BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/MC/HP/2022-23/17651-17665]

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

In respect of –

1) **Aster Silicates Ltd. (now Shri Aster Silicates Ltd.) (PAN: AABCA6474E)** having address at - B-506, “Infinity”, Near Hotel Ramada, Corporate Lane Road, Satellite, Ahmedabad - 380015, Gujarat
2) **Mahesh Maheshwari (PAN: ACDPM5613L)** having address at - C-503, Sanskar Flats, Behind Shalby Hospital, Opp. Karnavati Club, SG Highway, Ahmedabad - 380015, Gujarat
3) **Namrata Maheshwari (PAN: AFGPM6835A)** having address at - C-503, Sanskar Flats, Behind Shalby Hospital, Opp. Karnavati Club, SG Highway, Ahmedabad – 380015, Gujarat
4) **M/s Ambica Ceramics (Proprietor: Mrs. Namrata Maheshwari) (PAN: AFGPM6835A)** having address at - Maheshwari Block, C-504, Sanskar Flats, Opp. Karnavati Club, SG Highway, Ahmedabad – 380015, Gujarat
5) **M/s Orbit Corporation (PAN: AQZPP1920D)** having address at - 464/B, Opp. Haripura, Badh Patel Bhavan, Ahmedabad - 380016, Gujarat
6) **M/s Shukan Enterprise (PAN: AAZPP0768M)** having address at - 01, Ankur Co-op Society - 2, NR Ankur Bus Stop, Naranpura, Ahmedabad – 380013, Gujarat
7) **M/s Karan Enterprise (PAN: AWSPP9675Q)** having address at - G/22/257, Shivam Apartment, Nava Vadaj, Ahmedabad – 380013, Gujarat

8) **M/s Shreeji Machine Tools (PAN: AQSPP7982N)** having address at - D-5/8, Avas Co-op Society Ghatlodiya, Pavapuri Toad, Ghatlodia, Ahmedabad - 380061, Gujarat
9) **M/s Shree Ganesh Engineering Corporation (PAN: ASOPP2722N)** having address at - A-6, Vishwas Apartment, Near Rang Sagar, Naroda Road, Sajipur Bogha, Ahmedabad – 380061, Gujarat
10) **M/s Krish Corporation (PAN: ARGPP2402G)** having address at - Shop No. 3, Rajendra Shopping Centre, Rajendra Part Society, Odhav, Ahmedabad - 382415, Gujarat
11) **M/s Arasuri Enterprise (PAN: AAZPP4676N)** having address at - A/12, Greencity Apartment, Near New Khodidas Chali, Asarwa, Ahmedabad - 380016, Gujarat
12) **M/s Suraj Trading Corporation (PAN: AFFPM6604L)** having address at - C/2/21, Pavapuri Flats, Janta Nagar, Ghatlodiya, Ahmedabad - 380061, Gujarat
13) **M/s Bhavi Trading Company (PAN: AAZPP0768M)** having address at - 11/1, Dada Estate, B/s Umiya Way Bridge, Krishnastone, Sarkhej, Ahmedabad - 382210, Gujarat
14) **M/s Chamunda Enterprise (PAN: ALAPC6731H)** having address at - 208, Ambicanagar Vibhag 1, Meghaninagar, Ahmedabad - 380013, Gujarat
15) **M/s Saffron Capital Advisor Private Limited (PAN: AAKCS4666H)** having address at - H-130, Bhoomi Green, Raheja Estate Kulupwadi, Borivali East, Mumbai - 400066

In the matter of Aster Silicates Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter be referred to as, **'SEBI'**) initiated adjudication proceedings against Aster Silicates Ltd. (now Shri Aster Silicates Ltd.) (Noticee 1/Company/ASL), Mahesh Maheshwari (Noticee 2),

Namrata Maheshwari (Noticee 3), M/s Ambica Ceramics (Noticee 4), M/s Orbit Corporation (Noticee 5), M/s Shukan Enterprise (Noticee 6), M/s Karan Enterprise (Noticee 7), M/s Shreeji Machine Tools (Noticee 8), M/s Shree Ganesh Engineering Corporation (Noticee 9), M/s Krish Corporation (Noticee 10), M/s Arasuri Enterprise (Noticee 11), M/s Suraj Trading Corporation (Noticee 12), M/s Bhavi Trading Company (Noticee 13), M/s Chamunda Enterprise (Noticee 14) and M/s Saffron Capital Advisor Private Limited (Noticee 15) pursuant to examination in the matter of Aster Silicates Limited. The Noticees 1 to 15 are collectively referred to as **'Noticees/You'.**

2. Adjudication proceedings have been initiated against,

a) Noticees 1, 2 and 3 under section 15HA of the SEBI Act, 1992 (hereinafter referred to as, '**SEBI Act**') for alleged violations of sections 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(f), (k) and (r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as, '**PFUTP Regulations**').
b) Noticees 4 to 14 under section 15HA of the SEBI Act for alleged violations of sections 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (b), (c), (d) and 4(1) of the PFUTP Regulations.
c) Noticees 1, 2 and 3 under section 15HB of the SEBI Act for alleged violations of Regulations 57 (1) and 57 (2)(a) read with Clause 2(XVI)(B)(2) of part A of Schedule VIII and Regulation 60(7)(a) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as, '**ICDR Regulations**').
d) Noticee 1 under section 23E of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as, '**SCRA**') for alleged violations of section 21 of the SCRA read with clauses 43 and 43A of the Listing Agreement.
e) Noticee 15 under section 15HB of the SEBI Act for alleged violation of the provisions of Regulations 64(1) of ICDR Regulations and Regulation 13

read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified in Schedule III of SEBI (Merchant Bankers) Regulations, 1992 (hereinafter referred to as '**Merchant Bankers Regulations**').

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI appointed Shri Santosh Shukla as Adjudicating Officer under Section15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and under Section 23-I of Securities Contracts (Regulation) Act, 1956 read with Rule 3 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter be referred to as the **'Adjudication Rules'**), vide order dated May 13, 2019 to inquire into and adjudge under section 15HA and 15HB of the SEBI Act and section 23E of SCRA the aforesaid alleged violations against the Noticees. Thereafter, Shri Amit Pradhan was appointed as Adjudicating Officer vide Order dated January 07, 2020. Subsequently, the undersigned was appointed as Adjudicating Officer (hereinafter referred to as "AO") vide an order dated June 18, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice No. EAD-2/AP/AKS/12503/1-14/2020 dated July 30, 2020 (hereinafter be referred to as, the "**SCN**") was served upon Noticees 1 to 14 and SCN No. EAD-2/AP/AKS/12502/1-2/2020 dated July 30, 2020 was served upon Noticee 15 under Rule 4(1) of the Adjudication Rules, to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticees under Section 15HA and 15HB of the SEBI Act and section 23E of SCRA for the aforesaid alleged violations.

5. The allegations levelled against the Noticees in the SCN are summarized as below:

6. Company presently known as Shri Aster Silicates Ltd. is a delisted company. Previously its share was listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE).

7. SEBI conducted an investigation into trading activity in the scrip for irregularity in the utilization of proceeds of its Initial Public Offer ('IPO').

8. Company came with an IPO of 45,00,000 equity shares during June 24 - 28, 2010 with a face value of Rs.10 per share and issue price of Rs.118 per share, aggregating Rs.53.10 crore for the purpose of expansion of manufacturing facilities and certain other working capital requirements.

9. In the Company's prospectus dated June 30, 2010 (the Prospectus) the objects of the issue, cost of the project and means of finance were disclosed as under:

Object	**Amount (Rs. in lakhs)**
Expansion of manufacturing facilities	4,432.19
Additional Working Capital requirements	750.00
Public Issue Expenses	500.00
Total Cost of the Project	**5,682.19**
Means of Finance	
Description	**Amount (Rs. in lakhs)**
Proceeds from IPO	5,310.00
Internal cash accruals	372.19
Total	**5,682.19**

10. It was further disclosed in the prospectus that the company proposed to enhance its manufacturing capacity by adding a 300 metric tonnes per day (MTPD) facility to manufacture Sodium Silicate to its existing capacity at Bharuch, Gujarat. The details of the expansion plan as disclosed by the Company in the prospectus are as follows:

Sr. No.	Particulars	Amount (Rs. in lacs)
1	Land Development	71.20
2	Civil Works	440.00
3	Plant & Machinery	3665.99
4	Contingencies	200.00
5	Deposit with Gujarat Gas	55.00
	Total	**4,432.19**

11. The Company also disclosed the list of vendors for procuring machineries for the proposed expansion which included Ambica Ceramics with which it had already placed an order for Rs.21.28 crores for procuring a furnace (300 mts capacity). It was also disclosed therein that the actual suppliers of the equipment and the price may differ after considering the conditions prevailing while placing the orders.

12. It was mentioned in the prospectus that the Company has already incurred certain expenditure on the expansion till May 21, 2010 i.e. before the raising of funds through IPO. The details of the said expenditure are as follows:

Sr. No.	Object	Amount (Rs. in lakhs)
1	Land Development	13.04
2	Civil Works	303.79
3	Plant and Machinery	887.95
4	IPO expenses	50.97
	Total	**1255.75**

13. The aforementioned deployment had been financed as following and shall be recouped from the public issue proceeds:

Sr. No.	Description	Amount (Rs. in lakhs)
1	Internal accruals	372.19
2	Unsecured loans from Luniar Finstock Pvt. Ltd, Ahmedabad	883.56
	Total	**1255.75**

14. Company had 2 public issue accounts with HDFC Bank and the IPO proceeds were transferred from the public issue account to its bank accounts as follows:

Sr. No.	Date of transfer	Details of company's bank accounts credited	Amount credited (in Rs.)
1.	27/07/2010	Credit in UBI- A/c. 4355010100086632	51,20,00,000
2.	27/07/2010	Credit in UBI- A/c. 4355010100086632	15,50,000
3.	17/8/2010	Credit in UBI- A/c. 4355010100086632	637
4.	**Total amount transferred to company's bank accounts**		**51,35,50,637**
5.	Amount paid towards IPO expenses		1,74,49,363
6.	**Total (amount raised in IPO) = (4+5)**		53,10,00,000

15. Vide summons dated July 16, 2015, September 01, 2015, September 16, 2015, November 26, 2015, February 09, 2016 and emails dated February 02, 2018 and February 05, 2018, ASL was advised to provide detailed information regarding utilisation of IPO proceeds. The following details were *inter-alia* sought from it regarding the utilisation of the issue proceeds:

i. Details of the object wise utilisation of the IPO proceeds.
ii. Bills/invoices and other documentary evidences in support of point (i) above.
iii. Bank statements highlighting the transfer of money to the vendors as submitted in point (i) above.

16. **Utilisation of IPO proceeds:**

a) The Company, vide its emails dated December 28, 2015, July 12, 2016 and an undated letter received by SEBI on May 23, 2016 furnished its reply regarding utilisation of IPO proceeds and indicated the following breakup of the utilisation of IPO proceeds:

Sr.No.	Particulars	upto 21.05.2010 *	After 22.05.2010	Total Expenses	As per Prospectus
		(Rs. In Lakhs)	(Rs. In Lakhs)	(Rs. In Lakhs)	(Rs. In Lakhs)
1	Land Development and Civil Work	316.83	194.37	511.20	511.20
2	Purchase of Plant & Machinery	887.95	2,765.33	3,653.28	3,665.99

3	Deposit with Gujarat Gas		65.72	65.72	55.00
4	Additional Working Capital Requirement		556.47	556.47	750.00
5	Contingencies				200.00
6	Public issue Expenses	50.97	472.39	523.36	500.00
	TOTAL	**1,255.75**	**4,054.28**	**5,310.03**	**5,682.19**

**May 21, 2010 is the date mentioned in the Prospectus upto which certain amount was utilised towards the objects of the IPO before the IPO. It was also mentioned that this amount would be recouped from the IPO proceeds.*

b) On perusal of the list of vendors/suppliers as provided by the Company, it was observed that top 15 entities or accounts, accounted for a majority of the payment out of the IPO proceeds i.e. approximately 78.58% of the IPO proceeds. It was also observed that some of these top vendors were common across different heads under objects of the issue. The details of top 15 vendors/accounts to whom the payments were stated to have been made from IPO proceeds is as follows:

Sr. No.	**Vendor Name**	**Amount (in Rs.)**	**Percent to total IPO proceeds**
1	Neptune Enterprise	10,00,00,000	18.83%
2	Chamunda Enterprise	4,66,23,000	8.78%
3	Orbit Corporation	4,57,73,000	8.62%
4	Shukan Enterprise	4,05,28,203	7.63%
5	Karan Enterprise	3,30,00,000	6.21%
6	Shreeji Machine Tools	2,95,26,000	5.56%
7	Shree Ganesh Eng. Co	2,78,25,000	5.24%
8	Krish Corporation	1,80,00,000	3.39%
9	Haren Chemical Agencies	1,57,74,833	2.97%
10	HDFC Share Appl. Refund Interest	1,52,51,500	2.87%
11	Gujarat Gas Co. Ltd	1,44,63,373	2.72%
12	Saffron Capital Advisor P.L	1,07,83,817	2.03%
13	Midas Autosoft Eng. P.Ltd.	76,76,556	1.45%
14	Saffron Global Mkt.P.Ltd.	70,73,936	1.33%
15	Western Press Pvt.Ltd.	50,00,000	0.94%
Total (top 15 entities)		**41,72,99,218**	**78.58%**
Payment of fees to certain agencies for IPO process		**1,14,29,857**	**2.15%**
Remaining entities (98 entities)		**10,22,96,543**	**19.27%**
Grand Total		**53,10,25,618**	**100%**

37.23 Crore
70.11%

4.49 Crore
8.47%

c) It was also observed that an amount of Rs.1.14 crore (2.15% of the total IPO proceeds) was utilised towards payment of fees to SEBI, exchanges, depositories, rating agency, advertisement etc.

d) For the entities mentioned in above table, the payment claimed to be made by the Company out of the IPO proceeds to the 5 entities from Sr. no. 11 - 15 has been verified. In this regard, the reply of the Company has been verified with the above entities who have confirmed of receiving the stated amount in their accounts from the Company, and have also provided supporting documents like bills/invoices/ledgers and bank statements highlighting the stated transfers. The remaining Rs.10,22,96,543 i.e. 19.27% of the total IPO proceeds, is spread over 98 entities i.e., an average expenditure of Rs.10.43 lacs per entity.

e) It was observed that the major portion of the IPO proceeds i.e. 70.11% being concentrated around top ten vendors/accounts mentioned in above table. Among these 10 vendors 7 are the Noticees viz., Noticees 5 to 10 and 14. Further, other Noticees, viz., Noticees 1, 2, 4 and 11 to 13 had either transferred or received the money from the said 7 vendors. Accordingly, the said 10 vendors/accounts and transactions with other Noticees were analysed.

On the basis of said analysis following was observed with respect to said 10 vendors/accounts:

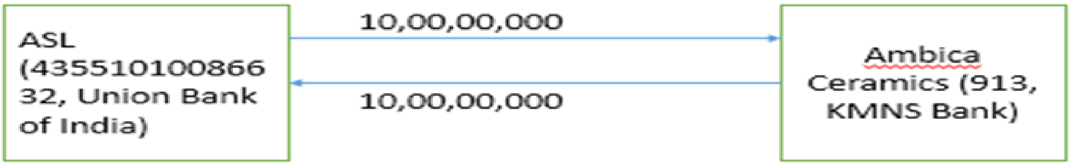
17. **Neptune Enterprise (Neptune):**

a) The Company vide its reply dated December 28, 2015 has stated that it paid Rs.10 crore from the IPO proceeds to Neptune for purchase of Plant and Machinery, which was disclosed as the main object of the IPO. The company has claimed to have made payments to Neptune as under:

Sr. No.	Particulars	Upto 21.05.2010*	After 22.05.2010	Total Expenses
		All figures in Rs.		
1	Land Development and Civil Work	-	-	-
2	Purchase of Plant & Machinery	-	10,00,00,000	10,00,00,000
3	Deposit with Gujarat Gas	-	-	-
4	Additional Working Capital Requirement	-	-	-
5	Contingencies	-	-	-
6	Public issue Expenses	-	-	-
	TOTAL	**-**	10,00,00,000	10,00,00,000

b) In this regard, the Company submitted copies of the invoices and ledgers regarding the payments made to Neptune. However, the Company submitted invoices only for an amount of Rs.46 lacs. The remaining invoices amounting to Rs.9.54 crore (out of Rs.10 crores) were not provided by the Company.

c) From the Company bank statement highlighting the payments made to Neptune, it was observed that there was no fund transfer made by it to Neptune. In fact, the amount of Rs.10 crores stated to be transferred to Neptune out of IPO proceeds was transferred to Noticee 4. Thus, bank details of Noticee 4 were sought from Kankaria Maninagar Nagrik Sahakari Bank (KMNS Bank). On verification of the account opening form of Noticee 4, provided by KMNS Bank vide email dated June 08, 2016, it was observed that Noticee 4's proprietor is Noticee 3, who is also the Whole Time Director of Noticee 1 and the wife of Noticee 2, the Managing Director of Noticee 1. It is further observed that the amounts transferred by Noticee 1 to Noticee 4 were returned to it on the same day. The flow of said transaction is depicted as follows:



d) When the Company was enquired about the amount paid to Noticee 4 instead of Neptune, vide its letter dated February 14, 2018 it submitted that upon the instructions of Neptune, it made payments to Noticee 4 on behalf of Neptune.

e) In order to verify the aforesaid claims of the Company, Neptune was asked to confirm if it had any business relation with the Company during 2010-2011. Neptune vide letter dated June 08, 2016 categorically mentioned that it did not have any business relation with the Company during 2010-2011.

f) Additionally, certain invoices provided by the Company were sent to Neptune to confirm if the same were issued by Neptune to the Company. Also, a copy of the bank statement of the Company, in which it had highlighted the payment made to Neptune was sent to Neptune to confirm if it had received the said payments in its account. Neptune, vide its letter dated April 29, 2016 disowned the above mentioned invoices and bank entries and reiterated that it did not have any business transaction with the Company during 2010-2011.

g) Further, Neptune vide its email dated March 13, 2018 clarified that it did not transact with any such party as Noticee 4 during the year 2010-11 or earlier than that and did not instruct the Company to make payment of Rs.10 crores on its behalf to Noticee 4. It was having turn over around of Rs.1.19 crore in total for the past 10 years and its business was quite low for last decade.

h) With regard to the reason for transfer of Rs.10 crores from Noticee 4 to the Company, Noticee 2 (on behalf of Noticee 4) vide letter dated February 14, 2018 stated that, it was direct payment given by Noticee 4 to the Company. However, no further explanation regarding the nature of transaction or any supporting documents was provided by him.

i) It is observed from the replies of Noticee 4 and the Company, that they failed to submit any acceptable justification for the fund transactions between them as detailed above. Further, Rs.10 crores out of the IPO proceeds were not transferred by the Company to Neptune, instead it was transferred to the Company's related party Noticee 4, which in turn returned the money on the same day to the Company. Also, the Company's claim of Neptune having instructed it to transfer the money to Noticee 4 was categorically denied by Neptune. Considering the same, it was alleged that IPO proceeds to the tune of Rs.10 crore have not been utilised in accordance with the objects of the IPO as disclosed in the Prospectus of the Company.

18. **Chamunda Enterprise (Noticee 14):**

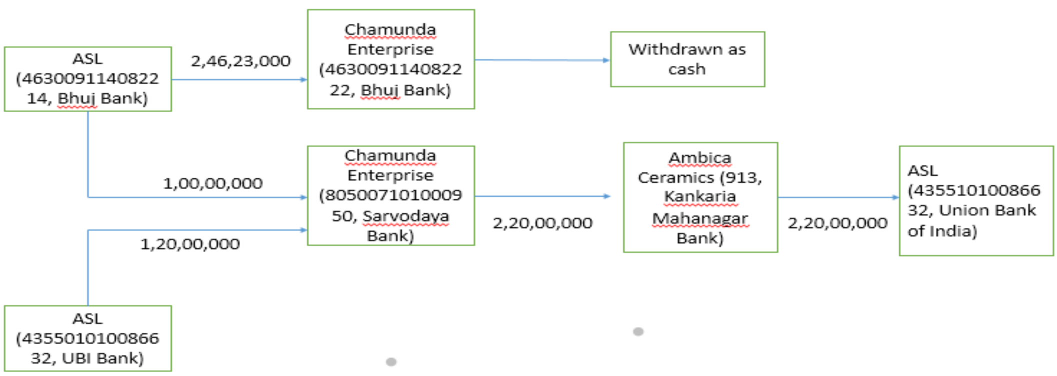
a) Noticee 1 vide its reply dated December 28, 2015 stated that it paid Rs.4.66 crore (8.78%) out of the IPO proceeds to Noticee 14 for the purchase of Plant and Machinery, which was the main object of the IPO. The Company has claimed to have made payments to Chamunda as under:

Sr.No.	**Particulars**	**Upto 21.05.2010***	**After 22.05.2010**	**Total Expenses**
		All figures in Rs.		
1	Land Development and Civil Work	-	-	-
2	Purchase of Plant & Machinery	2,25,00,000	2,41,23,000	4,66,23,000
3	Deposit with Gujarat Gas	-	-	-

4	Additional Working Capital Requirement	-	-	-
5	Contingencies	-	-	-
6	Public issue Expenses	-	-	-
	TOTAL	**2,25,00,000**	**2,41,23,000**	**4,66,23,000**

b) In this regard, the Company submitted copies of the invoices and ledgers regarding the payments made to Noticee 14. However, it was observed that out of Rs.4.66 crore stated to be paid by the Company to Noticee 14, invoices amounting to Rs.2,19,77,444/- (Rs.2.197 crores) have not been provided by it.

c) From the Company bank statement highlighting the payments made to Noticee 14, it was observed that an amount of Rs.4.66 crore was transferred by it to Noticee 14. Amount of Rs.2.20 crore out of the Rs.4.66 crores was immediately transferred by Noticee 14 to Noticee 4 and thereon transferred back to the Company. The remaining amount of Rs.2.46 crore was withdrawn as cash from Noticee 14's bank account. The series of fund transactions is explained in the figure as follows:



d) In order to verify the claims made by the Company, vide multiple summons Noticee 14 was asked whether it had any business relations with the Company during the year 2010-11. It was asked to provide reason(s), along with supporting documents (i) on the money received by it from the Company; and (ii) the amount transferred by it to Noticee 4 or amount withdrawn as cash.

e) During a statement recording of Noticee 2 dated February 08, 2018, he produced a letter from Noticee 3, Proprietor: M/s Ambica Ceramics authorising him to represent on behalf of Noticee 4.

f) Thereafter, vide email dated February 16, 2018 and March 13, 2018, Noticee 2 provided a clarification for the aforesaid transfer of funds, which is tabulated below:

Sr. No.	Amount	Transferor name	Receiver name	Reason for transfer
1	50,00,000	Chamunda	Ambica	ASL made payment to Ambica on behalf of oral instruction of Chamunda Enterprise.
2	70,00,000	Chamunda	Ambica	ASL made payment to Ambica on behalf of oral instruction of Chamunda Enterprise.
3	60,00,000	Chamunda	Ambica	ASL made payment to Ambica on behalf of oral instruction of Chamunda Enterprise.
4	40,00,000	Chamunda	Ambica	ASL made payment to Ambica on behalf of oral instruction of Chamunda Enterprise.

g) The aforesaid reply by Noticee 4 in this regard was found to be contradictory to the flow of funds. The funds were transferred from Noticee 14 to Noticee 4, while Noticee 4 has provided an explanation for funds moving from the Company to it on behalf of Noticee 14. Regarding the transfer of money from Noticee 14 to it and then back to the Company, it was stated by Noticee 4 that it was direct payment given by Noticee 4 to the Company. However, no supporting documents in this regard has been submitted by it or the Company. Despite being given multiple opportunities to provide comments/ justifications, the Company and Noticee 4 have not been able to justify the fund transactions post IPO and the flow of money from the vendor back in to the account of the Company. Hence, the reply given by Noticee 4 was found to be vague, incomplete and misleading.

h) Thus, it was observed that the replies filed by the Company and Noticee 4 were vague and unsatisfactory and there was no plausible explanation for the pattern of fund transfers/ cash withdrawals amounting to Rs.4.66 crore transferred out of IPO proceeds to Noticee 14, as per the available records.

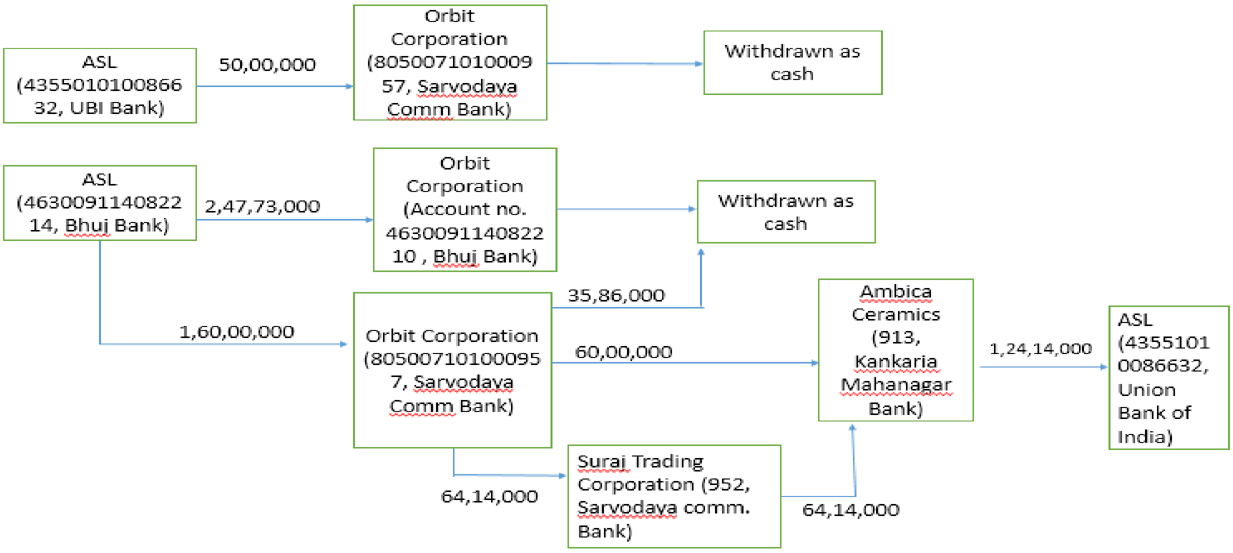
19. **Orbit Corporation (Noticee 5):**

a) The Company vide its reply dated December 28, 2015 has stated that it paid Rs.4.57 crore (8.62%) from the IPO funds to Noticee 5 for purchase of materials for land development, civil work as well for plant and machinery. The Company has claimed to have made payments to Noticee 5 as under:

Sr.No.	**Particulars**	**upto 21.05.2010***	**After 21.05.2010**	**Total Expenses**
		All figures in Rs.		
1	Land Development and Civil Work	1,80,00,000	22,73,000	2,02,73,000
2	Purchase of Plant & Machinery	45,00,000	2,10,00,000	2,55,00,000
3	Deposit with Gujarat Gas			
4	Additional Working Capital Requirement	-	-	-
5	Contingencies	-	-	-
6	Public issue Expenses	-	-	-
	TOTAL	2,25,00,000	2,32,73,000	4,57,73,000

b) In this regard, the Company submitted copies of the invoices and ledgers regarding the payments made to Noticee 5. However, it was observed that out of Rs.4.57 crore stated to be paid by the Company to Noticee 5, invoices amounting to Rs.2,19,07,170/- (Rs.2.19 crores) have not been provided by it.

c) From the Company bank statement highlighting the payments made to Orbit, it was observed that amount of Rs.4.57 crore was transferred by the Company to Noticee 5. Out of the said amount, amount of Rs.1.24 crore was immediately transferred by Noticee 5 to Noticee 4 (Rs.64 lacs was transferred to Notice 4 through Noticee 12) and subsequently transferred back to the Company. The remaining amount of Rs.3.33 crore was withdrawn as cash from Noticee 5's bank account. The series of transactions is explained in the figure below:



d) Noticee 5 vide its letter dated December 19, 2016 stated as follows:

i. The amount received from the Company was payment received against sales of goods.
ii. The amount transferred to Noticee 4 was payment for material purchased.
iii. The cash withdrawn subsequent to the funds received from the Company was for the purpose of day to day operations as it need to make certain payments in cash.
iv. Noticee 5 have no personal relation/connection with the Company.

e) Since, the aforesaid reply of Noticee 5 was found to be vague and unsatisfactory, further details were sought from it vide summons dated January 25, 2018 and March 09, 2018. Noticee 5 vide its letter dated February 20, 2018 stated that it has already submitted all documents with regard to summons issued to it. As the reply was again not found to be satisfactory, Noticee 5's proprietor viz, Mr. Yogesh Kumar B Patel was summoned for personal appearance. Vide email dated March 19, 2018, Noticee 5 reiterated that it has already submitted all documents in this regard.

f) As Noticee 5 transferred an amount of Rs. 64,14,000 to its vendor Noticee 12 and Noticee 12 further transferred the same amount to Noticee 4.

g) Noticee 2 on behalf of Noticee 4, submitted reply to the said summons vide email dated February 16, 2018 and March 13, 2018, wherein, he stated that the reason for transfer of funds from Noticee 5 to Noticee 4 and thereafter to the Company was direct payment from the transferor to receiver. Additionally, Noticee 4 mentioned the reason for receiving Rs.64,14,000 from Noticee 12 as direct payments to it. However, no explanation or documents have been provided by Noticee 4 in support of its reply. Thus, Noticee 4 failed to justify the said fund transactions and therefore, the aforesaid reply by Noticee 4 with respect to said transactions was found to be vague, evasive and incomplete.

h) Noticee 5 had submitted that it has received and transferred funds from the Company and to Noticee 4, respectively, as receipt/payment against sale of goods. However, no documentary evidence was provided by it regarding the nature of goods sold and purchased from the Company and Noticee 4, respectively. In absence of the documentary evidence, the claims of the Company regarding dealing with Noticee 5 for the purpose of objects of the IPO could not be established from the replies of the Company, Noticee 4 and 5. With regards to the reasons provided for immediate cash withdrawal by Noticee 5 pursuant to receipt of IPO funds from the Company, the same has to be seen in conjunction with similar pattern of immediate cash withdrawals across vendors such as in case Noticee 14. Thus, it was alleged that Noticee

5 transferred part of the money to Noticee 4 directly or via its conduit Noticee 12 and withdrew the remaining as cash.

i) It was also observed that the replies filed by the Company, Noticee 4 and 5 were vague and unsatisfactory, they have failed to provide plausible explanation for the pattern of fund transfers/ cash withdrawals amounting to Rs.4.57 crore transferred out of IPO proceeds among them.

20. **Shukan Enterprise (Noticee 6):**

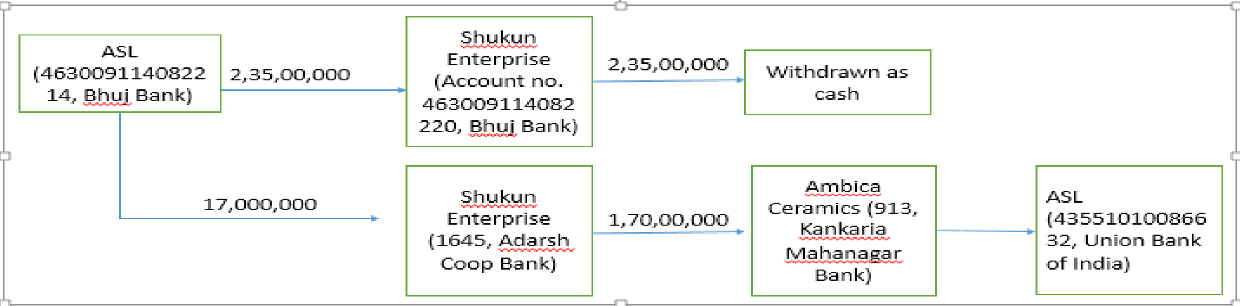
a) The Company vide its reply dated December 28, 2015 stated that it paid Rs.4.05 crore (7.63%) from the IPO funds to Noticee 6 for purchase of plant and machinery. The company has claimed to have made payments to Noticee 6 as under:

Sr.No.	**Particulars**	**Upto 21.05.2010**	**After 22.05.2010**	**Total Expenses**
		All figures in Rs.		
1	Land Development and Civil Work	-	-	-
2	Purchase of Plant & Machinery	2,35,00,000	1,70,28,203	4,05,28,203
3	Deposit with Gujarat Gas	-	-	-
4	Additional Working Capital Requirement	-	-	-
5	Contingencies	-	-	-
6	Public issue Expenses	-	-	-
	TOTAL	2,35,00,000	1,70,28,203	4,05,28,203

b) In this regard, the Company submitted copies of the invoices and ledgers regarding the payments made to Noticee 6. However, it was observed that out of Rs.4.05 crore stated to be paid by the Company to Noticee 6, invoices amounting to Rs.1,70,28,203 (Rs.1.70 crores) have not been provided by it.

c) From the Company bank statement highlighting the payments made to Shukan, it was observed that amount of Rs.4.05 crore was transferred by the

Company to Noticee 6. Out of the said amount, Rs.1.70 crore was immediately transferred by Noticee 6 to Noticee 4 and thereon transferred back to the Company. The remaining amount of Rs.2.35 crore was withdrawn as cash from Noticee 6's bank account. The series of transactions is explained in the figure below:



d) Various summons were issued to Noticee 4 seeking justification for the receipt of money from Noticee 6 and the further transfer of the money to the Company. Noticee 2 on behalf of Noticee 4, submitted reply to the said summons vide email dated February 16, 2018 and March 13, 2018, wherein, he stated that the reason for transfer of funds from Noticee 6 to Noticee 4 were direct payments on behalf of the Company. Similarly, the reason for the fund transfer from Noticee 4 to the Company was direct payment from Noticee 4 to the Company. However, no explanation or documents have been provided by Noticee 4 in support of its reply. Thus, Noticee 4 failed to justify the said fund transactions and therefore, the aforesaid reply by Noticee 4 with respect to said transactions was found to be vague and incomplete.

e) It was also observed that the replies filed by the Company and Noticee 4 were vague and unsatisfactory and they have failed to provide plausible explanation for the pattern of fund transfers/ cash withdrawals amounting to Rs.4.05 crore transferred out of IPO proceeds to Noticee 6. Furthermore, as in the aforesaid cases of Noticee 14 and Noticee 5, Noticee 6 also transferred part of the money to Noticee 4 and withdrew the remaining as cash.

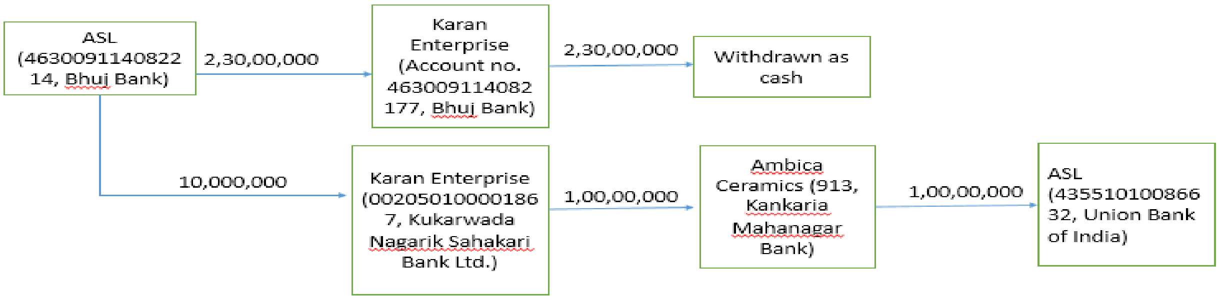
21. **Karan Enterprise (Noticee 7):**

a) The Company vide its reply dated December 28, 2015 has stated that it paid Rs.3.30 crore (6.21%) from the IPO proceeds to Noticee 7 for purchases of materials for land development and civil work as well for plant and machinery. The company has claimed to have made payments to Noticee 7 as under:

Sr.No.	**Particulars**	**Upto 21.05.2010**	**After 22.05.2010**	**Total Expenses**
		All figures in Rs.		
1	Land Development and Civil Work	1,00,00,000	-	1,00,00,000
2	Purchase of Plant & Machinery	1,30,00,000	1,00,00,000	2,30,00,000
3	Deposit with Gujarat Gas	-	-	-
4	Additional Working Capital Requirement	-	-	-
5	Contingencies	-	-	-
6	Public issue Expenses	-	-	-
	TOTAL	2,30,00,000	1,00,00,000	3,30,00,000

b) In this regard, the Company submitted copies of the invoices and ledgers regarding the payments made to Noticee 7. However, it was observed that out of Rs.3.30 crore stated to be paid by the Company to Noticee 7, invoices amounting to Rs.1,00,00,000 (Rs.1 crore) have not been provided by the Company.

c) From the Company bank statement highlighting the payments made to Karan, it was observed that amount of Rs.3.30 crore was transferred by the Company to Karan. Out of the said amount, amount of Rs.1.00 crore was immediately transferred by Karan to Noticee 4 and thereon transferred back to the Company. The remaining amount of Rs.2.30 crore was withdrawn as cash from Karan's bank account. The series of transactions is explained in the figure below:



d) Notice 2 on behalf of Noticee 4, submitted reply to the said summons vide email dated February 16, 2018 and March 13, 2018, wherein, he stated that the reason for transfer of funds from Karan to Noticee 4 were direct payments on behalf of the Company. Similarly, the reason for the fund transfer from Noticee 4 to the Company was direct payment from Noticee 4 to the Company. However, no explanation or documents have been provided by Noticee 4 in support of its reply. Thus, Noticee 4 failed to justify the said fund transactions and therefore, the aforesaid reply by Noticee 4 with respect to said transactions was found to be vague and incomplete.

e) It was also observed that the replies filed by the Company and Noticee 4 were vague and unsatisfactory and they have failed to provide plausible explanation for the pattern of fund transfers/ cash withdrawals amounting to Rs.3.30 crore transferred out of IPO proceeds to Karan. Furthermore, as in the aforesaid cases of Chamunda, Orbit and Shukan, Karan also transferred part of the money to Noticee 4 and withdrew the remaining as cash.

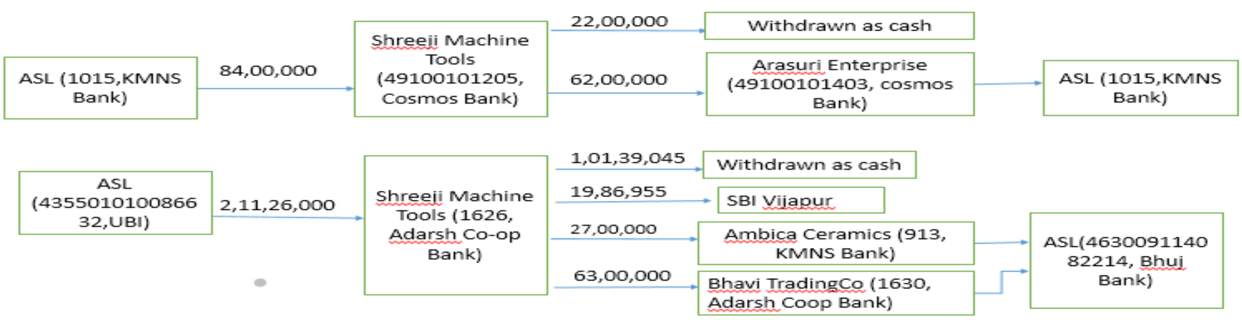
22. **Shreeji Machine Tools (Noticee 8):**

a) The company vide its reply dated December 28, 2015 has stated that it paid Rs.2.95 crore (5.56%) from the IPO proceeds to Shreeji for purchase of plant and machinery. The company has claimed to have made payment to Shreeji as under:

Sr. No.	Particulars	upto 21.05.2010	After 22.05.2010	Total Expenses
		All figures in Rs.		
1	Land Development and Civil Work	-	-	-
2	Purchase of Plant & Machinery	-	2,95,26,000	2,95,26,000
3	Deposit with Gujarat Gas	-	-	-
4	Additional Working Capital Requirement	-	-	-
5	Contingencies	-	-	-
6	Public issue Expenses	-	-	
	TOTAL		2,95,26,000	2,95,26,000

b) In this regard, the Company submitted copies of the invoices and ledgers regarding the payments made to Shreeji. However, it was observed that no invoice has been provided for the entire amount of Rs.2.95 crore stated to be paid by the Company to Shreeji.

c) From the Company bank statement highlighting the payments made to Shreeji, it was observed that amount of Rs.2.95 crore was transferred by the Company to Shreeji. Out of the said amount, amount of Rs.1.62 crore was immediately transferred by Shreeji to Noticee 4, Noticee 11 and to Noticee 13 and thereof, the said three Noticees transferred back the said amount to the Company. The remaining amount of Rs.1.23 crore approx. was withdrawn as cash from its bank account. The series of transactions is explained in the figure below:



d) Shreeji vide its letter dated February 19, 2016 provided a bank statement highlighting the funds received by it from the Company and details of payments received from the Company pursuant to the IPO. However, no supporting documents including details of material sold or copies of invoices were furnished. Hence, Shreeji's reply was incomplete and failed to validate the submissions made by the Company regarding transfer of IPO proceeds to it for the purpose of objects disclosed in the Prospectus.

e) Noticee 2 on behalf of Noticee 4, submitted reply to the said summons vide email dated February 16, 2018 and March 13, 2018, wherein, he stated that the reason for transfer of funds from Shreeji to Noticee 4 were direct payments on behalf of the Company. Similarly, the reason for the fund transfer from Noticee 4 to the Company was direct payment from Noticee 4 to the Company. However, no explanation or documents have been provided by Noticee 4 in support of its reply. Thus, Noticee 4 failed to justify the said fund transactions and therefore, the aforesaid reply by Noticee 4 with respect to said transactions was found to be vague and incomplete.

f) It was also observed that the replies filed by the Company, Noticee 4 and Shreeji were vague and unsatisfactory and they have failed to provide plausible explanation for the pattern of fund transfers/ cash withdrawals amounting to Rs.2.95 crore transferred out of IPO proceeds to Shreeji. Further, Shreeji transferred part of the money to Noticee 4 directly or via its conduit Noticee 11 and 13 and withdrew the remaining as cash, similarly, as in the aforesaid cases of Chamunda, Orbit and Shukan.

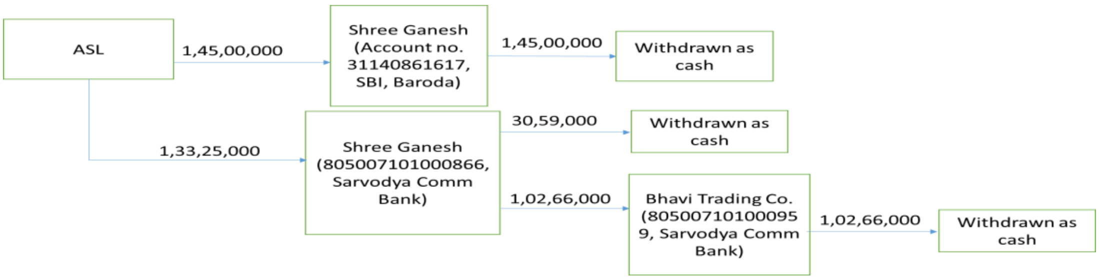
23. **Shree Ganesh Engineering Corporation (Noticee 9):**

a) The company vide its reply dated December 28, 2015 has stated that it paid Rs.2.78 crore (5.24%) from the IPO proceeds to Shree Ganesh for purchase of plant and machinery. The company has claimed to have made payment to Shree Ganesh as under:

Sr. No.	Particulars	upto 21.05.2010*	After 22.05.2010	Total Expenses
		All figures in Rs.		
1	Land Development and Civil Work	-	-	-
2	Purchase of Plant & Machinery	-	2,78,25,000	2,78,25,000
3	Deposit with Gujarat Gas	-	-	-
4	Additional Working Capital Requirement	-	-	-
5	Contingencies	-	-	-
6	Public issue Expenses	-	-	-
	TOTAL	-	2,78,25,000	2,78,25,000

b) In this regard, the Company submitted copies of the invoices and ledgers regarding the payments made to Shree Ganesh. Though there was a fund transfer of Rs.2.78 crore out of the IPO proceeds by the Company to Shree Ganesh, no supporting documents such as invoices have been provided for claimed purchase of Rs.2.78 crore.

c) From the Company bank statement highlighting the payments made to Shree Ganesh, it was observed that amount of Rs.2.78 crore was transferred by the Company to Shree Ganesh. Out of the said amount, amount of Rs.1,75,59,000 was immediately withdrawn as cash by Shree Ganesh. The remaining amount of Rs.1,02,66,000 was transferred by Shree Ganesh to Noticee 13, which was also immediately withdrawn as cash. The series of transactions is explained in the figure as follows:



d) Further, similar to the earlier cases of Chamunda, Orbit and Shukan, the money received by Shree Ganesh and subsequently by Noticee 13, was immediately withdrawn as cash.

e) Thus, it was also observed that the replies filed by the Company was vague and unsatisfactory and it had failed to provide plausible explanation for the pattern of fund transfers/ cash withdrawals amounting to Rs.2.78 crore transferred out of IPO proceeds to Shree Ganesh.

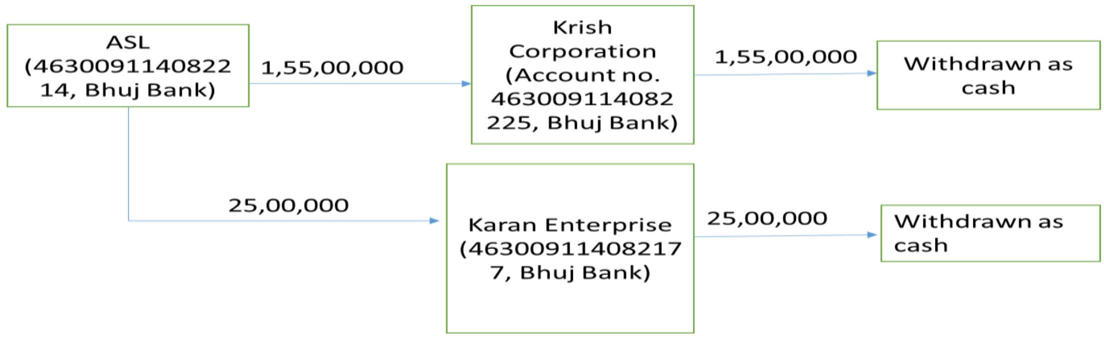
24. **Krish Corporation (Noticee 10):**

a) The Company vide its reply dated December 28, 2015 has stated that it paid Rs.1.80 crore (3.39%) from the IPO proceeds to Krish for purchase of plant and machinery. The company has claimed to have made payment to Krish as under:

Sr. No.	**Particulars**	**Upto 21.05.2010***	**After 22.05.2010**	**Total Expenses**
		All figures in Rs.		
1	Land Development and Civil Work	-	-	-
2	Purchase of Plant & Machinery	1,55,00,000	25,00,000	1,80,00,000
3	Deposit with Gujarat Gas	-	-	-
4	Additional Working Capital Requirement	-	-	-
5	Contingencies	-	-	-
6	Public issue Expenses	-	-	-
	TOTAL	**1,55,00,000**	**25,00,000**	**1,80,00,000**

b) In this regard, the Company submitted copies of the invoices and ledgers regarding the payments made to Krish. Though there was a fund transfer of Rs.1.80 crore out of the IPO proceeds by the Company to Krish, no supporting documents such as invoices have been provided for claimed purchase of Rs.0.25 crore.

c) From the Company bank statement highlighting the payments made to Krish, it was observed that out of the total amount of Rs.1.80 crore, amount of Rs.0.25 crore was transferred to Karan, instead of Krish. The said amount was withdrawn by Karan as cash. Hence, only funds amounting to Rs.1.55 crore was transferred to Krish and this amount was entirely withdrawn by it in cash. The series of transactions is explained in the figure as follows:



d) Similar to the earlier cases of Chamunda, Orbit and Shukan, the money received by Krish was immediately withdrawn as cash. Thus, it was observed that the replies filed by the Company was vague and unsatisfactory and it had failed to provide plausible explanation for the pattern of fund transfers/ cash withdrawals amounting to Rs.1.80 crore transferred out of IPO proceeds to Krish.

25. **HDFC Share Application Refund Interest:**

a) It was noted from the Final Monitoring report of the IPO of the Company that there was a delay in the allotment due to an option given to the applicants to withdraw their bids. The withdrawal option given to the applicants was due to alleged non-disclosure of certain information (related to details of the pledged shares of the promoter, non-repayment of loans, non-disclosure of notices issued to the promoter and the company) in the RHP. The Company, upon SEBI's directions, had issued a public clarification for the allegations made and gave an option to the applicants to withdraw their bids, if they wanted to. The period for the withdrawal option was for 10 days, from July 13, 2010 to July 23, 2010. In view of same, there was a delay in the dispatch of refund to the applicants. Hence an interest of 15% for 15 days (amounting to Rs.1,52,51,000) was paid to all the applicants.

b) Vide letter dated December 28, 2015, the Company submitted that amount of Rs.1,52,51,500 was refunded to the bidders. Upon perusal of the bank statements, it was observed that amount of Rs.1,52,51,000 was transferred from the Company's account (account no. 435501010086632, UBI bank) to its refund account (account no. 00062300000499, HDFC Bank) on July 23, 2010 and subsequently refunded to the bidder's bank account.

c) From the prospectus dated June 30, 2010, it was observed that the company disclosed that expenses for the issue as follows:

Activity	**Expenses (Rs. in Lacs)**	**% of Issue Size**
BRLM	106.2	2.00%
Registrar to the Issue	1.50	0.03%
Syndicate Fees, Underwriting, Brokerage and Selling Commission	100.00	1.88%
Advertisement and marketing expenses	75.00	1.41%
Printing and stationery (including expenses on transportation of the material)	100.00	1.88%
IPO Grading	4.00	0.08%
Others (Filing Fees with SEBI, BSE and NSE, legal fees, listing fees, RoC Fees, travelling and other miscellaneous expenses etc.)	113.30	2.13%

d) Additionally, from the Company's reply, it was observed that the refund of interest was 29.13% of the total expenses incurred and paid out of the IPO proceeds. In this regard, it is seen that the Company had earmarked Rs.5 crore for the IPO expense as detailed in the prospectus and as per its reply dated December 28, 2015, it incurred a total expense of Rs.5.23 crore. Out of this Rs.1.52 crore was for the payment of interest due to a delay which was caused by the company's lapse at not disclosing information in the RHP.

e) Hence, the payment of interest on refund due to a lapse on the part of the company, which led to the offer for withdrawal to be given to the bidders, does not amount to utilisation of the funds in accordance with the IPO objects as disclosed in prospectus. In view of the above, it is observed that the amount of Rs.1.52 crore paid by the company for the payment of interest on the refund of the IPO funds, was not utilised as per the objects of the IPO, as disclosed in the prospectus.

26. On analysis of submissions of the Company, fund flow analysis, analysis of invoices submitted by the Company and replies of vendors following was observed with respect to aforesaid vendors regarding utilisation of IPO proceeds:

a) The Company had claimed that payment of Rs.10 crore out of the IPO proceeds was made to Neptune for purchase of plant and machinery. However, Neptune has denied receiving any money or having any business relations with the Company during FY 2010-11. Instead it was observed that the amount was actually transferred to Ambica, an entity related to the Company. The entire amount of Rs.10 crore was thereafter immediately transferred back to the Company by Ambica and no justifiable reason has been given by the Company/Ambica in this regard.

b) For the payments purported to have been made to vendors Chamunda, Orbit, Shukan, Karan, Shreeji, Shree Ganesh and Krish, a similar pattern was observed wherein:

i. part of the payment received from the Company was transferred back to the Company via related entity Ambica or through conduits Suraj, Arasuri and Bhavi;
ii. remaining amount was either immediately withdrawn from vendors' accounts in cash or transferred to third parties' accounts, from where the amounts were withdrawn in cash.

iii. the amount of Rs.2.78 crores transferred to vendor Shree Ganesh was entirely withdrawn in cash; and

iv. in case of vendor Krish, the Company had stated that payments worth Rs.1.80 crores was made to Krish. However, it was observed that only Rs.1.55 crores were paid to Krish. The remaining amount of Rs.0.25 crores was paid to vendor Karan. Also, the entire amount was withdrawn in cash by Krish and Karan.

c) An unexplained similar patterns were observed with respect to the transfer of funds by the Company, out of the IPO proceeds and stated to be made to 7 vendors viz. Chamunda, Orbit, Shukan, Karan, Shreeji, Shree Ganesh and Krish for the purpose of objects under IPO. Such payments made to vendors were either:

i. Partly/wholly retuned to the Company via its related entity Ambica or through conduits Arasuri, Suraj and Bhavi; or

ii. Partly/wholly withdrawn as cash by these 7 vendors or conduit entity Bhavi.

d) The Company had failed to provide sufficient documentary proof of transactions and/or explanation on the nature of business with the 7 vendors viz. Chamunda, Orbit, Shukan, Karan, Shreeji, Shree Ganesh and Krish. Out of the said 7 vendors, 3 vendors had furnished incomplete / unsatisfactory information or had not replied and the remaining 4 vendors were untraceable. Details of the status of delivery of summons and replies received or not received provided in the table as follows:

S. No.	Vendor	Delivered	Replied	Remark
1	Chamunda	Yes	No	Did not reply
2	Orbit	Yes	Yes	Vague and Unsatisfactory
3	Shukan	No	NA	NA
4	Karan	No	NA	NA

5	Shreeji	Yes	Yes	Incomplete reply
6	Shree Ganesh	No	NA	NA
7	Krish	No	NA	NA

e) Considering the suspicious pattern of fund flows of aforementioned vendors/conduits and non-delivery of summons to most of the said vendors/conduits, account opening details and KYC were sought from the bank of such vendors/conduits. Observations on the basis of documents furnished by the bank of such vendors/conduits are summarized as follows:

Name of the Vendor/Conduit	Name of the Introducer	Account Opening Date	Name of the Bank	Branch	Status/Date of Closure
Vendors					
Ambica Ceramics	Mahesh A Maheshwari	23/11/2007	Kankaria Maninagar Nagrik Sahakari Bank Ltd.	Navrangpura Branch	21/07/2011
Chamunda Enterprise	Proprietor, Jolex Traders	05/07/2010	Sarvodaya Commercial Co-op Bank Ltd	Ashram Road	Non-Operative
Chamunda Enterprise	N.A.	09/04/2010	The Bhuj Mercantile Co-Op Bank Ltd	Ahmedabad	14/02/2011
Orbit Corporation	Proprietor, Jolex Traders	17/07/2010	Sarvodaya Commercial Co-op Bank Ltd	Ashram Road	Non-Operative
Orbit Corporation	N.A.	06/04/2010	The Bhuj Mercantile Co-Op Bank Ltd	Ahmedabad	23/10/2010
Shukan Enterprise	Proprietor, Archita Enterprises	04/08/2010	Adarsh Co-op Bank Ltd	Ashram Road	Non-Operative
Shukan Enterprise	Bhavi Trading	09/04/2010	The Bhuj Mercantile Co-Op Bank Ltd	Ahmedabad	Dormant
Karan Enterprise	• Proprietor, Archita Enterprises • Bhavi Trading Co.	21/12/2009	The Kukarwada Nag. Sah. Bank Ltd	Shahibag, Ahmedabad	Dormant since: 21/02/2011
Karan Enterprise	Bhavi Trading	06/02/2010	The Bhuj Mercantile Co-Op Bank Ltd	Ahmedabad	Dormant
Shreeji Machine Tools	Shivam Enterprise	03/07/2010	The Cosmos Co-op Bank Ltd.	Ashram Road	N.A.
Shreeji Machine Tools	No Introducer	03/07/2010	Adarsh Co-op Bank Ltd	Ahmedabad	25/11/2011
Shree Ganesh Engineering Co	Shri Ambika Engineering Works	26/03/2009	Sarvodaya Commercial Co-op Bank Ltd	Ashram Road	Non-Operative
Krish Corporation	Bhavi Trading	06/02/2010	The Bhuj Mercantile Co-Op Bank Ltd.	Ahmedabad	30/10/2010
Conduits					
Arasuri Enterprise	Shukan Enterprises	13/07/2010	The Cosmos Co-op Bank Ltd	Ashram Road	19/05/2012
Bhavi Trading Co	No Introducer	28/07/2010	Adarsh Co-op Bank Ltd	Ahmedabad	Non-Operative

Bhavi Trading Co*	Proprietor, Jolex Traders	26/02/2009	Sarvodaya Commercial Co-op Bank Ltd.	Ahmedabad	Non-Operative
Suraj Trading*	Proprietor, Jolex Traders	06/07/2010	Sarvodaya Commercial Co-op Bank Ltd.	Ashram Road	Non-Operative

f) As observed from the above table, most of the vendors/conduits have opened their bank accounts with Co-operative banks at Ashram Road, Ahmedabad during July-August 2010 i.e., after the closure of the IPO and before the credit of IPO proceeds in ASL's account on July 27, 2010 of ASL. Further, these accounts were either closed or became non-operational soon after the IPO. Also, the said vendors/conduits have common introducers for opening of the bank accounts in said Co-operative banks. Details of the same are as follows:

i. Chamunda, Orbit, Bhavi and Suraj were commonly introduced by Jolex Traders.

ii. Karan and Krish were commonly introduced by introducer Bhavi Trading.

iii. Shukan and Karan were commonly introduced by Archita Enterprise, whose account in Adarsh Cooperative Bank was opened a week before Shukan's bank account opened in the said bank.

iv. Arasuri's introducer was Shukan and Shukan had another bank account in the Cosmos Cooperative Bank, wherein, one of the vendors i.e. Shreeji Machine Tools was the introducer.

v. Shukan and conduit Bhavi have the same signatory/proprietor i.e. Vishnubhai Mafatlal Patel.

vi. Shukan and Bhavi have common PAN number - AAZPP0768M.

g) In view of above, it is observed that the said vendors, whom payment had been made by the Noticee 1, had never dealt with the Noticee No. 1 before the commencement of IPO. It is also observed that these vendors had opened bank accounts with nondescript banks in Ahmedabad before the IPO of the Company, the Noticee 1.

27. In view of above, considering the lack of justification by way of invoices for all transactions/other supporting documents; misleading information submitted by Noticee 4 regarding fund transfers out of IPO proceeds; unexplained manner of return of funds to Noticee 1 majorly via Noticee 4, an entity connected to it; and/or unexplained cash withdrawals of significant amounts (of part or entire amount received from Noticee 1 by the vendors/conduits, the money claimed to be utilised out of IPO proceeds for purchases from the said vendors was not utilised in accordance with the objects of the IPO as disclosed in the prospectus of the Noticee 1. Also, the above mentioned findings are corroborated by the fact that the said vendors viz, Orbit (Noticee 5), Shukan (Noticee 6), Karan (Noticee 7), Shreeji (Noticee 8), Shree Ganesh (Noticee 9), Krish (Noticee 10), Chamunda (Noticee 14) and conduits viz, Arasuri (Noticee 11), Suraj (Noticee 12) and Bhavi (Noticee 13) could either not be reached at the available addresses or did not reply or given inadequate reply. Accordingly, it was alleged that the above vendors / conduits were only front entities of Noticee 1, to route the IPO money back to it, without deploying the same for the objectives as disclosed in its prospectus.

28. On April 20, 2016, investigation team conducted a site visit of the manufacturing unit of Noticee 1 at Jhagadia Industrial Estate, Bharuch. During site visit it was observed that Noticee 1 had a manufacturing plant at the address mentioned in its prospectus (for whose expansion the IPO was stated to have been raised), however, the plant was non-operational and there was no indication of any construction or installations of new machine or the date of purchase or installation or construction of the said machinery(ies) as stated in the prospectus of Noticee 1.

29. Vide letter dated February 08, 2018, Noticee 1 provided a set of documents containing – (a) copy of the minutes of the Audit Committee meetings dated from May 30, 2011 to August 14, 2013 (10 meetings in total); (b) copy of the minutes

of its Board Meetings from 2008-2013; and (c) copy of the resolutions passed in said Board Meetings. On perusal of the same, it was observed that the copies of its board meeting minutes, audit committee meeting minutes and the resolutions passed in said board meetings as provided by it for the period from 2008-2013 were unsigned and on plain paper. As the said documents were not certified copies, the investigation team had not considered them as official minutes of Noticee 1 board or audit committee meetings/decisions. Also, its Audit Committee minutes for the period between IPO and May 31, 2011 were not furnished by Noticee 1. Accordingly, it was alleged that Noticee 1 had not been able to justify by way of its board meeting minutes or Audit Committee meeting minutes that the utilization of IPO proceeds was deliberated upon by the Audit Committee or in any of its board meetings pursuant to the IPO.

30. In view of the above, it was alleged that Noticees 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 aided Noticee 1 by being party to sham fund transactions pursuant to the IPO by virtue of which Noticee 1 failed to utilize the IPO proceeds in accordance with the objects stated in the IPO, as disclosed in its prospectus.

Mis-utilisation of IPO proceeds:

31. It was observed that majority of the payments stated to be made to 8 vendors/ accounts viz. Neptune, Orbit, Chamunda, Shukan, Karan, Shreeji, Shree Ganesh and Krish was said to be towards purchase of plant and machinery, which was disclosed as one of the main objects of the IPO. None of the aforesaid 8 vendors were figuring in the list of vendors, as disclosed by Noticee 1 in the prospectus. However, the list (which contained a disclaimer that it was subject to change) had Ambica Ceramics, Noticee 4 as the topmost vendor accounting for majority of the expenditure proposed for plant and machinery.

32. Refund of share application amount was not included under the public issue expenses head of objects of the issue.

33. Noticee 1 vide its email dated March 07, 2018 has submitted that except Haren, it knew the other top vendors only for capital goods purchase in the year 2010-11. Except for certain transactions for which supporting invoices/bills have been provided by it with corresponding fund transfers, for bulk of transactions, Noticee 1 has failed to provide any documentary evidence of purchase of any material out of IPO proceeds. In this regard, in absence of invoice/bills, the company has also failed to produce any alternate proof such as copies of communications/negotiations made with vendors or agreements entered into such vendors for purchase of materials for the objects of the IPO, wherein purchase of significant amounts are involved. The same is also not supported by fund transfers to vendors.

34. Out of said 9 vendors/account, apart from Neptune, Orbit, Shreeji and Haren, remaining 5 entities are either not traceable or have not responded to SEBI summons, despite multiple attempts.

35. The topmost vendor viz., Neptune has categorically denied of having any business relation with Noticee 1 and issuing the invoices as claimed by Noticee 1. The bank statement analysis clearly shows that no payment was made to Neptune and the funds were actually transferred to connected entity viz. Noticee 4 which immediately returned the entire amount back to Noticee 1. Noticee 1 has not been able to furnish any plausible explanation or documentation to support the said transfer being made for objects of the IPO. Hence, the claim of Noticee 1 that an amount of Rs.10 crores was utilised out of the IPO proceeds to make purchases from Neptune is false and the entire amount of Rs.10 crores were not utilised in accordance with the objects of the IPO.

36. As regards the other 7 top vendors viz, Chamunda, Orbit, Shukan, Karan, Shreeji, Shree Ganesh and Krish, considering the lack of justification given by way of invoices/other supporting documents, funds returned back from the

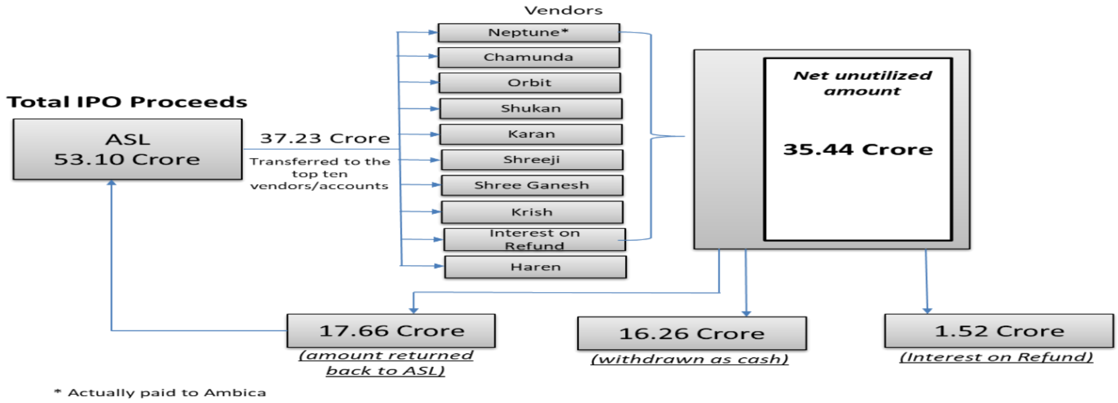
vendors to Noticee 1 majorly via Ambica, Noticee 4, an entity connected to the Noticee 1, and/or cash withdrawal (of part or entire amount received from Noticee 1) by the vendors , it is alleged that the entire amount of the IPO proceeds stated to be paid to these vendors was not utilised in accordance with the objects of the IPO. As regards the payment made towards refund of interest, since the same was not found to be categorised as a public issue expense to be incurred out of the IPO proceeds, the same was also alleged as not been utilised towards the IPO objects. The details of the amount non-utilised of the IPO proceeds by Noticee 1 is summarised as follows:

Vendor / account name	**Amount transferred to the vendors by ASL (in** Rs.**)**	**Amount returned back to ASL (directly by vendors / by other entity) – in** Rs.	**Amount withdrawn as cash by entities (directly by vendors / by other entity) – in** Rs.	**Net amount which can be stated to be not utilised as per objects in prospectus – in** Rs.
Neptune	10,00,00,000*	10,00,00,000	NA	10,00,00,000
Chamunda	4,66,23,000	2,20,00,000	2,46,23,000	4,66,23,000
Orbit	4,57,73,000	1,24,14,000	3,33,59,000	4,57,73,000
Shukan	4,05,28,203	1,70,00,000	2,35,00,000	4,05,00,000
Karan	3,30,00,000	1,00,00,000	2,30,00,000	3,30,00,000
Shreeji	2,95,26,000	1,52,00,000	1,23,39,045	2,75,39,045
Shree Ganesh	2,78,25,000	0	2,78,25,000	2,78,25,000
Krish	1,80,00,000	0	1,80,00,000	1,80,00,000
Refund interest payment	1,52,00,000	NA	NA	1,52,00,000
Total	35,64,75,203	17,66,14,000	16,26,46,045	35,44,60,045#

**Amount transferred to Ambica Ceramics and returned to ASL. No transfer was made to Neptune.*

 # Does not include Rs.28,203 and Rs.19,86955 transferred by ASL to Shukan and Shreeji , which neither returned to ASL nor withdrawn as cash. Hence no adverse inference drawn.

37. From the summary of the analysis of the IPO proceeds it is evident that Noticee 1 had not utilised the IPO proceeds towards the objects stated in the Prospectus and same can be depicted as follows:



38. Thus, it was alleged that out of total IPO proceeds of Rs.53,10,00,000/-, Rs.35,44,60,045/- was not utilised in accordance with the objects stated in the IPO, as disclosed in the prospectus.

39. **Wrong disclosure/ non-disclosure of material information in the Prospectus by Noticee 1:**

40. It was observed that there were certain major transfers from Noticee 1 bank account (UBI Bank A/c - 435501010086632) after receipt of IPO proceeds, which are tabulated below:

S. No.	Name of counterparty	Amount transferred (in Rs.)
1	Lunia Finlease Ltd.	17,00,00,000
2	Flyhigh Exports Pvt. Ltd.	5,00,00,000
3	JNB Sidhu Finance Pvt. td.	2,50,00,000
4	Baccate Securities	2,50,00,000
5	Ramdev Marketing	1,50,00,000
6	Benchmark Builtcon	1,15,00,000
7	Savasthi Investment	50,00,000
Total		**30,15,00,000**

41. Noticee 1 submitted that the aforesaid transfers were repayment of short term loans undertaken by it for the purpose of capital and working capital requirements during the period April 2010 - July 2010. In support of its reply, it submitted a ledger account of the loans undertaken during the period April 2010-July 2010 and the corresponding loan agreements.

42. The major lenders, as mentioned by Noticee 1 in its reply dated February 02, 2018 are as follows:

S. No.	Lender name	Amount of loan stated to be undertaken before IPO (Rs.)	Date (or period) during which loan was undertaken
1	Lunia Finlease Pvt. Ltd	17,00,00,000	17 April, 2010- 14 June, 2010
2	Flyhigh Exports Pvt. Ltd	5,00,00,000	9-18 June, 2010
3	Baccate Securities & Marketing Ltd	2,50,00,000	12-19 May, 2010
4	JNB Sidhu Finance Ltd.	2,50,00,000	June 2010
5	Benchmark Build Con Pvt. Ltd	1,15,00,000	10-11 May,2010
6	Savasthi Investments	50,00,000	June 2010
7	Ramdev Marketing Pvt. Ltd	1,50,00,000	July 2010
	Total	**30,15,00,000**	

43. It was observed from the bank statement of Noticee 1 that it had received amounts to the extent of Rs.30.15 crore from the aforesaid 7 entities during the period April 2010 – July 2010.

44. Vide summons dated November 18, 2016, November 30, 2016 and December 13, 2016, the aforesaid entities were summoned to explain the fund transfers along with documentary proof, if any. In this regard, the summons could not be delivered to Lunia Finlease Pvt. Ltd. and Ramdev Marketing Pvt. Ltd. as they were ‘not available at address’ and ‘left the premise’, respectively. Thus, confirmation regarding whether the said transfers were towards loan and its repayment could not be ascertained for Lunia Finlease Pvt. Ltd. and Ramdev Marketing Pvt. Ltd. Other five entities viz., Flyhigh Exports Pvt. Ltd, Baccate Securities & Marketing Ltd., JNB Sidhu Finance Ltd., Savasthi Investments and Benchmark Build Con Pvt. Ltd, have confirmed of providing short term loans to Noticee 1 as specified by Noticee 1.

45. In view of the bank statements, ledgers of Noticee 1, loan agreements and the replies of the counterparties, it is observed that the Company took material loans to the tune of Rs.30.15 crore before and after the IPO. The prospectus dated June 30, 2010 was perused to ascertain, if Noticee 1 had disclosed the details of such loans taken by it. It was observed that it had disclosed the loans taken from SICOM and SIDBI in its prospectus. It had also disclosed loans in its prospectus (at page 62) that an amount of Rs.12.55 crores was already deployed towards the objects of IPO as on May 21, 2010 (i.e., before the prospectus date). In this regard, it was also disclosed that the said deployment was financed to the extent of Rs.8.83 crore of unsecured loans from “Luniar Finstock Pvt. Ltd”, which would be recouped from the IPO proceeds. Hence, apart from Luniar Finstock Pvt. Ltd, SIDBI and SICOM as mentioned above, there was no mention in the prospectus regarding any loans taken by Noticee 1 from the other entities.

46. On perusal of the documents submitted vide Noticee 1, company viz, Lunia Finlease Pvt. Ltd. appeared in the bank statements as well in the ledger of Noticee 1 with respect to loan of Rs.17 crore taken by it during the period April 2010 - June 2010 from Lunia Finlease Pvt. Ltd. Noticee 1 vide its email dated March 13, 2010 has confirmed that it made an error in the disclosure of loan of Rs.8.83 crore as shown at page 62 of the prospectus, and the actual name of the company from which they had taken loan was Lunia Finlease Pvt. Ltd and not Luniar Finstock Pvt. Ltd. Therefore, iIt is observed that Noticee 1 made wrong disclosure in the prospectus with respect to the loan of Rs.8.83 crore taken from Lunia Finlease Pvt. Ltd., wherein it mentioned that the same was undertaken from Luniar Finstock Pvt. Ltd.

47. With respect to the remaining amount of Rs.21.32 crore (i.e., loan amount of Rs.30.15 crore less Rs.8.83 crore) undertaken by Noticee 1, the observations were as under:

a) The loan of Rs.1.5 crore taken from Ramdev Marketing was after the date of filing of prospectus.

b) Regarding the remaining amount of Rs.19.82 crore, it was observed that no details of the loans was disclosed in the prospectus. Noticee 1 vide its statement recorded on February 02, 2018 has also admitted that *"except for Luniar Finstock, we have not disclosed the details of the loans in the prospectus issued to the public at the time of IPO"*.

48. In view of above, it was observed that Noticee 1 had not made disclosures in the prospectus regarding amount of Rs.19.82 crore, and made wrong disclosures regarding amount of Rs.8.83 crore from Lunia Finlease Pvt. Ltd. with respect to the loans undertaken by it. The details of the loans undertaken by Noticee 1 and not disclosed/ wrongly disclosed are summarised as follows:

Particulars: loans taken from	Type of violation	Amount (in Rs. crore)
Lunia Finlease Pvt. Ltd	Wrong disclosure in prospectus	8.83
Sub Total: Wrong disclosure in prospectus		**8.83**
Lunia Finlease Pvt. Ltd	No disclosure in prospectus	8.17
Flyhigh Exports Pvt. Ltd	No disclosure in prospectus	5
Baccate Securities & Marketing Ltd	No disclosure in prospectus	2.5
JNB Sidhu Finance Ltd.	No disclosure in prospectus	2.5
Benchmark Build Con Pvt. Ltd	No disclosure in prospectus	1.15
Savasthi Investments	No disclosure in prospectus	0.5
Sub Total: No disclosure in prospectus		**19.82**
Total		**28.65**

49. Additionally, upon perusal of the prospectus, it was also observed that Noticee 1 had stated that none of the machine suppliers that it intended to purchase machinery from, were related to it or its promoters. However, it is observed that Ambica Ceramics is connected to Noticee 1, since Ambica Ceramic's proprietor

Ms. Namrata Maheshwari, Noticee 3 is a director of Noticee 1 and also the wife of Mr. M.A. Maheshwari, Noticee 2, Managing Director of Noticee 1. In view of same, it is noted that Noticee 1 made a wrong disclosure in the prospectus regarding having no connection with one of the proposed vendors.

50. The Company in its Annual Report for FY 2010-11 at page 6 stated that - *"the money raised through IPO was utilized for the purpose for which it was raised".* However, it was observed that it did not utilise Rs.35,44,60,045/- out of the IPO proceeds. In view of same, it is noted that Noticee 1 made wrong disclosure in its Annual Report for the FY 2010-2011 regarding the complete utilization of the IPO proceeds.

51. It was also observed that Noticee 1 did not utilize Rs.35,44,60,045/- of the IPO proceeds in accordance with the IPO objects as disclosed in the prospectus. The prospectus provided the wrong disclosures regarding the IPO objects, as Noticee 1 never intended to utilize the IPO proceeds to the extent of Rs.35,44,60,045/- for the objects stated in the prospectus.

Non-Disclosures under Listing Agreement:

52. NSE and BSE were asked whether they received any disclosures from Noticee 1 under the Listing Agreement. BSE vide letter dated August 31, 2015 and September 12, 2018 stated that there was no specific disclosure made by Noticee 1 under Clause 43 and Clause 43A of the Listing Agreement. NSE vide letter dated December 08, 2015 stated that Noticee 1 has not disclosed the details of utilization of funds raised through the public issue of shares in the year 2010 and deviation from objects of the issue.

53. In view of the above, it was alleged that Noticee 1 has failed to comply with Clause 43 and 43A of Listing Agreement read with section 21 of the SCRA.

54. In view of the above, it was alleged that,

a) Notice 1 violated sections 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (a) (b), (c), (d), 4(1), 4(2)(f), (k) and (r) of PFUTP Regulations.
b) Noticee 2 and 3 were in charge of Noticee 1 at the time of aforesaid violations committed by Noticee 1 and thus, responsible for the conduct of the business of the Company, as well as the Company. Considering the same, it was alleged that Noticee 2, the Managing Director of Noticee 1 and Noticee 3, Whole Time Director of Noticee 1 violated sections 12A (a), (b) and (c) of the SEBI Act read with regulations 3 (a) (b), (c), (d), 4(1), 4(2)(f), (k) and (r) of the PFUTP Regulations.
c) Noticees 4 to 14 violated sections 12A (a), (b) and (c) of the SEBI Act read with regulations 3 (b), (c), (d) and 4(1) of the PFUTP Regulations.
d) Noticee 1 failed to disclose material information, which was true and adequate, so as to enable the applicants in the IPO of Noticee 1 to take an informed investment decision. Thus, Noticee 1, along with its Managing Director and Whole Time Director i.e. Noticee 2 and 3 violated regulations 57 (1) and 57 (2)(a) read with Clause 2(XVI)(B)(2) of part A of Schedule VIII and regulation 60(7)(a) of the ICDR Regulations.
e) Noticee 1 failed to disclose to the stock exchanges, quarterly statement regarding material deviations in the use of proceeds of the public issue in accordance with Clauses 43 and 43A of the Listing Agreement and thus, it failed to comply with section 21 of the SCRA read with clauses 43 and 43A of the Listing Agreement.

55. **Allegations with respect to Saffron Capital Advisor Private Limited (Noticee 15):**

56. Vide e-mail dated March 07, 2018 and March 14, 2018, Noticee 15 stated that for the purpose of due diligence with respect to the loans undertaken by the Company, it relied upon the following documents:

a) For the period upto March 31, 2010, it relied on the audit report provided by the Statutory Auditor of the Company.

b) For the period from April 01, 2010 to May 28, 2010, it relied upon the certificate dated May 28, 2010 issued by the Statutory Auditor of the Company viz., M/s H.B. Patel & Associates certifying that Rs.8.83 crore was taken as unsecured loan from Luniar Finstock Pvt. Ltd. It also relied upon the relevant ledger extracts provided by the Company for unsecured loans from April 01, 2010 to May 28, 2010, wherein the outstanding balance of Luniar Finstock Pvt. Ltd. as of March 31, 2010 was Rs.1.51 crore, whereas it was Rs.16.51 crore as on May 28, 2010.

c) For the period after May 28, 2010, it relied upon undertakings from Mr. M.A. Maheshwari, Managing Director of the Company that no significant material development has taken place subsequent to the financial year ended 2010 and that he has reviewed the Prospectus and the Prospectus did not contain any untrue statement of a material fact or omitted to state a material fact.

57. In view of above it was observed that:

a) Noticee 15 has relied mainly upon the certificate issued by the Statutory Auditor of the Company, the ledger balance extract provided by the

Company and the undertakings by the Company with respect to the disclosures in the Prospectus.

b) The loans were undertaken from various entities during April 2010- June 2010 which was well before the Prospectus date i.e. June 30, 2010.

c) Noticee 15 being a BRLM to the issue can call for any reports, documents, papers, information, etc. which also include the bank account statements from the Company in order to verify that the statements made in the issue are true and correct. In the instant case, it should have examined the bank statements of the Company and should have asked questions on the reasons for raising loans. Instead, it relied solely on the certificates and ledgers provided by the Company/Statutory Auditor.

58. It was further alleged that Noticee 15, being BRLM to the IPO, failed to exercise due diligence and proper care to satisfy itself about the veracity and adequacy of disclosures in the offer document and thereby failed to fulfil its obligations in a professional manner. Thus, it was alleged that the Noticee 15 violated the provisions of Regulations 64(1) of ICDR Regulations and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified in Schedule III of Merchant Bankers Regulations.

59. The aforesaid alleged violations, if established, make the Noticees liable for monetary penalty under Section 15HA and 15HB of the SEBI Act and Section 23E of SCRA as applicable to them.

60. SCN was duly served to the Noticees. Noticees 2, 3, 4 and 15 filed their reply to the SCN. Noticees 2, 3 and 4 had submitted their reply on November 02, 2020 and December 01, 2020. Noticee 15 has submitted its reply on Janaury 26, 2021. Noticee 2 has submitted additional submissions on June 17, 2022. The SCN was served to the Noticee 1, Noticee 5 and Noticees 9 to 14 through paper publication and to the Noticees 6 to 8 through Courier. However, Noticee 1 and Noticees 5 to 14 did not file any reply to the SCN.

61. The key submissions of the Noticee 2, 3, 4 and 15 are summarised below:

Noticee 2:

62. Noticee 2 submitted that

a) He was the Managing Director of ASL up until July 12, 2016. He was also the Promoter of ASL from inception of the company up until SICOM Investments and Finance Limited (SIFL) and SICOM Ltd. (along with SIFL referred to as 'SICOM') acquired 42% equity in ASL in January 2013.

b) He is qualified as a mechanical engineer. Under his supervision, ASL set up two furnaces of 150 tonnes each in 2010-2011, which were the biggest furnaces in Asia. The Sodium Silicate made by ASL was a special food grade in line with the international standards (i.e. low iron content, lead free and low heavy metal content).

c) ASL was engaged in the manufacturing of sodium silicate, which is used for manufacture of toothpaste. The company had started its operation from the year July 1996 at an initial capacity of 25 tonnes per day. Subsequently, with growing sales, ASL had two plants, one in Kheda in Gujarat which had capacity of manufacturing 100 tonnes per day of sodium silicate and the other in Jagadia in Gujarat which had a capacity of manufacturing 50 tonnes per day of sodium silicate.

d) Around 2007 for practical and commercial reasons, ASL decided to increase the capacity at the Jagadia plant by 300 tonnes per day especially, due to demand of 300 tonnes from a long-term customer i.e. an American company JM Huber Corporation. There was one furnace at the plant and the capacity of the same furnace was proposed to be expanded. In this regard on March 03, 2010 ASL secured a loan of Rs.14 crores from SICOM and also obtained a sanction letter from the State Bank of India to the tune of Rs.14 crore. In addition, ASL also took unsecured loans of Rs. 29 crores to complete major civil works at the plant in Jagadia. In fact, most of civil work was completed by

July 2010 (including set up of plant and machinery). At the same time, ASL also decided to raise funds by way of a public issue. Accordingly, ASL appointed a merchant banker and opened the issue for subscription during the period June 24, 2010 to June 28, 2010 and the prospectus was filed on June 30, 2010.

e) While the capacity at the plant was increased, the plant had to shut down on June 28, 2011 due to non-availability of gas from the service provider in the region. Given that this was out of control of ASL, in the anticipation of obtaining gas in the future, ASL continued expansion of the third furnace and begun civil work for the fourth furnace. In the meantime, ASL was in need of working capital and, therefore, approached SICOM for the same. SICOM verified the unit at Jagadia, including through its independent valuer (valuation report dated March 19, 2012). This included verification of the machinery, furnaces, civil work, etc. and mapping the same with what was set out in the Prospectus.

f) On December 03, 2012 SIFL, thereafter, extended a loan of Rs.20 crores. This involved pledge of shares. Later, on December 11, 2012 SICOM (parent company of SIFL) also gave a loan of Rs.50 crores. This involved pledge of shares as well as pari passu charge of SIFL. Thus, SIFL and Sicom together had given a total loan of Rs.70 crores. In fact, they appointed nominee directors on the board of ASL. They appointed their CA and CS from Bombay. During this period the unit practically remained shut due to no gas or very limited gas. The plant began its production only in July 2013. Since the plant was shut for two years, there were many issues in respect of the machinery parts etc., however, the same were resolved and ASL started showing sales. Thereafter, the plant faced another breakdown due to heavy rains and floods in the region where the plant was located in and around July 23, 2013. ASL were forced to incur a lot of cost to revive the plant. In April 2014, ASL faced another problem in the form of there being severe shortage in Soda Ash (key ingredient for manufacture of Sodium Silicate) industry in India as well as worldwide. ASL had very limited access to the raw material and at a very high cost. With growing fuel cost and non-availability of the essential raw material, ASL had no option but to shut down the plant. ASL, thereafter, made attempts to revive the plant and accordingly reached out to financiers for working capital to revive the plant. However, there was no success in the same.

g) In July 2018, the accountant of ASL filed a petition before the National Company Law Tribunal, Ahmedabad Bench ("NCLT") for non-payment of salary, in terms of The Insolvency and Bankruptcy Code, 2016 ("IBC"). By way of order dated October 15, 2018, the NCLT allowed the petition and held that *"On perusal of the application as well as documents annexed thereto filed by the operational creditor under section 9 of the Code, this bench being satisfied that the corporate debtor failed to discharge the liability as mentioned in this company petition...this Bench admits this petition u/s 9 of the Code declaring moratorium...".*

h) The NCLT also appointed Mr. Parag Sheth as Interim Resolution Professional to carry out the functions as mentioned under the IBC. Thereafter, the NCLT has passed an order for liquidation of ASL. On September 14, 2020, Noticee 2 was made aware of the terms and conditions for participation in sale process of assets of ASL.

i) In view of the above, it is clear that Noticee 2 have always acted in a bona fide manner. In fact, Noticee 2 had to give up majority stake in the company he created. However, the Noticee 2 was unfortunate in all its endeavours to revive the business. The Noticee 2 have faced tremendous losses due to unfortunate circumstances.

j) The allegations framed in the SCN relate to the IPO, which was more than nine years ago. The SCN does not provide any explanation to justify the inordinate and unconscionable delay in initiation of proceedings against Noticee 2. The initiation of proceedings by SEBI after such a long delay, severely prejudices the ability of Noticee 2 to adequately respond to the SCN since the documents/ facts pertaining to utilization of the funds post the IPO is not readily available with Noticee 2.

k) The requirement to preserve documents under various legislations is not more than seven to eight years. Also, he had not been associated with ASL since

July 12, 2016. He cannot be expected to retain the documents relating to usage of funds post the IPO or coherently recollect the factual background in that regard. In this regard, Noticee 2 relied upon several judgments Hon'ble Supreme Court and SAT.

l) The proceeds of the IPO have been utilized as per the Prospectus. This has been verified by inspection carried by SEBI as well as independent valuer appointed by SICOM. In fact, upon satisfaction of the work undertaken at the plant of ASL, SICOM sanctioned and dispersed a total loan of approximately Rs.70 crore. SICOM was also involved in the capital infusion to the tune of Rs.10 crore.

m) The SCN purports to conclude that the IPO proceeds were not utilized towards the objects in the Prospectus only on the basis of the fund flow from ASL to the vendors and then allegedly back to ASL. This is an entirely fallacious approach, given that the physical verification by the third-party valuer (appointed by SICOM) has concluded that the items mentioned in the Prospectus has actually been erected/ put up at the site. For ease of reference, he had mapped out how items in the objects (plant and machinery) of the Prospectus were verified by the third-party valuer to be existing at the site. The items mentioned in the Prospectus were physically present at the site. As is evident from the contents of the valuation report, the total capital investment from the IPO proceeds was only allocated to development of the plant at the site. In terms of the valuation report, the total value of the land and factory premises is as under:-

Name of Item	**Value (INR)**
Land	2,95,20,000
Factory Shed (For three Furnaces)	6,61,34,000
Office/ Lab Building	2,50,000
RCC Storage Tank	50,00,000
RCC Roads/ Paving	50,00,000
Machinery/ Furnaces	94,54,50,000
Total	**105,13,54,000**

n) The valuer thereafter concluded that the fair market value of the above to be Rs.105,13,54,000.

o) In respect of the allegation of there being only a few invoices for partial amounts and no invoices for the remaining sums paid to the vendors, he submitted that the sales invoices are in the possession of the Sales Tax Department or in custody of SICOM. Noticee 2 have finally managed to get each and every invoice raised by the vendor against which a payment was made and have submitted the ledger account as well as invoices of Neptune, Chamunda Enterprise Orbit Corporation, Shukan Enterprise, Karan Enterprise, Shreeji Machine Tools, Shree Ganesh Engineering Corporation and Krish Corporation.

p) ASL chose the vendors for purchase of goods required for the plant based on availability in the market. It is a common practice to buy goods depending on the availability. Purchase of these goods do not require an elaborate due diligence given that the same is in ordinary course of business. There were a more than dozen manufacturers in Gujarat and equally more agents in Ahmedabad dealing in refractories and steel. It is a general open market and people or Sodium Silicate manufacturer generally lift from agents as they keep stock, if you give order to a manufacture it takes fresh lot to manufacture and delivery to you from three to six months, which was difficult for ASL during this time. Thus, ASL had to take material from ready stocks available in market for different items. In any event, the plant expansion was not dependent on the IPO. The same had started much before the IPO went through. Thus, the invoices were already raised by vendors before the IPO. ASL purchased different types of refractories and shapes and different Steel sections like angels, girder, plates etc. for building as well as for civil work and plant from these vendors.

q) ASL had received products from more than 100 entities for the purpose of putting together the factory as per the prospectus. ASL enquired the availability of goods by researching in the market. ASL has not dealt with a lot of entities including the other noticee vendors in the past. There is no connection between Noticee 2 and other noticee vendors. In fact, the SCN also does not bring forth any evidence (direct/ indirect/ circumstantial) which shows a connection between the Noticee 2 and other vendor noticees.

r) Ambica Ceramics, on behalf of ASL, extended the partial funds to the vendors, as a bridge loan to ASL. Upon receipt of IPO proceeds, the accounts between ASL and Ambica were settled. With respect to funds forwarded by Ambica to ASL, the same were part of a different purchase-sale transaction of Soda Ash and Sodium Silicate, which had nothing to do with the IPO proceeds and the expansion of the unit.

s) There was no misuse of funds or siphoning of funds as alleged in the SCN. If the money was routed back to ASL, there wouldn't have been capital assets worth of Rs.105,13,54,000 at the unit. The allegation in the SCN further goes on to show that ASL and the Noticee 2 acted in concert with the remaining noticees to SCN, to divert the funds received from the IPO. This allegation is entirely on the premise that there are no sales invoices to demonstrate that the fund transfers to the remaining noticees were legitimate. Thus, the SCN concluded that a sum amounting to Rs. 35.44 crore was returned to ASL and, therefore, not utilized towards the objects of the prospectus. To end this, the Noticee 2 reiterates that there are invoices in place and the same were earlier removed from ASL's possession by the sales department. The sales department had impounded all the documents for the following reason:

    i. If natural gas is treated as raw material in the process then one can claim the entire VAT (Sales Tax inward) credit, but if it is fuel like other industries then it is under restricted items and one can claim only 4% set off out of 12% charged only the bill.

    ii. In ASL's manufacturing process it is an exothermic oxidation reaction at high temperature 1350° C and gas as a raw material cost is also above 20%. The bifurcation of the usage of the three raw materials is Soda Ash (50% - 60 %), natural gas (20% - 25%) and Silica Sand (3% - 5%).

iii. With this background, ASL claimed a total set off of 12% of VAT (Sales Tax). The sales tax department gave a notice of demand of Rs.7 crore (plus Rs.4 crore interest and penalty). ASL had initially obtained stay from the court, however, the order was not continued. At such time the documents were impounded. ESSAR Ltd., had contested similar issue in the Hon'ble Supreme Court and succeeded. On this basis, the claim on ASL was withdrawn. However, the documents were still impounded.

t) Noticee 2 has now been able to retrieve the invoices viz, enclosed at Annexure to this reply. Additionally, the fact of there being the plant and machinery in place, goes on to show that there was no misuse of IPO proceeds.

u) The plant and machinery in terms of the prospectus were in place at the factory site and there are invoices which show the purchase of the items required to make the factory. Thus, the entire allegation of ASL having diverted the IPO proceeds amounting to Rs.35.44 crore falls apart.

v) Another important aspect which has been overlooked in the SCN is that there is no finding of diverting the funds received from the IPO proceeds into the accounts of Noticee 2. In fact, the SEBI has taken all bank account statements of Noticee 2 and yet have not found any fund movement.

w) Accordingly, there is no violation of PFUTP Regulations and, in fact, his conduct has always been in compliance with all relevant laws and regulations.

x) The SCN merely states that the connection of Noticees 5 to 14 with ASL and/or Noticee 2 or Noticee 3, is due to the fact that Noticees 5 to 14 opened accounts with Co-operative Banks at Ashram Road, Ahmedabad during July- August 2010. Further, it is alleged that the bank accounts either closed or became nonoperational after the IPO. It is also alleged that the venders had common introducers for opening of the bank accounts. In this regard, he submitted that there is not an iota of evidence of linkage between Noticees 5 to 14 with ASL and/ or Noticee 2 and/ or Noticee 3 or that these entities are fronts of ASL. There is no material evidence to prove the linkage. In other words, the SCN levels a serious charge of fraud on the basis of mere suspicion, in complete ignorance of the time-tested judicial precedents including rulings of the Hon'ble SAT which cautions against suspicion, conjecture and surmise being passed off as proof especially where fraud is alleged. The SCN purports to treat suspicion and evidence as one and the same, and ignores foundational principles of the law of evidence that that the standard of proof for a charge of fraud to be established must be sufficient to overcome the ordinary presumption of honesty and good faith in dealings.

y) The allegations of fraud cannot be based on wild allegations without any convincing evidence. Charges of fraud are of serious in nature and should not be made casually by regulators. The judicial precedents indisputably hold that fraud is a serious offence and, therefore, the standard of proof must be of a higher degree and mere conjectures and surmises will not be sufficient to hold a person liable for fraud. In this regard, Noticee 2 relied upon several judgments of Hon'ble Supreme Court and SAT.

z) With respect to the alleged violation of the ICDR Regulations, he submitted that it has to be seen in totality of the events. At no point has SCN alleged malice on the part of Noticee 2. Even assuming there was non-compliance of ICDR Regulations, the same was merely a technical breach. There is not a single investor complaint on record which has raised this as an issue. The entire allegation in the SCN is misplaced and, therefore should be discharged vis-à-vis Noticee 2.

aa) the requirement of 'intention' is a prerequisite to prove 'fraud' for violation of PFUTP Regulations. The offences alleged under the PFUTP Regulations in the present case are serious offences which require evidence of 'fraud or deceit' and are not just ordinary civil defaults. It is a settled principle recognized by SEBI that *"the necessity of 'intent' and the element of 'fraud' appears to be a pre-requisite in all parts of Regulation 3 and 4 of the PFUTP Regulations".*

bb) In view of the foregoing, it is well settled that when SEBI alleges a person of an offence involving 'fraud' it is essential that the accused had an 'intent' to commit such violation. In the present case, the object mentioned in the Prospectus has, in fact, been achieved as is evident from the valuation report as well as inspection carried out by SEBI at the site. If the intent was to defraud the market, then ASL would not have taken steps to erect the unit and expand the plant. The fact that the plant was in fact expanded belies the point that there was an intent to play fraud on investor. Therefore, Noticee 2 or ASL have not indulged in any manipulative, fraudulent or deceptive transaction or scheme as alleged.

cc) In the SCN, SEBI has not demonstrated the exact role or involvement of Noticee 2 in relation to the alleged violations in the SCN. Thus, it appears that SEBI has proceeded against Noticee 2 only on account of him being the Managing Director of ASL at the relevant time under the principle of vicarious liability.

dd) The SCN issued to Noticee 2 is pre-mature, given that allegations against ASL have not been established so far. It is a settled principle of law that prior to invoking the principle of vicarious liability against a director/ officer of a company, the alleged violations of the law by the company have to be established in the first place. Neither has any alleged violation of the law by ASL has been established, nor that ASL being found to be guilty of any offence. In this regard, Noticee 2 relied upon several judgments of Hon’ble Supreme Court and SAT.

ee) Noticee 2 has neither derived any benefit or any advantage from the alleged contravention in the SCN. SCN has not been able to determine if Noticee 2 has had access to any of the IPO proceeds or that he participated in siphoning of the funds from ASL to Noticee 2 or any other entity connected or related to Noticee 2.

ff) Any finding by SEBI upholding the allegations made against Noticee 2 in the present instance would be inconsistent with the relevant provisions of law and regulations and facts and circumstances of the case. This would result in irreversible damage to his reputation which he has painstakingly built over many years. In fact, the issuance of SCN is the first occasion when Noticee 2 has been questioned by a regulator (including SEBI). Noticee 2 has so far had an impeccable record, and is a hardworking entrepreneur.

gg) Another circumstance which SEBI must consider is that the financial condition of Noticee 2 is in a dire state. It doesn't seem plausible that Noticee 2 diverted the IPO proceeds to his own accounts or company accounts. If such was the case, ASL would have survived financially and not been liquidated. Also, Noticee 2 would not have to vacate its residential premises and lose the company it owned at one point. It is not in dispute that the plant and machinery is in place. The same has been confirmed by an independent valuer by way of its report. Noticee 1 has been able to adduce all the invoices it had received from the vendors. In these circumstances, it is clear that there was no fraudulent conduct by ASL or Noticee 2. Any adverse findings will have severe impact on Noticee 2. Noticee 2 has been very ill for the last two years. Noticee 2 has suffered with the severe bronchial asthma, damage to spine impacting his movement, the immune system compromised due to high IgEA count, damage to the joint in the jaw and operation in chest, recent operation in left leg for lump and septic in thumbs and severe Arthritis problem.

hh) He has not taken the present regulatory proceedings in a nonchalant manner. He is not guilty of conduct which is contumacious or dishonest or acted in conscious disregard of law. He has not acted in defiance of law.

ii) He has not acted to the detriment of the securities market and have conducted all their operations with integrity and in the best interest of its clients.

jj) He has not made any disproportionate gain or gained any unfair advantage, whether quantifiable or otherwise.

kk) He has not caused any loss to any investor or group of investors as a result of the default.

ll) He is not a habitual or repetitive defaulters.

mm) He has been suffering from ill health and losses due to the COVID-19 pandemic and the lockdown and in the present market and the worldwide COVID-19 pandemic scenario the entire cause of action leading to penalty will hamper his ability to survive this sudden uncertain scenario that has engulfed every industry in the entire world into a series of losses and damages. Thus, for these reasons alone no penalty is called for.

nn) He submitted that the alleged violation has not resulted in any harm or loss caused to the securities market. No such allegation sits in the SCN as well. The Hon'ble Supreme Couret has held that a penalty should not be imposed for the sake of it and should be utilized to achieve a specific purpose, rather than as an end in itself.

Noticee 3:

Apart from common submissions made by Noticee 2 as above, Noticee 3 submitted that

a) She was the Whole Time Director of ASL up until February 14, 2017. He was also the Promoter of ASL from inception of the company up until SICOM Investments and Finance Limited (SIFL) and SICOM Ltd. (along with SIFL referred to as 'SICOM') acquired 42% equity in ASL in January 2013.

b) She was Whole Time Director of Noticee 1, however, she did not participate in any activity of ASL. Her connection with ASL was only due to her husband Mr. Mahesh Maheshwari (Noticee 2). She has/ had no role to play vis-à-vis ASL or any of the activities of ASL.
c) She was not involved in the day-to-day activities of ASL in any manner whatsoever. In this regard, she relied upon the decision rendered in the case of **Vijay Remedies Ltd. v. SEBI** wherein the Hon'ble SAT had taken into consideration various factors, in determining whether or not a director may be held vicariously liable for the acts of a company.
d) She had not participated in any activity of ASL at any point of time. She was on the board of ASL at the insistence of her husband.
e) In this regard, no action should be taken against her and the SCN should be entirely discharged. In any event, the SCN has not a whisper of any wrongdoing attributed to her. In this regard, she relied upon judgment of Hon'ble Supreme Court, in the case of **SMS Pharmaceuticals Ltd. v. Neeta Bhalla and Anr** wherein SC considered the issue of liability of directors for actions of a company.

Noticee 4:

a) Noticee 4 was set up as sole proprietorship firm of Noticee 3 on advice from Noticee 2. Noticee 4 was, for all practical purposes, operated by Noticee 2. Hence, SEBI has erred in joining both Noticee 3 and Noticee 4 as parties in the present proceedings. It is an admitted position that Noticee 4 is a proprietorship of Noticee 3, it is merely a legal fiction. Moreover, it is trite law that a proprietorship is not a separate legal concern and therefore, Noticee 3 and 4 are virtually one and the same entity. Moreover, the Noticee 4 is non-operational since July 21, 2011. It has not issued any bills, not filed returns, no goods have been bought/sold as there is no business. Further, Noticee 4 has no obligations of creditors or otherwise on Noticee 4. When ASL stopped buying from Noticee 4, the business closed and there was no income/revenue. Noticee 4 has infact closed its bank account as on July 21 2011. The same was informed to SEBI vide letter dated May 09, 2018 by Kankaria Maninagar Nagrik Shakari Bank Ltd.

b) Therefore, proceeding against Noticee 4 and 3 which is one and the same entity, for the same cause of action vide the present SCN, would amount to double jeopardy and will lead to a financial death of an entity who has closed its business and has no source of income. The last transaction of Noticee 4 was on March 31, 2011, since then Noticee 4 has closed down its business.

c) Noticee 4 was mainly engaged in purchasing Sodium Silicate from market. ASL was engaged in the manufacturing of sodium silicate, which is used for manufacture of toothpaste. However, ASL had limited capacity manufacturing of Sodium Silicate and, the demand for Sodium Silicate from ASL was significant. ASL had to meet the demand for the said Sodium Silicate. For this purpose, Noticee 4 was set up. Noticee 4 would procure the Sodium Silicate from the market and sell the same to ASL. ASL, in turn, would resell the Sodium Silicate under the brand of ASL. Once ASL expanded its manufacturing capacity, ASL stopped purchasing Sodium Silicate from Noticee 4, from January 30, 2011.

d) Noticee 4, additionally, also use to supply Soda Ash and other related products. Noticee 4 was also engaged in providing short term loans to small businesses.

e) At all times, Noticee 4 was shown as a related entity of ASL. Noticee 2 or ASL has not hidden or concealed the nature of relationship between Noticee 1 and Noticee 4.

f) Once ASL was funded through the IPO, ASL had expanded its plant and, therefore, did not need Noticee 4 for procuring Sodium Silicate. Thus, Noticee 2 decided to wind up Noticee 4 in 2012 itself.

g) Noticee 4 has not participated in securities market in any manner whatsoever. Thus, SEBI Act read with PFUTP Regulations cannot be invoked against Noticee 4. Noticee 4 has merely engaged in commercial transactions with ASL and/ or other noticees to the SCN. However, these transactions have no bearing on the securities market in any manner whatsoever.

h) The conduct of Noticee 4 cannot in any way infer that Noticee No. 4 induced investors to deal in securities. The SCN makes serious allegation of Noticee No. 4 defrauding the securities market, however, such serious allegations are without any basis. The SCN merely refers to a bundle of legal provisions without even attempting to apply the facts and circumstances to the ingredients of the SEBI Act and/ or PFUTP Regulations. This in itself makes the charges vague, ambiguous and totally unsustainable in law and on facts.

i) It is a settled law that for proving charges of fraud under the SEBI Act and PFUTP Regulations there must be an action or omission which has the effect of inducing another person to deal in securities. It is respectfully submitted that in the present case there is no allegation or evidence that Noticee 4 induced any person to deal in securities. In absence thereof, the charge of fraud cannot be upheld.

j) For Regulations 3 and 4 of the PFUTP Regulations to apply, an act alleged to be fraudulent should have an element of some motive or ill conceived idea or design. These provisions are not attracted merely because Noticee 4 has had financial dealings with those entities which are under scrutiny from SEBI. In any event, Noticee 4 has only engaged in pure commercial transactions.

k) The allegation in the SCN is based on the premise that ASL has not utilized the proceeds of the IPO towards the objects set out in the Prospectus. It is respectfully submitted that Noticee No. 4 is not in any manner connected with ASL's dealing in the IPO. In any event, Noticee 4 adopts the argument of ASL insofar as the submissions on utilization of IPO proceeds are concerned.

l) Additionally, it is clarified that Noticee 4 provided funding facility to various entities. Some of the transactions with other noticees were in relation to simple loan transactions. These were in nature of bridge financing. Other transactions were relating to sale of Soda Ash and Sodium Silicate.

m) With respect to funds forwarded by Noticee 4 to ASL, Noticee 4, on behalf of ASL, extended the partial funds to the vendors, as a bridge loan to ASL. Upon receipt of IPO proceeds, the accounts between ASL and Noticee No.4 were settled. With respect to funds forwarded by Ambica to ASL, the same were part of a different purchase-sale transaction of Soda Ash and Sodium Silicate, which had nothing to do with the IPO proceeds and the expansion of the unit.

n) Given the time elapsed since the transactions, Noticee 4 does not have invoices in support of its claim. That said, Noticee 4 has closed down and, therefore, does not have in its possession documents to show its business dealings.

o) Accordingly, it is submitted that there is no violation of PFUTP Regulations and, in fact, the conduct of Noticee 4 has always been in compliance with all relevant laws and regulations.

p) The SCN alleges that Noticee 4 was a related entity of Noticee 1 to 3 and that Noticee 4 along with vendors referred to as Noticees 5 to 11 and conduit entities referred to as Noticees participated in the manipulative device employed for the diversion of INR 35.44 Crore out of the IPO proceeds. This allegation is entirely baseless and without any evidence on record or otherwise. Noticee 4 has no connection with Noticee Nos. 5 to 14.

q) Noticee 4 purely engaged in commercial transaction with ASL and other noticees. It is a mere coincidence that these dealings so happens to be in connection with the IPO. It is, therefore, submitted that Noticee 4 have not indulged in any manipulative, fraudulent or deceptive transaction or scheme as alleged.

r) It is respectfully submitted that Noticee 4 have neither derived any benefit or any advantage from the alleged contravention in the SCN. SEBI has not been able to determine if Noticee 4 has had access to any of the IPO proceeds or that it participated in siphoning of the funds from ASL to itself or any other entity connected or related to Noticee 4.

Additional Submissions by Noticee 2:

a) Noticee 2 submitted that he relied upon various decisions of Hon'ble SAT (***PG Electroplast Ltd. 85 Ors. v. SEBI)*** which has deemed to not impose a monetary penalty on parties which are already undergoing debarment/suspension.

b) The ratio in the above decision of the Hon'ble SAT is clearly applicable in the present case. As stated above, the Noticee 2 is already facing debarment of 5 years through the WTM Order. To subject them to a monetary penalty also will be excessive and unnecessary. It is respectfully submitted that the Noticee 2 have neither derived any benefit nor any advantage from the alleged contravention in the SCN. In fact, as the WTM Order records, there was no prejudice caused to the securities market as a result of the IPO proceeds. Any finding by SEBI upholding the allegations made against the Noticee 2 in the present instance would be inconsistent with the relevant provisions of law and regulations and facts and circumstances of the case.

c) As stated above, the Noticee 2 have already been subjected to the proceedings before the Learned Whole Time Member in 2019. At the said time, when the show cause notice was issued, the SEBI had granted powers to the Learned Whole Time Member to impose monetary penalty. Categorically, the SEBI chose to not initiate proceedings under the adjudication rules for monetary penalty. Thus, having decided to pursue the matter in a manner to only issue directions under Section

11(1), 11(4) and 11B of the SEBI Act, 1992, the SEBI is now barred under the principles of res judicata from pursuing the present SCN.

d) Hon'ble SAT in the matter of Vital Communications v. SEB112-1, wherein it was held as under: *"30. From the aforesaid, it is clear that the Supreme Court held that the doctrine of res judicata is not a technical doctrine but a fundamental principle which sustains the rule of law in ensuring finality in litigation. The main object of the doctrine is to promote a fair administration of justice and to prevent abuse of process of the court on the issues which have become final between the parties on the principle that no person should be vexed twice in a litigation for the same cause of action. In this regard, Explanation IV of Section 11 of the Code of Civil Procedure is also relevant. The fact that an order of disgorgement was not passed in the first round of litigation in the order of WTM dated July 31, 2014 does not entitle the WTM to pass a subsequent order for disgorgement on the same cause of action. The principle evolved in Explanation IV of Section 11 of the Code of Civil Procedure is constructive resjudicata which is fully applicable in the instant case.*

In Aditya Birla Money Limited vs National Stock Exchange of India Limited 86 Ors. (2020 SCC OnLine Mad 1082) a complaint was decided by the Investor Grievance Redressal Panel. The complainant made another application to reexamine the complaint which was rejected. The Madras High Court held that the second application was barred by the principles of resjudicata. The said decision is fully applicable in the instant case. In the light of the aforesaid, if SEBI has chosen to deal with its show cause notice in one particular manner and issue direction under Section 11 and 11B of the SEBI Act, it cannot thereafter bring the same transaction as a cause for issuing a fresh show cause notice, on the same cause of action and, issuing further directions under Section 11 and 11B. In our opinion once an adjudication is concluded it becomes final not only as to the actual matter determined but as to every other matter which the SEBI might or ought to have litigated or could have *been decided as incidental to or connected with subject matter and every other matter coming into the legitimate purview of the original action."*

e) Another circumstance which SEBI must consider is that the financial condition of the Noticee 2 is in a dire state. The Noticee 2's net worth statement as on 30th June, 2021 is Rs. 23,69,955 for the immovables and Rs.1,90,113.84 for the moveable's also the ITR FY 2021-22 of the Noticee is Rs. 3,49,000.

f) The Noticee 2 stated that his wife Mrs. Namrata Maheshwari i.e., Noticee 3 is a housemaker and was never involved in the business activities and decisions and in his absence she will not be able to pay any monetary penalty.

g) Further, Noticee 2 makes sustainable earning through non milking cows and male cows teaching organic farming and saving environment and facilitate to get carbon credits through GAUMATA.

h) The Noticee 2 has also suffered Cancer but he has been cured for the same.

63. **Submissions of Noticee 15:**

"During the due diligence, we noticed that there were unsecured loans taken by the Company. As per the ledger accounts provided to us and available with us (duly annexed as Annexure 1), the balance of unsecured loans as reflected in the unsecured loan account were from the following parties as on May 21, 2010:

Sr. No	***Name of the Party***	***Amount (In Rs.)***
1.	*AB & Co Op Services Limited*	*16,71,250*
2.	*Benchmark Buildcon Private Limited*	*1,15,00,000*
3.	*Hanurana Vinimay Private Limited*	*35,00,000*
4.	*Kiranshankar Roy*	*2,40,00,000*
5.	*Luniar Finstock Private Limited*	*16,15,38,083*
6.	*Mahesh A Maheshwari*	*1,03,466*
7.	*Namrata M Maheshwari*	*1,92,071*
	Total	***20,61,04,870***

The amounts of unsecured loans taken from the Promoters, Mahesh and Namrata Maheshwari were not repaid from the IPO proceeds. Similarly, unsecured loans availed from parties mentioned in sr. no. 1, 3 and 4 seem to have been taken in the normal course of business and do not find mention that they were repaid from the IPO proceeds. Now for the balance of amounts taken as unsecured loans from parties mentioned in the table above (other than those utilized towards IPO project), we were given to understand that the same were taken as a contingency in the eventuality of any delay in the IPO and in case the IPO went ahead as planned, the same would be repaid immediately, without any need to touch the IPO proceeds. In case there was any delay in the IPO, the statement of deployment of funds (dated May 28, 2010) obviously would have to be updated as it cannot be more than two months prior to the date of registering the offer document.

We would now proceed to clarify why the above list of unsecured loans is at a variance from the list as per Table 8 of the SCN, and reasons/comments on each of them is as mentioned below:

Sr. No	***Name of the Unsecured Lender and Period during which loan was availed***	***Amount (Rs.)***	***Our Comments***
1.	*Lunia Finlease Private Limited* *April 17, 2010 – June 14, 2010*	*17,00,00,000*	*It may be assumed that Lunia Finlease Private Limited is the same as Luniar Finstock Private Limited (since the amounts are more or less the same), the loan taken as on May 28, 2010 was Rs. 16.51 cr as per the ledger statement attached as Annexure I. It can therefore be surmised that the balance amount of Rs. 49 lacs would have been either availed by the Company after May 28, 2010 or it may be towards the interest component on the unsecured loan.* *It may be noted that the amount taken as unsecured loan would be different from the amount deployed towards the IPO project. Of the amount of Rs. 16.51 cr, an amount of Rs.*

			8.83 cr was deployed towards the IPO project, which is disclosed in the RHP and Prospectus. *As on the date of the deployment certificate of May 28, 2010, the balance amount was held by the Company and not utilized for any objects of the IPO.* *This is also disclosed as a Risk Factor* in the RHP which is reproduced below this table for ease of reference.*
2.	*Flyhigh Exports Private Limited* *June 09 – 18, 2010*	*5,00,00,000*	*This obviously will not appear in Annexure I, since the same is availed by the Company after May 28, 2010; i.e. after the date of issuance of deployment of funds certificate by the statutory auditor.*
3.	*Baccate Securities and Marketing Limited* *May 12-19, 2010*	*2,50,00,000*	*Does not appear in the list as per Annexure I. There could have been two possibilities, first, since the loan was obtained just prior to the date of deployment certificate, the Company might have recorded the same in its books subsequent to May 28, 2010.* *Another possibility is that the Company may have wrongly accounted the amount under a different head and subsequent to May 28, 2010, corrected the same in the records provided to you.*
4.	*JNB Sidhu Finance Limited* *June 2010*	*2,50,00,000*	*This obviously will not appear in Annexure I, since the same is availed by the Company after May 28, 2010; i.e. after the date of issuance of deployment of funds certificate by the statutory auditor.*
5.	*Benchmark Buildcon Private Limited* *May 10-11, 2010*	*1,15,00,000*	*The unsecured loan appears in the ledger account balance attached as Annexure I. However the amount was not utilized for deployment towards the IPO project and hence not disclosed in the deployment certificate.*
6.	*Savasthi Investments* *June 2010*	*50,00,000*	*This obviously will not appear in Annexure I, since the same is availed by the Company after May 28, 2010; i.e. after the date of issuance of deployment of funds certificate by the statutory auditor.*

7.	Ramdev Marketing Private Limited July 2010	1,50,00,00	This obviously will not appear in Annexure I, since the same is availed by the Company after May 28, 2010; i.e. after the date of issuance of deployment of funds certificate by the statutory auditor.

**Risk Factor reproduced - Our Company has availed unsecured loans, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and financial condition.*

As per our financial statements, as on March 31, 2010, we have unsecured loan of Rs. 177.05 Lacs which is repayable on demand. Out of this outstanding unsecured loan Rs. 5.45 is from promoters and Rs. 168.60 Lacs is from others. For further details of these unsecured loans, please refer to Auditors' Report beginning on page 116 of the Red Herring Prospectus. Further, our Company has availed 714.96 Lacs in the current financial year (2010-2011) as unsecured loans for ongoing deployment towards objects of the issue. For further details of these unsecured loans, please refer to section titled "Objects of the Issue" beginning on page 55 of the Red Herring Prospectus. Any demand from lenders for repayment of such unsecured loans, the consequential cash outgo may adversely affect our business operations.

With regard to the deployment of funds pending the completion of the IPO, we had obtained the statement of deployment of funds as on May 21, 2010 provided by the statutory auditor of the Company, M/s. H.B. Patel & Associates, Chartered Accountants, represented by its proprietor, Mr. Harikrishna Patel. That the statutory auditor took his time to verify the statements appearing as on May 21, 2010 and issue the certificate of deployment of funds only on May 28, 2010, we can safely assume that the statement is given by the statutory auditor only after verifying the bank accounts and the inflow of the funds and the classification of the same under the appropriate heads is done by the auditor in accordance with *the applicable Accounting Standards. The sole authority for certifying the statement of deployment of funds vests with the statutory auditor, as stipulated by SEBI, and the certificate appears to be in order.*

The SEBI ICDR provides that the deployment certificate has to be not more than two months old from the date of registering the offer document (Part A, Para (VII) (F) (1) of the SEBI ICDR Regulations), and in this case the deployment certificate was dated May 28, 2010, while the RHP was dated June 10, 2010 and the IPO opened for subscription on June 24, 2010, subsequent to which the Prospectus was dated June 30, 2010, which is hardly a month or so and well within the stipulated timelines of two months.

Similarly, in terms of the SEBI ICDR Regulations, the financial information presented in the Offer Document should be within six months of the IPO opening date and accordingly, the financials presented were for March 31, 2010 while the IPO opened for subscription on June 24, 2010. The financials are barely three months old and well within the stipulated timeline of six months.

Therefore the details are at variance clearly due to the fact that while the deployment certificate and schedule of unsecured funds is as on May 21 and May 28, 2010 respectively, the annexure provided in the SCN pertains to a wider period upto July 2010.

We would once again like to reiterate that the SEBI ICDR Regulations provides for that the financials not to be more than six months old and deployment schedule not more than two months old is clearly a recognition of the fact that due diligence in this area is not expected to be real time and online or concurrent. The cut off dates taken by us have been much more conservative than what are provided in the SEBI ICDR Regulations.

Moreover the matter needs to be examined in the context that the diligence period was a decade ago in 2010 and not in current times. It is as a result of the necessity to disclose all loans taken by the Company that the practice of issuing an Indebtedness certificate as close as possible to the Offer Document and incorporating the same as a section named "Indebtedness" was introduced as a market practice and is now insisted upon by SEBI, although there is no formal regulation in this regard till date. This practice started almost four to five years after 2010.

As per standard due diligence procedure, the Company has provided us with undertaking dated June 30, 2010 (dated same as the Prospectus date) provided by the Company, duly signed and stamped by the Promoter that the Prospectus does not contain any untrue statement of a material fact. The same is reproduced for ease of reference:

(15) We have reviewed the Prospectus confirm that it does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(16) We confirm that we have supplied all information and documents to you for the purpose of conducting the legal due diligence and there are no documents or information which we have withheld and which may be material to the Public Issue.

Hence we believe and reiterate that the disclosures made in the RHP/Prospectus are in order and in line with the SEBI ICDR Regulations.

Para 2, point n, we submit as under:

That there were loans taken from SICOM and SIDBI is a matter of fact and they were lenders to the Company, who had duly consented for the IPO, and whose consent letters were part of the material contract and documents for inspection. (Enclosed as Annexure 2) It is also a fact that loans taken from SIDBI and SICOM were secured term loans and not working capital loans, and therefore *could not have been used for any other purposes / working capital / general corporate or towards the project specified in the IPO document.*

The fact is that the amount of loans availed by the Company (Table 8 of SCN) is different from the amount utilised towards the IPO project (which is based on the deployment certificate) and the two are not comparable, except that the deployment certificate has to be by and large a part of the unsecured loans availed by the Company.

For deployment in the IPO proceeds, loans availed by the Company as unsecured loans, duly certified by the statutory auditor have been considered and disclosed accordingly. Hence there is no question of non/wrong disclosure.

The cut-off date for the financials in the Prospectus was March 31, 2010 as SEBI regulations stipulate that the financials disclosed in the Offer Document should not be more than 6 months old from the Issue Opening date. The same is based on the annual accounts of the Company and also the restated audit report for the year ended March 31, 2010.

Hence we believe that there was no non-disclosure and all information within the timelines as required under the SEBI ICDR Regulations have been complied with and disclosed in the RHP/Prospectus.

Para 2, point o, we submit as under:

From the submissions made by the Promoter to SEBI, it is clear that the Company had taken unsecured loans, especially after the certificate of deployment was issued by the statutory auditor. It is clear from the statement of the Promoter through his letter dated February 02, 2018, that the Company had taken unsecured loan for various purposes, capex and working capital, including for deployment in the IPO project. The competent authority to identify how much of *these unsecured loans have been spent on the IPO objects, after verifying the books of accounts, is the statutory auditor of the Company. It cannot be presumed that the entire unsecured loans were taken for deployment in IPO project, unless certified as such by the statutory auditor. Having said this, the funds which were deployed for the IPO project and were certified as deployed towards the IPO project were disclosed in the RHP/Prospectus. This was through a fund deployment certificate dated May 28, 2010, while the RHP was dated June 10, 2010, which is well within the 2 month timeline as specified under the SEBI ICDR Regulations.*

We have disclosed the unsecured loans availed by the Company basis the Annual report of the Company for the year ended March 31, 2010 along with schedules and also basis the restated audit report, both of which are signed by the Company Promoters and the auditors as provided in the Annual Report / Restated Accounts.

Sr. No	***Loans availed from***	***Amount (Rs. Cr)***	***Our Comments***
	Allegation of Wrong disclosure		
1	*Lunia Finlease Private Limited*	*8.83*	*It may be assumed that Lunia Finlease Private Limited is the same as Luniar Finstock Private Limited (since the amounts are more or less the same), the loan taken as on May 28, 2010 was Rs. 16.51 cr as per the ledger statement attached as Annexure I. It can therefore be surmised that the balance amount of Rs. 49 lacs would have been availed by the Company after May 28, 2010 or it may be towards the interest component on the unsecured loan.* *It may be noted that the amount taken as unsecured loan would be different from the amount deployed towards the IPO project. Of the amount of Rs. 16.51 cr, an amount of Rs. 8.83 cr was deployed towards the IPO project, which is disclosed in the RHP and Prospectus.*

			As on the date of the deployment certificate of May 28, 2010, the balance amount was held by the Company and not utilized for any objects of the IPO.
	Allegation of non-disclosure		
2	*Lunia Finlease Private Limited*	*8.17*	*Our comments on reply to para 2 (points l and m) may be read*
3	*Flyhigh Exports Private Limited*	*5*	*--;;--*
4	*Baccate Securities and Marketing Limited*	*2.5*	*--;;--*
5	*JNB Sidhu Finance Limited*	*2.5*	*--;;--*
6	*Benchmark Buildcon Private Limited*	*1.15*	*--;;--*
7	*Savasthi Investments*	*0.5*	*--;;--*

We reiterate that the SEBI ICDR Regulations state that the financial information presented in the Offer Document should be within six months of the IPO opening date and accordingly, the financials presented were for March 31, 2010 while the IPO opened for subscription on June 24, 2010. Most of the unsecured loans availed by the Company were during the period after May 28, 2010 which were not required to be disclosed in terms of the SEBI ICDR Regulations, save and except for any loans (sources of funds) which were deployed towards the IPO project, which have been duly disclosed in the RHP/Prospectus.

In the scheme of things, we felt that it was only natural that the Promoter would have availed the unsecured loan and utilised a part thereof towards the IPO project and balance of the money would have been either utilised towards IPO objects or repaid after the IPO. In the first case, since it could have been utilised after the date of utilisation certificate, hence it did not find mention therein. Had the IPO got delayed, the updated utilisation certificate would have certainly reflected the same. In the second eventuality of the amount being repaid after the IPO, it would be incorrect to assume that the IPO proceeds were utilised to *pay for it since the original loan amount that was still lying unutilised with the company and the same was used for repayment and therefore cannot be said to be repaid out of the IPO proceeds. It is just that the timing of the repayment coincided and indicated that it was repaid out of IPO proceeds. Any other possibility is not within our understanding, given the limited access to data post IPO.*

Para 2, point p, we submit as under:

The Company had obtained quotations from various parties, including for the furnace. The quotation for the furnace was from Ambica Ceramics, whose proprietor is one Mr. Paresh Panchal, who is mentioned as Pareshbhai on the Purchase Order dated April 03, 2010. From a general search today as well, we can see that the same person is mentioned on the website: https://www.hindustanyellowpages.in/Vadodara/Relaince-Steel-Corporation-OR-Ambica-Ceramics/Wadi/AboutUs (Screenshot attached as Annexure III (1). *The address mentioned is also the same as per the quotation received. (Attaching the copies of quotation as received from the company and the copy of the order placed as Annexure III (2)).*

We had reviewed the minutes of the Company (shared with you earlier) and there is no mention of any Ambica Ceramics or Namrata Maheshwari as a proprietor of Ambica Ceramics. In fact Ambica Ceramics appears as a creditor for asset for the year 2008-09, with outstanding balance of Rs. 1.64 cr, as it may have supplied other furnace related materials to the Company as well besides the furnace for the IPO project. (Annexure III (3))

Additionally, we are also submitting the extract of the factsheet submitted to BSE (required for their in-principle listing approval), detailing their top customers and creditors, which also feature Ambica Ceramics, and which also clearly mentions *that the said customer or creditor does not have any relationship with the Company/Promoter/Director. (Annexure III (4))*

Neither, has the then existing statutory auditor, nor the previous statutory auditor, who had worked closely with the Company and its Promoters have ever mentioned about Ambica Ceramics as a related party / under the related party transactions in the Schedule on Related Party Transactions in the Annual Report.

Now that we understand from SCN that Namrata Maheshwari was a proprietor of Ambica Ceramics and it comes as a real surprise to us. The following are the levels of diligence, where this fact would have come to our notice:

i. *Earlier transactions with Ambica Ceramics never have found any mention, neither in the minutes book, nor in the auditor report/Annual report, although they were related party transactions as per the SCN. It can be surmised therefrom that both the Board and the statutory auditor were kept in dark about this fact, obviously, deliberately and with a malafide intention.*
ii. *The Company also made willful misstatement to BSE as earlier described through the submission of fact sheet.*
iii. *Having hoodwinked so many authorities, the Company continued the series of lies by giving the name of one Mr. Paresh as the proprietor on the quotation and purchase order. In fact even till date Mr. Paresh appears as a proprietor of Ambica Ceramics as per the publicly available information.*
iv. *Even today the publicly available information states that one Mr. Paresh is the proprietor of Ambica Ceramics and not Namrata Maheshwari.*
v. *Apart from the above there is no other document that a Merchant Banker can verify that Namrata Maheshwari was the proprietor of Ambica Ceramics.*
vi. *Possibly with a view to camouflage this fact the Company retracted the amount paid as advance to Ambica Ceramics as mentioned in the SCN.*

Hence, we sincerely believe it was beyond any level of due diligence to suspect that Ambica Ceramics was a related party. There was just no reason to suspect that there was any connection between Ambica Ceramics and the Promoter of the Company. Even today we fail to understand the motive or ultimate objective of camouflaging this relationship / transaction.

Para 3

In addition to reliance on certificate issued by the statutory auditor, who is considered an expert under the Companies Act, we have relied on the ledger balance extract as a secondary diligence and also the confirmations/affirmations by the Company/Promoters. Thirdly we have also scanned the minutes book as provided by the Company wherever required. As a Merchant Banker, we have placed reliance on the deployment certificate issued by the statutory auditor of the Company, who is considered an expert under the Companies Act.

The SEBI ICDR provides that the deployment certificate has to be not more than two months old from the date of registering the offer document (Part A, Para (VII) (F) (1) of the SEBI ICDR Regulations), and in this case the deployment certificate was dated May 28, 2010, while the RHP was dated June 10, 2010 and the IPO opened for subscription on June 24, 2010, subsequent to which the Prospectus was dated June 30, 2010, which is well within the stipulated timelines.

Similarly, as per the SEBI ICDR Regulations, the financial information presented in the Offer Document should be within six months of the IPO opening date and accordingly, the financials presented were for March 31, 2010 while the IPO opened for subscription on June 24, 2010.

We in our course of diligence, we do call upon for bank account statements and had done so calling client ledgers and bank account statements on a sample basis. Having found no apparent reason to disbelief/doubt the accounts as stated in the annual accounts and the restated audit report, we have further not asked such bank statements thereafter. While we were constantly in touch with the promoter, with him being stationed in Mumbai during the IPO period and thereafter, there was never ever any communication that the Company has *availed any unsecured loans other than those stated in the deployment certificate / DRHP / RHP / Prospectus.*

As part of our diligence, we ask the promoters and call for such documents only when the promoter answers in affirmative of any unusual transaction or loan availed. Accordingly we had explained to the promoter the reason behind obtaining affirmations / confirmations dated June 30, 2010, prior to issuance of the Prospectus. Since there were no such confirmations from the Promoters, we have not asked for any bank account statements during such period after the deployment certificate was issued, as the period was within the timelines as mentioned in the SEBI regulations.

Beyond this, as a Merchant Banker, we always advise our clients / issuer companies to keep us updated on any critical events. We would also like to bring to your attention that on page no. 137 of the RHP (which is signed by all the Directors), there is a specific heading under the chapter "Management's Discussion and Analysis of Financial Condition", which is reproduced for ease of reference:

> *"*
>
> ***Significant developments subsequent to the last financial year:***
> *After the date of last financial year i.e. March 31, 2010, the Directors of our Company confirm that in their opinion, there have not been any significant material developments.*
> *"*

We would also like to rely on SAT Order in the matter of Corporate Strategic Alliance Vs SEBI passed on 29.03.2019 as per which, "…….... The balance sheet has been duly audited by the Statutory Auditors and accepted by the Income Tax Authorities. It is not open to the AO to question the entries in the balance sheet. The AO is not an expert to juggle the accounting figures and hold as to which *entry should come under "Fixed Assets" or under the "Revenue Expenditure". The Merchant Banker has only disclosed what the balance sheet was showing for which purpose the Merchant Banker cannot be found at fault……..”*

To summarize, we have checked at six levels of due diligence:

a) *Audited Annual Reports of for last 5 years*
b) *Restated Audit report signed by the statutory auditor*
c) *Minutes book for last 5 years*
d) *Ledger Balances where required along with the certificate from statutory auditor*
e) *Undertakings/Declarations from the management*
f) *Information available in the public domain*

Another submission we would like to make is that post IPO, the Company has still not paid part of our fees and the affairs of the Company is currently being managed by an Insolvency Professional (IP).

Basis the above, the security deposit (1% of the IPO size) with BSE has till date not been released to the Company. A copy of our communication dated August 01, 2019 with SEBI in this regard is attached as Annexure IV.”

64. Opportunity of hearing was provided to the Noticees through video conferencing. Mr. Rushin Kapadia and Ms. Rinku V, Authorized Representative (AR) of Noticees 2, 3 and 4 attended the hearing on June 07, 2022. Mrs. Shailashri Bhaskar and Mr. K Srinivas, Authorized Representative (AR) of Noticee 15 attended the hearing on May 17, 2022.

65. Vide hearing notices dated April 21 and 22, 2022 an opportunity of personal hearing through video conferencing was provided to Noticees 1 and Noticees 5 to 14. Hearing Notices were duly served to the Noticees 1, Noticee 5 and

Noticees 9 to 14 through paper publication. Hearing Notices dated April 21, 2022 sent to Noticees 6 to 8 through speed post returned undelivered.

66. The Noticee 1 and Noticees 5 to 14 did not file any reply to the SCN. I note that through the SCN and Hearing Notices, they were advised to furnish their reply, if any, within stipulated time, failing which, it shall be presumed that they have no reply to submit and the matter will be proceeded with on the basis of the material available on record.

67. As sufficient opportunity was given to the Noticee 1 and Noticees 5 to 14 to submit reply and no response was received from them, the adjudication proceeding against them is undertaken *ex-parte* on the basis of material available on record.

68. As the inquiry in the matter has been completed, I now proceed to decide the case on the basis of SCN issued, replies made by the Noticees 2, 3, 4 and 15 and material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

69. The issues that arise for consideration in the instant matter are:

Issue No. I Whether,

a) Noticees 1, 2 and 3 under section 15HA of the SEBI Act for alleged violations of sections 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(f), (k) and (r) of the PFUTP Regulations.
b) Noticees 4 to 14 under section 15HA of the SEBI Act for alleged violations of sections 12A (a), (b) and (c) of the SEBI

Act read with Regulations 3 (b), (c), (d) and 4(1) of the PFUTP Regulations.

c) Noticees 1, 2 and 3 under section 15HB of the SEBI Act for alleged violations of Regulations 57 (1) and 57 (2)(a) read with Clause 2(XVI)(B)(2) of part A of Schedule VIII and Regulation 60(7)(a) of the ICDR Regulations.

d) Noticee 1 under section 23E of SCRA for alleged violations of section 21 of the SCRA read with clauses 43 and 43A of the Listing Agreement.

e) Noticee 15 under section 15HB of the SEBI Act for alleged violation of the provisions of Regulations 64(1) of ICDR Regulations and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified in Schedule III of Merchant Bankers Regulations.

Issue No. II If yes, whether the failure on the part of the Noticees would attract monetary penalty under Section 15HA and 15HB of the SEBI Act and Section 23E of SCRA?

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act and Section 23J of SCRA read with Rule 5(2) of the Adjudication Rules?

Issue No. I Whether, the Noticees are in violation of aforesaid Regulations

70. Before going into the merits of the case I note that Noticee 2, 3 and 4 have raised the contention that the allegations framed in the SCN relate to the IPO, which was more than nine years ago and the SCN does not provide any explanation to justify the inordinate and unconscionable delay in initiation of proceedings against them. In this regard, I note that SEBI initiated the Investigation in the

instant matter in 2015, which was completed in September 2018. Adjudication proceedings were approved in September 2018, and SCN in the matter was issued on July 30, 2020. I further note that no limitation has been prescribed in SEBI Act for initiating proceedings for violation of securities laws. I take note of the fact that the IPO in respect of which violations are alleged took place in June 2010.

71. I note from the SCN that Noticee 1 raised an amount of Rs.53.10 crore through IPO for the disclosed purpose of expansion of manufacturing facilities and certain other working capital requirements. The IPO proceeds were to be utilized in following manner as per the objects of the issue:

Object	**Amount (Rs. in lakhs)**
Expansion of manufacturing facilities	4,432.19
Additional Working Capital requirements	750.00
Public Issue Expenses	500.00
Total Cost of the Project	**5,682.19**
Means of Finance	
Description	**Amount (Rs. in lakhs)**
Proceeds from IPO	5,310.00
Internal cash accruals	372.19
Total	**5,682.19**

72. The main allegation against the Noticees is that out of total IPO proceeds of Rs.53,10,00,000/-, Rs.35,44,60,045/- was not utilised in accordance with the objects stated in the IPO and as disclosed in the Prospectus by the Company, as given below :

Vendor / account name	**Amount transferred to the vendors by ASL (in *Rs.*)**	**Amount returned back to ASL (directly by vendors / by other entity) – in *Rs.***	**Amount withdrawn as cash by entities (directly by vendors / by other entity) – in *Rs.***	**Net amount which can be stated to be not utilised as per objects in prospectus – in *Rs.***
Neptune	10,00,00,000*	10,00,00,000	NA	10,00,00,000
Chamunda	4,66,23,000	2,20,00,000	2,46,23,000	4,66,23,000
Orbit	4,57,73,000	1,24,14,000	3,33,59,000	4,57,73,000
Shukan	4,05,28,203	1,70,00,000	2,35,00,000	4,05,00,000
Karan	3,30,00,000	1,00,00,000	2,30,00,000	3,30,00,000
Shreeji	2,95,26,000	1,52,00,000	1,23,39,045	2,75,39,045
Shree Ganesh	2,78,25,000	0	2,78,25,000	2,78,25,000
Krish	1,80,00,000	0	1,80,00,000	1,80,00,000
Refund interest payment	1,52,00,000	NA	NA	1,52,00,000
Total	**35,64,75,203**	**17,66,14,000**	**16,26,46,045**	**35,44,60,045**

73. The aforesaid misutilization is allged to have been carried out through several sham fund transactions which were carried out by and through Noticees 4 to 14. There is also allegation of wrong disclosure of information by Noticee 1 in the prospectus and annual report of FY 2010-11.

Mis-utilization of IPO Proceeds:

74. With regar to Noticee 1, I note that the Company is presently under liquidation subsequent to proceedings initiated against the company under the Insolvency and Bankruptcy Code, 2016 in October 2018.

75. In response to the allegation of misutilization of IPO proceeds, Noticee 2, 3 and 4 in their reply have contended that he proceeds of the IPO have been utilized as per the Prospectus. This has been verified by inspection carried by SEBI as well as independent valuer appointed by SICOM. Upon satisfaction of the work undertaken at the plant of ASL, SICOM sanctioned and dispersed a total loan of approximately Rs.70 crore. SICOM was also involved in the capital infusion to the tune of Rs.10 crore. Further, in terms of valuation report by valuer appointed by SICOM, the fair market value of land and factory premises was valued at Rs.105 crore.

76. I note that from the SCN that of the amount of Rs. 35.44 crore alleged to be misutilised, the amount of Rs.17.66 crore returned back to Noticee 1 and there was no explanation from the Noticee 1 for the amount returned back to it. Further, the amount of Rs. 16.26 crore was withdrawn in cash by the Noticees 5 to 10 and 14 after the amounts were received by them. The SCN records that the Copmany was unable to provide invoices for the materails stated to have been supplied by the vendors mentioned in table above. Also, one of the vendors, Neptune, denied having any relationship with the Company.

77. In respect of the allegation of there being only a few invoices for partial amounts and no invoices for the remaining sums paid to the vendors, Noticee 2 submitted that the sales invoices are in the possession of the Sales Tax Department or in custody of SICOM. Noticee 2 finally managed to get each and every invoice raised by the vendor against which a payment was made and have submitted the ledger account as well as invoices of Neptune, Chamunda Enterprise Orbit Corporation, Shukan Enterprise, Karan Enterprise, Shreeji Machine Tools, Shree Ganesh Engineering Corporation and Krish Corporation.

78. I have perused the documentary proof submitted by the Noticee 2 and find that, Noticee has admiteddly obtained invoices later on to substantiate the amounts paid to the vendors. In view of the submissions made by Neptune denying any relationship with the Noticee, and the fact that the banks accounts of the vendors were closed or became non-operational soon after the IPO, I am unable to accept that the invoices produced by Noticee 2 represent genuine business transactions. The bank accounts of the vendors to whom the IPO proceeds were transferred were found to be opened only in July-August, 2010 i.e. immediately after the IPO issue and they have become non-operative / dormant soon after the receipt of funds from Noticee 1 and subsequent withdrawal of the same in cash. Noticees have not made any credible submissions in this regard.

79. I note that Noticee 1 has submitted wrong information with respect to fund transfers to Neptune Enterprise and Noticee 10. Neptune Enterprise has denied any kind of transaction of Rs. 10 crore with Noticee 1 and in fact the transfer of Rs. 10 crore was made to Noticee 4, which was related entity of Noticee 1. Further, with respect to transfer of Rs.1.80 crore to Noticee 10, I note that an amount Rs.25 lacs were transferred to Noticee 7 and not to Noticee 10. Noticees have also not made any submissions in this regard.

80. Noticee 2, 3 and 4 have argued that the company had available assets of land, factory and office building etc. with market value of Rs. 105 crores as per the

valuation report dated March 19, 2012 which proved that the IPO proceeds were utilized for the purpose of the said assets. In this regard, I note that the valuation certificate indicates assets available with the Noticee 1 as of March 2012, this by iteslef does not established that these assets were created out of IPO proceeds, as Noticee 1 had also also availed bank loans of Rs.14 crores, as well as unsecured loans of Rs.29 crores in 2010, as per Noticees 2's submissions.

81. Noticee 2 has also made submissions relating to several setbacks face by the company in running its plant such as non-availability of gas/ fuel, breakdown due to floods, shortage of Soda Ash which was a key ingredient etc., which eventually led to losses and shutdown of plant.

82. Having perused the submissions of the Noticees, I find that the Noticees have been unable to adequately explain the utilization of IPO proceeds on account of non-availability of proper invoices, as well as unexplained ffund flows as brought out in the SCN. Of the Rs.35 crore alleged to be misutilized, I note that Rs.17.66 crore came back to the company and Rs.16.26 crore were withdrawn in cash by the aforesaid vendors (Noticees 5 to 14).

83. I note that Noticees 5 to 14 have assisted Noticee 1 in utilizing funds for purposes other than as stated in the prospectus as shown below:

Sr. No.	**Vendor Name**	**Amount (in Rs.)**	**Fund Movement**	**Amount Returned back to Noticee 1 (in Rs.)**
1	Neptune Enterprise	10,00,00,000	Amount actually transferred to Noticee 4 and returned back on same day to Noticee 1	10 crore
2	Chamunda Enterprise	4,66,23,000	Rs.2.20 crore transferred to Noticee 4 and then returned back to Noticee 1	2.2 crore

			Rs.2.46 crore withdrawn in cash by Noticee 14	
3	Orbit Corporation	4,57,73,000	Rs.1.24 crore transferred to Noticee 4 and then returned back to Noticee 1 Rs.3.33 crore withdrawn in cash by Noticee 5, Rs.64 lacs transferred to Noticee 12 and back to Noticee 4	1.24 crore
4	Shukan Enterprise	4,05,28,203	Rs.1.70 crore transferred to Noticee 4 and then returned back to Noticee 1 Rs.2.35 crore withdrawn in cash by Noticee 6	1.70 crore
5	Karan Enterprise	3,30,00,000	Rs.1 crore transferred to Noticee 4 and then returned back to Noticee 1 Rs.2.30 crore withdrawn in cash by Noticee 7	1 crore
6	Shreeji Machine Tools	2,95,26,000	Rs.1.52 crore transferred to Noticee 4, 11 and 13 and then returned back to Noticee 1 Rs.1.23 crore withdrawn in cash by Noticee 8	1.52 crore
7	Shree Ganesh Eng. Co	2,78,25,000	Rs.1.02 crore transferred to Noticee 13 and then withdrawn in cash 1.75 crore withdrawn in cash by Noticee 9	
8	Krish Corporation	1,80,00,000	Rs.0.25 crore transferred to Noticee 7 and then withdrawn in cash	

			Rs.1.55 crore withdrawn in cash by Noticee 10	

84. No reply to the SCN have been received from Noticees 5 to 14. From the material on record and the replies submitted by Noticees 2 – 4, I find that the utilization of funds to the extent of Rs.16.26 crore is not explained by supporting documents. Therefore, I find that the IPO funds of Rs. 35.44 crore were not utlised in terms of objects of IPO by Noticee 1. Noticee 2 and 3, being its Managing Director and Whole Time Director were in charge of Noticee 1 and hence are liable for the miutilisation of IPO proceeds of Rs. 35.44 crore. I also fiind that Noticees 4 – 15 assisted Noticees 1-3 in employing a manipulative device by acting as conduits in diverting the IPO proceeds for other purposes than those disclosed in the objects of the issue.

85. With regard to extent of misutilisation of IPO proceeds, I note that the while it is established that the funds were not utlised as per objects of IPO, it is not the case that the funds were siphoned off or diverted from the company to the Noticees 2 to 14. The funds to the extent of Rs.17.66 crore returned back to the Company. In respect of remaining funds, I take note of submission of Noticee 2 that there is no finding of diverting the funds received from the IPO proceeds into the accounts of Noticee 2. I also take note of the fact thet after carrying out valuation of company, December 03, 2012 SIFL, extended a loan of Rs.20 crores. This involved pledge of shares. On December 11, 2012 SICOM (parent company of SIFL) also gave a loan of Rs.50 crores. This involved pledge of shares as well as pari passu charge of SIFL. Thus, SIFL and Sicom together had given a total loan of Rs.70 crores.

86. It is alleged in the SCN that Noticee 1 in its Annual Report for FY 2010-11 made wrong disclosure that - "*the money raised through IPO was utilized for the purpose for which it was raised"*. Further, it is also alleged that since Noticee 1 did not utilize Rs.35,44,60,045/- of the IPO proceeds in accordance with the IPO

objects as disclosed in the prospectus, therefore, the prospectus provided the wrong disclosures regarding the IPO objects. In this regard, I note that it is established that Noticee 1 has misutilized the IPO proceeds, therefore the disclosure made in Annual Report was incorrect. However, it cannot be held that the prospectus disclosure was incorrect as that was the proposed utilization of IPO proceeds.

87. It is alleged in the SCN that Noticee 1 made wrong disclosure in the prospectus with respect to the loan of Rs.17 crore taken from Lunia Finlease Pvt. Ltd., wherein it mentioned that the same was undertaken from Luniar Finstock Pvt. Ltd. In this regard I note that the difference between Lunia and Luniar is minor and can be explained as a typo, as submitted by Noticee 2. With regard to difference in amount, I note that disclosed amount was Rs.8.83 crore whereas from bank statements, it was noted that loan taken from to Lunia Finlease was Rs.17 cores. Thus there was non-disclosure of loan taken to the extent of R.8.17 cores. There wa also non-disclosure of certain other loans. No reply is made by Noticee 1 – 3 on this aspect. Hence, it is established incorrect disclosure was made in the prospectus with regard to loans taken.

88. It is also alleged that Noticee 1 had stated in Prospectus that none of the machine suppliers that it intended to purchase machinery from, were related to it or its promoters. However, it is observed that Ambica Ceramics is connected to Noticee 1, since Ambica Ceramic's proprietor Ms. Namrata Maheshwari, Noticee 3 is a director of Noticee 1 and also the wife of Mr. M.A. Maheshwari, Noticee 2, Managing Director of Noticee 1. In view of same, it was alleged that Noticee 1 made a wrong disclosure in the prospectus regarding having no connection with one of the proposed vendors. No reply is made by Noticee 1 – 3 on this aspect. Hence, it is established incorrect disclosure was made in the prospectus in this regard.

89. In view of the above, it is established that Noticee 1 to 3 have violated sections 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (b), (c), (d) and 4(1), 4(2)(f), (k) and (r) of the PFUTP Regulations and Noticees 4 to 14 have violated sections 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (b), (c), (d) and 4(1) of the PFUTP Regulations.

90. From the aforesaid, I also find that the Copmany had wilfully made certain misstatements in the prospectus. Therefore, the allegation of Regulations 57 (1) and 57 (2)(a) read with Clause 2(XVI)(B)(2) of part A of Schedule VIII and Regulation 60(7)(a) of the ICDR Regulations by Noticee 1, 2 and 3 is established.

91. It is alleged in the SCN that as the funds were not utilized as per the objects of the issue, it was required to disclose the deviation of utilization to the stock exchanges in tems of Clause 43 and 43(a) of the listing agreement, which Noticee 1 failed to do. In this regard, no specific submission made by the Noticee 1 except that it denied misutilization of the proceeds. Hence, it is established that Noticee 1 violated section 21 of the SCRA read with Clause 43 and 43A of the listing agreement.

92. Noticee 15 was BRLM of the IPO issue of Noticee 1. It is alleged in the SCN that on account of wrong disclosure in the prospectus Noticee 15 failed to carry out due diligence with regard to dislcoures made in the prospectus and thereby violated provisions of Regulations 64(1) of ICDR Regulations and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified in Schedule III of Merchant Bankers Regulations.

93. In this regard, Noticee 15 has submitted that, an amount of Rs. 8.83 cr was deployed towards the IPO project, which is disclosed in the RHP and Prospectus. There is also allegation few other loans which were not disclosed in Prospectus. In this regard, Noticee 15 has submitted that had obtained the statement of deployment of funds as on May 21, 2010 provided by the statutory auditor of the

Company, M/s. H.B. Patel & Associates, Chartered Accountants, represented by its proprietor, Mr. Harikrishna Patel. That the statutory auditor took his time to verify the statements appearing as on May 21, 2010 and issue the certificate of deployment of funds only on May 28, 2010, we can safely assume that the statement is given by the statutory auditor only after verifying the bank accounts and the inflow of the funds and the classification of the same under the appropriate heads is done by the auditor in accordance with the applicable Accounting Standards. The sole authority for certifying the statement of deployment of funds vests with the statutory auditor, as stipulated by SEBI, and the certificate appears to be in order. Therefore the details are at variance clearly due to the fact that while the deployment certificate and schedule of unsecured funds is as on May 21 and May 28, 2010 respectively, the annexure provided in the SCN pertains to a wider period upto July 2010.

94. With regar to disclosure of purchases from related parties, Noticee 15 has replied that the Company had obtained quotations from various parties, including for the furnace from Ambica Ceramics, whose proprietor is one Mr. Paresh Panchal, who is mentioned as Pareshbhai on the Purchase Order dated April 03, 2010. From a general search today as well, it is seen that the same person is mentioned on the website: https://www.hindustanyellowpages.in/Vadodara/Relaince-Steel-Corporation-OR-Ambica-Ceramics/Wadi/AboutUs (Screenshot attached as Annexure III (1). The address mentioned is also the same as per the quotation received. Neither, has the then existing statutory auditor, nor the previous statutory auditor, who had worked closely with the Company and its Promoters have ever mentioned about Ambica Ceramics as a related party / under the related party transactions in the Schedule on Related Party Transactions in the Annual Report. Noticee further submitted that beyond any level of due diligence to suspect that Ambica Ceramics was a related party. There was just no reason to suspect that there was any connection between Ambica Ceramics and the Promoter of the Company

95. From the submissions of Noticee 15, I find that it relied on certification by statutory auditor with regard to aforesaid disclosures. I also take note of reliance placed by Noticee 15 on SAT Order in the matter of Corporate Strategic Alliance Vs SEBI passed on 29.03.2019 as per which, "…….. The balance sheet has been duly audited by the Statutory Auditors and accepted by the Income Tax Authorities. It is not open to the AO to question the entries in the balance sheet. The AO is not an expert to juggle the accounting figures and hold as to which entry should come under "Fixed Assets" or under the "Revenue Expenditure". The Merchant Banker has only disclosed what the balance sheet was showing for which purpose the Merchant Banker cannot be found at fault……."

96. Hence I fins that it cannot be held that Merchant Banker has violated the provisions of Regulations 64(1) of ICDR Regulations and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified in Schedule III of Merchant Bankers Regulations.

97. I note from the records that liquidation proceedings have been initiated against Noticee 1 and the Official Liquidator of the Company has taken charge of the assets of the Company. The Official Liquidator has initiated the liquidation process of the Company and as per available records the Official Liquidator has already auctioned some of the assets of the Company. Thus, in the given situation, it would not be appropriate to impose any penalty against the Noticee 1.

Issue No. II **If yes, whether the failure on the part of the Noticees would attract monetary penalty under Section 15HA and 15HB of the SEBI Act and Section 23E of SCRA?**

Issue No. III **If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act and Section 23J of SCRA read with Rule 5(2) of the Adjudication Rules?**

98. Since it is established that

a) Noticees 2 and 3 have violated section 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(f), (k) and (r) of PFUTP Regulations;

b) Noticees 4 to 14 have violated section 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (b), (c), (d) and 4(1) of the PFUTP Regulations Noticees 1 to 6 have violated the provisions of Regulations 30(2) and 30(3) of SAST Regulations 2011;

c) Noticees 2 and 3 have violated Regulations 57 (1) and 57 (2)(a) read with Clause 2(XVI)(B)(2) of part A of Schedule VIII and Regulation 60(7)(a) of the ICDR Regulations by Noticee 1, 2 and 3 is established.

Therefore, the Noticees 2 to 14 are liable for monetary penalty under Section 15HA and Noticees 2 and 3 are liable for monetary penalty under Section 15HB of SEBI Act.

SEBI Act:

Penalty for fraudulent and unfair trade practices.

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher.*

Penalty for contravention where no separate penalty has been provided.

15HB. *Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.*

99. While determining the quantum of penalty under Section 15A(b) of SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:

Factors to be taken into account by the adjudicating officer

15J.*While adjudging quantum of penalty under Section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -*

a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

100. I note that the material on record has not brought out any disproportionate gain made by the Noticees or loss caused to investors by the Noticees. I also note that the IPO issue took place in the year 2010 and considerable time has elapsed since the violations took place. I note that violation of the PFUTP Regulations is established against Noticees 1 to 14 on account of misutilization of IPO proceeds, however, there is no allegation of siphoning of funds by them.

101. I further note that vide Order dated April 29, 2022 in the same matter, Hon'ble WTM of SEBI passed the following directions:

a) Noticees 2 to 14 are restrained from accessing the securities market by issuing prospectus, offer document or advertisement soliciting money from the public in any manner for a period of 5 years.
b) Noticees 2 to 14 are restrained and prohibited from buying, selling or otherwisedealing in the securities market, directly or indirectly in any manner whatsoever manner, for the period a period of 5 years.
c) Noticees 2 and 3 are restrained from holding post of Director, any managerial position or associating themselves in any capacity with any listed public company and any public company which intends to raise

money from the public, or any intermediary registered with SEBI for a period of 3 years.

102. In view of the above, taking into account the facts and circumstances of this matter, I find that a penalty of Rs.8,00,000/- (Rupees Eight Lakh only) under section 15HA of SEBI Act to be paid jointly and severally by Noticees 2 and 3 for violation of section 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d), 4(1), 4(2)(f), (k) and (r) of PFUTP Regulations and Rs. 1,00,000/- (Rupees One Lakh only) each on Noticees 4 to 14 under section 15HA of SEBI Act for violation of section 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (b), (c), (d) and 4(1) of the PFUTP Regulations and Rs. 2,00,000/- (Rupees Two Lakh only) under section 15HB of SEBI Act to be paid jointly and severally by Noticees 2 and 3 for violation of Regulations 57 (1) and 57 (2)(a) read with Clause 2(XVI)(B)(2) of part A of Schedule VIII and Regulation 60(7)(a) of the ICDR Regulations will be commensurate with the violations committed by them.

ORDER

103. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules, I hereby impose the following penalty on the Noticees:

Sl. No.	Name of the Noticee	Penalty
1.	Mahesh Maheshwari (Noticee 2) and Namrata Maheshwari (Noticee 3)	Rs. 8,00,000 (Rupees Eight Lakh only) under Section 15HA of the SEBI Act for violation of section 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d), 4(1),

		4(2)(f), (k) and (r) of PFUTP Regulations (payable jointly and severally)
2.	M/s Ambica Ceramics (Noticee 4), M/s Orbit Corporation (Noticee 5), M/s Shukan Enterprise (Noticee 6), M/s Karan Enterprise (Noticee 7), M/s Shreeji Machine Tools (Noticee 8), M/s Shree Ganesh Engineering Corporation (Noticee 9), M/s Krish Corporation (Noticee 10), M/s Arasuri Enterprise (Noticee 11), M/s Suraj Trading Corporation (Noticee 12), M/s Bhavi Trading Company (Noticee 13) and M/s Chamunda Enterprise (Noticee 14)	Rs. 1,00,000 (Rupees One Lakh only) each under Section 15HA of the SEBI Act for violation of section 12A (a), (b) and (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d), 4(1) of PFUTP Regulations
3.	Mahesh Maheshwari (Noticee 2) and Namrata Maheshwari (Noticee 3)	Rs. 2,00,000 (Rupees Two Lakh only) under Section 15HB of the SEBI Act for violation of Regulations 57 (1) and 57 (2)(a) read with Clause 2(XVI)(B)(2) of part A of Schedule VIII and Regulation 60(7)(a) of the ICDR Regulations (payable jointly and severally)
TOTAL PENALTY		**Rs. 21,00,000/- (Rupees Twenty One Lakh only)**

104. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online

payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link

ENFORCEMENT → Orders → Orders of AO → PAY NOW

105. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – II of SEBI. The Noticees shall provide the following details while forwarding DD/ payment information:

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

106. Copy of this Adjudication Order is being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

DATE: June 30, 2022 | **MANINDER CHEEMA**
PLACE: MUMBAI | **ADJUDICATING OFFICER**