



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

SAHIL MALIK
Adjudicating officer

Through Speed Post AD

SEBI/EAD-9/SM/JR/ 19001 /11 /2018
July 5, 2018

Name of the Noticees	Address
1. Acropetal Technologies Ltd	2/10, 3rd floor, Ajay Plaza 1st Main, N.S. Palya, Bannerghatta Road, Bangalore – 560 076
2. HDK International Pvt. Ltd.	801, Shroff Tower, Near Sodawala Lane Corner, Chamunda Circle, Borivali (West), Mumbai, 400092 Dev Krupa Chambers 3 rd Flr East Site, 6/2179 Pipla Sheri Mahidharpura Surat 395003 202 B Kohli House, Dr.DD Sathe Marg Opera House Mumbai 400 004
3. Balaji Trading Corporation (Proprietor – Shailesh Kumar H Shah)	G/60/712, Shivam Apartment, Near Vyas Wadi, Nava Vadaj, Ahmedabad 380013
4. Viraj Mercantile Pvt. Ltd.	7 th Floor, Room No.703, Mumbai A/C Market, Tardeo Main Road, Mumbai 400034
5. Maars Software International Ltd.	Office No. Q-205, 2nd floor, Real Enclave,

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.

दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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Name of the Noticees	Address
	No. 22, Joshier Street, Nungambakkam, Chennai-600 034 2 nd Floor, East Coast Chambers, 92, G. N Chety Road, T. Nagar, Chennai 600017 Office No. 18 to 22, 4 th Floor, Mohid Heights, Lokhandwala Road, Andheri West, Mumbai 500053
6. S V Enterprises	✓ 10/11 Aamir Parksarkhej Road, Ahmedabad 380055
7. Raj Real Estate and Finvest P Ltd.	✓ No. 1807, Panchratna Building, 18 th Floor, Opera House, Mama Parmanand Marg, Mumbai 400004
8. Dlrva Trade Impex Pvt. Ltd.	Shop No. 3, Yamuna Niwas, B P Cross Road, Bhayandar East, Thane 401105

Notice under Rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 in the matter of Acropetal Technologies Limited

1. Acropetal Technologies Limited (herein after referred to as "ATL" / "Company") came out with an Initial Public Offer (herein after referred to as "IPO") for issue of 1,88,88,889 equity shares of face value ₹10/- each at a price of ₹ 90/- per share, aggregating to ₹170 Crore during February 2011. ATL was listed on the exchanges BSE and NSE on March 10, 2011. The scrip opened on March 10, 2011 at Rs. 92.00/- & Rs. 130/- on March 10, 2011 and touched a high of Rs. 140/- & Rs. 150/- on NSE & BSE respectively.

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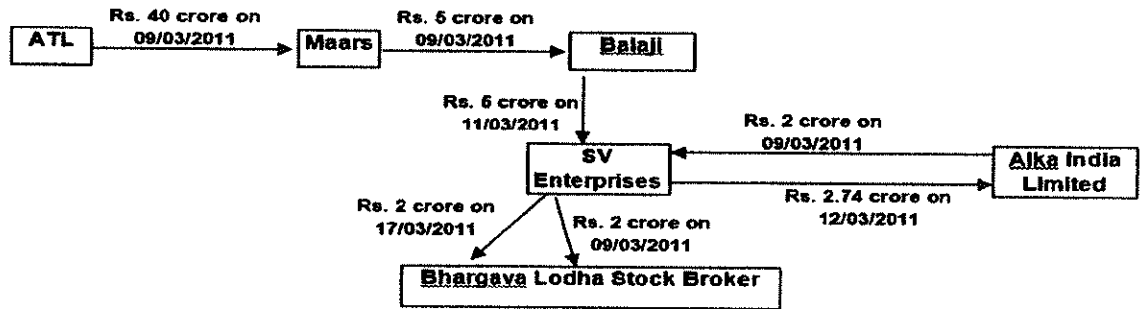
2. Securities and Exchange Board of India (herein after referred to as "**SEBI**") conducted an investigation in the matter to ascertain whether there were any violation(s) of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") by Acropetal Technologies Limited (hereinafter referred to as "**ATL**"), Maars Software International Ltd. (hereinafter referred to as "**Maars**"), Balaji Trading Corporation (hereinafter referred to as "**Balaji**"), HDK International Pvt. Ltd. (hereinafter referred to as "**HDK**"), Viraj Mercantile Pvt Ltd. (hereinafter referred to as "**Viraj**") S. V. Enterprises (hereinafter referred to as "**SV**"), Raj Real Estate and Finvest Pvt. Ltd. (hereinafter referred to as "**Raj**") and Dirva Trade Impex Pvt. Ltd. (hereinafter referred to as "**Dirva**") during the investigation period from March 10, 2011 to March 24, 2011 (hereinafter referred to as "investigation period").
 3. The undersigned is appointed as the Adjudicating Officer vide order dated March 3, 2018 (**Annexure 1**) under section 15-I of the SEBI Act to inquire and adjudge under section 15 HA of SEBI Act for the alleged violation of section 12A(a), (b) and (c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations by the aforementioned entities.
- SV**
4. On analysis of the bank statements of the entities, it was observed that SV received funds from entities related to ATL. A pictorial representation of fund movement from ATL to SV is given:

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5. From the bank account statements (copies placed at Annexure 2) of entities mentioned in above chart, the following was alleged:

- i) After the IPO proceeds got credited into ATL's Bank account (Account no. – 101205000264 with ICICI Bank) on 09/03/2011, ATL transferred Rs. 40 crore to bank account of Maars (Account no. – 101205000181 with ICICI Bank) on 09/03/2011. Prior to receiving this money from ATL, the balance in aforementioned Maars bank account was Rs. 11709.
- ii) Maars transferred Rs. 5 crore to bank account of Balaji (Account no. – 2465 with Gujarat Mercantile Co-Operative Bank) on 09/03/2011. Prior to receiving this money from Maars, the balance in aforementioned Balaji bank account was Rs. 2263.
- iii) Thereafter, Balaji transferred Rs. 5 crore to two bank account of SV. (Rs. 3 crore in Account no. – 00245013273 with ICICI Bank and Rs 2 crore in Account no. – 524011012343 with ING Vysya Bank). Prior to receiving this amount from Balaji, total balance in SV's two bank accounts was Rs. 1.55 lakhs (approx.). Additionally, one another entity Alka India Limited had also transferred Rs. 2 crore to SV's bank account no. 00245013273 (ICICI Bank) on 09/03/2011 and SV transferred Rs. 2 crore on the same day (i.e. 09/03/2011) to its trading member i.e. Bhargava Lodha Stock Brokers.
- iv) Further, after receiving Rs. 5 crore from Balaji in its 2 bank accounts on 11/03/2011, SV transferred Rs. 2.74 crore (approx.) to Alka India Limited on 12/03/2011 and Rs. 2 crore to Bhargava Lodha Stock Brokers on 17/03/2011.



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Hence, SV had transferred a total of Rs. 4 crore to its trading member i.e. Bhargava Lodha Stock Brokers.

- v) It was also observed that during the investigation period, SV made a net purchase of 568542 shares of ATL amounting to Rs. 4.50 crore (approx.) while trading through its trading member Bhargava Lodha Stock Brokers Private Limited.

6. From the above, it is alleged that SV had utilised the amount received from Balaji to purchase shares of ATL during the investigation period. It is also observed that Balaji received these funds indirectly from ATL routing through Maars.

Raj

7. ATL transferred funds to Maars, Raj and Dirva and a part of that funds was further transferred by these entities to other entities who traded in the scrip of ATL subsequent to listing. The fund movement from ATL to Raj to other entities (who traded in scrip of ATL during the investigation period) is shown below:



8. From the bank account statements (copies placed at Annexure 3) of entities mentioned in above chart, the following was observed:

- i) After the IPO proceeds got credited into ATL's Bank account (Account no. – 009010300011097 with Axis Bank) on 09/03/2011, ATL transferred Rs. 14.5 crore to HDK (Account no. – 0001-CA0309-050 with Indusind Bank) on 10/03/2011. Prior to receiving this money from ATL, the balance in aforementioned HDK bank account was Rs. 22.46 lakh (approx.).
- ii) HDK transferred Rs. 1.85 crore to Raj (Account no. – 1042101100839 with Oriental Bank of Commerce) on 10/03/2011. Prior to receiving this money from HDK, the balance in aforementioned Raj's bank account was Rs. 10.06 lakh (approx.).



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- iii) Thereafter, Raj transferred Rs. 1.25 crore to its trading member i.e. "IFCI Financial Services Enterprises" on 10/03/2011.
- iv) During the investigation period, Raj made a net purchase of 175000 shares of ATL amounting to Rs. 2.02 crore (approx.) while trading through its trading member IFCI Financial Services Enterprises.
- v) It was also observed that the aforementioned fund movements from ATL to HDK to Raj to IFCI took place on the same day itself i.e. 10/03/2011.

Dirva

9. A pictorial representation of fund movement from ATL to Dirva is shown below:



10. From the bank account statements (copies placed at Annexure 4) of entities mentioned in above chart, the following was observed:
- i) After the IPO proceeds got credited into ATL's Bank account (Account no. – 009010300011097 with Axis Bank) on 09/03/2011, ATL transferred Rs. 5 crore to bank account of Viraj (Account no. – 910020030165850 with Axis Bank) on 09/03/2011. Prior to receiving this money from ATL, the balance in Viraj's bank account was Rs. 16170.
 - ii) Viraj transferred Rs. 5 crore to bank account of Dirva (Account no. – 10772000001830 with ICICI Bank) on 10/03/2011. Prior to receiving this money from Viraj, the balance in Dirva's bank account was Rs. 10490.
 - iii) Thereafter, Dirva transferred Rs. 5 crore to its trading member i.e. "MTL" on 10/03/2011.
 - iv) During the investigation period, Dirva made a net purchase of 453715 shares of ATL amounting to Rs.4.60 crore (approx.) while trading through its trading member MTL Financial Services Enterprises.
 - v) It was also observed that the aforementioned fund movements from ATL to Viraj to Dirva to MTL took place on within 1 day.

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11. In view of the above, it is alleged that ATL diverted the money raised through IPO to indirectly fund SV, Raj and Dirva who traded in the scrip of ATL. Hence, ATL and the entities who aided and abetted ATL in siphoning off of IPO proceeds and acted as layers/ conduits in the movement of funds and diversion of proceeds (i.e. Maars, Balaji, HDK, Viraj) and the entities who eventually traded in the scrip with the help of funds received indirectly from ATL (i.e. SV, Raj and Dirva) together acted in a fraudulent manner with the investors of ATL. Since the aforementioned entities (who traded in the scrip of ATL) did not use their own funds for trading, their trades are not considered as genuine. These trades acted as a fraud on the investors by creating a misleading appearance of trading in the securities market.
12. ATL, Maars, Balaji, HDK, Viraj, SV, Raj and Dirva are, therefore, called upon to show cause as to why an inquiry should not be held against them and penalty be not imposed under section 15 HA of SEBI Act for the alleged violation of section 12A(a), (b) and (c) of SEBI Act read with Regulation 3(a), (b), (c), (d), 4(1), 4(2)(a) of PFUTP Regulations.
13. The relevant provisions of law are reproduced as under:

Relevant provisions of PFUTP Regulation:

3. *Prohibition of certain dealings in securities* No person shall directly or indirectly—

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

(b) *use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*

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

(d) *engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock*

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exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—
- (a) indulging in an act which creates false or misleading appearance of trading in the securities market;

Relevant provisions of SEBI Act:

12A. No person shall directly or indirectly —

- (a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;
- (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;
- (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder

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.

14. Your reply, if any, should reach the undersigned, at the address given below as well as through email at "sahil@sebi.gov.in" in MS Word/ MS Excel Format, within 14 days from the date of the receipt of this notice, failing which it shall be presumed

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that they have no reply to submit and the matter would be further proceeded ex – parte. You may also indicate whether you desire a personal hearing in the matter.

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SEBI Bhavan, C4-A, 'G' Block,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

15. You are advised to provide copy of your PAN and email id and also to keep the undersigned informed about the change in your correspondence address, if any, till the proceedings are complete.

Sahil Malik
Adjudicating Officer

Annexures:

1. Copy of communication of appointment of Adjudicating Officer
2. Bank account statements of ATL, Maars, Balaji, SV, Alka India Limited
3. Bank account statements of ATL, HDK, Raj
4. Bank account statements of ATL, Viraj, Dirva

