BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/PM/GD/2022-23/16782-16811)

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND SECTION 23-I OF THE SECURITIES CONTRACTS (REGULATION) ACT, 1956 READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 AND RULE 5 OF THE SECURITIES CONTRACTS (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005

In respect of

Noticee No.	**Name of the entity**	**PAN/CIN**
1	Midvalley Entertainment Limited	AABCC3634J
2	Datuk K Ketheeswaran	AUZPK2273Q
3	R Chandrasegaran	AHUPC1432D
4	Sudhir Kumar Jena	AASPS2187G
5	K Murugavel	AKIPN9312K
6	Vasan Chidambaram	ACEPV8596L
7	K Ramdasan	AKTPR9734M
8	S Madhavan	-
9	M Pandiyan	ARYPP5030A
10	Subrata Dasgupta	-
11	Deba Prasad Biswas,	-
12	Deesha Tie-Up Pvt. Ltd.	U67120WB1996PTC080871
13	Dharmnath Shares & Services Pvt. Ltd.	U67120GJ2009PTC057686
14	Regent Finance Corporation Pvt. Ltd.	AABCB9930G
15	Mercury Fund Management Co. Ltd	AAECM0223C
16	Eduexel Infotainment Ltd.	AADCT3496R

17	Aswin Logistic Ventures	AAYPU1084C
18	Omni Ax’s Software Ltd.	L30006TN1992PLC022439
19	Bharat Babubhai Trivedi	ACDPT8077B
20	BMD Exports Pvt. Ltd.	AACCB5249H
21	Budhisagar Shares & Services Pvt. Ltd.	AADCB7966J
22	Ghantakarna Shares & Services Pvt. Ltd.	AADCG6323N
23	Kiranbhai Popatbhai Alodariya	AKUPA1448A
24	Poojan Tradecom Pvt. Ltd.	AAECP2532R
25	Prakashbhai Ishwarbhai Rana	ANLPR5585P
26	Ratnasuri Shares & Services Pvt. Ltd.	AAECR4211M
27	Real Marketing Pvt. Ltd.	AACCR4046C
28	Sonal Shares Investment & Company Ltd.	ASCPP6491Q
29	HEM Stocks & Shares Services Pvt. Ltd.	AACCH2327J
30	Sumtinath Shares and Services Pvt. Ltd.	AANCS2340B
31	Tirthankar Shares &Service Pvt. Ltd.	AADCT2274R
32	Pyramid Sales Private Limited (Presently known as YMS Finance Private Limited)	AABCP4870D

In the matter of Midvalley Entertainment Ltd.

BACKGROUND OF THE CASE

1. The scrip of Midvalley Entertainment Ltd. (hereinafter referred to as MVEL/ Noticee 1/Company) was listed by way of an Initial Public Offering (IPO) on the platform of Bombay Stock Exchange (hereinafter referred to as BSE) on January 27, 2011. Shares of the Company were allotted under IPO at a price of Rs. 70/- per equity share. It was observed that there was a fall in the price of scrip of MVEL on listing day, viz. January 27, 2011, wherein the price of the scrip first touched a level of Rs. 55/- per share in intraday and was finally closed

at Rs. 58.05 per share. This meant that the scrip of MVEL witnessed a fall of 17% on listing day from its IPO allotment price. Subsequently, during a period of one month i.e. from January 28, 2011 to February 28, 2011, the price of the scrip saw a further fall to Rs. 50.50/- per share (as on February 10, 2011) then witnessed a sudden increase, whereby the price of the scrip of MVEL touched a level of Rs. 99.15/- per share (as on February 25, 2011). Finally, the scrip of MVEL closed at Rs. 89.15/- at the end of the abovementioned period i.e., on February 28, 2011. Therefore, an investigation was conducted by Securities and Exchange Board of India (hereinafter referred to as SEBI) in the matter of IPO of MVEL for the period of January 27, 2011 to February 28, 2011 (hereinafter referred to as investigation period) to investigate whether and if any violation of the provisions of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as the SCRA), Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the SEBI Act, 1992), Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as PFUTP Regulations) was done with regard to the bidding in the IPO of MVEL, fund flow from IPO proceeds, utilization of IPO proceeds, disclosures made by MVEL in the IPO prospectus and dealings in the scrip of MVEL during the investigation period.

2. It was observed during the investigation that MVEL had claimed to be engaged in the media and entertainment industry in South India. They claimed to be in the businesses of Exhibition and Concept Theatres, Film Production, Distribution, Hospitality, Cine Advertising etc. MVEL was incorporated on July 12, 1989 as a private limited company with the name CTV Entertainment Private Limited at Bangalore in Karnataka. It was initially promoted by Ms. Anuradha K Chugh, Ms. Mala K Chugh and Metro Films Pvt. Ltd. Thereafter, on January 28, 2000, the name of the company was changed from CTV Entertainment Private Limited to CEE (I) TV Entertainment Private Limited. Subsequently, the company was converted into a public limited company on February 4, 2000 and the name was changed to CEE (I) TV Entertainment Limited. The name was

further changed to Midvalley Entertainment Limited vide a fresh certificate of incorporation dated December 27, 2005 and its shares were acquired by Unigold Pacific Ltd., Kiara Enigma SDNBHD and Global Motion Pictures & Ventures Pte. Ltd. during 2005-06. In 2007, management of the company was taken over by Datuk K. Ketheeswaran (hereinafter referred to as Noticee 2/MD). The list of Promoters of MVEL at the time of IPO consist of and include Noticee 2, Unigold Pacific Ltd., Kiara Enigma Sdn Bhd. and Global Motion Pictures & Ventures Pte. Ltd. As per the information available in the Prospectus filed during the IPO, MVEL had previously filed Draft Red Herring Prospectus (DRHP) with SEBI on four different occasions for its IPO in 2000, 2002, 2007 and 2008. As per the said information, MVEL did not proceed with the IPO in the years 2000, 2002 and 2008 citing market conditions and, subsequently, it had to withdraw the DRHP filed with SEBI in 2007 due to inconsistency in the its financials given in the DRHP and eligibility criteria. Accordingly SEBI initiated Adjudication Proceedings against the entities for the violation of the provisions of SEBI Act, PFUTP Regulations, 2003.

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI vide Communique dated December 06, 2016 appointed Shri D Sura Reddy as Adjudicating Officer under section 15-I of the SEBI Act, 1992 read with (r/w) Rule 3 of the SEBI (Procedure of Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'SEBI Adjudication Rules) and section 23-I of the SCRA r/w Rule 3 of the Securities Contracts (Regulation)(Procedure of Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as SCRA Adjudication Rules) to inquire into and adjudge under the provisions of section 23E of SCRA and Sections 15A(a) and 15HA of the SEBI Act for the violation of the relevant provisions of SEBI Act, PFUTP Regulations, as mentioned in the below table:

Table 1: Details of allegations levelled against various entities

S.N.	Name of the Noticee	Violations	Penal Provisions
1	Midvalley Entertainment Limited	S.N. 1 Clauses 43 and 43A(1) of the Listing Agreement. S.N. 1 to 9 Section 12A(a), (b) and (c) of the SEBI Act r/w Regulations 3(a),(b), (c), (d), 4(1), 4(2) (a), (d), (e), (f), (k) and (r) of PFUTP Regulations.	Section 23E of SCRA Section 15HA of SEBI Act
2	Datuk K Ketheeswaran		
3	R Chandrasegaran		
4	Sudhir Kumar Jena		
5	K Murugavel		
6	Vasan Chidambaram		
7	K Ramdasan		
8	S Madhavan		
9	M Pandiyan		
10	Aman Tie-Up Pvt. Ltd.	Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (d) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of SEBI Act.	Section 15HA of SEBI Act
11	Subrata Dasgupta		
12	Deba Prasad Biswas		
13	Deesha Tie-Up Pvt. Ltd.		
14	Dharmnath Shares and Services Pvt. Ltd.		
15	Subodhsagar Shares and Services Pvt. Ltd.		
16	Sardhav Investment and Finance Pvt. Ltd.		
17	Regent Finance Corporation P. Ltd.		
18	Mercury Fund Management Co. P. Ltd.		
19	Eduexel Infotainment Ltd		
20	Aswin Logistic Ventures (Proprietor: Usha Murugavel)	Regulation 3(a), (b), (c), (d) & 4(1) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of SEBI Act	Section 15HA of SEBI Act
21	Omni Ax's Software Ltd.		
22	Bharat Babubhai Trivedi	S. No. 22 to 36	Sr. No. 22 to 36
23	BMD Exports Pvt. Ltd.		

S.N.	Name of the Noticee	Violations	Penal Provisions
24	Buddhisagar Shares and Services Pvt. Ltd.	Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a), (d) and (e) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of SEBI Act. <u>Sr. No. 23 to 35</u> Sections 11C(2) and (3) of the SEBI Act	Section 15HA of SEBI Act <u>Sr. No. 23 to 35</u> Section 15A(a) of SEBI Act
25	Ghantakarna Shares and Services Pvt. Ltd.		
26	Kiranbhai Popatbhai Alodariya		
27	Poojan Tradecom Pvt. Ltd.		
28	Prakashbhai Ishwarbhai Rana		
29	Ratnasuri Shares and Services Pvt. Ltd.		
30	Real Marketing Pvt. Ltd.		
31	Sonal Shares Investment & Company Ltd.		
32	HEM Stocks and Shares Services Pvt. Ltd.		
33	Sumtinath Shares and Services Pvt. Ltd.		
34	Suparshvanath Stock and Services		
35	Tirthankar Shares and Service Pvt. Ltd.		
36	Pyramid Sales Pvt. Ltd.		

Pursuant to transfer of Shri D Sura Reddy, the erstwhile adjudicating officer, the undersigned was appointed as adjudicating officer in the instant proceedings.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A common Show Cause Notice dated May 04, 2018 (hereafter referred to as SCN) was issued to the all the entities by the earlier AO in terms of the

provisions of rule 4 of the Adjudication Rules, 1995 requiring the entities to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on it under the provision of section 23E of SCRA and Sections 15A(a) and 15HA of the SEBI Act. Pursuant to the transfer of the instant matter, it is noted that the entities requested for inspection and copy of various documents such as Account statements of various bank accounts of the Company, Bank statement of various entities, Trade Logs in the scrip of MVEL in the scrip of MVEL and Statements of utilization of IPO proceeds. In this regard, a common supplementary Show Cause Notice dated May 07, 2021 issued along with the Annexures to the entities in continuation of and is clarifactory and supplementary to the earlier SCN (hereafter referred to as SSCN). *The allegations in the SCN and SSCN are as follows:*

3. *The scrip of Midvalley Entertainment Ltd. (hereinafter referred to as 'MVEL'/ 'Noticee 1'/'Company') was listed by way of an Initial Public Offering ('IPO') on the platform of Bombay Stock Exchange (hereinafter referred to as 'BSE') on January 27, 2011. Shares were allotted under IPO at a price of Rs. 70/- per equity share. It was observed that there was a fall in the price of scrip of MVEL on listing day, viz. January 27, 2011 wherein the price of the scrip first touched a level of Rs. 55/- per share in intraday and was finally closed at Rs. 58.05 per share. This meant that the scrip of MVEL witnessed a fall of 17% on listing day from its IPO allotment price. Subsequently, during a period of one month i.e. from January 28, 2011 to February 28, 2011, the price of the scrip saw a further fall to Rs. 50.50/- per share (as on February 10, 2011) then witnessed a sudden increase, whereby the price of the scrip of MVEL touched a level of Rs. 99.15/- per share (as on February 25, 2011). Finally, the scrip of MVEL closed at Rs. 89.15/- at the end of the abovementioned period i.e., on February 28, 2011. Therefore, an investigation was conducted by SEBI in the matter of IPO of MVEL for the period of January 27, 2011 to February 28,2011 (hereinafter referred to as 'investigation period') to investigate whether and if any violation of the provisions of SEBI Act, PFUTP Regulations, SCRA was done with regard to the bidding in the IPO of MVEL, fund flow from IPO proceeds, utilization of IPO proceeds, disclosures made by MVEL in the IPO prospectus and dealings in the scrip of MVEL during the investigation period.*
4. *It was observed during the investigation MVEL had claimed to be engaged in the media and entertainment industry in South India. They claimed to be in the businesses of Exhibition and Concept Theatres, Film Production, Distribution,*

Hospitality, Cine Advertising etc. MVEL was incorporated on July 12, 1989 as a private limited company with the name CTV Entertainment Private Limited at Bangalore in Karnataka. It was initially promoted by Ms. Anuradha K Chugh, Ms. Mala K Chugh and Metro Films Pvt. Ltd. Thereafter, on January 28, 2000, the name of the company was changed from CTV Entertainment Private Limited to CEE (I) TV Entertainment Private Limited. Subsequently, the company was converted into a public limited company on February 4, 2000 and the name was changed to CEE (I) TV Entertainment Limited. The name was further changed to Midvalley Entertainment Limited vide a fresh certificate of incorporation dated December 27, 2005 and its shares were acquired by Unigold Pacific Ltd., Kiara Enigma SDNBHD and Global Motion Pictures & Ventures Pte. Ltd. during 2005-06. In 2007, management of the company was taken over by Datuk K. Ketheeswaran (hereinafter referred to as 'Noticee 2'/'MD'). The list of Promoters of MVEL at the time of IPO consist of and include Noticee 2, Unigold Pacific Ltd., Kiara Enigma Sdn Bhd. and Global Motion Pictures & Ventures Pte. Ltd. As per the information available in the Prospectus filed during the IPO, MVEL had previously filed Draft Red Herring Prospectus ('DRHP') with SEBI on four different occasions for its IPO in 2000, 2002, 2007 and 2008. As per the said information, MVEL did not proceed with the IPO in the years 2000, 2002 and 2008 citing market conditions and, subsequently, it had to withdraw the DRHP filed with SEBI in 2007 due to inconsistency in the its financials given in the DRHP and eligibility criteria.

5. *The Board of Directors of MVEL consisted of the following persons as per the prospectus for the IPO of MVEL:*

Table 2: Details of Board of Directors of MVEL at the time of issuance of IPO

Sl. No.	***Name***	***Designation***	***DIN***
1	*Datuk K. Ketheeswaran*	*Non-Executive Chairman*	*01410448*
2	*Mr. R. Chandrasegaran*	*Non-Executive & Non-Independent Director*	*01418077*
3	*Mr. Sudhir Kumar Jena*	*Independent Director*	*00374925*
4	*Mr. K. Murugavel*	*Executive Director cum COO*	*03075202*
5	*Mr. K. Ramadasan*	*Independent Director*	*01794344*
6	*Mr. Vasan Chidambaram*	*Independent Director*	*01111703*

6. *It is also observed from the DRHP filed for IPO of MVEL that there were a total of 194 shareholders of MVEL before the IPO. Out of the said 194 shareholders, the top 10 shareholders prior to the IPO held 75.21% of the total shareholding of which the promoters held 49.46%. In this regard, the shareholding of top 10 shareholders of MVEL prior to its IPO were as follows:*

Table 3: List of top 10 Shareholders of MVEL prior to IPO

Sr.No.	Name of the shareholder	No. of shares	Shares as a % of total number of shares
1	Global Motion Pictures & Ventures Pte. Ltd	56,12,752	21.88%
2	Unigold Pacific Ltd	48,62,958	18.96%
3	Image Eventures Limited	23,55,000	9.18%
4	Kiara Enigma Sdn. Bhd	22,12,000	8.62%
5	CHT Holding Limited	12,00,000	4.68%
6	Shamsir Bin Omar	7,00,000	2.73%
7	Sreevee Securities Pvt. Ltd	6,82,000	2.66%
8	Shrivee Capital Consultant limited	6,77,000	2.64%
9	Gunny Chem Tex India Limited)	5,40,000	2.11%
10	Baalak Holding Private Limited	4,50,000	1.75%
	Total	**1,92,91,710**	**75.21%**

7. *It is observed from the information provided in the prospectus of MVEL, submitted during the IPO, that MVEL has one individual promoter viz. Noticee 2 and three corporate promoters namely Unigold Pacific Ltd, Kiara Engima Sdn Bhd, and Global Motion Pictures & Ventures Pte Ltd. At the same time, it was also observed during investigation that another promoter related entity namely Global International Ventures Group Ltd. also held shares of MVEL. Further, the following details of the promoter and promoter related firms emerged during the course of investigation:*

Table 4: Details of Promoter and Promoter related Firms

Sr. No.	Name of the entiy	Registered in	Name of Directors	Shareholding Details
1	Unigold Pacific Ltd	Labaun, Malaysia	Datuk K. Keetheeswaran	Datuk K. Keetheeswaran - 100%
			Dato' Shamsir Bin Omar	
			Dato' Nik Mohd Amin Bin Nik Abu Bakar	

Sr. No.	Name of the entiy	Registered in	Name of Directors	Shareholding Details
2	Global Motion Pictures & Ventures Pte Ltd.	Labaun, Malaysia	Datuk K. Keetheeswaran	Datuk K. Keetheeswaran - 100%
			Mr. K. Selveswaran	
3	Kiara Enigma Sdn. Bhd	Kuala Lumpur, Malaysia	Datuk K. Keetheeswaran	Datuk K. Keetheeswaran - 100%
			Dato* Kam a rudd in Bin Mohd Jamal	
			Mr. Tang Yow San	
4	Global International Ventures Group Limited	British Virgin Islands	Datuk K. Keetheeswaran	Datuk K. Keetheeswaran - 50%
			Mr. K. Selveswaran	Mr. K. Selveswaran - 50%

Therefore, it has been alleged on the basis of the abovementioned information that the entire shareholding in almost all the promoter and promoter related companies are held by Noticee 2 himself. Only in one company i.e. Global International Ventures Group Limited, his holding is 50% of total shareholding of the said entity. However, it is observed from prospectus of MVEL that the said Global International Ventures Group Limited holds a meager 0.45% in MVEL. Thus, it is alleged that Noticee 2 was indirectly holding 49.91% shares of MVEL prior to IPO and was holding a total of 37.41% of total shareholding of MVEL post IPO.

8. *MVEL came out with an IPO during the period January 10-12, 2011 with the following objects disclosed in its prospectus:*

- *Entering into screening agreements with 300 cinema theatres;*
- *Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for a select 100 screens;*
- *Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business;*
- *General corporate expenses*
- *Meeting the IPO expenses.*

The book running lead manager ('BRLM') for the IPO was Aryaman Financial Services Ltd and the Registrar to the IPO was Cameo Corporate Services Ltd. In its IPO, MVEL issued a total of 85,71,429 equity shares of Rs. 10/- each at a price of Rs. 70/- per equity share through 100% book building resulting the size of IPO at Rs. 60 Crores in total. The MVEL IPO was graded by M/s Brickworks Ratings India Pvt Ltd and was assigned "BWR IPO Grade 1" indicating "poor fundamentals". Post IPO, the Company was listed only on BSE.

9. *The IPO opened for bidding on January 10, 2011 and closed on January 12, 2011 and it was subscribed 4.41 times. The major applicants to the IPO were*

from retail category. At the same time, there were 4 bidders in Qualified Institutional Buyer ('QIB') category and they were allotted 16,30,010 shares while 18 bidders in the Non-Institutional Investors (NII) category were allotted 18,05,760 shares. In Retail Individual Investor category, there were 15924 applicants who applied for 2,97,89,720 shares out of which 13476 retail applicants were allotted 51,35,659 shares. Most of the bids in the IPO were received from Ahmedabad, followed by Mumbai wherein these two centers had 11,163 applications out of the total 15, 965 applications received in the IPO.

10. It is observed from the data in relation to allotment of shares of MVEL in the IPO that 4 QIBs viz. Credo India Thematic Fund Limited, Adharshila Ventures Capital Fund Limited, Cresta Fund Ltd and Albula Investment Fund Limited had applied for and were allotted the shares of MVEL. Additionally, 18 Non-Institutional Investors were also allotted shares of MVEL in IPO allotment. SEBI observed during the course of investigation that except for QIBs, Albula Investment Fund and Cresta Fund Ltd., all other entities (including QIB and NIIs) had offloaded their entire holdings of MVEL within one month of listing of its shares.

11. In addition to this, SEBI also conducted investigation in the trading in the scrip of MVEL during the investigation period. The following changes in the Price-Volume data of the scrip of MVEL on BSE for the period during and after the investigation period, which also included listing day, were observed: -

Table 5: Price-Volume data of the scrip of MVEL for the investigation period

Period	Dates		Opening Price (volume) on first day of the period(Rs)	Closing price (volume) on last day of the period (Rs.)	Low price(volume) during the period (Rs.)	High Price(volume) during the period (Rs.)	Avg. no. of (shares) traded daily during the period
Listing Day	(27/01/2011)	Price	73.00	58.05	55.00	76.50	3,38,71,723 (Listing day volume)
Subsequent Investigation Period	(28/01/2011 - 28/02/2011)	Price	56.10 [28/01/2011]	89.15 [28/02/2011]	50.05 [10/02/2011]	99.15 [25/02/2011]	21,77,686
		Vol	10413765 [28/01/2011]	671699 [28/02/2011]	317615 [22/02/2011]	10413765 [28/01/2011]	
After investigation period	(01/03/2011 - 31/03/2011)	Price	89.70 [01/03/2011]	114.2 [31/03/2011]	78.05 {15/03/2011]	126 [31/03/2011]	9,11,885
		Vol	1142532 [01/03/2011]	1994837 [31/03/2011]	106731 [14/03/2011]	3637318 [07/03/2011]	

On listing day, it was noted that BSE-Sensex had opened at 19,086.69 and closed at 18,684.43 i.e. BSE-Sensex observed a decline of 2.11% as compared to its previous day closing level. At the same time, the scrip of MVEL opened at Rs. 73/- and touched a high level of Rs. 76.50/- and closed at Rs. 58.05/- with *the price fall of 17.07%. At the same time, a total of 3,38,71,723 shares of MVEL got traded through 1,03,818 trades on listing day which amounts to 98.90% of total paid up capital of the Company. Out of 3.38 crore shares traded on the listing date, 64,43,254 shares were the net delivered quantity. Thus, while delivery to trade percentage was 19.02%, net delivered shares represent 75.17% out of the 85,71,429 shares issued. Thus, SEBI observed that a large portion of the allottees of MVEL IPO had sold their shares on the day of listing.*

12. *Thereafter, BSE-Sensex witnessed a fall from 18,708.62 to 17,823.40 level, registering a fall of 885.22 points (4.73 %) during the rest of investigation period. However, at the same period, the scrip of MVEL observed an upward movement from Rs. 56.10 to Rs. 89.15 registering an increase of Rs. 33.05 (58.91%) in its price.*

13. *SEBI conducted investigation in the disclosures made by the Company in its Red Herring Prospectus as well as subsequent disclosures to BSE and also the use of funds received by virtue of the IPO of MVEL. In pursuance to the said investigation, SEBI perused the Red Herring Prospectus dated December 20, 2010 and Prospectus dated January 14, 2011 of MVEL. Further, SEBI also carried out field visits to the registered office of MVEL in Chennai. Upon perusal of the said Red Herring Prospectus and final prospectus, it is alleged that the Company has suppressed vital information in the said Red Herring Prospectus and the Prospectus.*

14. *It is observed from the database of Ministry of Corporate Affairs ('MCA') that Vasan Chidambaram ('Noticee 6') was a director in five companies as on the date of filing of the Red Herring Prospectus. However, his directorship in two entities namely Tanmathra Creative Solutions Private Limited and UNV Media Private Limited were not disclosed in Red Herring Prospectus dated December 20, 2010 and Prospectus dated January 14, 2011 filed by the Company. Therefore, it is alleged that the Company has provided false information regarding the directorship of Noticee in its RHP and Prospectus.*

15. *On Page No. 12 of Red Herring Prospectus dated December 20, 2010 and Prospectus dated January 14, 2011, under the section Internal Risk Factors - Para 1, the Company stated the following:*

"Our Company intends to use part of the proceeds up to Rs. 1,200.00 lacs out of the total Issue proceeds for acquisitions as described in the paragraph titled ''Acquisition of company, <u>acquisition of screening rights </u>of company having similar line, range and objects of business" on page 62 under the Section titled "Objects of the Issue" beginning on page 60 of the Prospectus. This forms approximately 20% of the Issue Proceeds. We have not yet entered into any definitive agreements to utilize the funds allocated for acquisitions. There can

be no assurance that we will be able to conclude definitive agreements for such expenditures on terms anticipated by us. <u>As on the date of the Prospectus, we have not yet identified specific acquisition targets.</u>" (emphasis supplied)

Therefore, the company disclosed not having identified any specific acquisition targets in terms of abovementioned objective. However, from the analysis of bank account statements of MVEL, it is observed that it had made a payment of Rs.19 Crore to Eduexel Infotainment Limited (hereinafter referred to as 'EIL'/'Noticee 19') on January 25, January 27and February 9, 2011. Upon enquiring regarding the said fund transaction by SEBI, the Company submitted that the aforesaid payments were made by it to EIL for acquiring screening rights from EIL and provided copy of an agreement entered into by MVEL with EIL (Annexure 6 to the SCN). It is alleged on the basis of the said agreement between MVEL and EIL that MVEL had entered into an arrangement with EIL as early as on November 15, 2010 for the purpose of acquisition of screening rights, screening arrangements along with film contents from market for supplying the same to MVEL. However, the Company allegedly did not disclose the said information in the RHP/Prospectus for the IPO. It is further alleged that EIL is an entity connected to MVEL as Noticee 6, who is a director of MVEL is a promoter director of EIL. At the same time, EIL is also alleged to be connected with AFSL, the BRLM appointed by the Company for its IPO. In view of these, it is alleged that the Company had already identified its acquisition targets and, therefore, has provided false information regarding non-identification of acquisition targets in its RHP/prospectus to prospective investors.

16. *It is observed from the bank statements of various bank accounts of the Company (Annexure 16 to the SCN) that it had transferred proceeds of IPO to 4 entities as suppliers ostensibly for meeting the objects of RHP namely: (i) Aman Tie Up Pvt. Ltd. (ii) EIL, (iii) Aswin Logistics Ventures and (iv) Omni Ax's Software Ltd. . However, it is observed that the said four Noticees viz. Noticees 10, 19, 20 and 21 do not appear in the list of its suppliers appearing under the heading 'Equipments' at page 62 of the RHP from whom the Company had claimed to have sought quotes. Therefore, it is alleged that the Company has provided false list of suppliers and the real entities to whom it has claimed to have transferred funds for meeting the objects of RHP/Prospectus have not been disclosed to the public.*

17. *It is observed that the directors, Compliance Officer and the Finance Manager, mentioned as Noticees 1 to 9 in this SCN, have certified at Page 291 of the RHP dated December 20, 2010 and Prospectus dated January 14, 2011 that all the statements in RHP/ Prospectus are true and correct. However, on the basis of the above observations and allegations, it is further alleged that the said certification is wrongfully provided by the Company to SEBI.*

18. *Therefore, it is alleged that, by not making the correct disclosures in the RHP/Prospectus, as brought out in para 14, 15 and 16 above, Noticee 1, being the Company, and Noticees 2 to 9, being the signatories to the RHP/Prospectus, have violated the provisions of section 12A (a), (b) and (c) of the SEBI Act and the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(f), (k) and (r) of PFUTP Regulations.*

19. *The Company had disclosed the objects of the IPO and the proposed utilisation of the IPO proceeds towards the object in the RHP dated December 20,2010 and Prospectus dated January 14,2011 as following:*

Table 6: Proposed Objects and funds earmarked for them as per RHP

Sr. no.	***Objects of the IPO***	***To be utilized as per RHP/ Prospectus (Rs.***
1	*Entering into screening agreement with 300 cinema theatres*	*15.00*
2	*Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for select 100 screens*	*25.95*
3	*Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business*	*12.00*
4	*To meet general Corporate Expenses*	*3.799*
5	*Meeting the IPO expenses*	*3.251*
	Total	***60.00***

SEBI further investigated the use of IPO proceeds of the Company in terms of stated objectives listed in the above table.

20. *Out of Rs. 60 Crore raised from the IPO, the Company received Rs. 57 Crore after deduction of merchant banker fees of Rs. 3 Crore in the following bank accounts:*

Table 7: Account Details of MVEL along with receipt of funds therein

Bank Name	***Date of Receipt***	***Bank Account No***	***Amount (in Rs. cr)***
Indusind Bank	*January 25, 2011*	*0007W11639050*	*28*
Bank of Maharastra	*January 25, 2011*	*60061922245*	*18*
Lakshmi Vilas Bank	*January 25, 2011*	*0431351000002482*	*5*
Axis bank	*January 25, 2011*	*910020047813917*	*5*
	January 27, 2011	*910020047813917*	***1***
Total			***57***

Therefore, SEBI conducted investigation in the movement of the said Rs. 57 Crore in respect of the objects mentioned in the RHP/Prospectus for raising of funds through IPO.

21. The Company has stated entering into screening agreement with 300 cinema theatres as one of the primary objective of the IPO and had earmarked 15 Crore out of the IPO proceeds for this objective in its RHP/Prospectus. From the examination of RHP/Prospectus, it is observed that the company has stated its intention to add 300 screens located in B & C Class towns/cities by June 2011 with the IPO proceeds on Page No. 61 and Para 9 on Page 14 (under section- Internal Risk Factors) of the Prospectus. Upon enquiring about the said fund utilization, the Company, vide its letter received by SEBI on November 26, 2012 (Annexure 7 to the SCN)has mentioned that as on the date of the letter, it had no films being exhibited on screens and has de-hired the Theatres and had paid Rs. 17,50,000 out of IPO proceeds to the existing theatres. Therefore, it is alleged that the Company, as per its own admission, has not utilized the money received towards the object of entering into screening agreement with 300 cinema theatres as mentioned in the RHP/Prospectus.

22. The Company has also mentioned renovation and up-gradation of cinema infrastructure with Digital Equipment and other related assets for select 100 screens as second objective of IPO on page 61 and 62 in its prospectus and has earmarked a sum of Rs. 25.95 Crore for this purpose. In this regard, the Company has also provided the details of 3 suppliers namely Real Image Media Technologies Private Limited, GM Audio Techniques and Voltas for the purpose of purchasing equipments.

23. However, it is observed from the bank account statements of the Company that that no money were transferred to the abovementioned suppliers. Instead of that, the Company is seen to have transferred an amount of Rs. 28 Crore on January 25,2011 to Aman Tie-up Private Limited (hereinafter referred to as 'Aman Tie-up'). Based on Bank Statements of the Company for Account No. 007W11639050 maintained with IndusInd Bank, it is observed that the following transactions had taken place between Aman Tie-up and the Company before and after IPO:

Table 8: Transactions between Aman Tie-up and the Company

Before IPO				
Sr. No.	Date	Funds from	Funds to	Amount (In Rs.)
1	28/12/2010	Aman Tie-Up Pvt. Ltd.	MVEL	9,00,00,000
2	29/12/2010	Aman Tie-Up Pvt. Ltd.	MVEL	14,85,00,000
3	31/12/2010	Aman Tie-Up Pvt. Ltd.	MVEL	2,15,00,000
4	03/01/2011	Aman Tie-Up Pvt. Ltd.	MVEL	60,00,000
5	07/01/2011	Aman Tie-Up Pvt. Ltd.	MVEL	1,50,00,000

Total		*Aman Tie-Up Pvt. Ltd.*	*MVEL*	*28.10,00,000*
After IPO				
6	*25/01/2011*	*IPO Proceeds*	*MVEL*	*28,00,00,000*
7	*25/01/2011*	*MVEL*	*Aman Tie-Up Pvt. Ltd.*	*28,00,00,000*

24. *It is also observed that the Company transferred funds received from Aman Tie-up immediately to a certain A. R. Enterprises in its Induslnd Bank Account No: 0052F20773050 which were again transferred to Aman Tie-up. In this regard, the following fund transactions had taken place between MVEL, Aman Tie-up and A.R. Enterprises:*

Table 9: Details of fund transactions among A R Enterprises, Aman Tie-up and the Company

Sr. No.	***Date***	***Funds from***	***Funds to***	***Amount (In Rs.)***
1	*28/12/2010*	*MVEL*	*A.R. Enterprises*	*9,00,00,000*
2	*28/12/2010*	*A.R. Enterprises*	*Aman Tie-Up Pvt. Ltd.*	*9,00,00,000*
	29/12/2010	*MVEL*	*A.R. Enterprises*	*14,70,00,000*
4	*29/12/2010*	*A.R. Enterprises*	*Aman Tie-Up Pvt. Ltd.*	*14,70,00,000*
5	*31/12/2010*	*MVEL*	*A.R. Enterprises*	*2,15,00,000*
6	*31/12/2010*	*Aman Tie-Up Pvt. Ltd.*	*A.R. Enterprises*	*2,15,00,000*

In all out of the Rs. 28.1 crore that MVEL received from Aman Tie-Up Pvt. Ltd., Rs 25.85 crore were transferred back to Aman Tie-Up Pvt. Ltd. through A. R. Enterprises before the IPO itself.

25. *Upon enquiry regarding transfer of Rs. 28 Crore out of IPO proceeds to Aman Tie-up, the Company has submitted that it had placed an order to Aman Tie-up for Digital Cinema Projectors. In support of its submission, the Company also provided a copy of the invoice no. 001/A12012-13 dated April 16, 2012 for an amount of Rs. 22 Crore. However, it is observed that the said Rs. 28 Crore, transferred by MVEL to Aman- Tie up, were more than the invoice amount by Rs. 6 Crore and the said transfer of funds had taken place on January 25, 2011 i.e. 15 months in advance of the invoice date.*

26. *It is observed that, in its reply dated January 25, 2016 ,MVEL has stated that the additional amount of Rs. 6 Crore was paid for "additional projector of 2K projectors". However, the Company failed to submit any detail supported by any documentary evidence in this regard. At the same time, it is noted that the invoice submitted by MVEL described the product being purchased as "DCI 2K digital Cinema Projector" thereby indicating that the projectors for which Rs. 22 Crore were paid by MVEL to Noticee 10 were already 2K projectors. It is further*

observed that no information has been received by SEBI from MVEL regarding actual receipt of the said projectors from Noticee 10.

27. *At the same time, SEBI observed that the last available balance sheet of Noticee 10 is dated March 31, 2009 and it shows that the total assets of Noticee 10 were about Rs. 1 lakh which also includes loss of Rs. 35,362 (Annexure 9 to the SCN). Further, it is also observed from 'Balance sheet abstract and company's general business profile', as submitted by Noticee 10 to MCA for year ended March 31, 2009, stated "Construction Activity" as one of the three principle products/ services of the Company.*

28. *Further, it is observed from the prospectus of the Company that the name of Noticee 10 doesn't find any mention in the list of vendors for purchase of cinema projectors. The Company also failed to provide any documentary evidence in terms of quotation or previous experience of Aman Tie Up for this purpose.*

29. *It is further observed that Aman Tie Up is alleged to be connected with the merchant banker to the IPO, AFSL on the basis of fund transfer of Rs. 7.10 lakh dated January 21, 2011 from Noticee 10 to AFSL which is a date just prior to listing of shares of MVEL.*

30. *It is also noted that Aman Tie-up is a small loss making company in West Bengal and it is involved in a business activity unrelated to cinema projectors in an area far away from the area of operations of MVEL. Despite all this, the Company transferred Rs. 28 Crore out of the IPO proceeds to Aman Tie-up 15 months in advance without verifying its credentials.*

31. *In view of all this, SEBI conducted further analysis of funds received by Aman Tie-up from the Company. It is observed from the bank statement of Aman Tie-up that the following transactions had taken place in its accounts which allegedly includes funds raised by the Company by way of IPO:*

    - *As mentioned above, the Company transferred an amount of Rs. 28 Crore to Aman Tie-up by way of transaction dated January 25, 2011. At the same time, Aman Tie-up also received Rs. 1.7 Crore from Regent Finance Corporation Limited (hereinafter referred to as "Regent Finance').whereas balance in the bank account of Aman Tie up prior to receipt of the said funds was only Rs. 23,952.15.*

    - *From the said funds, Aman Tie-up transferred a sum of Rs. 21.7 Crore to Deesha Tie Up Pvt. Ltd. by way of a number of transactions during the period of January 25 to February 04, 2011.Aman Tie-up also transferred Rs. 4Crore each to Regent Finance and Mercury Fund Management Company*

Pvt. Ltd. (hereinafter referred to as "'Mercury Fund Management') by way of separate transactions dated January 25, 2011.

- *Deesha Tie up then transferred a sum of Rs. 20 Crores to Dharmanath Shares and Services Pvt. Ltd by way of the following transactions:*
    - *Rs 3 Crore on January 28, 2011;*
    - *Rs 2 Crore on January 31, 2011;*
    - *Rs 3 Crore on February 02, 2011;*
    - *Rs 5 Crore on February 03, 2011;*
    - *Rs 2 Crore on February 07, 2011;*
    - *Rs 2 Crore on February 09, 2011;*
    - *Rs 3 Crore on February 11, 2011.*
- *Noticee 14 then transferred a sum of Rs. 27.3 Crore to Subodhsagar Shares and Services Pvt. Ltd. by way of the following transactions:*
    - *Rs. 6.5 Crore on February 01, 2011;*
    - *Rs. 2 Crore on February 02, 2011;*
    - *Rs. 2.75 Crore on February 03, 2011;*
    - *Rs. 4.05 Crore February 04, 2011;*
    - *Rs. 1 Crore on February 07, 2011;*
    - *Rs. 1 Crore on February 08, 2011;*
    - *Rs. 2.5 Crore on February 09, 2011;*
    - *Rs. 2.5 Crore on February 10, 2011;*
    - *Rs. 2.75 Crore on February 11, 2011;*
    - *Rs. 2.25 Crore on February 12, 2011.*
- *Noticee 15 transferred a sum of Rs. 30.77 Crore to Sardhav Investment & Finance Pvt. Ltd. by way of the following transactions :*
    - *Rs. 3Crore on January 31, 2011;*
    - *Rs. 4.05Crore on February 01, 2011;*
    - *Rs. 2.50Crore on February 03, 2011;*
    - *Rs. 6.50Crore February 04, 2011;*
    - *Rs. 0.60Croreon February 07, 2011;*
    - *Rs.1.35Crore on February 08, 2011;*
    - *Rs. 1Crore on February 09, 2011;*
    - *Rs. 4.57Crore on February 10, 2011;*
    - *Rs. 2.50Crore on February 12, 2011;*
    - *Rs. 2.20Crore on February 14, 2011*
- *Noticee 16 finally transferred a sum of Rs. 31.06 Crore to 14 entities who have traded in the scrip of MVEL.The 14 entities who received money are as under:*

Table 10: Details of fund transfer to 14 entities from Sardhav

S. No.	*Name of the Entity*	*Amount received (in Crores)*
1	*Bharat Babubhai Trivedi*	*1.0*
2	*BMD Exports Private Limited*	*1.48*
3	*Buddhisagar Shares And Services Pvt. Ltd.*	*1.53*
4	*Ghantakarna Shares And Services Pvt. Ltd.*	*1.91*
5	*Kiranbhai Popatbhai Alodariya*	*2.7*
6	*Poojan Tradecom Pvt. Ltd.*	*2.32*
7	*Prakashbhai Ishwarbhai Rana*	*0.76*
8	*Ratnasuri Shares and Services Pvt. Ltd.*	*3.40*
9	*Real Marketing Pvt. Ltd.*	*7.15*
10	*Sonal Shares Investment & Company Ltd*	*1.45*
11	*HEM Stocks and Shares Services Pvt. Ltd.*	*2.73*
12	*Sumtinath Shares and Services Pvt. Ltd.*	*0.73*
13	*Suparshvanath Stock And Service*	*1.3*
14	*Tirthankar Shares and Service Pvt Ltd.*	*2.60*

32. *In view of the above, it is alleged that the funds raised in the IPO for the object "Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for select 100 screens" have been siphoned off by the Company.*

33. *During the course of investigation, the Investigating Authority ('IA') of SEBI issued summons dated January 19, 2016 to Shri Subrata Dasgupta and Deba Prasad Biswas,Directors of Aman Tie-up, advising them to appear in person before the IA on February 02, 2016. However, it is observed that both the Noticees failed to appear before the IA on the given date. In view of this, one more summons dated February 04, 2016 was issued advising them to appear on February 18, 2016 before IA. Subsequent to issuance of this summon, SEBI received a letter dated January 30, 2016 from Aman Tie Up on February 05, 2016 requesting to schedule the personal appearance in Kolkata. In view of this, vide email dated February 05, 2016, they were provided with an opportunity to appear at SEBI Eastern Regional Office at Kolkata on February 17, 2016 and advised them to confirm the same. However, they failed to submit any confirmation in this regard. On the other hand, vide its letter dated February 16, 2016, Aman Tie-up requested SEBI to grant it 3 weeks' time to submit the required information. However, no information has been received by SEBI*

either from Aman Tie-up in this regard. Thereafter, one more summon was issued to Noticees on February 23, 2016 them to appear personally before the IA on March 04, 2016. However, Aman Tie-up, vide its letter dated March 02, 2016 again requested for another date for appearance in Kolkata.

34. *At the same time, SEBI also issued summon dated January 19, 2016 to Shri Ravi Prakash Pincha, authorised signatory in the bank account of Aman Tie-up at Indusind Bank, to appear in person before the IA on February 02, 2016. However, Shri Ravi Prakash Pincha failed to appear before the IA on the scheduled date. Therefore, as he did not appear in person before the IA, a second summon dated February 04, 2016 was issued to Shri Ravi Prakash Pincha to appear in person before the IA. Vide letter dated February 16, 2016 received by SEBI on February 22, 2016, Shri Ravi Prakash Pincha submitted that he was neither a director of the Aman Tie-up nor looking after the day to day operations of Aman Tie-up. In light of failure of Shri Ravi Prakash Pincha to appear in person before the IA, a third summon dated February 23, 2016 was also issued to Shri Ravi Prakash Pincha to appear in person before the IA. Shri Ravi Prakash Pincha again vide letter dated March 2, 2016 merely reiterated his earlier submissions and did not appear in person before the IA on the scheduled date and time.*

35. *In view of the above, it is alleged that, by their failure to appear in person before the IA despite having received the summons three times, and Shri Ravi Prakash Pincha have hampered the investigation by deliberately withholding information crucial to the investigation.*

36. *It is also observed that the Company had also disclosed on pages 62 and 63 of its prospectus acquisitions of company, acquisition of screening rights from companies having similar line, range and objects of business as another objective for the IPO and had earmarked Rs. 12 Crore of IPO proceeds for the said objective.*

37. *In this regard, MVEL, vide its letter dated November 23, 2013 submitted that it acquired screening rights of 51 films for a period of five years from EIL for a consideration of Rs. 32 Crore vide an agreement dated January 27, 2011. The Company also submitted that it has paid Rs. 20.64 crore out of the said consideration as on November 23, 2013. In support of its submission, MVEL furnished a copy of an agreement dated January 27, 2011 with EIL as per which it has agreed to purchase screening rights of 51 movies from EIL for a total consideration of Rs. 32 Crore, out of which the Company has agreed to pay Rs. 18 Crore in advance. However, SEBI observed from the basis of examination of bank account statement of MVEL that it had paid a total of Rs.*

19 Crore to EIL through transactions dated January 25, 27 and February 09, 2011.

38. *MVEL, vide its reply dated July 16, 2013 submitted that the said amount was paid to EIL as advance for acquisition of screening rights and that it relied upon 'internal discussion by the Board of Directors' for valuation of the screening rights of the movies.*

39. *In this regard, it is noted that while the date of agreement between MVEL and EIL was January 27, 2011, MVEL had transferred Rs. 17.5 Crore to EIL two days before the said date of agreement i.e. on January 25, 2011 itself. Further, MVEL had transferred a total of Rs. 19 Crore to EIL by February 09, 2011 in place of the agreed advance amount of Rs. 18 Crore.*

40. *Thereafter, in its reply dated February 19, 2015 ,(MVEL stated that it has withheld the payment of remaining Rs. 13 Crore (Rs. 32 Crore- Rs. 19 Crore) to EIL for the said transaction because all the 51 movies, whose screening rights were agreed to be acquired by it, are under process of completion and therefore, could not be screened and therefore, no revenue could be recognized.*

41. *On analysis of the list of movies submitted by the Company whose screening rights were agreed to be acquired by it vide agreement dated January 27, 2011 with EIL, it is observed that most of the movies were very old and have already been released more than 25-30 years ago. An internet search of first 5 movies in the list provided by MVEL shows the following:*

Table 11: List of some of the movies and their release dates

S no	***Name of Movie***	***Release date***
1	*Manal Kairo*	*May 7, 1982*
2	*Agni Satchi*	*November 14, 1982*
3	*Poikkal Kuthirai*	*September 2, 1983*
4	*Anney Anney*	*1983*
5	*Poo Vilangu*	*March 23, 1984*

Therefore, it is alleged that the rationale provided by MVEL that the movies are under process of completion is false. At the same time, it is alleged that the valuation of the movies was also not fair and transparent.

42. *In respect of the said agreement dated January 27, 2011 and the said transaction of MVEL with EIL, the following were observed:*

- *No disclosure was made by the Company in its Prospectus regarding arrangement and acquisition of screening rights of the films from EIL.*
- *Noticee 6, who is a director of MVEL, is also the sole promoter of EIL. Therefore, it is alleged the EIL is a company related to MVEL.*
- *EIL is also alleged to be a company related to the merchant banker to the IPO, AFSL through common directors and through Mahshri Enterprises Pvt. Ltd., a company where one of the common directors of EIL and AFSL, Mr. Shreyas Shrenik Shah and his family hold 100% shares).*
- *EIL is a listed company, and based on quarterly results of December 2010, it was observed that EIL had suffered a loss of Rs. 0.04 Crore with net sales of mere Rs 1.04 crore.*
- *the letter sent to the registered office address of EIL at "2A, 2nd Floor, Taas Mahal No. 10, Montieth Road, Egmore, Chennai, Tamil Nadu ,600008" had returned undelivered. Further, upon inquiry with BSE, it is observed that EIL has corresponded with BSE through its compliance officer, Mr. Vijaykumar S.K., from its corporate office addressed at "No. 1 Wallers Lane, 1st Floor, Room No 3, Mataji Complex, Near India Silk House Mount Road, Chennai-600003". Thereafter, SEBI officials visited the said address and observed that there was only one employee present in the premises, i.e. Mr. Vijaykumar S.K., who is the compliance officer as per BSE. However, it is observed that Mr. Vijaykumar S.K., in his submissions to SEBI, has stated that he is the only employee of EIL and that EIL has no operations at any location. Mr. Vijaykumar S K also submitted that he was not the compliance officer of EIL.*
- *MVEL didn't provide any evidence in any of its replies to SEBI to show previous experience of EIL in screening cinema. MVEL has also failed to show any contract earlier executed by EIL or even any quotation submitted by EIL to MVEL in this regard.*

43. *It is alleged that the funds out of the IPO proceeds provided by MVEL to EIL were eventually transferred to entities related to the merchant banker to the IPO, AFSL and, thereby, indirectly related to EIL as EIL and AFSL are alleged to be connected entities in terms of connections mentioned above.*
44. *In view of all the above observations regarding EIL, SEBI conducted further analysis of funds received by EIL from the Company. It is observed from the bank statement of EIL that the following transactions had taken place in its accounts which allegedly includes funds raised by the Company by way of IPO:*

- *As mentioned above, EIL received a sum of Rs. 19 Crore out of the IPO proceeds from three accounts of MVEL.*
- *Out of the said funds, EIL transferred a sum of Rs. 18.37 Crore to Mercury Fund Management Co. Ltd. by way of the following transactions:*
  - ➢ *Rs. 17.5 Crore by way of transaction dated January 27, 2011*
  - ➢ *Rs. 0.5 Crore by way of transaction dated January 01, 2011 and*
  - ➢ *Rs. 0.37 Crore by way of transaction dated January 11, 2011*
- *Out of the Rs. 18.37 crore received from EIL, Mercury Fund transferred funds to the following entities:*
  - ➢ *Rs. 13 Crore to Regent Finance by way of transactions dated January 27 and 31, 2011*
  - ➢ *Rs. 4 Crore to Edserve Soft Systems Ltd. on January 25, 2011 and*
  - ➢ *Remaining amount to an Individual, Shri Acharya Mahapragya on February 11, 2011.*
- *Out of the funds of Rs. 13 Crore received from Mercury Fund ,Regent Finance further transferred funds to the following entities:*
  - ➢ *A total of Rs. 11.20 Crore to India Securities Broking Private Limited (Broker) on January 25& 27, 2011;*
  - ➢ *Rs. 2.76 Crore to JM Financial (Broker) on January 28& 29, 2011 and*
  - ➢ *Rs. 3 Crore to Pyramid Sales Pvt. Ltd. on January 31, 2011, which has traded in the scrip of MVEL during the investigation period.*

45. *In view of all the observations and allegations above, it is alleged that EIL is a defunct company and it lacked the capabilities to handle a project involving such large amount. Therefore, the fund transfer of MVEL to EIL, raised in the IPO for the object "Acquisition of company, acquisition of screening rights from companies having similar line, range and objects of business" have been siphoned off by MVEL with the help of EIL.*

46. *Further, MVEL, at page 63 of the prospectus dated December 20, 2010, had earmarked Rs. 3.799 Crore out of IPO proceeds for General corporate expenses inter-alia mentioning production of movies.*

47. *In this regard, it is noted from the bank account statements of MVEL that it had transferred an amount of Rs 2.7030 Crore to an entity Aswin Logistic Ventures by way of transactions dated January 25, 27 and February 01, 2011. As per the submissions of MVEL vide its letter dated July 16, 2013 the said payment was for "Contents Advance".*

48. *It is also observed that MVEL transferred Rs 0.560Crore to Omni Ax's Software Ltd. vide transaction dated February 21, 2011 stating it as payment to vendor.*

The said funds were immediately transferred by Regent to Mercury Fund. Thus, Mercury fund received a total of Rs. 3.263 Crore (Rs. 2.703 crore + Rs. 0.560 crore) out of the IPO proceeds of MVEL.

49. *Vide its reply dated July 16, 2013 , MVEL submitted that Regent and Mercury were related to it as vendors. However, as in the case with Aman Tie-up and EIL, neither any documentary evidence of such relation has been provided by MVEL in terms of quotation or previous experience of Regent and Mercury for this purpose nor were these entities disclosed as vendors of MVEL in the RHP/Prospectus for the IPO.*

50. *It is further alleged that Omni Ax's an entity related to the merchant banker to the IPO, AFSL, through common director Shreyas Shrenik Shah.*

51. *In view of all the above observations regarding Regent and Mercury, SEBI conducted further analysis of funds received by them from the Company. It is observed that the following transactions had taken place in the accounts of Ashwin and Omni Ax's which allegedly includes funds raised by the Company by way of IPO:*

    - *It is observed that a sum of Rs. 2.70 crore was received by the Company to Noticee 20 by way of transactions dated January 25 & February 01, 2011 and a sum of Rs. 0.56 crore was received by Omni ax's from the Company by Noticee 21 on February 21, 2011 which Noticee 21, in-turn, immediately transferred to Noticee 18. Thus, Noticee 18 received total of Rs. 3.26 crore.*
    - *From the bank account statement of Noticee 18, it is observed that Noticee 18 has drawn Demand Drafts (DD Nos. 60652 for an amount of Rs. 1.5 Crore dated January 25, 2011 and DD Nos. 60676, 60677, 60678, 60679, 60680 for an amount of Rs. 9 Lac each and DD No. 60681 for an amount of Rs. 5 Lac dated February 01, 2011 in favour of Indiabulls Housing Finance Limited, to repay the outstanding amount relating to loan of M/s Saimira Holdings And Services Private Limited.*
    - *Further, six Demand Drafts (5 for an amount of Rs. 9 Lac each and 1 for an amount of Rs. 5.78 Lac - total of Rs. 50.78 Lac) were drawn in favour of Hiranandani Palace Gardens Pvt. Ltd towards sale consideration of Flat purchased by Mrs. Uma Swaminathan & Mr. Saminathan in Chennai.*

52. *In view of the above, it is alleged that the explanation given by MVEL for the transfer of Rs. 3.263 crore to Noticees 20 and 21 is fabricated and the funds raised in the IPO for the object "General Corporate Expenses" have been siphoned off by the Company with the help of Noticees 20 and 21.*

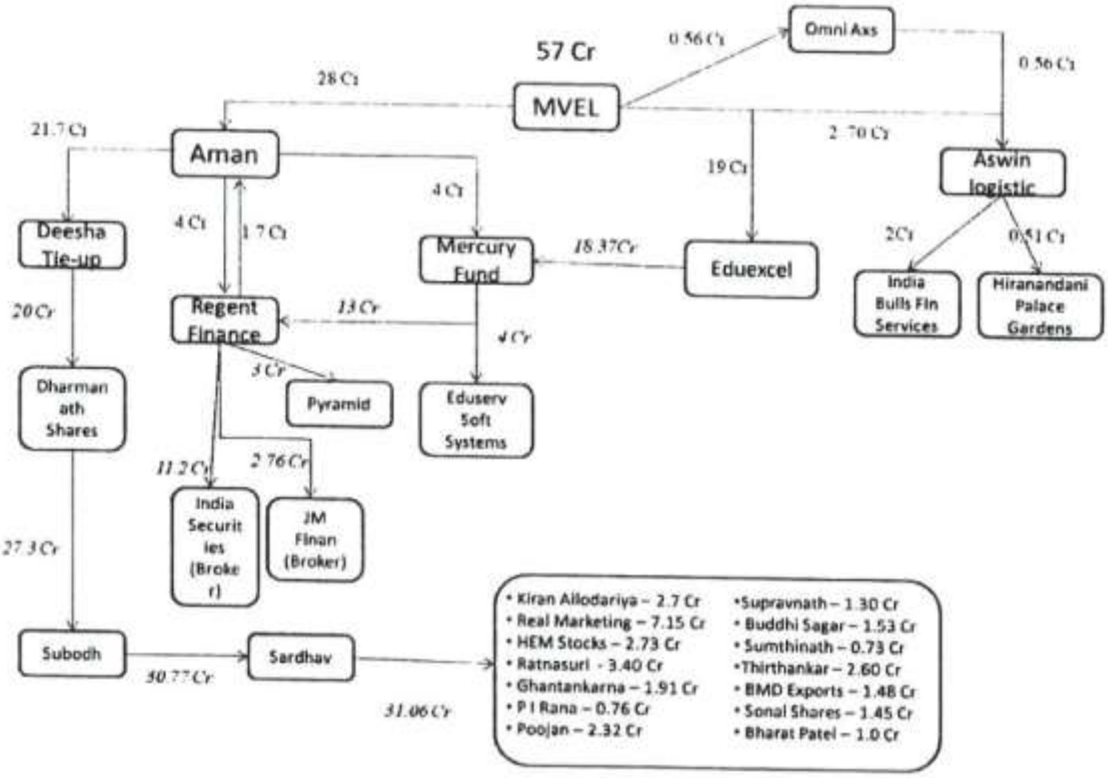
53. *Therefore, to sum up the allegation of siphoning off the funds raised by way of IPO of the Company, it is observed from the Bank accounts of the*

Company(Annexure 16 to the SCN), that the following major payments were made to the following entities which allegedly involved IPO funds:

Table 12: List of major payments made by the Company out of IPO Proceeds

Date of transaction	***Entity***	***Amount (Rs. in cr)***	***Source Account No. (MVEL)***	***Reasons for payments as stated by MVEL***
25-01-2011	*Aman Tie-up Private Limited*	*28*	*Indusind Bank (A/c no. 007W11639050)*	*Purchase of DCI 2K digital Cinema Projector BARCO DP 2K - 20 Cine Lens*
\2£-01-2011	*Eduexel Infotainment Limited*	***17.5***	*Bank of Maharashtra (A/c no. 60061922245)*	*Acquiring Screening rights*
27-01/2011		*0.5*	*Lakshmi Vilas Bank account (A/c No.*	
09-02-2011		*1*	*Axis Bank (A/c No.*	
25-01-2011	*Aswin Logistic Ventures*	*2*	*Lakshmi Vilas Bank account (A/c No.*	*Contents Advance*
27-01-2011		*0.003*		
01-02-2011		*0.70*		
21-02-2011	*Omni Ax's Software Limited (‘Noticee 21’)*	*0.56*	*Axis Bank (A/c No. 910020047813917)*	*Vendor*
Total		***50.263***		

54. *Considering the high amount paid to Noticees 16, 17 and 18, any prudent company would have ensured that before transferring funds to the said entities, a thorough background check of these entities including was conducted to examine their financial strength/capability to handle such projects involving such large amounts. It is alleged that MVEL has failed to provide any evidence that it has done any such kind of background check. Therefore, it is alleged that all these financial transactions mentioned in previous paragraphs, stated by MVEL as being advances for the purpose of fulfilling IPO objects, were fraudulent transactions. It is further alleged that the said amount advanced to Noticees 10, 19, 20 and 21 was not utilised for the objects of the IPO and siphoned off to various entities, as mentioned in previous paragraphs, in the following manner:*



55. *In view of the allegations and observations above regarding the IPO proceeds utilization, a table on the actual utilisation of IPO proceeds by MVEL vis-a-vis the proposed utilization as mentioned in the RHP/Prospectus is as under:*

Table 13: Actual Utilization of IPO proceeds as per SEBI Investigation

Sr. no.	*Objects of the IPO*	*To be utilized as per RHP/Prospectus (Rs. in cr)*	*Utilization as per MVEL's letter dated December 05, 2012 (Rs. in cr)*	*Utilization as per Investigation (Rs. in cr)*
1	*Entering into screening agreement with 300 cinema theatres*	*15.00*	*2.37*	*NIL*
2	*Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for select 100 screens*	*25.95*	*26.68*	*NIL*
3	*Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business*	*12.00*	*20.64*	*NIL*
4	*To meet general Corporate Expenses*	*3.799*	*3.61*	*-*
5	*Meeting the IPO expenses*	*3.251*	*2.86*	*3**
	Total	***60.00***	***56.16***	***3***

**Payment of fees to Merchant Banker.*

56. *In view of the above table, it is alleged that a sum of Rs 50.263 Crore out of the Rs 60 Crore received by MVEL in the IPO was not utilised for the objects*

mentioned in RHP/Prospectus of the IPO and were siphoned off by MVEL with the help of its related entities. Therefore, it is alleged that MVEL has played fraud on IPO subscribers who trusted MVEL and its Board of Directors with their money to be properly utilized as per IPO objects.

57. *To investigate the status of the Company, SEBI conducted site visit of the registered office address of MVEL situated at "9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai – 600034" on January 21, 2016. On the said site visit, it was observed that MVEL's premises were locked with no boards or signage to indicate the Company's presence at the said premises. In view of this, it is alleged that MVEL is not an operational company and the funds raised in the IPO have been siphoned off to entities in the manner provided above.*

58. *In view of the observations above, it is alleged that MVEL and its directors/ signatories to RHP/Prospectus, by fraudulently transferring out the funds of IPO proceeds and providing false/misleading information to investors in RHP/Prospectus, have violated the provisions of Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations read with Sections12A(a), (b) and (c) of SEBI Act.*

59. *It is also alleged that the entities which received the IPO proceeds from MVEL and the entities which in turn received the proceeds from these entities and then acted as conduit for transfer of the money to other entities have aided and abetted in the siphoning off of proceeds of IPO by MVEL. In view of this, it is alleged that Noticee 10 and Noticees 13 to 21have aided and abetted the Company in the siphoning off of proceeds of IPO and have therefore violated the provisions of Regulations 3(a), (b), (c), (d) and 4(1)of PFUTP Regulations read with Section 12A(a), (b) and (c) of the SEBI Act.*

60. *Further, it is observed from the various bank statements analysed above that Noticees 19 to 32 have received funds from various entities which are alleged to be part of funds raised by way of IPO of MVEL. The said Noticees 19 to 32 have observed to have traded in the scrip of MVEL during the investigation period.*

61. *From the analysis of trading in the scrip of MVEL, it is observed that out of 14 entities, which have suffered losses for more than Rs. 5 lakh due to their trading, 2 of the said entities were Bharat Babubhai Trivedi and Sonal Shares Investment & Company Ltd. which had suffered a loss of Rs. 58,26,507 and Rs. 20,37,983 respectively. It is alleged that Noticees 19 and 28 have received funds from the IPO proceeds of MVEL subsequent to the listing day.*

62. *In addition to the 2 Noticees mentioned above, there were 13 other entities viz. Noticees 23 to 30 and Noticees 32 to 36 who were not among the loss-making clients on the listing day but have traded in the scrip of MVEL during subsequent investigation period.*

63. *SEBI conducted investigation in trading by Noticees 19 to 32 during subsequent investigation period i.e. from January 28, 2011 to February 28, 2011 and the following was noted in respect of their net obligation due to the trading in the scrip of MVEL and alleged amount paid out of IPO proceeds of MVEL to them:*

Table 14: Details of net obligations of Noticees 19 to 32 against their trades in the scrip of MVEL and the amount received by them from IPO proceeds

Noticee No.	Name of entity	Net Obligation in MVEL	Amount from MVEL(in Rs. cr)	Noticee No.	Name of entity	Net Obligation in MVEL	Amount from MVEL(in Rs. cr)
22	Bharat Babubhai Trivedi	-0.43	1.0	23	BMD Exports Private Limited	-1.16	1.48
24	Buddhisagar Shares And Services Pvt Ltd	-2.83	1.53	25	Ghantakarna Shares And Services Pvt Ltd	-1.92	1.91
26	Kiranbhai Popatbhai Alodariya	-2.73	2.7	27	Poojan Tradecom Pvt Ltd	-3.36	2.32
28	PrakashbhaiIshwarbhaiRana	-1.44	0.76	29	Ratnasuri Shares and Services Pvt Ltd	-4.50	3.40
30	Real Marketing Pvt Ltd	-5.31	7.15	31	Sonal Shares Investment & Company Ltd	-0.98	1.45
32	HEM Stocks And Shares Services Pvt Ltd	-2.21	2.73	33	Sumtinath Shares And Services Pvt Ltd	-1.20	0.73
34	Suparshvanath Stock And Service	-1.10	1.3	35	Tirthankar Shares and Service Pvt Ltd	-5.51	2.60
36	Pyramid Sales Pvt. Ltd.	-1.51	3				

Based on the above, it is alleged that a minimum of Rs 24.7 Crore out of IPO proceeds of MVEL have been diverted to these 15 entities (14 entities + Pyramid Sales Pvt. Ltd.) for purchasing shares of MVEL.

64. *SEBI further conducted an analysis of the trading of Noticees 22-36 in the scrip of MVEL and observed the following:*

Table 15: Trade details of Noticees 22 to 36 in the scrip of MVEL

Buyer Name	Buy quantity from Allottees				Other than Allottees	Gross Buy	Gross Buy Value	Gross Sell	Gross Sell Value	Net Profit/Loss	Net Qty.	% ofDeliverable Quantity	% of deliverable to market deliverables
	NIIs (A)	QIBs (B)	Retail (C)	Total from Allottees A+B+C									
Bmd Exports Private Limited	0	0	6257	6257	268743	275000	16793750	60000	5151000	1486909	215000	78.18%	1.34%
Buddhisagar Shares And Services Private Limited	4787	134129	119064	257980	262065	520045	33601270.7	60045	5251518.75	1371877	460000	88.45%	2.86%

	Buy quantity from Allottees												
Buyer Name	NIIs (A)	QIBs (B)	Retail (C)	Total from Allottees A+B+C	Other than Allottees	Gross Buy	Gross Buy Value	Gross Sell	Gross Sell Value	Net Profit/Loss	Net Qty.	% ofDeliverable Quantity	% of deliverable to market deliverables
Ghantakama Shares And Services. Private Limited	0	0	3554	3554	216446	220000	19204342 8	0	0	0	220000	100.00%	1.37%
fäqänbKai Popafbhai Alodariya	0	0	89806	89806	338194	428000	27399153	0	0	0	428000	100.00%	2.66%
Poojan Tradecom Private Limited	0	0	154139	154139	306861	461000	33628155.6	0	0	0	461000	100 00%	2.87%
Prakashbhai Ishwarbhai Rana	0	117201	128395	245596	352135	597731	40407373.2	453460	25954775	-4699696	144271	24.14%	0.90%
Ratnasuri Shares And Services Private Limited	0	136887	1147	138034	543966	682000	450532586	0	0	0	682000	100.00%	4.24%
Real Marketing PvtLtd	0	60105	1523	61628	820872	882500	53135753	0	0	0	882500	100.00%	5.49%
Sonal Shares Investment & Company Ltd.	17313	124510	41904	183727	142896	326623	22352293 3	192623	12468770.8	-713296	134000	41.03%	0.83%
Hem Stocks And Shares Services Private Limited	0	0	1015	1015	370985	372000	22242660.9	0	0	0	372000	100.00%	2.31%
Sumtinath Shares And Services Pvt Ltd	0	89645	0	89645	110355	200000	12043721.3	0	0	0	200000	100.00%	1.24%
Suparshvanath Stock And Service	0	0	718	718	326156	326874	21325712.3	147037	10301725.95	708411	1304	0.40%	0.01%
Tirthankar Shares And Ser Pvt Ltd	0	12492	586	13078	911310	924388	56781452.8	25705	1737034.4	158079	898683	97.22%	5.59%
Bharat Babubhai Triivedi	71149	15617	51275	138041	938301	1076342	77037452.8	1075842	72689402.1	-4312265	500	0.05%	0.00%
Pyramid Sales Pvt. Ltd.	96293	0	102514	198807	51243	250050	18166939.5	49000	3058123.1	-501885	201050	80.40%	1.25%
Total	189542	690586	701897	1582025	5960528	7542553	499173290	2063712	136612350	-6501866	5300308	70.27%	32.96%

In this regard, the details of the trades of Noticees 22 to 36 in the scrip of MVEL and trade log are placed at Annexure 23 to the SCN.

65. *From the analysis of trades of Noticees 22-36 in the scrip of MVEL, as given in the above table, it is alleged that Noticees 22-36 were net buyers and, by their buy trades, Noticees 22-36 provided exit to the allottees in the IPO.*

66. *From the analysis of trades of Noticees 22-36 in the scrip of MVEL in the table above, it is observed that Noticees 22-36 had taken deliveries of a total 5300308 shares of MVEL, i.e. approximately 32.96% of the market deliverable.*

At the same time, it is also observed that the delivery percentage of Noticees 22-36 was 70.27% of their total buy volume against market average of 19.66% delivery percentage.

67. *It is therefore alleged that Noticees 22-36 had purchased shares of MVEL during the investigation period from entities, including from allottees, either with the help of funds transferred from MVEL through other entities or were compensated through fund transfers from MVEL through other entities subsequent to their buy trades. It is alleged that Noticees 22-36 were the artificial buyers of shares of MVEL and these Noticees distorted the market equilibrium of trading. It is therefore alleged that Noticees 22-36, by their trades had created a false appearance of demand of MVEL shares through their buying.*

68. *SEBI issued summons to Noticees 22-36 to examine the purpose behind fund transfers to them out of IPO proceeds of MVEL. Out of the said 15 entities, Noticee 36 submitted that it had received a sum of Rs. 3,65,23,000from Regent Finance as refund of Loan/Advance. However, Noticee 36 failed to provide any agreement for the said loan/advance with Regent Finance.*

69. *In the case of remaining 14 entities, various summonses dated May 03, 2016 and May 13, 2016 were issued seeking comments in respect of their relationship with each other, promoters of MVEL, merchant banker AFSL and various fund flow conduits. Noticees 22-35 were also advised to submit reasons for receipt of funds from Sardhav Investment and Finance Pvt. Ltd. ('Noticee 16') as well as their respective rationale for trading in the scrip of MVEL. However, summons could be delivered only to Noticees 23-35. Details of 13 entities viz. Noticees 23-35 and their respective replies were as below:*

    - *Real Marketing Pvt. Ltd. ('Noticee 30') submitted that as a trader it needed funds and therefore, it took funds from Noticee 16. No detail of association with other entities provided. No rationale for trading in the scrip of MVEL provided. If the funds were borrowed, no details of return of funds were provided. Therefore, it is alleged that Noticee 30 failed to provide information as sought in summons.*
    - *Sonal Shares Investment & Company Limited ('Noticee 31') submitted that as a trader it needed funds and therefore, it took funds from Noticee 16. It also submitted have taken funds from Sardhav. Noticee 24 also admitted taking funds from Deesha Tie-up Pvt. Ltd. ('Noticee 13') and repaid both on regular basis. However, Noticee 24 failed to provide any details of repayment of funds. Further, neither any detail of association with other entities nor any rationale for trading in the scrip of MVEL was*

submitted by Noticee 24.Therefore, it is alleged that Noticee 31 failed to provide information as sought in summons.

- *Prakashbhai Ishwarbhai Rana ('Noticee 28'), vide his letter dated May 26, 2016 sought 30 days' time to submit his reply. However, no information was submitted by him subsequently. Therefore, it is alleged that Noticee 28 has failed to provide information sought in summons.*
- *Buddhisagar Shares and Services Private Limited ('Noticee 24') submitted vague and un-related response. However, it didn't submit any reply on either on its association with entities mentioned in the summons or the rationale behind trading in the scrip of MVEL. Further, it didn't provide any details of repayment of funds received from Noticee 16.Therefore, it is alleged that Noticee 24 has failed to provide information as sought in summons.*
- *B M D Exports Private Limited ('Noticee 23') also submitted vague and un related response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from various entities and the funds were repaid on regular basis. However, it neither submitted any reply on details of association with entities nor submitted any rationale behind trading in the scrip of MVEL. Further, it also failed to provide any details of repayment of funds received from Noticee 16.Therefore, it is alleged that Noticee 23 has failed to provide information as sought in summons.*
- *Hem Stocks and Shares Services Private Limited ('Noticee 32') submitted that it has no relationship with any entity mentioned in the summons. It admitted borrowing funds from Noticee 16 to trade. However, neither any detail of repayment of funds nor any rationale for trading in the scrip of MVEL have been provided by Noticee 28. Therefore, it is alleged that Noticee 32 has failed to provide information as sought in summons.*
- *Tirthankar Shares and Services Pvt. Ltd. ('Noticee 35') also submitted vague and unrelated response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from Noticee 16 which were repaid on regular basis. However, it neither submitted any reply on details of association with entities nor submitted any rationale behind trading in the scrip of MVEL. Further, it also failed to provide any details of repayment of funds received from Noticee 16.Therefore, it is alleged that Noticee 35 has failed to provide information as sought in summons.*

- *Sumtinath Shares and Services Pvt. Ltd. (‘Noticee 33’) also submitted vague and unrelated response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from Noticee 16 which were repaid on regular basis. However, it neither submitted any reply on details of association with entities nor submitted any rationale behind trading in the scrip of MVEL. Further, it also failed to provide any details of repayment of funds received from Noticee 16. Therefore, it is alleged that Noticee 33 has failed to provide information as sought in summons.*
- *Ratnasuri Shares and Services Pvt. Ltd.(‘Noticee 29’) submitted vague and un-related response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from Noticee 16 which were repaid on regular basis. However, it didn’t submit any reply on either on its association with entities mentioned in the summons or the rationale behind trading in the scrip of MVEL. Further, it didn’t provide any details of repayment of funds received from Noticee 16.Therefore, it is alleged that Noticee 29 has failed to provide information as sought in summons.*
- *Ghantakarna Shares and Services Pvt. Ltd. (‘Noticee 25’) submitted vague and un-related response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from Noticee 16 which were repaid on regular basis. However, it didn’t submit any reply on either on its association with entities mentioned in the summons or the rationale behind trading in the scrip of MVEL. Further, it didn’t provide any details of repayment of funds received from Noticee 16. Therefore, it is alleged that Noticee 25 has failed to provide information as sought in summons.*
- *Suparshvanath Stock and Services Pvt. Ltd. (‘Noticee 34’) submitted vague and un-related response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from Noticee 16 which were repaid on regular basis. However, it didn’t submit any reply on either on its association with entities mentioned in the summons or the rationale behind trading in the scrip of MVEL. Further, it didn’t provide any details of repayment of funds received from Noticee 16. Therefore, it is alleged that Noticee 34 has failed to provide information as sought in summons.*
- *Kiranbhai Popatbhai Alodariya (‘Noticee 26’) submitted vague and un-related response to the effect that he needs funds regularly due to him being in the stock market business and therefore, he had taken funds*

from Noticee 16 which were repaid on regular basis. However, he didn't submit any reply on either on his association with entities mentioned in the summons or the rationale behind trading in the scrip of MVEL. Further, he didn't provide any details of repayment of funds received from Noticee 16. Therefore, it is alleged that Noticee 26 has failed to provide information as sought in summons.

- *Poojan Tradecom Private Limited ('Noticee 27') submitted vague and un-related response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from Noticee 16 which were repaid on regular basis. However, it didn't submit any reply on either on its association with entities mentioned in the summons or the rationale behind trading in the scrip of MVEL. Further, it didn't provide any details of repayment of funds received from Noticee 16. Therefore, it is alleged that Noticee 27 has failed to provide information as sought in summons.*

70. *In view of the above, it is alleged that Noticees 23 to 35 have failed to provide information as sought by SEBI vide summons dated May 3, 2016 and May 13, 2016, thereby violating the provisions of section 11C(2) and 11C(3) of SEBI Act. Therefore, it is alleged that, by their failure to provide information as sought, the nature of connection between MVEL and these entities could not be established thereby hampering the investigation. A copy of the summons alongwith proof of deliveries and replies of the entities is enclosed as Annexure 24 to the SCN.*

71. *In view of the observations and allegations above, it is alleged that MVEL and the entities who aided and abetted MVEL in siphoning off of IPO proceeds namely, Noticee 10 to 19, as well as the entities who eventually traded in the scrip of MVEL with the help of funds received from MVEL viz. Noticees 22 to 36 together acted in a fraudulent manner against the investors of MVEL. It is further alleged that these trades acted as a fraud on the investors by creating a misleading appearance of trading in the securities market and by supporting the demand (buy) and therefore the price of the scrip. In light of this, it is alleged that Noticee 10 and Noticee 13 to 19 have violated Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (d) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act. Further, Noticees 22 to 36 and Noticees 1 to 7 have alleged to have violated the provisions of regulations 3(a), (b), (c), (d), 4(1),4(2)(a), (d), and (e) of PFUTP Regulations r/w Section 12A (a), (b) and (c) of SEBI Act.*

72. *It is further noted that Clause 43(a) of the equity listing agreement states that a company shall on a quarterly basis furnish a statement indicating variations between projected utilization of funds made by it in its prospectus and the actual*

utilization of funds. Further, Clause 43A(1) of the equity listing agreement states that company shall provide a statement indicating material deviations, if any, in the use of proceeds of a public issue from the objects stated in the offer document.

73. *The utilization of IPO proceeds of the Company, as per the investigation of SEBI, has been given in the Table 13 above. At the same time, the statements of utilization of IPO proceeds, as submitted by the Company to BSE is placed at Annexure 25 to the SCN.*

74. *In view of this, it is alleged that the Company provided false statements to BSE and has violated the provisions of Clauses 43 and 43A(1) of the equity listing agreement.*

75. *In view of the above, it is alleged that Noticee 1 has violated the provisions of Clauses 43 and 43A(1) of the listing agreement. Further, Noticees 1 to 9 have violated the provisions of Section 12A(a), (b) and (c) of the SEBI Act r/w Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (d), (e), (f), (k) and (r) of PFUTP Regulations. Further, Noticees 10 to 19 have violated the Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (d) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of SEBI Act. Further, it is alleged that Noticees 20 ad 21 have violated the Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of SEBI Act. Further, Noticees 22 to 36 have alleged to have violated the provisions of regulations 3(a), (b), (c), (d), 4(1) ,4(2)(a), (d), and (e) of PFUTP Regulations r/w Section 12A (a), (b) and (c) of SEBI Act. Further Noticees 23 to 35 have alleged to have violated the provisions of Section 11C(2) and 11C(3) of the SEBI Act.*

5. I Note from the material available on record that the SCN was issued to 36 entities. However, the instant order deals with 32 entities, since four (4) entities namely, Aman Tie-up Private Limited (Noticee no. 10 as per SCN), Subodhsagar Shares & Services Pvt. Ltd. (Noticee no. 15 as per SCN), Sardhav Investment & Finance Limited (Noticee no. 16 as per SCN) and Supershvanath Stock & Service (Noticee no. 34 as per SCN) have been struck off from the list of companies by the Office of Registrar of Companies and also dissolved. As the entities were struck off, the same were dealt in separate orders. The details the entities as per the SCN vis-à-vis the instant order are as follows:

(i) Midvalley Entertainment Limited - Noticee 1 as per SCN (Noticee 1 in the instant order)

(ii) Datuk K Ketheeswaran - Noticee 2 as per SCN (Noticee 2 in the instant order)

(iii) R Chandrasegaran - Noticee 3 as per SCN (Noticee 3 in the instant order)

(iv) Sudhir Kumar Jena - Noticee 4 as per SCN (Noticee 4 in the instant order)

(v) K Murugavel - Noticee 5 as per SCN (Noticee 5 in the instant order)

(vi) Vasan Chidambaram - Noticee 6 as per SCN (Noticee 6 in the instant order)

(vii) K Ramdasan - Noticee 7 as per SCN (Noticee 7 in the instant order)

(viii) S Madhavan - Noticee 8 as per SCN (Noticee 8 in the instant order)

(ix) M Pandiyan - Noticee 9 as per SCN (Noticee 9 in the instant order)

(x) Aman Tie-Up Pvt. Ltd.- Noticee 10 as per SCN

(xi) Subrata Dasgupta - Noticee 11 as per SCN (Noticee 10 in the instant order)

(xii) Deba Prasad Biswas - Noticee 12 as per SCN (Noticee 11 in the instant order)

(xiii) Deesha Tie-Up Pvt. Ltd. - Noticee 13 as per SCN (Noticee 12 in the instant order)

(xiv) Dharmnath Shares and Services Pvt. Ltd.- Noticee 14 as per SCN (Noticee 13 in the instant order)

(xv) Subodhsagar Shares and Services Pvt. Ltd. - Noticee 15 as per SCN

(xvi) Sardhav Investment and Finance Pvt. Ltd.- Noticee 16 as per SCN

(xvii) Regent Finance Corporation P. Ltd.- Noticee 17 as per SCN (Noticee 14 in the instant order)

(xviii) Mercury Fund Management Co. P. Ltd.- Noticee 18 as per SCN (Noticee 15 in the instant order)

(xix) Eduexel Infotainment Ltd - Noticee 19 as per SCN (Noticee 16 in the instant order)

(xx) Aswin Logistic Ventures - Noticee 20 as per SCN (Noticee 17 in the instant order)

(xxi) Omni Ax's Software Ltd - Noticee 21 as per SCN (Noticee 18 in the instant order)

(xxii) Bharat Babubhai Trivedi - Noticee 22 as per SCN (Noticee 19 in the instant order)

(xxiii) BMD Exports Pvt. Ltd. - Noticee 23 as per SCN (Noticee 20 in the instant order)

(xxiv) Buddhisagar Shares and Services Pvt. Ltd. - Noticee 24 as per SCN (Noticee 21 in the instant order)

(xxv) Ghantakarna Shares and Services Pvt. Ltd. - Noticee 25 as per SCN (Noticee 22 in the instant order)

(xxvi) Kiranbhai Popatbhai Alodariya - Noticee 26 as per SCN (Noticee 23 in the instant order)

(xxvii) Poojan Tradecom Pvt. Ltd. - Noticee 27 as per SCN (Noticee 24 in the instant order)

(xxviii) Prakashbhai Ishwarbhai Rana - Noticee 28 as per SCN (Noticee 25 in the instant order)

(xxix) Ratnasuri Shares and Services Pvt. Ltd. - Noticee 29 as per SCN (Noticee 26 in the instant order)

(xxx) Real Marketing Pvt. Ltd. - Noticee 30 as per SCN (Noticee 27 in the instant order)

(xxxi) Sonal Shares Investment & Company Ltd. - Noticee 31 as per SCN (Noticee 28 in the instant order)

(xxxii) HEM Stocks and Shares Services Pvt. Ltd. - Noticee 32 as per SCN (Noticee 29 in the instant order)

(xxxiii) Sumtinath Shares and Services Pvt. Ltd. - Noticee 33 as per SCN (Noticee 30 in the instant order)

(xxxiv) Suparshvanath Stock and Services - Noticee 34 as per SCN

(xxxv) Tirthankar Shares and Service Pvt. Ltd. - Noticee 35 as per SCN (Noticee 31 in the instant order)

(xxxvi) Pyramid Sales Pvt. Ltd. - Noticee 36 as per SCN (Noticee 32 in the instant order)

In view of the above, with regard to the four (4) strike off companies, as the matter dealt separately, I will deal with other 32 entities in the instant order.

6. Show Cause Notice No. EAD-2/DSR/BKM/1787/1/2017 dated January 20, 2017 (hereinafter referred to as **'Original SCN'**) in the matter of M/s Midvalley Entertainment Ltd. was sent to the Noticees *vide* SPAD. However SCN was only delivered to Noticee Nos.1,2,3,4,5,6,7,8,9,10,14,15,17,18,25 and 32. Subsequently service of original SCN was made through Affixture at last known address of Noticees. *vide* hearing notice dated December 12, 2017, Noticees were granted an opportunity of hearing on January 04, 2018 by the erstwhile Adjudicating officer. Pursuant to appointment of undersigned, supplementary Show Cause Notice No. SEBI/HO/EAD-8/PM/SM/10043/28/2021 dated May 07, 2021 (hereinafter referred to as 'SCN') is issued in continuation of, and is clarificatory & supplementary to the original SCN. The supplementary Show Cause Notice has to be read in conjunction with the allegations/observations made in the original SCN.

7. I Note that the SCN was sent to the Noticees *vide* speed post at the registered address of the Noticees. *vide* Hearing notice dated May 10, 2019, an opportunity of hearing was granted by the undersigned on May 27, 2019. I note that none of Noticees have appeared for personal hearing on the scheduled date. As per the records, the SCNs and Hearing Notices were returned undelivered, except for Noticee nos. 10,12,13,14,15,19,20,22,23,24,25,26,27,28,30 and 31. Subsequently, in terms of rule 7(d) of the SEBI Adjudication Rules and SCRA Adjudication Rules, Newspaper publication of Notice was made for the unserved Noticees with the following details:

Noticee No.	**Name of the Noticee**	**Newspaper Publication**	**Date and time of personal hearing**
1	Midvalley Entertainment Limited	The Times Of India- Chennai edition and Navbharat Times- Chennai Edition and Dinamalar dated December 03, 2021	December 22, 2021 at 09:30 AM

Noticee No.	Name of the Noticee	Newspaper Publication	Date and time of personal hearing
2	Datuk K Ketheeswaran	-do-	December 22, 2021 at 10:00 AM
3	R Chandrasegaran	-do-	December 22, 2021 at 10:30 AM
4	Sudhir Kumar Jena	-do-	December 22, 2021 at 11:00 AM
5	K Murugavel	-do-	December 22, 2021 at 11:30 AM
6	Vasan Chidambaram	-do-	December 22, 2021 at 12:00 PM
7	K Ramdasan	-do-	December 22, 2021 at 12:30 PM
8	S Madhavan	-do-	December 22, 2021 at 03:30 PM
9	M Pandiyan	-do-	December 22, 2021 at 04:00 PM
16	Eduexel Infotainment Ltd.	-do-	December 23, 2021 at 09:30 AM
17	Aswin Logistic Ventures	-do-	December 23, 2021 at 10:00 AM
18	Omni Ax's Software Ltd.	-do-	December 23, 2021 at 10:30 AM
11	Deba Prasad Biswas	The Statesman-Kolkata edition, Sanmarg and Bartaman dated December 03, 2021	December 23, 2021 at 11:00 AM
14	Regent Finance Corporation Pvt. Ltd.	-do-	December 23, 2021 at 11:30 AM
32	Pyramid Sales Private Limited (Presently known as YMS Finance Private Limited)	-do-	December 23, 2021 at 12:00 PM

Noticee No.	Name of the Noticee	Newspaper Publication	Date and time of personal hearing
21	Budhisagar Shares & Services Pvt. Ltd.	The Times Of India-Ahemdabad edition, Gujrat Vaibhav and Sandesh dated December 03, 2021	December 23, 2021 at 12:30 PM
29	HEM Stocks & Shares Services Pvt. Ltd.	-do-	December 23, 2021 at 03:30 PM
30	Sumtinath Shares and Services Pvt. Ltd.	-do-	December 23, 2021 at 04:00 PM

8. *Vide* Hearing notice dated April 06, 2022, in the interest of natural justice, another hearing opportunity was granted to the Noticee Nos.12,13,14,15,19,20,22,23,24,25,26,27,28,31 and 32 on April 19, 2022.However Hearing Notice could not be delivered at the registered address of the said Noticees. Subsequently, in terms of rule 7(d) of the SEBI Adjudication Rules and SCRA Adjudication Rules, Newspaper publication of Notice was made for the unserved Noticees with the following details:

Noticee No.	Name of the Noticee	Newspaper Publication	Date and time of personal hearing
13	Dharmnath Shares & Services Pvt. Ltd.	The Times Of India-Ahemdabad edition, Gujrat Vaibhav and Sandesh dated May 01, 2022	May 11, 2022 10:00 AM
19	Bharat Babubhai Trivedi	-do-	May 11, 2022 10:30 AM
20	BMD Exports Pvt. Ltd.	-do-	May 11, 2022 11:00 AM
22	Ghantakarna Shares & Services Pvt. Ltd.	-do-	May 11, 2022 11:30 AM
23	Kiranbhai Popatbhai Alodariya	-do-	May 11, 2022 12:00 PM

24	Poojan Tradecom Pvt. Ltd.	-do-	May 11, 2022 12:30 PM
25	Prakashbhai Ishwarbhai Rana	-do-	May 11, 2022 04:30 PM
26	Ratnasuri Shares & Services Pvt. Ltd.	-do-	May 11, 2022 05:00 PM
27	Real Marketing Pvt. Ltd.	-do-	May 11, 2022 05:30 PM
28	Sonal Shares Investment & Company Ltd.	-do-	May 12, 2022 10:00 AM
31	Tirthankar Shares &Service Pvt. Ltd.	-do-	May 12, 2022 10:30 AM
10	Subrata Dasgupta	The Times Of India-Kolkata edition, Rajasthan Patrika-Kolkata edition and EI Samay Sangbadptra dated May 01, 2022	May 12, 2022 11:00 AM
12	Deesha Tie-Up Pvt. Ltd.	-do-	May 12, 2022 11:30 AM
14	Regent Finance Corporation Pvt. Ltd.	-do-	May 12, 2022 12:00 PM
15	Mercury Fund Management Co. Ltd.	-do-	May 12, 2022 12:30 PM
32	Pyramid Sales Private Limited (Presently known as YMS Finance Private Limited)	-do-	May 12, 2022 04:30 PM

9. I Note that adequate opportunities of personal hearing have been provided to all the Noticees. However Noticee Nos.2,3,4,6,7,8,9,11,16,17 and 18 have neither filed any reply to the charges made in the SCN nor have availed the opportunities of personal hearing granted to them. I am of the opinion that principles of natural justice have been complied with in the present case. As the said Noticees have chosen not to respond to the SCN, it would be appropriate to proceed in the matter, based on materials available on record. In this regard, it is pertinent to mention that the Hon'ble Securities Appellate Tribunal ('SAT')

in the matter of **Classic Credit Ltd. vs. SEBI** (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter-alia, observed that, "............ *the appellants did not file any reply to the second show cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".* It is also pertinent to mention that the Hon'ble SAT in the matter of **Sanjay Kumar Tayal & Others vs. SEBI** (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that: "........... *appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*. In ***Dave Harihar Kirtibhai vs. SEBI*** (Appeal No. 93, 104, 180 and 181 of 2014) dated December 19, 2014, the Hon'ble SAT has held the following: *"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal....".*

10. I Note that *Vide* letter dated January 03, 2018, Noticee No.1 filed its reply. *Vide* letter dated January 03, 2018, Noticee No.5 filed its reply. *Vide* letter dated January 04, 2018, Noticee No.10 filed its reply. *Vide* letter dated December 30, 2017 & September 21, 2021, Noticee No.12 filed its reply. *Vide* letter dated February 19, 2018 & September 23, 2021, Noticee No.13 filed its reply. *Vide* letter dated January 08, 2022 & March 08, 2017, Noticee No.14 filed its reply. *Vide* letter dated February 28, 2017, Noticee No.15 filed its reply. *Vide* letter dated March 06, 2018 & September

16, 2021, Noticee No.19 filed its reply. *Vide* letter dated January 01, 2018 & April 14, 2021, Noticee No.20 filed its reply. *Vide* letter dated 30 December, 2017, Noticee No.21 filed its reply. *Vide* letter dated January 09, 2018, Noticee No.22 filed its reply. *Vide* letter dated March 02, 2018, Noticee No.23 filed its reply. *Vide* letter dated January 09, 2018, Noticee No.24 filed its reply. *Vide* letter dated January 13, 2018, Noticee No.26 filed its reply. Vide letter dated January 11, 2018, Noticee No.27 filed its reply. *Vide* letter dated December 30, 2017 & September 26, 2021 Noticee No.28 filed its reply. *Vide* letter dated December 30, 2017, Noticee No.29 filed its reply. *Vide* letter dated February 20, 2018, Noticee No.30 filed its reply. *Vide* letter dated December 30, 2017, Noticee No.31 filed its reply and *Vide* letter dated February 22, 2017, January 07, 2022 & April 13, 2022, Noticee No.32 filed its reply.

11. The submissions of the Noticees are given below:-

I. The key submissions of Noticee no.1 are reproduced hereunder:

a. *With reference to the above notice, we are of the opinion that the contents of your investigation and show cause notice is predominantly concentrating only on the main objects of the IPO which was entering into screening agreement with cinema theatres, acquisition of screening rights, renovation of cinema infrastructure with digital equipment etc., and its utilization for which we submit as under.*
b. *At the outset we would like to clarify that, the company has made certain charges and modifications to the utilisation Plan of Issue Proceeds and the same have been approved the shareholders at the Annual General Meeting held on 30.12.2011 in which meeting the statement of utilization of IPO proceeds that was disclosed in the prospectus was re-grouped and was presented to the shareholders as required under the provisions of Companies Act 1956 and SEBI ICDR Regulations.*
c. *Further with relation to the screening agreements and screening rights, the company is approaching suitable experts in the film industry mainly to present to your goodself that how this industry is being operated and how the infrastructure digitalization is being built up in the new concept. So, the opinion shall mainly relates to the domain expertise and we hope that will throw light on the points that are raised in your show cause notice*

and shall enlighten a better understanding of our line of operations being in the film industry.

II. The key submissions of Noticee no.5 are reproduced hereunder:

a. *This is with regard to the above notice. At the outset I wish to state that I am not a beneficiary of any of the transactions sighted in the SCN. I am neither a promoter of the company nor I hold any shares in the company. I was only an employee of the company. As an employee, I followed the orders of the board of directors of the company, dutifully, righteously and within the four walls of the law of the land. Therefore, I have not violated any laws, regulation etc., I wish to state I am not a related party, to the persons mentioned in SCN who have allegedly conducted operations in shares of Midvalley and nor I am a beneficiary.*

b. *I understand that the company is giving para wise replies and therefore I refrain for doing so separately I will be thankful if I am given a personal hearing at Chennai. In View of the above you may kindly drop any action contemplated against me.*

III. The key submissions of Noticee no.12 are reproduced hereunder:

a. *We deny all allegations contained in the SCN, our reply to the allegations contained in the said SCN are as under.*

b. *We are registered as NBFC Company and are in the business of lending and borrowing. In this case, we had taken loan of Rs. 21.7 crore from Aman Tie-up Private Limited, which we had duly repaid to the Aman Tie-up Private Limited barring a little amount. We submit that we have not traded in the scrip of Midvalley and normally we do not trade in securities market.*

c. *We are regular in filing Income Tax returns and other statutory returns. we would further like to state that we regularly used to take loan from Aman Tie-up Private Limited and we used to repay the same on regular basis.*

d. *We have not used the loan amount for trading in the scrip of Midvalley Entertainment Limited.*

e. *We deny that we are part of the scheme mentioned in the SCN. We do not have any relation with promoters and/or directors of the Midvalley Entertainment Limited.*

f. *As we are in the business of lending & borrowing money. We borrowed money from Aman Tie-up Private Limited and afterwards gave it to Dharamnath Shares and Services Private Limited which they repaid to us.*

g. *We would like to submit that the IPO of Midvalley Entertainment Limited was closed in the month of January, 2011, from January 10, 2011 to*

January 12, 2011, However we have taken loan from Aman Tie-up Private Limited on January 25,2011 and February, 04, 2011 which is nearly after 12 to 20 days of closing of IPO of Midvalley Entertainment Limited.

h. We further submit that it has been alleged at first Para of page no, 4 of the SCN that we have violated Regulation 3 (a) to (d), 4(1),4(2) (a)&(d). However, at first para of page 17 of the SCN of the SCN, it has been alleged that we have violated regulation 3 (a) to (d), 4(1), only and no allegation of Regulation 4(2) (a) & (d) has been levelled. In view of the same, we are not clear about the exact allegation being levelled against us. This shows that SCN has been prepared in casual manner and there is no clarity for which violation we need to reply. Thus, the above said SCN is erroneous and faulty.

i. We deny that we have employed any device, scheme or artifice to defraud, engage in any act, practice, course of business which would operate as fraud. In view of the above a lenient view may be taken.

j. In view of the above, we submit that the allegations levelled against us in the SCN may be dropped and order may be passed accordingly. We reserve our right to submit additional documents and/ or reply.

IV. The key submissions of Noticee no.13 are reproduced hereunder:

a. At the outset and without prejudice to anything stated hereinafter, we deny all the allegations and charges made against us in the said SCN; nothing contained therein may be considered as having been admitted by us merely on account of non-traverse.

b. We would also like to inform you that we have not dealt in the stock market so the question of violation of Regulation 3 and Regulation 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) does not arise in our case. We have only borrowed funds and further forwarded it to some other entity in the normal course of business. We are not concerned with the dealings in the shares of Midvalley.

c. We submit that we are in the business of finance for the last many years and being in the said business we have provided finances to many firms as well as individuals also whenever need arise we have taken funds from various entities.

d. We submit that we prefer to avail funds from the market at cheaper rates and lent the same on a marginally higher rate to the needed institutions/ individuals.

e. We further submit that we have never purchased shares of Midvalley and never done trading in the scrip of Midvalley.

f. With reference to the allegation of funds totaling of Rs. 5 cr received from Deesha Tie up Ltd on 28/01/2011, 31/01/2011on Page no 12 of the SCN, *we submit that the said transfer of funds to us was repayment by Deesha of the earlier funds given by us to them.*

g. *With reference to the allegation of further funds received from Deesha on 02/02/2011, 03/02/2011, 07/02/2011, 09/02/2011, 11/02/2011 to the tune of Rs 15 cr, we submit as follows:-*
h. *We regularly used to borrow money from various entities. One of other entities from whom we have borrowed money was Subodhsagar which demanded the money back from us on urgent basis.*
i. *In view of the same we requested Deesha to provide us further funds to enable us to repay Subodhsagar. Deesha provided us money on short notice considering our credit worthiness in the market.*
j. *We submit that we have provided the relevant documents during the course of investigation also, however, SEBI has not taken cognizance of that which establishes that SEBI has not carried out complete Investigation and has picked only few transaction and levelled baseless allegation.*
k. *We reiterate that we had borrowed funds from Deesha on above mentioned dates since we were in urgent need of money since repayment was demanded by Subodhsagar Shares and Services Ltd.*
l. *Apart from the above funds we have also received funds from Deesha in March 2011, which establishes that the alleged transfer of funds is not one of the transactions, however, we regularly deal with Deesha in the ordinary course.*
m. *We further submit that appropriate interest was also been paid/ received by us to/ from Deesha which is reflected in the books of accounts*
n. *As regards to transfer of funds with Subodhsagar we submit that we had borrowed money from Subodhsagar as we regularly used borrow and lend money, the said transfer of funds mentioned in the SCN was repayment of loan which we had borrowed earlier from Subodhsagar.*
o. *We have also paid/received interest at an appropriate rate, which establishes that no adverse inference should be drawn for the same.*
p. *In view of the above explanation we deny that we acted as conduit for transfer of money to other entities and have aided and abetted in the siphoning off proceeds of IPO by Midvalley.*
q. *We repeat, reiterate and submit that we regularly used to borrow funds and lend money, the above mentioned transfer with Deesha and Subodhsagar was done in ordinary course of business and we have duly paid interest for the same and no fault can be found in the said transfer of funds, the allegation levelled against us are devoid of merit. With above explanations, we would further like to reiterate that we have neither violated any Regulations of SEBI, SEBI Act nor we intend to do in future, In view of the above we deny that we have violated Regulation 3(a),(b),(c),(d),4(1),*

4(2)(a)and(d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) regulations,2003 read with Section 12A(a),(b) and (c) of SEBI Act,1992.

r. *We deny that we have aided and abetted Midvalley in siphoning Off IPO proceeds we reiterate and deny that we have acted as conduit for transfer of money to any entity and ·acted in fraudulent manner, since we are into finance business and we regularly used borrow and lend money.*

s. *In view of the above submissions, we request that the proceedings initiated vide the said SCN may be dropped, no penalty may be levied and an order may be passed accordingly.*

V. The key submissions of Noticee no.14 are reproduced hereunder:

a. *After going through the show cause notice so issued by you We observed that we have been alleged to have violated Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (d) of PFUTP Regulations read with section 12A(a), (b) and (c) of SEBI Act, 1992. We further observed that only allegations against our company as observed in the show cause notice as issued by you is that we have abetted with Aman Tie-Up Pvt. Ltd. and Mercury Fund Management Co. Ltd. by receiving funds from them which alleged to have been received by them from the IPO proceedings of M/s. Midvalley Entertainment Ltd.*

b. *We further observed from the show cause notice so issued to us along with other 35 entities that there is no allegation against us for either manipulating the scrips or conducting any activity with regard to either market operation or market movement or purchase and sale of any shares.*

c. *With regard to the sole allegation against us that we have aided and abetted with Aman Tie-Up Pvt. Ltd. and Mercury Fund Management Co. Ltd. we would like to submit as under:*

d. *That we are a non-banking finance company registered with Reserve Bank of India having in our main objectives as under:-*

   i) *To lend and advance money with or without security to such person, firms or companies and upon such terms and subject to conditions as may seem expedient and particularly to carry on the business as financiers and investors and to acquire by purchase or otherwise, buy, underwrite, subscribe for tender, exchange, hold, invest, sell, transfer, hypothecate, deal in, dispose of any share, bonds, stocks, obligations, securities, debentures, debenture stocks, properties, unique bonds, mutual fund shares, unit securities, commercial papers, to act and carry on the business as merchant bankers, shares and stock brokers, commodity brokers, certificates issued or guaranteed by any company constituted and curving on business in India or elsewhere, any Government, state, sovereign, central or dominions, state* *commissioners, port trust, public body or other authority, supreme, municipal, local or otherwise whether in India or elsewhere, technical institutions, banks, insurance companies, corporation, public sector undertaking and trust whether in India or elsewhere provided that the company shall not carry on the business of banking as defined in the Banking Companies Act.*

ii) To carry on business of rendering consultancy and advisory services in respect of Foreign Exchange, International Financial Services and all related aspects thereof, to act as financial intermediaries to organize and provide syndicate financial arrangements whether in domestic or international markers and whether by way of loans or guarantees or credit in exports and acceptances, co-acceptance and discounting of international bills, to act as representative in India for any persons, association, bank, financial institution or a Company established in both in India and abroad, to arrange placement of funds by Indians or non-resident Indians in connection with any public or private issue of securities in India and to undertake business of rendering consultancy services, data processors, relating to finance, investment, corporate affairs, management services, banking services in all its aspects to any Company, body corporate, firm, trust, association of persons, individuals.

e. In line with the above objective of the company we are in the business of borrowing and lending the money since the year 1996.

f. That we are an independent legal entity carrying out our own business under the superintendence control of our Board of Directors in due compliance of law.

g. That while we confirm that we have received the money from Aman Tie-Up Pvt. Ltd. and Mercury Fund Management Co. Ltd. but the said transaction was conducted and carried out by us in normal course of business and we were not aware nor we have been informed by them what is their source of funds. We will kindly appreciate that all the transactions with them were carried out in normal course of business through appropriate banking channels hence there is no question of our aiding or abetting with them for siphoning out any amount from Midvalley Entertainment Ltd.

h. We further confirm that we were in regular business of advancing and receiving money with Mercury Fund Management Co. Ltd. till 10.03.2017 and we were in regular business of advancing and lending money with Aman Tie-Up Pvt. Ltd. till 22.02.2013.

i. Please further note that the receipt of money as pointed out in show cause notice is not a standalone transaction but it is a part of our regular transactions with both the above referred companies. We shall be pleased to produce the ledger account we have with M/s Aman Tie- Up Pvt. Ltd. and M/s Mercury Fund Management Co. Ltd. which will prove that the *receipt and payment of money to both these companies were done in normal course of business without any knowledge or intention to aid them or abet with them to siphon out the money from Midvalley Entertainment Ltd.*

j. *We further submit that amount received from M/s Aman Tie-Up Pvt. Ltd. And Mercury Fund Management Co. Ltd. has already been repaid to them hence in no way treated as beneficiary of any amount alleged to have been diverted by them from Midvalley Entertainment Ltd. Please further note that we did pay an amount of Rs.3 crore to Pyramid Sales Private Limited on 31.01.2011, but the payment was towards refund of loan. Thus, neither did we intend to nor did we divert IPO proceeds to Pyramid Sales Private Limited for purchasing shares of Midvalley Entertainment Ltd.*

k. *We further submit that we have never traded in the shares of Midvalley Entertainment Ltd. and accordingly we have not participated in any activity which can be treated as fraudulent or unfair trade practice.*

l. *In view of above we submit that we have not aided or abetted in any manner in siphoning out the IPO proceeds of Midvalley Entertainment Ltd. or have acted in any manner to participate in any fraudulent or unfair trade practice and or have not violated in any manner Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a) and (d) of PFUTP Regulations read with section 12A(a), (b) and (c) of SEBI Act, 1992.*

VI. The key submissions of Noticee no.15 are reproduced hereunder:

a. *We confirm having received your captioned Notice Ref. No. EAD-2/DSR/BKM/1787/18/2017 Dated January 20, 2017 on January 28, 2017 in the matter of Midvalley Entertainment Ltd., requiring to respond within 14 Days of receipt, please allow some time to respond, as details of transactions sought for pertain to way back period of year 2010-11, moreover we had earlier forwarded details of the transactions being normal business transactions with the parties vide our letter Dated April 10, 2015 to the Investigation Department-ID10 and hope same may also satisfy your requirement.*

b. *Therefore, you are kindly requested to drop instant inquiry proceedings against us, if you still require any other clarifications, please let us know, so as to submit expeditiously.*

VII. The key submissions of Noticee no.19 are reproduced hereunder:

a. *This is with reference to Show Cause Notice issued to Bharat Babubhai Trivedi (hereinafter referred to as "1"/ "me"/ "my") along with the others,* *wherein I have been called upon to show cause as to why an inquiry should not be initiated against me in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, (hereinafter referred to as the "SEBI Adjudication Rules") read with Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "SEBI Act") and why penalty, if any, should not be imposed on me under the provisions of Sections 15HA of the SEBI Act in the matter of MidValley Entertainment Limited (hereinafter referred to as "MVEL"/ "Company").*

b. *It has inter alia been alleged that I have violated the provisions of Regulations 3(a), (b), (c), (d) and Regulation 4(1) and 4(2) (a), (d) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices), 2003 (hereinafter referred to as the "PFUTP Regulations") read with Section 12A(a), (b) and (c) of SEBI Act.*

c. *I submit that the Investigation Period (hereinafter referred to as the "IP") for the said SCN pertains to between January 27, 2011 to February 28, 2011 i.e 10 years back. I submit that I am going through the old records and I would require 8 weeks time for filing my Reply with regards to the captioned matter.*

d. *In view of the above, I request your goodself to provide me time till at least October 25, 2021, to finalize reply and submit the same. No adverse inference may be drawn against me in this regard.*

e. *I further request that no order may be passed without granting adequate time to submit reply and without granting opportunity of personal hearing thereafter. I require your kind and sympathetic consideration in this regard.*

VIII. The key submissions of Noticee no.20 are reproduced hereunder:

a. *At the outset, we deny the allegations made against us in the said Notice, save and except those, which are specifically admitted herein. Nothing stated in the said Notice shall be deemed to be admitted by us merely on account of non-traverse, unless the same is specifically admitted in this reply.*

b. *We have received summon from SEBI in May, 2016. Pursuant to this, we replied to SEBI through our letter dated 08/03/2017 but still we have not received further communication from your side.*

c. *We are running business of trading in commodities & shares from many years and have been complying with all statutory laws.*

d. *We regularly borrow funds from different party and companies we repay the same on regular basis. In this case we had taken loan from Sardhav Investment & Finance Private Limited of Rs1.48cr which we could not\repay since we incurred losses in our investment in stock market*

e. *As stated above whenever need arise we used to borrow funds, in this case we have taken loan from Sardhav lnvestment & Finance Private Limited. We are not aware about the source of funds of Sardhav Investment & Finance Private Limited.*
f. *We submit and deny that we have used this money for trading in the scrip of Midvalley Entertainment Limited. We submit and deny that we have any relation with promoters and/or Directors of the Midvalley Entertainment Limited.*
g. *Further, it has come to our notice that the trading in the company has been suspended from stock exchange due to mismanagement within the company. It is submitted due to this we have suffered Losses as we are not able to sell the above said shares of Midvalley.*
h. *We are not alone who has suffered losses there are many other small investors like us who are facing this problem.*
i. *Our volume in the scrip of Midvalley is 0.13% only as compared to Gross total volume in the scrip of Midvalley during the investigation period which can hardly influence price and/or volume in the scrip.*
j. *With above explanations, we would further like to reiterate that we have neither violated any Regulations of SEBI, SEBI Act nor we intend to do in future, further our intention is never to do anything wrong as we are small traders/ investors.*
k. *In view of the above we deny that we have violated Regulation 3(a),(b),(c),(d),4(1),4(2)(a),(d)and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations,2003 read with Section 12A(a),(b) and (c) of SEBI Act,1992.*
l. *As stated above we have replied to the summons issued to us hence the allegation of violation of Section 11(C) (2)&(3) is baseless and should be dropped. In view of the same we deny that we have violated Section 11(C) & (2) (3) of SEBI Act, 1992.*
m. *It is humbly prayed that we be discharged from the notice and the charges as levied against us be dropped and lenient view may be taken and penalty may not be imposed.*

IX. The key submissions of Noticee no.21 are reproduced hereunder:

a. *At the outset, we deny all allegations contained in the SCN unless and until accepted by us. Our reply to the allegations contained in the said SCN are given in subsequent paragraphs.*
b. *We were informed by someone that name of our company has come in some newspaper. When we searched newspapers of various dates we came to know that some hearing in the matter of Midvalley Entertainment Limited has*

been kept on January 04, 2018. At first we were shocked and surprised as we did not receive any notice before this and further we have not done anything wrong.

c. *We submit that we are into the business of Trading in Stock market since many years. We would further like to inform you that we are regular investor in Stock market for the past many years and we trade as per the rules and regulations of the stock exchange. We have carried out pay-in of shares and securities within the specified time and have never defaulted on the same.*

d. *Our percentage of trading in the scrip of Midvalley is only 2.7996 of our total trading in all the other scrips in which we have dealt during 20101 1 which is very less as compared to our volume.*

e. *Our percentage of volume in the scrip of Midvalley is only 0.72% as compared to gross total volume of trade in the scrip of. Midvalley during the Investigation period from 27th January, 2011 to 28th February, 2011 which is very less as compared to total volume of trade in the scrip of Midvalley.*

f. *Further, we are still holding shares of the Midvalley Entertainment Limited and have booked huge loss, we are genuine investors and we have been cheated by the company. We hereby urge you to help us to recover our losses as soon as possible.*

g. *We further submit that we have no relation with promoters and/or directors of the Midvalley Entertainment Limited.*

h. *We are not involved in any kind of illegal trading activities or we have not done any illegal transactions in past also. We submit that we have not made any off-market transaction in the stock Market and our books of accounts are transparent. We regularly file Income tax return and other statutory returns.*

i. *We regularly used to take funds from various companies / entities for investment purpose for the last many years.*

j. *With reference to the said SCN, we would like to inform you that we had taken loan of Rs. 1.53cr from Sardhav Investment & Finance Private Limited, which we had duly repaid to the company We would like to further state that we have taken loan from Sardhav Investment & Finance Private Linüted as we used to regularly borrow money from them which we had duly repaid.*

k. *We are not aware about the source of funds of Sardhav Investment & Finance Private Limited. Further, since it was registered company we did not question the source of their funds and this is not the first time we have borrowed funds from Sardhav Investment & Finance Private Limited. Further, we have not used the loan amount for trading in the scrip of Midvalley Entertainment Limited.*

l. *As regards allegation of violation of Section 11 and 11(C)(3) of SEBI Act, it is submitted that we have replied to summons received during the course of investigation, to warrant any allegation of non- compliance.*

m. In view of the above we deny that we have violated Regulations of PFUTP Regulations and Section 11(C), 11(3) of SEBI Act, 1992. We deny that we have employed my device, scheme or artifice to defraud, engage in any act, practice, course of business which would operate as fraud. In view of the above a lenient view may be taken.

n. The charges mentioned in the SCN may be dropped and order may be passed accordingly. We reserve our right to submit additional documents or reply.

o. We further say that our reply may be taken on record and we may be granted exemption from personal hearing.

X. The key submissions of Noticee no.22 are reproduced hereunder:

a. At the outset and without prejudice to anything stated hereinafter, we deny all the allegations.

b. We are in the business of investing in stock Market. We have registered Demat account and we do trading through registered stock broker only on the platform of the stock exchange. It has been come to our notice that hearing was scheduled on 04.01.2018. However, we could not attend the same since we could not get reservation of a train due to festive season.

c. We would like to inform you that we had taken loan from Sardhav Investment & Finance Private Limited-of Rs. 1.91 cr which we could was not repaid.

d. We submit that whenever we need money, we used to borrow funds, in this case wehave taken loan from Sardhav Investment & Finance Private Limited. We are not aware about the source of funds of Sardhav Investment & Finance Private Limited.

e. We submit that we have not used this money for trading in the scrip of Midvalley Entertainment Limited.

f. We submit that we have no relation with promoters and/or Directors of the Midvalley Entertainment Limited.

g. We submit that we have suffered losses while trading in the scrip of Midvalley Entertainment Limited. The said company has been suspended from the stock exchange due to illegal activities and mismanagement by the directors of the Midvalley Entertainment Limited. We have earlier also inferred you about this matter but still no action has been taken against company and its directors.

h. Our trading in the scrip of Midvalley is 0.86% only as compared to our trading in all the other scrips, which shows that we have diversified portfolio. There were no concerted efforts made by us to manipulate price/volume since we were trading in many other scrips.

i. *Our trading in the scrip of is 0.14% only as compared to Gross total volume in the scrip of Midvalley during the investigation period, which is very minuscule as compared to total volume of Midvalley.*
j. *With above explanations, we would further like to reiterate that we have neither violated any Regulations of SEBI, SEBI Act nor we intend to do in future, further our intention is never to do anything wrong as we are small traders/ investors. In view of the above we deny that we have violated Regulation 3(a),(b),(c),(d),4(1),4(2)(a),(d)and (e) of SEBI (prohibition of fraudulent and unfair trade practices)Regulations 2003 read with Section 12A(a),(b) and (c) of SEBI Act,1992.*
k. *In the captioned notice it has been alleged that we have violated Section 11C(2),(3) of SEBI Act, 1992, However we had submitted our reply against the summon issued to us. In view of the same we deny that we have violated Section 11C(2),(3) of SEBI Act, 1992*
l. *We request that the proceedings initiated may be dropped, we may be discharged from the same and an order may be passed accordingly.*

XI. The key submissions of Noticee no.23 reproduced hereunder:

a. *I have received Show cause notice form SEBI, wherein it has been alleged that I have violated Regulations 3(a),(b),(c),(d),4(1),4(2)(a),(d) and (e) of SEBI Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market (PFUTP) read with Section 12A(a),(b) and (c) of SEBI Act,1992 along with Section 11C(2), (3) of SEBI Act, 1992.*
b. *I understand that we have not provided some information to SEBI in 2016. By virtue of this I have deemed to have violated Section 11C(2), (3) of SEBI Act. I say that I have given whatever information was sought and I did not receive any further letter from SEBI. At that time I felt that I have given full information that is why I have not received any further query, hence I firmly believe that I have not violated Section 11C(2), (3) of SEBI Act.*
c. *With reference to the said SCN, I would like to inform you that I had taken loan from Sardhav Investment & Finance Private Limited sum of Rs. 2.7 cr which I have repaid in part to the company. I regularly used to borrow funds from Sardhav and make repayment of the same in normal course of business.*
d. *Further, I am still holding shares of the Midvalley Entertainment Limited and I have suffered losses because of manipulations made by the company and its promoters.*
e. *I am regular investor in stock market, and I deal in different scrip regularly. My volume of trading in the scrip of Midvalley is only 1.78% as compared to my total volume of trading in different scrips.*

f. Further I would like to submit that my % of volume in the scrip of Midvalley as compared to gross volume of Midvalley is only 0.33% which is very less. From the above it is concluded that I am genuine investor in the stock market and 1 have not violated any regulations of SEBI Act.

g. I have no relation with Directors and/or promoters of the company whether directly/indirectly. I deny that I have violated regulations 3(a),(b),(c),(d), 4(1), 4(2)(a),(d) and (e) of PFUTP read with Section 12A(a),(b) and (c) of SEBI Act,1992 along with Section 11C(2), (3) of SEBI Act, 1992.

XII. The key submissions of Noticee no.24 are reproduced hereunder:

a. At the outset and without prejudice to anything stated hereinafter, we deny all the allegations. We have received correspondence from SEBI in May, 2016. Pursuant to this, we replied to SEBI through our letter dated19/05/2016 and 14/03/2017.weare small investor in stock market. We invest in the stock market on the basis of news available, rumours and tips received through market acquaintance.

b. We submit that, we trade in stock market within our income limits, in case, we need money, we borrow from financial institutions and we repay the same within specified time.

c. We further submit that our trading in stock market is transparent, we have never done fraud and illegal activities, and we do trading through registered stock broker. We request you to kindly take note of the same in this case also.

d. We have traded through electronic platform which is faceless and anonymous, wherein the counterparty is unknown.

e. With reference to the said SCN, we would like to inform you that we had taken loan from Sardhav Investment & Finance Private Limited of Rs. 2.32 cr which we could not repay since we incurred losses in our investment in stock market.

f. As stated above whenever need arise we used to borrow funds, in this case we have taken loan from Sardhav lnvestment & Finance Private Limited. We are not concerned and aware about the source of funds of Sardhav Investment & Finance Private Limited.

g. We submit and deny that we have used this money for trading in the scrip of Midvalley Entertainment Limited.

h. We submit and deny that we have any relation with promoters and/or Directors of the Midvalley Entertainment Limited.

i. Further, we are long term investor in the scrip of Midvalley Entertainment Limited. It has come to our notice that the trading in the company has been suspended from stock exchange due to mismanagement within the company.

j. We are not alone who has suffered losses there are many other small investors like us who are facing this problem. We request you to take strict action against the company and its directors and help us to recover our money. Our trading in the scrip of Midvalley is 1.38% only as compared to our trading in all the other scrips.

k. Our trading in the scrip of Midvalley is 0.28% only as compared to Gross total volume in the scrip of Midvalley during the investigation period which can hardly influence price and/or volume in the scrip.

l. With above explanations, we would further like to reiterate that we have neither violated any Regulations of SEBI, SEBI Act nor we intend to do in future, further our intention is never to do anything wrong as we are small traders/ investors.

m. As stated above we have replied to the summons issued to us hence the allegation of violation of Section 11(C)(2)&(3) is baseless and should be dropped. In view of the same we deny that we have violated Section 11(C) & (2)(3) of SEBI Act,1992.

n. We request you to help us to recover our losses and try to resolve our problem. We reserve our right to submit documents or reply. We would kindly request your good self to take a lenient view in this matter.

XIII. The key submissions of Noticee no.26 are reproduced hereunder:

a. At the outset, we deny the allegations made against us in the said Notice, save and except those, which are specifically admitted herein. Nothing stated in the said Notice shall be deemed to be admitted by us merely on account of non-traverse, unless the same is specifically admitted in this reply.

b. We have received correspondence from SEBI in May, 2016. Pursuant to this, we replied to SEBI through our letter dated 24/05/2016 and 11/03/2017.

c. We are investor in stock market for the past 10 years. We invest in the stock market on the basis of news available, rumours received through market acquaintance.

d. We submit that, we trade in stock market within our income limits, in case, we need money, we borrow from financial institutions and we repay the same within specified time.

e. We further submit that our trading in stock market is transparent, we have never done fraud and illegal activities, and we do trading through registered stock broker. We request you to kindly take note of the same in this case also.

f. We have traded through electronic platform which is faceless and anonymous, wherein the counterparty is unknown.

g. *With reference to the said SCN, we would like to inform you that we had taken loan from Sardhav Investment & Finance Private Limited of Rs. 3.40 cr which we could not repay since we incurred losses in our investment in stock market.*
h. *As stated above whenever need arise we used to borrow funds, in this case we have taken loan from Sardhav investment & Finance Private Limited. We are not concerned and aware about the source of funds of Sardhav Investment & Finance Private Limited.*
i. *We submit and deny that we have used this money for trading in the scrip of Midvalley Entertainment Limited.*
j. *We submit that we are neither related to nor connected to promoters and/or Directors of the Midvalley Entertainment Limited.*
k. *Further, we are long term investor in the scrip of Midvalley Entertainment Limited. It has come to our notice that the trading in the company has been suspended from stock exchange due to mismanagement within the company.*

XIV. The key submissions of Noticee no.27 are reproduced hereunder:

a. *Deny all the allegations and findings made against us in the said Notice. Nothing in the said notice may be considered as being admitted by us by reason of non traverse and until specifically admitted by us.*
b. *We received summon dated May 03, 2016 to which we replied vide letter dated March 11, 2017.*
c. *We submit that, being regular investor in share market, we regularly need funds and we have borrowed funds from many entities. We have not taken loan for trading in the scrip of Midvalley*
d. *We further submit that we have not taken loan from only Sardhav Investment & Finance Private Limited but from many other entities without Interest rate or with less interest rate. We are not aware about the source of funds of Sardhav Investment & Finance Private Limited.*
e. *With reference to the said SCN, we would like to inform you that we had borrowed funds from Sardhav Investment & Finance Private Limited of Rs. 7.15 cr which we could not repay as we suffered losses in the stock market.*
f. *We submit that we are not connected /related, directly/indirectly to promoters and/or Directors of the Midvalley Entertainment Limited and any other entities mentioned in the SCN.*
g. *Our trading in the scrip of Midvalley is 0.34% only as compared to Gross total volume in the scrip of Midvalley during the investigation period.*
h. *We request you to kindly take strict action against company to return our money with interest which is blocked for long time.*

XV. The key submissions of Noticee no.28 are reproduced hereunder:

a. *I would like to state that I am regular investor in Stock market from past many years and I abide by law. For past many years I have been investing in securities market and have taken funds from the various entities for business purpose only.*
b. *With reference to the said SCN, I would like to inform you that I had taken loan from Sardhav Investment & Finance Private Limited of Rs. 1.45 cr which I had duly repaid to the company in December 2011. I do not know from where Sardhav Investment & Finance Private Limited received money.*
c. *Further, I am still holding shares of the Midvalley Entertainment Limited and I have booked huge loss just because suspension of the said company. It was not at all my fault; I have suffered losses because of manipulations made by the company and its promoters. The company was suspended then why the investor like me should bear losses.*
d. *It is duly submitted that, you're good self could see, that I have not committed any wrong and no charge has been established against me even prima facie, to warrant any action. I deny that I have violated regulations 3(a),(b),(c),(d),4(1),4(2)(a),(d) of PFUTP read with Section 12(a),(b) and (c) of SEBI Act,1992 along with Section 11C(2),(3) and 15(I) of SEBI Act, 1992.*
e. *In view of the above circumstances as the charges against me have not been established even prima facie, your honour is kindly requested that present proceedings under Show Cause Notice dated January 20, 2017 may be dropped and I may be discharged from the same.*

XVI. The key submissions of Noticee no.29 are reproduced hereunder:

a. *With reference to aforesaid Notice, it has been alleged that we have violated regulations 3(a),(b),(c),(d),4(1),4(2)(a),(d)and (e) of PFUTP read with Section 12A(a),(b) and (c) of SEBI Act, l992 along with Section 11 C(2) and (3) of SEBI Act, 1992.*
b. *We are regular investor in Stock market and we have never done unlawful transactions in stock Market, we were running our business with sincerity and honesty.*
c. *We have come to know that hearing notice has been published, wherein it has been mentioned that a personal hearing has been scheduled on January 04, 2018. In view of the same we submit that our reply may be taken on record and we may be granted exemption from personal hearing.*

d. We have also submitted letter dated 15th March, 2017, wherein we have brought to notice of Investigating authority regarding the matter of Mid valley Entertainment Limited

e. With reference to the said SCN, we would like to inform you that we had taken loan from Sardhav Investment & Finance Private Limited of Rs. 2.73cr which we had duly repaid to the company in 2011-12.We are not aware about the source of fund of Sardhav. We regularly used to borrow money from Sardhav and hence it cannot be alleged that this Rs 2.73 Cr was taken for trading in Midvalley.

f. To carry out trading /investment in securities market,we used to avail funds from various sources and we have availed the same through different companies. We regularly used to borrow funds from Sardhav Investment & Finance Private Limited and we used to repay the same in normal course of business.

g. Further, we have bought almost 372000 shares of Midvalley through Karvy Stock Braking Limited where we have our demat account. We have same amount of shares lying with us in the demat account as we have not sold the shares of Midvalley. Our percentage of trading in the scrip of Midvalley Entertainment Limited is small percentage of total trading in all scrips.

h. Our trading in the scrip of Midvalley is only 0.45% as compared to Gross total volume in the scrip of Midvalley during the investigation period.

i. The trading in the scrip of company is suspended. We can neither sell our shares through stock exchange nor is company giving any information about relisting.

j. We have no relation with promoters and/ or directors of the Midvalley Entertainment Limited.

k. With above explanations, we would further like to reiterate that we have neither violated any Regulations of SEBI, SEBI Act nor we intend to do in Future, further our intention is never to do anything wrong as we are small traders/ investors.

l. Kindly help us to recover our losses and try to resolve our problem. We reserve our right to submit documents or reply. I would kindly request your good self to take lenient view in this matter.

XVII. The key submissions of Noticee no. 30 are reproduced hereunder:

a. At the outset and without prejudice to anything stated hereinafter, we deny all the allegations and charges made against us in the said SCN.

*b. At the further outset, we submit that trading in the stock market is not artificial just because we have received/ paid funds from **I** to any entity since the trading was carried out at the electronic trading platform* *of the stock exchange for which we have duly paid the stamp duty, SEBI turnover fees and other taxes. In view of the same, it is denied that the shares purchased by us were artificial buys and we distorted the market equilibrium. Further, in the absence of any documentary evidence for the funds received/paid, the transaction cannot be considered as siphoning off.*

c. *We submit that we are in the business of stock market from past 7 to 8 years and we regularly invest in different scrips. For our business we borrow funds from various entities and we repay the same within specified time.*

d. *We further submit that our trading in stock market is transparent, we have never done fraud and illegal activities, and we do trading through registered stock broker. We are law abiding and a bonafide investor and are regular in filing statutory returns.*

e. *With reference to the said SCN, we submit that we had borrowed funds from Sardhav Investment & Finance Private limited of Rs. 73 Jakh which we could not repay since we incurred losses in our investment in stock market.*

f. *We submit that an agreement between parties, especially for borrowing and lending and the terms thereof may not always be recorded on a stamp paper; however that by itself cannot always render such an agreement invalid under law. As per Section 4 of Contract Act, 1872 the communication of a proposal is complete when it comes to the knowledge of the person to whom it is made. And also verbal agreements are effective and can be enforced as valid and legally binding contracts as per the consent of the parties.*

g. *We repeat, reiterate and submit that we regularly used to borrow funds, in this case we have taken loan from Sardhav Investment & Finance Private Limited. We are not aware about the source of funds of Sardhav Investment & Finance Private Limited.*

h. *We deny that we have used money received from Sardhav for trading in the scrip of Midvalley Entertainment Limited. There is no allegation in the notice that establishes that money received from Sardhav was used for buying shares of Midvalley since we are regular investor in stock market. We are hereby submitting few bills of NSE and BSE to show transactions that we regularly carry out in the stock market.*

i. *We submit and deny that we have any relation with promoters and/or Directors of the Midvalley Entertainment Limited. We submit that we have substantial portfolio of all the scrips taken together and our trading in the scrip of Midvalley is 0.25% only as compared to Gross total volume in the scrip of Midvalley during the investigation period* *which can hardly influence price and/or volume in the scrip. Our volume in the scrip of Midvalley as compared to total market volume of Midvalley during the investigation period was only 3.64%, which is miniscule to warrant any allegation of fraudulent and unfair trade practice.*

j. *We deny that we were artificial buyer in the scrip of Midvalley and distorted the market equilibrium of trading since we are in the business of investing and dealing in shares and we deal in different scrips daily. We would further like to submit list of scrips in which we have dealt during Investigation period to show that we have Dealt only in the scrip of Midvalley but we have dealt in many other scrips also.*

k. *We submit that we were not aware of any alleged manipulative trades being carried out in the scrip of Midvalley and we have dealt in the scrip of Midvalley in the ordinary course as an investor and no adverse inference may be drawn for the same.*

l. *With above explanations, we would further like to reiterate that we have neither violated any Regulations of SEBI, SEBI Act nor we intend to do in future, further our intention is never to do anything wrong.*

m. *We submit that we have received summons dated 03/05/2016 from SEBI. Pursuant to this, we replied to SEBI through our letter dated 25/05/2016, hence the allegation levelled that we have violated Section 11C(3) of SEBI Act is baseless and contrary to factual position.*

n. *We would like to submit that the IPO of Midvalley Entertainment limited was closed in the month of January, 2011 i.e on January 12,2011, however, we have received funds from Sardhav Investment &Finance Private limited in the month of February,2011 which is nearly after one month from the date of closing of IPO of Midvalley Entertainment Limited. We submit that we have again borrowed funds from Sardhav in the month of March, 2011 which establishes that we regularly deal with Sardhav. We submit that cherry picking only a few transactions and charging us for serious violation of creation of artificial volume is not justified. SEBI has only seen the transactions in isolation and have not seen the whole picture.*

o. *In view of the above we deny that we have violated {a),(b),(c),(d), 4(1),4(2)(a),(d) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) regulations ,2003 read withSection12A(a),(b) and (c) of SEBI Act,l992.As stated above we have replied to the summons issued to us hence the allegation of violation of Section 11(C) (2) & (3) is baseless and should be* *dropped. In view of the same we deny that we have violated Section 11C)& (2) (3) of SEBI Act, 1992.*

XVIII. The key submissions of Noticee no.31 are reproduced hereunder:

a. With reference to the said SCN, we would like to inform you that we had taken loan from Sardhav Investment & Finance Private Limited of Rs. 2.60 cr which we could only repay part of the loan in April, 2011 as we incurred huge loss during that time.

b. We have taken this loan in the ordinary course of business. We regularly used to borrow from Sardhav Investment & Finance Private Limited and we used to repay the same in normal course of business. We are not aware about the source of funds of Sardhav Investment &Finance Private Limited as we are not concerned about the same.

c. We have not used this money for trading in the scrip of Midvalley Entertainment Limited.

d. We submit that we have no relation with promoters and/or Directors of the Midvalley Entertainment Limited.

e. Further, we have suffered loss while trading in the scrip of Midvalley Entertainment Limited as suddenly the price of shares of Midvalley fell and we were unable to sell share as trading in the shares of the company was suspended.

f. Our trading in the scrip of Midvalley is 1.61% as compared to Gross total volume in the scrip of Midvalley during the investigation period.

g. With above explanations, we would further like to reiterate that we have neither violated any Regulations of SEBI, SEBI Act nor we intend to do in future, further our intention is never to do anything wrong as we are small traders/investors. In view of the above we deny that we have violated regulations 3(a),(b),(c),(d),4(1),4(2)(a),(d)and (e) of prohibition of fraudulent and unfair trade practices read with Section 12A(a),(b) and (c) of SEBI Act,1992 along with Section 11C(2),(3) and 15 (I) of SEBI Act, 1992.

h. We request you to help us to recover our losses and try to resolve our problem. We reserve our right to submit documents or reply. We would kindly request your good self to take lenient view in this matter.

XIX. The key submissions of Noticee no.32 are reproduced hereunder:

a. Our Company is an NBFC and the main objects in the Memorandum of Association includes granting of loans, investing and trading in shares, *debentures, bonds, etc. Thus, granting of loan to Regent Finance Corporation Private Limited and trading in shares of MVEL is one of our business activities.*

b. *We granted loan to Regent Finance Corporation Private Limited by executing a loan agreement dated 18.05.2010 which is prior to the IPO. We had a number of transactions with Regent Finance Corporation Private Limited prior to the IPO also and the same is evident from the confirmation of Accounts. Also note that, against the loan granted we charged interest from Regent Finance Corporation Private Limited upon which TDS was also deducted on yearly basis as per the provisions of Income Tax Act, 1961. The financial facility was squared off in the FY 2020-21.*

c. *It has been alleged that the amount of Rs. 3 crores received from Regent Finance Corporation Private Limited were used for siphoning off the IPO proceeds and trading in the scrip of MVEL. However, the fund so received was actually towards .refund of loan which was further used for the purpose of financing other entities.*

d. *While trading in the shares of MVEL, we also traded in the shares of other Company. All the transactions pertaining to the trading in shares were made through registered broker. The details clearly depict that the net balance as per our books is the amount receivable from the broker which itself justifies that neither did we receive nor did we use any funds from Midvalley for trading in their scrip.*

e. *Also note that we incurred a loss of Rs. 5 lacs (approx.) through trading in the scrip of MVEL which is also mentioned in the notice received from your end. Thus, this depicts that we have not gained anything by trading in the shares of MVEL and it was a bona fide transaction.*

f. *Thus, our Company has in no way helped MVEL in routing and siphoning off the funds raised by them from its IPO.*

g. *We hope that the above mentioned facts and details are satisfactory and also hope that you can drop the proceedings and allegations on us.*

<u>CONSIDERATION OF ISSUES AND FINDINGS:</u>

12. I have taken into consideration the facts and circumstances of the case, replies of the Noticees and the material available on record, the issues that arise for consideration in the present case are:

    (a) Whether Noticees 1 to 9 violated the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (d), (e), (f), (k) and (r) of PFUTP Regulations, 2003 r/w Section 12A(a), (b) and (c) of the SEBI Act, 1992?

(b) Whether Noticee 1 has violated the provisions of Clauses 43 and 43A(1) of the listing agreement?

(c) Whether Noticees 10 to 16 have violated the Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (d) of PFUTP Regulations, 2003 r/w Section 12A(a), (b) and (c) of SEBI Act, 1992?

(d) Whether Noticees 17 and 18 have violated the Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations, 2003 r/w Section 12A(a), (b) and (c) of SEBI Act, 1992?

(e) Whether Noticees 19 to 32 violated the provisions of regulations 3(a), (b), (c), (d), 4(1) ,4(2)(a), (d), and (e) of PFUTP Regulations, 2003 r/w Section 12A (a), (b) and (c) of SEBI Act, 1992?

(f) Whether Noticees 20 to 31 violated the provisions of sections 11C(2) and 11C(3) of SEBI Act, 1992?

(g) Does the violations, if any, on the part of the Noticees would attract monetary penalty under sections 23E of SCRA, sections 15A(b) and 15HA of the SEBI Act, 1992?

(h) If so, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors mentioned in sections 23J of SCRA and 15J of SEBI Act, 1992?

13. Before moving forward, it is pertinent to refer to the relevant provisions of PFUTP Regulations, 2003 which read as under:

SEBI Act, 1992

11C(2): *Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.*

11C(3): *The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to,* *or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.*

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;

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 fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

(d) paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;

e) any act or omission amounting to manipulation of the price of a security;

(f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

(k) an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors;

(r) planting false or misleading news which may induce sale or purchase of securities.

Listing Agreement

43*. a) The Company agrees that it will furnish on a quarterly basis a statement to the Exchange indicating the variations between projected utilisation of funds and/or projected profitability statement made by it in its prospectus or letter of offer or object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities, and the actual utilisation of funds and/or actual profitability.*

b) The statement referred to in clause (1) shall be given for each of the years for which projections are provided in the prospectus/letter of offer/object/s stated in the explanatory statement to the notice for considering preferential issue of securities and shall be published in newspapers simultaneously with the unaudited/audited financial results as required under clause 41.

c) If there are material variations between the projections and the actual utilisation/profitability, the company shall furnish an explanation therefore in the advertisement and shall also provide the same in the Directors' Report.

43A Statement of deviations in use of issue proceeds

(1) The company agrees to furnish to the stock exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds of a public or rights issue from the objects stated in the offer document.

14. I Now I deal with the issues on merit in the matter.

Issue (a): Whether Noticees 1 to 9 violated the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (d), (e), (f), (k) and (r) of PFUTP Regulations, 2003 r/w Section 12A(a), (b) and (c) of the SEBI Act, 1992?

Issue (b): Whether Noticee 1 has violated the provisions of Clauses 43 and 43A(1) of the listing agreement?

Issue (c): Whether Noticees 10 to 16 have violated the Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (d) of PFUTP Regulations, 2003 r/w Section 12A(a), (b) and (c) of SEBI Act, 1992?

Issue (d): Whether Noticees 17 and 18 have violated the Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations, 2003 r/w Section 12A(a), (b) and (c) of SEBI Act, 1992?

Issue (e): Whether Noticees 19 to 32 violated the provisions of regulations 3(a), (b), (c), (d), 4(1) ,4(2)(a), (d), and (e) of PFUTP Regulations, 2003 r/w Section 12A (a), (b) and (c) of SEBI Act, 1992?

Issue (f): Whether Noticees 20 to 31 violated the provisions of sections 11C(2) and 11C(3) of SEBI Act, 1992?

(a) It is alleged in the SCN that MVEL has deviated from the objects of the issue and has not utilized the IPO proceeds as per the objects as stated in the Prospectus. It is also alleged that the MVEL has not disclosed the material information in the Prospectus. It is also alleged that some entities while buying shares of MVEL including that from allottees either bought shares of MVEL with the help of funds transferred from MVEL through other entities or were compensated through fund transfers from MVEL through other entities subsequent to their buy trades. Thus, allegedly a false appearance of demand of MVEL shares was created by these entities through their buying. Therefore, it is alleged that Noticee 1 violated the provisions of Clauses 43 and 43A(1) of the listing agreement. Further, Noticees 1 to 9 have violated the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (d), (e), (f), (k) and (r) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of the SEBI Act. Further, Noticees 10 to 16 have violated the Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (d) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of SEBI Act. Further, it is alleged that Noticees 17 and 18 have violated the Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of SEBI Act. Further, Noticees 19 to 32 have alleged to have violated the provisions of regulations 3(a), (b), (c), (d), 4(1) ,4(2)(a), (d), and (e) of PFUTP Regulations r/w Section 12A (a), (b) and (c) of SEBI Act.

(b) With regard to the alleged violation of objects of the issue, Whether MVEL has deviated from the objects of the issue and has not utilized the IPO proceeds as per the objects as stated in the Prospectus?

i. I note that the main allegation in the SCN is that MVEL has deviated from the objects of the issue and siphoned off the IPO proceeds. It is noted from the Prospectus dated January 14, 2011 that the following were the objects of the issue:

Sr. no.	Objects of the IPO	To be utilized as per RHP/ Prospectus (Rs. in cr)
1	Entering into screening agreement with 300 cinema theatres	15.00
2	Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for select 100 screens	25.95

3	Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business	12.00
4	To meet general Corporate Expenses	3.799
5	Meeting the IPO expenses	3.251
	Total	**60.00**

In order to arrive at the finding whether the company has deviated from the objects of the issue, it is pertinent to observe the money trail from MVEL's bank account to the bank accounts of various other entities and also to analyse the utilization of money raised in the IPO as submitted by the company.

ii. I note from the bank statements of MVEL that out of Rs.60 Crores raised from the IPO, MVEL received Rs. 57 Crors after deduction of merchant banker fees of Rs. 3 Crore in the following bank accounts:

Bank Name	Date of Receipt	Bank Account No	Amount (in Rs. cr)
Indusind Bank	January 25, 2011	0007W11639050	28
Bank of Maharastra	January 25, 2011	60061922245	18
Lakshmi Vilas Bank	January 25, 2011	0431351000002482	5
Axis bank	January 25, 2011	910020047813917	5
	January 27, 2011	910020047813917	1
Total			57

iii. A pictorial representation of fund movement in relation to the IPO proceeds received by MVEL has explained in the section of SCN at point 54 of the instant order.

iv. From the Bank accounts of the MVEL, it is observed that the following major payments were made to the following entities:

Date of transaction	**Entity**	**Amount (Rs. in cr)**	**Source Account No. (MVEL)**	**Reasons for payments as stated by MVEL**
25-01-2011	Aman Tie-up Private Limited	28	IndusInd Bank (A/c no. 007W11639050)	Purchase of DCI 2K digital Cinema Projector BARCO DP 2K - 20 Cine Lens
25-01-2011	Eduexel Infotainment Limited	17.5	Bank of Maharashtra (A/c no.60061922245)	Acquiring Screening rights
27-01/2011		0.5	Lakshmi Vilas Bank account (A/c No. 0431351000002482)	
09-02-2011		1	Axis Bank (A/c No. 910020047813917)	
25-01-2011	Aswin Logistic Ventures	2	Lakshmi Vilas Bank account (A/c No. 0431351000002482)	Content Advance
27-01-2011		0.003		
01-02-2011		0.70		
21-02-2011	Omni Ax's Software Limited	0.56	Axis Bank (A/c No. 910020047813917)	Vendor
Total		50.263		

Transaction between MVEL and Aman Tie-Up Pvt. Ltd.:

v. Based on Bank Statements (IndusInd Account 007W11639050) following is the transaction details between Aman Tie-Up Pvt. Ltd. and MVEL before and after IPO:

Before IPO				
Sr. No.	Date	Funds from	Funds to	Amount (In Rs.)
1	28/12/2010	Aman Tie-Up Pvt. Ltd.	MVEL	9,00,00,000
2	29/12/2010	Aman Tie-Up Pvt. Ltd.	MVEL	14,85,00,000

3	31/12/2010	Aman Tie-Up Pvt. Ltd.	MVEL	2,15,00,000
4	03/01/2011	Aman Tie-Up Pvt. Ltd.	MVEL	60,00,000
5	07/01/2011	Aman Tie-Up Pvt. Ltd.	MVEL	1,50,00,000
Total		Aman Tie-Up Pvt. Ltd.	MVEL	28,10,00,000
6	28/12/2010	MVEL	A.R. Enterprises	9,00,00,000
7	28/12/2010	A.R. Enterprises	Aman Tie-Up Pvt. Ltd.	9,00,00,000
8	29/12/2010	MVEL	A.R. Enterprises	14,70,00,000
9	29/12/2010	A.R. Enterprises	Aman Tie-Up Pvt. Ltd.	14,70,00,000
10	31/12/2010	MVEL	A.R. Enterprises	2,15,00,000
11	31/12/2010	A.R. Enterprises	Aman Tie-Up Pvt. Ltd.	2,15,00,000
After IPO				
12	25/01/2011	IPO Proceeds	MVEL	28,00,00,000
13	25/01/2011	MVEL	Aman Tie-Up Pvt. Ltd.	28,00,00,000

(a) MVEL transferred funds received from Aman Tie-Up Pvt. Ltd. immediately to an entity viz., A.R. Enterprises (IndusInd Bank Ac No: 0052F20773050) which were again transferred back to Aman Tie-Up Pvt. Ltd.

(b) It is noted from the above tables that out of the Rs. 28.1 crore that MVEL received from Aman Tie-Up Pvt. Ltd., Rs 25.85 crore were transferred back to Aman Tie-Up Pvt. Ltd. through A.R. Enterprises before the IPO itself.

(c) Post IPO, the funds received by Aman Tie-Up Pvt. Ltd. from MVEL were eventually provided to entities (who traded in the scrip of MVEL) as follows:

- As mentioned above, MVEL transferred an amount of Rs. 28 crore to Aman Tie up on January 25, 2011. Aman also received Rs. 1.7 crore from Regent Finance Corporation Limited.

- Aman Tie-Up transferred Rs. 21.7 Crore to Deesha Tie Up Pvt. Ltd. on January 25, 2011 and February 04, 2011; Rs. 4 Crore to Regent Finance Corporation Limited January 25, 2011; Rs 4 Core to Mercury Fund Management January 25, 2011.
- Deesha Tie-Up Pvt. Ltd. then transferred Rs. 20 crore to Dharmanath Shares and Services Pvt. Ltd. (Rs 3 crore on January 28, 2011; Rs 2 crore on January 31, 2011; Rs 3 crore on February 2, 2011; Rs 5 Crore on February 03, 2011; Rs 2 crore on 07, 2011; Rs 2 crore on February 09, 2011; Rs 3 crore on February 11, 2011.
- Dharmanath Shares and Services Pvt. Ltd transferred Rs 27.3 crore to Subodhsagar Shares and Services Pvt. Ltd. (Rs 6.5 crore on February 01,2011; Rs 2 crore on February 02, 2011 ;Rs 2.75 crore on February 03, 2011; Rs 4.05 crore on February 04, 2011; Rs 1 crore on February 07, 2011; Rs 1 crore on February 08, 2011; Rs 2.5 crore on February 09, 2011; Rs 2.5 crore on February 10, 2011; Rs 2.75 crore on February 11, 2011; Rs 2.25 crore on February 12, 2011).
- Subodhsagar Shares and Services Pvt. Ltd transferred Rs. 30.77 crore to Sardhav Investment & Finance Pvt. Ltd. (Sardhav) (Rs. 3 crores on January 31, 2011; Rs 4.05 crore on February 01, 2011; Rs 2.5 crore on February 02, 2011; Rs 2.5 crore on February 03, 2011; Rs 6.5 crore on 04, 2011; Rs 0.6 crore on February 07, 2011; Rs 1.35 crore on February 08, 2011; Rs 1.0 crore on February 09, 2011; Rs 4.57 crore on February 10, 2011; Rs 2.5 crore on February 12, 2011; Rs 2.2 crore on February 14, 2011.
- Sardhav finally transferred Rs. 31.06 crore to 14 entities who have traded in the scrip of MVEL.
- In addition, one more entity Pyramid Sales Pvt. Ltd. received Rs. 3 crore from Regent Finance Corporation Ltd. on January 31, 2011 out of the Rs. 13 crore received by Regent Finance Corporation Ltd. from Mercury Fund Management on January 27, 2011. Mercury Fund Management received

Rs 17.5 Crore on January 25, 2011 from Eduexel which Eduexel had received the same day from MVEL.

- Pyaramid Sales Pvt. Ltd. also traded in the scrip of MVEL.
- Based on above it is observed that a minimum of Rs 24.7 Crore was diverted to these 15 entities for purchasing shares of MVEL.

Transaction between MVEL and Eduexel Infotainment Limited:

vi. Eduexel received Rs 19 crore out of the IPO proceeds from three accounts of MVEL.

(a) From the said amount, Eduexel transferred Rs.18.37 crore to Mercury Fund Management Co. Ltd. i.e. Rs. 17.5 crore on January 27, 2011; Rs 0.5 crore on January 01, 2011 and Rs 0.37 crore on January 11, 2011.

(b) Out of Rs. 18.37 crore received from Eduexel, Mercury Fund transferred Rs 13 crore to Regent Finance Corporation Pvt. Ltd. on January 27, 2011 and January 31, 2011, Rs. 4 crore to Edserve Soft Systems Ltd. on January 25, 2011 and remaining amount to an Individual viz., Acharya Mahapragya on February 11, 2011.

(c) Regent Finance further transferred funds its received from Mercury Fund to the following:

- India Securities Broking Private Limited (Broker) (Rs 11.2Cr on January 25, 2011 and January 27, 2011.
- JM Financial (Broker) (Rs 2.76Cr on January 28, 2011 and January 29, 2011)
- Pyramid Sales Pvt. Ltd. (Rs 3 Cr. on January 31, 2011), which has traded in the scrip of MVEL during the investigation period

Transaction with Ashwin Logistic Ventures (Noticee 17) and Omni Ax's Software Limited (Noticee 18)

vii. Rs. 2.70 crore was paid by MVEL to Aswin Logistic Ventures on January 25, 2011 and February 01, 2011 and Rs. 0.56 crore was paid to Omni Ax's Software Ltd on February 21, 2011. Omni Ax's Software Ltd. had immediately transferred the Rs. 0.56 crore received by it to Aswin Logistic Ventures. Thus, Aswin Logistic Venture received a total of Rs. 3.26 crore.

(a) From the bank account statement of Aswin Logistic Ventures, it is observed that Aswin Logistic Ventures has drawn Demand Drafts (DD Nos. 60652 for an amount of Rs. 1.5 crore dated January 25, 2011 and DD Nos. 60676, 60677, 60678, 60679, 60680 for an amount of Rs. 9 Lac each and DD No. 60681 for an amount of Rs. 5 Lac dated February 01, 2011) in favour of Indiabulls Housing Finance Limited, to repay the outstanding amount relating to loan of M/s Saimira Holdings and Services Private Limited.

(b) Further, six Demand Drafts (5 for an amount of Rs. 9 Lac each and 1 for an amount of Rs. 5.78 Lac - total of Rs. 50.78 Lac) were drawn in favour of Hiranandani Palace Gardens Pvt. Ltd towards sale consideration of Flat purchased by Mrs. Uma Swaminathan & Mr. Saminathan in Chennai.

(c) Vide its reply dated July 16, 2013, MVEL submitted that Noticees 17 and 18 were related to it as vendors. However, as in the case with Aman Tie-up and EIL, neither any documentary evidence of such relation has been provided by MVEL in terms of quotation or previous experience of Noticees 17 and 18 for this purpose nor were these entities disclosed as vendors of MVEL in the RHP/Prospectus for the IPO.

(d) In view of the above, it is concluded that that the explanation given by MVEL for the transfer of Rs. 3.263 crore to Noticees 17 and 18 is fabricated and the funds raised in the IPO for the object "General Corporate Expenses" have been siphoned off by the Company with the help of Noticees 17 and 18. By virtue of the said transactions of Noticee 17 and 18 who aided and abetted MVEL in siphoning off the IPO proceeds violated the provisions of regulations 3 (a), (b), (c), (d), and 4(1) of PFUTP Regulations, 2003 read with Section 12A (a), (b) and (c) of SEBI Act, 1992.

viii. Noticee No.12, 13, 14, 21,22,23,24,26,27,29, 31 and 32 contended that the transactions were relating to Loan transactions executed in the ordinary course of business and also furnished statement of accounts with the counterparties. In this regard, I note that firstly, aforesaid noticees have not furnished any document or agreement which substantiates their claim that transactions were done in ordinary course with the related party. Further upon perusal of statements of accounts submitted by aforesaid noticees, it does not describe any rationale of executing the transactions. I find that in the absence of any supporting evidence viz. Loan agreement, said statements of accounts are defective and vague. Thus, I am not inclined to accept said submission of noticees.

ix. Noticee No. 32 Contended that it has provided loan to Regent Finance Corporation Private Limited by executing a loan agreement dated 18.05.2010 which is prior to the IPO. By executing number of transactions with Regent Finance Corporation Private Limited prior to the IPO and the same is evident from the confirmation of Accounts. However, the fund so received was actually used towards refund of loan which was further used for the purpose of financing other entities. In this regard, upon perusal of agreement between Noticee no. 32 and Regent finance, I note that said agreement suffers from various deficiencies, firstly the clause relating to Interest to be paid is silent on the methodology for calculation of interest rate.

Secondly, the tenure of agreement cannot be for indefinite period, thirdly considering the amount of transaction, there was no security encumbered in favor of lender, questioning the commercial basis of transaction. Even if it is assumed that contents of agreement are true, Noticee No. 32 has not provided any demand letter which is required to recall the loan at 7 days notice as per agreement. Further Noticee has also not disputed trading in the scrip of MVEL. Taking aforesaid facts into account, I am not able to accept this contention of noticee no 32.

x. I Note from replies submitted by Noticee No. 20, 21, 22, 23, 24, 27, 29, 30 and 31. Aforesaid noticees have raised a similar contention that their trading in the scrip of MVEL is miniscule as compared to Gross total volume in the scrip of Midvalley during the investigation period. In this regard, I note that noticee no. 19-32 were net buyers and, by their buy trades, Noticees no. 19-32 provided exit to the allottees in the IPO.I note from the analysis of trades of Noticee no.19-32 in the scrip of MVEL in the table given below, it is found that Noticees 19-32 had taken deliveries of a total 5300308 shares of MVEL, i.e. approximately 32.96% of the market deliverable. At the same time, it is also observed that the delivery percentage of Noticees 19-32 was 70.27% of their total buy volume against market average of 19.66% delivery percentage. Thus, taking aggregate delivery percentage of aforesaid noticee into account, said noticees have distorted the market equilibrium of trading, by their trades had created a false appearance of demand of MVEL shares through their buying.

Trade details of Noticees in the scrip of MVEL

	Buy quantity from Allottees												
Buyer Name	NIIs (A)	QIBs (B)	Retail (C)	Total from Allottees A+B+C	Other than Allottees	Gross Buy	Gross Buy Value	Gross Sell	Gross Sell Value	Net Profit/Loss	Net Qty.	% of Deliverable Quantity	% of deliverable to market deliverables
Bmd Exports Private Limited	0	0	6257	6257	268743	275000	16793750	60000	5151000	1486909	215000	78.18%	1.34%

Buyer Name	Buy quantity from Allottees				Other than Allottees	Gross Buy	Gross Buy Value	Gross Sell	Gross Sell Value	Net Profit/Loss	Net Qty.	% of Deliverable Quantity	% of deliverable to market deliverables
	NIIs (A)	QIBs (B)	Retail (C)	Total from Allottees A+B+C									
Buddhisagar Shares And Services Private Limited	4787	134129	119064	257980	262065	520045	33601270.7	60045	5251518.75	1371877	460000	88.45%	2.86%
Ghantakama Shares And Services. Private Limited	0	0	3554	3554	216446	220000	19204342 8	0	0	0	220000	100.00%	1.37%
fäqänbKai Popafbhai Alodariya	0	0	89806	89806	338194	428000	27399153	0	0	0	428000	100.00%	2.66%
Poojan Tradecom Private Limited	0	0	154139	154139	306861	461000	33628155.6	0	0	0	461000	100 00%	2.87%
Prakashbhai Ishwarbhai Rana	0	117201	128395	245596	352135	597731	40407373.2	453460	25954775	-4699696	144271	24.14%	0.90%
Ratnasuri Shares And Services Private Limited	0	136887	1147	138034	543966	682000	450532586	0	0	0	682000	100.00%	4.24%
Real Marketing Pvt Ltd	0	60105	1523	61628	820872	882500	53135753	0	0	0	882500	100.00%	5.49%
Sonal Shares Investment & Company Ltd.	17313	124510	41904	183727	142896	326623	22352293 3	192623	12468770.8	-713296	134000	41.03%	0.83%
Hem Stocks And Shares Services Private Limited	0	0	1015	1015	370985	372000	22242660.9	0	0	0	372000	100.00%	2.31%
Sumtinath Shares And Services Pvt Ltd	0	89645	0	89645	110355	200000	12043721.3	0	0	0	200000	100.00%	1.24%
Suparshvanath Stock And Service	0	0	718	718	326156	326874	21325712.3	147037	10301725.95	708411	1304	0.40%	0.01%
Tirthankar Shares And Ser Pvt Ltd	0	12492	586	13078	911310	924388	56781452.8	25705	1737034.4	158079	898683	97.22%	5.59%
Bharat Babubhai Triivedi	71149	15617	51275	138041	938301	1076342	77037452.8	1075842	72689402.1	-4312265	500	0.05%	0.00%
Pyramid Sales Pvt. Ltd.	96293	0	102514	198807	51243	250050	18166939.5	49000	3058123.1	-501885	201050	80.40%	1.25%
Total	189542	690586	701897	1582025	5960528	7542553	499173290	2063712	136612350	-6501866	5300308	70.27%	32.96%

xi. I Note that it is submitted by the company that there is no connection between the Company and the 15 entities which traded in the scrip. In this regard, I note the fund trail from the Bank Statements of MVEL and Aman tie Up and the other entities that they have used multiple layers to reach the funds to the 15 entities who had traded in the scrip. Further, he has stated that no gain/benefit derived or loss provided by the company by virtue of the said 15 entities trading in the scrip of the company and consequently there was no requirement for the company to indulge in such a scheme of diverting IPO proceeds for trading in this Scrip. In this regard, I note that (1) MVEL and the entities who aided and abetted MVEL in siphoning off of IPO proceeds {viz., (2) Aman Tie Up Pvt. Ltd., (3) Deesha Tie-Up Pvt. Ltd. (Noticee 12), (4) Dharmanath Shares and Services Pvt. Ltd. (Noticee 13), (5) Subodhsagar Shares and Services Pvt. Ltd., (6) Mercury Fund Management Co. Ltd. (Noticee 15), (7) Regent Finance Co. Pvt. Ltd. (Noticee 14), (8) Eduexel Infotainment Limited (Noticee 16) and (9) Sardhav Investment & Finance Pvt. Ltd.} as well as the entities who eventually traded in the scrip {viz., (1) Bharat Babubhai Trivedi (Noticee 19), (2) BMD Exports Private Limited (Noticee 20), (3) Buddhisagar Shares and Services Pvt. Ltd (Noticee 21), (4) Ghantakarna Shares and Services Pvt Ltd (Noticee 22), (5) Kiranbhai Popatbhai Alodariya (Noticee 23), (6) Poojan Tradecom Pvt Ltd. (Noticee 24), (7) Prakashbhai Ishwarbhai Rana (Noticee 25), (8) Ratnasuri Shares and Services Pvt Ltd. (Noticee 26), (9) Real Marketing Pvt Ltd. (Noticee 27), (10) Sonal Shares Investment & Company (Noticee 28), (11) HEM Stocks And Shares Services Pvt Ltd. (Noticee 29), (12) Sumtinath Shares And Services Pvt Ltd. (Noticee 30), (13) Suparshvanath Stock And Service, (14) Tirthankar Shares and Service Pvt Ltd. (Noticee 31 and (15) Pyramid Sales Pvt. Ltd. (Noticee 32)} with the help of funds received from MVEL created allegedly misleading appearance of trading in the securities market.

xii. I Note that by virtue of the said transactions (1) Aman Tie Up Pvt. Ltd., (2) Deesha Tie-Up Pvt. Ltd.,(3) Dharmanath Shares and Services Pvt. Ltd., (4) Subodhsagar Shares and Services Pvt. Ltd., (5) Mercury Fund Management Co. Ltd., (6) Regent Finance Co. Pvt. Ltd., (7) Eduexel Infotainment Limited and (8) Sardhav Investment & Finance Pvt. Ltd. have violated the provisions of regulations 3 (a), (b), (c), (d), 4(1) ,4 (2) (a), (d) of PFUTP Regulations, 2003 read with Section 12A (a), (b) and (c) of SEBI Act, 1992.

xiii. Further, the Noticees who eventually traded in the scrip with the help of funds received from MVEL viz., (1) Bharat Babubhai Trivedi (Noticee 19), (2) BMD Exports Private Limited (Noticee 20), (3) Buddhisagar Shares and Services Pvt. Ltd (Noticee 21), (4) Ghantakarna Shares and Services Pvt Ltd (Noticee 22), (5) Kiranbhai Popatbhai Alodariya (Noticee 23), (6) Poojan Tradecom Pvt Ltd. (Noticee 24), (7) Prakashbhai Ishwarbhai Rana (Noticee 25), (8) Ratnasuri Shares and Services Pvt Ltd. (Noticee 26), (9) Real Marketing Pvt Ltd. (Noticee 27), (10) Sonal Shares Investment & Company (Noticee 28), (11) HEM Stocks And Shares Services Pvt Ltd. (Noticee 29), (12) Sumtinath Shares And Services Pvt Ltd. (Noticee 30), (13) Suparshvanath Stock And Service, (14) Tirthankar Shares and Service Pvt Ltd. (Noticee 31 and (15) Pyramid Sales Pvt. Ltd. (Noticee 32) created allegedly misleading appearance of trading in the securities market. Therefore, I am of the view that Noticees no. 19 to 32 violated the provisions of regulations 3 (a), (b), (c), (d) and ,4 (2) (a), (d) and (e) of PFUTP Regulations, 2003 read with Section 12A (a), (b) and (c) of SEBI Act, 1992.

xiv. An analysis of the objects of the IPO, proposed utilization of IPO proceeds by MVEL and actual utilization as seen from the evidence available on record and my findings are as under:

I. Entering into screening agreement with 300 cinema theatres:

(a) I note that as per Prospectus dated January 14, 2011, MVEL mentioned its objective to add 300 screens located in B & C Class towns/ cities by June 2011 with the IPO proceeds. I note from the records that MVEL vide letter dated November 23, 2013 (sic) received by SEBI on

November 26, 2012, stated that it has no films being exhibited on screens and de-hired the Theatres, but had paid Rs. 17,50,000 out of the IPO proceeds to Eduexel. I note from material available on record, Company vide letters dated February 19, 2015 and March 16, 2016 has provided the copies of letters vide which the theatres were de-hired. I have perused the letter dated February 19, 2015 wherein the Company had entered into arrangement with Eduexel for screening and the amount of Rs. 15 crores mentioned in the object of IPO included the amount involved in the arrangement with Eduexel. The Company stated further that though the arrangement was initiated during 2010, the agreement was entered into in January 27, 2011 after IPO listing. Further, SEBI has not received any letter from MVEL dated March 16, 2016. I note that no record as to the agreements (either separate or collective or batch agreements), as disclosed in the prospectus, was made available by the Noticees. The agreement dated January 27, 2011 was between the MVEL and Eduexel and it appears that Eduexel does not own any cinema theatres. Therefore, the said agreement cannot be considered as one executed for the purpose of meeting the instant objective of IPO. I note that MVEL has not provided any proof as to revenue created through this screening arrangements. This clearly shows that MVEL has not utilized the money received towards the object of entering into screening agreement with 300 cinema theatres as mentioned in the RHP/Prospectus. Rather the stand of MVEL is that it has de hired the theatres. This stand of MVEL makes it glaringly evident that MVEL did not use the IPO funds for the object for which it has come out with its IPO. I also note that MVEL has failed to highlight in the RHP/Prospectus the negotiation carried on between MVEL and Eduexel for the purpose of screening arrangements which is one of the prime objective of the IPO. Such a disclosure was essential for the purpose of investors' investment decision irrespective of the said arrangement/agreement is materialized or not.

II. Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for select 100 screens

(a) I Note that SCN alleges that as per the Prospectus dated January 14, 2011, MVEL mentioned its objective to renovate 100 theatres with digital screen projectors and DTS sound system. It also provided the details of the 3 suppliers namely Real Image Media Technologies Private Limited, GM Audio Techniques and Voltas from whom MVEL intended to purchase equipment. However, instead of placing orders to any of the above vendors, from the bank account statement, it was noted that on January 25, 2011, MVEL had transferred an amount of Rs. 28 crore to an entity called Aman Tie-up Private Limited (hereinafter referred to as Aman Tie-up) and siphoned off the IPO proceeds.

(b) As regards the said allegation, it is submitted that the RHP and the prospectus disclosed that the Company had received only quotations from the suppliers neither any definite arrangement nor any order was placed by the company for any equipment from the suppliers at the time of filing the RHP and the Prospectus. It is submitted that the board of directors of the company perused the comparison of quotation received from various vendors including Aman tie up and based on its commercial wisdom approved Aman tie up as one of its suppliers vide its board resolution dated 17.03.2011.

(c) I Note that ICDR Regulations clearly mandates that any public communication including advertisement and publicity material issued by the issuer or research report made by the issuer or any intermediary concerned with the issue or their associates shall contain only factual information and shall not contain projections, estimates, conjectures etc.

Further, Clause 2(VIII)(B)(1)(b)(i) clearly specifies that details of name of the suppliers shall be given in a tabular form. I note that though Murugavel claimed that vide its board resolution dated 17.03.2011 the Board approved Aman Tie Up as vendor for its objective of IPO, however, he has failed to submit any proof of the same. (In BSE website 17.3.2011 Board meeting purpose is shown as Quarterly results). Further, it is noted from the balance sheet dated March 31, 2009 as available on record that Aman Tie Up's total assets were about Rs. 1 lakh which includes loss of Rs. 35,362. Further, as per 'Balance sheet abstract and company's general business profile' filed by Aman Tie Up for year ended March 31, 2009, it is noted that the head "Generic names of three principle products / services of company' mentioned product description as "Construction Activity". I also note that MVEL failed to provide any documentary evidence with respect to the quotation or previous experience of Aman Tie Up for the purpose mentioned as the Objective of IPO. Further, no evidence of order placements, delivery of orders, tax receipts, etc., to prove the purchase of equipment or instruments and other evidence or proof of revenue created by the Renovation was provided. Rather from the bank accounts it is noted that money was transferred to Aman Tie Up and from there it is routed to several entities who traded in the scrip of MVEL and provided exit to the allottees in the IPO. Therefore, it is noted that the IPO proceeds were not used to renovate 100 theatres with digital screen projectors and DTS sound system as mentioned in the objects of IPO.

III. Acquisition of company, acquisition of screening rights from companies having similar line, range and objects of business

(a) I note that as per Prospectus dated January 14, 2011, MVEL mentioned its objective to acquire screening rights from companies of similar nature with Rs.12 Crores of IPO proceeds. During the Investigation, MVEL vide its letter dated November 23, 2013, submitted that it acquired screening rights of 51 films for a period of five years from Eduexel for a consideration of Rs.32 Crore vide an agreement dated January 27, 2011 and paid Rs.20.64 crore till November 23, 2013.

(b) However, from the material on record it was seen that though the agreement between MVEL and Eduexel was dated January 27,2011, MVEL had already transferred Rs. 17.5 crore on January 25, 2011 itself i.e. 2 days before the agreement. Further, MVEL had transferred a total of Rs. 19 crore to Eduexel by February 9, 2011 instead of the agreed advance amount of Rs. 18 crore, i.e. Rs. 1 crore more than the agreed advance amount.

(c) I note that MVEL has not disputed any of the said allegations. However, company vide his written submissions stated that the funds raised for the object of acquiring screening rights were not siphoned off and were put to use as stated in the prospectus only. It was further submitted that the company has made certain changes and modifications to the utilization plan of issue proceeds and same have been approved by the shareholders at the annual general meeting held on 30.12.2011. However, company failed to submit any documents to substantiate the same despite being given sufficient opportunity to furnish the proof. In the absence of any evidence to show that the funds were used for the object of acquiring screening rights, the submissions given by MVEL are not accepted. I also note that MVEL vide its reply to the investigation team submitted vide letter dated February 19, 2015 that it with held the payment of remaining Rs 13 crore. (Rs. 32 crore- Rs. 19 crore) to Eduexel for acquisition of screening rights of the 51 movies because all the 51 movies are under process of completion and therefore, could not be screened and therefore, no revenue could be recognized. However, upon analysis of the list of movies provided by MVEL, it is noted that some of the movies were very old and already released more than 25-30 years ago, thus, raising suspicion on the rationale provided by MVEL that the movies are under process of completion and also on the valuation of the movies. It is also noted that MVEL's director Mr. Vasan Chidambaram is the sole promoter of Eduexel and upon further investigation into the quarterly results of December 2010, it was observed that Eduexel made a loss of Rs 0.04 crore with net sales of mere Rs 1.04 crore. Thus the financial strength of Eduexel during the time MVEL had entered into the agreement with Eduexel for acquisition of screening rights and transferred Rs. 19 crore out of the IPO proceeds nowhere suggests Eduexel to be capable of handling projects involving such large amount. It appears that Eduexel has no operations at any of the locations as correspondence to its registered office returned undelivered. As per site visit it appears to be a defunct company. In the absence of any evidence to show that the agreement entered into with Eduexel for screening rights can be implemented so as to substantiate the utilization of 19 crore extended to Eduexel, I find that the funds raised in the IPO for the object "Acquisition of company, acquisition of screening rights from companies having similar line, range and objects of business" have been siphoned off. This finding is further corroborated by the fact that as per the agreement only rights for fifteen films as mentioned in the schedule of 51 films were transferred as first lot. No further record as to whether the rights in the subsequent lots of films have been conferred to the MVEL was made available. Unless the said proof is placed on record the mere agreement to transfer the rights in respect of 51 films and actual transfer of only 15 films (as per the agreement) cannot be considered as realization of instant objective of the IPO funds raised. Therefore, in this regard the funds transferred to Eduexel can only lead to the reasonable finding that the same has been siphoned off.

IV. General Corporate Expenses:

(a) In the prospectus dated December 20, 2010 of MVEL under the heading Objects of the IPO, it is stated that MVEL intends to deploy balance issue proceeds towards expenses inter-alia mentioning production of movies. However, from the material available on record such as bank account statements, it is noted that MVEL transferred Rs 2.7030 cr to an entity viz., Aswin Logistic Ventures on January 25, 2011, January 27, 2011 and February 01, 2011. The reason for payment as stated by MVEL in its letter dated July 16, 2013 is "Content Advance". Further, it is noted that on February 21, 2011, MVEL transferred Rs 0.560Cr to another entity Omni Ax's Software Ltd. and the same was mentioned as payment to vendor. Omni Ax's Software Ltd. subsequently transferred the said funds to Aswin Logistic Ventures. Thus Ashwin Logistic Ventures received a total of Rs. 3.263 crores.

(b) It is Noted that IPO proceeds ear marked for general corporate purpose may be utilised by the company for such identified purpose for which no amount is specified and placed reliance on amended provisions of ICDR relating to General Corporate Purposes in 2012. I note that the fund received through the IPO for the object of use of General Corporate Purpose had been identified as disclosed in the RHP/Prospectus only. In the present case, MVEL has ear marked Rs.3.799 crores under the General Corporate Purposes for specific/identified purpose. However, I note that no evidences have been brought on record to establish that the said earmarked money was used for such identified purpose as disclosed in the RHP/Prospectus. Further, the Company transferred the funds to the entities whose name was not even identified as vendors in the RHP/Prospectus. Further, no documentary evidence has been provided by MVEL / K Murugavel in terms of quotation or nature of goods/services delivered or previous experience of Aswin Logistic Ventures and Omni Ax's Software Limited for this purpose nor were these entities disclosed as vendors of MVEL in the RHP/Prospectus for the IPO. Further, the service/ goods for which the amount is claimed to have paid to Omni was also not mentioned. In view of this, I find that the funds were siphoned off under the pretext of General Corporate Purposes.

xv. Thus, considering the findings with respect to the actual utilization of IPO proceeds by MVEL vis-a-vis the proposed utilization as mentioned in the Prospectus, I note that there was no evidence furnished by the Noticees as regards the purchase/installation of Projectors, use of screening rights, revenue generated etc. for the Objects viz., Entering into screening agreement with 300 cinema theatres, Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for select 100 screens, Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business and general Corporate Expenses. I note from the material available on record that out of Rs.60 crores of IPO proceeds, the company had utilized only Rs.3.00 crore towards the objects of the issue. Further, it is concluded based on the bank statements that out of Rs.60 crore raised through IPO, the funds were utilized by MVEL in the following manner:

- Total amount utilized by MVEL towards IPO objects (including acquisitions made and IPO expenses incurred) is Rs.3 crore.
- Total amount diverted by MVEL to its related / connected entities is 50.263 crore.
- Out of the abovesaid Rs.50.263 crores, Rs.24.7 crore was diverted to 15 entities through fund conduit Aman Tie Up. These entities eventually traded in the scrip of MVEL

In the absence of any evidence furnished by the Noticees as regards the utilization of IPO Proceeds towards the objects of the Issue coupled with the fund diversion as detailed above, it is concluded that MVEL had deviated from the objects of the issue and has not utilized the IPO proceeds as per the objects as stated in the Prospectus.

xvi. Now I deal with the allegation regarding non-disclosures in the Prospectus.

xvii. With regard to the non-disclosure of directorships, I note that Mr. Vasan Chidambaram, as per MCA Database, as on date of filing of the Red Herring Prospectus, Vasan Chidambaram held directorship in five companies. However, his directorship in two entities namely Tanmathra Creative Solutions Private Limited and UNV Media Private Limited was not disclosed in Red Herring Prospectus dated December 20, 2010 and Prospectus dated January 14, 2011.

xviii. With regard to the non-disclosure of arrangement with Eduexel Infotainment Ltd., it is noted that in the Red Herring Prospectus dated December 20, 2010 and Prospectus dated January 14, 2011 under the section Internal Risk Factors - Para 1, MVEL stated as under:

"Our Company intends to use part of the proceeds up to Rs. 1,200.00 lacs out of the total Issue proceeds for acquisitions as described in the paragraph titled "Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business" on page 62 under the Section titled "Objects of the Issue" beginning on page 60 of the Prospectus. This forms approximately 20% of the Issue Proceeds. We have not yet entered into any definitive agreements to utilize the funds allocated for acquisitions. There can be no assurance that we will be able to conclude definitive agreements for such expenditures on terms anticipated by us. As on the date of the Prospectus, we have not yet identified specific acquisition targets."

xix. In this regard, from the bank account statements, it is noted that payment of Rs. 19 crores were made by MVEL to Eduexel on January 25 & 27, 2011 and February 9, 2011. During investigation, MVEL submitted that aforesaid payments were made for acquiring screening rights from Eduexel and provided copy of an agreement entered into by MVEL with Eduexel. From the agreement between MVEL and Eduexel, it is noted that MVEL entered into an arrangement with Eduexel on November 15, 2010 for the purpose of acquisition of screening rights, screening arrangements along with film contents from market for supplying the same to MVEL. The said arrangement for acquiring screening rights existed between MVEL and Eduexel since November 15, 2010 was not disclosed in the RHP/ Prospectus for the IPO.

xx. I Note that MVEL vide letter dated February 19, 2015 admitted the fact that there was existing negotiation between MVEL and Eduexel for the purpose of acquisition of theatrical rights and therefore, it was obligatory on the part of MVEL to disclose the said arrangement/negotiation status in the RHP/Prospectus for the investors to take informed decision especially when the said arrangement/negotiation was for the prime objective of which MVEL came out with IPO. However, the concealment of the said information only leads the conclusion that MVEL acted fraudulently and the investors were deprived of taking an informed decision particularly since there was related party transaction. I further note and reiterate that the object of true disclosures in the RHP/Prospectus are always for the benefit of investors for taking an informed decision for investment. In the present case there was not only non-disclosures but also diversion of IPO proceeds and deviation from the objects of the IPO.

xxi. It has already been held in preceding paragraphs that proceeds of the IPO were diverted and were not utilized for the stated objects of the Issue as mentioned in the Prospectus. “Person” as defined under Section 3(42) of General Clauses Act, 1897 includes “any company or association or body of individuals, whether incorporated or not”. Thus, person as mentioned under Regulations 3 and 4 of PFUTP Regulations, 2003 will cover within its ambit, a company also. Here, I would like to refer to the matter of **SEBI vs. Kanaiyalal Baldev Bhai Patel** (2018) 13 SCC 753 which dealt with the definition of “fraud” as given under Regulation 2(1) (c) of PFUTP Regulations. Two Hon’ble Judges of Hon’ble Supreme Court of India, in their separate but concurring judgments in the matter of **SEBI vs. Kanaiyalal Baldev Bhai Patel** (2018) 13 SCC 753 dealt with the definition of “fraud” as given under Regulation 2(1) (c) of PFUTP Regulations, 2003 and held as under:

Per Hon’ble Justice N. V. Ramanna - “…*26. There is no dispute as to the fact that fraud is jurisprudentially very difficult to define or cloth it with particular ingredients. A generalized meaning may be difficult to be attributed, as human ingenuity would invent ways to bypass such behaviour. It is to be noted that fraud is extensively used in various regulatory framework which mandates me to take notice of the conceptual and definitional problem it brings along. Fraud is among the most serious, costly, stigmatizing, and punitive forms of liability imposed in modern corporations and financial markets. Usually, the antifraud provisions of the security laws are not coextensive with common-law doctrines of fraud as commonlaw fraud doctrines are too restrictive to deal with the complexities involved in the security market, which is also portrayed by the changes brought in through the 2003 regulation to the 1995 regulation.*

27. On a comparative analysis of the definition of "fraud" as existing in the 1995 regulation and the subsequent amendments in the 2003 regulations, it can be seen that the original definition of "fraud" under the FUTP regulation, 1995 adopts the definition of "fraud" from the Indian Contract Act, 1872 whereas the subsequent definition in the 2003 regulation is a variation of the same and does not adopt the strict definition of "fraud" as present under the Indian Contract Act.

It includes many situations which may not be a "fraud" under the Contract Act or the 1995 regulation, but nevertheless amounts to a "fraud" under the 2003 regulation.

28. The definition of ‘fraud’ under clause (c) of regulation 2 has two parts; first part may be termed as catch all provision while the second part includes specific instances which are also included as part and parcel of the term “fraud”...”

Per Hon’ble Justice Ranjan Gogoi – “...5. If Regulation 2(c) of the 2003 was to be dissected and analyzed it is clear that any act, expression, omission or concealment committed, whether in a deceitful manner or not, by any person while dealing in securities to induce another person to deal in securities would amount to a fraudulent act. The emphasis in the definition in Regulation 2(c) of the 2003 Regulations is not, therefore, of *whether the act, expression, omission or concealment has been committed in a deceitful manner but whether such act, expression, omission or concealment has/had the effect of inducing another person to deal in securities.*

1. *The definition of 'fraud', which is an inclusive definition and, therefore, has to be understood to be broad and expansive, contemplates even an action or omission, as may be committed, even without any deceit if such act or omission has the effect of inducing another person to deal in securities. Certainly, the definition expands beyond what can be normally understood to be a 'fraudulent act' or a conduct amounting to 'fraud'. The emphasis is on the act of inducement and the scrutiny must, therefore, be on the meaning that must be attributed to the word "induce"..." (Emphasis supplied)*

xxii. The examination of the definition of fraud under the PFUTP Regulations envisages among other things fraud by way of "act" so as to have an "effect of inducement" on another person for dealing in securities. Further, Regulation 3 (c) of PFUTP Regulations prohibits employment of any device, scheme or artifice for fraud. In the given situation, the company came out with an IPO and stated unambiguously in its Prospectus, the purpose for which the money was being raised from the public. As discussed in preceding paragraphs, the company within 14-15 days of receiving the IPO proceeds had diverted the said money for the purposes other than stated in the Prospectus. It goes without saying, if not for stated objects in the Prospectus, the investors would not have been induced to invest their money in the company's IPO. Thus, the company by diverting the IPO proceeds has played fraud on the innocent investors who were induced to invest in its securities and post listing continued to hold / buy the securities of the company in the belief that funds would be deployed in line with the Prospectus.

xxiii. Regulation 4(1) of PFUTP Regulations refers to unfair trade practices in securities. It would be noteworthy to quote the observations of Hon'ble Supreme Court of India in the matter of **Securities and Exchange Board**

of India and Ors. vs. Shri Kanaiyalal Baldevbhai Patel and Ors. (2017 SCC Online SC 1148) wherein it was observed as follows:

"…Although unfair trade practice has not been defined under the regulation, various other legislations in India have defined the concept of unfair trade practice in different contexts. A clear cut generalized definition of the 'unfair trade practice' may not be possible to be culled out from the aforesaid definitions. Broadly trade practice is unfair if the conduct undermines the ethical standards and good faith dealings between parties engaged in business transactions. It is to be noted that unfair trade practices are not subject to a single definition; rather it requires adjudication on case to case basis. Whether an act or practice is unfair is to be determined by all the facts and circumstances surrounding the transaction. In the context of this regulation a trade practice may be unfair, if the conduct undermines the good faith dealings involved in the transaction. Moreover the concept of 'unfairness' appears to be broader than and includes the concept of 'deception' or 'fraud'. "

xxiv. In the extant matter, considering MVEL had raised money by declaring a particular set of objects of the issue, the IPO proceeds were not utilized by MVEL as stated in the Prospectus but were diverted, goes on to show that the act of diversion of IPO proceeds by the company undermines the good faith dealing between MVEL and its investors. The said act of the company does not conform to the fair and transparent principles of transactions in the stock market. In view of the same, it can be held that the aforesaid act of MVEL is an unfair trade practice. Therefore, it is concluded that MVEL is liable for diversion of IPO proceeds which has led to the violation of Regulations 3 (a), (b), (c), (d) and 4(1) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act as it has significantly deviated from the Objects of the Issue and not utilising the IPO proceeds as per the objects stated in the Prospectus.

xxv. With regard to the Liability of the Directors of MVEL, I note that any company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. In terms of Section 179 of the Companies

Act, 2013, the Board of Directors of a company shall be entitled to exercise all such powers and do all such acts and things as the company is authorized to exercise and do. Therefore, the Board of Directors collectively being responsible for the conduct of the business of a company are liable for any noncompliance of law and such liability shall be upon the individual Directors also. The Hon'ble Supreme Court of India, while describing what is the duty of a Director of a company, held in **Official Liquidator v. P.A. Tendolkar** (1973) 1 SCC 602 that "A Director may be shown to be so placed and to have been so closely and so long associated personally with the management of the Company that he will be deemed to be not merely cognizant of but liable for fraud in the conduct of the business of a Company even though no specific act of dishonesty is proved against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the Company even superficially". Further, in cases of fraud, it is a settled position of law that the corporate veil can be lifted and the directors can be held liable for the fraud of the Company.

xxvi. I also place reliance on the decision of Hon'ble Supreme Court (Larger Bench) in the matter of **LIC Vs. Escorts Limited** (1986 AIR 1370), wherein while discussing the doctrine of corporate veil, the Court had observed: "*90. … the corporate veil may be lifted where a statute itself contemplates lifting the veil, or fraud or improper conduct is intended to be prevented, or a taxing statute or a beneficent statute is sought to be evaded or where associated companies are inextricably connected as to be, in reality, part of one concern. It is neither necessary nor desirable to enumerate the classes of cases where lifting the veil is permissible, since that must necessarily depend on the relevant statutory or other provisions, the object sought to be achieved, the impugned conduct, the involvement of the element of the public interest, the effect on parties who may be affected, etc.*"

xxvii. In the present case, I note that Datuk K. Ketheeswaran was Non executive Chairman and director of MVEL, R. Chandrasegaran was Non-Executive & NonIndependent Director of MVEL, Mr. K. Murugavel was Executive Director cum COO. Mr. Sudhir Kumar Jena, Mr. K. Ramadasan and Mr. Vasan Chidambaram were Independent Directors of the Company. Except K Murugavel and M. Pandiyan none of the Noticees have replied on merits nor availed the opportunity of personal hearing granted to them nor filed any written submissions in the extant proceedings. In this regard, the observations of Hon'ble SAT in the matter of Sanjay Kumar Tayal & Others Vs. SEBI decided on February 11, 2014 is pertinent here. The Hon'ble SAT held that: *"…As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices…"*

xxviii. With regard to the Liability of Directors in the Audit Committee, I note that as per prospectus of MVEL, Sudhir Kumar Jena is the Chairman of Audit Committee and K Murugavel, Vasan Chidambaram and K Ramadasan are Audit Committee Members. In the instant matter, MVEL had come out with an IPO and had raised and amount of Rs. 60 Crores from the market. Seen in this light, the role of the Audit Committee becomes all the more significant. As per Clause 49 II (D) 5A of the Listing Agreement, "the role of Audit Committee includes reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document /prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter". In this context, I would like to refer to the observations made by the **Hon'ble SAT in the matter of Mr. N. Narayanan Vs. The Adjudicating Officer dated October 05, 2012**:

> *"…The members of the audit committee are expected to exercise due oversight of the company's financial reporting process and to ensure that the financial statement is correct, sufficient and credible. It is also expected to conduct a meaningful review with special emphasis on major accounting entries and significant adjustments made in the accounts before putting up the statements for the approval of the Board. The board of directors of the company has entrusted the audit committee with an onerous duty to see that the financial statements are correct and complete in every respect…"*

xxix. Taking support of aforesaid observation of Hon'ble SAT, I note that the Noticees being members of Audit Committee were responsible for reviewing the utilization / application of funds raised through the IPO. Noticees have not shown the steps taken by them to conduct a meaningful review of the utilization of IPO proceeds. The instant matter deals with the provisions of PFUTP Regulations and similar provisions under SEBI Act where the liability is on every person who has committed an act or omission which can be with deceit or with recklessness, as the definition of fraud under the PFUTP Regulations is broad enough to capture reckless omission, the effect of which is inducement of the investors, as in this case.

xxx. The members of the Audit Committee were under legal obligation to review the statement of utilization of IPO proceeds. By no stretch of imagination, it can be said that any meaningful review was done by them. Nothing has been brought on record by the said Noticees to demonstrate the due diligence was exercised by them in conducting the review of utilization of IPO proceeds. In a scenario, where false statements of utilization of IPO proceeds are placed before the entities who are obligated to exercise due diligence to satisfy themselves that there are reasonable grounds to believe that such statements are true, the omission to exercise due diligence itself falls within the category of fraud, if the omission is either deliberate or reckless. One may omit to do the due diligence either when he is aware that the statement is false or he does not believe it to be true or he is so reckless and careless whether it be true or false. Regulation 2(1) (c) (5) of PFUTP Regulations in fact specifically makes such reckless representation as a category of fraud. As stated in preceding paragraphs, if the Audit Committee members would have carried out their role diligently, they would have noticed several red flags such as experience of vendors/suppliers, related party transactions and details of assets acquired etc. However, the fact of the matter is that they did not make any meaningful inquiries with respect to the utilization of IPO proceeds. Thus, it can be held that Sudhir Kumar Jena is the Chairman of Audit Committee and K Murugavel, Vasan Chidambaram and K Ramadasan have violated 3 (a), (b), (c), (d), 4(1), 4(2)(a), (d), (e), (f), (k) and (r) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992 by omitting to perform their legal duty to review the utilization of IPO proceeds, the failure of such duty amounts to an "omission" and such omission was reckless in nature. Such omission even if is without deceit but is reckless and falls within the definition of fraud under PFUTP Regulations, as fraud under PFUTP Regulations can be committed by virtue of reckless omission as well. As a result of such reckless omission, IPO proceeds were diverted by MVEL and were utilized for objects other than those mentioned in the Prospectus.

xxxi. The Audit Committee Report is required to be seen by the Board of Directors. The duty of care and skill demanded from the Board does not obviate the need for examination by other directors for their approval. There is nothing on record that such duty of care and skill was exercised by other directors. Even a cursory examination of the affairs of fund transfer to the Companies against whom there is no material to suggest that they had the necessary experience or whether MVEL generated any revenue out of the execution of the IPO Objectives would have brought to the light the red flags relating to the entire scheme. However, the other Board Members viz., Datuk K

Ketheeswaran, the Chairman of the company, R. Chandrasegaran, Non-Executive & Non-Independent Director also recklessly omitted to perform their part which resulted in the inducement of the investors who believed that IPO funds are being used for the purposes stated in the Prospectus.

xxxii. Accordingly, Datuk K Ketheeswaran, the Chairman of the company, R. Chandrasegaran, Non-Executive & Non-Independent Director, are responsible for all the deeds / acts of the company related to diversion of IPO proceeds. It has already been discussed in preceding paragraphs how diversion of IPO proceeds tantamount to fraud. Thus, it is held that Datuk K Ketheeswaran, R. Chandrasegaran have violated 3 (a), (b), (c), (d), 4(1), 4(2)(a), (d), (e), (f), (k) and (r) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992.

xxxiii. With regard to the Non-disclosures made in the Prospectus, it has been alleged that no disclosures were made in respect of Aman Tie Up Pvt. Ltd, Omni Ax's Software Ltd. and Aswin Logistic Ventures as claimed to be vendors to MVEL in different capacities of providers of services. As the requirement of ICDR Regulation is to provide the name of the suppliers. However, as already found, IPO funds have been siphoned off through them. There is no evidence to indicate they were in fact vendors..

xxxiv. It has already been held in the preceding paragraphs that disclosures were not made in respect of directorship of Vasan Chidambaram in another companies. Further, MVEL failed to disclose the arrangement between MVEL and Eduexcel for the purpose of acquisition of screening rights, screening arrangements along with film contents from market for supplying the same to MVEL even though already an arrangement was existing since 2010. In this regard, I note that a perusal of the Regulation 57 of ICDR Regulations makes it clear that the offer document is required to contain all material disclosures so as to enable the applicant to take an informed investment decision. Regulation 60(7) of ICDR Regulations makes it obligatory on the issuer not to issue any advertisement or research that is not true, fair and it should not be manipulative or deceptive or distorted. In respect of the failure to disclose the other directorships of Vasan Chidambaram, in general, the details of the directorships in other companies may have an impact on the decision making of the investors, as the directorship in a company is considered as one of the parameters for successful stewardship of the Company. Therefore, the fact that listed company has a director who has been associated with the decision making of a profit making or efficiently run companies may have an impact on the decision making of the investor. Further the listed company has any object of deployment of funds to the two companies in which the directorship of Vasan Chidambaram was not mentioned. Neither the funds were actually deployed nor siphoned off through the other two companies. However, in the extant matter, an existing arrangement with a connected party Eduexel is material one in view of its relation to MVEL by way of common directorship of Vasan Chidambaram in MVEL and Eduexel. Such concealment of material information deprives the investors to take an informed investment decision. Therefore, I find that MVEL failed to make the material disclosure in the Prospectus. I note that Regulation 60(7)(a) of ICDR Regulations places the onus on the Issuer company to make true and fair disclosure in any advertisement caused to be issued by the Issuer. Such obligation envisages not only the disclosures to be true and fair but also the prime obligation of not to conceal any material disclosures. Therefore, the explicit provisions impose the obligation on the Issuer Company and in the extant matter MVEL failed to discharge its responsibility to make true, fair and complete disclosure by concealing the material information.

xxxv. S. Madhavan who was the Company Secretary and Compliance Officer is also responsible for the non-disclosure in the Prospectus. Being a Company Secretary he is aware of his roles and responsibilities, more particularly disclosures to be made in the Prospectus including the veracity of the disclosures. He knows that investors would rely on the contents of the Prospectus before subscribing to the issue and therefore he has to do necessary due diligence to satisfy himself that the contents of the Prospectus reflect a true and complete picture of the company. In the given matter he has not shown the steps taken by him to check the veracity of the contents of the Prospectus. Further, as compliance officer reporting to the Board, he has the responsibility to ensure that the company complies with all the legal and regulatory provisions. In the extant matter, it has been held that MVEL has failed to make true, fair and complete disclosure in its Prospectus. As discussed in previous paragraphs, one of the legal requirements in the prospectus is to publish true facts. Therefore, S. Madhavan being the Company Secretary and Compliance Officer is also liable for the aforesaid failure of MVEL.

xxxvi. M. Pandiyan who was the Manager-Accounts and Finance of MVEL and also a signatory to the RHP/Prospectus. I note that it is an admitted fact that M. Pandiyan is signatory to the RHP/Prospectus and by virtue of the same he is responsible for the misstatements in the RHP/Prospectus. I note that M. Pandiyan has not exercised any due diligence to prevent the commission of the offence In view of the same, I find that M. Pandiyan being the Manager-Accounts and Finance is also liable for the aforesaid failure of MVEL.

xxxvii. In respect of incorrect disclosures, it is pertinent to note that **Hon'ble SAT in the matter of HSBC Securities and Capital Markets (India) Private Ltd. vs. SEBI decided on February 20, 2008** observed that " *an incorrect or wrong information in a letter of offer or other similar documents issued for the benefit of investors in general could lead to serious consequences including loss of credibility for the market operators and for the regulatory system. This kind of failure has to be taken very seriously by the market regulator*".

xxxviii. Further, **Hon'ble SAT in the matter of Brooks Laboratories Ltd. vs. SEBI** decided on March 21, 2018 has further held that "*Failure to disclose material information and making false/ misleading statements in the RHP/ Prospectus constitutes serious violation of the PFUTP/ ICDR Regulations. Appellants who are Chairman, Managing Director, Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company cannot escape penal liability for the aforesaid violations by merely stating that they had relied on the merchant banker. Appellants were equally responsible to ensure that all material facts were disclosed and further ensure that false and misleading statements were not made in the RHP/ Prospectus*."

xxxix. I note that SEBI has adopted a disclosure based regulatory regime. Under this framework, issuers and intermediaries disclose relevant details about themselves, the products, the market and the regulations so that the investor can take informed investment decisions based on such disclosures. In the case of an IPO by a company, the information about the company is made available to the public/investors in the form of offer document. The public/investors make its decision based on the information provided to them in the form of disclosures in the offer document.

xl. Full, fair and timely disclosures form the cornerstone of any disclosure requirement stipulated by SEBI. The guiding principle in a disclosure based regulatory regime is the need for the issuers of securities to disseminate true and complete information to the potential investors in respect of the issuer and the security being issued to enable the potential investors to make their own informed investment decisions. The same is also with a view to bring transparency in the securities market. The access to the securities market for issuers is conditional upon such disclosures. The disclosure-based regime imposes a heavier responsibility on the issuers of securities in respect of the accuracy and completeness of the information disclosed by them.

xli. Prospectus is the principal medium through which the investors get information of the strength and weakness of the company, its creditworthiness, credence and confidence of Promoters and the company's prospects. The purpose of filing the offer document with SEBI is not a mere ritual or formality. Therefore, the importance of contents of the Prospectus in a disclosure regime cannot be overemphasized. **Hon'ble SAT in the matter of V. Natarajan Vs. SEBI, Appeal No. 104 of 2011**, held that: *"... We are satisfied that the provisions of Regulations 3 and 4 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, were violated… These regulations also prohibit persons from indulging in a fraudulent or unfair trade practice in securities which includes publishing any information which is not true or which he does not believe to be true. Any advertisement that is misleading or contains information in a distorted manner which may influence the decision of the investors is also an unfair trade practice in securities which is prohibited. The regulations also make it clear that planting false or misleading news which may induce the public for selling or purchasing securities would also come within the ambit of unfair trade practice in securities…"*

xlii. Hon'ble Supreme Court of India in the matter of **N Narayanan Vs. Adjudicating Officer, SEBI decided on April 26, 2013** while dealing with the concept of market abuse in securities market has observed as follows:

"Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law. Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve 'market integrity' and to prevent 'Market abuse'. The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the securities market, so as to promote orderly, healthy growth of securities market and to promote investors protection. Securities market

is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. 'Market abuse' impairs economic growth and erodes investor's confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abuser.

…

A word of caution:

43. SEBI, the market regulator, has to deal sternly with companies and their Directors indulging in manipulative and deceptive devices, insider trading etc. or else they will be failing in their duty to promote orderly and healthy growth of the Securities market. Economic offence, people of this country should know, is a serious crime which, if not properly dealt with, as it should be, will affect not only country's economic growth, but also slow the inflow of foreign investment by genuine investors and also casts a slur on India's securities market. Message should go that our country will not tolerate "market abuse" and that we are governed by the "Rule of Law". Fraud, deceit, artificiality, SEBI should ensure, have no place in the securities market of this country and 'market security' is our motto. People with power and money and in management of the companies, unfortunately often command more respect in our society than the subscribers and investors in their companies. Companies are thriving with investors' contributions but they are a divided lot. SEBI has, therefore, a duty to protect investors, individual and collective, against opportunistic behavior of Directors and Insiders of the listed companies so as to safeguard market's integrity.

…

SEBI has the duty and obligation to protect ordinary genuine investors and the SEBI is empowered to do so under the SEBI Act so as to make security market a secure and safe place to carry on the business in securities.

xliii. In the extant matter by virtue of failure to make disclosure about existing arrangement with related party and directorship of one of the directors of the Company and name of the suppliers/vendors, the investors were deprived of the important information at the relevant point of time. In other words, by not complying with the regulatory obligation of making true and complete disclosures, the company and its directors and the signatories to the RHP/Prospectus have misled the investors which is detrimental to the interest of investors in securities market and the same is in violation of Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(a), (d), (e), (f), (k) and (r) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992.

xliv. With regard to the allegation against the Company regarding false statement it is noted that Clause 43(a) of the equity listing agreement states that a company shall on a quarterly basis furnish a statement indicating variations between projected utilization of funds made by it in its prospectus and the actual utilization of funds. Further, Clause 43A(1) of the equity listing agreement states that company shall provide a statement indicating material deviations, if any, in the use of proceeds of a public issue from the objects stated in the offer document. The utilization of IPO proceeds of the Company, as per the investigation of SEBI, has been given in the Table 13 in the instant order and the statements of utilization of IPO proceeds, as submitted by the Company to BSE as Annexure 25 to the SCN are different. In view of this, it is concluded that the Company provided false statements to BSE and has violated the provisions of Clauses 43 and 43A(1) of the equity listing agreement.

xlv. Further, with regard to the entities namely, Aman Tie-up Private Limited, Subodhsagar Shares & Services Pvt. Ltd., Sardhav Investment & Finance Limited and Supershvanath Stock & Service, it is noted that the said entities have been struck off from the list of companies by the Office of Registrar of Companies and also dissolved. As the entities were struck off, the same were dealt in separate orders.

xlvi. In view of the above, it is alleged that Noticee 1 has violated the provisions of Clauses 43 and 43A(1) of the listing agreement. Further, Noticees 1 to 9 have violated the provisions of Section 12A(a), (b) and (c) of the SEBI Act r/w Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (d), (e), (f), (k) and (r) of PFUTP Regulations. Further, Noticees 10 to 16 have violated the Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (d) of PFUTP Regulations r/w

Section 12A(a), (b) and (c) of SEBI Act. Further, Noticees 17 and 18 have violated the Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of SEBI Act. Further, Noticees 19 to 32 have violated the provisions of regulations 3(a), (b), (c), (d), 4(1) ,4(2)(a), (d), and (e) of PFUTP Regulations r/w Section 12A (a), (b) and (c) of SEBI Act.

Issue (f): Whether Noticees 20 to 31 violated the provisions of sections 11C(2) and 11C(3) of SEBI Act, 1992?

i. It is alleged in the SCN that Noticees Nos. 20 to 31 have failed to provide information as sought by SEBI vide summons and thereby violated the provisions of section 11C(2) and 11C(3) of SEBI Act. Therefore, it is alleged that, by their failure to provide information as sought, the nature of connection between MVEL and these entities could not be established thereby hampering the investigation.

ii. It is noted from the available record that the IA issued summons to the aforesaid i.e. Noticees Nos. 20-31 to examine the purpose behind fund transfers to them out of IPO proceeds of MVEL. Various summonses dated May 03, 2016 and May 13, 2016 were issued seeking comments in respect of their relationship with each other, promoters of MVEL, merchant banker and various fund flow conduits. The aforesaid Noticees were also advised to submit reasons for receipt of funds from Sardhav Investment and Finance Pvt. Ltd. (Shardhav) as well as their respective rationale for trading in the scrip of MVEL. It is noted from the available record that:

- B M D Exports Private Limited ('Noticee 20') also submitted vague and unrelated response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from various entities and the funds were repaid on regular basis. Noticee 20 contended that, it has replied to the summons issued by the IA, however, it neither submitted any reply on details of association with entities nor submitted any rationale behind trading in the scrip of MVEL. Further, it also failed to provide any details of repayment of funds received from Sardhav.

- Budhisagar Shares and Services Ltd. (Noticee 21) also admitted taking funds from Deesha Tie-up Pvt. Ltd. ('Noticee 13') and repaid both on regular basis. Noticee 21 contended that, it has replied to the summons issued by the IA However, Noticee 21 failed to provide any details of repayment of funds. Further, neither any detail of association with other entities nor any rationale for trading in the scrip of MVEL was submitted by Noticee 21.
- Ghantakarna Shares and Services Pvt. Ltd. ('Noticee 22') submitted vague and un-related response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from Sardhav which were repaid on regular basis. Noticee 22 contended that, it has replied to the summons issued by the IA, however, it didn't submit any reply on either on its association with entities mentioned in the summons or the rationale behind trading in the scrip of MVEL. Further, it didn't provide any details of repayment of funds received from Sardhav.
- Kiranbhai Popatbhai Alodariya ('Noticee 23') submitted vague and un-related response to the effect that he needs funds regularly due to him being in the stock market business and therefore, he had taken funds from Sardhav which were repaid on regular basis. Noticee 23 contended that, it has replied to the summons issued by the IA. However, he didn't submit any reply on either on his association with entities mentioned in the summons or the rationale behind trading in the scrip of MVEL. Further, he didn't provide any details of repayment of funds received from Sardhav.

- Poojan Tradecom Private Limited ('Noticee 24') submitted vague and un-related response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from sardhav which were repaid on regular basis. Noticee 24 contended that, it has replied to the summons issued by the IA However, it didn't submit any reply on either on its association with entities mentioned in the summons or the rationale behind trading in the scrip of MVEL. Further, it didn't provide any details of repayment of funds received from Sardhav.
- Prakashbhai Ishwarbhai Rana ('Noticee 25'), vide his letter dated May 26, 2016 sought 30 days' time to submit his reply. However, no information was submitted by him subsequently.
- Ratnasuri Shares and Services Pvt. Ltd.('Noticee 26') submitted vague and un-related response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from Sardhav, which were repaid on regular basis. Noticee 26 contended that, it has replied to the summons issued by the IA However, it didn't submit any reply on either on its association with entities mentioned in the summons or the rationale behind trading in the scrip of MVEL. Further, it didn't provide any details of repayment of funds received from Sardhav.
- Real Marketing Pvt. Ltd. ('Noticee 27') submitted that as a trader it needed funds and therefore, it took funds from Sardhav Investment and Finance Pvt. Ltd. Noticee 27 contended that, it has replied to the summons issued by the IA. However, no detail of association with other entities provided. No rationale for trading in the scrip of MVEL provided. If the funds were borrowed, no details of return of funds were provided.
- Sonal Shares Investment & Company Limited ('Noticee 28') submitted that as a trader it needed funds and therefore, it took funds from Sardhav. It also submitted have taken funds from Sardhav. However, Noticee 28 failed to provide any details of repayment of funds. Further, neither any

detail of association with other entities nor any rationale for trading in the scrip of MVEL was submitted by Noticee 28. On the contrary has sought MVEL to be relisted.

- Hem Stocks and Shares Services Private Limited (‘Noticee 29’) submitted that it has no relationship with any entity mentioned in the summons. It admitted borrowing funds from Sardhav to trade. Noticee 29 contended that, it has replied to the summons issued by the IA. However, neither any detail of repayment of funds nor any rationale for trading in the scrip of MVEL has been provided. On the contrary has sought MVEL to be relisted.
- Sumtinath Shares and Services Pvt. Ltd. (‘Noticee 30’) also submitted vague and unrelated response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from Sardhav which were repaid on regular basis. Noticee 30 contended that, it has replied to the summons issued by the IA. However, it neither submitted any reply on details of association with entities nor submitted any rationale behind trading in the scrip of MVEL. Further, it also failed to provide any details of repayment of funds received from Sardhav.
- Tirthankar Shares and Services Pvt. Ltd. (‘Noticee 31’) also submitted vague and unrelated response to the effect that it needs funds regularly due to it being in the stock market business and therefore, it had taken funds from Sardhav, which were repaid on regular basis. Noticee 31 contended that, it has replied to the summons issued by the IA. However, it neither submitted any reply on details of association with entities nor submitted any rationale behind trading in the scrip of MVEL. Further, it also failed to provide any details of repayment of funds received from Sardhav. On the contrary has sought action against directors of MVEL for breach of terms with stock exchange.

iii. I note from the content of the summons issued to the aforesaid Noticees i.e. Noticees No. 20-31 that the Investigating Authority had sought the purpose for which the amount was transferred by Esteem to the aforesaid Noticees with supporting documents and the end use of the money received by them from Esteem. Also, the Noticees played an important role in funding the IPO applicants through the funding group entities and then transferring the IPO proceeds back to the funding entities. I note from the records that the summons were received by the Noticees, yet the Noticees failed to submit the information as sought for by the Investigating Authority. Therefore, I conclude that Noticees failed to submit the information / documents sought by Investigating Authority vide summons, which hampered the investigation to ascertain the facts under investigation.

iv. It is not in dispute that the aforesaid Noticees have been served with the summons, yet the Noticees failed to furnish the documents / information as sought by the Investigating Authority. I note that the failure on the part of the aforesaid Noticees to comply with the summons has hampered the investigation. In this connection, I note that it is the responsibility of every person from whom information is sought vide summons to fully co-operate with Investigating Authority and promptly produce all documents, records, information, etc., to the Investigating Authority. It is pertinent to note that SEBI is basically constituted to promote orderly and healthy growth of securities market apart from protecting investors' interest. For discharging this onerous job, and with a view to achieve the underlined object, SEBI as a regulator is required to conduct investigation and enquiries in the affairs of various parties from time to time. For this purpose, first and the foremost thing is co-operation from the concerned officers of the companies not only to produce the relevant records as and when required by an investigating officer or enquiring authority or by any person authorised by the SEBI in this behalf and to appear in person as and when called upon. In case of failure on the part of the concerned person to furnish such records/information is not only contemptuous but also a hindrance in the way of conducting smooth investigation and enquiry by the regulator to arrive at a just and fair conclusion as per the provisions of SEBI Act, 1992.

v. In this context, I note that **Hon'ble Securities Appellate Tribunal (hereinafter referred to as SAT), in matter of Asian Films Production and Distribution Ltd. vs SEBI** (Appeal No. 203 of 2010 decided on 19th January, 2011), has held that: "*Non-compliance with summons is, indeed, a serious matter and cannot be viewed lightly. The respondent Board is the market regulator and has to regulate the securities market and the law provides that every person associated with the market in any manner should cooperate in the matter of carrying out investigations. In the year 2002, the provisions of the Act were amended and penalty for non-compliance with summons was enhanced considerably to make it more deterrent. Market players who do not cooperate with the regulator in the matter of investigations commit a serious wrong which can have serious repercussions in the market. We do not know what would have come to light if the company had furnished the information sought from it.*"

vi. The Hon'ble SAT in its Order dated October 22, 2013, in the matter **of Rich Capital & Financial Services Limited and Mr. Shashwat Agarwal Vs SEBI** observed that- "*We note that requisite information and relevant records are pre-requites for a meaningful investigation. In the absence of cooperation by the concerned company, the SEBI cannot move an inch. Therefore, every company is obliged to reasonably respond to any letters or summons to be issued by the regulator by furnishing the required information and/or documents for a smooth investigation, unless such a request/demand by the regulator is shown to be the outcome of ill-will, or is tainted with malice and/ or is otherwise arbitrary in the fact situation of a given case. If companies are allowed to take the statutory summons, letters or other* *statutory commands of the Regulator lightly, every investigation will be thwarted even before it begins*."

vii. Further, the **Hon'ble SAT in the matter of Mr. Jalaj Batra vs. SEBI (Appeal no. 184 of 2010,** date of decision dated December 06, 2010) wherein it observed that: "......*We have observed time and again that it is of utmost importance that market players like the appellant should fully cooperate with the investigations that are carried out by the Board, the watchdog of the securities market. If market players and intermediaries avoid appearing before the investigating officer or furnish the necessary information sought from them, the Board as a market regulator will not be able to carry out its statutory functions and duties of protecting the integrity of the securities market and the investigations would be grossly hampered. Non- cooperation with the market regulator has to be viewed seriously. We do not know what else would have come to light if the appellant had appeared before the investigating officer or if he had furnished the requisite information that was sought from him*."

viii. In view of the aforesaid findings and in view of the ratio laid down by Hon'ble SAT, I conclude that the Noticees 20 to 31 have failed to comply with summons issued to it. Therefore, I conclude that the violations of the provisions of sections 11C(2) and 11C(3) of SEBI Act, 1992 against the Noticees 20 to 31 stand established.

Issue (g): Does the violations, if any, on the part of the Noticees would attract monetary penalty under section 23E of SCRA, sections 15A(a) and 15HA of the SEBI Act, 1992?

i. It has been established in the foregoing paragraphs that Noticee No. 1 has violated the provisions of Clauses 43 and 43A(1) of the listing agreement. Further, Noticees 1 to 9 have violated the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (d), (e), (f), (k) and (r) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of the SEBI Act. Further, Noticees 10 to 19 have violated the Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (d) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of SEBI Act. Further, Noticees 20 ad 21 have violated the Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations r/w Section 12A(a), (b) and (c) of SEBI Act. Further, Noticees 21 to 32 have alleged to have violated the provisions of regulations 3(a), (b), (c), (d), 4(1) ,4(2)(a), (d), and (e) of PFUTP Regulations r/w Section 12A (a), (b) and (c) of SEBI Act. Further Noticees 21 to 31 have alleged to have violated the provisions of Section 11C(2) and 11C(3) of the SEBI Act.

ii. In this regard, reliance is placed upon the order of the Hon'ble Supreme Court of India in the matter of Chairman, **SEBI Vs Shriram Mutual Fund** { [2006]5 SCC 361 } – wherein the Hon'ble Supreme Court of India held that "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant*…………...."

iii. In view of the above observations, it is alleged that the Noticee no.1 is liable for penalty under section 23E of SCRA. It is further alleged that Noticees 1 to 32 are liable for penalty under the provisions of Section 15HA of SEBI Act and Noticees 20 to 31 are liable for penalty under the provisions of Section 15A(a) of SEBI Act. The text of the said provisions are as under-

SCRA

Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.

23E. *If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty not exceeding twenty-five crore rupees.*

SEBI Act

Penalty for failure to furnish information, return, etc.

15A. If any person, who is required under this Act or any rules or regulations made thereunder,—

(a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

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 of twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher"

Issue (h): If so, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors mentioned in section 23J of SCRA and section 15J of SEBI Act, 1992?

i. While determining the quantum of penalty under section 23J of SCRA and sections 15A(a) and 15HA of the SEBI Act, 1992, it is important to consider the factors relevantly as stipulated in section 15J of the SEBI Act, 1992 which reads as under:-

SCRA

Factors to be taken into account while adjudging quantum of penalty
***23J**. While adjudging the quantum of penalty under, 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.

SEBI Act, 1992
Factors to be taken into account by the adjudicating officer.

15J. *While adjudging quantum of penalty under section 15-I, 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.*

ii. In the present matter, the material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticees and also the loss suffered by the investors as a result of these Noticees' default. The consequences resulting from violations committed by the said Noticees are of grave nature and are prejudicial to the interests of investors in the securities market. If violations of this nature and magnitude are not dealt with seriously with a firm hand then investors will lose faith in the Indian Securities Market.

iii. The Hon'ble SAT, in its order dated August 02, 2019 in the matter **of P G Electroplast vs SEBI**, has held that the Order passed in corresponding proceedings before the Whole Time Member should be factored in while fixing the quantum of penalty. In this regard, I note that, a separate and parallel proceeding was initiated against the Noticees 1 to 9 under the provisions of section 11(1), 11(4) and 11B of the SEBI Act, 1992 under the same facts. In the said proceedings, vide Order dated February 18, 2020, Hon'ble Whole Time Member of SEBI has inter-alia restrained the Noticees no. 1 to 9 from accessing the securities market and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner i.e. (i) MVEL, Sudhir Kumar Jena, K Murugavel, Vasan Chidambaram and K Ramdasan for a period of Seven years,(ii) Datuk K Keetheeshwarn and R Chandrasekharan for a period of five years and (iii) S Madhavan and M

Pandiyan for a period of two years from the date of the Order passed by WTM.

ORDER

15. After taking into consideration the facts and circumstances of the case, material/facts on record, case laws submitted by the Noticees and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 r/w rule 5 of the Adjudication Rules, 1995, hereby impose the following penalty on the Noticees under section 23E of SCRA, sections 15A(a) and 15HA of the SEBI Act, 1992, for the failure on their part to comply with the provisions of SEBI Act, Listing agreement and PFUTP Regulations, 2003:

Noticee No.	Name of the Noticee	Penal Provisions	Penalty Amount (in Rs)
1	Midvalley Entertainment Limited	Section 23E of SCRA Section 15HA of SEBI Act	20,00,000 5,00,000
2	Datuk K Ketheeswaran	Section 15HA of SEBI Act	10,00,000
3	R Chandrasegaran		10,00,000
4	Sudhir Kumar Jena		10,00,000
5	K Murugavel		10,00,000
6	Vasan Chidambaram		10,00,000
7	K Ramdasan		10,00,000
8	S Madhavan		10,00,000
9	M Pandiyan		10,00,000
13	Deesha Tie-Up Pvt. Ltd.	Section 15HA of SEBI Act	5,00,000
14	Dharmnath Shares and Services Pvt. Ltd.		5,00,000
15	Regent Finance Corporation P. Ltd.		5,00,000
16	Mercury Fund Management Co. P. Ltd.		5,00,000

Noticee No.	Name of the Noticee	Penal Provisions	Penalty Amount (in Rs)
17	Eduexel Infotainment Ltd		5,00,000
18	Aswin Logistic Ventures (Proprietor: Usha Murugavel)		5,00,000
19	Omni Ax's Software Ltd.	Section 15HA of SEBI Act	5,00,000
20	Bharat Babubhai Trivedi		5,00,000
21	BMD Exports Pvt. Ltd.	Section 15HA of SEBI Act	7,00,000
22	Buddhisagar Shares and Services Pvt. Ltd.	Section 15A(a) of SEBI Act	7,00,000
23	Ghantakarna Shares and Services Pvt. Ltd.		7,00,000
24	Kiranbhai Popatbhai Alodariya		7,00,000
25	Poojan Tradecom Pvt. Ltd.		7,00,000
26	Prakashbhai Ishwarbhai Rana		7,00,000
27	Ratnasuri Shares and Services Pvt. Ltd.		7,00,000
31	Real Marketing Pvt. Ltd.		7,00,000
28	Sonal Shares Investment & Company Ltd.		7,00,000
29	HEM Stocks and Shares Services Pvt. Ltd.		7,00,000
30	Sumtinath Shares and Services Pvt. Ltd.		7,00,000
31	Tirthankar Shares and Service Pvt. Ltd.		7,00,000
32	Pyramid Sales Pvt. Ltd.	Section 15HA of SEBI Act	5,00,000

I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees.

16. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through Demand Draft in favor of “SEBI -Penalties Remittable to Government of India”, payable at Mumbai, or the online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW. In case of any difficulties in payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in.

17. The Noticees shall forward said Demand Draft or the details/confirmation of penalty so paid to the Division Chief, Enforcement Department-I,SEBI. The Noticees shall provide the following details while forwarding DD/payment information:

    a) Name and PAN of the entity (Noticee)
    b) Name of the case / matter
    c) Purpose of Payment –Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

18. In terms of the provision of rule 6 of the Adjudication Rules, 1995, a copies of this order are being sent to the Noticees and also to SEBI.

Place: Mumbai	**PRASANTA MAHAPATRA**
Date: May 31, 2022	**ADJUDICATING OFFICER**