

**IN THE SECURITIES APPELLATE TRIBUNAL  
AT MUMBAI**

**DATED THIS THE 23<sup>RD</sup> DAY OF JUNE, 2026**

**CORAM: Justice P.S. Dinesh Kumar, Presiding Officer  
Ms. Meera Swarup, Technical Member  
Dr. Dheeraj Bhatnagar, Technical Member**

**Appeal No.768 of 2021  
[Along with Misc. Application No.1077  
of 2023]**

1. Ramanbhai Jethabhai Jadav  
179, Vankar Vas, Vavol,  
Gandhinagar-382016, Gujarat.
2. Yashwant Ramanbhai Jadav  
179, Vankar Vas, Vavol,  
Gandhinagar-382016, Gujarat.
3. Rajnikant Ramanbhai Jadav  
179, Vankar Vas, Vavol,  
Gandhinagar-382016, Gujarat. ...Appellants

(By Ms. Yugandhara Khanwilkar, Advocate i/b. Himanshu Gupta  
and Associates for the Appellants.)

The Securities and Exchange Board of India  
SEBI Bhavan, Plot No.C4-A,  
"G" Block, Bandra Kurla Complex,  
Mumbai – 400 051. ...Respondent

(By Mr. Pradeep Sancheti, Senior Advocate with Mr. Sumit Rai, Ms. Nidhi Singh, Ms. Komal Shah and Mr. Nishin Shrikhande, Advocates i/b. Vidhii Partners for the Respondent.)

**With  
Appeal No.769 of 2021**

1. Vardhman Infracon Private Limited  
22, New York Tower-B,  
Near Thaltej Cross Roads,  
S.G. Highway, Thaltej,  
Ahmedabad-380054.
2. S.J. Infratech Private Limited  
312, 3<sup>rd</sup> Floor, Pratik Mall,  
Kudasan, Gandhinagar 382421,  
Gujarat.
3. Passim Share Trade LLP  
(Formerly Passim Share  
Trade Private Limited)  
18-216, Adarsh Nagar,  
Vijaynagar Road, Naranpura,  
Ahmedabad-380013, Gujarat.
4. Accurate Securities And Registry  
Private Limited (Formerly Dexter  
Share and Tradecom Private Limited)  
203, Shangrila Arcade,  
Above Samsung Showroom,  
Shyamal Cross Roads, Satellite,  
Ahmedabad – 380015, Gujarat.
5. Blink Share and Comtrade Private Limited  
306, Sarthik Complex,  
Nr. Iscon Cross Road,  
Satellite Ahmedabad -380015,  
Gujarat.

6. Eyesight Share Trading LLP  
(Formerly Eyesight Share Trading  
Private Limited  
111/952, Nirmal Apartment,  
Sola Road, Naranpura,  
Ahmedabad – 380063, Gujarat. ...Appellants

(By Mr. Aditya Mehta, Advocate and Mr. Hitesh Buch, PCS i/b.  
Hitesh Buch & Associates for the Appellants.)

The Securities and Exchange Board of India  
SEBI Bhavan, Plot No.C-4A, "G" Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051. ...Respondent

(By Mr. Sumit Rai, Advocate with Ms. Nidhi Singh, Ms. Komal  
Shah and Mr. Nishin Shrikhande, Advocates i/b. Vidhii Partners  
for the Respondent.)

**With  
Appeal No.770 of 2021**

1. Sureshbhai Kantilal Thakkar  
1744, Kankrej, Thara,  
Cross Roads, Banaskantha-385555,  
Gujarat.

2. Manubha Prabhatsang Vaghela  
Meghani Pati 2, Vaghani Pati Pase,  
PO Vada, Indramana, Kankrej,  
Banaskantha -385555, Gujarat. ...Appellants

(By Mr. Rajesh Khandelwal, Advocate i/b. Aanal Satyawadi & Co.  
for the Appellants.)

The Securities and Exchange Board of India  
SEBI Bhavan, Plot No.C-4A, "G" Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051.

...Respondent

(By Mr. Sumit Rai, Advocate with Ms. Nidhi Singh, Ms. Komal Shah and Mr. Nishin Shrikhande, Advocates i/b. Vidhii Partners for the Respondent.)

**With  
Appeal No.771 of 2021**

1. Payal Jayeshbhai Madiyar  
C-2, G-1, Sadguru Colony,  
Near Nil Da Dhaba, Kalawad Road,  
Rajkot Sau Uni Area, Rajkot-360005,  
Gujarat.

2. Jayesh Vallabhaji Madiyar  
1103, Building No.1, Regency  
Estate, Kalyan Shill Road,  
Near Venkatesh Petrol Pump,  
Golvali, Dombivali East,  
Kalyan, Thane-421201, Maharashtra.

3. Tusharbhai Hiralal Tanna  
C-301, Saket Flats, Airport  
Road, Near Vasundhara  
Residency, Rajkot-360001,  
Gujarat.

...Appellants

(By Mr. Umesh Ved, CS i/b. Umesh Ved & Associates for the Appellants.)

The Securities and Exchange Board of India  
SEBI Bhavan, Plot No.C-4A, "G" Block,  
Bandra Kurla Complex,  
Mumbai – 400 051.

...Respondent

(By Mr. Sumit Rai, Advocate with Ms. Nidhi Singh, Ms. Komal Shah and Mr. Nishin Shrikhande, Advocates i/b. Vidhii Partners for the Respondent.)

**With  
Appeal No.780 of 2021**

Jagdishkumar Akhani Amrutlal  
306, Sarthik Complex,  
Nr. Fun Republic, Iscon Cross Road,  
Satellite, Ahmedabad – 380015. ...Appellant

(By Mr. Anil Shah, Advocate with Ms. Mansi Mane, Advocate i/b. Juris Matrix LLP for the Appellant.)

The Securities and Exchange Board of India  
SEBI Bhavan, Plot No.C-4A, "G" Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051. ...Respondent

(By Mr. Pradeep Sancheti, Senior Advocate with Mr. Sumit Rai, Ms. Nidhi Singh, Ms. Komal Shah and Mr. Nishin Shrikhande, Advocates i/b. Vidhii Partners for the Respondent.)

**With  
Appeal No.802 of 2021  
[Along with Misc. Application No.1285  
of 2021]**

1. Arun Jwalaprasad Tulsian  
444/19, Satyagrah Chhavni,  
Bhavnirzar, Satellite,  
Ahmedabad, Gujrat-380015.
2. Ashi Arun Tulsian  
444/19, Satyagrah Chhavni,  
Bhavnirzar, Satellite,  
Ahmedabad, Gujrat-380015.

3. Ashi Texfab Pvt. Ltd.  
42, 43, Hirabhai Market,  
Diwan Ballubhai School,  
Kankaria, B/h New Cloth Market,  
Ahmedabad, Gujrat-380022.

4. Kartik Clothing and Fabrics Pvt. Ltd.  
42, 43, Hirabhai Market,  
Diwan Ballubhai School,  
Kankaria, B/h New Cloth Market,  
Ahmedabad, Gujrat-380022.

5. Sitadevi Tulsian  
444/19, Satyagrah Chhavni,  
Bhavnirzar, Satellite,  
Ahmedabad, Gujrat-380015.

...Appellants

(By Mr. Ashim Sood, Senior Advocate with Mr. Kunal Katariya, Ms. Ashmita Goradia, Mr. Sahebrao Wamanrao Buktare, Advocates and Mr. Shardul Shah, CA i/b. Shah & Ramaiya for the Appellants.)

Securities and Exchange Board of India  
SEBI Bhavan, Plot No.C-4A,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051.

...Respondent

(By Mr. Pradeep Sancheti, Senior Advocate with Mr. Sumit Rai, Ms. Nidhi Singh, Ms. Komal Shah and Mr. Nishin Shrikhande, Advocates i/b. Vidhii Partners for the Respondent.)

**With  
Appeal No.489 of 2022**

Prabhaben Gordhandas Savjani  
Block No.107 Silver Avenue,  
Street No.6, B/H Parimal School,  
Kalawad Road, Rajkot-360005, Gujarat.

...Appellant

(By Ms. Sandhya Malhotra, CS i/b. SRM & Co. Practicing Company Secretaries for the Appellant.)

The Securities and Exchange Board of India  
SEBI Bhavan, Plot No.C4-A, "G" Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai – 400 051.

...Respondent

(By Mr. Sumit Rai, Advocate with Ms. Nidhi Singh, Ms. Komal Shah and Mr. Nishin Shrikhande, Advocates i/b. Vidhii Partners for the Respondent.)

THESE APPEALS ARE FILED UNDER SECTION 15T OF THE SEBI ACT TO SET ASIDE THE ORDER DATED OCTOBER 1, 2021 PASSED BY THE WTM, SEBI.

THESE APPEALS HAVING BEEN HEARD AND RESERVED FOR ORDERS ON FEBRUARY 18, 2026 COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

### **ORDER**

**Per: Justice P. S. Dinesh Kumar, Presiding Officer**

These seven appeals arise out of order dated 01.10.2021, passed by the WTM<sup>1</sup>, SEBI<sup>2</sup>, ordering penalties, disgorgement

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<sup>1</sup> Whole Time Member

<sup>2</sup> Securities and Exchange Board of India

and debarment. We have heard all seven appeals simultaneously and disposing of by this common order.

Appeal No.	Name of the Appellants	Noticee in the impugned order.
771/2021	Payal Jayeshbhai Madiyar, Jayesh Vallabhaji Madiyar, Tanna Tusharbhai Hiralal,	N -1 N -3 N -4
769/2021	Vardhman Infracon Pvt. Ltd., S J Infratech Pvt. Ltd., Passim Share Trade Pvt. Ltd., Dexter Share and Tradecom Pvt. Ltd.(presently, Accurate Securities and Registry Pvt. Ltd.), Blink Share and Comtrade Pvt. Ltd., Eyesight Share Trading LLP	N - 6 N - 7 N - 11 N - 12 N - 13 N - 14
770/2021	Sureshbhai Kantilal Thakkar Manubha Prabhatsang Vaghela	N - 8 N - 9
768/2021	Ramanbhai Jethabhai Jadav, Yashwant Ramanbhai Jadav, Rajnikant Ramanbhai Jadav	N - 15 N - 16 N - 17
780/2021	Jagdishkumar Amrutlal Akhani	N - 10
489/2022	Prabhaben Gordhandas Savjani	N-18
	Arun Jwalaprasad Tulsian,	N - 22

802/2021	Ashi Arun Tulsian,	N - 23
	Ashi Texfab Pvt. Ltd. ,	N - 24
	Karthik Clothing and Fabrics Pvt. Ltd.,	N - 26
	Sitadevi Tulsian	N - 30

2. We have heard Ms. Yugandhara Khanwilkar, learned Advocate for the appellants in appeal No.768 of 2021. Mr. Aditya Mehta, learned Advocate for the appellants in appeal No.769 of 2021. Mr. Rajesh Khandelwal, learned Advocate for the appellants in appeal No.770 of 2021. Mr. Umesh Ved, Company Secretary, for the appellants in appeal No.771 of 2021. Mr. Anil Shah, learned Advocate for the appellants in appeal No.780 of 2021. Mr. Ashim Sood, learned Advocate for the appellants in appeal No.802 of 2021. Ms. Sandhya Malhotra, Company Secretary, for the appellant in appeal No.489 of 2022. Mr. Pradeep Sancheti, learned Senior Advocate and Mr. Sumit Rai for the SEBI.

3. Brief facts of the case are, Ahmedabad Gases Limited was a listed Company. Two other companies namely, Excel Castronics Limited and Indus Coils & Plates Limited ('ICPL' for short) merged with Ahmedabad Gases. Subsequently, the name was changed from Ahmedabad Gases Limited to Excel Castronics Limited ('ECL' for short).

4. SEBI conducted an investigation<sup>3</sup> into the scrip of ECL to ascertain if there was any violation of the SEBI Act, 1992<sup>4</sup> and SEBI (PFUTP) Regulations, 2003<sup>5</sup>. After investigation, a show cause notice<sup>6</sup> ('SCN' for short) was issued to 32 noticees alleging *inter alia* that:

- The price of ECL scrip<sup>7</sup> opened at ₹9.60 at BSE<sup>8</sup> on 12.04.2013 and rose to ₹490 on 11.08.2014 and closed at ₹162.30, during the investigation period;
- ECL Group entities had purchased 60.38% of gross buy side volume and sold 35.51% of gross sell volume;
- The following are shown as ECL Group entities:

Noticee No.	Name of the Noticee	Appellant No. & Appeal No.
1	Payal Jayeshbhai Madiyar	Appellant No.1 in Appeal No.771 of 2021
2	Amit Ashokbhai Pala	No appeal
3	Jayesh Vallabhaji Madiyar	Appellant No.2 in Appeal No.771 of 2021
4	Tanna Tusharbhai Hiralal	Appellant No.3 in Appeal No.771 of 2021
5	Sampati Broking Private Limited	No appeal
6	Vardhman Infracon Private Limited	Appellant No.1 in Appeal No.769 of 2021
7	S J Infratech	Appellant No.2 in

<sup>3</sup> Between 12.04.2013 and 19.11.2014

<sup>4</sup> Securities and Exchange Board of India Act, 1992

<sup>5</sup> Securities and Exchange Board of India (Prohibition of fraudulent and Unfair Trade Practices Relating to Securities Market), 2003

<sup>6</sup> Dated 31.07.2020

<sup>7</sup> Excel Castronics Limited

<sup>8</sup> Bombay Stock Exchange

	Private Limited	Appeal No.769 of 2021
8	Sureshbhai Kantilal Thakkar	Appellant No.1 in Appeal No.770 of 2021
9	Manubha Prabhatsang Vaghela	Appellant No.2 in Appeal No.770 of 2021
10	Jagdishkumar Amrutlal Akhani	Appellant in Appeal No.780 of 2021
11	Passim Share Trade Private Limited	Appellant No.3 in Appeal No.769 of 2021
12	Dexter Share and Tradecom Private Limited (presently, Accurate Securities Registry Pvt. Ltd.)	Appellant No.4 in Appeal No.769 of 2021
13	Blink Share and Comtrade Private Limited	Appellant No.5 in Appeal No.769 of 2021
14	Eyesight Share Trading Private Limited	Appellant No.6 in Appeal No.769 of 2021
15	Ramanbhai Jethabhai Jadav	Appellant No.1 in Appeal No.768 of 2021
16	Yashwant Ramanbhai Jadav	Appellant No.2 in Appeal No.768 of 2021
17	Rajnikant Ramanbhai Jadav	Appellant No.3 in Appeal No.768 of 2021
18	Prabhaben Gordhandas Savjani	Appellant in Appeal No.489 of 2022
19	Meeta Tusharbhai Tanna	No appeal
20	Sunil Jayantilal Bhatt	No appeal
21	Jadeja Virbhadrasingh	No appeal

- During the investigation period, 19 noticees of ECL Group had purchased ECL shares and contributed to increase in the last traded price (LTP). Out of 4179 trades, in 284 trades buy order was placed before the sell order which increased the last traded price;

- In 2708 trades, the counter parties belonged to ECL Group;
- ECL connected entities had traded among themselves either as buyer or seller, during the Investigation period;
- Nine connected entities of ECL Group had contributed to new high price (NHP);
- Pursuant to amalgamation, shares were allotted. Ten amalgamation allottees connected to ECL Group sold majority of shares at higher prices, but they did not buy any shares during the investigation period.

5. In substance, SEBI's case is, Excel Castronics Limited (formerly Ahmedabad Gases Limited) was an illiquid scrip. After amalgamation, 75,00,000 equity shares of ₹10/- each were allotted to 99 shareholders of erstwhile ECL and ICPL. ECL Group entities traded among themselves and increased the share price. Jagdishkumar Akhani ('Akhani' for short) is a common entity. He was an amalgamation allottee and also a group entity of ECL. Ten 'amalgamation allottees' including Akhani sold majority of their shares to ECL Group entities during the investigation period at higher prices and made wrongful gains. Thus, 21 connected entities and 10 amalgamation allottees are alleged to have acted in concert, manipulated the scrip price and assisted the 'amalgamation allottees' to sell their shares at a higher price. In the process, uninformed genuine investors in the securities market were misrepresented and suffered losses.

6. Learned Advocates appearing for the appellants made following common submissions:

i. That reckoned from the date of trade, there is a delay of six years in issuing the show cause notice. They placed reliance on *Ashok Shivlal Rupani & Anr. v. SEBI*<sup>9</sup> and *Bharat J Patel & Ors v. SEBI*<sup>10</sup>;

ii. The allegation of LTP contribution in Table 10 in the impugned order is for the period between 12.4.2013 and 11.8.2014. The investigation period is between 12.4.2013 and 19.11.2014. Prices were at their highest point of ₹490/- on 11.08.2014 and then crashed to ₹162 by 19.11.2014. Therefore, appellants' trades between 11.8.2014 and 19.11.2014 had a negative LTP contribution. Table 12 shows that appellants are not involved in NHP<sup>11</sup> contribution;

iii. That there was no intention to match any of the trades. The impugned order records that there is a time gap of about 9 minutes to over 6.28 hours between the 'buy' and 'sell' orders. It is not relevant because, appellants have traded in normal course;

iv. Subsequent to listing of fresh shares, trading commenced at ₹143/- on 19.08.2013. The increase in price from ₹9.60 on 12.4.2013 to ₹143/- on 19.8.2013 was due to major corporate action and it cannot be considered as unprecedented rise in the share price;

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<sup>9</sup> Appeal No.417 of 2018 decided on 22.08.2019 by the Securities Appellate Tribunal, Mumbai

<sup>10</sup> Appeal No.154 of 2020 decided on 08.09.2020 by the Securities Appellate Tribunal, Mumbai

<sup>11</sup> New High Price

v. The drop in the share price after investigation period was due to stock split from ₹10 to ₹2 with effect from 20.11.2014. Therefore, after the split, the price of ₹32.75 was actually ₹163.75. Post investigation, the high price of ₹43.70 on 5.12.2015, corrected for the split amounted to ₹218.50.

7. In addition to the above common submissions, Ms. Yugandhara Khanwilkar, learned Advocate for the appellants in appeal No.768 of 2021 submitted that:

i. SEBI has failed to acknowledge that Rajnikant Ramanbhai Jadav (appellant No.3, 'Rajnikant' for short) was an Independent Director of ECL from 22.06.2011 to 21.11.2011, whereas Akhani<sup>12</sup>, was an Independent Director of ECL during 22.04.2010 to 11.06.2011 and Pravinbhai Lakhiram Joshi has joined the ECL as an Independent Director from 21.11.2011 to 30.05.2013. Therefore, none of these persons were Directors of the Company at the same time and Independent Directors have no role in the affairs of the Company. The impugned order refers to a period which is prior to the investigation period;

ii. SEBI has erroneously connected appellant-Jadav's business with Kartik Clothing and Fabrics Pvt. Ltd. (Noticee No.26) with the entire Tulsian<sup>13</sup> group, even though there was no fund transaction with any other noticee. They are cloth merchants. Jadav's family is in cloth business. They had sold cloth to Karthik

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<sup>12</sup> Jagdishkumar Amrutlal Akhani- Noticee No.10

<sup>13</sup> Appellants in Appeal No.802 of 2021

Clothing (Noticee No.26<sup>14</sup>) for valid consideration in the normal course of business. They have also paid brokerage/ commission to one Tarun Shah. Appellants furnished copies of their Income Tax returns to WTM to support their contention;

iii. Appellants have not contributed to positive LTP and NHP. Majority of them traded at zero LTP or negative LTP, which belies the allegation of intentional manipulation of prices upward. Table 10 in the impugned order shows that the net effect of all trades by Ramanbhai on the positive LTP was ₹8.2, whereas trades of Yeshwant and Rajnikant resulted in negative LTP of ₹12.60 and ₹0.15 respectively which cannot be considered as abnormal;

iv. Appellants' trades were executed through their brokers, who had placed orders in the trading terminals. All trades occur through online stock exchange mechanism, where it is impossible to identify the counter party to match the trades.

8. In addition to the common submissions, Mr. Anil Shah, learned Advocate for the appellant (Akhani) in appeal No.780 of 2021 submitted that:

i. Appellant's trades have not contributed to positive LTP and NHP. Table 10 in the impugned order records net effect of appellants' trades as negative LTP of ₹10.80. Majority of the appellants' trades were at zero LTP, which belies the allegation of intentional manipulation;

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<sup>14</sup> Karthik Clothing and Fabrics Private Limited - Appellant in Appeal No. 802 of 2021

ii. Table 10 of the impugned order shows that appellants' total trade during 12.4.2013 to 11.8.2014 was 88,730, whereas table at page 75 of the impugned order shows that appellant's total 'buy' and 'sell' trades during the investigation period was 4,19,915 shares. Thus, SEBI has considered the effect of only a portion of his trade and recorded adverse finding and the same is untenable in law;

iii. The impugned order records that there was NHP contribution in only 3 out of 214 trades, which cannot be held as manipulative;

iv. Appellant sold his shares for an average sale price of ₹248 per share and even after the investigation period, appellant was still holding 3,40,827 shares. If the appellant was a party to the price manipulation, he would have sold all his shares when price was at its peak i.e. ₹490;

v. Appellant's trades were executed through their brokers and this appellant has not placed orders by himself. Therefore, the allegation of manipulation is not tenable;

vi. The WTM has recorded that appellant is connected to ECL Group. Appellant knows only Noticee Nos.6 to 17, being his friends. He is not connected with other entities of ECL Group;

vii. Appellant is a regular trader. He was trading both before and after the investigation period. He was a shareholder prior to amalgamation since 2012 and amalgamation of 3 companies

resulted in total change in company's profile and management. There was also capital reduction and consolidation, by which 80% of the pre-amalgamation capital was wiped out and the net worth effectively got compressed into the balance 20% shares. Further, new shares were issued to the shareholders of the 2 companies which got amalgamated into AGL and the shares got listed on BSE;

viii. Appellant was an 'amalgamation allottee' of 50,000 shares. He has not made any 'wrongful gain'. After investigation period, he was holding 3,40,827 shares. Therefore, it cannot be assumed that the shares sold by the appellant during the investigation period included the shares allotted on amalgamation. The disgorgement computation<sup>15</sup> is erroneous because SEBI has assumed that the entire sale price (less assumed acquisition cost of ₹10/- per share) as 'unlawful gain'. Even the undisputed SPOS<sup>16</sup> discovered price was ₹143/- per share and the post investigation period, the undisputed high price adjusted for the split was ₹218.50 per share. There is no material on record to quantify the amount of disproportionate gains made by the appellant. Therefore, the direction for disgorgement is unsustainable.

9. Ms. Sandhya Malhotra, Company Secretary, for the appellant in appeal No.489 of 2022 reiterated the submissions made by the learned Advocates for appellants in other appeals.

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<sup>15</sup> at Table 18 of the impugned order

<sup>16</sup> Special Pre-Open Session

In addition, she submitted that the appellant is not connected with Madiyar Group<sup>17</sup> or other noticees. She was not employed under Jayesh Madiyar. SEBI, in para 21 of the impugned order, has recorded that appellant has admitted her connection with other noticees. But, the appellant in her reply to the SCN dated 01.01.2021, has denied any connection with any group. Appellant is an old lady. She is not aware about any transactions other than purchase of 1000 shares of ECL in the off-market trade which may account for 0.01% to total market volume. Therefore, the allegation of manipulation is baseless.

10. In addition to the common submissions, Mr. Rajesh Khandelwal, learned Advocate for the appellants in appeal No.770 of 2021 submitted that:

- i. Appellants knew Noticee Nos.6 to 17. They are in no position to influence the investment decisions of other noticees;
- ii. Appellant Nos.1 and 2 bought 3,54,747 shares, 3,59,796 shares and sold only 38,981 and 45,275 shares respectively during the investigation period. After investigation period, they were holding 3,15,764 and 3,14,521 shares respectively, which shows that they were not part of any group;
- iii. Appellants have carried out 2798 and 2253 trades. SEBI has considered only 11 and 7 trades of the appellants which works out to 0.5 and 0.4% of the trades. Hence, the allegation of NHP contribution is untenable;

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<sup>17</sup> Noticee Nos.1,3 and 4

iv. Appellant No.1, Sureshbhai Thakkar was appointed as Director of ICPL on 01.01.2012 and ceased to be the Director from the date of amalgamation. Appellant No.2, Manubha Vaghela was appointed as Non-Executive Director on 05.03.2012 of ICPL and ceased to be the Director from the date of amalgamation. Appellant No.1 was a director of Blink Share and Comtrade Private Limited (Noticee No.13) for only 29 days. Hence, he cannot be considered as a connected entity;

v. SEBI has alleged appellants' connection with Madiyar Group (Noticee Nos.1 to 5 & 18 to 21) without any evidence. Hence, the allegation is untenable;

vi. All trades were executed through the online mechanism on the stock exchange platforms by the brokers and therefore, it is impossible for the appellants to know the counter parties. Further, majority of their trades were at '0' LTP.

11. Mr. Ashim Sood, learned Advocate for the appellants in Appeal No.802 of 2021 submitted that:

i. The SCN does not allege that the appellants had participated in the manipulation of share price and that they offloaded majority of shares upon unsuspecting and unconnected investors in the market. The SCN does not contain any allegation of participation by the amalgamation allottees in the alleged manipulation by the ECL Group. The amalgamation allottees had no knowledge of any scheme. In the absence of cogent evidence,

it is untenable to attribute any wrong doing on the part of the appellants. In support of this submission, he relied upon *Praveen Kurele & Anr. v. SEBI*<sup>18</sup>;

ii. The SCN does not allege that the fund transfers were made for the purpose of carrying out the scheme and purchase of shares was for sharing unlawful gains. Except fund transfers, there is no other evidence such as telephone call records, WhatsApp or text messages etc. to suggest connection between the appellants and the ECL Group to carry out the scheme;

iii. The impugned order has held that the connection between the appellants and ECL Group was established based on the transactions between the appellants and Noticee Nos.15 to 17 and Sampati Currency Trade Link, a client of Noticee No.5. However, the impugned order does not allege that the transactions had anything to do with the manipulation of stocks;

iv. SEBI has failed to establish that the appellants were in touch with the ECL Group entities during the investigation period and fund transfers were made as *quid pro quo*. In the absence of establishing concert, communication or *quid pro quo*, no presumption of participation in a fraudulent scheme can legally arise. In support of this submission, he placed reliance on *Balaram Garg v. SEBI*<sup>19</sup>;

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<sup>18</sup> Appeal No.319 of 2020, decided on 29.04.2022 by the Securities Appellate Tribunal, Mumbai

<sup>19</sup> (2022) 9 SCC 425

v. The allegation that the ECL Group inflated the price of the shares to provide exit to the amalgamation allottees including the appellants is highly improbable. To believe that such a scheme existed, one would have to accept that the entire purpose of manipulation was to benefit only six entities;

vi. It is incorrect to suggest that the ECL Group manipulated the market to increase the share price and purchased appellants' shares at a much higher price themselves, causing significant loss to themselves. He submitted that if the only objective of the ECL Group was to purchase the shares from the appellants at a higher price, they could have done so without any market manipulation;

vii. During June 2014, Sampati Currency Trade Link had organised a workshop on Forex Trading, which was attended by appellant No.1. It was on the basis of the advertisement published by Sampati Currency Trade Link that the appellants transferred funds for investments. The appellants agreed to open two accounts, one in the name of appellant No.3 and the other in the name of appellant No.4. The appellant Nos. 3 and 4 made payment of ₹38,92,541/- for currency 30,000 GBP and 12,500 USD and ₹9,10,617 for currency 15,000 USD respectively. Thereafter, Sampati Currency Trade Link expressed inability to open accounts in the name companies and accounts could only be opened in the name of individuals. Appellants requested for refund, but Sampati Currency conveted that it was not possible to return money and requested to keep it as deposits repayable

with 15% interest per annum. Appellants had to approach police to get their money back;

viii. The appellants have adduced evidence to show that the transactions were *bona fide*. So far as transactions between appellant Nos.4 & 5 and Sampati Currency Trade Link are concerned, Sampati was not made as a party to the SCN and there are no allegations against Sampati. The transaction with Sampati was for the purpose of exchange of currency and nothing to do with trading. He placed reliance on *Manish S. Joshi v. SEBI*<sup>20</sup>;

ix. Appellants had placed the correspondence exchanged between them and Sampati Currency Trade Link before the SEBI, but SEBI has rejected the same holding them as fabricated. Even during oral arguments, these documents remained largely uncontroverted and SEBI has failed to demonstrate why these documents are unreliable;

x. The police complaint filed against Sampati and the police report are filed along with this appeal. The police complaint is dated prior to BSE's Report, which demonstrates that the appellants had legitimate transactions with Sampati;

xi. The transactions between appellant No.4 and Noticee Nos.15 to 17 were *bona fide* cloth purchase transactions. Appellants have produced invoices and audited balance sheets

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<sup>20</sup> Appeal No.2 of 2020, decided on 13.01.2020 by the Securities Appellate Tribunal, Mumbai

and SEBI has rejected the same on the ground that GST, VAT or tax receipts were not produced. SEBI failed to consider that the GST regime was not there at that time and during the VAT regime, there was no tax on cloth and hence, audited balance sheets cannot be disregarded on this ground;

xii. Without prejudice to the above submissions, the disgorgement is incorrectly calculated by subtracting the face value of ₹10 from the sale price of shares. SEBI has admitted that the shares after amalgamation were listed for the first time at an opening price of ₹143/-. Therefore, the minimum sale price ought to have been construed at ₹143/-.

12. Mr. Umesh Ved, Company Secretary for the appellants in appeal No.771 of 2021 reiterated the submissions made by the learned Advocates for appellants in other appeals. In addition, he submitted that the appellant is not connected with noticee Nos.6 to 17 and noticee Nos.22-31. SEBI has erred in holding that all noticees were connected with each other merely on the premise that Sampati Currency Tradelink had entered into currency derivative business with Noticee 24 & 26 and Noticee 26 had entered into some cloth trading business with Noticee Nos.15-17 and that Noticee Nos.15-17 had some common contact number and details with other Noticees.

13. Mr. Aditya Mehta, learned Advocate for the appellants, in appeal No.769 of 2021, reiterated the submissions made by the learned Advocates in other appeals.

14. Mr. Pradeep Sancheti, learned Senior Advocate and Mr. Sumit Rai, learned Advocate appearing on behalf of the SEBI submitted that:

i. Appellants' argument of delay is not tenable. The lapse of time cannot be said to be detrimental because this case involves multiple layers of transactions and connections which required comprehensive examination, which consumed time. In support of this submission, reliance is placed on *Adjudicating Officer, SEBI v. Bhavesh Pabari*<sup>21</sup>;

**In appeal No.768 of 2021:**

ii. The role and involvement of the appellants is required to be examined as a group in order to understand the manipulative scheme devised by them. Appellants' contention that they have zero or negative LTP is untenable. In support of this submission, he placed reliance on *Hemant Sheth v. SEBI*<sup>22</sup>;

iii. The appellants have admitted fund transaction. They have deliberately filed the invoices belatedly which cannot be scrutinized and they were neither produced before the WTM nor annexed to the appeal memo. The invoices cannot be considered at this stage;

iv. Appellants' (Ramanbhai and Yashwant Jadhav) contention that their mobile number and the mobile number of Passim

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<sup>21</sup> (2019) SCC Online SC 294

<sup>22</sup> Appeal No.205 of 2019, decided on 04.03.2020 by the Securities Appellate Tribunal, Mumbai

share trade Pvt Ltd. (Noticee No.11) were common due to old KYC records, is not tenable. Their contention that SEBI had not asked for more documents is also not tenable because it is for the noticees to produce necessary evidence to defend their cause. The fund transactions establish connection between the parties. In support of this submission, he placed reliance on *Sanjay Kumar Poddar HUF v. SEBI*<sup>23</sup>;

**In Appeal No.802 of 2021:**

v. Sampati Currency Trade Link is a client of Sampati Broking Private Limited (Noticee No.5). Madiyar group has admitted that Sampati Currency Trade Link is their group entity. Therefore, the connection between the appellants and Madiyar group on account of the fund transfer cannot be denied. These connections show collusion between the parties;

vi. Tulsian Group had financial transactions with both Madiyar Group and the second part of ECL Group (Noticee Nos.6 to 17). It cannot be a mere coincidence that appellants invest in Sampati Currency Trade Link and its connected entity becomes the counter party in the scrip traded by them because it is not possible to find out the counter party on the exchange platform unless parties agree in advance to trade at a particular time and

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<sup>23</sup> Appeal No.326 of 2020, decided on 24.08.2021 by the Securities Appellate Tribunal, Mumbai

price. In support of this submission, he placed reliance on *Subash Gangaprasad Gupta v. SEBI*<sup>24</sup>;

**In Appeal No.780 of 2021:**

vii. The Special pre-open session (SPOS) price is for discovery of price. Jagdishkumar Akhani, Manubha Vaghela and Sureshbhai Thakkar traded during the SPOS sessions and artificially boosted the price of the scrip to ₹143/-. For the calculation of disgorgement, entire investigation period has to be taken into account. Jagdishkumar Akhani and Manubha Vaghela share common mobile number and email id;

viii. As many as 84 amalgamation allottees were examined, after investigation only 10 amalgamation allottees were found to be connected to the ECL group. Hence, the SCN was issued to 10 amalgamation noticees. Jagdishkumar Akhani is also involved in manipulation. He appears to be the centre of the whole scheme as he has connection with various entities;

**In Appeal No.489 of 2021:**

ix. Appellant (Prabhaben Gordhandas Savjani) did not produce any material in support of her contention that the trades were carried in her account without her permission. She also did not deny the transactions in her trading account. In para 5(b) of the appeal memo, appellant has admitted that she had traded in the

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<sup>24</sup> Appeal No.560 of 2020, decided on 21.06.2021 by the Securities Appellate Tribunal, Mumbai

ECL scrip during the investigation period. Jayesh Madiyar (noticee No.3) has admitted that the appellant was employed in a firm owned by Madiyar family;

x. Name lending is a serious offence and amounts to 'fraud' under PFUTP Regulations. Appellant has failed to show how Jayesh Madiyar got access to her trading account and what action she took against him. In support of this submission, he placed reliance on *Mahavirsingh N. Chauhan v. SEBI*<sup>25</sup>;

xi. Appellant had also received off-market shares from Payal Madiyar (Noticee No.1) which establishes that they were connected entities. In support of this submission, he placed reliance on *Praveen Kurele & Anr. v. SEBI*<sup>26</sup>.

15. We have carefully considered the rival contentions and perused the records.

16. Undisputed facts of the case are, two companies (ECL and ICPL) merged into Ahmedabad Gases. After merger, the company was renamed as 'ECL'.

17. As per the scheme of amalgamation, there was reduction in the capital of erstwhile ECL by 80% i.e. capital of ECL was reduced from ₹3,21,35,000 to ₹64,27,000.

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<sup>25</sup> Appeal No.393 of 2018, decided on 18.10.2019 by the Securities Appellate Tribunal, Mumbai

<sup>26</sup> Appeal No. 319 of 2020, decided on 29.04.2022 by the Securities Appellate Tribunal, Mumbai

18. After amalgamation, 75 Lakhs equity shares were allotted to 99 shareholders (31 Lakhs shares to erstwhile shareholders of ECL and 44 Lakhs shares to erstwhile shareholders of ICPL), hereinafter referred to as 'amalgamation allottees'.

19. After investigation, SEBI issued an SCN to 32 noticees. After adjudication, penalties and debarment have been ordered against 26 noticees and 6 have been exonerated. Out of the 26, disgorgement has been ordered against 6 noticees. In this batch, there are 7 appeals by 21 out of 26 noticees.

20. For the sake of convenience, noticees are divided into groups.

- First group (ECL Group) i.e. who are alleged to have traded among themselves in the ECL scrip;
- Second group (Tulsian Group) i.e. shareholders of erstwhile ECL and ICPL, who were allotted shares of ECL after amalgamation and they sold during the investigation period; and
- The third, an individual, Jagdish Akhiani, who falls into both ECL Group and amalgamation allottees' group.

21. SEBI's main allegation<sup>27</sup> is, 21 connected entities of ECL Group manipulated the price and assisted in sale of shares by 10 amalgamation allottees at a higher price to enable them to make unlawful gains.

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<sup>27</sup> Para 23 of SCN 31.07.2020; para 5.12 of impugned order.

22. Admitted position is, Rajnikant Jadav and Jagdish Akhani were Directors of Ahmedabad Gases. Sureshbhai Thakkar and Manubha Vaghela were Directors of ICPL. Jayesh Madiyar was Director of ECL.

23. Next admitted position is, 75 Lakh shares were allotted to 99 shareholders.

24. Appellants in Appeal Nos.768 769, 770, 771 and 780 of 2021 and 489 of 2022 have traded in the ECL during the investigation period. SEBI has alleged that they are connected. We have analysed their connections. They are as follows:

Sr.No.	Appeal No.	Name of the Appellants	Noticee in the impugned order.	Connection
1	768/2021	i. Ramanbhai Jethabhai Jadav, ii. Yashwant Ramanbhai Jadav, iii. Rajnikant Ramanbhai Jadav	N – 15  N – 16  N – 17	1. Yeswanth and Rajnikant are sons of Ramanbhai. It is admitted by Ramanbhai that they have common phone number, address and email id. 2. Rajnikant was Director of Ahmedabad Gases.
		i. Vardhman Infracon Pvt. Ltd.,	N – 6	1. Noticee Nos.6,7,11 and 13 are relate based on common mobile number.

2	769/2021	ii. S J Infratech Pvt. Ltd., iii. Passim Share Trade Pvt. Ltd., iv. Dexter Share and Tradecom Pvt. Ltd.(presently, Accurate Securities and Registry Pvt. Ltd.), v. Blink Share and Comtrade Pvt. Ltd., vi. Eyesight Share Trading LLP	N – 7  N – 11  N – 12  N – 13  N - 14	2. Noticee Nos.10,11 and 12 have common address. 3. Noticee Nos.9,6,10,13, 16 and 17 are related based on common mobile number. 3. NoticeeNo.14 is having common address with Noticee 13. 4. Noticee Nos.6, 13 and 14 have common director.
3	770/2021	i. Sureshbhai Kantilal Thakkar ii. Manubha Prabhatsang Vaghela	N – 8  N – 9	Both are Directors in ICPL.
4	771/2021	i. Payal Jayeshbhai Madiyar, ii. Jayesh Vallabhaji Madiyar, iii. Tanna Tusharbhai Hiralal	N-1  N-3  N-4	1. Jayesh Madiyar is was Director in ECL. 2. Payal is his wife. 3.Tanna was their employee.
5	489/2022	i. Prabhaben Gorhdandas Sabjani	N-18	1. Jayesh has admitted that Prabhaben was his

				<p>employee, however, Prabhaben has denied that she was an employee under him.</p> <p>2. Trade Log shows that purchase was made in Prabhaben's name by Jayesh.</p>
6	780/2021	i. Jagdishkumar Amrutlal Akhani	N - 10	<p>1. He was Director in Ahmedabad Gases and S J Infra.</p> <p>2. He shared common common mobile number with 6,7,8, 9, 13, 16 band 17.</p> <p>3. Noticee 6,7,10,15,16 and 17 are related based on common email id 31sharetrade@gmail.com.</p>

25. The above connections are not in dispute.

26. The above mentioned noticees<sup>28</sup> have admittedly traded during the investigation period. It is also not in dispute that ECL scrip was an illiquid scrip. It was initially quoted at ₹9.60 at BSE on 12.04.2013 and rose to ₹490 on 11.08.2014 and closed at

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<sup>28</sup> 1,3,4,6 to 18

₹162.30, during the investigation period. Noticee Nos.1,3,4,6 to 18 are connected entities and interested parties. Their involvement in the trade and increase of the share price of the ECL's illiquid scrip are not in dispute. By preponderance of probability, it is reasonable to infer that they have joined hands to make the scrip liquid and to increase its share price.

**Consideration of Appeal No.489 of 2022, Prabhben Savjani v. SEBI:**

27. It was argued on behalf of the appellant that she was more than 80 years old. Madiyar has accepted that she was her employee. She has taken a stand in this appeal that trading was done by her through a broker. WTM has recorded in para 34 of the impugned order that the trade logs disclose that Prabhben's trades were placed from the username 'Jayesh Madiyar' and Prabhben has admitted that trades were placed by promoter/broker/sub-broker of the Company. She has purchased only 1000 shares and she has not sold any. The WTM has imposed a penalty of ₹10 Lakhs on her. Keeping in view the fact that she is more than 80 years old and the quantum of shares purchased being only 1000 which were not sold as against total traded volume more than 97 Lakh shares, we are of the opinion that she had no role in increasing the share price and hence, imposition of penalty on Prabhben is not sustainable.

**Consideration of Appeal No.780 of 2021, Jagdishkumar Akhani v. SEBI:**

28. Jagdish Akhani is both in the ECL Group and amalgamation allottees. Admittedly, he has traded in the scrip. His defence is that

he is a regular trader and he had retained 3,40,827 shares even after expiry of investigation period. Thus, it was contended that he is not involved in the manipulation and therefore, penalty and disgorgement direction are not sustainable.

29. The connection table extracted hereinabove, clearly shows that he was connected with Noticee Nos.6,7,8,9,11 and 12 based on common mobile number, 11 and 12 based on common address. He was a Director of Ahmedabad Gases, which was amalgamated into the new ECL.

30. After amalgamation, total shares allotted was 75 Lakhs. Impugned order discloses that the total buy volume was 97,34,407 shares. Out of them, 58,77,430 shares have been purchased by the ECL Group entities who are alleged to have manipulated. Out of 58,77,430 Lakh shares, Akhani has purchased 1,00,148 shares.

31. So far as the quantum of disgorgement is concerned, Akhani was allotted 50,000 shares. The ECL scrip was illiquid. He has realised ₹1,22,97,800/- by selling 50,000 shares. The WTM has deducted the cost of acquisition of ₹5 Lakhs. It was argued in the alternative on his behalf that SEBI ought to have considered Special Pre-Open Session Price of ₹143, while calculating the disgorgement amount and this submission was refuted by SEBI's Senior Advocate contending that SPOS is for discovery of price; and Akhani, Manubha Vaghela and Suresh Thakker have traded during SPOS session and artificially boosted the scrip price. The trade log, Exhibit - D filed along with the written submission shows that Akhani had traded with Manubha Vaghela. Thus, there are

trades between connected entities. Though, Akhani has sold 3,19,767 shares, SEBI has directed disgorgement of unlawful gain made from out of 50,000 shares only, which were allotted to him, after Ahmedabad Gases was amalgamated into ECL. Hence, we are persuaded to accept SEBI's contention that the benefit of SPOS cannot be made available to Akhani and no interference is called for with regard to quantum of disgorgement.

32. The WTM has imposed a penalty of ₹15 Lakhs under Section 15HA of the SEBI Act. One of the parameters of Section 15J of the SEBI Act mandates that the unlawful gains, if any, made will have to be taken into consideration, while imposing penalty. While sustaining the disgorgement, we have noted that Akhani has indulged in manipulative trade. In view of this finding, no interference is called for with regard to penalty also.

**Consideration of Appeal No.802 of 2021, Arun Jwalaprasad Tulsian and Ors. v. SEBI:**

33. It is not in dispute that the Tulsian Group Member (five amalgamation allottees<sup>29</sup>) are the erstwhile shareholders and they received ECL shares after amalgamation. There were in all 99 'allottees' of ECL shares. Out of them, 84 have sold their shares. SEBI, after investigation has found that 10 out of the 84 had connection with the ECL Group. After adjudication, four allottees have been exonerated.

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<sup>29</sup> Appellants in Appeal No.802 of 2021

34. SEBI's theory is that only 10 out of 84 allottees were allegedly connected with the ECL Group. Among them, 4 have been exonerated. This means ECL Group undertook the entire exercise only for the sake of 6 allottees. This is also highly improbable.

35. Tulsian Group consists of 5 allottees/appellants. Sitadevi Tulsian is wife of Arun Tulsian. Ashi is their daughter. The two companies, Ashi Texfab and Kartik Clothing belong to them. It is alleged against them that they had fund transactions with Ramanbhai Jadav. Tulsian Group has taken a defence that it had paid money to Ramanbhai Jadav to purchase cloth from his firm. To support this contention, they have furnished some invoices. SEBI has rejected their contention. In our view, SEBI's strenuous endeavour to establish a link between Tulsian Group and Ramanbhai is futile firstly, because shares were held by Tulsian Group and ECL Group is alleged to have purchased the shares. Therefore, payment of money by Tulsian Group to Ramanbhai Jadav is inconsequential and does not lend any support to SEBI's allegation. Secondly, even if SEBI's argument that Tulsian Group was connected with Ramanbhai is accepted, it does not hold any water because the main allegation of manipulating the share price is against ECL Group and Tulsian Group is a beneficiary. Therefore, its connection with Ramanbhai is of no avail.

36. Next, Ashi Texfab and Kartik Clothing of Tulsian Group are alleged to have had connection with Sampati Currency. It is alleged that Sampati Currency is also a client of Sampati Broking

private Limited, which belongs to Jayesh Madiyar (ECL Group). It was argued that this connection established transaction between ECL and Tulsian Groups. This argument is too fallacious because shares were owned and held by Tulsian Group. In one breath, it is alleged that Tulsian Group had paid money to Jayesh Madiyar belonging to ECL Group. In the other breath, it is argued that in order to facilitate the allottees (which included Tulsian Group), ECL Group had indulged in manipulative trades. Hence, the flow of money ought to have been towards Tulsian Group and not the other way. Thus, the entire theory propounded by the SEBI against the Tulsian Group is too fragile to be countenanced and hence fails. In addition, it is relevant to note that according to the SEBI, ECL Group manipulated the share price to benefit the amalgamation allottees who are 99 in number. Out of them, 84 have sold. As per SEBI, out of 84, 5 in Tulsian Group and Akhani have joined hands with ECL to manipulate the price. If the theory of manipulation by ECL Group is accepted, as it is, 78(84-6) amalgamation allottees have sold ECL shares at highly manipulated price and made illegal gains. SEBI has not taken any action against them. Further, if according to SEBI, if Tulsian Group is involved in manipulation, they ought to have been penalised under PFUTP Regulations. Admittedly, they are not penalised. Therefore, SEBI's theory *qua* Tulsian Group fails. Consequently, the disgorgement directed against them is not sustainable in law.

**Consideration in Appeal Nos.768, 769, 770 and 771 of 2021:**

37. Appellants, in all the above appeals, belong to ECL Group. Their trades are on record and discernible from the trade logs. We have analysed the *inter se* connection between the parties and tabulated hereinabove. In appeal No.768 of 2021, the appellants have admitted that they are connected through mobile numbers and email ids and the common mobile numbers and ids was used for the purpose of sharing information related to securities. The relevant paragraphs read as follows:

“7.xxxxxxxxxx

*b. It is observed based on UCC details, MCA data, Annual report 2010-11 on BSE website that Passim Share Trade Private Limited (Noticee 11), Appellant 1 & Appellant 2 shared common mobile number ie., 9137685317. However, the Respondent has failed to appreciate the submissions made by the Appellants that their association with the said notices was limited only for the purpose of sharing information related to the securities market and that the Appellants were trading in the securities market particularly the shares of ECL without any knowledge of trading by his associates or other noticees.*

*c. It is observed based on UCC details, MCA data, Annual report 2010-11 on BSE website that Appellant 1, 2 & 3 shared common email id ie., rjjadav1951@yahoo.in. However, the Respondent has failed to appreciate the submissions made by the Appellants that their association with the said notices was limited only for the purpose of sharing information related to the securities market and that the Appellants were trading in the securities market-particularly the shares of ECL without any knowledge of trading by his associates or other noticees.*

*d. It is observed based on UCC details, MCA data, Annual report 2010-11 on BSE website that Appellant 1 & Appellant 3 shared common mobile number ie., 7405302044. However, the Respondent*

*has failed to appreciate the submissions made by the Appellants that their association with the said notices was limited only for the purpose of sharing information related to the securities market and that the Appellants were trading in the securities market particularly the shares of ECL without any knowledge of trading by his associates or other noticees.*

*e. It is observed based on UCC details, MCA data, Annual report 2010-11 on BSE website that Appellant 1, 2 & 3 shared common address ie., 179, Vankar Vas, Vavol, Gandhinagar-382016, Gujarat. The Appellants submit that the Appellant 1 is the father of Appellants 2 & 3 and are residing at the same address.*

*f. It is observed based on UCC details, MCA data, Annual report 2010-11 on BSE website that Manubha Prabhatsang Vaghela (Noticee 9), Vardhaman Infracon Pvt Ltd (Noticee 6), Blink Share and Comtrade Pvt Ltd (Noticee 13), Jagdishkumar Amrutlal Akhani (Noticee 10), Appellant 2 & Appellant 3 shared common mobile number ie., 9016503605. The said number ie., 9016503605 is registered in the name of Appellant 3. However, the Respondent has failed to appreciate the submissions made by the Appellants that their association with the said notices was limited only for the purpose of sharing information related to the securities market and that the Appellants were trading in the securities market particularly the shares of ECL without any knowledge of trading by his associates or other noticees.*

*g. That it is further observed based on UCC details, MCA data, Annual report 2010-11 on BSE website that Vardhaman Infracon Pvt Ltd (Noticee 6), S J Infratech Pvt Ltd. (Noticee 7), Jagdishkumar Amrutlal Akhani (Noticee 10), and the Appellants shared common email id i.e 31sharetrade@gmail.com. That it is further observed based on UCC details, MCA data, Annual report 2010-11 on BSE website that, Sureshbhai Kantilal Thakkar (Noticee 8), Manubha Prabhatsang Vaghela (Noticee 9), Jagdishkumar Amrutlal Akhani (Noticee 10) and the Appellant 3 shared common email id ie., akhani03@yahoo.com. That the said email ids ie., 31sharetrade@ gmail.com, and akhani03@yahoo.com are registered in the name of the Jagdishkumar Amrutlal Akhani (Noticee 10). However, the Respondent has failed to appreciate the submissions made by the Appellants that their association with the said notices was limited only for the purpose of sharing information related to the securities market and that the Appellants were trading in the securities market-particularly the shares of*

*ECL without any knowledge of trading by his associates or other noticees.*

*h. It is also observed based on UCC details, MCA data, Annual report 2010-11 on BSE website that Sureshbhai Kantilal Thakkar (Noticee 8), Manubha Prabhatsang Vaghela (Noticee 9), SJ Infratech Private Limited (Noticee 7), Jagdishkumar Amrutlal Akhani (Noticee 10) and Appellant 3 share common mobile number ie., 9898096716. The mobile number ie., 9898096716 are registered in the name of the Jagdishkumar Amrutlal Akhani (Noticee 10). However, the Respondent has failed to appreciate the submissions made by the Appellants that their association with the said notices was limited only for the purpose of sharing information related to the securities market and that the Appellants were trading in the securities market- particularly the shares of ECL without any knowledge of trading by his associates or other noticees.”*

38. Similarly, in appeal No.770 of 2021, the appellants have admitted the *inter se* connections as follows:

“7.xxxxxxxxxxxxxxxxxx

*i. That the Respondent in Table 3 under para 17 under columns 7 & 8 on page 29 & 30 of the impugned order has set out the alleged connections between the Appellants and other Noticees based on common mobile number or email id or common directorships, which is as following:*

*That based on UCC details & MCA Data, Jagdishkumar Amrutlal Akhani (Noticee 10), Rajnikant Ramanbhai Jadav (Noticee 17) and Appellants, shared common email id akhani03@yahoo.com. That based on UCC details & MCA data, Appellants shared common mobile number 9898096710. That based on UCC details & MCA data, S.J. Infratech Private Limited (Noticee 07), Jagdishkumar Amrutlal Akhani (Noticee 10), Rajnikant Ramanbhai Jadav (Noticee 17) and Appellants shared common mobile number 9898096716. That based on UCC details & MCA data, S.J. Infratech Private Limited (Noticee 07), Jagdishkumar Amrutlal Akhani (Noticee 10), Blink Share and Comtrade Private Limited (Noticee 13) and Appellants shared common*

*mobile number 9328341207. That based on UCC details & MCA data, Jagdishkumar Amrutlal Akhani (Noticee 10) and Appellant 1 shared common email id jakhaniassociates@gmail.com. That based on UCC details & MCA data, Vardhman Infracon Private Limited (Noticee 06), Jagdishkumar Amrutlal Akhani (Noticee 10), Blink Share and Comtrade Private Limited (Noticee 13), Yashwant Ramanbhai Jadav (Noticee 16), Rajnikant Ramanbhai Jadav (Noticee 17) and Appellant 2 shared common mobile number 9016503605. However, the Respondent has failed to acknowledge the submissions made by the Appellants that their connection with the said noticees was limited only for the purpose of sharing information related to the securities market and that the Appellants were trading in the securities market without any knowledge of trading by other noticees.”*

39. Admittedly, the illiquid ECL scrip shot from ₹9.60 on 12.04.2013 to ₹490 as on 11.08.2014. Trading commenced on August 19, 2013 at ₹143/-. We may record that as many as, 97,34,407 shares were traded during the investigation period. Table 11 in the impugned order demonstrates the *inter se* trades between the connected parties and they are not in dispute. A common defence was urged by the ECL Group appellants is that the trades are executed on the exchange's electronic platform. Hence, a trader will not know the counter-party. This argument fails in view of Table 11 in the impugned order, in view of the factual matrix. Though the 'buy' and 'sell' orders were pending for a period between 9 minutes to 6 hours, the trades have taken place between the connected entities.

40. It was also argued that Independent Directors cannot be held responsible. This argument also fails on the factual matrix because of their indulgence in trading in the scrip during the investigation period.

41. The minimum penalty under Section 15HA of the SEBI Act is ₹5 Lakhs. The WTM has referred to Section 15J of the SEBI Act in para 75 of the impugned order. However, no reasons are recorded as to why some noticees are imposed with the minimum penalty of ₹5 Lakhs and in some cases more than ₹5 Lakhs. He has recorded in para 76 that the material on record does not disclose disproportionate gain or unfair advantage by noticees 1 to 4, 6 to 18 and 31. He has further recorded that the loss suffered by the investors as a result of price manipulation was also not quantifiable. Therefore, in our view, a common quantum of penalty against all noticees of ECL Group is just and appropriate. Accordingly, the penalty against noticee Nos.1, 3, 4, 6, 8, 9, 12, 13, 14, 15 is reduced to ₹5 Lakhs under Section 15HA of the SEBI Act. In case of noticee No.1 (Payal Madiyar), the WTM imposed penalty of ₹4 Lakhs and in case of noticee No.3 (Jayesh Madiyar) ₹6 Lakhs under Sections 15A(b) and 15HB. Noticee Nos.1 and 3 have admitted that they did not disclose the quantum of shares acquired by inadvertence. Hence, the said penalties against them are sustained.

42. In the result, the following:

**ORDER**

- i. Appeal Nos.768, 769, 770, 771 of 2021 are ***allowed in part.***
- ii. Penalty against appellants in Appeal Nos.770, 771 of 2021; appellant Nos.1, 4, 5 and 6 in Appeal No.769 of 2021; and appellant No.1 in Appeal No.768 of 2021 (i.e. Noticee

Nos.1, 3, 4, 6, 8, 9, 12, 13, 14, 15) under Section 15HA of the SEBI Act is reduced to ₹5 Lakhs.

iii. Appeal No.489 of 2022 is **allowed** and the impugned order dated 01.10.2021, passed by the WTM, SEBI is set aside *qua* the appellant.

iv. Appeal No.780 of 2021 is **dismissed**.

v. Appeal No.802 of 2021 is **allowed**. Order dated 01.10.2021 passed by the WTM, SEBI is set aside *qua* the appellants. (Notice Nos.22, 23, 24, 26 and 30 in the impugned order).

vi. Remaining portion of the order is undisturbed.

vii. Pending interlocutory application(s), if any, stand disposed of.

viii.No costs.

Justice P.S. Dinesh Kumar  
Presiding Officer

Ms. Meera Swarup  
Technical Member

Dr. Dheeraj Bhatnagar  
Technical Member

23.06.2026  
RHN