

## SECURITIES AND EXCHANGE BOARD OF INDIA

## CONFIRMATORY ORDER

UNDER SECTIONS 11(1), 11(4) AND 11B (1) OF THE SECURITIES AND  
EXCHANGE BOARD OF INDIA ACT, 1992

In respect of:

S. No.	Name of the Noticee	PAN
1.	Manish Mishra (Noticee no. 1)	AMPPM6823L
2.	Anshu Mishra (Noticee no. 2)	BMIPS3480H
3.	Dipak Dwiwedi (Noticee no. 3)	ATDPD4055C
4.	Purav Bharatbhai Patel (Noticee no. 8)	ANWPP1802G
5.	Subhash Agarwal (Noticee no. 10)	AAEPA6699R
6.	Gaurav Gupta (Noticee no. 11)	AKHPG5185D
7.	Shreya Gupta (Noticee no. 12)	AIMPJ4419J
8.	Pooja Aggarwal (Noticee no. 13)	AGMPA6216C
9.	Varun Media Private Limited (Noticee no. 14)	AAACV7714K
10.	Saurabh Gupta (Noticee no. 15)	BFEPG0692E
11.	Sadhna Bio Oils Pvt. Ltd. (Noticee no. 16)	AAKCS4057N
12.	Rakesh Kumar Gupta (Noticee no. 17)	AAEPG2752R
13.	Madhu Render Singh (Noticee no. 18)	CDBPS4643B

<b>S. No.</b>	<b>Name of the Noticee</b>	<b>PAN</b>
14.	Kundan Singh Bisht (Noticee no. 19)	AGEPB3491N
15.	Virtual Business Solution Pvt. Ltd. (Noticee no. 20)	AAFCV0106J
16.	Paras Shah (Noticee no. 21)	DOKPS0203A
17.	Sulabh Dikshit (Noticee no. 22)	ANEPD9669B
18.	Bhim Singh Chaudhary (Noticee no. 23)	CGZPS8373K
19.	Yogesh Kumar Gupta (Noticee no. 24)	ABJPG8977G
20.	Rajshree Goel (Noticee no. 25)	AAAPG6302R
21.	Sunil Goel (Noticee no. 26)	AAAPG2658J
22.	Arpan Gupta (Noticee no. 31)	AMCPG5914F

*(Noticee nos. correspond to the nos. mentioned in the Interim Order dated March 02, 2023.  
The aforementioned persons are collectively referred to in this Order as “Noticees”)*

**In the matter of Stock Recommendations using YouTube in the scrip of  
Sadhna Broadcast Limited**

---

**A. BACKGROUND**

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) conducted a preliminary examination”) in the scrip of Sadhna Broadcast Limited (hereinafter referred to as “**Sadhna**”) for the period April 27, 2022 to September 30, 2022 (hereinafter referred to as “**Examination Period**”), based on certain complaints, to look into possible violations of provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and various regulations framed thereunder including SEBI (Prohibition of Fraudulent

and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”).

## **B. INTERIM ORDER**

2. Pursuant to SEBI’s preliminary examination, an Ad-interim Ex-parte order dated March 02, 2023 (hereinafter referred to as “**Interim Order**”) was passed by SEBI against 31 *Noticees* wherein *inter alia* the following were noticed:

2.1. The company, Sadhna was incorporated in 1994 and has its registered office at New Delhi. Sadhna is engaged in the business of launching television channels & to carry out the business of T.V. news, films, music, serials etc.

2.2. There was a spurt in the price and volume of scrip of Sadhna between April 2022 to mid-July 2022. A significant portion of the volume during this period was the result of the trades executed by some of the *Noticees* to the *Interim Order*. During this period, the management of Sadhna has come up with the corporate action of splitting the shares of Sadhna in the ratio of 10:1 which enhanced the liquidity in the scrip.

2.3. During the second half of July 2022, false and misleading videos (“**YouTube Videos**”) about the company were uploaded on two YouTube channels namely, “The Advisor” and “Moneywise” (“**YouTube Channels**”/ “**Channels**”). These YouTube videos peddled false and misleading news to recommend that investors should buy the Sadhna stock for extraordinary profits. These YouTube Channels had lakhs of subscribers and the misleading YouTube videos had crores of viewership aided by promotion through paid advertising campaigns. After a while, the misleading YouTube videos ceased to be available for public viewing.

2.4. Subsequent to the release of the misleading YouTube videos, there was an increase in the price and trading volume of the Sadhna scrip. The volumes appear to have been contributed by large number of retail investors likely influenced by the misleading YouTube videos. During this period, certain promoter shareholders, key management personnel of Sadhna, and non-promoter shareholders who held more than 1% of shareholding in Sadhna

offloaded a significant part of their holdings at inflated prices and booked profits.

2.5. The Noticees in this case were broadly classified as follows - the creator of both the YouTube Channels was classified as Misleading Message Disseminator (“**MMD**”). Some of the Noticees were Net Sellers/ Promoters and profit makers (“**NSs**”), i.e., persons who held shares of Sadhna at the start of the examination period either as a promoter or as a shareholder, and who traded in and net sold shares during the said period. Other Noticees were Volume Creators (“**VCs**”), or persons, outside of those classified as NSs, who both bought and sold shares of Sadhna during the examination period, hence contributing to a rise in trading volumes and interest in the scrip. Two of the Noticees were classified as Information Carriers (“**ICs**”). Connection between all the *Noticees* across the MMDs, NSs, VCs and ICs has been established based on several facts on record including familial relationships, KYC details, common address & email IDs, call data records and fund transfers.

2.6. *Prima facie*, across the MMDs, NSs, VCs and ICs, the Noticees orchestrated an egregious case of ‘pump-and-dump’ of Sadhna Broadcast Ltd. – i.e., they collectively helped create trading volumes and interest in the scrip, spread patently false and misleading YouTube videos about the scrip, and hence induced unsuspecting small investors to buy the Sadhna scrip at elevated prices, thereby *prima facie* violating the provisions of the SEBI Act and PFUTP Regulations. Collectively, the NSs and some of the VCs have booked extraordinary profits as a result of this scheme.

2.7. It was *prima facie* concluded that the Noticee NSs and certain VCs which includes the promoters and CEO of Sadhna Broadcast Limited, through the coordinated involvement of MMD, ICs and VCs were alleged to have made illegal gains amounting to INR 41,85,82,283 by way of the alleged fraudulent and manipulative scheme and therefore, *prima facie* violated Sections 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(1), (b), (c), (d) and Regulations 4(1) and 4(2)(a), (d), (k) and (r) of the PFUTP Regulations.

3. Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**") vide its order dated March 27, 2023 set aside the Interim Order in respect of 4 Noticees namely, Aahuti Rasik Mistry (Noticee no. 27), Arshad Hussain Warsi (Noticee no. 28), Maria Goretti Warsi (Noticee no. 29) and Iqbal Hussain Warsi (Noticee no. 30). Further, Confirmatory Order dated July 20, 2023 has already been passed in respect of 5 Noticees namely, Jatin Manubhai Shah (Noticee no. 4), Heli Jatin Shah (Noticee no. 5), Daivik Jatin Shah (Noticee no. 6), Angad M Rathod (Noticee no. 7) and Karavan Tradelink OPC Private Limited (Noticee no. 9). The instant post decisional order/ confirmatory order is with respect to 22 Noticees.
4. Further, SAT vide its order dated October 19, 2023 had directed me to pass orders in respect of Rajshree Goel (Noticee no. 25) and Sunil Goel (Noticee no. 26) within two weeks from the date of the order. Further, SAT has directed me to consider its orders in Appeal No. 284 of 2023, Arshad Warsi & Ors. vs. SEBI and Appeal No. 285 of 2023, Aahuti Rasik Mistry vs. SEBI decided on March 27, 2023 and Appeal No. 679 of 2023, Jatin Manubhai Shah and other companion appeals vs. SEBI decided on October 9, 2023.
5. The role of the Noticees in respect of whom the instant Order is being passed is given in the Table below.

**Table no. 1**

<b>S. No.</b>	<b>Entity Name</b>	<b>Role</b>
1.	Manish Mishra (Noticee no. 1)	Creator of YouTube Channels – The Advisor and Moneywise / Volume Creator (MMD & VC)
2.	Anshu Mishra (Noticee no. 2)	Volume Creator and profit maker (VC 1)
3.	Dipak Dwiwedi (Noticee no. 3)	Volume Creator and profit maker (VC 2)
4.	Purav Bharatbhai Patel (Noticee no. 8)	Volume Creator (VC 7)

<b>S. No.</b>	<b>Entity Name</b>	<b>Role</b>
5.	Subhash Agarwal (Noticee no. 10)	Connected with MMD, VC 2 and VC 3/ Information Carrier (IC 1)
6.	Gaurav Gupta (Noticee no. 11)	Promoter of Sadhna and Net Seller (NS 1)/ Authorised signatory of Sadhna Bio Oils Pvt. Ltd. - NS 5
7.	Shreya Gupta (Noticee no. 12)	Promoter of Sadhna and Net Seller (NS 2)
8.	Pooja Aggarwal (Noticee no. 13)	Promoter & CEO of Sadhna and Net Seller (NS 3)
9.	Varun Media Private Limited (Noticee no. 14)	Promoter of Sadhna and Net Seller (NS 4)
10.	Saurabh Gupta (Noticee no. 15)	Promoter of Sadhna and authorised signatory of Varun Media Pvt. Ltd. (NS 4)
11.	Sadhna Bio Oils Pvt. Ltd. (Noticee no. 16)	Net Seller (NS 5)
12.	Rakesh Kumar Gupta (Noticee no. 17)	Information Carrier (IC 2)
13.	Madhu Render Singh (Noticee no. 18)	Net Seller (NS 6)
14.	Kundan Singh Bisht (Noticee no. 19)	Net Seller (NS 7)
15.	Virtual Business Solution Pvt. Ltd. (Noticee no. 20)	Net Seller (NS 8)
16.	Paras Shah (Noticee no. 21)	Authorised signatory of Virtual Business Solution Pvt. Ltd. (NS 8)
17.	Sulabh Dikshit (Noticee no. 22)	Net Seller (NS 9)

S. No.	Entity Name	Role
18.	Bhim Singh Chaudhary (Noticee no. 23)	Net Seller (NS 10)
19.	Yogesh Kumar Gupta (Noticee no. 24)	Net Seller (NS 11)
20.	Rajshree Goel (Noticee no. 25)	Net Seller (NS12)
21.	Sunil Goel (Noticee no. 26)	Net Seller (NS13)
22.	Arpan Gupta (Noticee no. 31)	Director of Sadhna and authorise signatory with Sadhna Bio Oils Pvt. Ltd. - NS 5

6. Based on the information collected during the preliminary examination and conclusions as recorded in the *Interim Order*, pending further investigation in the matter, certain directions were issued against the above *Noticees* vide the aforesaid *Interim Order* which were *inter alia*, as follows:

6.1. The *Noticees* were restrained from buying, selling or dealing in securities either directly or indirectly, in any manner whatsoever until further orders.

6.2. The bank accounts of the *Noticees* to the extent of their liability for illegal gain made from the alleged fraudulent scheme in the scrip of Sadhna was impounded. The *Noticees* were directed to open an escrow account with a Scheduled Commercial Bank and deposit the impounded amount therein within 15 days from the date of service of the Order. The escrow account/s was to be an interest-bearing escrow account with a lien in favour of SEBI. Further, it was directed that the monies kept therein shall not be released without permission from SEBI.

6.3. *Noticees* were directed not to dispose of or alienate any asset, whether movable or immovable, or create any interest or charge on any of such assets held in their name, jointly or severally, including money lying in bank accounts except with prior permission of SEBI until the impounded amount is deposited in the escrow account.

6.4. *Noticees* were directed to provide a full inventory of all assets held in their name, jointly or severally, whether movable or immovable, including details of all bank accounts, demat accounts and mutual investments, or any interest or charge on any of such assets, immediately but not later than 15 days from the date of receipt of the Order.

7. Further, vide the aforesaid *Interim Order*, the *Noticees* were also advised to submit their replies, if any, within 21 days from the date of service of the *Interim Order* and to indicate whether they desired to avail an opportunity of personal hearing in the matter.
8. Vide the aforesaid Confirmatory Order dated July 20, 2023, the total illegal gain was modified to INR 40,60,66,012.

### **C. SERVICE OF INTERIM ORDER, REPLY AND HEARING**

9. It is noted that the *Interim Order* was served on the *Noticees*. I note, however, that none of the *Noticees*, other than Noticee no. 2, have complied with the direction to deposit the proceeds. Similarly, with respect to the direction to provide the details of their assets to SEBI, none of the *Noticees*, other than Noticee no. 12, have complied with the said direction. I further note that the *Noticees* had sought the relied upon documents/ inspection of documents and the same were provided to the *Noticees*. The list of documents provided to the *Noticees* are given below.

9.1. Examination Report

9.2. Complaints received in the scrip of Sadhna Broadcast Limited

9.3. Quarter-wise shareholding pattern of the company

9.4. Downloaded YouTube videos

9.5. Announcement by Sadhna dated July 18, 2022

9.6. Police complaint filed by the company regarding the YouTube videos

9.7. Details of YouTube videos and channels provided by Google LLC

9.8. Trade log and price volume data

9.9. CDR and KYC documents received from Telecom Service Providers



- 9.10. Payments made towards Google Ads
- 9.11. Bank Statements of the entities depicting fund transfers
- 9.12. Profit calculation

10. The details of date and mode of providing the said documents are given in the table below:

**Table no. 2**

<b>S. No.</b>	<b>Noticee name</b>	<b>Date of completion of inspection/ forwarding documents</b>	<b>Mode of providing/ forwarding documents</b>
1.	Manish Mishra	27/03/2023	Inspection
2.	Anshu Mishra	27/03/2023	Inspection
3.	Dipak Dwiwedi	27/03/2023	Inspection
4.	Purav Bharatbhai Patel	17/07/2023	Inspection
5.	Subhash Agarwal	23/03/2023	Inspection
6.	Gaurav Gupta	29/03/2023	Inspection
7.	Shreya Gupta	29/03/2023	Inspection
8.	Pooja Aggarwal	12/04/2023	SPAD
9.	Varun Media Private Limited	12/04/2023	SPAD
10.	Saurabh Gupta	12/04/2023	SPAD
11.	Sadhna Bio Oils Pvt. Ltd.	12/04/2023	SPAD
12.	Rakesh Kumar Gupta	29/03/2023	Inspection
13.	Madhu Render Singh	12/04/2023	SPAD
14.	Virtual Business Solution Pvt. Ltd.	12/04/2023	SPAD
15.	Paras Shah	12/04/2023	SPAD
16.	Sulabh Dikshit	12/04/2023	SPAD
17.	Bhim Singh Chaudhary	12/04/2023	SPAD

<b>S. No.</b>	<b>Noticee name</b>	<b>Date of completion of inspection/ forwarding documents</b>	<b>Mode of providing/ forwarding documents</b>
18.	Yogesh Kumar Gupta	24/04/2023	Inspection
19.	Rajshree Goel	24/03/2023	Inspection
20.	Sunil Goel	24/03/2023	Inspection
21.	Arpan Gupta	12/04/2023	SPAD

11.I note that all the *Noticees* except Noticee nos. 18 and 22 have submitted their written replies to the *Interim Order* and an opportunity of personal hearing was granted to all the *Noticees*. The date of hearing and date of replies, if any, for all the *Noticees* is given in the Table below.

**Table no. 3**

<b>S. No.</b>	<b>Noticee name</b>	<b>Date of hearing</b>	<b>Date of written replies</b>
1.	Manish Mishra	25/07/2023	20/07/2023, 07/08/2023
2.	Anshu Mishra	25/07/2023	20/07/2023, 08/08/2023, 22/09/2023
3.	Dipak Dwiwedi	27/07/2023	24/07/2023, 04/08/2023, 22/09/2023
4.	Purav Bharatbhai Patel	02/08/2023	31/07/2023, 10/08/2023
5.	Subhash Agarwal	17/07/2023	21/07/2023
6.	Gaurav Gupta	09/08/2023	30/06/2023, 12/09/2023

<b>S. No.</b>	<b>Noticee name</b>	<b>Date of hearing</b>	<b>Date of written replies</b>
7.	Shreya Gupta	09/08/2023	30/06/2023, 12/09/2023, 20/10/2023
8.	Pooja Aggarwal	27/07/2023 – adjournment sought, 09/08/2023 - did not appear	30/06/2023
9.	Varun Media Private Limited	09/08/2023	30/06/2023, 12/09/2023
10.	Saurabh Gupta	09/08/2023	08/06/2023, 12/09/2023
11.	Sadhna Bio Oils Pvt. Ltd.	09/08/2023	30/06/2023, 12/09/2023
12.	Rakesh Kumar Gupta	09/08/2023	30/06/2023, 14/09/2023
13.	Madhu Render Singh	17/07/2023 - did not appear	no reply
14.	Kundan Singh Bisht	26/06/2023	21/03/2023, 26/06/2023
15.	Virtual Business Solution Pvt. Ltd.	09/08/2023	30/06/2023, 12/09/2023
16.	Paras Shah	27/07/2023 – adjournment sought, 09/08/2023 - did not appear	30/06/2023
17.	Sulabh Dikshit	26/07/2023 – adjournment sought, 09/08/2023 - did not appear	no reply
18.	Bhim Singh Chaudhary	17/07/2023	04/07/2023, 18/07/2023

S. No.	Noticee name	Date of hearing	Date of written replies
19.	Yogesh Kumar Gupta	27/05/2023, 09/08/2023	26/05/2023, 17/06/2023, 07/08/2023
20.	Rajshree Goel	26/06/2023	31/05/2023, 06/05/2023, 01/07/2023, 25/10/2023
21.	Sunil Goel		
22.	Arpan Gupta	26/07/2023 – adjournment sought, 09/08/2023 - did not appear	08/06/2023

12. As can be seen in the Table no. 3 above, though an opportunity of hearing was granted on July 26, 2023 and July 27, 2023, Sulabh Dikshit (Noticee no. 22), Arpan Gupta (Noticee no. 31), Pooja Aggarwal (Noticee no. 13) and Paras Shah (Noticee no. 21) sought adjournment. Subsequently, another opportunity of personal hearing was granted to the said Noticees on August 09, 2023, however, these Noticees failed to appear before me. Further, Madhu Render Singh (Noticee no. 18) was granted an opportunity of hearing on July 17, 2023, however, the Noticee failed to appear before me. I note that the aforesaid Noticees have been given sufficient opportunities for personal hearing and therefore, the principles of natural justice have been duly complied with and I now proceed to consider the matter based on the replies and material available on record.

13. As regards the other *Noticees*, on the scheduled date of hearing, the Authorized Representatives (“**ARs**”) of the Noticees / Noticees appeared and reiterated the submissions made in their respective written replies. Further, during the course of the personal hearing, certain clarifications on the written submissions were sought and the Noticees were advised to submit their replies within the specified time.

14. The contentions raised in the Noticees' oral and written submissions are summarised below.

**Submissions of Manish Mishra (Noticee no. 1)**

15. Vide his letters dated July 20, 2023 and August 07, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

15.1. The Noticee has submitted that the inspection of documents was incomplete and that the following documents have not been provided.

15.1.1. Order log for the trades executed.

15.1.2. KYC details with respect to the Call Data Records ("CDRs") obtained by SEBI.

15.1.3. Correspondence between Google LLC and SEBI.

15.2. Further, CDRs were given without establishing the identification of the persons involved with any appropriate documents. CDRs were in an excel sheet which can be edited and without any supporting documents to establish the authenticity.

15.3. The Noticee has relied upon the judgement of the Hon'ble Supreme Court in the matter of T. Takano vs. SEBI & Anr. (Civil Appeal nos. 487-488 of 2022) wherein it was held that all information that is relevant to the proceedings must be disclosed to the Noticee.

15.4. The observations made in the Examination Report do not show a prima facie basis that the Noticee was involved in volume creation or creation of false videos or propagating videos which he knew to be false.

15.5. The Noticee has submitted that SEBI had made findings which were final in nature in an interim order. There was no reason for SEBI to prohibit the Noticee from dealing in shares of companies other than Sadhna since in the present proceedings, there is nothing to show that the Noticee was involved in any illegal action in respect of any other security.

15.6. If SEBI apprehended that the Noticee would continue to upload any false and misleading video on YouTube Channels, a cease-and-desist order would have been appropriate.

- 15.7. The Noticee has submitted that there was no impending need or cogent evidence to pass such harsh directions against the Noticee and has relied upon the order dated March 12, 2019 of the Hon'ble SAT in the matter of North End Foods Marketing Pvt. Ltd. & Anr. Vs. SEBI in appeal no. 80 of 2019.
- 15.8. The Noticee is a doctorate in Psychology and an MBA in Human Resources. During CoVID-19, the Noticee started offering services through Digital Media, primarily, through YouTube.
- 15.9. Payments for promotion of videos relating to Sadhna which were uploaded on YouTube Channels "The Advisor" and "Moneywise" were made from the wallets linked to [theadvisxxxstocxx@gmail.com](mailto:theadvisxxxstocxx@gmail.com) and [monxxxxxxxxxtocks@gmail.com](mailto:monxxxxxxxxxtocks@gmail.com) respectively. The Noticee has not made any payments to the wallets linked to the aforesaid google accounts and the same was arranged by those who wanted their videos to be promoted. Therefore, the finding that funds were transferred by the Noticee to Google Ads to promote the videos relating to Sadhna is false.
- 15.10. In and around June 2022, the Noticee was engaged by one Abhay Singh to promote certain videos relating to Sadhna on YouTube. Abhay informed the Noticee that the information contained therein was true and correct. The Noticee did not create the videos uploaded by him on the two YouTube Channels namely, "The Advisor" and "Moneywise" in July 2022. The videos were made available to him by Abhay Singh.
- 15.11. The Noticee had no reason to believe that the videos uploaded contained factual errors or misstatements. The Noticee had come across similar content and had no reason to doubt the content of the videos. The Noticee came to know that the videos contained factual inaccuracies only when SEBI carried out search and seizure operation.
- 15.12. The Noticee has submitted that Abhay Singh was a casual acquaintance of the Noticee in Ahmedabad. The arrangement between the Noticee and Abhay entailed the Noticee uploading the Abhay Singh's videos in YouTube in exchange for payment. To enhance the viewership, the Noticee used hashtags and promoted the same through Google Ads. The Noticee did not

pay for the promotion of these videos as the payment for promotion was done by Abhay Singh.

- 15.13. The Noticee has submitted that his trades in the scrip of Sadhna during the examination period (whether by themselves or taken together with trades done by his wife, Anshu Mishra) were not significant enough to create volumes or impact the price of the scrip. The Noticee was only acting as a digital media marketer.
- 15.14. SEBI should have restrained from acting on anonymous complaints as directed by Central Vigilance Commission vide circular no. 98/DSP/9 dated November 23, 2014.
- 15.15. It is not unusual for trading volumes and price of a scrip to increase after videos relating to them are promoted on social media including YouTube and the same does not per se indicate any manipulation.
- 15.16. The Noticee's gross trading volume was 2.74% for the entire examination period and therefore, not significant to influence price or volume.
- 15.17. The credentials relating to the YouTube Channels "The Advisor" and "Moneywise" in order to promote the videos. The Noticee's role was limited to promoting the videos using digital marketing tools like keywords, hashtags etc.
- 15.18. The trades carried out by the Noticee was based on positive news relating to the scrip that was circulating on the internet and social media even before the videos were provided to him by Mr. Abhay.
- 15.19. Out of the 31 entities mentioned in the Interim Order, the Noticee is connected with the 7 entities, one is his wife – Anshu Mishra, two are professional relationships – phone conversations with Mr. Warsi and his manager, Ms. Aahuti was in connection with the production of the feature film, Jeevan Bheema Yojana. The said movie was produced by Laddu Gopal ventures, a company in which his wife was the director. Jatin Shah is the dealer of MNM Stock Broking, his broker. Dipak Dwiwedi and Purav Patel are his long-time business and personal acquaintances. Mr. Subhash Agarwal was a well-known RTA in Ahmedabad and the Noticee had certain interactions with him in respect of the companies owned by his wife. Further, he is also a family friend and used to call the Noticee to discuss his personal/ family affairs.

- 15.20. The Noticee did not have any connection with the promoters of the Company or its Key Managerial Persons.
- 15.21. The email ids theadvisor.stocks@gmail.com and moneywise.stocks@gmail.com and the mobile numbers 982xxxx964 and 812xxxx480 does not belong to the Noticee.
- 15.22. The email id aaxxximxxa@gmail.com and mobile no. 886xxxx117 were recorded as back up email and phone number for both the YouTube channels, Moneywise and the advisor after the Noticee was provided with the credentials by Abhay Singh.
- 15.23. The finding that the mobile numbers of the creators/ administrators of the YouTube Channels were found to be registered in the name of the Noticee is erroneous.
- 15.24. The Noticee was not aware of the communication between BSE and the company with respect to the videos. The Noticee came to know about the announcement made by the company on July 18, 2022, much later through the Interim Order.
- 15.25. The Noticee does not do long term investments, rather he trades in scrips which show an increasing trend in price and volume to make a profit. In the case of Sadhna, the Noticee observed upward movement in price and volume from March 2022 and also came across several videos on the internet that provided positive news. Therefore, the Noticee traded in the scrip from May 13, 2022. Thereafter, the Noticee was provided with the videos by Abhay Singh, which again made several positive statements in respect of the company. Therefore, the Noticee once again traded in the scrip from July 27, 2022 onwards and was not contrary to the recommendations made in the videos promoted by him.
- 15.26. The trades of the Noticee were carried out on BSE's trading system and were therefore, anonymous. The Noticee could not have known the counterparties to his trades. The statement in paragraph 16.5 that one Bhim Singh Chaudhary sold 71,580 shares to the Noticee fails to consider this aspect.



- 15.27. The Noticee not only believed the representations made by Abhay Singh regarding factual accuracy of the videos, he also relied on them and the ones which he had come across earlier to trading in the scrip in patch 1 and 2.
- 15.28. In patch 1, the proportion of trading by the Noticee – 2.95% is insignificant and insufficient to have led an increase in price and volume.
- 15.29. The Noticee has submitted that it is erroneous to arrive at a conclusion without examining the contents of the calls between the Noticee and Purav Patel.
- 15.30. The Noticee did not retain any significant shareholding in the company after patches 1 and 2.
- 15.31. There were 75 calls between Subhash Agarwal and the Noticee during the 5-month period from April 29, 2022 to September 29, 2022 and the same was for reasons mentioned above. There were no calls between Rakesh Gupta and the Noticee.
- 15.32. Subhash Agarwal and Rakesh Kumar Gupta are designated as Information Carriers but what information was allegedly carried between the Noticee and the promoters has not been mentioned.
- 15.33. The Interim Order and the Examination Report does not show the Noticee and the promoters and KMPs of the company even knew each other.
- 15.34. The promoters and KMPs of the company have benefited through the sale of shares at higher prices and SEBI has not considered the centrality of their role in the alleged scheme of manipulation.
- 15.35. The Noticee did not make any profits and in fact he made a loss of INR 46,44,589.
- 15.36. The Noticee has submitted that when the cost of acquisition of shares can be ascertained from records with SEBI, there is no reason to consider the average buy price or notional buy price to compute the cost of acquisition.
- 15.37. It is illogical to make the Noticee liable for the disgorgement of alleged illegal profits made by other Noticees, especially those who are not even connected with him.
- 15.38. The Noticee's work as a Digital Media Consultant is to promote videos provided by his clients using Google Ads while earning revenue through

Google AdSense, which assists in the monetization of the said uploaded videos.

**Submissions of Anshu Mishra (Noticee no. 2)**

15. Vide her letters dated July 20, 2023, August 08, 2023 and September 22, 2023, she has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

15.1. Vide her letter dated April 1, 2023, the Noticee confirmed the deposit of INR 6,37,753 as directed in the Interim Order, however, her accounts are still frozen.

15.2. The Noticee has submitted that the inspection of documents was incomplete and that the following documents have not been provided.

15.2.1. Order log for the trades executed.

15.2.2. KYC details with respect to the Call Data Records (“CDRs”) obtained by SEBI.

15.2.3. Correspondence between Google LLC and SEBI.

15.3. Further, CDRs were given without establishing the identification of the persons involved with any appropriate documents. CDRs were in an excel sheet which can be edited and without any supporting documents to establish the authenticity.

15.4. The Noticee has relied upon the judgement of the Hon’ble Supreme Court in the matter of T. Takano vs. SEBI & Anr. (Civil Appeal nos. 487-488 of 2022) wherein it was held that all information that is relevant to the proceedings must be disclosed to the Noticee.

15.5. The observations made in the Examination Report do not show a *prima facie* basis that the Noticee was involved in volume creation which she knew to be false.

15.6. The Noticee has submitted that SEBI had made findings which were final in nature in an interim order. There was no reason for SEBI to prohibit the Noticee from dealing in shares of companies other than Sadhna since in the present proceedings, there is nothing to show that the Noticee was involved in any illegal action in respect of any other security. Further, the bank accounts

of the Noticee have been impounded towards liabilities of other Noticees without any evidence to show that the Noticee had acted together with them.

15.7. If SEBI apprehended that the Noticee would continue to create volumes based on false information, a cease-and-desist order would have been appropriate.

15.8. The Noticee has submitted that there was no impending need or cogent evidence to pass such harsh directions against the Noticee and has relied upon the order dated March 12, 2019 of the Hon'ble SAT in the matter of North End Foods Marketing Pvt. Ltd. & Anr. Vs. SEBI in appeal no. 80 of 2019.

15.9. The Noticee is an MBA in Human Resources. The Noticee is married to Manish Mishra, Noticee no. 1 in the present proceedings. Since 2022, the Noticee is the Director 4 businesses namely, Laddu Gopal Ventures Pvt. Ltd., Mist Music Pvt. Ltd., Korbeauty Cosmetics Pvt. Ltd. and Kangaroo and Joey Healthcare Pvt. Ltd. The Noticee always acted upon the advice of her husband, Manish Mishra.

15.10. The Noticee does not own or operate any YouTube channels and has never in the past uploaded any videos relating to Sadhna Broadcast Limited or any other company on YouTube.

15.11. The Noticee's husband, Manish Mishra used to trade on her behalf and he executed the trades in the scrip of Sadhna based on his observations regarding the movement of price of the scrip. However, the Noticee suffered losses while trading in the scrip of Sadhna.

15.12. The Noticee did not play any role in increasing the price of the scrip in patch 1 and the trades executed in patch 2 of the Examination Period were executed by her husband based in his observation regarding the movement of the price of the scrip.

15.13. The Noticee did not have any connection with the company Sadhna or its shareholders or its Key Managerial Persons and had no connection with any volume creator or net sellers other than Manish Mishra and Deepak Dwiwedi. The Noticee's connection with Deepak Dwiwedi at the relevant time was due to the common directorship in the aforesaid 4 companies and as a

relative of her husband. Presently, Dwiwedi is a director only on Kangaroo and Joey Healthcare Pvt. Ltd.

- 15.14. The Noticee has denied inducing any unsuspecting investor to trade in the scrip of Sadhna and did not spread any false or misleading information pertaining to the affairs of Sadhna.
- 15.15. SEBI should have restrained from acting on anonymous complaints as directed by Central Vigilance Commission vide circular no. 98/DSP/9 dated November 25, 2014.
- 15.16. It is not unusual for trading volumes and price of a scrip to increase after videos relating to them are promoted on social media including YouTube and the same does not per se indicate any manipulation or wrong doing.
- 15.17. SEBI has not provided sufficient reasons to conduct a preliminary examination and check the CDRs of the Noticee when her name was not mentioned in the complaints.
- 15.18. The Noticee's gross trading volume was a mere 3.89% for the entire Examination Period and therefore, not significant to influence price or volume.
- 15.19. The volume created by the Noticee was very less compared to the volume created by certain entities which was over 7% and more. Further, the Noticee made a loss of INR 26,47,628.60.
- 15.20. Jatin Manubhai Shah is a friend of her husband and she has a trading account with MNM Stock Broking where Jatin Manubhai Shah is the proprietor. Angad Rathod is an employee of Jatin Shah.
- 15.21. The Noticee did not have any connections with the promoters of the company or its Key Managerial Persons and there is no phone conversations or fund transfers between the Noticee and them.
- 15.22. The trades of the Noticee were carried out on BSE's trading system and were therefore, anonymous. The Noticee could not have known the counterparties to her trades.
- 15.23. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of Arshad Hussain Warsi & Anr, vs SEBI, appeal no. 284 of 2023 and submitted that merely because she is the wife of Manish Mishra cannot lead to

any conclusion that she was a part of any coordinated scheme to induce unsuspected investors to trade in the scrip of Sadhna.

15.24. It is erroneous to arrive at the above conclusion based on CDR without examining the contents of the calls.

15.25. The Noticee did not retain any significant shareholding in the company after patches 1 and 2.

15.26. The Noticee has submitted that when the cost of acquisition of shares can be ascertained from records with SEBI, there is no reason to consider the average buy price or notional buy price to compute the cost of acquisition.

15.27. It is illogical to make the Noticee liable for the disgorgement of alleged illegal profits made by other Noticees, especially those who are not even connected with her.

15.28. The Noticee has requested to defreeze her demat accounts as she has complied with the directions issued against her and she undertakes to refrain from trading in the scrip of Sadhna Broadcast Limited during the pendency of the investigation.

### **Submissions of Dipak Dwiwedi (Noticee no. 3)**

16. Vide his letters dated July 24, 2023, August 04, 2023 and September 22, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

16.1. The Noticee has submitted that the inspection of documents was incomplete and that the following documents have not been provided.

16.1.1. Order log for the trades executed.

16.1.2. KYC details with respect to the Call Data Records ("CDRs") obtained by SEBI.

16.1.3. Correspondence between Google LLC and SEBI.

16.2. Further, CDRs were given without establishing the identification of the persons involved with any appropriate documents. CDRs were in an excel sheet which can be edited and without any supporting documents to establish the authenticity.

- 16.3. The Noticee has relied upon the judgement of the Hon'ble Supreme Court in the matter of T. Takano vs. SEBI & Anr. (Civil Appeal nos. 487-488 of 2022) wherein it was held that all information that is relevant to the proceedings must be disclosed to the Noticee.
- 16.4. The observations made in the Examination Report do not show a prima facie basis that the Noticee was involved in volume creation or creation of false videos or propagating videos which he knew to be false.
- 16.5. The Noticee has submitted that SEBI had made findings which were final in nature in an interim order. There was no reason for SEBI to prohibit the Noticee from dealing in shares of companies other than Sadhna since in the present proceedings, there is nothing to show that the Noticee was involved in any illegal action in respect of any other security.
- 16.6. If SEBI apprehended that the Noticee would continue to create volumes based on false information, a cease-and-desist order would have been appropriate.
- 16.7. The Noticee has submitted that there was no impending need or cogent evidence to pass such harsh directions against the Noticee and has relied upon the order dated March 12, 2019 of the Hon'ble SAT in the matter of North End Foods Marketing Pvt. Ltd. & Anr. Vs. SEBI in appeal no. 80 of 2019.
- 16.8. The Noticee is the cousin of Manish Mishra and he is in touch with him since 2011. Initially, the Noticee was a director of four businesses namely, Laddu Gopal Ventures Pvt. Ltd., Mist Music Pvt. Ltd., Korbeauty Cosmetics Pvt. Ltd. and Kangaroo and Joey Healthcare Pvt. Ltd. along with Anshu Mishra. Presently, he is a director only on Kangaroo and Joey Healthcare Pvt. Ltd.
- 16.9. The Noticee does not own or operate any YouTube Channels and has never in the past uploaded any videos relating to Sadhna Broadcast Limited or any other company on YouTube.
- 16.10. The trades executed by the Noticee in patch 2 of the Examination Period were based on the advice given by his cousin, Manish Mishra.
- 16.11. The Noticee did not have any connection with the company Sadhna or its shareholders or Key Managerial Personnel and had no connection with any volume creator or net sellers other than Manish Mishra, Anshu Mishra, Jatin

Manubhai Shah, Daivik Jatin Shah, Angad Rathod and Purav Bharatbhai Patel.

- 16.12. The Noticee was connected with only 5 out of 31 entities mentioned in the Interim Order. The Noticee is related to Manish Mishra and therefore, connected with Anshu Mishra. Jatin Manubhai Shah is the dealer at MNM Stock Broking where the Noticee has a trading account. Subhash Agarwal is a well-known RTA in Ahmedabad and the Noticee has interactions in respect of 4 companies in which he was a director. The Noticee's connection with Purav Bharatbhai Patel is solely because he is a family friend of Manish Mishra.
- 16.13. The Noticee has denied inducing any unsuspecting investor to trade in the scrip of Sadhna and did not spread any false or misleading information pertaining to the affairs of Sadhna.
- 16.14. SEBI should have restrained from acting on anonymous complaints as directed by Central Vigilance Commission vide circular no. 98/DSP/9 dated November 23, 2014.
- 16.15. It is not unusual for trading volumes and price of a scrip to increase after videos relating to them are promoted on social media including YouTube and the same does not per se indicate any manipulation.
- 16.16. SEBI has not provided sufficient reasons to conduct a preliminary examination and check the CDRs of the Noticee when her name was not mentioned in the complaints.
- 16.17. The Noticee's gross trading volume was a mere 3.64% for the entire Examination Period and therefore, not significant to influence price or volume.
- 16.18. The volume created by the Noticee was very less compared to the volume created by certain entities which was over 7% and more.
- 16.19. The Noticee did not have any connections with the promoters of the company or its Key Managerial Persons and there is no phone conversations or fund transfers between the Noticee and them.
- 16.20. The Noticee had not reasons to assume at the relevant time that the details and particulars mentioned in the videos were false and misleading.

- 16.21. The trades of the Noticee were carried out on BSE's trading system and were therefore, anonymous. The Noticee could not have known the counterparties to his trades.
- 16.22. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of Arshad Hussain Warsi & Anr, vs SEBI, appeal no. 284 of 2023 and submitted that merely because he is the cousin of Manish Mishra cannot lead to any conclusion that he was a part of any coordinated scheme to induce unsuspected investors to trade in the scrip of Sadhna.
- 16.23. It is erroneous to arrive at the above conclusion based on CDR without examining the contents of the calls.
- 16.24. The Noticee did not retain any significant shareholding in the company after patch 2.
- 16.25. The Noticee has submitted that when the cost of acquisition of shares can be ascertained from records with SEBI, there is no reason to consider the average buy price or notional buy price to compute the cost of acquisition.
- 16.26. It is illogical to make the Noticee liable for the disgorgement of alleged illegal profits made by other Noticees, especially those who are not even connected with him.
- 16.27. The Noticee did not trade in any other scrip other than Sadhna on the advice of Manish Mishra. The Noticee borrowed money from relatives, friends and individuals to trade in shares. The Noticee was a director in 4 companies and he was in receipt of a salary which too he used to fund his trades.
- 16.28. The 4 phone calls with Subhash Agarwal in relation to the possibility of converting the private limited companies in which he was a director to Public Companies.
- 16.29. The Noticee had borrowed some money from Jatin Manubhai Shah which he has returned. The 7 phone calls between the Noticee and Mr. Shah was related to the borrowing and the orders placed by him through MNM Stock Broking.
- 16.30. The Noticee has requested that he may be permitted to sell securities of sufficient value held by him in his beneficiary account to deposit the proceeds in an escrow account as he does not have sufficient funds.



- 16.31. The Noticee has also submitted a revised profit calculation as per which he made a profit of INR 7,47,038.33 in patch 1 and patch 2 of the examination period.
- 16.32. The Noticee has also requested to defreeze his demat accounts and he undertakes to refrain from trading in the scrip of Sadhna during the pendency of the investigation.

**Submissions of Purav Bharatbhai Patel (Noticee no. 8)**

17. Vide his letters dated July 31, 2023 and August 10, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

- 17.1. The following documents were not provided in the inspection of documents.
- 17.1.1. Trade logs and order logs provided by SEBI were in a corrupted file and so it is inaccessible.
- 17.1.2. KYC documents related to CDRs were not provided.
- 17.2. CDR was provided in excel format which could be customized and without any verification of authenticity.
- 17.3. The Noticee has relied on the judgements of the Hon'ble Supreme Court in the matter of T. Takano vs. SEBI & Anr. (Civil appeal nos. 487-488 of 2022) and Reliance Industries Limited vs SEBI (Criminal Appeal no. 1167 of 2022).
- 17.4. There is no prima facie basis to hold that the Noticee participated in volume creation in the scrip of Sadhna.
- 17.5. There were no reasons for SEBI to prohibit the Noticee in shares of companies other than Sadhna as there is nothing on records to show that the Noticee was involved in any illegal action in respect of any other securities.
- 17.6. The bank account of the Noticee has been frozen for other Noticees' liabilities.
- 17.7. There was no impending need or cogent evidence to pass such harsh directions against the Noticee without sufficient adjudication, investigation or justification.

- 17.8. The Noticee has worked for over 18 years in the stock market with firms such as Bonenza Portfolio Limited. Based on his observations on price and volume trends of the scrip of Sadhna and the recommendation of Manish Mishra, the Noticee traded in Sadhna in patch 2.
- 17.9. The Noticee expected an increase in price based on volume generated in patch 1, however, the Noticee suffered a substantial loss (INR 46,44,589.).
- 17.10. The trading volume of the Noticee was only 2.95% of the total volume and therefore, not significant to influence the price or volume of the scrip.
- 17.11. Manish Mishra is a business acquaintance known to the Noticee for the last 10 years when he was working in Tipsons group as a Stock Broker.
- 17.12. The Noticee provided a friendly loan to one of the companies of Anshu Mishra (wife of Manish Mishra) i.e., Laddu Gopal Limited from the Noticee's mother's account. The telephonic conversations with Manish Mishra were in this context
- 17.13. The Noticee was introduced to Dipak Dwiwedi by Manish Mishra in 2022. The conversations with Dipak Dwiwedi were in respect of the aforementioned loan and were not related to trading in Sadhna.
- 17.14. SEBI should have refrained from taking any action based on anonymous complaints as directed by CVC vide circular no. 98/DSP/9 dated November 25, 2014.
- 17.15. The Noticee did not create or upload the videos mentioned in the Interim Order.
- 17.16. The Order states that generation of volume was in patch 1 and the first trade of the Noticee was on July 22, 2022 after public disclosure by the company about the videos. This shows that the Noticee was bullish in the scrip irrespective of the videos and his trades in the scrip took place during the 10:1 split proving that the Noticee's trades were based on legitimate expectation that the price of the scrip would increase.
- 17.17. The trades of the Noticee in the scrip of the company were due to announcements made by the company and were not to create volume in the scrip.

- 17.18. The observations in the Examination report do not show a prima facie basis that the Noticee was involved in volume creation.
- 17.19. The Noticee is currently a trader and also looks after Real Estate business.
- 17.20. The ITRs as filed in the assessment year 2022-23 are at par with the trades made in the scrip as mentioned in the Interim Order.
- 17.21. The Noticee traded in Patch 2 solely based on the increase in price of the scrip as seen in patch 1 of the Examination Period. The Noticee's first trade was in patch 2 and due to an error in judgment, he suffered a substantial loss.
- 17.22. The Noticee was encouraged to invest in Sadhna since there was sufficient volume in patch 1 and there was positive news about the 10:1 stock split.

**Submissions of Subhash Agarwal (Noticee no. 10)**

18. Vide his letter dated June 21, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:
- 18.1. The Noticee has submitted that he has no role in the recommendation of the scrip of Sadhna as alleged in the Interim Order.
- 18.2. The Noticee requested SEBI to provide all the documents in the matter, however, the documents provided were incomplete. The reply being filed by the Noticee is based on the documents available with him. Particularly, the documents in respect of formation of opinion for carrying out the search have specifically been not provided.
- 18.3. The Interim Order has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sadhna.
- 18.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sadhna. The Noticee was not involved in the price increase of the scrip.
- 18.5. The relationship with other connected noticees are as follows: Bhim Singh Chaudhary – one of the directors of RTA - Skyline Financial Services

Pvt. Ltd., Rakesh Kumar Gupta and Manish Mishra – Professional clients, Jatin Manubhai Shah – used to talk to him for RTA clientele business and Dipak Dwiwedi – Representative of Manish Mishra.

- 18.6. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 or that he was involved in increase in the price of the scrip in patch 2. The Noticee is not an information carrier as alleged in the Interim Order.
- 18.7. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that he has created any interest in the scrip. There is nothing to indicate that the Noticee has created any interest on any investor to trade in Sadhna scrip. The Noticee neither traded in the scrip of Sadhna nor recommended any person to deal in the scrip.
- 18.8. There is no finding that the Noticee had spread any false and misleading information regarding the scrip of Sadhna.
- 18.9. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.
- 18.10. There is no connection between uploading of YouTube videos and the role of the Noticee being actively connived with other Noticees for the purpose of stock recommendation of Sadhna Broadcast Limited.
- 18.11. The Noticee is a business person and was engaged in trading in the secondary market. He was also the Director of Skyline Financial Services Private Limited till February 20, 2023.
- 18.12. The Noticee had been regularly trading in the secondary market and he had been holding and trading in the scrips of many companies but did not hold any shares of Sadhna Broadcast Limited.

#### **Submissions of Gaurav Gupta (Noticee no. 11)**

19. Vide his letter dated June 30, 2023 and September 12, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

- 19.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further, no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.
- 19.2. The Noticee has no connection with the stock recommendation in the scrip.
- 19.3. The Noticee has submitted that he has not been provided with the basic documents such as the examination report in the matter.
- 19.4. During the investigation period, the Noticee's trading was not confined to Sadhna. The Noticee had invested in many other scrips other than that of Sadhna.
- 19.5. The rate of shares of Sadhna was increasing and the Noticee was in need of funds for investments and so he sold his shares. The trades done in Sadhna were insignificant vis-à-vis his total trading.
- 19.6. The Noticee's sale of 39,32,600 shares was only 1.96% of the total volume in the scrip of Sadhna during the examination period.
- 19.7. The Noticee had traded in Sadhna during pre-examination and post-examination period also.
- 19.8. The scrip of Sadhna was witnessing healthy volumes and was fairly liquid during the relevant period. The total volume during the period 01.03.22 to 26.04.22 (before IP) was 2,38,789 (pre-split), 27.04.22 to 30.09.22 – during IP – 7,95,080 (pre-split till 09.06.22) and 10,68,94,403 (10.06.22 to 30.09.22 post-split) and after IP 0 01.10.22 to 31.12.22 – 4,45,40,144 (post-split). The liquidity and volumes in the scrip of Sadhna were in consonance with various public announcements made by Sadhna from time to time and also financial disclosures regarding its profitability.
- 19.9. The price in the scrip of Sadhna did not rise suddenly and did not fall suddenly to warrant any kind of scheme and violation of PFUTP Regulations. Even around two months after the split in the ratio 10:1 i.e., August 12, 2022, the scrip price was INR 33.15. This establishes that there was no price manipulation and creation of artificial volume and no scheme was devised to facilitate the sale of shares held by the Noticee.

- 19.10. As regards the connection with entities, the Noticee has submitted the following: Shreya Gupta – Wife of the Noticee, Subhash Agarwal – Director of Skyline Financial Services Private Limited, Saurabh Gupta – Brother of the Noticee, Arpan Gupta – Sadhna’s director and the Noticee had business conversation with him, Rakesh Kumar Gupta – Father of the Noticee, Promoter group – along with Pooja Aggarwal, Saurabh Gupta, Shreya Gupta and Varun Media Pvt. Ltd., and the Noticee is the authorized signatory of Sadhna Bio Oils Pvt. Ltd. Further, the number and duration of calls with Arpan Gupta was minimal.
- 19.11. The Noticee bought the shares of Sadhna Broadcast in 2021 as a regular business transaction and sold them in August and September 2022 as the rate of the Shares was increasing and the Noticee was in need of funds for investments to be made in property.
- 19.12. At para 17.11 of the Order, SEBI has alleged that the Noticee has sold 5,41,764 shares of Sadhna to three individuals and at para 17.12, SEBI has alleged that the number of small shareholders increased because of sale of his shares. This is self-contradictory as the Noticee has already sold a good percentage of total shares and the remaining shares could not have increased the number of small shareholders.
- 19.13. The Noticee had traded in the ordinary course of business and some of his trades got matched with certain Noticees but the same cannot lead to the conclusion that the Noticee had indulged in fraudulent and unfair trade practices. The trading was carried out in anonymous trading platform of the stock exchange.
- 19.14. The trades were executed through his broker Parasram holdings which involves the Noticee specifying a particular number of shares to be traded by the Noticee directed to Parasram holdings. The identity of the counterparties was not a part of the communication between the Noticee and Parasram Holdings. Further, Parasram holdings is not a party to the Order.
- 19.15. Further, the Noticee has submitted that Hon’ble SAT has held that if ‘A’ is connected to ‘B’ and ‘B’ is connected to ‘C’ and ‘C’ is connected to ‘D’, it doesn’t mean that ‘A’ is connected to ‘D’.

- 19.16. Para 26.3.1 of the Order mentioned that the Noticee is connected with Manish Mishra whereas para 10 mentions does not mention that.
- 19.17. The Noticee has denied that he has earned any illegal gains which are liable to be disgorged.
- 19.18. Even if the statute dispenses with pre decisional hearing, the same should be resorted to in exceptional circumstances since post decisional hearing is not a remedial hearing and authority will embark on with a closed mind and there are little chances of getting a proper consideration of representation and also because once a decision has been taken there is a tendency to uphold it and a representation may not really yield any fruitful purpose. By returning the findings in said Order, which are final and no more prima facie in nature, SEBI has completely prejudged the case and rendered the proceedings an empty formality, in as much as fate of the proceedings has already been decided by the said Order.
- 19.19. The Noticee has submitted that he is not connected with Manish Mishra and his group or involved in the making/ distribution or uploading of the videos on the YouTube channels.
- 19.20. As per the Order, Subhash Agarwal & Rakesh Gupta are “Information Carriers” and since Rakesh Gupta is related to me, therefore I am connected with Subhash Agarwal and through him to Manish Mishra and his group entities. The Noticee has submitted that based on such long drawn, stretched and convoluted connection, the Noticee cannot be connected with Manish Mishra and his group entities and made liable for their manipulative actions.
- 19.21. The 4 telephonic calls between Rakesh Gupta (father of the Noticee) and Subhash Agarwal were normal calls pertaining to routine company matters. The Noticee does not have any connection with Manish Mishra or others and there have never been any funds transfers or share transfers with Manish Mishra or others.
- 19.22. The shares sold in the scrip of Sadhna during the investigation period were in the ordinary course. Post sales, all applicable disclosures in terms of SEBI Regulations were also made to the stock exchanges. Copies of the disclosures made have been submitted.

- 19.23. The sale proceeds were inter alia utilised towards loan repayment and property purchase.
- 19.24. With regard to volume creation in the scrip, the Noticee has submitted that all his sales during the investigation period were delivery based.
- 19.25. The Company on May 06, 2022 had filed a complaint with Police authorities in Delhi inter alia complaining about someone creating rumour and circulating the message through WhatsApp. Subsequently, the company vide its letters dated July 18, 2022 suo moto informed BSE about the alleged video circulating on the social media. Thereafter, in response to queries raised by BSE vide letter dated July 25, 2022, July 26, 2022 and August 29, 2022, had clarified to BSE, that the videos circulating in the social media (including news that Adani group was going to take over the Sadhna Channel) were false and misleading and that the Company or its promoter, promoter group and directors were not involved in the circulation of such videos containing stock tip recommendation.
- 19.26. Subsequently, the company had again filed Police complaint dated July 26, 2022 with the Police Authorities *inter alia* complaining about someone creating rumour and circulating videos in the social media. Further, the Company had also with regard to queries received from BSE in December 2021 and March 2022, pertaining to price movement in the scrip *inter alia* clarified that price movement/ volume behaviour in the scrip on the exchange was purely market driven and the management of the company is not connected in any manner.
- 19.27. Had the Noticee been part of Manish Mishra group, he would have never sold the shares, given the fact that BSE had jumped into the fray. As the Noticee is one of the promoters of the company, in such scenarios, the first needle of suspicion would go to the promoters. Factum of sale of shares by the Noticee, post BSE stepping into the fray also reinforces the Noticee's contention that he was not involved with Manish Mishra and his group in uploading the videos or in manipulating the scrip. The decision to sell the share was guided by the price rise and had nothing to do with the alleged manipulative acts of Manish Mishra group.



- 19.28. The decision taken by the management of Sadhna in the ordinary course to split the shares in the ratio of 10:1 was bonafide and not influenced by any manipulative scheme of Manish Mishra group.
- 19.29. There is nothing to indicate the Noticee had done anything to defalcate the alleged unlawful gains and therefore, the direction of impounding is wholly unwarranted.
- 19.30. The direction to Banks to not allow any debit in the bank accounts till such time the alleged gains are deposited in the escrow account is completely without jurisdiction, *non-est*, null and void ab initio. The said direction circumvents the provisions of section 11(4)(e) of the SEBI Act, by in effect purporting to attach the bank and demat accounts without following the mandatory provisions and process of section 11(4)(e). As per section 11(4)(e) of the SEBI Act, or rules or regulations, is subject to the check and balance of making an application for approval of such attachment to a Special Court (established under section 26A of SEBI Act). Further, the proviso to said section makes it clear that SEBI has no power to attach bank accounts or other property which are not actually involved in the alleged violation. In the present case, SEBI has not obtained any such approval. Therefore, the direction is wholly without jurisdiction, beyond the powers of SEBI and not inconsonance with the provisions of SEBI Act.
- 19.31. SEBI has overlooked that as per section 11(4)(d) of SEBI Act can impound and retain the proceeds or securities in respect of any transaction which is under investigation. Without identifying the bank account or demat account where the alleged securities or proceeds are lying, SEBI passed sweeping directions freezing all the bank accounts and demat accounts, which is gross misuse of power.
- 19.32. Direction of disgorgement can be passed by SEBI under section 11B of SEBI Act *inter alia* “after making or causing to be made an enquiry”, if SEBI is satisfied that it is necessary in the interest of securities market. In the instant matter, at ad interim stage itself the direction of disgorgement have been passed and the same is illegal and without authority.

- 19.33. Under section 11B of the SEBI Act, the liability to disgorge an amount is individual and therefore, no direction could be issued to disgorge the amount jointly and severally. Further, SEBI has computed the alleged gains against each of the Noticees in the Order and therefore, the alleged gains have to be disgorged by each of the Noticee individually to the extent of the unlawful gain computed against them. By directing disgorgement of gains jointly and severally, whole concept of disgorgement has been turned on its head. It may be appreciated that the concept of “disgorgement” is difference from the concept of “penalty”.
- 19.34. The directions that no amounts or securities may be debited from any of bank accounts and demat accounts and that the Noticee cannot alienate any assets, properties or securities, amount to an attachment before judgement and the same principles as set out in Order XXXVIII Rule 5 of the Code of Civil Procedure would be applicable, however, none of the essential criteria thereof have been averred.
- 19.35. The open-ended direction without any time limit issued against the Noticee, at this juncture is neither preventive or remedial nor curative, but out and out penal.

**Submissions of Shreya Gupta (Noticee no. 12)**

20. Vide her letter dated June 30, 2023, September 12, 2023 and October 20, 2023, she has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

- 20.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further, no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.
- 20.2. The Noticee has no connection with the stock recommendation in the scrip.
- 20.3. The Noticee has submitted that she has not been provided with the basic documents such as the examination report in the matter.

- 20.4. During the investigation period, the Noticee's trading was not confined to Sadhna. The Noticee had invested in many other scrips other than that of Sadhna.
- 20.5. The rate of shares of Sadhna was increasing and the Noticee was in need of funds for investments and so she sold her shares. The trades done in Sadhna were insignificant vis-à-vis her total trading.
- 20.6. The Noticee's sale of 10,20,000 shares was only 0.51% of the total volume in the scrip of Sadhna during the examination period.
- 20.7. The Noticee had traded in Sadhna during pre-examination and post-examination period also.
- 20.8. The scrip of Sadhna was witnessing healthy volumes and was fairly liquid during the relevant period. The total volume during the period 01.03.22 to 26.04.22 (before IP) was 2,38,789 (pre-split), 27.04.22 to 30.09.22 – during IP – 7,95,080 (pre-split till 09.06.22) and 10,68,94,403 (10.06.22 to 30.09.22 post-split) and after IP 01.10.22 to 31.12.22 – 4,45,40,144 (post-split). The liquidity and volumes in the scrip of Sadhna were in consonance with various public announcements made by Sadhna from time to time and also financial disclosures regarding its profitability.
- 20.9. The price in the scrip of Sadhna did not rise suddenly and did not fall suddenly to warrant any kind of scheme and violation of PFUTP Regulations. Even around two months after the split in the ratio 10:1 i.e., August 12, 2022, the scrip price was INR 33.15. This establishes that there was no price manipulation and creation of artificial volume and no scheme was devised to facilitate the sale of shares held by the Noticee.
- 20.10. As regards the connection with entities, the Noticee has submitted the following: Gaurav Gupta – Husband of the Noticee, Saurabh Gupta – Brother-in-law of the Noticee, Rakesh Kumar Gupta – Father-in-law of the Noticee and she was a part of the promoter group along with Pooja Aggarwal, Saurabh Gupta, Gaurav Gupta and Varun Media Pvt. Ltd.
- 20.11. The Noticee bought the shares of Sadhna Broadcast in 2015 as a regular business transaction and sold them in September 2022 as the rate of the

Shares was increasing and the Noticee was in need of funds for investments to be made in property.

20.12. The Noticee has not been provided with complete documents viz. Trade log and Order log during the examination period and Price Volume data.

20.13. At para 17.12 of the Order, SEBI has alleged that the number of small shareholders increased because of sale of her shares. This is self-contradictory as the Noticee has sold around 10,20,000 shares and if the number of small shareholders increased post her selling then she is not in default as she had already sold her larger chunk of the total shares and the remaining number of shares could not have possibly increased the number of shareholders.

20.14. The Noticee had traded in the ordinary course of business and some of her trades got matched with certain Noticees but the same cannot lead to the conclusion that the Noticee had indulged in fraudulent and unfair trade practices. The trading was carried out in anonymous trading platform of the stock exchange.

20.15. The trades were executed through her broker Parasram holdings which involves the Noticee specifying a particular number of shares to be traded by the Noticee directed to Parasram holdings. The identity of the counterparties was not a part of the communication between the Noticee and Parasram Holdings. Further, Parasram holdings is not a party to the Order.

20.16. Further, the Noticee has submitted that Hon'ble SAT has held that if 'A' is connected to 'B' and 'B' is connected to 'C' and 'C' is connected to 'D', it doesn't mean that 'A' is connected to 'D'.

20.17. Para 26.3.1 of the Order mentioned that the Noticee is connected with Manish Mishra whereas para 10 mentions does not mention that.

20.18. The Noticee has denied that she has earned any illegal gains which are liable to be disgorged.

20.19. Even if the statute dispenses with pre decisional hearing, the same should be resorted to in exceptional circumstances since post decisional hearing is not a remedial hearing and authority will embark on with a closed mind and there are little chances of getting a proper consideration of

representation and also because once a decision has been taken there is a tendency to uphold it and a representation may not really yield any fruitful purpose. By returning the findings in said Order, which are final and no more prima facie in nature, SEBI has completely prejudged the case and rendered the proceedings an empty formality, in as much as fate of the proceedings has already been decided by the said Order.

20.20. The Noticee has submitted that she was not connected with Manish Mishra and his group or involved in the making/ distribution or uploading of the videos on the YouTube channels.

20.21. As per the Order, Subhash Agarwal & Rakesh Gupta are “Information Carriers” and since Rakesh Gupta is related to me, therefore I am connected with Subhash Agarwal and through her to Manish Mishra and his group entities. The Noticee has submitted that based on such long drawn, stretched and convoluted connection, the Noticee cannot be connected with Manish Mishra and his group entities and made liable for their manipulative actions.

20.22. The 4 telephonic calls between Rakesh Gupta (father-in-law of the Noticee) and Subhash Agarwal were normal calls pertaining to routine company matters. The Noticee does not have any connection with Manish Mishra or others and there have never been any funds transfers or share transfers with Manish Mishra or others.

20.23. The shares sold in the scrip of Sadhna during the investigation period were in the ordinary course. Post sales, all applicable disclosures in terms of SEBI Regulations were also made to the stock exchanges. Copies of the disclosures made have been submitted.

20.24. The sale proceeds were inter alia utilised towards property purchase.

20.25. With regard to volume creation in the scrip, the Noticee has submitted that all her sales during the investigation period were delivery based.

20.26. The Company on May 06, 2022 had filed a complaint with Police authorities in Delhi inter alia complaining about someone creating rumour and circulating the message through WhatsApp. Subsequently, the company vide its letters dated July 18, 2022 suo moto informed BSE about the alleged video circulating on the social media. Thereafter, in response to queries raised by

BSE vide letter dated July 25, 2022, July 26, 2022 and August 29, 2022, had clarified to BSE, that the videos circulating in the social media (including news that Adani group was going to take over the Sadhna Channel) were false and misleading and that the Company or its promoter, promoter group and directors were not involved in the circulation of such videos containing stock tip recommendation.

20.27. Subsequently, the company had again filed Police complaint dated July 26, 2022 with the Police Authorities inter alia complaining about someone creating rumour and circulating videos in the social media. Further, the Company had also with regard to queries received from BSE in December 2021 and March 2022, pertaining to price movement in the scrip inter alia clarified that price movement/ volume behaviour in the scrip on the exchange was purely market driven and the management of the company is not connected in any manner.

20.28. Had the Noticee been part of Manish Mishra group, she would have never sold the shares, given the fact that BSE had jumped into the fray. As the Noticee is one of the promoters of the company, in such scenarios, the first needle of suspicion would go to the promoters. Factum of sale of shares by the Noticee, post BSE stepping into the fray also reinforces the Noticee's contention that she was not involved with Manish Mishra and his group in uploading the videos or in manipulating the scrip. The decision to sell the share was guided by the price rise and had nothing to do with the alleged manipulative acts of Manish Mishra group.

20.29. The decision taken by the management of Sadhna in the ordinary course to split the shares in the ratio of 10:1 was bonafide and not influenced by any manipulative scheme of Manish Mishra group.

20.30. There is nothing to indicate the Noticee had done anything to defalcate the alleged unlawful gains and therefore, the direction of impounding is wholly unwarranted.

20.31. The direction to Banks to not allow any debit in the bank accounts till such time the alleged gains are deposited in the escrow account is completely without jurisdiction, non-est, null and void ab initio. The said direction

circumvents the provisions of section 11(4)(e) of the SEBI Act, by in effect purporting to attach the bank and demat accounts without following the mandatory provisions and process of section 11(4)(e). As per section 11(4)(e) of the SEBI Act, or rules or regulations, is subject to the check and balance of making an application for approval of such attachment to a Special Court (established under section 26A of SEBI Act). Further, the proviso to said section makes it clear that SEBI has no power to attach bank accounts or other property which are not actually involved in the alleged violation. In the present case, SEBI has not obtained any such approval. Therefore, the direction is wholly without jurisdiction, beyond the powers of SEBI and not in consonance with the provisions of SEBI Act.

20.32. SEBI has overlooked that as per section 11(4)(d) of SEBI Act can impound and retain the proceeds or securities in respect of any transaction which is under investigation. Without identifying the bank account or demat account where the alleged securities or proceeds are lying, SEBI passed sweeping directions freezing all the bank accounts and demat accounts, which is gross misuse of power.

20.33. Direction of disgorgement can be passed by SEBI under section 11B of SEBI Act inter alia “after making or causing to be made an enquiry”, if SEBI is satisfied that it is necessary in the interest of securities market. In the instant matter, at ad interim stage itself the direction of disgorgement have been passed and the same is illegal and without authority.

20.34. The directions that no amounts or securities may be debited from any of bank accounts and demat accounts and that the Noticee cannot alienate any assets, properties or securities, amount to an attachment before judgement and the same principles as set out in Order XXXVIII Rule 5 of the Code of Civil Procedure would be applicable, however, none of the essential criteria thereof have been averred.

20.35. The open-ended direction without any time limit issued against the Noticee, at this juncture is neither preventive or remedial nor curative, but out and out penal.

20.36. The Noticee has requested to defreeze her bank account on deposit of 25% of her alleged unlawful gains so that she can run her day to day household affairs and children's education.

20.37. Further, the Noticee has relied on the Hon'ble SAT order in respect of Arshad Warsi and submitted that the direction with respect to the Noticee in the said order was modified to remit 25% of the unlawful gains and that she is also similarly placed.

### **Submissions of Pooja Aggarwal (Noticee no. 13)**

21. Vide her letter dated June 30, 2023, she has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

21.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further, no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.

21.2. The Noticee has no connection with the stock recommendation in the scrip.

21.3. The Noticee has submitted that she has not been provided with the basic documents such as the examination report in the matter.

21.4. During the investigation period, the Noticee's trading was not confined to Sadhna. The Noticee had invested in many other scrips other than that of Sadhna.

21.5. The rate of shares of Sadhna was increasing and the Noticee was in need of funds for investments and so she sold her shares. The trades done in Sadhna were insignificant vis-à-vis her total trading.

21.6. The Noticee's sale of 4,77,230 shares was only 0.24% of the total volume in the scrip of Sadhna during the examination period.

21.7. The Noticee had traded in Sadhna during pre-examination and post-examination period also.

21.8. The scrip of Sadhna was witnessing healthy volumes and was fairly liquid during the relevant period. The total volume during the period 01.03.22 to 26.04.22 (before IP) was 2,38,789 (pre-split), 27.04.22 to 30.09.22 – during



IP – 7,95,080 (pre-split till 09.06.22) and 10,68,94,403 (10.06.22 to 30.09.22 post-split) and after IP 0 01.10.22 to 31.12.22 – 4,45,40,144 (post-split). The liquidity and volumes in the scrip of Sadhna were in consonance with various public announcements made by Sadhna from time to time and also financial disclosures regarding its profitability.

21.9. The price in the scrip of Sadhna did not rise suddenly and did not fall suddenly to warrant any kind of scheme and violation of PFUTP Regulations. Even around two months after the split in the ratio 10:1 i.e., August 12, 2022, the scrip price was INR 33.15. This establishes that there was no price manipulation and creation of artificial volume and no scheme was devised to facilitate the sale of shares held by the Noticee.

21.10. As regards the connection with entities, the Noticee has submitted the following: Yogesh Kumar Gupta – Father-in-law of the Noticee and she was a part of the promoter group along with Shreya Gupta, Saurabh Gupta, Gaurav Gupta and Varun Media Pvt. Ltd. and connected through CDR with Rakesh Kumar Gupta – Business connection, Sulabh Dikshit and Madhu Render Singh – colleagues working in the same office. The said connection is an implicit and inevitable connection. Further, the cumulative number of phone calls and cumulative duration of those calls were very minimal.

21.11. The Noticee bought the shares of Sadhna Broadcast as a regular business transaction and sold them in August 2022 as the rate of the Shares was increasing and the Noticee was in need of funds for investments to be made in property.

21.12. The Noticee has not been provided with complete documents viz. Trade log and Order log during the examination period and Price Volume data.

21.13. At para 17.12 of the Order, SEBI has alleged that the number of small shareholders increased because of sale of her shares. This is self-contradictory as the Noticee has sold around 4,77,230 shares out of the total number of shares and if the number of small shareholders increased post her selling then she is not in default as she had already sold her larger chunk of the total shares and the remaining number of shares could not have possibly increased the number of shareholders.

- 21.14. The Noticee had traded in the ordinary course of business and some of her trades got matched with certain Noticees but the same cannot lead to the conclusion that the Noticee had indulged in fraudulent and unfair trade practices. The trading was carried out in anonymous trading platform of the stock exchange.
- 21.15. The trades were executed through her broker Motilal Oswal which involves the Noticee specifying a particular number of shares to be traded by the Noticee directed to Motilal Oswal. The identity of the counterparties was not a part of the communication between the Noticee and Motilal Oswal. Further, Motilal Oswal is not a party to the Order.
- 21.16. Further, the Noticee has submitted that Hon'ble SAT has held that if 'A' is connected to 'B' and 'B' is connected to 'C' and 'C' is connected to 'D', it doesn't mean that 'A' is connected to 'D'.
- 21.17. Para 26.3.1 of the Order mentions that the Noticee is connected with Manish Mishra whereas para 10 mentions does not mention that.
- 21.18. The Noticee has denied that she has earned any illegal gains which are liable to be disgorged.

**Submissions of Varun Media Pvt. Ltd. (Noticee no. 14)**

22. Vide its letter dated June 30, 2023 and September 12, 2023, it has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:
- 22.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further, no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.
- 22.2. The Noticee has no connection with the stock recommendation in the scrip.
- 22.3. The Noticee has submitted that it has not been provided with the basic documents such as the examination report in the matter.
- 22.4. During the investigation period, the Noticee's trading was not confined to Sadhna. The Noticee had invested in many other scrips other than that of Sadhna.

- 22.5. The rate of shares of Sadhna was increasing and the Noticee was in need of funds to repay a loan and so it sold its shares. The trades done in Sadhna were insignificant vis-à-vis its total trading.
- 22.6. The Noticee's sale of 5,00,000 shares was only 0.44% of the total volume in the scrip of Sadhna during the examination period.
- 22.7. The Noticee had traded in Sadhna during pre-examination and post-examination period also.
- 22.8. The scrip of Sadhna was witnessing healthy volumes and was fairly liquid during the relevant period. The total volume during the period 01.03.22 to 26.04.22 (before IP) was 2,38,789 (pre-split), 27.04.22 to 30.09.22 – during IP – 7,95,080 (pre-split till 09.06.22) and 10,68,94,403 (10.06.22 to 30.09.22 post-split) and after IP 0 01.10.22 to 31.12.22 – 4,45,40,144 (post-split). The liquidity and volumes in the scrip of Sadhna were in consonance with various public announcements made by Sadhna from time to time and also financial disclosures regarding its profitability.
- 22.9. The price in the scrip of Sadhna did not rise suddenly and did not fall suddenly to warrant any kind of scheme and violation of PFUTP Regulations. Even around two months after the split in the ratio 10:1 i.e., August 12, 2022, the scrip price was INR 33.15. This establishes that there was no price manipulation and creation of artificial volume and no scheme was devised to facilitate the sale of shares held by the Noticee.
- 22.10. The Noticee bought the shares of Sadhna Broadcast in 2017 as a regular business transaction and sold them in July and August 2022 as the rate of the Shares was increasing and the Noticee was in need of funds for repayment of loan.
- 22.11. As regards the connections mentioned in the Order, the Noticee has submitted the following: Saurabh Gupta was the authorised signatory of the demat and trading account but he is not involved in any affairs of the company anymore as he left the country 5 years ago. Due to oversight and non-requirement, authorized signatory was not changed. Rakesh Kumar Gupta was a direction in 2017 and Pooja Aggarwal is the director of the company. Further, the Noticee is a part of the promoter group.

- 22.12. The Noticee has not been provided with complete documents viz. Trade log and Order log during the examination period and Price Volume data.
- 22.13. At para 17.12 of the Order, SEBI has alleged that the number of small shareholders increased because of sale of its shares. This is self-contradictory as the Noticee sold around 5,00,000 shares and if the number of small shareholders increased post its selling, then it is not in default as it had already sold its shares and the remaining number of shares could not have possibly increased the number of shareholders.
- 22.14. The Noticee had traded in the ordinary course of business and some of its trades got matched with certain Noticees but the same cannot lead to the conclusion that the Noticee had indulged in fraudulent and unfair trade practices. The trading was carried out in anonymous trading platform of the stock exchange.
- 22.15. The trades were executed through its broker Choice Equity Broking Pvt. Ltd. which involves the Noticee specifying a particular number of shares to be traded by the Noticee directed to Choice Equity. The identity of the counterparties was not a part of the communication between the Noticee and Choice Equity. Further, Choice Equity is not a party to the Order.
- 22.16. Further, the Noticee has submitted that Hon'ble SAT has held that if 'A' is connected to 'B' and "B' is connected to 'C' and 'C' is connected to 'D', it doesn't mean that 'A' is connected to 'D'.
- 22.17. Para 26.3.1 of the Order mentioned that the Noticee is connected with Manish Mishra whereas para 10 mentions does not mention that.
- 22.18. The Noticee has denied that it has earned any illegal gains which are liable to be disgorged.
- 22.19. Even if the statute dispenses with pre decisional hearing, the same should be resorted to in exceptional circumstances since post decisional hearing is not a remedial hearing and authority will embark on with a closed mind and there are little chances of getting a proper consideration of representation and also because once a decision has been taken there is a tendency to uphold it and a representation may not really yield any fruitful purpose. By returning the findings in said Order, which are final and no more

*prima facie* in nature, SEBI has completely prejudged the case and rendered the proceedings an empty formality, in as much as fate of the proceedings has already been decided by the said Order.

22.20. The Noticee has submitted that it was not connected with Manish Mishra and his group or involved in the making/ distribution or uploading of the videos on the YouTube channels.

22.21. As per the Order, Subhash Agarwal & Rakesh Gupta are “Information Carriers” and since Rakesh Gupta is related to me, therefore the Noticee is connected with Subhash Agarwal and through it to Manish Mishra and his group entities. The Noticee has submitted that based on such long drawn, stretched and convoluted connection, the Noticee cannot be connected with Manish Mishra and his group entities and made liable for their manipulative actions.

22.22. The 4 telephonic calls between Rakesh Gupta (Gaurav Gupta’s father) and Subhash Agarwal were normal calls pertaining to routine company matters. The Noticee does not have any connection with Manish Mishra or others and there have never been any funds transfers or share transfers with Manish Mishra or others.

22.23. The shares sold in the scrip of Sadhna during the investigation period were in the ordinary course. Post sales, all applicable disclosures in terms of SEBI Regulations were also made to the stock exchanges. Copies of the disclosures made have been submitted.

22.24. The sale proceeds were *inter alia* utilised towards loan repayment and vendor payment against invoice.

22.25. Saurabh Gupta did not place the orders for sale transactions in the scrip of Sadhna and he is not the authorised signatory for the purposes of trading/ demat account on behalf of Varun Media. Saurabh Gupta was the director of Varun Media in the past and consequent to his decision to permanently shift abroad, he had resigned from the board on March 14, 2018. Copy of Form DIR-12 filed with ROC evidencing resignation from the board as a director has been submitted.

- 22.26. During the tenure of his directorship, he was appointed as authorised signatory to operate the trading/ demat account of Varun Media. For the purpose of trading/ demat account email id of Saurabh was given. While resigning he had given the details of the said email id and password to the then directors i.e., Arpan Gupta and Pooja Aggarwal so that they could take necessary action for changing the password/ or mail id etc. Varun Media missed out changing the name of Saurabh Gupta as authorised signatory in the records of the broker by substituting the same with name of other directors. At the time of placing the orders for the sale transactions during the investigation period, Varun Media used the email id of Saurabh which was given at the time of opening of trading/ demat account way back in 2017 for the purpose of placing instructions with the broker for sale of shares and the said orders were placed by Arpan Gupta, on behalf of Varun Media, as the authorised signatory. Thus, after March 14, 2018, Saurabh Gupta is neither the authorised signatory for operating the trading/ demat account on behalf of Varun Media nor had he any role in the management and affairs of the company including placement of orders during the investigation period.
- 22.27. With regard to volume creation in the scrip, the Noticee has submitted that all its sales during the investigation period were delivery based.
- 22.28. The Company on May 06, 2022 had filed a complaint with Police authorities in Delhi inter alia complaining about someone creating rumour and circulating the message through WhatsApp. Subsequently, the company vide its letters dated July 18, 2022 suo moto informed BSE about the alleged video circulating on the social media. Thereafter, in response to queries raised by BSE vide letter dated July 25, 2022, July 26, 2022 and August 29, 2022, had clarified to BSE, that the videos circulating in the social media (including news that Adani group was going to take over the Sadhna Channel) were false and misleading and that the Company or its promoter, promoter group and directors were not involved in the circulation of such videos containing stock tip recommendation.
- 22.29. Subsequently, the company had again filed Police complaint dated July 26, 2022 with the Police Authorities inter alia complaining about someone

creating rumour and circulating videos in the social media. Further, the Company had also with regard to queries received from BSE in December 2021 and March 2022, pertaining to price movement in the scrip inter alia clarified that price movement/ volume behaviour in the scrip on the exchange was purely market driven and the management of the company is not connected in any manner.

22.30. Had the Noticee been part of Manish Mishra group, it would have never sold the shares, given the fact that BSE had jumped into the fray. As the Noticee is one of the promoters of the company, in such scenarios, the first needle of suspicion would go to the promoters. Factum of sale of shares by the Noticee, post BSE stepping into the fray also reinforces the Noticee's contention that it was not involved with Manish Mishra and his group in uploading the videos or in manipulating the scrip. The decision to sell the share was guided by the price rise and had nothing to do with the alleged manipulative acts of Manish Mishra group.

22.31. The decision taken by the management of Sadhna in the ordinary course to split the shares in the ratio of 10:1 was bonafide and not influenced by any manipulative scheme of Manish Mishra group.

22.32. There is nothing to indicate the Noticee had done anything to defalcate the alleged unlawful gains and therefore, the direction of impounding is wholly unwarranted.

22.33. The direction to Banks to not allow any debit in the bank accounts till such time the alleged gains are deposited in the escrow account is completely without jurisdiction, *non-est*, null and void ab initio. The said direction circumvents the provisions of section 11(4)(e) of the SEBI Act, by in effect purporting to attach the bank and demat accounts without following the mandatory provisions and process of section 11(4)(e). As per section 11(4)(e) of the SEBI Act, or rules or regulations, is subject to the check and balance of making an application for approval of such attachment to a Special Court (established under section 26A of SEBI Act). Further, the proviso to said section makes it clear that SEBI has no power to attach bank accounts or other property which are not actually involved in the alleged violation. In the present

case, SEBI has not obtained any such approval. Therefore, the direction is wholly without jurisdiction, beyond the powers of SEBI and not in consonance with the provisions of SEBI Act.

22.34. SEBI has overlooked that as per section 11(4)(d) of SEBI Act can impound and retain the proceeds or securities in respect of any transaction which is under investigation. Without identifying the bank account or demat account where the alleged securities or proceeds are lying, SEBI passed sweeping directions freezing all the bank accounts and demat accounts, which is gross misuse of power.

22.35. Direction of disgorgement can be passed by SEBI under section 11B of SEBI Act *inter alia* “after making or causing to be made an enquiry”, if SEBI is satisfied that it is necessary in the interest of securities market. In the instant matter, at ad interim stage itself the direction of disgorgement have been passed and the same is illegal and without authority.

22.36. The directions that no amounts or securities may be debited from any of bank accounts and demat accounts and that the Noticee cannot alienate any assets, properties or securities, amount to an attachment before judgement and the same principles as set out in Order XXXVIII Rule 5 of the Code of Civil Procedure would be applicable, however, none of the essential criteria thereof have been averred.

22.37. The open-ended direction without any time limit issued against the Noticee, at this juncture is neither preventive or remedial nor curative, but out and out penal.

**Submissions of Interim Resolution Professional (IRP)/ Resolution Professional (RP) of Varun Media Pvt. Ltd. (Noticee no. 14)**

22.38. Vide letter dated September 15, 2023, Shri Pradeep Kumar Ray, claiming to be IRP appointed pursuant to admission of insolvency application against Varun Media vide order of NCLT of Allahabad Bench on July 14, 2023 submitted the following:

22.38.1. Varun Media is under CIRP and moratorium has been imposed by the Hon'ble NCLT of Allahabad Bench.



22.38.2. The money lying the bank account of Varun Media with ICICI bank cannot be freezed during the time of moratorium as per Section 14 of IBC, 2016. Therefore, the bank account of Varun Media is required to be unfreezed.

22.39. Further, vide email dated October 19, 2023, Shri Mukesh Chand Jain, claiming to be the RP appointed for Varun Media by Hon'ble NCLT Allahabad Bench vide its order dated September 15, 2023, made a similar submission.

### **Submissions of Saurabh Gupta (Noticee no. 15)**

23. Vide his letter dated June 08, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

23.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further, no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.

23.2. The Noticee has no connection with the stock recommendation in the scrip.

23.3. The Noticee had never traded in the scrip of Sadhna. The shares of Sadhna which the Noticee held were gifted to his brother, Gaurav Gupta. The Noticee is residing abroad since the last 5 years.

23.4. The only allegation against the Noticee is that he had entered into transaction with some of the entities who had allegedly been a part of the connected group entities and that he sold the shares at an inflated price and earned illegal profits.

23.5. The reason why the Noticee was made a party to the said order is because of the fact that he was a part of the promoter group of Sadhna whereas SEBI the shares in his name were transferred to his brother's name. The Noticee was not involved in any way in the functioning of Sadhna.

23.6. The scrip of Sadhna was witnessing healthy volumes and was fairly liquid during the relevant period. The total volume during the period 01.03.22 to 26.04.22 (before IP) was 2,38,789 (pre-split), 27.04.22 to 30.09.22 – during IP – 7,95,080 (pre-split till 09.06.22) and 10,68,94,403 (10.06.22 to 30.09.22

post-split) and after IP 0 01.10.22 to 31.12.22 – 4,45,40,144 (post-split). The liquidity and volumes in the scrip of Sadhna were in consonance with various public announcements made by Sadhna from time to time and also financial disclosures regarding its profitability.

23.7. The price in the scrip of Sadhna did not rise suddenly and did not fall suddenly to warrant any kind of scheme and violation of PFUTP Regulations. Even around two months after the split in the ratio 10:1 i.e., August 12, 2022, the scrip price was INR 33.15. This establishes that there was no price manipulation and creation of artificial volume and no scheme was devised to facilitate the sale of shares held by the Noticee.

23.8. As regards the connection with entities, the Noticee has submitted the following: Shreya Gupta – Sister-in-law of the Noticee, Gaurav Gupta – Brother of the Noticee, Rakesh Kumar Gupta – Father of the Noticee, Part of the Promoter group along with Pooja Aggarwal, Saurabh Gupta, Gaurav Gupta and Varun Media Pvt. Ltd. and the Noticee was the authorized signatory of the demat account of Varun Media Pvt. Ltd. The Noticee moved abroad 5 years ago and he was not involved in the functioning of Varun Media and he was not removed as an authorised signatory due to oversight.

23.9. The Noticee was not concerned with the business activities of Varun Media.

23.10. Varun Media had to sell 5 lakh shares of Sadhna due to working capital requirement and so the Noticee's email id was used to email Choice Broking for the sale only twice in September 2022 otherwise the Noticee was not involved in buying or selling any shares or any of the business activities.

23.11. Further, the Noticee has submitted that Hon'ble SAT has held that if 'A' is connected to 'B' and 'B' is connected to 'C' and 'C' is connected to 'D', it doesn't mean that 'A' is connected to 'D'.

23.12. The Noticee's name is not mentioned in the CDR in the Order and he has not dealt in the scrip of Sadhna Broadcast. This proves that he was not connected or involved in any capacity.

- 23.13. The Noticee had transferred his shares to his brother and this proves that he was not a regular investor. Just because he was a part of the promoter group of Sadhna does not make him liable for the allegation.
- 23.14. Even if the statute dispenses with pre decisional hearing, the same should be resorted to in exceptional circumstances since post decisional hearing is not a remedial hearing and authority will embark on with a closed mind and there are little chances of getting a proper consideration of representation and also because once a decision has been taken there is a tendency to uphold it and a representation may not really yield any fruitful purpose. By returning the findings in said Order, which are final and no more *prima facie* in nature, SEBI has completely prejudged the case and rendered the proceedings an empty formality, in as much as fate of the proceedings has already been decided by the said Order.
- 23.15. The Noticee has submitted that he was not connected with Manish Mishra and his group or involved in the making/ distribution or uploading of the videos on the YouTube channels.
- 23.16. The Noticee had permanently shifted to Dubai in 2018 and gifted 25,76,990 shares of Sadhna to his brother before shifting. The actual transfer of the said shares to the demat account of Gaurav Gupta took place on July 25, 2022 to July 28, 2022 pursuant to his request. The Noticee does not hold any shares in Sadhna and he is not involved in the management or affairs of Sadhna.
- 23.17. The Noticee was a director of Varun Media during August 31, 2012 to March 14, 2018 and prior to moving to Dubai, he had resigned from the board of Varun Media. A copy of Form DIR-12 evidencing his resignation has been submitted. The Noticee is not involved in the management or affairs of Varun Media. The Noticee was the authorised signatory of Varun Media when he was a director and the email id with the Noticee's name was given in the trading/ demat account. The trading/ demat account of Varun Media was virtually dormant and no trading happened till the time he was with Varun Media. Post his resignation, Varun Media did not change his name as the

authorised signatory and it used his email id for placing instructions with the broker.

23.18. The Noticee has been roped in based on the impression that he was the authorised signatory of Varun Media and that he was involved in the sale of shares by Varun Media. Further, the Noticee is not the beneficiary of the said sale transaction.

23.19. As per the Order, Subhash Agarwal & Rakesh Gupta are “Information Carriers” and since Rakesh Gupta is related to me, therefore the Noticee is connected with Subhash Agarwal and through it to Manish Mishra and his group entities. The Noticee has submitted that based on such long drawn, stretched and convoluted connection, the Noticee cannot be connected with Manish Mishra and his group entities and made liable for their manipulative actions.

23.20. The 4 telephonic calls between Rakesh Gupta (father of the Noticee) and Subhash Agarwal were normal calls pertaining to routine company matters. The Noticee does not have any connection with Manish Mishra or others and there have never been any funds transfers or share transfers with Manish Mishra or others.

23.21. The direction to Banks to not allow any debit in the bank accounts till such time the alleged gains are deposited in the escrow account is completely without jurisdiction, *non-est*, null and void ab initio. The said direction circumvents the provisions of section 11(4)(e) of the SEBI Act, by in effect purporting to attach the bank and demat accounts without following the mandatory provisions and process of section 11(4)(e). As per section 11(4)(e) of the SEBI Act, or rules or regulations, is subject to the check and balance of making an application for approval of such attachment to a Special Court (established under section 26A of SEBI Act). Further, the proviso to said section makes it clear that SEBI has no power to attach bank accounts or other property which are not actually involved in the alleged violation. In the present case, SEBI has not obtained any such approval. Therefore, the direction is wholly without jurisdiction, beyond the powers of SEBI and not in consonance with the provisions of SEBI Act.

- 23.22. SEBI has overlooked that as per section 11(4)(d) of SEBI Act can impound and retain the proceeds or securities in respect of any transaction which is under investigation. Without identifying the bank account or demat account where the alleged securities or proceeds are lying, SEBI passed sweeping directions freezing all the bank accounts and demat accounts, which is gross misuse of power.
- 23.23. Direction of disgorgement can be passed by SEBI under section 11B of SEBI Act *inter alia* “*after making or causing to be made an enquiry*”, if SEBI is satisfied that it is necessary in the interest of securities market. In the instant matter, at ad interim stage itself the direction of disgorgement have been passed and the same is illegal and without authority.
- 23.24. The directions that no amounts or securities may be debited from any of bank accounts and demat accounts and that the Noticee cannot alienate any assets, properties or securities, amount to an attachment before judgement and the same principles as set out in Order XXXVIII Rule 5 of the Code of Civil Procedure would be applicable, however, none of the essential criteria thereof have been averred.
- 23.25. The open-ended direction without any time limit issued against the Noticee, at this juncture is neither preventive or remedial nor curative, but out and out penal.

#### **Submissions of Sadhna Bio-Oils Pvt. Ltd. (Noticee no. 16)**

24. Vide its letter dated June 08, 2023 and September 12, 2023, it has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:
- 24.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further, no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.
- 24.2. The Noticee has no connection with the stock recommendation in the scrip.
- 24.3. The Noticee has submitted that it has not been provided with the basic documents such as the examination report in the matter.

- 24.4. During the investigation period, the Noticee's trading was not confined to Sathna. The Noticee had invested in many other scrips other than that of Sathna.
- 24.5. The rate of shares of Sathna was increasing and the Noticee was in need of funds and so it sold its shares. The trades done in Sathna were insignificant vis-à-vis its total trading.
- 24.6. The Noticee's sale of 40,25,000 shares was only 2.01% of the total volume in the scrip of Sathna during the examination period.
- 24.7. The Noticee had traded in Sathna during pre-examination and post-examination period also.
- 24.8. The scrip of Sathna was witnessing healthy volumes and was fairly liquid during the relevant period. The total volume during the period 01.03.22 to 26.04.22 (before IP) was 2,38,789 (pre-split), 27.04.22 to 30.09.22 – during IP – 7,95,080 (pre-split till 09.06.22) and 10,68,94,403 (10.06.22 to 30.09.22 post-split) and after IP 01.10.22 to 31.12.22 – 4,45,40,144 (post-split). The liquidity and volumes in the scrip of Sathna were in consonance with various public announcements made by Sathna from time to time and also financial disclosures regarding its profitability.
- 24.9. The price in the scrip of Sathna did not rise suddenly and did not fall suddenly to warrant any kind of scheme and violation of PFUTP Regulations. Even around two months after the split in the ratio 10:1 i.e., August 12, 2022, the scrip price was INR 33.15. This establishes that there was no price manipulation and creation of artificial volume and no scheme was devised to facilitate the sale of shares held by the Noticee.
- 24.10. The Noticee bought the shares of Sathna Broadcast in 2019 as a regular business transaction and sold them in July and August 2022 as the rate of the Shares was increasing and the Noticee was in need of funds for investments to be made in property.
- 24.11. As regards the connections mentioned in the Order, the same was in the ordinary course of business and no adverse inference ought to be drawn against the Noticee for the same.

- 24.12. The Noticee has not been provided with complete documents viz. Trade log and Order log during the examination period and Price Volume data.
- 24.13. At para 17.8 of the Order, SEBI has alleged that the Noticee has sold 6,03,151 shares of Sadhna to one individual, Purav Bhartbhai Patel and in para 17.12, SEBI has alleged that number of small shareholders increased because of sale of its shares. This is self-contradictory as the Noticee sold around 6,03,151 shares out of 40,25,000 shares and if the number of small shareholders increased post its selling, then it is not in default as it had already sold its shares and the remaining number of shares could not have possibly increased the number of shareholders.
- 24.14. The Noticee had traded in the ordinary course of business and some of its trades got matched with certain Noticees but the same cannot lead to the conclusion that the Noticee had indulged in fraudulent and unfair trade practices. The trading was carried out in anonymous trading platform of the stock exchange.
- 24.15. The trades were executed through its broker Choice Equity Broking Pvt. Ltd. which involves the Noticee specifying a particular number of shares to be traded by the Noticee directed to Choice Equity. The identity of the counterparties was not a part of the communication between the Noticee and Choice Equity. Further, Choice Equity is not a party to the Order.
- 24.16. Further, the Noticee has submitted that Hon'ble SAT has held that if 'A' is connected to 'B' and 'B' is connected to 'C' and 'C' is connected to 'D', it doesn't mean that 'A' is connected to 'D'.
- 24.17. The Noticee has denied that it has earned any illegal gains which are liable to be disgorged.
- 24.18. Even if the statute dispenses with pre decisional hearing, the same should be resorted to in exceptional circumstances since post decisional hearing is not a remedial hearing and authority will embark on with a closed mind and there are little chances of getting a proper consideration of representation and also because once a decision has been taken there is a tendency to uphold it and a representation may not really yield any fruitful purpose. By returning the findings in said Order, which are final and no more

*prima facie* in nature, SEBI has completely prejudged the case and rendered the proceedings an empty formality, in as much as fate of the proceedings has already been decided by the said Order.

24.19. The Noticee has submitted that it was not connected with Manish Mishra and his group or involved in the making/ distribution or uploading of the videos on the YouTube channels.

24.20. As per the Order, Subhash Agarwal & Rakesh Gupta are “Information Carriers” and since Rakesh Gupta is related to me, therefore the Noticee is connected with Subhash Agarwal and through it to Manish Mishra and his group entities. The Noticee has submitted that based on such long drawn, stretched and convoluted connection, the Noticee cannot be connected with Manish Mishra and his group entities and made liable for their manipulative actions.

24.21. The shares sold in the scrip of Sadhna during the investigation period were in the ordinary course. Post sales, all applicable disclosures in terms of SEBI Regulations were also made to the stock exchanges. Copies of the disclosures made have been submitted.

24.22. The sale proceeds were *inter alia* utilised towards purchase of shares.

24.23. With regard to volume creation in the scrip, the Noticee has submitted that all its sales during the investigation period were delivery based.

24.24. There is nothing to indicate the Noticee had done anything to defalcate the alleged unlawful gains and therefore, the direction of impounding is wholly unwarranted.

24.25. The direction to Banks to not allow any debit in the bank accounts till such time the alleged gains are deposited in the escrow account is completely without jurisdiction, *non-est*, null and void ab initio. The said direction circumvents the provisions of section 11(4)(e) of the SEBI Act, by in effect purporting to attach the bank and demat accounts without following the mandatory provisions and process of section 11(4)(e). As per section 11(4)(e) of the SEBI Act, or rules or regulations, is subject to the check and balance of making an application for approval of such attachment to a Special Court (established under section 26A of SEBI Act). Further, the proviso to said



section makes it clear that SEBI has no power to attach bank accounts or other property which are not actually involved in the alleged violation. In the present case, SEBI has not obtained any such approval. Therefore, the direction is wholly without jurisdiction, beyond the powers of SEBI and not in consonance with the provisions of SEBI Act.

24.26. SEBI has overlooked that as per section 11(4)(d) of SEBI Act can impound and retain the proceeds or securities in respect of any transaction which is under investigation. Without identifying the bank account or demat account where the alleged securities or proceeds are lying, SEBI passed sweeping directions freezing all the bank accounts and demat accounts, which is gross misuse of power.

24.27. Direction of disgorgement can be passed by SEBI under section 11B of SEBI Act *inter alia* “after making or causing to be made an enquiry”, if SEBI is satisfied that it is necessary in the interest of securities market. In the instant matter, at ad interim stage itself the direction of disgorgement have been passed and the same is illegal and without authority.

24.28. The directions that no amounts or securities may be debited from any of bank accounts and demat accounts and that the Noticee cannot alienate any assets, properties or securities, amount to an attachment before judgement and the same principles as set out in Order XXXVIII Rule 5 of the Code of Civil Procedure would be applicable, however, none of the essential criteria thereof have been averred.

24.29. The open-ended direction without any time limit issued against the Noticee, at this juncture is neither preventive or remedial nor curative, but out and out penal.

### **Submissions of Rakesh Kumar Gupta (Noticee no. 17)**

25. Vide his letter dated June 30, 2023 and September 14, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

25.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further,

no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.

25.2. The Noticee has no connection with the stock recommendation in the scrip.

25.3. The Noticee has submitted that he has not been provided with the basic documents such as the examination report in the matter.

25.4. The only allegation against the Noticee is that he had entered into transaction with some of the entities who had allegedly been a part of the connected group entities and that he sold the shares at an inflated price and earned illegal profits.

25.5. As regards the connection mentioned in the Interim Order, the Noticee has submitted the following: Gaurav Gupta and Saurabh Gupta – sons of the Noticee and Shreya Gupta – Daughter-in-law of the Noticee. The Noticee is a past director of Sadhna Bio Oils Pvt. Ltd. and Varun Media Pvt. Ltd. The Noticee is connected with Sulabh Dikshit – old employee of Noticee's company, Sunil Goel – social friend, Pooja Aggarwal – CEO of Sadhna Broadcast and Paras Shah – old employee of Noticee's company through phone calls. The cumulative number of calls and cumulative duration of calls were very minimal. Subhash Agarwal is the director of RTA of Noticee's company. The said connection is an implicit and inevitable connection.

25.6. The Noticee has been alleged to be an Information Carrier, however, SEBI has failed to define the term.

25.7. The Noticee has not been provided with complete documents viz. Trade log and Order log during the examination period and Price Volume data.

25.8. No evidence has been provided to show that he was the coordinator as alleged in the Order. There is no proof to show that the Noticee was connected with Manish Mishra.

25.9. Even if the statute dispenses with pre decisional hearing, the same should be resorted to in exceptional circumstances since post decisional hearing is not a remedial hearing and authority will embark on with a closed mind and there are little chances of getting a proper consideration of representation and also because once a decision has been taken there is a

tendency to uphold it and a representation may not really yield any fruitful purpose. By returning the findings in said Order, which are final and no more prima facie in nature, SEBI has completely prejudged the case and rendered the proceedings an empty formality, in as much as fate of the proceedings has already been decided by the said Order.

25.10. The Noticee has submitted that he was not connected with Manish Mishra and his group or involved in the making/ distribution or uploading of the videos on the YouTube channels.

25.11. As per the Order, I and Subhash Agarwal are “information carriers”. No details or material particulars have been provided with regard to purported “information”. No details as to how, when and where, the purported “information” was “carried”.

25.12. The 4 telephonic calls between the Noticee and Subhash Agarwal were normal calls pertaining to routine company matters. The Noticee does not have any connection with Manish Mishra or others and there have never been any funds transfers or share transfers with Manish Mishra or others.

25.13. The Noticee has neither bought or sold any shares of Sadhna during the relevant period. The Noticee is not connected with the alleged volume creators or net sellers other than his family or office employees. The Noticee had no role in the sale of shares by his son and related persons.

25.14. The direction to Banks to not allow any debit in the bank accounts till such time the alleged gains are deposited in the escrow account is completely without jurisdiction, *non-est*, null and void ab initio. The said direction circumvents the provisions of section 11(4)(e) of the SEBI Act, by in effect purporting to attach the bank and demat accounts without following the mandatory provisions and process of section 11(4)(e). As per section 11(4)(e) of the SEBI Act, or rules or regulations, is subject to the check and balance of making an application for approval of such attachment to a Special Court (established under section 26A of SEBI Act). Further, the proviso to said section makes it clear that SEBI has no power to attach bank accounts or other property which are not actually involved in the alleged violation. In the present case, SEBI has not obtained any such approval. Therefore, the direction is

wholly without jurisdiction, beyond the powers of SEBI and not inconsonance with the provisions of SEBI Act.

25.15. SEBI has overlooked that as per section 11(4)(d) of SEBI Act can impound and retain the proceeds or securities in respect of any transaction which is under investigation. Without identifying the bank account or demat account where the alleged securities or proceeds are lying, SEBI passed sweeping directions freezing all the bank accounts and demat accounts, which is gross misuse of power.

25.16. The directions that no amounts or securities may be debited from any of bank accounts and demat accounts and that the Noticee cannot alienate any assets, properties or securities, amount to an attachment before judgement and the same principles as set out in Order XXXVIII Rule 5 of the Code of Civil Procedure would be applicable, however, none of the essential criteria thereof have been averred.

25.17. The open-ended direction without any time limit issued against the Noticee, at this juncture is neither preventive or remedial nor curative, but out and out penal.

#### **Submissions of Kundan Singh Bisht (Noticee no. 19)**

26. Vide his letters dated March 21, 2023 and June 26, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

26.1. The Noticee was working as Transmission Executive in the company, Sadhna from 17/11/2008 till March 2016. After the Noticee left the said job, the company did not release his gratuity and did not provide him his relieving letter. Therefore, he had complained against the company before the Labour court in Noida. A copy of his appointment letter and a copy of his complaint letter has been submitted.

26.2. Thereafter, the Noticee was working with Sharp Eye Advertising Pvt. Ltd, a group company of Sadhna, as Online Editor from 2013 to 2016. Subsequently, in March 2016, the Noticee joined Sanskar Info TV Pvt. Ltd. and has been working there till date as Online Editor.

- 26.3. The Noticee had purchased 1,94,500 shares of Sadhna in October 2015 by availing a loan of INR 20,42,250 from its Employer i.e., Sharp Eye Advertising. A copy of bank statement showing the loan transaction has been submitted. Further, in the month of September 2016, 5558 shares were transferred to the Noticee's account without his knowledge.
- 26.4. During the year 2016, Sharp Eye Advertising started demanding the repayment of loan amount and threatened the Noticee. In March 2018, his shares of Sadhna were illegally transferred to M/s. Sadhna to recover the loan amount due. On 27/11/2018, the Noticee filed a complaint with BSE and CDSL against the illegal transfer of shares and in 2018, BSE directed re-transfer of shares to the demat account of the Noticee. A copy of the complaint dated 27/11/2018 has been submitted.
- 26.5. In April 2022, Consortium securities pvt. Ltd., his broker has informed that the shares of Sadhna have moved upwards substantially. Thereafter, the Noticee decided to sell the shares in parts till June 2022.
- 26.6. The Noticee never purchased any additional shares of Sadhna since initial purchase in 2016.
- 26.7. On April 23, 2022, Sharp Eye Broadcasting Pvt. Ltd. issued a legal notice demanding INR 33 lakhs towards the loan amount. The financial position of the Noticee had improved after selling the shares of Sadhna and so the Noticee on 17/08/2022 had spoken with Sulabh Dixit an employee of Sadhna/ Sharp Eye. A copy of the legal notice has been submitted.
- 26.8. Sulabh Dixit after discussing with his seniors in his office informed that Sadhna was ready to settle the loan for an amount of INR 25 lakhs instead of INR 33 lakhs. The Noticee agreed to the proposal. Copy of correspondences in the regard has been submitted.
- 26.9. On 17/08/2022, Sulabh Dixit informed the Noticee that the settlement amount should be paid in the bank account of Sharp Eye Advertising. The Noticee had paid INR 25 lakhs in three tranches. Copy of bank statement and cheques issued have been submitted. The Noticee has no other connection with other Noticees including Noticee no. 22. The CDRs would establish that

no conversation with regard to increase in the price of Sadhna had taken between the Noticee and Noticee no. 22 on 17/08/2022.

26.10. The Noticee does not have any cash with him and is unable to buy even groceries as his bank accounts are not accessible.

26.11. The Noticee no. 19 is not involved in increase in price of scrip in patch 1 nor patch 2. There is no finding that the Noticee is connected with Sadhna from last the last 7 years after his resignation in January 2016 or its shareholders or key managerial personnel or with any volume creators or net sellers.

26.12. The Noticee was not involved in the allegation promotion activities of the scrip of Sadhna on YouTube. The Noticee became aware of the alleged YouTube channel only after receipt of the Interim Order.

26.13. The Noticee had purchased the shares of Sadhna on the basis of positive outlook and good future prospects of companies engaged in the field of media/ news agencies/ films/ music / serials etc. during such period.

26.14. There is no evidence that the Noticee had engaged in a co-ordinated scheme to induce unsuspecting investors to acquire securities in the scrip of Sadhna.

26.15. There is no evidence to show that the sale of shares by the Noticee was made to gullible unsuspecting investors. The Noticee sold 1,11,318 out of originally allotted 1,99,958 shares prior to uploading of YouTube videos on July 15, 2022. The Noticee has placed reliance on the Order of Hon'ble SAT in Arshad Hussain Warsi and Others versus SEBI dated March 27, 2023.

26.16. Because of existence of prior disputes between the Noticee and M/s. Sadhna, there could not have been any alleged involvement of the Noticee in any conspiracy between the parties.

#### **Submissions of Virtual Business Solution Pvt. Ltd. (Noticee no. 20)**

27. Vide its letter dated June 30, 2023 and September 12, 2023, it has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

27.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further,

no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.

- 27.2. The Noticee has no connection with the stock recommendation in the scrip.
- 27.3. The Noticee has submitted that it has not been provided with the basic documents such as the examination report in the matter.
- 27.4. During the investigation period, the Noticee's trading was not confined to Sathna. The Noticee had invested in many other scrips other than that of Sathna.
- 27.5. The rate of shares of Sathna was increasing and the Noticee was in need of funds to repay a loan and so it sold its shares. The trades done in Sathna were insignificant vis-à-vis its total trading.
- 27.6. The Noticee's sale of 20,00,280 shares was only 1.00% of the total volume in the scrip of Sathna during the examination period.
- 27.7. The Noticee had traded in Sathna during pre-examination and post-examination period also.
- 27.8. The scrip of Sathna was witnessing healthy volumes and was fairly liquid during the relevant period. The total volume during the period 01.03.22 to 26.04.22 (before IP) was 2,38,789 (pre-split), 27.04.22 to 30.09.22 – during IP – 7,95,080 (pre-split till 09.06.22) and 10,68,94,403 (10.06.22 to 30.09.22 post-split) and after IP 01.10.22 to 31.12.22 – 4,45,40,144 (post-split). The liquidity and volumes in the scrip of Sathna were in consonance with various public announcements made by Sathna from time to time and also financial disclosures regarding its profitability.
- 27.9. The price in the scrip of Sathna did not rise suddenly and did not fall suddenly to warrant any kind of scheme and violation of PFUTP Regulations. Even around two months after the split in the ratio 10:1 i.e., August 12, 2022, the scrip price was INR 33.15. This establishes that there was no price manipulation and creation of artificial volume and no scheme was devised to facilitate the sale of shares held by the Noticee.

- 27.10. The Noticee bought the shares of Sadhna Broadcast in 2019 as a regular business transaction and sold them in July 2022 as the rate of the Shares was increasing and the Noticee was in need of funds for repayment of loan.
- 27.11. As regards the connections mentioned in the Order, the Noticee has submitted the following: Sulabh Dikshit is an ex-director of the company and Paras Shah is one of the directors of the company. Paras Shah was the only authorised signatory to execute the instructions given by the Board of directors of the company and Paras Shah cannot be held responsible for the trades carried out by the company. Paras Shah was in touch with Sulabh Dikshit as he was an ex-director of the company and no adverse inference out to be drawn against the company for the same. Madhu Render Singh was an office colleague of Paras Shah. Paras Shah was in touch with Rakesh Kumar Gupta through phone for office related work. Further, the cumulative number of calls and the cumulative seconds of those calls between them were minimal.
- 27.12. As regards transfer of funds with Paras Shah, the Noticee has submitted that no transaction took place between the Noticee and Paras Shah.
- 27.13. The Noticee has not been provided with complete documents viz. Trade log and Order log during the examination period and Price Volume data.
- 27.14. At para 17.12 of the Order, SEBI has alleged that the number of small shareholders increased because of sale of its shares. This is self-contradictory as the Noticee sold around 20,00,280 shares and if the number of small shareholders increased post its selling, then it is not in default as it had already sold its shares and the remaining number of shares could not have possibly increased the number of shareholders.
- 27.15. The Noticee had traded in the ordinary course of business and some of its trades got matched with certain Noticees but the same cannot lead to the conclusion that the Noticee had indulged in fraudulent and unfair trade practices. The trading was carried out in anonymous trading platform of the stock exchange.
- 27.16. The trades were executed through its broker Choice Equity Broking Pvt. Ltd. which involves the Noticee specifying a particular number of shares to be traded by the Noticee directed to Choice Equity. The identity of the



counterparties was not a part of the communication between the Noticee and Choice Equity. Further, Choice Equity is not a party to the Order.

27.17. Further, the Noticee has submitted that Hon'ble SAT has held that if 'A' is connected to 'B' and 'B' is connected to 'C' and 'C' is connected to 'D', it doesn't mean that 'A' is connected to 'D'.

27.18. The Noticee has denied that it has earned any illegal gains which are liable to be disgorged.

27.19. Even if the statute dispenses with pre decisional hearing, the same should be resorted to in exceptional circumstances since post decisional hearing is not a remedial hearing and authority will embark on with a closed mind and there are little chances of getting a proper consideration of representation and also because once a decision has been taken there is a tendency to uphold it and a representation may not really yield any fruitful purpose. By returning the findings in said Order, which are final and no more *prima facie* in nature, SEBI has completely prejudged the case and rendered the proceedings an empty formality, in as much as fate of the proceedings has already been decided by the said Order.

27.20. The Noticee has submitted that it was not connected with Manish Mishra and his group or involved in the making/ distribution or uploading of the videos on the YouTube channels.

27.21. As per the Order, Subhash Agarwal & Rakesh Gupta are "Information Carriers" and since Rakesh Gupta is related to me, therefore the Noticee is connected with Subhash Agarwal and through it to Manish Mishra and his group entities. The Noticee has submitted that based on such long drawn, stretched and convoluted connection, the Noticee cannot be connected with Manish Mishra and his group entities and made liable for their manipulative actions.

27.22. The shares sold in the scrip of Sadhna during the investigation period were in the ordinary course. Post sales, all applicable disclosures in terms of SEBI Regulations were also made to the stock exchanges. Copies of the disclosures made have been submitted.

27.23. The sale proceeds were *inter alia* utilised towards purchase of shares.

- 27.24. With regard to volume creation in the scrip, the Noticee has submitted that all its sales during the investigation period were delivery based.
- 27.25. There is nothing to indicate the Noticee had done anything to defalcate the alleged unlawful gains and therefore, the direction of impounding is wholly unwarranted.
- 27.26. The direction to Banks to not allow any debit in the bank accounts till such time the alleged gains are deposited in the escrow account is completely without jurisdiction, *non-est*, null and void ab initio. The said direction circumvents the provisions of section 11(4)(e) of the SEBI Act, by in effect purporting to attach the bank and demat accounts without following the mandatory provisions and process of section 11(4)(e). As per section 11(4)(e) of the SEBI Act, or rules or regulations, is subject to the check and balance of making an application for approval of such attachment to a Special Court (established under section 26A of SEBI Act). Further, the proviso to said section makes it clear that SEBI has no power to attach bank accounts or other property which are not actually involved in the alleged violation. In the present case, SEBI has not obtained any such approval. Therefore, the direction is wholly without jurisdiction, beyond the powers of SEBI and not inconsonance with the provisions of SEBI Act.
- 27.27. SEBI has overlooked that as per section 11(4)(d) of SEBI Act can impound and retain the proceeds or securities in respect of any transaction which is under investigation. Without identifying the bank account or demat account where the alleged securities or proceeds are lying, SEBI passed sweeping directions freezing all the bank accounts and demat accounts, which is gross misuse of power.
- 27.28. Direction of disgorgement can be passed by SEBI under section 11B of SEBI Act *inter alia* “*after making or causing to be made an enquiry*”, if SEBI is satisfied that it is necessary in the interest of securities market. In the instant matter, at ad interim stage itself the direction of disgorgement have been passed and the same is illegal and without authority.
- 27.29. The directions that no amounts or securities may be debited from any of bank accounts and demat accounts and that the Noticee cannot alienate any

assets, properties or securities, amount to an attachment before judgement and the same principles as set out in Order XXXVIII Rule 5 of the Code of Civil Procedure would be applicable, however, none of the essential criteria thereof have been averred.

27.30. The open-ended direction without any time limit issued against the Noticee, at this juncture is neither preventive or remedial nor curative, but out and out penal.

### **Submissions of Paras Shah (Noticee no. 21)**

28. Vide his letter dated June 30, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

28.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further, no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.

28.2. The Noticee has no connection with the stock recommendation in the scrip.

28.3. The Noticee is the director of Virtual Business Solution Pvt. Ltd. The role of the Noticee as a director was very limited and he was not involved in day-to-day management and affairs of the company. The Noticee does not have any material/pecuniary relationship as director with the company, its promoters, directors, senior management which might affect his position as director.

28.4. As a director, the Noticee endeavoured to ensure that the decisions taken at the Board meetings are transparent, fair and in consonance with applicable laws and in the interests of the company and its stakeholders. The Noticee was not monitoring the implementation of the decisions or interfere in the same.

28.5. The Noticee has never traded in the scrip of Sadhna.

28.6. As regards the connection with entities, the Noticee has submitted the following: Virtual Business Solution Pvt. Ltd. – Director and authorised signatory for the demat account, Madhu Render Singh and Sulabh Dikshit –

Office colleague and Rakesh Kumar Gupta was connected through CDR. The said connection is an implicit and inevitable connection. The cumulative number of calls with Sulabh Dikshit and the duration of those calls were minimal.

28.7. The Noticee has not been provided with complete documents viz. Trade log and Order log during the examination period and Price Volume data.

**Submissions of Bhim Singh Chaudhary (Noticee no. 23)**

29. Vide his letters dated July 04, 2023 and July 18, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

29.1. The Noticee has submitted that he has no role in the recommendation of the scrip of Sadhna as alleged in the *Interim Order*.

29.2. The Noticee requested SEBI to provide all the documents in the matter, however, the documents provided were incomplete. The reply being filed by the Noticee is based on the documents available with him.

29.3. The *Interim Order* has been passed on the basis of probable conclusions meaning that there are other probabilities which may include that the Noticee was not involved in the recommendation of the scrip of Sadhna.

29.4. The Noticee is neither controlling nor promoting any YouTube Channel. The Noticee has no relation with the owners of the YouTube Channels which were allegedly involved in the recommendation of the scrip of Sadhna. The Noticee was not involved in the price increase of the scrip.

29.5. The relationship with other connected Noticee: Subhash Agarwal – one of the directors of Skyline Financial Services Private Limited.

29.6. There is no finding regarding involvement of the Noticee with respect to price recommendation in patch 1 or that he was involved in the increase in price of the scrip in patch 2. The only allegation against the Noticee is that he sold his shares in patch 1 and patch 2. The Noticee did not sell his shares in connivance with other Noticees as alleged and was not involved in creation of artificial volume.

29.7. There is no finding regarding connection of the Noticee with the company or its managerial personnel or that he has created any interest in the scrip.

There is nothing to indicate that the Noticee has created any interest on any investor to trade in Sadhna scrip. There is no finding that the Noticee had spread any false and misleading information regarding Sadhna scrip.

29.8. The Interim Order does not provide any finding on apprehension of the WTM regarding defalcation of property by the Noticee. The Noticee has relied on the judgement of the Hon'ble SAT in the matter of M/s. North End Foods Marketing Private Limited & Anr. Vs. SEBI appeal no. 80 of 2019 decided on March 12, 2019.

29.9. The uploading of the video by owners of the YouTube Channel and sale of shares of the Noticee are not interconnected or has any bearing on each other and thus by no stretch of imagination, it can be concluded that the Noticee was engaged or actively connived with other Noticees for the purpose of stock recommendation of Sadhna Broadcast Limited.

29.10. The Noticee is a Chartered Accountant and was also engaged in trading in secondary market. He was holding the position of Director of Skyline Financial Services Private Limited till 20/02/2023.

29.11. In May 2022, the Noticee observed an upward movement in the price of Sadhna Broadcast. The Noticee was in need of funds for repayment of loans and he started selling his investments from May 2022 till July 29, 2022, the Noticee liquidated his entire holding in the said company. The statements of the Noticee giving the details of various shares traded during F.Y. 2022-23 is submitted.

29.12. The Noticee had been regularly trading in shares of various companies and a copy of Profit and Loss Statement for the last Financial Year has been provided.

29.13. The Noticee's elder son is studying in France and has a joint account with the Noticee. Due to freezing accounts, the Noticee's elder son's education/survival is affected. Further, the Noticee's younger son is mentally ill and needs medication. Copy of medical report of the younger son has been submitted.

29.14. The Noticee has submitted that the market price of some of the shares held by him is diminishing and he would suffer losses if the said shares are not

disposed of immediately. Further, he has requested permission to sell certain securities to pay income tax and also invest up to INR 30 lakh in capital gain bonds.

**Submissions of Yogesh Kumar Gupta (Noticee no. 24)**

30. Vide his letters/ emails dated May 26, 2023, May 31, 2023, June 17, 2023 and August 07, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

30.1. The documents submitted were incomplete and the following documents have been not provided.

30.1.1. Order logs relating to the scrip of Sadhna for the Examination Period.

30.1.2. List of Shareholders with share capital below 2 lakhs and above 2 lakhs. The information concerning the nominal shareholders holding shares below two lakhs and above two lakhs as mentioned in Table 15 of the Interim Order is not publicly available. The Shareholding patterns only show the shareholders holding more than 1% of the shares as disclosed by the company on BSE's website.

30.1.3. Bank Statements mentioned as Annexure 10 of the Investigation Report.

30.1.4. Data extracted from DWBIS relating to Sadhna.

30.1.5. Any relevant material, such as Green Notes, Internal Documents, or Notes on Opinion prepared by SEBI.

30.2. The Noticee has relied on the judgment of the Hon'ble Supreme Court of India in T. Takano v SEBI (Civil Appeal nos. 487-488 of 2022, SCC Online SC 210) and Reliance v SEBI (Criminal Appeal No. 1167 of 2022 @ Special Leave Petition (CRL) No. 3417/2022) and by Hon'ble SAT in Geofin Comtrade Limited & Ors. v SEBI (Appeal No. 214 of 2019 decided on 09 June 2022).

30.3. The Noticee held the shares of Sadhna since 2018.

30.4. The Noticee is a retired government official aged 76 and has been receiving pension since 2005 as the only source of income.

- 30.5. The Noticee's pension account has been blocked and his wife is in need of medical care.
- 30.6. No CDR connection has been found between the person who was directly involved in the fraudulent scheme and the Noticee. There are no allegations against the Noticee concerning the YouTube videos.
- 30.7. The Order is admittedly issued based on "probable conclusions", which is evident even though there is a lack of any CDR, the Order has looped the Noticee in. The judicial test approved by the Hon'ble Supreme Court of India in SEBI vs Kishore R. Ajmera requires "irresistible inference". There is a distinction between the two standards, with the latter requiring a higher degree of certainty and evidence to draw conclusive inferences.
- 30.8. Although Pooja Aggarwal is the Noticee's daughter-in-law, there is no CDR during the investigation period. They do not even share their residences. The lack of any evidence to the contrary denotes that there can be no negative inference to his familial ties.
- 30.9. The Noticee was unrelated to the alleged YouTube videos and there are no allegations in the Order against him concerning the YouTube videos. The Noticee has relied on the findings in paragraph 16 of the SAT Order in Appeal no. 284/2022 (Arshad Warsi's appeal) wherein it states that without substantial evidence demonstrating the Noticee's engagement in creating, distributing, or uploading videos on YouTube, and in the absence of evidence suggesting the Noticee's involvement in disseminating false and misleading information about Sadhna scrip, the issued directions become baseless and arbitrary.
- 30.10. There is no allegation made against the Noticee regarding generating volume, engaging in synchronized trading, or manipulating the price of Sadhna's scrip.
- 30.11. The Noticee did not cause any artificial price rise during patch 1 or patch 2. Para 16.8 of the Order has wrongly combined his alleged volume contribution with two other persons with whom the Noticee does not have any connection. The order has categorized the Noticee as a Net Seller but combined the Noticee's contribution with two volume creators, which shows that there is no logical rationale behind such observations. The order states

that the Noticee's volume contribution was 0.48% in patch 2 but these were genuine trades.

30.12. The Noticee did not sell his shares at inflated prices or the market's peak price. The Noticee gradually sold his shares over a period of time, which SEBI refers to as the Examination Period.

30.13. An order for disgorgement can be directed only to be deposited once adjudicated and quantified and sufficient evidence justifies the action taken. Such orders cannot be based on mere possibilities and must be recorded satisfactorily. There is no apparent link between my familial relationship, trading activities, or any questionable conduct that could tie the Noticee to the scheme or other Noticees involved. Therefore, the disgorgement order against the Noticee lacks justification, as there is no evidence of any wrong doing or intention to dispose of assets or divert profits.

30.14. Part of the proceeds received from the sale was transferred to Noticee's son, Himanshu Aggarwal and the Noticee's daughter-in-law, Pooja Aggarwal.

30.15. The Noticee has relied in the judgement of the Hon'ble Supreme Court in Radha Krishan Industries Vs State of Himachal Pradesh & Ors and Valerius Industries vs Union of India and contended that the provisional attachment against the Noticee lacks any basis in fact or law and is therefore considered "Malice in law". The Noticee has submitted that the relied-upon evidence does not support any adverse findings against the Noticee.

30.16. According to Para 6.8 of the Order, the criteria to designate someone as a Noticee includes factors such as their KYC details, a common address, a common business, familial relationship, email ids, fund transfers, or CDRs. On the principle, a connection has been established between the Noticee's daughter-in-law and the Noticee but there is no common address, no common business and no CDR between them.

30.17. The Noticee's wife had also traded in the scrip of Sadhna but has not been made a party to this proceeding which shows unjust and imbalance nature of investigation.

30.18. The Order's paragraph 6.7 defines net sellers as individuals who owned Sadhna shares at the examination period's start and net sold shares during



that time. However, Table 13 shows some net sellers selling shares during patch 1, contradicting the definition. Additionally, paragraph 17.14 acknowledges net sellers influenced by later videos, but Table 14 and paragraph 17.15 analyse only patch 2, conflicting with the net sellers' definition. Furthermore, paragraph 16.8 incorrectly combines my volume contribution with Volume Creators, when I have been categorized as a Net Seller, and paragraph 18 lacks evidence supporting the role of certain net sellers in the coordinated scheme, thus showing inconsistency in the categories.

30.19. The Noticee retired as a Sub Division Engineer in Public Health Engineering Department of Haryana.

30.20. The Noticee invested in the scrip of Sadhna in 2018 using his own funds which he had earned through pension and fixed deposit. The Noticee's decision to invest in the scrip of Sadhna was not influenced by anyone or by any mala fide intention of supporting his daughter-in-law's prospect in Sadhna but merely for gaining profits.

30.21. The Noticee had been sending funds to his son for his business and to his daughter-in-law whenever needed, usually to pay off loans, as reflected in his bank accounts for years.

30.22. The Noticee has no connection with any other Noticee and the only connection is with his daughter-in-law, with whom there are no Call Data Records in the relevant period.

30.23. In 2018, Pramod Rawat approached the Noticee, acting as an agent facilitating the purchase of shares with an offer to acquire 1,00,000 shares in the scrip of Sadhna Broadcast Limited and he assured that the investment would yield substantial profits. The Noticee acquired 1,00,000 shares @ INR 10 per share. Based on Pramod's directions, the Noticee transferred INR 10,50,000 to Ishwar Media Pvt. Ltd. On September 21, 2018, the Noticee received 1,00,000 shares of Sadhna from Pramod Rawat. Further, Pramod assisted the Noticee in acquiring 11,000 shares through cash transactions from Mr. Shubham Sharma (5,500 shares) and Mrs. Ritu Sahni (5,500 shares). The connection of the Noticee with the aforesaid entities was limited to the

share transactions that took place in 2018 and the Noticee has not maintained any contact with them thereafter.

30.24. The Noticee and his wife's medical expenses are around INR 40,000 per month.

**Submissions of Rajshree Goel and Sunil Goel (Noticee nos. 25 and 26 respectively)**

31. Vide their common letters/ emails dated May 06, 2023, May 31, 2023, July 01, 2023 and October 25, 2023, they have denied all the allegations made in the *Interim Order* and have *inter alia* submitted the following:

31.1. The Noticees have not been provided with the following documents.

31.1.1. Complete call records of Sunil Goel and Rakesh Kumar Gupta for the year 2022.

31.1.2. Complete order log of Sadhna scrip for the year 2022.

31.1.3. Complete list of Shareholders having share capital below 2 lakhs.

31.1.4. Reports and notes made from DWBIS

31.1.5. List of nominal shareholders given in Table no. 15 of the Order.

31.1.6. Green notes, internal documents, opinion notes and other relevant noting for passing the Order.

31.2. The details of common directorship provided is not in an accessible format.

31.3. Rajshree Goel is the sister-in-law of Sunil Goel. The Noticees have been shareholders in Sadhna since 2018.

31.4. The Order is admittedly passed on "probable conclusion" in contrast to the judicial test approved by the Hon'ble Supreme Court in SEBI vs. Kishore R. Ajmera requires "irresistible inference".

31.5. The Noticees have submitted that there is no Nexus between CDR and trading dates of the Noticees in the scrip of Sadhna. The conversation between Sunil Goel and his widowed sister-in-law were regular conversations between family members and were unrelated to Sadhna scrip or any YouTube videos.

- 31.6. Rakesh Kumar Gupta and Sunil Goel share membership in a club (Elites' Circle Club) and the calls between them were about club activities and had no relation to any trading activities of Sadhna scrip. Further, the trading date and the calls do not coincide. There is no pattern and there are huge gaps between dates of trading and calls.
- 31.7. Sunil Goel used to discuss club activities with Mr. Gupta, President of Elites' Circle Club, both before and after the investigation period. This club is a recreational and social platform and they do not discuss scrips there.
- 31.8. Sunil Goel has submitted that investing in securities market is a small part of their lives and that he does not discuss it anywhere and with everyone. Investing in businesses of acquaintances is a common phenomenon and is perfectly legal.
- 31.9. Sunil Goel has known Mr. Rakesh Kumar Gupta for about eight years through the said club and the relationship was not formed for discussing Sadhna scrip or the alleged coordinated scheme. The acquaintance of Sunil Goel with Rakesh Kumar Gupta is from a purely different walk of life and existed much before this alleged pump and dump case surfaced
- 31.10. Mr. Rakesh Kumar Gupta is not shown as a promoter of Sadhna before, during, or after the investigation period conducted by SEBI, as per the shareholding pattern filed on BSE's website.
- 31.11. The Order also wrongly states and assumes that Rakesh Kumar Gupta passed certain information to Sunil Goel related to the Sadhna Scrip and then he passed it on to his sister-in-law. Sunil Goel had been talking with his sister-in-law from June 05, 2022 to August 16, 2022, while the first call between Rakesh Gupta and Sunil Goel happened much later on July 17, 2022 and Sunil Goel started selling shares of Sadhna from July 13, 2022.
- 31.12. Citing the SAT order in respect of Arshad Warsi, the Noticees have submitted that it is unjustifiable to draw a conclusion of our involvement and guilt solely based on calls, the context of which has been explained and which calls do not even coincide with the days of the alleged trades.

- 31.13. The Noticees were not involved in the making, distributing or uploading of the misleading YouTube videos. The Noticees are not connected with any other noticees other than between themselves and Rakesh Gupta.
- 31.14. No evidence shows that the Noticees were involved in the fraud. The Noticees did cause any artificial rise in the price of Sadhna scrip and it cannot be that selling an old investment at a profit is an offence. The Noticees did not sell their shares at highly inflated prices or at the peak of the market.
- 31.15. The conduct of the Noticee was that of an ordinary investor and the Noticees sold their shares at a profit as many other ordinary investors must have done in Sadhna's scrip.
- 31.16. The Noticees have submitted that they did not record extraordinary profits and that they have sold a significant portion of their shares at a substantially lower price during the post examination period.
- 31.17. The Noticees have relied on the Order of the Hon'ble SAT in the matter of Dr Udayant Malhoutra v SEBI and submitted that the court has held that an order for disgorgement can be directed only to be deposited once adjudicated and quantified and sufficient evidence justifies the action taken. Such Orders cannot be based on mere possibilities and must be recorded satisfactorily.
- 31.18. There is no pattern, nexus between calls and trading, or any other questionable conduct on the part of the Noticees that could connect them to the scheme or any of the noticees.
- 31.19. The Noticees have contended that the provisional attachment against them lacks any basis in fact or law and is therefore considered "Malice in Law". The mere possibility of appellants diverting the unlawful gains is not sufficient ground to pass an impounding order.
- 31.20. Sunil Goel's wife also traded in the scrip of Sadhna in March 2022, however, she was not identified and examined as a Noticee despite connections such as common address, CDR, KYC details, familial relationships etc. This highlights the non-uniform and lopsided nature of the investigation.
- 31.21. The Order in paragraph 6.7 defines net sellers as individuals who owned Sadhna shares at the beginning of the examination period, either as promoters

or shareholders, and traded in and net sold shares during that period. But table 13 of the Order shows that some net sellers sold some of their shares during patch 1, contrary to the definition provided in paragraph 6.7.

31.22. In paragraph 17.14, the Order states that certain net sellers were influenced by videos uploaded later in patch two and did not sell all of their shares during the examination period. Table 14 and paragraph 17.15 analyse the trading of net sellers only in patch 2, which contradicts the net sellers' definition in paragraph 6.7.

31.23. Paragraph 29 of the Order explicitly states that proceeds generated by net sellers post patch 2 are not considered illegal. But the definition of net sellers provided in paragraph 6.7 does not align with the analysis and findings in Tables 13 and 14.

31.24. There is a contradiction between the definition of a Net Seller as outlined in paragraph 6.7 of the Order and its subsequent implementation in the following paragraphs. According to the Order, a Net Seller has held shares since the inception of patch two and only offloaded them during patch two due to inflated prices. However, Tables 13 and 14 reveal that the Noticees traded at lower prices in the post-examination period.

31.25. Furthermore, paragraph 18 of the Order suggests that a Net Seller is a person who obtained information from the Information Carriers, yet no evidence supports this claim so far as we are concerned.

31.26. The Noticees do not even fall under the definition of Net Sellers.

31.27. The Noticees do not share any connection with YouTube video makers, uploaders or proliferators the Noticees were unaware of any such YouTube video until the Interim Order came.

31.28. There is no diversion of funds or disposal of the property.

31.29. The Noticees are unable to cover our medical expenses and particularly, Rajshree Goel is battling Cancer and need urgent and continuous medical care.

### **Submissions of Arpan Gupta (Noticee no. 31)**

32. Vide his letter dated June 08, 2023, he has denied all the allegations made in the *Interim Order* and has *inter alia* submitted the following:

- 32.1. The Noticee has submitted that the Interim Order is in violation of principles of natural justice and Article 21 of the Constitution of India. Further, no plausible reason has been given in the Interim Order to indicate the urgency for passing of Interim Order.
- 32.2. The Noticee has no connection with the stock recommendation in the scrip.
- 32.3. The Noticee has submitted that he has not been provided with the basic documents such as the examination report in the matter.
- 32.4. The Noticee is a Non-Executive Director of Sadhna from 29.01.2014 and he was not involved in the day-to-day management and affairs of the company.
- 32.5. During the investigation period, the Noticee's trading was not confined to Sadhna. The Noticee had invested in many other scrips other than that of Sadhna.
- 32.6. The rate of shares of Sadhna was increasing and the Noticee was in need of funds for investments and so he sold his shares. The trades done in Sadhna were insignificant vis-à-vis his total trading.
- 32.7. The Noticee's sale of 33,560 shares was only 0.0294% of the total volume in the scrip of Sadhna during the examination period.
- 32.8. The Noticee had traded in Sadhna during pre-examination and post-examination period also.
- 32.9. The scrip of Sadhna was witnessing healthy volumes and was fairly liquid during the relevant period. The total volume during the period 01.03.22 to 26.04.22 (before IP) was 2,38,789 (pre-split), 27.04.22 to 30.09.22 – during IP – 7,95,080 (pre-split till 09.06.22) and 10,68,94,403 (10.06.22 to 30.09.22 post-split) and after IP 0 01.10.22 to 31.12.22 – 4,45,40,144 (post-split). The liquidity and volumes in the scrip of Sadhna were in consonance with various public announcements made by Sadhna from time to time and also financial disclosures regarding its profitability.

- 32.10. The price in the scrip of Sadhna did not rise suddenly and did not fall suddenly to warrant any kind of scheme and violation of PFUTP Regulations. Even around two months after the split in the ratio 10:1 i.e., August 12, 2022, the scrip price was INR 33.15. This establishes that there was no price manipulation and creation of artificial volume and no scheme was devised to facilitate the sale of shares held by the Noticee.
- 32.11. The Noticee has a business connection with Gaurav Gupta who works in the same company as the Noticee. The Noticee was a director of Sadhna Bio Oils Pvt. Ltd. and had resigned on 22.02.2023. The cumulative number of calls with Gaurav Gupta and the cumulative duration of those calls were very minimal.
- 32.12. The Noticee bought the shares of Sadhna Broadcast in 2016 as a regular business transaction and sold them in May, July and September 2022 as the rate of the Shares was increasing and the Noticee was in need of funds for investments to be made in property.
- 32.13. The Noticee has not been provided with complete documents viz. Trade log and Order log during the examination period and Price Volume data.
- 32.14. At para 17.12 of the Order, SEBI has alleged that the number of small shareholders increased because of sale of his shares. This is self-contradictory as the Noticee has sold around 33,560 shares out of 20,00,580 shares and if the number of small shareholders increased post his selling, then he is not in default as he had already sold his larger chunk of the total shares and the remaining number of shares could not have possibly increased the number of shareholders.
- 32.15. The Noticee had traded in the ordinary course of business and some of his trades got matched with certain Noticees but the same cannot lead to the conclusion that the Noticee had indulged in fraudulent and unfair trade practices. The trading was carried out in anonymous trading platform of the stock exchange.
- 32.16. The trades were executed through his broker Choice Equity Broking Pvt. Ltd. which involves the Noticee specifying a particular number of shares to be traded by the Noticee directed to Choice Equity. The identity of the

counterparties was not a part of the communication between the Noticee and Choice Equity. Further, Choice Equity is not a party to the Order.

32.17. Further, the Noticee has submitted that Hon'ble SAT has held that if 'A' is connected to 'B' and "B' is connected to 'C' and 'C' is connected to 'D', it doesn't mean that 'A' is connected to 'D'.

32.18. The Noticee has denied that he has earned any illegal gains which are liable to be disgorged.

#### **D. CONSIDERATION**

33. I have considered the allegations in the Interim Order, the replies/ written submissions of the Noticees and other material available on record. I note that the directions issued against the Noticees in the Interim Order were based on *prima facie* findings made on the basis of the material available on record. The present proceedings before me are in the nature of confirmatory or revocation proceedings which allow me the very limited remit of assessing whether the directions issued against the Noticees based on the *prima facie* conclusions arrived at in the Interim Order need to be confirmed, revoked or modified in any manner in light of the submissions made by the Noticees. I understand that a detailed investigation into this matter is being conducted by SEBI, aided further by extensive search-and-seizure operations conducted by SEBI against some noticees. The outcome of the investigation will decide the further course of action and initiation of further proceedings in the matter as per law.

34. Before I proceed further, it may be useful to summarise what a typical and tell-tale case of "pump-and-dump" stock manipulation looks like.

34.1. Initially, there is a period with minimal interest or trading activity in a scrip.

34.2. Thereafter, there is a sudden relative spurt in the scrip's trading volumes and price, without any visible fundamental reason for the same. Much of the activity is accounted for by a few connected individuals ("Volume Creators" and



“Net Sellers”). I refer to this period – which creates the appearance of interest and activity in the scrip - as “patch 1”.

34.3. With an appearance of activity and interest being created in patch 1, a Misleading Message Disseminator (MMD) then spreads patently false and misleading messages about the scrip via social media or other forum, to entice and induce small investors to invest into the scrip immediately.

34.4. Many hapless retail investors then fall prey to the breathless and false messages being spread, and rush in to buy the scrip. This sets up a period of frenzied activity in the scrip, which I refer to as “patch 2”, where persons and entities directly or indirectly connected with the VCs and NSs of patch 1, and with the MMD, sell their holdings at elevated prices effectively to unsuspecting small investors.

34.5. Finally, after much of the selling by the connected conspirators is completed, the frenzy meets its inevitable end, and in the absence of fundamentals, prices drop back sharply. At the end of all this, many retail investors are left holding the scrip often at a fraction of the peak price seen during patch 2.

34.6. When such a tell-tale pattern exists, the totality of evidence would overwhelmingly suggest that the connected persons (the VCs, the MMDs, the ICs, and the NSs) have put together a nefarious scheme to defraud hapless investors by fraudulently manipulating the stock.

35. This particular case meets the criteria of such a nefarious “pump-and-dump” scheme to the T. The volume and price movement in the scrip during the period (January 01, 2023 to March 01, 2023) is produced below:

Image no. 1



36. The chart given above is adjusted for split 10:1 (ex-date – June 10, 2022). For consistency and clarity, all volumes and scrip prices referred to hereafter are in post-split terms, unless explicitly stated otherwise. Based on the price and volume chart given above, it becomes evident that the instant case fulfils all the characteristics of a ‘pump and dump’ scheme.

- a. Pre-Examination period – During the pre-examination period (January 01, 2022 to April 26, 2022), the scrip’s average daily traded volume was 43,740 shares.
- b. Creation of Interest: In patch 1 of the Examination period (April 27, 2022 to July 14, 2022), a sudden surge in the interest was observed in the scrip, unexplained by any fundamental news about the scrip, marked by substantial increase in both trading volumes and scrip price. The closing price of the scrip surged by 360% (from INR 2.76 to over INR 12.68) and the daily average traded volume of the scrip escalated by 493% (from 43,740 shares to 2,59,561 shares) during this period. Notably, certain connected Noticees to the *Interim Order* accounted for 27.97% of the total traded volume in this patch i.e., accounting for 138% increase in

volume. The Management of Sadhna brought a stock split in the ratio of 10:1 in June 2022, which made it easier for the perpetrators to enhance liquidity and volume creation in the scrip. It can be said that the appearance of market interest, created by the Noticees to the *Interim Order* in patch 1, built the conditions for the subsequent dissemination of misleading messages.

- c. Spreading Misinformation: In patch 2 of the Examination period (July 15, 2022 to September 30, 2022), YouTube videos containing patently false and misleading information were disseminated by a person (MMD) directly or indirectly connected with the Noticee Net Sellers (includes promoters and KMP of Sadhna), Volume Creators and Information Carriers. These videos seemingly pumped the price and volume of the scrip, resulting in increased participation from retail investors. The stock split also furthered the perception of bargain prices for the scrip. The average daily traded volume of the scrip increased by 629% and the closing price of the scrip increased by 161% during this period, from around INR 12.68 to INR 33.15.
- d. Dumping of Shares: During the same period when false and misleading YouTube videos were being disseminated, certain large shareholders who were categorised as 'Net Sellers' (includes promoters and KMP of Sadhna) – who were also directly or indirectly connected to the earlier ICs/ VCs/ and MMD - dumped their entire holdings in Sadhna scrip on unsuspecting gullible investors at inflated prices. In total, all the connected Net Sellers collectively dumped 1,65,06,820 shares of Sadhna during this period.
- e. Aftermath: Post dumping of shares by the large shareholders, the scrip's price witnessed a decline, inevitably falling to INR 17.70 by end-September. Meanwhile, the number of small shareholders significantly increased from 2,167 as of June 30, 2022 to 55,343 by September 30, 2022. As noted in the *Interim Order*, additional videos were uploaded in the said YouTube Channels after the Examination period which appear to have increased the retail investors' participation and caused the

consequent increase in price and volume. Certain Noticee Net Sellers were observed to have exited the scrip or offloaded a significant portion of their holdings by December 2022. The above chart indicates a pronounced collapse in the price and volume of the scrip after December 2022. I understand that the trades subsequent to the said videos would be examined in detail as a part of the ongoing investigation.

37. Noticee nos. 11, 12, 13, 14, 15, 16, 17, 20 and 31 have made identical submissions in their written replies. Similarly, Noticee nos. 1, 2, 3 & 8 have made identical submissions. Noticee nos. 25 and 26 have submitted a combined reply and reference to their submissions have been made interchangeably. The submissions by all the Noticees have been examined in detail and the issues raised therein have been addressed in the following paragraphs.

37.1. **Documents not provided**

37.1.1. The Noticees have contended that they have not been provided with certain documents or that the documents provided were incomplete. The submissions of the Noticees regarding the same are dealt with in the following paragraphs.

37.1.2. **Examination Report** – Noticees nos. 11, 12, 13, 14, 16, 17, 20, 21 and 31 have submitted that they have not been provided with the Examination Report. The records show that Noticee nos. 11, 12 and 17 carried out inspection on March 29, 2023 in the matter and was shown all the documents in the matter which are in possession of SEBI, in original, if available, photocopies where original is not in possession of SEBI. The Record of Proceedings of Inspection specifically note that a copy of the Examination Report was provided to the said Noticees. Noticee nos. 13, 14, 16, 20, 21 and 31 were sent a copy of all the documents in the matter including the Examination Report in a Compact Disc (CD), as mentioned in Table no. 2, by way of SPAD. Therefore, I do not find any merit in this contention.

- 37.1.3. Inaccessible trade log – Noticee no. 8 has submitted that the trade log provided to him was inaccessible. In this regard, the records show that the trade log was once again provided to Noticee no. 8 vide email dated August 17, 2023.
- 37.1.4. Order log – Noticee nos. 1, 2, 3, 8, 12, 13, 14, 16, 17, 20, 21, 24, 25, 26 and 31 have submitted that they have not been provided with the Order log in the matter. In this regard, I note that neither the Examination Report nor the Interim Order makes any reference to an Order log and no allegation has been made based on Order log in the matter. I am also informed that Order log is not available on record and therefore, the question of furnishing Order log does not arise. I am mindful of the fact that the judgement of the Hon'ble Supreme Court in the case of T. Takano mandates disclosure of all relevant documents, however, the Noticees cannot seek documents which are not in possession of SEBI stating that they are relevant for the adjudication of the case.
- 37.1.5. Price-Volume data – Noticee nos. 12, 13, 14, 16, 17, 20, 21 and 31 have submitted that they have not been provided with price volume data for the relevant period. As noted earlier, the CD containing a copy of all the relevant documents were sent to all the aforesaid Noticees as mentioned in Table no. 2. Further, Noticee nos. 12 and 17 carried out inspection in the matter on March 29, 2023. Additionally, I note that Noticee nos. 12, 13, 14, 16, 20 and 31 have also made submissions based on price and volume during the Examination Period. In any case, the price volume data for the scrip of Sadhna is publicly available on the website of BSE.
- 37.1.6. KYC details with respect to the CDRs – Noticee nos. 1, 2, 3 and 8 have sought KYC documents in respect of CDRs mentioned in the Interim Order. I note that none of these Noticees have disputed the connections with other Noticees which was established through CDR. In fact, these Noticees have confirmed in their replies that they were in touch with the other Noticees as mentioned in the Interim Order. Therefore, this query can only be viewed as being roving in nature. The KYC documents

sought in respect of other Noticees with whom they had phone calls contain personal information of those Noticees.

37.1.7. Correspondence between Google LLC and SEBI – Noticee nos. 1, 2 and 3 have requested for a copy of emails/ letters sent to/ received from Google LLC in the instant matter. In this regard, I note that a copy of all the documents received from Google LLC have already been sent to the Noticees as mentioned in Table no. 2 read with paragraph no. 9.

37.1.8. Documents provided were incomplete – Noticee nos. 10 and 23 have submitted that the documents provided to them were incomplete. The records show that Noticee no. 10 carried out inspection in the matter on March 23, 2023 and was shown all the documents in the matter which are in possession of SEBI. Further, Noticee no. 23 was sent a copy of all the relevant documents in a CD as mentioned in Table no. 2. The said Noticees have made a claim that the documents were incomplete without specifying the deficiency in the documents provided or the documents which were not provided.

37.1.9. List of shareholders with share capital above and below 2 lakhs – Table 15 of the Interim Order provides a bifurcation of non-promoter shareholding with nominal share capital above and below INR 2 lakhs. Noticee nos. 24, 25 and 26 have contended that the list of shareholders with share capital above and below 2 lakhs have not been provided to them. Further, they have submitted that the shareholding pattern on the exchange's website only provides the list of shareholders with holding more than 1% of the shares. The data provided in Table 15 is based on the information disclosed by the company in its shareholding pattern to the Stock Exchange and the details sought by the Noticees is not separately available on record with SEBI.

37.1.10. Bank statements mentioned as Annexure – 10 of the Examination Report - Noticee nos. 24, 25 and 26 have submitted that the Bank account statements mentioned as Annexure – 10 has not been provided to them. I note that the Interim Order has not recorded any connection between the said Noticees and other Noticees based on Bank account statements. The

said Annexure contains the bank statements for financial transactions among Noticee nos. 1, 2, 3, 18, 21 & 22. These transactions do not relate to the aforesaid Noticees and therefore, the requested document is not relevant for adjudication of the charges levelled against them.

37.1.11. Data extracted from Data Warehousing and Business Intelligence System (DWBIS) relating to Sadhna - Noticee nos. 24, 25 and 26 have sought data extracted from DWBIS relating to Sadhna. I note that the Examination Report and its annexures already provided to the said Noticees contains trade log which was extracted from DWBIS. The Noticees have made a general submission and have not raised any specific contention.

37.1.12. Complete call records between Sunil Goel and Rakesh Kumar Gupta - Sunil Goel (Noticee no. 26) has sought complete call records between him and Rakesh Kumar Gupta. I note that the CDR of only Rakesh Kumar Gupta is available on record and the same has been used to establish Sunil Goel's connection with Rakesh Kumar Gupta. The said CDR has already been provided to the Noticee.

37.1.13. Documents in respect of Search conducted by SEBI – Noticee no. 10 has contended that documents in respect of formation of opinion for carrying out search at his residence have not been provided. The Search and Seizure operation carried out at the Noticee's residence is a part of the ongoing investigation in the case, independent of the instant proceedings. Therefore, the information sought is not a part of the present quasi-judicial proceedings.

37.1.14. In view of the above, I conclude that all the relevant documents have been provided to the Noticees and no prejudice can be said to have been caused to the Noticee's ability to make written and oral submissions.

## 37.2. **Ex-parte Order is in violation of principles of natural justice**

37.2.1. The Noticees have contended that the ex-parte Order is in violation of principles of natural justice and Article 21 of the Constitution of

India. Further, they have contended that the directions are disproportionate and not preventive or remedial. They have also contended that no plausible reason has been given to indicate the urgency for passing of Interim Order.

37.2.2. It is pertinent to note that Sections 11 and 11B of the SEBI Act empower SEBI to pass ex-parte interim orders in order to safeguard the interest of the investors and to maintain market integrity.

37.2.3. The dissemination of patently false and misleading YouTube videos, had led to a sharp increase in the number of small shareholders (i.e., from 2,167 to 55,343 shareholders) who ended up buying shares from the Noticees at inflated prices. It was also observed that as on February 20, 2023, both the YouTube Channels had published a video recommending the same stock. Considering the alleged illegal conduct of the Noticees in the extant matter, there was a high probability that they might employ the same *modus operandi* in other scrips as well.

37.2.4. As recorded in the *Interim Order*, certain Noticees to the *Interim Order* (specifically, Noticee Nos. 1,4,5,6,7,10,11,23 and 31) were found to be involved in a similar “pump-and-dump” *modus operandi*, involving interest creation, followed by false and misleading videos being published, and subsequently followed by huge offloading of shares by large shareholders in at least one other scrip i.e., Sharpline Broadcast Limited. Persons associated with securities market (Noticee nos. 4, 10 and 23) and Promoter/ Director of Sadhna (Noticee nos. 11 and 31) were *prima facie* found to have been repeatedly involved in similar pump and dump scheme in at least one other scrip. The potential threat posed by these Noticees could have severely compromised the integrity of the securities market had they not been restrained from the securities market through the *Interim Order*.

37.2.5. Furthermore, considering the probability that the Noticees may divert the unlawful gains before investigation concluded and directions for disgorgement, if any, were passed, impounding directions were issued vide the *Interim Order*. Consequently, I find that the available evidence



supported the *prima facie* case against the Noticees. As noted above, the balance of convenience favoured passing orders against the Noticees, as failure to do so would have caused irreparable damage to the integrity of the securities market.

**37.3. Difference between the Examination report and the *Interim Order***

37.3.1. Noticee nos. 1, 2, 3 and 8 have submitted that the Examination Report has no findings that they were involved in volume creation whereas the ex-parte Order has such findings recorded against them.

37.3.2. In this regard, I note that the Examination Report did not look into the role of Noticee nos. 1, 2 and 3 as Volume Creators and instead focused on their role as Misleading Message Disseminators or profit makers. This deficiency was taken note of while passing the Interim Order and accordingly, the role of the Noticees and the rationale for illegal profit calculation in respect of the said Noticees have been explained in the Interim Order. As regards the Noticee no. 8, I note that the Examination Report had already categorised him as a volume creator. Therefore, there is no merit in his submission.

**37.4. Connections among Noticees**

37.4.1. The Noticee NSs, VCs and ICs have contended that they do not have any connection with the stock recommendation in the scrip.

37.4.2. The Noticees have submitted that the CDRs evidencing phone calls between them were in respect of client-dealer/ broker relationship or in respect of business purposes or due to familial relationships and the financial transactions were part of loans provided to each other. Therefore, I note that the *inter-se* connections amongst the Noticees as brought out in the *Interim Order* have not been disputed. The trades executed by the Noticees to this Order have also not been disputed. The Noticees have also submitted that in certain cases the phone calls do not coincide with

their trades in the scrip of Sadhna. It is pertinent to note that object of the reliance on CDRs was not necessarily to show the proximity of the time of the call that may or may not exist. However, the prime objective for reliance on CDR is to demonstrate the existence of close connection between the Noticees.

37.4.3. Noticee no. 10 (Subhash Agarwal) and Noticee no. 23 (Bhim Singh Chaudhary) have submitted that there is no finding regarding their connection with the company or managerial personnel. The Interim Order records that they were the directors of RTA of Sadhna – Skyline Financial Services Private Limited, during the relevant period. It is inconceivable that the RTA could not have had any connection or interaction with the Noticees who were promoters and / or directors of the company – Sadhna Broadcast Limited. Further, Noticee no. 10 has submitted that he has no connection with the owners of the YouTube Channels. In this regard, I note that the said Noticee is directly connected with MMD (Noticee no. 1) through CDR. Therefore, I do not find any merit in this submission.

37.4.4. As regards the connections established, Noticees nos. 11, 12, 13, 14, 15, 16, 20 and 31 have relied on the judgement of the Hon'ble SAT in the matter of *Baldevsinh Vijaysinh Zala vs SEBI* (appeal no. 219 of 2019) decided on August 12, 2021 and submitted that the if 'A' is connected to 'B' and 'B' is connected to 'C' and 'C' is connected to 'D', it does not mean that 'A' is connected to 'D'. On perusal of the said judgement, first of all I note that the said decision was in connection with an appeal against a final order passed by SEBI. Here, on the other hand, what needs to be seen is whether a *prima facie* case has been made out on the basis of available facts and circumstances. Further, I note that in the aforesaid Baldevsinh case, the Hon'ble SAT did not agree with SEBI's conclusions regarding connection between Noticees on the basis of the trading pattern as well. On the other hand, in the instant case, the timing and nature of the trades executed by the Noticees *prima facie* suggest that it was a part of a fraudulent scheme which eventually benefitted the Noticees. Noticee nos. 11, 12, 13, 14, 15, 16, 17 and 20, who are promoters / promoter group

related entities of Sadhna, were *prima facie* found to be connected with the Misleading Message Disseminator through one of the Information Carriers namely, Noticee no. 10 (director of RTA of Sadhna). In this context, it is pertinent to note that the Information Carriers - Noticee no. 17 was the father of two of the promoters of Sadhna and father-in-law of one of the promoters. Noticee no. 17 has submitted that his phone calls with Noticee no. 10 were normal calls pertaining to routine company matters. This is a rather curious and suspicious submission since Noticee no. 17 was not an official/director of the company and therefore legally had no responsibility with respect to the company's routine functions. Yet the action of Noticee no. 17, as admitted by him and other Noticees, confirms that he was in close connection with officials/ employees and business affairs of Sadhna. All of the above are indicative of his active involvement in the affairs of Sadhna.

37.4.5. Rakesh Kumar Gupta (Noticee no. 17), Gaurav Gupta (Noticee no. 11), Shreya Gupta (Noticee no. 12) and Saurabh Gupta (Noticee no. 15) are family members. The said Noticees excluding Noticee no. 17 along with Varun Media Private Limited (Noticee no. 14) form a part of the promoter group of Sadhna. Sadhna Bio Oils Private Limited (Noticee no. 16) and Virtual Business Solution Private Limited (Noticee no. 20) also appear to be group companies of Sadhna. Manish Mishra (Noticee no. 1) and Dipak Dwiwedi (Noticee no. 3) had a direct financial relationship with Jatin Manubhai Shah (Noticee no. 4), who was also seen to be a very high volume creator in both the patches of the examination period. While Manish Mishra (Noticee no. 1) and Dipak Dwiwedi (Noticee no. 3) have argued that their relationship with Jatin Manubhai Shah (Noticee no. 4) was solely that of a dealer-client, the fund transfers between the said Noticees suggests a much closer relationship. A similar inference can be drawn from Purav Patel's admitted loan to Anshu Mishra (Noticee no. 2/ Wife of Manish Mishra) and fund transfers between Angad Rathod (Noticee no. 7) and Anshu Mishra (Noticee no. 2). In addition to the

connections mentioned in the Interim Order, the following connections have been noted from the Noticees' submissions.

37.4.5.1. Rakesh Kumar Gupta (Noticee no. 17) and Sunil Goel (Noticee no. 26) are members of the same social club in Delhi for eight years.

37.4.5.2. Dipak Dwiwedi (Noticee no. 3) is the cousin of Manish Mishra (Noticee no. 1).

37.4.5.3. Purav Bharatbhai Patel (Noticee no. 8) had fund transfers with Anshu Mishra (Noticee no.2/ wife of Manish Mishra).

37.4.5.4. Purav Bharatbhai Patel (Noticee no. 8) and Manish Mishra (Noticee no. 1) were employed with the same Stock Broker in the past.

37.4.5.5. Anshu Mishra (Noticee no. 2/ wife of Manish Mishra) had direct financial relationship with Jatin Manubhai Shah (Noticee no. 4), as per his submission.

37.4.6. Saurabh Gupta (Noticee no. 15), Paras Shah (Noticee no. 21) and Gaurav Gupta (Noticee no. 11) & Arpan Gupta (Noticee no. 31) were the authorised signatories for Varun Media Private Limited (Noticee no. 14), Virtual Business Solution Pvt. Ltd. (Noticee no. 20) and Sadhna Bio Oils Pvt. Ltd. (Noticee no. 16) respectively. Although a company is a separate legal entity, its actions are the results of the decision-making entity i.e., the authorized signatory in the instant case.

37.4.7. Yogesh Kumar Gupta (Noticee no. 24) has submitted that there is no CDR with his daughter-in-law (Noticee no. 13) during the examination period and that they do not share their residences. In this regard, I note that Noticee no. 24 has admitted that a significant portion of the sale proceeds (around 40%) were transferred to his son and daughter-in-law. Therefore, the absence of CDR between father-in-law and daughter-in-law during the examination period or not sharing their residences becomes irrelevant.

37.4.8. Sunil Goel (Noticee no. 26) admitted his connection with Rakesh Kumar Gupta (Noticee no. 17) and has submitted that Rakesh Kumar Gupta (Noticee no. 17) is not a promoter or a KMP of Sadhna. While I agree with said submission, Rakesh Kumar Gupta (father of Gaurav

Gupta, one of the promoters of Sadhna) in his own submission has stated that his phone calls with Subhash Agarwal was regarding company matters. Therefore, it cannot be said that Rakesh Kumar Gupta (Noticee no. 17) does not have any connection with Sadhna. Moreover, by being the father of Gaurav Gupta (one of the promoters of Sadhna), he is a part of the promoter group as defined in Regulation 2 (1) (pp) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Further, during the course of the hearing and in his written submission, Sunil Goel (Noticee no. 26) has categorically stated he had never discussed about the scrip of Sadhna with Rakesh Kumar Gupta (Noticee no. 17). I find it very difficult to believe that Noticee no. 26, who had significant holdings in Sadhna, regularly met Noticee no. 17 (*who was a part of the promoter of group of Sadhna and was closely connected with the affairs of Sadhna*), but never discussed about Sadhna.

37.4.9. I note that Arpan Gupta (Noticee no. 31) has made certain submissions in respect of his trades in the scrip of Sadhna, however, as per the Interim Order, he was made jointly and severally liable for the unlawful gains made by Sadhna Bio Oils Pvt. Ltd. (Noticee no. 16) for which he was one of the directors and one of the authorised signatories. Further, he was made jointly and severally liable for the total unlawful gains made by all the Noticees considering his role as a Net Seller in the scrip of Sharpline Broadcast Limited also.

37.4.10. A letter dated September 15, 2023 was received via email, from Shri Pradeep Kumar Ray, claiming to be the Interim Resolution Professional appointed pursuant to admission of insolvency application vide order of NCLT of Allahabad Bench on July 14, 2023. Placing reliance on section 14 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") which imposes a moratorium on initiation and continuation of pending suits or proceedings against the corporate debtor, the IRP contended that no authority can withhold the assets of the company and that therefore, the specified bank account must be defreezed. I have perused the copy of the

aforesaid NCLT order as well, which was enclosed in the said email of September 15, 2023.

37.4.11. On perusal of section 14 of the IBC, I note that the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgement, decree or order in any court of law, tribunal, arbitration panel or other authority as well as transferring, encumbering, alienating or disposing off by the corporation debtor any of its assets or any legal right or beneficial interest therein or any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property are prohibited from the date of declaration of moratorium. In the instant case, the Interim Order which *inter alia* directed impounding of *prima facie* illegal gains made by Noticee no. 14 was passed on March 02, 2023 whereas the moratorium in terms of section 14 of the IBC took effect from July 14, 2023 i.e., much after the impounding order. The direction of impounding predates the moratorium, and consequently, there could not have been any embargo on such impounding. In this regard, I place reliance on the order of the Hon'ble National Company Law Appellate Tribunal ("**NCLAT**") in *Regional P.F. Commissioner vs. T.V. Balasubramanian (RP) (Sholingur Textiles Ltd.) & Anr* (Company Appeal (AT) (Insolvency) No. 1521 of 2019, decided on June 08, 2020) with respect to attachment of the property of Corporate Debtor by EPFO before the initiation of CIRP but encumbrance certificate was issued during moratorium. The Hon'ble NCLAT held as follows:

*"11. The Learned Adjudicating Authority has allowed the application of the Resolution Professional on the pretext that during Moratorium, no encumbrance or charge can be created over the property, by any authority including the Respondent, except in accordance with the provision of IBC 2016 even for the dues which are payable by the Corporate Debtor.*

*12. The Adjudicating Authority has further observed that the provision of Section 238 of the IBC shall have effect not withstanding anything in consistent therewith contained in any other law for the time being in force. In the circumstances, the Adjudicating Authority allowed the M.A. and*

*passed the impugned Order that encumbrance, which had been created by way of attachment, registered by the Respondent stands cancelled.*

*13.....Thus, it is undisputed that the attachment of immovable property of the Corporate Debtor was made by the Recovery Officer EPFO Organization on 04<sup>th</sup> August 2017 much before the petition under Section 7 of the Code.*

*.....*

*17. It is thus clear that the Adjudicating Authority failed to take notice that attachment of the property of the corporate debtor was made much before the initiation of CIRP, but it was only recorded in the register during CIRP. It is on record that the impugned order is passed without considering the objection of the Recovery Officer, EPFO, though the objection by EPFO was already filed in the Registry of NCLT. In the circumstances, we are of the considered opinion that the Appeal deserves to be allowed.”*

37.4.12. Further, the Hon'ble NCLAT in *Directorate of Economic Offences vs. Binay Kumar Singhania & Ors.* (CA(AT)(Ins) 935 of 2020 decided on May 04, 2021) held that the moratorium was declared after the properties were attached by the Directorate of Economic Offences, Government of West Bengal and therefore, section 14 of IBC did not have an overriding effect.

37.4.13. This Order does not impose any fresh obligation on the Noticee. It is merely a post-decisional order passed after hearing the Noticees. Consequently, based on the aforesaid order of the Hon'ble NCLAT, there appears to be no bar on SEBI in continuation of the impounding order.

37.4.14. As stated at paragraph 37.4.6, Saurabh Gupta (Noticee no. 15, who is a member of the promoter group) was *prima facie* found liable for the trades carried out by Varun Media Pvt. Ltd. (Noticee no. 14, which is a promoter) since his name was recorded in the KYC documents as the authorised signatory. Saurabh Gupta (Noticee no. 15) has stated that he had gifted his shares in Sadhna to his brother, Gaurav Gupta (Noticee no. 11) in 2018 but the actual transfer was done in July 2022. Further, he has stated that he was not involved in the management or affairs of Sadhna.

However, I note that Saurabh Gupta (Noticee no. 15) was not only classified as one of the promoters during the relevant period but he had also voted in favour of the stock split. Therefore, his submission is evidently incorrect.

37.4.15. Saurabh Gupta (Noticee no. 15) has also submitted that he had resigned from the Board of Varun Media Pvt. Ltd. (Noticee no. 14) before permanently shifting to Dubai in 2018 and the said company failed to change his status as the authorised signatory. Further, he stated that he had given his email credentials to the company and the company used his email id to place the trades but he was never involved in any affairs of the company. Although Noticee no. 15 has submitted that he had permanently shifted abroad, the same does not necessarily prevent the said Noticee from functioning on behalf of Varun Media Private Limited. I also note that Varun Media Pvt. Ltd. vide its letter dated September 12, 2023 has submitted that the orders for sale during the examination period was placed by Arpan Gupta (Noticee no. 31) using the email id of Saurabh Gupta. However, the said letter was submitted by the Board of the company after the initiation of moratorium on July 14, 2023. As per the Section 17 of the IBC, from the date of admission of application and the appointment of Interim Resolution Professional, the management of the affairs of the Corporate Debtor shall vest in the Interim Resolution Professional. Section 17 (1)(b) of IBC states that with such appointment, the powers of the Board of Directors of the Corporate Debtor are to stand suspended. Section 17 of IBC further declares that the powers of the Board of Directors or partners are to be exercised by the Interim Resolution Professional. Accordingly, the letter submitted by the Board after initiation of CIRP cannot be regarded as valid for the present proceedings. In view of the above paragraph, I do not find adequate reasons / justifications to exclude Saurabh Gupta (Noticee no. 15) from the *prima facie* liability for Varun Media Pvt. Ltd.'s (Noticee no. 14) trades which were *prima facie* manipulative and fraudulent.



37.4.16. Noticee no. 21 (Paras Shah) has contended that his role as a director of Virtual Business Solution Private Limited (Noticee no. 20) was limited and that he was not involved in the day-to-day management and affairs of the company. Although the Noticee was a director of Virtual Business Solution Private Limited, he has made a bland assertion that he was not involved in the management of the company, without any supporting documents. I note that the Noticee was not only a director, who forms a part of the Board in charge of the affairs of the company, but also the authorised signatory for the demat account of Virtual Business Solution Private Limited that was used to execute the trades that formed a part of this fraudulent scheme.

37.4.17. Virtual Business Solution Private Limited (Noticee no. 20) has contended that Noticee no. 21 (Paras Shah) was the only authorised signatory to execute the instructions given by the Board of directors of the company and that he cannot be held responsible for the trades carried out by the company. However, the company has failed to provide the details of person responsible for the trades executed by it. I note that Noticee no. 21 (Paras Shah) was one of the two directors of Virtual Business Solution Private Limited (Noticee no. 20) during the relevant period. Considering that Noticee no. 21 (Paras Shah) was also a director of Virtual Business Solution Private Limited (Noticee no. 20) during the relevant period, in addition to being the authorised signatory, the submission of the company is unacceptable, in the absence of any details from the company.

37.4.18. Further, I note that Sharpline Broadcast Limited is a “Company under common control” as per the disclosures made by Sadhna Broadcast Limited on the BSE website. Similarly, connections of the Noticees and their role in the case of Sadhna as well as their connections with the case of Sharpline Broadcast Limited (in which a fraudulent scheme using similar *modus operandi* was executed which was elaborated in SEBI Order no. WTM/AN/ISD/ISD-SEC-1/24334/2022-23), are given in the table below.

**Table no. 4**

<b>Noticee Name</b>	<b>Connection with Sadhna Broadcast Limited</b>	<b>Connection with Sharpline Broadcast Limited</b>
Garuv Gupta (Noticee no. 11)	Promoter of Sadhna/ Net Seller	Net Seller
Arpan Gupta (Noticee no. 31)	Director of Sadhna, Director and authorised signatory of Net Seller - Sadhna Bio Oils Pvt. Ltd.,	Net Seller
Sulabh Dikshit (Noticee no. 22)	Net Seller/ Employee in Sadhna	Director of Sharpline
Paras Shah (Noticee no. 21)	Director of Promoter company of Sadhna/ Net Seller – Virtual Business Solutions Pvt. Ltd.	Past director of Sharpline
Varun Media Private Limited (Noticee no. 14)	Promoter of Sadhna / Net Seller	Company under common control (as per disclosure by Sharpline on BSE website)
Virtual Business Solution Pvt. Ltd. (Noticee no. 20)	Promoter of Sadhna / Net Seller	
Subhash Agarwal (Noticee no. 10)	Director of RTA of Sadhna	Director of RTA of Sharpline / Net Seller
Bhim Singh Chaudhary (Noticee no. 23)	Director of RTA of Sadhna / Net Seller	Director of RTA of Sharpline / Net Seller

### 37.5. **Submission in respect of misleading YouTube videos**

YouTube channels “The Advisor” and “Moneywise” do not belong to the Noticee

37.5.1. Noticee no.1 was alleged to have been the Misleading Message Disseminator based on the details of the YouTube Channels provided by Google LLC. Noticee no. 1 has submitted that he was engaged by one ‘Abhay Singh’ to promote the videos relating to Sadhna on YouTube. Further, he has stated that he did not create the YouTube channels and the emails ids pertaining to the said channels do not belong to him. The login credentials for the YouTube Channels namely, “The Advisor” and “Moneywise” and the videos regarding Sadhna were provided to him by ‘Abhay Singh’. Noticee no. 1 has also submitted that the mobile numbers 982xxxx964 and 812xxxx480 does not belong to him. Further, he has submitted that his email id aaxxximxxa@gmail.com and mobile no. 886xxxx117 were recorded as a backup email and mobile number for both the YouTube channels, The Advisor and Moneywise after the Noticee was provided with the credentials by ‘Abhay Singh’. I note that the Interim Order *inter alia* records two email ids and two mobile numbers in respect of each YouTube Channel as given in the Table below.

**Table no. 5**

<b>S. No.</b>	<b>Channel Name</b>	<b>Email</b>	<b>Mobile No.</b>
1	The Advisor	theadvisxxxxxocks@gmail.com	982xxxx964
		aaxxximxxa@gmail.com	886xxxx117
2	Moneywise	monxxxxxxxxxstocks@gmail.com	812xxxx480
		aaxxximxxa@gmail.com	886xxxx117

37.5.2. In this regard, Noticee no. 1 has contended that the email ids i.e., theadvisxxxxxocks@gmail.com pertaining to the Channel – “The Advisor” and monxxxxxxxxxstocks@gmail.com pertaining to the Channel –

“Moneywise” and the mobile numbers i.e., 982xxxx964 pertaining to the Channel – “The Advisor “ and 812xxxx480 pertaining to the Channel – “Moneywise” do not belong to him. However, I note that as per the information provided by Google LLC, even the name and date of birth mentioned in the said Gmail accounts matches with his demat account KYC records thereby suggesting that the Gmail accounts pertain to him. The documents received from Google LLC in respect of the same were provided to the Noticee during the inspection of documents but no submissions have been made regarding the same. While I agree with the submission that the mobile numbers - 982xxxx964 and 812xxxx480 do not belong to him, the mobile number which was used to access both the said google accounts i.e., 886xxxx117 is registered in the name of Noticee no. 1. Noticee no. 1 has also failed to provide any document evidencing any agreement between him and ‘Abhay Singh’. No details regarding ‘Abhay Singh’ have been provided, and so the said submission is implausible. In view of the above, I do not find any merit in this submission.

#### Payment for promotion of videos

37.5.3. Noticee no. 1 has stated that payments to Google Ads were made from wallets linked to the email ids. Further, he has stated that he did not make any payments to the said wallets and that instead, the payments were done by ‘Abhay Singh’. As discussed in the previous paragraph, the Noticee has not submitted any document or information to even verify the existence of this person named ‘Abhay Singh’. No documents evidencing the payment made by ‘Abhay Singh’ have been provided. I also note that in the matter of Sharpline Broadcast Limited, the Noticee claimed that ‘Abhay Singh’ engaged him to promote the videos relating to Sharpline on YouTube and that Noticee no. 1 paid over INR 4 crore to promote those YouTube videos as per his agreement with ‘Abhay Singh’. Further, he stated that ‘Abhay Singh’ did not reimburse the cost incurred by the Noticee. Thereafter, the Noticee was engaged in promotion of videos

regarding Sadhna Broadcast Limited by 'Abhay Singh' and the Noticee was supposed to earn from YouTube revenue resulting from the promotion of those videos as compensation for promotion of videos related to Sharpline. The Noticee has also not provided any proof to show that he had actually received any compensation from the Ad Revenue of videos related to Sadhna Broadcast Limited. I find the submission that 'Abhay Singh' paid for the promotion of videos on Sadhna to be incredulous. It is illogical to assume that the Noticee magnanimously spent over INR 4 crore for someone whose identity the Noticee is not able to establish and that too without even a formal agreement or record of prior financial arrangement. Noticee no. 1 has failed to disclose these essential details in the present proceedings. In the absence of any evidence suggesting the contrary, I am inclined to conclude that the payment for the promotion of the videos related to Sadhna was in fact done by Noticee no. 1.

No reason to doubt the content of the videos

37.5.4. Noticee no. 1 has submitted that he had no reason to believe that the videos uploaded contained factual errors. Noticee no. 1 has also stated that he holds an MBA in Human Resources and PhD in psychology. More importantly, he is a trader and he was invited to be on discussion panels of various television channels on securities market. Noticee no. 8 has stated that Noticee no. 1 used to be employed with the Stock Broker - Tipsons group. In my view, Noticee no. 1 cannot be said to be an ordinary investor or ignorant of the securities market. Spreading misinformation to pump up the price is a part of classic tell-tale of a 'Pump and Dump' scheme and I find it difficult to believe that a person who was associated with regulated entities in securities market had no reason to believe that the information in the videos were untrue, given the absurd nature of the information in the videos (including the assertions that the scrip of price of Sadhna would reach INR 340 in one year from the market price of INR 19

at that time) and the crores of rupees he employed to promote those videos.

**37.6. No artificial volume created:**

37.6.1. Noticee nos. 1, 2, 3 and 8 have denied that they had created any artificial volume in the scrip. They have submitted that their volume contribution to the total market volume during the examination period was miniscule. Further, the orders were placed at the prevailing market prices on the anonymous platform of the stock exchange.

37.6.2. Between April 2022 and mid-July 2022, there was a sharp surge in both the price and volume of the scrip, characteristic of the tell-tale “patch 1” of the pump-and-dump scheme. Given the absence of any corporate announcements or significant financial developments related to Sadhna, the inexplicable escalation in the scrip’s volume during this period, followed by the dissemination of tell-tale misleading messages in patch 2, leads to the *prima facie* inference that the sudden activity during patch 1 was artificial and not driven by genuine interest in the scrip. This conclusion is corroborated by the observation that identified connected Noticees contributed to an unusually large percentage of the total traded volume during this patch 1.

37.6.3. As brought out in paragraph 16 of the *Interim* Order, all the Noticee Volume Creators in the instant Order along with other connected Noticees to the Interim Order contributed at least 27.97% to the total market volume of the scrip between April 2022 and mid-July 2022, i.e., during patch 1 of the Examination period.

37.6.4. Even when the number of unique buyers increased from 2,319 to 77,293 (i.e., an increase of 3,233%) in patch 2, Noticee nos. 1, 2, 3 and 8 contributed a significantly large portion of the total market volume i.e., 13.11%.

37.6.5. Noticee nos. 1, 2, 3 and 8 repeatedly bought and sold shares of Sadhna before and after the videos were uploaded in YouTube during

patch 1 and patch 2 of the Examination Period. The said Noticees have submitted that their trades were not significant enough to create volumes or impact the price of the scrip. Although the Noticee's quantity of trades may individually appear insignificant, together with other connected Noticees, they contributed 20.65% of the total traded volume in patch 2 despite the number of unique buyers increasing from 2,167 to 55,343. Noticee nos. 1 and 2 have also submitted that it is not unusual for trading volumes and price of a scrip to increase after videos relating to them are promoted on social media and does not per se indicate any manipulation. In this regard, I note that Noticee no. 1 has not only traded in the scrip of Sadhna repeatedly from his trading account but also has traded in his wife's (Noticee no. 2) account and as per the submissions of Noticee Nos. 3 and 8, had recommended/ advised Noticee nos. 3 and 8 to trade in the scrip of Sadhna. Further, Noticee nos. 2 and 3 have made profit in patch 2 of the Examination Period by taking advantage of the unsuspecting retail investors entering the scrip of Sadhna possibly induced by the misleading YouTube videos. Noticee no. 2 has submitted that the trades in her account were executed by her husband, Noticee no. 1, however, the same does absolve her from her negligence to act in a prudent manner which allowed using of her trading account to execute trades which formed a part of this fraudulent scheme. While Noticee no. 1 has contended that he was trading in the scrip of Sadhna even before the videos were published, I note that he had contributed 2.74% of the total volume in patch 1 of the Examination Period and Jatin Manubhai Shah, who was directly connected with Noticee no. 1 through CDR and fund transfers, contributed 7.72% of the total volume in patch 1, which involves trades matching with other Noticees to the Interim Order. The said creation of interest in the scrip appears to have aided the misleading YouTube videos which were published by Noticee no. 1 subsequently.

37.6.6. As regards the submission of Noticee nos. 1 and 8 that they have incurred losses made in support of their claim that they were not a part of the fraudulent scheme, I note that the connection between these Noticees

have been reinforced based on their own submissions. In a fraudulent scheme of this nature, it is not necessary that everyone involved in the scheme to make profit at inflated prices. Whether a person made profit or not is not the sole determinant of culpability in a fraudulent scheme and loss made by these Noticees does not change their role as volume creators in the instant matter. In any case, both the Noticees consistently booked profits on most of the trading days.

37.6.7. Noticee no. 23 (Bhim Singh Chaudhary) has submitted that he was not involved in the creation of artificial volume in the scrip of Sadhna. The Interim Order records that in patch 1 of the Examination Period, Noticee no. 23 sold significant quantity of shares to Jatin Manubhai Shah (the highest volume creator in patch 1), Manish Mishra (Noticee no. 1), Karavan Tradelink OPC Private Limited (Noticee no. 9) and Heli Jatin Shah (Noticee no. 5), providing liquidity to an otherwise low volume scrip. After the impugned YouTube videos were uploaded, the price, volume and number of entities who traded in the scrip of Sadhna increased multifold and certain Noticees (including Noticee no. 23) were observed to have offloaded majority of their holdings. Therefore, the submission that no artificial volume was created is devoid of any merit.

### 37.7. **Submissions made by Net Sellers**

37.7.1. Noticee no. 19 (Kundan Singh Bisht) has stated that he purchased the shares of Sadhna in 2015 by availing a loan from his employer at that time i.e., Sharp Eye Advertising (a group company of Sadhna). The Noticee has submitted a copy of his bank account statement evidencing the said transaction. Thereafter, he had a falling out with Sharp Eye Advertising due to non-payment of the said loan. The Noticee has submitted a copy of the demand notice received from Sharp Eye Advertising dated April 23, 2022. The Noticee has stated that he had spoken with Sulabh Dikshit, who was an employee in Sadhna group, on August 17, 2022 regarding settlement of the said loan and that he issued



cheques for INR 25 lakh dated August 18, 2022 to Sharp Eye Advertising. The Noticee has submitted a copy of his Bank account statement showing debit transactions amounting to INR 25 lakh. The Noticee has also submitted a copy of an email dated August 18, 2022 from Sharp Eye Advertising agreeing to the settlement amount of INR 25 lakh. On perusal of the said documents, I find that the Noticee has adequately demonstrated that he is not associated with Sadhna or its related entities due to prior disputes. Consequently, I find that the *prima facie* conclusion in the Interim Order in the context of Noticee no. 19 need to be revisited based on these new facts that were not known to SEBI at the time of passing the *Interim Order* and his sale proceeds cannot be considered as unlawful gains.

37.7.2. Noticee no. 18 (Madhu Render Singh) and 22 (Sulabh Dikshit) have neither submitted any reply nor appeared for the personal hearing granted. From the submission of the other Noticees, I understand that they are employees of Sadhna and are seen to be closely associated with based on CDR, fund transfer and past directorship in a group company. I also note that the said Noticees completely offloaded their entire holdings in patch 2 of the Examination Period.

37.7.3. Noticee nos. 11, 12, 14, 16 and 20 have submitted that they have made all applicable disclosures to the stock exchanges. In this regard, I note that the allegation against the said Noticees is violation of PFUTP Regulations and not the failure to make disclosures. Therefore, the said submission has no relevance to the instant proceedings.

37.7.4. Noticee nos. 11, 12, 13, 14, 15 and 20, who were the promoters of Sadhna during relevant period, have claimed that the company had earlier also filed a complaint with the police on May 06, 2022 with respect to misleading messages spread through WhatsApp. From the website of BSE, I note that the board of the company (Noticee no. 13 was the Promoter and CEO) had approved stock split in the ratio 10:1 on May 04, 2022 before filing the complaint with the police. Further, I note that the company did not make any disclosure with the Exchange regarding filing of complaint. Thereafter, as mentioned in the Interim Order, the stock split

was approved by the promoters in the EGM conducted on May 31, 2022 and the ex-date for the stock split was June 10, 2022. During this period (patch 1), the daily average traded volume of the scrip increased by 493% and certain connected Noticees contributed 27.97% of the total traded volume. Pursuant to the stock split, fuelled by the misleading YouTube videos, the daily average traded volume increased by 629% in patch 2 of the examination period. The stock split brought by the company has enabled further volume creation by connected Noticees and an appearance of increased activity and cheaper stock price. This had eventually enabled the Promoters/ large shareholders of Sadhna to exit the scrip at inflated prices. Therefore, I find that the circumstances in which the company has carried out the stock split does not inspire confidence in Noticee's submission that their sale was an innocent attempt to make profit by taking advantage of price rise.

37.7.5. Noticee nos. 11, 12 and 14 have stated that the company had filed a complaint with the police authorities in Delhi regarding the misleading YouTube videos. Further, they have stated that the fact they sold their shares after BSE had sought clarification from the company regarding the misleading videos shows that they were not involved with Manish Mishra. I note that the astronomical rise in the price and volume of the scrip is not supported by any change in fundamentals of the company. The said Noticees have admitted that they had knowledge about the misleading videos being circulated regarding the scrip of Sadhna. These Noticees, who are also the promoters of Sadhna, sold significant portion of their holdings after the videos were published. The details of their holdings before and after publishing of videos is provided in the Table given below.

**Table no. 6**

<b>S. No.</b>	<b>Noticee name</b>	<b>Holding as on March 31, 2022 (adjusted for split 10:1)</b>	<b>Holding as on December 31, 2022</b>	<b>Reduction in holding (%)</b>
1.	Gaurav Gupta (Noticee no. 11)	1,16,54,860	19,78,681	86.1
2.	Shreya Gupta (Noticee no. 12)	21,75,370	0	100
3.	Varun Media Pvt. Ltd. (Noticee no. 14)	20,00,580	14,95,580	25.24

37.7.6. The normal assumption is that the promoters of a company would continue to hold their shares. Consequently, the substantial reduction in the shareholding of the promoters in a short span of time can only be viewed as an aberration. In this context, the connections become relevant to determine whether the motivation to sell their shares was solely based on an unconnected price rise or a part of a fraudulent scheme. Therefore, the connection of these Noticees with the Misleading Message Disseminator through Subhash Agarwal (director of RTA of Sadhna) is vital. All these circumstances have contributed to the *prima facie* conclusion that the sale made by the aforesaid Noticees were not an innocent attempt to make profit out of the irrational price rise. The *prima facie* view is that it was a fulfilment of the fraudulent device they were party to. The same argument would squarely apply in the case of Noticee nos. 23, 25 and 26. Noticee nos. 25 and 26, who were categorised as Net Sellers, were connected with Noticee no. 17 (Rakesh Kumar Gupta). Noticee no. 23 (Bhim Singh Chaudhary), who was also categorised as a Net Seller, was the director of RTA of Sadhna and was connected with Noticee no. 10 (Subhash Agarwal).

37.7.7. Noticee nos. 11, 12 and 14 have submitted that the decision taken by the management of Sadhna to split the shares in the ratio of 10:1 was a bona fide decision. As recorded in the Interim Order, Gaurav Gupta (Noticee no. 11), Shreya Gupta (Noticee no. 12), Saurabh Gupta (Noticee no. 15), Pooja Aggarwal (Noticee no. 13) and Arpan Gupta (Noticee no. 31) participated in the EGM and voted in favour of the share split. The corporate action of splitting the shares appears to have aided in increasing interest which was followed by the publishing of the misleading YouTube videos. The said Noticees are also the beneficiaries of the proceeds from the fraudulent scheme. In light of these circumstances, I find that the stock split was also a part of the fraudulent scheme which enriched the said Noticees.

37.7.8. Noticees nos. 11, 12, 13, 14, 16 and 20 have contended that para 17.12 of the order alleges that the number of shareholders increased because of their sales. Further, they have submitted that they had already sold a significant part of their holdings and if the number of small shareholders increased post their selling, then they are not in default. The aforesaid contention is not tenable. The crux of the allegation in the interim order is that certain Noticees made unlawful gains by offloading their holdings on unsuspecting retail investors entering the scrip possibly induced by the misleading YouTube videos and the artificial volumes created. The interim order has recorded that the number of small shareholders (*i.e. those holding nominal share capital up to two lakh rupees*) increased from 2167 to 55,343 between June 30 and September 30, 2022. Sans the large scale offloading during the same period by some of the Noticees (*including by those who were part of the promoter group*), it would not have been possible for such a dramatic increase in retail holding.

37.7.9. Noticee no. 24 (Yogesh Kumar Gupta) has submitted that he had gradually sold his shares over a period of time. I note that Noticee no. 24 purchased 11,00,000 shares (split adjusted) in 2018 and sold around 87% of the said shares a few days after the videos were published and had

completely exited the scrip by July 20, 2023. Further, Noticee no. 24 has contended that there is no link between his familial relationship and his trading activities. As per the Noticee's submission, he paid INR 10,50,000 (around 73% of his net annual income for the financial year 2018-19 as per ITR) to acquire the shares of Sadhna (a company in which his daughter-in-law is the CEO/ Promoter) in 2018 from Ishwar Media Pvt. Ltd., a company in which his daughter-in-law (Noticee no. 13) was a director during the relevant period as per MCA records. Considering that a significant part of the sale proceeds (around 40%) was transferred to his son and daughter-in-law (Pooja Aggarwal), the Noticee's argument that his dealing in Sadhna is not related to his daughter-in-law, is not tenable. Noticee nos. 11, 12, 14, 15, 16, 20, 24, 25 and 26 have also contended that an order for disgorgement can be directed to be deposited once adjudicated and quantified and sufficient evidence justifies the action taken. I note that the Interim Order impounded the alleged unlawful gains and did not order any disgorgement.

37.7.10. Noticee nos. 24, 25 and 26 have contended that the Interim Order is based on "probable conclusions" and the judicial test approved by the Hon'ble Supreme Court of India in SEBI vs Kishore R. Ajmera requires "irresistible inference". In this regard, I note that one of the requirements for passing interim directions is that a *prima facie* case is made out against the Noticee, which was explained in detail in the Interim Order.

37.7.11. Noticee nos. 24, 25 and 26 have submitted that some Net Sellers have sold shares during patch 1 and this contradicts the definition of a Net Seller. I note that the Interim Order defines a Net Seller as "*persons who held shares of Sadhna at the start of the examination period either as a promoter or as a shareholder, and who traded in and net sold shares during the said period*". As per the said definition, even if a Net Seller has sold shares in patch 1, the same does not contradict the definition as the Net Seller definition covers the entire examination period. Further, Noticee no. 24 has submitted that paragraph 17.14 acknowledges net sellers influenced by later videos, but Table 14 and paragraph 17.15 analyse only

patch 2, conflicting with the net sellers' definition. In this regard, I note that the paragraph 17.14, 17.15 and Table no. 14 of the *Interim Order* deals with the trading activities of the Net Sellers after the Examination Period and not in Patch 2 of the Examination Period. Therefore, I do not find any merit in the issues raised by the Noticee.

37.7.12. Noticee nos. 25 and 26 have submitted that paragraph 29 of the Interim Order explicitly states that proceeds generated by net sellers post patch 2 are not considered illegal. However, on perusal of the said paragraph, I note that the trades of the Noticees beyond the Examination Period were not considered for the illegal profit calculation as the same was outside the scope of the examination. Further, the Interim Order records that the further liquidation of holdings by the Noticees would require further examination.

37.7.13. Noticee nos. 25 and 26 have submitted that they sold a significant portion of their holdings after the examination period. However, records show that Noticee nos. 25 and 26 sold around 65% and 70% of their respective holdings (as on March 31, 2022) in patch 2 of the Examination Period i.e., to unsuspecting retail investors entering the scrip of Sadhna influenced by the misleading YouTube videos.

37.7.14. During the course of hearing, the authorised representative of Noticee nos. 25 and 26 was enquired about the Noticees' status of compliance with the direction in the Interim Order to deposit the impounded amount in an escrow account. The AR stated that the Noticees were not going to take a step to concede to the Order, based on principles. Further, the AR stated that the aforesaid Noticees have already made a request to abate the direction issued against them in their replies. The conduct of the said Noticees shows wilful disobedience to comply with the law of the land.

37.7.15. Noticee nos. 11, 12, 14, 16, 20, 23 and 24 have submitted that there is no evidence of intention to dispose or divert profits. I note that except Noticee no. 2, all the other Noticees have failed to deposit the alleged unlawful gains in an escrow account suggesting that they have already diverted the sale proceeds or intend to do so. Specifically, Noticee

nos. 11, 12, 14, 16, 20 and 24 (5 of them being promoters) have admitted that they have already transferred a part or whole of the sale proceeds. The said Noticees have claimed to have transferred the proceeds for repayment of loan or providing loan to certain entities. Since such a submission was made regarding the sale proceeds, the same was enquired into. As per the disclosures made on BSE website by Sadhna, the companies (Naman Broadcastings and Telecommunications Private Limited, Sharp Eye Broadcasting Private Limited, KDM Business Network Limited and Sharpline Broadcast Limited) to which Noticee nos. 11, 14, 16 and 20 had transferred a part or whole of the proceeds are “Company under common control”. This suggests that the sale proceeds have been diverted among promoter group entities. Since Noticee no. 2 has deposited the amount ordered to be impounded into an escrow account in compliance with the Interim Order, her Bank accounts were asked to be defreezed separately.

37.7.16. The alleged fraudulent scheme in the *Interim Order* was most evidently manifested in the dissemination of misleading messages through YouTube by the MMD which was preceded as well as followed by abnormal surge in volumes in the Sadhna scrip. The abnormal rise in volumes prior to the publication of the videos (i.e., during patch 1) in effect lent some credibility to the outlandish claims made in the YouTube videos about market interest in the Sadhna scrip. Consequently, it is reasonable to conclude that those persons, who can be said to be associated directly or indirectly with the said MMD and had themselves engaged in the unusual pattern of trading during that period, were *prima facie* a part of the alleged fraudulent ‘pump and dump’ scheme. *Prima facie*, the Noticee Net Sellers i.e., Noticee nos. 11, 12, 13, 14, 16, 18, 20, 22, 23, 24, 25 and 26 who are either members of the promoter group, employees of Sadhna, close relatives of Sadhna’s promoters or friends thereof, each played an important role and made most of the profits in this fraudulent scheme.

37.7.17. The Noticees to this Order have not been able to present any facts that would lead to a different inference, aside from making

unsubstantiated assertions about the content of the conversations between the Noticees or the nature of their financial transactions.

37.7.18. The Noticees have also contended that that there was a significant time difference between the orders placed by the Noticees and that of the counterparties. I note that the said issues do not in any way form the crux of the arguments in the Interim Order. In any case, interim order relied on the overall evidence pointing to a set of connected persons concocting a nefarious pump and dump scheme to defraud small investors. These arguments provided by the notices do not alter that conclusion.

### 37.8. **Joint and Several Liability**

37.8.1. The Interim Order casts joint and several liabilities for the total illegal gain made in the scrip of Sadhna *inter alia* on Noticee nos. 1, 10, 11, 23 and 31. Noticee no. 1 has submitted that it is illogical to make him liable for the alleged illegal profit may by other Noticees. Noticee no. 11 has submitted that the liability to disgorge the amount is individual and not joint and several. Further, he has stated that SEBI has computed the alleged gains against each Noticees and therefore, the alleged gains have to be disgorged individually. With respect to the contention of Noticee no. 11, I note that the Interim Order impounded the alleged unlawful gains and did not order any disgorgement. I also note that as recorded in the *Interim Order*, the *prima facie* fraudulent scheme could not have been executed by the Net Sellers unless the Noticee MMDs, ICs and VCs had played their respective roles. Noticee no. 1 has *prima facie* played the role of Misleading Message Disseminator, Noticee no. 10 has *prima facie* played the role of Information Carrier and Noticee nos. 11 and 23 have *prima facie* played the role of Net Seller in the alleged fraudulent scheme and all these Noticees were also found to have been part of fraudulent 'pump and dump' scheme in another scrip i.e., Sharpline Broadcast Limited, using a similar *modus operandi*. The repeated role of these Noticees in the alleged



fraudulent schemes suggests that these Noticees played a central role in devising the fraudulent schemes. The details regarding the same will crystallise upon conclusion of the ongoing detailed investigation. Considering that these Noticees enabled the perpetration of the fraudulent scheme and the probability that they may be the ultimate beneficiary of the scheme, the liability of the said Noticees cannot be limited to the profit, if any, made by him individually. I note that the submissions of these Noticees does not bring out any material that adequately contradicts the *prima facie* conclusions drawn against them in the *Interim Order*. Therefore, pending further investigation, I am of the view that they must bear an overall liability for the cumulative gain made by all the Noticees as already directed in the *Interim Order*.

### 37.9. **Calculation of illegal profits made**

37.9.1. Noticee nos. 1, 2, and 3 have contended that cost of acquisition of shares could have been ascertained from records with SEBI instead of using average buy price or notional buy price. The Noticees have submitted that as per their calculation they made profits as mentioned in the table given below.

**Table no. 7**

Noticee name	Profit during the Examination Period (INR)
Manish Mishra (Noticee no. 1)	-46,44,589
Anshu Mishra (Noticee no. 2)	-26,47,628.60
Dipak Dwiwedi (Noticee no. 3)	7,47,038.83

37.9.2. I note that the intent of the *Interim Order* was to compute the alleged illegal gain made by the Noticees solely based on the shares sold during patch 2 of the examination period, which is after the videos were uploaded. The cost of acquisition for the trades executed during this period was taken as average buy price for volume creators. After careful

examination of the Noticees' submission, the profit calculations were revisited. It appears that the average buy price used for computation covered the entire examination period. Accordingly, the revised profit calculation, based on the cost of acquisition of the shares sold by the said Noticees in patch 2 of the Examination Period is provided in the table below.

**Table no. 8**

<b>VC</b>	<b>Name of the VC</b>	<b>Sale consideration (INR)</b>	<b>Cost of acquisition (INR)</b>	<b>Profit in Patch 2 (INR)</b>
MMD & VC	Manish Mishra	5,57,91,519	5,93,40,377	0 (loss ignored)
VC 1	Anshu Mishra	8,45,00,074	8,42,77,193	2,22,882
VC 2	Dipak Dwiwedi	9,09,16,880	8,55,60,395	53,56,484

37.9.3. In light of these revised individual gains and observations made at paragraph 37.7.1 (Kundan Singh Bisht's sale proceeds), the total illegal gains made by all the Noticees, as stated in the Interim Order, stand revised to INR 38,61,08,322.

#### 37.10. **Other submissions**

##### Direction in contravention of provisions of Section 11(4)(d) and 11(4)(e) of SEBI Act

37.10.1. The Noticees have contended that the direction of SEBI to banks to not allow any debit in the bank accounts is beyond the powers conferred on it, as section 11(4)(e) of the SEBI Act requires an approval from the Special Court which has not been obtained before attaching the said accounts.

37.10.2. The Noticees have also submitted that SEBI passed sweeping directions freezing all the bank accounts and demat accounts without

identifying the bank account or demat account where the alleged securities or proceeds are lying and that the same is a gross misuse of power as per section 11(4)(d) of SEBI Act. In this regard, it is pertinent to mention that section 11(B)(1) of the SEBI Act empowers SEBI to issue directions in the interest of the investors and to prevent further damage to the securities market. I also note that the said Noticees in their own submission have admitted that the sale proceeds have already been transferred or invested and none of the Noticees have deposited the alleged unlawful gains. Therefore, I do not find any merit in these contentions.

Family members of the Noticees not included in the Interim Order:

37.10.3. Noticee nos. 24 and 26 have submitted that their family members had also traded in the scrip of Sadhna during the relevant period, however, they have been not charged. I note that the fact that certain persons have not been subject to the Interim Order's directions does not signify that they are outside the scope of SEBI's investigation or have been exonerated. At the stage of the Interim Order, directions were issued against entities whose role/ involvement in the fraudulent scheme was *prima facie* observed in light of the facts and circumstances at that stage. It is pertinent to clarify that appropriate action in accordance with the provisions of law will be initiated against every entity who is identified to have played a role in the scheme. In view of the same, I do not find any merit in the contention of the Noticees that SEBI has adopted a discriminatory approach in the matter.

Principles of Code of Civil Procedure would be applicable:

37.10.4. The Noticees have contended that directions in respect of freezing of accounts and not to alienate assets amounts to an attachment before judgement and the same principles as set out in Order XXXVIII Rule 5 of the Code of Civil Procedure would be applicable. In this regard, I note that the present proceedings have been initiated under Sections 11(1), 11(4) and 11B (1) of SEBI Act and hence are quasi-judicial in nature as

held by the Hon'ble Supreme Court in the matter of NSDL vs. SEBI and Other Connected Appeal, Civil Appeal No. 5173 of 2006 decided on March 2017. Here, it would be appropriate to refer to the order of the Hon'ble Supreme Court of India in the matter of *Tata Consultancy Services Limited vs. Cyrus Investments Pvt. Ltd.* dated March 26, 2021 wherein it was held as follows: "*It is true that the rigors of CPC and the Evidence Act are not applicable to Tribunals/Quasi-Judicial Authorities...*". Quasi-judicial proceedings are guided by principles of natural justice. They are not strictly subject to provisions of the CPC.

Open-ended direction without any time limit is penal in nature:

37.10.5. Noticee nos. 11, 12, 14, 15, 17 and 20 have submitted that the open-ended direction without any time limit is not preventive or remedial or curative but penal. I note that the directions issued in the Interim Order were based on *prima facie* conclusions arrived at which warranted immediate action to protect the integrity of the securities market. The debit freeze on the Bank accounts was to ensure that the Noticees do not divert the alleged unlawful gains. However, the Noticees have failed to deposit the impounded amount indicating they have possibly already diverted the alleged unlawful gains. Further, unless the *prima facie* conclusion arrived at in the Interim Order is altered, given the conduct of the Noticees, allowing them to access the securities market poses a grave threat to the integrity of the securities market. In any case, these directions would be subject to the outcome of the ongoing investigation in the matter.

37.10.6. Noticee nos. 24, 25 and 26 have also made the following submissions.

- i. They have no role in the recommendation of the scrip of Sadhna.
- ii. The Noticees had no role in making, distribution or uploading of videos on YouTube.

- iii. There is no evidence to show that the trades of the Noticees led to an increase in the price of the scrip or they were involved in the price increase of the scrip.
- iv. The Noticees have no relation with the owners of the YouTube Channels which were involved in the recommendation of the scrip of Sadhna.
- v. The Noticees do not have any connection with the promoter/ director/ key managerial persons of the Company, Sadhna.
- vi. They sold their shares before the scrip reached its highest price.

37.10.7. Noticee no. 10 has also raised the above mentioned contentions at points (i), (ii) and (iii). Further, Noticee no. 23 has raised the said contentions at points (i), (ii), (iii), (iv) and (vi). In this regard, I note that the Interim Order does not specifically allege any of the said points raised in respect of these Noticees. As regards point (vi), it is pertinent to note that in hind sight such an argument may seem logical but no one could have had the foresight to predict the level to which the price of a scrip would rise, even in a fraudulent scheme

37.10.8. The increase in retail shareholding in the scrip of Sadhna subsequent to the dissemination of false and misleading YouTube videos was alarmingly high i.e., an increase of around 2,454% (from 2,167 as of June 30, 2022 to 55,343 to September 30, 2022). Volumes and prices in these scrips had also increased abnormally in and around the period these messages were disseminated and were followed by near complete exit of large shareholders in these scrips. Such schemes cannot be perpetrated by one or two persons alone. There are likely to be several persons who may be involved in various aspects of fraud, the activities of each of whom when individually seen in isolation may appear genuine or mundane. Fraudulent scheme in securities market usually involve co-ordinated activity by several connected persons individually playing separate parts such as volume creation, price escalation, misleading message dissemination etc. all leading up to illegal profit booking. In this regard, I

would like to place reliance on the findings of Hon'ble SAT in the matter of *Hemant Sheth et.al. vs. SEBI and Other Connected Appeals* decided on March 04, 2020 wherein it was held as follows.

*“In a scheme of manipulative and unfair trading it is not necessary that every participant should be indulging in every type of trading violation or even in the same / similar magnitude. Once they are found to be part of a group trying to manipulate the volume or price of the scrip they became party to the violation. Hair splitting arguments that some traded more than others or on more days or some indulged in synchronized reversal and self-trade while others did only one of those types do not cast away their violations.”*

37.10.9. As explained in the paragraphs above, when such a tell-tale pattern of a “pump-and-dump” scheme exists, the totality of the evidence overwhelmingly suggests that the connected persons have put together a nefarious scheme to defraud hapless investors.

37.10.10. The Noticees to the instant Order were noted to have allegedly played the role of Volume Creators based on their *inter-se* connections and trading pattern. Further, the ex-parte order is only interim in nature designed to avoid continued perpetration of such suspicious activity and with a view to avoid diversion of illegal gains made.

37.10.11. The *Interim Order* has *prima facie* concluded that the false and misleading YouTube videos along with the artificial volume created by the Volume Creators were *prima facie* designed to facilitate the complete exit of the Net Sellers from the scrip of Sadhna at inflated prices. The Noticees have not substantiated their submissions with any documentary evidence to dispute their direct or indirect connection with the Misleading Message Disseminator.

37.10.12. I also note that all the Noticees except Noticee no. 2 have not deposited any amount constituting illegal gain in escrow accounts despite specific directions in the Interim Order. None of the other directions

passed against them (*excluding restraint from dealing in securities which has been enforced through the depository and stock exchange mechanism*) have been complied with by all the Noticees except Noticee no. 12. The conduct of these Noticees clearly demonstrates a blatant and audacious disregard for the law.

37.10.13. Manish Mishra (Noticee no. 1) has submitted that there was no reason to prohibit him from dealing in shares other than Sadhna as there is nothing to show that he was involved in any illegal action in respect of any other security. This submission is patently erroneous as the Noticee was observed to have disseminated misleading information in at least one other scrip i.e., Sharpline Broadcast Limited. Therefore, I do not find any merit in this contention.

37.10.14. Noticee nos. 1, 2 and 3 submitted that the SEBI should not have acted on anonymous complaints as directed by the Central Vigilance Commission vide circular no. 98/DSP/9 dated November 23, 2014. On perusal of the said circular and the circular no. 3(v)/99/2 dated June 29, 1999 of the Central Vigilance Commission, I note that the same was issued only in respect of complaints against government officials. Therefore, the submission of the Noticees is unfounded.

37.10.15. Noticee nos. 11, 12, 13, 14, 15, 16, 20 and 31 have submitted that the price of Sadhna scrip did not rise and fall suddenly. This submission is evidently incorrect as the price of the scrip had increased by around 1103% (from INR 27.55 on April 26, 2022 to INR 331.5 (*without split adjustment*) on August 12, 2022) and thereafter, the price crashed by around 83% (from INR 33.15 (*with split adjustment*) on August 12, 2022 to INR 5.67 on March 01, 2023).

37.10.16. Certain Noticees have also submitted that the volume and price movement was in line with the company's public announcements from time to time and its financial disclosures regarding profitability. As noted in the Interim Order, there were no price sensitive material disclosures made during the examination period and the Noticees have also failed to provide any evidence supporting this submission.

### 37.11. **Asset and liability details**

37.11.1. The Interim Order *inter alia* directed the Noticees to provide a full inventory of all assets in their name. None of the Noticees except Noticee nos. 11, 12, 14, 16 and 20 have submitted any details regarding the same. However, I note that the information submitted by the said Noticee nos. 14, 16 and 20 regarding their assets just provides the overall value of the assets without mentioning its constituents. Therefore, the said information is incomplete and is not in compliance with the direction issued in the Interim Order. Noticee no. 11 has submitted his list of assets and liabilities as on March 31, 2023 wherein only investment in the scrip of the Sadhna Broadcast during the said financial year has been mentioned. I note that as per the details available on BSE website regarding transactions of the promoters/ insider, Noticee no. 11 had made only sale transactions during the F.Y. 2022-23 and held 19,78,681 shares i.e., 1.97% of the shares of Sadhna as on March 31, 2023. Therefore, the details submitted by the Noticee are apparently incorrect and therefore, cannot be considered to be in compliance with the directions issued in the Interim Order.

### 37.12. **Relaxation sought by the Noticees**

37.12.1. In the prayers submitted as part of the submissions, the following Noticees have sought relaxations from the *Interim Order*.

37.12.1.1. Noticee no. 2 has requested to defreeze her demat accounts as she has complied with the direction issued against her and she undertakes to refrain from trading in the scrip of Sadhna.

37.12.1.2. Noticee no. 3 has requested that he may be permitted to sell securities to deposit the proceeds in an escrow account. Further, he has requested to defreeze his demat accounts and he undertakes to refrain from trading in the scrip of Sadhna.



- 37.12.1.3. Noticee no. 12 has submitted that she is ready to deposit 25% of the alleged unlawful gains and requested that her bank accounts should be defreezed.
- 37.12.1.4. Noticee no. 23 has submitted that due to freezing accounts his elder son's education and his younger son's medical expenses are affected. He has also requested permission to sell certain securities, as the price of those securities are diminishing, to pay income tax and also invest INR 30 lakhs in capital gain bonds with a lien in favour of SEBI.
- 37.12.1.5. Noticee no. 24 has submitted that he and his wife are in need of funds for their medical expenses and they would require around INR 40,000 per month.
- 37.12.1.6. Noticee nos. 25 and 26 have submitted that they are unable to cover their medical expenses.
- 37.12.2. Noticee nos. 2 and 3 have requested to defreeze their demat accounts. Further, Noticee no. 2 has stated that she has complied with the directions issued in the Interim Order. In this regard, I note that Noticee no. 2 has deposited the impounded amount but she has failed to submit her list of assets as directed in the Interim Order. As noted earlier, unless the *prima facie* conclusion arrived at in the Interim Order is altered, given the conduct of the Noticees, allowing them to access the securities market poses a grave threat to the integrity of the securities market.
- 37.12.3. Noticee no. 3 has requested permission to sell his securities to comply with the direction to deposit the illegal gains in an escrow account. I am inclined to permit liquidation of securities provided the funds arising therefrom are directly deposited in the escrow account as directed in the Interim Order.
- 37.12.4. Noticee no. 12 has requested for partial compliance with the Interim Order by depositing 25% of the alleged unlawful gains. The direction to impound the illegal gains was to avoid defalcation of the proceeds and accordingly, the compliance has to be completed. I note

that the Noticee has not demonstrated any intent to comply with the direction to deposit the illegal gains.

37.12.5. Noticee no. 23 have submitted medical reports in support of their request for funds for medical expenses for his younger son. However, no estimate of actual requirement has been provided. With respect to the education expenses claimed for the elder son, Noticee No. 23 has not provided any supporting documents and therefore I am not inclined to provide any relief in this regard. However, with respect to the Noticees' younger son's illness, considering the submitted medical reports, I am inclined to permit access to limited quantum of funds to be periodically withdrawn solely for the purpose of meeting his medical expenses. Though no estimate of actual requirement has been provided, in the interest of parity with earlier confirmatory order dated July 20, 2023 in the matter where relaxation was granted on medical grounds, it would be appropriate to allow access to the extent of INR 1,00,000 per month.

37.12.6. In addition to the above, Noticee no. 23 has requested permission to sell his shares to pay income tax and also invest in capital gain bonds up to INR 30 lakh with a lien in favour of SEBI. Noticee no. 23 has only sought relaxation from the Interim Order to make investment or pay taxes instead of depositing the alleged unlawful in an escrow account. As Noticee no. 23 has not expressed any intent to comply with the direction to deposit the alleged unlawful gain, I am not inclined to provide any relaxation.

37.12.7. Noticee no. 24 has submitted medical reports in support of his request for funds for medical expenses for him and his wife. Considering the stated medical needs and the submitted medical reports of the Noticee and his wife, I am inclined to permit access to quantum of funds to be periodically withdrawn solely for the purpose of meeting their medical expenses. Although, he has specifically sought only INR 40,000 per month, in order to maintain parity with the other Noticees in this matter who have sought relief on medical grounds, it would be appropriate to allow access to the extent of INR 1,00,000 per month.

## E. CONCLUSION

38. The *Interim Order* was passed based on the *prima facie* conclusions to prevent further perpetration of fraudulent schemes and to prevent defalcation of the illegal gains. As stated in paragraph 37.7.1, the *prima facie* conclusion drawn against Noticee no. 19 has been altered for the explanations provided therein. In view of the reasons as discussed in preceding paragraphs, I find that the submissions of the Noticees, except that of Noticee no. 19, are insufficient to refute the *prima facie* conclusions drawn in the *Interim Order*. Instead, post hearing and based on materials brought before me, the *prima facie* conclusions have been further reinforced. Consequently, the *prima facie* findings in the *Interim Order* dated March 02, 2023 that the Noticees have *prima facie* engaged in a fraudulent and manipulative scheme resulting in *prima facie* contravention of provisions of Sections 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(1), (b), (c), (d) and Regulations 4(1) and 4(2)(a), (d), (k) and (r) of the PFUTP Regulations, stand confirmed.

39. As directed by the Hon'ble SAT mentioned at paragraph no. 4 above, I am required to take into consideration the modifications to the *Interim Order* by the Hon'ble SAT in the appeals namely, Appeal No. 284 of 2023 Arshad Warsi & Ors. vs. SEBI and Appeal No. 285 of 2023 Aahuti Rasik Mistry vs. SEBI decided on March 27, 2023 and Appeal No. 679 of 2023 Jatin Manubhai Shah and other companion appeals vs. SEBI decided on October 9, 2023 wherein directions for restraint and impounding were modified, for issuance of directions against Sunil Goel and Rajshree Goel. I note that Arshad Hussain Warsi and Jatin Manubhai Shah were *prima facie* categorised as "Volume Creators" and Sunil Goel and Rajshree Goel were *prima facie* categorised as "Net Sellers" as per the *Interim Order*. Since the Hon'ble SAT has directed to consider the orders passed in the appeals of Arshad Warsi and Jatin Manubhai Shah (Volume Creators) for passing of order in respect of Sunil Goel and Rajshree Goel (Net Sellers), in the interest of parity and proportionality, I have taken into consideration of the said SAT orders for other Noticees as well. Further, considering the difficulties faced by Noticee nos. 23 and 24 in meeting medical expenses and the request made by Noticee no. 3, based on

the material submitted and the stated need, and also considering the new facts submitted by Noticee no. 19, I find that certain modifications need to be made in respect of the directions issued in the *Interim Order*.

## **F. ORDER**

40. In view of the above, pending conclusion of investigation, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B (1) read with Section 19 of the SEBI Act and after taking into account the specific facts and circumstances of the present matter, hereby confirm the directions issued *vide the Interim Order* dated March 02, 2023 read with Confirmatory Order dated July 20, 2023, subject to the following modifications:

- 40.1. The Noticees except Noticee no. 19 are restrained from dealing in the scrip of Sadhna during the pendency of the investigation.
- 40.2. The liability for the illegal gain made by Noticee nos. 1, 2 and 3 individually shall stand modified as mentioned at Table no. 8.
- 40.3. The liability for the illegal gain made by each Noticee to this Order shall be borne by them individually. Accordingly, the directions for impounding issued against Noticee no. 10 (Subhash Agarwal), Noticee no. 15 (Saurabh Gupta), Noticee no. 21 (Paras Shah) and Noticee no. 31 (Arpan Gupta) are hereby revoked as no illegal gains were said to be made through trades directly done by these Noticees.
- 40.4. Noticee no. 3 (Dipak Dwiwedi) is permitted to sell his securities to deposit the impounded amount in an escrow account in compliance with the Interim Order.
- 40.5. Noticee nos. 23 (Bhim Singh Chaudhary) is permitted to withdraw funds to the extent of INR 1,00,000 (Rupees One lakh) per month to meet the medical expenses of his son.
- 40.6. Noticee no. 24 (Yogesh Kumar Gupta) is permitted to withdraw funds to the extent of INR 1,00,000 (Rupees One lakh) per month to meet his and his wife's medical expenses.
- 40.7. The directions in paragraph nos. 38.5, 38.6, 38.7 and 38.8 of the Interim Order are hereby revoked.

41. The directions in the Interim Order dated March 02, 2023 against Noticee no. 19 stand revoked for the reasons recorded in paragraph no. 37.7.1.
42. It is clarified that the funds to be deposited by the *Noticees* in interest bearing escrow accounts as directed in the Interim Order will remain in the said account with lien in favour of SEBI until further orders.
43. It is further clarified that the observations made in the present Order are tentative in nature. The investigation shall be carried out without being influenced by any of the directions passed or any observation made either in the *Interim Order* or in the present Order. Based on the outcome of the investigation, appropriate proceeding will be initiated in accordance with law.
44. This Order is without prejudice to the right of SEBI to take any other action against the *Noticees* in accordance with law.
45. This Order shall come into force with immediate effect.
46. A copy of this Order shall be served on the *Noticee Nos. 1, 2, 3, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and 31* as well as on recognised Stock Exchanges, Depositories, Registrar and Share Transfer Agents and Banks for necessary action and compliance with the above directions. Further, a copy of this Order shall be served on the Resolution Professional of Noticee no. 14.

Sd/-

**ANANTH NARAYAN G.**

**DATE: OCTOBER 31, 2023**

**WHOLE TIME MEMBER**

**PLACE: MUMBAI**

**SECURITIES AND EXCHANGE BOARD OF INDIA**