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•SEBI• YEARS OF EMPOWERING INVESTORS

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

By Speed Post AD

EAD-2/DSR/BKM/1787/1 /2017
January 20, 2017

1.Midvalley Entertainment Ltd. 9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai-600034	2.Datuk K Ketheeswaran, 1) Suite E 1103, Level 11 Block E, Pusat Dagangan Phileo Damansara 1, Off Jalan Damansara 46350 Petaling Jaya, Selangor, Darul Ehsan, Malaysia. 2) 9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai-600034	3.R Chandrasegaran 1) 7, Persiarancinta Sayang, Kelab Golf Cinta Sayang, 08000 Sungai Petani, Kedah, Malaysia. 2) 9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai-600034
4.Sudhir Kumar Jena, 1) No. 45, Sukruthi, 3rd Main Road, R.A. Puram, Chennai-600028 2) 9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai-600034	5.K Murugavel #6/9, Patel Street, Ananda Nagar, East Tambaram, Chennai-600059 2)9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai-600034	6.Vasan Chidambaram No. 4, 4th Main Road, United India Colony, Kodambakkam, Chennai-600024 2) 9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai-600034
7.K Ramdasan, 52/2, Egmore High Road, Egmore, Chennai-600008 2) 9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai-600034	8.S Madhavan 9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai-600034	9.M Pandiyan, 9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai-600034
10.Aman Tie-Up Pvt. Ltd. Suite No. 10, 5th Floor, Shantiniketan Building 8, Camac Street, Kolkata-700017	11.Shri Subrata Dasgupta, Badam Tola PO: Fingapara, RS: Kankinara North 24 Parganas West Bengal-743129	12.Shri Deba Prasad Biswas, Aurobindo Park, Purba Putiary Kolkata West Bengal-700093
13.Deesha Tei-Up Pvt. Ltd., 119, M.G. Road, 2nd Floor Kolkata-700007 West Bengal	14.Dharmnath Shares & Services Pvt. Ltd, 233/2 Mukhi Vas, Opp New Civil Asarwa, Ahmedabad-380016	15.Subodhsagar Shares & Services Pvt. Ltd. Shop No. 130, Plot No.131, Mahalaxmi Shopping Center B/H

		Murlidhar Soc., Nr. Canal, Isanpur-Vatwa Road, Ahmedabad
16.Sardhav Investment & Finance Ltd, 7, Ankur Society-2, Ankur Road, Naranpura, Ahmedabad-380013	17.Regent Finance Corporation Pvt. Ltd., 60-A, Chowringee Road, 2nd Floor Kolkata, WB 700020	18.Mercury Fund Management Co.P.Ltd. Suite No-10, 5th Floor, Shantiniketan Building, 8, Camac Street, Kolkata-700017
19.Eduexel Infotainment Ltd., 1). No. 71, Nehru Nagar Industrial Estate 2nd Link Street, Kottivakkam Old Mahabalipuram Road, Chennai-600041 2) 2A, 2nd Floor, Taas Mahal, No. 10, Montieth Road, Egmore, Chennai, Tamil Nadu-600008 3) No. 1 Wallers Lane, 1st Floor, Room No. 3, Mataji Complex, Near India Silk House Mount Road, Chennai-600003	20.Aswin Logistic Ventures, (Proprietor Usha Murugavel) No. 67, 1st Floor, Chamiers Road, Nungambakkam, Chennai-600018	21.Omni Ax's Software Ltd, Taas Mahal Building, No. 10, Montieth Road Egmore, Chennai-600008
22.Bharat Babubhai Trivedi, E/8 3rd Floor Subhlaxmi Palace, Sola Road, Ghatlodia, Ahmedabad, Gujarat 380061	23.BMD Exports Pvt. Ltd., 1) 22-a Suraksha Society, Visnagar, Mehsana, Gujarat 384315 2) 5 Umakant Pandit, Udhyognagar, Mavdi Plot, Rajkot, Gujarat 380002	24.Buddhisagar Shares & Services Pvt. Ltd., 7 Sankar Society Near Vaishali Cinema, Vaishali Road, Nadiad, Gujarat 387002
25.Ghantakarna Shares & Services Pvt. Ltd. 13 Jay Ambe Nagar Kalol Dist-Gandhi Nagar, Gandhinagar, Gujarat 382721	26.Kiranbhai Popatbhai Alodariya, 1) B-304 Akshaya Apartment Nr RC Technical Chankyapuri Road, Chandlodia, Ahmedabad, Gujarat 380001 2) No 344 Vi Khirsara 2 Ta Jetpur Dis Rajkot, Rajkot, Gujarat 363630	27.Poojan Tradecom Pvt. Ltd. 29 Jaybhawani Row House, Railway East, Gandhinagar, Gujarat 382721
28.Prakashbhai Ishwarbhai Rana,	29.Ratnasuri Shares & Services Pvt. Ltd., No 8	30.Real Marketing Pvt. Ltd.,

No.217, Gawarano Rajputvado, Cambay 22, Anand, Anand, Gujarat 388620	Vaniya Vas Sitapur Tal Mandal Ahmedabad Gujarat 382130	8 Jayanand Society Nr Priya Cinema Krishnanagar Naroda, Ahmedabad, Gujarat 380025
31.Sonal Shares Investment & Company Ltd. Shop No. 7, Ankur Society, Naranpura, Ahmedabad, Gujarat 380013	32.HEM Stocks & Shares Services Pvt. Ltd., H No 28/b Bombay Society Himmat Nagar Sabar Kantha, Himmat Nagar, Gujarat 383001	33.Sumtinath Shares And Services Pvt. Ltd. 40 Visnagar GIDC Estate Opp Umiya Thraser Thalota Road, Visnagar, Gujarat 384315
34.Suparshvanath Stock & Service, Gambhir Sinh Mana Sinh Ansari, 34 1, Parvatinagar Bharavanchar Rasta, Godhra, Piplod, Gujarat 389260	35.Tirthankar Shares And Service Pvt. Ltd. Patel Vas, 132 Undhai Tal-Vadnagar, Mahesana, Gujarat, 384335	36.Pyramid Sales Pvt. Ltd. (now known as YMS Finance Pvt. Ltd.), 1) Room No. 11, 8/1 Lal Bazar Street 1st Floor, Room No. 11, Kolkata, West Bengal 700001 2) 6 Biplabi Trailakya Maharaj, Sarani 1st Floor, Room No. 104 A, Kolkata, West Bengal 700001 3) Vaishno Chamber, 1st Floor, Room No. 104A, 6, Brabourne Road, Kolkata, West Bengal 700001

Subject: Notice under Rule 4(1) of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 read with Section 15-I of the SEBI Act, 1992

1. The undersigned has been appointed as the Adjudicating Officer vide order dated November 18, 2016 under section 15-I (1) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act, 1992") and rule 3 of the SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "Rules, 1995") to inquire into and adjudge the alleged violation of Clauses 43 and 43 A(1) of the Listing Agreement, Section 12A(a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (d),

(e), (f),(k) and (r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "PFUTP Regulations") by Midvalley Entertainment Ltd (hereinafter referred to as the "Midvalley"), Section 12A(a), (b) and (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (d), (e), (f),(k) and (r) of PFUTP Regulations by Datuk K Ketheeswaran, R Chandrasegaran, Sudhir Kumar Jena, K Murugavel, Vasan Chidambaram, K Ramdasan, S Madhavan, M Pandiyan, Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a) and (d) PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992 by Aman Tie-Up Pvt. Ltd, Subrata Dasgupta, Deba Prasad Biswas, Deesha Tei-Up Pvt. Ltd, Dharmnath Shares & Services Pvt. Ltd, Subodhsagar Shares and Services Pvt. Ltd., Sardhav Investment & Finance Ltd, Regent Finance Corporation P. Ltd., Mercury Fund Management Co.P.Ltd. and Eduexel Infotainment Ltd., Regulations 3(a), (b), (c), (d), 4(1) PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992 by Aswin Logistic Ventures and Omni Ax's Software Ltd, Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (d) and (e) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992 by Bharat Babubhai Trivedi, Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a) (d) and (e) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992 and Section 11C(2) and (3) of SEBI Act, 1992 by BMD Exports Pvt. Ltd., Buddhisagar Shares And Services Pvt. Ltd., Ghantakarna Shares And Services Pvt. Ltd., Kiranbhai Popatbhai Alodariya, Poojan Tradecom Private Ltd., Prakashbhai Ishwarbhai Rana, Ratnasuri Shares and Services Pvt. Ltd., Real Marketing Pvt. Ltd., Sonal Shares Investment & Company Ltd., HEM Stocks & Shares Services Pvt. Ltd., Sumtinath Shares & Services Pvt. Ltd., Suparshvanath Stock And Service, Tirthankar Shares and Service Pvt. Ltd. and Pyramid Sales Pvt. Ltd. (now

known as YMS Finance Pvt. Ltd.) in the trading of scrip of M/s Midvalley Entertainment Limited (hereinafter referred to as "MVEL"/"Company"). A copy of the proceedings of the Whole Time Member appointing the undersigned as the Adjudicating officer dated November 18, 2016 is enclosed as **Annexure 'A'**.

2. It is observed that MVEL came out with its IPO for issue of 85,71,429 equity shares of ₹ 10/- each. The price band of the IPO was ₹ 64/- to ₹ 70/- per equity share and bid period of the IPO was from January 10, 2011 to January 12, 2011. The IPO was subscribed 4.41 times and the IPO price was ₹ 70/- per equity share, aggregating to ₹ 60 crore. The scrip was listed on Bombay Stock Exchange Limited (hereinafter referred to as 'BSE') on January 27, 2011. The main objects of the IPO were (i) entering into screening agreement with 300 cinema theatres, (ii) acquisition of company, (iii) acquisition of screening rights of company, (iv) renovation of cinema infrastructure with digital equipment and (v) General Corporate Expenses.

3. It is observed that the scrip of MVEL got listed through an IPO on BSE (Bombay Stock Exchange Limited) on January 27, 2011. IPO price was Rs. 70/- per equity share. Price of the scrip had seen sharp fall on listing day, first reaching a level of Rs. 55/- intraday and finally closing at Rs. 58.05 i.e. 17% less than the IPO price. Subsequently, during January 28, 2011 to February 28, 2011, the price of the scrip decreased to Rs. 50.50/- (Feb 10, 2011) then increased to Rs. 99.15/- (February 25, 2011) and finally closed at Rs. 89.15/- on February 28, 2011.

4. Pursuant to the detection of a huge fall and rise in the traded volumes and/or price of the shares of company during 2011, the Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted an investigation into the alleged irregularity in the

scrip of MVEL for the period from January 27, 2011 to February 28, 2011 (hereinafter referred to as 'IP') and into the possible violation of the provisions of the Act and various Rules, Regulations and Guidelines made there under.

5. It is observed that there was suppression of information by Midvalley in the Red Herring Prospectus and the Prospectus which are as under:

   i. **Non disclosure of directorships of Vasan Chidambaram:** As per MCA Database, as on date of filing of the Red Herring Prospectus, Vasan Chidambaram held directorship in five companies. However, his directorship in two entities namely Tanmathra Creative Solutions Private Limited and UNV Media Private Limited was not disclosed in Red Herring Prospectus dated December 20, 2010 and Prospectus dated January 14, 2011.

   ii. **Non disclosure of Arrangement with Eduexel Infotainment Ltd.:** On Page No. 12 of Red Herring Prospectus dated December 20, 2010 and Prospectus dated January 14, 2011 under the section Internal Risk Factors – Para 1, Midvalley states as under:

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

There can be no assurance that we will be able to conclude definitive agreements for such expenditures on terms anticipated by us. As on the date of the Prospectus, we have not yet identified specific acquisition targets."

ii(a) In this regard, from the bank account statements, as highlighted in the table below, it was observed that payment of Rs. 19 cr was made by Midvalley to Eduexel Infotainment Limited on January 25 & 27, 2011 and February 9, 2011. Midvalley submitted that aforesaid payments were made for acquiring screening rights from Eduexel Infotainment Limited and provided copy of an agreement entered into by Midvalley with Eduexel. From the agreement between Midvalley and Eduexel Infotainment Limited, it was observed that Midvalley entered into an arrangement with Eduexel Infotainment Limited, on November 15, 2010 for the purpose of acquisition of screening rights, screening arrangements along with film contents from market for supplying the same to Midvalley. The arrangement for acquiring screening rights existed between MVEL and Eduexel since November 15, 2010 and the same was not disclosed inthe RHP/Prospectus for the IPO.

ii(b) Further, Eduexel Infotainment Limited is an entity connected to Midvalley based on common directorship (Vasan Chidambaram is a promoter director of Eduexel Eduexel Infotainment Limited and also a director of Midvalley. Eduexel Infotainment Limited is also connected to the merchant banker to the IPO, Aryaman Financial Services Ltd. based on common directorship (Shreyas Shrenik Shah).

iii. **Non disclosure of Vendors/ Suppliers:** It is observed that Midvalley transferred proceeds of IPO to 4 entities as suppliers ostensibly for meeting the objects of RHP namely: (i) Aman Tie Up Pvt. Ltd., (ii) Eduexel Infotainment Ltd., (iii), Aswin Logistics Ventures and (iv) Omni Ax's Software Ltd. However, at page 62 of the RHP, under the heading 'Equipments', Midvalley has provided the list of its suppliers from whom it has sought quotes as per which the names of suppliers are Real Image Media Technologies Pvt. Ltd., GM Audio Techniques and Voltas. The names of the aforesaid 4 entities as vendors were not mentioned by Midvalley in its RHP or Prospectus.

6. Further on Page 291 of the RHP dated December 20, 2010 and Prospectus dated January 14, 2011 the directors, Compliance Officer and the Finance Manager have certified that all the statements in DRHP/ Prospectus are true and correct. However, based on observations at Para 5(i), (ii) & (iii) above, it is alleged that the said certification is wrongfully provided to SEBI and alleged that Midvalley, its directors, S Madhavan as its Compliance Officer and M Pandiyan as its Finance Manager have violated section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1),4 (2) (f), (k) and (r) of PFUTP Regulations.

7. Further on examination of statements of utilization of IPO proceeds as submitted to BSE, it is observed that Midvalley provided false statements to BSE as under:

Objects of the Issue	Total Amount proposed to be utilized as stated in the RHP/Prospectus (in Rs. Crore)	Statement of utilization of funds submitted to stock exchange (as on Jan 31, 2011) (in Rs. Crore)	Utilization of funds ascertained pursuant to investigation (as on Feb 28, 2011)

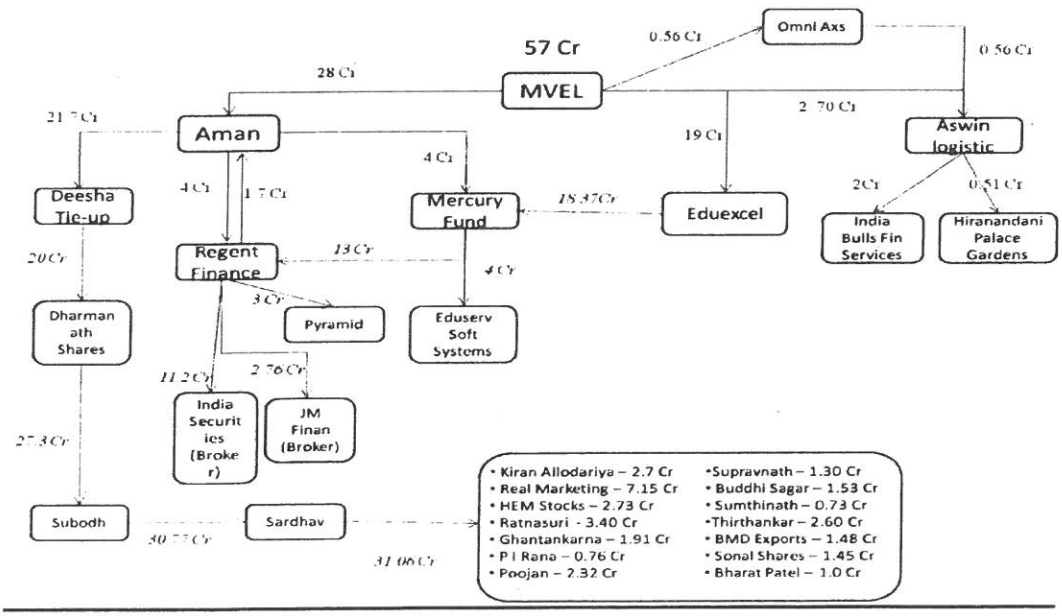
Entering into screening agreement with 300 cinema theatres	15.00	3.48	
Renovation and Up-gradation of cinema infrastructure with Digital Equipment and other related assets for select 100 screens	25.95	3.42	
Acquisition of company, acquisition of screening rights of company having similar line, range and objects of business	12.00	Nil	
To meet general Corporate Expenses	3.799	1.52	
Meeting the IPO expenses	3.251	3.45	Nil.
Total	**60.00**	**11.90**	Nil

Based on Bank statements of Midvalley, it is alleged that IPO proceeds were never utilized for the objects of the IPO and were siphoned off. It is therefore alleged that Midvalley has violated Clause 43 and 43A (1) of the Listing Agreement.

Fraudulent and Unfair trade practices

8. It is alleged that Midvalley and the entities who aided and abetted Midvalley in siphoning off IPO proceeds are as under:

Actual Funds movement after IPO: A diagram of the fund movement



i. Out of Rs. 60 Crore (cr) raised from the IPO, Midvalley received Rs. 57 cr after deduction of merchant banker fees of Rs. 3 cr in the following bank accounts:

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

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

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

iii. **Transaction between Midvalley and Aman Tie-Up Pvt. Ltd. :**

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

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

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

Midvalley transferred funds received from Aman Tie-Up Pvt. Ltd. immediately to a certain A.R. Enterprises (IndusInd Bank Ac No: 0052F20773050) which were again transferred to Aman Tie-Up Pvt. Ltd. Following table demonstrates the fund transactions between Midvalley, Aman Tie Up Pvt. Ltd. and A.R. Enterprises:

Sr. No.	Date	Funds Tx from	Funds Tx to	Amount (In Rs.)
1	28/12/2010	MVEL	A.R. Enterprises	9,00,00,000
2	28/12/2010	A.R. Enterprises	Aman Tie-Up Pvt. Ltd.	9,00,00,000
3	29/12/2010	MVEL	A.R. Enterprises	14,70,00,000
4	29/12/2010	A.R. Enterprises	Aman Tie-Up Pvt. Ltd.	14,70,00,000
5	31/12/2010	MVEL	A.R. Enterprises	2,15,00,000
6	31/12/2010	Aman Tie-Up Pvt. Ltd.	A.R. Enterprises	2,15,00,000

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

9. It is further observed that the post IPO, the funds received by Aman Tie-Up Pvt. Ltd. from Midvalley were eventually provided to entities (who traded in the scrip MVEL) as follows:

- As mentioned above, Midvalley transferred an amount of Rs. 28 cr to Aman Tie up on 25/01/2011. Aman also received Rs. 1.7 crore from Regent Finance Corporation Limited. (Aman Tie up's balance prior to receipt of funds was Rs. 23, 952.15).
- Aman Tie-Up transferred Rs. 21.7Cr to Deesha Tie Up Pvt. Ltd. (25/01/2011 and 04/02/2011); Rs. 4Cr to Regent Finance Corporation Limited (25/01/2011); Rs 4Cr to Mercury Fund Management (25/01/2011).

- Deesha Tie-Up Pvt. Ltd. then transferred Rs. 20 crores to Dharmanath Shares and Services Pvt. Ltd. (Rs 3 cr on 28/01/2011; Rs 2 cr on 31/01/2011; Rs 3 cr on 02/02/2011; Rs 5Cr on 03/02/2011; Rs 2 cr on 07/02/2011; Rs 2 cr on 09/02/2011; Rs 3Cr on 11/02/2011).
- Dharmanath Shares and Services Pvt. Ltd transferred Rs 27.3 cr to Subodhsagar Shares and Services Pvt. Ltd. (Rs 6.5 cr on 01/02/2011; Rs2 cr on 02/02/2011;Rs 2.75 cr on 03/02/2011; Rs 4.05 cr on 04/02/2011;Rs 1 cr on 07/02/2011; Rs 1 cr on 08/02/2011; Rs 2.5 cr on 09/02/2011; Rs 2.5 cr on 10/02/2011; Rs 2.75 cr on 11/02/2011; Rs 2.25 cr on 12/02/2011).
- Subodhsagar Shares and Services Pvt. Ltd transferred Rs. 30.77 cr to Sardhav Investment & Finance Pvt. Ltd. (Rs. 3 cr on 31/01/2011; Rs 4.05 cr on 01/02/2011; Rs 2.5 cr on 02/02/2011; Rs 2.5 cr on 03/02/2011; Rs 6.5 cr on 04/02/2011; Rs 0.6 cr on 07/02/2011; Rs 1.35 cr on 08/02/2011; Rs 1.0 cr on 09/02/2011; Rs 4.57 cr on 10/02/2011; Rs 2.5 cr on 12/02/2011; Rs 2.2Cr on 14/02/2011.
- Sardhav Investment & Finance Pvt. Ltd. finally transferred Rs. 31.06 crores to 14 entities who have traded in the scrip of Midvalley. The 14 entities who received money are as under:

Sr. No	Name of entity	Amount from MVEL(in Rs. cr)	Sr. No.	Name of entity	Amount from MVEL(in Rs. cr)
1	Bharat Babubhai Trivedi (PAN: ACDPT8077B)	1.0	2	BMD Exports Private Limited (PAN: AACCB5249H)	1.48
3	Buddhisagar Shares And Services Pvt Ltd (PAN: AADCB7966J)	1.53	4	Ghantakarna Shares And Services Pvt Ltd (PAN: AADCG6323N)	1.91
5	Kiranbhai Popatbhai Alodariya (PAN: AKUPA1448A)	2.7	6	Poojan Tradecom Pvt Ltd (PAN: AAECP2532R)	2.32
7	Prakashbhai Ishwarbhai Rana(PAN: ANLPR5585P)	0.76	8	Ratnasuri Shares and Services Pvt Ltd (PAN: AAECR4211M)	3.40
9	Real Marketing Pvt Ltd (PAN: AACCR4046C)	7.15	10	Sonal Shares Investment & Company (PAN: ASCPP6491Q)	1.45
11	HEM Stocks And Shares Services Pvt Ltd (PAN: AACCH2327J)	2.73	12	Sumtinath Shares And Services Pvt Ltd (PAN: AANCS2340B)	0.73
13	Suparshvanath Stock And Servic (PAN: AANCS6978H)	1.3	14	Tirthankar Shares and Service Pvt Ltd (PAN: AADCT2274R)	2.60

- In addition to the above 14 entities, one more entity Pyramid Sales Pvt. Ltd. received Rs. 3 crore from Regent Finance Corporation Ltd. on 31/01/2011 out of the Rs. 13 crore received by Regent Finance Corporation Ltd. from Mercury Fund Management on 27/01/2011. Mercury Fund Management received Rs 17.5 Crore on 25/01/2011 from Eduexel Infotainment Limited which Eduexel Infotainment Limited had received the same day from Midvalley.
- Pyramid Sales Pvt. Ltd. also traded in the scrip of MVEL.
- Based on above it is observed that a minimum of Rs 24.7 Crore was diverted to these 15 entities (14 entities + Pyramid Sales Pvt. Ltd.) for purchasing shares of MVEL.

10. It is alleged that Midvalley and the entities who aided and abetted Midvalley in siphoning off IPO proceeds *(i.e. Aman Tie Up Pvt. Ltd., Deesha Tie-Up Pvt. Ltd., Dharmanath Shares and Services Pvt. Ltd., Subodhsagar Shares and Services Pvt. Ltd., Mercury Fund Management Co. Ltd., Regent Finance Co. Pvt. Ltd.,* Eduexel Infotainment Limited *and Sardhav Investment & Finance Pvt. Ltd.*), as well as the entities who eventually traded in the scrip (15 entities) with the help of funds received from Midvalley together acted in a fraudulent manner with the investors of MVEL. These trades acted as a fraud on the investors by creating a misleading appearance of trading in the securities market and by supporting the demand (buy) and therefore the price of the scrip.

11. It is therefore alleged that *Aman Tie Up Pvt. Ltd., Deesha Tie-Up Pvt. Ltd., Dharmanath Shares and Services Pvt. Ltd., Subodhsagar Shares and Services Pvt. Ltd., Mercury Fund Management Co. Ltd., Regent Finance Co. Pvt. Ltd.,* Eduexel Infotainment Limited *and Sardhav Investment & Finance Pvt. Ltd.*. have violated regulations 3 (a), (b), (c), (d), 4(1) ,4 (2) (a), (d) of PFUTP read with

Section 12A (a), (b) and (c) of SEBI Act, 1992. The 15 entities (mentioned above at Para 9), Midvalley and Midvalley 's directors namely Datuk K Ketheeswaran, R Chandrasegaran, Sudhir Kumar Jena, K Murugavel, Vasan Chidambaram, K Ramdasan, S Madhavan as its Compliance Officer and M Pandiyan as its Finance Manager have violated regulations 3 (a), (b), (c), (d), 4(1) ,4 (2) (a), (d), and (e) of SEBI PFUTP read with Section 12A (a), (b) and (c) of SEBI Act, 1992.

12. It is seen at page 63 of the prospectus dated December 20, 2010 of MVEL under the heading Objects of the IPO (Point D. To meet General corporate expenses) that Midvalley intends to deploy balance issue proceeds towards expenses inter-alia mentioning production of movies.

13. In this regard, it is noted that Midvalley transferred Rs 2.7030 cr to an entity Aswin Logistic Ventures (on 25/01/2011, 27/01/2011 and 01/02/2011). The reason for payment as stated by Midvalley in its letter dated July 16, 2013 is "Contents Advance".

14. It is also observed that on 21/02/2011 Midvalley transferred Rs 0.560Cr to an entity Omni Ax's Software Ltd. stating it as payment to vendor. Omni Ax's Software Ltd. immediately transferred the said funds to Aswin Logistic Ventures. Thus Ashwin Logistic Ventures received a total of Rs. 3.263 crore (Rs. 2.703 crore+Rs. 0.560 crore).

15. Midvalley vide its reply dated July 16, 2013 submitted that Aswin Logistic Ventures and Omni Ax's Software Limited were related to it as vendors. However, as in the case of Aman Tie-Up and Eduexel, no documentary evidence has been provided by Midvalley in terms of quotation or previous experience of Aswin Logistic Ventures and Omni Ax's Software Limited for this purpose nor were these entities

disclosed as vendors of Midvalley in the RHP/Prospectus for the IPO.

16. As highlighted later in the report from the bank statements, it was noted that the funds provided by Midvalley to Aswin Logistic Ventures were subsequently utilized to repay housing loan of an entity called Saimira Holdings and Services Pvt. Ltd. and for purchase of flat by two individuals Uma Swaminathan and Saminathan in Chennai.

17. It is alleged that the transaction between Midvalley and Omni Ax's Software Limited is suspicious for the reason that Omni Ax's Software Limited is an entity related to the merchant banker to the IPO Aryaman Financial Services Ltd. through a common director Shreyas Shrenik Shah. It is alleged that transfer of Rs. 3.263 crore to Aswin Logistic Ventures and Omni Ax's Software Ltd by .Midvalley is a fraudulent transaction and the funds raised in the IPO for the object "General Corporate Expenses" have been siphoned off.

18. It is observed that the actual utilization of IPO proceeds by MVEL vis-a-vis the proposed utilization as mentioned in the RHP/Prospectus is as under:

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

	objects of business			
4	To meet general Corporate Expenses	3.799	3.61	-
5	Meeting the IPO expenses	3.251	2.86	3*
	Total	**60.00**	**56.16**	**3**

*Payment of fees to Merchant Banker.

i. From the above, it can be concluded that Rs 50.263 Crore out of the Rs 60 Crores received by Midvalley in the IPO was not utilised for the objects of the IPO and siphoned off. Thus Midvalley has played fraud on IPO subscribers who had trusted Midvalley management with their money to be utilized as per IPO objects.

ii. Thus, it is alleged that all these financial transactions, indulged in by Midvalley as being advances for the purpose of fulfilling IPO objects, were fraudulent. Based on the available evidence, it is alleged that out of Rs. 60 crore received by Midvalley through the IPO, Rs. 50.263 crore was not utilised for the objects of the IPO and siphoned off and a substantial portion of these funds were also used to fund purchase of shares of Midvalley which were not stated in the RHP and Prospectus.

iii. It is alleged that during site visit to Midvalley's registered office address situated at 9th Floor, Gee Gee Emerald, Valluvar Kottam High Road, Nungambakkam, Chennai - 600034, on January 21, 2016, Midvalley's premises were found to be locked with no boards or signage to indicate the company's presence at the said premises. The registered office of Midvalley as available on the MCA website and with BSE is the same as mentioned above.

iv. It is alleged that Midvalley is not an operational company and the funds raised in the IPO have been siphoned off . It is therefore alleged that Midvalley, its directors/ signatories to RHP/Prospectus have violated the provisions of

Regulations 3 (a), (b), (c), (d) and 4(1) PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992

v. Further, the entities which received the IPO proceeds from Midvalley in the first layer and the entities which in turn received the proceeds from these entities and then acted as conduit for transfer of the money to other entities have aided and abetted in the siphoning off proceeds of IPO by Midvalley. It is therefore alleged that the entities Aman Tie-Up Pvt. Ltd., Deesha Tie-Up Pvt. Ltd., Dharmnath Shares and Services Pvt. Ltd., Subodhsagar Shares and Services Pvt. Ltd., Sardhav Investment and Finance Pvt. Ltd., Regent Finance Corporatation Pvt. Ltd., Mercury Fund Management Co. Pvt. Ltd., Eduexel Infotainment Limited, Aswin Logistic Ventures and Omni Ax's Software Limited have therefore violated the provisions of Regulations 3 (a), (b), (c), (d) and 4(1) of PFUTP Regulations read with Section 12A (a), (b) and (c) of SEBI Act, 1992.

19. It is observed that the amount paid and net obligation due to the trading of 15 entities in MVEL are as under:

Sr. No	Name of entity	Net Obligation in MVEL	Amount from MVEL(in Rs. cr)	Sr. No.	Name of entity	Net Obligation in MVEL	Amount from MVEL(in Rs. cr)
1	Bharat Babubhai Trivedi (PAN: ACDPT8077B)	-0.43	1.0	2	BMD Exports Private Limited (PAN: AACCB5249H)	-1.16	1.48
3	Buddhisagar Shares And Services Pvt Ltd (PAN: AADCB7966J)	-2.83	1.53	4	Ghantakarna Shares And Services Pvt Ltd (PAN: AADCG6323N)	-1.92	1.91
5	Kiranbhai Popatbhai Alodariya (PAN: AKUPA1448A)	-2.73	2.7	6	Poojan Tradecom Pvt Ltd (PAN: AAECP2532R)	-3.36	2.32
7	Prakashbhai Ishwarbhai Rana(PAN: ANLPR5585P)	-1.44	0.76	8	Ratnasuri Shares and Services Pvt Ltd (PAN: AAECR4211M)	-4.50	3.40
9	Real Marketing Pvt Ltd (PAN: AACCR4046C)	-5.31	7.15	10	Sonal Shares Investment & Company (PAN:	-0.98	1.45

					ASCPP6491Q)		
11	HEM Stocks And Shares Services Pvt Ltd (PAN: AACCH2327J)	-2.21	2.73	12	Sumtinath Shares And Services Pvt Ltd (PAN: AANCS2340B)	-1.20	0.73
13	Suparshvanath Stock And Servic (PAN: AANCS6978H)	-1.10	1.3	14	Tirthankar Shares and Service Pvt Ltd (PAN: AADCT2274R)	-5.51	2.60
15	Pyramid Sales Pvt. Ltd.	-1.51	3				

20. On analysis of the trading of these 15 entities in the scrip of MVEL, the details are as under:

	Buy quantity from Allottees												
Buyer Name	NIIs (A)	QIBs (B)	Retail (C)	Total from Allottees A+B+C	Other than Allottes	Gross Buy	Gross Buy Value	Gross Sell	Gross Sell Value	Net Profit/Loss	Net Qty.	% of Deliverable Quantity	% of deliverable to market deliverable
Bmd Exports Private Limited	0	0	6257	6257	268743	275000	16793750	60000	5151000	1486909	215000	78.18%	1.34%
Buddhisagar Shares And Services Private Limited	4787	134129	119064	257980	262065	520045	33601270.7	60045	5251518.75	1371877	460000	88.45%	2.86%
Ghantakarna Shares And Services Private Limited	0	0	3554	3554	216446	220000	19204342.8	0	0	0	220000	100.00%	1.37%
Kiranbhai Popatbhai Alodariya	0	0	89806	89806	338194	428000	27399153	0	0	0	428000	100.00%	2.66%
Poojan Tradecom Private Limited	0	0	154139	154139	306861	461000	33628155.6	0	0	0	461000	100.00%	2.87%
Prakashbhai Ishwarbhai Rana	0	117201	128395	245596	352135	597731	40407373.2	453460	25954775	-4699696	144271	24.14%	0.90%
Ratnasuri Shares And Services Private Limited	0	136887	1147	138034	543966	682000	45053258.6	0	0	0	682000	100.00%	4.24%
Real Marketing Pvt Ltd	0	60105	1523	61628	820872	882500	53135753	0	0	0	882500	100.00%	5.49%
Sonal Shares Investment & Company	17313	124510	41904	183727	142896	326623	22352293.3	192623	12468770.8	-713296	134000	41.03%	0.83%
Hem Stocks And Shares Services Private Limited	0	0	1015	1015	370985	372000	22242660.9	0	0	0	372000	100.00%	2.31%
Sumtinath Shares And Services Pvt Ltd	0	89645	0	89645	110355	200000	12043721.3	0	0	0	200000	100.00%	1.24%
Suparshvanath Stock And	0	0	718	718	326156	326874	21325712.3	147037	10301725.9	708411	1304	0.40%	0.01%

Servic									5				
Tirthankar Shares And Ser Pvt Ltd	0	12492	586	13078	911310	924388	5678145 2.8	257 05	17370 34.4	158079	898683	97.22%	5.59%
Bharat Babubhai Triivedi	71149	15617	51275	13804 1	938301	1076342	7703745 2.8	107 584 2	72689 402.1	-4312265	500	0.05%	0.00%
Pyramid Sales Pvt. Ltd.	96293	0	10251 4	19880 7	51243	250050	1816693 9.5	490 00	30581 23.1	-501885	201050	80.40%	1.25%
Total	**18954 2**	**69058 6**	**70189 7**	**15820 25**	**5960528**	**7542553**	**4991732 90**	**206 371 2**	**13661 2350**	**-6501866**	**5300308**	**70.27%**	**32.96%**

i. From the table above, it is seen that these entities are net buyers and have also provided exit to the allottees in the IPO.

ii. It is seen that these entities have taken deliveries of a total 5300308 shares. i.e. approximately 32.96% of the market deliverable. Further these entities took delivery of 70.27% of their total buy volume against market average of 19.66%.

iii. These 15 entities while buying shares of MVEL including that from allottees either bought shares of MVEL with the help of funds transferred from Midvalley through other entities or were compensated through fund transfers from Midvalley through other entities subsequent to their buy trades. It is alleged that a false appearance of demand of MVEL shares was created by these entities through their buying.

iv. It is alleged that the 15 net buyer entities mentioned above were the artificial buyers of shares of MVEL and distorted the market equilibrium of trading. It is therefore alleged that Bharat Babubhai Trivedi, BMD Exports Pvt. Ltd., Buddhisagar Shares & Services Pvt. Ltd., Ghantakarna Shares & Services Pvt. Ltd., Kiranbhai Popatbhai Alodariya, Poojan Tradecom Pvt. Ltd., Prakashbhai Ishwarbhai Rana, Ratnasuri Shares & Services Pvt. Ltd., Real Marketing Pvt. Ltd., Sonal Shares Investment & Company Ltd., HEM Stocks & Shares Services Pvt. Ltd., Sumtinath Shares & Services Pvt. Ltd., Suparshvanath Stock & Service, Tirthankar

Shares & Service Pvt. Ltd. and Pyramid Sales Pvt. Ltd. (now known as YMS Finance Pvt. Ltd. have violated Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a) (d) and (e) of PFUTP Regulations read with Section 12A(a), (b) and (c) of SEBI Act, 1992.

21. Further, it is found that out of the 15 entities, Pyramid Sales Private Limited submitted as under:
    - Rs. 3,65,23,000 had been paid by Regent Finance Corporation as refund of Loan/Advance.
    - IPO of MVEL received good response from investors and was oversubscribed. Media and entertainment industry was estimated to grow in South India. Therefore, it was a good opportunity for investors to invest in the company. However, Pyramid Sales Pvt. Ltd. has not provided any agreement for the said loan/advance with Regent Finance Corporation and the reply of Pyramid Sales Pvt. Ltd. is not found to be satisfactory.

22. It is further observed that the remaining 14 entities, summonses (dated 03/05/2016 and 13/05/2016) were issued seeking comments regarding relationship with each other, promoters of Midvalley, merchant banker Aryaman Financial Services Ltd. and various fund flow conduits. Information was also sought on reasons for receiving funds from Sardhav Investment and Finance Pvt Ltd and rationale for trading in the scrip of MVEL.

i. Details of summons issued to 13 entities are provided below:

Sr. No.	Name of Entity	Reply to summons (03/05/2016 and 13/05/2016)	Observations during Investigation
1	Real Marketing Pvt Ltd	As trader we need funds and have taken funds from	No detail of association with other entities provided. No rationale for trading in the scrip of MVEL

		Sardhav.	provided. If the funds were borrowed, no details of return of funds were provided. Therefore, Real Marketing Pvt Ltd has failed to provide information as sought in summons.
2	Sonal Shares Investment & Company(Meet Sumanbhai Patel)	As trader we need funds and have taken funds from Sardhav. We have also taken funds from Deesha. Funds were repaid on regular basis.	No details of repayment attached. No detail of association with other entities provided. No rationale for trading in the scrip of MVEL provided. On the contrary has sought MVEL to be relisted. Therefore, Sonal Shares Investment & Company has failed to provide information as sought in summons.
3	Prakashbhai Ishwarbhai Rana	Sought 30 days time on May 26, 2016.	However, till the date of this report, no information has been submitted. Therefore, Prakashbhai Ishwarbhai Rana has failed to provide information as sought in summons.
4	Buddhisagar Shares And Services Private Limited	Provided vague and un related response such as we have we have never misused law.	No reply on details of association with entities No rationale of trading in the scrip of MVEL provided. No details of repayment of funds received from Sardhav have been provided. On the contrary has sought MVEL to be relisted. Therefore, Buddhisagar Shares And Services Private Limited has failed to provide information as sought in summons.
5	B M D Exports Private Limited	Provided vague and un related response. Due to being in the business of investments in stock market we need funds and have taken funds from various entities and the funds were repaid on regular basis.	No reply on details of association with entities No rationale of trading in the scrip of MVEL provided. No details of repayment of funds received from Sardhav have been provided. On the contrary has sought MVEL to be relisted. Therefore, B M D Exports Private Limited has failed to provide information as sought in summons.
6	Hem Stocks And Shares Services Private Limited	Has stated that it has no relationship with any entity as mentioned in summons. Has borrowed funds from Sardhav to trade.	No details of repayment of funds received from Sardhav have been provided. No rationale for trading in the scrip of MVEL provided. On the contrary has sought MVEL to be relisted. Therefore, Hem Stocks And Shares Services Private Limited has failed to provide information as sought in summons.
7	Tirthankar Shares and Services Pvt Ltd.	Provided vague and un related response. Due to being in the business of investments in stock market we need funds and have taken funds from Sardhav. Funds were repaid on regular basis.	No reply on details of association with entities No rationale of trading in the scrip of MVEL provided. No details of repayment of funds received from Sardhav have been provided. On the contrary has sought action against directors of MVEL for breach of terms with stock exchange. Therefore, Tirthankar Shares and Services Pvt Ltd. has failed to provide information as sought in summons.
8	Sumtinath Shares And Services Pvt Ltd	Provided vague and un related response. Due to being in the business of investments in stock market we need funds and have taken funds. Funds were repaid on regular basis.	No reply on details of association with entities No rationale of trading in the scrip of MVEL provided. No details of repayment of funds received from Sardhav have been provided. Therefore, Tirthankar Shares and Services Pvt Ltd. has failed to provide information as sought in summons.
9	Ratnasuri Shares and Services Pvt Ltd	Provided vague and un related response such as we have we have never misused law. As trader we need funds and have taken funds from various entities. Funds were repaid on	No reply on details of association with entities No rationale of trading in the scrip of MVEL provided. No details of repayment of funds received from Sardhav have been provided. Therefore, Ratnasuri Shares and Services Pvt Ltd. has failed to provide information as sought in summons.

		regular basis	
10	Ghantakarna Shares And Services Pvt Ltd.	Provided vague and un related response such as we have we have never misused law. As trader we need funds and have taken funds from various entities. Funds were repaid on regular basis	No reply on details of association with entities No rationale of trading in the scrip of MVEL provided. No details of repayment of funds received from Sardhav have been provided. Therefore, Ghantakarna Shares And Services Pvt Ltd. has failed to provide information as sought in summons.
11	Suparshvanath Stock And Services Pvt. Ltd.	Provided vague and un related response such as we have we have never misused law. As trader we need funds and have taken funds from various entities including sardhav.	No reply on details of association with entities No rationale of trading in the scrip of MVEL provided. No details of repayment of funds received from Sardhav have been provided. Therefore, Suparshvanath Stock And Services Pvt. Ltd. has failed to provide information as sought in summons.
12	Kiranbhai Popatbhai Alodariya	As trader we need funds and have taken funds from various entities. Funds were repaid on regular basis.	No reply on details of association with entities No rationale of trading in the scrip of MVEL provided. No details of repayment of funds received from Sardhav have been provided. Therefore, Kiranbhai Popatbhai Alodariya has failed to provide information as sought in summons.
13	Poojan Tradecom Private Limited	Due to being in the business of investments in stock market we need funds and have taken funds. Funds were repaid on regular basis.	No reply on details of association with entities No rationale of trading in the scrip of MVEL provided. No details of repayment of funds received from Sardhav have been provided. Therefore, Poojan Tradecom Private Limited has failed to provide information as sought in summons.

ii. It is alleged that the above 13 entities have failed to provide information as sought in summons dated May 3, 2016 and May 13, 2016. As a result, the nature of connection between Midvalley and these entities could not be established and hampered the investigation.

23. In view of the above, it is alleged that BMD Exports Pvt. Ltd., Buddhisagar Shares & Services Pvt. Ltd., Ghantakarna Shares & Services Pvt. Ltd., Kiranbhai Popatbhai Alodariya, Poojan Tradecom Pvt. Ltd., Prakashbhai Ishwarbhai Rana, Ratnasuri Shares & Services Pvt. Ltd., Real Marketing Pvt. Ltd., Sonal Shares Investment & Company Ltd., HEM Stocks & Shares Services Pvt. Ltd., Sumtinath Shares & Services Pvt. Ltd., Suparshvanath Stock & Service, Tirthankar Shares & Service Pvt. Ltd. and Pyramid Sales Pvt. Ltd.have violated section 11C (2) and (3) of the SEBI Act, 1992.

24. The relevant provisions of law read as under:

Listing Agreement

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

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

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

Clause 43A. Statement of deviations in use of issue proceeds

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

Section 12A of SEBI Act 1992 reads as under:

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;

Prohibition of certain dealings in securities under SEBI (PFUTP) Regulations, 2003.

Regulation 3. 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 recognised stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;

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

contravention of the provisions of the Act or the rules and the regulations made thereunder.

Regulation 4 SEBI (PFUTP) Regulations, 2003

(1)Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

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

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

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

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

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

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

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

Investigation. Section 11Cof SEBI ACT 1995

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

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

25. You are, therefore, called upon to show cause as to why an inquiry should not be held against all of you in terms of Rule 4 of Rules, 1995 read with section 15I of SEBI Act and penalty be not imposed under section 15HA of SEBI Act 1992 and Section 23 E of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as 'SCRA') against Midvalley, under Section 15 HA of SEBI Act 1992 against Datuk K Ketheeswaran, R Chandrasegaran, Sudhir Kumar Jena, K Murugavel, Vasan Chidambaram, K Ramdasan, S Madhavan, M Pandiyan, Aman Tie-Up Pvt. Ltd, Subrata Dasgupta, Deba Prasad Biswas, Deesha Tei-Up Pvt. Ltd, Dharmnath Shares & Services Pvt. Ltd, Subodhsagar Shares & Services Pvt. Ltd., Sardhav Investment & Finance Ltd, Regent Finance Corporation Pvt. Ltd., Mercury Fund Management Co.P.Ltd. and Eduexel

Infotainment Ltd, Aswin Logistic Ventures and Omni Ax's Software Ltd, Bharat Babubhai Trivedi, under Section 15A(a) of the SEBI Act 1992 and Section 15 HA of the SEBI Act 1992 against BMD Exports Pvt. Ltd., Buddhisagar Shares & Services Pvt. Ltd., Ghantakarna Shares & Services Pvt. Ltd., Kiranbhai Popatbhai Alodariya, Poojan Tradecom Pvt. Ltd., Prakashbhai Ishwarbhai Rana, Ratnasuri Shares & Services Pvt. Ltd., Real Marketing Pvt. Ltd., Sonal Shares Investment & Company Ltd., HEM Stocks & Shares Services Pvt. Ltd., Sumtinath Shares & Services Pvt. Ltd., Suparshvanath Stock & Service, Tirthankar Shares & Service Pvt. Ltd., Pyramid Sales Pvt. Ltd. (now known as YMS Finance Pvt. Ltd.).

26. Section 15A(a), 15 HA of the SEBI Act 1992 and 23 E of SCRA 1956 read as under:

15A. Penalty for failure to furnish information, return, etc.- If any person, who is required under this Act or any rules or regulations made thereunder,—

(a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;

15HA. Penalty for fraudulent and unfair trade practices. –If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds under SCRA 1956

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

27. Your replies, if any, should reach the undersigned, at the address given below and also by e-mail at dsr@sebi.gov.in, within 14 days from the date of receipt of this notice, failing which it shall be presumed that you all have no replies to submit and the matter would be further proceeded with on the basis of the evidence available on record in terms of Rule 4 (7) of the said Rules.

Securities and Exchange Board of India
4th Floor, NCL Premises Co-op. Soc. Ltd.
Plot No. C-6, 'E' Block, Bandra- Kurla Complex,
Bandra (E), Mumbai– 400 051

28. You may also indicate whether you desire a personal hearing in the matter.

29. You are also advised to submit a photocopy of your Income Tax Permanent Account Number (PAN card) for our record.

D. Sura R

D. SURA REDDY
GENERAL MANAGER &
ADJUDICATING OFFICER

Encl: As above

ANNEXURE - 'A'

SECURITIES AND EXCHANGE BOARD OF INDIA

Communication of Order appointing Adjudicating Officer

1. Whereas the Securities and Exchange Board of India (**SEBI**) conducted investigation into the alleged irregularity in the matter of IPO of M/s Midvalley Entertainment Limited.

2. Whereas it *prima-facie* appeared to the Whole Time Member that the following entities have violated the provisions as stated below:

Sr. No.	Name of the Entities	Violation under SEBI Act/Rules/Regulation
1.	Midvalley Entertainment Limited (PAN:AABCC3634J)	Clauses 43 and 43 A (1) of the Listing Agreement. Section 12A(a), (b) and (c) of the SEBI Act, 1992 read with Regulations 3(a),(b), (c), (d), 4(1), 4(2) (a), (d), (e), (f), (k) and (r) of the SEBI (PFUTP) Regulations, 2003
2.	Datuk K Ketheeswaran, Director and Non-Executive Chairman (PAN: AUZPK2273Q)	Section 12A(a), (b) and (c) of the SEBI Act, 1992 read with Regulations 3(a),(b), (c), (d), 4(1), 4(2) (a), (d), (e), (f), (k) and (r) of the SEBI (PFUTP) Regulations, 2003
3.	R Chandrasegaran, Non-Executive Director (PAN: AHUPC1432D)	
4.	Sudhir Kumar Jena, Non-Executive Independent Director, Chairman of Audit Committee (PAN: AASPS2187G)	
5.	K Murugavel, Executive Director cum COO, Audit Committee Member (PAN: AKIPN9312K)	
6.	Vasan Chidambaram, Non-Executive Independent Director, Audit Committee Member (PAN: ACEPV8596L)	
7.	K Ramdasan, Non-Executive Independent Director, Audit Committee Member (PAN: AKTPR9734M)	
8.	S Madhavan, Company Secretary and Compliance Officer (PAN:*)	
9.	M Pandiyan, Manager – Accounts and Finance (PAN:*)	
10.	Aman Tie-Up Pvt. Ltd. (PAN: AAGCA4384C) and its directors (i) Shri Subrata Dasgupta (DIN: 02104799) and (ii) Shri Deba Prasad Biswas (DIN: 03119917)	Regulation 3(a),(b),(c),(d), 4(1) (2) (a) and (d) of SEBI (PFUTP) Regulations, 2003 read with Section 12A (a), (b) and (c) of SEBI Act, 1992
11.	Deesha Tie-Up Pvt. Ltd. (CIN: U67120WB1996PTC080871)	Regulation 3(a),(b),(c),(d), 4(1) (2) (a) and (d) of SEBI (PFUTP) Regulations, 2003 read with Section 12A (a), (b) and (c) of SEBI Act, 1992
12.	Dharmnath Shares and Services Pvt. Ltd. (CIN: U67120GJ2009PTC057686)	Regulation 3(a),(b),(c),(d), 4(1) (2) (a) and (d) of SEBI (PFUTP) Regulations, 2003 read with Section 12A (a), (b) and (c) of SEBI Act, 1992

Sr. No.	Name of the Entities	Violation under SEBI Act/Rules/Regulation
28.	Real Marketing Private Limited (PAN: AACCR4046C)	
29.	Sonal Shares Investment & Company Limited (PAN: ASCPP6491Q)	
30.	HEM Stocks And Shares Services Private Limited (PAN: AACCH2327J)	
31.	Sumtinath Shares And Services Pvt Ltd (PAN: AANCS2340B)	
32.	Suparshvanath Stock And Servic (PAN: AANCS6978H)	
33.	Tirthankar Shares and Service Private Limited (PAN: AADCT2274R)	
34.	Pyramid Sales Pvt. Ltd. (now known as YMS Finance Pvt. Ltd.) (PAN: AABCP4870D)	

* PAN/ DIN of the entities at 8 and 9 not available.

3. And whereas the Whole Time Member is satisfied that there are sufficient grounds to inquire into and adjudicate upon the alleged violations of the aforesaid entities under the provisions of Chapter VI A of the SEBI Act.

4. The Whole Time Member has, therefore, in exercise of the powers conferred upon him under Section 19 read with Section 15-I of SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (the Rules) appointed **Mr. D Sura Reddy,** General Manager, as Adjudicating Officer vide noting dated November 18, 2016 to inquire into and adjudge under 15 HA and 15 A(a) of SEBI Act, 1992 and under Section 23E of the Securities Contract (Regulation) Act, 1956.

5. The said proceedings of appointment are hereby communicated to Mr. D Sura Reddy to conduct the Adjudication Proceedings in the manner specified under Rule 4 of the Rules read with sub-section (2) of Section 15-I of the SEBI Act, 1992. The Adjudicating Officer shall inquire into and adjudicate the alleged violations as stated above and if satisfied that the entities have become liable to penalty, may impose such penalty, as he thinks fit, in terms of Rule 5 of the Rules.

Dated at Mumbai, this **06th day of December 2016**.

N MURUGAN
DEPUTY GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA