

Department: Investigation	Segment: All
Circular No: MSE/ID/18563/2026	Date: February 06, 2026

Subject: Final Order in the matter of stock recommendation tips in the scrip of Unison Metals Limited

To All Members,

This is with reference to Exchange circular no MSE/ID/15747/2024 dated August 01, 2024, regarding WTM/KV/ISD/ISD-SEC-4/30624/2024-25 dated July 31, 2024, in the matter of trading based on stock recommendations through telegram channels in the scrip of Unison Metals Limited.

SEBI now vide it's Order No. WTM/AS/ISD/ISD-SEC-6/32028/2025-26 dated February 05, 2026 has debarred following entities from accessing the securities market, directly or indirectly and is prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, in any manner whatsoever, for a period mentioned in Sebi order.

Noticee No.	Name	PAN	Period of Debarment
1	Yayaati Hasmukhray Nada	AGFPN4412J	3 Years
2	Nirali Yayaati Nada	AGGPL9393R	3 Years
3	Jasavantbhai Patel	BJHPP4604A	3 Years
4	Jignesh Pravinbhai Pethani	AXWPP3633P	3 Years
6	Nahush Ashvinbhai Shukla	DDDPS0405J	3 Years
7	Prajesh A Shukla	FPUPS7459F	3 Years
8	Malay Shaileshbhai Patel	BLOPP9579F	3 Years
9	Reetaben Ashvinkumar Shukla	BEEPS5008B	3 Years
10	Hardik J Patel	AKLPP6832C	3 Years
11	Shailesh S Patel	ABCPP2114M	3 Years
12	Jalaj Agrawal	AUDPA0226H	3 Years*
13	Arvind Shukla	ISZPS7481G	3 Years*

Metropolitan Stock Exchange of India Limited

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14	Tirth Uttamchand Mehta	AVVPM6085F	1 Year
15	Uttamchand Chandanmal Mehta	ABCPM3554A	1 Year
17	Sharad Ramkrishana Gattani	ADKPG8054F	1 Year

*Further, It is hereby clarified that the aforementioned restraint on Noticee Nos. 12 and 13 shall run consecutively after the restraint imposed on them in the matter of Superior Finlease Ltd. (Order dated May 22, 2024 having no. WTM/AB/ISD/ISD-SEC-4/30348/2024-25) and Svarnim Trade Udyog Ltd. (Order dated May 31, 2024 having no. WTM/AB/ISD/ISD-SEC-4/ 30379 /2024-25), i.e. the period of restraint imposed vide this Order shall commence after the expiration of the period of restraint imposed vide the Orders in the matter of Superior Finlease Ltd. and Svarnim Trade Udyog Ltd.

Further, SEBI vide above order has directed that if the above entities have any open position in any exchange traded derivative contracts, as on the date of this order, they can close out/ square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier.

The detailed order is available on SEBI website - <http://www.sebi.gov.in>

This order shall come into force with immediate effect.

For and on behalf of
Metropolitan Stock Exchange of India Limited

Shweta Mhatre
Assistant Vice President

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

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

In respect of –

Noticee No.	Name of the Entity	PAN
1.	Yayaati Hasmukhray Nada	AGFPN4412J
2.	Nirali Yayaati Nada	AGGPL9393R
3.	Jasavantbhai Patel	BJHPP4604A
4.	Jignesh Pravinbhai Pethani	AXWPP3633P
5.	Mukti Lodha	AEIPJ9758G
6.	Nahush Ashvinbhai Shukla	DDDPS0405J
7.	Prajesh A Shukla	FPUPS7459F
8.	Malay Shaileshbhai Patel	BLOPP9579F
9.	Reetaben Ashvinkumar Shukla	BEEPS5008B
10.	Hardik J Patel	AKLPP6832C
11.	Shailesh S Patel	ABCPP2114M
12.	Jalaj Agrawal	AUDPA0226H
13.	Arvind Shukla	ISZPS7481G
14.	Tirth Uttamchand Mehta	AVVPM6085F
15.	Uttamchand Chandanmal Mehta	ABCPM3554A
16.	Manishaben Bipinchandra Panchal	AQEPP0578J
17.	Sharad Ramkrishana Gattani	ADKPG8054F

(The above mentioned entities are hereinafter referred individually by their respective names / Noticee numbers and collectively as “the Noticees”)

IN THE MATTER OF STOCK RECOMMENDATION TIPS IN THE SCRIP OF UNISON METALS LIMITED

A. BACKGROUND

1. The present proceedings emanate from an *Interim Ex Parte Order cum Show Cause Notice* dated July 31, 2024 (hereinafter referred to as “**Interim Order**”) passed by the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) against the Noticees.

2. The Interim Order divided the 17 Noticees, into 3 categories as under:

2.1. **First category - Net Sellers/ Profit Makers/ Beneficiaries**

The Interim Order alleged that 10 entities (Noticee Nos. 1 – 10) made profit, based on a scheme devised to take advantage of movement in the volume and price of shares of Unison Metals Ltd. (“**UML / the Company**”), pursuant to recommendations on Telegram channels to buy and deal in the shares of UML (hereinafter referred to as “**scheme**”).

2.2. **Second category – Operators**

Noticee Nos. 11 to 13 facilitated the posting of stock recommendations on Telegram channels. Mr. Arvind Shukla / Noticee No. 13 is the operator of the Telegram channels. Mr. Jalaj Agrawal / Noticee No. 12 was instrumental in connecting the Net Sellers/ Profit Makers/ Beneficiaries to Mr. Arvind Shukla through Mr. Shailesh S Patel / Noticee No. 11.

2.3. **Third category – Enablers**

Noticee Nos. 14 and 15 are directors cum promoters of UML. Noticee No. 16 is a director of UML. Noticee No. 17 is the father-in-law of Noticee No. 14. These entities bridged the gap between Net Sellers/ Profit Makers/ Beneficiaries and Operators and therefore, allegedly aided and abetted in the execution of the scheme to manipulate the price / volume of shares of UML.

3. In the Interim Order, it was *prima facie* observed that “an amount of ₹4,29,80,725.70 calculated as per table 24 is profit which has been earned by Net Sellers/Profit Makers/Beneficiaries. This profit is earned by them from trades executed on the basis of advance receipt of information on the pre-decided stock recommendation to be posted on telegram channels operated by the Operators. Enablers and Operators have helped Net Sellers/Profit Makers/ Beneficiaries in executing these transactions, as a consequence, a part of the profit has also been shared with the Operators through non banking channel.”
4. The Interim Order *prima facie* held that:
- 4.1. Noticee Nos. 1 to 10 (Net Sellers/ Profit Makers/ Beneficiaries) have violated clauses (a), (b) (c) and (e) of Section 12A of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”), clauses (a), (b), (c) and (d) of regulation 3, and sub-regulation (1) of regulation 4 and clauses (d) and (e) of sub-regulation (2) of regulation 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”).
- 4.2. Noticee Nos. 11 to 13 (Operators) have violated clauses (a), (b), (c) and (e) of Section 12A of SEBI Act, 1992, clauses (a), (b), (c) and (d) of regulation 3, and sub-regulation (1) of regulation 4 and clauses (a), (d), (e), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations.
- 4.3. Noticee Nos. 14 to 17 (Enablers) have violated clauses (a), (b), (c) and (e) of Section 12A of SEBI Act, 1992, clauses (a), (b), (c) and (d) of regulation 3, and sub-regulation (1) of regulation 4 of the PFUTP Regulations.
5. The Interim Order was also in the nature of a show cause notice whereby the Noticees were provided with the opportunity to file their replies, within 21 days from the date of the order and were also given the opportunity of a personal hearing before SEBI, on a date and time to be fixed. In this regard, the Interim Order states the following:

“All the prima facie findings recorded in this Order shall be treated as allegations to the violations of the provisions of the SEBI Act, 1992 and SEBI (PFUTP) Regulations against the respective Noticees, and the instant order may be treated as show cause notice to them. Hence, the Noticees Nos.1 to 13 are hereby called upon to show cause as to why suitable directions, including the following, should not be issued/imposed against them under subsection (1) and (4) of section 11, and sub-section (1) of section 11B of the SEBI Act, 1992:

- Direction to disgorge an amount equivalent to the alleged unlawful profits made on account of the scheme as described above in table no. 25, along with interest.*
- Directing them to refrain from accessing the securities market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period.*

Noticees Nos. 1 to 13 are further called upon to show cause as to why appropriate penalty under sub-section (4A) of section 11 and sub-section (2) of section 11B read with Section 15HA of SEBI Act, 1992 should not be imposed on them for the alleged violations of SEBI Act, 1992 and SEBI (PFUTP) Regulations.

Noticees Nos. 14 to 17 are called upon to show cause as to why appropriate suitable directions, including debarring or associating them from the Securities Market, in any manner whatsoever, should not be issued/imposed against them under sub-section (1), sub-section (4) of section 11 and sub-section (1) of section 11B of the SEBI Act, 1992. These Noticees are further called upon to show cause as to why appropriate penalty under sub-section (4A) of section 11 and sub-section (2) of section 11B read with section 15HA of the SEBI Act, 1992 should not be imposed on them for the alleged violations of the SEBI Act, 1992 and SEBI (PFUTP) Regulations.”

6. The key findings in the Interim Order are summarized as follows:

6.1. Pursuant to receipt of complaints stating that recommendations were being posted on Telegram channels in the month of December 2021 to deal in the shares of UML, SEBI conducted an investigation to look into possible violations of SEBI Act and

PFUTP Regulations. The period of investigation ("**Investigation Period**") was from December 01, 2021 to December 31, 2021.

- 6.2. The equity shares of UML are listed on BSE. The Company is in the business of manufacturing Hot & Cold Rolled Stainless Steel Sheets, Stainless Steel Patta for a wide range of industrial applications, having its registered office at Plot No. 5015, Nr. Ramol Cross Road, Ph - IV, GIDC, Vatva, Ahmedabad, Gujarat, 382445.
- 6.3. During the investigation, it was observed that buy recommendations for shares in UML were posted on Telegram Channels namely (i) Intraday Trading Equity Stock / @Owner_intraday [Bala Ji Mehndipur]; (ii) Sure means Sure, and (iii) Intraday Share Training Stock on multiple days in December 2021, which were subsequently deleted on the day of recommendation itself. The number of subscribers of these Telegram channels was in the range of 4 to 15 lakhs. These channels were operated / handled by Mr. Arvind Shukla during the month of December 2021.
- 6.4. The details of the stock recommendations (i.e., name of the channel and the dates on which they were posted) are as follows:

Name of Telegram Channel / Users	Dates
Intraday Trading Equity Stock / @Owner_intraday [Bala Ji Mehndipur]	* December 06, 14, 15, 16, 17 & 22, 2021
Sure Means Sure	** December 06, 16, & 17, 2021
Intraday Share Training Stock	** December 06, 14 & 16, 2021
Based on the chats available from the seized mobile of Mr. Jalaj Agrawal, the following dates were gathered - December 06, 08, 09, 10, 13, 14, 15, 16, 17, 20 & 22, 2021, whereby stock recommendation of UML were posted. As per website of tgstat.com, messages were posted across Telegram channels on December 20, 22, & 23, 2021.	

* Data received from complaints and tgstat.com

** Data received from complaints

- 6.5. The Net Sellers/ Profit Makers/ Beneficiaries are directly or indirectly connected to one another through various means such as common directorships in companies; common addresses and fund transfers. Calls were also observed amongst some of the Net Sellers/ Profit Makers/ Beneficiaries on their trade dates during the Investigation Period. As seen from CDR data, Net Sellers/ Profit Makers/ Beneficiaries (namely, Mr. Yayaati Hasmukhray Nada and Ms. Nirali Yayaati Nada) and Operator (Mr. Shailesh S Patel) are connected through another Enabler (Mr.

Sharad Ramkrishana Gattani). Mr. Yayaati Hasmukhray Nada is also a friend of another Enabler, Mr. Tirth Uttamchand Mehta.

- 6.6. Ms. Nirali Yayaati Nada had authorized her husband, Mr. Yayaati Hasmukhray Nada, to trade on her behalf. Mr. Malay Shaileshbhai Patel had authorized his father, Mr. Shailesh S Patel, to deal in his trading account.
- 6.7. A number of calls were observed between Mr. Shailesh S Patel and Mr. Jalaj Agrawal starting from November 28, 2021. The details are as follows:

A	B	In December 2021				Remarks
		A to B		B to A		
		No. of calls	Duration (seconds)	No. of calls	Duration (seconds)	
Shailesh S Patel (70xx537xxx)	Jalaj Agrawal (79xx655xxx)	20	1,489	18	1,458	Calls on Dec 01, 02, 03, 04, 05, 06, 08, 09

- 6.8. A number of calls were also made between Mr. Jalaj Agrawal (79XX655XXX) and Mr. Arvind Shukla (99XX417XXX and 81XX812XXX), in December 2021. The details are as follows:

A	B	In December 2021				Remarks
		A to B		B to A		
		No. of calls	Duration (seconds)	No. of calls	Duration (seconds)	
Jalaj Agrawal (79xx655xxx)	Arvind Shukla (81xx812xxx)	20	746	12	120	Frequent calls in Dec-2021.
Jalaj Agrawal (79xx655xxx)	Arvind Shukla (99xx417xxx)	14	969	16	833	

- 6.9. Mr. Shailesh S Patel used to receive emails containing Benpos (a weekly shareholding position of shares held in electronic form ending Friday of every week) / shareholding data of UML, from Mr. Sharad Ramkrishana Gattani, who in turn received this data from UML. Mr. Shailesh S Patel forwarded this data to Mr. Jalaj Agrawal.
- 6.10. Mr. Shailesh S Patel and Mr. Jalaj Agrawal met at Karnavati Club, Ahmedabad on November 29, 2021, December 16, 2021 and January 12, 2022.
- 6.11. A search and seizure operation was carried out on March 10, 2022, on the premises of Mr. Shailesh S Patel and Mr. Jalaj Agrawal. From the WhatsApp chats extracted

from the seized mobile device of Mr. Jalaj Agrawal, it is noted that there is a chat (dated December 06, 2021) with Mr. Shailesh S Patel giving details of a currency note of ₹10, apparently for cash delivery.

- 6.12. *Mr. Jalaj Agrawal, in his statement taken under oath, stated that at the meeting held with Mr. Shailesh S Patel in Karnavati Club in Ahmedabad in the last week of November 2021, Mr. Patel told him to promote the scrip of UML in Telegram channel(s) for around 15 days. He also submitted that the promotion activity in the scrip of UML started on December 06, 2021. Mr. Shailesh S Patel used to call him in the morning before market hours and inform him of the price to be promoted in Telegram channels. He passed on the information to Mr. Arvind Shukla, who in turn posted the recommendations in the Telegram channels.*
- 6.13. *Mr. Shailesh S Patel in his statement recorded on August 23, 2022, stated that he had met Mr. Jalaj Agrawal in the last week of November 2021 at Karnavati Club and out of a total commission of ₹80 lakhs, ₹20 lakhs was paid to Mr. Jalaj Agrawal through non-banking route for off-loading of shares by Net Sellers/ Profit Makers/ Beneficiaries. He further stated that he had received commission for off-loading of shares by Net Sellers/ Profit Makers/ Beneficiaries.*
- 6.14. *WhatsApp Chats between Mr. Jalaj Agrawal and Mr. Arvind Shukla show that on the instructions of Mr. Jalaj Agrawal, stock recommendations in the scrip of UML were posted on Telegram channels by Mr. Arvind Shukla. The sample stock recommendations shared by Mr. Jalaj Agrawal with Mr. Arvind Shukla included scrip name and code, range of quantity to be bought, buying price, and target / stop loss price. Further, Mr. Jalaj Agrawal instructed Mr. Arvind Shukla to delete the stock recommendations in the scrip of UML after posting.*
- 6.15. *Mr. Jalaj Agrawal shared the calculation of commission with Mr. Arvind Shukla, based on the number of shares sold on a particular day, the closing price on that particular day and the rate of commission of 13%. Based on the token (i.e. currency note received from Mr. Arvind Shukla), Mr. Jalaj Agrawal arranged the payment of commission to Mr. Shukla. Mr. Arvind Shukla admitted in his statement under oath*

that he received commission from Mr. Jalaj Agrawal for carrying out the promotion activities.

- 6.16. A spurt in volume and price was observed in the scrip of UML, during the period when the stock recommendations were posted. The details of the same are as follows:

Table 1

Patch	Period	Particulars	Opening price and volume*	High price and volume during the period	Low price and volume during the period	Closing price & volume**	Total no. of shares traded	Avg. no. of shares traded per day
Period 1	01 Nov-2021 to 30 Nov-2021	Price	53.80	58.00	40.05	43.45	6,95,206 (20 trading days)	34,760
		Volume	5,131 (Nov 01)	15,513 (Nov 08)	8,230 (Nov 29)	13,768 (Nov 30)		
Period 2	01 Dec-2021 to 31 Dec-2021	Price	45.60	84.00	44.00	53.85	55,03,944 (23 trading days)	2,39,301
		Volume	7,254 (Dec 01)	1,24,834 (Dec 20)	7,254 (Dec 01)	48,485 (Dec 31)		
Period 3	01 Jan-2022 to 31 Jan-2022	Price	51.20	59.05	42.30	44.35	17,71,881 (20 trading days)	88,594
		Volume	44,348 (Jan 01)	1,53,873 (Jan 10)	51,727 (Jan 25)	27,020 (Jan 31)		

*On first day of the period

**On last day of the period

- 6.17. As can be seen from the above table, the average daily volume of period 2 was 6.88 times that of period 1 and 2.70 times that of period 3. Further, the price increased by more than 84% on an open-to-high basis in period 2, which is much higher in comparison to period 1 and period 3.
- 6.18. At the beginning of the Investigation Period, the Net Sellers/ Profit Makers / Beneficiaries had a total shareholding of 27,28,907 shares which is 17.03% of the share capital of UML. However, by the end of the Investigation Period, the consolidated shareholding reduced to 2,94,868 shares, which is a meagre 1.84% of the share capital of UML. In this period, Ms. Nirali Yayaati Nada, Mr. Jignesh Pravinbhai Pethani, Ms. Mukti Lodha, Mr. Prajesh A Shukla, and Mr. Hardik J Patel off-loaded their complete holdings while Mr. Yayaati Hasmukhray Nada, Mr. Jasavantbhai Patel, Mr. Nahush Ashvinbhai Shukla, Mr. Malay Shaileshbhai Patel

and Ms. Reetaben Ashvinkumar Shukla off-loaded majority of their holdings in UML. The Net Sellers/ Profit Makers/ Beneficiaries contributed 44.22% to the net market volume in the scrip of UML, during the month of December 2021.

- 6.19. The Net Sellers/ Profit Makers / Beneficiaries sold their shares in a planned manner on different days of recommendation. The overall strategy appeared to be not to place orders together, to ensure that the sell orders find a smooth passage through the system. There is evidence of Net Sellers/ Profit Makers / Beneficiaries enquiring about orders placed by other Net Sellers/ Profit Makers / Beneficiaries.*
- 6.20. The stock recommendations succeeded in creating a continuous demand for the shares of UML, resulting in maintaining the price / volume of UML throughout various trading days in December 2021. On the 12 trading days when the stock recommendations were posted, the Net Sellers/ Profit Makers/ Beneficiaries off-loaded approximately 80.17% of their total holding as on December 03, 2021 i.e. 27,23,439 shares.*
- 6.21. The spurt in price/ volume in the scrip of UML was primarily on account of stock recommendations posted on Telegram channels on a continuous basis during the month of December 2021. The significant sell by the Net Sellers/ Profit Makers/ Beneficiaries in a planned manner during the relevant period when recommendations were made on the channels substantiate that they were aware that the stock recommendations being posted on Telegram channels would lead to a favourable movement in the price/traded volume of UML. The pattern of placing orders at the price similar to what was posted in Telegram channels, type of order (limit order) and sequence of order placement, reveals that the Net Sellers/ Profit Makers/ Beneficiaries acted with a common mind-set to offload the shares of UML, using spurt in price/volume created by stock recommendation posted on Telegram channels.*
- 6.22. It is therefore prima facie inferred that the Net Sellers/ Profit Makers/ Beneficiaries and Operators with the help of Enablers devised a scheme for defrauding the securities market and engaged in a deceitful act to induce gullible subscribers of Telegram channels. In this process, other investors were induced as well to deal in*

securities purely based on misleading, unsolicited and pre-planned stock tips about specific scrip i.e. UML, recommended through Telegram channels.

- 6.23. This facilitated the Net Sellers/ Profit Makers / Beneficiaries to off-load their stake successfully in the scrip of UML, a Company that had no fundamentals and no recent corporate announcement that could be said to be the cause of sudden and unusual rise in price and volume.
- 6.24. The Net Sellers/ Profit Makers/ Beneficiaries unlawfully earned a profit of ₹4,29,80,725.70. The following table details the unlawful profit earned by each of the Net Sellers/ Profit Makers/ Beneficiaries along-with the Noticees jointly and severally responsible for the same:

Table 2

Net Seller/ Profit Maker/ Beneficiary	Trading during Dec 06 - Dec 31, 2021				Amount of wrongful gain (In ₹)	Closing balance as on Dec. 31, 2021	Noticees jointly and severally liable for wrongful gains
	Buy. Qty	Total Buy Value (In ₹)	Sell. Qty.	Total Sell Value (In ₹)			
Yayaati Hasmukhray Nada (Noticee No. 1)			6,75,470	4,85,39,609.15	1,46,51,279.25	2,72,989	1, 11, 12, and 13
Nirali Yayaati Nada (Noticee No. 2)			4,27,350	3,16,72,375.00	1,02,32,225.50		1, 2, 11, 12 and 13
Jasavantbhai Patel (Noticee No. 3)	2,016	1,43,136	3,46,800	2,12,70,491.50	38,29,542.22	3,516	1, 3, 9, 11, 12 and 13
Jignesh Pravinbhai Pethani (Noticee No. 4)			1,84,193	1,29,90,153.05	37,49,190.24		1, 4, 11, 12 and 13
Mukti Lodha (Noticee No. 5)			1,75,000	1,30,15,000.00	42,35,250.00		5, 11, 12 and 13
Nahush Ashvinbhai Shukla (Noticee No. 6)			1,70,305	1,06,33,000.25	20,88,798.40	11,395	1, 6, 9, 11, 12 and 13
Prajesh Ashvinbhai Shukla (Noticee No. 7)			1,49,960	93,96,568.00	18,73,074.80		1, 7, 9, 11, 12 and 13
Malay Shaileshbhai	1,069	55,248.70	1,17,296	65,18,631.05	6,32,273.76		8, 11, 12 and 13

Patel (Noticee No.8)							
Reetaben Ashvinkumar Shukla (Noticee No. 9)			1,10,756	67,67,939.80	12,11,311.28	1,500	1, 9, 11, 12 and 13
Hardik Jitendrabhai Patel (Noticee No. 10)			80,000	44,91,380.25	4,77,780.25		1, 10, 11, 12 and 13
Net Sellers/ Profit Makers/ Beneficiaries started offloading the shares from Dec 06, 2021 (i.e. the day on which recommendation started being posted on Telegram channels). Therefore, the WAP as of the previous trading day i.e. Dec 03, 2021, has been considered as the acquisition price for the purpose of calculating the profit.							

7. The Interim Order cum Show-Cause Notice was served on the Noticees and a timeline of 21 days was given to them to file their replies / objections.
8. Pursuant to the Interim Order, 9 of the Noticees (Noticee Nos. 1 – 7, 9 and 10) preferred an appeal before Hon'ble SAT. Upon hearing the matter, Hon'ble SAT without going into the merits of the case, passed the following directions vide Order dated October 17, 2024:
 - 8.1. *The appellants shall be permitted to sell the shares and make the payments as called upon by the SEBI in Table 25 (paragraph 60) of the impugned order by depositing the amount in an interest bearing ESCROW account in any Nationalized Bank with lien mark in favour of the SEBI.*
 - 8.2. *Appellants shall be free to trade in any scrip other than Unison Metals Limited.*
 - 8.3. *The appellant shall make the deposit in an outer limit of four weeks.*
 - 8.4. *The SEBI shall defreeze the accounts immediately.*
 - 8.5. *The appellants shall file reply to the show cause notice within an outer limit of four weeks from today.*
9. The aforementioned 9 Noticees deposited the amount of ₹4,23,48,451.94 in escrow accounts with lien marked in favour of SEBI.

B. REPLIES OF THE NOTICEES, CROSS-EXAMINATION AND PERSONAL HEARING

10. Seven of the Noticees (Noticee Nos. 1, 2, 3, 6, 7, 9 and 10) filed a preliminary reply to the Interim Order, pursuant to the direction of the Hon'ble SAT as they sought cross-examination of Mr. Shailesh S Patel for making further submissions. As per their request, an opportunity for cross-examination of Mr. Shailesh S Patel was granted and the cross-examination was scheduled on January 07, 2025. The hearing for all Noticees was also scheduled on the same date.
11. Based on a request received from Mr. Shailesh S Patel citing medical needs of his son, the cross-examination scheduled on January 07, 2025, was cancelled. Further, the hearing was adjourned *sine die*, based on requests received from various Noticees to schedule the hearing after the cross-examination.
12. The cross-examination of Mr. Shailesh S Patel was rescheduled to February 25, 2025. During the cross-examination, Mr. Shailesh S Patel *inter alia* stated the following:
 - 12.1. He has never met Noticee Nos. 2, 3, 6, 7, 9 and 10. He met Noticee No. 1 once in the office of SEBI. He was never approached by any of these Noticees for off-loading their shares in UML.
 - 12.2. He did not receive any funds or shares of UML from any of these Noticees.
 - 12.3. He was very tense when he gave the statement dated August 23, 2022, and has retracted the same vide affidavit dated September 12, 2024.
 - 12.4. He paid an amount of ₹18 lakhs as commission for the sale of his son's shares in UML.
13. Noticee Nos. 1 to 11 and Noticee Nos. 12 to 17 were provided an opportunity of hearing on April 08, 2025 and April 25, 2025 respectively. Their respective Advocates were authorized to appear on their behalf. During the course of the hearing, the Noticees reiterated their written submissions. The Noticees were given 10 days' time to file their post-hearing submissions, which were submitted by May 06, 2025.

14. A summary of the reply submitted by Noticee Nos. 1, 2, 6, 7 and 9, vide letters dated November 14, 2024, March 21, 2025 and April 17, 2025, is as follows:
- 14.1. Noticee No. 1 (Mr. Yayaati Hasmukhray Nada) is the husband of Noticee No. 2 (Ms. Nirali Yayaati Nada) and they are both directors and partners in various companies and partnership firms. Noticee No. 1 is the cousin brother of Noticee No. 6 (Mr. Nahush Ashvinbhai Shukla) and Noticee No. 7 (Mr. Prajesh A Shukla). Noticee No. 9 (Ms. Reetaben Ashvinkumar Shukla) is the maternal aunt of Noticee No. 1 and they are both directors and partners in various companies and partnership firms. Noticee Nos. 6 and 7 are real brothers, with Noticee No. 9 being their mother.
- 14.2. Noticee No. 1 is an investor, with over a decade of experience in capital markets. Noticee Nos. 2 and 9 assist Noticee No.1 in his various businesses. The Noticees (viz. Noticee Nos. 1, 2, 6, 7 and 9) invested in the shares of UML from 2014 to 2019, on the advice of Noticee No. 1 and stayed invested in the shares of UML for almost 7 years.
- 14.3. On the advice of Noticee No. 1, the Noticees (viz. Nos. 1, 2, 6, 7 and 9) sold their shares of UML and majority of the sale proceeds were invested in Osia Hyper Retail Ltd. Noticee No. 1, in his statement on oath dated July 04, 2022, stated that he made all the trading decisions on behalf of other Noticees (viz. Noticee Nos. 2, 6, 7 and 9), who were his family members. However, this submission was disregarded in the Interim Order, and Noticee Nos. 2, 6, 7 and 9 were also made part of the alleged scheme.
- 14.4. The SCN has been issued to the Noticee Nos. 1, 2, 6, 7 and 9 primarily based on four factors: (a) the connection of the Noticees with other co-noticees named in the SCN; (b) Call Data Records; (c) the statement of Mr. Shailesh S Patel dated August 23, 2022; and (d) the trading pattern of the Noticees.
- 14.5. The connection of some of the Noticees (viz. Nos. 1, 2, 6, 7 and 9) with other co-noticees are admitted connections that were already prevailing and still continue to exist. A detailed explanation is provided below:

- 14.5.1 The Noticees (viz. Nos. 1, 2, 6, 7 and 9) have a business relationship with Mr. Jasavantbhai Patel, through their family-owned business, Two-way Fashion and Nada Creation. Noticee No. 1 had lent money to Mr. Jasavantbhai Patel in March 2019. In September 2020, the Noticees contacted him for recovery of the loan amount. Due to his ill health, the calls made to Mr. Jasavantbhai Patel's mobile number were attended by his brother. The loan was fully repaid by Mr. Jasavantbhai Patel by December 15, 2021. A copy of the ledger account of Mr. Jasavantbhai Patel and his proprietary concern, Badshah Trading & Co., in the books of Nada Creation and Two-way Fashion respectively, has been submitted.
- 14.5.2 Noticee No. 1 has a business relationship with Mr. Jignesh Pravinbhai Pethani since 2014. He used to give advice on investment in the securities market to Mr. Jignesh Pravinbhai Pethani. Noticee No. 1 advised Mr. Jignesh Pravinbhai Pethani to sell the shares of UML as he was also selling his shares in the Company. Mr. Jignesh Pravinbhai Pethani requested Noticee No. 1 to be informed when he would be selling his shares of UML. The calls between Noticee No. 1 and Mr. Jignesh Pravinbhai Pethani were either regarding business purpose or regarding investment advice. A copy of the ledger account of Netanya Prototype, in the books of Nada Creation, has been submitted. There is no connection between Noticee Nos. 2, 6, 7 and 9 and Mr. Jignesh Pravinbhai Pethani.
- 14.5.3 Mr. Hardik J Patel is a friend of Noticee No. 1. The calls between them were made out of social courtesy and not for trading purposes. These calls continue to date, and no negative inference should be drawn only on the basis of these calls. Further, Noticee Nos. 2, 6, 7 and 9 did not have any calls with Mr. Hardik J Patel, and the observation that they are connected to Mr. Hardik J Patel is erroneous.
- 14.5.4 Mr. Tirth Uttamchand Mehta and Mr. Uttamchand Chandanmal Mehta are family friends of Noticee Nos. 1 and 2, and there is frequent contact with them, both prior to and after the Investigation Period. The SCN has failed to prove that there were any calls between Noticee No. 1 and Mr. Uttamchand Chandanmal Mehta

- during the Investigation Period. There is no connection of Noticee Nos. 6, 7 and 9 with Mr. Tirth Uttamchand Mehta and Mr. Uttamchand Chandanmal Mehta.
- 14.5.5 Noticee Nos. 1 and 2 know Mr. Sharad Ramkrishana Gattani as he is the father-in-law of Mr. Tirth Uttamchand Mehta, and they have met him a few times during family functions. There were no calls between Noticee Nos. 1 / 2 and Mr. Sharad Ramkrishana Gattani during the Investigation Period. The 28 calls mentioned in the SCN were of Noticee No. 1 and 2 with Ms. Rashmi Mehta (wife of Mr. Tirth Uttamchand Mehta). As the Noticee Nos. 1, 2 and Ms. Rashmi Mehta are family friends, the calls between them are social in nature. There is no connection of Noticee Nos. 6, 7 and 9 with Mr. Sharad Ramkrishana Gattani.
- 14.5.6 Ms. Manishaben Panchal is the family accountant of the Noticees (viz. Nos. 1, 2, 6, 7 and 9), since the past 22 years. The Noticees have been in frequent contact with her, both prior to and post the Investigation Period. Ms. Manishaben Panchal had called Mr. Jasavantbhai Patel for recovery of the loan amount in her capacity as family accountant. It is wrong to infer that she bridged the gap between the Noticees and the Operators. The calls of the Noticees with Ms. Manishaben Panchal were not in her capacity as an Independent Director of UML, but as an accountant of the Noticees' family business.
- 14.5.7 Noticee Nos. 1, 2, 6, 7 and 9 deny that they acted in concert with any of the above persons, in furtherance of the alleged scheme elaborated in the SCN.
- 14.5.8 There was no connection between the Noticees (viz. Nos. 1, 2, 6, 7 and 9) and Mr. Jalaj Agrawal or Mr. Arvind Shukla, either through calls, common directorships, common addresses, social media, fund transfer etc.
- 14.5.9 SEBI's search and seizure operations did not reveal any connection between Noticee Nos. 1, 2, 6, 7 and 9 and the Operators.
- 14.5.10 There was no connection between the Noticees (viz. Nos. 1, 2, 6, 7 and 9) and Ms. Mukti Lodha or Mr. Malay Shaileshbhai Patel, either through calls, common directorships, common addresses, social media, fund transfers etc. The Interim Order therefore, erroneously states that Noticee Nos. 1 to 10 are connected to each other, directly or indirectly.

- 14.6. The Order relies heavily on the statement of Mr. Shailesh S Patel dated August 23, 2022, in which he states that certain Noticees had approached him for off-loading of their shares of UML, and therefore, he had engaged Mr. Jalaj Agrawal for this purpose. There is an apparent contradiction between the first and second statement of Mr. Shailesh S Patel, as, in his first statement, he clearly stated that he had approached Mr. Jalaj Agrawal for off-loading his son's shares of UML, whereas in his second statement, he mentioned that the alleged Net sellers / Beneficiaries / Profit Makers had approached him to off-load their shares. This second statement is the primary evidence to inter-link the connection between the Noticee Nos. 1, 2, 6, 7 and 9 and Mr. Shailesh S Patel. Mr. Shailesh S Patel has however retracted his statement dated August 23, 2022 by way of affidavit dated September 12, 2024. This was confirmed by him during the cross-examination held on February 25, 2025, wherein he also admitted that he did not know any of the alleged Net Sellers/ Profit Makers/ Beneficiaries in the SCN other than his son, Noticee No. 8. He also confirmed that the Noticees (including Noticee Nos. 1, 2, 6, 7 and 9) never approached him for off-loading their shares and he had never received any funds or shares from them. The statement dated August 23, 2022 was made under coercive circumstances. It should not be relied upon as its credibility has been significantly undermined by both the retraction and the findings arising from the cross-examination. In this context, reference is drawn to the judgement of the Hon'ble Supreme Court in the matter of Kalawati vs. State of Himachal Pradesh which held that a retracted statement has only little value as the basis for a conviction, and the confession of an accused is not evidence against a co-accused tried for the same offence, but can only be taken into consideration against them. Similar judgements have been passed in the case of Haroon Haji Abdulla vs. State of Maharashtra (1967 SCC OnLine SC 94) and Vinod Solanki vs Union of India & Anr. ((2008) 16 SCC 537).
- 14.7. Apart from the statement of Mr. Shailesh S Patel, there is nothing on record to show that the Noticee Nos. 1, 2, 6, 7 and 9 were part of the alleged scheme or had contacted the alleged Operators to devise any fraudulent scheme. There exists no

independent or credible evidence on record to corroborate or establish any nexus between the above Noticees and Mr. Shailesh S Patel. The Interim Order fails to provide any evidence to substantiate the contention that any profit was shared with the Operators of the alleged scheme.

- 14.8. The SCN relies on calls of Noticee Nos. 1 and 2 with Mr. Sharad Ramkrishana Gattani and calls between Mr. Shailesh S Patel and Mr. Sharad Ramkrishana Gattani to establish a vague indirect link of the Noticees with Mr. Shailesh S Patel. The SCN has erred in making the *prima facie* observation that there were calls of Noticee Nos. 1 and 2 with Mr. Sharad Ramkrishana Gattani. The connection of Noticee No. 1 and 2 with Mr. Sharad Ramkrishana Gattani is by virtue of their relations with Mr. Tirth Uttamchand Mehta and Ms. Rashmi Mehta. This connection predates the investigation and cannot be used to connect the Noticees to Mr. Shailesh S Patel and therefore, to the scheme. Attention is also drawn to the affidavit and cross-examination of Mr. Shailesh S Patel where he has admitted that the scheme was put in place only for his benefit, and the Noticees have no connection with Mr. Shailesh S Patel and therefore, to the alleged scheme. The main allegation that the Noticees (viz. Nos. 1, 2, 6, 7 and 9) contacted Mr. Shailesh S Patel and devised the scheme is vague and far-fetched, and hence the SCN should be set aside.
- 14.9. With respect to the Noticees' (viz. Nos. 1, 2, 6, 7 and 9) trades in the scrip of UML, the Noticees had collectively sold 1,51,815 shares of UML, even in the months of September 2021 and October 2021 (prior to the Investigation Period), which constitutes 26.2% of the total traded quantity in the shares of UML during this period (i.e. 5,81,485 shares traded in the month of September and October 2021). Therefore, it needs to be appreciated that shares were sold even when recommendations were not posted on Telegram channels, and Noticee No. 1 had sold shares when the price of scrip had touched the lower band.
- 14.10. Noticee Nos. 1, 2, 6, 7 and 9 did not have any material or non-public information of UML during the IP. They were not members of Telegram channels on which the stock recommendations were posted.

- 14.11. Noticee Nos. 1, 2, 6, 7 and 9 placed orders at different times to get an opportunity to sell their shares. Noticee No. 1 had advised Mr. Jignesh Pravinbhai Pethani to sell his shares of UML and was aware that they had an account with the same broker, and therefore, he enquired about the trade placed by Mr. Pethani. No wrong conclusion can be drawn that there was a meeting of minds between the Noticees merely on the basis of placing an order to sell shares. Noticee Nos. 1, 2, 6, 7 and 9 were not aware of any scheme devised in the scrip of UML, nor had they contacted or shared profits with any Operator of the alleged scheme.
- 14.12. Noticee Nos. 1, 2, 6, 7 and 9 sold shares of UML, based on Noticee No. 1's market study and continuous upward trend in the scrip of UML. Further, the Noticees placed the orders for sell at the upper price band. It can be seen that on the date when the stock recommendations were not posted on Telegram channels i.e. on December 29, 2021, the Noticee No. 1 placed the order on upper price band range i.e. ₹ 65.8/. Therefore, it is wrong to hold that the Noticees sold shares of UML based on stock recommendations posted on Telegram channels.
- 14.13. The trades executed by the Noticee Nos. 1, 2, 6, 7 and 9 during the relevant period were carried out at the prevailing market prices. The SCN does not place on record any cogent evidence or material to support the allegation that the trading activity of the Noticees led to any manipulation of price or volume in the securities market. In this regard, the Noticees have placed reliance on the Order of Hon'ble SAT in the matter of Harinarayan G. Bajaj vs. SEBI (Appeal No. 117 of 2003 dated October 10, 2007).
- 14.14. Noticee No. 6 holds a total of 39,500 shares of UML in physical form in addition to the equity shares he was holding in dematerialized form. The SCN has considered shares held in dematerialized form only. Had the Noticees (viz. Nos. 1, 2, 6, 7 and 9) been aware of the alleged scheme, they would have acted in a manner that aligns with such a motive. Specifically, Noticee No. 06 would have converted his physical shares to dematerialized form, thereby facilitating the sale of his entire stake. Further, the remaining Noticees did not sell their entire shareholding in UML. Even after the Investigation Period, Noticee No. 1 was holding 2,72,989 shares, Noticee

No. 6 was holding 11,395 shares and Noticee No. 9 was holding 1,500 shares. Collectively, the Noticees hold 3,25,384 shares of UML which, when converted to monetary terms, would amount to ₹1,75,21,928 (based on the closing price of ₹53.85/- at the end of the Investigation Period). Had the Noticees been aware of any scheme devised in the scrip of UML, they would have liquidated their entire shareholding.

- 14.15. Serious allegations of fraud have been levied against the Noticee Nos. 1, 2, 6, 7 and 9, necessitating a high standard of proof and the establishment of mens rea. However, no evidence has been presented against the Noticees for any wrongdoing. Such charges cannot be levelled merely on the basis of possibility. In this regard, attention is drawn to the decision of the Hon'ble Supreme Court in Union of India vs. Chaturbhai M. Patel (AIR 1976 SC 712) and KSL Industries Ltd. vs SEBI (Appeal No. 09 of 2003) which emphasize that fraud, even in civil proceedings, must be proven beyond a reasonable doubt. The SCN fails to meet the well-established legal and evidentiary standards, and should be set aside.
- 14.16. Noticee Nos. 1, 2, 6, 7 and 9 have not contravened any provisions of the SEBI Act or the PFUTP Regulations. Two necessary ingredients of fraud i.e. deception and inducement, have not been established. There are no investor complaints against the Noticees, and in the absence of direct information, the allegation of causing loss to other investors is baseless. The findings do not lead to a conclusion that there has been disproportionate gain or any unfair advantage has been taken by the Noticees. There are no recurring instances of default by the Noticees. Therefore, imposing unwarranted directives under the SEBI Act, 1992 and PFUTP Regulations, 2003, would be unjust. Given the genuineness of the case, any imposition of penalty on the Noticees, would also be unjust. In this regard, reference is drawn to the judgement of the Hon'ble Supreme Court in the matter of Hindustan Steel Ltd. vs. State of Orissa (AIR 1970 SC 253).
- 14.17. The liability to disgorge the amount has to be individual, and cannot be made joint and several. In this regard, reliance is placed on the Order of Hon'ble Tribunal in the matter of Mahavirsingh N. Chauhan vs SEBI (Appeal No. 393 of 2018) which

inter alia stated that ...it is clear that a person can be directed to disgorge amount equivalent to the wrongful gain made by him. By such contravention, the liability to disgorge the amount is individual and not collective.

15. A summary of the reply submitted by Mr. Jasavantbhai Patel i.e. Noticee No. 3, vide letters dated November 14, 2024, March 21, 2025 and April 17, 2025, is as follows:
- 15.1. The concerned sell trades were not executed by Noticee No. 3 but by his brother, without the knowledge of the Noticee. After the Noticee's illness, his brother was managing the business. The decision to sell shares of UML was taken to pay the liabilities of Noticee No. 3 and was not in furtherance of any scheme. The sell trades were genuine and without any intention to manipulate the market.
- 15.2. No specific role played by the Noticee in the alleged scheme has been highlighted in the Interim Order. Other than the connection established between Mr. Yayaati Hasmukhray Nada and Noticee No. 3 on the basis of call records, nothing in the Interim Order shows that the Noticee was connected with the alleged scheme. The relation of the Noticee with Mr. Yayaati Hasmukhray Nada has been taken out of proportion. There is no concrete proof to substantiate that Mr. Yayaati Hasmukhray Nada had conveyed the alleged scheme to the Noticee and that the Noticee was aware of the same.
- 15.3. Noticee No. 3 had a long-term business relationship with Mr. Yayaati Hasmukhray Nada's father. He continued to have good business relations with Mr. Yayaati Hasmukhray Nada and his family. Through Mr. Yayaati Hasmukhray Nada, the Noticee knew Ms. Nirali Yayaati Nada, Ms. Reetaben Ashvinkumar Shukla and Ms. Manishaben Panchal.
- 15.4. In the month of March 2019, the Noticee obtained a short-term loan from Mr. Yayaati Hasmukhray Nada through his business concern amounting to ₹1.52 crore. In September 2021, Mr. Yayaati Hasmukhray Nada called the Noticee to repay the principal amount of loan as he was in need of funds. As the Noticee was not doing well at that time, his brother received the call and chose not to inform him. It is submitted that the calls as shown in the Interim Order with Ms. Nirali Yayaati Nada

(Wife of Mr. Yayaati Hasmukhray Nada), Ms. Manishaben Panchal (Accountant of Mr. Yayaati Hasmukhray Nada) and Ms. Reetaben Ashvinkumar Shukla (Aunt of Mr. Yayaati Hasmukhray Nada) were related to the recovery of the outstanding loan amount and trade payables. The Noticee was not aware of these calls exchanged between his brother and other Noticees/ Net Sellers at the relevant time.

- 15.5. The sum received from the sale of shares was utilized to repay the loans and creditors. A sum of ₹1.52 crore was utilized to repay the loan obtained from Mr. Yayaati Hasmukhray Nada on December 15, 2021 and the remaining sum was utilized to repay and settle the outstanding amount with one of the creditors, namely, Nada Creations, another business venture of Mr. Yayaati Hasmukhray Nada.
- 15.6. The sale of his shares, executed by his brother, was done in a moment of difficulty and not with premeditated mind or in cahoots with any party to the alleged scheme. The Noticee did not have any knowledge of the trades executed by his brother. The Noticee's brother was not aware about the securities market, and the trades executed by his brother were done at prevailing market rates for the sole purpose of getting funds to repay the creditors.
- 15.7. The Interim Order does not furnish any concrete evidence or material to support the allegation that the trading activity of the Noticee led to any manipulation of price or volume in the securities market. In this regard, the Noticee No. 3 has placed reliance on the Order of Hon'ble SAT in the matter of Harinarayan G. Bajaj vs. SEBI (Appeal No. 117 of 2003 dated October 10, 2007).
- 15.8. Noticee No. 3 was not a member of the Telegram groups on which buy recommendations were posted, nor is he directly or indirectly connected with any of the members of these groups. The Noticee did not deal in securities while in possession of any material or non-public information nor communicated such information to any other person.
- 15.9. No direct connection or communication between the Noticee and any of the Operators has been established. The allegation that the Noticee is part of the scheme is based solely on the statement of Mr. Shailesh S Patel, without any concrete evidence to corroborate the same.

- 15.10. The statement of Mr. Shailesh S Patel was recorded on two dates – March 15, 2022 and August 23, 2022. In his first statement, Mr. Shailesh S Patel nowhere indicated that the scheme was devised on the instructions or at the behest of any other Noticees or Net Sellers, and mentioned that he approached Mr. Jalaj Agrawal in order to off-load the shares held by his son. He made contradictory claims in his statement dated August 23, 2022. Further, the statement did not specify if the Noticee personally approached him for offloading his shares or if he was approached by another Net Seller on behalf of the Noticee.
- 15.11. The Interim Order does not provide any corroborative evidence or material to substantiate the conclusions drawn from the statement dated August 23, 2022. As evident from the Affidavit of Mr. Shailesh S Patel dated September 12, 2024, the said statement on August 23, 2022 was made under duress and threat. Further, during the cross-examination of Mr. Shailesh S Patel, he admitted that he has never met, communicated or received any monies from Noticee No. 3. He further admitted that the statement given by him on August 23, 2022 was incorrect. This statement is no longer admissible as evidence in the eyes of the law.
- 15.12. In the absence of any direct or cogent evidence linking Noticee No. 3 with the alleged scheme, mere existence of a business relationship or financial transaction between the Noticee and Mr. Yayaati Hasmukhray Nada cannot, by itself, serve as conclusive evidence of the Noticee's knowledge of or participation in the alleged scheme. In this regard, the Noticee has placed reliance on the judgement of Hon'ble Supreme Court in the matter of Balram Garg v. SEBI [(2022) 9 SCC 425] and the judgement delivered in the matter of Hanumant v. State of MP [(1952) 2 SCC 71], wherein it was observed that: *It is well to remember that in cases where the evidence is of a circumstantial nature, the circumstances from which the conclusion of guilt is to be drawn should be in the first instance be fully established, and all the facts so established should be consistent only with the hypothesis of the guilt of the accused. Again, the circumstances should be of a conclusive nature and tendency and they should be such as to exclude every hypothesis but the one proposed to be proved. In other words, there must be a chain of evidence so far complete as not*

to leave any reasonable ground for a conclusion consistent with the innocence of the accused and it must be such as to show that within all human probability the act must have been done by the accused.

- 15.13. It is a well-established legal principle that allegations of a serious nature, such as fraud, must be founded upon clear, concrete and credible evidence. The allegations levied against Noticee No. 3 are unsubstantiated, devoid of any conclusive evidence, and rests merely on presumptions. It is requested that the allegations qua the Noticee be quashed and the Interim Order be set aside forthwith. In this regard, reference is drawn to the Orders of the Hon'ble SAT in the matter of Sterlite Industries vs. SEBI (Appeal No. 20 / 2001), KSL Industries Ltd. vs SEBI (Appeal No. 09 / 2003) and Parsoli Corporation vs. SEBI (Appeal No.146 / 2011) which emphasize the need for reasonably convincing evidence.
- 15.14. The onerous task of proving such a serious allegation lies on the authority/person levelling such accusations on the basis of preponderance of probabilities. In this regard, reliance can be placed on the judgement of the Hon'ble Supreme Court in the matter of Union of India v. Chaturbhai M Patel & Co., wherein it was held that: *It is well settled that fraud like any other charge of a criminal offence whether made in civil or criminal proceedings, must be established beyond reasonable doubt: per Lord Atkin in A. L. N. Narayanan Chettyar v. Official Assignee, High Court, Rangoon. However suspicious may be the circumstances, however strange the coincidences, and however grave the doubt, suspicion alone can never take the place of proof.*
- 15.15. In a number of cases, the Hon'ble Supreme Court has held that without establishing foundational facts, passing an interim order on the ground of presumptions cannot be sustained. Further, the Noticee has placed reliance on the Order of Hon'ble Tribunal in the matter of Punit Goenka v. SEBI.
- 15.16. Since the Interim Order fails to establish any concrete connection between the Noticee and the alleged scheme or the Operators of the alleged scheme, the element of "fraud" is not established. No direction of disgorgement should be issued against the Noticee, as no unlawful gains have been made.

- 15.17. Noticee No. 3 has not contravened any provisions of the SEBI Act or the PFUTP Regulations. Two necessary ingredients of fraud i.e. deception and inducement, have not been established. No complaint has been filed with SEBI or any Stock Exchange in respect of trades executed by the Noticee in the scrip of UML. The findings do not lead to the conclusion that there has been any disproportionate gain or unfair advantage as a result of default by selling the shares of UML. Further, the findings do not establish any loss caused to any investor or group of investors as a result of any default committed by the Noticee. In the absence of any direct evidence, the allegation of causing loss to other investors is vague and baseless. Given the genuineness of the case, any imposition of penalty on the Noticee would also be unjust. In this regard, Noticee No. 3 has drawn attention to the Order of Hon'ble Supreme Court in the matter of Ranjit Thakur vs. Union of India which inter-alia emphasizes the doctrine of proportionality.
16. A summary of the reply submitted by Mr. Jignesh Pravinbhai Pethani i.e. Noticee No. 4 and Mr. Hardik J Patel i.e. Noticee No. 10, vide letters dated November 14, 2024, and March 20, 2025 is as follows:
- 16.1. Noticee No. 10 is long-term family friends with Mr. Yayaati Hasmukhray Nada and Mr. Tirth Uttamchand Mehta. Noticee No. 10 has maintained regular contact with both these persons prior to the initiation of the investigation and continues to maintain a personal relationship with them. The reliance on a limited number of call records, without any substantive corroborative evidence, is insufficient to justify such serious allegations against Noticee No. 10.
- 16.2. Noticee No. 10 had purchased 20,000 shares of UML using his own personal funds. He further received 80,000 bonus shares in the month of October 2021. He had been seeking an exit from UML and, hence he began divesting his shareholding in UML from October 2021. He sold his shares in the period from October to December 2021, across various dates and in varying quantities. He sold 20,000 shares of UML on October 21, 2021 i.e., prior to the Investigation Period, which was a substantial portion, amounting to 20% (twenty-percent) of his total shareholding.

- 16.3. In December 2021, Noticee No. 10 sold his shares at significantly lower prices in comparison to the rate at which he sold his shares on October 21, 2021, which was ₹76.27. As per the Interim Order, no stock recommendation was posted on December 07, 2021, one of the days on which Noticee No. 10 sold his shares. These rates were also at significantly lower price in comparison to the sale rates on 15th, 16th, and 17th of December 2021. The Noticee No. 10 merely sold the remaining minor portion comprising 6,000 shares of the aforementioned dates. If Noticee No. 10 was allegedly involved in any scheme aimed at manipulating the price or volume of the shares, then he would likely have sold a significant portion of his holdings on the later days in December, rather than disposing of them before the sale rates peaked.
- 16.4. Noticee No. 10 had been diligently monitoring the stock prices of UML over a period of time. In light of this continuous upward trajectory, and in accordance with the market assessment, Noticee No. 10 considered it to be a prudent decision to divest his holdings in UML and reallocate his investments into other securities.
- 16.5. The Interim Order fails to establish any viable direct or indirect link between Noticee No. 10 and the alleged scheme and also fails to demonstrate any direct connection between him and the purported Operators of the scheme. The Interim Order places significant reliance on the statement of Mr. Shailesh S Patel, one of the alleged Operators. However, there is a contradiction between the two statements given by Mr. Shailesh S Patel. In his statement recorded on March 15, 2022, Mr. Shailesh S Patel does not make any mention of the Noticees. It is evident from this statement that Mr. Shailesh S Patel engaged Mr. Jalaj Agrawal for the purpose of off-loading his own shareholding in UML. In the statement recorded on August 23, 2022, Mr. Shailesh contradicts his earlier statement, by stating that he engaged Mr. Jalaj Agrawal for off-loading the shares of the Net Sellers and it was the group of Net Sellers who had approached him for off-loading their shareholding in UML. The statement made by Mr. Shailesh S Patel was not only unsubstantiated and lacked corroboration, it has also been withdrawn by him vide Affidavit dated September 12, 2024. During the proceedings of the cross-examination, Mr. Shailesh S Patel

affirmed his statement dated August 23, 2022 was recorded in a tense atmosphere and he does not know any of the co-noticees named in his statement. This statement cannot be relied upon, as its credibility has been severely undermined by the retraction and the findings from the cross-examination.

- 16.6. Noticee No. 4 purchased 48,750 shares of UML in the month of September 2019. Subsequent to the issuance of bonus shares in October 2021, his shareholding increased by 1,95,000 shares. He off-loaded his shares from October to December 2021. In relation to Noticee No. 4, the only established connection is between him and Mr. Yayaati Hasmukhray Nada on the basis of fund transfers and call records. The fund transfers between Noticee No. 4 and Mr. Yayaati Hasmukhray Nada were done through their proprietary concerns Netanya Prototype and Nada Creations, respectively. Noticee No. 4 has a longstanding business relationship with Mr. Yayaati Hasmukhray Nada, and the fund transfers are routine transactions conducted as part of their regular business activities. The calls exchanged between Noticee No. 4 and Mr. Yayaati Hasmukhray Nada were primarily due to their established professional relationship and took place in the ordinary course of business.
- 16.7. The Interim Order has overstated the significance of Mr. Yayaati Hasmukhray Nada's call in which he inquired about the orders placed by Mr. Jignesh Pravinbhai Pethani. The abovementioned call was due to the fact that Noticee No. 4 sold his shares of UML on the advice of Mr. Yayaati Hasmukhray Nada. The mere act of selling stock based on such advice does not imply that Noticee No. 4 was aware of any alleged scheme or has participated in it.
- 16.8. The Interim Order has not been able to establish any connection of Noticee No. 4 with any of the other alleged Net Sellers or Enablers or Operators.
- 16.9. Noticee Nos. 4 and 10 were not the members of the Telegram channels on which recommendations were posted. Therefore, their having knowledge of stock recommendations posted on Telegram channels does not arise.
- 16.10. There is no cogent evidence to establish that the Noticee Nos. 4 and 10 had knowledge of or were directly or indirectly involved in the purported scheme, or that

there was any direct connection between the Noticees and the purported Operators of the scheme. The Interim Order does not specify the role of the Noticees in the scheme. They have been clubbed with various other entities, without any reason or justification.

- 16.11. Noticee Nos. 4 and 10 have not engaged in any unlawful or fraudulent activity and no *prima facie* charge has been substantiated to warrant any punitive action. In order to allege a violation of fraud, two essential elements must be demonstrated i.e., deception and inducement. However, the Interim Order had failed to produce any material or evidence to show that the Noticees have deceived or induced any individual to deal in the securities market. It does not demonstrate any unwarranted interference by the Noticees in the natural market forces.
- 16.12. In this regard, Noticee Nos. 4 and 10 have placed reliance on the decision of Hon'ble Supreme Court in the matter of Union of India vs. Chaturbhai M. Patel (AIR 1976 SC 712) wherein it is held that fraud, even in civil proceedings, must be established beyond reasonable doubt and the Order of the Hon'ble Supreme Court in the matter of Union of India vs. H.C. Goel. The Interim Order fails to meet the well settled legal principles and hence should be set aside forthwith.
- 16.13. Noticee Nos. 4 and 10 have not contravened any provisions of the SEBI Act or the PFUTP Regulations. No complaint has been filed with SEBI or any Stock Exchange in respect of trades executed by the Noticees in the scrip of UML. The findings do not lead to the conclusion that there has been any disproportionate gain or unfair advantage made as a result of default by selling the shares of UML. Further, the findings do not establish any loss caused to any investor or group of investors as a result of any default done by the Noticees. In the absence of any direct evidence, the allegation of causing loss to other investors is vague and baseless. The Noticees are not repetitive defaulters. Given the above factors and the genuineness of the case, the present matter does not justify the imposition of penalty on the Noticees. In this regard, the Noticees have drawn attention to the Orders of the Hon'ble Supreme Court in the case of Hindustan Steel Limited vs. State of Orissa

(AIR 1970 SC 253) and Ex-Naik Sardar Singh vs. Union of India, which dealt with the aspect of imposing any penalty.

17. A summary of the reply submitted by Ms. Mukti Lodha i.e. Noticee No. 5, vide letters dated November 14, 2024, and April 17, 2025 is as follows:
- 17.1. Noticee No. 5 had invested in UML since February 01, 2014 holding 35,000 shares which was equivalent to 1.09% of the total shareholding of the Company, as on December 01, 2021.
 - 17.2. Pursuant to issuance of bonus shares by UML, 1,40,000 additional shares were issued and allotted to Noticee No. 5 on October 20, 2021, and her total shareholding increased to 1,75,000 shares. The allocation of bonus shares positively impacted the price and volumes of UML. Thereafter, given the substantial price appreciation on the initial investment in UML, Noticee No. 5 was inclined to exit, and accordingly, sold the shares of UML in 2 tranches viz. on December 15, 2021 and December 16, 2021, at the prevailing market price.
 - 17.3. No connection of any nature has been shown of Noticee No. 5 with Mr. Arvind Shukla (the operator of the Telegram channel), Mr. Shailesh S Patel or Mr. Jalaj Agrawal. Further, in his statement dated August 23, 2022, Mr. Shailesh S Patel specifically mentioned that he does not know Ms. Mukti Lodha. This makes it clear that the Noticee never contacted the 'Operator' of the alleged scheme, thus, the question of Noticee being aware of any scheme devised in the scrip of UML does not arise.
 - 17.4. The SCN fails to establish any connection between the Noticee No. 5 and other Net Sellers/ Profit Makers / Beneficiaries either through call records, fund transfers, common directorships, common address, or otherwise. Despite this, the SCN proceeds on the basis that the Noticee is connected with them and had knowledge about the alleged scheme. The Interim Order cum SCN has been issued to the Noticee based on this erroneous observation and needs to be quashed qua the Noticee.

- 17.5. The SCN tries to show connection of Noticee No. 5 with the 'Enablers', and from there through to the 'Net Seller' and 'Operator'. It alleges that there was a call of the Noticee No. 5 with Mr. Uttamchand Chandanmal Mehta. On perusal of the Investigation report and its Annexures, it was revealed that there was only one call lasting 413 seconds of the Noticee No. 5 with Mr. Uttamchand Chandanmal Mehta somewhere in the month of July or August 2021. There was no other call of the Noticee and any other co-noticees prior to, or during the Investigation Period. The call with Mr. Uttamchand Chandanmal Mehta cannot be connected to the alleged scheme, as the scheme was concocted in the last week of November 2021 and implemented in December 2021. In any case, mere calls cannot suffice as evidence of attributing the Noticee's involvement in the scheme.
- 17.6. The SCN attempts to tie the trades of Noticee No. 5 which were done in ordinary course, with the alleged scheme on the basis of a frivolous connection.
- 17.7. Noticee No. 5 was not a member of the Telegram channels on which the stock recommendations were posted during the Investigation Period. There is no evidence to show that the Noticee was aware of the circulation of the recommendations through Telegram.
- 17.8. Noticee No. 5 had placed the order for sell by giving instructions to broker, through email. In the email, the time at which the sell order should be placed was not mentioned. Therefore, the allegation that there was meeting of minds with the other Net Sellers/ Profit Makers/ Beneficiaries, is purely based on surmises and conjectures.
- 17.9. The decision of Noticee No. 5 to sell the shares of UML, was based on her independent market analysis. She placed the sell order on the opening price of the share of UML on the date of selling. It was mere coincidence that the price at which the Noticee sold the shares was same as the price mentioned in the buy recommendations on Telegram channel.
- 17.10. The trades of Noticee No. 5 should be independently considered with the total market volume during the Investigation Period. Her trades constitute 3.18% of the

total market volume during the Investigation Period which is not significant to manipulate the price and volume in any scrip.

- 17.11. Noticee No. 5 has placed reliance on the Order of the Hon'ble SAT in the matter of Kapil Chatrabhuj Bhuptani vs. SEBI (Appeal No. 95 of 2013) which held that simple trading in a particular scrip without any proved nexus, is not per se punishable.
- 17.12. There is no evidence to substantiate the allegation that Noticee No. 5 was aware of and has directly or indirectly participated in the alleged manipulative scheme. No specific role of the Noticee, has been brought out. Merely making profits by selling shares, cannot itself indicate any manipulation in the scrip of UML.
- 17.13. Noticee No. 5 was one of several shareholders who sold shares of UML, during the Investigation Period. The SCN is silent as to how the acts of Noticee No. 5 can be considered as being manipulative, fraudulent or deceptive by nature. In this regard, Noticee No. 5 has placed reliance on the Order of the Hon'ble SAT in the matter of JB Shares and Stocks Ltd. Vs. SEBI (Appeal No. 189 of 2004) which emphasizes the need for charge sheet to be specific. The law as regards the requirement of issuance of Notice and the content that are mandatorily required to be included in such Show Cause Notice was also considered and elaborated by the Hon'ble Supreme Court in Gorkha Security Service vs. Government (NCT of Delhi) (2014) 9 SCC 105, wherein it was held that – *the fundamental purpose behind serving of show-cause notice is to make the Noticee understand the precise case set up against him which he has to meet. This would require the statement of imputations detailing out the alleged breaches and defaults he has committed, so that he gets the opportunity to rebut the same.* The Hon'ble SAT in the matter of Vintel Securities Pvt. Ltd. vs. SEBI (Appeal No. 219 of 2009, order dated November 23, 2009) *inter-alia* stated that – *A serious charge of fraud has been established against, the Appellant without even dealing with the trades executed by it. The adjudicating officer has given no reason whatsoever in support of his conclusion. He has found the appellant guilty without showing as to how it was acting in tandem with others....The impugned order must show how the charge stands established...*

- 17.14. The SCN has summarily attributed the Noticee No. 5's involvement in the scheme, without supplementing the same with adequate findings (in respect of her) in the alleged scheme. It does not meet the minimum requirements of a valid SCN as laid down in the above Orders. Noticee No. 5 has further placed reliance on the Order of the Hon'ble Supreme Court in the matter of Brindavan Beverages (P) Ltd. ((2007) SCC 388) which emphasizes the need for SCN to be specific. The SCN issued to Noticee No. 5 is therefore bad in law and must be quashed qua the Noticee.
- 17.15. Noticee No. 5 denies having violated any of the provisions of the SEBI Act or PFUTP Regulations. There is no evidence on record, establishing that the Noticee No. 5 has violated these provisions. The element of fraud is not established. In this regard, the Noticee has placed reliance on the case of DLF Ltd. vs. SEBI (Appeal No. 331 of 2014 Order dated March 13, 2015). The charges are based on surmises and conjectures and on the assumption of having carried out collusive trading. The Noticee has been clubbed with other entities, without any reason or justification.
- 17.16. The findings do not lead to the conclusion that there has been disproportionate gain or unfair advantage to the Noticee, by selling the shares of UML, which she was holding over the decade. There are no investor complaints filed at any Stock Exchange or SEBI in respect of trades executed by the Noticee No. 5 in the scrip of UML, and in the absence of direct information, the allegation of causing loss to other investors is vague and based on surmises and conjectures.
- 17.17. Serious allegations of fraud have been raised against the Noticee No. 5. These allegations require a high level of proof and establishment of mens rea. In this regard, reference is drawn to the Orders of the Hon'ble SAT in the matter of Parsoli Corporation vs. SEBI (Appeal No.146 / 2011), and the Orders of the Hon'ble Supreme Court in the matters of Union of India vs. Chaturbhai Patel (AIR 1976 SC 712), Union of India vs. H.C. Goel (AIR 1964 SC 364) and Razik Ram vs. J.S. Chouhan ((1975) 4 SCC 769) which emphasize that allegations of a serious nature, such as fraud, must be founded upon clear, concrete and credible evidence. The allegations levied against the Noticee are unsubstantiated, devoid of any conclusive

evidence, and rests merely on presumptions. It is requested that the allegations against the Noticee be quashed and the Interim Order be set aside forthwith.

- 17.18. It will be unfair to subject Noticee No. 5 to unwarranted directions under the SEBI Act and PFUTP Regulations. Since no primary violation against the Noticee has been made out and the Noticee has also explained the genuineness of the case, the question of imposition of penalty does not arise. In this regard, the Noticee has drawn reference to the case of *Ranjit Thakur vs. Union of India* (AIR 1987 SC 2386) and the judgement of the Hon'ble Supreme Court in the matter of *Hindustan Steel Ltd. vs. State of Orissa* (AIR 1970 SC 253). Further, no direction of impounding should be issued against the Noticee, as no unlawful gains have been made by her.
18. A summary of the reply submitted by Mr. Malay Shaileshbhai Patel i.e. Noticee No. 8, vide letters dated October 07, 2024 and April 25, 2025, is as follows:
- 18.1. Noticee No.8 is not aware of any trading activities and his demat account was handled by his father, Mr. Shailesh S Patel (Noticee No. 11). He was residing outside India, and had no involvement in the management or operation of his trading account.
- 18.2. The above was admitted by Noticee No. 8 vide email dated March 25, 2022. It is further corroborated by the statement of Noticee No. 11 dated March 15, 2022. Noticee No. 8 has also authorised his father, Mr. Shailesh S Patel, to appear on his behalf in the captioned matter.
- 18.3. Noticee No. 8 did not participate in, approve, or execute any of the transactions carried out through his demat account, nor was he aware of any alleged scheme, devised in the scrip of UML. The purported connections with other Noticees are not supported by any cogent evidence demonstrating any wrongful intent on the part of Noticee No. 8.
- 18.4. Mere ownership of a demat account cannot be a ground to impute liability on the account holder, in the absence of evidence demonstrating actual control, knowledge, or participation in the alleged violations.

- 18.5. The SCN itself states that the trades were carried out from Noticee No. 8's account and does not allege that the trades were executed by him. The allegations of fraud, therefore, cannot be sustained qua the Noticee. In this regard, the Noticee has placed reliance on the case of DLF Ltd. vs. SEBI (Appeal No. 331 of 2014).
- 18.6. The transactions in question in the present proceedings were carried out by Noticee No. 11, however, the Interim Ex-Parte Order cum Show Cause Notice has been passed against the Noticee No. 8, and is therefore liable to be quashed.
- 18.7. Noticee No. 8 has not violated any provisions of the SEBI Act or PFUTP Regulations, and no charge has been established to warrant any action against him. The Noticee should be exonerated from all charges and allegations made therein, as he had no knowledge of, intent, or participation in the alleged scheme at play.
19. A summary of the reply submitted by Mr. Shailesh S Patel i.e. Noticee No. 11, vide letters dated October 07, 2024 and May 02, 2025, is as follows:
- 19.1. SEBI's allegations connecting Noticee No. 11 to the allegedly devised scheme are supported by chat records from his mobile phone, exchanged with Mr. Jalaj Agrawal. The Noticee has submitted that he has lost all the data of his mobile phones, and is not in possession of any back-up data. While SEBI shared certain chat data with Mr. Jalaj Agrawal as annexures to the SCN, the entire data dump of Noticee No. 11's mobile phones has not been shared. In this regard, reliance is placed on the Order of the Hon'ble Supreme Court in the matter of T. Takano vs. SEBI (Civil Appeal No. 487 - 488 of 2022) wherein it was held that information shall not be disclosed to a party where such disclosure would amount to a breach of the third party's right to privacy. However, in the present case, the data sought by the Noticee pertains to information that was extracted by SEBI from the Noticee's own mobile device and was subsequently relied upon by SEBI during the course of proceedings. Accordingly, the question of any breach of third-party privacy does not arise.
- 19.2. The data shared is insufficient for a complete understanding of the context of the chat. Noticee No. 11 is unable to recall the full contents or context of the chats

exchanged with Mr. Jalaj Agrawal from the seized mobile phone. Without access to the complete data, the Noticee cannot adequately respond to the evidence used against him.

- 19.3. The refusal by SEBI to furnish such data to the Noticee constitutes a clear violation of the principles of natural justice, particularly the right to a fair hearing and the right to respond to material relied upon by the authority. It is also in violation of the precedents set by the Hon'ble Supreme Court of India (Reference: Reliance Industries Ltd. vs. SEBI, (2022) 10 SCC 181), wherein it has been mentioned that selective disclosure cannot be countenanced in law as it clearly amounts to cherry picking which derogates the commitment to a fair trial. SEBI, having failed to provide all the relevant documents, is now precluded from placing reliance on such documents.
- 19.4. The refusal to allow Noticee No. 11 to cross-examine Mr. Jalaj Agrawal has deprived the Noticee of critical means to test the credibility of Mr. Jalaj Agrawal's statement, thereby compromising his ability to mount an effective defense. In this regard, reliance is placed on the decision of the Hon'ble Supreme Court in the case of AK Roy vs Union of India AIR 1982 SC 710. An opportunity for hearing would assist in scrutinizing the testimony of witnesses, ensuring that it is not accepted as conclusive without further examination and facilitating the provision of a true and complete picture, ultimately leading to a just and equitable decision. Similar observation was made by the Hon'ble SAT in the case of Price Waterhouse vs SEBI (Appeal No. 8 of 2011 decided on June 01, 2011) and by the Hon'ble Supreme Court in the case of Meenglas Tea Estate vs. The Workmen (AIR 1963 SC 1719) and M/s Andaman Timber Industries vs. Commissioner of Central Excise, Kolkata-II (Civil Appeal No. 4228 of 2006). SEBI has therefore failed to recognize the principles of natural justice. As a result, the SCN must be set aside qua the Noticee. SEBI, while rejecting the Noticee's request to cross-examine Mr. Jalaj Agrawal, explicitly stated that they would not rely on the statement of Mr. Jalaj Agrawal during the course of the present proceedings. By making this clear statement, SEBI is now

precluded from relying on Mr. Jalaj Agrawal's statement against Noticee No. 11 in any manner.

- 19.5. Noticee No. 11 did not directly post or publish any stock recommendations on Telegram or any other social media platform. SEBI has also failed to furnish any evidence in support of the statement dated June 23, 2022 made by Mr. Jalaj Agrawal, wherein he alleged that Noticee No. 11 instructed him to promote the scrip of UML on Telegram channels.
- 19.6. Noticee No. 11's involvement is alleged to be indirect, in the form of supplying crucial information such as Benpos data, and coordinating with Mr. Jalaj Agrawal.
- 19.7. Noticee No.11 knows Mr. Sharad Ramkrishana Gattani since 2016-17 as he used to provide him with tax related advice. Between October and November 2021, Mr. Sharad Ramkrishana Gattani informed Noticee No.11 that UML was in the process of setting-up new manufacturing units and was also raising fresh capital for its business for which they required advisory services related to fund raising.
- 19.8. Mr. Sharad Ramkrishana Gattani asked Noticee No. 11 to provide advisory services for fund raising, specifically to determine whether to go ahead with Further Public Offer, Preferential Allotment, Right Issue, etc. whichever would be beneficial for UML, for which the Noticee No.11 quoted a fee of ₹10 Lakhs.
- 19.9. Noticee No. 11 met Mr. Tirth Uttamchand Mehta and Mr. Uttamchand Chandanmal Mehta, for fund raising advisory services. Noticee No. 11 was in regular contact with Mr. Sharad Ramkrishana Gattani, Mr. Tirth Uttamchand Mehta and Mr. Uttamchand Chandanmal Mehta through calls and messages. Therefore, the reliance placed on the calls and messages of Noticee No.11 with the Enablers of the alleged scheme, to hold that the Noticee had devised alleged manipulative scheme is erroneous and unsubstantiated.
- 19.10. Noticee No. 11 met Mr. Jalaj Agrawal at Karnavati Club. Mr. Jalaj Agrawal helped Noticee No. 11 to sell his shares. Noticee No.11 also asked Mr. Jalaj Agrawal whether he would be able to get any investor who can invest in UML as the Company was planning to raise funds.

- 19.11. As Mr. Jalaj Agrawal wanted to verify the movement of promoter's shares in UML, he asked Noticee No.11 to provide the details of whether the promoters of UML were selling their shares or not, as he needed this information to attract investors. Noticee No. 11 therefore, requested Mr. Sharad Ramkrishana Gattani to share the relevant details. Thus, Mr. Sharad Ramkrishana Gattani shared the Benpos of UML with him to show the true and fair picture of the Promoter's holding. The Benpos was shared with Noticee No. 11, both prior to and after the Investigation Period. Therefore, the reliance on the sharing of Benpos to hold the Noticee liable for the alleged scheme is totally erroneous.
- 19.12. Mr. Jalaj Agrawal in his statement dated June 23, 2022 made an erroneous assertion that Noticee No. 11 instructed him to promote UML's scrip on Telegram channels and agreed to pay a commission of ₹80 lakhs for this service. The correct factual position is that the value of shares of UML held as on the date when the Noticee No.11 met Mr. Jalaj Agrawal is approximately ₹80 Lakhs (i.e. 1,60,000 @ ₹ 50 per share) and a commission of ₹ 20 Lakhs was decided to be paid to Mr. Jalaj Agrawal to help the Noticee No.11 to sell the shares of UML.
- 19.13. Noticee No. 11 had disbursed ₹18 lakhs to Mr. Jalaj Agrawal for his assistance in selling Noticee No. 11's shares in UML. The allegation by Mr. Jalaj Agrawal that the Noticee No. 11 directed him to promote UML's scrip on Telegram channels is an afterthought and lacks merit. There is no evidence to support this allegation.
- 19.14. Noticee No. 11 was neither aware of any alleged promotional scheme at the time of his interaction with Mr. Jalaj Agrawal nor did he instruct / direct Mr. Jalaj Agrawal to promote the scrip of UML on Telegram channels. Furthermore, the Noticee did not provide any price-related information to Mr. Jalaj Agrawal for promotion purposes, nor did he pay any commission in cash to Mr. Arvind Shukla for the promotion of UML on the Telegram platform. He was not aware that Mr. Jalaj Agrawal had paid any commission to Mr. Arvind Shukla for executing any scheme. Noticee No. 11 did not share the promotional messages, rather, he merely shared a screenshot of the promotional messages that were posted on Telegram channels

with Mr. Jalaj Agrawal. Noticee No. 11 was therefore not part of the alleged group of Operators, and the SCN against him is liable to be quashed.

- 19.15. Noticee No. 11 had sold 24,102 shares of UML in the month of October and November 2021, prior to the Investigation Period. Further, the Noticee No. 11 frequently bought and sold shares of UML through his son's account, after the Investigation Period. The Noticee No.11 also sold the shares of UML on December 07, 2021 when the recommendations were not posted on Telegram channels. The trading was done in the normal course, and not in pursuance of any alleged scheme.
- 19.16. There is no evidence to support the contention that Noticee No.11 had deleted chats that he had with Mr. Jalaj Agrawal. Therefore, no reliance can be placed on such inference.
- 19.17. Noticee No. 11 has retracted his statement recorded on August 23, 2022 by way of affidavit dated September 12, 2024. The statement which was made under threat, fear and coercion and subsequently retracted, in accordance with established legal principles, does not have evidentiary value. Noticee Nos. 1, 2, 3, 6, 7, 9 and 10 never approached Noticee No. 11 for off-loading their holdings in UML. He had read their names in Benpos as they were the largest shareholders in public category of UML, so he recollected the names immediately when mentioned by the Investigating Authority. His statement dated March 15, 2022 was free of inducement and coercion.
- 19.18. The alleged ties between the Noticee No. 11 and other Noticees to the SCN are remote in nature and do not imply a meeting of minds or concert between them. The allegation that no two Net Sellers/ Profit Makers/ Beneficiaries placed their sell orders during the same interval is unsubstantiated. The Noticee No. 11 has provided instances to show that some co-Noticees placed sell orders, during the interval he had placed sell orders.
- 19.19. SEBI had held Mr. Jalaj Agrawal and Mr. Arvind Shukla liable as Operators for the scheme devised in the scrip of Svarnim Trade Udyog Limited and Superior Finlease Limited. Therefore, if any scheme has been devised in the scrip of UML, then Mr.

Jalaj Agrawal and Mr. Arvind Shukla should be held liable as they used the same modus operandi.

- 19.20. Noticee No. 11 has not violated any provisions of the SEBI Act or PFUTP Regulations. The charges are based on suppositions and conjectures, as well as a wild allegation of collusive trading, which constitutes a negligible portion of the securities market, indicating that the Noticees had no intention of manipulating the market. There is no evidence that establishes a link between the Noticee and the alleged scheme. There are no grounds to hold the Noticee guilty of collusion and defrauding gullible investors.
- 19.21. Very serious allegations of inter alia price and volume manipulation have been raised against the Noticees. These allegations require a high level of proof and establishment of mens rea. With respect to the test of evidence, Noticee No. 11 has placed reliance on the Orders of the Hon'ble Supreme Court in the case of Razik Ram vs. J.S. Chouhan (AIR 1975 SC 667) and Seth Gulabchand vs. Seth Kudilal (AIR 1966 SC 1734). Barring any charge or allegation being specifically borne out and/or being positively proved, the situation does not warrant any directions to be imposed upon the Noticees under the SEBI Act, or imposition of any penalty.
- 19.22. In the absence of any direct, independent, or corroborated evidence linking Noticee No. 11 with the other Net Sellers/ Profit Makers/ Beneficiaries, the imposition of joint and several liability on the Noticee with respect to the trading activities of the Net Sellers/ Profit Makers/ Beneficiaries is not justified. Further, the liability to disgorge the amount cannot be made joint and several under Section 11B of the SEBI Act, when alleged wrongful gain is already calculated by the Authority for every individual separately. In this regard, the Noticee has placed reliance on the Order of the Hon'ble SAT in the matter of Mahavirsingh N. Chauhan vs. SEBI (Appeal No. 393 of 2018).
20. A summary of the reply submitted by Mr. Jalaj Agrawal i.e. Noticee No. 12, vide letter dated April 07, 2025, is as follows:

- 20.1. Noticee No. 12 has not traded in the scrip of UML. He is not the operator of the alleged Telegram channels and has not posted any recommendation on any channel. He has not been involved in creating, sharing or promoting any stock recommendations. No conclusive evidence has been shown to link him to the recommendations or operation of any Telegram channel.
- 20.2. Noticee No. 12 did not receive payments through banking channels or in cash. He did not benefit, financially or otherwise, from any trading activity linked to the allegations. There is no independent evidence to substantiate the claim that any commission was paid or received. Further, SEBI has also admitted that the statements made by Noticee Nos. 11 and 13 are not reliable.
- 20.3. It is an admitted position in the SCN that Noticee No. 12 has no connection with any Noticee other than Noticee Nos. 11 and 13. The calls exchanged with Mr. Shailesh S Patel were before December 06, 2021 when the alleged scheme came into play. The mere existence of calls does not establish any illegality. Further, the deletion or absence of chat records cannot be used to assume or infer illegal activity.
- 20.4. Noticee No. 12 denies the regular flow of chats with Noticee Nos. 11 and 13 as false and misleading, as no incriminating or unlawful communication took place. He also denies sharing stock recommendations in UML, directing Mr. Arvind Shukla to delete posts after publishing or arranging commission-based payments. Further, Noticee No. 12 denies having any knowledge of or acting on any email containing Benpos / shareholding data of UML. Such emails have not been presented to him in the Annexures to the SCN, and cannot be relied upon.
- 20.5. Noticee No. 12 has never acted as an Operator, nor has he facilitated any connection between any Net Sellers/ Profit Makers/ Beneficiaries and Mr. Arvind Shukla or any other person. Further, there is no material evidence linking him with the Net Sellers/ Profit Makers/ Beneficiaries or the Enablers of the scheme. He could not have any foresight on the entire alleged scheme, and could not have played any vital role. He has not authorized or participated in any activity that could mislead or manipulate any investor in the securities market; or attract the provisions

of Section 11B of the SEBI Act or the SEBI PFUTP Regulations. He has been used as a scapegoat in the entire matter.

- 20.6. There are multiple proceedings against Noticee No. 12, arising from the same investigation. In the other matters, the Investigating Officer has stated that his officers have taken screenshots of alleged recommendations posted on Telegram. In this case, it is an admitted position that no officer has joined the aforesaid Telegram channel, which could mean that important information is being concealed, which can help the case of the defense.
- 20.7. The material extracted from the purportedly seized mobile phone was not retrieved in the presence of Noticee No. 12 and cannot be relied upon. He suspects that the chats and material extracted from his device may have been forged or manipulated. This data cannot be relied upon. No proper source verification, authentication or chain of custody has been established. The screenshots relied upon by SEBI appear to be taken from unreliable sources, making them inadmissible as evidence. The digital material does not meet the standard of admissible evidence under the Indian Evidence Act, 1872. Further, no independent forensic certification has confirmed the integrity or authenticity of the data, making conclusions drawn from it unreliable.
- 20.8. The website tgstat.com is not a verified / reliable source of information. An email from Telegram to a SEBI official, annexed with the SCN, states that the entire Telegram channel is end-to-end encrypted.
- 20.9. The screenshots of recommendations are false, since the dates visible do not belong to the format of Telegram. Further, the screenshot of the recommendation posted on December 15, 2021 does not contain any date. The allegation related to number of days on which stock recommendations were posted is also unsubstantiated. The trading volumes were already high before the purported stock recommendation postings, and remained high for a considerable period after the posting. Further, the assumption that there is a strong co-relation between posting of recommendations on Telegram, and selling of shares by Net Sellers is incorrect

- as recommendations were posted on December 20, 22 and 23 but no sale of shares took place. Shares were sold on December 7, 28 and 29 but no tips were posted.
- 20.10. The geographical locations during the investigative period were legitimate and unrelated to any manipulative practices. There is no evidence to suggest that any stock related discussions took place during such visits.
- 20.11. The statement of Noticee No. 12 was taken under coercion and cannot be relied upon. Noticee No. 12 has also sought cross-examination of all complainants, Noticee Nos. 11 and 13, and the investigating officer. The Noticee has submitted that in the absence of cross-examination, the findings derived from these statements are not legally sustainable.
- 20.12. The allegations against Noticee No. 12 are baseless, lacking any cogent evidence linking him to the alleged acts. He has not participated in any activity that could mislead or manipulate any investor in the securities market. The investigation lacks direct evidence and appears to be reaching predetermined conclusions. Therefore, the Noticee prays that the allegations be dismissed, and he be absolved of any liability in the matter. Additionally, joint and several liability cannot be fastened upon the Noticee, as he has not made any profits out of such trades. It is also a settled principle that when profits made by individuals can be ascertained, then joint liability cannot be fastened on other Noticees, as held by Hon'ble SAT in SRSR Holdings vs. SEBI.
21. A summary of the reply submitted by Noticee No. 13 i.e. Mr. Arvind Shukla, vide letters dated September 17, 2024 and May 05, 2025, is as follows:
- 21.1. Noticee No. 13 is a resident of Bighapur, District Unnao, Uttar Pradesh. He learnt how to create and operate Telegram channels in March and April 2020 i.e. during the Covid – 19 pandemic. He created and operated the following Telegram channels – Intraday Trading Equity Stock, Intraday Share Training Stock and Sure Means Sure.
- 21.2. Mr. Jalaj Agrawal contacted Noticee No. 13, with a concocted narrative of a BSE listed company wanting to increase its members to list on NSE. The Noticee was

therefore asked to promote the company on commission basis, on his Telegram channels.

- 21.3. Noticee No. 13 was not aware of the workings of stock markets. He was also in a vulnerable mindset given his father's demise and financial problems. He therefore fell prey to the nefarious designs of the other Noticees through Mr. Jalaj Agrawal.
- 21.4. Noticee No. 13 posted recommendations related to stocks of UML and other companies such as Superior Finlease Ltd. and Svarnim Udyog Ltd., that were forwarded to him by Mr. Jalaj Agrawal. He had no control over the content of the posts nor the knowledge to comprehend the objective of such posting and its impact. He also had no knowledge of the companies for which the posts were made.
- 21.5. The above act of Noticee No. 13 was merely of a postman, posting a forwarded message. His actions were rooted in ignorance and without any malice. The Telegram channels on which the posts were made, also contained disclaimers *inter alia* stating that all posts / trade updates are for education purpose, and financial advisors should be consulted before any trading or investment decisions.
- 21.6. There were many other modes and channels for disseminating stock recommendations of UML including Youtube and other Telegram channels. Therefore, levying the blame of the entire spurt solely on the 3 Telegram channels is completely unjustified and unreasonable.
- 21.7. There has been no act of fraud by Noticee No. 13. The SCN does not demonstrate how his actions have led to the creation of a false market. The Hon'ble High Court of Calcutta in the matter of Surendra Nath Ghose vs. Emperor held that the word "fraud" involves two conceptions, namely, deceit and injury to the person deceived. In the present matter, Mr. Arvind Shukla posted a forwarded message received from Mr. Jalaj Agrawal on his Telegram channel which clearly proves that he was not part of the deceit or conspiracy behind the forwarded message. The posts on his Telegram channels were given under disclaimer and there is no evidence of any actual loss or injury to any individual who actually viewed the stock recommendation and bought the scrip of UML solely on its recommendation.

- 21.8. Mr. Jalaj Agrawal was the sole and exclusive point of contact for Noticee No. 13 in the entire matter. Noticee No. 13 did not have any connection with any of the other Noticees. He had no role or involvement in devising, orchestrating and executing the pump and dump scheme. He neither participated in any trading activity nor derived any monetary benefit or profit from the trading in the alleged scheme. His role was therefore, extremely limited and peripheral in nature.
- 21.9. Noticee Nos. 1 to 10 (Net Sellers/ Profit Makers/ Beneficiaries), Noticee No. 11 (Mr. Shailesh S Patel) and Noticee Nos. 14 – 17 are connected to each other, either being relatives and acquaintances, and are masterminds of the pump and dump scheme of UML. Noticee No. 13 has been erroneously grouped with the other Noticees, who played an active role in the scheme.
- 21.10. In the absence of any substantive role or financial gain, any decision to fasten joint and several liability upon Noticee No. 13 shall be contrary to the issues of equity and justice.
- 21.11. Noticee No. 13 received ₹25 lakhs from Jalaj Agrawal for promoting all companies (UML, Superior Finlease Ltd. And Svarnim Trade Udyog Ltd.), and not just for UML.
- 21.12. SEBI in its final order in the matters of Superior Finlease Ltd. and Svarnim Udyog Ltd. has imposed significant penalties on Arvind Shukla, disproportionate to the commissions earned by him and his capacity to pay. These penalties and the Investigation Period of 2 to 3 years, has taken a heavy toll on his mental health. SEBI must take into consideration all possible factors while imposing any penalty on Arvind Shukla.
22. A summary of the replies submitted by Mr. Tirth Uttamchand Mehta, Mr. Uttamchand Chandanmal Mehta and Mr. Sharad Ramkrishana Gattani i.e. Noticee Nos. 14, 15 and 17 respectively, vide letters dated October 01, 2024, October 15, 2024 and May 06, 2025, is placed below:
- 22.1. Noticee No. 14 is the Managing Director and Promoter of UML. He holds 14,44,750 shares of UML as on date, which constitutes 9.02% of total Shareholding of the

- Company. Noticee No. 15 is the promoter of UML. He holds 4,18,587 shares of UML as on date, which constitutes 2.61% of total shareholding of the Company.
- 22.2. Noticee No. 17 is a practising Chartered Accountant having experience of more than 3 decades. He is also a partner of M/s Gattani & Associates, since 1989. The firm is engaged in Audit and Direct Tax practice for various clients in SME sector.
- 22.3. Noticee Nos. 14, 15 and 17 had no knowledge or involvement in any scheme devised in the scrip of UML. The only basis for levy of allegations against the Noticees is on the basis of call data records / messages with Mr. Shailesh S Patel and certain Net Sellers/ Profit Makers/ Beneficiaries along-with the sharing of Benpos / shareholding data with Mr. Shailesh S Patel. The SCN has not supplied any details how any securities laws have been violated only on this basis.
- 22.4. By making them a party to the Interim order cum SCN, the bank accounts of the Noticees were also put on the debit freeze by the bank, despite no such directions being imposed on the Noticees by the said Interim Order cum SCN. This hindered the Noticees as they were not able to carry on their business effectively which is clear cut violation of Article 19 (1) (g) of the Constitution of India. On this ground alone, the SCN should be quashed and set-aside.
- 22.5. UML was in the process of expanding its business operations and diversifying into manufacturing of specialty chemical, namely, Sodium Silicate through its wholly owned subsidiary i.e., Chandanpani Pvt. Ltd., hence, there was need for capital infusion. This is further substantiated by the corporate announcement dated December 15, 2021. Noticee Nos. 14, 15 and 17 have submitted that they were able to secure a bank loan, which provided the necessary funding for the capital expenditure incurred in establishing the manufacturing unit. However, the Company was still in need of funds for meeting its working capital requirement. Hence, the Noticees continued to explore additional funding options, with the assistance of Mr. Shailesh S Patel.
- 22.6. Mr. Shailesh S Patel used to seek the advice of Noticee No. 17 on income tax matters. Mr. Sharad Ramkrishana Gattani learnt that Mr. Shailesh had connections with various Private Equity Investors, Venture Capitalists.

- 22.7. Noticee Nos. 14, 15 and 17 submit that they engaged the services of Mr. Shailesh S Patel (Noticee No. 11), purely with the bona fide intent of seeking assistance in raising capital for UML. As per the best of the knowledge of the Noticees, as acquired from interacting with various important market participants, Mr. Shailesh S Patel had been associated with the securities market for over three decades and further he claimed that he had a wide network of contacts, including private equity investors and venture capitalists. Given his considerable expertise, and his familiarity with market practices, the Noticees genuinely believed that he was well-suited to facilitate the proposed fund-raising exercise. For this service, UML agreed to pay ₹5 Lakhs to Mr. Shailesh S Patel.
- 22.8. Mr. Sharad Ramkrishana Gattani introduced Noticee Nos. 14 and 15 with Mr. Shailesh S Patel during his visit to the office at Ahmedabad. Thereafter, they never met him, but, were in contact for discussing and taking update on fund raising process. The Noticee Nos. 14 and 15 were in contact with Mr. Shailesh S Patel, prior to Investigation Period, and continued to be in touch till March 2022. Therefore, considering the calls with Mr. Shailesh S Patel to make a *prima facie* observation that Noticees helped Mr. Shailesh S Patel for devising alleged scheme is wholly erroneous.
- 22.9. The calls and messages between Noticee No. 17 and Mr. Shailesh S Patel were either related to tax advice on his Income Tax matters or related to fund raising purpose. Such calls were there prior to the IP and even after IP.
- 22.10. With respect of sharing of Benpos / Shareholding Data of UML, the company had shared this data with Mr. Sharad Ramkrishana Gattani, who in turn shared it with Mr. Shailesh S Patel. Mr. Shailesh S Patel had misled the Noticees by claiming that the Benpos was required to demonstrate to prospective investors that the promoters are fully committed to the Company and were not, in any manner, divesting or intending to divest their shareholding.
- 22.11. The Company had shared the Benpos with Mr. Sharad Ramkrishana Gattani who in-turn shared the same with Mr. Shailesh S Patel, prior to the Investigation Period and even after the Investigation Period.

- 22.12. Sharing of Benpos is not per se illegal or prohibited under any applicable acts, rules or regulations. Moreover, the Benpos does not contain any such crucial information, and bears no relevance to the alleged scheme. Further, the Noticees were not aware about the alleged scheme, nor did they have any reason to believe, that Mr. Shailesh S Patel, would utilize the Benpos data for any unlawful purposes by sharing with any third party.
- 22.13. As the process was getting delayed and failed to yield any concrete outcome, the Noticees, acting prudently and in the best interests of the Company, decided to discontinue their engagement with Mr. Shailesh S Patel in respect of the fund-raising exercise and meet the working capital requirement from internal sources. Consequently, no fees or remuneration were paid to Mr. Shailesh S Patel for his services.
- 22.14. The manufacturing unit for the special chemical, namely, Sodium Silicate, for the wholly owned subsidiary of UML i.e., Chandanpani Pvt. Ltd. was duly established in the F.Y 2021-22 and is currently operational. Under the 'Segment reporting' section of the quarterly financial results for the quarter ended June 2022, 'Sodium Silicate' was included as part of the revenue, segment results, assets, and liabilities. This inclusion reflects the commencement of commercial operations and financial reporting related to the manufacturing unit of sodium silicate.
- 22.15. Noticee No. 14 knows Mr. Yayaati Hasmukhray Nada as they are friends, and the calls between them were social in nature. No analysis/connection between the trades of Mr. Yayaati Hasmukhray Nada and calls between them were observed in SCN. The calls between Noticee No. 14 and Ms. Niraali Nada were to enquire about the health of her father-in-law, Mr. Hasmukhray Nada. As Mr. Yayaati Hasmukhray Nada used to take trading decisions on behalf of Ms. Nirali Yayaati Nada, it cannot be alleged that there was a connection between the calls of the Noticee No.14 and Ms. Nirali Yayaati Nada with the trade executed from her account during those days.
- 22.16. Noticee No. 14 is friends with Mr. Hardik J Patel and the calls between them were social in nature. The calls took place prior to the Investigation period, and continued afterwards. There were calls between Noticee No. 14 and Mr. Hardik J Patel, on

December 15, 2021 and December 16, 2021 when Mr. Patel had sold shares of UML. However, the trade orders were placed well before the time of the calls. Hence, it cannot be alleged that there was a connection between the calls and the trades of Mr. Hardik J Patel on both these dates.

- 22.17. There were no calls of Noticee No. 15 with any of the Net Sellers/ Profit Makers/ Beneficiaries, during the Investigation Period.
- 22.18. Noticee No. 17 knows Mr. Yayaati Hasmukhray Nada as he is friend of his son-in-law, Mr. Tirth Uttamchand Mehta and his daughter Ms. Rashmi Mehta. The 28 calls mentioned in the SCN were between Mr. Yayaati Hasmukhray Nada / Ms. Nirali Yayaati Nada with his daughter Ms. Rashmi Mehta. No negative inference can be drawn that the said calls were for devising any scheme during the Investigation Period. Further, there were no calls of Noticee No. 17 with Mr. Yayaati Hasmukhray Nada and Ms. Nirali Yayaati Nada during the IP.
- 22.19. In view of the above, the observation in the SCN that the Noticees bridged the gap between the Net Sellers and Operators based on the calls between them, is erroneous and purely based on conjectures. In any event, mere call data records would not suffice as evidence for attributing the Noticee's involvement in the scheme.
- 22.20. Noticee Nos. 14, 15 and 17 have submitted that from the statement of Mr. Shailesh S Patel, it is evident that he had contacted Mr. Jalaj Agrawal for selling his shares of UML. Therefore, if any scheme was devised to influence investors to buy the shares of UML based on stock recommendations, then Mr. Shailesh S Patel along-with Mr. Jalaj Agrawal and Mr. Arvind Shukla should be held liable for violating SEBI Act and PFUTP Regulations by devising such scheme.
- 22.21. Serious allegations of inter alia price and volume rise have been raised against the Noticees by alleging that Net Sellers/ Profit Makers/ Beneficiaries and Operators with the help of Enablers (including the Noticees) devised a scheme by defrauding the norms of securities market. These allegations require a high level of proof and establishment of mens rea, and cannot be based on surmises and conjectures. In this regard, reliance is placed on the Order of the Hon'ble SAT in the case of KSL

Industries Limited vs. SEBI (Appeal No. 09 of 2003), the Hon'ble Supreme Court in the matter of Union of India vs. H.C. Goel (AIR 1964 SC 364), the case of L.D. Jaisinghani vs. Naraindas N Punjabi ((1976) 1 SCC 354) and the Order of the Hon'ble Supreme Court in the case of Seth Gulabchand vs. Seth Kudilal (AIR 1966 SC 1734).

- 22.22. The SCN against the Noticees does not meet the well settled standards of law and evidence in such a case and needs to be withdrawn. In this regard, reference is drawn to the Orders of the Hon'ble Apex Court in UOI vs. Chaturbhai M. Patel (AIR 1976 SC 712), the Hon'ble SAT in the matter of Sterlite Industries vs. SEBI (Appeal No. 20/2001), and Parsoli Corporation vs. SEBI (Appeal No.146/2011) which emphasize the need for reasonably convincing evidence.
- 22.23. The Noticees did not purchase or sell the shares of UML during the Investigation Period. Moreover, the Noticees have not derived any unlawful gains or benefitted in any manner from the alleged scheme, nor has any such allegation been made against them. No concrete connection of the Noticees with the said scheme, nor any evidence of their participation therein, can be established. The Noticees have been clubbed with various other entities, without any reason or justification.
- 22.24. The essential ingredient necessary to establish a charge of fraud i.e. deceit and inducement, are absent in this instance. Moreover, there are no specific averments or evidence suggesting that the Noticees made any false statements or misrepresented material facts with the intention to mislead or induce any party into taking any particular course of action. In the absence of these foundational elements, the charge of fraud against the Noticees is legally and factually untenable.
- 22.25. The Noticees deny the alleged violations of the provisions of the SEBI Act, 1992 and PFUTP Regulations, 2003. No evidence provided in the present SCN that the Noticees traded and manipulated the volumes in the scrip of UML, and dealt with securities in a fraudulent manner. The word 'dealing in securities' is with respect to transaction in the scrip which is in question i.e. UML. In the present case it is already stated by the Noticees that they had not dealt in the scrip of UML during the

Investigation Period nor any such findings were made. In this regard, reference is drawn to the decision of the Hon'ble SAT in Ramswarup Sarda and Anr. vs SEBI (Appeal No. 30 of 2013) vide which the Tribunal held that Regulation 3(a), 3(b), 3(c), 3(d) and 4(1) and 4(2)(a), (b) and (g) of the PFUTP Regulations, clearly focuses on trading in the market and alleged manipulation of volumes in the scrip. Reliance is also placed on the Order of the Hon'ble SAT in the matter Price Waterhouse & Co. vs. SEBI (SAT Appeal No. 06 of 2018). Further, no reference or allegation that any act of the Noticees had induced any entity to deal in the scrip has been made out in the SCN. Therefore, the SCN is liable to be quashed qua the Noticees.

22.26. The actions of the Noticees do warrant any directions or penalty to be imposed. The findings do not lead to the conclusion that there has been disproportionate gain or unfair advantage made by the Noticees. In the absence of any direct evidence of loss to investors, the allegation that the Noticees caused any loss to investors is baseless. In this regard, reference is drawn to the judgement of the Hon'ble Supreme Court in the matter of Hindustan Steel Ltd. vs. State of Orissa (AIR 1970 SC 253).

23. A summary of the reply submitted by Ms. Manishaben Panchal i.e. Noticee No. 16, vide letters dated October 25, 2024 and May 06, 2025 is placed below:

23.1. Noticee No. 16 has submitted that she was a Non-Executive Independent Director of UML from June 28, 2017 till September 29, 2023.

23.2. She was not aware about any scheme devised as specified in the SCN nor did she trade in the scrip of UML. No fact has been brought on record to show that she had any knowledge or information of the alleged manipulative scheme or that her acts were in furtherance of the said scheme. The SCN does not show how she was connected to the Operators, directly or indirectly. The Noticee has been clubbed with other entities without any reason or justification.

23.3. No evidence has been provided as to how the Noticee No. 16 in capacity as director of UML shared any crucial information with Mr. Shailesh S Patel i.e. the alleged Operator. The Noticee was not involved in the day-to-day affairs of UML, nor was

she part of the executive team. She did not have access to the weekly Benpos received by any company from its Registrar and Transfer Agent. Further, she was not aware that Mr. Sharad Ramkrishana Gattani had shared the Benpos data with any third party i.e. Mr. Shailesh S Patel. There is also no evidence that she participated in sharing the Benpos data with Mr. Shailesh S Patel. Therefore, making her liable for the alleged devised scheme due to the proximity with UML is bald and vague, and cannot be substantiated.

- 23.4. The allegation that the calls with Mr. Yayaati Hasmukhray Nada, Ms. Nirali Yayaati Nada, Ms. Reetaben Ashvinkumar Shukla and Mr. Jasavantbhai Patel were done to bridge the gap between the Enablers and the Operators, is mere conjecture. These calls were made in the capacity of family accountant. Noticee No. 16 has been the accountant for the Nada family for more than two decades. This relationship was also admitted by Mr. Yayaati Hasmukhray Nada in his statement on oath dated July 04, 2022. This communication has been consistent and continues till date.
- 23.5. The calls on the mobile number of Mr. Jasavantbhai Patel were attended by his brother, and were made regarding the recovery of loan given by Mr. Yayaati Hasmukhray Nada through his family business. These calls were in the capacity of family accountant for the Nada family. Only 4 calls were exchanged, cumulatively lasting a mere 32 seconds. The brevity and frequency of these calls indicate that the purpose was limited to routine inquiry regarding loan recovery, and not to communicate any purported scheme if any devised in the scrip of UML.
- 23.6. The reliance on calls between Noticee No. 16 and certain Net Sellers/ Profit Makers/ Beneficiaries, to hold the Noticee responsible for devising the alleged scheme is erroneous and unsubstantiated.
- 23.7. Noticee No. 16 was not in contact with Noticee Nos. 14 and 15, other than in Board meetings of UML which she attended as an Independent director. She never contacted or interacted with Mr. Sharad Ramkrishana Gattani.

- 23.8. She never contacted the Operators of the scheme, and therefore, the allegation that she bridged the gap between the Net Sellers/ Profit Makers/ Beneficiaries and the Operators of the alleged scheme, is based on surmises and conjectures.
- 23.9. Independent directors of a Company cannot be held liable for any alleged misconduct of the Company unless the same is shown to have been done with knowledge, participation or consent of such Independent Director. She cannot be held liable for sharing any information by any officer of the Company with Mr. Sharad Ramkrishana Gattani.
- 23.10. It is imperative that an authority must state in the Notice about the role / act of the Noticee and how such act / role has resulted in the violations of law, as per the principles of natural justice. In the present case, the Noticee has been made an irrelevant party to the SCN, as her role in the devised scheme has not been defined.
- 23.11. Noticee No. 16 denies having violated any provisions of the SEBI Act or PFUTP Regulations.
- 23.12. For any allegation of fraud, the two essential ingredients of deception and inducement must be clearly proven. However, the SCN fails to demonstrate that the Noticee engaged in any act of deception or induced any person to transact in the securities market. The SCN does not meet well settled standards of law and evidence and needs to be withdrawn.
24. A few common submissions made by various Noticees is given below:

With regard to need for Interim Directions

- 24.1. Given that the transactions in question took place in December 2021, investigation in the case started in March 2022, and the last summon was issued to Noticee No. 1 on September 02, 2022, enough time had passed and there was no imminent urgency to pass ex-parte directions. Further, while the investigation was concluded on March 11, 2024, there was delay in issuing the Interim Order as the same was passed on July 31, 2024. It is evident that no regulatory action was taken for a long

period, and this delay in passing the Interim Order, undermines the urgency claimed for issuing the Interim Order.

- 24.2. No material has been brought on record to show that there was an attempt to divert the alleged unlawful gains or dispose of assets/property or transfer the alleged ill-gotten gains to any other source. Merely by stating that the Noticees may divert the unlawful gains is not based on any cogent evidence rather on surmises and conjectures and formation of unguided subjective satisfaction which is not permissible in law. In this regard, reliance is placed on the Order of Hon'ble SAT in the matter of Arshad Hussain Warsi & Ors. vs. SEBI (Order dated 27th March 2023, Appeal No. 284 of 2023) and Jatin Manubhai Shah vs SEBI (Appeal No. 679 of 2023).
- 24.3. The Interim Order fails to present any substantive material or concrete factual basis to demonstrate that any actual harm has been caused to investors or that the alleged actions have impeded the growth and development of securities market.
- 24.4. Although SEBI has the authority to pass ex-parte interim orders, it is a well settled principle such powers need to be exercised only in highly urgent instances, which are not made out above. Under the facts and circumstances of this matter, the use of such arbitrary power is wrong and illegal. In this regard, reliance is placed upon the judgement of the Hon'ble SAT in the matter of North End Foods Marketing Pvt. Ltd. v. SEBI (Appeal No. 80 of 2019 dated 12th March 2019), Cameo Corporate Services Limited v. SEBI (Appeal No. 566 of 2019 dated 26th November 2019), Order of the Hon'ble Supreme Court in the matter of Dr. Udyant Malhotra vs. SEBI, and the Order of the Hon'ble Rajasthan High Court in the matter of Punit Mercantile Private Limited vs. Union of India &Ors. (2010 SCC OnLine Raj 3814).
- 24.5. In view of the above, the Interim Order has been passed with blatant disregard to the natural justice principles, and on this reason alone, the Interim Order is liable to be set aside.
- 24.6. The Interim Order has caused significant and irreparable harm to the goodwill and reputation of several Noticees, as well as their business. The freezing of bank accounts disrupted operations. Reliance is placed on the order of the Hon'ble

Supreme Court in the matter of ICAI vs. L.K. Ratna and Ors. - AIR 1987 SC 71 where the Hon'ble Court has observed that goodwill is usufruct of continuous effort and is developed over years but is prone to immediate erosion caused by a single observation of professional misconduct. Applying the same logic to the current situation, it is said that SEBI, through its SCN, has openly accused the Noticees of improper conduct without offering them a chance to refute the claims or provide any supporting evidence, producing serious injustice and prejudice.

- 24.7. The Order was passed without giving several Noticees an opportunity to record their statements. Noticee No. 3 has specifically stated that while he was issued a summon, his request to be given a new appearance date on account of ill health, was not considered. The harsh directions impacted the livelihood of several Noticees. They underwent ~3 months of harsh directions without any reason, which makes the Interim Order cum SCN bad in law and it ought to be set aside.

Prima facie nature of observations

- 24.8. The SCN in the captioned proceeding was issued to the Noticees in the form of an 'Interim Order'. Furthermore, it is clearly stated that the observations in the Interim Order are *prima facie* in nature. As a result, given the incontrovertible fact that the SCN's observations are inconclusive, the SCN should be declared null and void.

Impact of recommendations on Telegram channels

- 24.9. The SCN alleges that the buy recommendations on the Telegram channels have led to significant spurt in volume and price of shares of UML, based on the fact that the number of members in these Telegram channels were in lakhs. However, a perusal of the screenshots provided as Annexure to the SCN, shows that the stock recommendations were viewed by only 2,000 to 9,500 subscribers out of lakhs of subscribers. From a perusal of the shareholding patterns of UML for quarter ended September 2021 and December 2021, it is seen that the public shareholders have increased from 835 to 16,319. However, the stock recommendations were viewed by 9,500 subscribers. This shows that investors invested in the shares of UML

based on their knowledge or investment strategy, and not on the basis of stock recommendations posted on Telegram channels. Hence, the allegation that innocent investors were influenced based on stock recommendations posted on Telegram channels and it led to price and volume manipulation is baseless. Further, no attempt has been made to verify whether the lakhs of subscribers on the Telegram channels are genuine individuals or merely bots.

24.10. The volume surge cannot be exclusively attributed to the Telegram recommendations.

24.11. On December 15, 2021, UML made a corporate announcement regarding a wholly owned subsidiary of UML named Chandanpani Pvt. Ltd. which was going to start specialty chemical business. This could have been said to be the cause of the spurt in price or volume of UML.

Exit to shareholders

24.12. The shareholders have already been provided an exit by the Acquirers at ₹101/- per share amounting to 4,87,40,547 fully paid up equity shares of the Noticee No. 01, which represented 49.90% of the public shareholding of the Noticee No. 01.

C. CONSIDERATION AND FINDINGS ON THE PRELIMINARY OBJECTIONS RAISED BY THE NOTICEES

25. Requests for cross-examination

25.1. As mentioned in paragraphs 10, 11 and 12, SEBI had granted an opportunity for cross-examination of Mr. Shailesh S Patel (Noticee No. 11) to Noticee Nos. 1, 2, 3, 6, 7, 9 and 10.

25.2. Additionally, Noticee No. 11 had requested SEBI to provide an opportunity for cross-examination of Noticee No. 12. Further, Noticee No. 12 had requested SEBI to provide an opportunity for cross-examination of Noticee Nos. 11 and 13.

- 25.3. The above requests were denied as the respective recorded statements did not form the sole basis for the allegations qua the Noticees. Evidence in the form of call records, WhatsApp chats, etc., was available. Further, since Noticee No. 11 had retracted one of his statements (i.e., dated August 23, 2022), no inference will be drawn from the same.
- 25.4. Noticee No. 12 had also requested SEBI to provide an opportunity for cross-examination of the Investigating Officer. The same was denied, since facts and inferences in an Investigation Report are based on material collected during an investigation and not derived from any personal knowledge. Further, the conclusions / inferences drawn by the Investigating Officer are one part of the enforcement process and the Noticee has been given an opportunity to submit his defense to the allegations levelled against him in the SCN, based on the report prepared by the Investigating Officer.
- 25.5. Additionally, Noticee No. 12 sought cross-examination of the complainant(s). This was denied since the complaints are only a starting point for the investigation. Further, the complaints contained screenshots of the recommendations posted on Telegram channels, and these form part of the Annexures to the Investigation Report that have been shared with the Noticee.

26. Request of Noticee No. 11 for complete mobile data dump

- 26.1. Noticee No. 11 has submitted that the entire data dump of his mobile phone(s) that was seized during the search and seizure operation has not been shared. It has been submitted that the Noticee has lost all the data of his mobile phone(s) and is currently not in possession of any data backup or otherwise from the said mobile phone(s), which were seized. As submitted, without access to the complete data, the Noticee cannot adequately respond to the evidence used against him.

26.2. In this regard, I note that the data was copied from Mr. Shailesh S Patel's digital device and the device was undisputedly returned to him on March 18, 2022. From the copied data, certain information was used in the Interim Order-cum-Show Cause Notice. The context of the same was also provided in the said Interim Order-cum-Show Cause Notice. Further, all documents / information relied upon while passing the order and relevant for the proceedings have already been shared vide SEBI letter dated August 07, 2024. Therefore, I find no merit in the contention of the Noticee that he has been denied an opportunity to effectively defend his case.

27. Contention of Noticee No. 12 on authenticity of screenshots, data collected from his device and non-receipt of certain information

27.1. Noticee No. 12 has submitted that the data allegedly collected from his device was not collected in front of him, and cannot be relied upon. In this regard, I note that search and seizure operations in the present matter were conducted in accordance with law as per the established procedure, with the help of independent experts and therefore, the collection of data from the device of Noticee No. 12 cannot be faulted. I also note that a certificate under Section 65B of the Indian Evidence Act, 1872 has been obtained from the forensic engineer, which certifies that no modification and tampering was done with regard to the devices pertaining to Noticee No. 12. Noticee No. 12 along-with other witnesses has also signed this certificate. Further, no submission has been made by the said Noticee to evidence any tampering, and there is no ground / reason to question the authenticity of the data. Therefore, there is no merit in the contention that the data extracted from the mobile phones of Noticee No. 12 cannot be relied on.

27.2. The contention of Noticee No. 12 that the screenshots of the recommendations relating to the scrip of UML were sourced from unreliable platforms has been made without any basis or supporting material. I have perused the screenshots of the

recommendations submitted along with the complaints, and they do not appear to have been manipulated. The Noticee has further contended that the Telegram platform is end-to-end encrypted and, therefore, screenshots could not have been obtained from websites such as Tgstat. In this regard, it is noted that the screenshots sourced from Tgstat pertain to public Telegram channels/groups and not private chats, and are thus accessible in the public domain. Further, it is an admitted position that the recommendations were posted by Mr. Arvind Shukla on the Telegram channels operated by him. I note that Mr. Shukla has not raised any objection regarding the authenticity or genuineness of the said screenshots. Additionally, the material available on record does not indicate that any screenshots allegedly taken by SEBI officers were relied upon for arriving at the findings in the present matter. Consequently, the issue of sharing such screenshots, if any, with Noticee No. 12 does not arise. In view of the foregoing, I find no merit in the contentions raised by Noticee No. 12 in this regard.

- 27.3. Noticee No. 12 has also submitted that he did not receive any emails containing Benpos / shareholding data of UML as part of Annexures to the SCN and hence, the same cannot be relied upon. In this regard, I note that the Investigation Report along with its Annexures (including the aforesaid emails) have been shared with Noticee No. 12, and hence, there is no merit in this contention.

28. Need for Interim Directions

Several Noticees have questioned the need for urgent directions and the passing of the Interim Order in the instant matter. I acknowledge that there was a gap between the impugned trades and the passing of the Interim Order, but having considered the facts and circumstances of the case, including the gravity of the violations observed, along-with the fact that a post-decisional opportunity of hearing has been duly provided to the Noticees, I am not inclined to accept the prayer of the Noticees to set aside the Interim Order.

Further, an Interim Order-cum-SCN records *prima facie* observations, while setting out the allegations and affording the Noticees an opportunity to respond. Final conclusions are arrived at only upon consideration of the replies and submissions of the Noticees, as well as the material on record. Accordingly, the contention that the Interim Order ought to be set aside or treated as null and void merely because the observations are “inconclusive” is wholly misconceived and devoid of merit.

D. CONSIDERATION OF ISSUES AND FINDINGS ON MERITS

29. I have considered the allegations levelled in the Interim Order, replies, oral / written submissions filed by the Noticees and the material available on record. On perusal of the same, the following issues arise for consideration:

- (1) Whether a scheme was devised for creating artificial demand in the scrip of UML, through posting recommendations on Telegram channels?
- (2) If the answer to the above issue is in the affirmative:
 - i. Who has implemented and facilitated the execution of the scheme?
 - ii. Whether the Net Sellers/ Profit Makers/ Beneficiaries are connected to the scheme?
 - iii. Whether the Noticees indulged in fraudulent acts or exhibited such conduct, in violation of the provisions of the SEBI Act and PFUTP Regulations?
- (3) Whether the violations, if any, by the Noticees attract any direction and monetary penalty under Sections 11(1), 11(4), 11B(1), 11B(2) and 11(4A) read with Section 15HA of the SEBI Act?

- (4) If directions for disgorgement are to be issued against the Noticees(s), what is the amount to be disgorged, and which of the Noticee(s) have to be made jointly and severally liable?
- (5) Having regard to the findings in the matter, what directions need to be issued and what should be the amount of monetary penalty, to be imposed on the Noticees, considering the factors provided under Section 15J of the SEBI Act?
30. Before proceeding further, it is pertinent to refer to the relevant provisions of the SEBI Act and the PFUTP Regulations, which have allegedly been violated by the Noticees. The same are reproduced hereunder:

SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly –

- (a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
- (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;*
- (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
- (d)*
- (e) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner*

which is in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly-

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.*
- (2) Dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves any of the following -*
 - a) knowingly indulging in an act which creates false or misleading appearance of trading in the securities market;*
 - d) inducing any person for dealing in any securities for artificially inflating, depressing, maintaining or causing fluctuation in the price of securities through any means including by paying, offering or agreeing to pay or offer any money or money's worth, directly or indirectly, to any person;*

- e) any act or omission amounting to manipulation of the price of a security including, influencing or manipulating the reference price or bench mark price of any securities
- k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities;
- r) knowingly planting false or misleading news which may induce sale or purchase of securities.

31. I shall now proceed to examine the above listed issues in light of the replies / submissions of the Noticees and the material available on record.

Issue No. (1) - Whether a scheme was devised for creating artificial demand in the scrip of UML, through posting recommendations on Telegram channels?

32. During December 2021, the scrip of UML witnessed a sharp and abnormal increase in both price and volume, as illustrated in Table 1 at paragraph 6.16 (reproduced below):

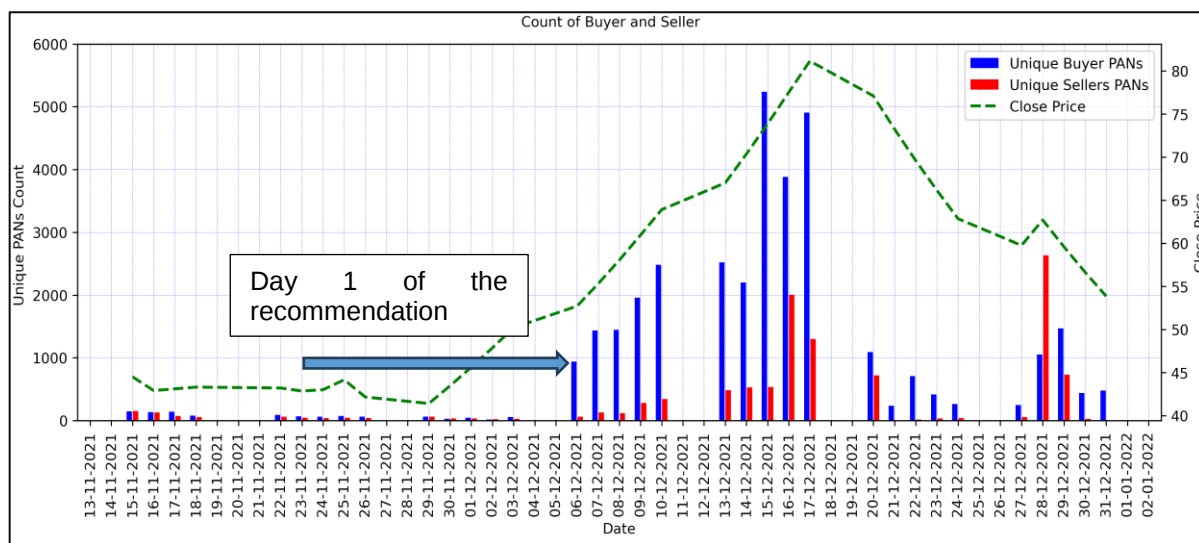
Patch	Period	Particulars	Opening price and volume*	High price and volume during the period	Low price and volume during the period	Closing price & volume**	Total no. of shares traded	Avg. no. of shares traded per day
Period 1	01 Nov-2021 to 30 Nov-2021	Price	53.80	58.00	40.05	43.45	6,95,206 (20 trading days)	34,760
		Volume	5,131 (Nov 01)	15,513 (Nov 08)	8,230 (Nov 29)	13,768 (Nov 30)		
Period 2	01 Dec-2021 to 31 Dec-2021	Price	45.60	84.00	44.00	53.85	55,03,944 (23 trading days)	2,39,301
		Volume	7,254 (Dec 01)	1,24,834 (Dec 20)	7,254 (Dec 01)	48,485 (Dec 31)		
Period 3	01 Jan-2022 to 31 Jan-2022	Price	51.20	59.05	42.30	44.35	17,71,881 (20 trading days)	88,594
		Volume	44,348 (Jan 01)	1,53,873 (Jan 10)	51,727 (Jan 25)	27,020 (Jan 31)		

*On first day of the period

**On last day of the period

33. The following image illustrates the rise in unique buyers and sellers (identified by PAN) across December 2021:

Image 1



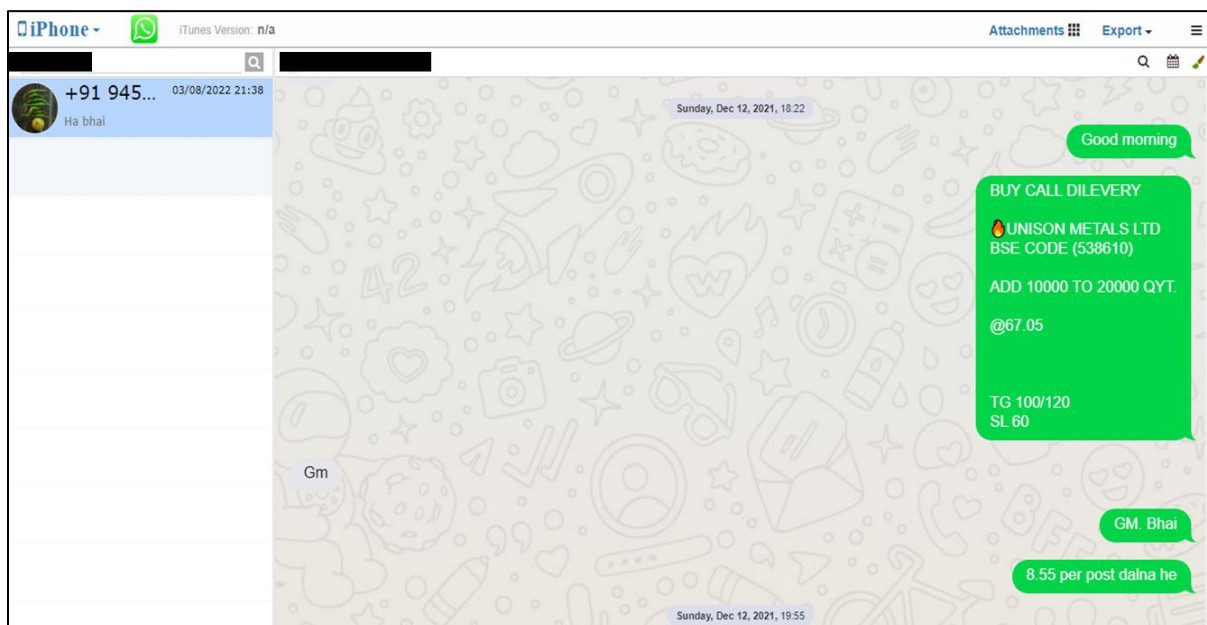
34. It can be seen that there is a sharp rise in unique buyers on December 06, 2021 i.e., the first day of the recommendation, from 60 buyers on the previous trading day to 943 buyers. This continued to increase to 5,236 buyers on December 15, 2021. The number of unique sellers began to increase after that date, and consequently, the share price began to drop.
35. Several Noticees have contended that the rise in price / volumes could be attributed to a corporate announcement made by UML on December 15, 2021, regarding the commencement of a specialty chemicals business by its wholly owned subsidiary, Chandanpani Pvt. Ltd., and not to the recommendations posted on Telegram channels. I, however, note that the upward movement in price and volume had commenced well before this announcement. The opening price of the scrip increased from ₹52.70 on December 6, 2021 i.e. the first day on which the buy recommendations were posted, to ₹73.85 on December 15, 2021. This represents an increase of nearly 40% in price over a span of ten days, without any corresponding change in the fundamentals or

financial position of UML. The timing and magnitude of this price movement, therefore, cannot be rationalized on the basis of the said corporate announcement.

36. I further note that on multiple trading days (7 out of 12 days on which recommendations were posted), the opening price discovered in the pre-open session and / or the high price during the day, was identical to the price levels recommended in the Telegram recommendations. Such precise alignment on multiple occasions cannot reasonably be attributed to mere coincidence, and clearly reflects the influence of the postings (on Telegram channels) on market participants. For instance, on December 14, 2021, a recommendation was given in the morning for buying shares of UML for ₹70.35, which was reflected as the opening price on that day. Accordingly, even assuming that certain Telegram subscribers on the channels were bots, as contended by some of the Noticees, the said contention does not detract from the evident impact of the recommendations on trading behavior and price discovery.
37. Several Noticees have also argued that the number of “views” displayed on screenshots of recommendations posted on Telegram channels, as included in the Interim Order, was low, and hence, the recommendations could not have materially influenced the market. I do not find merit in this submission. Once an investment recommendation is released on a publicly accessible social-media platform, it becomes capable of being forwarded or re-circulated instantaneously across numerous groups, channels and apps. The “view count” displayed on the originating channel does not represent the true extent of its dissemination, as messages continue to be shared beyond the original post. In fact, it would be virtually impossible to ascertain the actual number of persons who may have viewed or acted upon the recommendation once it entered the social-media ecosystem. Consequently, the contention that the recommendations had limited reach or impact on account of low recorded views is untenable. Moreover, the screenshots included in the Interim Order only capture the number of views at a particular point in time and these could have been viewed subsequently as well.

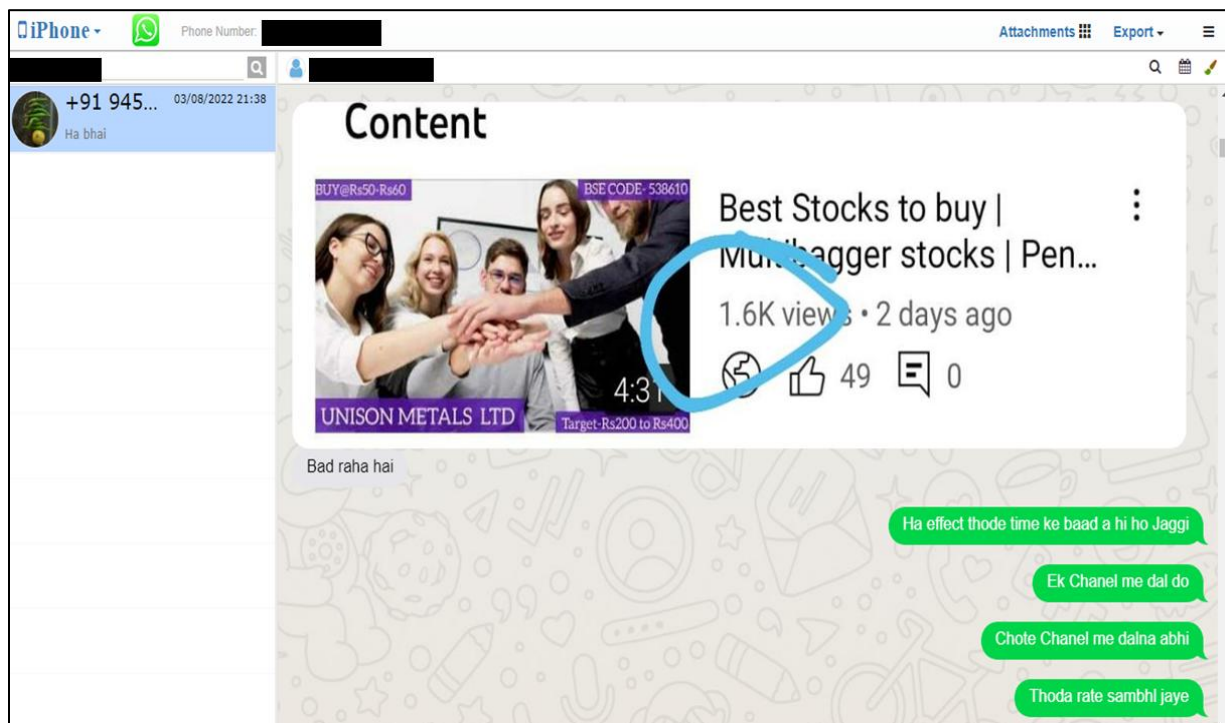
38. The WhatsApp chats between Mr. Jalaj Agrawal and Mr. Arvind Shukla (recovered from the mobile device of Mr. Jalaj Agrawal) clearly demonstrate that, pursuant to the instructions of Mr. Jalaj Agrawal, buy recommendations in the scrip of UML were posted on Telegram channels operated by Mr. Arvind Shukla. The messages contained details including the name and code of the scrip, the range of quantity to be purchased, buy price, and target / stop-loss levels. Mr. Arvind Shukla also shared promotional videos with Mr. Jalaj Agrawal. These recommendations were evidently prepared and disseminated to generate buying interest in the scrip of UML. Sample extracts of the chats evidencing the same are reproduced below:

Image 2



Note: The above screenshot shows that Mr. Jalaj Agrawal instructed Mr. Arvind Shukla to post a recommendation pertaining to UML at 8.55 (am of the next day). The high price on Dec. 13, 2021 was ₹67.05.

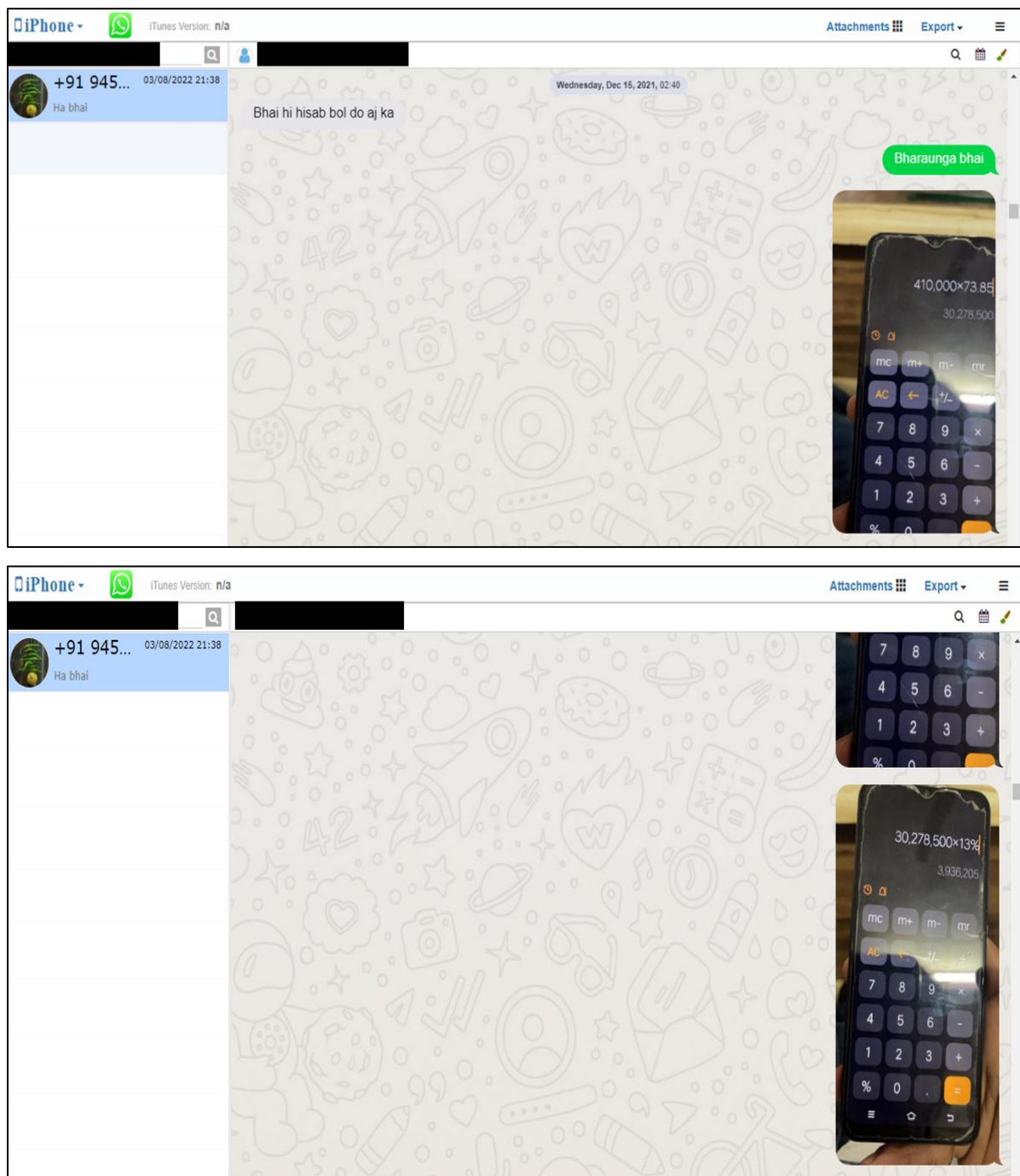
Image 3



Note: The above screenshot shows a promotional video pertaining to UML, shared by Mr. Arvind Shukla with Mr. Jalaj Agrawal.

39. The chats further reveal detailed calculations exchanged between Mr. Jalaj Agrawal and Mr. Arvind Shukla regarding commission payments linked to the number of shares sold on particular trading days, the corresponding closing prices, and the application of a 13% commission rate. These communications clearly evidence that the posting of recommendations was directly tied to the off-loading (selling) of shares, and that Mr. Jalaj Agrawal and Mr. Arvind Shukla were remunerated in proportion to the profits realized through such sales. Sample extracts of such communications are placed below:

Image 4



Note: Jalaj Agrawal shared the calculation of commission for the sale of 4,10,000 shares of UML on Dec 15, 2021. ₹ 73.85 is the closing price of UML on Dec. 15, 2021; 4,10,000 is the no. of shares sold and 13% is the commission towards sale of shares.

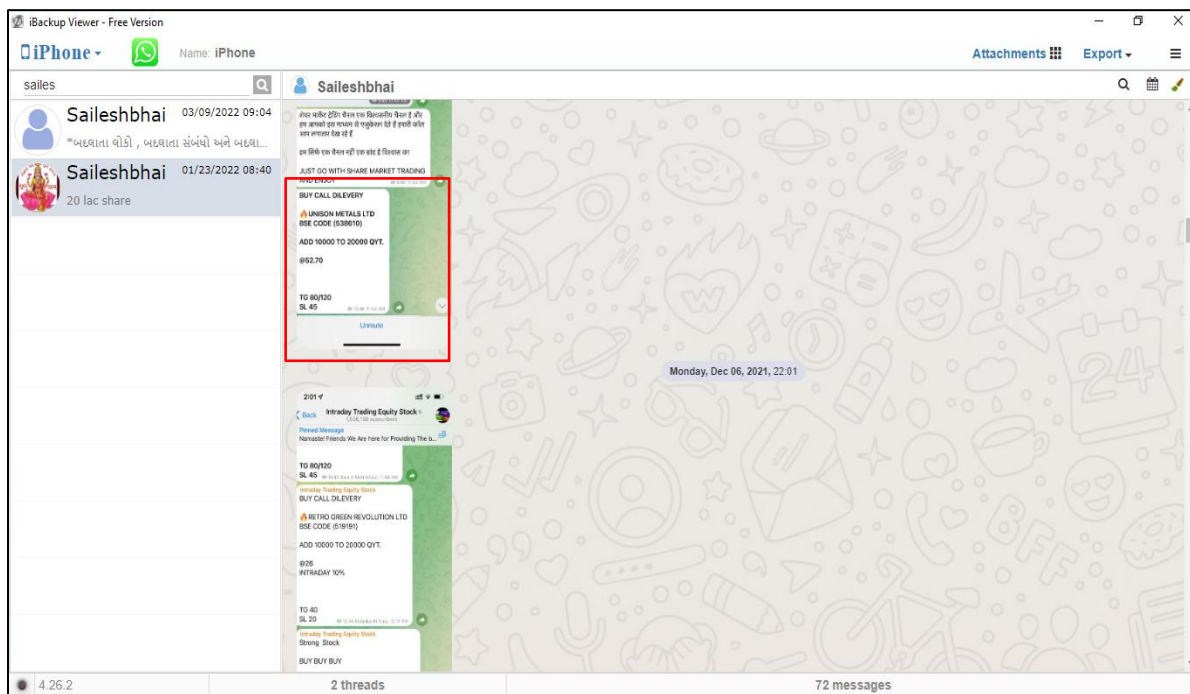
40. In view of the above, I find that the material on record clearly establishes that a scheme was devised and executed in the month of December 2021, to manipulate the price and volume of the scrip of UML. The *modus operandi* involved the posting of buy recommendations on Telegram channels to generate market interest and induce unwary investors to purchase the shares at rising prices. Image 1 (at paragraph 33) illustrates the rise in the number of unique buyers and sellers in the month of December 2021. Further, the number of public shareholders increased from 835 at the end of quarter ended September 2021 to 16,319 at the end of quarter ended December 2021.
41. In view of the foregoing, Issue No. 1 is answered in the affirmative. I shall now examine the details of the scheme, including role and extent of involvement of each Noticee in the subsequent paragraphs.

Issue No. (2) (i) - Who has implemented and facilitated the execution of the scheme?

42. The Interim Order had *prima facie* identified Noticee No. 13 i.e. Mr. Arvind Shukla as the operator of the Telegram channels, on which the recommendations to buy the scrip of UML were posted. In his reply filed before me, Mr. Arvind Shukla has admitted that he was operating the said Telegram channels.
43. From the WhatsApp chats at paragraph 38 above, Mr. Jalaj Agrawal is clearly seen instructing Mr. Arvind Shukla to post recommendations relating to the scrip of UML on Telegram channels. Further, given the calculations relating to commission shared between Mr. Jalaj Agrawal and Mr. Arvind Shukla, Mr. Shukla's claim that he did not understand the objective behind posting the recommendations appears implausible. His contention that the Telegram channels carried disclaimers that the content was for educational purposes only, appears to be an attempt to mask the illegality of posting recommendations to lure investors to purchase shares of UML. I therefore find that both Mr. Jalaj Agrawal and Mr. Arvind Shukla played a central and coordinated role in executing the scheme.

44. Mr. Arvind Shukla has also contended that, in addition to the Telegram channels operated by him, the recommendations relating to the scrip of UML were also disseminated through other modes. However, examination of such other modes of dissemination is beyond the scope of the present proceedings.
45. The Interim Order had further recorded that Noticee No. 12 had been initially approached by Noticee No. 11, Mr. Shailesh S Patel, for posting stock recommendations relating to the scrip of UML on Telegram channels. In his submissions, Mr. Shailesh S Patel has contended that he was unaware of any promotional activity when he interacted with Mr. Jalaj Agrawal and that he had merely sought the assistance of Mr. Jalaj Agrawal for facilitating the sale of his son's shares. This contention, however, appears to be inconsistent and contradictory.
46. On one hand, Mr. Shailesh S Patel has admitted that he sought the assistance of Mr. Jalaj Agrawal to sell the shares held by his son in UML, while on the other hand, he claims that he was unaware of the scheme and did not instruct, or direct Mr. Jalaj Agrawal to promote the scrip. He has not clarified the nature of the assistance sought. Given the admitted lack of liquidity in the scrip, it is reasonable to infer that the assistance sought was aimed at generating volumes in the scrip of UML.
47. The trading pattern, wherein Mr. Shailesh S Patel disposed the entire shareholding of his son in UML (an account which he admittedly operated) during the initial phase of the recommendations i.e. on December 06, 07 and 08, 2021, further corroborates his knowledge of, and participation in, the scheme. The sharing of screenshots of Telegram channel posts indicating recommendations in the scrip of UML on the first day of the recommendation i.e. December 6, 2021, also demonstrates that he was well aware of the scheme. The screenshot is reproduced below:

Image 5



Note: Mr. Shailesh S Patel has shared screenshot of the promotional message in the scrip of UML with Mr. Jalaj Agrawal, on December 06, 2021. The text in the screenshot (highlighted) states the following – “Buy Call Delivery, Unison Metals Limited, BSE Code 538610, ADD 10000 to 20000 QYT. @52.70, TG 80/120, SL 45”.

48. Further, the email correspondence on record demonstrates that Mr. Shailesh S Patel was instrumental in procuring the beneficiary position (Benpos) / shareholding data from UML through Noticee No. 17, Mr. Sharad Ramkrishana Gattani, and forwarding the same to Mr. Jalaj Agrawal. Mr. Shailesh S Patel has contended that he had asked Mr. Jalaj Agrawal whether he could identify investors for UML, as the company was planning to raise funds, and that the Benpos data was shared merely to verify promoter shareholding movements. Mr. Jalaj Agrawal has denied receiving or acting on this shareholding information.
49. However, the WhatsApp chats between Noticee Nos. 11 and 12, show that Mr. Shailesh S Patel has shared buy / sell data in the scrip of UML, of persons who were

not the promoters of UML. To illustrate, the following image was sent by Mr. Shailesh S Patel to Mr. Jalaj Agrawal on December 16, 2021:

Image 6

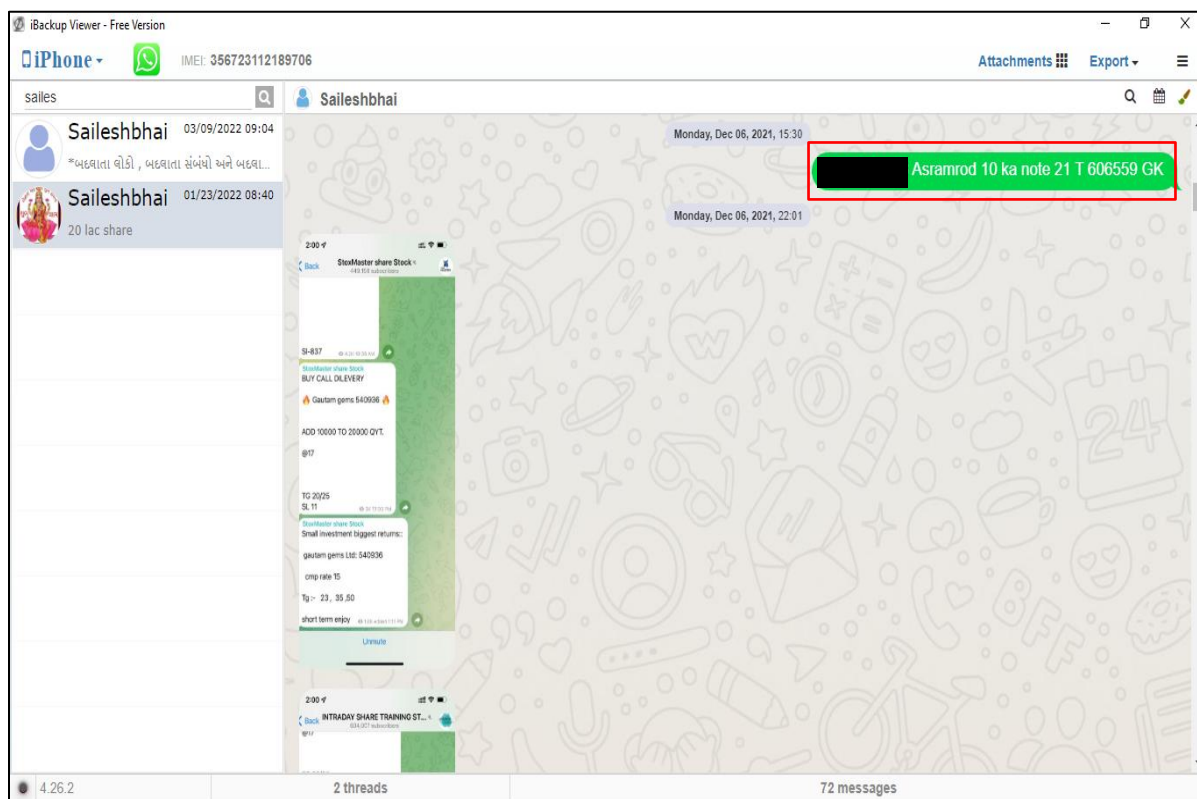
Unison		
Member	Client	Buy
ICICI SECURITIES LTD.	VINAY RAMDHARI PATEL	214951
NEXTBILLION TECHNOLOGY PVT. LTD.	KESHAV SAMARTHA	15522
RKSV Securities India Private Limited	YANNAM SUDHAKARAREDDY	14494
BP EQUITIES PVT.LTD.	ALPHA LEON ENTERPRISES LLP	12844
ZERODHA BROKING LTD.	AMAN PURANCHAND JOSHI	10000
AJMER ASSOCIATES LTD.	NIKUNJ SURESHCHANDRA SHAH	10000
WAY2WEALTH BROKERS PVT.LTD.	PRASANNA KUMAR SHETTY	9000
WAY2WEALTH BROKERS PVT.LTD.	SHARATH BOLAR SHETTY	9000
NEXTBILLION TECHNOLOGY PVT. LTD.	KORIPELLA SAI	8242
SHAREKHAN LTD.	RAHUL JINDAL	6940
MOTILAL OSWAL FINANCIAL SERVICES LIM	JIGNESH PATEL	5700
KOTAK SECURITIES LTD.	ROHIT	5200
ICICI SECURITIES LTD.	USHA RAINA	5161
NEXTBILLION TECHNOLOGY PVT. LTD.	Own	4903
NEXTBILLION TECHNOLOGY PVT. LTD.	SWAGAT MOHAPATRA	4000
RKSV Securities India Private Limited	ARUN KUMAR DAMODARAN OMANA	3250
KOTAK SECURITIES LTD.	JAYESH D BHADRESHWARA	3000
NEXTBILLION TECHNOLOGY PVT. LTD.	SAMARTH KANSAL	2919
IIFL SECURITIES LIMITED	RAMESHKUMAR MOHANLAL DHARIWAL	2500
NEXTBILLION TECHNOLOGY PVT. LTD.	GORIDINLA NAIDU	2434
RKSV Securities India Private Limited	DILLI BABU GUNTAMADUGU	2135
RATNAKAR SECURITIES PVT.LTD.	JASAVANTBHAI PATEL	2016
KIFS TRADE CAPITAL PVT. LTD.	VIDHYA DEVI CHOPRA	2000
Member	Client	Sell
TRADEBULLS SECURITIES PVT.LTD.	NIRALI YAYAATI NADA	162350
C.D.EQUISEARCH PVT.LTD.	YAYAATI HASMUKHRAI NADA	115000
HDFC SECURITIES LTD.	MUKTI LODHA	25000
VENTURA SECURITIES LTD.	ABHISHEK SATISH JAIN	7525
Paresh D Shah	PARESH DHIRAJLAL SHAH	7499
ZERODHA BROKING LTD.	VIVEK GUPTA	6000
SWASTIKA INVESTMART LTD.	STHANAM SUNDARA RAO	5500
KOTAK SECURITIES LTD.	AVIRAL SAXENA	5424
SPAISA CAPITAL LIMITED	NILAM BABAJI GAWADE	5000
HDFC SECURITIES LTD.	PUSHPADEVI PUKHRAJBHAI MISTRI	5000
RKSV Securities India Private Limited	TONMOY GHOSH	4200
NEXTBILLION TECHNOLOGY PVT. LTD.	THINAKARAN VINOTHABISHEK	4159
TRADEBULLS SECURITIES PVT.LTD.	DHARAM BHUPENDRABHAI PATADIA	3775
RKSV Securities India Private Limited	ROHIT CHAUHAN	3000
KOTAK SECURITIES LTD.	HIRALBEN ASHWINBHAI	2800
NEXTBILLION TECHNOLOGY PVT. LTD.	CHITHRA MOHAN	2750
SHAREKHAN LTD.	RAMESHWAR LAL VYAS	2730
NEXTBILLION TECHNOLOGY PVT. LTD.	PREETI KUMARI	2700
NEXTBILLION TECHNOLOGY PVT. LTD.	NARAYAN SHARMA	2541
SURESH RATHI SECURITIES PVT.LTD.	DILIP INANI	2500
NEXTBILLION TECHNOLOGY PVT. LTD.	VEMBULI GNANAVEL	2215
IIFL SECURITIES LIMITED	BHAVESH BABULAL PATEL	2100
KOTAK SECURITIES LTD.	HARDIK J PATEL	2000
SPAISA CAPITAL LIMITED	ARVIND JAISWAL	2000
ZERODHA BROKING LTD.	DALE SUNIL MOHITE	2000

50. While it may not be possible to directly infer, from the available material, that Mr. Shailesh S Patel dictated the exact content of the recommendations posted on the Telegram channels, his admitted objective of selling his son's shares, the calls and

messages exchanged with Mr. Jalaj Agrawal, and their meetings at Karnavati Club before and during the scheme (on November 29, 2021 and December 16, 2021), coupled with his proximity to Mr. Tirth Uttamchand Mehta and Mr. Uttamchand Chandanmal Mehta in the period in and around the IP, cumulatively establish that he played a key role in the scheme.

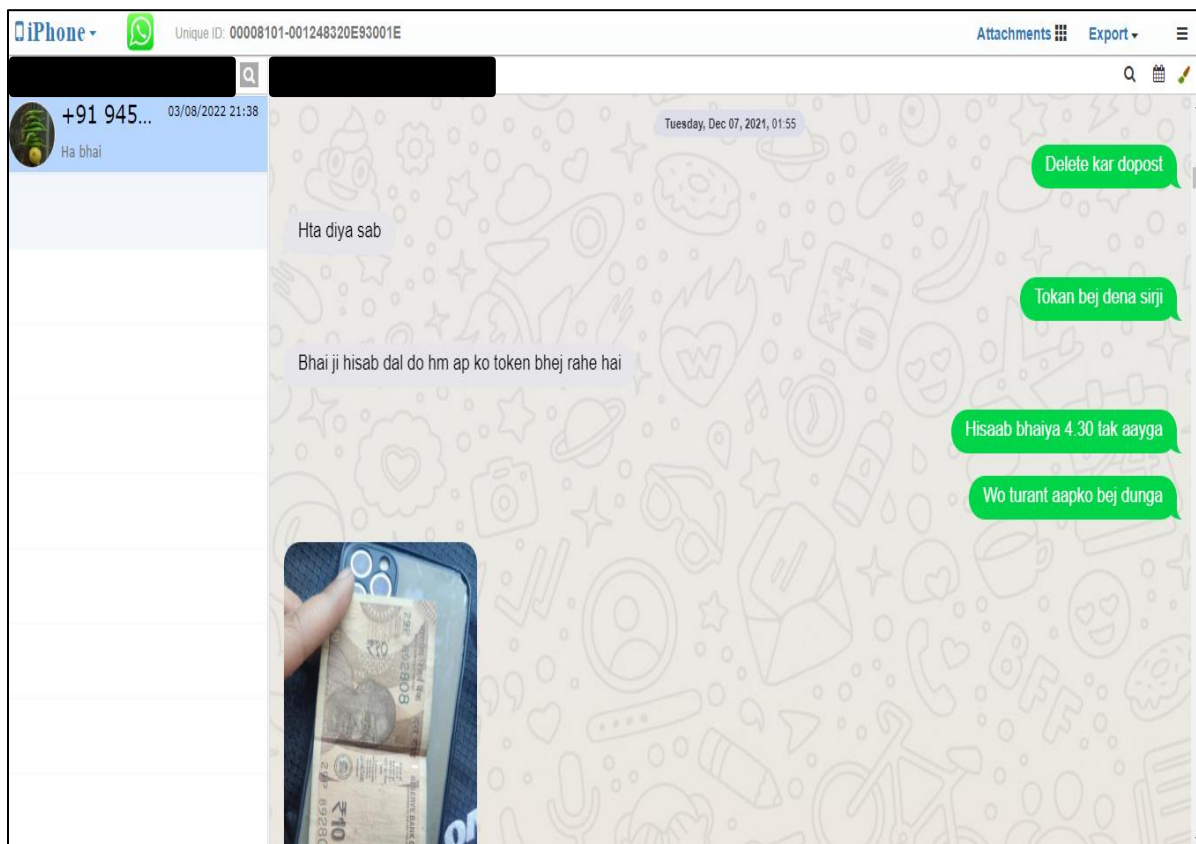
51. The precise details of commission payments and monetary consideration are not clearly ascertainable, as such transactions appear to have taken place outside formal banking channels. However, the commission calculations shared by Noticee No. 12 with Noticee No. 13, along with the exchange of images / details of currency notes among Noticee Nos. 11, 12, and 13 on WhatsApp, show the existence of a commission arrangement for undertaking the fraudulent scheme. The images / details with respect to exchange of currency notes are reproduced below:

Image 7



Note: The details of the currency note (highlighted) was shared with Mr. Shailesh S Patel by Mr. Jalaj Agrawal on December 06, 2021.

Image 8



Note: The currency note in the above image was shared with Mr. Jalaj Agrawal by Mr. Arvind Shukla on December 07, 2021.

52. Noticee Nos. 14, 15 and 17 have contended that Mr. Shailesh S Patel had been advising UML on fund-raising activities and that the sharing of Benpos data with him was merely to assure potential investors that the promoters were not selling their shares. They have further submitted that the calls with Noticee No. 11 were in the context of advisory services for fund raising.
53. I find the above explanation(s) to be an afterthought and unsupported by any credible evidence. None of the above Noticees has furnished a single document, evidencing any communication with a potential investor. It is unlikely that, despite months of investor outreach, not a single meeting or conversation with any investor took place. Further, in relation to the contention that Benpos / shareholding data was shared

because potential investors wanted to know whether promoters were selling or not, I find it relevant to emphasize that a genuine investor would be aware that any sale or purchase by promoters (holding 5% or more of the shareholding of a listed entity) beyond a 2% threshold is mandatorily required to be disclosed under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SAST Regulations"), and therefore any sale of shares by promoters which meets the aforesaid regulations, is verifiable from publicly available disclosures.

54. It is difficult to accept that a listed entity (and its promoters/officials), expected to act with due care and governance discipline, would rely on an unverified assertion that Mr. Shailesh S Patel was arranging investors and, on that slender basis, repeatedly share sensitive Benpos / shareholding data. It is also unlikely that Mr. Sharad Ramkrishana Gattani was obtaining this data from UML, without active consent and connivance of Noticee Nos. 14 and 15. Thus, the explanation of the aforesaid Noticees that the Benpos / shareholding data was shared with Mr. Shailesh S Patel for the benign purpose of reassuring investors cannot be accepted.
55. The more plausible inference, supported by the evidence on record, is that Noticee Nos. 14, 15 and 17 were well aware of the scheme and facilitated in its execution by sharing the Benpos / shareholding data. This data was transmitted to enable the Operators to monitor the off-loading of shares and facilitate calculation of commission. The contention that the Benpos / shareholding data was also shared outside of the IP does not negate their role in facilitating the scheme during the IP. The regular and systematic flow of this non-public information through Mr. Sharad Ramkrishana Gattani and Mr. Shailesh S Patel to Mr. Jalaj Agrawal constituted a critical operational link in the execution of the fraudulent scheme.
56. Noticee Nos. 14, 15 and 17 have contended that the Interim Order does not demonstrate that they have derived any unlawful gains or benefitted in any manner from the alleged scheme. In this regard, it is noted that the scheme was composite in

nature, and it is not necessary that each participant must have derived a direct or immediate benefit during the Investigation Period to establish involvement. Benefits could have been passed in any form and even at a later stage, particularly given their close linkages with several Net Sellers/ Profit Makers/ Beneficiaries for whom the scheme was operated in terms of the Interim Order. For instance, Noticee No. 14 / his wife (daughter of Mr. Sharad Ramkrishana Gattani) admittedly has a close relationship with some of the Net Sellers/ Profit Makers/ Beneficiaries (i.e. Noticee Nos. 1, 2 and 10).

57. In view of the above, I find that Noticee Nos. 11, 12, and 13 functioned as the Operators in the present scheme. Noticee No. 11 facilitated the flow of sensitive information. Noticee No. 12 directed and managed the dissemination of false recommendations, and Noticee No. 13 executed the postings on Telegram channels. Noticee Nos. 14, 15 and 17, by virtue of their access to internal shareholder information, and their communication with Mr. Shailesh S Patel, acted as Enablers who supported and facilitated the execution of the scheme.

58. Role of Ms. Manishaben Bipinchandra Panchal i.e. Noticee No. 16

58.1. With regard to Noticee No. 16, I find that her interactions with Noticee Nos. 1, 2, 3 and 9 are explainable by her role as an accountant. Further, while there are fund transfers with certain Net Sellers/ Profit Makers/ Beneficiaries, the same are not sufficient to show that she played a role in facilitating the scheme. I therefore find that there is insufficient material supporting the allegation that she was involved in acting as a bridge between the Operators and Net Sellers/ Profit Makers/ Beneficiaries.

58.2. Further, the material on record is inadequate to establish that she was involved in sharing of the Benpos / shareholding data. I am therefore inclined to give her the benefit of doubt in respect of the allegations levelled against her in the Interim Order.

Issue No. (2) (ii) - Whether the Net Sellers/ Profit Makers/ Beneficiaries are connected to the scheme?

59. In the context of the allegations in the Interim Order and the discussions in the preceding paragraphs, I find it pertinent to emphasize that if a manipulative scheme has been conceived and there is an arrangement between the Operators to receive commission which is directly tied to the off-loading of shares, it follows that certain persons would have profited from selling their shares during the period when the scheme was executed. The Interim Order alleges that the entities categorized as Net Sellers/ Profit Makers/ Beneficiaries earned profits by taking advantage of the artificial increase in volume and price in the scrip of UML, which was generated pursuant to the buy recommendations disseminated on Telegram channels.
60. In this regard, I note that the entities categorized as Net Sellers/ Profit Makers/ Beneficiaries are the top 10 sellers during the IP. These entities have sold a substantive portion of their shareholding during the period December 06 – 31, 2021. The details are illustrated in the following table:

Table 3

Entity Name	Entities Net Traded Vol. as a % of Market Vol.	Shares sold during the Dec. 06 – 31, 2021 as % of respective shareholding in UML (as on Dec. 03, 2021)
Yayaati Hasmukhray Nada	12.27 %	71%
Nirali Yayaati Nada	7.76 %	100%
Jasavantbhai Patel	6.26 %	99%
Jignesh Pravinbhai Pethani	3.35 %	100%
Mukti Lodha	3.18 %	100%
Nahush Ashvinbhai Shukla	3.09 %	94%
Prajesh A Shukla	2.72 %	100%
Malay Shaileshbhai Patel	2.11 %	100%
Reetaben Ashvinkumar Shukla	2.01 %	99%
Hardik Jitendrabhai Patel	1.45 %	100%
Total	44.22%	

61. The Net Sellers/ Beneficiaries/ Profit Makers have contended that the Interim Order fails to demonstrate their connection and involvement in the scheme. They have submitted that they have no direct connection with the persons alleged to be the Operators of the scheme as per the Interim Order. They (other than Noticee Nos. 4 and 5) have further contended that their only link to the scheme was via the statement of Mr. Shailesh S Patel dated August 23, 2022, which has now been retracted and possesses no evidentiary value. They have also highlighted the statement of Mr. Shailesh S Patel dated March 15, 2022 as per which, he had approached Mr. Jalaj Agrawal to facilitate the sale of his son's shares.
62. I am not convinced by the above arguments. The trading data shows that on behalf of his son, Mr. Shailesh S Patel had sold the entire shareholding in UML (as on December 03, 2021) by December 08, 2021, whereas the recommendations on Telegram continued well beyond this date, as late as December 23, 2021. Further, the WhatsApp chats between Noticee Nos. 12 and 13, show that commission calculations were shared between them well after Mr. Shailesh S Patel had sold the shares of his son.
63. It is therefore clear that the Telegram postings and the associated commission arrangements were tied to the sale of shares by multiple entities and not confined to the disposal of shares held by Mr. Malay Shaileshbhai Patel alone. In the subsequent paragraphs, I will examine the role of each of the persons categorized as Net Sellers/ Beneficiaries/ Profit Makers.
- 64. Noticee Nos. 1, 2, 6, 7 and 9**
- 64.1. Noticee Nos. 1, 2, 6, 7 and 9 belong to the same family. Noticee No. 1 has submitted that he undertook trading decisions on behalf of the Noticee Nos. 2, 6, 7 and 9.
- 64.2. Noticee No. 1 and his wife (Noticee No. 2) are admittedly friends with Noticee No. 14 and his wife, Ms. Rashmi Mehta. Ms. Rashmi Mehta is the daughter of Noticee No.

17, Mr. Sharad Ramkrishana Gattani. Call data records show frequent telephonic communication between these Noticees during the Investigation Period, as detailed in the table below:

Table 4

A	B	Investigation Period – December 2021			
		A to B		B to A	
		No. of calls	Duration (seconds)	No. of calls	Duration (seconds)
Yayaati Hasmukhray Nada (99xx112xxx)	Tirth Uttamchand Mehta – MD of UML (99xx944xxx)	23	924	26	1,107
Nirali Yayaati Nada (97xx938xxx)	Tirth Uttamchand Mehta – MD of UML (99xx944xxx)			2	120

Additionally, as submitted by the above Noticees, there were 28 calls of Noticee Nos. 1 / 2 with Ms. Rashi Mehta during the IP.

64.3. While the content of these calls is not on record, the frequency and pattern of communication demonstrate a close connection between Noticee Nos. 1 and 14, which has also been admitted in their submissions. Noticee Nos. 14, 15 and 17, in turn, were in communication with Noticee No. 11, Mr. Shailesh S Patel. As discussed earlier in the Order, the explanations offered by these Noticees for their interactions with Mr. Shailesh S Patel and for sharing Benpos data with him are not credible. Accordingly, a clear chain of connectivity emerges linking Noticee No. 1 with the Operator group through the Enablers. In view of the distinct roles discharged by the Operators and the established flow of shareholding data through the Enablers, it is evident that direct communication between the Net Sellers/ Profit Makers/ Beneficiaries and the Operators was not necessary for the successful execution of the scheme.

64.4. At the commencement of the Investigation Period, Noticee Nos. 1, 2, 6, 7 and 9 held 18,19,725 shares, and by the end of the period, their consolidated shareholding had fallen to 2,85,884 shares, i.e., they sold over 84% of the shares

held by them. Even after including the shareholding of Mr. Nahush Ashvinbhai Shukla held in physical form, the Noticees sold over 82% of the shares held by them. Therefore, there is a strong correlation between posting of recommendation on Telegram channels in the month of December 2021 and selling/ off-loading of shares by the aforementioned Noticees (Net Sellers), using increase in price/volume in the scrip of UML.

- 64.5. I further note from some of the WhatsApp chats between Mr. Jalaj Agrawal and Mr. Arvind Shukla related to the number of shares sold in UML, that the figures mentioned therein could not have been arrived at, without factoring in the shares sold by the above Noticees. For instance, on December 15, 2021, Mr. Jalaj Agrawal calculated commission on the basis of 4,10,000 shares being sold. On that date, the total market volume was 5,83,900 shares, out of which Noticee Nos. 1 and 2 collectively sold 3,05,000 shares. It would not have been possible to arrive at the figure of 4,10,000 shares without accounting for the sales effected by Noticee Nos. 1 and 2. Similarly, on December 09, 2021, commission was calculated on the basis of 2,11,000 shares being sold. On the same date, Noticee Nos. 6, 7 and 9 collectively sold 1,09,000 shares while total market volume was 2,96,570 shares. Again, this figure necessarily presupposes inclusion of the sales effected by Noticee Nos. 6, 7 and 9.
- 64.6. The following image has been shared by Mr. Jalaj Agrawal with Mr. Shailesh S Patel on December 11, 2021. Column F in the image (highlighted) exactly corresponds to the number of shares sold by Noticee Nos. 6, 7 and 9 on December 10, 2021. This demonstrates that Mr. Jalaj Agrawal was tracking the quantity of shares sold by these persons, indicating that they formed part of the universe of sellers whose trades were relevant for calculating commissions. This also supports the inference that these Noticees were beneficiaries of the scheme.

Image 9

A	B	C	D	E	F	G	H	I	J	K	L
07020001707789	NIRALI PARESHKUMAR LUNAGARIA	427350	R	Demate							
00065210394432	JASAVANTBHAI G PATEL	346800	R	Demate	153130						
00098210893431	MEGHJYOTI IMPEX PRIVATE LIMITED	273465	PRO	Demate							
07020001776374	JIGNESH PRAVINBHAI PETHANI	184193	R	Demate							
00065210326701	PRAJESH A. SHUKLA	149960	R	Demate	30000						
00065210394408	NAHUSH A SHUKLA	180200	R	Demate	65000						
030154950258263	MUKTI LODHA	175000	R	Demate							
030065210211866	REETABEN A. SHUKLA	110756	R	Demate	30000						
000923	M R SHUKLA	145500	R	Phy							
000922	DINESH KATARA	143500	R	Phy							
000920	PRIYAKANT A PARMAR	108000	R	Phy							

- 64.7. It has been argued that, had a manipulative scheme been devised, Noticee No. 6 would have converted his physical shareholding to demat form, and Noticee Nos. 1, 6 and 9 would have disposed their entire shareholding. The Noticees have valued their shareholding of 2,85,884 shares at the end of the IP at ₹1,53,94,853/- (2,85,884 * ₹53.85 i.e. the closing price of the shares of UML at the end of the IP). This argument is however without merit, since as noted at Table 3 at paragraph 60, the Noticees sold a substantial portion of their shareholding. Further, there is no certainty that the Noticees would have been able to sell their remaining shares at the price of ₹53.85, particularly in view of the declining price trend and reduced trading volumes in the scrip of UML after the Investigation Period.
- 64.8. Although direct communication between Noticee No. 1 (who executed trades in the scrip of UML for himself and for 4 other Noticees) and the Operators may not have existed, and his relationships with the Enablers may have pre-dated the IP, the circumstantial evidence including his proximity to the Enablers, his close association with other major sellers (as brought out in subsequent paragraphs), the

timing and magnitude of sales, clearly establishes, on a preponderance of probabilities, that he played a pivotal role in the scheme.

64.9. It is trite law that the evidentiary principle for a quasi-judicial proceeding for adjudication of violations under the SEBI Act and Regulations made thereunder, including the PFUTP Regulations, is preponderance of probabilities. The principle of preponderance of probabilities, put simply, envisages that for a fact to be established it must be the preponderant probability on the weighing of all possible probabilities. In this context, reference is made to the judgment of the Hon'ble Supreme Court in the matter of *Securities and Exchange Board of India v. Kishore R. Ajmera* [AIR 2016 SC 1079], wherein the Supreme Court has held that *"The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned...."*

64.10. With regard to Noticee Nos. 2, 6, 7 and 9, I note that as the account holder, it was incumbent upon them to exercise due care and oversight to ensure that their trading accounts were not misused for unlawful activities. Their failure to do so renders them accountable for the actions undertaken through their respective accounts.

65. Noticee No. 3

65.1. Noticee No. 3, Mr. Jasavantbhai Patel, has contended that he was unaware of the scheme. He has submitted that, owing to his ill-health, his brother was managing his business affairs and executed the sale transactions in the scrip of UML on his behalf. The Noticee has further submitted that the funds received from the sale of trades were used to repay loans obtained from Mr. Yayaati Hasmukhray Nada / his business ventures.

65.2. The material on record does not evidence any loan agreement substantiating the aforesaid assertion. In any event, it is an admitted position that the proceeds from the sale of shares were transferred to the business ventures/entities of Mr. Yayaati Hasmukhray Nada. In this context, an extract of the WhatsApp chats between Noticee No. 1 / Mr. Yayaati Hasmukhray Nada and Mr. Sameer Parekh (partner in Zealous, Authorised Person of the broker viz. Ratnakar Securities Limited, through whom Noticee Nos. 1 and 3 placed trades) is placed below. I note from the chat that Mr. Yayaati Hasmukhray Nada undertook to provide consent letters in respect of trades in the scrip of UML, on behalf of Mr. Jasavantbhai Patel.

Image 10



65.3. Column F in Image 9 at paragraph 64.6 corresponds to the shares sold by Mr. Jasavantbhai Patel on December 10, 2021. This demonstrates that Mr. Jalaj

Agrawal was tracking the quantity of shares sold by Noticee No. 3 and leads to the inference that his trading in the scrip of UML, was in pursuance of the scheme.

- 65.4. The timing of Mr. Jasavantbhai Patel's trades, the transfer of sale proceeds to entities/business ventures of Mr. Yayaati Hasmukhray Nada, and the fact that Noticee No. 1 was communicating with the Authorised Person of the broker on his behalf, collectively show that Noticee No. 3's trading activity (whether executed by him or through his brother) in the scrip of UML in the month of December 2021 was aligned with, and motivated by, the existence of the manipulative scheme.

66. Noticee Nos. 4 and 10

- 66.1. Noticee Nos. 4 and 10 are admittedly friends with or have business relations with Noticee No. 1. Call data records (CDRs) show regular communication during the IP between Noticee No. 1 and Noticee Nos. 4 and 10.
- 66.2. Details of the communication between Noticee No. 1 and 4 on December 14, 2021 (when Noticee No. 4 sold majority of his holdings in UML (95% of total shares sold during the IP)), are given in the following table:

Table 5

S. No.	Mobile no. of Noticee No. 4	Mobile no. of Noticee No. 1	Call Type	Time	Duration in seconds
1.	98xx660xxx	99xx112xxx	INCOMING	11:29:38	14
2.	98xx660xxx	99xx112xxx	INCOMING	11:40:59	18
3.	98xx660xxx	99xx112xxx	OUT GOING	11:44:37	13
4.	98xx660xxx	99xx112xxx	INCOMING	14:45:40	30
5.	98xx660xxx	99xx112xxx	INCOMING	15:19:28	14
6.	98xx660xxx	99xx112xxx	OUT GOING	21:55:18	96

Note: Noticee No. 4 placed orders at 11:42:05 am, 2:48:22 pm and 3:20:38 pm

- 66.3. From the above table, it can be observed that Noticee No. 4 had received 4 calls of extremely limited duration (ranging from 14 to 30 seconds) from Noticee No. 1. All the incoming calls were before the time of order placement by Noticee No. 4.
- 66.4. Details of the communication between Noticee No. 1 and 10 on December 06, 2021 and December 07, 2021 (when Noticee No. 10 sold majority of his holdings in UML (75% of total shares sold during the IP)), are given in the following table:

Table 6

S. No.	Mobile no. of Noticee No. 10	Mobile no. of Noticee No. 1	Call Type	Date and Time	Duration in seconds
1.	99xx098xxx	99xx112xxx	INCOMING	9:38:43 (Dec. 06)	42
2.	99xx098xxx	99xx112xxx	OUT GOING	9:45:26 (Dec. 06)	27
3.	99xx098xxx	99xx112xxx	OUT GOING	11:12:24 (Dec. 07)	60

Note: Noticee No. 10 placed orders at 10:06:17 am on Dec. 06, 2021 and at 12:03:17 pm on Dec. 07, 2021

- 66.5. From the above table, it can be observed that Noticee No. 10 had 3 calls of extremely limited duration (ranging from 27 to 60 seconds) with Noticee No. 1. All the calls were before the time of order placement by Noticee No. 10. Noticee No. 10 also had 10 calls with Noticee No. 14 during the Investigation Period and it is an admitted position that they are friends.
- 66.6. Given such proximity (including during the IP), the acknowledged family / business links and the connection between the calls (with Noticee No. 1) and timings of trades, it would be improbable that trading decisions of Noticee Nos. 4 and 10 in the same scrip and during the same window were entirely independent of the scheme. Noticee No. 4 has in fact admitted that his trades were executed on the advice of Noticee No. 1, which further reinforces the inference of concerted action.

The contention of Noticee No. 10 that had he been aware of the scheme, he would have sold the significant portion of his holdings on the later days in December 2021, rather than disposing of them before the sale rates peaked, is not acceptable since he could not have known in advance when the prices would peak and the trades nonetheless resulted in profits for him.

67. Trading pattern of Noticee Nos. 1 – 4, 6, 7, 9 and 10

- 67.1. The trading data demonstrates that the aforementioned Noticees collectively sold 21,44,834 shares of UML, accounting for 38.93% of the net market volume during the IP. Four out of these eight Noticees sold 100% of their shares held by them (as on Dec. 01, 2021) during the IP. The shareholding of the said Noticees in the scrip of UML reduced from 15.18% at the beginning of the IP to 1.81% at its end. This concentration of selling activity, coinciding with the period of heightened market interest generated by the Telegram recommendations, is a significant indicator that these entities took advantage of the artificially enhanced demand and liquidity to off-load their holdings.
- 67.2. Some of the above Noticees have contended that they sold shares of UML on a few trading days, where the material on record does not evidence the posting of recommendations. I however note that there are only 3 such dates viz. December 07, 2021 and December 28 - 29, 2021, out of a total of 12 dates during the IP on which the above Noticees traded in the scrip of UML. Further, once buy recommendations are disseminated on social media, market momentum begins to build, resulting in sustained price appreciation and enhanced liquidity over subsequent sessions as well. In any event, the material on record reflects that recommendations were disseminated with regularity during the Investigation Period, thereby maintaining the momentum and facilitating continued off-loading of shares.

67.3. A closer examination of the order placement behavior of Noticee Nos. 1 – 4, 6, 7, 9 and 10 reveals a striking pattern. On multiple dates, these Noticees placed sell orders at price levels identical to those specified in the Telegram recommendations. This alignment also extended to the manner of execution, namely the use of limit orders. Such repeated pattern, across different dates and among multiple connected entities, cannot reasonably be attributed to coincidence, particularly when these Noticees have asserted that they were not members of the Telegram channels. The following table illustrates representative instances where the sell order prices placed by the Noticees exactly matched the prices recommended on Telegram:

Table 7

Date	Entities which traded	Order rate (In ₹)	Price recommended on Telegram (In ₹)
Dec. 06, 2021	Noticee Nos. 3, 6, 7, 9 and 10	52.70	52.70
Dec. 08, 2021	Noticee Nos. 3, 6, 7, 9 and 10	58.05	58.05
Dec. 14, 2021	Noticee Nos. 2 and 4	70.35	70.35

67.4. The repeated convergence of order prices with the prices recommended on Telegram channels, strongly supports the inference that these trades were timed and priced to take advantage of the artificial liquidity and demand generated by the scheme. While the recommendations induced market participants to buy, the above Noticees assumed the opposite position by off-loading their holdings. The material on record indicates that they acted with the benefit of advance awareness of the scheme and utilized the investor response to the recommendations to sell their shares at elevated and artificially inflated prices, thereby realizing unlawful gains.

68. Considering the facts and circumstances discussed in the above paragraphs, the trading activity of the Noticees cannot be regarded as isolated or coincidental, but forming a part of the broader manipulative scheme. I find that Noticee No. 1 was the central figure and principal beneficiary among the Net Sellers/ Profit Makers/ Beneficiaries. He held and sold the largest quantity of shares in UML during the IP;

executed trades on behalf of Noticee Nos. 2, 6, 7 and 9; advised Noticee No. 4 in relation to the sale of shares; and benefitted from the flow of sale proceeds arising from the trades executed by Noticee No. 3. He was also closely acquainted with Noticee No. 10. The remaining Net Sellers/ Profit Makers/ Beneficiaries (except Noticee No. 5 whose role is discussed in the subsequent paragraph), whether by authorizing Noticee No. 1 to operate their trading accounts or by executing trades motivated by the existence of the scheme during the Investigation Period, are also connected to, and formed part of, the manipulative scheme.

69. Noticee No. 5

I have considered allegations levelled against Noticee No. 5, the submissions made by her and the material on record in support of the said allegations. It is noted that there is lack of evidence of her communication with the Operator group, or with the remaining Net Sellers/ Profit Makers/ Beneficiaries during the IP. The connection with the Enablers as identified in the interim order cum SCN is based on a singular call outside the IP and therefore, seems remote, and does not correspond to her trading during the IP. Accordingly, I am inclined to extend the benefit of doubt in respect of the allegations levelled against her in the Interim Order.

70. Noticee No. 8

- 70.1. Mr. Shailesh S Patel, the father of Noticee No. 8, has admitted that he was operating the account of Noticee No. 8, and he had approached Mr. Jalaj Agrawal for the purpose of off-loading his son's shares and that he paid commission in connection with the same.
- 70.2. It has been established in the previous paragraphs that Mr. Shailesh S Patel was an integral part of the scheme, and sold the shares of UML held by his son to benefit from the artificially enhanced price and volumes generated by the scheme.

70.3. Noticee No. 8 has contended that he was unaware of the trades or of any scheme, stating that his trading account was operated by his father. Be that as it may, I am of the view that such a contention does not absolve him of responsibility. As the account holder, it was incumbent upon Noticee No. 8 to exercise due care and oversight to ensure that his trading account was not misused for unlawful activities. The failure to do so renders him accountable for the actions undertaken through his account.

Issue No. (2) (iii) - Whether the Noticees indulged in fraudulent acts or exhibited such conduct, in violation of the provisions of the SEBI Act and PFUTP Regulations?

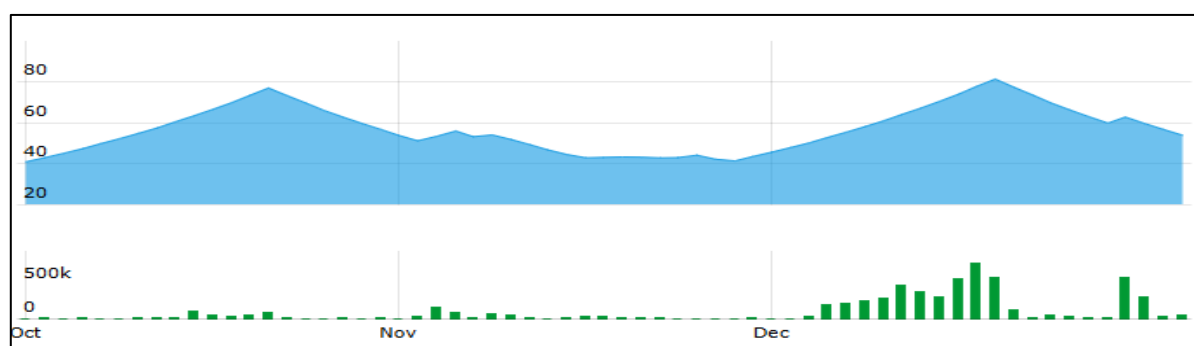
71. In view of the foregoing discussion, I find that the scheme was carefully orchestrated to maintain an arm's length distance between the Beneficiaries of the scheme and the Operators. Certain Beneficiaries (Noticee Nos. 1, 2 and 10) were closely connected to some of the Enablers. The Enablers were in turn connected with Mr. Shailesh S Patel, who coordinated with the remaining Operators responsible for the dissemination of recommendations. The Net Sellers/ Profit Makers/ Beneficiaries appear to have acted with considerable caution to avoid leaving direct traces of their involvement with the Operators. However, when the trading behavior, timing of sales, concentration of volumes, and the established chain of connectivity are assessed together, it becomes evident that the Net Sellers/ Profit Makers/ Beneficiaries (other than Noticee No. 5) emerged as the primary beneficiaries of the scheme.

72. The sharp and unexplained spikes in trading volumes and prices in the scrip of UML during the IP, unaccompanied by any commensurate corporate development or fundamental change, corroborates the existence of manipulative activity. The WhatsApp communication recovered during the search & seizure proceedings provide crucial corroborative evidence revealing the mechanics of the scheme, including the exchange of trading data, coordination of recommendations and commission

calculations. Absent this digital trail, the orchestration and execution of the scheme would likely have remained concealed.

73. Several of the Net Sellers/ Profit Makers/ Beneficiaries have contended that they had also sold shares in October 2021 and, in some instances, at even higher prices. However, a closer examination of the trading data reveals that comparative liquidity in the scrip of UML in the month of October 2021 was significantly lower, with an average daily traded volume of approximately 24,895 shares. This also underscored the need for the large shareholders seeking exit, to devise and implement a fraudulent mechanism to artificially generate demand and liquidity, which was subsequently achieved through the dissemination of Telegram-based recommendations. A chart depicting the price – volumes in the scrip of UML during the period October – December 2021, is placed below:

Image 11



74. Noticee Nos. 14, 15 and 17 have contended that they have not traded in the scrip of UML and therefore, the allegations of fraud against them are not tenable. In this regard, I note that clause (c) of regulation 3 of PFUTP Regulations refers to employing any scheme or device to defraud *in connection with* dealing in securities. Therefore, actual trading in the scrip by the entities themselves is not necessary for fastening liability under the SEBI Act or PFUTP Regulations, where the material on record establishes facilitation or assistance in a fraudulent or manipulative scheme. Noticee Nos. 14, 15 and 17 have acted as Enablers by supplying sensitive shareholding information, and

acting as the bridge between the Net Sellers/ Profit Makers/ Beneficiaries and the Operators. They are liable for their acts in facilitating the manipulative scheme, even if they have not traded in the scrip of UML during the IP.

75. In light of the facts before me, I am of the considered view that the threshold for establishing fraud, on a preponderance of probabilities, stands satisfied. The conduct of the Net Sellers/ Profit Makers/ Beneficiaries (except Noticee No. 5), acting in concert with the Operators and Enablers (except Noticee No. 16), demonstrates a deliberate intent to trade in the scrip of UML pursuant to a scheme intended to manipulate its price and volume during the Investigation Period. The scheme enabled the Net Sellers/ Profit Makers/ Beneficiaries to secure an exit at artificially inflated prices by exploiting demand generated through misleading recommendations disseminated on Telegram channels.
76. The dissemination of such recommendations induced unsuspecting investors to trade in the scrip. This false market provided the liquidity necessary for the Net Sellers/ Profit Makers/ Beneficiaries to off-load a substantial quantity of shares and realize unlawful gains by trading against the artificially induced demand. I do not find that it is necessary to demonstrate direct or quantifiable losses suffered by individual investors, to establish fraud. The substantial increase in unique buyers during the Investigation Period sufficiently evidences that a large number of investors were induced to trade, based on the misleading recommendations that were circulated. Loss to investors may be direct or indirect, immediate or eventual, and the absence of individual complaints does not negate the occurrence of market harm.
77. The submission of certain Noticees that shareholders were subsequently provided an exit opportunity at ₹101 per share is not supported by any material on record. In any event, even assuming such an exit was provided, it does not mitigate the fraudulent conduct during the Investigation Period.

78. The above conduct of Noticee Nos. 1 – 4, and 6 – 10 ultimately resulted in the accumulation of unlawful gains to the tune of ₹3.87 crores.

79. In view of the above, I conclude that the Noticees (except Noticee Nos. 5 and 16) have violated the following regulations:

79.1. Noticee Nos. 1 – 4 and 6 – 10 have violated clauses (a), (b) (c) and (e) of Section 12A of SEBI Act, clauses (a), (b), (c) and (d) of regulation 3, and sub-regulation (1) of regulation 4 and clauses (d) and (e) of sub-regulation (2) of regulation 4 of the PFUTP Regulations.

79.2. Noticee Nos. 11 to 13 have violated clauses (a), (b), (c) and (e) of Section 12A of SEBI Act, clauses (a), (b), (c) and (d) of regulation 3, and sub-regulation (1) of regulation 4 and clauses (a), (d), (e), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations.

79.3. Noticee Nos. 14, 15 and 17 have violated clauses (a), (b), (c) and (e) of Section 12A of SEBI Act, clauses (a), (b), (c) and (d) of regulation 3, and sub-regulation (1) of regulation 4 of the PFUTP Regulations.

Issue No. (3) - Whether the violations, if any, by the Noticees attract any direction and monetary penalty under Sections 11(1), 11(4), 11B(1), 11B(2) and 11(4A) read with Section 15HA of the SEBI Act?

80. As a regulator of the capital markets, SEBI has the duty to safeguard the interests of investors and protect the integrity of the securities market. Since the conduct of the Noticees mentioned hereinabove is not in the interest of investors and the securities market, necessary directions have to be issued against them. Further, Noticee Nos. 1 – 4, and 6 – 10 have also been found to have made unlawful gains to the tune of ₹3.87 crores, and therefore, appropriate directions for disgorgement will also be required to be issued against them.

81. The relevant extract of the penalty provision invoked in the SCN viz. Section 15HA of SEBI Act, is placed below for reference:

“Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.”

82. It has already been established that the Noticees (except Noticee Nos. 5 and 16) have indulged in fraudulent and unfair trade practices. The preceding paragraphs of this Order illustrate the role played by them. I, therefore, find that penalty under Section 15HA of the SEBI Act is clearly attracted.
83. Considering the above, I am convinced that this is a fit case where suitable directions, including for disgorgement, need to be issued and appropriate monetary penalty also needs to be imposed on the Noticees mentioned above.

Issue No. (4) - If directions for disgorgement are to be issued against the Noticees(s), what is the amount to be disgorged, and which of the Noticee(s) have to be made jointly and severally liable?

84. From the findings contained in the preceding paragraphs, it has been established that the Noticees (except Noticee Nos. 5 and 16) have violated the provisions of the SEBI Act and the PFUTP Regulations, 2003. The Interim Order has contemplated appropriate directions under the SEBI Act, including disgorgement. In the Interim Order, the ill-gotten gains made by the Noticees were separately calculated as mentioned at Table 2 at paragraph 6.24.
85. Given that Noticee Nos. 1, 2, 6, 7, and 9 had traded based on the directions and decisions of Noticee No. 1, and that Noticee No. 4 had also executed trades on the advice of Noticee No. 1, I find that these entities acted in concert as part of a

coordinated arrangement. Accordingly, the profits derived by them from the fraudulent trades cannot be viewed in isolation.

86. Further, considering the submissions that the profits made by Noticee No. 3 were utilised towards repayment of loans taken from Noticee No. 1 (which could not be identified by documentary evidence of a loan agreement) / his business ventures (Nada Creations and Two-way Fashion) and as also evidenced by bank records, it is evident that there existed a financial nexus and commonality of interest among these Noticees. I also note that part of the sale proceeds was in turn transferred by Nada Creations to Noticee No. 9. With regard to Noticee No. 10, the circumstances including his close relation with Noticee No. 1 and their calls on the days he sold maximum percentage of his holdings, demonstrate that his trades were not independent.
87. The joint and several liability, however, is not being fastened upon Noticee Nos. 11 (other than for the trades of his son, Noticee No. 8), 12 and 13 since they played a role of executing the scheme, and the benefit accrued to them appears to be limited to receiving a fixed percentage of the sale proceeds. However, the critical role played by them in the scheme will be considered while arriving at the quantum of monetary penalty to be imposed on them and the directions to be issued against them.
88. The details of the liability for disgorgement of the unlawful gains is given in the following table:

Table 8

S. No.	Net Seller/ Profit Maker/ Beneficiary	Amount (In ₹)	Noticees jointly and severally liable for wrongful gains
1.	Yayaati Hasmukhray Nada (Noticee No. 1)	1,46,51,279.25	1
2.	Nirali Yayaati Nada (Noticee No. 2)	1,02,32,225.50	1 and 2
3.	Jasavantbhai Patel (Noticee No. 3)	38,29,542.22	1, 3, and 9
4.	Jignesh Pravinbhai Pethani (Noticee No. 4)	37,49,190.24	1 and 4
5.	Nahush Ashvinbhai Shukla (Noticee No. 6)	20,88,798.40	1, 6 and 9
6.	Prajesh A Shukla (Noticee No. 7)	18,73,074.80	1, 7 and 9

S. No.	Net Seller/ Profit Maker/ Beneficiary	Amount (In ₹)	Noticees jointly and severally liable for wrongful gains
7.	Malay Shaileshbhai Patel (Noticee No.8)	6,32,273.76	8 and 11
8.	Reetaben Ashvinkumar Shukla (Noticee No. 9)	12,11,311.28	1 and 9
9.	Hardik Jitendrabhai Patel (Noticee No. 10)	4,77,780.25	1 and 10
	Total	3,87,45,475.70	

Issue No. (5) - Having regard to the findings in the matter, what directions need to be issued and what should be the amount of monetary penalty, to be imposed on the Noticees, considering the factors provided under Section 15J of the SEBI Act?

89. Having concluded that this is a case wherein suitable directions are required to be issued against the Noticees as well as monetary penalty needs to be imposed, I observe that the directions / penalty, have to be issued against the Noticees, after taking into consideration the peculiar facts and circumstances discussed hereinabove and also in light of the factors mentioned in Section 15J of the SEBI Act, as reproduced below:

“Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.*

Explanation. — For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”

90. In this backdrop, I will be considering the specific role played by each of the Noticees while considering the directions to be issued and monetary penalties to be imposed against them.
91. As brought out in the preceding paragraphs, Noticee Nos. 1 to 4, 6, 7, 9 and 10 are closely connected. Noticee No. 1 was taking investment decisions on behalf of Noticee Nos. 2, 6, 7 and 9 and was also advising Noticee No. 4 on his trades. Noticee No. 1 therefore played a pivotal role in the manipulative scheme. Further, the scheme could not have taken place without Noticee No. 12 and Noticee No. 13 who played a crucial role in disseminating the recommendations in the scrip of UML, thereby attracting investors in the scrip. Noticee No. 12 was instrumental in directing the price at which the recommendations in the scrip should be posted by Noticee No. 13. Noticee No. 11 was the link between the Enablers and Noticee No. 12. He also sold the shares of UML held by his son (Noticee No. 8).
92. The Net Sellers/ Profit Makers/ Beneficiaries (except Noticee No. 5) took unfair advantage of the artificially created price / volume spurt, executing their orders at a higher price and earning unlawful profits. Noticee Nos. 14, 15 and 17 bridged the connection between the Net Sellers/ Profit Makers/ Beneficiaries and Operators, and provided vital information in the form of Benpos / shareholding data.
93. The above scheme effectively resulted in public shareholders purchasing the scrip at an inflated price, with a marked increase in the number of public shareholders. While it may not be possible to attribute the exact loss suffered by investors, such fraudulent activity inflicts substantial harm on unsuspecting investors and dents investor confidence in the fairness of the markets.
94. I also note that Noticee Nos. 12 and 13 are serial offenders, having carried out 'pump and dump' operations employing similar *modus operandi* of mis-using social media to disseminate stock recommendations, in other cases e.g. Superior Finlease Ltd. (Order

dated May 22, 2024, having no. WTM/AB/ISD/ISD–SEC–4/30348/2024–25) and Svarnim Trade Udyog Ltd. (Order dated May 31, 2024 having no. WTM/AB/ISD/ISD–SEC–4/ 30379 /2024–25).

ORDER

95. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Sections 11(1), 11(4), and 11B(1) read with Section 19 of the SEBI Act, hereby direct as under:

95.1. Noticee Nos. 1 – 4, 6 – 10 and 11 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 3 years from the date of this Order.

95.2. Noticee Nos. 12 and 13 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 3 years from the date of this Order. It is hereby clarified that the aforementioned restraint on Noticee Nos. 12 and 13 shall run consecutively after the restraint imposed on them in the matter of Superior Finlease Ltd. (Order dated May 22, 2024 having no. WTM/AB/ISD/ISD–SEC–4/30348/2024–25) and Svarnim Trade Udyog Ltd. (Order dated May 31, 2024 having no. WTM/AB/ISD/ISD–SEC–4/ 30379 /2024–25), i.e. the period of restraint imposed vide this Order shall commence after the expiration of the period of restraint imposed vide the Orders in the matter of Superior Finlease Ltd. and Svarnim Trade Udyog Ltd.

95.3. Noticee Nos. 14, 15 and 17 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or

indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 1 year from the date of this Order.

- 95.4. If the above Noticees have any open position(s) in any exchange traded derivative contracts, as on the date of this Order, they may close out / square off such open position(s) within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this Order. Custodians and Depositories are allowed to debit the accounts for the purpose of complying with this direction.
- 95.5. Noticee Nos. 1 - 4 and 6 - 11 shall also be liable to disgorge the amounts provided in Table 8 of this Order, in the manner specified therein. The amount shall be remitted to the Investor Protection and Education Fund (IPEF) referred to in Section 11(5) of the SEBI Act, within forty-five (45) days from the date of receipt of this Order. Any amount deposited in the escrow accounts by these Noticees towards ensuring compliance with the directions of SEBI or the Hon'ble SAT, may be utilized towards the direction of disgorgement. Any amount deposited by Noticee No. 5 in the escrow account shall be released.
- 95.6. The proceedings initiated against Noticee Nos. 5 and 16 in terms of the Interim Order, are hereby disposed, without issuance of any directions.
96. In exercise of the powers under Section 11 (4A) and 11B(2) read with Section 15HA of the SEBI Act, the Noticees shall be liable to pay a monetary penalty as indicated in the table below:

Table 9

Noticee No.	Name of the Entity	Penalty (In ₹)
1.	Yayaati Hasmukhray Nada	1,00,00,000
2.	Nirali Yayaati Nada	20,00,000

Noticee No.	Name of the Entity	Penalty (In ₹)
3.	Jasavantbhai Patel	20,00,000
4.	Jignesh Pravinbhai Pethani	20,00,000
6.	Nahush Ashvinbhai Shukla	20,00,000
7.	Prajesh A Shukla	20,00,000
8.	Malay Shaileshbhai Patel	20,00,000
9.	Reetaben Ashvinkumar Shukla	20,00,000
10.	Hardik J Patel	20,00,000
11.	Shailesh S Patel	25,00,000
12.	Jalaj Agrawal	25,00,000
13.	Arvind Shukla	25,00,000
14.	Tirth Uttamchand Mehta	10,00,000
15.	Uttamchand Chandanmal Mehta	10,00,000
17.	Sharad Ramkrishana Gattani	10,00,000

97. The Noticees shall remit / pay the said amount of penalties within forty-five (45) days from the date of receipt of this order.

98. The Noticees shall remit / pay the said amount of penalties through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairperson/Members-> PAY NOW. In case of any difficulties in online payment of penalties, the said Noticees may contact support at portalhelp@sebi.gov.in.

99. The details/ confirmation of e-payment should be sent to “The Division Chief, ISD–SEC–4, SEBI, SEBI Bhavan II, Plot no. C - 7, ‘G’ Block, Bandra Kurla Complex, Bandra (E), Mumbai–400 051” and also to e-mail id: tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of Payment	

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

100. This order comes into force with immediate effect.

101. A copy of this order shall be sent to the Noticees, all the recognized Stock Exchanges, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

AMARJEET SINGH Digitally signed by AMARJEET SINGH
Date: 2026.02.05 12:47:07 +05'30'

PLACE: MUMBAI

DATE: FEBRUARY 05, 2026

AMARJEET SINGH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA