (49 out of 52 Noticees)

1. EXELON INFRASTRUCTURE LIMITED [PAN: AAACM2862M].
2. CEMENTEX (INDIA) PRIVATE LIMITED [PAN: AAACC9265A]
3. MR. SRINIVASA RAO MARUPUDI [PAN: ACQPM0876L; BCDPM3124P].
4. MR. GADDE BUTCHI TIRUPATI RAO [PAN: AHUPG9920A].
5. MR. RAVI CHAKRAVATI [PAN: AJXPR4789F].
6. MR. M. VISHNUVARDHAN RAO [PAN: ABYPM0993M].
7. MR. P R K VENKATAMURTHI [PAN: AFQPP6066G].
8. MR. SRINIVAS YADAV SHER [PAN: AUAPS8547G].
9. MR. SRIKRISHNA VADLAMUDI [PAN: ADNPNV5504C].
10. DHANA ENERGY PRIVATE LIMITED [PAN: AACCV7693M].
11. MS. SREE LAKSHMI MARUPUDI [PAN: ALYPM2964Q].
12. MR. RAMA KRISHNA MAKKENA [PAN: BCKPK1101P].
13. MS. ANITHA YARLAGADDA [PAN: ACAPY5774B].
14. MR. SATYA SURYA NARAYANA JONNAVITTULA [PAN: ACRPJ9665R].
15. MS. SWAPNA SRI TUMMALA [PAN: ALDPT7720Q].
16. MR. MAHENDRA BHIKAJI CHILE [PAN: AHNPC8127G].
17. MR. GANGADHARA RAO ILAPARTI [PAN: AANPI9650F].
18. MR. PVS GANGADHARA RAO [PAN: AKYPP5600M].
19. MR. VEERABHADRA DANDAMUDI [PAN: ABVPD6656R]
20. MR. ELUBANDI SATYANARAYANA [PAN: DGCPS7022F].
21. MR. YENTRAPATI RAVI [PAN: ABWPY6767F].
22. MR. GUDIMETLA H SUNDER [PAN: BMLPS9664N].
23. MR. SHIVCHARAN SHREEDHAR KASHYAP [PAN: ATOPK6636K].
24. MR. JAYESH HIMATLAL MEHTA [PAN: AIFPM2216D].
25. MR. NRUPINI JAYESH MEHTA [PAN: BDTPM2261E].
26. MR. RONAK ASHWIN CHOKSI [PAN: ADDPC2938D].
27. MS. SALMA SHARAFAT KHAN [PAN: BVSPK9348F].
28. MR. HITEN P. SHAH [PAN: AHAPS0889A].
29. MR. SUNIL KUMAR H. PAL [PAN: BKSPP6938B].
30. MR. HITEN VALLABHJI HARIA [PAN: AAAPH6890H].
31. A. K. INVESTMENTS [PAN: AANFA6009Q].
32. AMRIT L. GANDHI [HUF] [PAN: AAJHA4701R].

33. MR. AMRIT L. GANDHI [PAN: AACPG5265H].
 34. MS. SEEMA GANDHI [PAN: AAEPG0960B]
 35. MR. NARENDRA OMPRAKASH DOGRA [PAN: AJMPD8729N].
 36. MR. JITENDRA L. GANDHI [PAN: AACPG6473H].
 37. MR. KANTILAL LAKSHMICHAND [PAN: ADSPK7577K].
 38. MS. SHIVANGI JAGMOHAN SINGH [PAN: AOSPS5911E].
 39. MR. DIVYESH HARISH SURANA [PAN: DALPS0578H].
 40. MR. HUSSAIN MOHAMMED SHAIKH [PAN: BSSPS2832P].
 41. MS. PARUL ANUPAM KHANNA [PAN: BCUPK8420R].
 42. MR. JIGNA MANISH SHAH [PAN: ANQPS6789P].
 43. MRS. BHAVNABEN NIMESH BHAJI MISTRY [PAN: ALIPM5347B].
 44. MR. NISHITA DANISH MERCHANT [PAN: AMHPM8133B].
 45. MR. VENKATA SUBBARAO YARRA [PAN: AAPPY4270P].
 46. MR. SHAIK AMEER BASHA [PAN: AEZPB3408A].
 47. MS. PARVATHANENI MOUNISHA [PAN: BAOPP1399G].
 48. MR. PIYUSH NARESH KOTHARI [PAN: AEOPK1882L].
 49. MS. ANJALI TUKARAM SOGAM [PAN: CGNPS1443N].
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Background

- 1 Securities and Exchange Board of India (“SEBI”) conducted investigation into the trading in the scrip of Exelon Infrastructure Limited (hereinafter referred to as EIL or the scrip) listed on the Bombay Stock Exchange (“BSE”), for the period from December 08, 2010 to January 20, 2012 (hereinafter referred as the “Investigation period” / “I.P”) for ascertaining any possible violations, inter alia, of –
 - i. The SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (“PFUTP Regulations, 2003”);
 - ii. The SEBI (Prohibition of Insider Trading) Regulations, 1992 (“PIT Regulations, 1992”) read with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations, 2015”);
 - iii. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 (“Takeover Regulations, 1997”), and
 - iv. The Listing Agreement.
- 2 The investigation in the matter, was triggered by abnormal price movement in the scrip, created by positive corporate announcements by the company not supported by the fundamentals of the company. The Price Volume Chart during the period under investigation is as under:



3 During the same period, BSE Sensex dipped from 19,696 as on December 8, 2010 to 16,739 as on January 20, 2012. The trading in the scrip was on trade-to-trade basis during the period 31.12.2010 to 22.02.2011 and from 18.3.2011 to 20.1.2012 with applicable circuit filters of 5%. The investigation brought out a manipulative scheme involving 52 entities (49 noticees named above and 3 others namely - Kanta Anantrai Desai, Sneha Pankaj Desai and Dimple Pankaj Desai, who have sought time for defending their case before me). Having considered the request for adjournment sought by the said three entities, I wish to limit the scope of this order to the above named 49 entities. I find that besides violations under the PFUTP Regulations, the investigation has also revealed violations of SEBI SAST Regulations. For the sake of convenience and in keeping with the Hon'ble SAT's direction, vide order dated January 13, 2017, to dispose of the matter in a time bound manner, I am dealing with the violation of PFUTP committed by 49 entities named above in this order. The violations pertaining to SAST, *inter alia* involving few of the entities named above along with one another shall be considered separately.

4 Based on the investigation, SEBI vide *ad interim ex parte* order June 07, 2016, impounded the alleged unlawful gains of a sum of ₹ 12,54,84,118 (alleged gain of ₹ 7,86,21,436 + interest of ₹ 4,68,62,682 (from 14/06/2011 to 01/06/2016), jointly and severally from the 52 entities identified by the investigation. Subsequently, the *ad interim ex parte* order June 07, 2016 was confirmed after giving opportunity of hearing to the entities, vide SEBI order dated September 21, 2016 with the following reliefs/ directions:-

“The directions against the aforementioned entities at paragraph 6.3.1 in respect of their bank accounts/demat accounts/properties (as contained in the Impounding Order dated June 7, 2016), shall be restricted to their respective individual amounts. The Impounding Order dated June 7, 2016, shall stand vacated as against them if the aforesaid individual amounts are credited to the Escrow Account. On production of proof that their individual amounts is deposited in the Escrow Account, SEBI shall communicate to the Banks and Depositories to defreeze the accounts.”

5 Aggrieved by the aforesaid order, 14 entities filed appeal before Hon'ble SAT and vide order dated

January 13, 2017, Hon'ble SAT disposed of the appeal recording the statement of SEBI counsel that SEBI would issue SCN to the appellants, give opportunity of hearing and pass appropriate final orders within a period of three months. Accordingly, SCN dated January 19, 2017 was sought to be issued on 52 entities which were involved in the whole investigation as the matter could not be taken up for consideration limiting the issues to the appellants before Hon'ble SAT.

Show Cause Notice, Reply & personal hearing.

6 The investigation identified a manipulative scheme perpetrated by 52 entities and they are being categorized into 4 Groups for the purpose of this order, considering their connections and alleged violations. The grouping has been done mainly on the basis of the off market transactions between the entities, apart from certain other factors as listed out in the tables below:-

Group 1 – Company (EIL) and its Promoter (Cementex (India) P. Ltd.) and six Directors of EIL, (S. no- 1 to 8)

Group 2 - Entities that are directly connected with Group 1, (S. no- 9 to 24);

Group 3 - Entities that are directly connected with Group 2, indirectly connected to Group 1 (S. no- 25 to 35);

Group 4 - Entities that are directly connected with Group 3; and thereby indirectly connected to Group 1 & 2 (S. no- 36 to 52);

The details of connections among entities in the said Groups are tabulated below:-

S. No.	Name & PANs	Connection with other entities of Group
GROUP 1 - Company and its Promoter and Directors		
1	Exelon Infrastructure Ltd. AAACM2862M	Company
2	Cementex (India) P.Ltd. AAACC9265A	Promoter entity of Exelon.
3	Srinvasa Rao Marupudi ACQPM0876L, BCDPM3124P	Director & CEO of Exelon.
4	Gadde B. Tirupati Rao AHUPG9920A	Director in Exelon

S. No.	Name & PANs	Connection with other entities of Group
5	Ravi Chakravati AJXPR4789F	Director in Exelon
6	M.Vishnuvardhan Rao ABYPM0993M	Director in Exelon
7	P R K Venkatamurthi AFQPP6066G	Director in Exelon
8	Srinivas Yadav Sher AUAPS8547G	Director in Exelon
GROUP 2 - Entities that are directly connected with Group 1.		
Some of these entities are interconnected among themselves also.		
9	Marupudi Sree Lakshmi ALYPM2964Q	Shares common address & Mobile no. with entity at S. No. 3. Had off market transfers with entities at S. No. 3, 12.
10	Srikrishna Vadlamudi ADNPV5504C	Director of Cementex (S. No. 2) Shares same email ID vsrik2000@yahoo.com with entities at S. No. 2, 11, 12.
11	Anitha Yarlagaadda ACAPY5774B	Had off market transfers with entity at S. No. 3. Shares same email ID vsrik2000@yahoo.com with entities at S. No. 2, 10, 12.
12	Veerabhadra Rao Dandamudi ABVPD6656R	Shares same email ID vsrik2000@yahoo.com with entity at S. No. 2, 10, 11. Had off market transfers with entity at S. No. 9.
13	Mahendra Bhikaji Chile AHNPC8127G	Had off market transfers with entity at S. No. 8.
14	Gangadhara Rao Ilaparti AANPI9650F	Had off market transfers with entity at S. No. 8.
15	Piyush Naresh Kothari AEOPK1882L	Had off market transfers with entity at S. No. 8.
16	Ronak Ashwin Choksi	Had off market transfers with entities at S. No. 3, 8, 17, 18.

S. No.	Name & PANs	Connection with other entities of Group
	ADDPC2938D	Mentioned as reference in the KYC while opening accounts of entity at S. No. 3, 17.
17	Salma Sharafat Khan BVSPK9348F	Had off market transfers with entities at S. No. 2, 16. As per KYC, Ronak Choksi (S. No. 16) is reference.
18	Hiten Pravinchandra Shah AHAPS0889A	Director of Cementex (I) P. Ltd. (S. No. 2) (appointment 18.7.2012) Had off market transfers with entities at S. No. 16, 23. He has appeared as witness to entities at S. No. 3, 8, 16, 17 in KYC submitted by TM- Network Stock Broking Limited.
19	Dimple Pankaj Desai AUQPD3909F	Had off market connections with one I. K. Projects Pvt. Ltd. in which entities at S. No. 8, 9 were directors. Had off market connections with entity at S. No. 8 prior to I.P.
20	Kanta Anantrai Desai AAEPD6006F	Had off market connections with one I. K. Projects Pvt. Ltd. in which entities at S. No. 8, 9 were directors. Had off market connections with entity at S. No. 8 prior to I.P.
21	Sneha Pankaj Desai AIBPD1454A	Had off market connections with one I. K. Projects Pvt. Ltd. in which entities at S. No. 8, 9 were directors.
22	Gudimetla H Sunder BMLPS9664N	Had off market connections with one I. K. Projects Pvt. Ltd. in which entities at S. No. 8, 9 were directors.
23	Rama Krishna Makkena BCKPK1101P	Director of one I. K. Projects Pvt. Ltd. in which entities at S. No. 8, 9 were also directors. Further, I. K. Projects Pvt. Ltd. had off market connections with entities at S. No. 19, 20, 21, 22. Had off market transfers with entities at S. No. 18.
24	Dhana Energy P.Ltd. AACCV7693M	Entities at S. No. 9 and 10 are directors of Dhana Energy.
GROUP 3 - Entities that are directly connected with Group 2 and indirectly connected with Group 1.		
Some of these entities are interconnected among themselves also.		
25	Satya Suryanarayana Jonnnavithula ACRPJ9665R	Had off market transfers with entity at S. No. 10.
26	PVS Gangadhara Rao AKYPP5600M	Had off market transfers with entities at S. No. 12, 14.

S. No.	Name & PANs	Connection with other entities of Group
27	Elubandi Satyanarayana DGCPS7022F	Had off market connections with entity at S. No. 14.
28	Yentrapati Ravi ABWPY6767F	Had off market connections with entity at S. No. 14.
29	Anjali Tukaram Sogam CGNPS1443N	Had off market connections with entity at S. No. 21.
30	Parvathaneni Mounisha BAOPP1399G	Had off market transfers with entity at S. No. 22.
31	Hiten Vallabhji Haria AAAPH6890H	As per KYC submitted by TM Networth Broking Ltd., Hiten Shah (S. No. 18) is reference.
32	Sunil Kumar Hariprasad Pal BKSP6938B	As per KYC, Ronak Choksi (S. No. 16) is reference.
33	Jayesh Himmatlal Mehta AIFPM2216D	Manipulated the price in the market as detailed in the first issue. As per KYC, Ronak Choksi (S. No. 16) is reference. Hiten Shah (S. No. 18) appeared as witness in KYC of Jayesh Mehta submitted by TM-Networth Stock Broking Limited. Shares address with entity at S. No. 34.
34	Nrupini Jayesh Mehta BDTPM2261E	As per KYC, Ronak Choksi (S. No. 16) is reference. Shares address with entity at S. No. 33.
35	Shivcharan Shreedhar Kashyap ATOPK6636K	Manipulated the price in the market as detailed in the first issue. Had off market transfers with entities at S. No. 18, 23, 24. In KYC documents submitted at TM Sanghavi, introducer is Kamlesh Maisheri (director of A.K. Investments - entity at S. No. 38).
GROUP 4 - Entities that are connected with Group 3, and indirectly connected with Groups 1 & 2.		
Some of these entities are interconnected among themselves also.		
36	Seema Gandhi AAEPG0960B	Had off market transfers with entities at S. No. 35.
37	Amrit L.Gandhi	Spouse of Sr. No. 36 as per Ration card copy

S. No.	Name & PANs	Connection with other entities of Group
	AACPG5265H	Shares common phone no. 9892526271 with entities at S. No. 36, 41 and 42.
38	A.K. Investments (Kamlesh Maisheri) AANFA6009Q	Entity at S. No. 37 is director of A. K. Investments. As per KYC submitted by TM Sanghavi Brothers Brokerage Ltd., entities at Sr.No. 36, 37, 38, 39 have common address B-35, Mahavir Apt. Ratan Nagar, Borivali (E), Mumbai.
39	Amrit L.Gandhi(HUF) AAJHA4701R	Introducer is Kamlesh Maisheri (director of A.K. Investments - entity at S. No. 38).
40	Divyesh Harish Surana DALPS0578H	Manipulated the price in the market as detailed in the first issue. In KYC documents submitted at TM Sanghavi, introducer is Kamlesh Maisheri (director of A.K. Investments - entity at S. No. 38). Had off market transfers with entity at S. No. 36.
41	Shivangi Jagmohan Singh AOSPS5911E	In KYC documents submitted at TM Sanghavi, introducer is Kamlesh Maisheri (director of A.K. Investments - entity at S. No. 38). Shares common phone no. 9892526271 with entities at S. No. 36, 37 and 42.
42	Bhav nabn Nimeshbhai Mistry Mewada ALIPM5347B	As per UCC details uploaded at BSE by TM Sanghavi, Bhavnaben shares common contact no. 9892526271 with entities at S. No. 36, 37, 41.
43	Jigna Manish Shah ANQPS6789P	In KYC documents submitted at TM Sanghavi, introducer is Kamlesh Maisheri (director of A.K. Investments - entity at S. No. 38). Shares common address with entity at S. No. 42.
44	Nishita Danish Merchant AMHPM8133B	As per UCC details uploaded at BSE by TM Sanghavi, Nishita shares common contact no. 9619191999 with entity at S. No. 37.
45	Kantilal Lakshmichand ADSPK7577K	In KYC documents submitted at TM Sanghavi, introducer is Kamlesh Maisheri (director of A.K. Investments - entity at S. No. 38). Shares common contact no. 9619191999 with entity at S. No. 44.
46	Narendra Omprakash Dogra AJMPD8729N	In KYC documents submitted at TM Sanghavi, introducer is Kamlesh Maisheri (director of A.K. Investments - entity at S. No. 38).
47	Jitendra Laxmichandji Gandhi AACPG6473H	In KYC documents submitted at TM Sanghavi, introducer is Kamlesh Maisheri (director of A.K. Investments - entity at S. No. 38).
48	Hussain Mohammed Shaikh	In KYC documents submitted at TM Sanghavi, introducer is Kamlesh Maisheri (director of A.K. Investments - entity at S. No. 38).

S. No.	Name & PANs	Connection with other entities of Group
	BSSPS2832P	
49	Parul Anupam Khanna BCUPK8420R	In KYC documents submitted at TM Sanghavi, introducer is Kamlesh Maisheri (director of A.K. Investments - entity at S. No. 38).
50	Swapna Sri Tummala ALDPT7720Q	Had off market transfers with entity at S. No. 24.
51	Venkata Subbarao Yarra AAPPY4270P	Had off market transfers with entity at S. No. 26.
52	Shaik Ameer Basha AEZPB3408A	He is director in Exelon Infrastructure Ltd. Appointed on 21/10/2011.

7 Based on the investigation, a common Show Cause Notice (SCN) dated January 19, 2017 was issued to 53 entities named above, under section 11B of SEBI Act, 1992, inter alia alleging the following :-

A. Allegations against the company, promoter and directors –

- i. company & directors made misleading corporate announcements of positive nature to the exchange, without any intention of implementing these announcements, which led to increase in the price of the scrip, thereby violating Regulation 3(a) (b) (c) (d), 4(1), 4(2) (a) of SEBI (PFUTP) Regulations 2003;
- ii. After the corporate announcements, three entities viz. Jayesh H Mehta, Shivcharan S. Kashyap and Divyesh H Surana, increased the price of the scrip by establishing a new high price of the scrip mainly through first trades at repeated instances. The promoter / directors, taking advantage of the high price, offloaded the shares in the market and made illegal gains and defrauded the genuine investors and thus violated Regulations 3(a) (b) (c) (d), 4(1), 4(2) (a) of SEBI (PFUTP) Regulations 2003.
- iii. Four directors of the company viz. Srinivasa Rao Marupudi, Ravindra Deshpande, Srinivas Yadav Sher and Shaik Ameer Basha failed to make a public announcement in connection with acquisition of shares in accordance with Regulation 10 of SEBI (SAST) Regulations, 1997;
- iv. Three directors of the company viz. Ravindra Deshpande, Srinivas Yadav Sher and Srinivas Rao Marupudi failed to make a public announcement in connection with acquisition of shares in accordance with Regulation 11(1) of SEBI (SAST) Regulations, 1997.

B. Allegations against market manipulators –

- i. Three noticees viz. Jayesh H Mehta and Shivcharan S. Kashyap of Group 3 and Divyesh H Surana of Group 4, were observed to be indulging in increasing the price of the scrip and establishing the base price for further trades in the scrip at a higher price and also contributing to New High Price (NHP) through first trades of the day thereby violating Regulations 3(a)(b)(c)(d), 4(1) and 4(2)(a) of SEBI (PFUTP) Regulations, 2003.

C. Allegations against the remaining connected entities –

- i. After the company & its 6 directors submitted corporate announcements of positive nature and the promoter / director connected market manipulators viz. Jayesh H Mehta, Shivcharan S. Kashyap and Divyesh H Surana, increased the price of the scrip by establishing the new high price of the scrip mainly through first trades at repeated instance, the promoter / directors alongwith other connected noticees (i.e. 41 remaining noticees) offloaded shares in the market and made illegal gains and defrauded the genuine investors and thus violated Regulations Regulation 3(a) (b) (c) (d), 4(1), 4(2) (a) of SEBI (PFUTP) Regulations 2003.

8 A common SCN dated January 19, 2017, was sent to all the noticees through speed post and Hand delivery. As the SCN was not served on 15 noticees, service of SCN was attempted by affixture. Affixture was successful for 3 entities and for the remaining 12 entities the service of SCN was effected by paper publication dated March 23, 2017.

9 The replies of the noticees are summarized under the respective names hereunder:-

A. Amrit L. Gandhi –

- i. *“My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –*

	No. of shares	No. of shares
Patch 1	+ 168294	– 142843
Patch 2	+ 60140	– 111042

- ii. *I met all my obligations. There remained 98697 shares of Exelon as on 14.6.2012.*
- iii. *I am wrongly treated as ‘connected’ with my wife Mrs. Seema Gandhi, Ms. Shivangi J. Singh and Ms. Bharnaben Nimeshbhai Mistry. My HUF is a separate and distinct entity in the eyes of law.*

B. Amrit L Gandhi (HUF) –

- i. *“My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –*

	No. of shares	No. of shares
Patch 1	+ 39861	— 39861
Patch 2	+ 835	— 835

- ii. *I am a partner of A. K. Investments. The very fact that even among family members, there is separate and distinct trading pattern that shows non–uniform way/feature in the matter of trading, investment and holding.*
- iii. *I met all my obligations. There was nil holding of Exelon as on 14.6.2012.*
- iv. *I am wrongly treated as ‘connected’ with my wife Mrs. Seema Gandhi, Ms. Shivangi J. Singh and Ms. Bhavnaben Nimeshbhai Mistry. My HUF is a separate and distinct entity in the eyes of law.”*

C. Parul Anupam Khanna –

- i. *“It appears that Mr. Kamlesh Maisberi introduced me and signed my KYC to the broker Sanghavi Bros. Brokerage Ltd., broker, as introduction is a requirement in KYC. I had no connection or relationship - commercial, family, etc. - with him. I had no off-market ... with him. My trades were done in my name / code and for which I paid from my mapped bank account. As I am a small person my volume in Exelon was very small - 20,000 shares bought on 24.12.2010 for Rs. 6,02,022.49 (SEBI considered Rs. 5,99,439/-) and I took deliveries’. (It appears that the trading in the scrip was in T Group.) I remained invested. Later on I sold on 5.1.2011- 20,000 shares for Rs. 6,98,036/- and earned a profit of Rs. 96,014/- (SEBI has considered Rs. 1,01,561/-) on my investment. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. Apart from this single and stray buy and sale, no other trade was done in this scrip. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) ‘connection’ is erroneous. Mr. Kamlesh Maisberi was not involved in my trading and settlement - pre-trade, trade and post-trade and hence bunching, clubbing, lumping and including me in the said Group and tying me with the said Mr. Kamlesh Maisberi in the matter of my commercial transactions is wrong.*

- ii. *Trading Details:*

Date	Quantity
24.12.2010	+ 20,000
05.01.2011	- 20,000

- iii. *My trading was on 2 days (one day 24.12.2010 bought and on another day 5.1.2011 sold).*
- iv. *No role of mine in the trading of A.K. Investments or their partners has been stated.”*

D. Bhavna Nimeshbhai Mistry –

- i. *“It appears that Mr. Amrit L Gandhi introduced me in my KYC to the broker Sanghavi Bros. Brokerage Ltd., broker, as introduction is a requirement in KYC. I had no connection or relationship - commercial, family, etc. - with him. I had no off-market ... with him. My trades were done in my name / code and for which I paid from my mapped bank account. As I am a small person my volume in Exelon was very small - 23,301 shares bought and I took deliveries. (It appears that the trading in the scrip was in T Group.) I remained invested. I sold 21,601 shares SEBI has considered Rs. 1,55,896 as profit on my investment. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. Apart from this small buy and sale, no other trade was done in this scrip. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) 'connection' is erroneous. Mr. Amrit L. Gandhi was not involved in my trading and settlement - pre-trade, trade and post-trade and hence bunching, clubbing, lumping and including me in the said Group and tying me with the said Mr. Amrit Gandhi in the matter of my independent commercial transactions is wrong.*
- ii. *Trading Details:*
- | | No. of shares | | No. of shares |
|----------------|---------------|---|---------------|
| Patch 1 | + 20601 | - | 20601 |
| Patch 2 | + 1000 | - | 1000 |
- iii. *No role of mine in the trading of A.K. Investments or their partners has been stated.”*

E. Shivangi Jagmohan Singh –

- i. *“It appears that Mr. Kamlesh Maisheri introduced me in my KYC to the broker Sanghavi Bros. Brokerage Ltd., broker, as introduction is a requirement in KYC. I had no connection or relationship - commercial, family, etc. - with him. I had no off-market ... with him. My trades were done in my name / code and for which I paid from my mapped account. As I am a small person my volume in Exelon was very small – 34,904 shares bought and I took deliveries. (It appears that the trading in the scrip was in T’ Group.) I remained invested. I sold 34,304 shares and delivered. SEBI has considered Rs. 3,82,725 as profit on my investment. My profit was thus the outcome of deliveries based investment which is a permissible activity. Apart from this small buy and sale, no other trade was done in this scrip. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) ‘connection’ is erroneous. Mr. Kamlesh Maisheri. Mr. Amrit L Gandhi (partners of A.K. Investments) were not involved in my trading and settlement – pre trade, trade and post – trade and hence, bunching, clubbing, lumping and including me in the said Group and tying me with the said Mr. Amrit L Gandhi on the basis of mobile number in my KYC form in the matter of my independent commercial transactions is wrong.*
- ii. *My trading volume was very small, on few days and deliveries based. Profit too was small.*

Date	Quantity
24.12.2010	+ 14,395

- 03.01.2011 + 20,000
- iii. *I sold share after first buying them through my broker. I took deliveries of shares on a 100% basis and sold and delivered also accordingly.*

Date	Quantity
30.12.2010	- 4530
17.01.2011	- 5,900
24.01.2011	- 20,000
28.01.2011	- 3,964

- iv. *No role of mine in the trading of A.K. Investments or their partners has been stated.”*

F. Seema Gandhi –

- i. *“Mr. Amrit L. Gandhi is my husband and mobile number is his. My off-market transactions have not been considered as objectionable. (Para 9 of Investigation Report) My trades were done in my name / code and for which I paid from my mapped bank account. My volume in Exelon was as under-shown in tables. It appears that the trading in the scrip was in T Group. I remained invested. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) 'connection' is erroneous. Mr. Amrit L Gandhi not involved in my trading and settlement - pre-trade, trade and post-trade - and hence bunching, clubbing, lumping and including me in the said Group and tying me with them in the matter of my independent commercial transactions is wrong.*
- ii. *My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –*

	No. of shares	No. of shares
Patch 1	+ 181250	170250
Patch 2	+ 137962	124765

- iii. *My trading volume was mostly deliveries based. Profit was not substantial. As I could not sell 1,46,567 shares of Exelon as on 31.3.2012, I suffered losses.*
- iv. *I am wrongly treated as "connected" with Mr. Amrit l Gandhi. I am a separate and distinct person in the eyes of law. My trading was carried out in my name/ code and I met settlement obligations from my own funds and shares. My husband's mobile number appearing in KYC of some clients of broker has nothing to do with my trading in Exelon scrip.”*

G. Hussain Mohammed Shaikh –

- i. I submit that my trades were done in my name/ code and for which I paid from my mapped bank account. My volume in Exelon was as shown in tables - not substantial. The trading in the scrip was in 'T' Group. I remained Invested. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity and was genuine. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) 'connection' is erroneous. None was involved in my trading and settlement- pre-trade, trade and post-trade - and hence bunching, clubbing, lumping and including me in the said Group and tying me with them in the matter of my independent commercial transactions is wrong.
- ii. My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –

	No. of shares	No. of shares
Patch 1	+ 50000	-50000
Patch 2	+ 6962	-

- iii. I am wrongly treated as 'connected' with Mr. Kamlesh Maisheri, partner of A.K. Investments. His name appearing in my KYC on account of he being shown as an introducer has nothing to do with my trading in Exelon scrip

H. Jigna Manish Shah –

- i. I submit that my trades were done in my name/ code and for which I paid from my mapped bank account. My volume in Exelon was as shown in tables - not substantial. The trading in the scrip was in 'T' Group. I remained invested. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) 'connection' is erroneous. None was involved in my trading and settlement - pre-trade, trade and post-trade - and hence bunching, clubbing, lumping and including me in the said Group and tying me with them in the matter of my independent commercial transactions is wrong
- ii. My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –

	No. of shares	No. of shares
Patch 1	+ 22065	-12065
Patch 2	+ 15000	-29000

- iii. I am wrongly treated as 'connected' with Mr. Kamlesh Maisheri, partner of A.K. Investments. His name appearing in my KYC on account of he being shown as an introducer has nothing to do with my trading in Exelon scrip

I. Jitendra L Gandhi –

- i. I submit that my trades were done in my name/ code and for which I paid from my mapped bank account. My volume in Exelon was as shown in tables - not substantial. The trading in the scrip was in 'T' Group. I remained invested. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) 'connection' is erroneous. None was involved in my trading and settlement - pre-

- trade, trade and post-trade - and hence bunching, clubbing, lumping and including me in the said Group and tying me with them in the matter of my independent commercial transactions is wrong*
- ii. *My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –*

	No. of shares	No. of shares
Patch 1	+ 100000	-99990
Patch 2	+ 89372	-49392

- iii. *I am wrongly treated as 'connected' with Mr. Kamlesh Maisheri, partner of A.K. Investments. His name appearing in my KYC on account of he being shown as an introducer has nothing to do with my trading in Exelon scrip*

J. Kantilal Lakshmichand –

- i. *I submit that my trades were done in my name/ code and for which I paid from my mapped bank account. My volume in Exelon was as shown in tables - not substantial. The trading in the scrip was in 'T' Group. I remained invested. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) 'connection' is erroneous. None was involved in my trading and settlement - pre-trade, trade and post-trade - and hence bunching, clubbing, lumping and including me in the said Group and tying me with them in the matter of my independent commercial transactions is wrong*
- ii. *My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –*

	No. of shares	No. of shares
Patch 1	+ 38295	-38295
Patch 2	+ 13046	-13046

- iii. *I am wrongly treated as 'connected' with Mr. Kamlesh Maisheri, partner of A.K. Investments. His name appearing in my KYC on account of he being shown as an introducer has nothing to do with my trading in Exelon scrip*

K. Narendra Omprakash Dogra –

- i. *I submit that my trades were done in my name / code and for which I paid from my mapped bank account. My volume in Exelon was as shown in tables - not substantial. The trading in the scrip was in 'T' Group. I remained invested. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) 'connection' is erroneous. None was involved in my trading and settlement - pre-trade, trade and post-trade - and hence bunching, clubbing, lumping and including me in the said Group and tying me with them in the matter of my independent commercial transactions is wrong*
- ii. *My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –*

	No. of shares	No. of shares
Patch 1	+ 96560	-87117
Patch 2	-	-
iii.	<i>I am wrongly treated as 'connected' with Mr. Kamlesh Maisberi, partner of A.K. Investments. His name appearing in my KYC on account of he being shown as an introducer has nothing to do with my trading in Exelon scrip</i>	

L. Nishita Danish Merchant –

- i. *I submit that my trades were done in my name/ code and for which I paid from my mapped bank account. My volume in Exelon was as shown in tables - not substantial. The trading in the scrip was in 'T' Group. I remained invested. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) 'connection' is erroneous. None was involved in my trading and settlement - pre-trade, trade and post-trade - and hence bunching, clubbing, lumping and including me in the said Group and tying me with them in the matter of my independent commercial transactions is wrong*
- ii. *My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –*

	No. of shares	No. of shares
Patch 1	+ 57473	-57473
Patch 2	-	-
iii.	<i>I am wrongly treated as 'connected' with Mr. Amrit L. Gandhi, partner of A.K. Investments and Mr. Kantilal Lakshmichand. His telephone number 9619191999 appearing in my KYC on account of he being shown as an introducer has nothing to do with my trading in Exelon scrip.</i>	

M. Shivcharan Shreedhar Kashyap –

- i. *I submit that my trades were done in my name/ code and for which I paid from my mapped bank account. My volume in Exelon was as shown in tables - not substantial. The trading in the scrip was in 'T' Group. I remained invested. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) 'connection' is erroneous. None was involved in my trading and settlement - pre-trade, trade and post-trade - and hence bunching, clubbing, lumping and including me in the said Group and tying me with them in the matter of my independent commercial transactions is wrong*
- ii. *My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –*

	No. of shares	No. of shares
Patch 1	+ 172417	-92833
Patch 2	+303057	-195693

- iii. *I am wrongly treated as 'connected' with Mr. Kamlesh Maisheri, partner of A.K. Investments. His name appearing in my KYC on account of he being shown as an introducer has nothing to do with my trading in Exelon scrip.*

N. Divyesh Harish Surana –

- i. *I submit that my trades were done in my name/ code and for which I paid from my mapped bank account. My volume in Exelon was as shown in tables - not substantial. The trading in the scrip was in 'T' Group. I remained invested. My profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) 'connection' is erroneous. None was involved in my trading and settlement - pre-trade, trade and post-trade - and hence bunching, clubbing, lumping and including me in the said Group and tying me with them in the matter of my independent commercial transactions is wrong*
- ii. *My trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. My volume was –*

	No. of shares	No. of shares
Patch 1	+ 243660	-178932
Patch 2	+53992	-132466

- iii. *I am wrongly treated as 'connected' with Mr. Kamlesh Maisheri, partner of A.K. Investments. His name appearing in my KYC on account of he being shown as an introducer has nothing to do with my trading in Exelon scrip.*

O. A K Investments –

- i. *We are a partnership firm (Partners: Amrit L. Gandhi and Kamlesh Maisheri) and engaged as an investor in capital market. We submit that my trades were done in my name/ code and for which I paid from my mapped bank account. Our volume in Exelon was as shown in tables - not substantial. The trading in the scrip was in 'T' Group. We remained invested. Our profit was thus the outcome of deliveries based investment (in Exelon scrip) which is a permissible activity. The adverse finding of alleged illegal profits recorded against us on the basis of (purported) 'connection' is erroneous. No outside party was involved in our trading and settlement - pre-trade, trade and post-trade - and hence bunching, clubbing, lumping and including us in the said Group and tying us with any party the matter of our independent commercial transactions is wrong.*
- ii. *Our trading volume in Exelon scrip in the investigation period of 13 months was delivery based. Profit was not substantial considering my investment. Our volume was –*

	No. of shares	No. of shares
Patch 1	+ 353356	-353216
Patch 2	+10000	-10000

- iii. *We are wrongly treated as 'connected' with Mr. Kamlesh Maisberi - he is a partner of A.K. Investments. Our another partner is Amrit L. Gandhi and his residential address is B-35, Mahavir Apartment, Ratan Nagar, Borivali (E), Mumbai. Hence mere facts of partnership, address, mobile no. of partners do not mean anything. Seema Gandhi is wife of Amrit L. Gandhi and her off-market transaction with Divyesh Surana / Shivcharan Kashyap has not been found objectionable in the investigation report.*

P. PVS Gangadhar Rao –

- i. *"I don't have any submission to make at this point of time regarding the findings contains in the SEBI Order dated June 7, 2016.*
- ii. *I request this Authority to grant a waiver of interest of the unlawful gains alleged have been made by me in the SEBI Order dated June 7, 2016."*

Q. Ms. Parvathaneni Mounisha (Represented by her father i.e. Mr. PVS Gangadhar Rao) –

- i. *"I don't have any submission to make at this point of time regarding the findings contains in the SEBI Order dated June 7, 2016.*
- ii. *I request this Authority to grant a waiver of interest of the unlawful gains alleged have been made by me in the SEBI Order dated June 7, 2016."*

R. Mahindra Bhikaji Chile –

- i. *I was not aware that I had received shares in off-market from Srinivas Yadav Sber and I do not know him. I received shares from a third party and I was told that Exelon had good prospect and multiple accounts were required to buy shares of the scrip to avoid concentration.*
- ii. *I did not buy any shares and have only sold shares on the market. I have traded on 3 days during the investigation period and sold 12500 shares at market price.*

I am not involved in price manipulation and have not traded around the corporate announcements.

S. Satya Surya Narayana Jonnavittula –

- i. *"I transferred 5000 shares to Shri Vadlamudi Srikrishna through off market transactions.*
- ii. *I admit my mistake and it was not intentional and that mistake happened because I didn't examine the transaction thoroughly."*

T. Hiten P Shah –

- i. *“Mr. Srinivasa Rao Marupudi made me Director of Cementex because Mr. Marupudi had quite big amount of debits to be cleared so I was behind him for clearance for the same.*
- ii. *I don't know anything about the said company nor have I attended any meeting.”*

U. Anitha Yarlagadda –

- i. *As regards the charge/finding of violations under undisclosed off market transfers, it is submitted that the transactions shown are supported by stock market data may be right, however I never committed any mistake and never done any fraudulent acts with an intention to cause harm to the common investors as well as the market intermediaries and Regulatory mechanism.*
- ii. *It is also submitted that the I did not transfer any shares with an intention to gain any financial benefit, in fact client had transferred the shares with an intention to pledge them for meeting his financial needs, but neither he gets his shares back nor money against the shares transferred to others through off market.*

V. Veerabhadra Rao Dandamudi –

- i. *As regards the charge/finding of Violations under undisclosed off market transfers, it is submitted that the transactions shown are supported by stock market data may be right, however I never committed any mistake and never done any fraudulent acts with an intention to cause harm to the common investors as well as the market intermediaries and Regulatory mechanism.*
- ii. *It is also submitted that the I did not transfer any shares with an intention to gain any financial benefit, in fact client had transferred the shares with an intention to pledge them for meeting his financial needs, but neither he gets his shares back nor money against the shares transferred to others through off market.*
- iii. *It is also submitted that the Banking transactions done with Mr. Srikrishna Vadlamudi are normal Financial Transaction trading for the Past few years i.e. scrip is not being traded actively.*

W. Gudimetla H Sunder –

- i. *As regards the charge/finding of Violations under undisclosed off market transfers, it is submitted that the transactions shown are supported by stock market data may be right, however I never committed any mistake and never done any fraudulent acts with an intention to cause harm to the common investors as well as the market intermediaries and Regulatory mechanism.*
- ii. *It is also submitted that the I did not transfer any shares with an intention to gain any financial benefit, in fact client had transferred the shares with an intention to pledge them for meeting his financial needs.*

X. Ramakrishna Makkena –

- i. *As regards the charge/finding of Violations under undisclosed off market transfers, it is submitted that the transactions shown are supported by stock market data may be right, however I never committed any mistake and never done any fraudulent acts with an intention to cause harm to the common investors as well as the market intermediaries and Regulatory mechanism.*
- ii. *It is also submitted that the I did not transfer any shares with an intention to gain any financial benefit, in fact client had transferred the shares with an intention to pledge them for meeting his financial needs, but neither he gets his shares back nor money against the shares transferred to others through off market.*

Y. Sree Lakshmi Marupudi –

- i. *As regards the charge/finding of Violations under undisclosed off market transfers, it is submitted that the transactions shown are supported by stock market data may be right, however I never committed any mistake and never done any fraudulent acts with an intention to cause harm to the common investors as well as the market intermediaries and Regulatory mechanism.*
- ii. *It is also submitted that the client did not transfer any shares with an intention to gain any financial benefit, in fact client had transferred the shares with an intention to pledge them to bring the money in to the company's working capital, however efforts were not materialized and money could not be brought.*
- iii. *It is also submitted that being wife of Mr. Srinivasa Rao Marupudi, she might have shared her mobile No and address with Srinivasa Rao. But it does not mean that she done fraudulent acts.*

Z. Srinivasa Rao Marupudi –

- i. *As regards the first charge/finding of Violations under PFUTP Regulations, it is submitted that the transactions shown under this Regulations supported by stock market data may be right, however Mr. Srinivasa Rao Marupudi and other allegedly connected persons namely, Mrs. Srilakshmi Marupudi, Mr. Sri Krishna Vadlamudi, Mr. Srinivas Yadav Sher, never committed any mistake and never done any fraudulent acts with an intention to cause harm to the common investors as well as the market intermediaries and Regulatory mechanism.*
- ii. *It is also submitted that Volume of transactions as shown in the SCN are result of Shifting of Shares from Clients one account to other account. It is also submitted that the client did not shift any shares with an intention to gain any financial benefit, in fact client had obliged to pay huge amount by way of brokerage.*
- iii. *It is submitted that Mr. Vadlamudi Srikrishna (Noticee No-24), and Mr. Ramakrishna Makkena (Noticee No-44), Mr. Gudimetla H Sunder (Noticee No.26), Ms Anitha Yarlagadda (Noticee No.45), Mr. Veerabhadra Rao Dandamudi (Noticee No. 49) are known to Mr. Srinivasa Rao Marupudi and they are not relatives, not in promoters Group and not connected to company's management or administration, hence they can never be called persons acting in concert.*

AA. Jayesh Himatlal Mehta –

- i. *“I would like to mention that my name is included in the Group / Connected Entities wherein I have no directly or indirectly connection with any of the entities on as mentioned names on in the Table-A.*
- ii. *In this regards, I would like to mention that all the transaction are of normal business without involving or referring anybody.*
- iii. *In KYC Sr. 29 and mine having common address as mentioned on Table –A and I would like mention that Sr. No. 29, Smt. Nrupini Mehta is my wife, therefore the address is common and Sr. No. 30 Mr. Ronak Choksi as only as market friend and I have never dealt with any financial transaction/ stock market relation transaction with him.”*

BB. Ronak Choksi –

I would like to mention that my name is included in the Group / Connected Entities wherein I have no directly or indirectly connection with any of the entities other than Srinivasa Rao Marupudi, Hiten Shah, Salma S Khan and Jayesh H Mehta.

Srinivasa Rao Marupudi was looking for expansion of company and for the said purpose in exchange of consultancy services, 50000 shares were transferred to my demat account. Futher, I do not know Sbrinivas Yadav Sher but he transferred shares to my account on the instruction of Srinivasa Rao Marupudi.

- i. *I introduced Srinivasa Rao Marupudi, Salma S Khan and Jayesh H Mehta to open trading account with Hiten Shah.*
- ii.

CC. Hiten Haria

I would like to mention that my name is included in the Group / Connected Entities wherein I have no directly or indirectly connection with any of the entities other than Hiten Shah, who is a sub-broker.

I do not have any off market transactions with any parties and the shares of Exelon were purchased from BSE. These shares are still lying in my demat account.

DD. Hiten P Shah

I would like to mention that my name is included in the Group / Connected Entities wherein I have no directly or indirectly connection with any of the entities other than Srinivasa Rao Marupudi, Ronak Choksi, Hiten Haria Salma S Khan and Jayesh H Mehta.

Ronak Choksi introduced me to Srinivasa Rao Marupudi, to whom I provided finnacial consultancy and in return was given shares of Exelon. However, I have retained those shares. Futher, I do not know Rama Krishna Makkena and Shivcharan Shreedhar Kashyap but they had transferred shares to my account on the instruction of Srinivasa Rao Marupudi.

I was made director of Cementex India Pvt Ltd by Srinivasa Rao Marupudi as he owned large amounts of money to various stock brokers and I wanted him to clear the same. I was forcefully made director of the company on July 18, 2012 and do not have any role to play in the activities of the company

EE. Elubandi Satyanarayana

I had received shares in off-market from Gangadhara Rao Ilaparti and have been included in connected entity Group. I had previously received shares on various occasions from Gangadhara Rao Ilaparti. I received shares of Exelon to clear by trading account losses.

I do not any connection with the company, its promoters or directors.

The shares were purchased with an assumption of good returns and not with an objective of manipulating the price of the scrip.

FF. Gangadhara Rao Ilaparti

I had off-market transfers from Srinivas Yadav Sher, Elubandi Satyanarayana, PVS Gangadhara Rao and Yentrapati Ravi. I had on previous occasions also had off-market transfers with Sher, Elubandi Satyanarayana, PVS Gangadhara Rao and Yentrapati Ravi as they are my acquaintances.

I had received some shares in off-market from one person and Srinivas Yadav Sher had offered to buy these shares off-market at prevailing market price. Only after SEBI order dated June 07, 2016, I found out that Srinivas Yadav Sher was the director of Exelon.

I do not any connection with the company, its promoters or directors.

The shares were purchased with an assumption of good returns and not with an objective of manipulating the price of the scrip.

GG. Yentrapati Ravi

Mr. Gangadhara Rao Ilaparti is a close friend of mine and I approached him to provide me some financial assistance for the trading losses suffered during August to December 2010 for which he transferred shares of Exelon.

Other than Mr. Gangadhara Rao Ilaparti, I do not have either any direct or indirect connections or relationship with any of the entities who were involved in the trading of the scrip

10 After considering the reply of the noticees, an opportunity of personal hearing was also granted to the noticees on April 5, 2017. The hearing notices were sent to the noticees by speed post and hand delivery, still it could not be served on 18 noticees. For three entities, hearing notice was served by affixture and for the remaining 15 entities hearing notice was served by paper publication dated March 31, 2017.

11 In the submissions made during the hearing held before me on April 5, 2017, the noticees *inter alia*

raised the following common contentions –

- i. *‘The Investigation Period considered is from 8.12.2010 to 20.01.2012. The (Impounding) Order dated June 7, 2016 was issued after 5 years from the dates of settled trades and obligations. There is therefore, a great delay in passing the 11B Order.*
- ii. *(We) deny having violated provisions of Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations, 2003, in the matter of trading in Exelon scrip.*
- iii. *BSE’s BOLT trading platform is an online, real time computerized, price and time priority matching trading system for orders keyed in different scrips through a large number of terminals spread throughout the country. The trading module is therefore anonymous and its algorithm not known to anyone. ... (Our) orders/trades were separate, independent and stand alone and (we) had no connection with any other investor in the matter of my dealings in the said scrip. In the circumstances, matching of orders was purely system driven, technical, unintentional and of no consequence to (us).*
- iv. *(We) sold shares after first buying them through (our) broker. (We) took delivery of shares and sold and delivered also accordingly.*
- v. *The scrip was in ‘T’ Group with circuit filters as stated in Investigation Report on its price on a daily basis.*
- vi. *There was no creation of any false or misleading appearance of trading as deliveries of shares were taken/given actually. The trading was real, genuine and not fictitious/ artificial.*
- vii. *(We) submit that (our) trades were done in (our) name/ code and for which (we) paid from (our) mapped bank account. It appears that the trading in the scrip was in ‘T’ Group. (We) remained invested. (Our) profit was thus the outcome of delivery based investment (in Exelon scrip), which is a permissible activity. The adverse finding of alleged illegal profits recorded against me on the basis of (purported) ‘connection’ is erroneous. None was involved in (our) trading and settlement—pre trade, trade and post—trade and hence, bunching, clubbing, lumping and including (us) in the said Group and tying (us) with them in the matter of (our) independent commercial transactions is wrong.*
- viii. *(We) were not part of any scheme to make illegal gains and defraud the genuine investors as alleged/ inferred or otherwise. No particulars or details or features of purported scheme and (our) specific role/ involvement therein has been stated, leave alone established. No connection of (ours) with the company or its Directors has been stated. (We) emphatically submit that roping (us) in on the basis of family relationship or telephone number in some KYCs is totally wrong.*
- ix. *The scrip of Exelon is ‘T’ Group and it is 100% delivery based volume. The trades were 5% price within circuit and with 100% VAR Margin.*
- x. *We were not aware of any false announcements made by company or any wrongdoing by its promoters and directors.*

Dimple Pankaj Desai & Anjali Tukaram Sogam requested for adjournment of personal hearing on the ground of seeking more documents from SEBI. Noticees like Nrupini Jayesh Mehta & Shaikh Ameer Basha sought Adjournment of personal hearing on the ground of ill health. The ground for adjournment sought by the noticees has some merit but considering the fact that Hon'ble Securities Appellate Tribunal (“SAT”) has given a time line of 3 months to complete the proceedings (timeline ends in the third week of April 2017), I have decided to pass the order in the case of all the noticees, except Kanta Anantrai Desai, Sneha Pankaj Desai and Dimple Pankaj Desai who had sought adjournments to meet the allegations of violations of SEBI (PFUTP) Regulations 2003. For the violation of Regulations 10 & 11 of SEBI (SAST) Regulations 1997, Shaikh Ameer Basha is one of the PACs and without considering his submission on the allegation during personal hearing, the allegation cannot be established or denied and therefore separate order would be considered for the violation of Regulations 10 & 11 of SEBI (SAST) Regulations 1997 by directors and PACs.

Issues :

Issue 1: Whether the Group 1 entities (Company, promoter, and 6 directors) by making misleading corporate announcements indulged in securities market manipulation in the scrip of EIL as contemplated in the SEBI (PFUTP) Regulations, 2003 ?

Issue 2: Whether noticees Jayesh H. Mehta and Shivcharan S. Kashyap both belonging to Group 3 and Divyesh H. Surana belonging to Group 4, have indulged in price manipulation in the scrip of EIL, which attracts the provisions of Regulations 3(a) (b) (c) (d), 4(1), 4(2) (a) of SEBI (PFUTP) Regulations 2003 ?

Issue 3: Whether the rest of the entities (i.e. those noticees excluding Group 1 entities and the above named three entities in issue 2) are “connected” to the fraudulent scheme perpetrated in the scrip of EIL, in any manner whatsoever?

Issue 4: Whether the profits alleged to have been made by the noticees have actually accrued to them for the purpose of disgorgement or other directions under section 11B?

Consideration of Issues:

Issue 1: Whether the Group 1 entities (Company, promoter, and 6 directors) by making misleading corporate announcements indulged in securities market manipulation in the scrip of EIL as contemplated in the SEBI (PFUTP) Regulations, 2003?

13 EIL was incorporated as a Private Limited Company in the State of Maharashtra on February 21, 1979

and was converted into a Public Limited Company on 5th December 1992. The Company is involved in the development of power and infrastructure projects. Exelon got listed on BSE. The paid-up share capital of the company during the quarter ended December 2010 was 66,68,800 shares of Rs. 10 each. During the quarter ended March 2011, the number of shares of the company increased from 66,68,800 shares to 1,33,37,600 shares on account of subdivision of equity share from face value of Rs. 10/- per share to Rs. 5/- per share on March 23, 2011.

14 The various corporate announcements made by the company during the investigation period are as follows:-

- A. On January 31, 2011, EIL announced the sub-division of share from Rs.10/- per equity share to Rs.5/- per equity share and the same was approved in the EGM on March 7, 2011 and the same was informed to BSE on the same day;
- B. On February 1, 2011, EIL announced that a Board meeting would be held on February 10, 2011 to consider follow on public issue, rights issue, preferential allotment, issue of ADR/GDR. Subsequently, on February 10, 2011, EIL informed BSE that the Board has duly approved issue up to 10 crore equity shares of Rs.10/- each to promoters and others by way of follow on public issue, rights issue, preferential allotment etc., issue GDR and/or ADR convertible into equity shares, FCCBs, warrants convertible into DRs on preferential basis upto Rs. 100 crores and to issue shares on QIP basis;
- C. On February 23, 2011, EIL proposed for setting up coal based thermal power plant;
- D. After the EGM of March 7, 2011, EIL announced that it will issue 20 crores equity shares for the purpose of preferential allotment, public issue, rights issue, preferential allotment etc. and it will issue GDR and/or ADR convertible into equity shares, QIBs, FCCBs, Warrants convertible into DRs on preferential basis upto Rs. 200 crores.

15 As seen from the above, the Corporate Announcements made by the EIL were in the nature of issue of fresh securities (except for the announcement of stock split). However, from the Balance Sheet and the shareholding pattern for the Financial Years 2010–11 and 2011–12, it is noted that the shareholding of the Company had not changed during the Investigation Period, except for the change after the stock split effected on March 24, 2011. Apparently the company failed to fulfil the said Corporate Announcements. During the hearing, Srinivasa R. Marupudi said that the company had plans for

expansion and was planning to raise funds for the same. But he could not produce any document to evidence the preparatory work done by the company to come up with such GDR / ADR issue.

16 I have also noted the fact that Exelon and its Directors did not inform BSE about the non-implementation of decisions taken in the meetings held on February 10, 2011 and on March 7, 2011. These facts suggest that Exelon did not implement any of the Corporate Announcements other than the announcement pertaining to the splitting of shares. In the SCN, Exelon and its 6 Directors, were alleged to have made Corporate Announcements of a positive nature to BSE, without any intention of implementing them. The said announcement when looked into along with price movement in the scrip as detailed in the table below can be the instigator of interest in the scrip which ultimately led to an increase in the price of the scrip of EIL.

Open, High, Low, Close price- Different stages:-

Period	No. of Trading days	Price & Vol	Opening price (volume) on first day of the period (₹)	Closing price (volume) on last day of the period (₹)	Lowest price (volume) during the period (₹)	Highest price (volume) during the period (₹)	Total Volume (Avg. no. of shares traded daily during the period)
Pre Investigation (01.10.10 to 07.12.10)	47	Price	31.7	20.5	19.05	32	2622498 (55798)
			(01.10.10)	(07.12.10)	(07.12.10)	(15.09.10)	
		Volume	19868	45124	2830	170037	
			(01.10.10)	(07.12.10)	(29.11.10)	(22.10.10)	
Investigation (08.12.10 to 20.01.12)	280	Price	19.50	11.01	10.50	112.85	37844655 (135156)
			(08.12.10)	(20.01.12)	(20.01.12)	(18.03.11)	
		Volume	32694	30909	117	1189306	
			(08.12.10)	(20.01.12)	(04.10.10)	(14.09.11)	
Post Investigation (23.01.12 to 30.03.12)	54	Price	10.80	8.74	7.67	12.49	2524578 (52595)
			(23.01.12)	(30.03.12)	(07.03.12)	(03.02.12)	
		Volume	20486	26783	4852	182255	
			(23.01.12)	(30.03.12)	(15.03.12)	(28.03.12)	

17 I observe that the corporate announcements disclosed to the BSE were intended to increase the price and to attract interest of investors. I find that the said announcements were made by the entities in Group 1. Accordingly, the entities in Group I are responsible for manipulating the scrip through the series of unfulfilled corporate announcements that spanned for 3 months from January 2011 to March 2011.

Issue 2: Whether noticees Jayesh H. Mehta and Shivcharan S. Kashyap both belonging to Group 3 and Divyesh H. Surana belonging to Group 4, have indulged in price manipulation in the scrip of EIL, which attracts the provisions of Regulations 3(a) (b) (c) (d), 4(1), 4(2) (a) of SEBI (PFUTP) Regulations 2003 ?

18 Price and volume manipulation was analyzed using the tools of Last Traded Price (LTP) and New High Price (NHP). On analysis of trade log and order log for the entire period, it is observed that the ‘connected noticees’ (i.e. the 52 entities alleged to be connected in the SCN) had traded on 264 days out of 280 trading days during the investigation period. The noticees were also trading amongst themselves and contributing to the total traded volume in the scrip as given below:

Trading details of Group noticees

Market Volume	Total no. of shares bought by the Group	Total no. of shares sold by the Group	Total traded qty among the Group noticees	Traded qty among the Group as a % of mkt. vol.	Traded qty among the Group as a % of total no. of shares bought by the group	Traded qty. among the Group as a % of total no. of shares sold by the group
A	B	C	D	E	F	G
37844655	14755388	17184374	6954465	18.38%	47.13%	40.47%

19 Investigations conducted analysis of trades for the following three patches:

Patch I - 8.12.2010 to 23.3.2011 (price rise before stock split),

Patch II - 24.3.2011 to 13.6.2011 (price rise after stock split)

Patch III - 14.6.2011 to 20.1.2012 (price fall)

Price volume movements during various 3 patches of Investigation period (table appearing twice)

Period	No. of Trading days	Price & Vol	Opening price (volume) on first day of the period (₹)	Closing price (volume) on last day of the period (₹)	Lowest price (volume) during the period (₹)	Highest price (volume) during the period (₹)	Total Volume (Avg. no. of shares traded daily during the period)
Patch 1- Pre split price rise patch (08.12.10 to 23.03.11)	73	Price	19.50	103.60	18.75	112.85	7701534 (105501)
			(08.12.10)	(23.03.11)	(09.12.10)	(18.03.11)	
		Volume	32694	180401	7923	431913	
			(08.12.10)	(23.03.11)	(22.12.10)	(02.02.11)	
Patch 2 - Post split price rise patch (24.03.11 to 13.06.11)	55	Price	49.25	83.80	46.40	87.50	5709027 (103982)
			(24.03.11)	(13.06.11)	(30.03.11)	(13.06.11)	
		Volume	33944	67669	15360	321290	
			(24.03.11)	(13.06.11)	(27.05.11)	(19.04.11)	
Patch 3 - Post split price fall patch (14.06.11 to 20.01.12)	152	Price	85.80	11.01	10.50	86.25	24424094 (160685)
			(14.06.11)	(20.01.12)	(20.01.12)	(14.06.11)	
		Volume	57862	30909	117	1189306	
			(14.06.11)	(20.01.12)	(04.10.11)	(14.09.11)	

20 During Patch-1 of price rise, it is observed that ‘connected noticees’ other than EIL, had traded on all 73 trade days. During Patch-2 of price rise, the ‘connected noticees’ other than EIL, had traded on all 55 trade days and during Patch-3 of price fall, connected noticees had traded on 136 days out of 152 trade days. During patch 1, price had moved from ₹ 19.5/- on December 08, 2010 to a period high of ₹ 112.85/- on March 18, 2011 and closed at ₹ 103.6/ on March 23, 2011. The table showing the contribution of top 10 connected noticees to the positive LTP during patch I is tabulated below:

Summary of buy trades by Group noticees during Patch 1 that contributed to LTP

Name of Buy clients	All trades			Above LTP			Below LTP			LTP Diff=0		% of +ve LTP to Mkt. +ve LTP
	Sum of LTP diff	Sum of Qty	No. of Trades	LTP Impact	Sum of Qty	No. of Trades	LTP Impact	Sum of Qty	No. of Trades	Sum of Qty	No. of Trades	
Shivcharan S.Kashyap	17.9	172417	579	75.15	65931	126	-57.25	10862	232	95624	221	6.40%
Jayesh Himmatlal Mehta	0.05	229151	608	72.1	52426	124	-72.05	76789	323	99936	161	6.14%
Divyesh Harish Surana	13.65	243660	742	58.6	42633	149	-44.95	76138	340	124889	253	4.99%
A.K. Investments	8.75	353356	555	32.55	77265	140	-23.8	70416	124	205675	291	2.77%
Gangadhara Rao Ilaparti	16.1	147820	243	24.85	54981	92	-8.75	57513	43	35326	108	2.12%
Kantilal Lakshmichand	10.35	38295	84	17.9	11266	23	-7.55	6240	26	20789	35	1.53%
Amrit L.Gandhi(HUF)	11.65	168294	188	15.35	50282	76	-3.7	30027	23	87985	89	1.31%
Srinvasa Rao Marupudi	13.6	191051	82	14.75	89942	39	-1.15	2502	4	98607	39	1.26%
Nishita Danish Merchant	2.55	57473	155	11.85	7240	38	-9.3	15192	44	35041	73	1.01%
Salma Sharafat Khan	5.65	367428	84	11.4	102571	26	-5.75	100378	14	164479	44	0.97%
Top 10 Group noticees based on positive LTP	100.25	1968945	3320	334.5	554537	833	-234.25	446057	1173	968351	1314	28.50%
Total LTP market wide contribution.	84.1	7701534	13400	1173.6	2189767	3507	-1089.5	1589635	3492	3922132	6401	100.00%

21 NHP is the highest price touched by the scrip. During patch 1, the price opened at ₹ 19.5 on 08.12.2010 and reached a high of ₹ 112.85 on 18.3.2011 and closed at ₹ 103.6 on 23.3.2011 - i.e. there was an increase of ₹ 93.35. It is observed that on 55 trading days and 208 occasions, a new high price was generated / created. Three noticees Shivcharan Kashyap, Divyesh H.Surana and Jayesh H Mehta noticees were found to have been responsible for establishing NHP in as many as 62 instances out of 208 trades that established NHP. The contribution of the three noticees in establishing NHP was ₹ 46.10 (49.38%) out of the total price of ₹ 93.35.

Summary of buy trades by Group noticees during Patch 1 that contributed to NHP

Name of clients	No. of instances Estb.NHP	% to total NHP	Total Contri. of client to NHP (₹)	% to total Contri.	Traded vol.by client	% to total vol.
Shivcharan S.Kashyap	36	17.31%	33.05	35.40%	7054	6.12%
Jayesh Himatlal Mehta	11	5.29%	6.8	7.28%	67	0.06%
Divyesh Harish Surana	15	7.21%	6.25	6.70%	3819	3.31%

22 As seen from the table above Shivcharan S. Kashyap, has on 36 instances placed orders at NHP at substantial variance with the closing price thereby contributing to an increase of ₹ 33 to the scrip. Similarly, Jayesh H. Mehta and Divyesh H. Surana, has on 11 & 15 instances respectively placed orders at NHP at substantial variance with the closing price thereby contributing to an increase of ₹ 6.8 and ₹6.25 to the scrip respectively.

23 It is observed that Shivcharan S. Kashyap was the top NHP contributor, who contributed to ₹ 33.05/- (35.40% of total market NHP) in 36 trades, out of which 29 trades contributed to ₹ 26.95/- (28.87% to total market NHP) and the counterparties were unconnected and scattered. Out of the remaining 7 trades, in 6 trades the counterparty was Jayesh H.Mehta which resulted in contribution to new high price of ₹6.05/- (6.48% to total market NHP) and the traded quantity was for a single share. Order log analysis was carried out for trades of Shivcharan with Jayesh Mehta where Shivcharan is bidder (purchaser) and Jayesh Mehta is seller. Details of such trades are given below:

NHP trades of Shivcharan Kashyap when Jayesh Mehta counterparty:

Date	Order No.	Add	Buy Order Time	Sell order time	Trade Time	Buy Order Qty	Sell Order QTY	Trade Qty	Buy Order Price	Sell Order Price	LTP at order entry	LTP contri bution	NHP Contri	Top Ask Price	Top Ask Vol.	Trade Price	High /Low for the day
		Upd												(Range)	Ask Vol.		
														Del	(Total)		
16/02/11	15000064000170	add	09:15:00.8	09:15:00.3	09:15:01.3	1	25	1	66.95	66	63.8	2.2	2.2	NA	NA	66	64-66
18/02/11	18000067004028	add	09:15:01.8	09:15:00.8	09:15:03.0	1	450	1	70	69.75	67	2.75	1.5	NA	NA	69.75	64.1-69.75

Date	Order No.	Add	Buy Order Time	Sell order time	Trade Time	Buy Order Qty	Sell Order QTY	Trade Qty	Buy Order Price	Sell Order Price	LTP at order entry	LTP contribution	NHP Contri	Top Ask Price	Top Ask Vol.	Trade Price	High /Low for the day
		Upd												(Range)	Ask Vol.		
		Del													(Total)		
25/02/11	18000077000099	add	09:15:00.1	09:15:00.3	09:15:00.6	1	450	1	77.9	77	75.7	2.2	1.15	NA	NA	77.9	72.75-77.9
21/02/11	23000088002554	Add	09:15:02.4	09:15:01.0	09:15:10.9	1	450	1	70	70.75	68.05	2.7	1	NA	NA	70.75	72.75-77.9
21/02/11	23000088002974	Add	09:16:05.4	09:16:43.2	09:16:43.2	1	450	1	71.45	71.45	71.35	0.1	0.1	NA	NA	71.45	72.75-77.9

24 From the above table, it is observed that Jayesh Mehta was putting sell orders at a price higher than LTP and Shivcharan was matching the sell orders with his buy orders to establish NHP with single shares. Thus, these two noticees were indulging in increasing the price of the scrip by establishing the base price for further trades in the scrip at a higher price. Similarly, Divyesh H.Surana was also contributor to new high price for total of ₹6.25/- in 15 trades. Out of these 15 trades, 11 trades contributing ₹3.55/- (3.80% to total market NHP) were with unconnected and scattered noticees. In three of the remaining 4 trades, the counterparty was Jayesh H. Mehta and the contribution to new high price was ₹ 2.50/- (2.68% to total market NHP) through these 3 trades. Hence, I find that Shivcharan Kashyap, Divyesh H.Surana and Jayesh H Mehta were indulging in increasing the price of the scrip by establishing the base price for further trades in the scrip at a higher price on a continuous basis, both in terms of NHP and LTP.

25 From the above analysis, it is observed that the said three noticees viz Jayesh H Mehta, Shivcharan S. Kashyap and Divyesh H Surana have in patch I jointly contributed ₹ 10 to market NHP (10.71% of market NHP) through 10 trades by indulging in increasing the price of the scrip and establishing the base price for further trades in the scrip at a higher price.

26 Similarly, during patch II, the price opened at ₹ 49.25/- on 24/3/2011 and reached a high of ₹ 87.50/- on 13.6.2011 and closed at ₹83.8/- on 13.6.2011 - i.e. there was an increase of ₹38.25/-. It was observed that on 15 trading days and 56 occasions a new high price was generated / created.

Out of 56 trades establishing new high price, Shivcharan Kashyap was found to be responsible for establishing new high prices in 8 instances contribution in establishing NHP was ₹13.5 (35.29%) out of the total price of ₹38.25 in 8 trades for a quantity of 9 shares. Details of the same are given below:

Summary of buy trades by Group noticee during Patch 2 that contributed to NHP

Name of clients	No. of instances Estb.NHP	% to total NHP	Total Contri. of client to NHP (₹ .)	% to total Contri.	Traded vol.by client	% to total vol.
Shivcharan Shreedhar Kashyap	8	14.29%	13.5	35.29%	9	0.06%

27 Out of 8 trades mentioned in table above, buy orders of Shivcharan Kashyap got executed with those sell orders which already existed in the system in 3 trades contributing ₹1.95/- to market NHP (5.1% of total market NHP). The remaining 5 trades in which the buy orders were put first above at new high price contributed ₹11.55/- to market NHP (30.20% of market NHP). It was further observed that all these trades were first trades of the day and quantity traded in all trades was 1 share except in one trade in which 2 shares were traded. The repeated trades for just 1 share at NHP cannot be just a mere coincidence and thus Shivcharan Shreedhar Kashyap was indulging in increasing the price of the scrip by establishing the base price for further trades in the scrip at higher price.

28 During the period 8.12.2010 to 23.3.2011, following first trades were observed:

Summary of first trades by connected noticees during Patch 1

No of First trades in Market	Market Volume of FT	No of FT buy Trades by Group	Group Purchase volume by FT	Group FT % to Market FT (vol.)	No. of FT Sell trades by Group	Group Sell volume by FT	Group FT % to Market FT (vol)	No. of First Trade within Group	Volume	% vol.to Market vol.FT
73	10099	50	5841	57.84%	15	1225	12.13%	11	73	0.72%

29 From the above table, it can be observed that out of a total of 73 trade days, the 'connected noticees' executed first trades at 68.49% and 20.55% (buy-sell side) of the total trading days. Through first trades, the Group purchased 5841 shares and sold 1225 shares respectively. Following are the LTP and NHP contribution details for all the first trades:

Table 11 - LTP / NHP contribution by 'connected noticees' through first trades during Patch 1

Sum of market LTP (buyer) of FT in ₹	Sum of market NHP (buyer) of FT in ₹ .	LTP of FT trades of Group (buyer) in ₹ .	NHP Contri of the Group (buyer) of FT trades in ₹ .
83.45	68.9	87.8	59.95

30 Thus, there was a positive impact on the price through first trades carried out by the 'connected noticees' and had a total NHP contribution of ₹ 59.95/- through first trades which is 87.01% of the market's NHP through first trade. The details of the first trades carried out by noticees of connected Group who had contributed to the positive LTP variation are as follows:

Details of first trades by connected noticees during Patch 1 that contributed to positive LTP

Name of client	No. of First trades	First trade volume	% of FT to market FT(Vol.)	First trade positive LTP Sum (in ₹ .)	NHP of FT
Shivcharan Shreedhar Kashyap	17	66	0.85%	42.25	29.25
Jayesh Himmatlal Mehta	8	37	0.48%	9.8	4.55
Divyesh Harish Surana	7	56	0.72%	13.15	4.65
Connected noticees buy total	45	5728	74.08%	93	59.95
Total market wide	56	7732	100.00%	106.4	68.9

31 As seen from the table above Shivcharan S. Kashyap, has on 17 instances placed first trade and at prices higher than LTP thereby contributing to an increase of ₹ 42.25 to the scrip. Similarly, Jayesh H. Mehta and Divyesh H. Surana, have on 8 & 7 instances respectively placed orders at prices higher than LTP thereby contributing to an increase of ₹ 9.8 & ₹13.15 respectively to the scrip.

Details of first trades within Group noticees during Patch 1 that contributed to +ve LTP

Name of Buy client	Name of Sell Client	No. of First trades	First trade volume	First trade positive LTP Sum (in ₹ .)	NHP of FT
Shivcharan Shreedhar Kashyap	Jayesh Himmatlal Mehta	4	4	9.85	5.85
Divyesh Harish Surana	Jayesh Himmatlal Mehta	1	1	3.8	2.25
Jayesh Himmatlal Mehta	Jayesh Himmatlal Mehta	1	10	1.45	1.45
Jayesh Himmatlal Mehta	Divyesh Harish Surana	1	5	1.5	0
A K Investments	Jayesh Himmatlal Mehta	1	50	0.25	0
Total of above 5 noticees		8	70	16.85	9.55
Total market wide		56	7732	106.4	68.9

32 From the above analysis, it is observed that 3 noticees viz Jayesh H Mehta, Shivcharan S. Kashyap and Divyesh H Surana have together contributed ₹ 9.55 to market NHP (13.86% of market NHP through first trades) through 7 first trades by indulging in increasing the price of the scrip and establishing the base price for further trades in the scrip at a higher price through first trades of the day.

33 The details of the first trades carried out by Shivcharan S kashyap & Divyesh H Surana of who had contributed to the positive LTP variation is as follows:

Details of first trades by Group noticees during Patch 2 that contributed to +ve LTP

Name of client	No. of First trades	First trade volume	% of FT to market FT(Vol.)	First trade positive LTP Sum (in ₹ .)	NHP of FT
Shivcharan Shreedhar Kashyap	13	2017	32.58%	25.45	13.3
Divyesh Harish Surana	1	1	0.02%	3	0
Connected Group buyer total	17	2563	41.40%	32.95	16
Total market wide	32	6191	100.00%	62.65	28.85

34 As seen from the table above Shivcharan S. Kashyap, has on 13 instances placed first trade and at prices higher than LTP thereby contributing to an increase of ₹ 25.45 to the scrip. Similarly, Divyesh H. Surana has on one instance placed order at prices higher than LTP thereby contributing to an increase of ₹ 3 to the scrip. The facts and figures brought out above elucidate that Shivcharan S. Kashyap, Jayesh Mehta & Divyesh H. Surana indulged in price manipulation by manipulating the NHP and LTP.

Issue 3: Whether the rest of the entities (i.e. those noticees excluding Group 1 entities and the above named three entities in issue 2) are “connected” to the fraudulent scheme perpetrated in the scrip of EIL, in any manner whatsoever?

35 As per the SCN the connection among the Group has been alleged on the basis of Annexure C, attached to the SCN, which provides a table showing connection of each noticee with other noticees of the whole Group. After a careful analysis of the connection, the whole Group of 52 noticees has been subdivided into four sub Groups, excluding the three entities mentioned in para 12 of the order namely Kanta Anantrai Desai, Sneha Pankaj Desai and Dimple Pankaj Desai.

36 As found earlier, out of Groups 3 & 4, three entities namely Jayesh Himmatlal Mehta (serial no. 33 Group 3), Shivcharan Shreedhar Kashyap (serial no. 35 Group 3) & Divyesh Harish Surana (serial no. 40 Group 4) have actively manipulated the scrip as shown above.

37 While considering the rest of the entities and their role in PFUTP, I note that a Group of 13 entities (namely A K Investments, Amrit L. Gandhi, Seema Gandhi, Amrit Gandhi HUF Narendra Dogra, Jitendra L. Gandhi Kantilal Lakshmichand, Shivangi Jagmohan Singh, Hussain Mohammed Shaikh, Parul Anupam Khanna, Jigna Manish Sah Bhavnaben Nimeshbhai Mewada & Nishita D. Merchant) were introduced by a common introducer Kamlesh Maisheri, who is also one of the partners of A K Investments. This fact was admitted by all the noticees as well as the introducer Kamlesh Maisheri during the personal hearing. It was submitted that normally there is a person working for the broker who introduces the clients for opening accounts with the broker. I have also noted that all the thirteen entities have the same trading broker Sanghavi Brothers Brokerage Limited and as per the

BSE website Kamallesh T. Maisheri is a Remisier of the broker from 2007. All these noticees have submitted in reply and during personal hearing that their trades were genuine trades on market, in which they had taken delivery and given delivery. The payments were made out of their bank accounts. I have noted the fact that the scrip was in trade to trade segment of BSE, where squaring off or netting is not allowed. Apart from the said connection by common introducer there was no other factor which connected them with Group 1 entities. Therefore in absence of any other connection, I am inclined to accept the submissions of the 13 entities to the effect that they happened to be introduced by a common person, as Kamlesh Maisheri who was associated with the Broker in some capacity. There is no evidence to believe that they were introduced for the purpose of trading in EIL with any particular motive to manipulate the prices.

38 Further, as detailed in Group 2, many noticees have off market dealings / transactions with each other in the scrip of EIL during the investigation period. A scrip when traded in off market, it is normally presumed that they are related entities or known to each other. As far as Group 2 entities are concerned, Srikrishna Valdamudi and Hiten Pravinchandra Shah are directors of promoter entity Cementex. Sree Lakshmi Marupadi is wife of the Srinivasa Rao Marupudi (CEO of EIL). Srikrishna Vadlamudi, Anita Yarlagadda and Veerabhadra Rao have common Email ID (vsrik2000@yahoo.com), which originally appears to be the Email ID of Srikrishna Vadlamudi. Other entities in Group 2 had off market transactions with Group 1 entity. Thus Group 2 in the above table is directly linked to Group 1 i.e. EIL, promoters and directors by way off-market and direct relations as brought out in table at para 6. Therefore, I have no hesitation in holding that the entities in Groups 1, 2 are either directly or indirectly connected to the manipulation and fraudulent scheme brought out in the investigation and were the end beneficiaries of such price manipulation. Besides the said three manipulators identified herein from Groups 3 and 4, I do not find that other entities in are in any way connected to the price manipulation in the scrip. All other entities in Group 3 are connected to Group 2 by way of off market transactions or by way of references in their KYC forms. Similarly, Group 4 entities are connected to Group 3 entities by way of off market transactions and common introducer. I find that entities in Group 3 and 4 are not directly connected to Group 1 entities and the connection revealed by investigation is not robust enough to allege charges of PFUTP, without any specific instance of manipulation. Therefore, I am inclined to drop the PFUTP charges levied in the SCN against the entities in Groups 3 and 4 and uphold such charges against

Issue 4: Whether the profits alleged to have been made by the noticees have actually accrued to them for the purpose of disgorgement or other directions under section 11B?

39 During the hearing, many of the entities have raised the issue of calculation of profit and legality of impounding. Noticees have contended that on the basis of the highest notional value of the scrip, their profits were calculated and their all bank accounts were frozen even though shares were not off loaded. Based on the submissions of the noticees contained in their replies and advanced during the personal hearing, it is understood that the profit calculation is based on notional profits of the noticees that may have accrued if they had sold the shares, which they held as on the date of end of patch II (i.e. closing price of Rs. 89). I have revisited the basis of profit calculation adopted by the Investigating Authority in the matter.

40 I am of the opinion that in the context of charges of PFUTP against the noticees, the act of manipulation in the scrip is of prime importance and the issue of deriving profit is consequential. Thus on a re-computation of profits as at para 10 of Interim order dated June 07, 2016 and Para 6.3.1 of the confirmatory order dated September 21, 2016 after deducting the notional profit part and cost of acquisition as on the date of initiation of investigation, I find that the main manipulators Shivcharan S. Kashyap & Jayesh Mehta have not made actual profits, as they continued to hold the shares, till the suspension of trading in EIL by BSE and thereafter. However this cannot be a criteria for the true evaluation of the role of an entity in the scheme of market manipulation in a scrip or for determination of the direction to be passed in respect of such manipulation.

41 The role of the persons who have exited the company pursuant to the manipulative scheme is more relevant for consideration in a fraud of this nature. In view of that, an analysis of the share holding pattern of EIL during the relevant period merits consideration and is tabulated as below:-

Promoter Name	Sep-10	Sep-10	Dec-10	Dec-10	Mar-11	Mar-11	Jun-11	Jun-11	Sep-11	Sep-11	Dec-11	Dec-11	Mar-12	Mar-12
	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%	Qty	%

SHRADHA P MANIK	5000	0.07	5000	0.07	10000	0.07	10000	0.07	0	0	0	0	0	0
JAYANTILAL D MANIK	500	0.01	500	0.01	1000	0.01	1000	0.01	0	0	0	0	0	0
PARESH K D MANIK	200	0	200	0	400	0	400	0	0	0	0	0	0	0
SIDDHARTH S MANIK	200	0	200	0	400	0	400	0	0	0	0	0	0	0
CEMENTEX	1330000	19.94	1188000	17.81	1864000	13.98	1723000	12.92	1728048	12.96	1651430	12.39	1467422	11.01
TOTAL	1335900	20.02	1193900	17.89	1875800	14.06	1734800	13	1728048	12.96	1651430	12.39	1467422	11.01

42 From the above table, it can be seen that Cementex, being one of the main promoters has offloaded 8.93 % shares during the investigation period. From the KYC statement of Cementex, it was observed that address of Cementex India Pvt Ltd and Srinivas Yadav Sher (one of the directors of Exelon) is also same i.e. "304 Siri Enclave, Srinagar Colony, Hyderabad, 500073". Further, one of the promoters of Cementex India Pvt Ltd was Ravi Chakravarthy who was also a director in Exelon Infrastructure Ltd during the investigation period. Similarly, Hiten P. Shah, Director of Cementex is the introducer of Srinvasa Rao Marupudi (Director & CEO of EIL) with Networth Stock Broking Limited. Based on all these facts, I hold that the entities in Group 1 and Group 2 along with Shivcharan S. Kashyap, Jayesh Mehta & Divyesh H. Surana violated Regulations Regulation 3(a) (b) (c) (d), 4(1), 4(2) (a) of SEBI (PFUTP) Regulations 2003.

43 At this juncture, I have considered the question as to whether it is appropriate to continue with the direction contained in the order dated September 21, 2016, which is to the effect of lifting the impounding order dated June 7, 2016, subject to the condition of deposit of the corresponding amounts to the escrow account as directed therein. As stated at para – 39 above, the ultimate result of the re-computation of profits as on the closure of the investigation period, indicates that two of the main perpetrators of the manipulation namely, Shivcharan S. Kashyap & Jayesh Mehta did not make gains as they continued to hold their shares. It is reiterated that the orders to the effect of disgorging or impounding gains, in my opinion, should be done where the gains have actually accrued to the manipulators. Extending this logic to the facts of the instant case would eventually result in the main manipulator escaping the net of disgorgement/impounding and the other entities who are connected to the manipulators, through varying degrees of connections, being implicated. In view of this, I am inclined to drop the directions of impounding contained in the order dated September 21, 2016 against all the noticees other than the promoter Cementex shown in the table above.

44 Given the vital function of protecting investors and safeguarding the integrity of the securities market vested in SEBI and the commensurate powers given to it under the securities laws, it is necessary for SEBI to exercise these powers firmly and effectively to insulate the market and its investors from the fraudulent actions of the participants in the securities market. From paras 41 and 42, I find that in this case the promoter in connivance with the 6 directors of the company had a real role in manipulation. It not only made misleading corporate announcements but also exited the company at the opportune time, thereby booking huge profit of ₹ 84,19,546 to their credit. As far as the role of directors is concerned in the functioning of a listed company, the following observation of Hon'ble Supreme Court in the matter of N. Narayanan Vs. Adjudicating Officer, SEBI, (Judgment of 2013) is relevant:-

"word of caution: SEBI, the market regulator, has to deal sternly with companies and their Directors indulging in manipulative and deceptive devices, insider trading etc. or else they will be failing in their duty to promote orderly and healthy growth of the Securities market."

45 Considering the above, I, in order to protect the interest of investors and the integrity of the securities market, in exercise of the powers conferred upon me under section 19 of the SEBI Act, 1992 read with section 11, 11(4) and 11B of the SEBI Act, and regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, hereby issue the following directions:-

i) Noticees in **Group 1** (shown in table below) shall be restrained from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 5 years;

S. No.	Name	PAN
1	Exelon Infrastructure Ltd.	AAACM2862M
2	Cementex (India) P.Ltd.	AAACC9265A
3	Srinvasa Rao Marupudi	ACQPM0876L, BCDPM3124P
4	Gadde B. Tirupati Rao	AHUPG9920A
5	Ravi Chakravati	AJXPR4789F
6	M.Vishnuvardhan Rao	ABYPM0993M

S. No.	Name	PAN
7	P R K Venkatamurthi	AFQPP6066G
8	Srinivas Yadav Sher	AUAPS8547G

- ii) The Promoter of EIL, namely Cementex (I) pvt. Limited shall disgorge an amount of ₹ 84,19,546 as ascertained in the table below along with interest calculated at the rate of 12 % from January 20, 2012 till the date of payment. The impounding order dated September 21, 2016, shall continue against Cementex till the amount of disgorgement is paid.

Profit table

	Sell Quantity	Sell Value (in Rs.)	Buy Quantity	Buy Value (in Rs.)	Profit*
Cementex (India) P.Ltd.	484100	19884414	83900	3660968	8419546

* Shares held prior to the investigation period = 484100-83900 =400200

Assuming that the acquisition cost is ₹ 19.5 per share (opening price during the investigation period), Cost of acquisition = 400200 X 19.5 = ₹ 7803900

Profit = (Sell value – Buy value) – Acquisition cost

$$= (19884414- 3660968) - 7803900 = ₹ 8419546$$

- iii) Noticees in **Group 2** (shown in table below) be restrained from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 3 years;

S. No.	Name	PANs
9	Marupudi Sree Lakshmi	ALYPM2964Q
10	Srikrishna Vadlamudi	ADNPV5504C
11	Anitha Yarlagaadda	ACAPY5774B
12	Veerabhadra Rao Dandamudi	ABVPD6656R
13	Mahendra Bhikaji Chile	AHNPC8127G

S. No.	Name	PANs
14	Gangadhara Rao Ilaparti	AANPI9650F
15	Piyush Naresh Kothari	AEOPK1882L
16	Ronak Ashwin Choksi	ADDPC2938D
17	Salma Sharafat Khan	BVSPK9348F
18	Hiten Pravinchandra Shah	AHAPS0889A
19	Gudimetla H Sunder	BMLPS9664N
20	Rama Krishna Makkena	BCKPK1101P
21	Dhana Energy P.Ltd.	AACCV7693M

- iv) Noticees namely, Shivcharan S. Kashyap and Jayesh H Mehta belonging to Group 3 and Divyesh H Surana belonging to Group 4, shall be restrained from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 3 years;
- v) The direction of impounding of assets including bank accounts / demat accounts / properties contained in the order dated June 7, 2016 and modified subsequently vide order dated September 21, 2016 shall stand revoked against all noticees except Noticee No. 2.

46 The above directions shall come into force with immediate effect.

47 A copy of this order shall be served upon the stock exchanges and the depositories for necessary action and compliance.

Place: Mumbai

Date: April 24, 2017

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA