

SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: S. K. MOHANTY, WHOLE TIME MEMBER

ORDER

**UNDER SECTION 11(1), 11(4) AND 11B(1) OF THE SECURITIES AND EXCHANGE
BOARD OF INDIA ACT, 1992 IN THE MATTER OF SECUNDERABAD
HEALTHCARE LIMITED**

In respect of

Sr. No.	Noticee No.	Name of the Noticees	PAN
1.	2.	SKR Supreme Electronics & Trading Private Limited	AAECS9028D
2.	3.	Nishottam Traders Private Limited	AACCN7655D
3.	6.	Jabeen Tradelink Private Limited	AACCCJ2408A
4.	7.	Gajpal Buildinfra Private Limited	AADCG5699R
5.	8.	Nirvana Mall Management Co. Private Limited	AACCN2665B
6.	10.	Aansal Securities Services Private Limited	AAFCA3926K

The above-mentioned entities are individually referred to by their respective noticee number as assigned in the Show Cause Notice dated July 19, 2019 and collectively referred to as "Noticees")

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") passed an order dated April 30, 2021 (hereinafter referred to as "**SEBI Order**") against 10 entities namely Secunderabad Healthcare Limited (hereinafter referred to as "**SHL/ Company**") and 9 other entities including SKR Supreme Electronics & Trading Private Limited (hereinafter referred to as "**SKR**")/Noticee no. 2 therein), Nishottam Traders Private Limited (hereinafter referred to as "**Nishottam**")/Noticee no. 3 therein), Jabeen Tradelink Private Limited (hereinafter referred to as "**Jabeen**")/Noticee no. 6 therein), Gajpal Buildinfra Private Limited (hereinafter referred to as "**Gajpal**")/Noticee no. 7 therein), Nirvana Mall Management Co. Private Limited (hereinafter referred to as "**Nirvana**")/Noticee no. 8 therein) and Aansal Securities Services Private Limited (hereinafter referred to as "**Aansal**")/Noticee no. 10 therein), alleging receipt of equity shares allotted to them by the *Company* post conversion of warrants for which full consideration was not paid and therefore observed to have got benefited by the *Company* and further caused loss to the other shareholders of the *Company*. Further, the proceeding against one allottee i.e., Anvita Trading Co. Private Limited (Noticee no. 9 therein) was

Order in respect of SKR Supreme Electronics & Trading Private Limited and 5 Others in the matter of Secunderabad Healthcare Ltd.

disposed of without any direction. The following directions were issued vide the above mentioned SEBI Order:

“37) In view of the facts and circumstances of the case and the aforesaid discussions and findings, I, in exercise of the powers conferred upon me under Section 19 read with Sections 11(1), 11(4), 11B of the SEBI Act, 1992 hereby pass following directions:

- i. The Noticee no. 1 is directed not to access the securities market, directly or indirectly, by issuing prospectus, offer document or advertisement soliciting money from the public for a period of 02 years and is further restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly in whatsoever manner, for a period of 02 years.*
- ii. The Noticee no. 2 to 8 and 10 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly in any manner whatsoever for a period of 02 years from the date of this order.*
- iii. The Noticee no. 1 is directed to collect the balance consideration from the Noticee no. 2 to 8 and 10 and the Noticee no. 2 to 8 and 10 are directed to pay the balance consideration to the Noticee no. 1 in terms of amount shown to be recovered in Table no.-5 of the order. The above collection and payment shall be completed within a period of 60 (sixty) days from the date of this order.*
- iv. The Noticee no. 2 and 3 shall disgorge the wrongful gain of INR 6,85,98,216/- and INR 3,71,22,625/-, respectively with simple interest @ 6% per annum till the date of actual payment. For the purpose calculation of interest, the period shall commence from December 2012 for the Noticee no. 2 and August 2013 for the Noticee no.3, respectively and continue till the date of actual payment made. The wrongful gain of INR 6,85,98,216/- and INR 3,71,22,625/- along with interest shall be remitted by them to Investor Protection and Education Fund (IPEF) as referred to in Section 11(5) of the SEBI Act, 1992, and intimation, if any may be forwarded to “Division Chief, Enforcement Department-1, DRA-4, Securities and Exchange Board of India SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai-400 051”. In case, the Noticee nos. 2 and 3 fail to comply with the said direction, they shall be restrained from accessing the securities market and prohibited from buying, selling or otherwise dealing in the securities market, till the actual payment of disgorgement amount or till the completion of the debarment directed at sub-paragraph (ii) above, whichever is later.*
- v. The Banks, with whom the Noticee no. 2 and 3's accounts are maintained, are directed that no debit shall be made, without permission of SEBI, in respect of the bank accounts held by them except for the purposes of compliance of this order.*
- vi. The Noticee no. 2 and 3 are directed to furnish details of assets, properties owned directly or indirectly by it respectively and further directed not to dispose of or alienate any of his assets/ properties/ securities, till such time the direction of this order is complied with.*

- vii. *The Noticee no. 1 having received the balance consideration as directed in terms of sub-paragraph (iii) above is directed to furnish to SEBI, a Certificate from a Chartered Accountant along with necessary documentary evidencing certifying the compliance of this direction and said Certificate will be furnished within a period of 03 months from the date of this order.*
 - viii. *This direction is without prejudice to any other action including action for recovery of such amounts from these Noticees which may be initiated by SEBI.*
 - ix. *It is further clarified that during the period of restraint, the existing holding of securities including the holding of units of mutual funds of the Noticee nos. 1 to 8 and 10 shall remain under freeze.*
 - x. *Obligation of the aforesaid the Noticee nos. 1 to 8 and 10, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange (s), as existing on the date of this Order, can take place irrespective of the restraint/prohibition imposed by this Order, only in respect of pending unsettled transactions, if any. Further, all open positions, if any, of the aforesaid Noticees in the F & O segment of the stock exchange, are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.*
 - xi. *In light of my observations noted at paragraph 26 of this Order, proceeding against the Noticee no. 9 is disposed of without any direction.”*
2. Aggrieved by the above SEBI Order, the *Noticees* filed separate appeals before the Hon’ble Securities Appellate Tribunal (hereinafter referred to as “**SAT/Tribunal**”). The Hon’ble SAT vide its common order dated October 01, 2021 allowed the aforesaid appeals and remitted the matters to SEBI for reconsideration of the issue after considering the annual reports and such other evidence that may be placed by the *Noticees*.
 3. In this regard, I note that SEBI had issued a Show Cause Notice dated July 19, 2019 (hereinafter referred to as “**SCN**”) to the *Noticees* asking them to show cause as to why appropriate directions should not be issued against them under Sections 11(1), 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act, 1992**”) for allegedly violating Section 12A(a),(b),(c) of the SEBI Act, 1992, regulations 3(a),(b),(c),(d) and 4(1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”) and regulations 77(1) and 77(3) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as “**ICDR Regulations**”).
 4. The brief facts pertaining to the *Noticees* that are necessary for the disposal of the matter at hand, as contained in the SCN, are as under:

- 4.1 On October 14, 2010, SHL had allotted 8,00,00,000 warrants convertible into 8,00,00,000 equity shares of INR 10 each for cash at a premium of INR 8.60 per share on preferential basis to 27 non-promoter entities on the following terms of payment:
- (a) At least 25% shall be payable before the allotment of warrants and balance on or before 18 months from the date of allotment or else the money received for the allotment of warrants shall be forfeited by the *Company*.
 - (b) In the event convertible warrants are issued, the same shall at the option of the allottee, be converted into equivalent number of equity shares in one or more tranches but before expiry of 18 months from the date of allotment.
- 4.2 Upon first tranche of conversion of warrants to shares, SHL allotted 4,00,96,000 equity shares to 13 entities (including the *Notices nos. 2 and 3*) on March 02, 2011 and the said shares were under lock-in till March 01, 2012. Pursuant to second tranche of conversion of warrants into shares on March 31, 2012, SHL allotted 3,99,04,000 equity shares to 16 entities (including the *Notices nos. 6, 7, 8 and 10*) and the said shares were also under lock-in till March 30, 2013.
- 4.3 From the analysis of the information gathered during the investigation including the information provided by SHL vide its email dated September 10, 2018 regarding the funds received from 15 out of the 27 allottees, it was observed that there were variations (i.e. either excess or shortage of amounts due to refunds of money by the *Company* to allottees) in the funds received from certain allottees. Therefore, SHL was asked to furnish detailed information in this regard, however, no proper information was provided regarding such variations despite reminders sent advising SHL to provide information regarding such variations.
- 4.4 In view of the above, it has been alleged in the SCN that the *Notices* had received equity shares allotted to them by the *Company* post conversion of warrants, without paying the full consideration. Since, the documents furnished in the course of investigation do not show with sufficient evidences that the *Notices* had paid full consideration for the conversion of warrants into equity shares, the *Notices* were alleged to have been unduly benefited by the *Company* and by their acts of non-payment of full consideration have caused loss to the other shareholders of the *Company*.
- 4.5 It is further noticed that the *Notices* were enjoying connection to the *Company* i.e., SHL/promoters of SHL through a network of common directors.
- 4.6 It has also been noticed that although the *Company* at that time gave a public impression of capital infusion through preferential allotment, but in reality, the *Company*, *inter-alia*, allotted shares to the *Notices* without receiving full consideration from them thereby

providing huge amount of monetary benefit to them. Therefore, SHL and other allottees including the *Notices* are alleged to have perpetrated a fraud on the shareholders and the ordinary investing public who had transacted in the shares of the *Company* post preferential allotment.

REPLY, PERSONAL HEARING AND SUBMISSIONS

5. Pursuant to passing of the aforesaid SAT order, SEBI vide letters dated October 26, 2021 and emails dated November 15, 2021, January 06, 2022 and February 02, 2022 advised the *Notices* to file their respective replies in compliance with the said SAT Order. Since none of the *Notices* had filed any reply, SEBI vide letters dated each April 08, 2022 advised the *Notices* to file their replies within 10 days of the receipt of the said letters. However, the Authorized Representative (AR) of the *Notices* vide email dated April 16, 2022 had requested for extension on the ground that they were in the process of preparing the replies and sought for further 3 weeks' time to file their replies. The said request made by the AR on behalf of the *Notices* was acceded to as a final and last opportunity for them to file replies in this regard. Accordingly, the *Notices* have filed their respective replies which are detailed as under:

Sr. No.	Entity Name/Noticee no.	Date of Reply
1.	SKR Supreme Electronics & Trading Private Limited (Noticee no. 2)	Two undated replies (Received on May 23, 2022 and May 30, 2022)
2.	Nishottam Traders Private Limited (Noticee no. 3)	Reply dated May 06, 2022 (received on May 06, 2022)
3.	Jabeen Tradelink Private Limited (Noticee no. 6)	Reply dated May 06, 2022 (received on May 06, 2022)
4.	Gajpal Build infra Private Limited (Noticee no. 7)	Reply dated May 13, 2022 (received on May 18, 2022)
5.	Nirvana Mall Management Co Private Limited (Noticee no. 8)	Undated reply (received on May 12, 2022)
6.	Aansal Securities Services Limited (Noticee no. 10)	Reply dated April 21, 2022 (received on April 26, 2022)

Vide the aforesaid replies the *Notices* have *inter alia* submitted as under:

- a) The SCN is issued with a delay of over 9 years from the date of the transactions and on this ground of delay alone the SCN is liable to be set aside. Section 11B of the SEBI Act is a drastic power and the same cannot be exercised with such a delay.
- b) Learned Adjudicating Officer has issued show cause notice dated December 31, 2019 on the same cause of action and for similar violations. Thus, the *Notices* are victims of multiple proceedings and on this ground also the SCN needs to be quashed.
- c) It appears that the SCN was issued to the *Notices* on account of non-furnishing of information by SHL, w.r.t. to the considerations received by it from the allottees including the *Notices*. Pertinently, the fact remains that the amount/consideration which is alleged to have not been paid by the *Notices* to SHL has actually been paid well before the due dates.
- d) The *Notices* have paid full consideration towards their respective subscription of the equity shares of the *Company* at the relevant time and the *Notices* reiterate that there is nothing due and payable to SHL on part of the *Notices* w.r.t. the shares allotted to them or otherwise. Therefore, it cannot be said that SHL has issued the shares on preferential basis to the *Notices* without receiving full consideration from them and it cannot be said that the *Notices* have received the equity shares without paying full consideration.
- e) As per the Annual Reports of the *Company* for the years 2010 and 2011 which are available in the public domain (published on the BSE Ltd.) the auditors of the *Company* had recorded, receipts of the entire consideration by the *Company* towards issue and conversion of convertible warrants issued by SHL. Moreover, no qualifications have been given by the auditor in the Annual Report w.r.t. conversion of warrants and consideration received by the *Company* towards the same.
- f) While issuing the SCN, SEBI has not considered that there was substantial compliance of applicable provisions of laws on the part of the *Notices* and all payments were made by the *Notices* to SHL before the due dates. Hence, there are no violations on the part of the *Notices* under the ICDR Regulations.
- g) Since the full consideration has been paid to the *Company*, the *Notices* deny that they have received any undue benefit at the cost of other shareholders of the *Company* and therefore, it is also wrong to allege that the *Notices* were part of a fraudulent arrangement through which they had perpetuated fraud on the other allottees, shareholders and also on the ordinary investing public who had transacted in the shares of the SHL post issuance of the aforesaid preferential allotment and thereby have violated the provisions of Section 12A(a),(b),(c) of the SEBI Act, 1992, regulation 3(a),(b),(c),(d) and 4(1) of the PFUTP Regulations, 2003

- h) The allegation made in the SCN showing connection amongst the *Notices*, leading to an alleged violation of the PFUTP Regulations by the *Notices*, is entirely baseless and without any evidence on record or otherwise. Insofar as linkage through common directors is concerned, SEBI has failed to demonstrate as to how the *Notices* have acted in concert with such other *Notices* for the purpose of non-payment of consideration towards conversion of warrants issued on preferential basis. Thus, the allegations of the violation of the PFUTP Regulations against the *Noticee* as set out in the SCN, do not hold any ground and therefore SCN may be set aside.
- i) When the amount of consideration for the issue of warrants is already paid to SHL by the *Notices* the present SCN does not stand the test of the trite law and has to be disposed of accordingly.
- j) Without prejudice to the aforesaid, the alleged violations in the SCN if any, is a mere lacuna on the part of the *Company* and no wrong doing can be attributed to the *Notices*.
- k) The *Company* vide its disclosure dated April 03, 2012 made on the BSE Ltd. regarding outcome of the Board meeting held on March 31, 2012 has disclosed as under:

“Secunderabad Healthcare Ltd has informed BSE that the Board of Directors of the Company at its meeting held on March 31, 2012, has decided to issue and allot equity shares in lieu of Convertible Equity Warrants to the allottees consequent to their exercising option to convert warrants by paying balance 75% consideration towards the same.”

- 6. After receipt of the written replies and in compliance with the principle of natural justice, an opportunity of personal hearing was also granted to the *Notices* on August 03, 2022 which was communicated to the *Notices* vide hearing notice dated June 13, 2022. On the scheduled date of personal hearing held through video conferencing, the *Notices* appeared through their common AR and made oral submissions on the lines of their respective written replies, already filed before me.

CONSIDERATION

- 7. I have perused the allegations and facts recorded in the SCN, the submissions made on behalf of the *Notices* and the other materials available on record. In my view, the only issue that needs adjudication in the present proceedings is whether or not, the *Notices* have received equity shares allotted to them by the *Company* post conversion of the warrants, after paying the full consideration for the said shares allotted to them, to the *Company*?
- 8. Before advertng to the factual conspectus of the case, I note that the *Notices* have been alleged to have violated applicable provisions of SEBI Act, 1992, the PFUTP Regulations and the

ICDR Regulations. Therefore, the said provisions are reproduced hereunder for ease of reference and better appreciation:

The SEBI Act, 1992

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

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;

The PFUTP Regulations, 2003

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 manipulative, fraudulent or an unfair trade practice in securities markets.

Explanation.—For the removal of doubts, it is clarified that any act of diversion, misutilization or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

The SEBI(ICDR) Regulations, 2009

Payment of consideration.

77. (1) *Full consideration of specified securities other than warrants issued under this Chapter shall be paid by the allottees at the time of allotment of such specified securities:*

Provided that in case of a preferential issue of specified securities pursuant to a scheme of corporate debt restructuring as per the corporate debt restructuring framework specified by the Reserve Bank of India, the allottee may pay the consideration in terms of such scheme.

(2) *An amount equivalent to at least twenty-five per cent. of the consideration determined in terms of regulation 76 shall be paid against each warrant on the date of allotment of warrants.*

(3) *The balance seventy-five per cent of the consideration shall be paid at the time of allotment of equity shares pursuant to exercise of option against each such warrant by the warrant holder.*

9. I note from the SCN that the allegation against the *Notices* is that they had received equity shares allotted to them by the *Company* post conversion of warrants for which adequate consideration was not paid to the *Company* and thus the *Notices* were benefited by the *Company* at the cost of other shareholders of the *Company*. Subsequently, the *Noticee nos. 2,3,6,7 and 8* were also found to have traded in the scrip of the *Company* wherein the *Noticee nos. 2 and 3* by selling those shares received by them in the preferential allotment from the *Company* (against which no consideration was noticed to have been paid by them), have allegedly unlawfully gained a sum of INR 10.57 Crore from such sale. The aforesaid acts of the *Notices* have been alleged to be in violation of Section 12A (a),(b),(c) of the SEBI Act, 1992, regulations 3(a),(b),(c),(d) and 4(1) of the PFUTP Regulations and regulations 77(1) and 77(3) of the ICDR Regulations.

10. In this respect, I find that the SCN provides the details of preferential allotment of warrants, conversions of warrants into equity shares, allotment of equity shares to the *Notices*, total consideration that the *Notices* were required to pay to the *Company* and the actual payment made by the *Notices* to the *Company* (against the warrants/ equity shares pursuant to conversion of warrants), which for the sake of reference and understanding are summarised here under:

Table no.-1

Noticee No.	Preferential Allotees/ Noticee no.	Warrant / Shares allotted	Total consideration to be paid	Date of Conversion to Equity Shares		Amount paid by the allottees (in INR)	Amount to be paid or recovered from the allottees. (in INR)
				March 02, 2011	March 31, 2012		
2	SKR Supreme Electronics & Trading Private Limited	36,25,000	6,74,25,000	√		1,68,56,250	5,05,68,750

3	Nishottam Traders Private Limited	29,25,000	5,44,05,000	√		1,43,28,125	4,00,76,875
6	Jabeen Tradelink Private Limited	29,00,000	5,39,40,000		√	5,36,45,000	2,95,000
7	Gajpal Buildinfra Private Limited	17,50,000	3,25,50,000		√	3,05,50,000	20,00,000
8	Nirvana Mall Managemenet Co. Private Limited	25,25,000	4,69,65,000		√	4,41,40,000	28,25,000
10	Aansal Securities Services Private Limited	27,50,000	5,11,50,000		√	4,65,18,750	46,31,250

11. From the perusal of the material on records, more specifically the details of payments so made by the *Notices*, in the bank accounts of the *Company* i.e. A/c no. 000684000002574 with Yes Bank and A/c no. 3230011029725 with Kotak Mahindra Bank (in which funds towards preferential allotment were received by the *Company* from the allottees including the *Notices*) and from the detail of funds transactions/transfers submitted by the *Company*, I note that the SCN narrates the details of payments received by the *Company* from the *Notices* nos. 2, 3, 6, 7, 8 and 10 as under:

- i. **SKR Supreme Electronics & Trading Private Limited-Noticee no.2:** The *Noticee no. 2* was required to pay INR 6,74,25,000 for subscription of 36,25,000 shares. The *Company* provided details regarding the receipt of only 25% of the total consideration from the *Noticee no. 2*. This was supported by the transactions noticed in the bank account statements of the *Company*, it was observed that the *Noticee no. 2* had transferred INR 1,68,56,250/- (from account 0028CD4119060-Indusind Bank Ltd) to the bank account of the *Company* through multiple transactions between August 14, 2010 and February 02, 2012 which is equivalent to only 25% of the subscription amount.
- ii. **Nishottam Traders Private Limited-Noticee no.3:** The *Noticee no. 3* was required to pay INR 5,44,05,000 for subscription of 29,25,000 shares @ INR 18.60 per share. The *Company* has provided details pertaining to the receipt of only 26.34% of the total consideration from the *Noticee no. 3*. Based on the transactions noticed in the bank account statements of the *Company*, it was noticed that the *Noticee no. 3* had transferred INR 1,43,28,125 (from account 8284000001159-YES Bank) to the bank account of the *Company* through multiple transactions between August 16, 2010 and August 24, 2010 which is equivalent to only 26.34% of the subscription amount.

- iii. **Jabeen Tradelink Private Limited-Noticee no.6:** The *Noticee no. 6* was required to pay INR 5,39,40,000 for subscription of 29,00,000 shares @ INR 18.60 per share. However, the *Noticee no. 6* had transferred INR 5,69,85,000 (from accounts No. 00602000043872-HDFC Bank Ltd, Accounts Nos. 500011041828 & 550011046397 – Kotak Mahindra Bank) to the bank account of the *Company* through multiple transactions between August 14, 2010 and July 06, 2011. However, it is also observed that the *Company* had transferred back INR 33,40,000 to the *Noticee no. 6* [i.e. INR 30,00,000 on February 23, 2012 (before conversion of warrants) and INR 3,40,000 on April 17, 2012 (after conversion of warrants)] thereby leading to a shortfall in the subscription amount by INR 2,95,000 (i.e. INR 30,45,000 excess amount received by the *Company* from the *Noticee no. 6* less INR 33,40,000 returned by the *Company* to the *Noticee no. 6*).
- iv. **Gajpal Buildinfra Private Limited-Noticee no.7:** The *Noticee no. 7* was required to pay INR 3,25,50,000 for subscription of 17,50,000 shares @ INR 18.60 per share. However, the *Noticee no. 7* had transferred INR 4,05,50,000 (from Account no. 6642090000959-Kotak Mahindra Bank Ltd & Account no.23105137949- Standard Chartered) to the bank account of the *Company* through multiple transactions between August 13, 2010 and July 09, 2011 and the *Company* had transferred back INR 1,00,00,000 to the *Noticee no. 7* on June 20, 2011 thereby leading to a shortfall in the subscription amount by INR 20,00,000 (i.e. INR.80,00,000 excess amount received by the *Company* less INR 1,00,00,000 returned by the *Company*).
- v. **Nirvana Mall Management Co. Private Limited-Noticee no.8:** The *Noticee no. 8* was required to pay INR 4,69,65,000 for subscription of 25,25,000 shares @ INR 18.60 per share. Against this, the *Noticee no. 8* had transferred INR 4,85,00,000/- (Account No. 014611023918-Dena Bank, Account Nos. 550011046404 & 561011014153- Kotak Mahindra Bank) to the bank account of the *Company* through multiple transactions between August 13, 2010 and July 13, 2011. However, the *Company* had transferred back INR 43,60,000 to the *Noticee no. 8* on April 04, 2012 thereby leading to a shortfall in the subscription amount by INR 28,25,000 (i.e. excess funds INR 15,35,000/- received by the *Company* from the *Noticee no. 8* less INR 43,60,000/- returned by the *Company* to the *Noticee no. 8*).
- vi. **Aansal Securities Services Private Limited-Noticee no.10:** The *Noticee no. 10* was required to pay INR 5,11,50,000 for subscription of 27,50,000 shares @ INR 18.60 per share. Against which, the *Noticee no. 10* had transferred INR 5,15,18,750 (from Account No. 00602560003610-HDFC Bank Ltd, Account No. 016283900000168-Yes Bank & Account No. 550011045386 – Kotak Mahindra Bank) to the bank account of the *Company* through multiple transactions between August 16, 2010 and July 02, 2011. However, the

Company had later on transferred back INR 50,00,000 to the *Noticee no. 10* on August 18, 2011 thereby leading to a shortfall in the subscription amount by INR 46,31,250 (i.e. INR 3,68,750 /- excess amount received by the *Company* from *Noticee no. 10* less INR 50,00,000/- returned by the *Company* to the *Noticee no. 10*).

12. I note that the *Noticee nos. 2, 3, 6, 7, 8 and 10* have now filed replies in rebuttal to the aforesaid allegations made in the SCN stating that the allegation pertaining to allotment of shares pursuant to conversion of warrants without payment of full consideration is wrong. They have further submitted that they have already paid remaining consideration of 75% to the *Company* much before the due date of March 02, 2011 (as regards the *Noticee nos. 2, 3*) and March 31, 2012 (as regards the *Noticee nos. 6, 7, 8 and 10*) set out for the payment of consideration as per terms of payment mandated by the *Company*. The aforesaid *Noticees* have now furnished the details of the total payment which they had made to the *Company* against the allotment of shares and which are detailed as under:

Table no.-2

SKR Supreme Electronics & Trading Private Limited-Noticee no.2			
Date	Amount (in INR)	Due Date	Remarks
August 14, 2010	68,00,000	October 14, 2010	25 percent paid
August 18, 2010	50,00,000	October 14, 2010	
August 18, 2010	49,65,625	October 14, 2010	
October 08, 2010	90,625	October 14, 2010	
November 16, 2010	80,00,000	March 02, 2011	75 percent paid
November 16, 2010	1,00,00,000	March 02, 2011	
November 16, 2010	60,00,000	March 02, 2011	
November 16, 2010	70,00,000	March 02, 2011	
November 18, 2010	75,00,000	March 02, 2011	
November 18, 2010	75,00,000	March 02, 2011	
November 18, 2010	20,00,000	March 02, 2011	
November 19, 2010	25,00,000	March 02, 2011	
February 21, 2011	68,750	March 02, 2011	
Total	6,74,25,000		
Nishottam Traders Private Limited-Noticee no.3			
Date	Amount (in INR)	Due Date	Remarks
August 16, 2010	36,00,000	October 14, 2010	25 percent paid
August 18, 2010	99,28,125	October 14, 2010	
August 24, 2010	8,00,000	October 14, 2010	
October 21, 2010	1,00,00,000	March 02, 2011	75 percent paid
October 21, 2010	40,00,000	March 02, 2011	
October 22, 2010	90,00,000	March 02, 2011	
October 22, 2010	1,70,76,875	March 02, 2011	
Total	5,44,05,000		

Jabeen Tradelink Private Limited-Noticee no.6			
Date	Amount (in INR)	Due Date	Remarks
August 14, 2010	35,00,000	October 14, 2010	25 percent paid
August 18, 2010	99,12,500	October 14, 2010	
October 08, 2010*	72,500	October 14, 2010	
July 05, 2011	3,50,00,000	March 31, 2012	75 percent paid
July 06, 2011	85,00,000	March 31, 2012	
Total	5,69,85,000		
Gajpal Buildinfra Private Limited-Noticee no.7			
Date	Amount (in INR)	Due Date	Remarks
August 13, 2010	81,00,000	October 14, 2010	25 percent paid
August 20, 2010	5,00,000	October 14, 2010	
July 07, 2011	1,00,00,000	March 31, 2012	75 percent paid
July 07, 2011	1,60,00,000	March 31, 2012	
July 09, 2011	80,00,000	March 31, 2012	
Total	4,26,00,000		
Nirvana Mall Management Co. Private Limited-Noticee no.8			
Date	Amount (in INR)	Due Date	Remarks
August 13, 2010	75,00,000	October 14, 2010	25 percent paid
August 16, 2010	42,00,000	October 14, 2010	
August 17, 2010	50,00,000	October 14, 2010	
August 17, 2010	57,00,000	October 14, 2010	
June 23, 2011	25,00,000	March 31, 2012	75 percent paid
June 23, 2011	30,00,000	March 31, 2012	
July 09, 2011	1,00,00,000	March 31, 2012	
July 11, 2011	31,00,000	March 31, 2012	
July 13, 2011	75,00,000	March 31, 2012	
Total	4,85,00,000		
Aansal Securities Services Private Limited-Noticee no.10			
Date	Amount (in INR)	Due Date	Remarks
August 16, 2010	1,27,18,750	October 14, 2010	25 percent paid
August 17, 2010	50,00,000	October 14, 2010	
August 18, 2010	79,00,000	October 14, 2010	
June 2-3, 2011	(-)1,50,00,000		75 percent paid
June 14, 2011	1,09,00,000	March 31, 2012	
July 02, 2011	1,50,00,000	March 31, 2012	
July 04, 2011	1,00,00,000	March 31, 2012	
July 05, 2011	1,00,00,000	March 31, 2012	
August 18, 2011	(-)50,00,000		
July 14, 2015	(-)3,68,750		
Total	5,11,50,000		

From a perusal of the copy of the bank statements furnished by the *Noticees* in support of their afore-stated claims of having paid full consideration including the remaining 75% of total

consideration against the allotment of warrants and equity share, I find that different sums of money on different dates aggregating to total consideration required to be paid by the *Notices* as indicated in Table no.-2 above have indeed been transferred from the respective bank accounts of the *Notices* to the bank account of the *Company* (as indicated in paragraph 11 above) during the period from August 13, 2010 to July 13, 2011. The said receipt of funds gets corroboration from the amounts paid in tranches by the *Notices* as shown in the above table from their respective bank accounts on the respective dates. I therefore find that the *Notices* have furnished sufficient evidence in supports of their claims that they had paid full consideration to the bank account of the *Company*.

13. The *Notices* have also brought attention to the statement made in the 20th Annual Report of the *Company* for the year 2010-11 in support of their claim which shows that the statutory auditor of the *Company* has in fact recorded about the receipts of the entire consideration by the *Company* towards issue and conversion of convertible warrants issued by SHL. Further, it has also been brought to my notice that the *Company* vide its disclosure dated April 03, 2012 made on the BSE Ltd., (while disclosing the outcome of the Board meeting held on March 31, 2012) had duly disclosed that the *Company* has decided to issue and allot equity shares in lieu of Convertible Equity Warrants to the allottees consequent to their exercising of option to convert warrants against the receipt of balance 75% consideration towards the same. Therefore, having considered the materials on record, I am of the view that the *Notices* are successful in rebutting the allegations made against them in the SCN by establishing that they had indeed paid full consideration towards the allotment of warrants as well as the equity shares post the conversion of those warrants. I am therefore, in the absence of any evidence to the contrary on record, inclined to grant exoneration to the *Notices* by accepting their submission that they have actually paid the remaining 75% of the consideration to the *Company* and thus in effect, have paid the full consideration to the *Company* towards this purpose.
14. In view of the facts and circumstances of this case and aforesaid discussions, I hold that the *Notices* have paid full and adequate consideration to the *Company* towards allotment of equity shares of SHL as mentioned in Table-1 above as per the terms of payment mandated by the *Company*. In view of the aforesaid finding, I do not find it necessary to deal with other submissions of the *Notices* made vide their respective replies.

DIRECTION

15. In view of the facts and circumstances of the case and the aforesaid discussions and findings, I, in exercise of the powers conferred upon me under Section 19 read with Sections 11(1), 11(4), 11B of the SEBI Act, 1992 hereby pass following direction:

- i. The Show Cause Notice dated July 19, 2019 issued against the *Notices* namely SKR Supreme Electronics & Trading Private Limited (PAN No.: AAEC9028D), Nishottam Traders Private Limited (PAN No.: AACCN7655D), Jabeen Tradelink Private Limited (PAN No.: AACJ2408A), Gajpal Buildinfra Private Limited (PAN No.: AADCG5699R), Nirvana Mall Management Co. Private Limited (PAN No.: AACCN2665B) and Aansal Securities Services Private Limited (PAN No.: AAFCA3926K) is disposed of without any direction.

16. This Order shall come into force with immediate effect.

17. A copy of this Order shall be served upon the recognized Stock Exchanges, Depositories, Registrar and Transfer Agents and all the banks for necessary compliance.

Sd/-

DATE: SEPTEMBER 23, 2022

PLACE: MUMBAI

S. K. MOHANTY

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA