THE SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM ORDER CUM SHOW CAUSE NOTICE

Under Sections 11(1), 11(4), 11(4A), 11B (1) and 11B (2) of the Securities and Exchange Board of India Act, 1992 read with Rule 4 (1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

In respect of:

Sr. no.	Name of the Noticee(s)	PAN
1.	Add-Shop E-Retail Limited	AAMCA0240P
2.	Mr. Dineshbhai Pandya	AMKPP2718A
3.	Mr. Dev Pandya	CALPP1419F
4.	Mrs. Jayshree Pandya	AVXPP0592L
5.	Ms. Deviben Pandya	CALPP1418E
6.	Mr. Jigar Pandya	DCQPP7277D
7.	Mr. Rushabh Vora	AWBPV1982H
8.	Mr. Dadhania Vivek Gopalbhai	CCBPD5521J
9.	Mr. Rajeshkumar Parekh	AVEPP7412Q
10.	Mr. Nirajkumar K. Malaviya	CAKPM4097D
11.	Dada Organic Limited	AAGCD3291H
12.	White Organic Agro Limited	AAACW0337R
13.	Mr. Prashantt Rupani	ADXPR3673E
14.	Mr. Darshak Rupani	AGTPR6549L
15.	Mr. Jitendra Mehta	ABFPM7279P
16.	Mr. Ronak Desai	AOCPD8042B
17.	Mrs. Jigna V. Thakkar	AJNPT8592J

18.	**Mr. Chandresh Jain**	**ADIPJ9389G**
19.	**Mr. Dharmesh Bhanushali**	**ACCPB6794J**

(The aforesaid entities are hereinafter individually referred to by their respective names / Noticee no. and collectively as "Noticees", unless the context specifies otherwise)

In the matter of Add-Shop E-Retail Limited and White Organics Agro Limited

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Background:

1. Pursuant to receipt of a complaints dated September 09, 2023 and December 04, 2021 against Add-Shop E-Retail Ltd (hereinafter referred to as "**ASERL / Noticee 1**") and White Organics Agro Limited (hereinafter referred to as "**WOAL / Noticee 12**") *inter alia* alleging irregularities pertaining to related party transactions, fake announcements regarding supply orders etc., Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") initiated an investigation into the affairs of ASERL and WOAL for the period April 01, 2020 to March 31, 2023 (hereinafter referred as "**Investigation period**" or "**IP**"). The focus of the IP was to ascertain possible violations, if any, of the provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations, 2003**") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations, 2015**") read with the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the "**SEBI Act, 1992**").

General Information about ASERL and WOAL

2. ASERL is engaged in the business of manufacturing, marketing and distribution of products in the categories of Ayurveda products, food supplement products, agricultural products, animal feed supplement products and personal care products under the brand name "Add-Shop". Mr. Dineshbhai Pandya is the promoter and the Managing Director of ASERL. The shares of the company got listed in BSE Limited (BSE) on SME platform on September

10, 2018. Thereafter, from October 21, 2020 the shares of ASERL were migrated and admitted to dealings on the exchange's mainboard platform.

3. WOAL is engaged in the business of organic food items and is listed on the BSE from February 21, 1995. Mr. Darshak Rupani is the Managing Director of WOAL.

4. An overview of the financial results filed by ASERL and WOAL with the stock exchanges is provided below:

(Rs. in Crore)

Details	ASERL			WOAL		
	31.03.2021	31.03.2022	31.03.2023	31.03.2021	31.03.2022	31.03.2023
Revenue from operations	78.57	159.65	199.88	80.18	153.64	177.08
Total Expenditure	70.89	140.56	180.72	80.03	144.86	175.84
Net Profit/Loss after tax	7.68	19.09	19.16	0.15	8.78	1.24

5. It is observed that promoters' shareholding in ASERL, which was 62.99% as on April 01, 2020, had come down to 36.03% as on March 31, 2023 which further reduced to 27.20 % as on December 31, 2023. Further, it was observed that individual shareholding of the promoter, Mr. Dineshbhai Pandya, came down from 59.95% as on April 01, 2020 to 25.13% as on December 31, 2023 due to sale of shares in the market and his non-participation in right issue of ASERL. There was no change in promoters' shareholding in WOAL during the IP and it remained constant at 25.50%.

Findings of the Investigation

Financial Statements of ASERL

6. As per the financial statements of ASERL, its revenues from operations and purchase of traded goods significantly increased in FY22 from those in FY21 and further increased in FY23. Details of the same are tabulated below:

Rs. In Crore

Particulars	FY 21	FY22	FY23
Revenue from operations	78.57	159.65	199.88
Trade Receivables	31.71	22.76	104.67
Trade receivables as % of Revenue	40.36	14.26	52.37
Average Debtor Collection days	147.31	52.04	191.14
Purchase of traded goods	56.29	131.29	160.09
Trade Payables	12.49	3.36	35.60
Opening stock	-	7.83	19.46
Closing stock	7.83	19.46	28.07

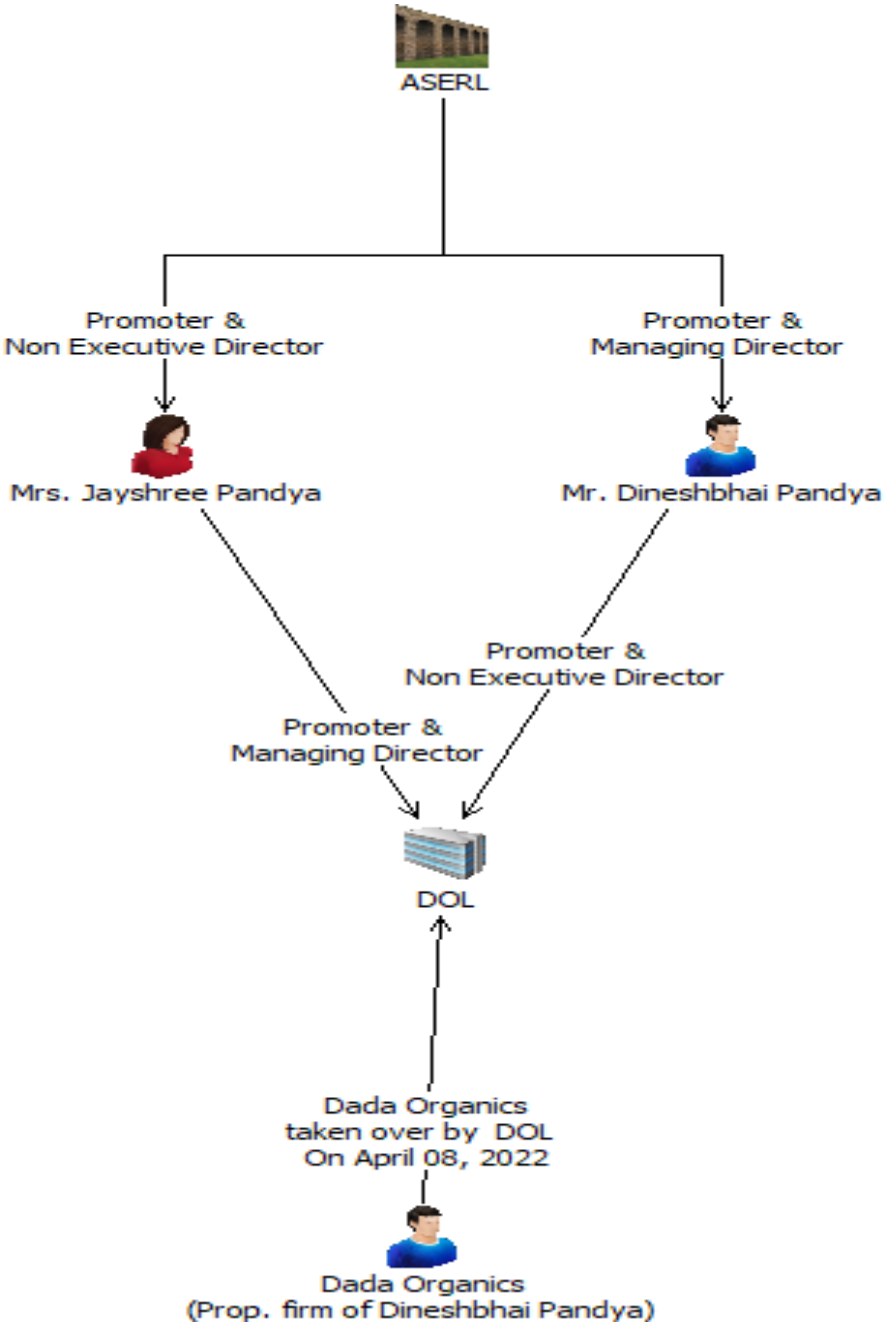
7. The details of purchases and sales for the period FY21 to FY 23 were sought from ASERL. The following table lists the top 5 suppliers and top 5 buyers of ASERL during this period:

Rs. In Crore

Sr. No.	Particulars	FY21	% of total sales/purchases	FY22	% of total sales/purchases	FY 23	% of total sales/purchases
	Purchase (Major Suppliers)						
1	Dada Organics/Dada Organics Limited	54.07	96.06	130.02	99.03	146.92	91.78
2	Marss Hearbal's India	1.24	2.20	0.80	0.61	0.61	0.38
3	Ketan Pharmaceuticals	0.23	0.41	0.11	0.08	-	
4	Anupam's Laboratory	0.26	0.46	0.25	0.19	-	
5	Rexroth pharmaceuticals	0.05	0.09	0.06	0.05	-	
	Other parties	0.44	0.78	0.05	0.04	12.56	7.85
	Total Purchases	**56.29**	**100**	**131.29**	**100**	**160.09**	100
	Sales (Major Buyers)						
1	White Organic Agro Limited (WOAL)	38.56	49.08	125.94	78.89	91.98	46.02
2	Panchalingeswar Enterprises	15.92	20.26	16.50	10.34	13.06	6.53
3	Sasha Impex Private Limited	4.41	5.61	-		-	-
4	Sri Sai Enterprises	3.86	4.92	2.97	1.86	2.06	1.03
5	Ohm Sai Health Care	1.77	2.25	1.36	0.85	0.66	0.33
	Other parties	14.05	17.88	12.88	8.07	92.12	46.09
	Total Sales	**78.57**	**100**	**159.65**	**100**	**199.88**	100

8. As can be observed from the above table, ASERL made a very large proportion of its sales to WOAL in FYs 21, 22 and 23 and similarly made purchases from Dada Organics (hereinafter referred to as "**DO**") in FYs 21 and 22 and from Dada Organics Limited (hereinafter referred to as **"DOL"**) in FY23. The sales of ASERL were predominately made to 5 buyers only, during FY21 and FY22.

9. Upon examination, it was found that Mr. Dineshbhai Pandya and Ms. Jayshree Pandya, the promoters of ASERL, were also the promoters of DOL. Further, Mr. Dineshbhai Pandya was also the proprietor of DO, which was later taken over by DOL vide a Business Transfer Agreement dated April 08, 2022. Pictorial presentation of the connection between the said entities is as under:



Sales and purchases of WOAL:

10. Since the largest buyer of ASERL during the IP was WOAL, the details of top buyers and suppliers of WOAL for the FYs 21, 22 & 23 were obtained, which are tabulated below:

Rs. In Crore

Sr. No	Particulars	FY21	% of total sales/purchases	FY22	% of total sales/purchases	FY23	% of total sales/purchases
	Purchase (major parties)						
1	Add-Shop E Retail Limited (ASERL)	38.56	48.99	127.31*	82.31	91.98	57.8
2	Sarveshwar Foods Ltd	6.09	7.74	10.22	6.61	6.98	4.38
3	Mubarak Overseas Pvt Ltd	5.88	7.47	-	-		
4	T. Bhimjiyani Warehousing	5.32	6.76	-	-		
5	M.G Enterprises	5.01	6.37	-	-		
	Purchases from other parties	17.85	22.67	17.13	11.08	60.18	37.82
	Total Purchases	**78.71**	**100**	**154.66**	**100**	**159.14**	**100**
Sales (major buyers)		-					
1	Dada Organics/DOL	36.77	46.68	124.87	84.35	96.63	55.69
2	Suumaya Agro Limited	8.19	10.4	-	-		
3	SC Gupta and Co	6.29	7.99	-	-		
4	Khanak International	5.88	7.46	-	-		
5	PJS Overseas Ltd	5.04	6.4	-	-		
	Sales to other parties	16.6	21.07	23.17	15.65	76.88	44.31
	Total Sales	**78.77**	**100**	**148.04**	**100**	**173.51**	**100**

*Mismatch was observed between sales made by ASERL to WOAL, ASERL has reported sales of Rs.125.94 Crore to WOAL, whereas WOAL has recorded purchases of Rs.127.31 Crore from ASERL, in FY22.

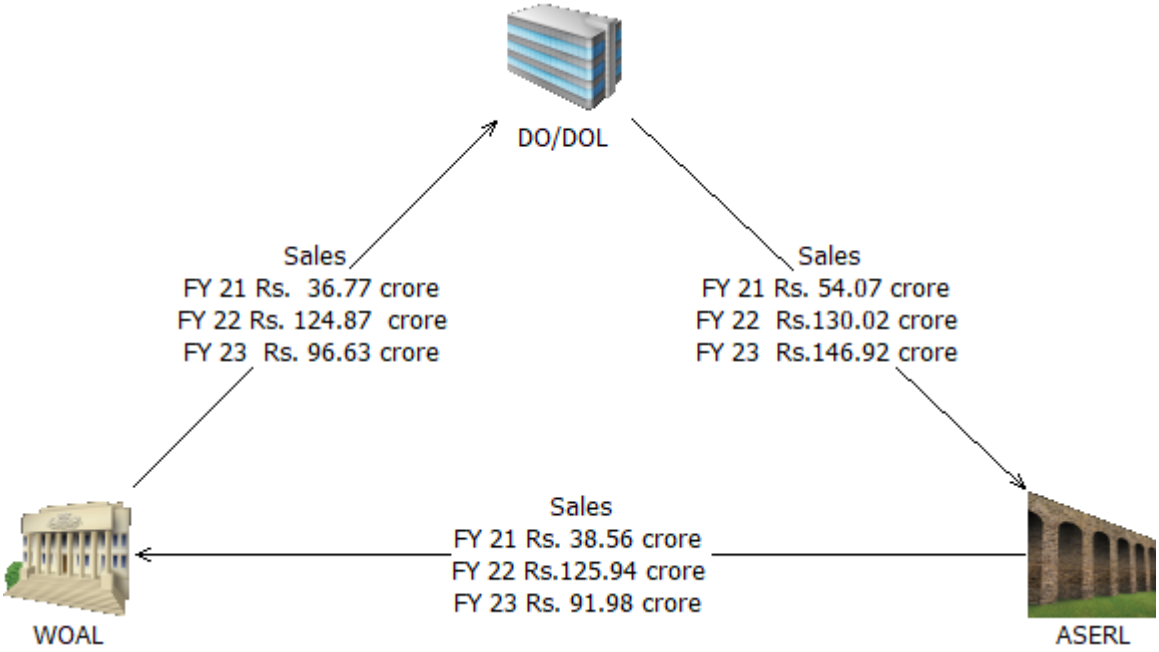
11. It can be observed from the above table that the biggest buyer of WOAL was DO/DOL to whom it sold goods worth Rs.36.77 Crore, Rs.124.87 Crore and Rs.96.63 Crore in FYs 21, 22 & 23 respectively. During the same period, the biggest supplier of WOAL was ASERL which supplied goods worth Rs.38.56 Crore, Rs.127.31 Crore and Rs.91.98 Crore in FYs 21, 22 and 23 respectively.

12. From the above, it was observed that in FYs 21, 22 & 23, WOAL, DO/DOL and ASERL were selling and buying goods among themselves. A summary of their inter-se transactions is provided below:

Rs. In Crore

	WOAL				ASERL		
Particulars	**FY21**	**FY22**	**FY23**	**Particulars**	**FY21**	**FY22**	**FY23**
Sales to DO/DOL	36.77	124.87	96.63	Sales to WOAL	38.56	125.94	91.98
Total Sales	78.77	148.04	173.51	Total Sales	78.57	159.65	199.88
% sales to DO/DOL	46.68	84.35	55.69	% sales to WOAL	49.08	78.89	46.02
Purchases from ASERL	38.56	127.31	91.98	Purchase from DO/DOL	54.07	130.02	146.92
Total Purchases	78.71	154.66	159.14	Total Purchase	56.29	131.29	160.09
% Purchases from ASERL	48.99	82.32	57.80	% Purchase from DO/DOL	96.06	99.03	91.77
Opening stock	-	-	12.88	Opening stock	7.12	7.83	19.46
Closing stock	-	12.88	-	Closing stock	7.83	19.46	28.07

13. A pictorial presentation of the above table is provided below.



Analysis of Sales and Purchases between WOAL, DO/DOL and ASERL

14. The circular transactions between WOAL, DO/DOL and ASERL were further analyzed. It was observed from the purchase and sales register and reply submitted by ASERL that these three entities, viz. WOAL, DO/DOL and ASERL, were selling and buying animal food supplements ("**AFS**") (Organic Product used as diet supplement for animals) and multigrain (used by DO/DOL for producing the animal food supplement). A summary of the sales and purchases of ASERL with Do/DOL and WOAL are provided in the Table below.

Rs. In Crore

ASERL	**FY21**	**FY22**	**FY23**
Purchases from DO/DOL	54.07	130.02	146.92
Total purchases	56.29	131.29	160.09
Purchases from DO/DOL to total purchases %	96.05	99.03	91.77
Purchases of AFS from DO/DOL	48.42	126.06	142.81
Total purchases of AFS	48.42	126.06	142.81
Purchases of AFS from DO/DOL to total purchases of AFS %	100	100	100
Sales to WOAL	38.56	125.94	91.98
Total sales	78.57	159.65	199.88
Sales to WOAL to total Sales %	49.08	78.88	46.01
Sales of **AFS** to WOAL	38.29	125.94	91.98
Total sales of **AFS**	55.52	141.07	187.99
Sales of AFS to WOAL to total sales of AFS %	68.97	89.27	48.93

15. From the above Table, it was observed that ASERL was buying 91% to 100% of the goods from DO/DOL. Further, ASERL was buying AFS entirely from DO/DOL and was selling significant portion of the said AFS to WOAL. The same indicated that the AFS supplied by ASERL to WOAL was the same AFS purchased by ASERL from DO/DOL.

16. In order to ascertain the source of AFS supplied by DO/DOL to ASERL, the details of sales and purchase of DO/DOL were obtained and analyzed as under:

Amt. in Rs. Crore

Financial year	**FY21**	**FY22**	**FY23**
Purchases from WOAL	36.77	124.88	96.63
Total Purchases	54.42	125.29	139.38
Purchases from WOAL to total purchases (%)	67.56	99.70	69.3
Purchases of multigrain from WOAL	36.77	124.88	96.63
Total purchases of multigrain	50.92	122.85**	136.44
Purchase of multigrain from WOAL to total purchases of multigrain %	72.21	100	70.8
Sales to ASERL	54.07	130.02	146.7
Total Sales	55.23	131.39	146.3*
Sales to ASERL to total sales %	**97.90**	**98.95**	**100.0**
Sales of AFS to ASERL	48.38	126.56	143.1
Total AFS sales	**48.4**	**127.86**	**142.62***
Sales of AFS to ASERL to Total AFS sales %	**100.0**	**98.98**	**100.0**

*DOL has reported Rs. 56.40 Lacs sales of AFS in negative, which could be due to sales return, resulting in lower total sales and lower total sales of AFS.

** Some of the purchases of multigrain from other parties were shown in negative, therefore, total multigrain purchases were less than the multigrain purchase from WOAL.

17. It is observed from the above table that DO/DOL had purchased 72.21%, 100% and 70.8% of the total multigrain purchased during FYs 21, 22 & 23 respectively from WOAL.

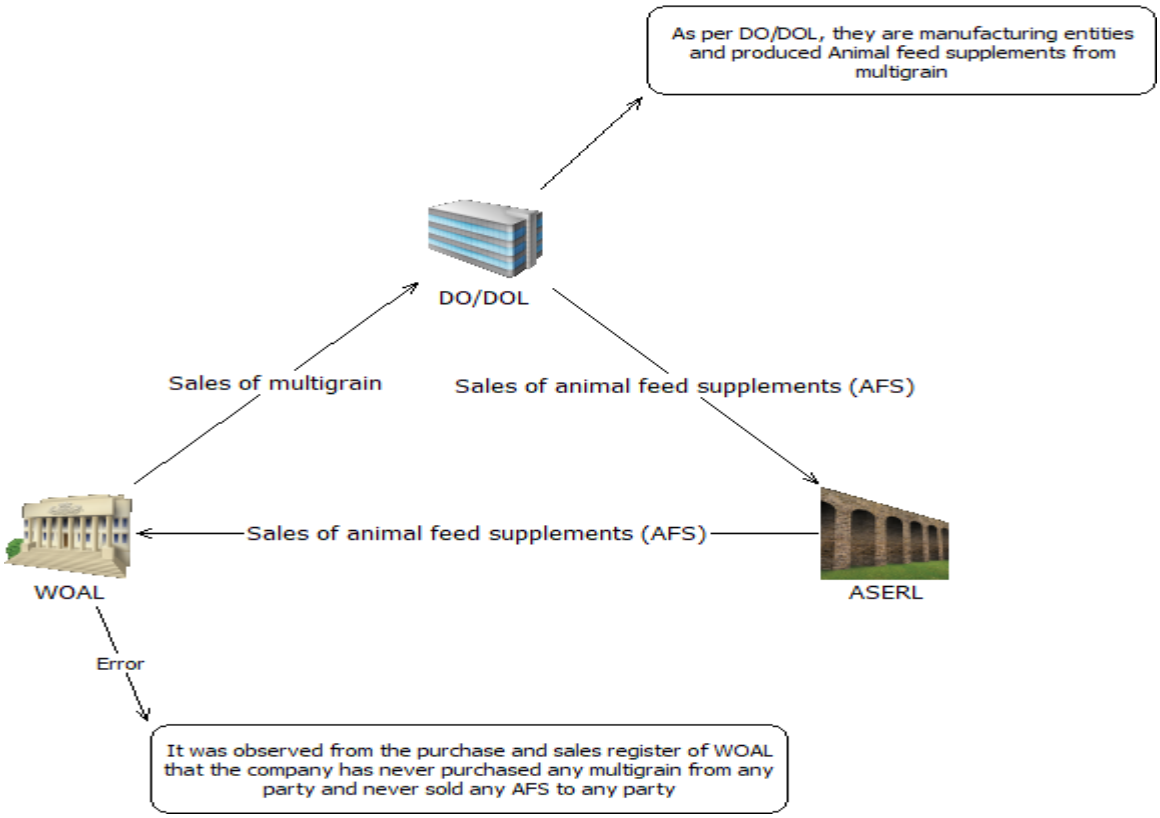
18. A quarter-wise analysis was done to ascertain the source of multigrain which was sold by WOAL to DO/DOL and the use of AFS purchased by WOAL from ASERL. The details of sales and purchases of WOAL are provided in the Table below.

Amount in Rs. Crore

Financial year	FY21					FY22					FY23				
White Organics Agro Limited	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Sales															
Sales to DO/DOL		9.6	11.3	15.9	36.8	19.0	31.7	38.8	35.3	124.9	44.5	43.6	8.5	-	96.6
Total Sales	15.8	19.8	11.3	31.9	78.8	19.0	31.8	48.8	48.4	148.0	68.5	70.5	21.1	13.4	173.5
Sale to DO/DOL to total sales %	-	48.4	100.0	50.0	46.7	100.0	99.6	79.5	73.1	84.3	65.0	61.8	40.4	-	55.7
Sales of multigrain to DO/DOL		9.6	11.3	15.9	36.8	19.0	31.7	38.8	35.3	124.9	44.5	43.6	8.5	-	96.6
Total sales of Multigrain		9.6	11.3	15.9	36.8	19.0	31.8	38.8	35.3	125.0	44.5	43.6	8.5		96.6
Sales of multigrain to DO/DOL to Total sales of Multigrain %	**-**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**-**	**100.0**
Purchases															
Purchases from ASERL	-	9.4	11.5	17.7	38.6	16.7	32.0	38.9	39.7	127.3	40.0	41.4	10.6	-	92.0
Total Purchases	15.6	18.2	11.6	33.3	78.7	16.7	32.0	45.9	60.1	154.7	50.6	66.3	25.4	16.9	159.1
Purchases from ASERL to total purchases %	**-**	**51.64**	**99.1**	**53.1**	**49.0**	**100.0**	**100**	**84.7**	**66.1**	**82.3**	**79.1**	**62.5**	**41.6**	**-**	**57.8**
Purchases of AFS from ASERL		9.4	11.5	17.7	38.6	16.7	32.0	38.9	39.7	127.3	40.0	41.4	10.6		92.0
Total purchases of AFS		9.4	11.5	17.7	38.6	16.7	32.0	38.9	39.7	127.3	40.0	41.4	10.6		92.0
% Purchases of AFS from ASERL to Total purchases of AFS		**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**		**100**

19. AS can be clearly seen from the above table, for Q3 of FY21 and Q1& Q2 of the FY22, the sales of Multigrain by WOAL to DO/DOL accounted for almost 100% of sales made by WOAL and purchases of AFS by WOAL from ASERL accounted for almost 100% of entire purchases of WOAL during the said quarters.

20. It was observed that while WOAL had claimed to have sold multigrain to DO/DOL, WOAL's purchase register showed that it had never purchased any multigrain from any party. Similarly, while WOAL claimed to have purchased AFS from ASERL, WOAL's sales register showed that it had never sold any AFS to any party. Further, the stock details provided by WOAL for different quarters showed that WOAL never any stock of AFS and multigrain at the end of any quarter during the Investigation Period. The above situation is pictorially depicted below.



21. As the sales of Multigrain by WOAL to DO/DOL and purchases of AFS by WOAL from ASERL were not supported by stock registers and sale & purchase registers, a summons dated February 08, 2024 was issued to Mr. Darshak Rupani, Managing Director of WOAL, asking him to appear in person before the investigation authority. During the statement recording on February 21, 2024 Mr. Darshak Rupani admitted that "*We have passed stock journal entries to replace stock of animal feeds with that of Multigrain, there was no godown with WOAL. Further, there was no stock movement between ASERL & WOAL and between WOAL & DO/DOL.*"

22. The observations in the preceding paragraphs and the admission by WOAL's MD clearly showed that ASERL, WOAL and DO/DOL were booking sales and purchases without having any real stock and they were simply buying and selling from each other in a circular manner for booking sales and purchase entries.

Bank statement analysis of WOAL, DO/DOL and ASERL

23. It was found that WOAL, DO/DOL and ASERL rotated funds in a circular manner to settle the fake circular transactions booked by them, as depicted in the Table below.

In Rs.

Txn Date	Amount paid by WOAL to ASERL	Amount paid by ASERL to DO/DOL*	Amount paid by DO/DOL to WOAL	Difference between amount paid and received by WOAL
09/10/2020	25,000	-		25,000
14/10/2020	48,50,000	70,40,000	48,53,500	-3,500
15/10/2020	46,40,000	52,50,000	46,40,000	0
16/10/2020	97,25,000	97,50,000	97,25,000	0
17/10/2020	75,30,000	75,20,000	75,00,000	30,000
19/10/2020	87,85,000	88,00,000	87,85,000	0
20/10/2020	91,30,000	90,85,000	91,00,000	30,000
21/10/2020	76,80,000	90,50,000	77,10,000	-30,000
22/10/2020	98,00,000	98,00,000	97,90,000	10,000
23/10/2020	1,09,90,000	1,06,00,000	1,10,20,000	-30,000
26/10/2020	76,20,000	76,00,000	76,00,000	20,000
28/10/2020	77,00,000	79,10,000	77,00,000	0
11/11/2020	99,04,000	1,04,00,000	1,00,00,000	-96,000
12/11/2020	99,50,000	1,00,90,000	98,54,000	96,000
24/11/2020	58,00,000	68,15,000	58,00,000	0
25/11/2020	1,45,05,750	1,60,00,000	1,45,05,750	0
06/01/2021	20,00,000	25,00,000		20,00,000
07/01/2021	19,00,000	45,00,000		19,00,000
08/01/2021	21,30,000	1,75,00,000		21,30,000
20/01/2021	24,78,000	25,00,000		24,78,000
22/01/2021	15,49,500	-		15,49,500
25/01/2021	80,05,000	73,20,000		80,05,000
27/01/2021	72,16,950	74,00,000		72,16,950
28/01/2021	25,550	1,50,000		25,550
02/02/2021	1,25,09,000	1,29,00,000		1,25,09,000
03/02/2021	4,17,43,635	4,18,00,000		4,17,43,635
30/03/2021	-	-	2,82,00,000	-2,82,00,000
31/03/2021	-	-	5,13,56,925	-5,13,56,925
28/04/2021	1,05,50,000	1,06,00,000	1,05,50,000	0
29/04/2021	1,21,10,000	1,20,00,000	1,21,00,000	10,000
30/04/2021	5,21,36,970	5,21,69,500	5,21,36,970	0
03/05/2021	5,77,58,700	5,81,50,000	5,77,58,700	0
04/05/2021	6,50,05,060	6,51,00,000	6,50,05,060	0
17/06/2021	1,95,00,000	1,95,45,000	1,95,00,000	0
18/06/2021	1,91,00,000	1,91,00,000	1,91,00,000	0
19/06/2021	1,44,43,000	1,45,00,000	1,44,43,000	0
14/07/2021	1,21,50,000	62,00,000	1,21,50,000	0
15/07/2021	1,38,00,000	1,56,00,000	1,38,00,000	0
16/07/2021	1,55,00,000	80,20,000	1,55,00,000	0

17/07/2021	1,44,70,000	1,47,50,000	1,44,70,000	0
20/07/2021	85,80,000	28,00,000	85,80,000	0
23/07/2021	89,50,000	30,00,000	89,50,000	0
27/07/2021	1,04,00,000	50,00,000	1,04,00,000	0
28/07/2021	1,39,78,219	1,53,00,000	1,53,66,227	-13,88,008
12/08/2021	1,28,00,000	1,15,00,000	1,28,00,000	0
13/08/2021	1,95,00,000	1,95,00,000	1,95,00,000	0
17/08/2021	6,56,20,182	6,60,50,000	6,56,20,182	0
08/09/2021	3,89,50,000	3,90,00,000	3,90,00,000	-50,000
13/09/2021	3,66,88,000	3,85,00,000	3,81,50,000	-14,62,000
14/09/2021	4,01,12,000	3,90,00,000	3,90,00,000	11,12,000
15/09/2021	46,50,000	88,53,000	46,50,000	0
16/09/2021	4,00,000	-		4,00,000
23/09/2021	3,95,00,000	3,95,03,000	3,95,00,000	0
24/09/2021	3,94,00,000	3,95,00,000	3,94,00,000	0
27/09/2021	1,81,98,589	1,83,00,000	1,82,00,000	-1,411
27/10/2021	5,88,00,000	5,98,00,000	5,88,00,000	0
29/10/2021	6,55,02,823	6,57,00,000	6,55,02,823	0
25/11/2021	5,88,00,000	5,88,00,000	5,88,00,000	0
26/11/2021	7,09,77,293	7,10,00,000	7,09,77,293	0
28/12/2021	7,42,50,000	7,51,00,000	7,42,50,000	0
29/12/2021	4,94,00,000	4,95,00,000	4,94,00,000	0
30/12/2021	1,08,34,980	1,08,00,000	1,08,40,989	-6,009
11/01/2022	-	-	11,76,511	-11,76,511
22/02/2022	3,96,00,000	4,00,00,000	3,96,00,000	0
23/02/2022	9,86,00,000	9,94,00,000	9,86,00,000	0
24/02/2022	16,85,62,680	16,84,00,000	16,85,62,680	0
28/03/2022	4,53,00,000	-	4,52,95,413	4,587
18/05/2022	8,94,00,000	9,00,00,000	8,92,52,458	1,47,542
31/05/2022	16,15,00,000	16,21,00,000	16,20,00,000	-5,00,000
02/06/2022	5,00,000	-		5,00,000
07/06/2022	9,95,00,000	10,00,00,000	10,00,00,000	-5,00,000
08/06/2022	5,00,000	-		5,00,000
23/06/2022	9,30,95,219	10,17,00,000	9,31,02,473	-7,254
24/06/2022	-	5,00,000	5,03,557	-5,03,557
26/08/2022	12,76,79,464	8,13,90,000	12,83,66,353	-6,86,889
26/09/2022	16,59,00,000	18,62,00,000	16,60,00,000	-1,00,000
27/09/2022	1,00,000	-		1,00,000
28/09/2022	7,45,00,000	7,30,00,000	7,50,00,000	-5,00,000
29/09/2022	5,00,000	-		5,00,000
18/10/2022	15,05,72,835	15,10,00,000	15,10,65,849	-4,93,014
Total	**2,57,68,18,399**	**2,51,82,10,500**	**2,58,08,66,713**	

**It was noted that ASERL paid to DO/DOL for all the purchase including AFS. Further, all the AFS purchased by ASERL was not sold to WOAL. Accordingly, for circular transactions, fund transfers from ASERL to DO/DOL were taken for those dates on which money was either received or paid to WOAL.

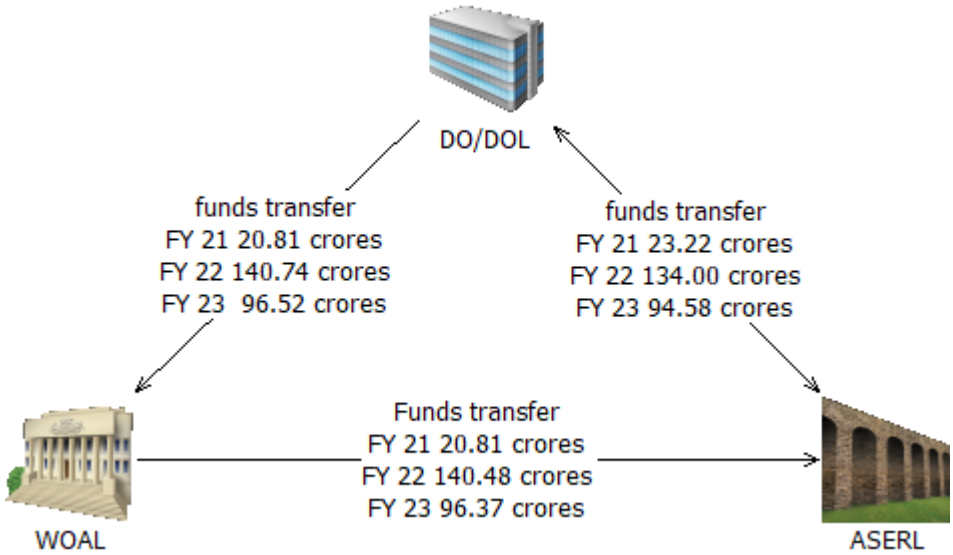
24. It was observed from the above table that WOAL paid a total of Rs.257.68 Crore to ASERL and received a total of Rs.258.08 Crore from DO/DOL during

FYs 21, 22 & 23 in a circular fashion. The funds were moved in such a way that all the legs of the circuitous transactions were generally completed on the same day. It was further observed that on 35 days, exact amounts were paid and received by WOAL on the same day (total amount paid and received by WOAL on said 35 days was Rs.123.94 Crore). A Summary of fund transfers between WOAL, DO/DOL and ASERL is provided in the Table below.

Rs. In Crore

Date	Amount Paid by WOAL to ASERL	Amount Paid by ASERL to DO/DOL	Amount Paid by DO/DOL to WOAL
FY21	20.81	23.22	20.81
FY22	140.48	134.00	140.74
FY23	96.37	94.58	96.52
Total	**257.66**	**251.8**	**258.07**

25. The above Table is pictorially represented as under:



26. These circular fund transfers were executed by ASERL, DO/DOL and WOAL to settle the fictitious transactions of the sales and purchase executed among themselves. Details of fictitious sales/purchase booked by WOAL with DO/DOL and ASERL and the related fund transfers and are tabulated below:

Rs. In Crore

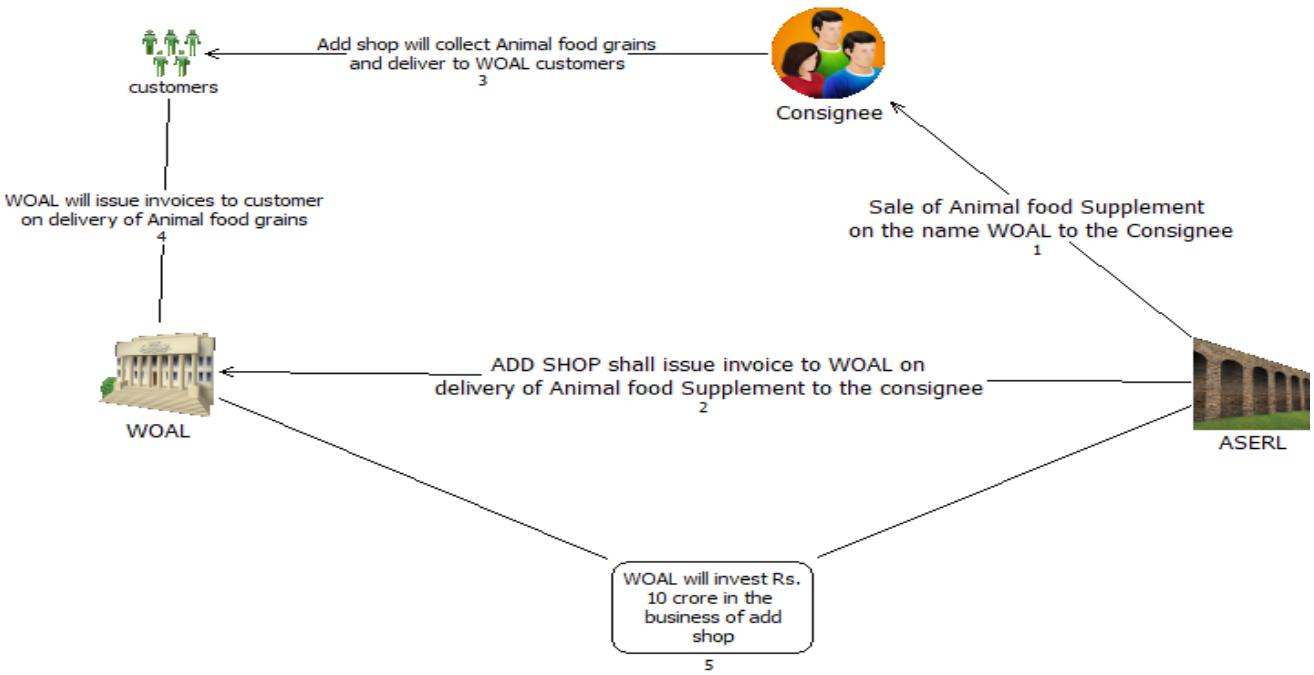
FY	Fictitious purchases by WOAL from ASERL	Amount paid by WOAL to ASERL for Fictitious purchase	Fictitious sales by WOAL to DO/DOL	Amount received by WOAL from DO/DOL
FY 21	38.56	20.81	36.77	20.81
FY 22	127.31	140.48	124.87	140.74
FY 23	91.98	96.37	96.63	96.52
Total	**257.85**	**257.66**	**258.27**	**258.07**

Submissions by ASERL and WOAL

27. Summons dated February 07, 2024 were issued to Managing Directors (MDs) of ASERL and WOAL to appear in person before the Investigation Authority (IA). In response to the same, the MDs of ASERL and WOAL appeared before the IA and explained that the sales and purchase between ASERL and WOAL were booked based on an agreement executed between them in FY20. Further, on March 04, 2024, ASERL submitted a copy of the said agreement executed between ASERL and WOAL wherein ASERL had agreed for sale of AFS through WOAL as per the terms and conditions mentioned below:

- *ASERL shall make sale of AFS to WOAL, at the rate mutually decided from time to time, which shall be delivered by ASERL to consignees (dealers, distributors, franchisee and customers of ASERL who are by and large farmers).*
- *ASERL shall issue the sales invoice to WOAL on delivery of the AFS to consignees.*
- *ASERL shall arrange and put efforts to clear and collect dues from consignees of the value of AFS delivered to them, which shall be in form of Animal Food Grains ("AFG" or "multigrain") and shall arrange to get the same delivered at the premises of the customer of WOAL on their behalf.*
- *WOAL shall issue the sales invoice and necessary documents to its customers on delivery of AFG / Multigrain.*
- *WOAL shall expand the business of AFS in PAN India multiple states and for that purpose shall also make investment in developing market, infrastructure and business (ASERL) up to sum of Rs.10 Crore (Rupees Ten Crore Only) within one year from the completion of the tenure of 2 years from the date of first sale of AFS.*

28. Conditions of the agreement are pictorially presented below:



29. It was observed that as per the abovementioned agreement between ASERL and WOAL, WOAL was required to issue invoices to its customers for the AFG / Multigrain delivered by ASERL. However, WOAL's purchases and sales register showed that WOAL issued invoices to DO/DOL and not to its customers.

30. From the above arrangement, it was apparent that the agreement between ASERL and WOAL was a sham agreement for inflating the sales and purchases of WOAL. As per the said agreement, the sale and delivery of AFS to consignees on behalf of WOAL, the collection of AFG from the consignees and the delivery of AFG to the customers of WOAL were entirely done by ASERL and WOAL had no role to play in the same, except for issuing invoices to its customers for the AFG delivered by ASERL.

31. Further, even though ASERL was expected to receive an investment of Rs.10 Crore from WOAL under the said agreement, ASERL's bank statements showed that it did not receive the said amount despite lapse of more than a year since the end of tenure of the agreement.

32. As per the said agreement, ASERL was supplying AFS to consignees and collecting AFG from consignees and delivering the AFG to the customers of

WOAL, on behalf of WOAL through barter system. The said consignees were farmers. However, it was observed that the books of ASERL and DO/DOL did not record any sale and transactions with the farmers booked through WOAL. Further, there were no entries in the bank statements indicating sale transactions with farmers booked through WOAL. Further, vide summons dated February 28, 2028 details of the barter with the farmers were sought from the company. The company, contrary to its own claim made earlier as well as the terms and condition of the purported agreement, submitted that it did not execute any sales and purchase through barter system in FY 21, FY 22 and FY 23 (till October 2022). Hence, the claim of ASERL of exchanging multigrain against sale of AFS to farmers of on behalf WOAL is false.

33. It was observed that from October 19, 2022 onwards, ASERL stopped booking sales through WOAL and started booking sales through farmers. ASERL reported debtors of Rs.104.06 Crore as on 31.03.2023, a huge increase from Rs.22.75 Crore reported on 31.03.2022, which indicated that the farmers were not paying any consideration, whether in cash or kind, to ASERL. In this regard, Mr. Dinesh Pandya, MD of ASERL, submitted that Rs.62 Crore out of the debtors of Rs.104.06 Crore was settled in FY24 through barter system in exchange of multigrain. However, it was noted that ASERL had not made any disclosure regarding dealing in barter system in the annual report or to the exchange. Further no stock of multigrain was reported in quarterly stock statement of DO/DOL and ASERL (except for few quarters in which DO has reported certain stock of chana and dal).

34. In order to verify the genuineness of the said agreement (terms and condition of the agreement itself fraudulent i.e. providing sales and purchase entries by ASERL to WOAL in consideration of money), emails were sent to ASERL and WOAL to provide the email communication wherein the agreement was shared with anyone i.e. employee, lawyer, CA, etc. However, both ASERL and WOAL failed to submit record of a single communication with anyone wherein the said agreement was shared. Even the statutory auditor of ASERL for FY21, Mr. Hitesh Loonia, during the statement recording before the IA on January 05, 2024 did not refer to any agreement between ASERL with WOAL. However,

vide email dated March 13, 2024, he submitted that he was aware of the agreement but did not have a copy of the same in his audit papers.

35. Similarly, Mr. Dilip Malival, the statutory auditor of ASERL for FYs 22 & 23, during the statement recording before the IA on February 12, 2024 did not make any reference to any agreement between ASERL and WOAL. Upon being asked to submit the audit papers (information received from the company) during the audit, he, vide email dated February 27, 2024 provided the audit papers which contained the agreement. However, ASERL vide email dated March 04, 2024 confirmed that it had shared the said agreement with the statutory auditor recently on WhatsApp.

36. The above observations raise suspicion regarding the genuineness of the agreement and it appears that a backdated agreement was prepared post initiation of investigation in the matter as a cover-up.

37. During the statement recording before the IA on February 15, 2024, Mr.Dineshbhai Pandya, MD of ASERL, admitted - "*I accept that this practice of providing sales and purchase entries for WOAL was wrong. There was agreement with WOAL that he will invest Rs.10 Crore in ASERL if the company provide quarterly sales of Rs.30 Crore to WOAL by providing entries. However, he did not invest anything in ASERL.*"

38. Similarly, Mr. Darshak Rupani (MD of WOAL) in his statement recorded before the IA on February 15, 2024, submitted inter alia the following:

> *"There was no godown with WOAL. Further, there was no stock movement between ASERL & WOAL and between WOAL & DO/DOL. Goods movement were there between ASERL and farmers/farmers and DO/DOL on behalf of WOAL. All the customers/farmers were belonging to ASERL, WOAL had no customers/farmers of their own.*
>
> *As per the agreement, WOAL role was very minuscule which was providing sales and purchase by ASERL to WOAL and in turn WOAL will invest in the business of ASERL.*
>
> *I was not aware that Dada Organics/ Dada Organics Limited was controlled by Shri Dineshbhai Pandya, even though I have received Rs.258 Crore from*

DO/DOL. Further, despite booking 84% sales of the company to Dada Organics FY22, I was not aware the name of the owner of Dada Organics."

39. In view of above observations, it was evident that ASERL and WOAL had booked fictitious sales and purchases in its books of accounts through circular transactions without having any stock and, accordingly, the financial statements of ASERL and WOAL for FYs 21, 22 & 23 were mis-stated and manipulated.

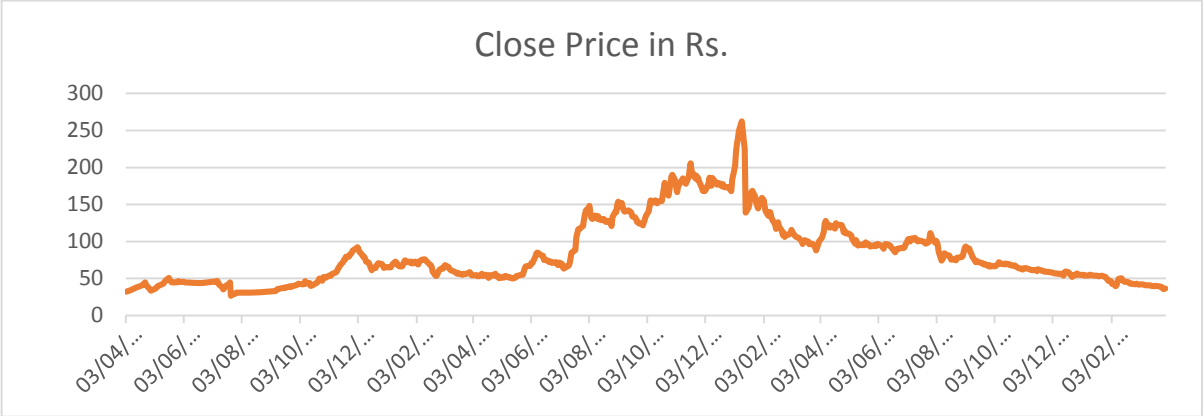
40. The sale/purchase transactions among ASERL, DO/DOL and WOAL did not have any commercial substance since all three companies were merely booking fictitious purchase and sales entries in their books of accounts in circular manner without any movement of stock of goods among themselves. Accordingly, the contract under the said agreement could not be accounted, in terms of provisions of IND AS 115.

41. It was observed that during the three FYs 21, 22 & 23 taken together, more than 46% of sales and more than 48% of purchases of WOAL were fictitious. Similarly, more than 46% of sales and more than 60% of purchases of ASERL were fictitious during the same period. In FY22, the proportion of fictitious sales and purchases was even higher at 84% and 82% respectively for WOAL and at 79% and 95% respectively for ASERL. The figures of fictitious sales and purchases of ASERL and WOAL are tabulated below:

Particulars	**WOAL**			**ASERL**		
Financial year (Sales)	Fictitious sales of multigrain to DO/DOL	**Total sales**	**% of fictitious sales to the total sales**	Fictitious sales to WOAL	Total sales	**% of fictitious sales to the total sales**
FY21	36.77	78.77	**46.68**	38.56	78.57	**49.08**
FY22	124.87	148.04	**84.35**	125.94	159.65	**78.89**
FY23	96.63	173.51	**55.69**	91.98	199.88	**46.01**
Financial year (Purchase)	Fictitious purchases of AFS from ASERL	Total purchase	**% of fictitious purchases to the total purchases**	Fictitious purchases from DO/DOL	Total purchases	**% of fictitious purchases to the total purchases**
FY21	38.56	78.71	**48.99**	36.77	56.29	**65.32**
FY22	127.31	154.66	**82.32**	124.87	131.29	**95.11**
FY23	91.98	159.14	**57.80**	96.63	160.09	**60.36**

Impact of financial misstatements on the price of scrip of ASERL:

42. As brought out above, the published financial statements of ASERL for FYs 21, 22 & 23 were manipulated. The said false and misleading financial statements misled ASERL's shareholders as well as the public about the financial health of ASERL. The share price of ASERL went up from Rs.32.30 on April 03, 2020 (First day of Investigation Period) to Rs.275.20 on January 11, 2022, before declining to Rs.36.43 on March 31, 2023. Pictorial representation of the same is as under:

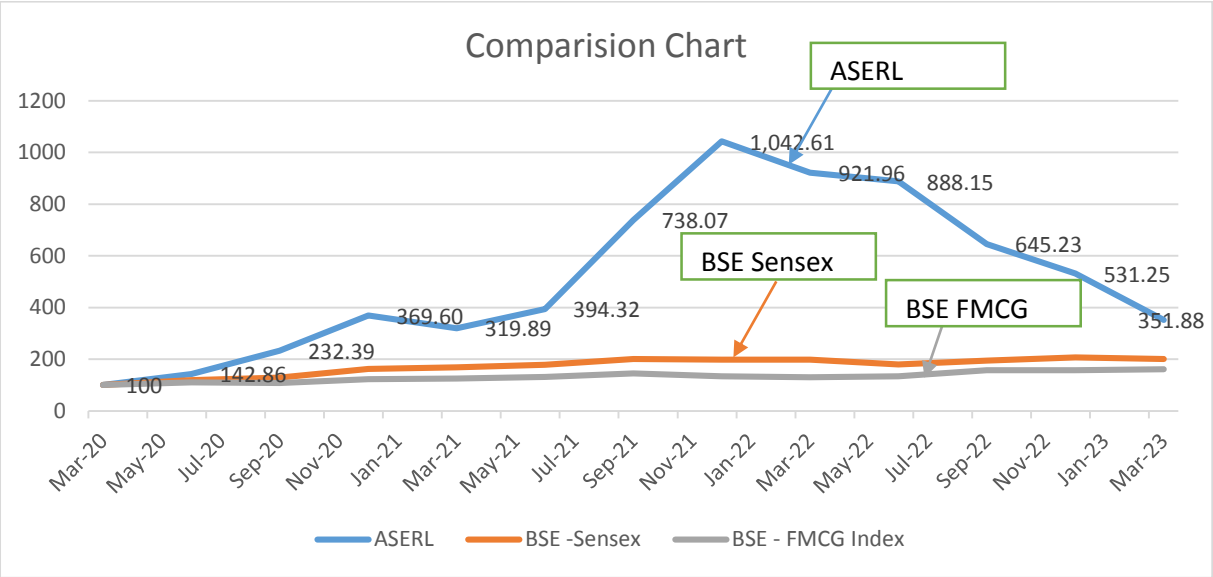


43. During the Investigation Period, ASERL came out with two bonus issues within a gap of around 18 months, viz. issue of 03 bonus equity shares of Rs.10 each for every 04 existing equity shares of Rs.10 each held (23/07/2020) and issue of 07 bonus equity shares of Rs.10 each for every 10 existing equity share of Rs.10 each held (17/01/2022). Thus, the holding of an investor having 1,000 shares prior to the bonus issues increased to 1,750 shares on 23/07/2020 and 2,975 shares on 17/01/2022 as a result of the bonus issues. The share price of ASERL, adjusted for the bonus issues, is pictorially represented as under:

44. A comparison of price movement of ASERL (price adjusted for bonus) with the movement of BSE Sectoral Indices- Fast Moving Consumer Goods (FMCG) and Sensex on quarterly basis, commencing from March, 2020 quarter is as under:

Quarter ending	Closing price of ASERL on last day of the Quarter (in Rs.)	Trend of movement price of scrip of ASERL*	BSE Sensex on last day of the quarter	Trend of movement of BSE – Sensex Index*	BSE FMCG Index on last day of the quarter	Trend of movement of BSE-FMCG Index*
Mar-20	30.8	100	29468.49	100	10254.89	100
Jun-20	44.00	142.86	34915.8	118.49	11258.33	109.78
Sep-20	71.58	232.39	38067.93	129.18	11051.22	107.77
Dec-20	113.84	369.60	47751.33	162.04	12608.96	122.96
Mar-21	98.53	319.89	49509.15	168.01	12875.4	125.55
Jun-21	121.45	394.32	52482.71	178.10	13517.95	131.82
Sep-21	227.33	738.07	59126.36	200.64	14862.21	144.93
Dec-21	321.13	1042.61	58253.82	197.68	13784.58	134.42
Mar-22	283.96	921.96	58568.51	198.75	13334.89	130.03
Jun-22	273.55	888.15	53018.94	179.92	13766.1	134.24
Sep-22	198.73	645.23	57426.92	194.88	16180.06	157.78
Dec-22	163.63	531.25	60840.74	206.46	16075.3	156.76
Mar-23	108.38	351.88	58991.52	200.19	16487.02	160.77

** Trend considering base of 100 as on March 31, 2020.*



45. It was observed that during the Investigation Period, while the Sensex remained in the range of 100-200% of its start level and BSE FMCG Sectoral Index remained in the range of 100-160% of its start level, the share price of ASERL went up by more than nine times during the same period. On March 31, 2023, the scrip of ASERL was trading at Rs.108.38, which was 3.36 times

(235.54% rise) of the price on April 03, 2020. The current share price of ASERL is Rs.23.40 (closing price on May 03, 2024).

46. ASERL's standalone results for FYs 19, 20, 21, 22 & 23 are shown as below:

Amt. in Rs. Crore

Particulars	Yearly				
	31.03.2019	31.03.2020	31.03.2021	31.03.2022	31.03.2023
Revenue from operations	22.74	37.43	78.57	159.65	199.88
% Annual change in Revenue		64.60	109.91	103.19	25.20
Total Expenditure	21.87	36.23	70.89	140.56	180.72
Net Profit	0.87	1.2	7.68	19.09	19.16
% Annual change in Net profit		37.93	540.00	148.57	0.37

47. From the above Table, it was observed that ASERL showed higher profitability through inflated sales during FYs 21, 22 & 23. During FYs 21 & 22, ASERL's sales saw growth of 109.91% and 103.19% whereas net profits saw growth of 540% and 148.57% respectively. During the FYs 21 & 22, the share price of ASERL saw a huge rise.

48. As already discussed above, ASERL inflated its revenue by booking fictitious sale transactions to WOAL in FYs 21, 22 & 23. The contribution of fictitious sales transactions with WOAL in the inflated revenue of ASERL is summarized below:

Amt. in Rs. Crore

Details	FY21				FY22				FY23			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue from operations	10.37	15.41	23.99	28.80	31.45	39.22	42.29	46.69	57.09	50.33	46.96	50.29
Revenue on account on sale to WOAL	-	9.36	11.46	17.48	16.71	31.07	38.90	39.26	40.00	41.39	10.58	-
Recasted Revenue if the revenue on account of WOAL was not included	10.37	6.05	12.53	11.06	14.75	8.15	3.39	7.43	17.09	8.94	36.38	-
Adjusted Scrip Price as on end of quarter (in Rs.)	44.00	71.58	113.84	98.53	121.45	227.33	321.13	283.96	273.55	198.73	163.63	108.38

49. It is can be seen from the above table that had ASERL not have included fictitious revenue pertaining to WOAL, it would have reported significantly lower revenue in FYs 21, 22 & 23. Based on the sales made by ASERL to WOAL, the revenue of ASERL for FYs 21, 22 & 23 was overstated. During the said period, the adjusted scrip price increased from Rs.44 on June 30, 2020 to Rs.501.59 in January 2022. Post December 31, 2022, price showed a declining trend as ASERL stopped booking sales transaction to WOAL since the month of October 2022.

50. The movement in price seen during FYs 21, 22 & 23 clearly indicated that the same was influenced by the misrepresented and manipulated financial statements reported by ASERL.

51. Further, it was observed that during the FY23, ASERL received Rs.48.33 Crore (net of expenses) as proceeds from the rights issue, the subscribers of which were non-promoters and retail investors. As ASERL had published misleading financials for FYs 21 & 22, it appears that the subscribers of the said rights issue were influenced by the apparently healthy but mis-stated financial statements.

52. It was further noted that during the Investigation Period, the number of public shareholders of ASERL increased from 77 as on March 31, 2020 to 46,884 as on March 31, 2023. Further, the public shareholding in ASERL also increased from 37.01% to 63.98% during the same period. The quarter-wise number and percentage of public shareholders is given below.

Particulars	Mar-19	Mar-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Promoters Shareholding in %	62.99	62.99	62.99	62.99	62.99	62.99	58.07	52.97	36.03	36.03	36.03
Number of Promoters	5	5	5	5	5	5	5	5	5	5	5
Public shareholding in %	37.01	37.01	37.01	37.01	37.01	37.01	41.93	47.03	63.97	63.96	63.98
No. of Public Shareholders	77	96	700	1243	3537	10679	22769	28265	44592	47152	46884

53. As can be seen from the above Table, the promoter shareholding reduced from 62.99% to 36.03% during the Investigation Period when the financials were mis-stated. The decrease in promoter shareholding was due to promoter not subscribing to shares in rights issue (leading to fall of around 17% in promoter

shareholding) and sale of 9.49% shares after bonus issue. During the same period, Mr. Dineshbhai Pandya (promoter) sold shares of ASERL, details of which are tabulated below:

Source: Depository (CDSL)

Period	Number of shares sold or received	Sale consideration for shares sold (Rs. In crores)	Share price at which shares were sold
Number of shares on April 01, 2020	38,81,200		
Bonus issue (August 2020)	29,10,900		
Bonus issue (January 2022)	47,54,470		
Shares after bonus issue			
Shares sold on 15.02.2022	3,00,000	3.92	130.67
Shares sold on 16.02.2022	1,75,000	2.14	122.29
Shares sold on 07.03.2022	4,75,000	5.48	115.37
Shares sold on 09.05.2022	3,69,814	3.99	107.89
Shares sold on 12.05.2022	6,12,096	6.23	101.78
Total number of shares sold/ sales consideration	1931910	21.76	
Number of shares held on March 31, 2023	96,14,660		

54. From thhe above Table, it can be seen that Mr. Dineshbhai Pandya sold 19,31,910 shares (accounting for 9.49% of shareholding) in the market when scrip price was in the range of Rs. 101.78-130.67 during the Investigation Period, i.e. when prices were high due to misrepresented/misstated financials published by ASERL. The sale consideration received by the Mr. Dineshbhai Pandya was Rs.21.76 Crore. As Mr. Dineshbhai Pandya had received a total of 76.65 Lakh shares in the bonus issue and the number of shares sold by him was 19.31 Lakh, the cost of acquisition of these shares can be taken as Nil. Thereafter, the share price fell to Rs.36.83 on March 31, 2023.

55. The huge increase in number of public shareholders and their holdings during the Investigation Period indicate that investors were induced by the mis-stated financials to invest in the shares of ASERL.

56. It was observed that Mr. Dineshbhai Pandya (promoter) sold shares even after the Investigation Period. He sold a total of 25,00,000 shares on August 29-30, 2023 for a total amount of Rs.9.51 Crore.

57. Explanation to Regulation 4(1) of the PFUTP Regulations, 2003, *inter alia*, provides that any device, scheme or artifice to manipulate the books of

accounts or financial statements of a company that would directly/indirectly manipulate the price of securities of that company shall be considered as manipulative, fraudulent and an unfair trade practice in the securities market. From the movement in share price during the Investigation Period, it is apparent that the large-scale manipulation in financial statements of ASERL impacted the share price of ASERL, which enabled the promoter of ASERL in offloading his stake at higher prices. Further, it is also clear that raising of funds by ASERL through rights issue during FY23 was facilitated by misleading financials. In view of the above, it is alleged that ASERL violated the provisions of Regulation 3 (a), (b), (c), (d), 4(1), 4(2)(e), (f), (k) and (r) of PFUTP Regulations, 2003 read with Sections 12A (a), (b), (c) of SEBI Act, 1992 and Regulations 4(1), 4(2)(e), 18(2), 23(2), 33(1)(a), 33(1)(c), 34(3) and 48 of LODR Regulations, 2015.

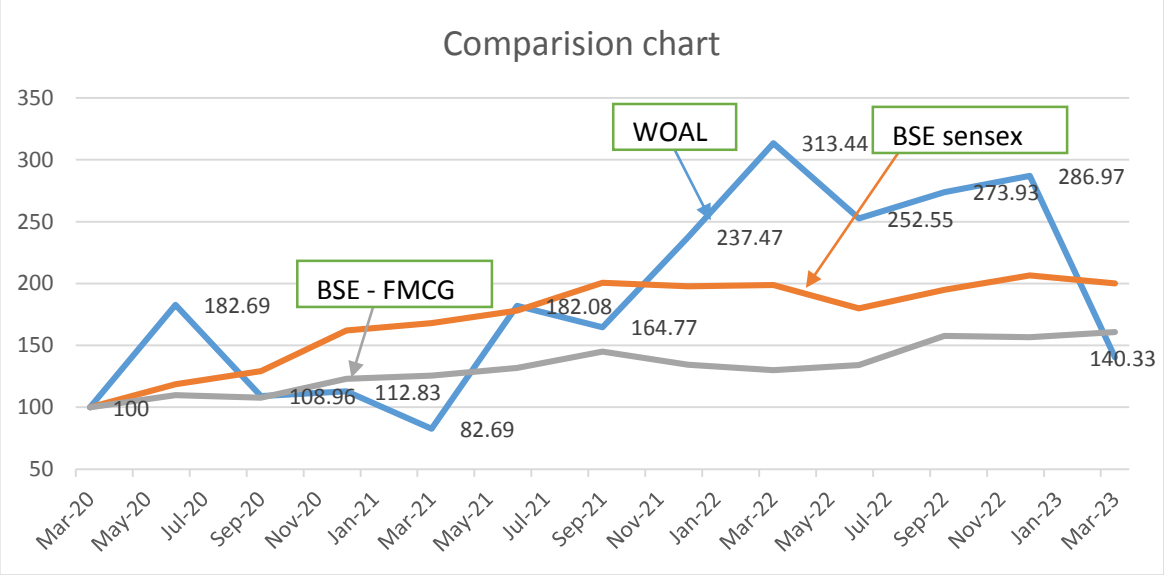
Impact of misstatements on the share price of WOAL:

58. As already demonstrated in above paragraphs, the financial statements of WOAL for FYs 21, 22 & 23 were manipulated. The false and misleading financial statements misled WOAL's shareholders as well as the public about the financial health of WOAL. The scrip price of WOAL had gone up from Rs.5.15 on April 01, 2020 (First day of Investigation Period) to Rs.20.73 on February 11, 2022, before falling to Rs.6.89 on March 31, 2023. The movement in share price during the Investigation Period was as under:

59. A comparison of share price movement of WOAL with the movement of BSE FMCG Sectoral Index and Sensex on quarterly basis, commencing from March, 2020 quarter, is as under:

Quarter ending	Closing price of WOAL on last day of the Quarter (in Rs.)	Trend of movement of price of WOAL*	BSE Sensex on last day of the quarter	Trend of movement of BSE –Sensex Index*	BSE FMCG Index on last day of the quarter	Trend of movement of BSE-FMCG Index*
Mar-20	**4.91**	**100**	29468.49	100	10254.89	100
Jun-20	8.97	182.68	34915.8	118.49	11258.33	109.78
Sep-20	5.35	108.96	38067.93	129.18	11051.22	107.77
Dec-20	5.54	112.83	47751.33	162.04	12608.96	122.96
Mar-21	4.06	82.69 (fall)	49509.15	168.01	12875.4	125.55
Jun-21	8.94	182.07	52482.71	178.10	13517.95	131.82
Sep-21	8.09	164.76	59126.36	200.64	14862.21	144.93
Dec-21	11.66	237.47	58253.82	197.68	13784.58	134.42
Mar-22	15.39	313.44	58568.51	198.75	13334.89	130.03
Jun-22	12.4	252.54	53018.94	179.92	13766.1	134.24
Sep-22	13.45	273.93	57426.92	194.88	16180.06	157.78
Dec-22	14.09	286.96	60840.74	206.46	16075.3	156.76
Mar-23	6.89	140.32	58991.52	200.19	16487.02	160.77

** Trend considering base of 100 as on March 31, 2020.*



60. From the above chart, it is seen that during the Investigation Period, while the Sensex remained in the range of 100-200% of its start level and BSE FMCG Sectoral Index remained in the range of 100-160% of its start level, the share price of WOAL went up by more than three times during the same period. The current share price of WOAL is Rs.9.68 (closing price on May 03, 2024).

61. WOAL's standalone results for FYs 21, 22 & 23 are shown below:

(Amt. in Rs. Crore)

Particulars	31.03.2021	31.03.2022	31.03.2023
Revenue from operations	78.77	148.05	173.51
Other Income	1.41	5.59	3.57
Total Income	80.18	153.64	177.08
Total Expenditure	80.03	144.86	175.84
Net Profit/Loss after tax	0.15	8.78	1.24

62. From the above table, it is observed that WOAL showed higher profitability through inflated sales during FYs 21, 22 & 23, during which period the share price of WOAL rose significantly.

63. As already discussed above, WOAL inflated its revenue by booking fictitious sale transactions to DO/DOL in FYs 21, 22 & 23. The contribution of fictitious sales transactions with DO/DOL in the inflated revenue of WOAL is summarized below:

(Amt. in Rs.Crore)

Details	**FY21**				**FY22**				**FY23**			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Revenue from operations	15.84	19.78	11.26	31.87	19.02	31.81	48.84	48.38	68.46	70.48	21.14	13.43
Revenue on account on sale to DO/DOL		9.55	11.26	15.94	19.02	31.67	38.84	35.34	44.53	43.56	8.53	
Recasted Revenue if the revenue on account of DO/DOL was not included	15.84	10.23	-	15.93	-	0.14	10.00	13.04	23.93	26.92	12.61	13.43
Scrip Price as on end of quarter (in Rs.)	8.97	5.35	5.54	4.06	8.94	8.09	11.66	15.39	12.4	13.45	14.09	6.89

64. It can be seen from the above table that had WOAL not included the revenue pertaining to DO/DOL, it would have reported significantly lower revenue in FYs 21, 22 & 23. It was noted that after there was decline in sales in the December 2022 quarter due to WOAL not booking sales to DOL after October, 2022, the share price declined between January 01, 2023 to March 31, 2023.

65. In view of the large-scale manipulation in financial statements, which directly or indirectly manipulated the share price, it is alleged that WOAL violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations, 2003 read with Sections 12A (a), (b), (c) of SEBI Act, 1992 and Regulations 4(1), 4(2)(e), 33(1)(a), 33(1)(c), 34(3) and 48 of SEBI (LODR) Regulations, 2015

Corporate announcements by WOAL:

66. SEBI had received a complaint regarding fake announcements being made by WOAL. The complaint was forwarded to BSE for examination. The findings given by the exchange are summarized as under:

- WOAL has not submitted all the material details regarding various agreements/MoU it has entered into.
- Company has not submitted continuous disclosures regarding various agreements/MoU it has entered.
- Company, on its website, has not disclosed details regarding various agreements/MoU it has entered.
- Company has not submitted adequate response to queries raised by the Exchange.
- Company has not submitted adequate and timely information w.r.t. to various agreements/MoU it has entered.
- Adequate, accurate, explicit, timely Disclosures w.r.t. various agreements/MoU entered by the Company are not disclosed.

67. Separately, the corporate announcements made by WOAL were examined by SEBI. It was observed that WOAL made following major announcements:

(a) On August 20, 2020, WOAL made announcement that it had received a supply order worth Rs.55.70 Crore for Mizoram State Health Department.

(b) On August 25, 2020, WOAL made announcement that it had received a continual award of supply order worth Rs.55.70 Crore for Mizoram State Health Department, while stating that the total value of the health care supply orders was Rs.111.4 Crore, which would help the company gain a multifold rise in business, reflecting in Q3 FY21. Additionally, it was stated that *"On the diversified activity (business opportunity of health care products arisen due to the ongoing Pandemic) end; The management and board are confident to use their sources and secure more similar orders which would act as an additional feather to the crown increasing the overall profitability of the company."*

(c) Further, the company made an announcement on August 27, 2020 wherein it was stated that *"Becoming an intelligent enterprise, the management is committed to make smart strategic decisions, which is profitable to the company. Considering various profitable business options arisen during this pandemic and being opportunistic, the management is glad to announce award of multiple Supply Orders totalling to Rs.111.4 Crore of Health Care products to be supplied to Mizoram state health department. This is an additional business opportunity that has arisen in this Pandemic situation. Considering the profitability in the business options arisen during this pandemic, taking prompt actions and being opportunistic is the essence for business and increasing the profitability."*

68. The disclosures regarding orders received by WOAL did not contain details such as counterparty name, time period in which the orders were to be executed etc. Further, these disclosures contained a disclaimer that the company undertook no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances. The same was against the provisions of Regulation 30(7) of LODR Regulations, 2015, which provide that a listed company, in respect of the corporate disclosures, has to update material developments, on a regular basis, till such time the event is resolved/closed, with relevant explanations.

69. With regard to aforesaid announcement made by WOAL, the exchange sought relevant documents/agreement that supported the corporate announcements from the company. In this regard, the company submitted copies of the purchase orders (POs) received by WOAL from Suumaya Industries Limited ("**SIL**").

70. It was noted that while the reported turnover of WOAL during FY21 was Rs.78.77 Crore, the POs received from SIL during the said period were worth Rs.111.40 Crore. The said POs constituted 141.42% of the total turnover of WOAL during the said year. The said POs were subsequently cancelled.

71. Details of POs received from SIL by WOAL, as submitted by WOAL, are as under:

PO date	August 25, 2020	August 20, 2020
PO number	SIL-WO-20-21-6704	SIL-WO-20-21-6703
Signed date	August 25, 2022	August 20, 2020
Counterparty	Suumaya Industries Limited (formerly known as Suumaya Lifestyle Limited)	Suumaya Industries Limited (formerly known as Suumaya Lifestyle Limited)
Consignee	Mizoram State Department, Mizoram	Mizoram State Department, Mizoram

72. From detailed analysis of the said POs, it was observed that the POs signed by WOAL and SIL in August 2020 were printed on the letter head of SIL. SIL, in August 2020, was known as Suumaya Lifestyle Ltd. and was renamed as Suumaya Industries Limited in November 2020 i.e. long after the signing of these POs in August 2020. Accordingly, the POs should have been printed on the letter head of Suumaya Lifestyle Limited rather than SIL's letter head. Further, on PO dated August 25, 2020, the signature was found to be dated August 25, 2022.

73. Further, while the copies of the orders submitted by WOAL showed that orders were received from SIL, the name of Mizoram State Department, Mizoram, was mentioned therein as a consignee. It is important to note that in the announcements made by WOAL, it was mentioned that WOAL would supply goods to Mizoram State Department, Mizoram. However, there was no mention of SIL, from whom the orders were purportedly received by WOAL, in the corporate announcements.

74. Clarifications were sought from SIL regarding the said POs. SIL replied that the said POs were terminated. It also submitted the same POs, as submitted by WOAL earlier, along with another copy in which the sign "Cancelled" was printed on it. However, no announcement regarding the termination of the aforementioned contract was made either by WOAL or by SIL to the exchanges. Further, no details of the said POs were disclosed on WOAL's website. WOAL and SIL also did not provide the original agreement executed between SIL and Mizoram State Department, Mizoram.

75. Further, since WOAL has claimed that the POs from SIL were cancelled, it was required to make disclosures /announcements updating the material development, in terms of Regulation 30(7) of the LODR Regulations, 2015. However, WOAL failed to do so. In this regard, Mr. Darshak Rupani, the MD of

WOAL, during the statement recording before the IA on February 15, 2024, admitted that no such disclosure was made to the exchange. Further, even though WOAL was not into the business of healthcare products, the MD admitted that no supplier of healthcare products was identified by WOAL to fulfil the said POs,

76. In view of above, it was apparent that WOAL had issued false corporate announcements to present a rosy picture about the company to induce investors. The same is also corroborated by the fact that in FY21, when the said corporate announcements were made, the company was booking fictitious sales and purchase, as already discussed above.

77. During the period from August 21, 2020 (first corporate announcement by WOAL regarding order of healthcare products) to August 28, 2020 (date of last corporate announcement), the share price of WOAL moved from Rs.5.22 to Rs.6.89, i.e. increase of 32% in 6 trading days.

78. In view of the false corporate announcements made by WOAL, it is alleged that WOAL has violated the provisions of Regulations 3 (a), (b), (c), (d) and 4 (1), 4(2)(k) and (r) read with Regulation 2(1)(b) and 2(1) (c) of PFUTP Regulations, 2003 read with Sections 12A (a), (b), (c) of SEBI Act, 1992 . Further, WOAL has violated Regulation 4(1), (c),(d), (e), (g), and (h) of LODR Regulations, 2015, read with Regulation 30 (1), 30(3) read with Regulation 30(4) and Sch III Part A Para B (1),(2),(4) and Sch III Part A Para C of LODR Regulations, 2015, Circular dated September 9, 2015 and Regulation 30(7),(8) and (10) of LODR Regulations, 2015.

Role of Directors and Chief Financial Officer (CFO) of ASERL:

79. Details of ASERL's Whole Time / Executive Directors during the Investigation Period and the number of meetings attended by them are provided below:

Name of the director	**FY21**		**FY22**		**FY23**	
	Total No. of Meetings held					
	9		**17**		**11**	
	Eligible to attend	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
Mr. Dineshbhai Pandya	yes	yes	yes	yes	yes	yes
Ms. Deviben Pandya	yes	yes	yes	yes	yes	yes
Mr. Jigar Pandya	yes	yes	yes	yes	yes	yes
Mr. Dev Pandya	yes	yes	yes	yes	yes	yes
Mrs. Jayshree Pandya	yes	yes	yes	yes	yes	yes

80. Mr. Dineshbhai Pandya was the Promoter & Managing Director (MD) and Mr. Dev Pandya (son of Mr. Dineshbhai Pandya) was a promoter, executive director and CFO of ASERL during the Investigation Period. They were the Key Managerial Personnel ("KMP") of ASERL, in terms of the provisions of the Companies Act, 2013 and were disclosed as such in the annual reports of ASERL.

81. Mr. Dineshbhai Pandya, being Promoter/Managing Director, and Mr. Dev Pandya, being Executive Director and CFO, had attended all the Board meetings held during the Investigation Period. It was observed that Mr. Dineshbhai Pandya and Mr. Dev Pandya, were the signatories of ASERL's financial statements for FYs 21, 22 & 23. Further, Mr. Dineshbhai Pandya in FYs 22 & 23 and Mr. Dev Pandya in FY23 had certified the financial statements of ASERL as true and fair, in terms of Regulation 17(8) of LODR Regulations, 2015.

82. It was also observed that Mr. Dineshbhai Pandya was the proprietor of DO and non-executive director & promoter of DOL. Both DO and DOL were found to be involved in booking fictitious transactions with ASERL and WOAL, as already discussed above.

83. In any company, the directors have a duty and responsibility to ensure that proper systems and controls are in place for financial reporting and to monitor the efficacy of such systems and controls. They are the persons who take all decisions on behalf of the company. Similarly, the CFO is also a KMP who has a duty to ensure that financial results of the company are prepared in a fair manner, in accordance with the prescribed standard.

84. As the financial statements of ASERL are found to be manipulated, it is alleged that Mr. Dineshbhai Pandya, being the MD and Mr. Mr. Dev Pandya, being an executive director cum CFO, were involved in such manipulation and were responsible for publication of untrue and misleading financials of ASERL. In view of the above, it is alleged that Mr. Dineshbhai Pandya and Mr. Dev Pandya have violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2(e), 4(2)(f), 4(2)(k), 4(2)(r) PFUTP Regulations, 2003 r/w Sections 12A(a),(b),(c) of SEBI Act, 1992. Further, they were also liable for violation of

Regulations 4(1), 4(2)(e), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), 4(2)(f)(ii)(6) 4(2)(f)(ii)(7), 4(2)(f)(ii)(8*),* 4(2)(f)(iii)(7) and 17(8), 18(2), 23(2), 33(1)(a), 33(1)(c), 34(3) and 48 of LODR Regulations, 2015 read with Section 27 of SEBI Act, 1992.

Role of Ms. Jayashree Pandya, Promoter & Non-executive director of ASERL and Managing director and promoter of Dada Organics Ltd.

85. Ms. Jayashree Pandya is the promoter and non-executive director of ASERL and was reported as a KMP in annual reports. She joined the company in 2017 and attended all the board meetings held during the Investigation Period. She is also the Managing Director & promoter of DOL, which was found to be involved in fictitious circular transactions with ASERL and WOAL

86. As per the Annual Report of ASERL for FY22, Ms. Jayshree Dineshbhai Pandya had wide experience in the administration of the company and the growth of the company had been manifold under her management. Further, it was reported that she had expertise/core skills/competencies in understanding of business industry, critical and innovative thoughts, strategy and strategic planning, financial understanding, market understanding, risk and compliance oversight. Despite being a non-executive director, her remuneration was increased from Rs.6,00,000 in FY21 to Rs.18,00,000 in FY23. Further, Ms. Jayashree Pandya was also part of Corporate Social Responsibility Committee in FY 22 & 23 and was part of Nomination & Remuneration Committee in FY22.

87. Considering the role and position of Ms. Jayashree Pandya in ASERL and DOL, it is clear that she had a role in booking fictitious transactions which led to publication of misrepresented/misstated and misleading financial statements of ASERL. Accordingly, she is alleged to have violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k), 4(2)(r) of PFUTP Regulations, 2003 r/w Section 12A(a),(b),(c) of SEBI Act, 1992 and provisions of Regulations 4(1), 4(2)(e), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), 4(2)(f)(ii)(6) 4(2)(f)(ii)(7), 4(2)(f)(ii)(8*),* 4(2)(f)(iii)(7), 18(2), 23(2), 33(1)(a), 33(1)(c), 34(3) and 48 of LODR Regulations, 2015 read with Section 27 of SEBI Act, 1992.

Ms. Deviben Pandya and Mr. Jigar Pandya, Executive Directors of ASERL:

88. Ms. Deviben Pandya and Mr. Jigar Pandya were the promoters and Executive Directors of ASERL. They were reported as KMPs in the annual reports. They joined the company in 2018 and attended all the Board meetings held during the Investigation Period. Further, Mr. Jigar Pandya was part of Stakeholders' Grievances and Relationship Committee during FYs 21, 22 & 23.

89. As per the Annual Report of ASERL for FY22, Mr. Jigar Pandya and Ms. Deviben Pandya had wide experience in the marketing and the growth of the company had been manifold under their management. It was further reported that they had practical knowledge in the field of the marketing, and administration etc.

90. Further, Mr. Jigar Pandya was one of the signatories of the financial statements of ASERL and he certified the company's annual accounts for FYs 21, 22 & 23 stating that financial statements presented a true and fair view and were in compliance with existing accounting standards and applicable laws.

91. Considering the roles and positions of Mr. Jigar Pandya and Ms. Deviben Pandya, it is apparent that they were involved in the publication of manipulated financial statements of ASERL. It is therefore alleged that they have violated provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k), 4(2)(r) of PFUTP Regulations, 2003 r/w Section 12A(a),(b),(c) of SEBI Act, 1992. Further, they were also liable for violation of 4(2)(f)(i)(2), 4(2)(f)(ii)(2), 4(2)(f)(ii)(6) 4(2)(f)(ii)(7), 4(2)(f)(ii)(8*),* 4(2)(f)(iii)(7) of LODR Regulations, 2015 and Regulations 4(1), 4(2)(e),18(2), 23(2), 33(1)(a),33(1)(c), 34(3) and 48 of LODR Regulations, 2015 read with Section 27 of SEBI Act, 1992.

Role of Audit Committee Members:

92. Under LODR Regulations, 2015, the responsibilities of members of the Audit Committee (AC) in a listed company include oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible. Further, they have a duty of approving and reviewing the disclosure of any related party transaction. They have to review the major accounting entries involving

estimates based on the exercise of judgment by management. They are expected to be independent, vigilant, and cautious against any fraudulent acts committed by the company and raise their concerns. Hence, members of AC have a responsibility of reviewing and approving the financial statements before they are placed before the Board for approval.

93. As per the annual reports of ASERL, Mr. Rajeshkumar Parekh, Mr. Vivek Dadhania and Mr. Rushabh Vora were members of Audit Committee of ASERL during Investigation Period. They had attended all the meetings of the Audit Committee. The details are summarized below.

Name of Audit Committee Members	**FY21**				**FY22**				**FY23**			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
	30.06.2020	29.08.2020	11.11.2020	19.01.2021	07.06.2021	20.07.2021	07.10.2021,19.10.2021	24.01.2022	20.04.2022	26.07.2022,31.08.2023	18.10.2022	30.01.2023
Mr. Rajeshkumar Parekh	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Vivek Dadhania	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Rushabh Vora	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

94. Considering the extensive misrepresentation in the books of ASERL, summons was issued on February 08, 2024 to Mr. Rajeshkumar Parekh and Mr. Rushabh Vora to appear in person before the investigating authority.

95. Mr. Rajeshkumar Parekh, during the statement recording on February 13, 2024, submitted - "I *have never attended any audit committee meetings and BoD meetings. Further, the company used my name as an audit committee chairman without my knowledge and consent."*

96. As ASERL had submitted the audit committee minutes signed by Mr. Rajeshkumar Parekh, clarifications were sought from him. In this regard, he submitted - "*I was not aware that I was audit committee chairman. Further, when SEBI requested the company to submit audit committee minutes, then, company pressurized to sign the audit committee minutes in the back date*."

97. It was observed that Mr. Rajeshkumar Parekh resigned as the independent director of ASERL in November 2023. In this regard, he submitted - *"Company*

has used my name as an audit committee chairman without my knowledge as well as members in several other committees. When I came to know about this I have resigned from the company."

98. Mr. Rushabh Vora, during the statement recording on February 16, 2024 submitted - "*I have never attended any audit committee meetings and BoD meetings. I was aware that I am independent director of the company but was not aware that company named me as an audit committee member. Further, the company used my name as an audit committee member without my knowledge and consent. I was not aware of the purpose and role of the audit committee."*

99. As ASERL had submitted the audit committee minutes in which Mr. Rushab Vora was shown as physically present, clarifications were sought from him. In this regard, Mr. Rushabh Vora submitted - "*Minutes submitted by the company is wrong because I was not present in any of the audit committee meetings*".

100. To verify the statements made by Mr. Rajeshkumar Parekh and Mr. Rushab Vora, regarding attendance in the audit committee meetings, tower location of their mobile numbers for the days when audit committee meetings were held (for the audit committee meetings held in two years since February 2024) were obtained from the respective telecom service providers. Details of the same are tabulated below:

Sr. No.	**Date of the audit committee meeting**	**Time of the meeting (meeting was conducted at registered office of the company at Rajkot**	**Mr. Rajeshkumar Parekh (tower Location at the time of meeting)**	**Mr. Rushbh (tower Location at the time of meeting)**
1	20.04.2022	9.00 A.M. to 9.30 A.M	Gondal Gujarat (tower location from 07:04:19 to 20:52:00)	Jamnagar (08:54:09to 09:34:48) during the meeting time
2	26.07.2022	9.00 A.M. to 9.30 A.M	Gondal Gujarat (during the meeting time)	Ahmedabad(at 16:46:38 to 22:30:03)
3	31.08.2022	9.00 A.M. to 9.30 A.M	Gondal Gujarat (tower location from 11:01 to 20:52:00)	Jamnagar (12:08:23 to 23:55:53)
4	18.10.2022	9.00 A.M. to 9.30 A.M	No phone/SMS calls nearby the meeting	Ahmedabad(at 21:53:33)
5	30.01.2023	9.00 A.M. to 9.30 A.M	Gondal Gujarat (tower location 10:08 AM)	Jamnagar (at 12:05:15)

6	29.05.2023	11.00 A.M. to 11.30 A.M.	Gondal Gujarat (during the meeting time)	Jamnagar, (Tower location at 10:57:14)
7	31.07.2023	11.00 A.M. to 11.30 A.M.	Gondal Gujarat (during the meeting time)	Kalawad,Dist (tower location at 15:59:17)
8	08.08.2023	11.00 A.M. to 11.30 A.M.	Gondal Gujarat (during the meeting time)	NIKAVA Disst Jamnagar (at 15:31:30)
9	19.08.2023	3.00 P.M. to 3.30 P.M	Gondal Gujarat (16:01:24)	He has resigned

101. From the details in the Table above, it is clear that Mr. Rajeshkumar Parekh and Mr. Rushbh Vora were not physically present in the Audit Committee meetings which were purportedly conducted at the registered office of the company as per ASERL's submissions.

102. Further, tower location of another Audit Committee member, Mr. Vivek Dadhania, showed that during the audit committee meeting days and time his location was mostly *Building of Neptune Tower, Opp Jalaram Petrol Punp,Kalawad Road (Neptune tower)* and *TERRACE OF Anand Plaza", NEAR Anand bangla chauk, Mahudi main road, Rajkot-4.(Anand Plaza)*. These two locations are away from the registered office of the company. Mr. Vivek Dadhania's location for maximum time during night time was Neptune tower (343 days and 2965 calls) and during day time was Anand Plaza (519 days and 7277 calls), which indicated that the said addresses were his home and workplace respectively. Further, his tower location on May 29, 2023 at 11:08: 58 (meeting time was 11.00 A.M. to 11.30 A.M.) was Saurastra University which was 5km away from the company.

103. Mr. Rajeshkumar Parekh, vide email dated February 26, 2024, has submitted that he never attended audit committee meetings and board meetings, as he never received intimation letter/email regarding such meetings from the compliance officer. Further, ASERL has also failed to submit any email/ other means of communication through which the agendas and minutes were shared with the audit committee members.

104. From the above observations, it is apparent that AC meetings were never held in ASERL and there was no review of the financial statements, before placing them for approval of its Board of Directors.

105. Mr. Rajeshkumar Parekh and Mr. Rushbh Vora were also independent directors of ASERL and hence, were part of board of directors of the company. As they had claimed that they did not attend any board meeting, analysis of their tower location for time and date on which the board meetings for FY23 were conducted, was done. The details are as under:

Sr. No.	Date of the BoD co meeting	Time of the meeting (meeting was conducted at registered office of the company at Rajkot	Mr. Rajeshkumar Parekh (tower Location at the time of meeting)	Mr. Rushbh (tower Location at the time of meeting)
1	20.04.2022	11.00 am to 11.35 am	Gondal Gujarat (during the meeting time)	Jamnagar (at 09:34:48 and 14:20:48)
2	03.06.2022	02.00 to 02.55 pm	Gondal Gujarat (at 13:44:06 and at 17:34:55)	Ahmedabad(at 15:07:23
3	10.06.2022	7.00 pm to 07.45 pm	Gondal Gujarat (at 19:52:06)	Ahmedabad (at 14:57:02 and 21:14:36)
4	26.07.2022	10.30 am to 11.00 am	Gondal Gujarat (at 09:14:39 and at 11:53:14)	Ahmedabad(at 16:46:38)
5	27.07.2022	12.00 pm to 12.30 pm	Gondal Gujarat (during the meeting time)	Ahmedabad (at 10:02:46 and at 15:53:14)
6	31.08.2022	10.00 am to 10.40 am	Gondal Gujarat (at 11:01:46)	Jamnagar (at 12:08:23)
7	06.09.2022	6.30 pm to 7.00 pm	Gondal Gujarat (at 18:12:15 and 19:42:06)	Ahmedabad at 16:14:58 and 20:17:09)
8	01.10.2022	11.00 am to 11.30 am	Gondal Gujarat (at 10:22:47 and 11:51:09)	Ahmedabad (at 10:28:46 and 12:54:47)
9	18.10.2022	10.45 am to 11.15 am	Gondal Gujarat (15:22:05)	No phone/SMS calls nearby the meeting
10	30.01.2023	11.00 am to 11.55 am	Gondal Gujarat (during the meeting time)	Jamanagr at 12:05:15
11	23.03.2023	11.00 am to 11.30 am	Gondal Gujarat (during the meeting time)	Jamnagar at 11:07:45 and 11:48:54

106. From the details of tower locations provided in the table above, it is apparent that Mr. Rajeshkumar Parekh and Mr. Rushbh Vora did not attend any board meeting during FY23. Further, it is also clear that ASERL had not conducted any audit committee meetings, as required in terms of Regulation 18(2) of LODR Regulations, 2015 and that ASERL had shown false details of attendance of independent directors in the audit committee meetings and Board meetings in the annual reports for FYs 21, 22 & 23, under Regulation 34(3) read with clause (2)(b) and (3)(c) of part C of Schedule V of LODR Regulations, 2015.

107. The transactions with DO/DOL, a related party of ASERL, which were disclosed in the annual reports, were required to be approved by the audit committee, in terms of Regulations 23(2) of LODR Regulations, 2015. As no audit committee meetings had taken place in the first place, it is clear that the said transactions were not approved in terms of the said provision.

108. From the above observations, it emerges that Mr. Rajeshkumar Parekh, Mr. Vivek Dadhania and Mr. Rushabh Vora failed to discharge their duties as members of Audit Committee under Regulations 18(3) read with Para A of Part C of Schedule II of LODR Regulations, 2015.

Role of Mr. Nirajkumar K. Malaviya, Company Secretary:

109. Mr. Nirajkumar K. Malaviya ("Niraj") was appointed as the Company Secretary & Compliance Officer of ASERL w.e.f. December 11, 2019. He signed the financials of the company for FYs 21, 22 & 23 and he was disclosed as a KMP in the Annual Reports for the said years, under the provisions of the Companies Act, 2013.

110. The duties of a compliance officer, as provided by Regulation 6(2) (a) & (c) of LODR Regulations, 2015, are as under:

(a) ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit.

(b) co-ordination with and reporting to the Board, recognised stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in manner as specified from time to time.

(c) ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the listed entity under these regulations.

111. It has already been noted above that the Audit Committee meetings were held only on paper and no actual review of the financials was done by the Audit Committee, before placing them for approval of the Board of directors. Further, it has also emerged from above observations that the company had falsely

shown that Mr. Rajeshkumar Parekh and Mr. Rushabh Vora had attended audit committee meetings and board meetings in FYs 21, 22 & 23.

112. In view of the above, it is alleged that Mr. Niraj, as the Compliance Officer, failed to perform his duties and obligations under Regulations 6(2) (a), (b), (c) of LODR Regulations, 2015. He is further alleged to have violated the provisions of Regulations 4(1)(c), 18(2) and 34(3) read with clause (2)(b) and (3)(c) of part C of Schedule V of LODR regulations, 2015 read with Section 27 of the SEBI Act, 1992.

Role of Dada Organics (DO) / Dada Organics Ltd. (DOL):

113. It has already been stated above, DO (proprietorship firm) was taken over by DOL. Further, the role of Mr. Dineshbhai Pandya, the proprietor of DO, has already been examined above.

114. As already observed, DOL was involved in fictitious transactions with ASERL and WOAL by providing fake sale and purchase entries to WOAL & ASERL. It also booked fictitious sales and purchase in its own book of accounts. Further, the promoters/directors of ASERL and DOL are same.

115. In view of the above, it is alleged that DOL violated Section 12A (b) & (c) of the SEBI Act, 1992 read with regulations 3 (c) & (d) and 4(1) read with 2(1)(c) of the PFUTP Regulations, 2003.

Roles of Mr. Darshak Rupani (Promoter & Managing Director), Mr. Prashantt Rupani (Promoter & Executive Director and the CFO), Mr. Jitendra Mehta (Executive Director) and Mr. Ronak Desai (CFO) of WOAL

116. The details of the Whole Time/Executive directors of WOAL who attended its board meetings during the Investigation Period are provided below:

Name of the director	**FY21**		**FY22**		**FY23**	
	Total No. of Meetings held					
	6		**9**		**7**	
	Eligible to attend	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
Mr. Darshak Rupani	6	6	9	8	7	7
Mr. Prashantt Rupani	6	6	9	8	7	7
Mr. Jitendra Mehta	6	5	9	6	1	1

117. Mr. Darshak Rupani is the Promoter & MD of WOAL. His brother, Mr. Prashantt Rupani (promoter), was an executive director and the CFO of WOAL till 24.05.2022. They were reported as KMP under the provisions of the Companies Act, 2013, in the annual report of the company. As evident from the above table, they attended all board meetings, except one, held during the Investigation Period. They were also signatories of the company's financial statements for FYs 21, 22 & 23. Mr. Darshak Rupani in FYs 21, 22 & 23 and Mr. Prashantt Rupani in FY21 had certified the financial statements of WOAL under Regulation 17(8) of the LODR Regulations, 2015.

118. Further, Mr. Darshak Rupani was part of Stakeholders' Grievances and Relationship Committee in FYs 22 and 23. Mr. Prashantt Rupani was part of Nomination & Remuneration Committee in FY23.

119. Mr. Jitendra Mehta, being an Executive Director of WOAL from September 24, 2012 to May 23, 2022, was a KMP. He attended 5, 6 and 1 board meetings in FYs 21, 22 & 23 respectively, during the Investigation Period.

120. Mr. Ronak Desai was the CFO (i.e. a KMP) of WOAL, from May 24, 2022 to August 17, 2023. He was one of the signatories of WOAL's financial statements for FYs 22 and 23. He had also certified financial statements of WOAL for FY22 under Regulation 17(8) of the LODR Regulations, 2015.

121. As the published financial statements of WOAL are found to be manipulated, it is alleged that Mr. Darshak Rupani, Mr. Prashantt Rupani, Mr. Jitendra Mehta and Mr. Ronak Desai have violated Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k), 4(2)(r) of PFUTP Regulations, 2003 r/w Section 12A(a),(b),(c) of SEBI Act, 1992. Further, they have also violated Regulations 4(1), 4(2)(e), 33(1)(a), 33(1)(c), 34(3) and 48 of LODR Regulations, 2015 read with Section 27 of SEBI Act, 1992. Additionally, Mr. Darshak Rupani, Mr. Prashantt Rupani and Mr. Ronak Desai have violated Regulation 17(8) of the LODR Regulations, 2015. Further, Mr. Darshak Rupani, Mr. Prashantt Rupani, Mr. Jitendra Mehta have also allegedly violated Regulations 4(2)(f)(i)(2), 4(2)(f)(ii)(2), 4(2)(f)(ii)(6) 4(2)(f)(ii)(7), 4(2)(f)(ii)(8) and 4(2)(f)(iii)(7) of LODR Regulations, 2015.

122. Further, in view of the false corporate announcements made by WOAL, as already discussed above, it is alleged that Mr. Darshak Rupani, Mr. Jitendra Mehta and Mr. Prashant Rupani violated the regulation 3 (a),(b),(c),(d) and 4 (1), 4(2)(k) and (r) read with Regulation 2(1)(b) and 2(1) (c)of PFUTP Regulations, 2003 r/w Section 12A(a),(b),(c) of SEBI Act, 1992. Further, they also violated regulation 4(1), (c), (d) (e), (g), (h) and 4(2)(f)(ii)(8) of LODR Regulations, 2015 read with Regulation 30 (1), 30(3) read with Regulation 30(4) and Schedule III Part A Para B (1),(2),(4) of LODR Regulations, 2015, Schedule III Part A Para C of LODR Regulations, 2015, Circular dated September 9, 2015 and Regulation 30(7),(8) and (10) of LODR Regulations, 2015 read with Section 27 of SEBI Act.

Role of Audit Committee Members of WOAL:

123. Summary of WOAL's audit committee meetings attended by its members during Investigation Period is provided below:

Name of Audit Committee Members and attendees	**FY21**				**FY22**				**FY23**			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
	15.06.2020	31.07.2020, 06.09.2020 15.09.2020	13.11.2020	13.02.2021	21.05.2021 30.06.2021	13.08.2021 07.09.2021	13.11.2021	05.01.2022 14.02.2022	30.05.2022	12.08.2022,	18.10.2022	14.02.2023-
Mr. Chandresh Jain	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Mrs. Jigna V. Thakkar	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Darshak Rupani	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Dharmesh Bhanushali	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes
Nikul Jalan	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes

124. It was observed that the Audit Committee members, namely Mrs. Jigna V. Thakkar and Mr. Darshak Rupani, attended all Audit Committee meetings held during the Investigation Period. Further, Mr. Dharmesh Bhanushali and Mr.

Chandresh Jain (Chairman of Audit Committee from 01.04.2020 to 23.05.2022) attended 4 and 12 meetings respectively.

125. Since the financial statements of WOAL were found to be manipulated, summons dated February 07, 2024 was issued to the chairman of the Audit Committee, Mr. Chandresh Jain, for personal appearance person before the investigation authority. In his statement recorded on February 13, 2024 Mr. Chandresh Jain, when asked about the turnover of the company, submitted - "*Despite I was the chairman of the audit committee I do not remember the turnover of the company (even the approx. Figure).*" When asked about purchase with ASERL and sales made to DO (since in certain quarters, WOAL was buying only from ASERL and selling only to DO/DOL), Mr. Chandresh Jain submitted - "*This is not under my purview to look after sales and purchase.*" He also stated that he had studied till class 12th only.

126. From the above, it was noted that even though Mr. Chandresh Jain was the Audit Committee chairman for the almost 8 years, he admitted that checking/overseeing sales and purchase was not under his purview and he did not know about the sales of the company.

127. Summons dated February 14, 2024 was issued to Mr. Dharmesh Bhanushali (Chairrman of the Audit Committee from 28.05.2022 onwards) for personal appearance before the investigation authority. In his statement recorded on February 16, 2024, Mr. Dharmesh Bhanushali submitted - *"(Despite) being the chairman of the audit committee, I do not know the purpose of the audit committee."* Further, he also submitted - *"I do not have any knowledge of requirement of internal audit".*

128. Further, despite WOAL buying and selling 100% goods from / to ASERL and DO, its Audit Committee Chairman, Mr. Dharmesh Bhanushali submitted - "*As an audit committee chairman, I was not aware that company was making sales and purchase with ASERL and Dada Organics Limited."* He further submitted – *"Mr. Darshak Rupani is my childhood friend as he was my classmate. He had asked me to become Chairman of the audit committee. Further, Ms. Jigna Thakkar (other audit committee member) is wife of Mr. Vishal Thakkar. Vishal Thakkar was also classmate of Mr Darshak Rupani*."

129. It was observed from the minutes of the audit committee that in every audit committee meeting, internal audit report was placed by the company. It is strange that even though Mr. Dharmesh Bhanushali had chaired 4 audit committee meetings in FY23, he had no knowledge about the role of audit committee, the turnover of the company, the requirement of the internal audit and WOAL's the sale and purchase made with DO/DOL and ASERL, as admitted by him. (In some quarters there was significant sales and purchase from DO/DOL and ASERL.)

130. Further, during the statement recording on February 21, 2024, Nikul Jalan (statutory auditor of the company) submitted - *"Since the independent directors of the company are not well versed with the financial statements, the audit committee approved the financial statements without raising any major questions"*. This statutory auditor's statement further shows that audit committee members did not have required knowledge to perform their duties and roles.

131. In view of the above observations, it is alleged that Mrs. Jigna V. Thakkar, Mr. Darshak Rupani, Mr. Dharmesh Bhanji Bhanushali and Mr. Chandresh R. Jain failed to perform their duties under Regulation 18(3) read with Para A of Part C of Schedule II of LODR Regulations, 2015.

Statutory Auditors of ASERL and WOAL:

132. Details of the statutory auditors of ASERL and WOAL for the Investigation Period are provided below.

Name of the statutory auditor	Membership number	Firm name	Firm Registration number	Designation	PERIOD
Mr. Hitesh Loonia*	135424	M/s Loonia and Associates	FRN: 130883W	Statutory Auditor of ASERL	FY21
Mr. Dilip Malival	148387	J. S. Maheshwari & CO.	FRN: 001318C	Statutory Auditor of ASERL	FY22 and FY23
Mr. Nikul Jalan	112353	Guptaraj & Co	FRN: 329096E	Statutory Auditor of WOAL	FY21 to FY23

*Mr. Hitesh Loonia was also the statutory auditor of DO for FY21 and FY 22

133. As the role of the statutory auditors needs to be examined for their complicity in the alleged violations, I deem it fit to make a reference to National Financial Accounting Authority (NFRA) for examination and suitable action, if any.

Legal Provisions Alleged to have been violated:

134. Relevant extracts of the abovementioned legal provisions alleged to have been violated by the Noticees are stated hereunder:

SEBI Act, 1992:

Section *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;

Section *27 of the SEBI Act, 1992*

(1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly: Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.
(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly. Explanation: For the purposes of this section,—
(a) *—company means anybody corporate and includes a firm or other association of individuals; and*
(b) *—director, in relation to a firm, means a partner in the firm.*

LODR Regulations 2015:

Regulation 4: Principles governing disclosures and obligations.

4.(1) The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:

(a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.

(d) The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.

(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.

(f) Channels for disseminating information shall provide for equal, timely and cost efficient access to relevant information by investors.

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognized stock exchange(s) in this regard and as may be applicable.

(h) The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.

(i) Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.

(j) Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity.

4.(2) (e)Disclosure and transparency: The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the listed entity, in the following manner:(i)Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.

Regulation 4 (2) (f) Responsibilities of the Board of Directors:

4(2)(f)(i)(2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making."

4(2)(f)(ii)(2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed."
4(2)(f)(ii)(6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions
4(2)(f)(ii)(7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the Independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards."
4(2)(f)(ii)(8) Overseeing the process of disclosure and communications.
4(2)(f)(iii)(7) The board of directors shall exercise objective Independent judgement on corporate affairs."

Regulation 17(8):
The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II.

Regulation 18(2)
The listed entity shall conduct the meetings of the audit committee in the following manner: (a)The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.

Regulation 23(2)
All related party transactions shall require prior approval of the audit committee.

Regulation 30

Disclosure of events or information.

(1) Every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material

(3) The listed entity shall make disclosure of events specified in Para B of Part A of Schedule III, based on application of the guidelines for materiality, as specified in sub-regulation (4).

(4) (i) The listed entity shall consider the following criteria for determination of materiality of events/ information:

(a)the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly

……

(7) The listed entity shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

(8) The listed entity shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under this regulation, and such disclosures shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website.

……

(10) The listed entity shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information: Provided that the stock exchange(s) shall disseminate information and clarification as soon as reasonably practicable.

Schedule III Part A

The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):

Para B

B. Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30):

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.

2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal

4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.

Regulation 33: Financial results.

(1) While preparing financial results, the listed entity shall comply with the following:

(a) *The financial results shall be prepared on the basis of accrual accounting policy and shall be in accordance with uniform accounting practices adopted for all the periods.*

(b) *……..*

(c) *The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India*

(2) The approval and authentication of the financial results shall be done by listed entity in the following manner:

(a) *.....*

(b) *the financial results submitted to the stock exchange shall be signed by the chairperson or managing director, or a whole time director or in the absence of all of them; it shall be signed by any other director of*

the listed entity who is duly authorized by the board of directors to sign the financial results.

(c) *…….*

(d) *The annual audited financial results shall be approved by the board of directors of the listed entity and shall be signed in the manner specified in clause (b) of sub-regulation (2).*

Regulation 34: Annual Report.

(3) The annual report shall contain any other disclosures specified in Companies Act, 2013 along with other requirements as specified in Schedule V of these regulations.

Regulation 48: Accounting Standards.

48. The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.

PFUTP Regulations, 2015:

Reg 2 (1) (b) 1["dealing in securities" includes:

(i) an act of buying, selling or subscribing pursuant to any issue of any security or agreeing to buy, sell or subscribe to any issue of any security or otherwise transacting in any way in any security by any persons including as principal, agent, or intermediary referred to in section 12 of the Act;
(ii) such acts which may be knowingly designed to influence the decision of investors in securities; and
(iii) any act of providing assistance to carry out the aforementioned acts.]
2 1(c) "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss

Regulation 3: Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) …..

(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.

Regulation 4: Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.
Explanation.– For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

(2) Dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves any of the following: —

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(e) any act or omission amounting to manipulation of the price of a security including, influencing or manipulating the reference price or bench mark price of any securities

(f) knowingly publishing or causing to publish or reporting or causing to report by a person dealing in securities any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities;

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

Need for Interim Directions

135. In the present case, I find that after the investigation by SEBI, after examining various complex sets of information and documents, has made out a *prima facie* case that the published financial statements of ASERL and WOAL, which are listed companies, were manipulated.

136. It is noted that after October 2022, ASERL, DOL and WOAL have stopped booking transactions among themselves. Thereafter, ASERL has claimed that it has been doing business with farmers through franchisees. Considering that all these sales and purchases are outside the ambit of GST, it is difficult to establish genuineness of these transactions. Further, considering that more than 46% sales of the last three financial years were fictitious, as established in the investigation, the possibility of the booked sales post October 2022 being fictitious as well cannot be ruled out, considering ASERL has not made any

disclosure regarding the barter system adopted by the company to the stakeholders.

137. Further, there were huge RPTs in the books of ASERL without the approval of the Audit Committee as no Audit Committee meetings were actually conducted during the Investigation Period. Further, no audit committee meetings have been conducted in FY24 also, which indicate that RPTs continue to take place without the approval of the Audit Committee.

138. Mr. Dineshbhai Pandya, promoter of ASERL, has offloaded shares of the company during the Investigation Period. He has also sold shares of the company in August 2023 i.e. post Investigation Period. Thus, there is an imminent risk that the promoters / directors / KMPs may off-load their shareholding and exit the respective company, viz. ASERL and WOAL after this Interim Order is issued, unless they are prohibited from doing so.

139. DOL was *prima facie* involved in fictitious transactions with ASERL and WOAL, thereby enabling ASERL and WOAL to book fictitious purchase and sale transactions in their books of account. It has also booked fictitious sale and purchase transactions in its own book of accounts. It is observed that in May 2023, DOL had filled DHRP with stock exchange to raise money. However, the same was withdrawn later by the company. Hence, the possibility of ASERL, WOAL or DOL raising capital in the future cannot be ruled out, unless stopped.

140. What has clearly emerged through the investigation done by SEBI and other data available, including that relating to the change in shareholding pattern of ASERL, is the fact that the promoters of the company did everything to benefit themselves at the cost of small shareholders. New retail investors whose number increased to 46,884 in March 23 from a mere 96 as on March 20 were led up the garden path. Promoters of ASERL, while busy making false and misleading announcements, artificially pumped up ASERL's sales to show healthy top-line and bottom-line. The promoters also did not participate in their own rights issue, showing that they had little confidence in the prospects of their own company. The company in reality was not manufacturing or producing any agricultural product, but simply passing fictitious sales transactions between its related parties. To put it simply, the promoters gave

the impression of a healthy and well-run company and benefitted themselves through the falsehood. This appears to be a classic example of a pump and dump scheme and small investors need to be cautious of such fraudulent activities in their own interest.

141. I am of the view that there is an urgent need to take remedial action so as to secure the market from the manipulative acts of these Noticees. The facts and circumstances of the case present a strong likelihood that the Noticees, unless specifically prohibited, shall perpetuate their ill intent by indulging in such malpractices, which are *prima facie* injurious to the health of the securities market. Considering the same, I am satisfied that urgent directions need to be issued in this matter.

Directions:

142. In view of the abovementioned observations and findings, after being satisfied that the violations *prima facie* committed by the Noticees named above have adversely affected the investors and are detrimental to the stability of securities market and in order to protect the interests of the investors in general and the integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B(1) read with Section 19 of the SEBI Act, 1992 hereby issue by way of this interim order cum show cause notice, the following directions, which shall be in force until further orders: -

a) Noticees 1 to 6 and 11 to 16, viz. Add-Shop E-Retail Limited, Mr. Dineshbhai Pandya, Mr. Dev Pandya, Mrs. Jayshree Pandya, Ms. Deviben Pandya, Mr. Jigar Pandya, Dada Organics Limited, White Organic Agro Limited, Mr. Prashantt Rupani, Mr. Darshak Rupani, Mr. Jitendra Mehta and Mr. Ronak Desai, are restrained from buying, selling or dealing in the securities market or associating themselves with the securities market, either directly or indirectly, in any manner whatsoever until further orders. If the entities have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 7 days from the date of this order. The entities are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this Order.

b) Noticees 2 to 6 and 13 to 16, viz. Mr. Dineshbhai Pandya, Mr. Dev Pandya, Mrs. Jayshree Pandya, Ms. Deviben Pandya, Mr. Jigar Pandya, Mr. Prashantt Rupani, Mr. Darshak Rupani, Mr. Jitendra Mehta and Mr. Ronak Desai, are restrained from acting as Directors / Key Managerial Personnel of any public company, which intends to raise money from the public, including DOL, till further orders.

c) ASERL and WOAL are directed to constitute new audit committees and place the copy of this Order before them. Such new Audit Committees of ASERL and WOAL shall have enhanced oversight of related party transactions including approvals as applicable, financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible. Further, the new Audit Committees shall also ensure that ASERL / WOAL comply with other requirements under LODR Regulations, 2015.

143. The foregoing *prima facie* observations contained in this Order, are made on the basis of the material available on record. The said *prima facie* findings shall also be considered as a show cause notice and the *Noticees 1 to 6 and 11 to 16* are directed to show cause as to why suitable directions/prohibitions under Section 11(1), 11(4) and 11B(1) of SEBI Act, 1992 including the directions of restraining them from accessing the securities market including buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a specified period and further restraining them from associating with any listed company and any registered intermediary or any other directions as deemed fit by SEBI, should not be issued against them.

144. Further, the *Noticees 1 to 19* are also called upon to show cause as to why inquiry should not be held against them in terms of Rule 4 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed on them under Sections 11(4A) and 11B(2) read with Sections 15HA and/or 15HB of the SEBI Act, 1992 for the above alleged violations of provisions of SEBI Act, 1992, PFUTP Regulations, 2003 and LODR Regulations, 2015, as the case may be.

145. The *Noticees* 1 to 19 may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed in that regard.

146. The above directions shall take effect immediately and shall be in force until further orders.

147. A copy of this Order shall also be forwarded to National Financial Reporting Authority for examining any lapses by the statutory auditors of ASERL and WOAL, as named in the Table under Para 132 above, in respect of the alleged violations found against these companies during the Investigation Period and take action, as deemed fit.

148. A copy of this order shall be served upon Noticees, Stock Exchanges, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

PLACE: MUMBAI **ASHWANI BHATIA**

DATE: MAY 06, 2024 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA