BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/MC/RM/2022-23/19392-19416]

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

In respect of –

1. **Abhishek Infraventures Limited (PAN: AAACE2100L)** having address at 701, Arunachal building, 19, Barakhamba Road, Connaught place, Delhi-110001
2. **Shiva Kumar Komaravelli (PAN: AAYPK8925A)** having address at 3-5-874/A, 101 Vipanchi Complex, B/S Old MLA Qtrs, Hyderguda, Hyderabad, Telangana, India 500029
3. **Lata Bejgam (PAN: BSMPB3068C)** having address at 3-4-552, Flat No. 402, Indira Estates, Narayanguda, YMCA, Andhra Bank Lane, Hyderabad- 500027
4. **Srikanth Burugu (PAN: AKNPB8331N)** having address at 4-3-227 to 229, 1st Floor, Old Boiguda Secunderabad, Telangana, India- 500003
5. **Perraju Pericharla (PAN: AHPPP4933M)** having address at Plot No 44, Sai Priya Colony, Back Side Lane, Old Kapra Municipal Office, Kapra, Hyderabad - 500062, Telangana
6. **Jospeh Polisetty (PAN: APQPP2850L)** having address at H No 11/B/3/9 Plot No 10, Brundavan Colony, Boduppal Uppal Ranga Reedy, Hyderabad - 500039, Telangana
7. **Balram Aerrolla (PAN: AETPA9424R)** having address at H.No 2-3-364/2 Street No 7, Sri Sai Nagar Colony, Nagole Uppal, Hyderabad-500068, Telangana
8. **Ramachandra Murthy Adiraju (PAN: ACVPA4343H)** having address at 5-1-234/10, Sunder Bhavan, Jambagh, Hyderabad - 500012, Telangana
9. **Veerraju Pericharla (PAN: AMMPP9024D)** having address at H NO 1-9-209/1, Flat No 101, Road No 3B, Dharani Apts, New Dilsukh Nagar, Saroornagar, KV Rangareddy, Hyderabad - 500060, Telangana,

10. **Coastal Conductors and Industries Private Limited (PAN: AADCC5889K)** having address at 3-5-874/A, Flat No. 401, 4th Floor, RK Vipanchi Estate, Hyderabad- 500029, Telangana
11. **Vishwanath Projects Limited (PAN: AACCV2054N)** having address at Flat no. 102, 3/5/874, ARK Vipanchi Estate, Hyderguda, Hyderabad- 500029, Telangana
12. **A Srinivas (PAN: AHZPA1708R)** having address at 6-3-1373 NGO's Colony, Vanastacipuram, Hyderabad-500035, Telangana
13. **Sainath Goud Kasula (PAN: BHSPK5828G)** having address at 7-1-307/14/D, Subhash Nagar, Sanath Nagar, Hyderabad-500018, Telangana
14. **Yadaiah Pasupula (PAN: AALPP6088N)** having address at H NO:1-4-257 Plot No:72 Road No:9, New Maruthi Nagar Colony, Hyderabad-500070, Telangana
15. **Rajendra Prasad Adiraju (PAN: ABLPA2819H)** having address at 5-1-234/10, Sunder Bhavan, Jambagh, Hyderabad-500004, Telangana
16. **Omprakash Kovuri (PAN: AFQPK6599B)** having address at NO.3-5-874/15, 1st Floor, Hyderguda, Hyderabad-500029
17. **Swaroopa Pasupula (PAN: BFHPP9206G)** having address at H NO: 1-4-257 Road No-9 New Maruthi nagar, Cly East Kothapet Saroor Nagar, Rangaredi, 500035, Telangana
18. **Gopal D Mudavat (PAN: BNJPM0036K)** having address at Plot No 401, 4th Floor, Tirupati Heights, Near Shankar Mandir , Aai Nagar, Kalwa, Thane (E), Mumbai, Maharashtra, 400601
19. **Megha Mahesh Khandelwal (PAN: AACPK8139Q)** having addresses at :
    i. A/13 Gorai Sai Gharkool CHS, Pepsi Garden,Gorai -2 Borivali West Mumbai, Maharashtra, 400091 ; and
    ii. B/9 Sai Gharkool Chs Ltd, 3rd Floor, Opp To Pepsi Garden, Gorai-2, Borivali West Mumbai, Maharashtra, 400091
20. **Mahesh Omprakash Khandelwal (PAN: AACPK8137A)** having addresses at:
    i. A/13 Gorai Sai Gharkool CHS, Pepsi Garden,Gorai -2 Borivali West Mumbai, Maharashtra, 400091; and

ii. B/9 Sai Gharkool Chs Ltd, 3rd Floor, Opp To Pepsi Garden, Gorai-2, Borivali West Mumbai, Maharashtra, 400091

21. **Sarveshwar Reddy Sanivarapu (PAN: AJRPS3992F)** having address at Flat No 501 , Saisudha Residency, Ashok Nagar, Hyderabad-500020, Telangana
22. **Abhishek Arora (PAN: ANPPA8729A)** having address at Shahpura Gate, Sawar Kekri, Ajmer, Rajasthan, 305407
23. **Anil Kumar (PAN: AWZPK8103H)** having address at 3413 Jai Lal Munshi Ka Rasta Chandpol Bazar, Ward No-81, Jaipur, Rajasthan, 302001
24. **Jitendra Singh (PAN: AQIPJ9645C)** having address at House No 84/273, Pratap Nagar, 68,81, 85, 67 Ward No 32, Sangam, Jaipur, 302015
25. **Akshay Shah (PAN: DQFPS9637K)** having address at 22,Himmat Nagar, Tonk Road, Jaipur Rajasthan, 302001
26. **Sunil Kumar (PAN: ASBPK0694D)** having address at A- 45 Krishi Nagar, W.No.14, Durgapura, Sanganer Bazar,Jaipur Rajasthan, 302029

In the matter of trading activities of certain entities in the scrip of Abhishek Infraventures Limited

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BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') initiated adjudication proceedings in the matter of trading activities of certain entities in the scrip of Abhishek Infraventures Limited (hereinafter referred to as "Company/AIL") as follows:

i. Under Section 15HA of SEBI Act 1992 (hereinafter referred to as "SEBI Act") against Abhishek Infraventures Limited (**Noticee 1/Company/AIL**), Ramachandra Murthy Adiraju (**Noticee 8**), Veerraju Pericharla (**Noticee 9**), Coastal Conductors and Industries Private Limited (**Noticee 10**), Vishwanath Projects Limited (**Noticee 11**), A Srinivas (**Noticee 12**), Sainath Goud Kasula (**Noticee 13**), Yadaiah Pasupula (**Noticee 14**), Rajendra Prasad Adiraju (**Noticee 15**), and Omprakash Kovuri (**Noticee 16**) for the alleged violations of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1) of SEBI (Prohibition of Fraudulent and

Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations")**

ii. Under Section 15HA of SEBI Act 1992 against Shiva Kumar Komaravelli (**Noticee 2**), Lata Bejgam (**Noticee 3**), Srikanth Burugu (**Noticee 4**), Perraju Pericharla (**Noticee 5**), Jospeh Polisetty (**Noticee 6**), Balram Aerrolla (**Noticee 7**), Swaroopa Pasupula (**Noticee 17**), Gopal D Mudavat (**Noticee 18**), Megha Mahesh Khandelwal (**Noticee 19**), Mahesh Omprakash Khandelwal (**Noticee 20**), and Sarveshwar Reddy Sanivarapu (**Noticee 21**) for the alleged violations of Section 12A(a), (b), (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (e) of PFUTP Regulations.

iii. Under Section 15HA of SEBI Act 1992 against Abhishek Arora (**Noticee 22**), Anil Kumar (**Noticee 23**), Jitendra Singh (**Noticee 24**), Akshay Shah (**Noticee 25**) and Sunil Kumar (**Noticee 26**) for the alleged violations of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as Adjudicating Officer ("**AO"**) *vide* Order dated March 04, 2021 to inquire into and adjudge under Sections 15HA of SEBI Act the aforesaid alleged violations against the Noticees. The appointment of AO was communicated *vide* order dated March 15, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. EAD5/MC/HP/28700/2021 dated October 13, 2021 (hereinafter be referred to as, the "**SCN**") was served upon the Noticees under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ('Adjudication Rules') read with Section 15I of the SEBI Act to show cause as to why an inquiry should not be held and penalty not be imposed against Noticees under Section 15HA of SEBI Act upon Noticees for the aforesaid alleged violations.

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

5. AIL was incorporated on July 27, 1984 as Executive Leasing Limited. The Company is engaged in the business as planners, builders and civil engineers, contractors, to build, construct, own, operate, maintain, manage, control and administer, earth works, farm house, parks, gardens, houses, duplex apartments, commercial, residential or industrial building complex, retail stores, shopping centers, market yards, all kinds of cinema theatres and studios and deal in, manage and carry on all types of business and profession related to land dealings, buildings, farms, estates, properties, areas and sites. The name of the company was changed to Executive Stock Broking Services Limited on February 3, 1998 and then finally changed to Abhishek Infraventures Limited on September 2, 2013. The company's registered office is situated at 701, Arunachal Building, 19, Barakhamba Road, Connaught Place, Delhi – 110001. The Company vide letter dated March 18, 2020 confirmed that it got listed on Delhi Stock Exchange in 1985 and on Ahmedabad Stock Exchange Limited on January 27, 2015. Subsequently, the Company got listed on Bombay Stock Exchange Limited on January 4, 2016 and at Metropolitan Stock Exchange of India Limited on August 17, 2016. At the time of listing in BSE, paid up capital of the Company was Rs. 3,24,90,000.

6. Investigation was carried out in the trading in the scrip of AIL for the period 01/01/2017 – 31/03/2017.

7. The details of the management of the company, during January 1, 2015 to December 31, 2017, is given below:

Sl. No.	Name of entity	Designation	From date	To date
1	G. Madhusudhana	Whole time director	June 3, 2013	September 29, 2016
2	K. Kasthuri	Whole time director	June 3, 2013	March 27, 2015
3	V. Narendra	Independent director	May 30, 2014	March 27, 2015
4	Sneha Bindra	Independent director	August 25, 2014	January 29, 2015

Sl. No.	Name of entity	Designation	From date	To date
5	Naveen Bellam Konda	Independent director	August 25, 2014	January 29, 2015
6	Ramachandra Murthy Adiraju (Noticee 8)	Whole time director	March 27, 2015	April 8, 2019
7	Omprakash Kovuri (Noticee 16)	Non-executive director	December 1, 2014	N. A.
8	Venkaramana Sanapala	Independent director	March 27, 2015	April 8, 2019
9	Kachipuram Srikanth	Independent director	March 27, 2015	May 9, 2018
10	Varra Chinnapu Reddy	Independent director	March 27, 2015	N. A.
11	Burugu Srilatha	Independent director	March 27, 2015	February 13, 2018

8. Shareholding pattern of the Company around the investigation period is given below:

Category of shareholder	Quarters ended on September 30, 2016, December 31, 2016, March 31, 2017 and June 30, 2017	
	No. of shares held	**% to total shares**
(A) Promoters	9,63,200	29.65
(B) Public Shareholding	22,85,800	70.35
Total (A + B)	32,49,000	100.00

9. The promoters of the Company, as on quarter ended March 31, 2017 are as under:

Sl. No.	Name of the Promoters	Number of shares held	Percentage shareholding
1	Omprakash Kovuri (Noticee 16)	5,20,000	16.00
2	Ramachandra Murthy Adiraju (Noticee 8)	4,40,000	13.54
3	K G Madhusudhana	2,200	0.07
4	Vidya Rajesh	500	0.02
5	M Lakshmi Madhu	500	0.02
	Total	**9,63,200**	**29.65**

10. Out of total promoter shareholding of 9,63,200 shares, 9,00,000 shares (i.e. 93.44%) were locked in during the investigation period.

11. Financial results of the Company around the investigation period are given below:

(Rs. in million)

Particulars	Year ended on		Quarter ended on			
	Mar 2017	Mar 2016	Jun 2017	Mar 2017	Dec 2016	Sep 2016
Income from Operations	128.81	23.02	-	-	-	19.72
Expenditure	-129.38	-22.59	-0.55	-3.24	-0.12	-19.66
Net Profit	-0.57	0.30	-0.55	-2.40	-0.12	0.04

12. The company registered total income of approx. Rs.230 lakhs and Rs.1290 lakhs for the year ended on March 2016 and March 2017, respectively. However, given the expenditures, the net profit of the Company, fell from Rs.3 lakhs in FY2015-2016 to (Rs.5.7 lakhs) during FY2016-2017. The Company did not post any income in the quarters ended December 2016, March 2017 and June 2017 and incurred net losses on quarter on quarter basis.

13. **<u>Price Volume Analysis</u>:**

Period	**Dates**		**Opening Price (volume) on first day**	**Closing price (volume) on last day**	**Low price (volume) during the period**	**High Price (volume) during the period**	**Avg. no. of (shares) traded daily during the period**
Pre-Investigation Period	**(01/10/2016 - 31/12/2016)**	Price (Rs.)	49.00	50.00	35.00	64.50	57,106
		Vol.	52,368	41,186	591	3,90,234	
During Investigation Period	**(01/01/2017 – 31/03/2017)**	Price (Rs.)	52.00	16.10	16.10	59.95	68,656
		Vol.	19,636	1	1	7,26,716	
Post-Investigation Period	**(01/04/2017 - 30/06/2017)**	Price (Rs.)	15.30	6.69	6.69	15.92	4,142
		Vol.	959	151	1	30,826	

a) During the investigation period, price of the scrip moved from Rs.52.00 to Rs.16.10, registering a fall of Rs.35.90 (i.e. 69.04%).

b) During the investigation period, trading occurred on 61 trading days and total traded volume in the scrip was 41,88,018.

c) The average traded volume in the scrip fell by approximately 93.97% in the post-investigation period, as compared to the investigation period.

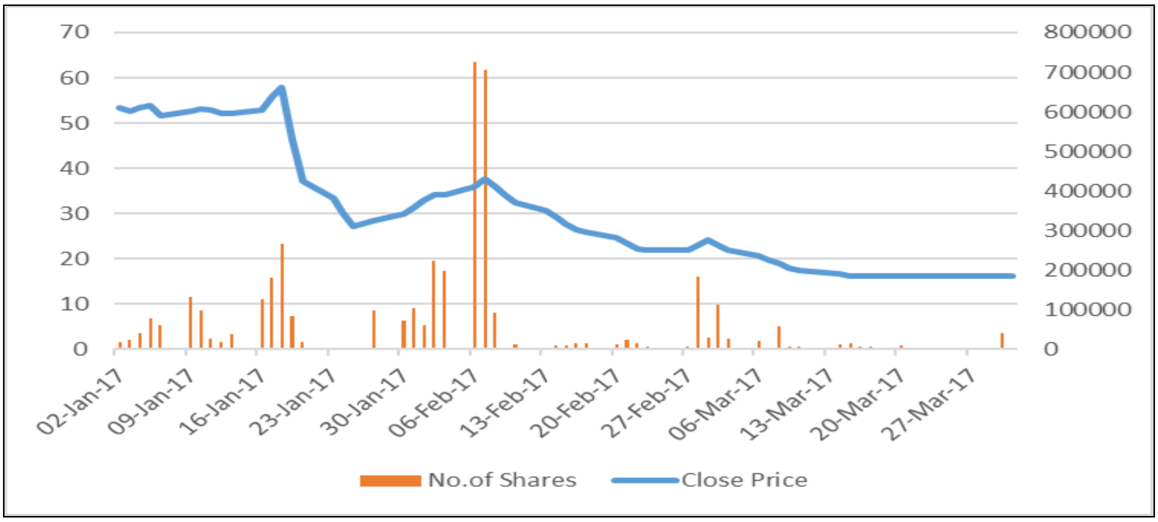
d) BSE vide Notice no. 20170303-29 dated March 3, 2017 notified that the scrip was placed under GSM framework with effect from March 14, 2017.

e) Number of unique PANs trading in the scrip during pre-investigation period, investigation period and post-investigation period was 489, 3591 and 575 respectively.

14. Four patches were identified during the investigation period, details are as under:

Period	**Dates**		**Opening Price (volume) on first day**	**Closing price (volume) on last day**	**Low price (volume) during the period**	**High Price (volume) during the period**	**Avg. no. of (shares) traded daily during the period**
Patch 1 (Price rise)	**02/01/2017 – 18/01/2017**	**Price (**Rs.**)**	52.00	57.95	49.00	60.00	85,456
		Vol.	19,636	2,65,933	16,903	2,65,933	
Patch 2 (Price fall)	**19/01/2017 – 25/01/2017**	**Price (**Rs.**)**	59.00	27.15	27.15	59.00	22,327
		Vol.	83,463	2,142	2,142	83,463	
Patch 3 (Price rise)	**27/01/2017 – 07/02/2017**	**Price (**Rs.**)**	27.15	37.65	27.15	37.65	2,73,390
		Vol.	97,397	7,05,829	59,905	7,26,716	
Patch 4 (Price fall)	**08/02/2017 – 31/03/2017**	**Price (**Rs.**)**	38.65	16.10	16.10	38.90	22,238
		Vol.	91,691	1	1	1,84,619	

15. The price volume chart for the investigation period is given below:



16. **<u>Client Concentration on BSE</u>:** Patch-wise details of top 10 buy clients and sell clients concentration on BSE during the investigation period (i.e. January 1, 2017 to March 31, 2017), is given below:

17. **<u>Patch 1 (Price Rise): 02/01/2017 – 18/01/2017</u>**

Buy Client Name	**Total**	**% age of Trd. Vol.**	**Sell Client Name**	**Total**	**%age of Trd. Vol.**
Notice 19	1,38,256	12.45%	Noticee 19	1,35,526	12.20%
Noticee 18	84,307	7.59%	Noticee 18	82,519	7.43%
Noticee 22	72,289	6.51%	Noticee 22	72,289	6.51%
Nilesh Rameshchandra Shah	64,229	5.78%	Noticee 25	61,932	5.57%
Noticee 25	61,932	5.57%	Nilesh Rameshchandra Shah	57,898	5.21%
Noticee 26	54,319	4.89%	Noticee 26	54,319	4.89%
Mansi Sawhney	50,000	4.50%	Mansi Sawhney	50,000	4.50%
Noticee 23	44,256	3.98%	Noticee 20	45,926	4.13%
Noticee 20	42,944	3.87%	Noticee 23	44,256	3.98%
Ilesh Madhusudan Patel	19,486	1.75%	Byju C Nair	36,791	3.31%
Top 10 Buy Clients	**6,32,018**	**56.89%**	**Top 10 Sell Clients**	**6,41,456**	**57.74%**
Remaining Clients	**4,78,915**	**43.11%**	**Remaining Clients**	**4,69,477**	**42.26%**
Total Traded Vol.	**1,11,0933**	**100.00%**	**Total Traded Vol.**	**11,10,933**	**100.00%**

18. From the table above, it was observed that top 10 buyers contributed 56.89% to market volume and Noticee 19 was the top buyer with 12.45% contribution to market volume. Top 10 sellers contributed 57.74% to market volume and Noticee 19 was the top seller with 12.20% contribution to market volume.

19. **Patch 2 (Price Fall): 19/01/2017 – 25/01/2017**

Buy Client Name	**Total**	**% age of Trd. Vol.**	**Sell Client Name**	**Total**	**%age of Trd. Vol.**
Bhavin Y Mehta	20,003	17.92%	Bhavin Y Mehta	20,003	17.92%
Kothari Kalpesh Dhirajlal	12,996	11.64%	Byju C Nair	19,209	17.21%
Uday Deju Kotian	5,000	4.48%	Nikunj Sureshchandra Shah	14,211	12.73%
Vinod Kumar Arora	4,000	3.58%	Bhawarlal P Maheshwari	10,784	9.66%
Raja Ram Gattand	3,000	2.69%	Noticee 20	7,000	6.27%
Sachin Ratnakar Birbal	2,600	2.33%	Noticee 18	6,590	5.90%
Jyotiben Jitendrabhai Shah	2,500	2.24%	Nilesh Rameshchandra Shah	6,330	5.67%
Gajanan Mahadev Bidaye	2,055	1.84%	Noticee 19	5,400	4.84%
Ajaybhai Bhupendrabhai Soni	2,000	1.79%	Vinod Kumar Arora	4,000	3.58%
Shubham Kwatra	2,000	1.79%	Vivek Agrawal	2,643	2.37%
Top 10 Buy Clients	**56,154**	**50.30%**	**Top 10 Sell Clients**	**96,170**	**86.15%**
Remaining Clients	**55,480**	**49.70%**	**Remaining Clients**	**15,464**	**13.85%**
Total Traded Vol.	**1,11,634**	**100.00%**	**Total Traded Vol.**	**1,11,634**	**100.00%**

From the table above, it was observed that top 10 buyers contributed 50.30% to market volume. Top 10 sellers contributed 86.15% to market volume.

20. **Patch 3 (Price Rise): 27/01/2017 – 07/02/2017**

Buy Client Name	**Total**	**% age of Trd. Vol.**	**Sell Client Name**	**Total**	**%age of Trd. Vol.**
Noticee 19	1,73,635	7.94%	Noticee 2	4,79,401	21.92%
Noticee 18	81,296	3.72%	Noticee 19	2,27,588	10.41%
Chimanlal Maneklal Securities Private Limited	53,922	2.47%	Noticee 3	2,05,000	9.37%
BP Comtrade Pvt Ltd	46,079	2.11%	Noticee 4	1,19,587	5.47%
Chandu Rajbhar	30,000	1.37%	Noticee 18	1,08,992	4.98%
Bhawarlal P Maheshwari	30,000	1.37%	Chimanlal Maneklal	52,922	2.42%

Buy Client Name	Total	% age of Trd. Vol.	Sell Client Name	Total	%age of Trd. Vol.
			Securities Private Limited		
Shreni Shares Private Limited	28,093	1.28%	Vivek Agrawal	50,000	2.29%
Mohammad Ali M	26,973	1.23%	Noticee 6	49,000	2.24%
Noticee 20	26,011	1.19%	BP Comtrade Pvt Ltd	37,496	1.71%
Falguni Brijendrakumar Gupta	23,199	1.06%	Noticee 21	31,946	1.46%
Top 10 Buy Clients	**5,19,208**	**23.74%**	**Top 10 Sell Clients**	**13,61,932**	**62.27%**
Remaining Clients	**16,67,911**	**76.26%**	**Remaining Clients**	**8,25,187**	**37.73%**
Total Traded Vol.	**21,87,119**	**100.00%**	**Total Traded Vol.**	**21,87,119**	**100.00%**

From the table above, it was observed that top 10 buyers contributed 23.74% to market volume and Noticee 19 was the top buyer with 7.94% contribution to market volume. Top 10 sellers contributed 62.27% to market volume and Noticee 2 was the top seller with 21.92% contribution to market volume.

21. **Patch 4 (Price Fall): 08/02/2017 – 31/03/2017**

Buy Client Name	Total	% age of Trd. Vol.	Sell Client Name	Total	%age of Trd. Vol.
Noticee 19	72,203	9.28%	Noticee 19	72,203	9.28%
BP Comtrade Pvt Ltd	51,850	6.66%	BP Comtrade Pvt Ltd	60,433	7.76%
Jayesh Kantilal Gundesha	45,000	5.78%	Jayesh Kantilal Gundesha	45,000	5.78%
Kothari Kalpesh Dhirajlal	31,659	4.07%	Noticee 18	30,873	3.97%
Noticee 18	30,873	3.97%	Harsh Rohitbhai Patel	30,000	3.85%
J K Gundesha HUF	30,000	3.85%	Vivek Agrawal	22,459	2.89%
Hanuman Mal Sharma	20,000	2.57%	Hanuman Mal Sharma	11,170	1.44%
Bhavin Y Mehta	11,409	1.47%	Sunayna Somani	10,006	1.29%
Sunayna Somani	10,006	1.29%	Mohammad Ali M	10,000	1.28%
Muralimohan Venkata	10,000	1.28%	Mehul Tulsidas Simaria	9,096	1.17%
Top 10 Buy Clients	**3,13,000**	**40.21%**	**Top 10 Sell Clients**	**3,01,240**	**38.70%**
Remaining Clients	**4,65,332**	**59.79%**	**Remaining Clients**	**4,77,092**	**61.30%**
Total Traded Vol.	**7,78,332**	**100.00%**	**Total Traded Vol.**	**7,78,332**	**100.00%**

From the table above, it was observed that top 10 buyers contributed 40.21% to market volume and Noticee 19 was the top buyer with 9.28% contribution to market volume. Top 10 sellers contributed 38.70% to market volume and Noticee 19 was the top seller with 9.28% contribution to market volume.

22. **Connection among the Noticees:** On the basis of information obtained viz. UCC details from both the stock exchanges – NSE and BSE, off market transactions data from both the depositories – NSDL and CDSL, directorship details of entities from MCA website, KYCs from the stock brokers and sample bank statements, a group of connected entities was identified.

23. Details of the Noticees and the basis of connection among them are given hereunder:

Sl. No.	**Name of client**	**Reasons for connection**
1	Mahesh Omprakash Khandelwal (Noticee 20)	• Common phone numbers with Megha Mahesh Khandelwal (entity at Sl. No. 2) and Bhawarlal Pusaram Maheshwari (entity at Sl. No. 3). • Common phone number – 9833008802 with Bhawarlal Pusaram Maheshwari (entity at Sl. No. 3). • Received funds from Rajendra Prasad Adiraju (entity at Sl. No. 9). His sister, Pushpa Gupta Karur is mother of Falguni Brijendrakumar Gupta (entity at Sl. No. 6). • Transferred funds to Deepa Valani (entity at Sl. No. 7)
2	Megha Mahesh Khandelwal (Noticee 19)	• Common phone numbers email id and common address with her husband, Mahesh Omprakash Khandelwal (entity at Sl. No. 1) and Bhawarlal Pusaram Maheshwari (entity at Sl. No. 3). • Received funds from Rajendra Prasad Adiraju (entity at Sl. No. 9).
3	Bhawarlal P Maheshwari	• Common phone numbers and addresses with Mahesh Omprakash Khandelwal (entity at Sl. No. 1) and Megha Khandelwal (entity at Sl. No. 2). • Common phone number – 9833008802 with Mahesh Omprakash Khandelwal (entity at Sl. No. 1). • Mahesh Omprakash Khandelwal (entity at Sl. No. 1) is the introducer and witness in his trading account KYC with the broker, Shreni Shares Private Limited. This is common between Bhawarlal Pusaram Maheshwari, Vivek Agrawal (entity at Sl. No. 4), Rajendra Prasad Adiraju (entity at Sl. No. 9) and Byju Nair (entity at Sl. No. 22). • Received funds from Rajendra Prasad Adiraju (entity at Sl. No. 9)
4	Vivek Agrawal	• Mahesh Omprakash Khandelwal (entity at Sl. No. 1) is the introducer and witness in his trading account KYC with broker, Shreni Shares Private Limited.
5	Gopal D Mudavat (Noticee 18)	• Transferred funds to Bhawarlal Pusaram Maheshwari (entity at Sl. No. 3) and Mehul Simaria (entity at Sl. No. 23) • Received funds from Falguni Brijendra Gupta Karur (entity at Sl. No. 6).
6	Falguni Brijendrakumar Gupta	• Niece of Mahesh Omprakash Khandelwal (entity at Sl. No. 1). • Transferred funds to Pushpa Gupta Karur
7	Deepa Valani	• Received funds from Mahesh Omprakash Khandelwal (entity at Sl. No. 1)
8	Ramachandra	• Promoter of Abhishek Infraventures Limited. Director and Chief Financial Officer of Abhishek Infraventures Limited from March 27, 2015 to April 8, 2019.

Sl. No.	Name of client	Reasons for connection
	Murthy Adiraju (Noticee 8)	• Son of Sambasiva Rao Adiraju and brother of Rajendra Prasad Adiraju (entity at Sl. No. 9). • Umesh Chandra Lunker is the introducer and email id is – pansecltd@yahoo.com in his trading account with HSE Securities Limited. This is common between Ramchandra Murthy Adiraju, Omprakash Kovuri (entity at Sl. No. 10) and Joseph Polisetty (entity at Sl. No. 11). •
9	Rajendra Prasad Adiraju (Noticee 15)	• He is the son of Sambasiva Rao Adiraju and brother of Ramchandra Murthy Adiraju (entity at Sl. No. 8). • Common address - 5-1-234/10, Sundar Bhavan, Jambagh, Hyderabad, India, with Ramachandra Murthy Adiraju (entity at Sl. No. 8). • As per submissions by his brother, Ramchandra Murthy Adiraju (entity at Sl. No. 8), vide email dated May 23, 2020, Yadaiah Pasupula (entity at Sl. No. 20) and Raghu Vemulapalli are friends of Rajendra Prasad Adiraju. • Common/ similar address – 3-5-874/4, Hyderguda, Hyderabad, Telangana, India with Omprakash Kovuri (entity at Sl. No. 10) and Shiva Kumar Komaravelli (entity at Sl. No. 14) and the registered address of Vishwanath Projects Limited and Vishwanath Transformers Limited. • Mahesh Omprakash Khandelwal (entity at Sl. No. 1) is the introducer and witness in his trading account KYC with broker, Shreni Shares Private Limited. This is common between Bhawarlal Pusaram Maheshwari (entity at Sl. No. 3), Vivek Agrawal (entity at Sl. No. 4), Rajendra Prasad Adiraju and Byju Nair (entity at Sl. No. 22). • Fund transactions with Mahesh Omprakash Khandelwal (entity at Sl. No. 1), Shiva Kumar Komaravelli (entity at Sl. No. 14) ICICI bank account (630501514940), Megha Mahesh Khandelwal (entity at Sl. No. 2), Bhawarlal Pusaram Maheshwari (entity at Sl. No. 3), Sarveshwar Reddy Sanivarpu (entity at Sl. No. 17), Raghu Vemulapalli, Omprakash Kovuri (entity at Sl. No. 10) and Balram Aerola (entity at Sl. No. 13).
10	Omprakash Kovuri (Noticee 16)	• Promoter of Abhishek Infraventures Limited. Director of Abhishek Infraventures Limited from December 1, 2014. • Umesh Chandra Lunker is the introducer and email id is – pansecltd@yahoo.com in his trading account with HSE Securities Limited. This is common between Ramchandra Murthy Adiraju (entity at Sl. No. 8), Omprakash Kovuri and Joseph Polisetty (entity at Sl. No. 11). • Director in Spring Fields Infraventures Limited since April 20, 2018 where Balram Aerrolla (entity at Sl. No. 13) was also director during April 20, 2018 to February 13, 2020 and Rajendra Prasad Adiraju (entity at Sl. No. 9) was director from October 11, 2013 to November 11, 2013. • In Bank of India account opening KYC, introducer is Yadaiah Pasupula (entity at Sl. No. 20). • Fund transactions with Veerraju Pericharla (entity at Sl. No. 19), Yadaiah Pasupula and Straton Business Solutions Private Limited where Sirish Dayata (entity at Sl. No. 21) was director.
11	Joseph Polisetty (Noticee 6)	• Umesh Chandra Lunker is the introducer and email id is – pansecltd@yahoo.com in his trading account with HSE Securities Limited. This is common between Ramchandra Murthy Adiraju (entity at Sl. No. 8), Omprakash Kovuri (entity at Sl. No. 10) and Joseph Polisetty. • In Syndicate bank account KYC, communication/ registered address is given as Vertex Ventures. This is common between Ramchandra Murthy Adiraju (entity at Sl. No. 8), Omprakash Kovuri (entity at Sl. No. 10) and Joseph Polisetty. • As per email dated March 12, 2020, in reply to the summons, he knows Yadaiah Pasupula (entity at Sl. No. 20). • Yadaiah Pasupula (entity at Sl. No. 20) is witness in his trading account KYC with broker, Fortune Financial Services (India) Limited. • Sirish Dayata (entity at Sl. No. 21) is the introducer in his trading account KYC with Fortune Financial Services (India) Limited. This is common between Joseph Polishetty and Balram Aerolla (entity at Sl. No. 13). • Fund transactions with Rajendra Prasad Adiraju (entity at Sl. No. 9) and Vertex Ventures Healthcare Syndicate Bank account

Sl. No.	Name of client	Reasons for connection
12	Swaroopa Pasupula (Noticee 17)	• As per email dated March 12, 2020, in her reply to the summons, she knows Omprakash Kovuri (entity at Sl. No. 10). • Common address – 1-4-257 Maruthi Nagar Colony, Hyderabad – 500035 with her husband, Yadaiah Pasupula (entity at Sl. No. 20). • Fund transactions with Straton Business Solutions Private Limited (in July 2015), Sirish Dayata (entity at Sl. No. 21) (in July 2015), Vertex Ventures (in July-August 2015) and Spring Field Infraventures Limited (in June-December 2018).
13	Balram Aerrolla (Noticee 7)	• He confirmed vide email dated June 4, 2020 and August 14, 2020 that Yadaiah Pasupula (entity at Sl. No. 20) is his friend and he knows, Rajendra Prasad Adiraju (entity at Sl. no. 9) since 2015. • Sirish Dayata (entity at Sl. No. 21) is the introducer in his trading account KYC with Fortune Financial Services (India) Limited. This is common between Joseph Polishetty (entity at Sl. No. 11) and Balram Aerolla (entity at Sl. No. 13). • Fund transactions with Rajendra Prasad Adiraju (entity at Sl. No. 9) (during June – September 2016), Vertex Ventures (during December 2016 – March 2018) and Omprakash Kovuri (entity at Sl. No. 10) (August 2017).
14	Shiva Kumar Komaravelli (Noticee 2)	• As per email dated March 13, 2020, in reply to the summons, he knows Srikanth Burugu (entity at Sl. No. 16), Lata Bejgam (entity at Sl. No. 15) and Omprakash Kovuri (entity at Sl. No. 10). • Lata Bejgam (entity at Sl. No. 15) is his sister-in-law, since her father is Hari Kotalwar, same as that of his wife, Swathi Komaravelli. • Common email id - ksk@vplindia.com and address – 3-4-552 Flat No. – 402, Indira Estates, Narayanguda, YMCA, Andhra Bank Lane, Hyderabad – 500027 with wife, Swathi Komaravelli. • Common/ similar address – 3-5-874, Hyderguda, Hyderabad, Telangana, India with Omprakash Kovuri (entity at Sl. No. 10) and Rajendra Prasad Adiraju (entity at Sl. No. 9) and the registered address of Vishwanath Projects Limited and Vishwanath Transformers Limited. • Fund transactions with Srikanth Burugu (entity at Sl. No. 16) (during March 2014 to March 2018), Sirish Dayata (entity at Sl. No. 21) (during March 2014 to March 2017) and Rajendra Prasad Adiraju (entity at Sl. No. 9) (during 2014 and 2017).
15	Lata Bejgam (Noticee 3)	• As per email dated March 13, 2020, in reply to the summons, she knows Shiva Kumar Komaravelli (entity at Sl. No. 14). • She is the daughter of Hari Kotalwar and sister of Swathi Komaravelli, wife of Shiva Kumar Komaravelli (entity at Sl. No. 14). • Common email id - ksk@vplindia.com and address – 3-4-552 Flat No. – 402, Indira Estates, Narayanguda, YMCA, Andhra Bank Lane, Hyderabad – 500027 with Shiva Kumar Komaravelly (entity at Sl. No. 14). • Fund transactions with Rajendra Prasad Adiraju (entity at Sl. No. 9), Sharada Kovuri, wife of Omprakash Kovuri (entity at Sl. No. 10).
16	Srikanth Burugu (Noticee 4)	• His sister, Srilatha Burugu is wife of Sirish Dayata (entity at Sl. no. 21). • As per letter dated March 11, 2020, in reply to the summons, he knows Shiva Kumar Komaravelli (entity at Sl. No. 14) and Omprakash Kovuri (entity at Sl. No. 10). • Fund transactions with Sharada Kovuri, wife of Omprakash Kovuri (entity at Sl. No. 10).
17	Sarveswar Reddy Sanivarapu (Noticee 21)	• As per letter dated March 12, 2020, in reply to the summons, he knows Omprakash Kovuri (entity at Sl. No. 10) in professional capacity. • Fund transactions Rajendra Prasad Adiraju (entity at Sl. No. 9) Hima Bindu Nallapareddy (entity at Sl. No. 24) Spring Field Infraventures Limited. Dureddy Srinivas Reddy, M Reddy and Co. and M Madhusudhana Reddy (husband of Hima Reddy),
18	Perraju Pericharla (Noticee 5)	• As per letter dated March 12, 2020, in reply to the summons, he knows Omprakash Kovuri (entity at Sl. no. 10). • He is son of Veerabhadra Raju Pericharla and brother of Veerraju Pericharla (entity at Sl. no. 19), also confirmed vide email dated August 12, 2020. • Fund transactions with Veerraju Pericharla (entity at Sl. no. 19).

Sl. No.	Name of client	Reasons for connection
19	Veerraju Pericharla (Noticee 9)	• He is son of Veera Bhadra Raju Pericharla and brother of Perraju Pericharla (entity at Sl. no. 18). • In his Syndicate Bank account KYC, registered address is that of Vertex Ventures where Sirish Dayata (entity at Sl. no. 21), Omprakash Kovuri (entity at Sl. no. 10) and Rajendra Prasad Adiraju (entity at Sl. no. 9) are partners. • In his Syndicate Bank account KYC, introducer is Yadaiah Pasupula (entity at S. No. 20). • In his Bank of India account KYC, introducer is Alladi Srinivas, director of Abhishek Infraventures Limited from February 13, 2018. Alladi Srinivas was employee of Vertex Ventures, as per his Bank of India account opening form. • Fund transactions with Vertex Ventures, Rajendra Prasad Adiraju, Yadaiah Pasupula, Spring Field Infraventures Limited, Omprakash Kovuri, Sirish Dayata and Jay Mahesh Infraventures Limited
20	Yadaiah Pasupula (Noticee 14)	• Common address – 1-4-257 Maruthi Nagar Colony, Hyderabad – 500035 with his wife, Swaroopa Pasupula (entity at Sl. no. 12). • Fund transactions with Omprakash Kovuri (entity at Sl. no. 10), Rajendra Prasad Adiraju (entity at Sl. no. 9), Rramchandra Murthy Adiraju (entity at Sl. no. 8), Joseph Polisetty (entity at Sl. no. 11), Vertex Ventures, Vertex Ventures Healthcare, Sirish Dayata (entity at Sl. no. 21), Straton Business Solutions, Veerraju Pericharla (entity at Sl. no. 19) and Swaroopa Pasupula (entity at Sl. no. 12).
21	Sirish Dayata	• Husband of Srilatha Burugu who is sister of Srikanth Burugu (entity at Sl. no. 16). • Majority shareholder (i.e. 90%) in Spring Field Infraventures Limited. He and Rajendra Prasad Adiraju (entity at Sl. no. 9) were directors there, as on December 30, 2014. • Fund transactions with Rajendra Prasad Adiraju (entity at Sl. no. 9) Shiva Kumar Komaravelli (entity at Sl. no. 14). Vertex Ventures, Straton Business Solutions, Yadaiah Pasupula (entity at Sl. no. 20), Spring Field Infraventures Limited, Rajendra Prasad Adiraju (entity at Sl. no. 9), Swaroopa Pasupula (entity at Sl. no. 12) and Shiva Kumar Komaravelli (entity at Sl. no. 14).
22	Byju C Nair	• Mahesh Omprakash Khandelwal (entity at Sl. no. 1) is the introducer and witness in his trading account KYC with the broker, Shreni Shares Private Limited. This is common between Bhawarlal Pusaram Maheshwari (entity at Sl. no. 3), Vivek Agrawal (entity at Sl. no. 4), Rajendra Prasad Adiraju (entity at Sl. no. 9) and Byju Nair. • Transferred 3,200 shares of Total Hospitality Limited on March 29, 2016, in off market to Mehul Tulsidas Simaria (entity at Sl. no. 23). • Fund transactions with Mehul Simaria • Confirmed vide email dated September 27, 2020 that he knows Mahesh Omprakash Khandelwal (entity at Sl. no. 1) since 2013.
23	Mehul Tulsidas Simaria	• Received 3,200 shares of Total Hospitality Limited (formerly known as Total Exports Limited) on March 29, 2016, in off market from Byju C Nair (entity at Sl. no. 22). • Fund transactions with Byju C Nair (entity at Sl. no. 22) Dhakiya Mudavat (entity at Sl. no. 5)
24	Hima Bindu Nallapareddy	• Fund transactions with Sarveswar Reddy Sanivarapu (entity at Sl. no. 17) Dureddy Srinivas Reddy M Madhusudhanan Reddy (her husband) M Reddy and Co.

Details of shareholding and directorship of the non-individual entities:

24. As mentioned in the above table, several entities held directorship or had majority shareholdings or bank transactions with various non-individual entities. Details of directorship and ownership for these non-individual entities (as per entity's submissions, client KYC documents and/ or MCA website) are given below:

    a) **Vertex Ventures** - is a partnership firm with three partners – Noticee 15 (brother of Noticee 8, promoter and director of AIL), Noticee 16 (promoter and director of AIL) and Sirish Dayata. Its registered address is same as that of Vertex Ventures Healthcare.

    b) **Vertex Ventures Healthcare -** is a partnership firm with four partners – Noticee 15, Noticee 14, Noticee 6 and Sunil Kulkarni. Its registered address is same as that of Vertex Ventures.

    c) **Variman Global Enterprises Limited (formerly known as Spring Fields Infraventures Limited**) **-** Sirish Dayata holds majority shares (i.e. 90%). Sirish Dayata is director since October 11, 2013. Noticee 15 was director from October 11, 2013 to November 11, 2013, Noticee 12 was director during February 14, 2014 to February 13, 2018, Noticee 7 was director during April 20, 2018 to February 13, 2020, Noticee 16 is director since April 20, 2018 and Srilatha Burugu is director from March 28, 2015.

    d) **Straton Business Solutions Private Limited (formerly known as Straton Foods and Beverages Private Limited)** - Sirish Dayata holds majority shares i.e. 43.33%. Sirish Dayata is director since August 28, 2013. Noticee 8 was director during August 28, 2013 to May 29, 2015.

    e) **Greenwish Electricals India Limited** - 18.00% shares are held by Vishwani Komaravelli (daughter of Noticee 2) and 45% shares are held by Sakila Estates Limited. 11% shares are held together by Noticee 4 and his wife, Sangeetha Burugu (i.e. 6% + 5%, respectively) as on March 31, 2017. Noticee 4 is director since November 29, 2011, Sangeetha Burugu is director since October 8, 2018, Vishwani Komaravelli was director during November 29, 2011 to March 14, 2014.

f) **Sakila Estates Limited** - As on March 31, 2017, 96.00% shares are held by Noticee 2 and his wife, Swathi Komaravelli (i.e. Noticee 2 - 90.00% and Swathi Komaravelli - 6.00%). 0.20% shares are held by Noticee 4. Noticee 2 is director since August 26, 1997 and Swathi Komaravelli is director since March 10, 2007.

g) **Jay Mahesh Infraventures Limited (formerly known as Narven Financial Services Limited)** - As on December 31, 2014, Florin Securities Private Limited held 18.58% shares. Notice 15 was director from August 20, 1999 to December 15, 2011 and Noticee 16 was director from December 15, 2011 to September 1, 2014.

h) **Translite Energy Limited (formerly known as Vishwanath Transformers Limited**) - As on March 31, 2017, Swathi Komaravelli (12%), her son, Vishwanath Komaravelli (5.67%) and Vishwani Komaravelli (1.67%), together hold 18.67% shares. Noticee 4 holds 19.00% shares. Noticee 2 was director during November 22, 2004 to January 5, 2008, Swathi Komaravelli was director during January 5, 2008 to May 17, 2013, Vishwnath Komaravelli was director during December 30, 2008 to January 20, 2014, Noticee 4 was director during January 18, 2007 to October 31, 2011, Noticee 3 was director during September 21, 2015 to November 3, 2016, her son, Kunal Bejgam was director during September 21, 2015 to October 8, 2018.

i) **Vishwanath Projects Limited (Noticee 11)** - As on March 31, 2017, Noticee 2 and his family together holds 74.97% in Noticee 11. (Noticee 2 - 42.67%, Swathi Komaravelli - 31.18% and Vishwanath Komaravelli - 1.12%). Noticee 4 holds 0.79% shares. Noticee 2 is director since February 24, 2006, Vishwanath Komaravelli is director since January 25, 2014, Vishwani Komaravelli is director since October 30, 2015 and Swathi Komaravelli was director during February 24, 2006 to January 1, 2011. It was also observed that the registered address of Sakila Estates Limited, Vishwanath Transformers Limited and Noticee 11 is same/similar.

j) **Sri Shambhavi Properties Private Limited** – Noticee 15 was director during March 26, 2009 to November 1, 2018. Raghu Vemulapalli and his brother, Purnasai Vemulapalli are directors since October 7, 2005.

25. **<u>Preferential allotment of shares:</u>**

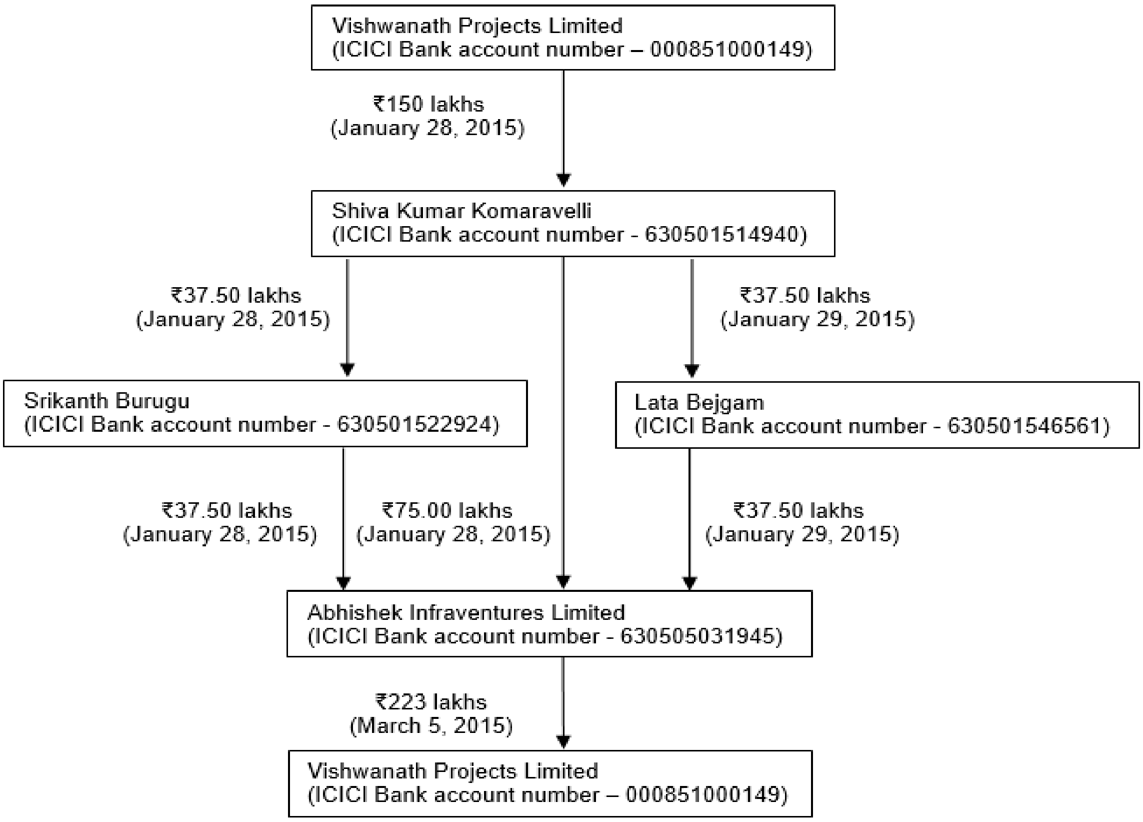
On January 29, 2015, the Company made a preferential allotment of 30,00,000 shares to 11 preferential allottees at the price of Rs.10 per share. Out of this, 9,00,000 shares were allotted to 2 promoters (viz. Noticee 16 and Noticee 8) and 21,00,000 shares were allotted to 9 non-promoter entities. The promoter's shares were locked-in till March 31, 2018 (which includes the investigation period), while the non-promoters' shares were locked-in till March 31, 2016.

<u>Details of preferential Allottees</u>:

Sr. No.	Noticee	Category	Issue price	Date of allotment	Lock in date	No of Shares allotted
1	Noticee 16	Promoter	10	January 29, 2015	March 31, 2018	5,00,000
2	Noticee 8	Promoter	10			4,00,000
3	Noticee 2	Non-Promoter	10		March 31, 2016	7,50,000
4	Noticee 3	Non-Promoter	10			3,75,000
5	Noticee 4	Non-Promoter	10			3,75,000
6	Noticee 21	Non-Promoter	10			1,00,000
7	Hima Bindu Nallapareddy	Non-Promoter	10			1,00,000
8	Noticee 17	Non-Promoter	10			1,00,000
9	Noticee 5	Non-Promoter	10			1,00,000
10	Noticee 6	Non-Promoter	10			1,00,000
11	Noticee 7	Non-Promoter	10			1,00,000
	Total No of shares					**30,00,000**

26. Vide letter dated March 13, 2020, Company submitted that it had done preferential allotment to mobilize funds for current/future expansion plans/activities directly of the Company, working capital and general corporate purposes including acquisition of companies.

27. Upon examination of the fund trail for the money invested by 3 allottees, fund movement was observed as depicted in the flowchart below:



28. <u>Clarifications sought from Noticee 2:</u>

a) Noticee 2 submitted vide email dated March 13, 2020, that he invested out of his own funds.

b) Noticee 2 further submitted that he had entered into an agreement with Noticee 4 to purchase a plot and accordingly paid him Rs.44,61,000. He provided a copy of the agreement. As per the agreement Noticee 4 acknowledged that Rs.11,000 was paid by Noticee 2 on December 31, 2011 and Rs.7 lakhs on March 6, 2014 as advance. It was observed that the stamp paper was outdated and the value (Rs.100) was not requisite with transacted amount (Rs.7.11 lakhs). There were no supporting documents provided pertaining to balance payment being made with respect to the said agreement and transfer of possession of property.

c) In the said agreement, there was also a handwritten note for receipt of Rs.37.50 lakhs by Noticee 4 from Noticee 2 on January 28, 2015 for the said plot of land. Noticee 2 stated that he got the property registered on his buyer's name and possession was given to his buyer. The copy of "Agreement of sale cum General Power of Attorney with Possession" provided by him was registered between Noticee 4 and his family (as sellers) and Sri Revalli Praveen Kumar (as buyer). Noticee 2 failed to provide any satisfactory explanation as to why did he enter into agreement dated March 6, 2014 with Noticee 4 and paid money to him when buyer was somebody else. Hence, Noticee 2 failed to provide any reasonable explanation or relevant documents with respect to transfer of Rs.37.50 lakhs to Noticee 4 on January 28, 2015.

d) Around the same period, Noticee 2 has paid Rs.30 lakhs to Akshay Bejgam, son of Noticee 3, on January 6, 2015, from his ICICI bank account.

e) Noticee 2 vide emails dated May 12, 2020 and August 14, 2020 *inter-alia* submitted that Noticee 3 was a family member and there were numerous monetary transactions with her, her husband, Krishna Bejgam and son, Akshay Bejgam over the years, without any specific purpose and contracts or agreements, as and when required and requested by each other, out of trust.

f) With regard to funds received by him from Noticee 11, he replied that Noticee 11 was promoted by him and his family and the amount was withdrawn by him from Noticee 11's account, out of his own credit balance.

29. <u>Clarifications sought from Noticee 4:</u>

a) Noticee 4 replied that he knew Noticee 16 and on his recommendation, he bought shares of AIL. He introduced Noticee 2 to Noticee 16. He provided copy of agreement of sale dated March 6, 2014 with Noticee 2.

b) Explanation was sought from him with respect to the aforesaid agreement and other bank transactions with Noticee 2. His reply was similar to that of Noticee 2.

30. Clarifications sought from Noticee 3:

a) Noticee 3 replied that she invested in AIL on the recommendation of Noticee 2. She got back her own money from Noticee 2, which she used to invest in AIL.

b) Noticee 2 is her brother-in-law and from last 30 years they have been giving him their savings out of trust and take back as per requirement. There are no formal agreements, security etc. and there is no interest element on the said amounts.

c) She does not know any directors or promoters of the Company nor any preferential allottees. However, it was observed from her bank statement that she received Rs.10,12,500 from Sharada Kovuri (wife of Noticee 16, director of AIL) on April 3 and 4, 2018 and Rs.12,37,500 from Noticee 15 (brother of Noticee 8) on April 3, 2018 and April 4, 2018.

d) Upon enquiring, she submitted that she, her husband or sons do not know them personally and said amounts received were sale proceeds of the shares. She failed to provide any supporting documents for such sale of shares.

31. Clarifications sought from Noticee 11 and Noticee 1:

a) Noticee 11 *inter-alia* submitted that Rs.1.5 crores were paid to Noticee 2, on January 28, 2015, out of his own credit balance. Further, Rs.39.40 lakhs were paid to Noticee 10, on January 29, 2015, towards sub contract charges and bills. Noticee 11 provided copy of Memorandum of Understanding (MoU).

b) MoU was signed on September 10, 2012 on non-judicial stamp paper of Rs.100. The MoU was signed by only one witness and details of the person were not available. The contract value was approximately Rs.2.35 crores. There was no timeline mentioned with respect to completion of contract. Noticee 11 also provided copies of two bills dated December 15, 2014 for the total amount of approximately Rs.1.23 crores. Noticee 11 failed to provide the details with respect to tenure of contract, completion timelines, relevant payment schedules, etc.

c) Vide email dated August 6, 2020, Noticee 1 submitted that Rs.2.23 crores were paid to Noticee 11 for the purchase of MS material. However, it failed to provide any documentary evidence.

d) In view of the above, based on the fund movements between Noticee 11, the 3 preferential allottees (viz. Noticee 2, 3 and 4) and Noticee 1, it is observed that Rs.1.50 crores were not invested in the Company but rather the money merely moved from one bank account to another, giving the false impression of capital investment being made in AIL.

32. Upon examination of the fund trail for the money invested by 3 allottees – Noticee 5, 6 and 7, the following were observed:

a) Noticee 5 received Rs.10 lakhs from Noticee 9 on January 29, 2015. He transferred funds to the Company on the same day for allotment of shares. Noticee 9 made cash deposit of Rs.10,000 and received Rs.9.90 lakhs from Noticee 10, on January 29, 2015. Noticee 10 received money on the same day from Noticee 11. Noticee 11's bank account was in overdraft.

b) Noticee 5 submitted that through a common friend, Kodati Suresh, he came to know about Noticee 16 and decided to invest in AIL, through his own source of funds.

33. <u>Clarifications sought from Noticee 5 and 9:</u>

a) Noticee 5 *inter-alia* submitted that he had given a loan of Rs.12 lakhs in cash to his brother, Noticee 9, during 2005-2010 and was repaid Rs.2 lakhs in the year 2012 and the remaining amount of Rs.10 lakhs on January 29, 2015.

34. <u>Clarifications sought from Noticee 10:</u>

a) Noticee 10 submitted that the amount was received from Noticee 11 as payment against the work executed by it and provided copy of MoU.

b) Reply of Noticee 10 was similar to that of Noticee 11. It failed to provide the details with respect to tenure of contract, completion status, relevant payment schedules, and why the payment of Rs.47.90 lakhs was done by

Noticee 10 to it on January 29, 2015, approximately two and a half years after signing of the MoU.

c) Noticee 10 further submitted that the amounts transferred to Noticee 9, Noticee 15, Noticee 14, Noticee 12 and Noticee 13 were transferred against the contract given by them to individual persons/entities for executing the work taken from Noticee 11. In this regard it was observed that the MoU *inter-alia* provided that, "Sub-letting to any other agencies/ persons shall make the Sub-contractor (i.e. Noticee 10) liable for termination".

35. Clarifications sought from Noticee 6 and Noticee 14:

a) Noticee 6 vide email dated March 12, 2020 mentioned that he came to know about the Company through his friend, Noticee 14 and he invested his own funds. He submitted that he does not know any other allottees nor has any business transactions with the Company or the allottees.

b) Email dated July 30, 2020 and reminder email dated August 7, 2020 was sent to Noticee 6 seeking explanation with respect to the money received by him from Noticee 14, his association with AIL, Vertex Ventures Healthcare, Noticee 15 and Umesh Chandra Lunker. However, he failed to respond to the emails.

c) Email dated July 30, 2020 and reminder email dated August 7, 2020 was sent to Noticee 14 seeking explanation on receipt of money from Noticee 10 and Vertex Ventures Healthcare and transfer of money to Noticee 6, Noticee 16, Noticee 17 and Noticee 8. However, he failed to respond to the same.

36. Clarifications sought from Noticee 7, Noticee 12 and Noticee 13:

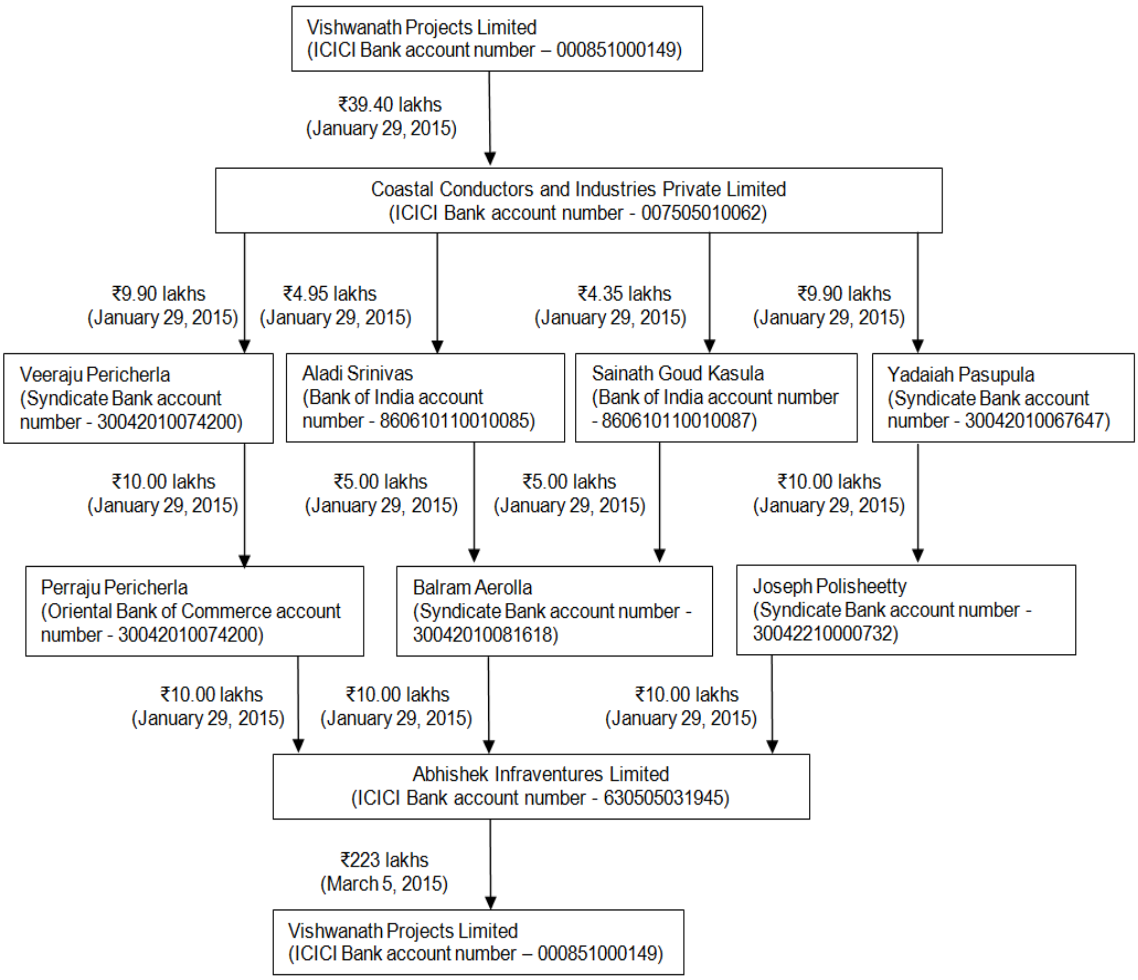
a) Noticee 7 mentioned that he came to know about the Company through his friend, Noticee 14. He further submitted that he does not know or have any relation or transaction with any preferential allottees nor does he have any business or monetary transactions with the Company. He further submitted that he does not have any relation, connection or association with Noticee 10 or its promoters or directors.

b) Notice 7 submitted that he received Rs.5 lakhs each, as loan from his friends, Noticee 12 and Noticee 13. There was no agreement between him and his friends as it was only a hand loan and there was no collateral attached to it. He paid them back the full amount through cash in part payments.

c) In view of the above, it was observed that Rs.29.10 lakhs, out of Rs.30 lakhs invested in AIL by the 3 allottees (viz. Noticee 5, 6 and 7), came from Noticee 11.

d) On March 5, 2015, AIL transferred approximately Rs.2.23 crores to Noticee 11.

e) The above details are depicted in a flowchart below:



f) Hence, it was observed from the aforesaid fund movements that Rs.29.10 lakhs were not invested in the Company by the aforesaid 3 allottees (viz. Noticee 5, 6 and 7), but the money merely moved from one bank account to another giving the false impression of capital investment being made in AIL.

37. Upon examination of the fund trail for the money invested by 3 allottees – Noticee 8, 16 and 17, the following was observed:

a) The funds invested in AIL, came from Vertex Ventures Healthcare.

b) Noticee 17 vide email dated March 12, 2020 mentioned that she came to know about the Company through Noticee 16. She submitted that she does not know any preferential allottees nor has any business transactions with Company or the allottees.

38. <u>Clarification sought from Noticee 17 and Vertex Ventures Healthcare</u>:

a) Company withdrew Rs.22 lakhs cash from its ICICI Bank account, during February 6, 2015 to February 9, 2015 and Rs.1 lakh on February 14, 2015. Vertex Ventures Healthcare made cash deposits of approximately Rs.14.42 lakhs during February 12, 2015 to February 21, 2015 in its Syndicate Bank account number - 30041250001724 and Rs.3 lakhs during February 18, 2015 to February 19, 2015 in Syndicate Bank account number - 30041010004951.

b) Noticee 16 mentioned that he invested in the Company out of his own funds to build the business for working capital needs. He submitted that he knows Noticee 4 through business circles, Noticee 21 as he was associated with AIL in secretarial capacity (since 2010-2011), Noticee 17 through family circles. He also submitted that he did not have any business relations or monetary transactions with other allottees. He did not have any business relations with AIL nor entered into any transactions except in his capacity as promoter and whole time director.

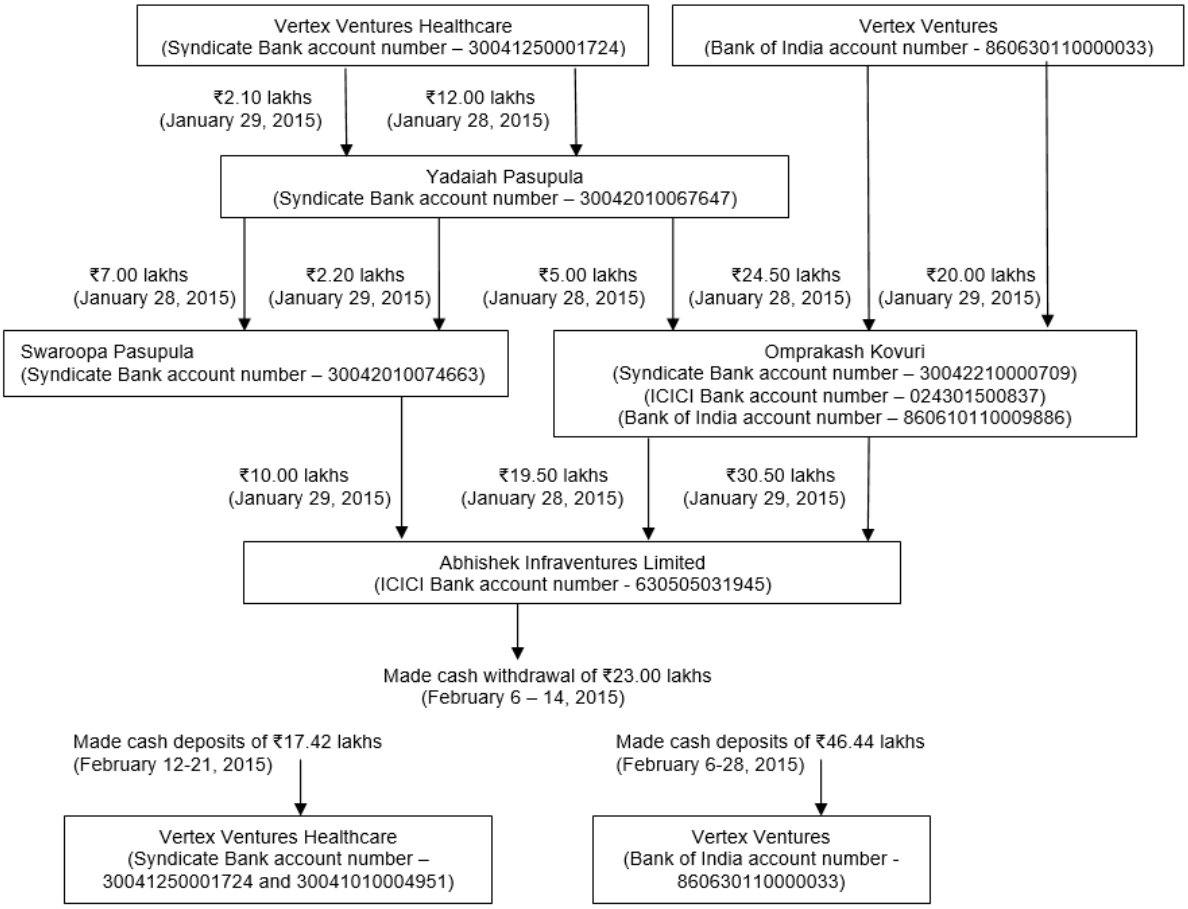
39. <u>Clarification sought from Noticee 16 and Vertex Ventures</u>:

a) Regarding source of funds, Noticee 16 *inter-alia* submitted that he had given Rs.5 lakhs hand loan to Noticee 14 on October 15, 2014 and the same was returned back to him on January, 28, 2015. Further, he being a partner in Vertex Ventures, keeps lending money to the firm based on its requirement and the firm returns back the amount to him when it has surplus funds.

b) In view of the above, it was observed that the funds invested in AIL, came from Vertex Ventures (Rs.44.50 lakhs) and Vertex Ventures Healthcare (Rs.5.00 lakhs).

c) Company withdrew Rs.22 lakhs cash from its ICICI Bank account, during February 6, 2015 to February 9, 2015 and Rs.1 lakh on February 14, 2015. Vertex Ventures Healthcare made cash deposits of approximately Rs.14.42 lakhs, in its Syndicate Bank account number – 30041250001724, during February 12, 2015 to February 21, 2015 and Rs.3 lakhs, in Syndicate Bank account number – 30041010004951, during February 18, 2015 to February 19, 2015. Vertex Ventures made cash deposits of approximately Rs.46.44 lakhs, in its Bank of India account number - 860630110000033, during February 6, 2015 to February 28, 2015.

d) The above details are depicted in a flowchart below:



40. <u>Clarifications sought from Noticee 8, Raghu Vemulapalli and Noticee 15</u>:

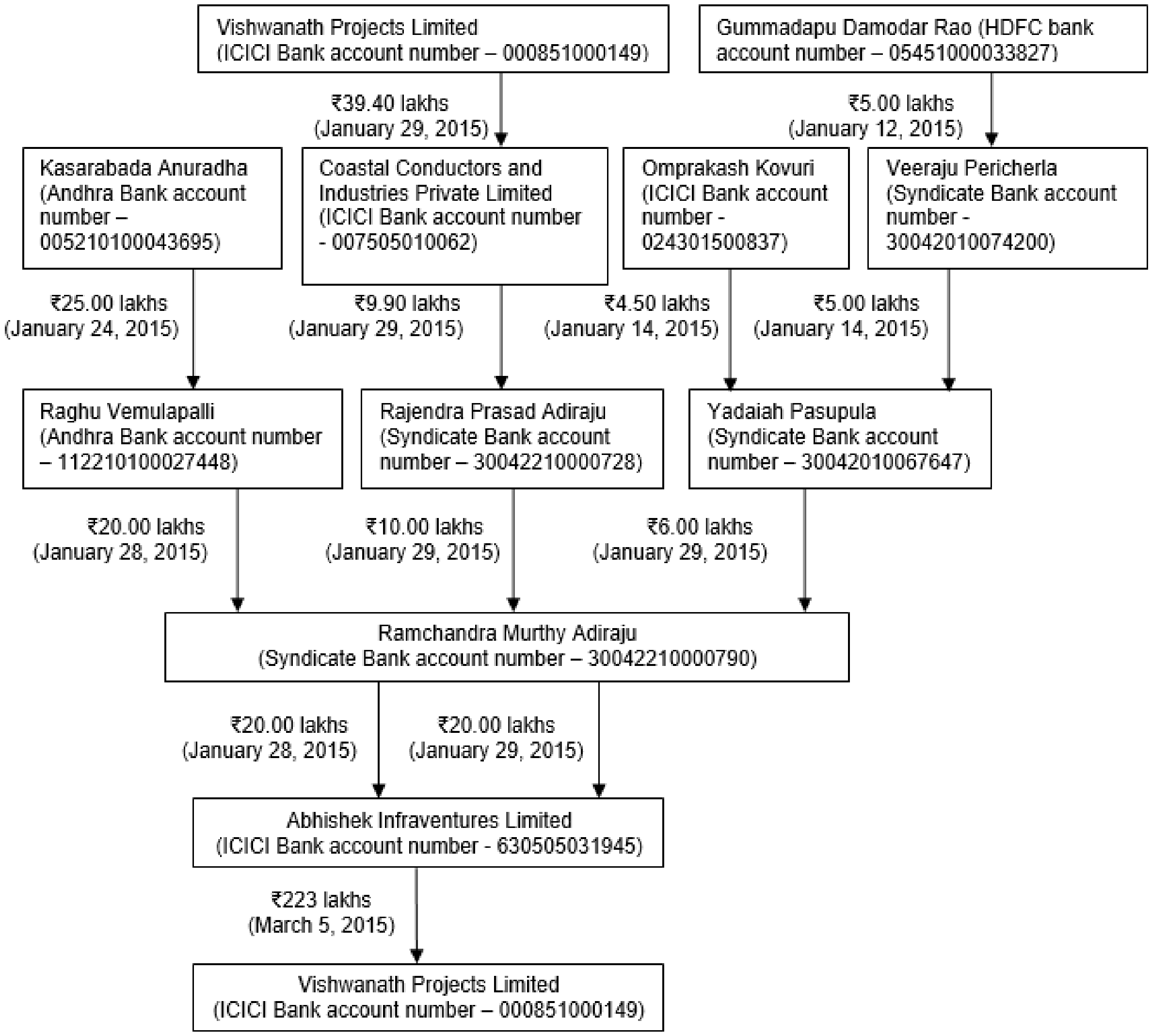
a) Raghu Vemulapalli submitted that he had lent the money to Noticee 8, who is brother of his friend, Noticee 15, as a hand loan for 10 days and there was no agreement.

b) He submitted that he had done a sub-contract for Noticee 10 and received the amount for the same. However, he failed to provide any supporting documents in this regard. Further, he lent money to his brother on his request.

c) In view of the above, it was observed that part of the funds invested in AIL by Noticee 8, came from Noticee 11(Rs.9.90 lakhs).

d) On March 5, 2015, Company transferred approximately Rs.2.23 crores to Noticee 11

e) The above details are depicted in the flowchart below:



f) Hence, it was observed from the aforesaid fund movements that Rs.9.90 lakhs were not invested by Noticee 8 in the Company, but rather the money merely moved from one bank account to another, giving the false impression of capital investment being made in AIL.

41. In view of the above, AIL along with 7 allottees (viz. Noticee 2 to 8) and 7 conduits (viz. Noticee 9, 10, 11, 12, 13, 14 and 15), were allegedly engaged in fraudulent scheme by giving an impression of capital infusion through preferential allotment, while in reality the funds invested by the allottees (received by allottees directly or indirectly through conduits from Noticee 11) were transferred back by AIL to Noticee 11, thereby limiting genuine capital

infusion in AIL to that extent. Hence, the aforesaid Noticees 1 to 15 were alleged to have violated Sections 12A (a), (b), (c) of the SEBI Act read with Regulations 3 (a), (b), (c) (d) and Regulation 4 (1) of PFUTP Regulations.

42. **Usage of funds raised by AIL through the allotment**: AIL raised a sum of Rs.3 crores through preferential allotment and entire consideration was received in their ICICI bank account number – 630505031945. AIL vide email dated March 13, 2020 submitted that they used the funds for the following purposes:

Sl. No.	**Particulars**	**Rs. in lakhs**
1	Advance given for equipment	175.00
2	Advance to suppliers towards supply of materials	75.00
3	Advance given for purchase of property to Subhodaya Properties	20.00
4	Closing Balance of Cash	18.50
5	Salaries paid	4.00
6	Rent paid for office premises	3.00
7	Working Capital expenses such as Office expenses and other general expenses	4.50
	Total	**300.00**

43. It was observed that Rs.3 lakhs are claimed to have been paid as rent to Jaya Rukhaiyar on February 3, 2015. AIL submitted that it had taken the premises at Aparna County, near Miayapur, Hyderabad on rent from Jaya Rukhaiyar as it was easily accessible to the proposed business area of the company. However, in the next 4 years, no repeat transactions of similar nature were observed. Upon enquiry, AIL submitted that the agreed rent amount was Rs.1 lakh per month for a period of 3 months. Their business plans could not materialize because of the bifurcation of the State of erstwhile Andhra Pradesh and they vacated the premises after 3 months. In this regard, it was observed that the said payment was done in January 2015 while the bifurcation of Telangana and Andhra Pradesh had already taken place on June 2, 2014.

44. The date or period when premises actually rented was not mentioned in the reply. AIL failed to provide such details and stated in its further reply that it is in

the process of locating the letter of understanding entered with the land lord. However, the same was not provided.

45. Rs.4 lakhs are claimed to have been paid as salary to Raghava Reddy Maligi in two tranches - on February 9, 2015 and February 11, 2015. It was observed that in the next 4 years there was no repeat transactions of similar nature though the payment was categorized as “salary” payment. Upon enquiry, AIL submitted that it was a one-time consultancy fee paid relating to professional advice on infrastructure activities in particular identifying the mines and minerals sites. However, Company failed to provide any supporting documents for the same.

46. Rs.75 lakhs are claimed to have been paid as advance towards supply of materials by Inter Occean Videsh Limited. Three Purchase Orders (POs) dated January 22, 2015, January 24, 2015 and January 27, 2015, were submitted by AIL. As per each contract, Rs.25 lakhs was paid as advance and equal amount was due to be paid. Hence, Rs.75 lakhs payment was due to be made but in the said bank account statement of AIL, in the next 4 years, no further payment was observed to be made by AIL to Inter Occean Videsh Limited.

47. Upon enquiry with respect to inventory book and delivery receipts, AIL submitted that the materials as per POs were not delivered and the party is not traceable. AIL is exploring various means to take an appropriate action for recovery. However, AIL did not provide any supporting documents as to steps taken by it in the last 5.5 years to recover the amount of Rs.75 lakhs from Inter Occean Videsh Limited.

48. Upon examination of bank account statement of Inter Occean Videsh Limited, it was observed that on the next day, it transferred entire Rs.75 lakhs to M K R Trading Private Limited.

49. Rs.20 lakhs were given to Shubhodaya Properties, on February 7, 2015, as advance for purchase of property. Further, upon analysis of the said ICICI bank account statement of AIL, in the next 4 years, no repeat transactions of similar nature were observed. Upon enquiry, AIL submitted that only initial advance payment was made and no subsequent payments were made. It submitted copy of receipt from Shubhodaya Properties Private Limited dated February 7, 2020.

50. Upon enquiry about the property for which such payment was made and copy of contract/agreement, AIL submitted that no agreement was entered into with them and the vendor had assured that the details of the property will be provided once it finds suitable property/plot, which is awaited. AIL paid Rs.20 lakhs to Shubhodaya Properties Private Limited in February 2015 and is yet to receive any property in return till date.

51. As per bank account statement, Rs.23 lakhs cash were withdrawn by AIL from the bank (i.e. Rs.5 lakhs on February 5, 2015, Rs.9 lakhs on February 6, 2015, Rs.5 lakhs on February 7, 2015, Rs.3 lakhs on February 9, 2015 and Rs.1 lakh on February 14, 2015), post receipt of allotment money on January 29, 2015. As on February 14, 2015, entire allotment money of Rs.3 crores were debited from the bank account.

52. With respect to cash withdrawal of Rs.23 lakhs, AIL claimed that Rs.18.50 lakhs cash balance was retained and Rs.4.5 lakhs were working capital expenses. The observations are summarized below:

Allotment funds usage by Company	**Actuals (as per Cash book submitted by Company)**	**As claimed by Company**
Working capital expense	41,955	4,50,000
Cash Balance	Bank balance – 6,60,000 Cash balance - 15,98,045 (i.e. 16,32,490-34,445)	18,50,000
Total	**23,00,000**	**23,00,000**

53. Explanation was sought from AIL with respect to the discrepancy in the cash balance and working capital expenses break-up, as per cash book and as per its submissions. AIL submitted Receipts and Payments Account (through bank) for the time period, October 1, 2014 to March 31, 2015, wherein cash deposit of Rs.4 lakhs are shown and bank balance is shown as Rs.5,67,152. It was observed that the details submitted by AIL did not match with the cash book submitted earlier.

54. Rs.1.75 crores was paid to Greenwish Electricals India Limited and Vishwanath Transformers Limited, as advance for equipment.

55. Greenwish Electricals India Limited: Upon enquiry, AIL submitted copy of Memorandum of Understanding (MoU) signed by it with Greenwish Electricals India Limited on October 25, 2014 for acquiring machinery/equipment of valuing Rs.2 crores and the payment for the same was to be made till March 25, 2015. Accordingly, the machinery/equipment was to be removed by AIL from the seller's factory premises on or before March 31, 2015.

56. Upon enquiry with respect to delivery of machinery/equipment, AIL submitted that due to some technical reasons on dismantling of the equipment, the delivery could not be completed. However, they were continuously doing some business transactions with Greenwish Electricals India Limited and have recovered substantial amount. AIL submitted a ledger with respect to Greenwish Electricals India Limited, whereby it was observed that approximately Rs.1,22,50,000 were transferred to AIL during May – September 2016. However, AIL failed to acquire the machinery and/or recover the entire money paid.

57. Further, it was observed from AIL's ICICI Bank account statement that multiple transactions were entered into with Greenwish Electricals India Limited. AIL received Rs.1,04,40,234 from Greenwish Electricals India Limited on March 5, 2015. Upon enquiry, AIL submitted that it was against sales proceeds but failed

to provide any documentary evidence in support thereof. It was further observed that AIL received approx. Rs.1,26,50,000 from Greenwish Electricals India Limited during August 2015 to September 2016. However, the dates and amounts did not match with the entries in the ledger provided by AIL with respect to Greenwish Electricals India Limited. Further, as per bank statement, AIL made further payment of Rs.46.50 lakhs to Greenwish Electricals India Limited on March 20, 2017.

58. Vishwanath Transformers: AIL submitted an agreement dated January 31, 2015 with Vishwanath Transformers Limited for purchase of machinery/equipment worth approximately Rs.1.77 crores of which advance sum of Rs.88.65 lakhs have been transacted and balance sum is payable by March 15, 2015.

59. AIL submitted that the contract got cancelled as they could not pay the amount due on time and hence, the amount was returned to them on March 30, 2015.

60. As per Receipts and Payments Account (through bank), for the time period, October 1, 2014 – March 31, 2015, submitted by AIL with its reply dated June 29, 2020, it was observed that said amount was received by AIL from Vishwanath Transformers Limited as sales proceeds. However, no supporting documents have been provided in this regard.

61. As elucidated in earlier paragraphs, Noticee 2, his family members and connected entity viz. Noticee 4 and his family, have substantial shareholding in Greenwish Electricals India Limited, Noticee 11 and Vishwanath Transformers Limited. Further, Noticee 4, preferential allottee of AIL, was director in Greenwish Electricals India Limited, when AIL entered into contract with Greenwish Electricals India Limited. Similarly, Noticee 2, preferential allottee of AIL, was promoter and Managing Director in Noticee 11 around the time of allotment when monetary transactions happened between Noticee 11 and AIL.

62. In view of the above, AIL allegedly provided incomplete and misleading information and failed to provide satisfactory explanation with respect to usage of funds received in allotment, despite repeated communications. This supports the allegation that the allottees money merely moved from one bank account to another giving false impression of capital infusion into AIL when in fact the funds came from and went back to Noticee 11 through the guise of allotment.

63. **Analysis of trading by preferential allottees during investigation period:** Shareholding, before and after the investigation period, and trade details for the non-promoter allottees is summarized below:

Name of preferential allottee	No of Shares allotted	Holding before IP (as on 31/12/2016)	Shares sold during					% of allotted shares sold during IP	Holding after IP (as on 31/03/2017)
			Patch 1 (02/01/2017-18/01/2017)	Patch 2 (19/01/2017-25/01/2017)	Patch 3 (27/01/2017-07/02/2017)	Patch 4 (08/02/2017-31/03/2017)	IP (01/01/2017-31/03/2017)		
Noticee 2	7,50,000	4,94,401	15,000	0	4,79,401	0	4,94,401	65.92	0
Noticee 3	3,75,000	3,75,000	0	0	2,05,000	0	2,05,000	54.67	1,70,000
Noticee 4	3,75,000	1,44,587	25,000	0	1,19,587	0	1,44,587	38.56	0
Noticee 21	1,00,000	31,946	0	0	31,946	0	31,946	31.95	0
Noticee 17	1,00,000	7,800	0	0	7,800	0	7,800	7.80	0
Noticee 5	1,00,000	69,400	15,000	0	20,000	0	35,000	35.00	34,400
Noticee 6	1,00,000	65,000	16,000	0	49,000	0	65,000	65.00	0
Noticee 7	1,00,000	16,980	0	0	14,480	0	14,480	14.48	2,500
Hima Bindu Nallapareddy	1,00,000	10,500	0	0	0	0	0	0	10,500
Total No of shares	**21,00,000**	**12,15,614**	**71,000**	**0**	**9,27,214**	**0**	**9,98,214**	**47.53**	**2,17,400**
Mkt. Vol.	**-**	**-**	**11,10,933**	**1,11,634**	**21,87,119**	**7,78,332**	**41,88,018**	**-**	**-**
% of mkt. vol.	**-**	**-**	**6.39%**	**0.00%**	**42.39%**	**0.00%**	**23.84%**	**-**	**-**

64. It was observed from the above table that before the investigation period, preferential allottees had sold approximately 42.11% shares allotted to them. 4 entities sold the shares during Patch 1 and all 8 entities sold their shares during Patch 3. None of the allottees traded during Patch 2 and Patch 4. At the end of the investigation period, 4 entities continued to hold shares of AIL. The counterparties to the trades of the allottees, during the investigation period were found to be scattered. During the investigation period, the allottees accounted for 23.84% of the net sales volume.

65. **Analysis of Net sellers**: It was observed that bulk SMSs were circulated in the scrip to provide exit to the preferential allottees. The trade details of top 20 net sellers, are as follows:

Sl. No.	Client Name	Gross Buy	Gross Sell	Net Qty.	% of Net Qty. to Mkt. Vol.
1	Noticee 2	0	494401	-494401	-11.81
2	Noticee 3	0	205000	-205000	-4.90
3	Noticee 4	0	144587	-144587	-3.45
4	Vivek Agrawal	990	91790	-90800	-2.17
5	Noticee 6	0	65000	-65000	-1.55
6	Noticee 19	384391	440717	-56326	-1.35
7	Byju C Nair	0	56000	-56000	-1.34
8	Bhawarlal P Maheshwari	30198	66198	-36000	-0.86
9	Noticee 5	0	35000	-35000	-0.84
10	Noticee 21	0	31946	-31946	-0.76
11	Noticee 18	198475	228974	-30499	-0.73
12	Harsh Rohitbhai Patel	0	30000	-30000	-0.72
13	Dharmesh C Shah	0	18000	-18000	-0.43
14	Balram Aerrolla	0	14480	-14480	-0.35
15	Akash Singhal	15005	29272	-14267	-0.34
16	Bhagti Ram Rangwala	10000	23000	-13000	-0.31
17	Noticee 20	70497	81123	-10626	-0.25
18	Jignesh Jayantilal Mistry	0	10000	-10000	-0.24
19	Ramkanya Devi	0	9953	-9953	-0.24
20	Jignesh Dalsukhray Vastani	0	9400	-9400	-0.22
	Total	709556	2084841	-1375285	-32.84
	Market Total	**4188018**	**4188018**	**-**	**100.00**

66. Top 20 net sellers contributed 32.84% to market volume and Noticee 2 was the top net seller with 11.81% contribution to market volume. 7 preferential allottees sold the shares only during the investigation period. Some shares sold by these entities were bought by their connected entities.

67. **Connections between Noticee 22 to 26:** Based on the KYC forms/documents obtained from the stock brokers, it was observed that Noticee 23 and 25, had opened client account with the Ahmedabad branch of the broker, Anand Rathi

Share and Stock Brokers Limited, with in a gap of less than one month i.e. on September 28, 2016 and October 25, 2016 respectively and the introducer was common. Further, along with the KYC documents there were certain internal communications of the broker which *inter-alia* shows that these 2 client accounts were opened as family accounts.

68. Further, based on KYC documents of Noticee 23 and 25 with the broker, R K Global Shares & Securities Limited, it was observed that both KYCs were signed on the same day (i.e. July 15, 2015) in the same Jaipur branch of the broker.

69. Noticee 23 and 24 both had opened client accounts with the same Agra branch of the broker, Raghunandan Capital Private Limited on July 13, 2015 and August 31, 2015 respectively and the details of witness in their KYC documents were the same.

70. Noticee 24 and 25 both had client accounts with the same Jaipur branch of the broker, Shri Parasram Holdings Private Limited, opened on August 10, 2015 and October 28, 2015 respectively. Relevant KYC documents were provided as Annexure 7 of SCN.

71. **Structured Trades:** Upon detailed analysis of the trade log, for structured trades (where the buy and sell order were placed within time gap of one minute, at the same rate and the quantity was same or similar), the following was observed for Noticee 22 to 26 during Patch 1:

Gross Buy Qty. of connected entities	Gross Sell Qty. of connected entities	Total traded Qty. among the connected entities	Synchronized traded Qty. by connected entities	Sync Trades as % of total traded Qty. among the connected entities	Sync Trades as % of Total Mkt. Vol.	Sum of LTP contribution through Sync Trades
238841	238841	233633	233279	99.85%	21.00%	-21.80

72. Noticee 22 to 26 have executed structured trades among themselves for 2,33,279 shares (21.00% of total market volume) during Patch 1 of the investigation period. These structured trades have also resulted in negative LTP contribution of Rs.21.80. Thus, Noticee 22 to 26 created a misleading appearance of trading in the scrip and traded in the scrip without intention to change the ownership.

73. Throughout the Patch 1, Noticee 22 to 26 squared off their entire positions on every single day and did not have any holding at the end of the day. Their trading pattern shows that they were acting in concert and regularly putting trades in synch with each other with no intention of holding the shares. Almost 100% of their trades amongst themselves were synchronized i.e. within a minute of each other and at the same rate.

74. Therefore, it was alleged that Noticee 22 to 26 have violated Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), Regulations 4(1), 4(2) (a), (g) of PFUTP Regulations.

Circular/ Reversal of trade:

75. **Reversal of Trade:** Reversal trades are trades in which trades are reversed with the same counterparties on the same day. Reversal trades are executed with an intention for generation of artificial volume in the market and give a false and misleading appearance of trading in the scrip at the exchange. Details of reversal trades entered into by the various entities, during the investigation period, are given below, patch wise:

76. **Patch 1 (Price Rise): 02/01/2017-18/01/2017**
Multiple instances of reversal trades by Noticee 22 to 26 were observed during Patch 1. Forming 8 unique pairs, bought and sold 1,17,471 shares and 1,16,017 shares, respectively, with a reversal quantity of 1,14,796 shares through 1,237 reversal trades. Taking into account, both the first trade quantity and the reversed trade quantity, the total volume created by these trades is

2,29,592 shares constituting 20.67% of the market volume. Break-up of these trades is given below:

Client 1 Name	Client 2 Name	Sum Of Reversal Qty.	No. of days	No. of Reversal trades	% of Reversal Qty. to Mkt Vol.
Noticee 22	Noticee 25	30600	9	301	5.51
Noticee 22	Noticee 26	24257	8	186	4.37
Noticee 23	Noticee 25	16878	4	155	3.04
Noticee 26	Noticee 23	12692	3	86	2.28
Noticee 26	Noticee 25	12500	4	87	2.25
Noticee 22	Noticee 23	12134	8	244	2.18
Noticee 22	Noticee 24	3320	3	102	0.60
Noticee 24	Noticee 26	2415	1	76	0.43
Total		**114796**	**13**	**1237**	**20.67**

77. On January 2, 2017, Noticee 22 bought and sold 6,766 shares. Out of this, for 6,381 shares bought by him and 6,405 shares sold by him, counterparty was within the Noticee 22 and 26 (Group) and the orders were reversed within the group. Similarly, Noticee 25 bought and sold 3,900 shares. Out of this, 3,750 shares were bought and sold by him within the group and orders were reversed. On the same day, within the span of approximately half an hour i.e. during 09:27 to 09:59, Noticee 22 and Noticee 25 entered into 50 reversal trades of quantity 150 each.

78. Both buy and sell orders were in synch with each other i.e. within a gap of seconds between them. The reversal orders were also placed at almost the same time. Through such trades they contributed 7,500 to the day’s trading volume. Sample of their trades is given below:

Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Trade Time
Noticee 25	Noticee 22	09:55:12.1831750	09:55:11.8899310	09:55:12.1831750
Noticee 22	Noticee 25	09:55:17.3579600	09:55:17.5167010	09:55:17.5167010
Noticee 22	Noticee 25	09:27:38.8909920	09:27:37.1226690	09:27:38.8909920
Noticee 25	Noticee 22	09:27:54.9931460	09:27:54.7158220	09:27:54.9931460
Noticee 22	Noticee 25	09:28:07.1319240	09:28:06.5452000	09:28:07.1319240
Noticee 25	Noticee 22	09:28:17.4573710	09:28:17.3011030	09:28:17.4573710
Noticee 22	Noticee 25	09:29:23.6845200	09:29:21.5120450	09:29:23.6845200

Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Trade Time
Noticee 25	Noticee 22	09:29:37.9510480	09:29:37.6420390	09:29:37.9510480
Noticee 25	Noticee 22	09:47:16.2590470	09:47:16.2047600	09:47:16.2590470
Noticee 22	Noticee 25	09:47:40.2968750	09:47:40.0176330	09:47:40.2968750
Noticee 25	Noticee 22	09:48:09.1039370	09:48:08.9358080	09:48:09.1039370
Noticee 22	Noticee 25	09:48:18.1843050	09:48:18.2371920	09:48:18.2371920
Noticee 25	Noticee 22	09:49:06.5041880	09:49:06.2410990	09:49:06.5041880
Noticee 22	Noticee 25	09:49:28.5239270	09:49:28.4897060	09:49:28.5239270
Noticee 25	Noticee 22	09:50:04.6626860	09:50:04.1515800	09:50:04.6626860
Noticee 22	Noticee 25	09:50:12.0645430	09:50:13.1899310	09:50:13.1899310
Noticee 22	Noticee 25	09:51:05.2589740	09:51:05.1718150	09:51:05.2589740
Noticee 25	Noticee 22	09:51:12.4054210	09:51:12.3175790	09:51:12.4054210
Noticee 22	Noticee 25	09:54:01.7241810	09:54:01.7906900	09:54:01.7906900
Noticee 25	Noticee 22	09:54:18.9503080	09:54:18.7299330	09:54:18.9503080
Noticee 22	Noticee 25	09:56:24.4698320	09:56:24.4316050	09:56:24.4698320
Noticee 25	Noticee 22	09:56:34.7573890	09:56:34.4838640	09:56:34.7573890

Similar pattern was observed between them on January 4, 2017 as well. Similar pattern was observed between Noticee 22 and Noticee 23 on January 3, 2017. They entered into 55 reversal trades of 150 each. Similar pattern was observed between Noticee 24 and Noticee 26 on January 4, 2017. Both entities had bought and sold 2,450 shares.

79. Similar trading patterns were observed between the other pairs across days during the patch. The Noticee 22 to 26 placed the orders and reversed the position with the same counterparty within seconds. Through the Patch 1, all of them squared off their entire positions on every single day and did not have any holding at the end of the day. Such proximity of time between the buy and sell orders of the clients and that too on a regular basis throughout the day and repeatedly during the patch between the same set of entities signifies meeting of minds. It is not a mere coincidence that they kept placing orders of contra positions within a matter of seconds and it kept getting executed against the same counterparty. Hence, they have entered into repetitive reversal trades without intention of change of ownership of such shares and were alleged to have created misleading appearance of trading in the scrip of AIL.

80. Therefore, it was alleged that Noticee 22 to 26 have violated Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), Regulations 4(1), 4(2) (a), (g) of PFUTP Regulations.

81. **Positive LTP contribution of Noticee 22 to 26 are given below**:

Buyer Name	All trades			LTP diff > 0			LTP diff < 0			LTP diff = 0		% of Pos. LTP to Total Mkt. Pos. LTP
	LTP impact (in ₹)	QTY traded	No of trades	LTP impact (in ₹)	QTY traded	No of trades	LTP impact (in ₹)	QTY traded	No of trades	QTY traded	No of trades	
Noticee 22	-2.30	72289	428	11.00	33499	175	-13.30	20925	121	17865	132	3.22%
Noticee 23	-2.95	44256	262	4.90	11408	59	-7.85	17867	77	14981	126	1.44%
Noticee 24	-4.95	6045	93	2.10	2585	40	-7.05	2770	44	690	9	0.62%
Noticee 25	-7.45	61932	279	7.50	26139	108	-14.95	27242	111	8551	60	2.20%
Noticee 26	-9.90	54319	224	6.40	24136	103	-16.30	25430	102	4753	19	1.88%
Total	**-27.55**	**238841**	**1286**	**31.90**	**97767**	**485**	**-59.45**	**94234**	**455**	**46840**	**346**	**9.35%**
Market Total	**8.20**	**1110933**	**4865**	**341.10**	**244826**	**1198**	**-332.90**	**309501**	**1452**	**556606**	**2215**	**100.00%**

82. Hence, based on their trading pattern it is alleged that Noticee 22 to 26 were acting in concert and contributing to manipulation in the scrip price and created a misleading appearance of trading in the scrip by such trades, and thereby violated Sections 12 A (a), (b), (c) of SEBI Act, Regulations 3 (a), (b), (c), (d), Regulations 4(1), 4 (2)(a), (e) of PFUTP Regulations.

83. **Summary of trading pattern of Noticee 22 to 26:** A summary of trading pattern viz. synchronised trades, reversal trades and LTP contribution of Noticee 22 to 26 is given below:

Trade date	Day's Mkt. Vol.	Structured trades			Reversal trades			LTP	
		No. of trades	Vol.	Contribution to Mkt. Vol.	No. of trades	Vol.	Contribution to Mkt. Vol.	No. of trades	Positive LTP
02-Jan-17	19636	119	12806	65.22	118	12612	64.23	26	1.85
03-Jan-17	23122	119	14315	61.91	120	14056	60.79	55	3.45
04-Jan-17	40016	218	29810	74.50	215	29580	73.92	99	5.05
05-Jan-17	79263	103	14900	18.80	103	14800	18.67	24	1.50
06-Jan-17	61992	58	14507	23.40	58	14214	22.93	33	1.85
09-Jan-17	132176	42	9511	7.20	43	9500	7.19	24	2.30
10-Jan-17	98455	72	18300	18.59	72	18300	18.59	27	2.15
11-Jan-17	26790	57	14616	54.56	57	14318	53.45	30	1.90
12-Jan-17	16903	52	14896	88.13	52	14896	88.13	31	1.65
13-Jan-17	38714	130	14398	37.19	131	14176	36.62	42	3.30
16-Jan-17	127497	118	24320	19.07	118	23840	18.70	32	2.40
17-Jan-17	180436	136	47800	26.49	136	46200	25.60	56	4.05
18-Jan-17	265933	14	3100	1.17	14	3100	1.17	6	0.45
Total	**1110933**	**1238**	**233279**	**21.00**	**1237**	**229592**	**20.68**	**485**	**31.90**

84. It was further noted from the trade log analysis that while the gross trade value for these entities ran into lakhs of rupees, through trades in the scrip in the patch 1. Noticee 22 made loss of Rs.1405.40, Noticee 25 made profit of Rs.158.10, Noticee 23 made profit of Rs.586.30, Noticee 24 made loss of Rs.26.50 and Noticee 26 made profit of Rs.458.30.

<u>Noticees 18, 19 and 20</u>

85. **Patch 1 (Price Rise): 02/01/2017-18/01/2017:** Details of LTP contribution (buy side) by Noticees during Patch 1 is given below:

Buyer Name	All trades			LTP diff > 0			LTP diff < 0			LTP diff = 0		% of Pos. LTP to Total Mkt. Pos. LTP
	LTP impact (in ₹)	QTY traded	No of trades	LTP impact (in ₹)	QTY traded	No of trades	LTP impact (in ₹)	QTY traded	No of trades	QTY traded	No of trades	
Noticee 20	38.00	42944	331	66.20	6125	108	-28.20	19136	132	17683	91	19.41%
Noticee 18	32.35	84307	619	98.05	20039	152	-65.70	18337	217	45931	250	28.75%
Noticee 19	9.90	138256	684	84.30	40433	152	-74.40	45978	283	51845	249	24.71%
Bhawarlal P Maheshwari	0.85	188	7	0.85	1	1	0.00	0	0	187	6	0.25%
Deepa Valani	0.25	750	2	0.25	749	1	0.00	0	0	1	1	0.07%
Total	**81.35**	**266445**	**1643**	**249.65**	**67347**	**414**	**-168.30**	**83451**	**632**	**115647**	**597**	**73.19%**
Market Total	**8.20**	**1110933**	**4865**	**341.10**	**244826**	**1198**	**-332.90**	**309501**	**1452**	**556606**	**2215**	**100.00%**

a) Based on analysis of KYCs/ account opening forms, it was observed that:

i. Noticee 19 is a housewife with annual income below Rs.1 lakh (KYC with Renaissance Securities Limited) whereas her traded value in Patch 1 was more than Rs.70 lakhs, for buy and sell, each.

ii. Noticee 20 had annual income of approximately Rs.1 to 5 lakhs (KYC with BP Equities Private Limited) whereas his traded value in Patch 1 was more than Rs.22 lakhs, for buy and sell, each.

iii. Noticee 18 had annual income of approximately Rs.1 to 5 lakhs (KYC with Globe Capital Market Limited) whereas his traded value in Patch 1 was more than Rs.43 lakhs, for buy and sell, each.

b) Based on bank statements analysis, it was observed that Noticee 19 and 20 received money from Company connected entities just before the investigation period. Details are given below:

i. Noticee 19 received Rs.6 lakhs on November 25, 2016, in her Kotak Mahindra Bank account (06530120003414), from Noticee 15 (Axis Bank account 370010200003803), Rs.10 lakhs on December 26, 2016 from Spring Fields Infraventures Limited (ICICI Bank account 630505031936).

ii. Noticee 20 received Rs.5 lakhs on November 25, 2016 and Rs.20 lakhs on February 17, 2017, in his HUF Kotak Mahindra Bank account (5311756677), from Noticee 15.

c) Further, Noticee 18 received Rs.52,500, on January 2, 2017, in his HDFC Bank account (12041050044740), from Falguni Brijendra Gupta (Karur Vyasya Bank account 2106155000045203).

d) Bhawarlal Pusaram Maheshwari received Rs.5 lakhs, on November 5, 2016, in his HDFC Bank account (01451000113681), from Noticee 15 (Axis Bank account number 370010200003803).

e) Deepa Valani received Rs.1.5 lakhs each, on June 2, 2017 and June 13, 2017, in her Oriental Bank of Commerce account (19462193000062), from Noticee 20 (Kotak Mahindra Bank account 06530010002738).

86. **Small trades order analysis:**

Buyer Name	No. of trades (LTP >0)	When buy order qty was of 1 share only		Positive LTP Contribution when buy order qty was between 2-10 shares		Positive LTP Contribution when buy order qty were more than 10 shares		Total Positive LTP contribution (in ₹)	% of positive LTP to Total Market positive LTP	% contribution to positive LTP through small orders (1-10 shares)
		Positive LTP contribution	No. of trades	Positive LTP contribution	No. of trades	Positive LTP contribution	No. of trades			
Noticee 19	152	36.60	55	19.00	26	28.70	71	84.30	24.71%	16.30%
Noticee 20	108	40.70	75	8.20	9	17.30	24	66.20	19.41%	14.34%
Noticee 18	152	41.05	60	23.25	33	33.75	59	98.05	28.75%	18.85%

a) On analysing the trading pattern of Noticee 19, it was observed that through 152 positive LTP trades, she contributed Rs.84.30 to positive LTP i.e. 24.71% of the market positive LTP. It was observed that she contributed to market positive LTP by following ways:

i. In 7 instances, she repeatedly placed buy orders at a price higher than LTP, before sellers placed the sell order. The LTP contributed through such trades was Rs.5.95 (i.e. 1.74%) of the market positive LTP.

ii. In 145 instances, she repeatedly placed buy orders to match the already existing sell orders (with order rate higher than LTP and negligible quantity in many instances). The LTP contributed through such trades was Rs.78.35 (i.e. 22.97%) of the market positive LTP.

b) On analysing the trading pattern of Noticee 20, it was observed that through 108 positive LTP trades, he contributed Rs.66.20 to positive LTP i.e. 19.41%

of the market positive LTP. It was observed that he contributed to market positive LTP by following ways:

i. In 11 instances, he repeatedly placed buy orders at a price higher than LTP, before sellers placed the sell order. The LTP contributed through such trades was Rs.5.50 (i.e. 1.61%) of the market positive LTP.

ii. In 97 instances, he repeatedly placed buy orders to match the already existing sell orders (with order rate higher than LTP and negligible quantity in many instances). The LTP contributed through such trades was Rs.60.70 (i.e. 17.80%) of the market positive LTP.

c) On analysing the trading pattern of Noticee 18, it was observed that through 152 positive LTP trades, he contributed Rs.98.05 to positive LTP i.e. 28.75% of the market positive LTP. It was observed that he contributed to market positive LTP by following ways:

i. In 6 instances, he repeatedly placed buy orders at a price higher than LTP, before sellers placed the sell order. The LTP contributed through such trades was Rs.2.00 (i.e. 0.59%) of the market positive LTP.

ii. In 148 instances, he repeatedly placed buy orders to match the already existing sell orders (with order rate higher than LTP and negligible quantity in many instances). The LTP contributed through such trades was Rs.96.05 (i.e. 28.16%) of the market positive LTP.

d) It was also observed that during the initial part of the Patch 1 i.e. January 2, 2017 to January 17, 2017, through 405 trades, aforesaid 5 entities including Noticee 18, 19 and 20 of Group 1 have contributed Rs.246.50 (i.e. 72.27%) to market positive LTP. During this time, the price of the scrip rose from opening price of Rs.52.00 on January 2, 2017 to opening price of Rs.58.00 on January 18, 2017 (i.e. the last day of Patch 1). On the last day i.e. January 18, 2017, 4 preferential allottees (who are their connected entities) have entered the market and sold 71,000 shares at an average rate of Rs.58.29.

e) Though as a group, the 5 entities have contributed to price rise, the individual positive LTP contribution of the entities viz. Bhawarlal Pusaram Maheshwari and Deepa Valani was insignificant.

f) Thus, it was observed from the trading pattern that Noticee 18, 19 and 20 were not acting as genuine buyers and had no bona fide intention to buy because in-spite of sufficient sell order quantity being available in the market, it is observed that they bought small quantities of shares. Further, by these small trades, they were instrumental in establishing a price higher than the last traded price and thus contributed to increased scrip price with most of such trades. In view of the repeated nature of such trades by them, the culpability in increasing the price is observed.

87. **Patch 3 (Price Rise): 27/01/2017-07/02/2017**

Buyer Name	**All trades**			**LTP diff > 0**			**LTP diff < 0**			**LTP diff = 0**		**% of Pos. LTP to Total Mkt. Pos. LTP**
	LTP impact (in ₹)	**QTY traded**	**No of trades**	**LTP impact (in ₹)**	**QTY traded**	**No of trades**	**LTP impact (in ₹)**	**QTY traded**	**No of trades**	**QTY traded**	**No of trades**	
Noticee 20	1.55	26011	450	5.10	2317	53	-3.55	2259	39	21435	358	10.57%
Noticee 19	0.90	173635	862	13.40	9018	84	-12.50	18661	170	145956	608	27.77%
Sirish Dayata	0.05	200	1	0.05	200	1	0.00	0	0	0	0	0.10%
Deepa Valani	-0.05	5000	4	0.00	0	0	-0.05	500	1	4500	3	0.00%
Bhawarlal P Maheshwari	-0.10	30000	8	0.00	0	0	-0.10	7366	2	22634	6	0.00%
Falguni Brijendrakumar Gupta	-0.90	23199	25	0.00	0	0	-0.90	17018	18	6181	7	0.00%
Noticee 18	-1.20	81296	570	7.70	5930	49	-8.90	19065	129	56301	392	15.96%
Total	**0.25**	**339341**	**1920**	**26.25**	**17465**	**187**	**-26.00**	**64869**	**359**	**257007**	**1374**	**54.40%**
Market Total	**10.50**	**2187119**	**6687**	**48.25**	**113797**	**401**	**-37.75**	**117437**	**512**	**1955885**	**5774**	**100.00%**

88. **Small trades order analysis:**

Buyer Name	No. of trades (LTP >0)	When buy order qty was of 1 share only		Positive LTP Contribution when buy order qty was between 2-10 shares		Positive LTP Contribution when buy order qty were more than 10 shares		Total Positive LTP contribution (in ₹)	% of positive LTP to Total Market positive LTP	% contribution to positive LTP through small orders (1-10 shares)
		Positive LTP contribution	No. of trades	Positive LTP contribution	No. of trades	Positive LTP contribution	No. of trades			
Noticee 20	53	0.25	3	3.30	30	1.55	20	5.10	10.57%	7.36%
Noticee 19	84	1.50	12	1.35	8	10.55	64	13.40	27.77%	5.91%
Noticee 18	49	1.10	6	0.45	4	6.15	39	7.70	15.96%	3.21%

89. On analysing the trading pattern of Noticee 19, it was observed that through 84 positive LTP trades, she contributed Rs.13.40 to positive LTP i.e. 27.77% of the market positive LTP. It was observed that she contributed to market positive LTP by following ways:

i. In 11 instances, she repeatedly placed buy orders at a price higher than LTP, before sellers placed the sell order. The LTP contributed through such trades was Rs.3.80 (i.e. 7.88%) of the market positive LTP.

ii. In 73 instances, she repeatedly placed buy orders to match the already existing sell orders (with order rate higher than LTP and negligible quantity in many instances). The LTP contributed through such trades was Rs.9.60 (i.e. 19.89%) of the market positive LTP.

90. On analysing the trading pattern of Noticee 20, it was observed that through 53 positive LTP trades, he contributed Rs.5.10 to positive LTP i.e. 10.57% of the market positive LTP. It was observed that he contributed to market positive LTP by following ways:

i. In 7 instances, he repeatedly placed buy orders at a price higher than LTP, before sellers placed the sell order. The LTP contributed through such trades was Rs.1.30 (i.e. 2.69%) of the market positive LTP.

ii. In 46 instances, he repeatedly placed buy orders to match the already existing sell orders (with order rate higher than LTP and negligible quantity in many instances). The LTP contributed through such trades was Rs.3.80 (i.e. 7.88%) of the market positive LTP.

91. On analysing the trading pattern of Noticee 18, it was observed that through 49 positive LTP trades, he contributed Rs.7.70 to positive LTP i.e. 15.96% of the market positive LTP. It was observed that he contributed to market positive LTP by following ways:

i. In 5 instances, he repeatedly placed buy orders at a price higher than LTP, before sellers placed the sell order. The LTP contributed through such trades was Rs.2.95 (i.e. 6.11%) of the market positive LTP.

ii. In 44 instances, he repeatedly placed buy orders to match the already existing sell orders (with order rate higher than LTP and negligible quantity in many instances). The LTP contributed through such trades was Rs.4.75 (i.e. 9.85%) of the market positive LTP.

92. It was observed that during Patch 3, price of the scrip increased from opening price of Rs.27.15 on January 27, 2017, to LTP of Rs.31.35, till the first sell trade executed by preferential allottee, Noticee 2 on January 31, 2017 at 12.31.34. During such time, the total market positive LTP contribution was Rs.19.55. Out of this, Noticee 18, 19 and 20 made positive LTP contribution of Rs.11.35 (i.e. 58.06%) to market positive LTP through 50 trades. On January 31, 2017, Noticee 2 sold 50,000 shares at average price of Rs.31.32.

93. Further, the price of the scrip increased from opening price of Rs.32.45 on February 1, 2017 to LTP of Rs.34.20, till the first sell trade executed by preferential allottee, Noticee 2 on February 2, 2017 at 12.56.26. During such time, the total market positive LTP contribution was Rs.6.70. Out of this, Noticee 18, 19 and 20 made positive LTP contribution of Rs.4.50 (i.e. 67.16%) to market positive LTP through 27 trades. On February 2, 2017, Noticee 2 and Noticee 4 sold 40,000 shares each at an average price of Rs.34.20.

94. The price of the scrip increased from opening price of Rs.33.90 on February 3, 2017 to LTP of Rs.37.65, till the first sell trade executed by preferential allottee, Noticee 2 on February 7, 2017 at 09.47.48. During such time, the total market positive LTP contribution was Rs.17.80. Out of this, Noticee 19 and 20 made positive LTP contribution of Rs.8.45 (i.e. 47.47%) to market positive LTP through 72 trades. On February 7, 2017, 6 preferential allottees sold 2,81,763 shares at an average price of Rs.37.65.

95. Thus, it was observed from the trading pattern that Noticee 18, 19 and 20 were not acting as genuine buyers and had no bona fide intention to buy because in-spite of sufficient sell order quantity being available in the market, they bought small quantities of shares. Further, by these small trades, they were instrumental in establishing a price higher than the last traded price and thus contributed to increased scrip price with most of such trades. In view of the repeated nature of such trades, the culpability in increasing the price is observed.

New High Price (NHP)/ New Low Price (NLP) Analysis:

96. **Patch 1 (Price Rise): 02/01/2017-18/01/2017:** During Patch 1, price of the scrip moved from open price of Rs.52.00 (previous close price Rs.50.00) on January 2, 2017, to a high price of Rs.60.00 and Rs.8.00 NHP was created. The summary of trades by entities as buyers contributing to NHP is given below:

Client Name	Quantity	Number Of Trades	Contribution To Market NHP	% Of Market NHP	Contribution Among Group	Contribution To NHP In Buy Order First Trades With Non Group Entities
Noticee 18	300	3	7.95	99.38%	0	0
Noticee 20	100	1	0.05	0.62%	0	0
Total	**400**	**4**	**8.00**	**100.00%**	**0**	**0**
Market total	**400**	**4**	**8.00**	**100.00%**	**0**	**0**

97. It is observed from the above table that Noticee 18 and 20 contributed Rs.8.00 to market NHP (i.e. 100.00% of market NHP). This observation further

corroborates the fact that they manipulated the scrip price by way of their trading in the scrip in Patch 1.

98. **Patch 3 (Price Rise): 27/01/2017-07/02/2017:** During Patch 3, price of the scrip moved from open price of Rs.27.15 (previous close price Rs.27.15) on January 27, 2017, to a high price of Rs.37.65 and Rs.10.50 NHP was created. The summary of trades by entities as buyers contributing to NHP is given below:

Client Name	**Quantity**	**Number Of Trades**	**Contribution To Market NHP**	**% Of Market NHP**	**Contribution Among Group**	**Contribution To NHP In Buy Order First Trades With Non Group Entities**
Noticee 19	1154	7	2.10	20.00%	1.35	0.35
Noticee 18	232	8	2.00	19.05%	0	1.10
Noticee 20	19	3	1.20	11.43%	0	1.00
Total	**1405**	**18**	**5.30**	**50.48%**	**1.35**	**2.45**
Market total	**2199**	**27**	**10.50**	**100.00%**	**1.35**	**2.45**

99. It is observed from the above table that Noticee 18, 19 and 20 contributed Rs.5.30 to market NHP (i.e. 50.48% of market NHP). Through trading among them, they contributed Rs.1.35 to market NHP. In remaining trades with non connected entities in which they placed buy order first they contributed Rs.2.45 to NHP. This observation further corroborates the fact that they manipulated the scrip price by way of their trading in the scrip in Patch 3.

<u>First trade analysis:</u>

100. **Patch 1 (Price Rise): 02/01/2017-18/01/2017:** The entities who bought shares in Patch 1 through first trade and their impact on LTP is given hereunder:

Client Name	**Total Number Of First Trades**	**Traded Quantity First Trades**	**Number Of First Trades At Positive LTP**	**Net LTP**	**Positive LTP**	**Number Of First Trades Among Group**	**Positive LTP Contribution In First Trades Among Group**
Noticee 19	6	610	5	9.05	9.05	0	0.00
Noticee 18	2	42	2	0.90	0.90	0	0.00
Noticee 20	1	100	1	7.10	7.10	0	0.00
Total	**9**	**752**	**8**	**17.05**	**17.05**	**0**	**0.00**
Market total	**13**	**1547**	**11**	**19.45**	**19.45**	**0**	**0.00**

101. It is observed from the above table that Noticee 18, 19 and 20 were buyers in 9 first trades and contributed Rs.17.05 to market positive LTP. Out of 9 first trades, in 6 first trades, they placed buy order first and contributed Rs.7.15 to LTP. This observation further corroborates the fact that they manipulated the scrip price by way of their trading in the scrip in Patch 1.

102. **Patch 3 (Price Rise): 27/01/2017-07/02/2017 :** The entities who bought shares in Patch 3 through first trade and their impact on LTP is given hereunder:

Client Name	Total Number Of First Trades	Traded Quantity First Trades	Number Of First Trades At Positive LTP	Net LTP	Positive LTP	Number Of First Trades Among Group	Positive LTP Contribution In First Trades Among Group
Noticee 20	1	4	1	1.00	1.00	0	0.00
Noticee 18	1	101	1	1.10	1.10	0	0.00
Total	**2**	**105**	**2**	**2.10**	**2.10**	**0**	**0.00**
Market total	**8**	**548**	**6**	**6.50**	**6.80**	**0**	**0.00**

103. It is observed from the above table that Noticee 18 and 20 were buyers in 2 first trades and contributed Rs.2.10 to market positive LTP. In both first trades, they placed buy order first and contributed Rs.2.10 to LTP. This observation further corroborates the fact that they manipulated the scrip price by way of their trading in the scrip in Patch 3.

104. Hence, it was alleged that Noticee 18, 19 and 20 were acting in concert and contributing to manipulation in the scrip price and deliberately created a misleading appearance of trading in the scrip by such trades in order to assist Company connected preferential allottees (viz. Noticee 2, 3, 4, 5, 6, 7, 17 and 21) to sell their shares at a high price in the market, and thereby violated Sections 12 A (a), (b), (c) of SEBI Act, Regulations 3 (a), (b), (c), (d), Regulations 4(1), 4 (2)(a), (e) of PFUTP Regulations.

105. The text of the provisions alleged to be violated by the Noticees is reproduced as under:

<u>SEBI Act</u>

12A.No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

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

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly —

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

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

(2)Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves –

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

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

(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

106. In response to SCN dated December 15, 2021 Noticees filed their reply, inspected documents and attended personal hearing before undersigned as follows:

Noticee No.	**Filed reply vide letter dated**	**Personal Hearing Date**	**Represented by**
1	25.01.2022, 31.05.2022	18.05.2022	Mr. KRCV Sesha
2	30.05.2022	18.05.2022	Mr. KRCV Sesha
3	30.05.2022	18.05.2022	Mr. KRCV Sesha
4	No reply	18.05.2022	Not attended
5	18.12.2021	18.05.2022	Not attended
6	30.12.2021	18.05.2022	Not attended
7	30.12.2021	18.05.2022	Not attended
8	25.06.2022, 31.05.2022	18.05.2022	Mr. KRCV Sesha
9	18.12.2021	18.05.2022	Not attended
10	No reply	18.05.2022	Not attended
11	30.05.2022	18.05.2022	Mr. KRCV Sesha
12	20.12.2021	18.05.2022	Not attended
13	20.12.2021	18.05.2022	Not attended

14	31.12.2021	18.05.2022	Not attended
15	24.12.2021	18.05.2022	Not attended
16	18.12.2021, 31.05.2022	18.05.2022	Mr. KRCV Sesha
17	31.12.2021	18.05.2022	Not attended
18	No reply	18.05.2022	Not attended
19	No reply	18.05.2022	Not attended
20	No reply	18.05.2022	Not attended
21	28.10.2021, 11.05.2022	18.05.2022	Mr. Sarveshwar Reddy Sanivarapu
22	15.06.2022, 10.11.2021	10.06.2022	Mr. Suraj Vishwakarma, Advocate
23	No reply	18.05.2022	Not attended
24	No reply	18.05.2022	Not attended
25	No reply	18.05.2022	Not attended
26	22.06.2022, 09.11.2021	20.07.2022	Mr. Sunil Kumar

107. Further, the Noticees were also provided with relevant excerpts of Investigation report in the matter vide email dated April 07, 2022.

108. The submissions of the Noticees are summarized as below:

<u>Common Submission of Noticee 1, 2, 5, 6, 7, 8, 9, 14, 15, 16, and 17:</u>

109. Delay in issuance of the SCN: The SCN has been issued after an inordinate delay of 6 years. The transaction which forms the subject matter of the present proceedings took place in the year February 2015. There is not a whisper or any rationale laid out for such belated issuance of the captioned SCN. SEBI has initiated the proceedings after efflux of unreasonably long time and since proceedings which are initiated belatedly are bad in law, the present SCN must be withdrawn on this ground alone.

Noticee 1

110. The Noticee reiterates that, it had made a preferential allotment of 30,00,000 shares to 11 preferential allottees at the price of Rs.10 per share and thus, raised a sum of Rs. 3 crores to mobilize funds for current/future expansion

plans/activities directly of the company, working capital and general corporate purpose including acquisition of companies.

111. At the outset, the Noticee submits that it has utilized Rs. 3 crores for the objectives for which the funds was raised. There was no allegation in the SCN that the funds raised in the preferential issue were misused or that the issue in itself was illegal for any reason.

112. Noticee utilized Rs. 3 crores for the objectives for which the funds was raised as mentioned in the paragraph 21 of SCN. With regards to the rent of Rs. 3 Lakhs paid to one Ms. Jaya Rukhaiyar, the Noticee submits that they had leased/rented out a premise from Ms. Rukhaiyar at Aparna County at Rs. '1 Lakh per month. Since it was an accessible location for the then potential business area of the Noticee. However, on account of division of states i.e. Telangana and Andhra Pradesh; it had severely affected the Noticee's business plans and therefore, the Noticee decided to vacate the premises within 3 months.

113. The Noticee submits that it had paid an advance rent for 3 months i.e. Rs. 3 Lakh to Ms. Rukhaiyar in accordance with the rental agreement executed with Ms. Rukhaiyar. The books for the relevant period were duly audited and the same were approved by the auditors. Further, the transaction took place 6 years ago, and therefore the Noticee has inadvertently misplaced the agreement and is now untraceable. Also, the amount of rent paid to Ms. Rukhaiyar i.e., Rs. 3 lakhs constitutes only 1% of the total amount raised from preferential issue which is very miniscule.

114. Thereafter, it is alleged that the present Noticee has failed to provide the documents supporting payments aggregating to Rs. 4 Lakhs to Mr. Raghava Reddy Maligi. The Noticee denies the allegation and states that a one-time consultancy fee was paid to Mr. Maligi on account of the expert advice sought regarding infrastructural activities like identifying mines and mineral sites. This

one time consultancy fee was treated as salary in the books of the present Noticee. This is evidenced by the maps issued by Mr. Maligi, which have been placed on records.

115. The Noticee submits that Mr. Raghava Reddy Maligi had paid a sum of Rs. 4.5 Lakhs on June 25, 2014 to the Noticee for Identification of a property. Thereafter, the present Noticee had repaid/transferred a sum of Rs. 5 Lakhs including Rs. 50,000 as compensation for failure to identify the said property to Mr. Maligi on January 19, 2015.

116. With regards to the advance of Rs. 75 Lakhs paid to Inter Ocean Videsh Limited (IOVL); the Noticee submits that this sum of Rs. 75 Lakhs was paid in lieu of 3 purchase order dated January 22, 2015; January 24, 2015 and January 27, 2015. The present Noticee had placed an MS Material from IOVL, however IOVL had failed to deliver these material and were untraceable thereafter. The Company has issued legal notice dated 24.12.2021, a copy of which is placed on records.

117. It is alleged in the SCN that IOVL has transferred a sum of Rs. 75 Lakhs to MKR Trading Private Limited. The Noticee submits that it is not aware as to what IOVL has done with Rs. 75 Lakhs and further, it is not privy to the contract/arrangement between IOVL and MKR Trading Private Limited.

118. It is also alleged that, the present Noticee had transferred a sum of Rs. 20 Lakhs to Shubhodaya Properties Private Limited in February 2015 to purchase a property; however the Noticee is yet to receive the property. The Noticee states that it had received a receipt from Shubhodaya Properties Private Limited on February 07, 2015 and thereafter, it had issued a legal notice dated 24.12.2021 calling upon Shubhodaya Properties Private Limited to repay Rs. 20 Lakhs along with interest. A copy of the legal notice dated 24.12.2021 is placed on records.

119. The Noticee submits that with regards to the cash deposits of Rs.23 Lakhs; it is submitted that there is no discrepancies in this regard and it is same as per paragraph 35 of the captioned SCN. The total of working capital expense is same that is Rs. 23 lakhs in both the cases.

120. With regards to the advance of Rs. 1.75 crores transferred to Greenwish Electricals India Limited (GEIL) and Vishwanath Transformers Limited (VTL), the Noticee submits that these advances have been repaid by these entities and there are no discrepancies in this regard.

121. The Noticee states that, on October 25, 2014; it had executed a Memorandum of Understanding (MOU) to purchase machinery/equipment for a sum of Rs. 2 crores from Greenwish Electricals India Limited. Thereafter, the Noticee made a payment of Rs. 86,34,650.00 on 31.03.2015 and made a further payment of Rs. 88,65,000 to Greenwish Electricals India Limited on 30.03.2015 aggregating to Rs. 1,74,99,650.00 The Noticee could not pay the balance amount. Also, the Noticee made sales to GEIL to the tune of Rs. 1,32,78,584 during the period February 2015 to August 2015. Therefore, the notice had to receive Rs. 3, 07, 78,234 (Rs. 1,74,99,650 + Rs. 1,32,78,584) from GEIL. GEIL had repaid the full sum of Rs. 3,07,78,234 by November, 2020, to the present Noticee. This is evident from the ledger account of the GEIL in the books of the present Noticee. Copy of the ledger and copy of the sales invoices are placed on records.

122. The Noticee submits that it had executed an agreement dated January 31, 2015 with Vishwanath Transformers Limited (VTL) worth Rs. 1.77 crores. The Noticee had paid a sum of Rs.88,65,350.00 and the balance sum was supposed to be paid by March 15, 2015.

123. The Noticee submits that it was unable to adhere to the timelines for making the balance payment by March 15, 2015. Also, the Notice has made sales to VTL of about Rs. 1,19,65,212 in the month of February, 2015. Therefore, the notice

had to receive Rs. 2,08,30,562 (Rs. 88,65,350 + Rs. 1,19,65,212). VTL had repaid the full sum of Rs. 2,08,30,562 in March, 2015 to .the present Noticee. This is evident from the ledger account of the VTL in the books of the present Noticee. Copy of the ledger and sales invoices are placed on records.

124. The Noticee denies providing any incomplete or misleading information or has failed to provide to provide any satisfactory explanation with respect to usage of funds received in allotment despite repeated communication.

125. The Noticee submits that qua the Noticee No. 1 the basic ingredients of violation of Regulations 4(1) of PFUTP Regulations are missing in the entire SCN. The company has duly allotted the shares and this act does not make the Noticee No. 1 liable for alleged violation if any committed by other Noticees.

126. The Noticee further submits that the conduct of the Noticee No. 1 has had no market wide impact. There is no illegal gain or benefit derived by the Noticee. In the past, there have been no. allegations against the Noticee in relation to compliance with securities laws. There has been no disproportionate gain, unfair advantage made by the Noticee. Since the basic elements of Section 15J of SEBI Act are missing no penalty should be imposed upon Noticee No. 1 under Section 15I of SEBI Act.

127. The entire SCN has failed to establish any case to initiate inquiry in terms of Rule 4 of SEBI (Procedure for holding Inquiry and imposing Penalties) Rules, 1995 read with Section 15I of the SEBI Act and hence no penalty shall be imposed upon the Noticee No. 1.

128. In light of the above, the Noticee submits that it has not violated the provisions of Section 12A (a), (b), (c) of the SEBI Act, 1992 and Regulations 3(a), (b), (c), (d) and Regulation 4(1) of PFUTP Regulation Further, the Noticee No. 1 submits that no monetary penalty should be imposed under Section 15HA of SEBI Act, 1992.

129. The Noticee No.1 submits that the SCN has failed to mention any unlawful gains made by the Noticee No. 1 in the subject transaction.

Noticee 2

130. Noticee No. 2 is an individual, who was neither a promoter nor a director of Abhishek Infraventures Limited (Company). Prior to preferential allotment of shares on January 29, 2015 the Company's share Capital was 2,49,000 and the Noticee was not a shareholder or director of the company at that relevant point of time. Post preferential allotment of shares, the share capital of the Company went up to 32,49,000 and the present Noticee was allotted 7,50,000 shares.

131. Noticee received this sum of Rs. 1.50 crores from VPL (Noticee No. 11) in the usual course of business. The Noticee submitted that money received by the present Noticee was the amount withdrawn by the present Noticee from the account of VPL, out of his own credit. It is not that Noticee No. 11 had given him the amount to invest in AIL but it was his own money which was lying in Noticee No. 11 as credit balance which he has taken back for investment in AIL.

132. The Noticee submitted that these transactions are purely of personal nature and since the Noticee was required to pay the amount for preferential allotment, therefore he had withdrawn his own credit money with VPL.

133. The Noticee submitted that no discrepancies have been found by SEBI in the allotment shares by the Company. Thus, the Noticee denies the allegation that he was a conduit in furtherance of acquiring the shares or acted in concert with the company.

134. The Noticee also explained the transaction with Noticee No. 4. The present Noticee submitted that it had entered into an agreement dated March 06, 2014 to purchase a plot from the Noticee No.4 for an aggregate sum of Rs. 44.61

Lakhs. In pursuant of the same, the present Noticee had paid a sum of Rs. 7.11 Lakhs on March 06, 2014 and Rs. 37.50 Lakhs on January 28, 2015.

135. Subsequently, the Noticee was unable to sell the property at higher rate and get the profit in this deal. The Noticee was acting merely as a mediator, hence it was not registered and taken the possession in his name. The possession and registration was done in the name of the ultimate buyer by the seller, whom the Noticee introduced. It is purely a real-estate transaction. This transaction is unrelated to the transaction forming subject matter of the captioned proceedings and has been closed.

136. With regards to transfer of money to Noticee No.3, the present Noticee submitted that he had obtained a loan of Rs. 40 Lakhs from the Noticee No. 3. Thereafter, the Noticee partly repaid this loan by transferring a sum of Rs. 37.50 Lakhs. The present Noticee submitted that this loan was not evidenced by any documents since the present Noticee and Noticee No. 3 is a relatives and therefore, it was verbally agreed that the present Noticee would repay to the Noticee 3, as and when she requires the amount.

137. In light of the above, the Noticee submitted that the Noticee used his funds in abovementioned manner to make payment for preferential allotment of shares by Company. The Noticee reiterates that there is no iota of evidence which can suggest that the Noticee has acted in fraudulent manner with along with or in collusion with other Noticees. The records of the Company can clearly establish the said facts.

Noticee 3

138. Noticee No. 3 was also not a shareholder of the company prior to the preferential allotment. Subsequently, she was allotted merely 11.54% shares of the company. The Noticee denied the allegation and submitted that she had received sum of Rs. 37.50 Lakhs from her brother-in-law i.e. Noticee No. 2, as repayment of loan taken by him from her.

139. The Noticee submits that, the present Noticee had received this sum of Rs. 37.50 Lakhs in the usual course of business and has been succinctly explained above. The Noticee submits that she was required to pay the amount for preferential allotment, therefore she had requested her brother-in-law that a sum of Rs. 37.50 Lakhs be repaid back to her.

Noticee 4

140. During the affixture of the SCN and Hearing Notice at the last known address of the Noitcee, it was informed by the security personnel at the address that the Noticee has passed away but no death certificate was produced. The same information was also conveyed by the advocate appearing for other Noticees. Further, the death certificate of Noticee 4 dated June 11, 2021 was placed on records during proceedings confirming that the Noticee 4 died on May 23, 2021.

Noticee 5

141. Noticee has paid for the preferential allotment of shares from his own funds. The Noticee submits that trail of funds shown Flow Chart ((@Pg. 32) of SCN does not prove the allegations that the funds were just transferred from one account to another.

142. SCN alleged that the present Noticee has ultimately received funds from Vishwanath Projects Private Limited (VPL) to invest in the preferential allotment by the Company. Notice denies this allegation and submits that he had received a sum of Rs. 9.90 Lakhs from his brother i.e. Mr. Veerraju Pericharla (Noticee No. 9). Further, the Noticee submits that this sum was the repayment of earlier loan taken by the Noticee's brother to the Noticee. Noticee No. 5 had lent his brother i.e. Noticee No. 9 a sum of Rs. 12 Lakhs during 2005-2010. Thereafter, the Noticee's brother repaid Rs. 2 Lakhs in 2012 and the balance sum of Rs. 10 Lakhs on January 29, 2015.

143. Noticee has lent money to his brother as he was in requirement of the funds that time and the same was paid by him when the Noticee required it. The Noticee submits that money lent to his brother i.e. Noticee No. 9 was returned to the Noticee, as and when Noticee No. 9 could return the same. Further, this is not the first time there has been a transaction with Noticee's brother. The Noticee submits that amount stipulated in the flow chart-2 (Paragraph 31 of SCN) is the amount repaid by Noticee's brother to him.

144. The Noticee submits that these transactions are purely of personal nature and since the Noticee was required to pay the amount for preferential allotment, therefore he had asked Noticee No. 9 to refund of the money lent to him. The Noticee was required to make payment of Rs. 10,00,000/- for the preferential allotment and had accordingly managed from his funds which were lent to Noticee No. 9. However, the Noticee was not aware that. Noticee No. 9 had received the finds from Coastal Conductors and Industries Private Limited (CCIPL) or that CCIPL had received any funds from VPL. Copy of statement of accounts having details of money lent by the present Noticee and return of money to and from Mr. Veerraju Pericharla is placed on records.

145. Nothing is brought on record in Show Cause Notice to show that the Noticee had the knowledge of the said transfers and that he was a willing party to it. The Noticee is not related to either VPL or CCIPL and does not have financial transaction with them.

146. No discrepancies have been found by SEBI in the allotment shares by the Company. Further, upon investing a sum of Rs. 10,00,000 in the company, the Noticee was not aware whether the funds were used by the Noticee No. 1 Company for the purpose of the preferential allotment. He was not aware as to whom the monies were transferred by the Company. Thus, the Noticee denies the allegation that he was a conduit in furtherance of acquiring the shares or acted in concert with the company.

Common Submission of Noticee 6 , 7

147. The Noticee submits that the Noticee is an individual. The Noticee is not a promoter of Abhishek Infraventures Limited (Company). The Noticee submits that prior to preferential allotment of shares on January 29, 2015 the Company's share Capital was 2,49,000 and the Noticee was not a shareholder of the company at that relevant point of time.

148. On January 29, 2015; the Company allotted 30,00,000 shares on preferential basis to 11 allottees including the Noticee who was neither a promoter nor a director of the Company.

149. The Noticee submits that post preferential allotment of shares, the share capital of the Company went up to Rs. 32,49,000 and the present Noticee was allotted 1,00,000 shares which is merely 3.08% of the total equity.

150. The SCN alleged that the funds received from the present Noticees in pursuance to the allotment of shares allotted on preferential basis, were not actually invested in Company but the money only moved from one bank account to another, giving false impression of capital infusion in Company.

Noticee 6

151. At the outset, the Notice denies this allegation and submits that he had received a sum of Rs. 10 Lakhs from one Mr. Yadaiah Pasupula i.e. Noticee No. 14. Further, the Noticee submits that the present Noticee had borrowed this sum of Rs. 10 Lakhs from Mr. Pasupula (Noticee No. 14). Thereafter, this sum of Rs. 10 Lakhs was repaid by the present Noticees in two tranches. He had repaid a sum of Rs. 7.50 Lakhs on February 03, 2015 and had repaid a sum of Rs. 2.50 Lakhs in cash.

152. The Noticee submits that, the Noticee had borrowed this sum of Rs. 10 Lakhs in the usual course of business. The Noticee submits that money borrowed by the present Noticee was repaid within a short span of time. The Noticee

submits that amount stipulated in the flow chart (Pg. 32 of SCN) is the amount borrowed by Noticee from Mr. Pasupula.

153. The Noticee submits that these transactions are purely of personal nature and since the Noticee was required to pay the amount for preferential allotment, he had borrowed money from Mr. Pasupula. The Noticee was required to make payment of Rs. 10,00,000/- for the preferential allotment and had accordingly managed from his funds. However, the Noticee was not aware that Mr. Pasupula had received the funds from Coastal Conductors and Industries Private Limited (CCIPL) or that CCIPL had received any funds from VPL. Copy of statement of accounts having details of money borrowed by Noticee and return of money to and from Mr. Pasupula is placed on records. Nothing is brought on record in Show Cause Notice to show that the Noticee had the knowledge of the said transfers and that he was a willing party to it.

154. The Noticee submits that, no discrepancies have been found by SEBI in the allotment of shares by the Company. Further, upon investing a sum of Rs. 10,00,000 in the company, the present Noticee was not aware whether the funds were used by the aware as to whom the monies were transferred by the Company. Thus, the Noticee denies the allegation that he was a conduit in furtherance of acquiring the shares or acted in concert with the company.

155. The Noticee at the cost of repetition again submits that there is no iota of evidence which can suggest that the Noticee has acted in fraudulent manner with other Noticees. The Noticee submits that he has acquired the shares in his individual capacity and not collectively. The records of the Company can clearly establish the said facts.

156. The Noticee further submits that the alleged violation has had no market wide impact. There is no illegal gain or benefit derived by the Noticee. In the past there has been no other instance of similar or other allegations against the Noticee in relation to compliance with securities laws. There has been no

disproportionate gain, unfair advantage made by the Noticee. Since the basic elements of Section 15J of SEBI Act are missing no penalty should be imposed upon Noticee No. 6 under Section 151 of SEBI Act.

Noticee 7

157. The Noticee had received a sum of Rs. 5 Lakhs each from one Mr. Aladi Srinivas and Mr. Sainath Goud Kasula. Further the Noticee submits that the present Noticee had borrowed this sum of Rs. 10 Lakhs (Rs5 Lakhs +Rs.5 Lakh) from Mr. Aladi Srinivas (Noticee No.12) and Mr. Sajnath Goud Kasula (Noticee No. 13), respectively. Thereafter, this sum of Rs, 10 Lakhs was repaid by the present Noticee to Noticee No. 12 and 13.

158. The Noticee submits that, the Noticee had borrowed this sum of Rs. 10 Lakhs in the usual course of business. The Noticee submits that money borrowed by the present Noticee was repaid within a short span of time. The. Noticee submits that amount stipulated in the flow chart (Pg. 32 of SCN) is the amount borrowed by Noticee from Mr. Aladi Srinivas and Mr. Sainath Gaud Kasula.

159. These transactions are purely of personal nature and since the Noticee was required to pay the amount for preferential allotment, therefore he had borrowed money from Mr. Aladi Srinivas (Noticee No. 12) and Mr. Sainath Goud Kasula (Noticee No. 13). The Notice was required to make payment of Rs. 10,00,000/- for the preferential allotment and had accordingly managed from his funds. However, the Noticee was not aware that Mr. Aladi Srinivas (Noticee No. 12) and Mr. Sainath Goud Kasula (Noticee No. 13) had received any funds from Coastal Conductors and Industries Private Limited (CCIPL) or that CCIPL had received any funds from VPL. Nothing is brought on record in Show Cause Notice to show that the Noticee had the knowledge of the said transfers and that he was a willing party to it.

160. The Noticee submits that, no discrepancies have been found by SEBI in the allotment shares by the Company. Further upon investing a sum of Rs. 10

00,000/- in the company, the present Noticee was not aware whether the funds were used or not by the Company for the purpose of the preferential allotment. He was not aware as to whom the monies were transferred by the Company. Thus, the Noticee denies the allegation that he was a conduit in furtherance of acquiring the shares or acted in concert with the company.

161. In light of the above, the Noticee submits that the Noticee arranged the funds in abovementioned manner from his own funds to make payment for preferential allotment of shares by Company.

162. There is no iota of evidence which can suggest that the Noticee has acted in fraudulent manner with other Noticees. The Noticee submits that he has acquired the shares in his individual capacity and not collectively. The records of the Company can clearly establish the said facts.

Noticee 8

163. Post preferential allotment of shares the share capital of the Company went up to 32,49,000 and the number of shares of the Noticee No.8 became 4,40,000 which are 13.54% of the total equity. The Noticee No.8 at present (after preferential allotment) holds 4,40,000 shares i.e. 13.54% shares of the Company and has not sold the same.

164. Noticee has paid for the preferential allotment of shares from his own funds. The Noticee submitted that trail of funds shown Flow Chart (@Pg. 40) of SCN does not prove the allegations that the funds were just transferred from one account to another and not for the benefit of the Company.

165. Noticee had made payment for preferential allotment from his own fund and by borrowing the funds from his brother i.e. Mr. Rajendra Prasad Adiraju and from his friends. The Noticee has already given the particulars of the loans obtained by the Noticee and the date of repayment of the all the loans obtained.

166. Noticee No.8 submitted that as and when need arises the Noticee No.8 used to take loan from his brother and his brother used to arrange funds for Noticee No.8. The Noticee No.8 had repaid the loan.

167. Transactions are purely of relation transactions and since the Noticee was required to pay the amount for preferential allotment had taken loan. The Noticee was required to make payment of Rs.40,00,000/- for the preferential allotment and had accordingly managed from his funds as stated above. There is no doubt in said transactions.

168. The Noticee submitted that the Noticee arranged the funds in abovementioned manner to make payment for preferential allotment of shares by Company. Thus, Noticee had not violated SEBI Act, 1992 read with SEBI (PFUTP) Regulation, 2003.

Noticee 9

169. Noticee is an individual, and is not a promoter, director or shareholder of Abhishek Infraventures Limited (Company/Noticee No.1).

170. Noticee had transferred a sum of Rs. 10 Lakhs to his brother i.e. Noticee No. 5 in the captioned proceedings. However, the Noticee was not aware that Noticee No. 5 had further invested any sum of money in the preferential allotment by Noticee No. 1 Company.

171. Noticee had received a sum of Rs. 9.90 Lakhs from Noticee No. 10 company on account of the sub-contracting agreement. This fact has also been confirmed by the Noticee No. 10 company through the clarification provided to SEBI.

172. Upon receiving this sum, the present Noticee had repaid a final installment of Rs. 10 Lakh for an amount which he had borrowed from Noticee No. 5 in 2005-2010. The Noticee had borrowed a sum of Rs. 12 Lakhs from Noticee No. 5;

thereafter, the Noticee repaid Rs. 2 Lakh in 2012 and the balance Rs. 10 Lakhs were paid on January 29, 2015.

173. The Noticee submits that, the Noticee has borrowed money from his brother i.e. Noticee No. 5 as he was in urgent need of the funds.

174. Further, the present Noticee had returned the money, since Noticee No. 5 required it. The Noticee submits that amount stipulated in the flow chart-2 (Paragraph 31 of SCN) is the amount repaid by Noticee to Noticee No. 5.

175. These transactions are purely of personal nature and since the Noticee No. 5 had requested the amount be repaid; therefore the present Noticee had repaid the same. However, the Noticee was not aware that. Noticee No. 5 had requested the money to invest in Noticee No. 1 Company. Nothing is brought on record in Show Cause Notice to show that the Noticee had the knowledge of the said transfers and that he was a willing party to it.

176. The Noticee submits that, no discrepancies have been found by SEBI in the allotment shares by the Company. Further, upon returning a sum of Rs. 10 Lakh to Noticee No.5; the present Noticee was not aware if Noticee No. 5 had decided to invest the same in Noticee No. 1 Company. Thus, the Noticee denies the allegation that he was a conduit in furtherance of acquiring the shares or acted in concert with the company.

Noticee 11

177. With regards to the allegations contained in paragraph 17(w) of the captioned SCN, the Noticee denied the allegation that Rs.1.50 crores were not invested in the AIL. It was submitted that it had transferred a sum of Rs. 1.50 crores on January 28, 2015 to the Noticee No. 2, who is the managing director of the present Noticee, out of his own credit balance.

178. Noticee No. 1 had transferred a sum of Rs. 2.23 crores to the present Noticee for purchasing of the MS Material, which was in the usual course of business and was also disclosed in the VAT Returns. The Noticee submits that during the course of the hearing the Ld. Adjudicating Officer had raised a query as to whether the invoices were submitted during investigation. The Noticee submitted that no such documents were sought by SEBI during the investigation. If these documents were sought, the Noticee would have furnished the same. Thus, the Noticee submitted that the allegations contained in the paragraph 17(w) of the captioned SCN are incorrect, baseless and devoid of any merit.

179. The Noticee further submitted that it had paid a sum of Rs. 39.40 Lakhs to the Noticee No. 10 towards sub-contracting charges and bills. The Noticee submits that it had entered into a Memorandum of Understanding (MOU) Dated September 10, 2012. The Noticee submits that Noticee No.10 has raised invoices in these regard and has paid Service Tax on the same.

Noticee 12

180. The Noticee submits that the Noticee is an individual. The Noticee is not a promoter, director or shareholder of Abhishek Infraventures Limited (Company/Noticee No.1).

181. Noticee had loaned a sum of Rs. 5 Lakhs to Noticee No. 7. However, the Noticee was not aware that Noticee No. 7 had further invested any sum of money in the preferential allotment by Noticee No.1 Company.

182. The Noticee submits that, the present Noticee had received a sum of Rs. 4.95 Lakhs from Noticee No. 10 Company on account of the subcontracting agreement. This fact has also been confirmed by the Noticee No. 10 company through the clarification provided to SEBI.

183. Noticee No. 7 and the present Noticee are friends; therefore it was not evidenced by any agreement. Further, the amount loaned to Noticee No. 7 was repaid by him in cash. However, the Noticee was not privy to the arrangement' contract with Noticee No. 1 Company and Noticee No. 7.

184. The Noticee submits that, no discrepancies have been found by SEBI in the allotment shares by the Company. Further, upon returning a sum of Rs. 5 Lakhs to the present Noticee; the present Noticee was not aware if Noticee No. 7 had decided to invest the same in Noticee No. 1 Company.

Noticee 13

185. Noticee is an individual, and not a promoter director or shareholder of Abhishek Infraventures Limited (Company/Noticee No.1).

186. The Noticee submits that the Noticee had loaned a sum of Rs. 5 Lakhs to Noticee No.7. However, the Noticee was not aware that Noticee No.7 had further invested any sum of money in the preferential allotment by Noticee No.1 Company.

187. Noticee had received a sum of Rs. 4.95 Lakhs from Noticee No. 10 company on account of the sub-contracting agreement. This fact has also been confirmed by the Noticee No. 10 Company through the clarification provided to SEBI.

188. Since the Noticee No. 7 and the present Noticees are friends; therefore it was not evidenced by any agreement. Further, the amount loaned to Noticee No. 7 was repaid by him in cash. However, the present Noticee was not privy to the arrangement/contract with Noticee No. 1 Company and Noticee No.7

189. No discrepancies have been found by SEBI in the allotment shares by the Company. Further, upon returning a sum of Rs. 5 Lakhs to the present Noticee;

the present Noticee was not aware if Noticee No. 7 had decided to invest the same in Noticee No. 1 Company. T

190. It is denied that the Noticee was a conduit in furtherance of acquiring the shares or acted in concert with the company.

Noticee 14

191. Noticee is an individual. The Noticee is not a promoter, director or shareholder of Abhishek Infraventures Limited (Company/Noticee No.1).

192. Noticee submits that the Noticee had transferred a sum of Rs. 10 Lakhs to his friend i.e. Noticee No. 6 in the captioned proceedings. However, the Noticee was not aware that Noticee No. 6 had further invested any sum of money in the preferential allotment by Noticee No. 1 Company of Rs. 9.90 Lakhs from Noticee No. 10 company on account of the sub-contracting agreement. This fact has also been confirmed by the Noticee No. 10 company through the clarification provided to SEBI.

193. Similarly, the Noticee had received a sum of Rs. 12 Lakhs (January 28, 2015) and Rs. 2.10 Lakhs (January 29, 2015) from Vertex Ventures Healthcare, wherein he is a partner. The Noticee submits that, on January 17, 2015 and January 19, 2015; the Noticee had lent Rs. 12 lakhs and Rs. 10 lakhs respectively to Vertex Venture Healthcare as a loan and received Rs. 12 lakhs back on January 28, 2015 which he had given to his wife.

194. Upon receiving this sum, the Noticee had loaned a sum of Rs, 10 Lakhs to the Noticee No. 6. The Noticee submits that since Noticee No. 6 was his friend and partner in Vertex Ventures Healthcare, therefore no agreement was executed to evidence this transaction. Further, the Noticee had returned a sum of Rs. 7.50 Lakhs from Noticee No.6 on February 03, 2015 and Rs 2.50 lakhs in cash after a few days.

195. Noticee No. 6 had borrowed money from the present Noticee as he was in urgent need of the funds. The Noticee submits that amount stipulated in the flow chart-2 (Pg. 32 of SCN) is the amount loaned/advanced by the present Noticee to Noticee No. 6. In addition to the above, the Noticee had also transferred a sum of Rs. 9.20 Lakhs (7.00 Lakhs + 2.20 Lakhs) to his wife i.e. Noticee No. 17. The Noticee submits that, he had transferred this sum since his wife was in need of the same.

196. Similarly, the Noticee had transferred a sum of Rs. 5 Lakhs to Noticee No. 16. The Noticee submits that this transfer was in a nature of repayment of loans. The present Noticee had borrowed a sum of Rs. 5 Lakhs from Noticee No. 16 on October 15, 2014. The present Noticee has repaid this sum of Rs. 5 Lakhs to Noticee No. 16 on January 28, 2015.

197. The Noticee submits that these transactions are purely of personal nature and since the Noticee No. 16 had requested the amount be repaid; therefore the Noticee had repaid the same. However, the Noticee was not aware that Noticee No. 16 had requested the money to invest in Noticee No. 1 Company.

198. The Noticee submits that, no discrepancies have been found by SEBI in the allotment shares by the Company. Further, upon returning a sum Noticee No. 6 and 16; the present Noticee was not aware if these Noticees had decided to invest the same in Noticee No. 1 Company. Thus, the -Noticee No. 14 denies the allegation that he was a conduit in furtherance of acquiring the shares or acted in concert with the company.

Noticee 15

199. Noticee is an individual, and not a promoter, director or shareholder of Abhishek Infraventures Limited (Company/Noticee No.1)

200. Noticee had transferred a sum of Rs. 10 Lakhs to his brother i.e. Noticee No. 8 in the captioned proceedings. However, the Noticee was not aware that Noticee

No. 8 had further invested any sum of money in the preferential allotment by Noticee No. 1 Company.

201. Noticee had received a sum of Rs 9.90 Lakhs from Noticee No. 10 company on account of the sub-contracting agreement. This fact has also been confirmed by the Noticee No. 10 company through the clarification provided to SEBI. Noticee No.8 had borrowed money from the Noticee as he was in urgent need of the funds. The Noticee submits that amount stipulated in the now chart (Pg. 40 of SCN) is the amount of the loan advanced by the present Noticee to Noticee No. 8.

202. Noticee submits that, no discrepancies have been found by SEBI in the allotment shares by the Company. Further, upon advancing a sum of Rs. 10 Lakh to Noticee No. 8; the Noticee was not aware if Noticee No. 8 had decided to invest the same in Noticee No. 1 Company. Thus, the present Noticee denies the allegation that he was a conduit in furtherance of acquiring the shares or acted in concert with the company. Apart from helping each Other the notice and his brother do not have any common business or financial interest.

203. Noticee has not acted as a conduit or acted in fraudulent manner with other Noticees.

204. The Noticee further submits that the alleged violation has had no market wide impact. There is no illegal gain or benefit derived by the Noticee. In the past there has been no other instance of similar or other allegations against the Noticee in relation to compliance with securities laws. There has been no disproportionate gain, unfair advantage made by the Noticee, since the basic elements of Section 15J of SEBI Act are missing no penalty should be imposed upon Noticee No. 15 under Section 151 of SEBI Act.

Noticee 16

205. The Noticee submits that the Noticee is an individual. The Noticee is one of the promoters of Abhishek Infraventures .Limited (Company). The Noticee submits

that prior to preferential allotment of shares on January 29, 2015 the Company's share Capital was 2,49,000 and the Noticee was holding 20,000 shares which was 8.03% of total equity of the Company. The Noticee submits that post preferential allotment of shares, the share capital of the Company went up to Rs. 32,49,000 and the number of shares of the Noticee became 5,20,000 which are 16% of the total equity. The Noticee at present (after preferential allotment) holds 5,20,000 shares i.e. 16% shares of the Company. The Noticee has not diluted or sold any of his shares and still holds 5,20,000 shares in the Company.

206. After acquisition of shares, the Noticee never sold the shares and hence the question of money moving from one bank account to another does not arise in the present case. Also the name of the Noticee No. 16 does not appear for said allegation in para No. 21 or for any other violation in the entire SCN.

207. The Noticee submitted that the Noticee has paid for the preferential allotment of shares from his own funds. The Noticee submitted that trail of funds shown Flow Chart (@Pg.37) of SCN does not prove the allegations that the funds were just transferred from one account to another.

208. The Noticee submitted that the Noticee, apart from being Director and Promoter in Company, is also partner in firm called Vertex Ventures. The said firm is duly registered under the Indian Partnership Act. Being partner the Noticee is receiving remuneration from said firm as per the partnership agreement.

209. The Noticee submitted that, in ordinary course of business as and when need arises to the said firm, the Noticee has lent money to said firm in its usual course of business. The Noticee further submitted that money lent to the said firm was returned to the Noticee as and when the firm is having money to return. These transactions happened number of times as the firm needs money for its commercial and towards working capital.

210. The Noticee submitted that transactions are purely of commercial transactions and since the Noticee was required to pay the amount for preferential allotment had got refund of the money lent to said partnership firm. The Noticee was required to make payment of Rs.50,00,000/- for the preferential allotment and had accordingly managed from his funds which were with said firm. There is no uncertainty in said transactions. The Noticee received amount of Rs. 24.50 lakh from the said firm on January 28, 2015 and Rs. 20 lakhs on January 29, 2015.

211. The Noticee further submitted that Noticee knows Mr. Yadaiah Pasupula. The Noticee and Mr. Yadaiah Pasupula are friends. The Noticee is also having financial transactions with Mr. Yadaiah Pasupula. Being friends the Noticee and Mr. Yadaiah Pasupula and used to lend money or take money as loan from each other as per the need. The Noticee submitted that the amount mentioned in flow chart which was received by Noticee from Mr. Yadaiah Pasupula is nothing but return of amount which was taken by Mr. Yadaiah Pasupula as hand loan. The Noticee had given hand loan of Rs. 5 lakh to Mr. Yadaiah Pasupula on October 15, 2014 through his ICICI bank account. On January 28, 2015, since the Noticee himself needed money to make payment of preferential allotment of shares, Mr. Yadaiah Pasupula returned the amount of Rs. 5 lakhs to Noticee.

212. The Noticee submitted that the Noticee arranged the funds in abovementioned manner from his own funds to make payment tor preferential allotment of shares by Company. The Noticee submits that during the investigation the Noticee No. 16 has fully co- operated with SEBI and submitted all the information as and when sought by SEBI.

Noticee 17

213. The Noticee submits that the Noticee had provided all the details and information as sought by SEBI during the investigation. On bare perusal of the SCN it can be seen that after considering the submissions made by Noticee the Ld. Adjudicating Officer has rightly not charged the Noticee no. 17 for any

violation. In para 21 (@ Page 41) of the SCN the Ld. Adjudicating Officer has not included the name of Noticee No. 17 for any wrong doing or alleged violation. In view thereof the Noticee No. 17 be discharged from the present adjudication proceeding and name of the Noticee No. 17 be deleted.

214. The Noticee submits that prior to preferential allotment of shares on January 29, 2015 the Company's share Capital was 2,49,000 and the Noticee was not a shareholder of the Company. The Noticee submits that post preferential allotment of shares, the share capital of the Company went up to Rs. 32,49,000 and the number of shares of the Noticee became 1,00,000 which are 3.08% of the total equity.

215. The Noticee further submits that the present Noticee has paid for the preferential allotment of shares from her own funds. The Noticee submits that trail of funds shown Flow Chart (@Pg. 37) of SCN does not prove the allegations that the funds were just transferred from one account to another and not for the benefit of the Company.

216. The Noticee submits that, the captioned SCN alleged that the present Noticee has ultimately received funds from Vishwanath Projects Private Limited (VPL) to invest in the preferential allotment by the Company. At the outset, the Noticee denies this allegation and submits that she had received a sum of Rs. 7 Lakhs and Rs. 2.20 Lakhs from her husband i.e. Mr. Yadaiah Pasupula. Noticee had received this sum of Rs.9.20 Lakhs in the usual course of business. The Noticee submits that amount stipulated in the flow chart (Page 37 of SCN) is the amount received from her husband.

217. These transactions are purely of personal nature and since the Noticee was required to pay the amount for preferential allotment, therefore she had received money from Mr. Pasupula. The Noticee was required to make payment of Rs. 10,00,000/- for the preferential allotment and has accordingly managed from her own funds. Her husband has received funds from M/s Vertex

Venture Healthcare, in which he is a partner. For instance on January 17 and January 19, her husband has given Rs.12 lakhs and Rs. 10 lakhs respectively to Vertex Venture Healthcare. Thereafter, Vertex Venture Healthcare repaid and the loan and therefore Mr. Pasupula received Rs. 12 lakhs back on 28.01.2015 which he had given his wife for the purpose of preferential allotment. However, the Noticee was not aware that her husband had received any funds from Vertex Venture Healthcare on the same date. Nothing is brought on record in Show Cause Notice to show that the Noticee had the knowledge of the said transfers and that he was a willing party to it.

218. The Noticee submits that, no discrepancies have been found by SEBI in the allotment shares by the Company. Further, upon investing a sum of Rs. 10,00,000 in the company, the present Noticee was not aware whether the funds were used by the Company for the purpose of the preferential allotment. She was not aware as to whom the monies were transferred by the Company. Thus, the Noticee denies the allegation contained in the captioned SCN.

219. Noticee arranged the funds in abovementioned manner from her own funds to make payment for preferential allotment of shares by Company.

Noticee 21

220. Noticee is qualified Company Secretary and have been in practice in Hyderabad since 2007 bearing certificate of practice no. 7478. Noticee is serving as a professional consultant to more than 100 clients including, listed, unlisted, private and government companies. Notice is a professional for over 25 years and his relations with the promoters and directors of the Company (AIL) was already disclosed in replies, it is professional.

221. Noticee does not have any common phone no, address, broker or introducer with any of the other noticees. Noticee has not borrowed any funds from any of the promoters or preferential allottees of the company. Noticee has independently and without any influence traded in the scrip on the Stock

Exchange and have not transferred to or shared sale proceeds with anybody since the funds invested were his own. Further, the email id ssc030033@jadoomail.com mentioned in the SCN does not belong to Noticee.

222. The investment decision in AIL was purely personal and independent one. The source of funds for the amount invested was from own savings funds. The said decision wasn't in any way connected with the activities of Noticee’s friends (explained below)/ noticees/corporate bodies whom Noticee had financial transactions with either prior or post the preferential allotment. It was a genuine investment that I made in the company. Noticee is a regular investor in the stock markets since 2007 onwards.

223. Decision to invest in AIL was purely commercial and no way connected to the other allottees or any other person whatsoever.

224. In regard to connections among the noticees bearing serial no.17 and Noticee No.21 of SEBI SCN Point No. 12 following is submitted:

a) Springfields lnfraventures Limited: Noticee in the capacity of a Practicing Company Secretary had extended secretarial consultation services to Springfields Infraventures Limited (now Variman Global Enterprises Limited) in the year 2016 such as updating the records with Stock Exchanges and BSE listing for which Noticee received a fee of Rs. 5 lakhs on 24.10.2016. The company being one of several clients, Noticee kept rendering services to it on various issues concerning Companies Act, SEBI LODR Regulations etc. The money received from the Company in the year 2016 is not the only one time fee Noticee received from the Company. Also, the said consultation fee was received subsequent to the allotment of shares in AIL and before the sale of shares of AIL having no bearing on my investment in shares of AIL or the source of funds or trading or sale proceeds. Even recently i.e., on 23.06.2021, the Company has paid Noticee a sum of Rs. 5 lakhs towards handling the secretarial work related to preferential allotment of convertible warrants. The HDFC Bank statement for the same is placed on records.

b) Mr. D. Srinivas Reddy: He is in the real estate business and is a good friend of Noticee for more than 15 years and Noticee has regular and multiple financial transactions with him. We have had regular financial transactions depending on the personal and business requirements from both sides. Some of the said monetary transactions are settled by making payments either directly to his account or to his company's account. Recently Noticee had taken a hand loan of Rs. 30 lakhs from him on 03.09.2021. The SBI Bank statement for the same is placed on records.

c) Mr. M. Madhusudan Reddy, M.M. Reddy & Co. and Mrs. N. Rima Bindhu: Mr. M. Madhusudhan Reddy is Noticee's friend apart from being a professional colleague. Noticee is a partner at M/s. M.M. Reddy & Co. and spouse of Mrs. N. Hima Bindhu. On need basis we help each other and extend hand loans as friends. Other than knowing the fact that Mrs. N. Hima Bindhu is Mr. M. Madhusudhan Reddy's spouse, Noticee have no direct acquaintance with her.

One of the hand loans was that of Rs. 7.00 Lakhs which Noticee had lent to Mr. M. Madhusudhan Reddy on 17.12.2013 through Canara Bank Account. He returned the said sum on 25.07.2016 which includes a transfer of Rs. 6.00 Lakhs from Mrs. N. Hima Bindhu's (Spouse of Mr. M. Madhusudhan Reddy) bank account. This is only a repayment of the loan lent by Noticee which was received subsequent to the allotment of shares and before the sale of shares having no bearing on Noticee's investment in shares of AIL or the source of funds or trading or sale proceeds. Noticee have multiple transactions with him the recent one being of Noticee transferring him an amount of Rs. 20 lakhs on 22.06.2021 out of which he has paid me back Rs. 15 lakhs on 30.06.2021. The Canara Bank statement for the same is placed on records.

d) Mr. A. Rajendra Prasad: I submit that it was a fee of Rs. 22,472 /- received on 14.08.2014 towards the professional services rendered by Noticee to M/s. Spisys Limited. Mr. A. Rajendra Prasad had availed the secretarial services to be rendered to M/s. Spisys Limited and therefore, paid the said amount to Noticee. The above said transaction occurred much before the allotment of shares having no bearing on Noticee's investment in shares of AIL or the source of funds or trading or sale proceeds.

225. Noticee did not act in concert with anyone either at the time of allotment or at the time of disposal of shares. There is no allegation that Noticee has taken back/withdrawn investment from the company (AIL). Noticee sold the shares in the market after lapse of 1.5 years of allotment through Stock Exchange Mechanism and paid the required STT on said sale. As per point no. 50 of the SCN, there was a gross sale of 41,88,018 shares in AIL, of which the quantity sold by Noticee i.e., 31,946 was miniscule constituting only 0.76 % of the total shares sold. Being genuinely invested in AIL and as a part of prudent commercial decision Noticee sold the said shares through market and never had any intention to resort to any unfair trade practice nor creating a false market. Noticee submit that subsequent to the sale of shares of AIL, Noticee did not withdraw the sale proceeds but rather added additional funds to portfolio and reinvested in the market, in stock (s) other than AIL. Noticee from then on never bought AIL shares.

226. Noticee has not acted in concert with anybody either at the time of allotment or while trading in the scrip. Noticee was neither involved in any reversal of trades nor structured deals.

Noticee 22

227. Noticee is an Individual presently working with VSN Global Trades, Sitapur, Jaipur as Officer and having permanent residence at Shahpura Gate, Sawar Kekri, Ajmer, Rajasthan, 305407. It is further submitted that the Noticee has very high moral character, reputation and standing in the society and a regular tax paying citizen of India.

228. Noticee started dealing in Share & Stock Market as an Investor for short terms and long terms gains based on the advice of friends and relative and have been dealing in Share Market for during the period 2016 & 2017. However due to heavy losses incurred, the Noticee lost his interest in share market and stopped dealing the share and stock market.

229. Noticee usually trade in the Share Market based on the expert advises of the Share Brokers & their research teams, friends, News Papers information, Articles published in various electronic and print media and own research based on the experience for investment of his funds for short terms & long terms gain including intraday trades.

230. During the month of January, 2017, based upon advises of the Share Broker the Noticee dealt in the Shares of M/ s Abhishek Infraventures Limited for intraday trade and purchased and sold certain quantity of the shares. At times the Noticee reversed its positions to averages out the losses on the intraday trade. The details of these dealing are already available with SEBI.

231. Noticee dealt in the shares of M/ s Abhishek Infraventures Limited on his own and without acting into concert with any other Individuals as alleged in the subjected Show Cause Notice and any pattern observed is a pure co-incidence and unintentional.

232. The alleged connection established based on some co-incidental pattern is imaginary and the Noticee has never contacted with any of the Noticees No. 23 to 26 with whom the alleged connection is established by drawing inferences & pattern on trading data of the Noticee nor he has any kind of the personal or professional relationship with the Noticees No. 23 to 26

233. After dealing in the shares of M/ s Abhishek Infraventures Limited for some 15-20 days, the Noticee No. 22 observed that no gain has occurred to Noticee in spite of the expert advises of the Share Brokers but made certain losses in the

trading, the Noticee decided not to deal in the shares of M/s Abhishek Infraventures Limited, the same can be observed from the investigation done by SEBI.

234. Except the above co-incidental trade with other Noticees i.e. Noticees No. 23 to 26 by making imaginary inferences of structured/reversal trade, no other relationship is established in the subjected Show Cause Notice. As such the Noticee dealt in the shares of M/ s Abhishek Infraventures Limited with bona-fide intention and in regular course of his dealing in the share & stock market.

Noticee 26

235. Upon receipt of SCN, the Noticee has got to know the alleged violations supposedly committed by him. However, it is to inform that Noticee is not aware of any such activities, further, Noticee has never heard of the other Noticees mentioned in the SCN.

236. Noticee is a common man working as photographer in Jaipur, and the income is somewhere in the range of 1-1.5 lakh per annum.

237. Prima facie on perusal of the SCN it seems that Noticee’s identity documents have been misused by somebody. Further, email id sunilverma1515@yahoo.com is not made by the Noticee and has been misused by someone.

238. Noticee is neither aware of nor opened any account of which details are provided in the SCN.

239. Further, on perusal of the KYC documents provided during the Adjudication proceedings, it is submitted that thought the KYC documents attached are mine but the signatures on the documents are not mine.

240. The Noticee has also filed a complaint with police against the misuse of his KYC documents and the fraud committed by the unknown person. The copy of the same is placed on records.

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

Noticee 10, 18, 19, 20, 23, 24, and 25

242. Noticees have neither submitted any reply to the SCN, nor appeared for the personal hearing, despite being provided with sufficient opportunity for filing the reply to the SCN and appear for hearing. In these facts and circumstances, I am of the view that, with respect to these Noticees, the matter can be proceeded ex-parte on the basis of material available on record in terms of Rule 4(7) of the Adjudication Rules which reads as under: -

"4(7) If any person fails, neglects or refuses to appear as required by sub-rule (3) before the Board or the adjudicating officer, the Board or the adjudicating officer may proceed with the inquiry in the absence of such person after recording the reasons for doing so."

CONSIDERATION OF ISSUES AND FINDINGS

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

Issue No. I	Whether (i) Noticees 1 and 8 to 16 are in violation Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1) of PFUTP Regulations; (ii) whether Noticees 2 to 7, and 17 to 21 is in violation of Section 12A(a), (b), (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (e) of PFUTP Regulations; and (iii) whether Noticees 22 to 26 are in violation of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations.

Issue No. II If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15HAof SEBI Act, 1992? And

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

Issue No. I **Whether (i) Noticees 1 and 8 to 16 are in violation Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1) of PFUTP Regulations; (ii) whether Noticees 2 to 7, and 17 to 21 is in violation of Section 12A(a), (b), (c) of SEBI Act, 1992 read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (e) of PFUTP Regulations; and (iii) whether Noticees 22 to 26 are in violation of Section 12A(a), (b), (c) of SEBI Act read with Regulation 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations**.

244. Before proceeding with the consideration of issues, there is need to address the preliminary issue raised by the Noticees regarding delay in initiation of the proceedings. In this regard, I note that SEBI received email complaint on April 11, 2018 in respect of Noticee 1. Pursuant to initial examination, SEBI initiated investigation in the matter in 2019 and completed the investigation in January 2021. Undersigned was appointed as AO in the matter in March, 2021 and SCN was issued on October 13, 2021. I take note of the time elapsed since complaint was received and investigation initiated. I also note that no limitation has been prescribed in SEBI Act for initiating proceedings for violation of securities laws.

Allegations pertaining to preferential issue

245. It is alleged in the SCN that on 28.01.2015 and 29.01.2015, Rs.189.40 lakhs came from Noticee 11 to allottees (Noticee 2 to 8) through conduits (Noticee 9 to 15) or directly, which was used by these allottees to pay Noticee 1 for the allotment money on 28.01.2015 and 29.01.2015 and then Noticee 1 on March 05, 2015 returned Rs. 223 lakhs back to Noticee 11, without any valid reason and thereby limiting genuine capital infusion in AIL by Rs.189.40 lakhs.

246. In this regard Noticee 1 has contended that the preferential allotment was for Rs.3 Crores, which have been utilised for the objectives for which the funds were raised, details of which are as follows:

S.No.	Paid to	Amount	Reasons (documents in support)
1	Ms. Jaya Rukhaiyar	3,00,000/-	Towards advance rent payment for premise at Aparna County at Rs. '1 Lakh per month (supporting agreement untraceable)
2	Mr. Raghava Reddy Maligi	4,00,000/-	a one-time consultancy fee for identifying mines and mineral sites (map issued is placed on records)
		5,00,000/-	As compensation for failure to identify property
3	Inter Occean Videsh Limited (IOVL)	75,00,000/-	3 purchase order dated January 22, 2015; January 24, 2015 and January 27, 2015 for MS material, which IOVL failed to deliver. Noticee served legal notice to IOVL on 24.12.2021.
4	Shubhodaya Properties Private Limited (SPPL)	20,00,000/-	To purchase a property, Noticee yet to receive property, Noticee served legal notice to entity on 24.12.2021.
5	Greenwish Electricals India Limited (GEIL)	1,74,99,650/-	To purchase machinery/equipment for a sum of Rs. 2 crores from GEIL, GEIL repaid the money in November 2020 (supporting sale invoices and ledger).
6	Vishwanath Transformers Limited (VTL)	88,65,350/-	Towards agreement dated January 31, 2015, VTL repaid the money in February 2015 (supporting sale invoices and ledger).
Total		3,70,65,000	

247. I have perused that extracts of the Noticee 1's resolution passed in the meeting dated December 27, 2014 and note that the funds raised through preferential allotment were to be used for "..*Current/future expansion plans/activities directly*

of the Company, working capital and general purposes including acquisition of companies". Further, I have also perused the reply of Noticee 1 detailing usage of preferential allotment by it, and note that the stated purposes of the transfers illustrated in table above, is in line with the purpose outlined in the resolution. I also note that these transfers are reflected in the bank account statement of Noticee 1.

248. From the banks account statement of Noticee 1 following transactions are observed:

Date	**from**	**to**	**Amount**	**Balance**
23.01.2015	**Before transfers from allottees**			**50,000.00**
29.01.2015	**post transfers from allottees**			**3,00,50,000.00**
30.01.2015	AIL	GEIL	86,34,650.00	2,14,15,350.00
31.01.2015	AIL	VTL	88,65,350.00	1,25,50,000.00
02.02.2015	AIL	IOVL	75,00,000.00	50,50,000.00
03.02.2015	AIL	Jaya Rukhaiyar	3,00,000.00	47,50,000.00
05.02.2015	AIL	Self- cash withdrawal	5,00,000.00	42,50,000.00
06.02.2015	AIL	Self- cash withdrawal	9,00,000.00	33,50,000.00
07.02.2015	AIL	Self- cash withdrawal	5,00,000.00	28,50,000.00
07.02.2015	AIL	SPPL	2,00,000.00	26,50,000.00
07.02.2015	AIL	SPPl	18,00,000.00	8,50,000.00
09.02.2015	AIL	Self- cash withdrawal	3,00,000.00	5,50,000.00
09.02.2015	AIL	M Raghava Reddy	2,00,000.00	3,50,000.00
11.02.2015	AIL	M Raghava Reddy	2,00,000.00	1,50,000.00
14.02.2015	AIL	Self- cash withdrawal	1,00,000.00	50,000.00
	Balance after transfer of allotment money			**50,000.00**
05.03.2015	GEIL	AIL	50,44,158.00	50,94,158.00
05.03.2015	AIL	VPL	49,26,852.00	1,67,306.00
05.03.2015	GEIL	AIL	53,96,076.00	55,63,382.00
05.03.2015	AIL	VPL	52,78,770.00	2,84,612.00
05.03.2015	VTL	AIL	57,47,994.00	60,32,606.00
05.03.2015	AIL	VPL	56,30,688.00	4,01,918.00
05.03.2015	VTL	AIL	62,17,218.00	66,19,136.00
05.03.2015	AIL	VPL	64,51,830.00	1,67,306.00
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30.03.2015	VTL	AIL	88,65,352.00	94,32,152.00
30.03.2015	AIL	GEIL	88,65,000.00	5,67,152.00

249. From the table above, it is clear that Rs. 86,34,650/- was given by Noticee 1 to GEIL on 30.01.2015, and Rs. 1,04,40,324/- was received back by Noticee 1 from GEIL on 05.03.2015. In regard to the transfers from GEIL, Noitcee 1 has contended that the money transfers received from GEIL on 05.03.2015 amounting to Rs. 1,04,40,324/- was received against sales. I note that the only supporting document provided by Noticee 1 in this regard is the ledger statement and sales invoices. There are no other supporting documents like agreement, delivery receipts, filed vat returns, transport bilty etc. No supporting documents are provided against the payment of Rs.86,34,650/- made to GEIL on 30.01.2015. Noticee 1 has mentioned an MoU for purchase of machinery from GEIL but has not provided the MoU. It has claimed that it had not received the machinery ordered from GEIL for some reasons and the money was eventually returned by GEIL. No supporting documents such as invoices, order placements, details of machinery, reason for cancellation of the order for machinery etc. have been provided by Noticee 1. In view of the transfer of Rs.86,34,650/- made by Noticee 1 to GEIL on 30.01.2015, the lack of supporting documents for claimed purchase of machinery, when seen against the return transfers Rs. 1,04,40,324/- dated 05.03.2015, against sale of material to GEIL, the fund transfers seem to be nothing but ledger entries made to return money back by GEIL to Noticee 1. Hence, the contentions that the money transferred between Noticee 1 and GEIL was towards sale of MS material or purchase of machinery is not acceptable.

250. Similarly, Noticee 1 made payment of advance of Rs.88,65,350/- was to VTL on 30.01.2015 for purchase of machinery worth approximately Rs.1.77 crores. However, no documents or details have been provided for said purchase, and the contract is shown as cancelled by March of 2015. On 05.03.2015 Noticee 1 received Rs. 1,19,65,212/- from VTL. In regard to the transfers from VTL, Noitcee 1 has contended that the money transfers received from VTL on 05.03.2015 amounting to Rs. 1,19,65,212/- was received against receivables due from sales and refund of money paid towards agreement. I note that the only supporting document provided by Noticee 1 in this regard is the ledger

statement and sales invoices, and there are no other supporting documents like agreement, delivery receipts, transport bilty, filed vat returns etc. in evidence of sales made. Further, Noticee 1 has also not provided any details in regard to the purpose of agreement entered by it with VTL, towards which payment of Rs.88,65,350/- was made to VTL on 30.01.2015. In view of the transfer of Rs.88,65,350/- made by Noticee 1 to VTL on 30.01.2015, the lack of supporting documents for claimed purchase of machinery, when seen against the return transfers of Rs. 1,19,65,212/- dated 05.03.2015, he fund transfers seem to be nothing but ledger entries made to return of money back by VTL to Noticee 1, and the contention that the money transferred between Noticee 1 and VTL was towards sale or any other agreement is not acceptable.

251. In this regard, I also note that VPL is owned to the extent of 74.97% by Noticee 2 and his family members. GEIL is owned to the extent of 18% by daughter of Noticee 2 and 45% by Sakila Estates which itself is 96% owned by Noticee 2 and his wife. VTL is owned by family of Noticee 2 to the extent of 18.67% and by Noticee 4 to the extent of 19%. Thus, VPL, VTL and GEIL are connected through common ownership by Noticee 2 and family along with Noticee 4. The SCN has brought out the connections between these entities.

252. I also note that Noticee 1 has not submitted any documentary evidence in support of its contention that the Rs.75 lakhs transferred to IOVL was towards purchase of MS Material. Further, Noticee 1 issued legal notice to IOVL on 24.12.2021, after issuance of SCN by SEBI. Noticee 1 has not provided any agreement, correspondences and proof of efforts made by it in 6 years 10 months for recovery of funds paid by it to IOVL. In view of the above, the contention that the money transferred to IOVL for purchase of MS material is not acceptable.

253. Further, in regard to contention that Noticee 1 made transfers dated 07.02.2015 for Rs.20,00,000/- to SPPL towards purchase of property, which is not received by Noticee 1, for which the Noticee 1 issued legal notice to SPPL on

24.12.2021. In this case also, the legal notice was issued by Noticee 1 after issuance of SCN by SEBI. Noticee 1 has not provided any agreement entered, correspondences and proof of efforts made by it in 6 years 10 months for recovery of funds paid by it to SPPL. In view of the above, the contention that the money transferred to SPPL for purchase of property is not acceptable.

254. I also note that the Noticee 1 has not made any submissions regarding the funds of Rs.223 lakhs transferred by it to Noticee 11, which is alleged to be transferred without any reason. Noticee 11 has contended that the Rs.223 lakhs were transferred to it by Noticee 1, towards purchase of the MS Material. However in this regard, no supporting documents like, agreement, delivery receipts, transport bilty, filed vat returns etc., were furnished by the Noticee 11, even after these were sought during hearing. From the transfers as detailed in the table above, it is also noted that the Rs.2,22,88,140/- transferred by Noticee 1 to Noticee 11 on 05.03.2015 was from Rs.2,24,05,446/- received from GEIL and VTL on the same date.

255. Further, Noticee 11 and Noticee 2 have submitted that the transfer of Rs.1.5 Cr is on account of the money being due to Noticee 2 from Noticee 11. Notice 2 and Noticee 3 have contended that they are relatives and the transfer of Rs.37.50 lakhs was repayment of loan. Noticee 5 has contended that transfer of Rs. 9.90 from Noticee 9, who is his brother, is towards repayment towards a loan of Rs.12.00 lakhs taken during 2005-10, of which 2 lakhs were paid in 2012. Noticee 6 and 7 have contended that they borrowed funds from Noticee 12, 13, and 14 in due course of business (sub-contracting etc.) and this has been repaid by them in cash. Noticee 8 has contended that for preferential allotment funds were borrowed from his brother i.e. Noticee 15 and his friends, which was subsequently repaid. In this regard, I note from the bank account statement of Noticee 6, that there are numerous transactions between Noticee 6 and 14 other than the alleged transaction.

256. I note that in the first leg of the transfer of funds on January 28-29, 2015, the allottees 2, 3, 4, 5, 6, 7 and 8 arranged Rs. 189.40 lacs of money from Noticee 11 routed through different entities for payment of allotment money to Noticee 1. By itself, arranging funds for allotments through aforesaid fund transactions indicates no violation.

257. In the second leg of the transfers, Rs. 223 lakhs (which is allegedly part of money received for preferential allotment) is moved by Noticee 1 to Noticee 11 without giving any valid reasons. This transfer shows that the funds raised through preferential issue have gone back to Noticee 11, who provided the funding to allottees and this is the basis on which violations are alleged in the SCN. In this regard, I note that the Noticee 1 has contended that the funds received in the preferential allotment were utilised as per allotment resolution, and that mis-utilization of allotment money is not the charge on the Noticee 1. The contention therefore is that the money transferred to Noticee 11 is different from the money received in the preferential allotment. In this regard, I note that though the money is fungible, the fact that all the fund transfers from Noticee 11 to conduits, Noticee 11 to allottees, and Conduits to allottees have happened on 28.01.2015 and 29.01.2015, and the fund transfer amounts from Noticee 11 to conduits and conduits to allottees are almost same, and the absence of any other financial transactions on regular basis amongst these entities shows that the allottees to the extent of Rs.1.89 crores were funded by Noticee 11, on 28/29.01.2015 and Noticee 1 received this money back on 03.05.2015..

258. I note that non-genuine capital infusion by extant of 189.40 lakhs would mean that money received by the company through preferential allotment was returned back to Noticee 11. The SCN has stated that money was returned to Noticee 11 on March 5, 2015 to the extent of Rs.2.23 crores. As detailed above, the utilization of preferential proceeds as claimed by Noticee 1 is not acceptable in the absence of supporting documents, and it is evident that the money was returned by GEIL and VTL to Noticee 1, for onward return to Noticee 11.

Further, GEIL, VTL and Noticee 11 are connected to each other by common ownership.

259. Similar chain of funds obtained by allottees and subsequently returned to the source of funds by the company is not established in respect of other allottees i.e. Noticees 16, 17 and 21.

260. The contention of the Noticees involved in transfer of money from Noticee 11 to conduit entities and thence to allottees that these were normal business transactions, or return of loan, or loan transactions is not backed by documentary evidences. Further, the precise amounts transferred among Noticees on 28.01.2015 and 29.01.2015 are too exactly meeting requirement for preferential allotment subscription to be a coincidence and indicates meeting of mind among the Noticees. It is also relevant to note that promoters of Noticee 1, i.e. Noticee 8 and Noticee 16 have common address with Noticee 2, Noticee 11 and VTL and hence are connected to the allottees, Noticees 2 to 7.

261. In view of the above, I find that it is established that Noticee 1 employed a scheme to show raising of funds by allotment of preferential shares to the extent of Rs.1.89 crores to Noticees 2 to 8, where funds were obtained by these allottees from Noticee 11 on the same day or one day before the issue through conduits 9, 10, 11, 12, 13, 14, and 15, and then returned back by Noticee 1 to Noticee 11 within around 33 days of the issue.

262. Therefore, I find that material on record establishes that money raised up to the extent of Rs. 189.40 lakhs by Noticee 1 through preferential allotment was a scheme for allotting shares without genuine capital infusion, and hence by participating in this scheme of preferential allotment, the company i.e. Noticee 1, the allottees, i.e. Noticees 2 to 8 and conduits, i.e. Noticees 9 to 15 are in violation of Section 12A(a) and (b) of SEBI Act read with Regulation 3 (b) and (c) and Regulations 4(1) of PFUTP Regulations.

Allegations pertaining to trading in scrip

263. It is alleged in the SCN that Noticees 22 to 26 created artificial volumes in the scrip by entering into structured trades, and that Noticees 18 to 20 caused upward price movement in the scrip as seen by the positive LTP contribution of their trades. Noticees 23, 24 and 25 were found to be connected through common brokers, common introduce or common witness. Noticees 20 and 19 are husband and wife. It is also alleged in the SCN that bulk SMSs were circulated in the scrip to provide exit to the preferential allottees.

264. Noticees 22 to 26 are alleged to be acting in concert and contributing to manipulation in the scrip price and deliberately created a misleading appearance of trading in the scrip by such trades by engaging in structured trades.

265. Noticees 22 to 26 were seen to entering for structured trades (where the buy and sell order were placed within time gap of one minute, at the same rate and the quantity was same or similar), during Patch 1 as shown below:

Gross Buy Qty. of connected entities	Gross Sell Qty. of connected entities	Total traded Qty. among the connected entities	Synchronized traded Qty. by connected entities	Sync Trades as % of total traded Qty. among the connected entities	Sync Trades as % of Total Mkt. Vol.
238841	238841	233633	233279	99.85%	21.00%

266. It is evident from the table above that nearly the entire trading volume by the said Noticees was synchronized with each other and did not result in change in beneficial ownership of shares as the Noticees squared off their entire positions on every single day and did not have any holding at the end of the day. Noticees 22 to 26 placed the 1237 orders and reversed the position with the same counterparty within seconds. Such proximity of time between the buy and sell orders of the clients and that to on a regular basis throughout the day and repeatedly during the patch between the same set of entities signifies meeting of minds. The repeated placing of such orders was not a mere coincidence but

an attempt to give impression of trading volume which were not genuine trades. Break-up of these trades is given below:

Client 1 Name	Client 2 Name	Sum Of Reversal Qty.	No. of days	No. of Reversal trades	% of Reversal Qty. to Mkt Vol.
Noticee 22	Noticee 25	30600	9	301	5.51
Noticee 22	Noticee 26	24257	8	186	4.37
Noticee 23	Noticee 25	16878	4	155	3.04
Noticee 26	Noticee 23	12692	3	86	2.28
Noticee 26	Noticee 25	12500	4	87	2.25
Noticee 22	Noticee 23	12134	8	244	2.18
Noticee 22	Noticee 24	3320	3	102	0.60
Noticee 24	Noticee 26	2415	1	76	0.43
Total		**114796**	**13**	**1237**	**20.67**

267. In this regard, Noticee 22 has contended that Noticee dealt in the shares of M/s Abhishek Infraventures Limited on his own and without acting into concert with any other Individuals and any pattern observed is a pure co-incidence and unintentional. The said contention is unacceptable, since the trade data shows that Noticee entered into 833 reversal trades with Noticee 23, 24, 25 and 26, , which is not possible without meeting of minds.

268. Noticee 26 has contended that he has not traded in the scrip and his identity has been misused for opening trade and bank accounts and alleged trades have been conducted through these accounts by unknown entity. I note that the Noticee 26 has also filed a complaint dated 11.11.2021 with police in this regard. Noticee 26 has also contended that the signature on the account opening forms (AOFs) is not his, though identity and address proof documents attached with the AOF are his. In this regard, I have perused the KYC documents and the account opening forms of Noticee 26, and note that the signature on the PAN card of the Noticee and the signature on the AOF are different. I also note that the Noticee 26 has filed complaint with police upon receipt of the SCN, and has responded to SCN unlike Noticees 23, 24 and 25. I note that, based on submissions of Noticee 26, benefit of doubt can be granted to Noticee 26 on whether it was indeed Noticee 26 who operated this account and carried out the alleged reversal trades or his account was misused.

269. I note that in absence of reply from the Noticees 23, 24, and 25, material available on record shows that the Noticees 22 to 25 executed reversal trades in the scrip which were carried out without any change of beneficial ownership merely to generate artificial volume in the scrip which created a misleading impression of liquidity in the scrip and may have induced investors to buy or sell in the scrip. Reversal trades of 20.67% of the total market volume by the Noticees indicate that they had no intention to trades except to create artificial volume in the scrip to mislead the investors.

270. Therefore, I find that the Noticees 22 to 25 through their trading in the scrip as brought out above created false and misleading appearance of trading, in violation of Sections 12 A (a) of SEBI Act, and Regulations 3(a),(b) and 4(1) and 4(2)(a) and (g) of PFUTP Regulations.

271. In regard to Noticee No. 18 to 20, it is alleged that they were acting in concert and together contributed to manipulation in the scrip price and deliberately created a misleading appearance of trading in the scrip by such trades in order to assist Company connected preferential allottees (viz. Noticees 2 to 7) to sell their shares at a high price in the market.

272. Noticees 18 to 20 did not submit any reply to the SCN, and did not appear for the personal hearing. From the trade data, I note that Noticee 18 and 20 had net positive LTP and Noticee 19 had net negative LTP for their trades in Patch 1. The details of the same are as follows:

Buyer Name	**Buy trades**				**Sell trades**				**Net LTP**	**Income as per AOF**
	LTP impact (in ₹)	**QTY traded**	**No of trades**	**Traded value**	**LTP impact (in ₹)**	**QTY traded**	**No of trades**	**Traded value**		
Noticee 18	32.35	84307	619	4497590.4	-16.10	82519	185	4340067	16.25	1-5 lac
Noticee 19	9.90	138256	684	7171205	-25.5	135526	256	7171205	-15.60	1-5 lac
Noticee 20	38.00	42944	331	2270772.3	-4.00	45926	58	2438554	34.00	1-5 lac

273. In Patch 3, Noticee 19 and 20 had net positive LTP and Noticee 18 had net negative LTP for their trades in Patch 3. The details of the same are as follows:

Buyer Name	Buy trades				Sell trades				Net LTP	Income as per AOF
	LTP impact (in ₹)	QTY traded	No of trades	Traded value	LTP impact (in ₹)	QTY traded	No of trades	Traded value		
Noticee 18	-1.2	81296	570	2760831.5	0.65	108992	382	3574454.05	-0.55	1-5 lac
Noticee 19	0.90	173635	863	60737067.8	2.2	227588	764	7765506.75	3.10	1-5 lac
Noticee 20	0.3	26806	141	946572.35	0.30	26806	141	946572.35	0.60	1-5 lac

274. From the account opening forms of the aforesaid Noticees, it is evident that their traded value during patch 1, 2 and 3 was incommensurate to their income of Rs.1-5 lakhs as given in their account opening forms. Noticee 18 had fund transfers with Bhawarlal Maheshwari who was introduced by Noticee 20 with broker Shreni Shares, establishing a link of Noticee 18 with Noticee 20. I also note that there were transfers to Noticee no. 19 and 20 from Noticee no.15 and Vertex Ventures, details of which are as follows:

Noticee 19	Received Rs.6 lakhs on November 25, 2016, from Rajendra Prasad Adiraju (Noticee 15)
Noticee 20	Received Rs.2 lakhs on July 8, 2014 from Vertex Ventures, Rs.2 lakhs on June 11, 2015, Rs.5 lakhs on November 25, 2016 and Rs.20 lakhs on February 17, 2017 from Rajendra Prasad Adiraju (Noticee 15)

275. As brought out in the SCN, the trading pattern of Noticees 18, 19 and 20 shows that they were regularly trading in high volume in Patch 1 and 3 on both buy and sell side and contributed to positive LTP trades by entering small orders at high prices. Noticee 19 is the spouse of Noticee 20 and though her trades had a net negative LTP contribution in patch 1, she also entered small orders at higher than last trade price leading to price moving to higher levels.

Buyer Name	No. of trades (LTP >0)	When buy order qty was of 1 share only		Positive LTP Contribution when buy order qty was between 2-10 shares		Positive LTP Contribution when buy order qty were more than 10 shares		Total Positive LTP contribution (in ₹)	% of positive LTP to Total Market positive LTP	% contribution to positive LTP through small orders (1-10 shares)
		Positive LTP contribution	No. of trades	Positive LTP contribution	No. of trades	Positive LTP contribution	No. of trades			
Noticee 19	152	36.60	55	19.00	26	28.70	71	84.30	24.71%	16.30%
Noticee 20	108	40.70	75	8.20	9	17.30	24	66.20	19.41%	14.34%
Noticee 18	152	41.05	60	23.25	33	33.75	59	98.05	28.75%	18.85%

276. I also note that in the patch 1, Noticee 18 and 20 contributed Rs.8.00 to market NHP (i.e. 100.00% of market NHP), and during patch 3 Noticee 18, 19 and 20 contributed Rs.5.30 to market NHP (i.e. 50.48% of market NHP). Through trading among themselves, they contributed Rs.1.35 to market NHP. In remaining trades with non connected entities, in which they placed buy order first they contributed Rs.2.45 to NHP. Further, Noticee 18, 19 and 20 were buyers in 9 first trades and contributed Rs.17.05 to market positive LTP (i.e. 87.66% of market total net positive LTP). Out of 9 first trades, in 6 first trades, they placed buy order first and contributed Rs.7.15 to LTP. During patch 3, Noticee 18 and 20 were buyers in 2 first trades and contributed Rs.2.10 to market positive LTP. In both first trades, they placed buy order first and contributed Rs.2.10 to LTP. These observations further corroborate the fact that Noticee 18 to 20 manipulated the scrip price by way of their trading in the scrip in Patch 1 and 3.

277. I find that Noticees 18 to 20 have contributed in price rise and maintaining the price in patch 1 and 3, and this enabled the allottees including Noticees 2 to 7 to sell shares at a high price of around Rs.59 and earn profits. Further, the trade value of Noticee 18 to 20 is incommensurate to their income which is in the range of 1-5 lakh/annum. This also indicates that the Noticees were used as mule accounts. Noticee 19 and 20 are spouses and have received Rs.31 lakh

from Noticee 15 and Rs.2 lakh from Vertex Venture. Noticee 15 is brother of Noticee 8, promoter and director of AIL, and Vertex Venture is partnership firm of Noticee 15. Hence, based on the trading pattern of Noticees 18 to 20, and the fact that they received funds from Vertex Ventures and Noticee 15 which were in turn connected with Noticee 1, I find that the trades by Noticees 18 to 20 were manipulative in nature and led to maintaining an artificially high price, enabling the preferential allottees to exit at higher price.

278. I note that through the volume of trading generated by Noticees 22 to 26 as well as Noticees 18 to 20, and resulting upward price movement, a large number of retail investors were attracted which enabled preferential allottees including Noticees 2 to 7 to exit from the scrip at a high price. The SCN states that number of unique PANs trading in the scrip during pre-investigation period, investigation period and post-investigation period was 489, 3591 and 575 respectively. This indicates that more than 3000 retail investors were attracted by the high volume of trading generated in the scrip which enabled preferential allottees to exit.

279. In view of the above, it is established that the Noticee 18 to 20 acted in concert and together contributed in raising and maintaining the price of the scrip and created a misleading appearance of trading in the scrip by such trades in order to assist Noticee 2 to 7) to sell their shares at a high price in the market, and thereby violated Sections 12 A (a) of SEBI Act, Regulations 3 (a), (b), 4(1), and 4 (2)(a), (e) of PFUTP Regulations.

280. No specific connection or allegation is made in the SCN with regard to Noticees 17 and 21. However, as established in preceding paras, the allotments made to Noticees 2 to 7 were part of a scheme, whereby the Noticees obtained funds to apply for the shares from Noticee 11, and subsequently the funds were returned to Noticee 11 by Noticee 1. By selling the shares so allotted at higher price, the Noticees made substantial gains. The gains are alleged to be

unlawful as the price is alleged to be artificially maintained through trades by Noticees 22 to 26, and Noticees 18 to 20.

281. From the trade log, it is seen that Noticees 2 to 7 sold the shares allotted to them during Patch 1 and Patch 3. It is relevant to note that, as brought out in preceding paras, the funds obtained by Noticees 2 to 7 through various conduits from Noticee 11 were returned to Noticee 11 by the company shortly after the preferential issue. Further, Noticees 2 to 4 were connected entities to Noticee 11. Noticee 11 is owned to the extent of 74.97% by Noticee 2 and his family members. Noticee 3 is wife of Noticee 2. Noticee 4 is a friend of Noticee 2 and director in VTL. Noticee 6 is a partner with Noticee 16 in Vertex Healthcare, and Noticee 16 is brother of Noticee 8, director of Noticee 1. Noticee 7 was director of Noticee 1. Noticee 5 is brother of Noticee 9, who is connected through multiple bank transactions with other Noticees. Based on the fact that the funds used by Noticees 2 to 7 to purchase shares in preferential issue were sourced from Noticee 11, and were returned by Noticee 1 to Noticee 11, the gains accruing to these Noticees from the sale of shares to retail investors (i.e. excluding Noticees 18, 19 and 20) are as follows:

Name of preferential allottee	**No of Shares allotted**	**Holding before IP (as on 31/12/2016)**	**Shares sold during**			**Sale Value of Shares sold, excluding sell trades with Noticee 18, 19 and 20**	**Holding after IP**
			Patch 1 (02/01/2017-18/01/2017)	**Patch 3 (27/01/2017-07/02/2017)**	**Total Shares sold**		
Noticee 2	7,50,000	4,94,401	15,000	4,79,401	4,94,401	1,70,73,590.80	0
Noticee 3	3,75,000	3,75,000	0	2,05,000	2,05,000	60,44,612.80	1,70,000
Noticee 4	3,75,000	1,44,587	25,000	1,19,587	1,44,587	56,50,249.50	0
Noticee 5	1,00,000	69,400	15,000	20,000	35,000	14,52,798.70	34400
Noticee 6	1,00,000	65,000	16,000	49,000	65,000	23,61,318	0
Noticee 7	1,00,000	16,980	0	14,480	14,480	5,45,172	2500

282. By selling shares allotted in preferential issue at a manipulated high price as brought out above, the Noticees 2 to 7 made unlawful gains to the extent of sale value as mentioned in the table above in violation of Sections 12 A (a), (b)

of SEBI Act, Regulations 3 (a), (b), (c), and Regulations 4(1), of PFUTP Regulations.

Issue No. II If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15HA of SEBI Act, 1992? And

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

283. As it is established that the Noticees 1 and 8 to 15 violated Sections 12 A (a), (b) of SEBI Act and Regulation 3 (b), (c) and Regulations 4(1) of PFUTP Regulations; Noticees 2 to 7 violated Sections 12 A (a), (b) of SEBI Act and Regulation 3 (b), (c), and Regulations 4(1) of PFUTP Regulations; Noticees 18 to 20 violated Sections 12 A (a) of SEBI Act and Regulation 3(a), (b) and Regulations 4(1), 4(2) (a), and (e) of PFUTP Regulations and Noticees 22 to 25 violated Sections 12 A (a) of SEBI Act and Regulation 3(a), (b) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations as brought out in the foregoing paragraphs, they are liable for monetary penalty under Section 15HA of SEBI Act which states as follows:

<u>SEBI Act</u>

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 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.*

284. While determining the quantum of penalty under 15HA of SEBI Act and the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:

Securities and Exchange Board of India Act, 1992

<u>Factors to be taken into account by the adjudicating officer.</u>

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

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

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

(c) the repetitive nature of the default.

285. From the trade log, it can be seen that by selling preferential shares allotted to them at manipulated price during the IP, Noticees 2 to 7 made unlawful gains as shown below:

Name of preferential allottee	Shares sold during			Unlawful gains made
	Patch 1 (02/01/2017-18/01/2017)	Patch 3 (27/01/2017-07/02/2017)	Total Shares sold	
Noticee 2	15,000	4,79,401	4,94,401	1,70,73,590.80
Noticee 3	0	2,05,000	2,05,000	60,44,612.80
Noticee 4	25,000	1,19,587	1,44,587	56,50,249.50
Noticee 5	15,000	20,000	35,000	14,52,798.70
Noticee 6	16,000	49,000	65,000	23,61,318
Noticee 7	0	14,480	14,480	5,45,172

286. Noticee 1 was key participant in the scheme whereby the Noticees 2 to 8 were allotted shares without genuine capital infusion and Noticees 2 to 7 made the aforesaid unlawful gains. Noticee 8 was promoter of Noticee 1 and did not sell shares during the IP. Noticees 9 to 15 assisted in the scheme by acting as conduits for fund transfers and Noticees 18 to 20 and 22 to 25 assisted in creating artificial volumes and maintaining artificial price to enable Noticees 2 to 7 to make aforesaid gains. I note that Noticees 9 to 15 acted as conduits, and Noticees 18 to 20 and 22 to 25 were acting as mule accounts. I also note that

the Notice 4 has passed away on May 23, 2021. Hence, taking into consideration the profits made during the IP from sale of shares by Noticees 2 to 7, and the role of company, conduits, and traders in assisting the Noticees 2 to 7 to make unlawful gains by sale of shares acquired during preferential issue, I am of the view that following penalties under Section 15HA of SEBI Act,1992 will be commensurate with the violations committed by the Noticees :

Noticee	**Penalty Amount**
Noticee 1	Rs.20 lakh
Noticee 2	Rs. 2.14 Crore
Noticee 3	Rs.76 lakhs
Noticee 5	Rs.19 lakhs
Noticee 6	Rs.30 lakhs
Noticee 7	Rs. 7 lakhs
Noticee 8	Rs. 5 lakhs
Noticees 9 to 15	Rs.14 lakhs jointly and severally
Noticees 22 to 25	Rs.8 lakhs jointly and severally
Noticees 18 to 20	Rs.6 lakhs jointly and severally

ORDER

287. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15-I of SEBI Act read with Rule 5 of the Adjudication Rules I hereby impose the following penalties:

Sr.No.	**Noticee Name**	**Penalty**
1	Abhishek Infraventures Limited (PAN: AAACE2100L)	Rs.20 lakh
2	Shiva Kumar Komaravelli (PAN: AAYPK8925A)	Rs. 2.14 Crore
3	Lata Bejgam (PAN: BSMPB3068C)	Rs.76 lakhs
4	Perraju Pericharla (PAN: AHPPP4933M)	Rs.19 lakhs
5	Jospeh Polisetty (PAN: APQPP2850L)	Rs.30 lakhs
6	Balram Aerrolla (PAN: AETPA9424R)	Rs. 7 lakhs

7	Ramachandra Murthy Adiraju (PAN: ACVPA4343H)	Rs. 5 lakhs
8	Veerraju Pericharla (PAN: AMMPP9024D)	Rs.14 lakhs jointly and severally
9	Coastal Conductors and Industries Private Limited (PAN: AADCC5889K)	
10	Vishwanath Projects Limited (PAN: AACCV2054N)	
11	A Srinivas (PAN: AHZPA1708R)	
12	Sainath Goud Kasula (PAN: BHSPK5828G)	
13	Yadaiah Pasupula (PAN: AALPP6088N)	
14	Rajendra Prasad Adiraju (PAN: ABLPA2819H)	
15	Gopal D Mudavat (PAN: BNJPM0036K)	Rs.6 lakhs jointly and severally
16	Megha Mahesh Khandelwal (PAN: AACPK8139Q)	
17	Mahesh Omprakash Khandelwal (PAN: AACPK8137A)	
18	Abhishek Arora (PAN: ANPPA8729A)	Rs.8 lakhs jointly and severally
19	Anil Kumar (PAN: AWZPK8103H)	
20	Jitendra Singh (PAN: AQIPJ9645C)	
21	Akshay Shah (PAN: DQFPS9637K)	

288. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link

ENFORCEMENT → Orders → Orders of AO → PAY NOW

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

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

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

DATE: September 16, 2022	**MANINDER CHEEMA**
PLACE: MUMBAI	**ADJUDICATING OFFICER**