BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO.ID-3/AO/DRK/JP/433-99 to 457-123/2013]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

Against:-

1. Konark Commercial & Industries Ltd.
2. Shardaraj Tradefin Ltd
3. Suryamukhi Projects Pvt. Ltd.
4. Blue Print Securities Ltd.
5. Sunshine Housecon Ltd.
6. Mangalmayee Hirise Pvt. Ltd.
7. Makesworth Project & developers P. Ltd.
8. Shirdhan Jewellery Pvt. Ltd.
9. Growfast Realtor Pvt. Ltd.
10. Jagarnath Consultants Pvt. Ltd.
11. Silicon Hotel Pvt. Ltd.
12. Pushpanjali Hirise Pvt. Ltd.
13. Alishan Estates Pvt. Ltd.
14. Neelkamal Dealcom P. Ltd.
15. Khusboo Complex Pvt. Ltd.
16. Mr. Pulak Bagchi
17. Mr. Neeraj Kedia
18. Mr. Pramod Ramdin Sharma
19. Mr. Bajrang Kumar Sultania
20. Mr. Ajay Kumar Agarwal
21. Mr. Raj Narain Pandey
22. Mr. Harish Nandkishore Surekha
23. Mr. Rakesh Jindal
24. Mr. Umesh Singh
25. Overall Financial Financial Consultants P. Ltd

(PANs: Not Available)

(In the matter of Brooks Laboratories Ltd.)

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI'**) conducted investigations into the alleged irregularities in the Initial Public Offering (IPO) of Brooks Laboratories Ltd. (Brooks) covering the period from June 2011 to September 2011 (hereinafter referred to as **'Investigation Period'**). The investigation *inter-alia* revealed that certain irregularities / fraudulent exercise of siphoning of funds to the tune of ₹ 8 Crore from the IPO proceeds were done by the promoters of Brooks along with several layers /

entities namely- (1) Konark Commerce & Industries Ltd. (Konark), (2) Shardaraj Tradefin Ltd. (Shardaraj), (3) Suryamukhi Projects Pvt. Ltd. (Suryamukhi), (4) Blue Print Securities Pvt. Ltd. (Blue Print), (5) Sunshine Housecon Ltd. (Sunshine), (6) Mangalmayee Hirise Pvt. Ltd. (Mangalmayee), (7) Makesworth Projects & Developers Pvt. Ltd. (Makesworth), (8) Shirdhan Jewellery Pvt. Ltd. (Shirdhan), (9) Growfast Realtors Pvt. Ltd. (Growfast), (10) Jagarnath Consultants Pvt. Ltd, (Jagarnath), (11) Silicon Hotel Pvt. Ltd. (Silicon), (12) Pushpanjali Hirise Pvt. Ltd. (Pushpanjali), (13) Alishan Estates Pvt. Ltd. (Alishan), (14) Neelkamal Dealcomm Pvt. Ltd (Neelkamal), (15) Khusboo Complex Pvt. Ltd. (khusboo), (16) Mr. Pulak Bagchi, (17) Mr. Neeraj Kedia, (18) Mr. Pramod Ramdin Sharama, (19) Mr. Bajrang Kumar Sultania, (20) Mr. Ajay Agarwal, (21) Mr. Raj Narayan Pandey, (22) Mr. Harish Nandkishore Sureka, (23) Mr. Rakesh Jindal, (24) Mr. Umesh Singh and (25) Overall Financial Financial Consultants Pvt. Ltd. (Overall Financial) - (hereinafter referred to as '**the Noticee No.1 to 25'** respectively) or (all may be collectively referred to as '**the Noticees'**) and thereby violated various provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **'SEBI Act'**) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the **'PFUTP Regulations'**).

APPOINTMENT OF ADJUDICATING OFFICER

2. Subsequent to the transfer of erstwhile Adjudicating Officer, the undersigned has been appointed as Adjudicating Officer vide order dated July 30, 2013 in these matters, under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the **'SEBI Act'**) read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the **'Adjudication Rules'**) to inquire into and adjudge under Section 15 HA of the SEBI Act, the violation of the provisions of Section 12 A (a), (b) & (c) of the SEBI Act and Regulation 3 (a) to (d), 4 (1) and 4 (2) (a) & (e) of the PFUTP Regulations, alleged to have been committed by the above referred Noticees.

SHOW CAUSE NOTICE, HEARING AND REPLY

3. A common Show Cause Notice dated February 04, 2010 (hereinafter referred to as “**SCN**”) was issued to the Noticees by RPAD under Rule 4(1) of the Adjudication Rules requiring the Noticees to show cause as to why an inquiry should not be held against them and why penalty, if any, should not be

imposed on them under section 15HA of the SEBI Act, for the aforesaid alleged violation of the provisions of SEBI Act and PFUTP Regulations. In the SCN, following allegations were levelled against the Noticees;

A. It was stated in the SCN that that Brooks entered in to the capital market by way of an offer of equity shares to the public in the price band of ₹ 90 to ₹ 100 per equity share with a face value of ₹ 10 each aggregating ₹ 63 crores. The Red Herring Prospectus (RHP) filed by Brooks was dated August 3, 2011 and the Prospectus of Brooks was dated August 22, 2011.

B. During the course of investigation, it was *inter-alia* observed that certain irregularities/fraudulent exercise were committed by the Noticees along with the promoters of Brooks, resulting into siphoning of funds to the tune of ₹ 8 crores from the IPO proceeds. Investigation revealed that Board of Directors of the Brooks passed certain resolutions to raise funds through short term unsecured loans in the form of Inter Corporate Deposits (ICD) from some of the Noticees, in order to fund its capital expenditure without the presence of independent directors. As per the information available on the website of the Ministry of Corporate Affairs (MCA), some of the entities from whom ICDs were raised, were connected / relates to each other. The funds raised by the Brooks in the form of ICDs, some portion / part was transferred to Suryamukhi (Noticee No. 3). Copy of Bank statements of ICICI showing the transfer of funds among the aforesaid entities were provided to the Noticees along with SCN.

C. It was sated that the amount paid by Blue Print, Shardaraj, Sunshine and Konark aggregating to a sum of ₹ 8 crores to Brooks as ICDs were nothing but ₹ 7 crores received from Shitalnath Buildcon Pvt. Ltd. (Shitalnath). The Blue Print, Shardaraj, Sunshine, Konark and Suryamukhi in the guise of ICDs, through fictitious transactions and wrong book entries, have round tripped a total sum of ₹ 8 crores.

D. It was stated that Brooks received a total sum of ₹ 61,03,07,312 (after deduction of issue expenses) on September 02, 2011 from IPO process, and then transferred these funds to some of the Noticees on September 2 & 3 of 2011. Brooks also paid ₹ 25 Lakh as interest on these loans. Copy of Bank Statements of ICICI Bank, showing the transfer of funds by Brooks to Konark, Blue Print, Shardaraj and Sunshine were provided to the Noticees along with the SCN. Allegedly, through fictitious transactions and round tripping of funds, the said Noticees along with the promoters of Brooks had siphoned off the funds to the tune of ₹ 8 crore from the IPO proceeds.

E. It was also stated that Syal & Associates had given a quotation of ₹ 12.20 crores to the Brooks for construction of building and the same was disclosed in the offer document. However, in spite of a lower quotation, the management / promoters of the Brooks appointed Suryamukhi (Noticee No. 3) as a project contractor for an amount of ₹ 15.30 crores and the said entire amount was paid in advance to Suryamukhi for project work i.e. consultation and execution of architectural design, civil work, plumbing work, electrical installation etc. without the infrastructure being developed at the project site. Copy of Bank statements of ICICI Bank Ltd. showing the fund transfer by Brooks to Suryamukhi were forwarded to the Noticees along with SCN.

F. It was stated that out of said IPO proceeds, ₹ 2.50 crores was transferred to Overall Financial - Noticee No. 25, through layers of many of the Noticees (viz. Noticee No. 1, 2 and 6 to 15) in complicit with promoters of Brooks. The aforesaid Noticee No. 6 to 15 became the route and secretly transferred the funds to Overall Financial which was utilized to trade in the securities market. These funds were deployed by Overall Financial in trading in the scrip of Brooks and losses incurred by Overall Financial in such dealings, were made good from the IPO proceeds. Allegedly, the Overall Financial / Noticee No. 25 aided / abetted, and was the participant to the fraud committed by Brooks and Noticee No. 1, 2 and 6 to 15, with an ulterior motive of misutilizing the IPO proceeds. Copy of Bank statements of ICICI Bank showing the transfer of funds by Noticee No. 1, 2 and 6 to 15 to Overall Financial, were forwarded to the Noticees along with SCN. The details of order/trade in the scrip of Brooks contained in a DVD was provided to Overall Financial.

G. In view of the above, it was alleged that the Noticee No. 1, 2, and 6 to 25 have violated section 12 A (a), (b) & (c) of the SEBI Act, Regulation 3 (a) to (d), 4 (1), (2) (a) & (e) of the PFUTP Regulations and the Noticee No. 3 to 5 have violated section 12 A (a), (b) & (c) of the SEBI Act, Regulation 3 (a) to (d), 4 (1) of the PFUTP Regulations; which reads under;

SEBI Act

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

12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

FUTP 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 thereunder;

(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 thereunder.

4. Prohibition of manipulative, fraudulent and unfair trade practice

(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;

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

4. The said SCN was served on few Noticees and was returned undelivered in respect of several other Noticees with remarks 'left/**refused**/intimation sent/not claimed/unknown' etc by the postal authorities. Thereafter, SCN was again sent through RPAD at the another address of some of the Noticees which was also returned undelivered with almost same remarks by the postal authorities. Thereafter, through the Eastern Regional Office of SEBI at Kolkata, the SCN(s) were affixed at the last known addresses of the several Noticees. However, none of the Noticees responded towards SCN. Thereafter, an opportunity of hearing was granted to the Noticees on August 21, 2013 vide common notice dated August 05, 2013 through RPAD and almost all the notices were returned undelivered with remarks "left / **refused** / intimation sent / not claimed / unknown etc. Further, another final opportunity of hearing was provided to the Noticees (who were unserved of earlier hearing notice) on September 26, 2013 vide notice dated September 05, 2013 and the said notice was affixed at the last known address of the several Noticees. The said notice was also uploaded at the SEBI website under the heading of " Orders & Rulings > Unserved Summons / Notices". However, neither of the Noticees appeared for the hearing nor they replied towards the SCN.

5. Thereafter, further efforts were taken in order to serve the notices in addition to what has been prescribed in the aforesaid Adjudication Rules for the service of notices; and accordingly, another opportunity of hearing was provided to the Noticees (who were unserved of earlier hearing notices) through newspaper advertisement on December 07, 2013 in one of the leading national newspaper "Times of India" all Edition, and in vernacular language newspaper "Ananda Bazar Patrika" in Bengali at Kolkata and "Dainik Bhaskar" in Hindi at Bilaspur, advising the Noticees to appear on December 23, 2013 for hearing.

6. In the aforesaid newspaper publication, it was also clearly indicated that the Noticees or their authorized representative may collect the copy of notices from the Adjudicating Officer. However, none of the Noticees neither collected the said notices nor appeared for the scheduled hearing on December 23, 2013. After said newspaper publication, the Noticee No. 1 - 8, 10, 12 - 20, 23 - 24 vide their letter dated NIL (received by undersigned on December 27, 2013) filed their reply containing only few lines each as mentioned in the table below. On perusal of their replies, it is observed that the said replies are on similar lines and the particulars of allegations are not in dispute except mere denial of same by them. It is also surprisingly noticed that the said replies were filed by

them from the same addresses on which the SCN / hearing notices were sent/affixed. The details of said SCN and Hearing Notices (HN) sent to the Noticees at their respective addresses and contents of reply of Noticee No. 1 - 8, 10, 12 - 20, 23 - 24 are produced in a table hereunder;

<table>
<tr><th>Sr. No.</th><th>Name of Noticee / Entity</th><th>Address where SCN / Notice of Hearing were sent / delivered / affixed / advertisement made in newspapers</th><th>SCN / Hearing Notice (HN) served by RPAD / Affixture / advertisement made in newspapers</th><th>Reply of Noticees, if any.</th></tr>
<tr><td>1.</td><td>Konark Commercial & Industries Ltd.</td><td>16 A, Hospital Street, 2nd Floor, Kolkata - 700 072 (West Bengal)
and
6 & 6/3, Shashi Shekhar Bose Road, Kolkata 700 025 (West Bengal)</td><td>i. SCN was served through hand delivery by Eastern Regional Office of SEBI
ii. HN was served by way of affixture as well as by Newspaper publication</td><td rowspan="2">They only proceeded with normal course of business with Brooks by providing ICD. They are not aware about utilization of funds as it was beyond their prospects and hence they should not be held responsible. They also requested to spare them as they are not connected in the fund circulation and also denied the allegations.</td></tr>
<tr><td>2.</td><td>Shardaraj Tradefin Ltd</td><td>1 Crooked Lane, 1st Floor, Room No. 109, Kolkata- 700 069
(West Bengal)</td><td rowspan="9">SCN and HN were served by way of affixture as well as by Newspaper publication</td></tr>
<tr><td>3.</td><td>Suryamukhi Projects Pvt. Ltd.</td><td>4A, Madan Mohan Burman Street, Kolkata - 700 007 (West Bengal)
and
1A Grant lane, Room No. 114, Kolkata – 700 012
(West Bengal)</td><td>In no way, they are connected to Brooks for any activity and could not make their responsibilities about the allegations and hence are not responsible for the same.</td></tr>
<tr><td>4.</td><td>Blue Print Securities Ltd.</td><td>1 Crooked Lane, 1st Floor, Room No. 109, Kolkata- 700 069
(West Bengal)</td><td rowspan="2">They only proceeded with normal course of business with Brooks by providing ICD. They are not aware about utilization of funds as it was beyond their prospects and hence they should not be held responsible. They also requested to spare them as they are not connected in the fund circulation and also denied the allegations.</td></tr>
<tr><td>5.</td><td>Sunshine Housecon Ltd.</td><td>10A, Hospital Street, Kolkata- 700 072
(West Bengal)
and
1 Crooked Lane, 1st Floor, Room No. 109, Kolkata- 700 069
(West Bengal)</td></tr>
<tr><td>6.</td><td>Mangalmayee Hirise Pvt. Ltd.</td><td>4A, Madan Mohan Burman Street, Kolkata - 700 007 (West Bengal)
and
1A Grant lane, Room No. 114, Kolkata – 700 012
(West Bengal)</td><td rowspan="3">In no way, they are connected to Brooks for any activity and could not make their responsibilities about the allegations and hence are not responsible for the same.</td></tr>
<tr><td>7.</td><td>Makesworth Project & developers P. Ltd.</td><td>3rd Floor, Room No. 313, 156A Lenin Sarani, Kolkata- 700 013 (West Bengal)
and
1A Grant lane, First Floor, Kolkata – 700 012 (West Bengal)</td></tr>
<tr><td>8.</td><td>Shirdhan Jewellery Pvt. Ltd.</td><td>1A, Mezzinine Floor, Room No. 114, Grant Lane,Kolkata- 700 012 (West Bengal)</td></tr>
<tr><td>9.</td><td>Growfast Realtor Pvt. Ltd.</td><td>4A, Madan Mohan Burman Street, Kolkata - 700 007 (West Bengal)
and
1A Grant lane, Room No. 114, Kolkata – 700 012
(West Bengal)</td><td>NO REPLY</td></tr>
<tr><td>10.</td><td>Jagarnath Consultants Pvt. Ltd.</td><td>1A, Mezzinine Floor, Room No. 114, Grant Lane, Kolkata- 700 012 (West Bengal)</td><td>In no way, they are connected to Brooks for any activity and could not make their responsibilities about the allegations and hence are not responsible for the same.</td></tr>
</table>

11.	Silicon Hotel Pvt. Ltd.	3rd Floor, Room No. 313, 156A Lenin Sarani, Kolkata-700 013 (West Bengal)		NO REPLY
12.	Pushpanjali Hirise Pvt. Ltd.	4A, Madan Mohan Burman Street, Kolkata - 700 007 (West Bengal) and 1A Grant lane, Room No. 114, Kolkata – 700 012 (West Bengal)		In no way, they are connected to Brooks for any activity and could not make their responsibilities about the allegations and hence are not responsible for the same.
13.	Alishan Estates Pvt. Ltd.	3rd Floor, Room No. 313, 156A Lenin Sarani, Kolkata-700 013 (West Bengal) and Flat No. 4B, 6, Central Park, Jadavpur, Kolkata- 700 032 (West Bengal)		
14.	Neelkamal Dealcom P. Ltd.	3, Saklat Place, Kolkata- 700 072 (West Bengal)		
15.	Khusboo Complex Pvt. Ltd.	4A, Madan Mohan Burman Street, Kolkata - 700 007 (West Bengal) and 1A Grant lane, Room No. 114, Kolkata – 700 012 (West Bengal)		
16.	Mr. Pulak Bagchi	Sagarika Apartment, Block-B/3, 15, Old GT Road, Bally, Howrah -711 201 (West Bengal)	i.SCN and HN served through RPAD ii. HN was also affixed	*Being the directors, they have only proceeded with normal course of business with Brooks by providing ICD as per the Board's decision. Further, as an individual, they are in no way aware about utilisation of funds as it was beyond their prospects and hence request to spare them as they are not connected in the fund circulation and hence denies the allegations*
17.	Mr. Neeraj Kedia	12, Pemetile Street, Kolkata-700 016 (West Bengal)	SCN and HN were served by way of affixture as well as by Newspaper publication	
18.	Mr. Pramod Ramdin Sharma	AB-40, Prafulla Kakan (W) Krishanapur, Kolkata- 700 101 (West Bengal)	i.SCN served through RPAD ii. HN served through hand delivery by Eastern Regional Office of SEBI	
19.	Mr. Bajrang Kumar Sultania	1 Crooked Lane, 1st Floor, Room No. 109, Kolkata- 700 069 (West Bengal)	SCN and HN were served by way of affixture as well as by Newspaper publication	
20.	Mr. Ajay Kumar Agarwal	12/5, Naya Patty Road, Kolkata- 700 055 (West Bengal)	SCN and HN were served by way of affixture as well as by Newspaper publication	
21.	Mr. Raj Narain Pandey	87, Shri Krishna Nagar, Shrirampur, Hooghly- 712 205	SCN and HN served through RPAD. (proof is on record).	NO REPLY
22.	Mr. Harish Nandkishore Surekha	A-3, Vijay Kesar, Chincholi Bunder Road, Malad (W) Mumbai- 400 064	SCN and HN served through RPAD (proof is on record).	NO REPLY
23.	Mr. Rakesh Jindal	JG-5, Jindalgarh, Jindal Street & Power Ltd. , Kharsia Road, Raigarh-496 001 (Chhattisgarh)	i. SCN served through RPAD ii. 1st HN was sent through RPAD. 2nd HN served through Newspaper publication	*Being the directors, they have only proceeded with normal course of business with Brooks by providing ICD as per the Board's decision. Further, as an individual, they are in no way aware about utilisation of funds as it was beyond their prospects and hence request to spare them as they are not connected in the fund circulation and hence denies the allegations*
24.	Mr. Umesh Singh	10/1, Alipore Park Place, Kolkata- 700 027 (West Bengal)	SCN and HN were served by way of affixture as well as by Newspaper publication	
25.	Overall Financial Financial Consultants Pvt. Ltd.	61, Kali Krishna Tagore Street, Kolkata- 700 007 (West Bengal)	i. SCN served through RPAD ii. HN served through Affixture and Newspaper publication	NO REPLY

7. From the above efforts taken to serve the SCN / HN, (including the efforts made to serve the notices through newspaper publication), I am of the view that sufficient opportunities were provided to the Noticees to submit their reply

and to appear for the hearing. Hence, I am proceeding against the Noticees on the basis of available records/evidences/reply of some of the Noticees.

8. The adjudication proceedings against Brooks and its management in the same matter is also initiated against them and most of them have filed an application for consent order before SEBI, which is subject to disposal as per terms & conditions prescribed thereto. Therefore, I proceed to dispose of the matter against the present Noticees.

CONSIDERATION OF EVIDENCE AND FINDINGS

9. After taking into account the allegations / replies of some of the Noticees and other evidences/material available on records, the case is being decided on merits as under. Whether the Noticees No. 1-5 have fraudulently acted as layers to Brooks for round tripping of ₹ 8 crores in the guise of ICDs, and were then subsequently paid ₹ 8.25 crores by Brooks from the IPO proceeds resulting into siphoning off funds to the tune of ₹ 8.25 crores from the IPO proceeds. Whether an amount of ₹ 15.30 crores was also siphoned off the by the Suryamukhi (Noticee No. 3) in collusion with Brooks from the IPO proceeds. And whether the Noticee No. 1 , 2 and 6 to 15 were acting as layers in the movement / diversion of funds of IPO to Noticee No. 25 (Overall Financial) with ulterior motive of misutilizing the IPO proceeds while doing transactions in the shares of Brooks.

10. Firstly, I have perused the available records / Annexure VI of the SCN / investigation report (copy of directors details of the Noticee No. 1 to 15 as per MCA Website) and observed that the Noticee No. 16 to 24 are the directors of the Noticee No. 1 to 15. The details are mentioned below.

Sl. No.	**Name of the entity**	**Name of the Directors**
1.	Konark Commerce & Industries Ltd.	• Pramod Ramdin Sharma • Pulak Bagchi • Ajay Agarwal • Neeraj Kedia • Raj Pandey
2.	Mangalmayee Hirise P. Ltd.	• Pramod Ramdin Sharma • Pulak Bagchi • Rakesh Jindal
3.	Shardaraj Tradefin Ltd.	• Pulak Bagchi • Bajrang Sultania • Neeraj Kedia
4.	Makesworth Projects & Developers P. Ltd.	• Pramod Ramdin Sharma • Pulak Bagchi
5.	Shirdhan Jewellery P. Ltd.	• Pramod Ramdin Sharma • Pulak Bagchi
6.	Growfast Realtors P. Ltd.	• Pramod Ramdin Sharma • Pulak Bagchi
7.	Jagarnath Consultants P. Ltd.	• Umesh Singh • Neeraj Kedia

8.	Silicon Hotel P. Ltd.	• Pramod Ramdin Sharma • Umesh Singh
9.	Pushpanjali Hirise P. Ltd.	• Umesh Singh • Pulak Bagchi
10.	Alishan Estates (P) Ltd.	• Pramod Ramdin Sharma • Umesh Singh
11.	Neelkamal Dealcomm P. Ltd.	• Umesh Singh • Neeraj Kedia
12.	Khusboo Complex P. Ltd.	• Pramod Ramdin Sharma • Pulak Bagchi
13.	Suryamukhi Projects Pvt. Ltd.	• Pramod Ramdin Sharma • Pulak Bagchi
14.	Blue Print Securities Ltd.	• Pramod Ramdin Sharma • Pulak Bagchi • Neeraj Kedia • Bajrang Sultania
15.	Sunshine Housecon Ltd.	• Harish Sureka • Pramod Ramdin Sharma • Pulak Bagchi • Neeraj Kedia

11. From the above, it is clear that the Noticee No. 16 - 24 are almost the common directors of the Noticee No. 1-15 and therefore, are related / connected to each other. Also, many of the said Noticee No. 1-15, are having common address. Further, the business relationship of Brooks with some of the Noticees is apparent from the fact of availing Inter Corporate Deposits (ICD) by the Brooks from them.

Allegation of Round Tripping of ₹ 8 crores

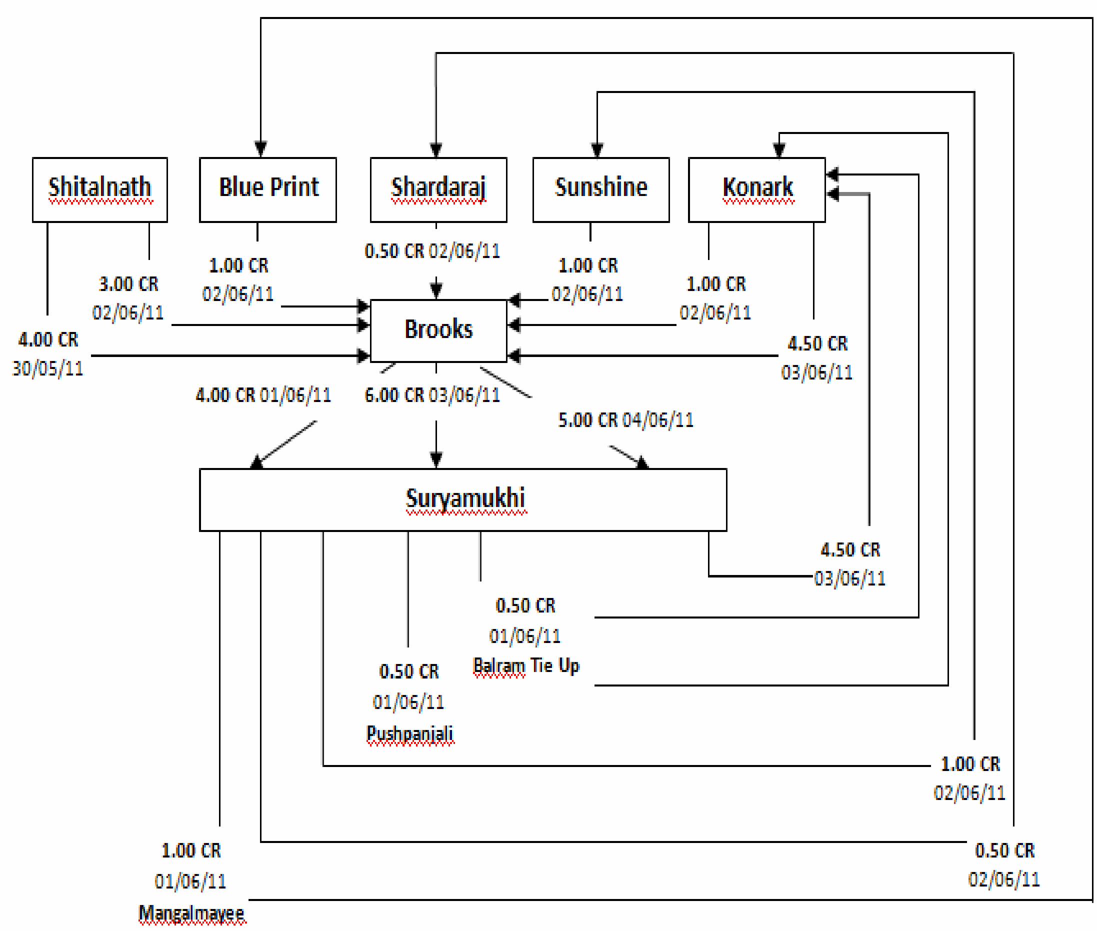
12. In respect to the allegation that Noticee No. 1 to 5 have fraudulently acted as layers for round tripping off ₹ 8 crores in the guise of ICDs, and were then subsequently paid ₹ 8 crores by Brooks from the IPO proceeds along with ₹ 25 lacs as interest resulting into siphoning off funds to the tune of ₹ 8.25 crores from the IPO proceeds; it is observed from the investigation report / available records that the Brooks had raised amount/funds from some of the Noticees in the form of ICDs and the details are given below;

Name of the entity from whom ICDs were raised	**Amount in ₹ Cr.**
Blue Print Securities Ltd.	1.00
Konark Commerce & Industries Ltd.	5.50
Shardaraj Tradefin Ltd.	0.50
Sunshine Housecon Ltd.	1.00
TOTAL	**8.00**

13. It is observed from the available records / Annexure II of the SCN (copy of Bank statements of ICICI Bank Ltd.) that the funds raised by the Brooks in the form of ICDs were transferred to Suryamukhi in some part. Further, the Suryamuki in turn transferred the said amount to some of the Noticees; and

through those some Noticees, the amount was further transferred to Blue Print, Shardraj, Sunshine and Konark in a round tripping mechanism. Further, Blue Print, Shardraj, Sunshine and Konark transferred the said amount to Brooks which was in turn transferred to Suryamukhi and then from Suryamukhi to Konark etc. The details of the such fund flow (round tripping of funds) is shown as under:-

CHART 1



14. From the aforesaid Chart, it can be clearly seen as under:-

a. On May 30, 2011, Brooks received ₹ 4 crore as ICDs from Shitalnath which was immediately transferred to Suryamukhi on June 1, 2011.

b. On June 1 & 2, 2011, Suryamukhi transferred a total sum of ₹ 3.50 crores to Blue Print (through Mangalmayee), Shardaraj, Sunshine and Konark (through Pushpanjali and Balram Tie Up).

c. On the same day i.e on June 2, 2011, these funds were once again transferred to Brooks by the Blue Print, Shardraj, Sunshine and Konark as ICDs (i.e. round tripping). On June 2, 2011, Brooks also received ₹ 3 crores from Shitalnath.

d. On June 3, 2011, Brooks again transferred ₹ 6 crores to Suryamukhi who in turn transferred ₹ 4.50 crores to Konark which was then once again transferred to Brooks as ICDs (i.e. round tripping).

e. On June 4, 2011, Brooks further transferred ₹ 5 crores to Suryamukhi.

15. On the basis of records / evidences and from the above details, the round tripping / rotation of the funds by Brooks and some of the Noticees as mentioned in the above chart, is established. It is clear that the amount paid by Blue Print, Shardaraj, Sunshine and Konark aggregating to a sum of ₹ 8 crores to Brooks as ICDs, were nothing but ₹ 7 crores received from Shitalnath. The Blue Print, Shardaraj, Sunshine, Konark and Suryamukhi in the guise of ICDs, through fictitious transactions, have round tripped a total sum of ₹ 8 crores.

16. Further, it is also observed from available records that the Brooks received a total sum of ₹ 61,03,07,312 (after deduction of IPO expenses) on September 02, 2011 from the IPO, and then immediately transferred funds to some of the Noticees on September 2 & 3 of 2011. It is noted from Annexure III of the SCN (copy of Bank Statements of ICICI Bank) that after the public issue, Brooks paid the said amount of ₹ 8 crores to Blue Print, Shardaraj, Sunshine and Konark from the proceeds of IPO as repayment of said ICDs along with ₹ 25 lac as interest on these loans.

17. From the aforesaid, it is clear that through fictitious transactions of round tripping of funds, the said Noticees i.e. Konark, Blue Print, Sunshine and Shardaraj along with the promoters of Brooks, had siphoned off the funds to the tune of ₹ 8 crores from the IPO proceeds. It is noted that ₹ 5.5 crores by Konark, ₹ 1 crore each by Blue Print and Sunshine, and ₹ 0.5 crore by Shardaraj, were siphoned off by them from the IPO proceeds.

<u>Allegation against Suryamukhi of siphoning off ₹ 15 crores</u>

18. Further, as regards to the allegation that despite receipt of a lower quotation from Syal & Associates, Brooks appointed Suryamukhi (Noticee No. 3) as a project contractor, it is noted from the first 4 pages of Annexure II (Bank Statements of ICICI Bank Ltd.) that ₹ 15 crores were transferred by Brooks to Suryamukhi Noticee No. 3 on June 01, 2011 (₹ 4 crores), June 03, 2011 (₹ 6 crores) and on June 04, 2011 (₹ 5 crores). The said fund movement was also reflected in the Chart shown above while round tripping the funds.

19. It is also noted from the investigation report that Syal & Associates had given a quotation of ₹ 12.20 crores to the Brooks for building construction etc.

and the same was also disclosed in the offer document by the Brooks. The said offer document was filed on August 22, 2011. It is also noted that despite lower quotation from the Syal & Associates, the promoters of Brooks appointed Suryamukhi as a project contractor and paid whole of ₹ 15.30 crores in advance without the infrastructure being developed at the project site. The game plan of Brooks with Suryamukhi cannot be ignored from the fact that when the name of Suryamukhi was not mentioned in the offer document as project contractor, then how an amount of ₹ 15.30 crores was paid to the Suryamukhi alone in advance.

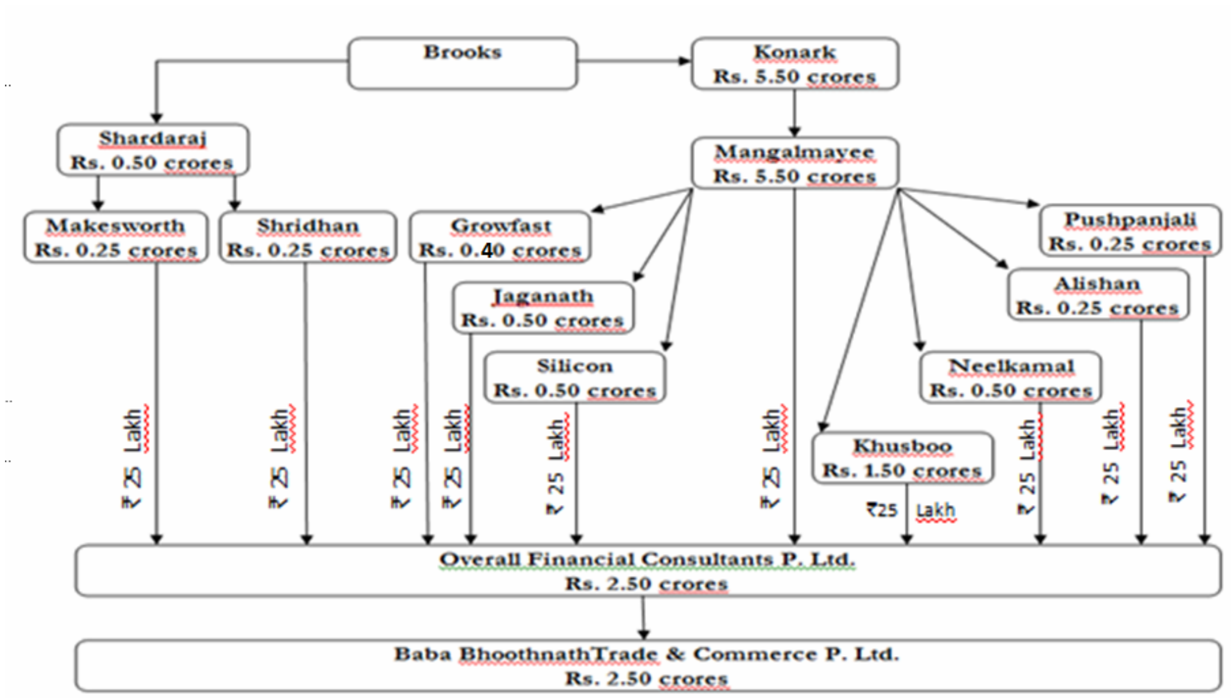
20. In the context that said agreement by Brooks with suryamukhi is not genuine rather the same was a mechanism to cover the trap of siphoning off the funds, I have perused Annexure IV (Agreement dated June 1, 2011) and it is noticed that the same was executed on a sheet of white paper. It was neither executed on a stamp paper nor was registered, which itself further insinuate that the same was not genuinely executed, but was executed to hide the aforesaid siphoning off funds. Apparently, this is not a normal business practice that a contract of such magnitude can be executed in such fashion.

21. Further, it is unbelievable that in absence of any justifiable cause, how the Noticee No. 3 / Suryamukhi, can be appointed as project contractor (in lieu of Sayal & Associates) and be paid the whole consideration amount in advance that too without the infrastructure being developed at the project site. Therefore, in the facts / circumstances of the case, it is concluded that Noticee No. 3 (Suryamukhi) with a malafide premeditated plan with the promoters of Brooks, under the guise of said agreement, had actually siphoned off ₹ 15.30 crores from the funds of the Company / Brooks. From the facts and the circumstance of the case, it appears that the said agreement is not genuine and was pre meditated (Agreement dated June 1, 2011) with malafide intention to siphon off the amount from the Company/Brooks.

22. From the above observation and the series of events i.e. in the guise of accepting ICDs / repayments of ICDs by Brooks through IPO proceeds (as discussed in pre paras), awarding the contract to Noticee No. 3 at a price substantially higher than the quote given by Syal & Associates of ₹ 12.20 crores, fictitious transfer and round tripping of funds, clearly establishes that Noticee No. 1 to 5 and the promoters of Brooks were in connivance with each other, and thereby defrauded the investors by siphoning off the funds in IPO.

Allegation of misutilization of IPO proceeds whilst dealing in the shares of Brooks.

23. In respect of the allegation that ₹ 2.50 crores were transferred out of said IPO proceeds to Overall Financial (Noticee No. 25) through layers of many of the Noticees (viz. Noticee No. 1, 2 and 6 to 15) in complicit with Brooks, it is observed from the records / Annexure V of the SCN (Copy of Bank Statements of ICICI Bank) that ₹ 2.50 crores were transferred by Noticee No. 1, 2 and 6 to 15 to the Overall Financial which was actually originated from Brooks only. It is also observed from the Bank statement that the Noticee No. 1, 2 (Konark and Shardaraj) received ₹ 5. 50 crores and ₹ 0. 50 crore respectively from Brooks on September 03, 2011. On September 05, 2011, Konark and Shardaraj being the layers had transferred the entire amount to another layers of Noticee No. 6 to 15, who in turn transferred a total of ₹ 2.50 crores to Overall Financial on the same day. The aforesaid fund flow is depicted as under:-



24. From the fund flow as shown in the aforesaid chart and as observed from the Bank Statement, it is observed that Noticee No. 1 , 2 and 6 to 15 (through their directors etc. i.e. Noticee No. 16 -24) actually received that amount from Brooks only and they then transferred the same to Overall Financial as layers.

25. Further, it is noted from the available records / investigation report that these funds were deployed by the Overall Financial in trading in the shares of Brooks. It is noted from the available records that Overall Financial through

trading member Baba Bhoothnath bought 6,65,000 shares on September 05, 2011 and sold 2,00,000 shares on September 07, 2011 resulting in a loss of ₹ 2.19 Crores which were ultimately made good from the said IPO proceeds. Overall Financial bought 2,90,135 shares from entities who were allotted shares in said IPO and top five entities names are given in the table below:

Client Name	**Member Name**	**No. of shares**
Merit Credit Corporation Ltd.	ASE Capital Markets Ltd.	58,500
Harsha Rajeshbhai Jhaveri	JM Financial Services P. Ltd.	58,500
Remini Rashmikant Thakkar	Amrapali Capital & Finance Services Ltd.	49,098
Dhartiben Monalbhai Thakkar	Amrapali Capital & Finance Services Ltd.	31,905
Juhi Chirag Thakkar	Amrapali Capital & Finance Services Ltd.	25,902
Total		2,23,905

26. From the aforesaid, it is evident that the Noticee No. 1, 2, 6 to 15 were the layers and transferred the funds to Overall Financial which was ultimately utilized by Overall Financial in trading in the securities market. Further, the losses incurred by the Overall Financial in trading were made good from the IPO proceeds and which is ultimately a loss to the investors who made investment in the IPO. Therefore, it would not be wrong to conclude that due to such fraudulent practices and being the participant to the fraud, Overall Financial / Noticee No. 25 had aided / abetted the promoters of Brooks and the Noticee No. 1, 2, 6 to 15, in siphoning off the IPO proceeds.

27. Keeping in view the aforesaid detailed observations / discussions / records, the violations established against the Noticees are summarized hereunder:

(a) That the Noticee No. 1 to 5 have fraudulently and in complicit with promoters of Brooks acted as layers / conduits for round tripping of ₹ 8 crore in the guise of ICDs to Brooks, and were then subsequently paid ₹ 8 crores by Brooks from the IPO proceeds along with ₹ 25 lacs as interest on these loans, and the same thereby resulted into siphoning off funds to the tune of ₹ 8.25 crores from the IPO proceeds;

(b) That the Noticee No. 3 (Suryamukhi) with a malafide premeditated plan with the promoters of Brooks and under the guise of said agreement had actually siphoned off ₹ 15.30 crores from the funds of the Company / Brooks.

(c) The Noticee No. 1 , 2 and 6 to 15 in connivance with promoters of Brooks, were acting as layers / conduits in the siphoning off / diversion of the IPO proceeds to Overall Financial, who has traded in the scrip of Brooks with ulterior motives of misutilizing the IPO proceeds as observed above;

(d) The Noticee No. 16 to 24 being directors of the aforesaid Noticee No. 1 to 15, were actively involved in the said fraudulent activities and without whom the fund transfer and other activities would not have been possible and therefore, are responsible for the activities of Noticee No. 1 to 15.

(e) The Noticee No. 25 received funds out of the IPO proceeds from Noticee No. 1, 2 and 6 to 15 as layers which were actually originated / funded through Brooks only, and traded in the scrip of Brooks with ulterior motive of misutilizing / siphoning off the IPO proceeds. Therefore, Overall Financial aided/abetted the promoter of Brooks and other Noticees in fraudulent activities as discussed above.

28. It is worth to high light here that such practices / mechanism and complicity of all the Noticees along with promoters of Brooks, is a fraudulent device adopted by them during the course of issue of securities (IPO), which ultimately meant to defraud the innocent investors in the said IPO, by way of siphoning off their money.

29. Therefore, the said act/mechanism/practices/artifice of Noticee No. 1-24 are in violations of section 12 A (b) & (c) of the SEBI Act, Regulation 3 (c) & (d) and 4 (1) of the PFUTP Regulations. Further, said act/mechanism/practices/artifice of Noticee No. 25 are in violation of Section 12 A (a), (b) & (c) of the SEBI Act and Regulation 3 (a) to (d), 4 (1) and 4 (2) (a) & (e) of the PFUTP Regulations. The said violations are punishable under section 15HA of the SEBI Act which reads as follows:

15HA. Penalty for fraudulent and unfair trade practices.

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 practices, whichever is higher.

30. While determining the quantum of penalty under section 15 HA of the SEBI Act, it is important to consider the factors stipulated in section 15J of the SEBI Act, which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

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.

31. As regards to the illegal gain / unfair advantage made by the Noticees and loss caused to the investors, certainly the amount which was fraudulently siphoned off by the Noticees in collusion with promoters of Brooks, is an illegal gain / unfair advantage made by the Noticees and is a loss to investors / shareholders of the Brooks. It is observed from the aforesaid observation that an amount of ₹ 8.25 crores was fraudulently siphoned off by the Konark, Shardraj, Blue Print and Sunshine (i.e ₹ 5.5 crores by Konark, ₹ 1 crores each by Blue Print and Sunshine, and ₹ 0.5 crores by Shardaraj) in collusion with promoters of Brooks from the IPO proceeds. Therefore, ₹ 8.25 crores were received by the Noticee No. 1, 2, 4, & 5, is an illegal gain / unfair advantage for them and wrongful loss to the investors of the Brooks.

32. As per observation made at pre paras, the Noticee No. 3 (Suryamukhi), in complicity with promoters of the Brooks, had received ₹ 15.30 crores in advance without the infrastructure being developed at the project site, which ultimately is siphoning off the funds from the Company/Brooks. Therefore, the Noticee No. 3 made an illegal gain / unfair advantage and same is a wrongful loss to the investor of the Brooks.

33. Further, as observed from the pre paras, the Noticee No. 1 , 2 and 6 to 15 (through their directors etc. i.e. Noticee No. 16 -24) in complicit with promoters of Brooks, also transferred ₹ 2.50 crores to Noticee No. 25 / Overall Financial as diversion of IPO proceeds. Being the layers in fraudulent mechanism, they ultimately aided/abetted the promoter of Brooks and Overall Financial in transferring/siphoning off the said amount. The Noticee No. 25 received ₹ 2.50 crores from aforesaid Noticees and misutilized by way of making good the loss which Overall Financial has suffered in dealing in the shares of Brooks, is obviously an illegal gain for it and wrongful loss to the investor of the Brooks.

34. Such act/practice as adopted by the Noticees is serious in nature which has the cascading adverse effect towards the investors/shareholders. Hence, a considerable penalty needs to be imposed upon the Noticees, taking into account the gravity of the violations committed.

ORDER

35. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section15 I of the SEBI Act and Rule 5 of the Adjudication Rules, I hereby, under the provisions of section 15 HA of the SEBI Act, impose penalty upon all the Noticees as mentioned in the table below;

Sr. No.	**Name of Noticee**	**Amount of Penalty**
1.	Konark Commercial & Industries Ltd.	₹ 11 Crores
2.	Shardaraj Tradefin Ltd	₹ 1 Crores
3.	Suryamukhi Projects Pvt. Ltd.	₹ 30.60 Crores
4.	Blue Print Securities Ltd.	₹ 2 Crore
5.	Sunshine Housecon Ltd.	₹ 2 Crore
6.	Mangalmayee Hirise Pvt. Ltd.	₹ 10 Lakh
7.	Makesworth Project & developers P. Ltd.	₹ 10 Lakh
8.	Shirdhan Jewellery Pvt. Ltd.	₹ 10 Lakh
9.	Growfast Realtor Pvt. Ltd.	₹ 10 Lakh
10.	Jagarnath Consultants Pvt. Ltd.	₹ 10 Lakh
11.	Silicon Hotel Pvt. Ltd.	₹ 10 Lakh
12.	Pushpanjali Hirise Pvt. Ltd.	₹ 10 Lakh
13.	Alishan Estates Pvt. Ltd.	₹ 10 Lakh
14.	Neelkamal Dealcom P. Ltd.	₹ 10 Lakh
15.	Khusboo Complex Pvt. Ltd.	₹ 10 Lakh
16.	Mr. Pulak Bagchi	₹ 10 Lakh
17.	Mr. Neeraj Kedia	₹ 10 Lakh
18.	Mr. Pramod Ramdin Sharma	₹ 10 Lakh
19.	Mr. Bajrang Kumar Sultania	₹ 10 Lakh
20.	Mr. Ajay Kumar Agarwal	₹ 10 Lakh
21.	Mr. Raj Narain Pandey	₹ 10 Lakh
22.	Mr. Harish Nandkishore Surekha	₹ 10 Lakh
23.	Mr. Rakesh Jindal	₹ 10 Lakh
24.	Mr. Umesh Singh	₹ 10 Lakh
25.	Overall Financial Financial Consultants Pvt. Ltd.	₹ 5 Crores
TOTAL		**₹ 53.50 Crores**

36. Therefore, a total penalty of ₹ 53.50 Crores (Rupees Fifty Three Crores and Fifty Lakh only) is imposed upon all the Noticees. I am of the view that the said penalty would commensurate with the violations committed by all the

Noticees.

37. The Noticees shall pay the said amount of penalty by way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, within 45 days of receipt / service of this order. The demand draft shall be forwarded to the Chief General Manager, Investigation Department, Securities and Exchange Board of India, SEBI Bhavan, Plot No.C4-A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai–400 051.

38. Copy of this order is being sent to all the Noticees and also to the SEBI, in terms of rule 6 of the Adjudication Rules.

Date: 31/12/2013 **D. RAVI KUMAR**

Place: Mumbai **CHIEF GENERAL MANAGER &**

ADJUDICATING OFFICER