

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA**

[ADJUDICATION ORDER NO. EAD-2/DSR/RG/ 686-781/2017]

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 BY ADJUDICATING OFFICER) RULES, 1995.

In respect of :

1.	PG Electroplast Limited	AACCP9321Q
2.	Shri Pramod Gupta	AAHPG5646F
3.	Shri Anurag Gupta	AAHPG5647E
4.	Shri Vishal Gupta	AAHPG5643A
5.	Shri Vikas Gupta	AAHPG5644H
6.	Prraneta Industries Ltd.	AABCP4155F
7.	Saptrishi Suppliers Pvt. Ltd.	AAECS3863Q
8.	Raw Gold Securities Pvt. Ltd.	AAACR9125J
9.	Wattkins Commerce Pvt. Ltd.	AAACW2298K
10.	Modi Alloys India Pvt. Ltd.	AAECM7892F
11.	Jainex Securities Pvt. Ltd.	AABCJ0346E
12.	Nimbus Industries Ltd.	AAACN2708B
13.	Cellworth Mercantile Pvt. Ltd.	AAECC0376J
14.	Jaimini Trading Pvt. Ltd.	AACCJ3884G
15.	ETL Infrastructure Finance Ltd.	AAACE5567B
16.	Season Multitrade Pvt. Ltd.	AALCS5917J
17.	Wonder Vincom Pvt. Ltd.	AAACW8578N
18.	Pasupati Enclave Pvt. Ltd.	AAECP4278L
19.	Satshri Multitrade Pvt. Ltd.	AAOCS2712F
20.	Frank Mercantile Pvt. Ltd.	AABCF1808P
21.	Nihal Mercantile Pvt. Ltd.	AACCN8730D
22.	Virgo Mercantile Pvt. Ltd.	AACCV6426E
23.	Lona Mercantile Pvt. Ltd.	AABCL5709K
24.	Jagdamba Complex Pvt. Ltd.	AABCJ9074F
25.	Mili Commodities Pvt. Ltd.	AAFCEM8822N
26.	Paradise Tradecom Pvt. Ltd.	AAECP8118P
27.	Jasmine Dealcom Pvt. Ltd.	AACCJ0675M
28.	Aggarwal Steel Rolling Mills & Metal Industries	AABFA9058R
29.	Supreme Communication Ltd.	AAICS0078D
30.	Safeco Projects Pvt. Ltd.	AAJCS4155N

31.	Sunlight Financial Advisory Pvt. Ltd.	AALCS4533N
32.	Padamprabhu Project Pvt. Ltd.	AAFPCP1778A
33.	M.J. Commodities Pvt. Ltd.	AAFCEM4704R
34.	Adcon Capital Services Ltd.	AABCA6770D
35.	Safford Mercantile Pvt. Ltd.	AAMCS4283Q
36.	Shri Amar Nath Singh	AMBPS7345H
37.	Shri Amit Agarwal	AGSPA4234C
38.	Ms. Aparna Banerjee	ALBPB0397F
39.	Ms. Aruna Chudaman Umredkar	AAIPU7781L
40.	Shri Avinash Jajoo	ACVPJ4002G
41.	Shri Awanish Singh	BYOPS3032F
42.	Shri Bablu Shaw	CDUPS3949H
43.	Shri Bharat Bachubhai Merchant	AAIPM2574M
44.	Shri Chudman Anandrao Umredkar	AAIPU9119L
45.	Shri Deepak Patwari	AKHPP3737A
46.	Shri Devchand Mulji Shah	AAPPS4210H
47.	Shri Devendra Kumar Lakhota	AAWPL8433G
48.	Shri Dilip Kumar Agarwal	ACQPA6162K
49.	Shri Dilip Zileadar Singh	APFPS6547G
50.	Shri Dinesh Singh	BQWPS9380L
51.	Shri Dinesh Sunderji Shah	AAFPS3093N
52.	Shri Dipankar Sarkar	AZCPS7890M
53.	Shri Gopal Sonker	BRDPS0549F
54.	Shri Jai Prakash Agarwal	AMMPA3562F
55.	Jils Raichand Madan	AGKPM3175A
56.	Ms. Jyoti Munver	ALSPM2060P
57.	Shri Kiran Dilip Thakore	AKWPT5980A
58.	Shri Kunal Gupta	AGCPG2079H
59.	Shri Manish Bhupendra Thakkar	AABPT0544K
60.	Shri Manjit T. Jajoo	AEYPJ0106N
61.	Shri Manoj Pachlangia	ALKPP3875H
62.	Ms. Manju Agarwal	-
63.	Shri Mukesh Kumar Jajoo	ACSPJ7433J
64.	Shri Nimish Thakore	AHBPT0464B
65.	Shri Omprakash Khandelwal	ABGPK4008D
66.	Shri Pawan Maru	APXPM4576P
67.	Shri Rajeshbhai Bhagat	AQFPB6163N
68.	Shri Rakesh Modi	AFKPM1166L
69.	Shri Rakesh P. Parik	AGSPP9141M
70.	Shri Ram Awtar Sharma	AAIPS6508F
71.	Shri Ramendra Kumar Singh	BLIPS6490N
72.	Shri Rohit Chintamani Dubey	AFWPD8709C
73.	Shri Rohit Modi	ADRPM7626G

74.	Shri Sanjay Minda	AACPM9995Q
75.	Shri Sandeep Bakul Sheth	AMWPS5089F
76.	Shri Sanjib Kumar Mondal	ANQPM3772J
77.	Shri Sawankumar T. Jajoo	ADCPJ2044G
78.	Shri Shyam Sunder Sekhsaria	ATXPS6514M
79.	Shri Subramanya Kusnur	ABJPK6269R
80.	Shri Subrata Banerjee	-
81.	Shri Sunderji Mulji Shah	AAPPS4209N
82.	Shri Tushar Sharma	AWZPS6008B
83.	Shri Vivek Jain	AFKPJ0712M
84.	Ms. Seema Modi	AIUPM4095K
85.	Realnet Infraprojects Pvt. Ltd.	AAECR9403R
86.	Chin Infotech Pvt. Ltd.	AADCC6173C
87.	Shri Ronak Narendra Kotecha	BDDPK9588C
88.	Shri Arun Kumar Balakrishnan Chammincheri	AHBPC3244Q
89.	Shri Yogesh Shah	AMKPS7337N
90.	Shri Sudhakar Gandhi	AFUPG3324G
91.	Shri Sanjay Shaw	AWMPS8452J
92.	Shri Dilip Kumar Dhariwal	AHGPD3335E
93.	Shri Manoj Jokhu Sahani	BKUPS0030H
94.	Shri Vikas Jain	AGUPJ5709M
95.	Shri Amit Agarwal	AEXPA2254F
96.	Shri Vijay Kumar Agarwal	ADAPA6420H

IN THE MATTER OF P G ELECTROPLAST LIMITED

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1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') upon noticing fluctuations in the share price of PG Electroplast Limited (hereinafter referred to as "PGEL") had initiated preliminary investigation into the said scrip. PGEL had come out with an Initial Public Offer (IPO) for the period August 2011 to September 2011 for issue of 57,45,000 equity shares of face value ₹ 10/- each through 100% book building process. The preliminary investigation, *inter alia*, revealed that the proceeds of the IPO of PGEL were transferred to various entities with a likely purpose of siphoning off and/ or diversion of funds. It was, prima facie, revealed that PGEL had suppressed material facts in the Red Herring Prospectus (RHP) and the Prospectus and diverted the IPO proceeds for the purpose of purchase of its own shares.

2. Based on the preliminary findings, pending investigation, an ad interim ex-parte order was passed by SEBI on December 28, 2011 in the matter of IPO of PG Electroplast Limited, *inter-alia*, directing the following to PGEL and its directors, namely, Shri Pramod Gupta, Shri Anurag Gupta, Shri Vishal Gupta and Shri Vikas Gupta (hereinafter referred to by their respective names and collectively referred to as the Noticees)-
- i. PGEL was prohibited from raising any further capital from the securities market, in any manner whatsoever, till further directions.
 - ii. PGEL and its Promoter Directors viz. Shri Pramod Gupta, Shri Anurag Gupta, Shri Vishal Gupta and Shri Vikas Gupta, were prohibited from buying, selling or dealing in the securities market, in any manner whatsoever, till further directions.
 - iii. PGEL was directed to - (a) call back ₹ 32 Crores (₹ 15 Crores from Saptrishi Suppliers Pvt. Ltd (Saptrishi), ₹ 7 Crores from Raw Gold Securities Pvt. Ltd (Raw Gold) and ₹ 10 Crores from Watkins Commerce Pvt. Ltd (Watkins), which were given as ICDs and keep the amount in a separate interest bearing Escrow Account with a Scheduled Commercial Bank, till further directions, and (b) Deposit the proceeds of the IPO still lying with PGEL in the Escrow Account created, till further directions.
 - iv. Give confirmation of the above (iii) (a) and (b) to NSE and BSE within 7 days of the Interim Order.
3. Further, vide the said ad interim ex-parte order dated December 28, 2011, the following 91 entities, namely, 1. Prraneta Industries Ltd., 2. Saptrishi Suppliers Pvt. Ltd., 3. Raw Gold Securities Pvt. Ltd., 4. Watkins Commerce Pvt. Ltd., 5. Modi Alloys India Pvt. Ltd., 6. Jainex Securities Pvt. Ltd., 7. Nimbus Industries Ltd., 8. Cellworth Mercantile Pvt. Ltd., 9. Jaimini Trading Pvt. Ltd., 10. ETL Infrastructure Finance Ltd., 11. Season Multitrade Pvt. Ltd., 12. Wonder Vincom Pvt. Ltd., 13. Pasupati Enclave Pvt. Ltd., 14. Satshri Multitrade Pvt. Ltd., 15. Frank Mercantile Pvt. Ltd., 16. Nihal Mercantile Pvt. Ltd., 17. Virgo Mercantile Pvt. Ltd., 18. Lona Mercantile Pvt. Ltd., 19. Jagdamba Complex Pvt. Ltd., 20. Mili Commodities Pvt. Ltd., 21. Paradise Tradecom Pvt. Ltd., 22.

Jasmine Dealcom Pvt. Ltd., 23. Aggarwal Steel Rolling Mills & Metal Industries, 24. Supreme Communication Ltd., 25. Safeco Projects Pvt. Ltd., 26. Sunlight Financial Advisory Pvt. Ltd., 27. Padamprabhu Project Pvt. Ltd., 28. M.J. Commodities Pvt. Ltd., 29. Adcon Capital Services Ltd., 30. Safford Mercantile Pvt. Ltd., 31. Shri Amar Nath Singh, 32. Shri Amit Agarwal, 33. Ms. Aparna Banerjee., 34. Ms. Aruna Chudaman Umredkar, 35. Shri Avinash Jajoo, 36. Shri Awanish Singh, 37. Shri Bablu Shaw, 38. Shri Bharat Bachubhai Merchant, 39. Shri Chudman Anandrao Umredkar, 40. Shri Deepak Patwari, 41. Shri Devchand Mulji Shah, 42. Shri Devendra Kumar Lakhotia, 43. Shri Dilip Kumar Agarwal, 44. Shri Dilip Ziledar Singh, 45. Shri Dinesh Singh, 46. Shri Dinesh Sunderji Shah, 47. Shri Dipankar Sarkar, 48. Shri Gopal Sonker, 49. Shri Jai Prakash Agarwal, 50. Jils Raichand Madan, 51. Ms. Jyoti Munver, 52. Shri Kiran Dilip Thakore, 53. Shri Kunal Gupta, 54. Shri Manish Bhupendra Thakkar, 55. Shri Manjit T. Jajoo, 56. Shri Manoj Pachlangia, 57. Ms. Manju Agarwal, 58. Shri Mukesh Kumar Jajoo, 59. Shri Nimish Thakore, 60. Shri Omprakash Khandelwal, 61. Shri Pawan Maru, 62. Shri Rajeshbhai Bhagat, 63. Shri Rakesh Modi, 64. Shri Rakesh P. Parik, 65. Shri Ram Awtar Sharma, 66. Shri Ramendra Kumar Singh, 67. Shri Rohit Chintamani Dubey, 68. Shri Rohit Modi, 69. Shri Sanjay Minda, 70. Shri Sandeep Bakul Sheth, 71. Shri Sanjib Kumar Mondal, 72. Shri Sawankumar T. Jajoo, 73. Shri Shyam Sunder Sekhsaria, 74. Shri Subramanya Kusnur, 75. Shri Subrata Banerjee, 76. Shri Sunderji Mulji Shah, 77. Shri Tushar Sharma, 78. Shri Vivek Jain, 79. Ms. Seema Modi, 80. Realnet Infraprojects Pvt. Ltd., 81. Chin Infotech Pvt. Ltd., 82. Shri Ronak Narendra Kotecha, 83. Shri Arun Kumar Balakrishnan Chammincheri, 84. Shri Yogesh Shah, 85. Shri Sudhakar Gandhi, 86. Shri Sanjay Shaw, 87. Shri Dilip Kumar Dhariwal, 88. Shri Manoj Jokhu Sahani, 89. Shri Vikas Jain, 90. Shri Amit Agarwal and 91. Shri Vijay Kumar Agarwal (hereinafter collectively referred to as the 91 entities) were refrained from buying, selling or dealing in the securities market, in any manner whatsoever, till further directions. Vide confirmatory order dated October 31, 2012, SEBI confirmed the directions issued against PGEL and its directors and vacated the directions against the said 91 entities as separate adjudication proceedings were ordered and also, owing to the fact that they had already under gone prohibition from dealing in securities for a period of

more than nine months. Vide the final order dated March 11, 2014, SEBI prohibited PGEL and its directors, Shri Pramod Gupta, Shri Anurag Gupta, Shri Vishal Gupta and Shri Vikas Gupta from raising any further capital from the securities market, in any manner whatsoever and further prohibited them from buying, selling or dealing in the securities market, in any manner whatsoever, for a period of ten years. Further, it was directed that PGEL should take urgent and effective measures to recover all the moneys recoverable on account of the investments in ICDs, contracts for purchase of land which have not fructified till now, etc. Progress in this regard was to be reported to SEBI on or before May 10, 2014.

4. Upon further investigation, scrutiny and examination of the RHP and the prospectus and the fund utilization, certain discrepancies / manipulations by PGEL and its directors were observed which are stated as under:
 - a) Failed to make disclosures of material facts in the Prospectus such as-
 - i. Non-disclosure of funds raised by PGEL through Inter Corporate Deposits (ICDs), which were in the nature of bridge loan.
 - ii. Non-disclosure of Board Resolution dated August 17, 2011, to invest in the ICDs of other companies.
 - iii. Non-disclosure of purchase orders placed for plant and machinery.
 - iv. Non-disclosure of names of certain companies in the list of suppliers provided by PGEL.
 - v. Non-disclosure of Agreements and Memorandum of Understandings entered into by PGEL with certain entities for purchase of land.
 - b) Diverted IPO proceeds through repayments of ICDs and through investments in ICDs through purchase orders and land deals by PGEL.
 - c) Made contradictory disclosures regarding amount of term - loan availed.
5. It was observed that, allegedly, the abovementioned companies along with their directors had acted as layers/ conduits in movement of funds and

diversion of proceeds of the IPO to the buyers indulging in fraudulent trades on the day of listing and / or entities who had applied in the IPO of PGEL.

6. SEBI has, therefore, initiated adjudication proceedings under the Act to inquire into and adjudge the alleged violations of the provisions as mentioned under Section 12A (a), (b) and (c) of the SEBI Act, 1992 (hereinafter referred to as the Act) read with Regulation 3(a),(b), (c),(d), 4(1), 4(2) (a), (d), (e), (f) and (k) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulation, 2003 (hereinafter referred to as PFUTP Regulations, 2003) and Regulations 57(1), 60(4)(a), 60(7)(a) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as ICDR Regulations) and Clauses 2(VII)(G), 2(VIII)(B)(5)(b) and (6) and 2(XVI)(B)(2) of Part A of Schedule VIII read with Regulation 57(2)(a) of the ICDR Regulations by PGEL and its directors namely, Shri Pramod Gupta, Shri Anurag Gupta, Shri Vishal Gupta and Shri Vikas Gupta.
7. Further, adjudication proceedings have also been initiated against the 91 entities for the alleged violations of provisions of the Act and PFUTP Regulations, 2003 and the details of the same are as under.
 - a. against Prraneta Industries Limited, Saptrishi Suppliers Pvt. Ltd, Raw Gold Securities Pvt. Ltd, Wattkins Commerce Pvt. Ltd, Modi Alloys India Pvt. Ltd, Jainex Securities Pvt. Ltd, Nimbus Industries Ltd, Cellworth Mercantile Pvt. Ltd, Jaimini Trading Pvt. Ltd, ETL Infrastructure Finance Ltd, Season Multitrade Pvt. Ltd, Wonder Vincom Pvt. Ltd, Pasupati Enclave Pvt. Ltd, Satshri Multitrade Pvt. Ltd, Frank Mercantile Pvt. Ltd, Nihal Mercantile Pvt. Ltd, Virgo Mercantile Pvt. Ltd, Lona Mercantile Pvt. Ltd, Jagdamba Complex Pvt. Ltd, Mili Commodities Pvt. Ltd, Paradise Tradecom Pvt. Ltd, Jasmine Dealcom Pvt. Ltd and Aggarwal Steel Rolling Mills & Metal Industries for allegedly violating the provisions of Section 12A(a), (b) & (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a) & (e) of the PFUTP Regulations, 2003 and Section 11C(2) and (3) of the SEBI Act, 1992.

- b.** against Supreme Communication Ltd, Safeco Projects Pvt. Ltd and Sunlight Financial Advisory Pvt. Ltd for allegedly violating the provisions of Section 12A(a), (b) & (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) of the PFUTP Regulations, 2003 and Section 11C(2) and (3) of the SEBI Act, 1992.
- c.** against Padamprabhu Project Pvt. Ltd, M. J. Commodities Pvt. Ltd, Adcon Capital Services Ltd, Safford Mercantile Pvt. Ltd, Amar Nath Singh, Amit Agarwal, Aparna Banerjee, Aruna Chudman Umredkar, Avinash Jajoo, Awanish Singh, Bablu Shaw, Bharat Bachubhai Merchant, Chudman Anandrao Umredkar, Deepak Patwari, Devchand Mulji Shah, Devendra Kumar Lakhota, Dilip Kumar Agarwal, Dilip Ziledar Singh, Dinesh Singh, Dinesh Sunderji Shah, Dipankar Sarkar, Gopal Sonker, Jai Prakash Agarwal, Jils Raichand Madan, Jyoti Munver, Kiran Dilip Thakore, Kunal Gupta, Manish Bhupendra Thakkar, Manjit T. Jajoo, Manoj Pachlangia, Manju Agarwal, Mukesh Kumar Jajoo, Nimish Thakore, Omprakash Khandelwal, Pawan Maru, Rajeshbhai Bhagat, Rakesh Modi, Rakesh P. Parik, Ram Awtar Sharma, Ramendra Kumar Singh, Rohit Chintamani Dubey, Rohit Modi, Sanjay Minda, Sandeep Bakul Sheth, Sanjib Kumar Mondal, Sawankumar T. Jajoo, Shyam Sundar Sekhsaria, Subramanya Kusnur, Subrata Banerjee, Sunderji Mulji Shah, Tushar Sharma, Vivek Jain and Seema Modi for allegedly violating the provisions of Section 12A(a), (b) & (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a) & (e) of the PFUTP Regulations, 2003.
- d.** against Realnet Infra Projects Pvt. Ltd, Chin Info Tech Pvt. Ltd, Ronak Narendra Kotecha, Arun Kumar Balakrishnan Chammincheri, Yogesh Shah, Sudharkar Gandhi, Sanjay Shaw, Dilip Kumar Dhariwal, Manoj Jokhu Sahani, Vikas Jain, Amit Agarwal and Vijay Kumar Agarwal for allegedly violating the provisions of Section 12A(a), (b) & (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) of the PFUTP Regulations, 2003.

Appointment of Adjudicating Officer:

8. I have been appointed as the Adjudicating Officer, in place of previous Adjudicating Officer, vide order dated August 29, 2013 under Section 15-I of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the 'Adjudication Rules') to inquire into and adjudge under Section 15HA and 15HB of the Act the alleged violation of the abovementioned provisions of law by PGEL and its directors and to inquire into and adjudge under Section 15HA and 15A(a) of the Act, the alleged violation of the abovementioned provisions of PFUTP Regulations, 2003 and the Act by the 91 entities mentioned above.

Show Cause Notice, Reply and Personal Hearing:

PGEL and its directors Shri Pramod Gupta, Shri Anurag Gupta, Shri Vishal Gupta and Shri Vikas Gupta:

9. The Noticees were issued a common show cause notice dated September 11, 2013 (hereinafter referred to as the SCN) in terms of Rule 4 of the Adjudication Rules requiring them to show cause as to why an inquiry should not be held against them for the alleged violations. I find the following from the SCN :

Objects of the IPO and Utilization of Proceeds

10. The RHP filed by PGEL was dated August 17, 2011 and the Prospectus of PGEL was dated September 14, 2011. The objects of the issue as disclosed in the Prospectus dated September 14, 2011 filed by PGEL are as under:

Sr. No.	Particulars	Amount (Rs. in lakhs)
1	Prepayment of the portion of term loan and line of credit facility proposed to be availed by our Company for the expansion under Phase I	2410
2	Expansion of our manufacturing facility at Unit III, Greater Noida under Phase II	1383.76
3	Expansion of our manufacturing facility at Unit IV, Ahmednagar under Phase II	3,730.53
4	Meeting long term working capital requirements	1,500.00
5	General corporate purposes	2,139.47
6	Issue Expenses	900.74
Total		12064.50

11. PGEL had further disclosed in its Prospectus that the aforesaid requirement of funds was proposed to be entirely financed by the Issue proceeds which was ₹12064.50 lakhs. Out of the total issue proceeds of approx. ₹ 120.64 crores, it was observed that ₹ 113.35 crores was credited to the bank account of PGEL, ₹ 7.07 crores to the BRLM Almondz and ₹ 0.22 crores to Hem Securities Ltd. (syndicate member of the IPO). Out of the aforesaid ₹ 113.35 crores, PGEL had received a total of ₹ 110.91 crores during September 22- 27, 2011 and the remaining ₹ 2.44 crores on October 20, 2011. The details of proceeds of IPO received during September 22 - 27, 2011 are as under:

- a. It was noted from the bank account statement of PGEL (Account Number – 911020048073676 with Axis Bank Ltd.) that ₹ 104.41 crores was credited from the proceeds of the IPO on September 22, 2011 (₹ 90 crores was credited from the Axis Bank Escrow account, ₹ 13.86 crores were credited from the Yes Bank Escrow account and ₹ 0.55 crores was credited from the Kotak Mahindra Escrow account). Thus, a total of ₹ 110.91 crores was received by PGEL in its bank account bearing no. 911020048073676 with Axis Bank Ltd. from the proceeds of the IPO during September 22 - 27, 2011 and during the same period it had made payments/ fund transfers, valued ₹1 crore or more each.

12. The following allegations were levelled against the Noticees in the SCN:

- i. A predominant portion of the IPO proceeds was diverted by PGEL for operations in the equity market as well as for questionable land deals and raw material purchases and for siphoning off and / or diversion of funds.
- ii. A total of appx. ₹ 36 Crores was diverted by PGEL to several connected entities for purchasing shares of PGEL and a total of ₹ 2.2 Crores was diverted by PGEL to 3 allottees for their application in the IPO of PGEL.
 - a) PGEL had taken ICDs prior to the IPO and diverted appx. ₹ 12.95 Crores to Wonder Vincom Pvt. Ltd (Wonder Vincom). The said entity had funded ₹ 94 lakhs to the IPO allottee namely,

- Chin Info Tech Pvt. Ltd (Chin Info) and had also made payments of ₹3.99 Crores to 2 entities for purchasing shares of PGEL.
- b) PGEL had diverted ₹ 9.475 crores of the IPO proceeds to ETL Infrastructure Finance Ltd. through refund of ICDs (created before IPO) to Jainex Securities Pvt. Ltd. (Jainex) and other entities, out of which, ETL Infrastructure Finance Ltd (ETL) had made payments of ₹ 1.5 crores to its broker Destiny Securities Ltd (Post-IPO proceeds) and had also made payments of a total of ₹ 1.2 crores to Paradise Telecom Pvt. Ltd (Paradise) and Jasmine Dealcom Pvt. Ltd (Jasmine) for their purchases on the date of listing.
- c) PGEL had diverted ₹8 crores to Saptrishi Suppliers Pvt. Ltd (Saptrishi) through Prraneta Industries Limited (Prraneta) in the form of refund of ICDs which was further diverted to several entities for purchasing shares of PGEL on the day of listing.
- d) PGEL had diverted additional ₹ 21.5 crores (₹ 15 crores through Saptrishi, ₹ 5 crores through Raw Gold Securities Pvt. Ltd (Raw Gold) and ₹ 1.5 crores through Wattkins Commerce Pvt. Ltd (Wattkins)) from the proceeds of the IPO in the form of ICDs to Saptrishi, Wattkins and Raw Gold and advance for purchase of land to Saptrishi, with the aiding and abetting of certain group of entities.
- e) Saptrishi and Raw Gold, the receivers of the diverted funds from the proceeds of the IPO, had also made funding to an allottee of the IPO of PGEL viz. M. J. Commodities Pvt. Ltd. (M.J. Commodities), prior to the IPO, for a total of ₹ 86 lakhs.
- f) PGEL had diverted/siphoned off ₹ 40 lakhs to Sunlight Financial Advisory Pvt. Ltd (Sunlight) (allottee in the IPO of PGEL) through Nimbus Industries Limited (Nimbus).
- iii. PGEL had siphoned off approx. ₹ 7.25 crores through Nimbus and Supreme Communications Limited (Supreme) in the form of advance for purchase of 'plastic granules' from them, out of which ₹ 40 lakhs was diverted to Sunlight Financial Advisory Pvt. Ltd (Sunlight) which had applied in the IPO of PGEL.

- iv. PGEL had siphoned off funds, in part or in full, out of ₹29.5 crores (₹ 12.5 crores with Saptrishi, ₹ 15 crores with Safeco Projects Pvt. Ltd (Safeco) and ₹ 2 crores with Realnet Infraprojects Pvt. Ltd (Realnet)) given by PGEL as advance for purchase of land to Saptrishi, Realnet and Safeco.
- v. Certain entities, connected/related to one another had acted as conduits in the diversion/siphoning off the proceeds of the IPO by PGEL by creating several layers for fund flow. These layers were created to avoid regulatory detection and to camouflage the securities related transactions as business deals such as ICDs, land deals, etc.
- vi. The artificial buyers of shares of PGEL distorted the market equilibrium of trading. The buyers after receiving funds from the proceeds of the IPO which were diverted by PGEL and their connected entities had acquired a net of 18,15,513 shares (value of approx. ₹ 42.5 crores) i.e. 58.3% of the total delivered quantity for 31,14,248 shares on September 26, 2011 and 31.6% of the issue size.
- vii. Three of the allottees namely Chin Info, M J Commodities and Sunlight were funded ₹ 94 lakhs, ₹ 86 lakhs and ₹40 lakhs, respectively, by the entities receiving the money diverted by PGEL. The said 3 allottees were allotted 1,55,505 shares (value approx. ₹ 3.27 crores) of PGEL.
- viii. The diversion of funds through different entities e.g. Saptrishi, Prraneta, Raw Gold, Watkins, Modi Alloys, Aggarwal Steel, Nimbus, Supreme, Jainex, Safeco etc. and through different forms viz. ICDs, land agreements, purchase orders, agreements for receiving plastic granules etc. indicated that the company PGEL was involved in the entire movement of funds.
- ix. PGEL was also alleged to have suppressed several material facts in the offer documents (RHP and Prospectus) pertaining to the company, utilization of proceeds of issue, agreements for purchase of land etc. and had also made several mis-statements relating to ICDs, placement of purchase orders, general corporate purpose, investments in land etc.

13. The said common SCN issued to the Noticees was duly delivered to PGEL and its directors. Vide separate but identical letters dated September 30,

2013, the Noticees acknowledged the receipt of the SCN and further requested for 30 days extension of time to file their reply in the matter. Accordingly, vide letter dated December 13, 2013, PGEL filed a reply to the said SCN on behalf of all the Noticees. Thereafter, in the interest of natural justice and in order to conduct an inquiry as per Rule 4(3) of the Adjudication Rules, an opportunity of personal hearing was granted to the Noticees on March 03, 2014. Vide letters dated February 25, 2014, the Noticees requested for adjournment of the scheduled hearing by two weeks to any date after March 03, 2014. The said request for adjournment of the said hearing was acceded to and accordingly another opportunity of personal hearing was granted to the Noticees on March 28, 2014. The Authorized Representatives (ARs) attended the hearing on behalf of the Noticees on the scheduled date and made oral submissions. The ARs also reiterated the submissions made by the Noticees vide their reply dated December 13, 2013 and further requested two weeks' time to file their additional submissions in the matter. Accordingly, vide letter dated October 13, 2014, the Noticees submitted their additional reply in the matter. Further, another opportunity of hearing was granted to the Noticees on August 24, 2015. Vide letters dated August 12, 2015, the Noticees requested for adjournment of the scheduled hearing to any other date after September 15, 2015. The request for adjournment was acceded to and accordingly, vide email dated August 19, 2015, the Noticees were granted an opportunity of hearing on September 28, 2015. However, due to certain administrative issues, the said hearing was shortly adjourned to October 06, 2015. Accordingly, the ARs attended the hearing on the scheduled date and made oral submissions. Also, vide letter dated October 05, 2015, the Noticees submitted additional submissions in the matter. Further, the ARs requested for time to file further submissions in the matter. Accordingly, the Noticees were advised to file the same on or before October 13, 2015. Vide letter dated October 10, 2015, the Noticees submitted their further submissions.

- 14.** Further, vide letter dated March 16, 2016, the Noticees submitted that they were in receipt of the Audit Assignment Report and Supplementary Report in the matter and they were in the process of finalizing their comments /

observations on the same. In view of the same, the Noticees requested for another opportunity of personal hearing to present their case in light of the Audit Assignment Report in the matter. Accordingly, while acceding to the said request, vide notice dated April 04, 2016, another opportunity of personal hearing was granted to the Noticees on April 29, 2016. However, vide letter dated April 26, 2016, the Noticees submitted that they have preferred an appeal before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as the Hon'ble SAT) against the orders dated December 28, 2011, October 31, 2012 and March 11, 2014 passed by the WTM, SEBI and the appeals pertain to the same subject matter and same facts, the counsel and Noticees were busy in the said proceedings. Therefore, the Noticees requested to reschedule the hearing date to any other date after 4 weeks so as to enable them to brief the counsel and prepare the matter. In view of the same, vide notice dated August 25, 2016, an opportunity of personal hearing was granted to the Noticees on September 20, 2016. Vide letter dated September 14, 2016, the Noticees submitted that the Hon'ble SAT, vide order dated August 30, 2016, had partly allowed the prayers made by the Noticees and that the Noticees were in the process of going through the said order and take appropriate legal advice on the same. Therefore, the Noticees requested for an adjournment of the scheduled hearing by 3-4 weeks. Accordingly, vide notice dated November 17, 2016, another opportunity of personal hearing was granted to the Noticees on December 01, 2016. The ARs attended the hearing on the scheduled date on behalf of the Noticees and made their submissions relying on the order dated August 30, 2016 passed by the Hon'ble SAT. Further, the Noticees requested for two weeks' time to file their additional submissions along with relevant case laws in support thereof. Accordingly, the Noticees were advised to file their additional submissions on or before December 16, 2016. Vide letter dated December 16, 2016, the Noticees submitted their additional reply in the matter.

Other 91 entities:

15. Separate show cause notices (SCNs) dated November 29, 2012 were issued to the Noticees in terms of Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed on them

for the abovementioned alleged violation of the provisions of law. Details of the SCNs issued to the Noticees and the replies received from the Noticees are mentioned at [Annexure 'A'](#) to this order.

16. Upon receipt of the SCNs certain Noticees had requested for the inspection of certain documents. Details of the inspection granted to the Noticees are mentioned at [Annexure 'B'](#) to this order. Therefore, in the interest of natural justice and in order to conduct an inquiry as per Rule 4 (3) of the Adjudication Rules, opportunities of personal hearing were granted to the Noticees. Details of the hearings conducted / opportunities not availed are mentioned at [Annexure 'C'](#) to this order.

17. I note that ample opportunities to file their replies in the matter have been granted to the following noticees. VIZ., **1.** Jainex Securities Pvt Ltd. (along with its directors Shri Sunderji Mulji Shah, Dinesh Sunderji Shah, Devchand Mulji Shah and Shri Shyam Sunder Sekhsaria) **2.** Nimbus Industries Ltd. (along with its directors Shri Sandeep Bakul Sheth, Shri Nimish Thakore and Shri Rajeshbhai Bhagat), **3.** ETL Infrastructure Finance Ltd. (along with its directors Shri Amit Agarwal, Shri Deepak Patwari and Shri Dilip Kumar Agarwal), **4.** Paradise Tradecom Pvt. Ltd. (along with its directors namely, Shri Gopal Sonker and Shri Awanish Singh), **5.** Jasmine Dealcom Pvt. Ltd. (along with its directors namely, Shri Gopal Sonker and Shri Awanish Singh), **6.** Supreme Communication Ltd. (along with its directors namely, Shri Sandeep Bakul Sheth, Shri Yogesh Shah and Shri Sudakar Gandhi), **7.** Ppraneta Industries Ltd. (along with its directors namely, Shri Omprakash Khandelwal, Shri Subramanya Kusnur, Shri Jils Raichand Madan, Ms. Jyoti Munver, Shri Kiran Dilip Thakore and Shri Manish Bhupendra Thakkar), **8.** Season Multitrade Pvt. Ltd. (along with its directors namely, Shri Mukesh Kumar Jajoo and Shri Avinash Jajoo), **9.** Wonder Vincom Pvt. Ltd. (along with its directors namely, Shri Devendra Kumar Lakotia, Shri Pawan Maru, Shri Dinesh Singh and Shri Ramendra Kumar Singh), **10.** Satshri Multitrade Pvt. Ltd. (along with its directors namely, Shri Jai Prakash Agarwal and Ms. Manju Agarwal), **11.** Frank Mercantile Pvt. Ltd. (along with its directors namely, Shri Kunal Gupta and Shri Avinash Jajoo), **12.** Virgo Mercantile Pvt. Ltd. (along

with its directors namely, Shri Tushar Sharma and Shri Avinash Jajoo), **13.** Lona Mercantile Pvt. Ltd. (along with its directors namely, Shri Devendra kumar Lakotia and Shri Avinash Jajoo), **14.** Mili Commodities Pvt. Ltd. (along with its directors namely, Shri Devendra kumar Lakotia and Shri Avinash Jajoo), **15.** Safeco Projects Pvt. Ltd. (along with its directors namely, Shri Bablu Shaw and Shri Sanjay Shaw), **16.** Safford Mercantile Pvt. Ltd. (along with its directors namely, Shri Dipankar Sarkar and Shri Sanjib Kumar Mondal), **17.** Jaimini Trading Pvt. Ltd. (along with its directors namely, Shri Amar Nath Singh, Shri Bablu Shaw, Shri Jai Prakash Agarwal and Ms. Manju Agarwal), **18.** Ms. Aparna Banerjee being erstwhile director of Raw Gold Securities Pvt. Ltd, **19.** Shri Dilip Kumar Dhariwal , Shri Vikas Jain and Shri Manoj Jokhu Sahani being directors of Chin Info Tech Pvt. Ltd, **20.** Shri Sanjib Kumar Mondal and Shri Vivek Jain being directors of Jagdamba Complex Pvt. Ltd, **21.** Shri Sanjib Kumar Mondal, Ms. Aruna Chudaman Umredkar and Shri Chudaman Anandrao Umredkar being directors of Nihal Mercantile Pvt. Ltd, **22.** Shri Vivek Jain being directors of Pasupati Enclave Pvt. Ltd. However, no replies have been received from them. Therefore, I am proceeding further on the basis of material available on record in the matter.

Consideration of Issues, Evidence and Findings:

18. I have carefully perused the charges levelled against PGEL and its Directors and the other 91 entities, written submissions filed by them and the material as available on record. The issues that arise for consideration in the present case are:

a) Whether PGEL and its Directors namely, Shri Pramod Gupta, Shri Anurag Gupta, Shri Vishal Gupta and Shri Vikas Gupta have violated the provisions of Section 12A (a), (b) and (c) of the Act read with Regulation 3(a),(b), (c),(d), 4(1), 4(2) (a), (d), (e), (f) and (k) of the PFUTP Regulations, Regulations 57(1), 60(4)(a), 60(7)(a) of ICDR Regulations and Clauses 2(VII)(G), 2(VIII)(B)(5)(b) & (6) and 2(XVI)(B)(2) of Part A of Schedule VIII read with Regulation 57(2)(a) of ICDR Regulations?

- b) Whether the Noticees listed at Para 7(a) have violated the provisions of Section 12A(a), (b) & (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a) & (e) of the PFUTP Regulations, 2003 and Section 11C(2) and (3) of the SEBI Act, 1992?**
- c) Whether the Noticees listed at Para 7(b) have violated the provisions of Section 12A(a), (b) & (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) of the PFUTP Regulations, 2003 and Section 11C(2) and (3) of the SEBI Act, 1992 ?**
- d) Whether the Noticees listed at Para 7(c) have violated the provisions of Section 12A(a), (b) & (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) and 4(2)(a) & (e) of the PFUTP Regulations, 2003?**
- e) Whether the Noticees listed at Para 7(d) have violated the provisions of Section 12A(a), (b) & (c) of the SEBI Act, 1992 read with Regulation 3(a), (b), (c) & (d), 4(1) of the PFUTP Regulations, 2003?**
- f) Do the violations, if any, on the part of PGEL and its Directors namely, Shri Pramod Gupta, Shri Anurag Gupta, Shri Vishal Gupta and Shri Vikas Gupta attract any penalty under Section 15HA and Section 15HB of the Act?**
- g) Do the violations, if any, on the part of the 91 Noticees attract monetary penalty under Section 15A(a) and 15HA of the Act?**
- h) If yes, what should be the quantum of penalty?**

19. Before proceeding further, it will be appropriate to refer to the relevant provisions which read as under:-

Relevant provisions of the SEBI Act, 1992:

Section 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 recognized 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 recognized stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

Relevant provisions of 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 fraud and may include all or any of the following, namely:—

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

(b).....

(c)....

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

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

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

(g)...

(h)...

(i)...

(j)...

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

Relevant provisions of SEBI Act, 1992:

Investigation.

11C. (2) Without prejudice to the provisions of Sections 325 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in Section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and records of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.

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

Relevant provisions of ICDR Regulations:

Manner of disclosures in the offer document.

57. (1) The offer document shall contain all material disclosures which are true and adequate so as to enable the applicants to take an informed investment decision.

(2) Without prejudice to the generality of sub-regulation (1):

(a) the red-herring prospectus, shelf prospectus and prospectus shall contain:

(i).....

(ii) the disclosures specified in Part A of Schedule VIII, subject to the provisions of Parts B and C thereof.

Public communications, publicity materials, advertisements and research reports.

60 (4) The issuer shall make prompt, true and fair disclosure of all material developments which take place during the following period mentioned in this sub-regulation, relating to its business and securities and also relating to the business and securities of its subsidiaries, group companies, etc., which may have a material effect on the issuer, by issuing public notices in all the newspapers in which the issuer had issued pre-issue advertisement under regulation 47 or regulation 55, as the case may be:

(a) in case of public issue, between the date of registering final prospectus or the red herring prospectus, as the case may be, with the Registrar of Companies, and the date of allotment of specified securities;

60 (7) Any advertisement or research report issued or caused to be issued by an issuer, any intermediary concerned with the issue or their associates shall comply with the following:

(a) it shall be truthful, fair and shall not be manipulative or deceptive or distorted and it shall not contain any statement, promise or forecast which is untrue or misleading;

SCHEDULE VIII

PART A

[See regulations 14(3), 37(a), 44, 45(1)(f), 57(2)(a) and 57(2)(b)]

(2) An issuer making a public issue of specified securities shall make the following disclosures in the offer document. However, an issuer making a fast track issue of specified securities may not make the disclosures specified in Part B of this Schedule in the offer document. Further, an issuer making a further public offer of specified securities may not make the disclosures specified in Part C of this Schedule, in the offer document, if it satisfies the conditions specified in para 2 of that Part:

(VII)Particulars of the Issue:

(G) Sources of Financing of Funds Already Deployed: *The means and source of financing, including details of bridge loan or other financial arrangement, which may be repaid from the proceeds of the issue.*

(VIII)About the Issuer:

(B)Business Overview

(5)Purchase of property:

(a) As respects any property referred to in sub-clause (b):

(i) the names, address, descriptions and occupations of the vendors;

(ii) the amount paid or payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the issuer is a sub purchaser, the amount so paid or payable to each vendor, specifying separately the amount, if any, paid or payable for goodwill;

(iii) the nature of the title or interest in such property acquired or to be acquired by the issuer;

(iv) short particulars of every transaction relating to the property completed within the two preceding years, in which any vendor of the property to the issuer or any person who is, or was at the time of the transaction, a promoter, or a director or proposed director of the issuer had any interest, direct or indirect, specifying the date of the transaction and the name of such promoter, director or proposed director and stating the amount payable by or to such vendor, promoter, director or proposed director in respect of the transaction.

(b) *The property to which sub-clause (a) applies is a property purchased or acquired by the issuer or proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the offer document or the purchase or acquisition of which has not been completed at the date of issue of the offer document, other than property:*

(i) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the issuer's business, the contract not being made in contemplation of the issue nor the issue in consequence of the contract; or

(ii) as respects which the amount of the purchase money is not material.

• for the purpose of this clause, where a vendor is a firm, the members of the firm shall not be treated as separate vendors.

- *if the issuer proposes to acquire a business which has been carried on for less than three years, the length of time during which the business has been carried.*

(6) Land :

(a) The names of the entities from whom the land has been acquired/ proposed to be acquired alongwith the cost of acquisition, along with the relation, if any, of such entities to any promoter or director of the issuer.

(b) Details of whether the land acquired by the issuer is free from all encumbrances and has a clear title and whether it is registered in the name of the issuer.

(c) Details of whether the issuer has applied/ received all the approvals pertaining to land. If no such approvals are required to be taken by the issuer, then this fact may be indicated by way of an affirmative statement.

(d) The figures appearing under this section shall be consistent with the figures appearing under the section "Cost of the Project".

(XVI) Other Information:

(B) Declaration:

(2) The signatories shall further certify that all disclosures made in the offer document are true and correct.

Reply of PGEL and its Directors:

20. Vide letter dated December 13, 2013, the Noticees submitted their common reply to the SCN. The Noticees submitted that PGEL is a company engaged in the business of Electronic Manufacturing Services for Original Equipment Manufacturers of consumer electronic products in India. Its customers for whom it manufactures goods / products include leading Indian and Foreign companies like LG Electronics, Onida, Samsung, etc. PGEL manufactures and / or assembles a comprehensive range of consumer electronic product components / sub assemblies and finished products such as Color Television (CTV) sets, DVD players, water purifiers, Compact Fluorescent Lamps (CFL), plastic parts for Air Conditioners (ACs), plastic Injection Mouldings and Printed Circuit Board assemblies for Color Televisions, DVD players and CFLs for the customers as mentioned. PGEL was incorporated in the year 2003 and has four operational manufacturing facilities located at Greater Noida in Uttar Pradesh (Unit I and Unit III), at Roorkee in Uttarakhand (Unit II) and at Ahmednagar (near Pune) in Maharashtra (Unit IV). At its facilities and

plants, the company converts plastic granules through injection moulding process using moulds into plastic components for use in the assembly of final products. Due to the expansion of business and the demand from its customers, PGEL had set up Phase I for Ahmednagar and Greater Noida plants using Term Loans and Letters of Credit availed from Standard Chartered Bank and from internal accruals. Phase I of the plant at Ahmednagar (Pune) became operational in March 2011 and at Greater Noida in July 2011.

21. The Noticee further submitted that in order to meet the projected production requirement for LG and Samsung, it had to complete Phase II and expand its units at Pune and Greater Noida and in order to raise the funds for the same, PGEL had decided to come out with an IPO. The debt burden of the company was quite substantial and servicing of existing debts was draining the profitability. Therefore, it was decided to reduce the same from the IPO proceeds. The Board approval for the IPO was obtained on August 14, 2010 and the AGM approval was obtained on August 25, 2010. Thereafter, the DRHP was filed with SEBI on September 23, 2010. The DRHP was approved by SEBI on December 29, 2010 and thereafter PGEL had filed its RHP with SEBI.

22. With respect to the allegation of failing to disclose the ICDs taken prior to the IPO in the prospectus, the Noticees submitted that as the company had substantial debt / outstanding loans / credit facilities against its accounts, the company was not in a position to borrow any further funds from its bankers. Therefore, in desperation, to meet the extremely urgent financial requirements to finance the completion of the Phase II work and the working capital requirements, the company was compelled to borrow money from the Non Banking Finance Companies (NBFCs) and corporates by way of very short term ICDs. Pursuant to the approval of the DRHP by SEBI, various companies and intermediaries had approached PGEL and offered to give short term loans / ICDs to it. One of the parties who had approached the company in this regard was one Mr. Jayesh Gandhi who inter alia is a finance broker and had offered to procure the requisite finance on terms and conditions, which the company thought to be most favorable. In view of the

urgent fund requirement, the company agreed to let Mr. Jayesh Gandhi arrange funds for the company and pursuant to the same, he had arranged ICDs from Jainex, Prraneta, Aggarwal Holdings and JRI Infrastructure. In addition, the Noticees submitted that the company had arranged ICDs from some other suppliers and entities. The Noticee has submitted the following details with respect to the ICDs so arranged:

Sr. No.	Lender	Amount (Rs. in Crores)	Date/s of ICD	Date of repayment
1.	Jainex Securities Pvt. Ltd	28.75	23/08/2011 to 15/09/2011	22/09/2011
2.	Prraneta Industries Limited	15.65	15/09/2011 to 21/09/2011	22/09/2011
3.	Agrawal Holdings Limited	2.0	03/09/2011	22/09/2011
4.	Jay Poly Chem (India) Limited	2.50	01/09/2011 to 05/09/2011	20/09/2011
5.	Vineet Capital Services Pvt. Limited	2.0	05/09/2011 to 15/09/2011	20/09/2011
6.	JRI Industries and Infrastructure Pvt. Ltd	0.92	27/08/2011	15/09/2011
7.	Urmi Computers Pvt. Ltd	0.20	05/09/2011	20/09/2011
	Total	52.02		

23. The Noticee submitted that all the aforesaid ICDs were for a duration of about one month, since at that time the company had expected to receive the IPO proceeds in time to repay the ICDs together with the interest thereon. The amounts so borrowed through ICDs were immediately used for completion of construction of Phase II of the plant at Ahmednagar and to make advance payments for the purchase of plant and machinery to be installed therein. All the payments were done through normal banking channel. With respect to the ICDs so taken prior to the IPO and repayment thereof from the IPO proceeds, the Noticee has admitted the said fact.

24. Further, with respect to the Loan Committee and its meetings, the Noticee stated that Schedule VIII of the SEBI (Issue of Securities and Disclosure Requirements) Regulations, 2008 'Clause VIII about the Issuer' sub clause (E) (7) (a), *inter alia*, stipulates that there must be a disclosure of compliance with the corporate governance requirements of the listing agreement including disclosure of the composition of the Board of Directors and constitution of committees such as audit committee, shareholder/investor grievance committee, etc. Clause 49 of the Listing Agreement relates to Corporate Governance and the only committees referred to therein are the Audit Committee, remuneration committee and shareholder's committee. The Noticee submitted that there is no mention or reference to Loan Committee. Therefore, the RHP / Prospectus clearly narrated under the caption Corporate Governance the requirements of the Listing Agreement as regards disclosure of the aforesaid committees and proceeded to set out the details in respect of the Audit Committee, Shareholders/ Investor Grievance and remuneration committee. Additionally, details of the IPO Committee were also disclosed. In view of the same and as per the understanding that there was no requirement in any rules, regulations, etc. the Loan Committee was not mentioned in the said document.

25. With respect to the ICDs taken and the repayment of the same from IPO proceeds, the Noticee submitted that the same was done without any intention to fund the trading. The Noticee submitted that Jainex is a NBFC and is in the business of lending and borrowing money. It is not alleged in the SCN that Jainex directly funded any party who applied in the IPO or traded in the shares. The ICD repayment by PGEL to Jainex was to the extent of ₹ 28.75 Crores. However, the SCN itself alleged that only ₹ 2.70 Crores (out of ₹28.75 Crores) was the amount which flowed towards purchase of shares on the first day of listing. Further, the Noticee stated that ₹ 1.2 Crores which have been alleged to have flowed from ETL to Jasmine and Paradise for purchase of shares on the day of listing to their respective brokers is said to be on October 10, 2011. However, the listing date was September 26, 2011 for which the pay-in date would have been September 28, 2011. Furthermore, the buy value of shares of PGEL which were purchased by Jasmine and Paradise

was about ₹ 3.55 Crores. However, the fund flow was only ₹ 1.2 Crores. The Noticee stated that it has paid the interest on the ICDs taken from Jainex. The repayment of monies was only towards the ICDs taken and PGEL was not aware of the transfers / transactions of funds by Jainex and other entities.

26. With respect to the ICD taken from Prraneta, the Noticee stated that Prraneta is also a NBFC and therefore the funds taken from the said entity were purely for the purpose and objects as disclosed. The connection stated in the SCN of certain entities, does not concern the Noticee. The Noticee submitted that it does not have any connection / relation with Prraneta and the other entities to whom funds were forwarded by it apart from Saptrishi. Even with Saptrishi, the Noticee's was related only as it had given ICD to Saptrishi and had entered in MOU to purchase land. Saptrishi is also a NBFC. It is the case of the Noticee that although the repayment of ICD taken from Prraneta was to the tune of ₹ 15.65 Crores, the SCN has alleged that only ₹ 8 Crores out of the said amount was forwarded to certain entities towards purchase of shares on the first day of listing.

27. With respect to the ICD taken from Agarwal Holdings Limited, the Noticee stated that it is a company listed on the BSE. Agarwal Holdings Limited was alleged to have received ₹ 2 Crores from one Dhanshree Developers Limited prior to giving the Noticee the said ICD. It is the case of the Noticee that it was not concerned about the transaction between Dhanashree Developers Limited and Agarwal Holdings Limited. The ICD taken from Agarwal Holdings Limited was only a part of the set of 7 ICDs taken by the Noticee. No allegation has been leveled against the Noticee with respect to the said ICD taken.

28. With respect to the allegation of non-payment of interest on the ICDs taken from Jainex, Prraneta and Agarwal Holdings, the Noticees submitted that PGEL had repaid the ICDs taken from Jainex, Prraneta and Agarwal Holdings Ltd and the interest on the said ICDs was paid on January 10, 2012 after deducting the TDS amount. The Noticees submitted that Schedule VIII of the ICDR Regulations under caption (IX) Financial Statements: sub clause (B)(6) is the only exception, which is carved out and the same stipulates for

disclosure of "...terms and conditions of Term Loans....". The said ICDs were very short term borrowings for one month and were not Term Loans. The only term loan which the Noticee Company had was expressly disclosed in the RHP and in the Prospectus. Further, PGEL submitted that it did not think it necessary to disclose the ICDs in the Prospectus because the money taken by way of ICDs was to be utilized exclusively for the implementation of the objects of the IPO itself.

29. With respect to the allegation of forwarding funds to Modi Alloys and Aggarwal Steel, the Noticees submitted that that the funds were forwarded to certain entities including Modi Alloys and Aggarwal Steel only for the purposes of supply of the requisite machinery which has already been supplied and delivered to the PGEL. The Noticees stated that PGEL's intention to place the said orders with Modi Alloys and Aggarwal Steel for the said machinery was also expressly disclosed in the RHP (pages 42 & 43) and the Prospectus (Pages 42 & 43). As the said monies were forwarded to Modi Alloys and Aggarwal Steel for machinery and the same has been delivered by the said entities, it is the case of the Noticees that the said payments to them cannot be alleged to have been made for passing it to any third or fourth parties or to any allottee in the IPO or buyers on the first day of listing. Further, Jainex, Prraneta, Wonder Vincom, Saptrishi, Raw Gold, Wattkins, etc are all NBFCs and therefore, they are in the business of lending and borrowing monies. If these entities have given funds to any of the IPO applicant or any party who traded in the shares of PGEL, the same was legitimate and in the normal course of business. Further, the Noticees submitted that they were not aware or a party to any of the said transactions and the payments made to Modi Alloys and Aggarwal Steel was only for supply of machinery.

30. With respect to the funds being diverted to Chin Info (one of the allottee in IPO of PGEL), the Noticees stated that PGEL had paid ₹ 19.65 Crores to Modi Alloys and out of the said amount only ₹ 94 Lakhs has been alleged to have been forwarded to Chin Info and only ₹ 3.99 Crores was alleged to have been forwarded to two net buyers who had bought shares on the first day of listing. Therefore, due to the mismatch of funds, the allegation of routing of

funds through Modi Alloys and / or Rakesh Industries to an allottee and / or to buyers on listing day cannot sustain. The Noticees deny the allegation of diverting funds to Wonder Vincom and Prraneta and reiterate that the funds transferred to Modi Alloys and Aggarwal Steel were only for supply of machinery.

- 31.** With respect to the allegation of non-disclosure of the said purchase orders placed by the Noticees in the Prospectus, the Noticees submitted that the same was an error caused by inadvertence since the RHP and Prospectus are very bulky documents and normally the contents of RHP are merely copied in the Prospectus apart from the share pricing clause. However, the Noticees submitted that the same was not material and was inconsequential since the details of the names of the suppliers, machinery details and the value of the proposed purchase orders, based on the quotations was expressly disclosed in the RHP and the Prospectus (Pages 41 to 43). The purchase orders were placed with the same suppliers as were disclosed in the RHP / Prospectus. Therefore, the Noticees stated that there was no material diversion or non-disclosure. Further, the Noticees submitted that the advances were paid to Modi Alloys and Aggarwal Steel prior to the IPO as PGEL had accepted their quotations. A purchase order is merely a formality to maintain a written record of the acceptance of offer (quotation). The payment of advance money in itself amounts to acceptance of the offer / quotation. Therefore, the same cannot be construed to be manipulative or with an intent to divert money.
- 32.** With respect to the allegation of non-disclosure of the suppliers viz. Nimbus and Supreme in the list of suppliers in the RHP and the Prospectus, the Noticees submitted that in the RHP and the Prospectus under the caption "Raw Materials" (Page 76) was that the sources of PGEL's principal raw materials are the manufacturers as enlisted therein. Furthermore, under the said caption, what was stated was that PGEL's requirements for such raw materials "are primarily met from" the manufacturing sources / companies as enlisted therein. Thus, the said list was not exhaustive nor was it represented to be exhaustive. The same only sets out the main manufacturer sources. The Noticees submitted that in any event, Nimbus and Supreme are not

manufacturers of any of the said raw materials. Both the said companies are trading companies. Both of them purchase the said raw materials from inter alia the material manufacturers as stated in the offer documents and then sell the same to the end users like PGEL. It is the case of the Noticees that the traders of such goods are not required to be disclosed in the offer documents. The Noticees further submitted that while setting up of Phase II of both the plants (Greater Noida and Ahmednagar) and the expansion of the manufacturing capacity thereof, the requirement of the said plastic raw material was to increase substantially. Furthermore, the Noticees stated that they required steady source of timely supply of such materials to ensure meeting of deadlines of customers without any delay or default. Because of the past experiences where PGEL had experienced paying higher rates to suppliers for urgent/ immediate supply of raw material, the Noticees had entered into advance agreements. Therefore, it was even disclosed as a risk factor that PGEL did not have any long term supply contracts for the raw material, which could cause delays or cancellations or reductions of orders by its customers.

33. The Noticees submitted that the manufacturers of the said raw materials as enlisted in the RHP / Prospectus are all very large companies and in the past PGEL had procured the raw materials directly from them which did not give them any discounts. Since the cost of the plastic raw material is a substantial cost component for the goods which PGEL manufactures, any discounts therein result in substantial savings to the company which in turn boosts profitability. Further, the Noticees stated that Nimbus and Supreme had approached them and had offered regular supply of plastic granules at a substantial discount to the prevailing market price. Both the entities had even agreed to pay substantial penalty in case of any delay in supply, which would thereby safeguard and indemnify PGEL against penalties levied by customers in cases of delay. The Noticees admitted that Nimbus and Supreme are connected entities having common director.

34. As per the agreements with Nimbus and Supreme, PGEL was to make advance payments to the entities, against which PGEL was to receive a

discount of at least 7.5%. The entities were to ensure timely supply as and when failing which they were to pay PGEL a penalty of 2% per month. The supplies were to commence three months i.e. from December 2011 which was the original date envisioned for the Phase II work and commissioning of the same. The Noticees stated that they have two forms of business with its major customers such as LG - Customized production in which the customer gives specifications to manufacture the products wherein the customer only identifies the specify type and grade of plastic to be utilized as well as the original manufacturer /from whom PGEL would be required to directly procure plastic granules at discounted rates which are pre negotiated by the customer itself. On the other hand for the other form of business where PGEL would manufacture the entire product like TV, DVD players, etc. and get approval from the customer for the same, the Noticee cannot get benefit of discounted rates of supply from the manufacturers of plastic granules. Therefore, the rationale behind entering into agreements with Nimbus and Supreme was particularly since PGEL intended to try and expand the said line of business of selling complete product to its customers.

- 35.** The Noticees further submitted that the expansion in Phase II of the two plants at Greater Noida and Ahmednagar included construction of substantial storage / warehousing space so as to enable storage of raw materials required to manufacture products for its customers without any delays. As per the agreements dated August 31, 2011 between PGEL and Nimbus and Supreme, supplies of plastic granules was to commence from December 2011. In view of the same, vide their respective letters dated November 25, 2011, Nimbus and Supreme had asked PGEL to intimate them the requisite details for commencement of supplies. However, at the said time, the Phase II work was delayed and even the storage facilities were under construction and incomplete. Further, the consumer market was also weak. Consequently, vide letters dated November 28, 2011, PGEL had to inform Nimbus and Supreme to defer the supplies for about three months. Both the entities had agreed orally to the said request. Thereafter, Nimbus and Supreme, vide their letters dated February 27, 2012, contended that they were no longer interested in supplying the plastic granules to the Noticee because of regulatory issues and

they had offered refund of entire advance amounts paid to them before March 31, 2012. The said request was agreed by PGEL and vide letter dated March 05, 2012 PGEL agreed to the same on the condition that Nimbus and Supreme would pay PGEL compensation / interest @ 1% per month from the date of respective advances till the refund thereof subject to the refund being completed by March 31, 2012 and the delay thereafter would bear compensation / interest @ 2% per month. Both the entities duly endorsed their confirmation / acceptance thereon.

36. In view of the same, the Noticees submitted that as of March 31, 2012, Nimbus had refunded a total of Rs. 2,38,50,000/- and Supreme had refunded only Rs. 73,00,000 to PGEL. Consequently, by letters dated April 02, 2012, PGEL had called upon immediate refund of the balance amounts together with interests, or in alternative, to forthwith supply plastic granules at the discounted price, since trials of new moulds and machinery in Phase II was about to commence. With respect to the allegation of contradictory statements with respect to the sale / purchase agreements with customers and suppliers, the Noticees submitted that they had understood the query of SEBI being that whether PGEL had any sale / purchase agreement with the original manufacturers as enlisted in the RHP / Prospectus and had therefore, correctly responded that there were no such agreements. It is, therefore, the case of the Noticees that no contradiction occurred with respect to the said agreements. The Noticees further submitted that "Tea and Coffee" is not the only business of Nimbus. Nimbus has confirmed that it also traded in plastic granules with other parties including Syntex Industries Limited. Payments to Nimbus and Supreme were made only for the supply of plastic granules and cannot be insinuated or alleged that the same were done with an intention to pass on the same to any third parties or allottees or any buyers on the day of listing.

37. With respect to the allegation of ICDs advances to Raw Gold, Saptrishi and Wattkins, the Noticees submitted that to arbitrage the interest rates & to get higher interest rates in respect of the unutilized IPO proceeds, PGEL through one Mr. Jayesh Gandhi, who had offered to obtain ICD agreements where

third parties would agree to pay interest @ 14% for short term ICDs of 6-7 months, had opted to invest the IPO proceeds in the said ICDs but with an option of recalling the deposits at any time on short notice. Consequently, ICD agreements, all dated September 20, 2011 were executed between PGEL and three different borrowers namely, Saptrishi Suppliers Pvt. Ltd, Wattkins Commerce Pvt. Ltd and Raw Gold Securities Pvt. Ltd. The Noticees stated that all the said entities are NBFCs duly registered with the RBI. Each ICD agreement stipulated inter alia that the tenure of the ICDs would be for 7 months from the date of each deposit; that the interest would be payable @ 14% and that PGEL would be entitled to demand repayment of the entire amount or part thereof together with interest by way of a 7 days advance notice in writing. Pursuant to the agreements, the following deposits were placed with the said NBFCs:

Sr. No.	Date	NBFC Name	ICD Amount (₹ in Crore)
1.	22/09/2011	Saptrishi Suppliers Pvt. Ltd	5.00
2.	22/09/2011	Wattkins Commerce Pvt. Ltd	10.00
3.	22/09/2011	Raw Gold Securities Pvt. Ltd	7.00
4.	27/09/2011	Saptrishi Suppliers Pvt. Ltd	10.00

38. The Noticees submitted that the liabilities to the banks for the payment of term loans and LC facilities effectively commenced from December 2011 onwards and therefore, out of the ICD given to Saptrishi, PGEL had recalled a sum of ₹ 1 Crore. Saptrishi had repaid the same and PGEL had paid the same to Standard Chartered Bank. Further, after the interim order dated December 28, 2011 passed by the Whole Time Member, by letters dated January 02, 2012, the Noticees had recalled all the aforesaid ICDs and some repayments have already been received by the Noticees and have been deposited in the escrow account. The Noticees further stated that they are still pursuing the refund of the balance amount. The payments by PGEL to the said three entities were by way of ICDs and therefore, the said transfers cannot be insinuated or alleged to be payments with an intention to pass the same to third parties or buyers of the shares of PGEL on the first day of listing. The

entities to whom the ICDs were forwarded were all NBFCs and therefore were in the business of lending and borrowing funds. The Noticees stated that even if the fund flow as alleged to have been alleged in the SCN is not accepted, the fact that the buyers of the shares of PGEL on the first day of listing had availed of the finance from the said NBFCs cannot be alleged to have been done by the Noticees by way of siphoning off of the money by way of giving ICDs to the said NBFCs.

39. With respect to the allegation of ₹ 8 Crores being forwarded through Prraneta to Saptrishi, the Noticees submitted that the said monies (₹ 8 Crores) were forwarded to Prraneta by way of repayment of ICDs. With respect to the funds being routed to one M. J. Commodities Pvt. Ltd through Saptrishi and Raw Gold, the Noticees submitted that they were not aware of the said transactions and even if the NBFCs would have forwarded funds to M. J. Commodities Pvt. Ltd being NBFCs, the same cannot be viewed to be a violation as the NBFCs are involved in the business of lending and borrowing monies. It is the case of the Noticees that large number of applicants in IPOs and traders / investors in the market subscribe for or trade in shares from funds borrowed from banks, NBFCs, etc. Therefore, no adverse finding should be given on the said fact. The Noticees stated that M. J. Commodities Pvt. Ltd made an ASBA application for 2,10,000 shares in the IPO on September 12, 2011. Consequently, as per the ICDR Regulations and as stipulated in the RHP / Prospectus, the full amount co-relating to the application would have to be available in and blocked by its bankers. Since, M. J. Commodities had applied for 2,10,000 shares, its bank account had to have a blocked amount of ₹ 4.41 Crores without which its application could not have been made at all. On the other hand, the ICDs were given by PGEL to Saptrishi and Raw Gold only on September 22, 2011. Therefore, the allegation of routing funds through these entities to M. J. Commodities Pvt. Ltd cannot stand. The Noticees denied having routed the IPO proceeds to the net buyers of the shares of PGEL on the day of listing.

40. With respect to allegation of non-disclosure of the Board Resolution dated August 17, 2011 in the RHP / Prospectus, the Noticees submitted that the said Board Resolution could never have been disclosed in the RHP which

was also dated August 17, 2011 nor was the same even required to be disclosed either in the RHP or the Prospectus. The statements of interim use of proceeds as contained in the RHP and the Prospectus sufficiently covered the right of the company to invest the unutilized IPO proceeds even in ICDs as long as the same was in accordance with the investment policies approved by the Board of Directors from time to time. The Noticees stated that no part of the IPO proceeds had been used by PGEL for any investment in the equity market. The minutes of the meeting of the Board of Directors held on August 17, 2011, inter alia, states the investment policy approved by the Board, namely, that the unutilized IPO funds could be invested in interest bearing liquid instruments including money market mutual funds, deposits with banks and ICDs secured by personal guarantee of the directors of borrowing company. The same was therefore, in line with the disclosure in the RHP/ Prospectus and did not amount to any modification or variation thereof. The ICDs, in fact, were secured by the personal guarantee of a director of each of the borrowing companies. It is the case of the Noticees that the insinuation that the same is inconsistent with the statement in the ICD Agreements that the ICDs were unsecured clearly is a misinterpretation of the said ICD Agreements. Further, the Noticees stated that Clause 3 of each of the ICD Agreements stipulated that "*the aforesaid ICD is unsecured and no charge will be created on any of the assets of the borrower*".

41. With respect to the allegation in the SCN that Saptrishi was a loss making company with very little income and therefore, the ICD placed with it could not be considered as high quality investment, the Noticee submitted that Saptrishi is a NBFC duly registered with RBI and in fact the Balance Sheet for the year ended March 31, 2010 disclosed its net worth to be ₹ 29.22 Crores and that it had investments in shares for ₹ 28.50 Crores. Similarly, the balance Sheet for the year ended March 31, 2011 disclosed its net worth to be ₹ 29.27 Crores and its investments in shares ₹ 36.69 Crores.

42. The Noticees submitted that in the RHP and Prospectus (Page 81), they had disclosed that PGEL wanted to diversify its business into manufacture of additional white goods such as set top boxes, washing machines, microwaves, etc. It had also expressly disclosed that it intended to diversify

and expand into the business of manufacturing automotive components. In furtherance to this objective, it had engaged the services of one Christoff Langthaler gmbh, who is a renowned automotive quality system consultant to inspect the manufacturing systems and upgrade the same to the quality standards required by the automobile manufacturing companies. Pursuant to the upgrading of the systems, since about July 2011, PGEL had started manufacturing and supplying on trial basis, some small automotive parts like side view mirror plastic casing to ancillary part suppliers of automobile companies like Tata Motors Ltd, Maruti Suzuki Ltd, Mahindra & Mahindra, etc. After the IPO, this line of business has been established and built up. Therefore, it is the case of the Noticees that it had been clearly envisaged and disclosed in the RHP / Prospectus (Page 46), that the funds raised under the caption "General Corporate Purposes" would inter alia be utilized for ".....expanding into new geographies....strengthening of market capabilities, future projects..." and that PGEL had the flexibility in utilizing the capital raised for the same.

- 43.** The Noticees further submitted that pursuant to the aforesaid intentions and objectives, PGEL had commenced looking for appropriate lands, which it could purchase, for setting up factories in the future, which would be in proximity to the automobile manufacturers and / or electronic / white goods manufacturers. With respect to the land deal with Saptrishi, the Noticees stated that Chennai is one of the major manufacturing hubs for the automobile industry as well as the white goods industry. After having the experience of doing business in the state of Tamil Nadu by supplying CTVs to the Government of Tamil Nadu for 3 years, PGEL was desirous of putting up a factory in the said state because of the industry friendly policies of the Government and new business opportunities in the State of Tamil Nadu. Therefore, it was desirous of acquiring lands in and around Chennai. The Noticees stated that they had applied to the State Industrial Promotion Corporation of Tamil Nadu for allotment of land for industrial purpose through its group entity namely P G International along with a fee of ₹ 50,000. However, it was informed by the authority that no land was available in and around Chennai and the application money was refunded accordingly.

Thereupon, in the course of interactions with Saptrishi while negotiating the terms of ICD Agreement, Saptrishi's director Mr. Manjit Jajoo had informed PGEL that they in fact owned substantial amount of land in Kaduvancheri Village, Sriperumbudur Taluk, Kancheepuram District, which is near Chennai and in proximity to the factories of Nokia, Samsung, Hyundai, Ford, Dell, Motorola and their ancillary part suppliers.

44. Therefore, PGEL negotiated with Saptrishi for sale of such land pursuant to which an MOU dated September 21, 2011 was executed between them. The said MOU correctly records that the said land is agricultural land and Saptrishi would be liable to have the user thereof changed to industrial user and develop the land and to construct a factory of about 50,000 sq.ft. on the said land for industrial use. The consideration for the said land was agreed to be ₹ 18 Crores, which was to be paid in trenches as stipulated therein. As per the provisions of the MOU, Rs. 10 Crores was to be paid to them within 10 days of the signing of the MOU and the same was duly paid to them on September 27, 2011. Although the next trench of ₹ 1 Crore was payable on conversion of land from agricultural to industrial use, Saptrishi had vide its letter dated October 03, 2011 requested PGEL to pay further advance of ₹ 3.5 Crores contending that the same was required to fund the expenses for the change of land user and for land development and construction of the factory. The Noticees stated that although the said was not in accordance with the terms of agreement, so as to not jeopardize the entire transaction and in the anxiousness to get the land as quickly as possible, PGEL had agreed to pay ₹ 3.5 Crores and paid the same to Saptrishi on October 11, 2011 on the condition that Saptrishi would obtain at least the conversion of the user of the said land within one month. Thereafter, PGEL was pursuing with Saptrishi constantly, on a day to day basis as regards the progress in the matter. Vide letter dated October 25, 2011, PGEL had also requested Saptrishi to inform them the development regarding the change of land user. Saptrishi, vide letter dated October 31, 2011, had informed PGEL that it is in discussion with its consultant and would revert shortly. However, since Saptrishi commenced the development of the land such as leveling, etc. but had not obtained the change of user from agricultural use to industrial use, vide letter dated

November 05, 2011, PGEL had demanded refund of ₹ 3.5 Crores from Saptrishi. However, the Noticees stated that Saptrishi had refunded only ₹ 1 Crore on November 14, 2011 to PGEL. Thereafter, vide letter dated December 15, 2011, it was informed by PGEL to Saptrishi that the deadline for change of land user was expiring on December 20, 2011 and requested Saptrishi to expedite the same. It is the case of the Noticees that thereafter they have been constantly following up with Saptrishi regarding the said change of user.

45. With respect to the allegation of no description of land in the MOU dated September 21, 2011, the Noticees submitted that the same was expressly set out in the schedule annexed to the said agreement as recorded in the body of the said agreement. The allegation that the said land is in Tamil Nadu, Saptrishi's address is in Kolkata and the MOU was executed at Noida is submitted to be irrelevant by the Noticees. The Noticees admitted the fact that Saptrishi had acquired the lands by two separate agreements both dated June 23, 2012 (the said date is incorrectly mentioned by the Noticees as the correct date of acquisition is June 23, 2011) for ₹ 63 lakhs and other for ₹ 12 Lakhs. The actual value of the said lands after conversion of the same from agricultural use to industrial use as per the enquiries done by the Noticees was to be about ₹ 7.5 Crores. The cost of the land development as stipulated in the MOU dated September 21, 2011 was to be about ₹ 2.5 Crores and the cost of construction of the factory as per PGEL's requirement was to be about Rs. 8 Crores (computed at the rate of ₹ 1800/- per sq. ft).

46. With respect to the allegation of non-disclosure of the said MOUs executed for land deals in the RHP and Prospectus and further, mis-statements regarding the same, the Noticees submitted that the MOU with Saptrishi was dated September 20, 2011 and the payment to it was made on and after September 20, 2011. The RHP was dated August 17, 2011 and the Prospectus was dated September 14, 2011. Therefore, ex-facie the said MOU and the payment could never had been disclosed therein. The Noticees stated that it was clearly envisaged in the RHP / Prospectus (page 46) that the funds raised under the caption "General Corporate Purposes" would be utilized for ".....expanding into new geographies....strengthening of market capabilities,

future projects..." and that PGEL had the flexibility in utilizing the capital raised for the same. Therefore, the Noticees submitted that they deny the allegation leveled against them that the purchase of land for the same cannot be considered to be part of "general corporate purposes". The Noticees deny that the agreement to purchase the said land amounted to deviation in the utilization of the issue proceeds. It is the case of the Noticees that since the purchase of the land was covered within the disclosed "objects of the issue" under "general corporate purposes" and since the MOU to purchase the said land was in the ordinary course of business, there has not been any concealment of material information or misstatement in the offer document.

47.With respect to the MOU dated August 27, 2011 executed by PGEL with Safeco, the Noticees submitted that they were in informal discussions with one multi-national company which was one of the largest producers of UPS units, inverters and other power back up systems namely, American Power Company (APC) and the said company had shown an interest in taking supplies from PGEL of plastic moulded cabinets, PCB assemblies, etc. subject to PGEL having its own manufacturing facilities within reasonable geographic distance from their factory. In view of the same, through contacts, PGEL was introduced to Safeco and that it owned about 14.06 acres land on the borders of Karnataka and Tamil Nadu. The said land was about 70 kms from Bangalore, and therefore, had the potential for PGEL to set up a factory. Thereafter, vide MOU dated August 27, 2011, PGEL entered into an agreement for purchase of land with Safeco together with buildings constructed thereon, for a total consideration of ₹ 25 Crores. As per the MOU, Safeco was to get the user of the land changed from agricultural use to industrial use. PGEL admitted that it had made an advance payment of ₹ 10 Crores to Safeco and further the agreement stipulated that PGEL had to pay Safeco a total of ₹ 15 Crores within 15 days from the said MOU. Accordingly, PGEL had paid ₹ 2.5 Crores on August 27, 2011 and ₹2.5 Crores on September 05, 2011. The Noticees further submitted that Safeco was to convert the use of the land within 4 months from the date of the MOU. Vide letter dated December 22, 2011, PGEL recorded the same and called upon Safeco to ensure the said change in user be complied with as per the terms of

the agreement and further to update PGEL on the status. Safeco did not reply to the said letter of PGEL. Therefore, vide a reminded letter dated February 13, 2013, Safeco was informed by PGEL about the urgency of the matter since, PGEL's plans for setting up the plant were being delayed. Vide letter dated February 25, 2012, Safeco replied to PGEL's letter and stated that in view of the order dated December 28, 2011 passed by SEBI, Safeco was desirous of cancelling the said MOU and refunding all the monies to PGEL. Vide letter dated March 10, 2012, PGEL gave consent for the same and accordingly, deed of cancellation dated March 20, 2011 was executed by them. By virtue of the said deed it was agreed upon that the said MOU dated August 27, 2011 stands cancelled / terminated and Safeco was to refund a sum of ₹ 15 Crores to PGEL together with interest thereon. Pursuant to the same, the Noticees submitted that Safeco has already refunded the complete amount to the Noticees along with interest.

48. With respect to the allegation that PGEL had paid ₹ 7 Crores from the IPO proceeds as advance for purchase of land to Safeco, the Noticees submitted that the entire advance payment of ₹ 15 Crores to Safeco was made prior to the receipt of IPO proceeds. However, out of the said ₹ 15 Crores, ₹ 8 Crores was paid from the ICDs taken by PGEL prior to the IPO and the IPO proceeds were used for repayment of the said ICD. Further, the Noticees denied the allegation that no description of land was specified in the MOU dated August 27, 2011 as the same was expressly set out in the schedule annexed to the said agreement as recorded in the body of the agreement. With respect to the allegation of contradictory statements made, PGEL submitted that a total of Rs. 15 Crores was paid to Safeco between August 25, 2011 and September 05, 2011 and in the manner certified by its statutory auditors. ₹ 8 Crores was paid from the funds which were already available with PGEL and further ₹ 7 Crores was paid from the ICDs taken prior to the IPO. The IPO proceeds were inter alia utilized to repay the said ICD. Separate Ledger Accounts were therefore maintained for the payments made to Safeco from PGEL's own funds as compared to the payments made which would co-relate to the IPO proceeds (by re-payment of ICDs). The same was certified by PGEL's statutory auditors.

- 49.** With respect to the allegation of non-disclosure of the MOU dated August 27, 2011 executed with Safeco, the Noticees submitted that the RHP was dated August 17, 2011 and therefore, the same could not be disclosed in the RHP. Further, the Noticees reiterated their submission made in Saptshri land deal that the RHP / Prospectus clearly envisaged that the IPO proceeds will be utilized for ".....expanding into new geographies....strengthening of market capabilities, future projects..." and that PGEL had the flexibility in utilizing the capital raised for the same. It is the case of the Noticees that since the purchase of the land was covered within the disclosed "objects of the issue" under "general corporate purposes" and since the MOU to purchase the said land was in the ordinary course of business, there has not been any concealment of material information or misstatement in the offer document.
- 50.** With respect to the land deal with Realnet, the Noticees submitted that PGEL already had two units / plants in Greater Noida and wanted to expand the same by completion of Phase II work which was to completely utilize the balance areas of the land. Therefore, PGEL was looking for additional lands in Greater Noida area for future projects and therefore was in the process of making enquiries. Realnet upon getting to know of PGEL's plan, being in the real estate business, expressed its desire to offer services to PGEL to locate, identify and procure land as per requirements. Vide letter dated August 13, 2011, PGEL informed Realnet that it was interested in purchasing 5 acres in NCR / Greater Noida area for industrial purpose but that it intended to procure such land within a period of 3 months and therefore, called upon Realnet. Realnet, vide its letter dated August 30, 2011, informed PGEL that it was in the process of searching such lands and contended that it would require an advance of ₹ 3 Crores for the same. Thereafter, upon negotiations, a MOU dated September 02, 2011 was executed with Realnet and an advance of ₹ 2 Crores was agreed to be paid by PGEL as part payment to be adjusted against the consideration payable for the land, if and when procured by Realnet and Realnet was liable to refund the same if it was unable to obtain such 5 acres plot within the stipulated time period of 3 months. The Noticees further stated that if however, Realnet was successful in getting the said land for PGEL, Realnet was to get a fee / consideration of 5%. At the then current

market rates, 5 acres land in the said area would have costed at least about ₹ 12 - 15 Crores. The said advance of ₹ 2 Crores was paid by PGEL to Realnet. Vide letter dated November 26, 2011 to Realnet, PGEL had recorded the agreed time period of 3 months was expiring on December 02, 2011 and that till date PGEL had not heard anything further from Realnet with respect to the procurement of the land. Vide letter dated December 01, 2011, Realnet had inter alia informed PGEL that it had tried its best to find a plot of land to suit the requirements of PGEL but had been unable to find any such plot despite its best efforts and further agreed to refund the money by December 30, 2011 with interest. It is submitted by the Noticees that they have received the full refund of ₹ 2 Crores from Realnet with interest.

51. With respect to the allegation of non-disclosure of the MOU dated September 02, 2011 executed with Realnet, the Noticees submitted that the RHP was dated August 17, 2011 and therefore, the same could not be disclosed in the RHP. Further, the Noticees reiterated their submission made in Saptshri & Safeco land deal that the RHP / Prospectus clearly envisaged that the IPO proceeds will be utilized for ".....expanding into new geographies....strengthening of market capabilities, future projects..." and that PGEL had the flexibility in utilizing the capital raised for the same. It is the case of the Noticees that since the purchase of the land was covered within the disclosed "objects of the issue" under "general corporate purposes" and since the MOU to purchase the said land was in the ordinary course of business, there has not been any concealment of material information or misstatement in the offer document.

52. With respect to the allegation of mis-statements with respect to term loans in the offer documents, no specific reply to the said allegation has been given by the Noticees. However, from the Investigation report, I note that during the investigation, PGEL had submitted that the said contradictory figures of the amount of loan availed were on account of typographical error.

53. In addition to the reply dated December 13, 2013, the Noticees, vide letter dated October 13, 2014 submitted additional submissions in the matter. The Noticees stated that in order to ensure that all the bank repayments are done

on time and ensure that the company does not become a NPA with its bank after the orders passed by SEBI against PGEL, the Promoters of the company have brought funds in the Company by way of interest free unsecured loans of approximately ₹22 Crores by selling their personal properties, jewelry, by withdrawing monies from their PF account and such other means. Further, the Noticees submitted that the promoters have taken all amicable steps to recover all the monies due to the company and have managed to recover total amount of ICDs and ₹ 6.06 Crores against the land advances. Now, only advance against land to the extent of ₹ 7.44 Crores is outstanding which is expected to be recovered in next two months. The Summary of the same is as under:

Name of the Party	Outstanding as on the date (i.e. October 2014) (₹ / Cr)			
	Interim Order i.e. 28.12.2011	Final Order dated 11.03.2014	ABS date 31.03.2014	As on 30.09.2014
A.ICD refund from:				
Saptrishi Suppliers P. Ltd	15.00	14.00	13.19	-
Raw Gold Securities P. Ltd	07.00	7.00	7.00	-
Wattkins Commerce P. Ltd	10.00	5.16	5.16	-
SUB-TOTAL OF ICD	32.00	26.16	25.35	-
B. Land Advance:				
Saptrishi Suppliers P. Ltd	13.50	10.30	9.03	7.44

54. The Noticees submitted that the ICDs which were taken prior to the IPO were repaid majorly from the proceeds of the IPO and also interest was paid on the same. The said ICDs so raised were used for the objects of the Issue as disclosed in the RHP / Prospectus. With respect to the purchase orders placed with Modi Alloys and Aggarwal Steel, the Noticees submitted that the plant and machinery for which PGEL had placed orders have been delivered and installed in the company's plants and are functional. The machinery purchased by PGEL from the said two entities is stated to be in the normal course of business and therefore, the same was not required to be disclosed in the offer documents. However, purchase of machinery was one of the object of the issue and therefore, once the ICDs were repaid from the IPO proceeds, the proceeds were used for the objects disclosed in the offer documents. Since the company was able to arrange ICDs from several

NBFCs, the company raised purchase orders along with the advances so that commissioning of the project could be expedited and enhanced supplies in the coming season can be made to the buyers. Further, it is the case of the Noticees that the beneficiaries of the project were the shareholders of the Company and merely because the details of the interim arrangement of funds were not disclosed in the Prospectus, it is incorrect to say that the same misled the investors.

55. The Noticees stated that the advances paid to Nimbus and Supreme for plastic granules were to be refunded by them as the entities did not want to do business with PGEL after the SEBI interim order dated December 28, 2011. As on date, the Noticees submitted that PGEL has received ₹ 263.50 lacs from Nimbus and ₹ 73 lacs from Supreme. Further, the Noticees stated that the payments made to Nimbus and Supreme were made from the internal accruals and not from the IPO proceeds.

56. With respect to the recoveries of monies given as advances for land deals, the Noticees have stated that an amount of ₹ 7.44 Crores is outstanding from Saptrishi and Saptrishi had, vide letter dated April 22, 2014, assured repayment of the balance amount latest by July 31, 2014. Further, with respect to the advances paid to Safeco for purchase of land, the Noticees have stated that they have received back the entire advance money of ₹ 15 Crores from the said entity. The IPO proceeds have been deployed by PGEL only as disclosed in the offer documents, which is as under:

All figures in ₹ lacs

Particulars	As per Prospectus	As on 30.09.2014
Repayment to Bank	2,410.00	842.60
Expansion of Units	5114.29	6533.76
Working Capital	1500.00	2464.98
General Corporate Purpose	2139.47	744.00
Issue expenses	900.74	993.39
Balance in Escrow a/c with SCB		485.77
Total	12064.50	12064.50

57. Further, vide letter dated October 05, 2015, the Noticees submitted that after the Order dated March 11, 2014 passed by the Whole Time Member, SEBI, PGEL took immediate steps to recover the money advanced as ICDs and advance for purchase of properties and raw materials. The Company was able to recover all the funds advanced as ICDs and towards advance for purchase of land. The same has been forwarded to SEBI vide letter dated June 30, 2015 along with the said fact being certified by the Chartered Accountants that the funds so refunded have been utilized by PGEL for the Objects set out in the offer documents of the IPO. Further, the Noticees also informed that vide letter dated July 15, 2015, SEBI had appointed M/s T R Chadha & Co, Chartered Accountants to conduct an audit of PGEL to inter alia confirm whether the directions in the Order dated March 11, 2014 have been duly complied, whether interest has been recovered on the said money and whether the money claimed to be recovered has been utilized for the objects of the IPO as stated in the prospectus. The Noticees have stated that their views on the preliminary findings of the Chartered Accountants so appointed were sought and given and a final report has been claimed to have been submitted to SEBI by M/s T R Chadha & Co. The Noticees further reiterated the submissions as made vide their submissions dated October 13, 2014.

58. In addition to the above, vide letter dated October 10, 2015, the Noticees submitted the status with respect to recovery of advances given for plastic granules. They submitted that they had entered into an agreement on August 31, 2011 with Supreme for supply of plastic granules. As per the agreement PGEL was supposed to give an advance of ₹ 5 Crores for supply of plastic granules. Further, PGEL had made payment of ₹ 4.50 Crores out of internal accruals much before the receipt of IPO proceeds. The details of the payments made and monies recovered are as under:

Date of Payment	Particulars of Bank	Amount given
08.09.2011	HDFC Bank - 00880330001203	50,00,000
08.09.2011	SBI - 00000010642214872	1,00,00,000

15.09.2011	SBI - 00000010642214872	3,00,00,000
	Total advance given:	4,50,00,000
Less:	Received Back	73,00,000
	Balance Outstanding	3,77,00,000

59. As the above purchase order with Supreme did not go through and ultimately got cancelled, the supplier has refunded only ₹ 73.00 lacs till date. For the balance amount of ₹ 3.77 Crores, PGEL has been taking various steps but there has been no success.

60. In addition to the above submissions, the Noticees, vide letter dated December 16, 2016, made additional submissions in the matter. The Noticees submitted that the allegations levelled against the Noticees in the SCN issued by the Adjudicating Officer are substantially the same as those contained in the SCN dated January 16, 2013 issued by the Whole Time Member, SEBI. The SCN issued by the Whole Time Member, SEBI was issued under Section 11(1), 11(4) and 11B of the SEBI Act, 1992. Thereafter, the Whole Time Member, SEBI passed the final order dated March 11, 2014 in the matter. Aggrieved by the said order, the Noticees submitted that they had challenged the said order before the Hon'ble Securities Appellate Tribunal and upon considering the merits of the matter, by way of a reasoned order and judgement dated August 30, 2016, the Hon'ble Securities Appellate Tribunal was pleased to reverse several of the findings contained in the said Order and also reduced the period of prohibition against the Noticees to seven years.

61. Further, the Noticees submitted that there was no dishonest intention, or means rea on their part behind the alleged non-disclosure of (a) Agreements and / or Memorandum of Understandings entered into by them with certain entities for the purchase of land, or (b) funds raised by PGEL through ICDs. It is further submitted that the said alleged non-disclosure was never with the view to deny any information to any person entitled to receive the same.

Replies by other entities:

Saptrishi Suppliers Pvt. Ltd. and its directors viz. Shri Manjit Jajoo and Shri Ram Awtar Sharma:

20. Vide letter dated April 11, 2014, the Noticees submitted their common reply to the individual SCNs issued to them in the matter and stated that they are not concerned with the alleged diversion of funds by PGEL. Further, the Noticees stated that the details of the number of shares, their face value, the price per share, total funds raised, the details of subscription received by PGEL under various categories including the QIB Category, allotment of shares by PGEL, the details of listing of the shares on BSE and NSE, the objects of the IPO of PGEL were disclosed in the offer documents including the Prospectus are a matter of record. Further, the details of the monies received by the PGEL through the IPO, the ICDs placed by PGEL with the Saptrishi for ₹10 Crores on September 22, 2011 and for ₹5 Crores on September 23, 2011 are a matter of record. The Noticees have submitted the relevant documents in support of their submission. The Noticees submitted that Saptrishi is a Non-Banking Finance Company duly registered with the Reserve Bank of India. It accepts deposits from/ lends monies to Corporates/ Non Corporates in the normal course of business and is neither concerned with nor aware of the source of the ICDs. The Noticees further submitted that the ICD from PGEL was arranged by their finance broker Shri. Jayesh Gandhi wherein they agreed to pay an interest of 14% on the amount taken as ICD with an option to repay the amounts as and when the other party demanded. During the tenure of 7 months of the ICD the Noticees repaid ₹ 1 Crore to PGEL by December 22, 2011. Pursuant to the said repayment SEBI passed ad interim ex parte order dated December 28, 2011, due to which the repayment of further ICD was kept on hold by Saptrishi. Furthermore the Noticees submitted that they shall be repaying the ICD within six months as of April 2014.

21. The Noticees submitted that they owned 3.75 acres of land in Kaduvancheri village in Kancheepuram district in TamilNadu, which is close to the locations of the manufacturing plants of various automobile companies like Ford and

Hyundai. In the course of discussions with PGEL, PGEI had shown interest in setting up a plant to manufacture automobile accessories in and around the aforesaid location and Saptrishi offered to sell the same to PGEL. Accordingly, PGEL and Saptrishi had entered into a Memorandum of Understanding (MoU) on September 21, 2011 for sale of the land for a total sum of ₹ 18 Crores wherein it was agreed that PGEL would pay an advance of ₹ 10 Crores towards the sale consideration within 10 days from the date of MoU. Accordingly, the Noticees stated that the same was paid by PGEL on September 27, 2011 which was subsequent to the closing of the IPO and listing and commencement of trading, which was on September 26, 2011. The Noticees have submitted the relevant documents in support of their submission. Further, PGEL had paid an additional sum of ₹ 3.50 Crores on October 11, 2011 to the Noticees to convert the use of land in revenue records from agricultural to non agricultural, develop the land and construct a factory before executing the Sale Deed in favour of PGEL. However, due to unavoidable circumstances the Noticees were unable to comply with the obligations of the MoU and consequently, vide letter dated November 05, 2011 PGEL demanded a refund of the further advance of ₹ 3.50 Crores paid by it to Saptrishi. Accordingly, the Noticees had refunded ₹ 1 Crore (out of ₹ 3.5 Crores additional advance) to PGEL on November 14, 2011. They are in the process of refunding the remaining amounts out of the advance they received from PGEL and have provided a copy of the Deed of Cancellation dated December 24, 2013. Therefore, the Noticees deny that the said MoU was dubious and deny that the advances paid by PGEL for the said land was partly siphoned off and partly diverted.

22. Moreover, the Noticees submitted that they lent the monies deposited with them by PGEL (in the form of ICDs), as well as the advance received from PGEL towards purchase of lands to several entities that were in requirement of funds. M. J. Commodities was one such entity, to whom Saptrishi had lent 50 lakhs on September 08, 2011 as ICD. However, the Noticees submitted that they were not concerned with the use of funds by M J Commodities. The Noticees have provided a copy of the ICD agreement dated September 07, 2011 with M. J. Commodities Pvt. Ltd. in support of their submission. Furthermore, the Noticees have submitted that they had lent the funds too M. J.

Commodities several days prior to the receipt of the ICDs/advance from PGEL and therefore, the Noticees deny the charge that IPO funds were allegedly diverted through them to M.J. Commodities. The Noticees also submitted that they have borrowed monies from several entities other than PGEL in the month of September 2011, one of whom is Prraneta with which Saptrishi has been transacting regularly as they are in the same business. They were unaware and not concerned with the financial transactions between PGEL and Prraneta, if any. Therefore, the Noticees deny the allegation that PGEL had diverted ₹ 8 Crores to them through Prraneta in the form of refund of ICDs. The Noticees further deny the charge that PGEL had allegedly diverted ₹15 Crores from the IPO proceeds through them. They are not concerned with the ICDs taken by PGEL from other entities, other financial transactions between PGEL and other entities, with the disclosures made by PGEL in its offer documents. The Noticees also deny the allegation that a sum of ₹ 12.50 Crores was siphoned off by PGEL through them as an advance for purchase of land as the deal had already been cancelled and they are in the process of repaying the advance. Additionally, the Noticees also deny being connected with PGEL or any other entities which have been charged to have acted as conduits in the diversion or siphoning of the IPO fund. It is the submission of the Noticees that they have not purchased shares of PGEL in the IPO or thereafter sold them after the scrip was listed on BSE and NSE.

23. As regards the allegation of receiving ₹ 13.50 Crores from PGEL towards a land deal and not being able to repay the same when required, the Noticees submitted that as an NBFC and a business entity the Noticees could not have kept the fund deposits with them idle, therefore, they invested the same in the following manner:

- They Purchased shares from Cellworth and paid them a total sum of ₹ 10 Crores (₹ 5 Crores each on September 23, 2011 and September 27, 2011) as consideration for the same. However, since Cellworth was not able to transfer title of all the shares, a sum of ₹ 3 Crores was refunded to Saptrishi by Cellworth on October 03, 2011.

- Saptrishi had advanced a total sum of ₹ 5 Crores to Avance Technology Pvt. Ltd. on September 23, 2011 in the normal course of business.
- Saptrishi had advanced a total sum of ₹ 6.50 Crores (₹ 2.50 Crores on September 23, 2011 and ₹ 4 Crores on September 27, 2011) to Dhanus Technologies Ltd. in the normal course of business.
- Saptrishi had purchased shares from Jaimini and paid a total sum of ₹ 5 Crores on September 23, 2011 as consideration for the same. Saptrishi had advanced a total sum of ₹ 1.50 Crores on September 23, 2011 and ₹ 4 Crores on September 27, 2011 to JRI Industries Pvt. Ltd. in the normal course of business.

24. Further, the Noticees submitted that prior to the receipt of funds as ICDs /Advance from PGEL, they had placed an ICD of ₹ 50,00,000/- with M. J. Commodities and the terms of the ICD were set out in an agreement dated September 07, 2011. The said ICD was for a period of 3 months, with an interest rate of 14.50 % p.a. Accordingly, it is stated by the Noticees that M.J. Commodities had repaid the ICDs by making payment of ₹ 25 Lakhs each on September 17, 2011 and November 25, 2011. Interest on the same was received by the Noticees in February 2012 after deducting TDS from M.J. Commodities. Furthermore, the Noticees submitted that they have always disclosed financial statements to the entities who placed ICDs with them and it was up to those entities to determine whether the ICD placed with them was of a high quality or not. The Noticees further submitted that they were not privy to the Board Minutes of PGEL and denied that Saptrishi did not secure the ICDs by way of personal guarantee of its director as its directors had issued personal guarantees to PGEL. Copies of the same have been submitted by the Noticees in support of their submission.

Raw Gold Securities Pvt. Ltd. and its directors Shri Dipankar Sarkar & Shri Sawankumar T. Jajoo:(Erstwhile director viz. Aparna Banerjee)

25. Vide letter dated April 17, 2014, the Noticees filed their common reply to the individual SCNs issued to them in the matter and submitted that, initiating adjudication proceedings in the matter although the earlier directions were

revoked vide Ad Interim Ex Parte Order date December 28, 2011 amounts to "double jeopardy".As regards the allegation that Raw Gold is connected to other companies viz. Padamprabhu, M J Commodities, etc., the Noticees submitted Shri Dipankar Sarkar looks after that the day to day affairs of Raw Gold but is not involved in the day to day affairs of other companies where he is a director. Similarly, Shri Sawankumar T. Jajoo is not involved in the day to day affairs of Raw Gold and is an active director in other companies. In view if the same Raw Gold cannot be said to be connected to other companies such as Padamprabhu and MJ Commodities.Further, the Noticee stated that the details of the number of shares, their face value, the price per share, total funds raised, the details of subscription received by PGEL under various categories including the QIB Category, allotment of shares by PGEL, the details of listing of the shares on BSE and NSE, the objects of the IPO of PGEL disclosed in the offer documents are a matter of record. With respect to the allegation of diversion of funds through Raw Gold, the Noticees submitted that PGEL placed an ICD with Raw Gold of ₹ 7 Crores on September 22, 2011 and have submitted a copy of the ICD agreement in support of their submission. In this regard, the Noticees stated that they are a Non Banking Finance Company (NBFC) and the nature of their business is such that they accept deposits from the entities and lend monies to entities, to earn the difference between the rate of interest at which they borrow and the rate of interest at which they lend. With respect t the ICD from PGEL, the Noticees stated that they were not aware of the source of ICD.

- 26.** The Noticees further submitted that the ICD from PGEL, was arranged by their finance broker Shri Jayesh Gandhi, wherein, they agreed to pay an interest of 14% on the amount taken as ICD with an option to repay the said amount as and when the other party demanded. The tenure of the ICD was for 7 months. However, the repayment of the ICD was kept on hold as SEBI had passed an ad interim ex parte order on December 28, 2011, in the said matter. It is stated by the Noticees that Raw Gold has been providing for interest at 14% per annum on the said ICD and also deducting and depositing TDS on interest in exchequer's account. The Noticees have undertaken to repay the ICD within six months from the date of this reply i.e. April 17, 2014.

However, it is noted that no further reply has been submitted stating repayment of the said ICD.

- 27.** It is the submission of the Noticees that being an NBFC they lent the monies deposited with them by PGEL (in the form of ICDs) to several entities that were in requirement of funds viz. M J Commodities (₹ 3.11 Crores) and Padamprabhu (₹ 2.50 Crores). The Noticees find it pertinent to state that they lent funds to M J Commodities several days prior to the receipt of the ICD from PGEL and therefore, the charge that IPO funds were allegedly diverted through them to M J Commodities is devoid of merit. Copies of ICD agreements with MJ commodities dated September 08, 2011 (₹ 61 Lakhs for a period of 6 months with interest rate at 14%) and September 23, 2011 (₹2.50 Crores) have been provided by the Noticees in support of their submission. The funds forwarded to Padamprabhu in form of ICD has been supported by an ICD agreement dated September 22, 2011 and the same has been provided by the Noticees in support of their submission.
- 28.** As regards the allegation against the Noticees that they had diverted ₹ 5 Crores from the proceeds of the IPO of PGEL, the Noticees deny having knowledge of the source of the funds which were deposited by PGEL with Raw Gold in the form of ICDs. As regards the allegation of funding the allottee in the IPO of PGEL, the Noticees stated that being a RBI registered NBFC, which is in the business of lending and borrowing, the Noticees were neither aware nor concerned where the funds lent by them were being utilized. Further, the Noticees submitted that they are neither concerned with the ICDs taken by PGEL from other entities / financial transactions between PGEL and other entities nor concerned about the disclosures made by PGEL in its Draft Red herring prospectus/ Red Herring Prospectus or the Prospectus. The Noticees further denied being connected with PGEL or any other entity and/or having acted as conduits in diversion or siphoning of the IPO funds. It is the case of the Noticees that they have neither purchased shares of PGEL in the IPO nor sold them after the scrip was listed on NSE and BSE.

29. The Noticees submitted that MJ Commodities has nearly fully repaid the ICDs by making payment of ₹ 2.91 Crores by March 31, 2012 and the balance is still due. Further, the Noticees have stated that they have accounted for the interest income and TDS in the financial statement. Further, the Noticees denied being connected with Padamprabhu, MJ commodities, Adcon, Aggarwal Holdings Ltd. The personal guarantees issued by the directors of Raw Gold for the ICD given by PGEL have been provided by the Noticees in support of their submission. The Noticees submitted that funds are advanced to the entities on the basis of their network, repayment capacity etc, and both MJ Commodities and Padamprabhu had honored their terms of MOU.

Wattkins Commerce Pvt. Ltd. and its Directors namely, Shri Dinesh Sunderji Shah, Shri Subrata Banerjee, Shri Sunderji Mulji Shah, Shri Devchand Mulji Shah and Shri Vivek Jain:

30. Vide letter dated September 25, 2014, the Noticees have submitted their common reply to the individual SCNs issued to them in the matter, wherein, they have stated that they are a NBFC and as a part of their business they borrow and lend money from/to individuals as well as corporates through Inter Corporate Deposits (ICDs). The Noticees further submitted that they got to know that PGEL had come out with an IPO of equity shares from the offer document and also understood that PGEL would have surplus funds in the form of IPO proceeds that would not be deployed towards the object of issue and therefore, had offered PGEL attractive rate of interest in case they were to deposit/lend the funds with/to the Noticees for a short term. After negotiations, PGEL had agreed to deposit ₹ 12 Crores with Wattkins for a period of 7 months @ 14% per annum. The Noticees had entered into an ICD agreement with PGEL on September 20, 2011 and received ₹ 10 Crores from PGEL toward the same on September 22, 2011. It is the case of the Noticees that the said ICD was entered with PGEL in the normal course of business and the Noticees have repaid a sum of ₹1.50 Crores to PGEL on February 08, 2012. The copy of the ICD Agreement between Wattkins and PGEL has been provided by the Noticees in support of their submission. The Noticees further submitted that the monies received from PGEL in form of ICDs and other monies received from other corporates and individuals were lent by

Wattkinsto certain other corporates and individuals and the deatils are as under:

Date	Borrower	Amount Lent (₹)	Nature of payment
23/9/2011	Adcon Capital Services Ltd.	1,50,00,000	ICD
22/9/2011	Prathibha D. Shah	3,00,00,000	Advance
22/9/2011	Jaya S. Shah	3,00,00,000	Advance
22/9/2011	Shaili D. Shah	2,00,00,000	Advance
23/9/2011	International Transmission	50,00,000	Advance

31. The Noticees have been provided a copy of the ICD agreement entered into between Adcon and Wattkins, copy of ledger account of Adcon in the books of Wattkins, other relevant documents and copies of ledger of entities mentioned above except Adcon, in support of their submission. The Noticees further submitted that they are not concerned with what was the end use of the monies borrowed from them and were also not aware until the Ad Interim Ex parte Order dated December 28, 2011. It is the case of the Noticees that being an NBFC they are not expected to monitor the end use of the funds borrowed from them. Further, the Noticees submitted that except for the ICDs placed with them by PGEL, they had no knowledge regarding the transactions between PGEL and the entities mentioned therein. The Noticees contented that it is erroneous to allege that PGEL had diverted ₹1.50 Crores from the IPO proceeds through them. They are neither concerned with any of the other entities and nor have traded with them at their behest. They also did not purchase/sell any shares of PGEL during the period of investigation or thereafter. Further, the Noticees submitted that it is a matter of record that they lent a total sum of ₹10 Crores to various entities and persons on September 22 & 23, 2011, in the normal course of their business as an NBFC. The Noticees also submitted that they were not aware that Adcon had taken only one ICD placed with Wattkins during the period between April 01, 2011 to May 31, 2012. However, the Noticees have stated that Adcon has repaid the ICD within the stipulated period along with interest.

Modi Alloys India Pvt. Ltd. and its Directors Shri Rohit Modi & Shri Rakesh Modi:

32. Vide letter dated September 23, 2014, the Noticees submitted their common reply to the individual SCNs issued to them in the matter, wherein, they have denied that PGEL had diverted funds through them in different forms/ to any entity. Further, the Noticees stated that the details of the number of shares, their face value, the price per share, total funds raised, the details of subscription received by PGEL under various categories including the QIB Category, allotment of shares by PGEL, the details of listing of the shares on BSE and NSE, the objects of the IPO of PGEL disclosed in the offer documents are a matter of record. The Noticees submitted that they supply machineries and other utilities to PGEL and for that they receive advances from PGEL. Further, the Noticees stated that they had received a sum of ₹ 19.65 Crores as advance for supply of various kinds of plant & machinery and other utilities (in the normal course of their business) during the period between August 2011 to November 2011 as per the terms and conditions set out by both the parties in the agreement. The Noticees have submitted the copies of the purchase orders placed by PGEL in support of their submission.
33. The Noticees have submitted that the purchase orders placed by PGEL between August 2011 and November 2011 were based on the quotations provided by the Noticees to it somewhere in the end of June 2011, July 2011 and November 2011, which revealed that the Noticees were in discussion with PGEL for a long time before the advance was paid by PGEL. The Noticees submitted the copies of the quotations and terms of payment (which states that the Noticees require 100% amount before dispatch) in support of their submission. The details of the purchase orders placed by PGEL are as under:

Quotation dates	Purchase Order dates	Reference Numbers	Amount incl. CST (in ₹)
N. A.	30/11/2011	MAIPL/PGEL3/2011-12/005	28,158,502
27/6/2011	31/8/2011	MAIPL/PGEL3/2011-12/001	19,247,400
01/7/2011	01/9/2011	MAIPL/PGEL3/2011-12/002	7,334,820
01/7/2011	09/9/2011	MAIPL/PGEL3/2011-12/003	11,392,380
27/6/2011	03/9/2011	MAIPL/PGEL3/2011-12/004	11,730,000
N. A.	16/1/2012	MAIPL/PGEL3/2011-12/005	28,520,185

12/11/2011	16/1/2012	MAIPL/PGEL3/2011-12/009	37,989,888
N. A.	30/11/2011	MAIPL/PGEL3/2011-12/009	25,017,476
27/6/2011	31/8/2011	MAIPL/PGEL3/2011-12/001	28,611,000
29/6/2011	01/9/2011	MAIPL/PGEL3/2011-12/002	44,217,000
01/7/2011	02/9/2011	MAIPL/PGEL3/2011-12/003	52,436,160
01/7/2011	03/9/2011	MAIPL/PGEL3/2011-12/004	14,045,400
04/7/2011	03/9/2011	MAIPL/PGEL3/2011-12/005	3,641,400
01/7/2011	05/9/2011	MAIPL/PGEL3/2011-12/006	16,958,520
01/7/2011	05/9/2011	MAIPL/PGEL3/2011-12/007	6,762,600
	05/9/2011	MAIPL/PGEL3/2011-12/008	11,730,000
TOTAL			347,792,731

34. The Noticees stated that the above purchase orders were placed by PGEL on the basis of price, quantity, quality, etc. quoted by the Noticees in their quotations as stated above. Further, upon receipt of advances from PGEL, the Noticees stated that they had paid monies to various entities viz. ₹ 4.3 Crores to Wonder Vincom and ₹95 Lakhs to Pushpanjali Trading Pvt. Ltd. (Pushpanjali) for purchase of shares of several unlisted companies as they were having funds which they did not require immediately in the working capital cycle and hence decided to use the same for investment purposes. As regards the allegation of routing funds (₹6.9 Crores) from Modi to Rakesh Industries, from Rakesh Industries (₹1.8 Crores) to Pushpanjali, followed by from Pushpanjali (₹2.25 Crores) to Wonder, the Noticees have denied the said allegation by stating that some components of the products they manufacture/collate and provide to PGEL are provided by Rakesh Industries. Further, it is the case of the Noticees that they are not concerned with what use the funds received from them were being put to by Wonder & Pushpanjali and therefore, denied being used as conduits to divert the IPO proceeds by PGEL. Further, the Noticees admitted that they share a common director/partner/address with Agarwal Steel Rolling Mills and Metal industries and the same is a matter of record.

Cellworth Mercantile Pvt. Ltd. and its Director, Shri Bablu Shaw and Shri Amar Nath Singh, erstwhile directors, Shri Jai Prakash Agarwal and Ms Manju Agarwal:

35. Vide letter dated March 06, 2014, the Noticees filed their common reply to the SCN in the matter and submitted that initiating adjudication proceedings in the matter although the earlier directions were revoked vide Ad Interim Ex Parte

Order date December 28, 2011 is incomprehensible. The Noticees further submitted that it is an investment company and it is into the business of buying/selling equity shares of companies and other securities, borrowing/lending monies from/to corporates known to it as under;

- a) Saptrishi purchased shares of companies and as a consideration for the said purchases it paid the Noticees ₹ 10 Crores (₹ 5 Crores each on September 23, 2011 and September 27, 2011). However, since the Noticees were only able to sell its shares of certain unlisted private companies worth ₹ 7 Crore, the Noticees had refunded a sum of ₹ 3 Crore to Saptrishi on October 03, 2011.
- b) Pushpanjali Trading Pvt. Ltd. (Pushpanjali) had paid the Noticees an advance of ₹ 2.50 Crores on September 23, 2011 for purchase of shares of unlisted companies. However, since the sale did not materialize, the Noticees refunded the entire sum of ₹ 2.50 Crore to Pushpanjali on September 28, 2011. Further, the Noticees submitted that they purchased additional shares worth ₹ 2,50,00,000/- from Pushpanjali on September 24, 2011 for which the Noticees received payment from Pushpanjali on September 28, 2011.
- c) The Noticees purchased shares of unlisted private companies worth ₹ 2.50 Crores from Wonder Vincom on September 24, 2011.
- d) The Noticees purchased shares of unlisted private companies worth ₹ 2 Crore from Pasupati on September 24, 2011.
- e) The Noticees purchased shares of unlisted private companies worth ₹ 1.5 Crores from Jagdamba on September 26, 2011.
- f) The Noticees purchased shares of unlisted private companies worth ₹ 1.5 Crores from Mili on September 24, 2011.
- g) The Noticees purchased shares of unlisted private companies worth ₹ 1.5 Crore from Lona on September 24, 2011.

The details of the said purchase have been provided by the Noticees in support of their submission.

36. Further, the Noticees submitted that they also purchased 12,000 shares of PGEL on the day of listing i.e. September 26, 2011 and paid a sum of ₹ 2.5 Crores to its stock broker Indianivesh Securities Pvt. Ltd. on September 24,

2011. The Noticees submitted that it is not concerned with the alleged diversion of funds by PGEL. Further, the Noticees stated that the details of the number of shares, their face value, the price per share, total funds raised, the details of subscription received by PGEL under various categories including the QIB Category, allotment of shares by PGEL, the details of listing of the shares on BSE and NSE, the objects of the IPO of PGEL disclosed in the offer documents are a matter of record. The Noticees also submitted that they have not received any funds from PGEL and not connected to PGEL and its promoters / directors in any manner whatsoever. Also, they are not concerned with the various financial transactions undertaken by PGEL. Consequently, the Noticees denied that they are connected with entities that received funds from PGEL and that they acted as conduits in diversion/ siphoning of funds by PGEL.

37. The Noticees submitted that they purchased shares of PGEL on the first day of its listing using their own funds and therefore, were neither concerned with nor aware of the uses to which the sale consideration paid by it had been put to. They were also not concerned with the transfer of funds between other entities including PGEL. The Noticees further submitted that they had neither borrowed nor lent monies from Satshri and Jaimini and the fact that Mili and Lona have the same registered office and that Lona, Mili and Wonder have common directors was not known to them at the time of purchase of shares. The Noticees also submitted that the common e-mail id viz. vssharma44@gmail.com was that of Shri Vijay Sharma, who provided clerical services to companies and company secretaries in relation to filing documents and forms with the Registrar of Companies through the MCA website and is not connected with any of the companies mentioned in the Table -5 of the SCN. The Noticees' contented that common directors, e-mail addresses and registered addresses of companies that sold shares to the Noticees does not in any way establish the allegation that they entered into fraudulent trades. Therefore, it is the case of the Noticees that they cannot be alleged of diverting the funds available with the Noticees for investment purposes and forwarded them further through intermediate entities. Further, the Noticees stated that they had taken delivery of the shares purchased by them which indicates that

there was a genuine change of beneficial ownership of share and also that the trades were genuine. Further, they stated that they have now sold the shares of PGEL purchased by them at a loss.

Pasupati Enclave Pvt. Ltd. :

38. Vide letter dated February 17, 2014, the Noticee filed its reply to the SCN in the matter and submitted that initiating adjudication proceedings in the matter although the earlier directions were revoked vide Ad Interim Ex Parte Order date December 28, 2011 is incomprehensible. The Noticee further submitted that it is an investment company and it is into the business of borrowing/lending monies and investing in shares of companies, both listed and unlisted. The Noticee further submitted that it sold the shares of certain listed / unlisted companies to Cellworth and received a sum of ₹ 2 Crores from Cellworth as consideration for the same on September 26, 2011. The Noticee stated that it purchased 1,29,621 shares for a value of ₹ 2,71,83, 351.72 over the period September 26, 2011 to October 18, 2011 of several companies including PGEL through its stock broker Gateway Financial Services Pvt. Ltd. This investment in shares was done in the normal course of its business, using its own funds. The purchase details of the above purchases and the financial statements of previous two years have been provided by the Noticee to establish that it had adequate assets and funds to purchase the shares of the company. Therefore, the Noticee denied that it is connected with entities that received funds from PGEL and also denied that it acted as conduit in the diversion/siphoning of funds by PGEL.

39. It is the submission of the Noticee that it sold shares of private unlisted companies to Cellworth and was neither aware nor was required to enquire from them about the source of the said funds. Further, the Noticee submitted that Shri Sanjib Kumar Mondal, one its directors is also a director of Jagdamba Complex Pvt. Ltd. (Jagdamba), however, there has been no inter se transfer of funds between the Noticee and Jagdamba, who has purchased shares of PGEL using its own funds. The Noticee also submitted that the common e-mail id viz. vssharma44@gmail.com was that of Shri Vijay Sharma, who provided clerical services to companies and company

secretaries in relation to filing documents and forms with the Registrar of Companies through the MCA website and is not connected with any of the companies mentioned in the Table -5 of the SCN. It is the case of the Noticee that common directors, e-mail addresses and registered addresses of companies that sold shares to the Noticee does not in any way establish the allegation that they entered into fraudulent trades. Therefore, it cannot be said that the funds available with the Noticee for investment purposes was diverted by PGEL and passed onto them through intermediate entities. Further, the Noticees took delivery of the shares purchased by them which indicates that there was a genuine change of beneficial ownership of share and also that the trades were genuine. They have now sold the shares of PGEL purchased by them at a loss.

Nihal Mercantile Ltd. and its director Shri Dipankar Sarkar:

40. Vide letter dated March 05, 2014, the Noticees submitted reply to the SCN, where in, they denies all the allegations made against them in the SCN and also stated that they are not concerned with the alleged diversion of funds by PGEL. Further, the Noticees stated that initiating adjudication proceedings in the matter although the earlier directions were revoked vide Ad Interim Ex Parte Order date December 28, 2011 is incomprehensible. The details of the number of shares, their face value, the price per share, total funds raised, the details of subscription received by PGEL under various categories including the QIB Category, allotment of shares by PGEL, the details of listing of the shares on BSE and NSE, the objects of the IPO of PGEL disclosed in the offer documents are a matter of record. The Noticees also submitted that they had not received any funds from PGEL and were also not connected to PGEL, its promoters or directors in any manner whatsoever and therefore, they were not concerned with the various financial transactions undertaken by PGEL.
41. Furthermore, it is submitted by the Noticees that it is an investment company, which indulges in buying and selling of equity shares of companies/ other securities along with borrowing and lending monies from/to corporates who are known to it. In September, the Noticee submitted that Nihal had sold

shares of few unlisted companies to Wonder and that besides the said commercial transaction, they were not connected to Wonder in any other manner. The Noticees submitted that they had come to know of PGEL through its research and hoped to make short term gains, just as many companies that were listed in the past had shown a trend of increasing prices soon after listing. The Noticees had consequently purchased 50,000 shares on September 26, 2011, 14,900 shares on September 27, 2011 and 1800 shares on September 28, 2011, through its broker, Gateway Financial Services Ltd. Out of which its transactions in the shares of PGEL were only to the extent of 50,000 shares for an amount of ₹1,24,57,071. The Noticees also submitted that the aforementioned investment in the shares of PGEL were done only in the due course of its business, using its own funds and have submitted its financial statements for 2 years in support thereof to state that they had adequate funds present in Nihal's account at the relevant period. With respect to allegation that Nihal and Safford are related to each other, the Noticees submitted that the said connection with Safford is not material to the charges of aiding and abetting the diversion of funds by PGEL and that Safford had not received monies from PGEL. It had only received monies from Wonder as proceeds for sale of shares.

Jagdamba Complex Pvt. Ltd. :

42. Vide letter dated February 18, 2014, the Noticee submitted its reply to the SCN in the matter, wherein, it stated that it is an investment company, which indulges in borrowing / lending of monies and also investing in shares of listed/unlisted companies. Further, the Noticee submitted as it invested in the shares of several unlisted and private companies, it had had entered into an oral agreement to sell shares of certain companies to Cellworth. The Noticee further stated that in addition to shares purchased of several companies, it had purchased shares of PGEL for a total quantity of 62,907 for a total value of ₹1,83,00,000 purchased through its broker, Gateway Financial Services Pvt. Ltd. between September 26, 2011 and October 13, 2011, which still remain in its beneficiary account. The Noticee also submitted that the aforementioned investment in the shares of PGEL were done only in the due course of its business, using its own funds and has submitted its financial statements of 2

years to state that adequate funds were present in its account at that given point in time. Therefore, the Noticee denied all the allegations made against it in the SCN and also stated that it is not concerned with the alleged diversion of funds by PGEL.

43. Further, the Noticee stated that the details of the number of shares, their face value, the price per share, total funds raised, the details of subscription received by PGEL under various categories including the QIB Category, allot of shares by PGEL, the details of listing of the shares on BSE and NSE, the objects of the IPO of PGEL disclosed in the offer documents are a matter of record. The Noticee also submitted that it had not received any funds from PGEL and was also not connected to PGEL, its promoters or directors in any manner whatsoever and therefore, it is not concerned with the various financial transactions undertaken by PGEL prior to the IPO and its repayment, the lending of funds received through the IPO to various entities and other payments made to suppliers. It is the case of the Noticee that it had received monies from Cellworth as a sale consideration and as the same did not materialize, it had refunded a sum of ₹1,50,00,000 to Cellworth on March 21, 2012. Furthermore, the Noticee also denied being connected to the entities who have received funds from PGEL and further denied having acted as a conduit in the diversion/siphoning of funds by PGEL.

44. It is submitted by the Noticee that Shri Sanjib Kumar Mondal is the director of both, the Noticee and Pasupati Enclave Pvt. Ltd., due to which they share a common registered address. However, there is no inter se transfer of funds between them. The Noticee also submitted that the common e-mail id viz. vssharma44@gmail.com was that of Shri Vijay Sharma, who provided clerical services to companies and company secretaries in relation to filing documents and forms with the Registrar of Companies through the MCA website and is not connected with any of the companies mentioned in the Table -5 of the SCN. The Noticee stated that merely having common directors, email addresses and registered addresses of companies that sold shares to it does not establish any fraudulent trades indulged into by the Noticee in the matter of PGEL. Further, the Noticee submitted that it had traded in shares of PGEL

using its own funds, only after the shares of PGEL were listed. Therefore, the Noticee denied that the funds available with the Noticee were diverted by PGEL and passed on to it through intermediate entities. The Noticee also submitted that it had taken delivery of the shares purchased by it and it resulted in a genuine change of beneficial ownership of the shares, indicating that the trades were real. It is the submission of the Noticee that it had received funds from Cellworth as consideration for the sale of shares, while it utilized its own funds to purchase shares of PGEL. Therefore, the funds were not diverted from PGEL and the shares so purchased by the Noticee have been sold at a loss.

Aggarwal Steel Rolling Mills & Metal Industries and its partners viz. Shri Rohit Modi & Ms. Seema Modi:

45. Vide letter dated September 23, 2014, the Noticees submitted their common reply to the individual SCNs issued to them in the matter and stated that they are not concerned with the alleged diversion of funds by PGEL. Further, the Noticees stated that the details of the number of shares, their face value, the price per share, total funds raised, the details of subscription received by PGEL under various categories including the QIB Category, allotment of shares by PGEL, the details of listing of the shares on BSE and NSE, the objects of the IPO of PGEL disclosed in the offer documents are a matter of record. The Noticees also denied the allegation that PGEL had diverted funds through them in different forms/ to any entity. The Noticees further submitted that they are into supply/manufacturing of various kinds of plant and machinery and are regular suppliers of the machinery used by PGEL. The Noticees submitted that they had received ₹ 5.98 Crores as an advance for the supply of various kinds of plant machinery (in the normal course of business) in the period between August 2011 to September 2011 as per the terms and conditions set out by both the parties in the agreement. The advance of ₹ 5.98 Crores was received by the Noticees from PGEL on August 23, 2011 (₹ 1 Crores), September 16, 2011 (₹ 2.5 Crores), September 19, 2011 (₹ 2 Crores) and September 22, 2011 (₹ 48 Lakhs), respectively. The Noticees have submitted the copies of the purchase orders placed by PGEL with Aggarwal Steel in support of their submission.

46. The Noticees have submitted the purchase orders made by PGEL between August 2011 and September 2011 were based on the quotations provided by the Noticees to it in the end of June 2011 - early July 2011, which reveals that the Noticees were in discussion with PGEL for a long time before the advance was paid by PGEL to them. The Noticees have submitted the copies of the quotations and terms of payment (which state that a minimum of 25% advance has to be paid along with the order) in support of their submission. The details of the purchase orders stated above are as below;

Quotation dates	Purchase Order dates	Reference Numbers	Amount incl. CST (in ₹)
27/6/2011	31/8/2011	ASRM/PGEL3/2011-12/001	2,028,780
27/6/2011	02/9/2011	ASRM/PGEL3/2011-12/002	4,733,820
01/7/2011	03/9/2011	ASRM/PGEL3/2011-12/003	530,604
05/7/2011	05/9/2011	ASRM/PGEL3/2011-12/004	972,774
27/6/2011	05/9/2011	ASRM/PGEL3/2011-12/005	24,990,000
27/6/2011	01/9/2011	ASRM/PGEL4/2011-12/002	4,733,820
27/6/2011	03/9/2011	ASRM/PGEL4/2011-12/003	24,990,000
27/6/2011	31/8/2011	ASRM/PGEL4/2011-12/001	2,028,780
TOTAL			65,008,578

47. The Noticees have also submitted that they had paid ₹ 1 Crore to Wonder and ₹ 1.9 Crores to Prraneta for the purchase of shares of several unlisted companies as they were having funds which they did not require immediately in the working capital cycle and hence, decided to use the same for investment purposes. Further, they are not concerned with the use of funds forwarded by the Noticees by the said entities and therefore, denied being used as conduits to divert the IPO proceeds by PGEL. As regards the allegation of receiving ₹ 2.5 Crores from PGEL and transferring ₹ 2.35 Crores to Rakesh Industries on the very same day, which in turn paid other companies, the Noticees have submitted that some components of the products they manufacture/collate & provide to PGEL are provided by Rakesh Industries, therefore, denied the said allegation. As regards the allegation of receiving an amount of ₹ 28.38 Crores along with Modi Alloys India (P) Ltd., the Noticees submitted that the same was based on terms and conditions agree upon between them and PGEL for the supply of plant and machinery. The Noticees stated that they are not concerned under what category their

products fall in the books of PGEL and deny the allegation that they were used as conduits to divert the IPO proceeds by PGEL. It is the submission of the Noticees that they are an independent entity and are not connected with PGEL/Wonder/Rakesh/Prraneta/any of its directors/employees/associates either directly or indirectly.

Sunlight Financial Advisory Pvt. Ltd. and its directors viz. Shri Amit Agarwal and Shri Vijay Agarwal:

48. Vide letter dated May 26, 2014, the Noticees submitted their common reply to the individual SCNs issued to them in the matter, wherein, they *inter alia* stated that they are not concerned with the allegation of diversion of funds as they are not a part of the same. Further, they stated that the details regarding the IPO of PGEL, amount of funds raised, PGEL receiving subscription in various categories viz. retail investors, NII category & QIB category and allotting shares to them as per subscription ratio, PGEL getting listed on NSE and BSE, the price of the scrip, quantity of shares traded, the disclosed objects of the IPO in the offer documents, the subscription received by PGEL and amount raised through the IPO are all a matter of record. Further, the Noticees submitted that Sunlight had made an application for 39000 shares in NII category in the IPO of PGEL which had opened for subscription on September 07, 2011, was allotted 21737 shares and closed on September 12, 2011. The same was done in the normal course as an investor in the securities market and thus, the Noticees denied that the funds were diverted to Sunlight to apply in the IPO of PGEL or any other IPO. The Noticees also submitted that they conducted a due diligence to find out IPOs opening for subscription during that period and made an application in the IPO of PGEL as it had fulfilled the criterias set out by the Board of Directors of Sunlight and was also supposed to give the desired returns post listing. Since, investments made in the securities market are subjected to market related risks, the decision was taken based on the prevailing circumstances at that point in time.

49. It is the submission of the Noticees that they had borrowed ₹ 40 Lakhs each on short term basis from Pearl Dealers Pvt. Ltd. (Pearl) on September 10,

2011 and September 12, 2011, respectively, to apply in the IPO of PGEL. Further an amount of ₹ 40 lakhs taken on September 10, 2011 was returned to Pearl on February 25, 2011 without any interest. They did not know that funds were diverted from PGEL to Pearl. The Noticees have submitted a copy of the ledger of Pearl maintained in the books of Sunlight and the copy of the bank account of Sunlight in which the money was credited and repaid to Pearl. Further, the Noticees denied the allegation of PGEL siphoning off ₹ 7.25 Crores through Nimbus and Supreme and that out of ₹ 7.25 Crores, ₹ 40 Lakhs was diverted to them to make an application in the IPO of PGEL. They are neither concerned with entities like Nimbus and Supreme nor the ICDs taken by PGEL from other entities and other financial transactions between PGEL and other entities, or the disclosures made by PGEL in its offer documents. Further, the Noticees stated that they had not received any monies directly from PGEL during the relevant period.

- 50.** It is the Noticees contention that if it were true that they had applied in the IPO out of the funds diverted by PGEL then the action should have also been initiated against Pearl and Scanpoint Infoware Pvt. Ltd. (who had transferred funds to Pearl). Since, no action is initiated against Pearl or Scanpoint Infoware Pvt. Ltd., the entities alleged to have been used by PGEL to divert funds, no action can be warranted against them also. The Noticees have still not sold the 21737 shares of PGEL allotted to them. As regards the allegation that the Noticees placed their bids with Almonds Global Securities Ltd., the Noticee submitted that it had only followed the procedures specified by SEBI Regulations and was also mentioned in prospectus of the IPO of PGEL. As regards the allegation against the Noticees that they did not sell the shares of PGEL during the first three days of listing, it is the Noticees's contention that it cannot be considered to be unusual behaviour or disturbing market equilibrium. Furthermore, the Noticees have submitted that the funds they received from four entities viz. Frontier Tradecom Pvt. Ltd., Fantasy Dealcom Pvt. Ltd., Shivbhumi Tradelink Pvt. Ltd. and Stongwell Commodeal Pvt. Ltd. were only in the due course of their business. The Noticees also submitted that they were not aware of any connection between the four entities as the

Noticees themselves were not connected to these entities/ their directors in any way.

Padamprabhu Project Pvt. Ltd.:

51. Vide letter dated August 05, 2015, the Noticee submitted its reply to the SCN in the matter wherein, it submitted that it is a Company Registered under the Companies Act, 1956 and invests in securities as a part of its business and one such company whose shares the Noticee purchased was PGEL. The Noticee further submitted that it had purchased 1,40,000 shares of PGEL on September 26, 2011 (the day of listing) and subsequently, sold the same at a loss of ₹ 14,57,581/-. Further, the Noticee stated that it had not applied for shares in the IPO of PGEL. Details of the above mentioned purchase and sale of shares have been provided by the Noticee in support of its submission. The Noticee further submitted that it was in need of funds in order to effect the purchase of the shares of PGEL and therefore, had approached Raw Gold, a NBFC, who vide their letter dated September 21, 2011 agreed to provide ₹ 2,50,00,000/- in the form of ICD, for a period of 6 months @ 14.50% interest. The Noticee had anticipated an upward movement in the price of the scrip on the day of its listing, which would have earned it profit even after the payment of the interest, based on one of its recent experience with an IPO in the market. Further, the Noticee submitted that unfortunately the price of the scrip did not behave as expected and it incurred a loss rather than a profit and therefore, the Noticee repaid the entire amount of ₹ 2.50 Crores along with interest by March 31, 2012.

52. As regards the source of the funds received from Raw Gold, the Noticee submitted that it was neither aware nor concerned with the same including the borrowing and lending of funds between PGEL and Raw Gold. Further, the Noticee submitted that it is not concerned with the credit of various amounts including the proceeds of IPO into the account of PGEL, it did not transfer any money to PGEL, it is not concerned with the financial transactions between PGEL and Raw Gold and therefore, is not concerned with the use of the IPO funds by PGEL. As regards PGEL taking ICDs from various entities, the Noticee submitted that it neither is concerned nor aware of the same and itself

has not placed any amount as ICD with PGEL. The Noticee had only borrowed ₹ 2.50 Crores from NBFC (Raw Gold) to purchase shares of PGEL on the day of its listing, however, the same did not materialize. Therefore, it is not concerned with the alleged diversion of IPO funds by PGEL and the use of the same. The Noticee denied that its purchase of 1,40,000 shares of PGEL was artificial and that its purchases distorted the market equilibrium in any manner as it did not receive any funds from PGEL. Therefore, the Noticee denied being a conduit in the alleged diversion of funds.

53. It is the submission of the Noticee that it had not taken ICDs earlier and had only placed ICDs with Agauta Sugar & Chemicals Limited and Raheja Legacy Trust at lower rates. As per SEBI's findings, the Noticee had used funds borrowed from Raw Gold only to purchase the shares of PGEL and not to lend the funds to Agauta Sugar & Chemicals Ltd. and Raheja Legacy Trust. The purchase value for 1,40,000 shares as explained in Table No. 6 of the SCN is ₹ 3,76,50,000/-, which is obviously more than ₹ 2.50 Crores borrowed by the Noticee and therefore, it is the case of the Noticee that the same clearly establishes the fact that the Noticee had used its own funds in addition to money borrowed from Raw Gold to purchase the said shares of PGEL. Therefore, the Noticee denied the allegation that its aforesaid lending was to camouflage its purchase and sale transactions in the shares of PGEL. The Noticee submitted that it was a coincidence that it repaid the ICDs placed by Raw Gold with the Noticee after the ad interim order was passed by SEBI on December 28, 2011, as the ICDs were for a period of 6 months and they were not repayable at the time of passing of the said ad interim order. As regards the allegation against the Noticee that it received funds diverted by PGEL based on the premise that the money received by the Noticee from Raw Gold was used to pay its broker for purchasing shares of PGEL is also denied by the Noticee. The Noticee further submitted that Shri Sanjay Minda and Shri Sawan Kumar Jajoo are the directors of the Noticee, while also being directors of MJ Commodities and Adcon. Further, the Noticee stated that Shri Sanjay Minda is also one of the Directors of Agarwal Holdings Ltd, a listed company. Also, the Noticee submitted that its trades cannot be termed as

fraudulent merely because they were placed with the same dealer during the same time period.

M J Commodities Pvt. Ltd. :

54. Vide letter dated August 05, 2013, the Noticee submitted its reply to the SCN in the matter wherein it submitted that initiating adjudication proceedings in the matter although the earlier directions were revoked vide Ad Interim Ex Parte Order date December 28, 2011 is incomprehensible. The Noticee further submitted that it is not concerned with the alleged diversion of funds by PGEL. Further, the Noticee stated that the details of the number of shares, their face value, the price per share, total funds raised, the details of subscription received by PGEL under various categories including the QIB Category, allotment of shares by PGEL, the details of listing of the shares on BSE and NSE, the objects of the IPO of PGEL disclosed in the offer documents are a matter of record. The Noticee also submitted that it has not received any funds from PGEL and is also not connected to PGEL & its promoters or directors in any manner whatsoever and therefore, it is not concerned with the various financial transactions undertaken by PGEL. As regards the allegation that it had taken ICDs from Saptrishi and Raw Gold, the Noticee submitted that it had received monies from them by way of ICDs at 14.50% interest rate placed by them with the Noticee. However, the Noticee submitted that it had subscribed and purchased the shares of PGEL on the first day of its listing with its own funds. The Noticee denied that it is connected with entities that received funds from PGEL and also denied having acted as conduits in diversion/siphoning of funds by PGEL. Details of the ICDs have been provided by the Noticee in support of its submission. The Noticee also submitted that the ICDs so taken from Saptrishi and Raw Gold have been completely repaid by it including interest thereon.

Further, the Noticee submitted that since it does not usually borrow funds by way of ICDs and did so only during the relevant time, it cannot be the basis to allege the Noticee of acting as a conduit for diversion of IPO funds by PGEL. Additionally, the Noticee submitted that it was neither aware nor concerned with the source of the funds lent to it by Saptrishi and Raw Gold who are

NBFCs and are into the business of borrowing and lending of funds. As regards its connection with Padamprabhu, Adcon, Raw Gold, and Agarwal Holdings on the basis that they used the same stock broker at the same time as the Noticee, the Noticee submitted that they are all distinct and separate entities and are treated so by Tax and other authorities. The Noticee also denied having indulged in fraudulent trades or that it has traded using the funds diverted by PGEL.

Adcon Capital Services Ltd.:

55. Vide letter dated August 19, 2013, the Noticee submitted its reply to the SCN in the matter wherein, it submitted that initiating adjudication proceedings in the matter although the earlier directions were revoked vide Ad Interim Ex Parte Order date December 28, 2011 is incomprehensible. The Noticee further submitted that it is not concerned with the alleged diversion of funds by PGEL. Further, the Noticee stated that the details of the number of shares, their face value, the price per share, total funds raised, the details of subscription received by PGEL under various categories including the QIB Category, allotment of shares by PGEL, the details of listing of the shares on BSE and NSE, the objects of the IPO of PGEL disclosed in the offer documents are a matter of record. The Noticee also submitted that it has not received any funds from PGEL and is also not connected to PGEL & its promoters or directors in any manner whatsoever and therefore, it denied being connected with entities that received funds from PGEL. Furthermore, the Noticee denied having acted as conduits in the diversion/siphoning of funds by PGEL.
56. The Noticee submitted that it had borrowed ₹ 1.50 Crores by way of ICD from Wattkins, in the normal course of business. The Noticee further submitted that it had used its own funds to purchase shares of PGEL on September 24, 2011, and repaid ₹ 1.60 Crores (with interest) to its broker Sparkle Securities Solutions Pvt. Ltd. Further, it stated that it is irrelevant that the Noticee did not borrow any funds by way of ICDs from April 01, 2011 to May 31, 2012 and that the ICD so taken from Wattkins was extended by 3 months till March 25, 2012. Additionally, the Noticee submitted that it was neither aware nor

concerned with the source of the funds lent to it by Watkins. Therefore, the Noticee denied that any funds, including IPO proceeds, were diverted by PGEL to it for purchase of its shares. As regards its connection with Padamprabhu, M J Commodities and Agarwal Holdings, the Noticee submitted that they had only used the same stock broker at the same time. Further, the Noticee stated that they are all distinct and separate entities and are treated so by Tax and other authorities. The Noticee stated that only because it is alleged to be connected to the above mentioned entities does not mean that it had indulged in fraudulent trades in the scrip of PGEL or that it had traded using the funds diverted by PGEL.

Shri Sanjay Minda:

57. Vide letter dated August 19, 2013, the Noticee submitted his reply to the SCN in the matter, wherein, he submitted that he is the director of M J Commodities, Padamprabhu and Adcon and initiating adjudication proceedings in the matter although the earlier directions were revoked vide Ad Interim Ex Parte Order date December 28, 2011 is incomprehensible. The Noticee repeats, reiterates and confirms the submissions made by M J Commodities, Padamprabhu and Adcon in their replies and requests the same to be considered to be a part of his reply. The Noticee further submitted that he is not concerned with the alleged diversion of funds by PGEL. Further, the Noticee stated that the details of the number of shares, their face value, the price per share, total funds raised, the details of subscription received by PGEL under various categories including the QIB Category, allotment of shares by PGEL, the details of listing of the shares on BSE and NSE, the objects of the IPO of PGEL disclosed in the offer documents are a matter of record. The Noticee also submitted that neither he nor M J Commodities, Padamprabhu and Adcon have received any funds from PGEL and he is also not connected to PGEL & its promoters or directors in any manner whatsoever. Therefore, the Noticee submitted that he is not concerned with the various financial transactions undertaken by PGEL. Consequently, the Noticee denied that he is connected with entities that received funds from PGEL and that he acted as a conduit in diversion/ siphoning of funds by PGEL.

58. As regards the funds borrowed by M J Commodities, Padamprabhu and Adcon, in the form of ICDs from Raw Gold, Saptrishi and Wattkins, the Noticee submitted that the three companies have provided all the details as regards the said ICDs and they were taken in the normal course of business. Further, the Noticee submitted that the monies borrowed were repaid with interest in terms of the agreement with the lenders, which proves that the said three companies used their own monies to purchase shares of PGEL on September 24, 2011. The Noticee further submitted that he along with M J Commodities, Padamprabhu and Adcon were unaware of and were not concerned with the source of funds of Raw Gold, Saptrishi and Wattkins. The Noticee submitted that since he was not aware that money was received from PGEL in the above mentioned case he denied that any funds, including IPO proceeds, were diverted by PGEL to him along with M J Commodities, Padamprabhu and Adcon for purchase of shares of PGEL. As regards his connection with Adcon, Padamprabhu, M J Commodities and Agarwal Holdings, the Noticee submitted that it is irrelevant as they are all distinct and separate entities and are treated so by Tax and other authorities. The Noticee also denied that he along with M J Commodities, Padamprabhu and Adcon have indulged in fraudulent trades or that they traded using the funds diverted by PGEL just because they are related to each other by way of common director / common address.

Shri Bharat Bachubhai Merchant:

59. Vide letter dated January 04, 2013, the Noticee submitted his reply in the matter, where in, he stated that he is a practicing advocate and on the Roll of bar Council of Maharashtra since July 18, 1970, while he became a practicing Solicitor since November 1972. The Noticee submitted that he was surprised to know that adjudication proceedings have been initiated although an Ad Interim Ex Parte Order date December 28, 2011 was passed giving certain ad-interim directions and also including the fact that no specific transaction relation allegation was made against the Noticee and further by an order dated October 31, 2012 (inadvertently mentioned in the reply as September 31, 2012) the earlier directions were revoked. The Noticee submitted that he

was an Independent director of Nimbus Industries Ltd. (Nimbus) and had ceased to be a director prior to all the transactions, agreements executed and details derived from banks as regards specific bank accounts, mention in SCN during the period of investigation. Further, the Noticee had no pre-transaction or contemporaneous knowledge of the objectionable transaction and was aware of the same only when proceedings were initiated under order dated December 28, 2011. Since, the Noticee was not involved in the said transactions, agreements, etc., he could not be made liable for the same.

60. Vide letter dated January 16, 2013, the Noticee once again submitted a copy of the documents filed by him vide his letter dated January 04, 2013. Further, vide letter dated February 28, 2014, the Noticee filed his additional submissions in the matter and stated that by a letter dated July 24, 2013, Nimbus confirmed that statements and averments of the Noticee to the extent that he had never attended a single meeting of the Board of Directors. A copy of the said letter has been provided by the Noticee in support of the said submission. The Noticee has submitted all the information and documents as regards his appeal made in the Hon'ble Securities Appellate Tribunal against the Ad Interim Ex Parte Order date December 28, 2011 passed by the Whole Time Member, SEBI as a part of his replies. However, the same is not relevant to the present proceeding. The Noticee vide his reply dated August 21, 2015, reiterated the submissions made by them in their earlier replies and additionally stated that he is small retail investor in shares. Further, the Noticee submitted that the notice was issued to him only because he was a director of Nimbus, as regards the same, he has provided a copy of the Judgment of the Hon'ble Supreme Court in the case of Pepsico reported in 2010 Law Suit (SC) and an extract of the Head Note which said that, "A mere bald statement that a person was a Director of the Company against which certain allegation has been made is not sufficient to make such Director in the absence of any specific allegation regarding his role in the management of the company - prosecution of the Appellant "quashed".

Shri Dilip Zileadar Singh, Shri Rohit Chintamani Dubey & Shri Rakesh Pralhadrai Parikh:

61. Vide similar letters, all dated April 26, 2014, the Noticees submitted their separate / individual replies in the matter, wherein, they stated that Shri Dilip Zileadar Singh and Shri Rohit Chintamani Dubey were the directors of Mili and Shri Rakesh Pralhadrai Parikh was the director of Lona. Further, the Noticees submitted that they all had tendered their resignations on October 23, 2008, to the respective companies where they were working as directors, which is prior to the period of investigation and also sold the shares held by them on that date. Details of the letters of resignation have been provided by the Noticees in support of their submission. Upon the receipt of the SCNs, the Noticee found that Mili and Lona, had not filed the relevant Form 32 with the MCA and therefore their names were appearing as the Directors of the above mentioned companies. The Noticees have provided the relevant forms (Form 32) with respect to all the three of them in support of their submission. Therefore, the Noticees submit that since they were not the directors of these companies during the period of investigation, they cannot be held responsible for any act of omission or commission carried out by Mili and Lona.

Shri Manoj Pachlangia:

62. Vide letter dated August 24, 2015 (wrongly written as 2014) the Noticee submitted that he had tendered his resignation to the company i.e. Lona on October 23, 2008 itself, which is prior to the investigation period and sold the shares held by him on the same day. A copy of the resignation letter has been enclosed by the Noticee in support of his submission. The Noticee got to know that Lona had filed the relevant forms with MCA in 2011 only; hence his name was showing on the website of MCA as a director. A copy of the Form 32 filed by Lona is provided by the Noticee in support of his submission. In view of the above, the Noticee submitted that he cannot be held responsible for any act of omission or commission carried out by Lona.

Chin Infotech Pvt. Ltd.(Now known as Nageshwar Power Private Limited):

63. Vide letter dated July 25, 2014, the Noticee submitted its reply to the SCN in the matter, where in, it stated that, they had not indulged in any fraudulent and unfair trade practices relating to the securities market. The Noticee submitted that it is Company incorporated on March 09, 2009, under the Companies Act, 1956, having its registered office in Mumbai, with the main object of carrying on business relating to electrical, electronic appliances, computers and/ or computer peripherals and is also into the business of buying/selling shares of listed and unlisted companies from various entities in the ordinary course. The Noticee further stated that its income from operations in the years 2008-09, 2009-10 and 2010-11 was Nil, while its total income during the year 2010-11 was ₹ 9.02 Lakhs.

64. As regards the allegation of receiving ₹ 94 Lakhs from Wonder, the Noticee submitted that it had sold shares of certain unlisted companies to Wonder for a consideration of ₹ 1,05,00,000/- on April 30, 2010, by raising a Debit Note for the said sale. Also, Wonder had issued a Credit Note was on May 01, 2010 for the same. Further, as per the Noticee's books of accounts the said amount of ₹1,05,00,000/- was receivable by the Noticee from Wonder as on March 31, 2011 and the same was duly certified by its Statutory Auditors. This position also reflected in the Noticee's audited Balance Sheet filed with the Registrar of Companies on November 29, 2011, prior to which the Noticee had filed its Income Tax return for the Financial year 2010-2011 enclosing the same Balance Sheet. The Noticee also submitted that on August 18, 2011, Wonder paid an amount of ₹11,00,000/- towards part payment and paid the remaining balance of ₹94,00,000/- to the Noticee on September 07, 2011. The Noticee has provided copies of the debit note, credit note, balance sheet for the F. Y. 2010 - 2011 and ledger account confirmation as on March 2011 & March 2012 in support of its submissions. Therefore, the Noticee denies that Wonder had funded ₹ 94 Lakhs diverted by PGEL to it for purchasing shares of PGEL as the said amount of money was received by it from Wonder only in lieu of debit standing in its books of accounts. Further, the Noticee was not

aware of the fact that Wonder had received funds from PGEL which was further transferred to it.

65. As regards the IPO of PGEL in September 2011, the Noticee submitted that it had applied for allotment of shares by making an application for 30,000 shares under the NII category through the broker, Almondz Global Securities Ltd. after which an amount of ₹ 63,00,000/- (being 30,000 shares at the rate of ₹210/- per shares) was blocked in its bank account as per the ASBA process on September 12, 2011. Subsequently, post allotment of shares in the IPO of PGEL, the Noticee was allotted only 16,721 shares on pro rata basis and ₹ 35,11,410/- was debited from its bank account. Further, post listing of Shares of PGEL on NSE and BSE, the Noticee had traded in the same and the details are as follows;

Date	Buy	Sell	Net	Total shares available
15/9/2011	Allotment of 16,721 shares	-----	16,721	16,721
26/9/2011	----	10,000	(10,000)	6,721
27/9/2011	20,000	10,000	10,000	16,721
28/9/2011	12,000	12,000	-----	16,721

66. The Noticee submitted that on the date of listing, it had sold 10,000 shares of PGEL and on the next two days it bought a total of 32,000 shares and sold only 22,000 shares out of the total trading volume of 10,41,86,998 shares on BSE & NSE on the three days it had traded, which show that its trading is miniscule when compared to the total trading carried out on the stock exchanges. The Noticee also denied that it had aided and abetted PGEL in routing/diverting funds and that it acted in fraudulent manner with the investors by creating false and misleading appearance of trading in the securities market. Further, the Noticee denied providing any contradictory information during the investigation period.

67. As regards the allegation pertaining to copy of the auditor report not containing the breakup of the schedule for 'other current Assets' is concerned, the Noticee submitted that it had filed the copy of the balance sheet with ROC as per the provisions laid down under Section 211 and in the form as set out in

Part I of Schedule VI of the Companies Act, 1956. Further, as regards the allegation pertaining to the schedule forming part of the balance sheet as at March 31, 2011 are different, the Noticee submitted that SEBI had ignored the auditor's report provided by it which was duly signed and certified by one statutory authority. The Noticee denied that the auditor's report submitted by it on January 17, 2012 was not original as it contained details of various schedules and the same was not fabricated. The said balance sheet and the statutory report was duly submitted to the WTM, SEBI. The Noticee had only tried to provide complete details to SEBI and had not submitted any fabricated record since both the reports were signed by the Statutory Auditors. Further, the figures mentioned in the balance sheets completely tally and the only difference between the two balance sheets is the alignment.

68. The Noticee submitted that it is a matter of record that it had monetary transactions with Realnet, Satshri, Cellworth and Jaimini apart from Wonder, during the period between September - November 2011 and has been buying and selling shares from Satshri, Cellworth and Jaimini, have issued Debit Note & Credit Note for its trade and subsequently obtained ledger account confirmation as on March 31, 2012. A copy of the same is submitted by the Noticee in support of its submission. Further, the Noticee stated that it had advanced ICDs to Realnet worth ₹ 1 Crores and the transfer of funds on September 07, 2011 by the Noticee to Realnet was towards the repayment of the same. A copy of the ICD agreement has been provided by the Noticee in support of the same. The Noticee submitted that the amount of ICD was refunded to it as per the terms of ICD agreement along with applicable interest as follows;

Date	Particulars	Amount in ₹
02/02/2012	Refund of ICD	50 Lakh
06/02/2012	Refund of ICD	50 Lakh
30/04/2012	Interest (after deducting TDS)	3.06 Lakh

69. The Noticee has provided a copy of the ledger of Realnet in its books evidencing repayment of ICD along with interest (after deducting TDS), copy of income tax return filed for the year 2012-13, which shows the deduction of

TDS by Realnet and copy of TDS certificate issued by Realnet in support of its submission. Further, the Noticee submitted that it had received ₹ 63 Lakhs from Satshri on September 12, 2011 for the sale of shares of unlisted companies. Details of the same has been provided by the Noticee in support of its submission. As regards the allegation of monetary transactions on September 28, 2011, October 14, 2011 and November 14, 2011 with Cellworth, the Noticee submitted that, it had sold various shares of unlisted companies to Cellworth on various dates, for which it received ₹ 3.65 Crores from Cellworth and it is not concerned if Cellworth had traded on the day of listing from the IPO proceeds of the IPO diverted by PGEL and others. Details of the same has been provided by the Noticee in support of its submission.

70. As regards the Noticee receiving ₹17.5 Lakhs from Jaimini on October 14, 2011, the Noticee submitted that the same was towards the sale of shares of unlisted companies and it is not concerned if Jaimini had traded on the day of listing from the IPO proceeds of the IPO diverted by PGEL and others. Details of the same has been provided by the Noticee in support of its submission. Therefore, the Noticee submitted that its connection to Realnet, Satshri, Cellworth and Jaimini is only limited to purchase and sale of shares of unlisted companies.

Realnet Infraprojects Pvt. Ltd.(Now known as Hallmark Lifespaces Pvt. Ltd.), Directors Shri Ronak Narendra Kotecha & Shri Arun Kumar Balkrishnan Chammincheri:

71. Vide letters dated January 22, 2013 and April 15, 2013, the Noticees viz. Realnet and its directors, respectively, submitted their separate but identical replies in the matter, where in, they stated that Realnet had never invested or dealt in the IPO of PGEL or the scrip of PGEL, in any manner, either directly or indirectly, during the relevant period. The Noticees submitted that they were connected to PGEL only through the Memorandum of Understanding (MoU) dated September 02, 2011, entered into for the purpose of identification and acquisition of land in the region of Greater Noida on behalf of PGEL, although the arrangement did not materialize eventually for various commercial reasons.

72. As regards the allegation of not mentioning the total consideration in the MoU for the purchase of land, the Noticees submitted that the total consideration for purchase of land was dependent upon the final purchase price of the prospective land, which included the cost of acquisition and expenses in relation to obtaining related regulatory approvals. Since no specific land was identified at the time of entering into the MoU and it was not seemingly possible for them to estimate the exact cost of such acquisition, no specific purchase consideration was mentioned in the MoU. Further, the parties had also agreed that once the prospective land was identified, the specific price would be communicated to PGEL which would in turn pay the Noticees the requisite consideration. Moreover, the Noticees submitted that the final consideration was liable to be adjusted from the advance payment of ₹ 2 Crore accordingly. It is the case of the Noticees that due to such variables the final consideration amount was not specified in the MOU. The essential details like the area i.e Greater Noida and specific measurement i.e approximately 5 acres were mentioned in the MoU.

73. With regard to the possession of the piece of land, the Noticees admitted that they did not possess the land at the time of entering into the agreement with PGEL. On the basis of the MOU, it was decided that Realnet would arrange a land for PGEL and assist in its acquisition. However, for the expenses and consideration, PGEL was to transfer ₹ 2 Crores to Realnet. The Noticees submitted that if they were in possession of the piece of land, they would not have entered into such an understanding and would have straight away transferred the land to PGEL. During the investigation, Realnet vide its reply dated January 31, 2012 had made certain submissions in relation to possession of land and corresponding MOU with PGEL. The Noticees while reiterating the said submissions stated that they had approached PGEL and had come to know that PGEL required around 5 acres land in Noida. Based on the same, Realnet had approached certain brokers in Noida who could get land as per the requirements of PGEL. However, the brokers had mentioned that the land may have to be bought from different entities and many of them could be agriculturalists. Therefore, an upfront advance to procure the said land would be needed. It was therefore, decided between PGEL and Realnet

that an MOU for the purpose would be entered into under which PGEL would pay Realnet an advance of ₹ 2 Crores. The said fact implied that there was payment of part consideration in form of ₹ 2 Crores, but had to be adjusted accordingly depending upon the final cost of acquisition, including various expenses viz. allowances, advance or token money to be paid to the land holders etc. It is the case of the Noticees that the said agreement was meant for land identification and acquisition which has nothing to do with the securities market. Further, the Noticees stated that as per the MOU they were supposed to arrange land for PGEL admeasuring 5 acres within three months from the date of agreement.

74. With respect to the allegation against Shri Ronak Kotecha, Realnet has submitted that he being the authorized signatory of the company had signed the MOU on behalf of the company and therefore, no adverse conclusion can be made against him on mere signing of the agreement. The Noticees admitted that Realnet was a new company in the field of Real Estate business. Further, the reason as to why PGEL asked Realnet which is based in Mumbai to acquire land in Greater Noida is best known to PGEL itself. The Noticees stated that they had approached PGEL introducing their capabilities and business ventures vide their letter dated August 05, 2011 and after being staisfied with the said presentation and professional approach, PGEL had agreed to appoint Realnet to identify and acquire land in Greater Noida. With regard to the allegation as to why PGEL did not approach Ganesh Enterprises (broker in Noida region), the Noticees stated that PGEL out of its own volition and choice had appointed them to acquire the land. Realnet was in search of new opportunities to expand the base of the company for which it needed to team up with capable/ already established players in the market. Therefore, Realnet had approached Ganesh Associates, one of the capable Real Estate agents and brokers of Noida region to whom Realnet had expressed its interest in partnering. The Noticees stated that they were not aware whether PGEL was aware about the existence of Ganesh associates at the time of appointing Realnet. The cost of brokerage was incurred by Realnet with respect to the services of Ganesh Associates and PGEL was not even aware about the said assistance taken.

75. With respect to the utilization of the advance amount of ₹ 2 Crores for granting an ICD to Krika Spice International Pvt. Ltd. (Krika) amounting to misutilization of the token money, the Noticees submitted that since the process of identification of land blocks was under way and was consuming considerable period of time, Realnet had lent the money as ICD to Krika. The funds were put to use only as an intermediate use and not for any final usage. However, as the acquisition of land for PGEL could not be finalized as PGEL was not willing to acquire the land on the price being quoted by the identified seller, the money was returned to PGEL with interest. With respect to the contradictory views given by the Noticees in relation to the cancellation of the MOU vide letters dated January 20, 2012 and January 31, 2012, respectively, the Noticees submitted that there is no difference of opinion in any of the letters and both have expressed the same views. The fact remained that Realnet had failed to acquire the land as per the requirement of PGEL for the reasons of price/other specifications.

76. With regard to the allegation that Realnet had financial transaction with Chin Infotech Pvt. Ltd.(Chin), the Noticees submitted that they had borrowed an amount of ₹ 1 Crore from Chin as an ICD agreement dated September 05, 2011. The relationship between Chin and Realnet was strictly that of a lender and a borrower. The Noticees further submitted that they had repaid the said loan taken from Chin along with interest as stipulated in the ICD agreement, it was just a loan agreement and therefore, there is no basis in labeling Realnet in having financial transactions with Chin. The said loan transaction was carried out in the ordinary course of business. With respect to Chin receiving ₹ 94 Lakhs from Wonder on September 07, 2011 and having applied for the IPO of PGEL, the Noticees submitted that the only relation they had with Chin was by virtue of the ICD and therefore, it did not have any knowledge of the financial transactions entered into by Chin. The Noticees further stated that Realnet neither had any financial transactions with Wonder nor did it have any type of relationship with the said entity. Similarly, with respect to the issue of financial transaction with Shreya Multitrade Pvt. Ltd., the Noticees submitted that Realnet had entered into an ICD agreement dated September 02, 2011,

wherein, Shreya had lent Realnet an amount of ₹ 2 Crores. The said ICD was the only transaction Realnet had with Shreya. The said loan was also repaid as per the stipulations of the ICD agreement with interest.

77. With respect to the allegation that ₹ 2 Crores taken as ICDs from Shreya and Chin, respectively was transferred to Krika on the same day i.e. September 07, 2011, the Noticees stated that the said observation is a matter of record. The transfer of funds to Krika was an intermediate use of funds. Further, since Realnet was getting a little higher rate of interest as the funds were given to Krika at 9% where as the funds received from Shreya and Chin were at the rate of 8.25%, the said arrangement was entered into to make some marginal profit. The money given by Realnet to Krika was utilized by Krika for its business purposes and had nothing to do with the stock market or the IPO of PGEL.

78. With respect to the observation that payment of interest to PGEL by Realnet was in contradiction to the MOU, the Noticees submitted that it was a commercial understanding than an ulterior motive to refund PGEL the advance/token money along with the interest. As per clauses 1 and 2 of the MOU, Realnet was required to arrange for the piece of land within three months from September 02, 2011 i.e. by December 02, 2011. However, as Realnet was not able to arrange the land, it was required to refund the entire token amount to PGEL within the stipulated period. Realnet was not able to refund the token amount by December 02, 2011 and it was also not able to pay the said amount at one go. Therefore, Realnet paid interest along with the refund amount after having negotiated the terms with PGEL.

79. Vide letter dated February 28, 2014, the Noticees submitted that they had made an application for settlement under Chapter II of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014. Also, a copy of reply dated January 22, 2013 was enclosed with the said letter. It may be noted that no intimation / update was received by the office of the Adjudicating Officer with respect to the settlement application so filed by the Noticees. Further, vide letter dated September 01, 2015, the Noticees provided a copy of the written submissions dated May 13, 2014. Vide the said submissions,

the Noticees reiterated the submissions made by them in their earlier reply and additionally stated that Realnet had received ₹ 2 Crores on September 06, 2011 from PGEL, where as the IPO of PGEL closed on September 12, 2011. PGEL had received the IPO money after allotment of shares around September 22-27, 2011 and October 20, 2011, respectively, which clearly shows that the transfer of ₹ 2 Crores had no relation with the alleged IPO fund. Further, the said amount was returned by Realnet on December 22, 2011 and December 27, 2011. In support of the said submissions, Realnet has provided a copy of the bank statement highlighting payment received and made by Realnet to PGEL.

80. With regard to the payment of ₹ 1 Crore received from Chin Info tech Pvt. Ltd. on September 05, 2011, the Noticees submitted that the same was borrowed by way of an ICD agreement and was also duly repaid. The Noticee's stated that the said transaction had no connection/relation with the transaction between Chin Info tech Pvt. Ltd. and Wonder Vincom (who allegedly received funds from PGEL). Therefore, the observation in relation to the said transaction has no bearing on the financial transaction between Hallmark lifespaces Pvt. Ltd. (Realnet) and Chin Info tech Pvt. Ltd., consequently has no association with IPO of PGEL. The money so borrowed by Hallmark lifespaces Pvt. Ltd. (Realnet) was not used for any transactions in the capital market.

81. The Noticees submitted with regard to the observation made in relation to Shreya Multitrade Pvt. Ltd. and the restraint directions imposed by SEBI in the matter of Taksheel Ltd. that, the said fact has no bearing or relation with the financial transactions they had with Shreya Multitrade Pvt. Ltd. Further, the Noticees submitted that the money that was borrowed from Shreya Multitrade was not used for any transactions in the capital market. Additionally, the Noticees submitted that on the same day, Hallmark lifespaces Pvt. Ltd. (Realnet) transferred ₹ 2 Crores by way of an ICD to Krika Spice International Pvt. Ltd. The Noticees submitted that the money given by Hallmark lifespaces Pvt. Ltd. (Realnet) was used by Krika for its business purposes and had nothing to do with the stock market/ PGEL or IPO of PGEL. Therefore, it is the

Noticee's submission that the charge of siphoning off of funds from PGEL does not stand against them.

FINDINGS:

19. I have carefully perused the allegations levelled against the Noticees in the SCN, their written submissions, the material available on record and also the Order dated August 30, 2016 passed by the Hon'ble SAT in Appeal No. 144 of 2014 filed by PGEL and its directors. The issues that arise for consideration in the present case in terms of SCNs and also as per Hon'ble Securities Appellate Tribunal's Order dated August 30, 2016 (hereinafter referred to as SAT) broadly are as under:

- 1) Non disclosure of certain material information in the offer documents
- 2) Diversion of IPO proceeds and other funds to entities which purchased the shares of the company to ensure full subscription to the IPO.

82. I shall now reproduce the observations and conclusions arrived at by the Hon'ble SAT vide its order dated August 30, 2016 (passed on the same subject matter) which are as under:

"

36. *Turning to the fact situation of the present case, we note that five broad issues have been succinctly enunciated in the course of the hearing before us and we shall now deal with those individually to identify the extent of the Appellant's misconduct, if any.*

37. *The first allegation levelled against the Appellant deals with the failure to disclose items which amounted to material information and ought to have been disclosed in the offer documents.*

38. *The first instance of non-disclosure relates to ICDs taken by the Appellant in the nature of bridge loans. A bridge loan in financial parlance is nothing but a short-term loan availed of by companies to meet their immediate fiscal requirements, this is precisely what an inter-corporate deposit represents. Clause 2(VII)(G) of Part A mandates the disclosure of bridge loans or any other financial arrangement which the concerned company intends to repay out of the proceeds of the issue. As per the facts of the case, the Appellant executed ICD agreements*

with seven entities, namely Jainex, Prraneta, Agarwal Holdings Ltd., JRI Industries and Infrastructure Ltd., Vineet Capital Services Pvt. Ltd., Jay Polychem (India) Pvt. Ltd., and Urmi Computers Pvt. Ltd. It is pertinent to note that all these seven agreements, vide which the Appellant received an aggregate of around ₹ 52 crore, were executed after the filing of the RHP, but before the filing of the Prospectus i.e., between August 17, 2011 and August 31, 2011. A perusal of the Impugned Order dated March 11, 2014 clearly points out that the Appellant could not have disclosed this information in the Draft RHP, which was filed on September 23, 2010 or even in the RHP which was filed, after incorporating SEBI's suggestions and on being approved by the Company's Board of Directors on August 17, 2011. This Board Resolution was communicated by the Appellant to its Merchant Banker on August 17, 2011 itself whose duty it was to incorporate this factum of bridge loan in the Prospectus. The Merchant Banker seems to have a great hurry to file the RHP on the same date due to which the bridge loan aspect did not find a mention either in the RHP or the Prospectus.

39. Be that as it may. This is an important information and should have been incorporated in the offer documents so as to enable the prospective investors to appreciate the company's financial background in a better manner before investing in the forthcoming IPO. Moreover, intention or the lack thereof behind the non-disclosure does not matter much, particularly in light of the mandatory language of Clause 2(VII) (G) to the effect that any loan in the nature of a bridge loan must be disclosed in the offer document. We, therefore, hold that the ICD agreements should have been disclosed in the Prospectus at the least, even if they could not practically be disclosed in the DRHP or RHP by the Appellant. The charge against the Appellant to the extent of non-disclosure of bridge loan, thus, stands proved.

40. The second allegation of non-disclosure in the RHP and Prospectus relates to the non-disclosure of the Company's Board Resolution dated August 17, 2011 to invest the IPO Proceeds in ICDs of other companies. In pursuance thereof, three ICD agreements were entered into between the Appellant and the concerned parties for amounts of ₹15 crore, ₹7 crore and ₹10 crore. Although by disclosing in the Prospectus that the Appellant intends to invest the IPO Proceeds in interest bearing liquid instruments, the Appellant satisfied the disclosure requirements as per the ICDR Regulations, the Appellant did not in categorical terms disclose that it wished to invest the IPO Proceeds in ICDs. We note that even though the Prospectus did state that the Appellant would be investing the IPO proceeds in high-quality interest bearing liquid instruments, the expression 'ICD' is absent from the

disclosure. The Appellant should, therefore, have fairly disclosed the abovesaid relevant information, if not material, regarding ICDs in the RHP and Prospectus filed with the Respondent.

41. But the contention of the Respondent that Appellant failed to disclose the placement of purchase orders for plant and machinery is not sustainable in view of the fact that it is evident from the records that the RHP and Prospectus do contain the names of these very suppliers whose quotations had already been disclosed and the machinery was purchased from these suppliers infact.

42. The Respondent has submitted before us that the list of suppliers of plastic granules to the Appellant, as disclosed in the offer documents, omits the names of Nimbus and Supreme and that this amounts to non-disclosure of material information. From the facts it is borne out that the Appellant entered into two separate agreements with both entities on August 31, 2011. The value of the agreement executed with Nimbus was ₹3.5 crore and that of the agreement executed with Supreme was ₹5 crore. The reasons put forth by the Appellant regarding this omission are that firstly, the list was not exhaustive and secondly, the list disclosed names of manufacturers of raw materials and since Nimbus and Supreme were traders and not manufacturers, the list did not include their names. Thus, the purpose underlying the principle of disclosure had been achieved by disclosing the same names in the offer documents in one context or the other. It is, therefore, wrong to hold the Appellant guilty of simple non-disclosure in this regard. At the most it would be an inadvertent omission.

43. Finally, the Appellant has been held guilty by the Respondent for allegedly not disclosing agreements and MOUs entered into for the purchase of land. Agreements for the purchase of land were executed with Saptrishi, Safeco, Realnet and Eastern Resorts, aggregating to an amount of ₹80 crore between the date of filing of the RHP and the date of filing the Prospectus. Out of the ₹80 crore (approximate value), around ₹37 crore was paid in advance to the aforementioned entities in pursuance of the said land deals, however, the details regarding the same were not mentioned at the appropriate place in the Prospectus. The Appellant, however, stated that it had “not entered into any commitment for any strategic initiatives...” which as per the Respondent is a misstatement. The Appellant’s defense that the aforesaid agreements did not need to be disclosed since they fell under the “General Corporate Purpose” head cannot be accepted because the money allocated towards general corporate purposes was only ₹21.4 crore as opposed to the ₹80 crore which was sought to be spent on the

land purchase agreements. In this regard, therefore, the Impugned Order does not carry any legal infirmity.

44. We now come to the second issue as crystallized hereinabove viz., first, the diversion of IPO Proceeds through the repayment of ICDs and second, through investment in ICDs of other companies by the Appellant. From the records it is borne out that the Appellant spent an amount of ₹44.40 crore towards the repayment of ICDs it had taken from Jainex and Prraneta on September 22, 2011, i.e., immediately after the closing of the IPO. This amount was eventually returned to the Appellant. Similarly, the Appellant is also alleged to have diverted proceeds through investment in ICDs of other companies. It is a matter of fact that out of the ₹33 crore transferred to Saptrishi, a sum of ₹15 crore was transferred to entities such as Jaimini and Cellworth. Jaimini used ₹1.5 crore to buy shares of the Appellant in the IPO, and routed around ₹3.5 crore to Saptrishi and Frank. Further, it becomes clear from a perusal of the documents produced before us that the IPO Proceeds were used to pay entities which either bought the Appellant's shares themselves or transferred the money further along to other entities which then dealt in the Appellant's scrip. The Appellant also transferred ₹7 crore to Raw Gold which paid ₹5 crore to MJ Commodities and Padamprabhu both of which bought the Appellant's shares. ₹9.5 crore was also paid by the Appellant through Wattkins to Eden Financial Services and Adcon. Eden paid some money to Pushpanjali who, in turn, transferred it to Cellworth and Jaimini, both of which traded in the Appellant's scrip on the date of listing. Further, Adcon transferred money to its broker in order to buy the Appellant's shares. In this context, it is noted that the ICDs were placed by the Appellant and taken around the same time. Therefore, it is indeed hard to accept the Appellant's submission that it was in need of funds for running its day to day business and hence the finding in the impugned order in this regard cannot be upset.

45. The third allegation levelled against the Appellant is regarding diversion of funds through purchase orders. It is the Respondent's case that the Appellant's dealings with Modi Alloys and Aggarwal Steels were meant to divert money to entities which could eventually buy the Appellant's shares. From the facts it is borne out that a sum of ₹19.65 crore was received by Modi Alloys from the Appellant and out of this around ₹12 crore was given to Wonder Vincom which, in turn, paid the money to Chin Info, Safford and Nihal, which seem to have bought the Appellant's shares. Similarly, almost ₹4 crore was given by Aggarwal Steels to other entities, after having received ₹5 crore from the Appellant.

46. Copies of invoices, delivery challans and receipts regarding Municipal Taxes etc. have been brought on record by the Appellant to establish the genuineness of its transactions with Aggarwal Steels as well as Modi Alloys. It is not the case of the Respondent that these documents have been fabricated by the Appellant. In fact there is no evidence on record which may create doubt as to the genuineness of these documents in question. Further, the Respondent's argument that Appellant made advances of almost ₹30 crore to Modi Alloys and Aggarwal Steels in August - September 2011 and only received delivery of all equipment by June 2012, does not hold a lot of significance since this was an understanding arrived at by the Appellant on the one hand and Modi Alloys and Aggarwal Steels on the other, purely on the basis of their business requirements and other commercial considerations. The Appellant cannot be, thus, held to be guilty of this part of the charge as well.

47. Next, the Respondent submits that an amount of ₹7.25 crore was transferred by the Appellant to Nimbus and SCL on the pretext of plastic granules. Nimbus and SCL, in turn, transferred money to entities such as Sunlight, Scanpoint, Pearl, Fantasy and Cosmos which either bought the Appellant's shares themselves or went on to further transfer the money to other entities which finally purchased the Appellant's shares. However, it is a matter of fact that the agreements executed with Nimbus and Supreme were finally cancelled on the insistence of Nimbus and Supreme when the Interim Order was passed against the Appellant on December 28, 2011. We note that since these agreements stand cancelled their veracity need not be dwelled into. However, we do note from the records that an amount of ₹3.77 crore which was transferred to Supreme was not transferred from the IPO Proceeds but from the Appellant's own funds. The Appellant submits that it has initiated winding up proceedings against Supreme since it has been unable to get a refund of the said amount. This is the only amount that has yet to be recovered by the Appellant and the process for the same is stated to be currently underway.

48. Further, it is a matter of fact that there is no connection between the Appellant itself and any of the entities to which money was paid by Modi, Aggarwal, Nimbus or Supreme. The respondent has not taken note of the fact, in this regards, that the IPO was fully underwritten by the Lead Merchant Banker as per law by way of a separate contract, and hence, there was no need for the Appellant to have indulged in such a scheme of diverting the funds. Thus, the Respondent's plea that money was diverted through purchase orders seems a bit far-fetched and we, therefore, hold that the Appellant was merely engaging in its usual

commercial activities while transacting business with Modi, Aggarwal, Nimbus and Supreme who would have bought shares in the IPO in question. No cogent and convincing evidence is brought on record by the respondent that those entities had any relationship in the form commonality of directors, control, address etc. There is nothing to draw the inference that the Appellant motivated or pressurized, in any manner, to purchase its shares in the IPO in question.

49. The fourth allegation pertains to diversion of IPO Proceeds through agreements executed for the purchase of land with Saptrishi, Safeco, Realnet and Eastern Resorts. The Appellant has stated that the disparity in price between the consideration paid by Saptrishi for the land and the price that the Appellant paid to Saptrishi was owing to several factors such as conversion of the land from agricultural to non-agricultural, the developmental cost of the land and the cost to build a factory thereon. The Appellant has produced certain documents on record which corroborate the Appellant's submissions. The authenticity of these documents is not disputed and a few particularly relevant ones are mentioned hereinbelow:

- a) Letter dated August 5, 2011 from Realnet to the Appellant stating that they are awaiting a positive response.*
- b) Letter dated August 30, 2011 from Realnet to the Appellant stating that they would require an advance payment of Rs. 3 crore.*
- c) MoU dated September 2, 2011 executed between Realnet and the Appellant.*
- d) Letter dated November 26, 2011 from the Appellant to Realnet stating that the Appellant wished to be updated on the agreement executed between the two parties as per which Realnet had undertaken the task of procuring land for industrial use by the Appellant, and that the time-period of the agreement was soon coming to an end.*
- e) Letter dated December 1, 2011 from Realnet to the Appellant stating that they have failed to provide land and will return the money to the Appellant at 14% interest p.a.*
- f) MoU dated August 26, 2011 executed between Eastern and the Appellant.*
- g) Cancellation of MoU executed between Eastern and the Appellant on October 11, 2011.*
- h) MoU executed between August 27, 2011 between the Appellant and Safeco.*
- i) Letter dated December 22, 2011 from the Appellant to Safeco asking for an update on the status regarding the procurement of*

land for the Appellant since the time-period prescribed in the agreement for this purpose was drawing to a close and that funds would need to be arranged for the same according to the update provided.

- j) Letter dated December 25, 2012 from Safeco to the Appellant stating that Safeco had been debarred from the securities market owing to allegations of siphoning off funds received from the Appellant and are, therefore, refunding the advance payment made to them by the Appellant.*
- k) Cancellation deed dated March 20, 2012 executed between the Appellant and Safeco.*

50. An analysis of the abovesaid documents reveals that the Appellant's dealings with Saptrishi, as far as the agreement for the purchase of land is concerned, are genuine and not illegal or fabricated. It is argued by Shri Rustomjee, learned senior counsel for the Respondent, that the Appellant entered into an MOU with Realnet which did not mention the total amount to be paid for the land and that even though Realnet conducted its business primarily in Mumbai and it was vested with the responsibility of locating land for the Appellant in Noida. These arguments of the Respondent are without any basis since there is nothing in law or on fact to lead to any inference that because Realnet was conducting its business in Mumbai it would be unable to procure land in Greater Noida. Moreover, the agreement now stands cancelled and the advance of `2 crore had since been returned even before the passing of the Impugned Order in question. Similarly, the MOU executed with Safeco has been cancelled and the entire amount of `15 crore has been refunded to the Appellant. In such a situation, the submissions of the Respondent appear to be based on material which is completely inadequate, particularly when the charge pertaining to PFUTP is sought to be established against the Appellant. There has to be sufficient material to bring home such a severe charge against the Appellant. The charge relating to violation of PFUTP Regulations is a serious charge and hence a higher degree of proof is required to sustain it. In the instant case, such a charge has not been established against the Appellant by adducing cogent reasoning and convincing evidence. Furthermore, in this context, it is pertinent to note that the Appellant undoubtedly advanced various amounts to various entities for different purposes viz for purchasing raw materials, land, machinery, ICD advance etc. These transactions, qua the Appellant cannot, by themselves, be treated as link to the series of transactions which might have led to the purchase of the Appellant's share in the IPO.

51. *The Respondent's final allegation is that of failure to prevent misrepresentation in respect of the amount of the term loan availed of by the Appellant from Standard Chartered Bank apparently by first mentioning in the RHP and Prospectus that an amount of almost ₹37 crore was sanctioned by the bank and then on the following page stating that the amount so sanctioned by the bank was "Nil". This is clearly an inadvertent error on the part of the Appellant and we do not expect SEBI to transform insignificant issues into claims that do not deserve a second look. We, therefore, hold that it was not the Appellant's endeavour to misrepresent the amount of term loan sanctioned by the Standard Chartered Bank.*

52. *The abovesaid discussion particularly in paragraphs No. 40, 45 and 50 all clearly establishes that the punishment of ten years' debarment to enter the capital market imposed on the Appellant, is highly disproportionate and calls for modification to meet the ends of justice in the case in hand.*

53. *To sum up, the Appellant has partially failed to ensure proper disclosure of material information which was required for the investors in order to enable them to take an informed decision to invest or not to invest in the IPO in question. However, there are certain facts which remain undisputed. One, that there is no connivance or connection for that matter which has been established between the Appellant itself and entities further down in the line of transfer which eventually purchased the Appellant's shares and dealt in its scrip once it was listed on the stock exchange. There is no commonality of directors, or registered addresses or any other incidents which can lead to such an inference that the Appellant was involved in the transfer of funds to certain such entities which, inter-alia, bought the Appellant's share in the IPO. Further, invoices and other documents have been produced by the Appellant for the purchase of raw materials and equipments required to run the business, and their validity is not in question. It is pertinently noted that most of the money which the Respondent alleges to have been transferred has been returned to the Appellant. The Respondent has fairly submitted that the Auditor appointed by SEBI itself has in its report dated January 25, 2016 noted that an amount of `80 crore has been successfully recalled by the Appellant and the Respondent has scrutinized the utilization thereof. It is also a fact that the Appellant has already recalled moneys recoverable owing to ICDs, cancelled contracts pertaining to land purchase, except an amount of ₹3.77 crore as explicated hereinabove with respect to which the Appellant has initiated the winding up of the company called Supreme. It shows the respect for and earnest desire of the Appellant to abide by SEBI's regulatory*

directions.

54. Further, it remains undisputed that ICDs which were given out of the IPO Proceeds to the tune of ₹32 crore given as ICDs to Saptrishi, Raw Gold and Wattkins. Today, however, this amount of ₹32 crore has been received by the Appellant, albeit with certain amount of delay. It is also to be noted that minutes of the annual general meeting held on September 12, 2012, attached as **Exhibit F2** of the Appeal clarify that unequivocal permission was granted to the Board of the Appellant, as per Section 61 of the Companies Act, 1956, to alter the utilization of the IPO Proceeds and to use the proceeds as the directors deemed fit. Therefore, looking into the totality of the facts and circumstances of the case in hand, the Respondent should not have imposed the punishments of debarment from the market for a long period of one decade. Given that, some of the Respondent's allegations levelled in the Impugned Order, and particularly dealt with in this order in paragraphs no. 40, 45, and 50 cannot be sustained in law or on fact as elucidated, this Tribunal is of the opinion that in order to meet the ends of justice the period of debarment from the securities market of ten years imposed upon the Appellant should be reduced to seven years as the Appellant has already suffered by remaining out of the market for a period of more than four and half years by now. Ordered accordingly. As far as the money lying in the escrow account is concerned, the Appellant shall be at liberty to use the objects of the IPO as per law.

The impugned Order is, therefore, modified to the specified extent and the appeal is disposed of with no order as to costs. "

83. To sum up, Hon'ble SAT has upheld the allegations vis-a-vis non-disclosure of ICD agreements which were in the form of Bridge Loans executed by PGEL in the Prospectus, non-disclosure of its Board Resolution dated August 17, 2011 to invest the IPO proceeds in ICDs of other companies and non-disclosure of agreements for purchase of land executed with Saptrishi, Safeco, Realnet and Eastern Resorts aggregating to ₹ 80 Crores between the date of RHP and Prospectus.

84. In view of the above, I conclude that PGEL and its directors namely, Shri Pramod Gupta, Shri Anurag Gupta, Shri Vishal Gupta and Shri Vikas Gupta have violated the provisions of Regulations 57(1), 60(4)(a), 60(7)(a) of ICDR Regulations and Clauses 2(VII)(G), 2(VIII)(B)(5)(b) & (6) and 2(XVI)(B)(2) of Part A of Schedule VIII read with Regulation 57(2)(a) of ICDR Regulations

warranting imposition of monetary penalty as prescribed under Section 15HB of the SEBI Act, 1992 which reads as under:

Penalty for contravention where no separate penalty has been provided.

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

85. As regards the violation of the provisions of PFUTP Regulations by PGEL and its directors, I find that the Hon'ble SAT has not found merit in the said allegations. In this regard, the Hon'ble SAT has observed as under:

"The charge relating to violation of PFUTP Regulations is a serious charge and hence a higher degree of proof is required to sustain it. In the instant case, such a charge has not been established against the Appellant by adducing cogent reasoning and convincing evidence. Furthermore, in this context, it is pertinent to note that the Appellant undoubtedly advanced various amounts to various entities for different purposes viz for purchasing raw materials, land, machinery, ICD advance etc. These transactions, qua the Appellant cannot, by themselves, be treated as link to the series of transactions which might have led to the purchase of the Appellant's share in the IPO.

.....There is no commonality of directors, or registered addresses or any other incidents which can lead to such an inference that the Appellant was involved in the transfer of funds to certain such entities which, inter-alia, bought the Appellant's share in the IPO. Further, invoices and other documents have been produced by the Appellant for the purchase of raw materials and equipments required to run the business, and their validity is not in question. It is pertinently noted that most of the money which the Respondent alleges to have been transferred has been returned to the Appellant. The Respondent has fairly submitted that the Auditor appointed by SEBI itself has in its report dated January 25, 2016 noted that an amount of `80 crore has been successfully recalled by the Appellant and the Respondent has scrutinized the utilization thereof. It is also a fact that the Appellant has already recalled moneys recoverable owing to ICDs, cancelled contracts pertaining to land purchase, except an amount of ` 3.77 crore as explicated hereinabove with respect to which the Appellant has initiated the winding up of the company called Supreme. It shows the respect for and earnest desire of the Appellant to abide by SEBI's regulatory directions."

86. In the light of the above observations of the Hon'ble SAT, I conclude that the allegation of violation of the provisions of the PFUTP Regulations against the 91 entities cannot sustain.

87. Now, coming to the charge of non-compliance of summons. I find that 26 entities viz. Jainex, Prraneta, ETL, Paradise, Jasmine, Modi Alloys, Aggarwal Steel, Wonder Vincom, Sunlight, Nimbus, Supreme, Satshri, Saptrishi, Wattkins, Jaimini, Cellworth, Jagdamba, Pasupati, Frank, Mili, Lona, Virgo, Season, Raw Gold, Nihal and Safeco have been alleged with the said charge. Further, the details of the said non-compliance by the said entities is as under:

Sr. No.	Name of entity	Summons (Date)	Details of delivery	Reply to the referred summons, if any	Non-Compliance
1	Jainex	Summons dated May 21, 2012	Delivered	Jainex vide its letter dated June 01, 2012 sought an extension of 21 days time.	However, Jainex did not provide the information/ documents.
2	Prraneta	Summons dated May 21, 2012	Delivered	NIL	Prraneta did not provide the information/ documents.
3	Modi Alloys	Summons dated May 21, 2012	Delivered	Modi Alloys vide its letter dated June 09, 2012 has provided incomplete reply.	Modi Alloys did not provide the details of its dealings with PGEL, Wonder Vincom and other entities etc.
4	Aggarwal Steel	Summons dated May 21, 2012	Delivered	Aggarwal Steel vide its letter dated June 12, 2012 has provided incomplete reply.	Aggarwal Steel did not provide the details of its dealings with PGEL, Wonder Vincom and other entities.
5	Wonder Vincom	1. Summons dated March 02, 2012 2. Summons dated May 21, 2012	Delivered	NIL	Wonder Vincom did not provide the information/ documents.
6	Nimbus	Summons dated May 21, 2012	Delivered	Nimbus vide its letter dated June 04, 2012 has sought extension of time by few days.	However, Nimbus did not provide the information/ documents.
7	Supreme	Summons dated May 21, 2012	Delivered	NIL	Supreme did not provide the information/ documents.
8	Saptrishi	1. Summons dated March 02, 2012 2. Summons dated May 21, 2012	Delivered	Saptrishi vide its letter dated June 02, 2012 has sought an extension of time by 4 weeks.	However, Saptrishi did not provide the information/ documents.
9	Jaimini	Summons dated May 21, 2012	Delivered through its broker	NIL	Jaimini did not provide the information/ documents.

			Indianivesh		
10	Satshri	Summons dated May 21, 2012	Delivered through its broker Indianivesh	NIL	Satshri did not provide the information/ documents.
11	Frank	Summons dated May 21, 2012	Delivered through its broker IIT Investrust Limited	NIL	Frank did not provide the information/ documents.
12	Cellworth	Summons dated May 21, 2012	Delivered through its broker Indianivesh	NIL	Cellworth did not provide the information/ documents.
13	Mili	Summons dated May 21, 2012	Delivered through its broker IIT Investrust Limited	NIL	Mili did not provide the information/ documents.
14	Lona	Summons dated May 21, 2012	Delivered through its broker IIT Investrust Limited	NIL	Lona did not provide the information/ documents.
15	Jagdamba	Summons dated May 21, 2012	Delivered	NIL	Jagdamba did not provide the information/ documents.
16	Virgo	Summons dated May 21, 2012	Delivered through its broker Swastika Investmart	NIL	Virgo did not provide the information/ documents.
17	Season	Summons dated May 21, 2012	Delivered through its broker Swastika Investmart	NIL	Season did not provide the information/ documents.
18	Raw Gold	Summons dated May 21, 2012	Delivered	NIL	Raw Gold did not provide the information/ documents.
19	Wattkins	Summons dated May 21, 2012	Delivered	Wattkins vide its letter dated June 01, 2012 has sought extension of time by 21 days.	However, Wattkins did not provide the information/ documents.
20	Safeco	1. Summons dated March 02, 2012 2. Summons dated May 21, 2012	Delivered	Safeco vide its letter dated June 23, 2012 has provided incomplete reply. Further, Safeco has mentioned that it would be submitting the other information/ documents in due course.	Safeco did not provide <i>inter alia</i> details pertaining to its transaction with PGEL and other entities etc.
21	Sunlight	Summons dated May 21, 2012	Delivered through its broker Eureka Stock & Share Broking Services Ltd	NIL	Sunlight did not provide the information/ documents.
22	ETL	Summons dated May 21, 2012	Delivered	ETL vide its letter dated June 02, 2012 has sought an extension of 3 weeks time.	However, ETL did not provide the information/ documents.

23	Paradise	Summons dated May 21, 2012	Delivered through its broker Indianivesh	Paradise vide its letter dated July 26, 2012 has sought extension of time by 4 weeks.	Paradise did not provide the desired information/ documents.
24	Jasmine	Summons dated May 21, 2012	Delivered	Jasmine vide its letter dated June 07, 2012 has sought an extension of 3 weeks time.	However, Jasmine did not provide the information/ documents.
25	Nihal	Summons dated May 21, 2012	Delivered	NIL	Nihal did not provide the information/ documents.
26	Pasupati	Summons dated May 21, 2012	Delivered	NIL	Pasupati did not provide the information/ documents.

88. From the above table, I find that although the summons were delivered to the above entities, the entities failed to provide the information / documents in the matter. Due to the non-cooperation from the abovementioned 26 entities, I find that the investigation process was hampered.

89. I note that the Hon'ble SAT in *Appeal No.95 of 2004 in Mayfair Paper & Board Pvt. Ltd. Vs. SEBI* has held that *“failure to furnish information to the Investigating Authority of SEBI shall attract the penalty prescribed under section 15A of the SEBI Act”*.

90. Further, the Hon'ble SAT in Appeal No. 22 of 2016 in *Gazala Constructions Private Limited Vs. SEBI* has held that *“Once it is established that there is failure to furnish requisite particulars called for and there is failure to appear before the concerned officer of SEBI as per the summons issued to the appellant, it obviously means that there is violation of section 11C(3) and section 11C(5) of SEBI Act. Penalty for such violations under section 15A(b) of the SEBI Act is ₹ 1 lakh per day subject to a maximum of ₹1 crore”*.

91. In view of the above, I conclude that by failing to comply with the summons issued by the Investigating Authority, the entities viz. Jainex, Prraneta, ETL, Paradise, Jasmine, Modi Alloys, Aggarwal Steel, Wonder Vincom, Sunlight, Nimbus, Supreme, Satshri, Saptrishi, Wattkins, Jaimini, Cellworth, Jagdamba, Pasupati, Frank, Mili, Lona, Virgo, Season, Raw Gold, Nihal and Safeco have

violated the provisions of Section 11C(2) and (3) of the SEBI Act, 1992 warranting monetary penalty as prescribed under Section 15A(a) of the SEBI Act, 1992 which reads as under:

Penalty for failure to furnish information return etc.

15A. *If any person, who is required under this Act or any rules or regulations made thereunder, -*

(a) *to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.*

92. Here, it is important to refer to the observation of the Hon'ble Supreme Court of India in the matter of **SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)** wherein it was held that: *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant..."*.

93. While determining the quantum of penalty under Sections 15A(a) and 15HB, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

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.

Explanation - *For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.*

94. I observe that the investigation report has not quantified any gain or unfair advantage accrued to the Noticees or the loss caused to an investor or group of investors as a result of the said defaults. The defaults of the Noticees are not repetitive in nature.

ORDER

95. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15-I (2) of the SEBI Act read with Rule 5 of the Adjudication Rules, I conclude that the present adjudication proceedings initiated against the 91 entities for the violation of PFUTP Regulations stand disposed of. Further, I hereby impose monetary penalties as under for the violation of ICDR Regulations by PGEL and its directors and for violation of the provisions of Section 11C(2) and (3) of the SEBI Act, 1992 by the 26 entities:

Sr. No.	Name of the Noticee	Penal provision (i.e. Section under SEBI Act)	Amount of Penalty (₹)
1.	PG Electroplast Limited	15HB	1,00,00,000/- (Rupees One Crore Only)
2.	Shri Pramod Kumar Gupta, Chairman and Managing Director	15HB	1,00,00,000/- (Rupees One Crore Only)
3.	Shri Anurag Gupta, Executive Director	15HB	1,00,00,000/- (Rupees One Crore Only)
4.	Shri Vishal Gupta, Executive Director	15HB	1,00,00,000/- (Rupees One Crore Only)
5.	Shri Vikas Gupta, Executive Director	15HB	1,00,00,000/- (Rupees One Crore Only)
6.	Prraneta Industries Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
7.	Saptrishi Suppliers Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
8.	Raw Gold Securities Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
9.	Wattkins Commerce Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)

10	Modi Alloys India Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
11	Jainex Securities Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
12	Nimbus Industries Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
13	Cellworth Mercantile Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
14	Jaimini Trading Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
15	ETL Infrastructure Finance Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
16	Season Multitrade Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
17	Wonder Vincom Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
18	Pasupati Enclave Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
19	Satsfri Multitrade Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
20	Frank Mercantile Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
21	Nihal Mercantile Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
22	Virgo Mercantile Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
23	Lona Mercantile Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
24	Jagdamba Complex Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
25	Mili Commodities Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
26	Paradise Tradecom Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
27	Jasmine Dealcom Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
28	Supreme Communication Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
29	Safeco Projects Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
30	Sunlight Financial Advisory Pvt. Ltd.	15A(a)	1,00,000/- (Rupees One Lakh Only)
31	Aggarwal Steel Rolling Mills & Metal Industries	15A(a)	1,00,000/- (Rupees One Lakh Only)

	TOTAL		5,26,00,000/- (Rupees Five Crore Twenty Six Lakh Only)
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I am of the view that the said penalties are commensurate with the violations committed by the Noticees.

96. The amount of penalty shall be paid either by way of demand draft in favor of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by e-payment in the account of "SEBI - Penalties Remittable to Government of India ", A/c No. 31465271959, State Bank of India, Bandra Kurla Complex Branch, RTGS Code SBIN0004380 within 45 days of receipt of this order. The said demand draft or forwarding details and confirmation of e-payment made in the format as given in table below should be forwarded to " The Division Chief (Enforcement Department - DRA-IV), Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 052.

1.	Case Name :	
2.	Name of Payee:	
3.	Date of Payment:	
4.	Amount Paid:	
5.	Transaction No:	
6.	Bank details in which payments is made :	
7.	Payment is made for: (like penalties/ disgorgement / recovery/ settlement amount and legal charges along with order details)	

97. Copies of this order are being sent to the Noticees and also to the SEBI, in terms of Rule 6 of the Adjudication Rules.

Date: August 02, 2017

Place: Mumbai

**D. SURA REDDY
GENERAL MANAGER &
ADJUDICATING OFFICER**