

WTM/GM/EFD/13/2020–2021
SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11(1), 11(4) & 11B OF SEBI ACT, 1992 IN THE MATTER OF MYSTIC ELECTRONICS LTD.

IN RESPECT OF

	Noticee
1.	Mystic Electronics Ltd. 401/A, Pearl Arcade, Opp. P.K. Jewellers, Daut Baug Lane, Off J.P. Road, Andheri (W), Mumbai- 400058
2.	Krishan Khadaria B/11, 1102/2, Oberoi Sky Garden, 3 rd Cross Lane, Lokhandwala Complex, Andheri (W), Mumbai- 400053
3.	Asha Khadaria B/11, 1102/2, Oberoi Sky Garden, 3 rd Cross Lane, Lokhandwala Complex, Andheri (W), Mumbai- 400053
4.	Praveen Agarwal 16A, Gurusaday Road, Flat No. 14A & B, Kolkata-700019
5.	Devesh Upadhyay Salasar Gardeb, 91/136, Amlanshu Sen Road, A Block, Flat No. 28, Kolkata – 700048
6.	Function Financial Consultants Pvt. Ltd. 10A, Hospital Street, 2 nd Floor, Room No. 205, Kolkata – 700072
7.	Helpful Investment Advisory P Ltd. 10A, Hospital Street, 2 nd Floor, Room No. 205, Kolkata – 700072
8.	Topwell Properties Pvt. Ltd. 95A, C.R. Avenue, 1 st Floor, Kolkata, West Bengal 700073
9.	Manifold Vinimay Pvt. Ltd. 39/A Ganesh Chandra Avenue, Ground Floor, Kolkata -700012
10.	Shivkori Construction Pvt. Ltd. 95A, C.R. Avenue, 1 st Floor, Kolkata, West Bengal 700073
11.	Amanat Suppliers Pvt. Ltd. 33, CR Avenue, 9 th Floor, Kolkata 700012
12.	Lagan Dealtrade Pvt. Ltd. P-38, Princep Street, 2 nd Floor, Kolkata -700072
13.	Limestone Properties Pvt. Ltd 95A, C.R. Avenue, 1 st Floor, Kolkata, West Bengal 700073
14.	Comfort Dealcom Pvt. Ltd. 33, CR Avenue, 9 th Floor, Kolkata 700012
15.	Mankind Vintrade Pvt. Ltd. 14 Hare Street, Ground Floor, Kolkata – 700001

BACKGROUND –

1. Mystic Electronics Ltd.(earlier known as Pearl Electronics Ltd.) (Mystic/Company) was incorporated in August 2011 under a scheme of demerger sanctioned by the Hon'ble

Bombay High Court. The main business activity of Mystic was procurement and trading in computer hardware and software. The shares of Mystic got listed on BSE Limited (BSE) on March 19, 2013.

2. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) received a reference from the Office of Director General of Income Tax (Investigation), Delhi vide their letter dated Feb 02, 2015 alleging manipulation in the scrip of Mystic. Based on the same, SEBI conducted an investigation to determine whether there were any violations of the provisions of the securities laws by the entities trading in the scrip.
3. The investigation noted that the scrip of Mystic witnessed unusual fluctuation in price and volume during the period March 19, 2013 to March 31, 2015 (Investigation Period).
4. The financial results of Mystic for FYs 2013, 2014 and 2015 were as follows,-

Table 1			
Description	Year Ended (Rs in million)		
	31-Mar-2013	31-Mar-14	31-Mar-15
Revenue	689.19	238.99	16.94
Expenditure	-688.69	-235.83	-08.25
Net Profit	0.34	2.17	6.01
EPS (in Rs.)	0.11	0.12	0.03

5. It was, therefore, noted that the increase in share price was not supported by the fundamentals as the company had registered negligible profits during the investigation period.
6. During the investigation period, no major corporate announcements were made by Mystic other than announcements on financial results, preferential allotment and stock split. Therefore, no major corporate announcements were also observed which could support such price rise.
7. Based on the price movement and the stock split(10:1 ratio, w.e.f. August 14, 2014) carried out by the Company, the investigation period was divided into three patches,-

Patch I	Pre Stock Split Price Rise	March 19, 2013 to August 13, 2014
Patch II	Post Stock Split Price Rise	August 14, 2014 to October 28, 2014
Patch III	Price Fall	October 29, 2014 to March 31, 2015

8. The price volume data for the scrip on BSE during the investigation period was as under,-

Patches		Open	High	Low	Close	Avg. Vol
Patch I	Price	5.55	610	5.55	495	8504
	Volume	1	121875	1	5138	
Patch II	Price	49.5	68.2	40.9	64	220448
	Volume	200	477250	20	31201	
Patch III	Price	67.95	68	8.2	8.2	313355
	Volume	139806	4330100	1	43204	

9. The Company also made a preferential allotment of 92,30,000 shares of Rs.10 each to 48 entities (who were not the promoters of Mystic), on June 07, 2013, at a price of Rs. 60.74/- per equity share and raised an amount of Rs. 56.06 Crore. The shares issued were under lock-in till June 06, 2014. Post lock-in period, some of the allottees exited the scrip and earned a profit. The details of the allottees who exited are as follows:

Sr no	Name of the Allottee	Qty Allotted	Allotted Qty post-split	Shares sold	Sale value (Rs. in crore)
1	Aditya A Gaggar	100000	1000000	110615	2.65
2	Aditya Saraf Huf	25000	250000	250000	0.97
3	Alok Kumar B. Agarwal	175000	1750000	104930	1.34
4	Amit Kumar Modi	125000	1250000	1142270	1.52
5	Ankur Gupta	87500	875000	147000	6.63
6	Astha Arora	75000	750000	530573	4.83
7	Jugal Kishore	125000	1250000	1250000	2.04

8	Laxminiwas Modani/ Vishnkanta Modani	125000	1250000	1250000	9
9	Manju Devi Saraf	25000	250000	250000	0.56
10	Navneet Khandelwal	87500	875000	385440	0.53
11	Neel Shankar Harlalka	125000	1250000	1250000	6.6
12	RN Saraf & Sons Huf	25000	250000	250000	1.38
13	Seema Zambad	190000	1900000	501000	0.76
14	Vijay Gupta	125000	1250000	1250000	0.59
	Total	14,15,000	14150000	8671828	39.4

10. Fourteen entities that were allotted shares in the preferential allotment, sold 86,71,828 shares during the investigation period (26,900 shares in Patch I + 37,71,895 shares in patch II + 48,73,000 shares in patch III). The preferential allottees had acquired these shares for Rs. 5.41 Crore. These entities sold 86,71,828 shares for a value of Rs. 39.4 Crore and realized a gain of Rs. 33.99 Crore. Once these allottees started to exit the scrip, the price fell substantially. It was observed during the investigation that 172 entities had provided exit to the preferential allottees.
11. SEBI also received references from the Office of Income Tax, Kolkata forwarding statements of 'operators' Praveen Agarwal, Devesh Upadhyaya and Deepak Patwari (collectively referred to as operators) before Income Tax authorities wherein they have admitted that they are in the business of providing 'accommodation entries' through different bogus companies under their control. The operators in their statement also provided the details of dummy directors and the bogus entities under their control.
12. During the investigation period, it is observed that a total of 1,629 entities had traded in the scrip of Mystic, out of which 90 entities (hereinafter referred to as "Connected entities") were observed to be connected to the operators namely, Devesh Upadhyaya, Praveen Agarwal, Deepak Patwari. These operators were alleged to be connected to the Promoters/Directors of Mystic. The Operators/entities also allegedly held 24.94% of the share capital of Mystic under the public shareholding category.

13. It is also observed during the investigation that during Patch I, 28,31,939 shares were traded with an average daily volume of 8,500 shares. The price of the scrip moved from Rs. 5.55 and touched a high of Rs. 610 (6/6/14) i.e. price increased by 110 times. During the price rise patch, on the buy side, 60 connected entities had contributed Rs. 2777.80 to positive LTP compared to the market positive LTP of Rs. 5876. The contribution of these 60 connected entities is given below:

Particulars	Net LTP			Positive LTP			Negative LTP			Zero LTP		+ve LTP to Mkt +ve LTP (in %)
	Net LTP (in Rs.)	Total Traded Qty	No of trades	Positive LTP (in Rs.)	Total Traded Qty	No. of trades	Negative LTP (in Rs.)	Total Traded Qty	No. of trades	Total Traded Qty	No. of trades	
Connected entities	1550.1	1144294	2642	2777.8	183344	434	-1227.7	71672	315	889278	1893	47.20%
Market	489.45	2831939	9283	5876	581006	1124	-5386.5	279709	895	1970224	7263	100%

Table 5

14. The top 10 connected entities contributed Rs. 1,383.15 of Net LTP and Rs. 2,491.2 of Positive Market LTP, which is 88% and 89% of the connected entities Net LTP and positive LTP contribution. Five of these companies were allegedly controlled by the operator Praveen Agarwal and other five by Devesh Upadhyaya. The details of contribution of Top 10 connected entities are as follows:

Table 6

Client name	Entities of Operator	Net LTP			Positive LTP			Negative LTP			Zero LTP		% of +ve LTP to Total Mkt +ve LTP
		Net LTP (in Rs.)	Trade Qty	No of Trades	Post. LTP (in Rs.)	Trade Qty +ve	No of Trades	Negative LTP (in Rs.)	Trade Qty -ve	No of Trades	Zero LTP Traded qty	No of trades	
Function Financial Consultants Pvt Ltd	Praveen Agarwal	492.15	56248	301	803.55	17671	93	-311.4	6362	76	32215	132	13.68
Helpful Investment Advisory Pvt Ltd	Praveen Agarwal	333.75	37956	262	750.35	9557	89	-416.6	5194	71	23205	102	12.77
Topwell Properties Pvt Ltd	Praveen Agarwal	218.65	95261	437	449.5	7071	62	-230.85	9032	57	79158	318	7.65
Manifold Vinimay Pvt Ltd	Devesh Upadhyaya	81	29000	33	84.65	12316	23	-3.65	605	15	16079	373	1.44
Shivkhori Construction Pvt Ltd	Praveen Agarwal	77.9	57131	121	100.75	981	29	-24.85	1856	8	54294	84	1.75
Amanat Suppliers Pvt Ltd	Devesh Upadhyaya	48.3	17500	18	63.2	13575	11	-14.9	950	5	2975	17	1.08
Lagan Dealtrade Pvt Ltd	Devesh Upadhyaya	45.4	82175	77	52.5	24822	9	-7.1	4283	5	53070	4	0.89
Limestone Properties Pvt Ltd	Praveen Agarwal	31.15	122639	411	104	1524	18	-72.85	5735	12	115380	47	1.77
Comfort Dealcom Pvt Ltd	Devesh Upadhyaya	27.85	13600	28	46.7	3649	11	-18.85	1407	5	8544	12	0.8
Mankind Vintrade Pvt Ltd	Devesh Upadhyaya	27	5000	5	34	825	1	-7	350	2	3825	2	0.58
Total		1383.2	516510	1693	2491.2	91991	346	-1108.05	35774	256	388745	1091	42.41

15. The top 10 'connected entities' significantly contributed towards a positive LTP of Rs. 2,491.2 (positive LTP) out of the total positive market LTP of Rs. 5,875.95 during patch I, which is 42% of the total positive market LTP.
16. The investigation noted that the connected entities significantly contributed to the price rise in the scrip during Patch I by placing buy orders at a higher price than the last traded price. The top 10 connected entities carried out 346 trades during this patch out of which in 283 trades, the sell order was placed first. The connected entities then placed buy orders and absorbed the sell orders and increased the scrip price. It is observed during the price rise period (pre-split) that on 135 trading days (out of total 326 trading days) daily average volume was 750 shares and only 5 trades were carried out on an average per day in the scrip during this period. Therefore, during this period when the scrip witnessed low interest in terms of number of trades and volume traded, the connected entities repeatedly placed orders at a price higher than the last traded price with a view to manipulate the price of the scrip.

Show Cause Notice

17. Consequent to the investigation, a show cause notice dated April 05, 2017 (hereinafter referred to as "SCN") was served on the Noticees. The SCN alleged that a scheme was devised by the following people/entities,-
 - a. promoter directors of the Company – Mr. Krishan Khadaria and Ms. Asha Khadaria
 - b. Operators - Devesh Upadhyay and Praveen Agarwal
 - c. connected entities – entities under the control of the operators.
18. The modus operandi alleged in the SCN entailed,-
 - d. Preferential allotment of shares to various entities.
 - e. Preferential allotment proceeds of Rs. 23 Crore was transferred by the Company to the connected entities, who then traded in the scrip.

- f. The connected entities increased the price of the scrip by placing buy orders at higher than the last traded price and also by absorbing the sell orders that were available in the market which was at a higher price than LTP. These entities created misleading appearance of price movement and attracted other investors which resulted in further price rise.
 - g. Once the price reached the desired level, the preferential allottees exited and earned a realised gain of Rs. 39 Crore.
19. SCN alleged that by the above actions the Noticees violated Regulations 3(a),(b),(c),(d) and Regulation 4(1), 4 (2) (a), 4 (2) (e) of SEBI (PFUTP) Regulations, 2003.

REPLY & HEARING

20. In response to the SCN, the Company, Noticee No.2 - Krishan Khadaria and Noticee No. 3 -Asha Khadaria submitted replies, along similar lines, vide letters dated May 12, 2017 seeking the following documents from SEBI,-
- 1. Copy of the investigation report
 - 2. Bank account details of the other entities used for the alleged money transfers
 - 3. Details of the trade and order log
 - 4. Copy of the correspondences between SEBI and the income tax department
21. In response, SEBI vide email dated May 22, 2017 granted an inspection of documents sought on May 30, 2017. The authorised representatives of the said Noticees inspected the documents and collected copies of the documents on the said date. Pursuant to the inspection of documents, the said Noticees submitted replies on similar lines vide email dated July 31, 2019.
22. It is noted from material made available on record that none of the Noticees other than Noticees No. 1, No. 2 and No.3 had furnished replies in response to the SCN. In order to proceed further in the matter, vide hearing notices dated May 06, 2019, all the Noticees

were granted an opportunity of hearing on June 18, 2019, which was later postponed to August 01, 2019.

23. In reply to the said Notice, Noticee No.4 - Praveen Agarwal vide email dated May 15, 2019 submitted that he was yet to receive the SCN and requested that the SCN along with annexures be emailed to him. SEBI emailed a copy of the SCN along with annexures to Praveen Agarwal on the same day. Thereafter, Praveen Agarwal vide email dated June 13, 2019 requested an additional 30 days for filing his response.

24. On August 01, 2019, only Noticees No.1, 2 and 3 entered appearance and they were represented by Mr. Vinay Chauhan and Mr. K.C. Jacob, Advocates. Another opportunity of hearing was granted to Noticee No.4 Praveen Agarwal on January 15, 2020 wherein he was represented by Mr. Ravi Kant Purohit and Mr. Deepak Dhane, Advocates.

25. Summary of the submissions made on behalf of Noticees 1, 2 and 3 are as under,

1. The cross examination of the operators was sought and was not granted by SEBI.
2. SEBI has not cross checked the information provided by the operators in their statements before the income tax authorities.
3. They were not aware of the business activities of the operators.
4. They were at no point acting in concert with the operators.
5. The purported connection with the operators is farfetched and no statements have been made by the operators against the company or its promoters/directors.
6. Adverse inference has been drawn against the trading done by entities who were allotted shares through preferential allotment, yet SEBI has not issued any notice to them.
7. The preferential allotment made by the company was bonafide and the company had complied with all the regulatory requirement in that regard.
8. The funds raised by the said allotment was profitably deployed by the Company.

26. Summary of the submissions made on behalf of Noticees 4

1. He was not aware of the preferential allotment made by the company and he is not connected to the allottees in any manner.
2. It was denied that he was in the business of providing accommodation entries.
3. The statements relied on by SEBI, ie the statement made by him before the Income Tax Authorities is inadmissible as evidence. The statements were not made voluntarily. It was further submitted that the said statement has now been retracted and affidavit to this effect was submitted.
4. SEBI has blindly relied on information provided before another authority.
5. SEBI has levelled an allegation of fraud against him on the basis of assumptions, conjectures and surmises and none of the allegations made in the SCN is supported by any cogent evidence.

Findings

27. I have carefully considered the SCN, replies of the Noticees 1, 2, 3 and 4, information/documents furnished by them during the proceedings and other material available on record and shared with the Noticees. I note that sufficient opportunities of hearings have been provided to all the Noticees. Noticees 1, 2, 3 and 4, have made submissions on merits in their written as well as oral submissions. However, other Noticees have failed to file their reply to the SCN and appear for personal hearing despite service of SCN and other notices upon them.

28. I note from the allegations made in the SCN that two issues arise for consideration in this matter,-

1. Did the connected entities engage in manipulative trades in Patch I of the investigation period with a view to increase the price of the scrip; and
2. Were the 'connected entities' controlled and managed by the operators who were in turn connected to promoters/directors of the Company

,Manipulative trading during Patch I

29. I note that during this period the price of the scrip moved from Rs. 5.55 and touched a high of Rs. 610 (6/6/14) i.e. price increased by 110 times during this period. I also note that top 10 connected entities, as provided in Table 6, have contributed a positive LTP of Rs. 2,491.2 which was 42% of the total market positive LTP of Rs. 5,875.95 during this period, which is quite significant.

30. On a sample basis, few buy orders of Function Financial Consultant Pvt. Ltd. (Noticee No. 6) and Helpful Investment Advisory Pvt Ltd. (Noticee No. 7), who were the top two LTP contributors among the connected entities, were considered for order log analysis. The details are as follows:

Table 7

Date	Client Name Function	Buy Order no	Sell order no	order Time	Sell order time	trade time	Pendi ng Buy Order qty	Pendin g Buy order Price	buy order price	Buy order qty	penidn g sell order qty	g sell order price range	Traded Price	LTP in RS	Diff in LTP in Rs	LTP_ PER CEN T
02/06/2014	Financial consultant Function	1401679800001381010	140167980000138100	10:14:25 662099	10:01:23. 891346	10:14:25.6 62099	100- 250	552- 552.05	608.95	10	35-47	608.95- 609	608.95	552.1	56.9	10.3
10/06/2014	Financial consultant Function	1402371000002527064	140237100000252706	13:56:43 .266693	13:55:55. 517781	13:56:43.2 66693	nil	nil	607.75	10- 500	10-500	607.75- 624	607.75	565.5	42.3	7.47
23/05/2014	Helpful Investment Advisory	1400815800007380000	140081580000738000	09:29:58 .388306	09:30:33. 934263	09:30:33.9 34270	nil	nil	530	100	nil	nil	530	490	40	8.16
09/05/2014	Helpful Investment Advisory	1399606200011344014	139960620001134400	10:42:49 .028390	09:54:18. 733858	10:42:49.0 28402	25-135	396.15- 410.45	425	40	1-149	425-434	425	396.2	28.9	7.28

31. It is noted from the above table, that the sell orders were coming at prices higher than the Last traded price first, then the connected entities were placing buy orders at such prices thereby absorbing the sell orders. It can also be noted from table 7 that buy orders were being placed by the Noticee 6 and 7 significantly above the last traded price; the variance from the LTP was between Rs. 28.9 and Rs. 56.9 which was 7.28% and 10.3% higher than the LTP. Such trades were being executed by the connected entities during a period when the average volume traded in scrip was only 750 shares. These two entities alone had accounted for more than 60% of the positive LTP contributed by the connected entities.

Having thus seen a significant sample, I conclude that the trades by the connected entities had a large impact on the price rise witnessed in the scrip during patch 1.

32. Hon'ble Securities Tribunal has observed in that a charge of unilateral price manipulation, without establishing collusion between buyer and seller, could attract the provisions of FUTP 2003, if any one of the following is established,-

1. Evidence on record show that such trades were placed when sell orders for a lower price was available in the system. (KNC Shares & Securities Pvt. Ltd. v. SEBI(Appeal No. 39 of 2009 decided on September 07, 2010)
2. Malafide intention that can be established through an analysis of the trade and order log. (Systematix Shares & Stocks (India) Limited (Appeal No. 21 of 2012 decided on April 23, 2012)
3. In cases where no justifiable reasons have been provided for entering into such transactions in terms of normal rational expectations of a seller. (Saumil Bhavnagari v. SEBI (Appeal No. 28 of 2014 decided on March 21, 2014)

33. In the present matter, as none of the connected entities who are Noticees in this proceedings had filed any reply or made personal appearance, I have to presume that they have nothing to offer in defense.

34. As noted in para 31, the connected entities were contributing to the price rise with their buy orders which were significantly above the LTP even though the fundamentals of the company would not justify such trades. Further, with the volumes being low in the scrip, the scrip was amenable to large directional moves on the strength of orders placed by the connected entities.

35. In view of the above, I hold that the repeated buy trades substantially above the last traded price cannot be considered as a normal rational behavior. and such trades were executed by the Noticees with the intention of manipulating the price of the Scrip.

36. I, therefore, hold that the trades of the Noticees 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 in the scrip of Mystic during patch 1 would attract Regulations 3 (a), (b), (c), (d), 4(1) and 4(2)(e) of FUTP 2003.

37. Now, I move on to consider the issue of whether the connected entities were controlled by the operators, and whether in turn the operators were connected to the promoters/directors of the Company. The modus operandi alleged in the SCN has been stated above in para 18. I note from the information available on record that the investigation and SCN has relied on statements made by the operators before the income tax authorities for arriving at the conclusion that connected entities were controlled by the operators. I note that other than for these statements there is no other corroborating evidence linking the connected entities to the operators.

38. The connection alleged between the promoter directors of the Company, the operators and the connected entities is represented below,-

Table 8

Connection	Evidence
Connected entities → operators	<ul style="list-style-type: none"> Statement of the operators before the income tax authorities
Operators → Promoter directors	<ul style="list-style-type: none"> Operators/entities held 24.94% of the share capital of Mystic under the public shareholding category. Krishan Khadaria and Asha Khadaria, the Promoter/Directors/ Key Managerial Personnel (KMP) of Mystic were also the KMP of Suman Multitrade Pvt. Ltd. in which 83% of the share capital were held by entities controlled by Praveen Agarwal.

	<ul style="list-style-type: none"> • The Operators through its entities held shares in the Promoter companies of Mystic. Details provided in Table 9. • Mystic transferred Rs. 23 Crore received through preferential allotment to various entities, some of which were entities controlled by the operators. Details provided in Table 10.
--	---

39. Details of the shareholding of operator controlled companies in the promoter companies of Mystic

Table 9

Promoter Company	No. of shares of the promoter companies	No of shares of the promoter co. held by Promoter/ director/ MEL / connected entities of MEL (no. of entities)	No. of shares held by entities of Devesh Upadhyay (no of entities)	No. of shares held by entities of Jagadish Purohit (no of entities)	No. of shares held by entities of Deepak Patwari (no of entities)	No. of shares held by promoter / operator companies (%)
Attribute Shares & Securities P Ltd	1139600	980100 (4)	82500 (8)	45000 (2)	32000 (4)	1139600 (100%)
Forever Flourishing Finance & Inv	634285	390000 (3)	108485 (18)	15000 (1)	94300 (13)	607785 (95.82%)
Golden Meadows Export Ltd	933150	785350 (5)	115800 (5)	18000 (1)	14000 (2)	933150 (100%)
Kashish Multi trade	1052700	877000 (3)	98900 (2)	-	68800 (3)	1044700 (99.24%)
Kasturi Overseas	181180	181180 (3)	-	-	-	118118 (100%)
Mumbaidevi Finance & Inv	291405	291394 (6)	-	-	-	291394 (99.99%)
Navyug Telefilms P Ltd	217935	217936 (5)	-	-	-	217936 (99.99%)
Total	4450255	3722960	405685	78000	209100	4352683 (97.81%)

40. Details of the proceeds of the preferential allotment transferred to entities controlled by the operators,-

Table 10

Name of the entities to whom fund has been transferred	Company Address	Operator name	Email Id of the company	Director Name	Director Name	Amount transferred (Rs. in crore)
Wonder Procon P Ltd	7, Ganesh Chandra Avenue, 4th Floor, Kolkata- 700013	Devesh Upadhyaya	wonder.procon@live.in	Biplab Guha	Dinesh Kumar Mandal	5
Visible Realestate Ventures P Ltd	14, hare Street, ground Floor, Kolkata-700001	Devesh Upadhyaya	visible.realestate@live.in	Navin Kumar Singh	Dinesh Kumar Mandal	5
Blossom Deal com P Ltd	P-38, 2nd Floor, Princep Street, Kolkata- 700072	Devesh Upadhyaya	btpl_123@rediffmail.com	Biplab Guha	Ajay Kumar Thakur	1.5
Hemlata Vinimay P Ltd	7, Ganesh Chandra Avenue, 4th Floor, Kolkata- 700013	Devesh Upadhyaya	HVPL_123@rediffmail.com	Bipal Guha	Abhijit Ghosal	1.75
PS IT Infrastructure Services Limited	612, Shivani Plaza, Near Marol Industrial Co-op Soc., Marol, Andheri, Mumbai	Sajjan Kedia (related to MEL)*	psitinfra@gmail.com	Sajjan Kedia, Johar Pal Singh	Kashi Prasad Bajaj, pradeepKumar Gupta and Vandana N Sahu	7.5
JMD Telefilms Industries	Unit No.323 & 324,3rd Floor,Bldg No.9, Laxmi Plaza,New Link Road,Andher	Jagadish Purohit	jmdtele@gmail.com	Pawan Borad, Ashok Bothra	Kailash Purohit, Jagadish Purohit	1.5
Nouveau Global Ventures	A/401, PearlArcade, Daut Baug Lane, Off J. P. Road,Opp. P. K. Jewellers, Andheri(W),	Promoter entity	nouveauglobal@gmail.com	Krishan Khadaria, Manoj Bhatia, Mohit Khadaria	Narendra Gupta, Asha Khadaria and Omprakash Bajaj	0.21

41. I note that SCN draws allegations on the basis of (i) the fund transfer by the Company to connected entities; (ii) shareholding of certain connected entities in promoter companies and (iii) shareholding of connected entities in the Company to establish the connection between the promoter directors and operators. It is therefore noted that all three ways in which the SCN has alleged that the promoter directors are connected to the operators hinge on proving certain private companies were controlled by the operators.. I, however, note that the only evidence available on record to show that such companies were actually controlled by the operators are their statements before the income tax authorities. There is no other corroborating evidence establishing the link between the operators and these companies. In view of the same, I am of the considered opinion that the allegation that the connected entities were controlled by the operators cannot be sustained as it has been solely based on the statements of the operators before the income tax authorities.

42. The operators were the common link tying the companies that held shares in the promoter companies, the companies to which proceeds of the preferential allotment was transferred and top 10 connected entities. Therefore, for the charge of fraud to be sustained against the operators and promoter directors, the connection between the operators and the connected entities has to be established. In view of the above, I hold that there is not sufficient evidence available on record to establish the charge of fraud against Noticee 1, 2, 3, 4, 5 and 6.

Order

43. In view of the above, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B read with Section 19 of the SEBI Act, 1992,

- a. direct that Noticee No. 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 are prohibited from accessing the securities market, directly or indirectly, and also restrained from buying, selling or otherwise dealing in the securities including units of mutual funds, either directly or indirectly or in any other manner whatsoever, for a period of one year.
- b. the SCN served on Noticees 1, 2, 3, 4 and 5 are disposed of without any directions.

44. The direction in para 43 of this this Order shall come into force with immediate effect.

45. A copy of this order shall also be forwarded to the recognized stock exchanges, depositories and registrar and transfer agents of mutual funds, for ensuring compliance with the order.

DATE: June 26, 2020

PLACE: Mumbai

G. MAHALINGAM

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA