



**भारतीय प्रतिभूति
और विनिमय बोर्ड**
**Securities and Exchange
Board of India**

EAD - 9/ADJ-SCN/VKV/ OW/ 21516/ 1 - 11/2022

May 20, 2022

Through Speed Post AD and by Email

Noticee No.	Name and Address of Noticee	Noticee No.	Name and Address of Noticee
1	Salasar Trading Company Limited (Proprietor - Manoj Kumar Garg), Address 1 – A-63, Shankar Garden, Vikas Puri, New Delhi – 110 018. Address 2 – F-41, Milap Nagar, Uttam Nagar, Delhi – 110 059.	2	King Empire Tradexim Pvt. Ltd., Address 1 – 212 A, Ansal Majestic Tower, Vikas Puri, New Delhi – 110 018. Address 2 – 307/22, Gaurav Tower, G Block, Community Centre, Vikas Puri, New Delhi – 110 018.
3	Om Raj Garg, Director - King Empire Tradexim Pvt. Ltd., House No. 4, Antriksh Apartment, Vikas Puri, New Delhi – 110 018.	4	Chandan Gupta, Director – King Empire Tradexim Pvt. Ltd., Address 1 – D-1, 4th Floor, Madangir, New Delhi – 110 062. Address 2 – B - 47, 2nd Floor, IKT II, Janta Flats, Jasola, New Delhi – 110025.
5	King Power Industries Limited, H-3, 106, FF, Vardhaman Plaza, Netaji Subhash Palace, Pitampura, New Delhi – 110 034.	6	Avinash Bhatnagar, Director –King Power Industries Limited, Address 1 – K-13A, Front Portion, 2nd Floor, Green Park Extension, New Delhi – 110 016. Address 2 – 7-A, Friends Colony, Ward No. 16, Jaipur – 302 003 (Rajasthan).
7	Arvind Poddar, Director – King Power Industries Limited, 38, M Block, Mangol Puri, New Delhi – 110 065.		

Notice under Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 read with Section 15-I of SEBI Act, 1992 in the matter of Shilpi Cable Technologies Ltd.

1. Shilpi Cable Technologies Ltd. (hereinafter referred to as ‘Company’ or ‘SCTL’) is a listed company, whose shares are listed on National Stock Exchange Limited (“NSE”) and Bombay Stock Exchange Limited (“BSE”). The Company came out with an Initial Public Offer (“IPO”) for issuance of 80,98,145 equity shares of face value Rs.10/- each through 100% book building process at a price of Rs. 69/- per fully paid up equity share (including a



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premium of Rs 59/- per equity share) and aggregating to approximately Rs. 55.87 crore. SCTL was listed on the exchanges, BSE and NSE, on April 08, 2011. On the date of listing, on BSE the scrip opened at Rs.78.35/-, touched a high of Rs.84.65/- before closing at Rs. 47.60/- and thereby registered a fall of 39.25% from the opening price. On NSE, it opened at Rs.78.00/- and touched a high of Rs.84.70/- before closing at Rs. 48.05/- and thereby registered a fall of 38.4% from the opening price. Accordingly, Securities and Exchange Board of India ("SEBI") *suo moto* initiated investigation in the matter of IPO of the Company relating to bidding analysis, listing day analysis, trading analysis, utilization of IPO proceeds, deviation from objects mentioned in the final prospectus/ Red Herring Prospectus ("RHP") and violations of corresponding regulatory requirements by the Company. During investigation following was observed:

A. Details of IPO is as follows (**Source:** Red Herring Prospectus dated March 15, 2011 and Final Offer Document/ Prospectus dated March 28, 2011, filed with ROC):

Table 1

Issue Open Period	March 22 - 25, 2011
Issue Size (No. of shares)	80,98,145
Issue Size (Value in approx Rs. crores)	Rs.55.87 crores
Process of Issue	100% Book Building
Price Band	Rs.65 - Rs.69 per equity share
Issue Price	Rs.69 per equity share
Face Value	Rs.10 per equity share
Date of Listing	April 08, 2011

B. The objects of the issue as per the Prospectus dated March 28, 2011 are as under:

Table 2 (Source: Prospectus Pages 36 – 44 of RHP)

S.No.	Particulars	Amount (in ₹ crore)
1	To raise funds for capital expenditure on Cable/wire Assembly shop	8.65
2	To raise funds for capital expenditure on Tools for 3G enabling	4.47
3	To raise funds for capital expenditure on augmenting cable manufacturing capabilities	16.21
4	To raise funds towards margin for working capital for the proposed new businesses	15.54
5	To raise funds for investment in the Subsidiary of the Company, M/s Shilpi Cabletronics Limited	5.00
6	To raise funds for General corporate purposes	3.00
7	To meet the expenses of the issue	3.00
Total		55.87



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C. SCTL in its quarterly financial results filings to Exchanges (as prescribed in Clause 43A of listing agreement), had disclosed IPO utilization on a quarterly basis in the notes to quarterly financial results. The disclosures made by SCTL on NSE are summarized in the table below:

Table 3 (Source: NSE)

Description (Figures in Rs. Cr)	Jun-11	Sep-11	Dec-11*	Mar-12*	Jun-12*	Sep-12*	Dec-12*	Mar-13*
Capital Expenditure Expansion	11.69	11.69	17.36	17.36	17.36	17.36	19.01	20.9
Investment in Subsidiary	5	5	5	5	5	5	5	5
Issue Expenses	1.99	1.99	1.99	2.01	2.01	2.01	2.01	2.01
Fixed Deposits	32.25	24.75	-	-	-	-	-	-
Margin for opening LCs for imported machinery	-	-	13	13	-	-	-	-
Sub-total	50.93	43.43	37.35	37.37	24.37	24.37	26.02	27.91
Working Capital #	4.95	12.45	18.53	18.51	31.51	31.51	29.86	27.97
Total	55.88	55.88	55.88	55.88	55.88	55.88	55.88	55.88

The amount utilized towards working capital have been deduced from the statement made by the company that "the balance issue proceeds has been utilized in working capital pending utilization for the objects of the issue".

* In the disclosures made Dec 2011 onwards, the company had stated that the balance issue proceeds has been utilized in working capital pending utilization for the objects of the issue as modified by the resolution passed by the shareholders in its AGM dated 29.09.2011.

D. From the transactions in the bank statements of SCTL and its reply dated February 19, 2016, it's observed that IPO proceeds were utilized towards the following entities:

Table 4 (Payments from IPO Proceeds in Rs. crore)

S.No.	Particulars/ Name of Entity	Amount	S.No.	Particulars/ Name of Entity	Amount
(1)	Payment of IDBI Term Loan	2.41	(11)	SE Investments Limited	0.24
(2)	Salasar Trading Co.	8.20	(12)	Prerna Arcade Pvt Limited	9.00
(3)	King Empire Tradexim Pvt. Ltd.	2.60	(13)	Progressive Trade Impex Pvt Ltd	0.70
(4)	King Power Industries Pvt. Ltd.	2.50	(14)	Sarswati Vincom Ltd.	1.00
(5)	E.I. Dupont De Nemours & Co.	0.03	(15)	Essential Trade Expo Pvt Ltd	0.24
(6)	Dubai Cable Company Pvt. Ltd.	1.68	(16)	LC-Hanwha Corporation	1.81
(7)	RRJR Trading Pvt. Ltd.	0.75	(17)	D & A Financial Services (P) Limited	0.35
(8)	Shilpi Cabletronics Limited	6.73	(18)	Hem Securities Limited	0.22
(9)	FDR with PNB	11.33	(19)	Sobhagya Advertising Services	0.05
(10)	Shilpi Communications Pvt. Ltd.	6.05	(20)	Other Expenses/ Payments	0.003





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E. It was noted that payments from the entire IPO proceeds have been made during the period April 07, 2011 to April 18, 2011. From the reply of the Company, it's observed that there has been a stark deviation in the actual utilization of IPO proceeds to that mentioned in the final prospectus. It's noted that substantial portion of the IPO proceeds were used to repay *unsecured creditors, advances to a group entity – Shilpi Communications Pvt. Ltd, to the vendors who were subsequently selected by the Company to replace the vendors mentioned in the prospectus and working capital requirement.* A summary of the comparison between the actual utilization of IPO proceeds, as observed from the bank statements and supporting documents submitted by the company in its letter to that mentioned in the prospectus is as follows:

Table 5 (Source: SCTL's reply dated 19.02.2016)

S.No	Particulars (fig in Rs Crore)	Actual utilization proposed in the Prospectus	Submission of the company reg. the utilization of IPO proceeds as on date of co. reply i.e. Feb 19, 2016	As observed from the supporting documents and bank statements in co. reply dated Feb 19, 2016	Deviation (after taking the full utilization of IPO proceeds)
1	To raise funds for capital expenditure on Cable/wire Assembly shop	8.65	1.62	-	-
2	To raise funds for capital expenditure on Tools for 3G enabling	4.47	-	-	-
3	To raise funds for capital expenditure on augmenting cable manufacturing capabilities	16.21	19.36	-	-
4	To raise funds towards margin for working capital for the proposed new businesses	15.54	27.88	-	-
5	To raise funds for investment in the Subsidiary of the Company, M/s Shilpi Cabletronics Limited	5.00	5.00	5.00	
6	To raise funds for General corporate purposes	3.00	-	0.20	-
7	To meet the expenses of the issue	3.00	2.02	0.62	-
8	Advances to Group Companies *	-	-	7.78	7.78
9	FDs as margin payment for LCs *	-	-	11.33	11.33
10	Repayment of Unsecured Loans already taken*	-	-	11.18	11.18





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11	To meet working capital requirements of existing business*	-	-	17.36	17.36
12	Amount paid towards Term Loan*	-	-	2.41	2.41
Total		55.88	55.88	55.88	50.06

* IPO proceeds were utilized under these heads contrary to what was mentioned in the prospectus.

F. Accordingly, from the above table, it's observed that the company had deviated from the objects of the IPO by approx. Rs. 50 Crore by utilizing towards means different from the objects to the Issue mentioned in the prospectus. Further, the entire proceeds of IPO were used to make payments to entities and means divergent from that mentioned in the prospectus during the month of April 2011 itself.

G. From the analysis of bank account statements of the company and the company's reply dated Feb 19, 2016, it's observed that the company had utilized some of the IPO proceeds towards transactions with entities whose credentials and businesses are doubtful. Detailed analysis of payment towards such suspicious transactions are as follows:

- From the bank account statements, it's observed that several payments to the tune of Rs. 8.20 Crore from the IPO proceeds have been made to Salasar Trading Company Limited ("Noticee No. 1" or "Salasar") and payments to the tune of Rs. 2.6 Cr and Rs. 2.5 Cr from the IPO proceeds were made to King Empire Tradexim Pvt. Ltd. ("Noticee No. 2" or "King Empire") and King Power Industries Pvt. Ltd. ("Noticee No. 5" or "King Power"), respectively. Details of such transfers are as follows:-

Table 6 (Source: SCTL's reply dated 19.02.2016)

Sl No.	Transferor	Transferee	Amount (in Rs crore) (Date)
1	SCTL (SBI 30877793951)	King Empire Tradexim Pvt. Ltd. (Axis 910020046109099)	1.8 (07.04.2011)
2	SCTL (SBI 30877793951)	King Empire Tradexim Pvt. Ltd. (Axis 910020046109099)	0.8 (08.04.2011)
King Empire Tradexim Pvt. Ltd.			2.6
3	SCTL (SBI 30877793951)	King Power Industries Pvt. Ltd (Axis 910020045065839)	1.8 (07.04.2011)
4	SCTL (SBI 30877793951)	King Power Industries Pvt. Ltd (Axis 910020045065839)	0.7 (08.04.2011)
King Power Industries Pvt. Ltd			2.5
5	SCTL (IDBI 11655100001465)	Salasar Trading Co. (Axis 431010200014377)	2.0 (07.04.2011)



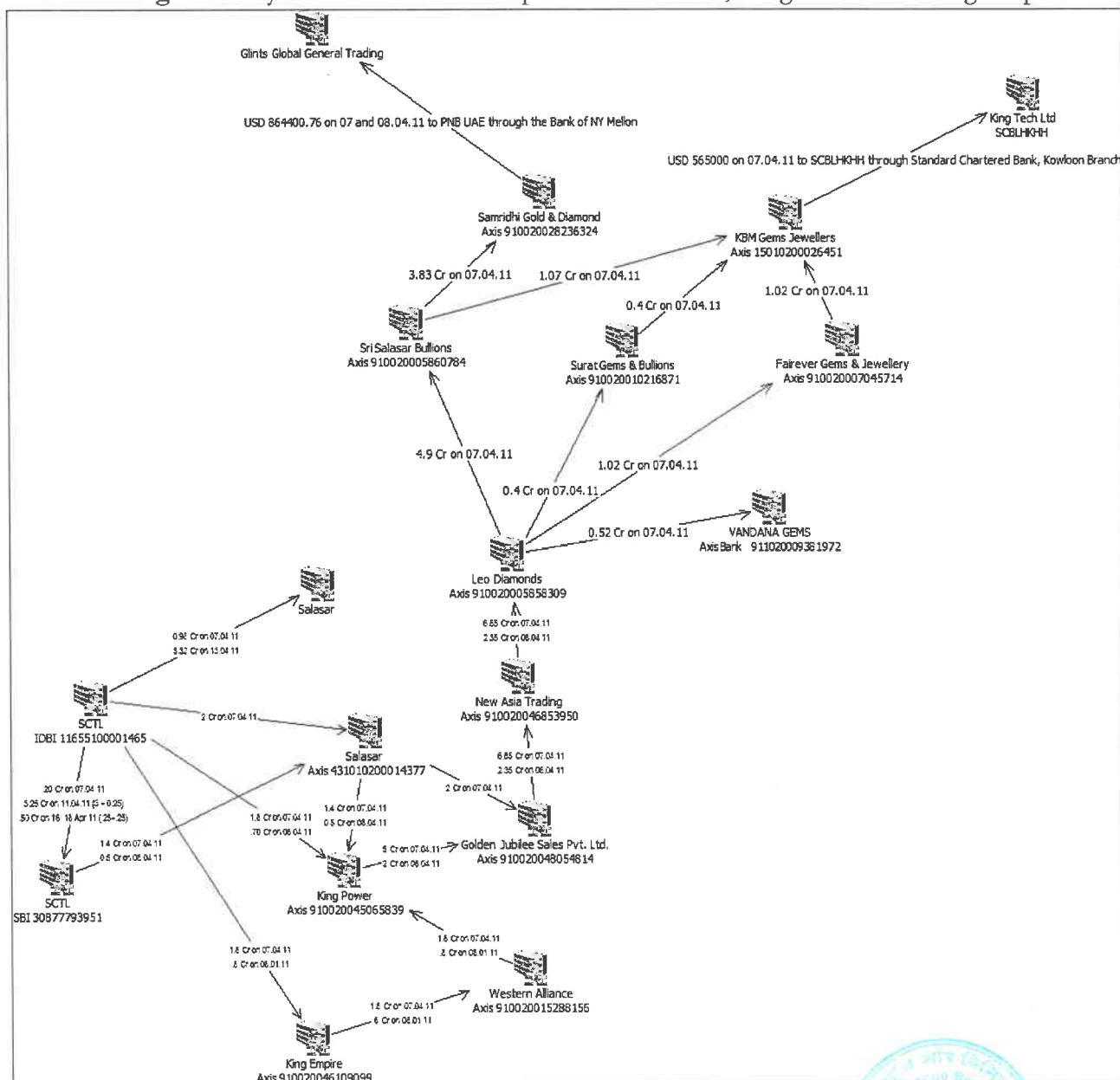
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6	SCTL (IDBI 11655100001465)	Salasar Trading Co. (BoI)	0.98 (07.04.2011)
7	SCTL (IDBI 11655100001465)	Salasar Trading Co. (BoI)	3.32 (13.04.2011)
8	SCTL (SBI 30877793951)	Salasar Trading Co. (Axis 431010200014377)	1.4 (07.04.2011)
9	SCTL (SBI 30877793951)	Salasar Trading Co. (Axis 431010200014377)	0.5 (08.04.2011)
Salasar Trading Co.			8.2
Total			13.3

ii. The details of such payments and subsequent fund flows is depicted below:

Figure 1: Payment made from IPO proceeds to Salasar, King Power and King Empire





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- iii. The Company had stated that the said payments were for the purpose of working capital and upon perusal of the bills submitted in support of the said transactions, it's observed that the goods described in the bills were connectors, cables and jumpers. The above payments towards Salasar, King Power and King Empire for working capital requirement was divergent from the objects of the issue proposed in the final prospectus.

H. Credentials of the entities – Salasar, King Empire and King Power

i. King Power Industries Limited (PAN: AADCK9238Q):-

- a) From the MCA records, it's observed that King Power was incorporated on April 22, 2010 with CIN- U40104DL2010PTC201834 and registered at the address - *H-3, 106, FF Vardhaman Plaza, Netaji Subhash Palace, Pitampura, New Delhi – 110034*. The status of the company on MCA is showing as Active with the date of last AGM as Sept 30, 2019. The new registered address of the company is *Office No-217, Radha Chamber, Plot No-19 and 20, G-Block, Community Centre, Vikaspuri, New Delhi West Delhi 110018*.
- b) The main objects of King Power as per its Memorandum of Association ("MoA") is to carry on the business as traders, importers, exporters, ... of all kinds of electrical appliances, ... and to deal in all kinds of electrical and electronic apparatus/ hardware/ instruments, components and goods including all types of wire, ... in India or abroad.
- c) From the Form No. 1 (*Application and declaration for incorporation of a company*) and Form 32, the following details during the relevant period of investigation in addition to the above are observed:

Table 7 (Source: Filings made by King Power on MCA for the relevant periods)

Sl No.	Particulars	Remarks
1	Particulars of Promoters/ Directors	1. Avinash Bhatnagar (DIN – 02863857/PAN- AAWPB2025L); Email: mandalmk@gmail.com / abhay77777@gmail.com 2. Arvind Poddar (DIN – 02910991/ PAN - AODPA6026K); Email: mandalmk@gmail.com / abhay77777@gmail.com
2	Email id of the company	mandalmk@gmail.com





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- d) A brief of the financials of King Power for the financial years 2010-11 and 2011-12 are as under:

Table 8 (Source: Filings made by King Power on MCA for the relevant periods)

Particulars	FY 2011-12 (in Rs.)	FY 2010-11 (in Rs.)
Balance sheet [Abstract]		
Total shareholders' funds	1,13,86,378.77*	4,85,505.96
Total non-current liabilities	5,468	3,072
Total current liabilities	99,10,04,456.19	75,12,63,322.56
Short-term borrowings	21,52,77,914	8,14,43,431
Trade payables	77,48,45,981	66,96,14,643
Total equity and liabilities	100,23,96,302.96	75,17,51,900.52
Assets [Abstract]		
Total fixed assets	24,260	36,282
Total non-current assets	24,260	36,282
Current assets [Abstract]		
Current investments – FDR with Bank	51,10,000	0
<i>Inventories</i>	<i>0</i>	<i>14,47,280</i>
Trade receivables	96,49,13,730.64	74,96,62,151.3
Cash and bank balances	34,53,858.28	4,61,987.22
Short-term loans and advances (unsecured)	2,87,86,304.04	0
Other current assets	1,08,150	1,44,200
Total current assets	100,23,72,042.96	75,17,15,618.52
Total assets	100,23,96,302.96	75,17,51,900.52

Table 9 (Source: Filings made by King Power on MCA for the relevant periods)

Particular	FY 2011-12	FY 2010-11
Profit and Loss [Abstract]		
Total Turnover/Receipts	n.a	221,53,14,405
Total Expenditure	n.a	221,53,49,347
Profit Before Tax	n.a	5,57,894.96
Profit After Tax	10,00,872.81	3,88,578

* During the period, 9,90,000 shares were allotted to Golden Jubilee Sales Pvt. Ltd.

- e) As per note captioned Technical Absorption and Energy Conservation of the Annual Report, the auditor of the financial statements had certified that “During the year the Company have not produced and/or manufactured its products. So, there was no consumption of energy and technology absorption.”

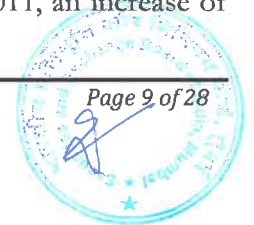




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- f) From the financial statements, it is apparent that King Power did not have any major fixed asset and it had an abnormally high level of inventory turnover. Further, from the total turnover and the total expenses for FY 2010-11, it is observed that King Power is not involved in any value addition of goods. The major asset of King Power was trade receivables and funding of King Power was mainly met by unsecured short term borrowings and Trade payables. The inventory held by King Power as on March 31, 2010 was stock of cables and connectors.
- g) From the ledger statements of King Power, in the books of SCTL, for the financial years 2010-11 and 2011-12, it's observed that SCIL had made purchase of goods worth Rs. 22.70 Crore and Rs. 106 Crore in the financial years 2010-11 and 2011-12, respectively, from King Power; and Shilpi Cabletronics had made purchase of goods worth Rs. 12.93 Crore and Rs. 12.1 Crore in the financial years 2010-11 and 2011-12, respectively, from King Power.
- h) From the bank statement of King Power (Axis Bank – 910020045065839), it's observed that it had substantial transactions with Salasar, Shilpi Cabletronics Ltd., Silver Jubilee Tradexim Pvt Ltd, Western Alliance Tradexim Pvt Ltd, Ford Asia Trading Pvt. Ltd. and Golden Jubilee Sales Pvt Ltd during the financial years 2010-11 and 2011-12.
- i) Further, from an analysis of the said bills for the goods purchased by the company from King Power during the financial year 2010-11, it was observed that the per unit prices of Din Male Connector 7/8 Feeder cable purchased by SCTL from King Power steadily increased by 72%, at an average of 4% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days), from Rs. 251/- per unit on September 25, 2010 to Rs. 432/- per unit on December 25, 2010. The price of Din Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 13% from Rs. 432/- per unit in the previous invoice (dated December 25, 2010) to Rs. 372/- per unit on January 4, 2011. Subsequently, a similar trend of steady rise in prices was observed during January 4, 2011 and March 31, 2011 where the per unit price of Din Male Connector 7/8 Feeder cable increased from Rs. 372/- per unit on January 4, 2011 to Rs. 451/- per unit on March 31, 2011, an increase of





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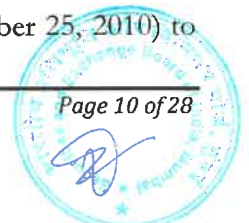
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almost 20% with an average of 1% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). Overall, the per unit price for the item Din Male Connector 7/8 Feeder cable purchased by SCTL from King Power increased by almost 80% within a span of 6 months. A price chart for the same is placed below:

Figure 2: Price Chart of goods purchased by SCTL from King Power in FY 2010-11



- j) The per unit prices of Dual Male Connector 7/8 Feeder cable purchased by SCTL from King Power steadily increased by 16%, at an average of 1.8% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days), from Rs. 392/- per unit on September 25, 2010 to Rs. 456/- per unit on October 25, 2010. The price of Dual Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 26% from Rs. 456/- per unit in the previous invoice (dated October 25, 2010) to Rs. 362 per unit on November 10, 2011. Subsequently, a trend of steady rise in prices was observed during November 10, 2011 and December 25, 2010 where the per unit price of Dual Male Connector 7/8 Feeder cable increased from Rs. 362/- per unit on Nov 10, 2011 to Rs. 434/- per unit on December 25, 2010, an increase of almost 20% with an average of 2.5% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). The price of Dual Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 10% from Rs. 434/- per unit in the previous invoice (dated December 25, 2010) to





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Rs. 392/- per unit on January 4, 2011. Subsequently, a trend of steady rise in prices was observed during January 4, 2011 and March 31, 2011 where the per unit price of Dual Male Connector 7/8 Feeder cable increased from Rs. 392/- per unit on January 4, 2011 to Rs. 476/- per unit on March 31, 2011, an increase of almost 21% with an average of 1% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). Overall, the per unit price for the item Dual Male Connector 7/8 Feeder cable purchased by SCTL from King Power increased by almost 21% within a span of 6 months.

- k) Per unit prices of 1.5 Jumper Din Male & Female Connector purchased by SCTL from King Power steadily increased by 13%, at an average of 1.4% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days), from Rs. 500/- per unit on September 25, 2010 to Rs. 565/- per unit on October 25, 2010. The price of 1.5 Jumper Din Male & Female Connector purchased by SCTL reduced by almost 15% from Rs. 565/- per unit in the previous invoice (dated October 25, 2010) to Rs. 492/- per unit on November 10, 2011. Subsequently, a similar trend of steady rise in prices was observed during November 10, 2011 and December 25, 2010 where the per unit price of 1.5 Jumper Din Male & Female Connector increased from Rs. 492/- per unit on November 10, 2011 to Rs. 564/- per unit on December 25, 2010, an increase of almost 15% with an average of 1.8% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). The price of 1.5 Jumper Din Male & Female Connector purchased by SCTL reduced by almost 9% from Rs. 564/- per unit in the previous invoice (dated December 25, 2010) to Rs. 517/- per unit on January 4, 2011. Subsequently, a similar trend of steady rise in prices was observed during January 4, 2011 and March 31, 2011 where the per unit price of 1.5 Jumper Din Male & Female Connector increased from Rs. 517/- per unit on Jan 4, 2011 to Rs. 599/- per unit on March 31, 2011, an increase of almost 16% with an average of 0.8% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). Overall, the per unit price for the item Dual Male Connector 7/8 Feeder cable purchased by SCTL from King Power increased by almost 20% within a span of 6 months.





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- l) Though incorporated in April 2010, as mentioned above, SCTL placed substantial portion of its purchases with King Power during the period 2010 - 2012 which is suspicious. Further, vide Summons dated April 07, 2016 and November 07, 2016, information were sought from King Power and its directors *viz.* Shri Avinash Bhatnagar (Noticee No. 6) and Shri Arvind Poddar (Noticee No. 7). According to submission by Shri Avinash, Mr. Manoj Garg's (Manoj Kumar Garg is the proprietor of Salasar Trading Co., one of the entities to whom IPO proceeds were transferred) office applied for his DIN number in November 2009 for his appointment as director in Frisco and using his DIN and digital signatures and Shri Garg's office appointed him as director in other companies in addition to Frisco without his prior consent.
- m) Ravi Sankar Goel & Co. (Chartered Accountants), on behalf of Shri Poddar, vide letter dated May 18, 2016, submitted that Shri Poddar was related with King Power as director and also as shareholder for the period from incorporation on April 22, 2010 till August 27, 2011.
- n) King Power has sought time to file reply to the summons, however, no subsequent reply was made by it. Further, Shri Avinash though have alleged of misuse of his DIN for his ignorance of his association with King Power, however, from the Account Opening Form ("AOF") with Axis Bank and the Power of Attorney ("POA") submitted to Sh. Manoj Ku. Mandal, it's observed that Shri Bhatnagar was a signatory to both the documents and a subscriber to the MoA and Article of Association ("AoA") of King Power and hence it was alleged that he was cognizant of his association with King Power.
- ii. **King Empire Tradexim Pvt. Ltd. (PAN : AIXPG2195F)**
- a) From the MCA records, it's observed that it was incorporated on April 22, 2010 with CIN- U51909DL2010PTC201868 and registered at the address – 3/17 C.S.M., Janakpuri, New Delhi – 110058. The registered address of the company changed to 212A, Ansal Majestic Power, VikasPuri, New Delhi – 110018 on October 25, 2010. The present status of the company on MCA is showing as Active with the date of last AGM as September 30, 2019.





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- b) One of the main objects of King Empire as per its MoA is to carry on the business as buyers, sellers, importers, exporters, distributors, agents, traders, brokers, factors, stockiest, commission agents, and dealers of: Engineering goods, leather goods, machine tools, small tools, metals, alloys, iron pipe fitting, nuts, bolts and accessories automobiles, and automobile parts and steel, stainless steel, and ...
- c) From the Form No. 1 (*Application and declaration for incorporation of a company*), the following details during the relevant period of investigation in addition to the above are observed:

Table 10 (Source: Filings made by King Empire on MCA for the relevant periods)

Sl No.	Particulars	Remarks
1	Particulars of Promoters/ Directors	1. Chandan Bhatia (ceased to be director w.e.f. 22.04.2010); DIN – 00510103; Email: mandalmk@gmail.com 2. Vijay Julka (ceased to be director w.e.f. 09.11.2010); DIN – 01167290; PAN – AAHPJ0342H; Email: abhay77777@gmail.com 3. Om Raj Garg (Independent Director w.e.f. 02.11.2010); DIN – 02504390; Email: abhay77777@gmail.com 4. Chandan Gupta (Independent Director w.e.f. 22.04.2010); DIN – 03029001/ PAN- AIXPG2195F; Email: mandalmk@gmail.com; 5. Davendra Ku. Sharma (Independent Director w.e.f. 30.04.2011); (DIN – 02738418)
2	Email id of the company	mandalmk@gmail.com (Form 18 dated 16.04.2010)

- d) A brief of the financials of King Power for the financial years 2010-11 and 2011-12 are as under:

Table 11 (Source: Filings made by King Empire on MCA for the relevant periods)

Particulars	FY 2011-12 (in Rs.)	FY 2010-11 (in Rs.)
Balance sheet [Abstract]		
Total shareholders' funds	1,05,55,421.05	2,14,044.93
Total non-current liabilities	5,292	2,961
Current liabilities [Abstract]		





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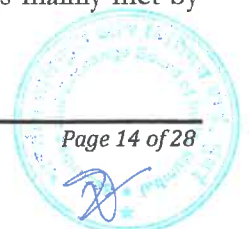
Particulars	FY 2011-12 (in Rs.)	FY 2010-11 (in Rs.)
Short-term borrowings	16,71,20,000	0
Trade payables	52,25,87,966	14,16,58,200
Total current liabilities	69,01,50,968	14,17,18,737
Total equity and liabilities	70,07,11,681.05	14,19,35,742.93
Assets [Abstract]		
Total fixed assets	24,022	35,919
Current assets [Abstract]		
Current investments – FDR with Bank	1,00,000	0
<u>Inventories</u>	<u>6,42,19,144</u>	<u>5,92,720</u>
Trade receivables/ Sundry Debtors	62,89,03,365.52	13,81,34,697
Cash and bank balances	-21,82,427.58	3,61,099.17
Short-term loans and advances (unsecured)	96,40,677.11	28,02,107.76
Total current assets	70,06,87,659.05	14,18,99,823.93
Total assets	70,07,11,681.05	14,19,35,742.93

*During the period, 9,90,000 shares were allotted to Golden Jubilee Sales Pvt. Ltd.

Table 12 (Source: Filings made by King Empire on MCA for the relevant periods)

Particulars	FY 2011-12	FY 2010-11
Profit and Loss [Abstract]		
Total Turnover/Receipts	n.a.	24,90,53,294
Total Expenditure	n.a.	24,88,88,251
Purchases		24,84,54,558
Audit Fee		12,500
Rent		93,000
Salary		2,35,000
Depreciation		13,411
Profit Before Tax	n.a.	1,65,043
Profit After Tax	4,41,376	1,17,006

- e) From the Balance Sheet and Profit and Loss Statement of King Empire for the period April 22, 2010 to March 31, 2011, it's observed that King Empire did not have any major asset and had an abnormally high level of inventory turnover. Further, from the total turnover and the total expenses for FY 2010-11, it is observed that King Power is not involved in any value addition of goods. The major asset of King Empire was trade receivables and funding of King Empire was mainly met by unsecured short term borrowings and Trade payables.





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- f) From the Annual Report of King Empire, it's observed that King Empire had the total trade receivables/ sundry debtors at Rs. 13.81 Crore as on end of March 31, 2011. This was on account of SCTL and Shilpi Cabletronics which owed Rs. 7.21 Crore and Rs. 6.60 Crore respectively to King Empire Tradexim. Thus, at the end of the financial year 2010-11, 100% of trade receivables/ sundry debtors of King Empire Tradexim were SCTL and Shilpi Cabletronics.
- g) The inventory held by King Empire as on March 31, 2010 was stock of cables and connectors. Major part of the funding to King Empire was from trade payables/ sundry creditors at Rs. 14.16 Crore (i.e. Ford Asia Trading Pvt. Ltd. – Rs. 2.76 Crore, Silver Jubilee Tradexim Pvt. Ltd. – Rs. 3.46 Crore and Western Alliance Tradexim Pvt Ltd. – Rs. 7.94 Crore) as on March 31, 2011.
- h) From the Balance Sheet of King Empire for the financial years 2010-11 and 2011-12, it's observed that it had hardly any fixed assets and that it did not own any premises given that it paid rent of Rs 0.93 lac during 2010-11. Further, from the Profit and Loss statement for the Financial Year ending 2011, it's observed that the company had incurred expenses of Rs. 2.35 lac towards salary and Rs. 0.93 lac towards rent which is disproportionately low given the substantially high sales and expenses figures. From the above, it's apparent that King Empire's turnover/ expenses were not commensurate with its infrastructure and employee base.
- i) From the ledger statements of King Empire, in the books of SCTL, for the financial years 2010-11 and 2011-12, it's observed that SCTL had made purchase of goods worth Rs. 11.53 Crore and Rs. 106 Crore in the financial years 2010-11 and 2011-12 respectively and Shilpi Cabletronics had made purchase of goods worth Rs. 16.80 crore and Rs. 24.8 crore in the financial years 2010-11 and 2011-12, respectively.
- j) During the financial year 2010-11, it's observed that SCTL and Shilpi Cabletronics had purchased goods worth Rs. 11.53 crore and Rs. 16.8 crore respectively and aggregating to Rs. 28.3 crore from King Empire. However, from the financial statements of King Empire for the financial year 2010-11, discrepancy is observed with regard to the total revenue of King Empire and the same had been reported as





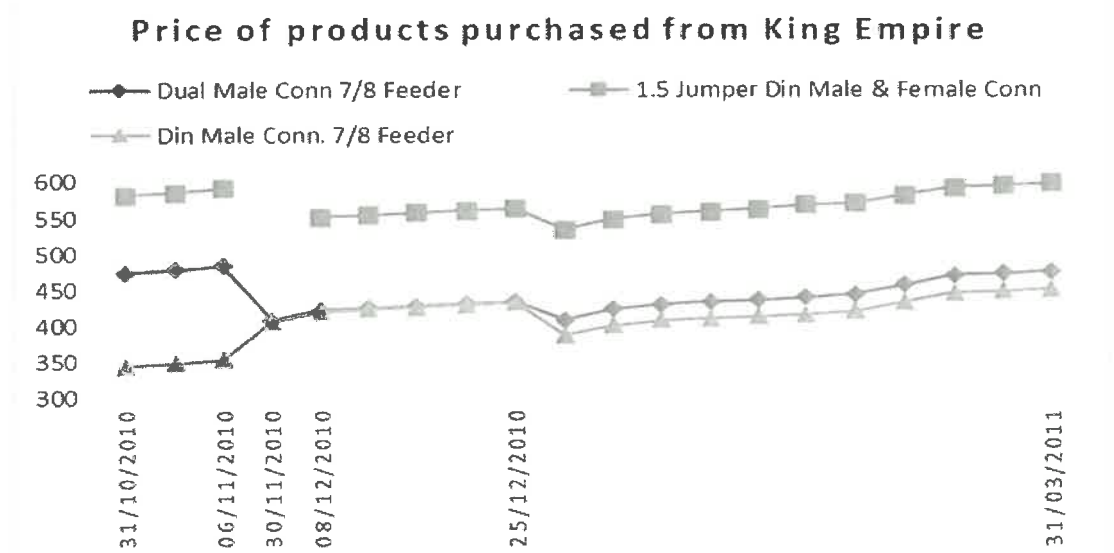
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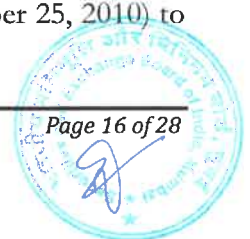
Rs. 24.90 crore. However, from the above it's inferred that SCTL and Shilpi Cabletronics were the only customers of King Empire during the FY 2010-11.

- k) From the bank statement of King Empire (Axis Bank – 910020045065839), it's observed that it had substantial transactions with Shilpi Cabletronics Ltd., Silver Jubilee Tradeexim Pvt Ltd, Western Alliance Tradeexim Pvt Ltd, Ford Asia Trading Pvt. Ltd. and Golden Jubilee Sales Pvt Ltd during the financial years 2010-11 and 2011-12. In view of the same, the decision of SCTL to place substantial orders to procure raw materials from King Empire, which was then recently incorporated in 2010 and did not have any other customer except for SCTL and Shilpi Cabletronics, is questionable.
- l) Further, from an analysis of the bills for the goods purchased by the company from King Empire Tradeexim during FY 2010-11, the following are observed:

Figure 3: Price Chart of goods purchased by SCTL from King Empire in FY 2010-11



- m) Per unit prices of Din Male Connector 7/8 Feeder cable purchased by SCTL from King Empire steadily increased by 26%, at an average of 2.8% per, from Rs. 344/- per unit on October 31, 2010 to Rs. 432/- per unit on December 25, 2010. The price of Din Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 10.5% from Rs. 432/- per unit in the previous invoice (dated December 25, 2010) to





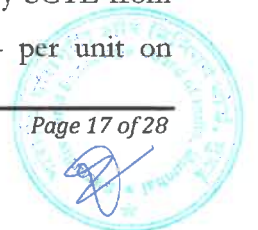
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Rs. 387/- per unit on January 22, 2011. Subsequently, a similar trend of steady rise in prices was observed during January 22, 2011 and March 31, 2011 where the per unit price of Din Male Connector 7/8 Feeder cable increased from Rs. 387/- per unit on January 22, 2011 to Rs. 451/- per unit on March 31, 2011, an increase of almost 17% with an average of 1.5% per invoice. Overall, the per unit price for the item Din Male Connector 7/8 Feeder cable purchased by SCTL from King Empire increased by almost 31% within a span of 6 months.

- n) Per unit prices of Dual Male Connector 7/8 Feeder cable purchased by SCTL from King Empire steadily increased by 2% in a matter of days from Rs. 474/- per unit on October 31, 2010 to Rs. 484/- per unit on November 6, 2010. The price of Dual Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 16% from Rs. 484/- per unit in the previous invoice (dated November 6, 2010) to Rs. 408/- per unit on November 30, 2011. Subsequently, a trend of steady rise in prices was observed during November 30, 2011 and December 25, 2010 where the per unit price of Dual Male Connector 7/8 Feeder cable increased from Rs. 408/- per unit on November 30, 2011 to Rs. 434/- per unit on December 25, 2010, an increase of almost 6% with an average of 1.1% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). The price of Dual Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 6% from Rs. 434/- per unit in the previous invoice (dated December 25, 2010) to Rs. 408/- per unit on January 4, 2011. Subsequently, a trend of steady rise in prices was observed during January 4, 2011 and March 31, 2011 where the per unit price of Dual Male Connector 7/8 Feeder cable increased from Rs. 408/- per unit on January 4, 2011 to Rs. 476/- per unit on Mar 31, 2011, an increase of almost 17% with an average of 1.5% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). Overall, the per unit price for the item Dual Male Connector 7/8 Feeder cable purchased by SCTL from King Empire fluctuated a lot during the 6 months period with a high price of Rs. 484/- per unit on November 6, 2010 and a low price of Rs. 408/- per unit price on November 30, 2010 and January 22, 2010.

- o) Per unit prices of Dual Male Connector 7/8 Feeder cable purchased by SCTL from King Empire increased by 2% in a matter of days from Rs. 474/- per unit on





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October 31, 2010 to Rs. 484/- per unit on November 6, 2010. The price of Dual Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 16% from Rs. 484/- per unit in the previous invoice (dated November 6, 2010) to Rs. 408/- per unit on November 30, 2011. Subsequently, a trend of steady rise in prices was observed during November 30, 2011 and December 25, 2010 where the per unit price of Dual Male Connector 7/8 Feeder cable increased from Rs. 408/- per unit on November 30, 2011 to Rs. 434/- per unit on December 25, 2010, an increase of almost 6% with an average of 1.1% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). The price of Dual Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 6% from Rs. 434/- per unit in the previous invoice (dated Dec 25, 2010) to Rs. 408 per unit on January 4, 2011. Subsequently, a trend of steady rise in prices was observed during January 4, 2011 and March 31, 2011 where the per unit price of Dual Male Connector 7/8 Feeder cable increased from Rs. 408/- per unit on January 4, 2011 to Rs. 476/- per unit on March 31, 2011, an increase of almost 17% with an average of 1.5% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). It was observed that there was a lot of fluctuation in the per unit price for the item Dual Male Connector 7/8 Feeder cable purchased by SCTL from King Empire during the 6 months period with a high price of Rs. 484/- per unit on November 6, 2010 and a low price of Rs. 408/- per unit price on November 30, 2010 and January 22, 2010.

- p) Per unit prices of 1.5 Jumper Din Male & Female Connector purchased by SCTL from King Empire steadily increased by 1.72% in a matter of days from Rs. 582/- per unit on October 31, 2010 to Rs. 592/- per unit on November 6, 2010. The price of 1.5 Jumper Din Male & Female Connector purchased by SCTL reduced by almost 7% from Rs. 592/- per unit in the previous invoice (dated November 6, 2010) to Rs. 552/- per unit on December 8, 2010. Subsequently, a trend of steady rise in prices was observed during December 8, 2010 and December 25, 2010 where the per unit price of 1.5 Jumper Din Male & Female Connector increased from Rs. 552/- per unit on December 8, 2010 to Rs. 564/- per unit on December 25, 2010, an increase of almost 2%. The price of 1.5 Jumper Din Male & Female Connector purchased by





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SCTL reduced by almost 5.3% from Rs. 564/- per unit in the previous invoice (dated December 25, 2010) to Rs. 534/- per unit on January 22, 2011. Subsequently, a trend of steady rise in prices was observed during January 22, 2011 and March 31, 2011 where the per unit price of 1.5 Jumper Din Male & Female Connector increased from Rs. 534/- per unit on January 22, 2011 to Rs. 599/- per unit on March 31, 2011, an increase of almost 12% with an average of 1.1% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). It was observed that there was a lot of fluctuation in the per unit price for the item 1.5 Jumper Din Male & Female Connector purchased by SCTL from King Empire during the 6 months period with a high price of Rs. 599/- per unit on March 31, 2011 and a low price of Rs. 534/- per unit price on January 22, 2010.

- q) Vide Summons dated April 07, 2016 and November 07, 2016, information were sought from King Empire and its directors Shri Chandan Gupta and Shri Om Raj Garg. However, letters sent to King Empire, Rrjr Trading Pvt Ltd and Shri Om Raj Garg was returned with the reason “Unclaimed”. While, the letter to Sh. Chandan Gupta returned with the reason “Addressee Moved”.

iii. **Salasar Trading Co. Ltd. (Prop. Manoj Kumar Garg) (PAN: AAEPG8328D)**

- a) From the Know Your Customer (“KYC”) and AOF of Salasar with Axis Bank, it’s observed that Salasar is a sole proprietorship of Sh. Manoj Kumar Garg (PAN: AAEPG8328D & DIN: 01772147). As per the KYC & AOF documents, the address of Salasar is A-63, Shankar Garden, Vikaspuri, Delhi – 110018. Since, the entity is a proprietorship, no public information of its financials are available.
- b) Further, from an analysis of the bills for the goods purchased by the company from Salasar Trading during the financial year 2010-11, the following are observed:





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Figure 4: Price Chart of goods purchased by SCTL from Salasar in FY 2010-11



- c) Per unit prices of Din Male Connector 7/8 Feeder cable purchased by SCTL from Salasar Trading steadily increased by 72%, at an average of 4% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days), from Rs. 251/- per unit on September 25, 2010 to Rs. 432/- per unit on December 25, 2010. The price of Din Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 13% from Rs. 432/- per unit in the previous invoice (dated December 25, 2010) to Rs. 377/- per unit on January 12, 2011. Subsequently, a similar trend of steady rise in prices was observed during January 12, 2011 and March 31, 2011 where the per unit price of Din Male Connector 7/8 Feeder cable increased from Rs. 377/- per unit on January 4, 2011 to Rs. 451/- per unit on March 31, 2011, an increase of almost 20% with an average of 1% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). Overall, the per unit price for the item Din Male Connector 7/8 Feeder cable purchased by SCTL from King Power increased by almost 80% within a span of 6 months.
- d) Per unit prices of Dual Male Connector 7/8 Feeder cable purchased by SCTL from King Power steadily increased by 25%, at an average of 1.8% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days), from Rs. 392/- per unit on September 25, 2010 to Rs. 490/- per unit on November



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10, 2010. The price of Dual Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 24% from Rs. 490/- per unit in the previous invoice (dated November 10, 2010) to Rs. 370/- per unit on November 13, 2010. Subsequently, a trend of steady rise in prices was observed during November 13, 2011 and December 25, 2010 where the per unit price of Dual Male Connector 7/8 Feeder cable increased from Rs. 370/- per unit on November 13, 2010 to Rs. 434/- per unit on December 25, 2010, an increase of almost 17% with an average of 2% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). The price of Dual Male Connector 7/8 Feeder cable purchased by SCTL reduced by almost 9% from Rs. 434/- per unit in the previous invoice (dated December 25, 2010) to Rs. 397/- per unit on January 12, 2011. Subsequently, a trend of steady rise in prices was observed during January 4, 2011 and March 31, 2011 where the per unit price of Dual Male Connector 7/8 Feeder cable increased from Rs. 397/- per unit on January 12, 2011 to Rs. 476/- per unit on March 31, 2011, an increase of almost 20% with an average of 1% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). Overall, the per unit price for the item Dual Male Connector 7/8 Feeder cable purchased by SCTL from King Power increased by almost 21% within a span of 6 months.

- e) Per unit prices of 1.5 Jumper Din Male & Female Connector purchased by SCTL from King Power steadily increased by 20%, at an average of 1.4% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days), from Rs. 500/- per unit on September 25, 2010 to Rs. 598/- per unit on November 10, 2010. The price of 1.5 Jumper Din Male & Female Connector purchased by SCTL reduced by almost 16% from Rs. 598/- per unit in the previous invoice (dated November 10, 2010) to Rs. 500/- per unit on November 13, 2011. Subsequently, a trend of steady rise in prices was observed during November 13, 2011 and December 25, 2010 where the per unit price of 1.5 Jumper Din Male & Female Connector increased from Rs. 500/- per unit on November 13, 2011 to Rs. 564/- per unit on December 25, 2010, an increase of almost 13% with an average of 1.4% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). The price of 1.5 Jumper Din Male & Female Connector purchased by SCTL





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reduced by almost 7% from Rs. 564/- per unit in the previous invoice (dated December 25, 2010) to Rs. 523/- per unit on January 12, 2011. Subsequently, a trend of steady rise in prices was observed during January 12, 2011 and March 31, 2011 where the per unit price of 1.5 Jumper Din Male & Female Connector increased from Rs. 523/- per unit on January 12, 2011 to Rs. 599/- per unit on March 31, 2011, an increase of almost 15% with an average of 0.8% per invoice (even though the gap between the dates of two immediate invoices was mere 4-5 days). Overall, the per unit price for the item Dual Male Connector 7/8 Feeder cable purchased by SCTL from King Power increased by almost 20% within a span of 6 months.

- f) Shri Garg, proprietor, Salasar, vide his letter dated April 27, 2016, informed that the business of the firm was already closed long back and that since he was involved in overseas business from 2007 onwards, he was not concentrating on business affairs in India and not in possession of any of the records sought relating to the transactions between Salasar and other entities. Shri Garg, vide SEBI letter dated April 26, 2016 was called upon to provide his complete address and vide letter dated April 27, 2016 was informed that several financial transactions were observed between him and the aforesaid entities during 2010-11 and 2011-12. Accordingly, it was reiterated asking Shri Garg to provide his relation with the entities and submit corroborating documents for such transactions. However, no reply was received from Shri Garg.
- g) From the ledger statements of Salasar in the books of SCTL, for the financial years 2010-11 and 2011-12, it's observed that SCTL had made purchase of goods worth Rs. 33.67 Crore and Rs. 64.52 Crore in the financial years 2010-11 and 2011-12, respectively. Further, from the bank statement of Salasar (Axis Bank – 431010200014377), it's observed that it had regular transactions with King Power, King Empire, Silver Jubilee Tradeexim Pvt Ltd, Western Alliance Tradeexim Pvt Ltd, Ford Asia Trading Pvt. Ltd. and Golden Jubilee Sales Pvt Ltd during the financial years 2010-11 and 2011-12.
- h) The submission by Shri Garg that he, being the proprietor of Salasar, had never been associated or dealt with the said entities is rebutted by the aforesaid facts. Further





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though, SCTL and Shilpi Cabletronics had transactions worth more than Rs 100 Crore with Salasar, however, its failed to provide the complete contact details of the employees from both parties who had dealt with such transactions. Thus, it is felt that SCTL had deliberately not disclosed the complete details of such employees in order to prevent SEBI from contacting such employees and to conceal such dubious transactions.

- I. Vide emails dated May 10, 2016, June 22, 2016, December 16, 2016 and March 11, 2017, the Company was asked to submit details i.e. ledger, invoices, copies of correspondences, contact details of employees, etc. regarding transactions done with suppliers - Salasar, King Power and King Empire during FY 2010-11 and 2011-12. SCTL vide letters dated May 19, 2016, July 02, 2016 and email dated February 09, 2017 had submitted partial details and from the same, the following was observed:
- With regard to the details of the contact person of the suppliers/ customers, the Company had not submitted the details of the contact persons of the suppliers citing that due to change in employees, the contact details may not be available.
 - With regard to the copies of correspondences with the selected suppliers and description and criteria on the basis of selection of the particular suppliers for providing raw materials, machineries, etc., the Company despite being a listed entity had submitted that most of the business dealings in it happen verbally and informally and no such record is available with it.
 - With regard to the contact person of SCTL who had dealt with the suppliers, the Company had submitted that the entire dealings were managed by only one person *viz.* Shri Manoj Verma. As regard details of person(s) sought, the Company did not provide relevant details in so far as only a name *viz.* Mr. Manoj Verma was provided and indicating that the person was no longer associated with the Company and providing incomplete address and a contact number which too was indicated to be with another employee of the company.





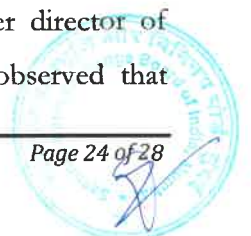
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iv. The company vide email dated Feb 09, 2017, had submitted that due to mishandling of records it was unable to locate the relevant details and records of the employee who had dealings with the suppliers.

J. From the KYC and AOF of the bank accounts of the entities – King Empire, King Power and Golden Jubilee Sales Pvt. Ltd. and the records available on MCA, the following was observed:-

- i. Shri Manoj Kumar Garg (DIN: 01772147) is the sole proprietor of Salasar and as per Form 1 of Golden Jubilee Sales Pvt. Ltd., Shri Garg is also one of the promoter directors of Golden Jubilee Sales Pvt. Ltd. Further, as per the Form 18 (reg. place of registered office) of Golden Jubilee Sales Pvt. Ltd. dated 15.04.2010, the email-id of Golden Jubilee Sales Pvt. Ltd. was mentioned as mandalmk@gmail.com and as per Form -32 (reg. appointment of Director) dated 15.04.2010 of Golden Jubilee, the email-id of Shri Garg was mentioned as abhay77777@gmail.com.
- ii. As per Form 18 and Form 32 of King Empire, both dated 16.04.2010, it's observed that the email-id of the company was mentioned as mandalmk@gmail.com (as per Form 18) and the email-ids of its promoter directors were mentioned as mandalmk@gmail.com (for Sh. Chandan Bhatia) and abhay77777@gmail.com (for Shri Vijay Julka).
- iii. As per Form 18 and Form 32 of King Power, both dated 15.04.2010, it's observed that the email-id of the company was mentioned as mandalmk@gmail.com (as per Form 18) and the email-ids of its promoter directors (as per Form 32) were mentioned as abhay77777@gmail.com (for Sh. Avinash Bhatnagar and Sh. Arvind Poddar), while as per Form 1, the email-ids of the directors were mentioned as mandalmk@gmail.com.
- iv. Evidently from the above, there is commonality of email-ids between Golden Jubilee Sales, King Power and King Empire. Thus, it is observed that Salasar, King Empire and King Power are run by the same entities. Further, it's observed Shri Manoj Kumar Garg is the sole proprietor of Salasar and was the promoter director of Golden Jubilee Sales. Also, during the financial year 2011-12, it's observed that





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Golden Jubilee Sales had infused Rs. 99 lacs each in the share capital of King Empire and King Power. From the bank statements of the entities - Salasar, King Power, King Empire, substantial transactions were also observed between these three entities.

- v. Shri Ashish Bhatnagar in his reply had alleged Shri Manoj Kumar Garg had appointed him as director in Frisco Foods and used his DIN for appointing him as directors in several companies.
- vi. In view of the above, it is inferred that Salasar, King Power and King Empire and Golden Jubilee Sales are related entities. Given the aforementioned facts, the businesses of the three entities – Salasar, King Power and King Empire are questionable. Further, King Empire and King Power being incorporated in 2010 only and their revenue and sales are not commensurate with their meagre fixed assets, employee costs, etc. Also, the Company had failed to provide any supporting documents i.e. waybill to prove if any actual movement of goods took place or the transactions were just mere book entries without any actual movement of goods.
2. In view of above, it was observed that the Company had transferred IPO proceeds to entities Salasar, King Power and King Empire, whose credentials are questionable and for transactions which in essence are dubious. Further, as depicted in Figure 1, the funds through a series of transactions, were routed to outside of the country. Therefore, it is alleged that the entities Salasar Trading Co., King Power Industries and King Empire Tradexim have acted as conduits for the transfer of IPO proceeds and being party to dubious transactions and therefore, these entities and their directors/ proprietors i.e. Noticees No. 1 to 7 (hereinafter together referres as “**Noticees**”) have violated the provisions of Section 12A(c) of the SEBI Act, 1992 read with Regulation 3(d) and 4(1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter to be referred as “**PFUTP Regulations**”). The text of the aforementioned provisions alleged to be violated by the Noticees is as follows:





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SEBI Act

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

12A. No person shall directly or indirectly—

- (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;*

PFUTP Regulations

3. Prohibition of certain dealings in securities

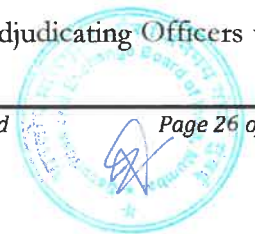
No person shall directly or indirectly—

- (d) *engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

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.*

3. The competent authority in SEBI has *prima facie* felt satisfied that there are sufficient grounds to inquire and adjudicate the alleged violations of the aforesaid provisions of the SEBI Act and PFUTP Regulations by the Noticees. Accordingly, vide communication order dated July 09, 2021, Shri Parag Basu (“**erstwhile AO**”) has been appointed as the Adjudicating Officer Adjudicating Officer under Section 15-I (1) of the SEBI Act, 1992 read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as ‘**Adjudication Rules**’) in the matter to inquire and adjudge under Rule 5 of the Adjudication Rules and under section 15HA of the SEBI Act, of the alleged aforesaid violations by the Noticees. Thereafter, pursuant to transfer of erstwhile AO, undersigned has been appointed as the Adjudicating Officer vide communication order dated March 11, 2022. It has been advised that except for the change of the Adjudicating Officer, the other terms and condition of the original orders (whereby the aforesaid Adjudicating Officers was





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appointed) 'shall remain unchanged and shall be in full force and effect'. It has also been advised that 'I should proceed in accordance with the terms of reference made in the original orders'. The said penal provision of the SEBI Act read as under:

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 twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher.*

4. Accordingly, this Show Cause Notice (hereinafter referred to as 'SCN') is being issued to you, the Noticees in terms of Rule 4(1) of the Adjudication Rules and you are hereby called upon to show cause as to why an inquiry should not be held against you in terms of Rule 4 of the Adjudication Rules and why penalty, if any, should not be imposed under Section 15HA of the SEBI Act.
5. The reply, if any, of the Noticees should reach the undersigned, at the address given below, as well as in softcopy (**in MSWORD format**) through email at vijayantkv@sebi.gov.in and aruns@sebi.gov.in within 14 days from the date of receipt of this notice.

Securities and Exchange Board of India (SEBI)
2nd Floor, SEBI Bhavan - II,
Plot No. C-7, "G" Block,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051.

6. The Noticees may also indicate in their reply, whether they desire a personal hearing in the matter. In case, a reply to this notice is not received within the stipulated timelines, it shall be presumed that the Noticees have no reply to submit and the matter shall be proceeded on the basis of the material available on record in terms of sub-rule (7) of Rule (4) of the Adjudication Rules. The Noticees are also advised to submit a photocopy of their Income Tax Permanent Account Number Card (PAN Card) for our records. Please also keep the undersigned informed about the change in your correspondence address/ e-mail id, if any, till the proceedings are concluded.





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7. You may also note that a settlement mechanism is provided under the SEBI (Settlement Proceedings) Regulations, 2018. If you wish to opt for the settlement process, you may apply for the same in the manner given in the aforesaid regulations under intimation to the undersigned.
8. It may also be noted that the copies of the documents relied upon under these proceedings have been annexed as per the table below and enclosed in a CD.


Vijayant Kumar Verma
Adjudicating Officer
Encls: As above



List of Annexure – In a CD

S. No.	Particular	Annexure
1	Copy of Red Herring Prospectus (RHP/ Prospectus)	1
2	Copy of SCTL letter dated February 19, 2016 and documents/ bank statements/ ledgers.	2
3	Copy of Bank Statements of SCTL.	3
4	IPO Fund Deployment Details provided by SCTL.	4
5	SCTL Letter dated 28/11/2014 and copy of sample invoices w.r.t. Salasar, King Power and King Empire.	5
6	King Power - MCA Documents, Balance Sheet, Ledgers, etc.	6
7	King Empire - MCA Documents, Balance Sheet, Ledgers, etc.	7
8	Salasar - MCA Documents, Balance Sheet, Ledgers, etc.	8
9	Golden Jubilee - MCA Documents, Ledgers, etc.	9
10	Shilpi Cable – Bank Statements and other supporting documents	10
11	Relevant Extract of Investigation Report	11
12	Copy of Communication Orders.	12
