



## RAVI KUMAR DISTILLERIES LIMITED

Regd. Office : C-9, C-10, Industrial Estate, 2nd Main Road, Thattanchavady, Puducherry - 605 009.

Phone : 0413 - 2244007, 2248888, 2248887 E-mail : cs@ravikumardistilleries.com

Website : www.ravikumardistilleries.com CIN No. : L51909PY1993PLC008493, GSTIN : 34AABCR+195D1ZJ

RKDL/2023

02<sup>nd</sup> February 2024

To  
The Manager,  
Department Corporate services,  
BSE Ltd.,  
Phiroze Geegeeboy towers,  
Dalal Streets, Fort,  
Mumbai 400 001

Dear Sir,

Sub: M/s Comfort Intech Limited (CIN : L74110DD1994PLC001678 – Scrip Code 531216) intimation of investment in Liquors India Ltd., - reg

We have come across a letter no. CIL/SEC/2023-24/41 dated 20<sup>th</sup> January 2024 addressed to your good self by the aforementioned M/s Comfort Intech Limited intimating you about, inter alia, their investment in Liquors India Limited through Rights Issue. In this connection we wish to inform you as follows:

M/s Liquors India Limited was a business acquired by our Company by way of utilization of proceeds of our IPO. M/s Comfort Securites Limited, was the BRLM to the IPO and Sri Anil Agrawal was the key Promoter of that Company. The above mentioned Comfort Intech Limited is also a group concern of Sri Anil Agrawal. Sri Anil Agrawal and his group concerns and his associates indulged in several fraudulent activities before and after the IPO. The entire details of their dealing have been brought out in proceedings before SEBI, and, vide Order of the Whole Time Member of SEBI dated 12.03.2019 (Annexure – I). Sri Anil Agrawal and his group concerns and his associates had been directed to repay to our Company an amount of Rs. 33.83 Crores together with interest being the amount siphoned off by them from the IPO proceeds through devious means. Sri Anil Agrawal and his group concerns and his associates have also been barred from accessing the stock market by way of punishment. They are yet to repay the amount to our Company in compliance of the SEBI order.

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Sri Anil Agrawal and his group has forcefully taken over M/S Liquor India Limited through intimidatory and coercive tactics. We have resisted the same and the matter is still pending before the Courts. However since they are in possession of offices and factory of M/s Liquor India Limited, they have been continuing their fraudulent activities including falsification of records and trying to establish their majority control over the Company. It is with this purpose that they are resorting to this route of making investment through Rights Issue. An earlier attempt made by them in January 2023 had been initially stayed by the Honorable National Company Law Tribunal Hyderabad, An extract of the order of the Hon'ble NCLT, Hyderabad is reproduced below for your ready reference (Annexure – II)

"A perusal of the annexure -1 to the letter dated 10/01/2023 discloses that at column no. 9, the current shareholding of the Respondent Company is shown as 47.96% and the post-acquisition stake of the Respondent Company in Liquor India Limited will not exceed 67%. However, it is not mentioned that the said claim of shareholding of 47.96% is the sub-judice. Thus, there appears to be non- disclosure of the present proceedings of the declaration filed by the 1<sup>st</sup> Respondent before the BSE.

That Apart, we are of the prima facie opinion that, the plea that the investment of funds of Comfort Intech Limited by way of equity shares of the 1<sup>st</sup> Respondent Company is in the interest of the 1<sup>st</sup> Respondent Company is unconvincing".

Subsequently our Appeal was dismissed by the Hon'ble NCLT, Hyderabad as not maintainable on the ground that the Tribunal does not have the Jurisdiction to go into the disputed questions of the facts. This decision of the Hon'ble NCLT, Hyderabad has been challenged by us before the Hon'ble NCLAT, Chennai and the Hon'ble NCLAT, Chennai vide order dated 28/11/2023 has ordered that the parties shall maintain status quo in regard to the disputed shares. A copy of the order is enclosed herewith Annexure – III. It is while this order of the Hon'ble NCLAT, Chennai continues to be in force that the present further attempt by M/s Comfort Intech Limited to make further investment in M/s Liquor India Limited is being made. It would be abundantly clear that M/s Comfort Intech Limited are using all possible fraudulent means to circumvent, pre-empt and scuttle the orders of the Honorable NCLAT, Chennai.

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In view of the above we request that BSE, being the first stage regulatory body, should reject this attempt of M/s Comfort Intech Limited as it is made with ulterior motives with intent to delay and defeat the due processes of law.

Thanking you,

Yours faithfully

For RAVI KUMAR DISTILLERIES LIMITED

R.V. RAVIKUMAR  
Managing Director

Encl: as above



<Dial 18002666868> <Wear Mask, Stay Safe>  
भारतीय डाक  
RT327609867IM IVR:8284327609867  
RL DHANWANTRI NAGAR SO <605006> India Post  
Counter No:1.03/02/2024,13:38  
To:THE MANAGER,DEPT OF COR SER  
PIN:400001, Mumbai GPO  
From:RAVIKUMAR D,C-9C-10 IND EST  
Wt:250gms,REG-17.0  
Amt:96.76(Cash)Tax:14.76  
<Track on www.indiapost.gov.in>

**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**ORDER**

Under Sections 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992.

In the matter of Ravi Kumar Distilleries Limited

In respect of:

Sr. No.	NOTICEES	PAN
1.	Ravi Kumar Distilleries Ltd (RKDL)	AABCR4195D
2.	Mr R V Ravikumar	ACZPR4932K
3.	Mrs R Amirthavalli	ADJPA9449B
4.	Mrs S Vijayalakshmi	ABYPV0939Q
5.	Mr Badrinath S Gandhi	NA
6.	Mr Popatlal Kathariya	AAEPK4407B
7.	Mr K S M Rao	NA
8.	Mr Ashok Shetty	ACIPS5289H
9.	Anil Beniprasad Agrawal	ACTPA6034D
10.	Bharat Nanubhai Shiroya	ALLPS7688G
11.	Annu Anil Agrawal	ADMPA0248F
12.	Jugal Chandrakant Thacker	ABCPT8861F
13.	Amit Kumar Khemka	AQRPK7830M
14.	Chandrakala Purohit	AFUPP1827R
15.	Sarthak Vijlani	ADMPV9381J

**BACKGROUND:**

- Pursuant to investigations by the Securities and Exchange Board of India (SEBI) into the manipulations in the Initial Public Offer (IPO) of Ravi Kumar Distilleries Limited (RKDL / the company), SEBI issued a common show cause notice (SCN) dated July 25, 2017 to the above named Noticees, calling upon them to show cause as to why suitable directions under Sections 11B and 11(4) of the SEBI Act, 1992, including directions to debar them

from buying, selling or dealing in securities for a particular duration should not be passed against them for the alleged violations of the provisions of the SEBI Act, 1992 (SEBI Act), the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (PFUTP Regulations, 2003) and other SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations, 2009). The findings of the investigation, as provided in the SCN, are given in paras 2 to 55 below.

2. RKDL came out with its IPO for issue of 1,15,00,000 equity shares of Rs. 10 each. The price band of the issue was Rs 56 to Rs 64 per equity share and the bid period of the IPO was from December 08, 2010 to December 10, 2010. The issue was subscribed 2.16 times and the issue price of the IPO was at Rs. 64 per equity share, aggregating to Rs. 73.60 crore. The Book Running Lead Manager (BRLM) / Merchant Banker to the IPO was Comfort Securities Pvt Ltd (now known as Comfort Securities Ltd/CSL). The scrip was listed at BSE and NSE.
3. A news article appeared on the website of moneycontrol.com on Dec 21, 2011 which reported that, in regard to the disclosure made by Comfort Intech Ltd (CIL, a group company of CSL) on Dec 05, 2011, shares of RKDL held by promoters aggregating to 51.77% had been treated as pledged with them. Further, RKDL and its promoters had commented on the same that no shares had been pledged, and CIL in connivance with CSL and Anil Agarwal (director of CIL) had purportedly fabricated documents.
4. RKDL vide its letter dated July 02, 2012 submitted that during their IPO process, Mr Anil Agrawal, Director of CSL and CIL, requested them to open a bank account with Axis Bank, Goregaon Link Road Branch, and had taken blank signed cheques from RKDL stating the reason as ease of incurring issue expenses. RKDL further submitted that CSL along with CIL transferred funds to the tune of Rs 12 crore to RKDL, immediately before opening of the issue claiming it as ICD, and routed such amount by misusing the signed cheques to their connected benami companies such as BLC Trading and Agencies Pvt Ltd and Ranisati Dealer Pvt Ltd. RKDL also submitted that after conclusion of issue proceeds, CIL took the money back out of the issue proceeds.
5. RKDL vide its letter dated March 19, 2013 further submitted that after the completion of the IPO, the BRLM transferred the issue proceeds from RKDL's refund accounts to the

Axis bank account, and subsequently transferred Rs 36.22 crore to his company account as well as to his associated companies/ individuals accounts.

6. The investigation in the IPO of RKDL and its dealings before and after the IPO, revealed that a predominant portion of the proceeds of the IPO were siphoned off and also routed to certain entities for applying in the IPO of RKDL. Investigation observed that the IPO proceeds were credited in the bank account of RKDL with Axis Bank (A/c no. 910020037719618). In order to ascertain siphoning off of funds from the IPO proceeds through merchant banker (Comfort Securities Ltd) associated/ connected entities and RKDL, the fund transactions in RKDL's A/c with Axis Bank were analysed during investigation. The findings of the investigation are as under-

**Objects of the IPO and Siphoning of proceeds of IPO:**

7. RKDL came out with its IPO for issue of 1,15,00,000 equity shares of Rs. 10 each. The issue was subscribed 2.16 times and the issue price of the IPO was at Rs. 64 per equity share, aggregating to Rs. 73.60 crore. As disclosed in the Prospectus dated December 14, 2010 filed by RKDL, the objects of the issue were as under:

		(Rs. in Lacs)
No.	Particulars	Amount
<b>I. Expansion of our Unit</b>		
A.	Civil & Structure related work	40.00
B.	Purchase & Installation of Machines	1082.19
<b>II. To part -finance the marketing and corporate branding expenses</b>		
		300.00
<b>III. To part finance the incremental working capital requirements</b>		
		3397.19
<b>IV. General Corporate Purposes</b>		
		2190.62
<b>V. Issue Expenses</b>		
		350.00
<b>TOTAL</b>		<b>7360.00</b>

8. Further, the interim use of funds as disclosed in the Prospectus was as under:

*'We in accordance with the policies established by the Board, will have flexibility in deploying Issue proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the Issue proceeds will be determined by us based upon the deployment of the projects. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures.'*

**Fund transactions prior to receipt of IPO proceeds**

9. The bank account statement of RKDL (Axis Bank A/c no. 910020037719618) during the period Nov 01, 2010 to Dec 22, 2010 (prior to receipt of IPO proceeds), was examined and the following was observed:
- i. RKDL received Rs 4.79 crore from Comfort Intech Ltd (CIL, a group company of BRLM Comfort Securities Ltd.) (Axis bank A/c no. 910020037719571) on Nov 25, 2010, and transferred the same amount to BLC Trading and Agencies Pvt Ltd (BLC) on the same day.
  - ii. On Nov 25, 2010, RKDL again received Rs 4.65 crore from CIL (Axis bank A/c no. 910020037719571), and transfered the same to Ranisati Dealer Pvt Ltd (Ranisati) on the same day.
  - iii. RKDL received Rs 16 lakhs on Nov 29, 2010, and Rs 37 lakhs on Dec 01, 2010 from CIL (Union Bank A/c no. 318001010036374).
  - iv. RKDL had received Rs 42 lakhs from CIL (Union Bank a/c no. 318001010036897) on Dec 06, 2010.
  - v. RKDL also received Rs 12 lakhs on Dec 13, 2010 from CIL (Axis bank A/c no. 910020037719571).
  - vi. On Dec 06, 2010, RKDL received Rs 2 crore from Fact Enterprise Ltd (Fact), and on the same day transfered Rs 2 crore to Radhasoami Securities Pvt Ltd (Radhasoami).
10. Further, following transactions with CIL were observed in the bank statement of RKDL with Tamilnad Mercantile Bank (A/c no. 055150050336277):
- i. RKDL had received Rs 2 crore from CIL on Oct 08, 2010.
  - ii. RKDL had received Rs 20 lakhs from CIL on Dec 08, 2010.
11. In respect of the funds transferred from RKDL to BLC, Ranisati and Radhasoami, as mentioned above, following was also observed:
- i. BLC (Union bank A/c no. 318001010036506) had received Rs 4.79 crore from RKDL on Nov 25, 2010. On the same day, an amount of Rs 4,99,98,000.00 was transferred from the account of BLC to the Escrow account of RPP Infraprojects Ltd. Subsequently, on Dec 03, 2010, an amount of Rs 3,30,82,575.00 was received in the account of BLC from RPP Infraprojects Ltd. And on the same day, BLC transferred Rs 3.51 crore to Ranisati.
  - ii. Ranisati (Union Bank A/c no. 318001010036869) had received Rs 4.65 crore from RKDL on Nov 25, 2010. On the same day, an amount of Rs 4,99,98,000.00 was transferred from the account of Ranisati to the Escrow account of RPP Infraprojects Ltd. Subsequently, on Dec 03, 2010, an amount of Rs 3,30,82,575.00 was received in

the account of Ranisati from RPP Infraprojects Ltd. On the same day Ranisati also received Rs 3.51 crore from BLC. And on the same day, Ranisati transferred Rs 6.40 crore to CIL (Union Bank A/c no. 318001010036897).

Further, on Dec 04, 2010, Ranisati also transferred Rs 15 lakhs to Suvidha Securities Pvt Ltd (Kotak Mahindra Bank A/c no. 09612000003224), which had applied in the IPO of RKDL and had also traded in the scrip.

- iii. On receipt of Rs 6.40 crore from Ranisati on Dec 03, 2010, CIL transferred Rs 2 crore to Ranisati (Union Bank A/c no. 318001010036869) on Dec 04, 2010. On the same day, Ranisati transferred the same amount to BLC (Union Bank A/c no. 318001010036506), which BLC in turn transferred to Fact Enterprise Ltd (Union bank A/c no. 318001010036877) on the same day. Further, Fact transferred the same amount to RKDL on Dec 06, 2010.
- iv. CIL from its another account (Union bank a/c no. 318001010036374 in the name of CIL, Annu Anil Agarwal, Anil Agarwal) further transferred Rs 2.35 crore to Ranisati on Dec 13, 2010.

On the same day, Ranisati also received Rs 2.15 crore from CSL (broker) as pay-out, out of which Rs 1.79 crore was from (net) sale of 2,25,539 shares of RPP Infraprojects Ltd allotted to Ranisati in IPO. Ranisati transferred Rs 3.75 crore to BLC and Rs 1.045 crore to Suvidha on the same day, i.e., Dec 13, 2010.

On the same day, BLC also received Rs 1,68,98,339/- from CSL (broker) as pay-out for sale of 2,25,539 shares of RPP Infraprojects Ltd allotted to BLC in IPO. And on the same day, BLC transferred Rs 5.45 crore to Fact. Fact further transferred Rs 5.45 crore to Suvidha (allottee and trader) on the same day. Also, as noted above and at sub-point (ii) above, Suvidha also received Rs 15 lakh on Dec 04, 2010 and Rs 1.045 crore on Dec 13, 2010 from Ranisati.

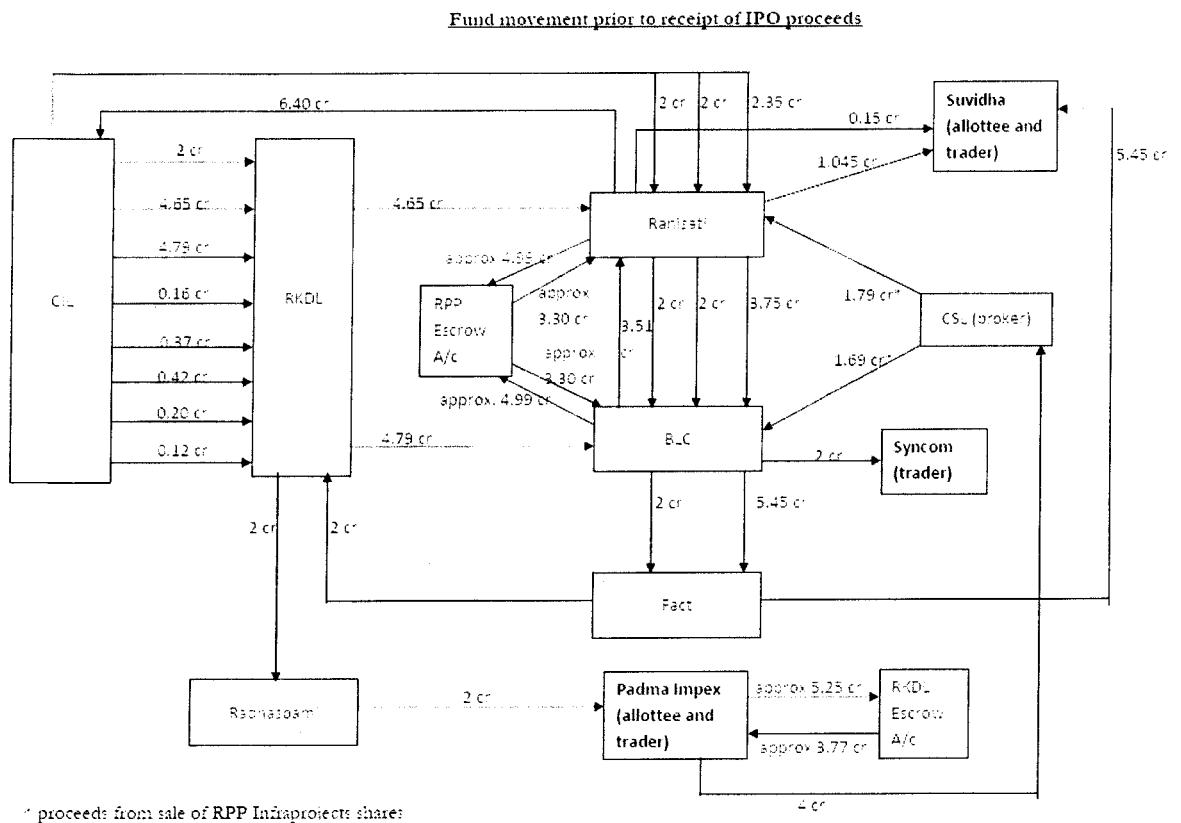
Suvidha Securities had applied for 10,15,600 shares in the IPO of RKDL and had transferred an amount of Rs 6,49,98,400 to the escrow account of RKDL on Dec 14, 2010. Suvidha was allotted 2,85,201 shares for an amount of Rs 1,82,52,864. On Dec 20, 2010, RKDL IPO refund for an amount of Rs 4,67,45,536 was received in the account of Suvidha. And on Dec 23, 2010, Suvidha transferred Rs 4.65 crore to Religare Securities (broker) for purchase of shares of RKDL. Suvidha had bought 8 lakh shares (buy value = approx. Rs 6.63 crore) and sold 6 lakh shares (sell value = approx. Rs 4.78 crore) of RKDL on the date of listing, i.e. Dec 27, 2010. Further, Suvidha had also purchased 6,55,362 shares (buy value = approx. Rs 5.31 crore) and sold 2,41,434 shares (sell value = approx. Rs 1.98 crore) of RKDL during Dec 28-29, 2010.

- v. CIL (Union bank a/c no. 318001010036374 in the name of CIL, Annu Anil Agarwal, Anil Agarwal) also transferred Rs 2 crore to Ranisati on Dec 23, 2010. On the same day, Ranisati transferred the same amount to BLC, which in turn transferred the same amount, i.e., Rs 2 crore to Syncom Formulations (India) Ltd on the same day. Pursuant to receipt of IPO proceeds by RKDL, Syncom had also received Rs 1.21 crore from BLC on Dec 24, 2010. Syncom had bought 4.3 lakh shares of RKDL for a total value of approx. Rs 3.66 crore on listing day of scrip of RKDL, i.e., Dec 27, 2010.



vi. Radhasoami (HDFC Bank A/c no. 01662000013980) had received Rs 2 crore from RKDL on Dec 06, 2010. On Dec 10, 2010, Radhasoami transferred the same amount to Padma Impex Pvt Ltd (HDFC Bank A/c no. 00602320017340). On Dec 13, 2010, an amount of Rs 5,24,99,200.00 was transferred from the account of Padma Impex to the Escrow account of RKDL. Padma Impex was allotted 2,30,359 shares of RKDL. On Dec 18, 2010, RKDL IPO refund for an amount of Rs 3,77,56,224.00 was received in the account of Padma Impex. And on Dec 24, 2010, Padma Impex transferred Rs 4 crore to Comfort Securities (broker) for buying shares of RKDL on the day of listing. Padma Impex had bought 13,56,786 shares (buy value = approx. Rs 11.52 crore) and sold 10,71,786 shares (sell value = approx. Rs 8.95 crore) of RKDL on the listing day, i.e. Dec 27, 2010.

12. A pictorial representation of the above fund transactions prior to receipt of IPO proceeds, is given below:



13. From the above diagram, the following was observed during investigation:

- i. An amount of Rs 12.71 crore was transferred by CIL to RKDL, and Rs 6.40 crore was received back by CIL from RKDL through Ranisati and BLC.
- ii. On receipt of Rs 6.4 crore, CIL transferred Rs 2 crore to Ranisati, which was then routed to Fact Enterprise through BLC. Fact Enterprise then transferred the same amount to RKDL. RKDL transferred the same amount to Radhasoami, who then transferred the same amount to Padma Impex (allottee and trader).

- iii. CIL also transferred Rs 2.35 crore to Ranisati, which was then routed to Suvidha (allottee and trader) through BLC and Fact. Further, proceeds amounting to approx. Rs 3.48 crore from sale of RPP Infracorps shares allotted to BLC and Ranisati in IPO, were also routed to Suvidha. BLC and Ranisati had applied in the IPO of RPP Infracorps Ltd from the funds received from RKDL. Further, CSL was one of the syndicate members in the IPO of RPP Infracorps Ltd.
- iv. CIL further transferred Rs 2 crore to Ranisati, which was then routed through BLC to Syncom, buyer of RKDL shares on the listing day.
- v. Prior to receipt of IPO proceeds by RKDL, funds have been routed to two allottees and traders in the scrip of RKDL, Suvidha Securities (Rs 0.15 crore + Rs 2.35 crore + approx. Rs 3.48 crore) and Padma Impex (Rs 2 crore), and to a trader, Syncom (Rs 2 crore).
14. The investigation had brought out close connections between various entities that were involved in the routing of funds and the merchant Banker, CSL, which were provided in the the SCN in its Annexure 61. The same are as follows:

Sl.	Name of the entity	Basis of connection/ relationship with other entities
1	BLC Trading And Agencies Private Limited	<ul style="list-style-type: none"> <li>• E-mail Id of BLC Trading, as per Form 23AC for FY ended March 2007 as obtained from MCA records, is <a href="mailto:comfortin@vsnl.com">comfortin@vsnl.com</a>. This same e-mail Id is that of Comfort Intech, as per Form 23AC for FY ended March 2007.</li> <li>• Form 20B and Form 23AC of BLC Trading for FY ended March 2008 has been certified by Anil B Agrawal (director of Comfort Securities and Comfort Intech).</li> <li>• BLC Trading, Bhrosemand Commodities Pvt. Ltd (erstwhile promoter of Splash Media), Padma Impex, Sukusama Trading and Ranisati Dealer are/ were having the same e-mail Id viz., <a href="mailto:pkc.mumbai@gmail.com">pkc.mumbai@gmail.com</a>, as per MCA records.</li> <li>• BLC Trading received/ transferred funds from/to Aqua Trading Company, Suvidha Securities.</li> <li>• As per submissions of BLC Trading and Syncom, Syncom had granted short term advance to BLC Trading with no interest. Further, Syncom also made an application to BLC Trading for subscription of 1.10 lakh shares of BLC Trading.</li> <li>• While BLC Trading has submitted that it had given Rs 3.51 crore to Ranisati Dealer as advances, no interest has been charged in respect of transactions between them.</li> <li>• As per Annual Report of Fact for FY 2011-12, Fact had given long term loans &amp; advances to BLC Trading.</li> </ul>

		<ul style="list-style-type: none"> <li>• Mukesh P Chouhan, director of BLC Trading transferred funds to Gaungour Suppliers.</li> </ul>
2	Ranisati Dealer Private Limited	<ul style="list-style-type: none"> <li>• BLC Trading, Bhrosemand Commodities Pvt. Ltd (erstwhile promoter of Splash Media), Padma Impex, Sukusama Trading and Ranisati Dealer are/ were having the same e-mail Id viz., <u>pkc.mumbai@gmail.com</u>, as per MCA records.</li> <li>• Fact Enterprise Ltd had allotted convertible warrants through preferential offer to Anil Agrawal HUF (director of CSL and CIL), Sukusama Trading and Ranisati Dealer. Pursuant to conversion of warrants on 16/05/2010 and 24/05/2010, each of these entities were holding 13.095% share capital of Fact Enterprise.</li> <li>• Heading of the Annual Return form of Ranisati Dealer, filed pursuant to AGM dated Sep 29, 2012, is given as "Annual Return of Sukusama Trading &amp; Investments Private Limited".</li> <li>• As on Sep 30, 2010 and Sep 30, 2011, Ranisati Dealers was holding 15.73% shares of Padma Impex.</li> <li>• While BLC Trading has submitted that it had given Rs 3.51 crore to Ranisati Dealer as advances, no interest has been charged in respect of transactions between them.</li> <li>• Ranisati Dealer received/ transferred funds from/to Padma Impex, Suvidha Securities.</li> <li>• Rasika Sakpal, director of Ranisati Dealer received/ transferred funds from/to S5 Trading, Gaungour Suppliers, Aqua Trading, Bunnings Trade Link, Scan Infrastructure.</li> </ul>
3	Gulistan Vanijya Pvt Ltd	<ul style="list-style-type: none"> <li>• Rajendra Kumar Kothari is common director of Gulistan Vanijya, Neha Cassettes, Jai Ambe Cassettes and Neelkanth Commodities.</li> <li>• Sarbeswar Parida is/was common director of Gulistan Vanijya, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media), Neelkanth Commodities (cessation on 04/06/2010) and Gaungour Suppliers.</li> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <u>dhruvonarayan.jha@rediffmail.com</u>, as per MCA records.</li> <li>• Address of Gulistan Vanijya, Unisys Softwares and JMD Sounds is same, viz., 75/C Park Street, Kolkata, West Bengal- 700016.</li> <li>• JMD Sounds, Gulistan Vanijya and Suvidha Securities were shareholders of Vibhuti Muti Trade as on Sep 29, 2009.</li> <li>• Gulistan Vanijya received/ transferred funds from/ to Grafton Merchant, J M D Sounds, Gaungour Suppliers, Matrix Systel, Unisys</li> </ul>

		<p>Softwares, Scan Infrastructure, Neelkanth Commodities and Jai Ambe Cassettes.</p> <ul style="list-style-type: none"> <li>• As submitted by Prefer Abasan, it had taken loan of Rs 3 crore from Gulistan Vanijya, but no loan agreement was entered by it and no interest was paid by it to Gulistan Vanijya. Therefore, Prefer Abasan and Gulistan Vanijya are connected entities.</li> </ul>
4	Gaungour Suppliers Private Limited	<ul style="list-style-type: none"> <li>• Sarbeswar Parida is/was common director of Gulistan Vanijya, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media), Neelkanth Commodities (cessation on 04/06/2010) and Gaungour Suppliers.</li> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• Puspall Chandra is common director of Scan Infrastructure and Gaungour Suppliers.</li> <li>• Address of Grafton Merchant, Albright Electricals, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media), Neha Cassettes, Jai Ambe Cassettes, Puspall Chandra (director of Gaungour Suppliers and Scan Infrastructure) and Dhruva Narayan Jha (director of Scan Infrastructure and Albright Electricals) is/ was same, viz., P-27 Princep Street, 3rd Floor, Kolkata, West Bengal- 700072.</li> <li>• As per Annual Report of Fact for FY 2011-12, Fact had given long term loans &amp; advances to Gaungour Suppliers.</li> <li>• Gaungour Suppliers received/ transferred funds from/ to Gulistan Vanijya, Comfort Intech, S5 Trading, Scan Infrastructure, Rasika Sakpal (director of Ranisati Dealer), Fact Enterprise, Mukesh P Chouhan (director of BLC Trading) and Neha Cassettes.</li> </ul>
5	Heranba Finvest Services Pvt Ltd	<ul style="list-style-type: none"> <li>• As per Annual Report of Fact Enterprise for FY 2011-12, an amount of Rs 2.75 crore as at March 31, 2011 and March 31, 2012 is shown as long term loans &amp; advances given by Fact Enterprise to Heranba Finvest.</li> </ul>
6	Fact Enterprise Limited	<ul style="list-style-type: none"> <li>• Fact Enterprise Ltd had allotted convertible warrants through preferential offer to Anil Agrawal HUF (director of CSL and CIL), Sukusama Trading and Ranisati Dealer. Pursuant to conversion of warrants on 16/05/2010 and 24/05/2010, each of these entities were holding 13.095% share capital of Fact Enterprise.</li> <li>• As per Annual Report of Fact Enterprise for FY 2011-12, Fact Enterprise has given long term loans &amp; advances to BLC Trading, Gaungour Suppliers, Heranba Finvest, Padma Impex and Suvidha Securities.</li> <li>• Fact Enterprise received/ transferred funds from/ to Gaungour Suppliers, Padma Impex and Heranba Finvest.</li> </ul>

		<ul style="list-style-type: none"> <li>• Fact has submitted that Mr Anil Agrawal (director of CSL and CIL) is their financial consultant, and entire preferential share application money was solicited and arranged by him.</li> <li>• Rajiv Kashyap (director of Fact Enterprise) received funds from Splash Media.</li> </ul>
7	Sukusama Trading and Investments Private Limited	<ul style="list-style-type: none"> <li>• Amit Kumar Khemka, director of Comfort Securities Ltd and brother-in-law of Anil Agrawal, was director of Sukusama Trading and Investments Pvt Ltd (during 02/08/2007 to 06/02/2010). Further, Amit Kumar Khemka was also holding shares of Sukusama Trading as on Sep 30, 2010 and Sep 29, 2012.</li> <li>• E-mail Id of Sukusama Trading, as per Form 32 filed on Aug 06, 2010 and Sep 03, 2010, is <a href="mailto:amit@comfortsecurities.co.in">amit@comfortsecurities.co.in</a>. Further, Form 32 of Sukusama Trading, filed pursuant to Board resolution dated Aug 02, 2007, for appointment of Monika Khemka and Amit Kumar Khemka, has been certified by Anil B Agrawal.</li> <li>• Onesource Business Services Pvt Ltd and Maheswari Finance Co. Pvt Ltd were the common shareholders of Sukusama Trading (as on Sep 30, 2010 and Sep 29, 2012) and Radhasoami Securities Pvt Ltd (as on Sep 30, 2009). Further, Jhunjhunwala Marketing &amp; Services Pvt Ltd was common shareholder of Sukusama Trading (as on Sep 30, 2010 and Sep 29, 2012) and Radhasoami Securities Pvt Ltd (as on Sep 30, 2009 and Sep 26, 2011).</li> <li>• BLC Trading, Bhrosemand Commodities Pvt. Ltd (erstwhile promoter of Splash Media), Padma Impex, Sukusama Trading and Ranisati Dealer are/ were having the same e-mail Id viz., <a href="mailto:pkc.mumbai@gmail.com">pkc.mumbai@gmail.com</a>, as per MCA records.</li> <li>• Fact Enterprise Ltd had allotted convertible warrants through preferential offer to Anil Agrawal HUF (director of CSL and CIL), Sukusama Trading and Ranisati Dealer. Pursuant to conversion of warrants on 16/05/2010 and 24/05/2010, each of these entities were holding 13.095% share capital of Fact Enterprise.</li> <li>• Heading of the Annual Return form of Ranisati Dealer, filed pursuant to AGM dated Sep 29, 2012, is given as "Annual Return of Sukusama Trading &amp; Investments Private Limited".</li> <li>• Kailash Chandra Sharma was common director of Splash Media (16/03/2010 to 30/05/2014) and Sukusama Trading (10/04/2010 to 24/06/2011). Further, address of Sukusama Trading (as per PNB A/c no. 1218002100031478 statement) and Splash Media (as per are Union Bank of India A/c no. 317904010060458 statment) is same, viz., Pyarelal Bldg, Near Infant Jesus School, Chincholi Bunder Road, Malad (W), Mumbai - 400064.</li> </ul>
8	Splash Media & Infra Ltd	<ul style="list-style-type: none"> <li>• Kailash Chandra Sharma was common director of Splash Media (16/03/2010 to 30/05/2014) and Sukusama Trading (10/04/2010 to 24/06/2011). Further, address of Sukusama Trading (as per PNB A/c no. 1218002100031478 statement) and Splash Media (as per are Union Bank of India A/c no. 317904010060458 statment) is same, viz.,</li> </ul>

		<p>Pyarelal Bldg, Near Infant Jesus School, Chincholi Bunder Road, Malad (W), Mumbai - 400064.</p> <ul style="list-style-type: none"> <li>• BLC Trading, Bhrosemand Commodities Pvt. Ltd (erstwhile promoter of Splash Media), Padma Impex, Sukusama Trading and Ranisati Dealer are/ were having the same e-mail Id viz., <a href="mailto:pkc.mumbai@gmail.com">pkc.mumbai@gmail.com</a>, as per MCA records.</li> <li>• Sarbeswar Parida is/was common director of Gulistan Vanijya, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media), Neelkanth Commodities (cessation on 04/06/2010) and Gaungour Suppliers.</li> <li>• Address of Grafton Merchant, Albright Electricals, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media), Neha Cassettes, Jai Ambe Cassettes, Puspal Chandra (director of Gaungour Suppliers and Scan Infrastructure) and Dhruva Narayan Jha (director of Scan Infrastructure and Albright Electricals) is/ was same, viz., P-27 Princep Street, 3rd Floor, Kolkata, West Bengal- 700072.</li> <li>• As per balance sheet of Syncom Formulations as at March 31, 2011, Syncom Formulations had made investments in the equity shares of Bhrosemand Commodities Pvt. Ltd (erstwhile promoter of Splash Media).</li> <li>• As per balance sheet of Prefer Abasan as at March 31, 2011, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media) and Padma Impex are shown as sundry debtors.</li> <li>• Splash Media transferred funds to Rajiv Kashyap (director of Fact Enterprise).</li> </ul>
9	Vibhuti Muti Trade Private Limited	<ul style="list-style-type: none"> <li>• JMD Sounds, Gulistan Vanijya and Suvidha Securities were shareholders of Vibhuti Muti Trade as on Sep 29, 2009.</li> <li>• E-mail Id of Vibhuti Muti Trade is <a href="mailto:sushilkumarpurohit@rediffmail.com">sushilkumarpurohit@rediffmail.com</a>, and Sushil Kumar Purohit is director of Unisys Softwares.</li> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• Vibhuti Muti Trade and Mintage Solutions have common address viz., B - 12, Jai Durga Co-Op. Hsg. Society Ltd., Cabin Road, Bhayender East, Bhayender, Maharashtra-401105.</li> <li>• Ramavatar Prajapati is/ was common director of Vibhuti Muti Trade (during 22/12/2006 to 20/01/2011), Matrix Systel (during 12/08/2008 to 04/01/2011) and Mintage Solutions.</li> </ul>

		<ul style="list-style-type: none"> <li>• Address of Suvidha Securities (as per Kotak Mahindra Bank A/c no. 09612000003224 statement), Matrix Systel and Ramavatar Prajapati (director of Vibhuti Muti Trade (during 22/12/2006 to 20/01/2011), Matrix Systel (during 12/08/2008 to 04/01/2011) and Mintage Solutions) is/ was same, viz., 105 Sagar Shopping Center, J P Road, Andheri West, Mumbai- 400 058.</li> <li>• Vibhuti Multi Trade received/ transferred funds from/ to J M D Sounds, Unisys Softwares, Matrix Systel, Comfort Intech.</li> </ul>
10	Comfort Securities Ltd & Comfort Intech Ltd	<ul style="list-style-type: none"> <li>• E-mail Id of BLC Trading, as per Form 23AC for FY ended March 2007 as obtained from MCA records, is <a href="mailto:comfortin@vsnl.com">comfortin@vsnl.com</a>. This same e-mail Id is that of Comfort Intech, as per Form 23AC for FY ended March 2007.</li> <li>• Form 20B and Form 23AC of BLC Trading for FY ended March 2008 has been certified by Anil B Agrawal (director of Comfort Securities and Comfort Intech).</li> <li>• Fact Enterprise Ltd had allotted convertible warrants through preferential offer to Anil Agrawal HUF (director of CSL and CIL), Sukusama Trading and Ranisati Dealer. Pursuant to conversion of warrants on 16/05/2010 and 24/05/2010, each of these entities were holding 13.095% share capital of Fact Enterprise.</li> <li>• Fact has submitted that Mr Anil Agrawal (director of CSL and CIL) is their financial consultant, and entire preferential share application money was solicited and arranged by him.</li> <li>• Amit Kumar Khemka, director of Comfort Securities Ltd and brother-in-law of Anil Agrawal, was director of Sukusama Trading and Investments Pvt Ltd (during 02/08/2007 to 06/02/2010). Further, Amit Kumar Khemka was also holding shares of Sukusama Trading as on Sep 30, 2010 and Sep 29, 2012.</li> <li>• E-mail Id of Sukusama Trading, as per Form 32 filed on Aug 06, 2010 and Sep 03, 2010, is <a href="mailto:amit@comfortsecurities.co.in">amit@comfortsecurities.co.in</a>. Further, Form 32 of Sukusama Trading, filed pursuant to Board resolution dated Aug 02, 2007, for appointment of Monika Khemka and Amit Kumar Khemka, has been certified by Anil B Agrawal.</li> <li>• Chandrakala Purohit (director of Comfort Securities) is daughter of and also has same address viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 as that of Jagadish Prasad Purohit (director of Scan Infrastructure, Unisys Softwares, Suvidha Securities).</li> <li>• Further, Chandrakala Purohit (director of Comfort Securities) has common address, viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 with Anil Kumar Purohit (director of Scan Infrastructure, Albright Electricals, Suvidha Securities), Sushil Kumar Purohit (director of Unisys Softwares), Kailash Prasad Purohit (director of JMD Sounds, Unisys Softwares (during 06/12/1996 to 20/02/2010), Neha cassettes, Jaiambe Cassettes, Scan Infrastructure), Pawan Kumar Purohit (director of JMD Sounds) and Bal Chand Purohit (director of JMD Sounds).</li> </ul>

		<ul style="list-style-type: none"> <li>• CSL was Lead Manager to Rights issue of Syncom Formulations. Syncom Formulations has submitted that CSL also advised them on preferential issue. CSL was also Manager to the open offer wherein Target company was Syncom Formulations.</li> <li>• Off market transfer between Comfort Securities and Syncom Formulations in the scrip of Ravi Kumar Distilleries Ltd.</li> <li>• Anil Agrawal (director of CIL and CSL) transferred funds to Padma Impex.</li> <li>• Annu Agrawal (wife of Anil Agrawal and director of CIL and CSL) received/ transferred funds from/ to Suvidha Securities, Padma Impex.</li> </ul>
11	Grafton Merchant Pvt.Ltd	<ul style="list-style-type: none"> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• Address of Grafton Merchant, Albright Electricals, Bhrosemmand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media), Neha Cassettes, Jai Ambe Cassettes, Puspall Chandra (director of Gaungour Suppliers and Scan Infrastructure) and Dhruva Narayan Jha (director of Scan Infrastructure and Albright Electricals) is/ was same, viz., P-27 Princep Street, 3rd Floor, Kolkata, West Bengal- 700072.</li> <li>• Raj Kumar Purohit was common director of Grafton Merchant (cessation on 18/03/2010), Albright Electricals, Brijdham Dealcom.</li> <li>• Albright Electricals and JMD Sounds were shareholders of Grafton Merchant as on Sep 30, 2009.</li> <li>• Grafton Merchant received/ transferred funds from/ to JMD Sounds, Unisys Softwares, Gulistan Vanijya, Matrix Systel, Albright Electricals, Neelkanth Commodities, Jaiambe Cassettes and Neha Cassettes.</li> </ul>
12	Albright Electricals Pvt Ltd	<ul style="list-style-type: none"> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• Address of Grafton Merchant, Albright Electricals, Bhrosemmand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media), Neha Cassettes, Jai Ambe Cassettes, Puspall Chandra (director of Gaungour Suppliers and Scan Infrastructure) and Dhruva Narayan Jha (director of Scan Infrastructure and Albright Electricals) is/ was same, viz., P-27 Princep Street, 3rd Floor, Kolkata, West Bengal- 700072.</li> <li>• Chandrakala Purohit (director of Comfort Securities) has common address, viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 with Anil Kumar Purohit (director of Scan Infrastructure, Albright Electricals,</li> </ul>



		<p>Suvidha Securities), Sushil Kumar Purohit (director of Unisys Softwares), Kailash Prasad Purohit (director of JMD Sounds, Unisys Softwares (during 06/12/1996 to 20/02/2010), Neha cassettes, Jaiambe Cassettes, Scan Infrastructure), Pawan Kumar Purohit (director of JMD Sounds) and Bal Chand Purohit (director of JMD Sounds).</p> <ul style="list-style-type: none"> <li>• Raj Kumar Purohit was common director of Grafton Merchant (cessation on 18/03/2010), Albright Electricals, Brijdham Dealcom.</li> <li>• Albright Electricals and JMD Sounds were shareholders of Grafton Merchant as on Sep 30, 2009.</li> <li>• Dhruva Narayan Jha is/ was common director of Albright Electricals and Scan Infrastructure.</li> <li>• Albright Electricals received/ transferred funds from/ to Scan Infrastructure, Grafton Merchant.</li> </ul>
13	Uday P Shah	<ul style="list-style-type: none"> <li>• Uday P Shah received funds from Comfort Intech.</li> </ul>
14	Suvidha Securities Private Limited	<ul style="list-style-type: none"> <li>• Chandrakala Purohit (director of Comfort Securities) is daughter of and also has same address viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 as that of Jagadish Prasad Purohit (director of Scan Infrastructure, Unisys Softwares, Suvidha Securities).</li> <li>• Further, Chandrakala Purohit (director of Comfort Securities) has common address, viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 with Anil Kumar Purohit (director of Scan Infrastructure, Albright Electricals, Suvidha Securities), Sushil Kumar Purohit (director of Unisys Softwares), Kailash Prasad Purohit (director of JMD Sounds, Unisys Softwares (during 06/12/1996 to 20/02/2010), Neha cassettes, Jaiambe Cassettes, Scan Infrastructure), Pawan Kumar Purohit (director of JMD Sounds) and Bal Chand Purohit (director of JMD Sounds).</li> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• JMD Sounds, Gulistan Vanijya and Suvidha Securities were shareholders of Vibhuti Muti Trade as on Sep 29, 2009.</li> <li>• Suvidha Securities and Unisys Softwares were shareholders of Radhasoami Securities as on Sep 30, 2009. Further, Neha Cassettes and Matrix Systel were shareholders of Radhasoami Securities as on Sep 26, 2011.</li> <li>• Address of Suvidha Securities (as per Kotak Mahindra Bank A/c no. 09612000003224 statement), Matrix Systel and Ramavatar Prajapati (director of Vibhuti Muti Trade (during 22/12/2006 to 20/01/2011), Matrix Systel (during 12/08/2008 to 04/01/2011) and Mintage</li> </ul>

		<p>Solutions) is/ was same, viz., 105 Sagar Shopping Center, J P Road, Andheri West, Mumbai- 400 058.</p> <ul style="list-style-type: none"> <li>• As per Annual Report of Fact Enterprise for FY 2011-12, Fact Enterprise had given long term loans &amp; advances to Suvidha Securities.</li> <li>• Suvidha Securities received/ transferred funds from/ to Annu Agrawal (wife of Anil Agrawal and director of CIL and CSL), BLC Trading, Luharuka Export Pvt Ltd (promoter and promoter group of CSL and CIL).</li> </ul>
15	Padma Impex Private Limited	<ul style="list-style-type: none"> <li>• BLC Trading, Bhrosemand Commodities Pvt. Ltd (erstwhile promoter of Splash Media), Padma Impex, Sukusama Trading and Ranisati Dealer are/ were having the same e-mail Id viz., <a href="mailto:pkc.mumbai@gmail.com">pkc.mumbai@gmail.com</a>, as per MCA records.</li> <li>• As on Sep 30, 2010 and Sep 30, 2011, Ranisati Dealers was holding 15.73% shares of Padma Impex.</li> <li>• As per balance sheet of Syncom Formulations as at March 31, 2011, Syncom Formulations had made investments in the equity shares of Padma Impex.</li> <li>• As per Annual Report of Fact Enterprise for FY 2011-12, Fact Enterprise had given long term loans &amp; advances to Padma Impex.</li> <li>• As per balance sheet of Prefer Abasan as at March 31, 2011, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media) and Padma Impex are shown as sundry debtors.</li> <li>• Padma Impex received/ transferred funds from/ to Annu Agrawal (wife of Anil Agrawal and director of CIL and CSL), Anil Agrawal (director of CIL and CSL), Syncom Formulations, Fact Enterprise, Ranisati Dealer, Prefer Abasan.</li> <li>• Off market transfers between Bunnings Trade Link and Padma Impex in the scrip of Ravi Kumar Distilleries Ltd.</li> <li>• Off market transfers between Everready Marketing and Padma Impex in the scrip of Ravi Kumar Distilleries Ltd.</li> </ul>
16	Prefer Abasan Private Limited	<ul style="list-style-type: none"> <li>• As submitted by Prefer Abasan, it had taken loan of Rs 3 crore from Gulistan Vanijya, but no loan agreement was entered by it and no interest was paid by it to Gulistan Vanijya. Therefore, Prefer Abasan and Gulistan Vanijya are connected entities.</li> <li>• As per balance sheet of Prefer Abasan as at March 31, 2011, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media) and Padma Impex are shown as sundry debtors.</li> <li>• Prefer Abasan transferred funds to Padma Impex.</li> </ul>
17	Neelkanth Commodities Private Limited	<ul style="list-style-type: none"> <li>• Rajendra Kumar Kothari is common director of Gulistan Vanijya, Neha Cassettes, Jai Ambe Cassettes and Neelkanth Commodities.</li> <li>• Sarbeswar Parida is/was common director of Gulistan Vanijya, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash</li> </ul>

		<p>Media), Neelkanth Commodities (cessation on 04/06/2010) and Gaungour Suppliers.</p> <ul style="list-style-type: none"> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• Neelkanth Commodities received/ transferred funds from/ to Gulistan Vanijya, Grafton Merchant.</li> </ul>
18	Brijdham Dealcom Private Limited	<ul style="list-style-type: none"> <li>• Raj Kumar Purohit was common director of Grafton Merchant (cessation on 18/03/2010), Albright Electricals, Brijdham Dealcom.</li> </ul>
19	Neha Cassettes Pvt. Ltd.	<ul style="list-style-type: none"> <li>• Rajendra Kumar Kothari is common director of Gulistan Vanijya, Neha Cassettes, Jai Ambe Cassettes and Neelkanth Commodities.</li> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• Chandrakala Purohit (director of Comfort Securities) has common address, viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 with Anil Kumar Purohit (director of Scan Infrastructure, Albright Electricals, Suvidha Securities), Sushil Kumar Purohit (director of Unisys Softwares), Kailash Prasad Purohit (director of JMD Sounds, Unisys Softwares (during 06/12/1996 to 20/02/2010), Neha cassettes, Jaiambe Cassettes, Scan Infrastructure), Pawan Kumar Purohit (director of JMD Sounds) and Bal Chand Purohit (director of JMD Sounds).</li> <li>• Address of Grafton Merchant, Albright Electricals, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media), Neha Cassettes, Jai Ambe Cassettes, Puspall Chandra (director of Gaungour Suppliers and Scan Infrastructure) and Dhruva Narayan Jha (director of Scan Infrastructure and Albright Electricals) is/ was same, viz., P-27 Princep Street, 3rd Floor, Kolkata, West Bengal- 700072.</li> <li>• Suvidha Securities and Unisys Softwares were shareholders of Radhasoami Securities as on Sep 30, 2009. Further, Neha Cassettes and Matrix Systel were shareholders of Radhasoami Securities as on Sep 26, 2011.</li> <li>• Neha Cassettes received/ transferred funds from/ to Gaungour Suppliers, Grafton Merchant.</li> </ul>
20	Jai Ambe Cassettes Pvt Ltd	<ul style="list-style-type: none"> <li>• Rajendra Kumar Kothari is common director of Gulistan Vanijya, Neha Cassettes, Jai Ambe Cassettes and Neelkanth Commodities.</li> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes,</li> </ul>

		<p>Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</p> <ul style="list-style-type: none"> <li>• Address of Grafton Merchant, Albright Electricals, Bhrosemand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media), Neha Cassettes, Jai Ambe Cassettes, Puspall Chandra (director of Gaungour Suppliers and Scan Infrastructure) and Dhruva Narayan Jha (director of Scan Infrastructure and Albright Electricals) is/ was same, viz., P-27 Princep Street, 3rd Floor, Kolkata, West Bengal- 700072.</li> <li>• Chandrakala Purohit (director of Comfort Securities) has common address, viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 with Anil Kumar Purohit (director of Scan Infrastructure, Albright Electricals, Suvidha Securities), Sushil Kumar Purohit (director of Unisys Softwares), Kailash Prasad Purohit (director of JMD Sounds, Unisys Softwares (during 06/12/1996 to 20/02/2010), Neha cassettes, Jaiambe Cassettes, Scan Infrastructure), Pawan Kumar Purohit (director of JMD Sounds) and Bal Chand Purohit (director of JMD Sounds).</li> <li>• Jai Ambe Cassettes received/ transferred funds from/ to Gulistan Vanijya, Grafton Merchant, Unisys Softwares.</li> </ul>
21	Mintage Solutions Pvt Ltd	<ul style="list-style-type: none"> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• Vibhuti Muti Trade and Mintage Solutions have common address viz., B - 12, Jai Durga Co-Op. Hsg. Society Ltd., Cabin Road, Bhayender East, Bhayender, Maharashtra-401105.</li> <li>• Ramavatar Prajapati is/ was common director of Vibhuti Muti Trade (during 22/12/2006 to 20/01/2011), Matrix Systel (during 12/08/2008 to 04/01/2011) and Mintage Solutions.</li> <li>• Address of Suvidha Securities (as per Kotak Mahindra Bank A/c no. 09612000003224 statement), Matrix Systel and Ramavatar Prajapati (director of Vibhuti Muti Trade (during 22/12/2006 to 20/01/2011), Matrix Systel (during 12/08/2008 to 04/01/2011) and Mintage Solutions) is/ was same, viz., 105 Sagar Shopping Center, J P Road, Andheri West, Mumbai- 400 058.</li> <li>• Mintage Solutions received/ transferred funds from/ to Matrix Systel, Unisys Softwares, JMD Sounds.</li> </ul>
22	S5 Trading Pvt Ltd	<ul style="list-style-type: none"> <li>• S5 Trading received/ transferred funds from/ to Rasika Sakpal (director of Ranisati Dealer), Gaungour Suppliers, Aqua Trading.</li> </ul>
23	Aqua Trading Company	<ul style="list-style-type: none"> <li>• Aqua Trading received/ transferred funds from/ to BLC Trading, Rasika Sakpal (director of Ranisati Dealer), S5 Trading, Everready Marketing, Laxminarayana Veeramallu Doosa.</li> </ul>

24	Syncom Formulations (India) Ltd	<ul style="list-style-type: none"> <li>• CSL was Lead Manager to Rights issue of Syncom Formulations. Syncom Formulations has submitted that CSL also advised them on preferential issue. CSL was also Manager to the open offer wherein Target company was Syncom Formulations.</li> <li>• Off market transfer between Comfort Securities and Syncom Formulations in the scrip of Ravi Kumar Distilleries Ltd.</li> <li>• As per submissions of BLC Trading and Syncom, Syncom had granted short term advance to BLC Trading with no interest. Further, Syncom also made an application to BLC Trading for subscription of 1.10 lakh shares of BLC Trading.</li> <li>• Also, as per balance sheet of Syncom Formulations as at March 31, 2011, Syncom Formulations had made investments in the equity shares of Bhrosemmand Commodities Pvt. Ltd (erstwhile promoter of Splash Media) and Padma Impex.</li> <li>• Syncom Formulations received/ transferred funds from/ to Padma Impex, Bhrosemmand Commodities Pvt Ltd (erstwhile promoter of Splash Media).</li> </ul>
25	Scan Infrastructure Ltd	<ul style="list-style-type: none"> <li>• Chandrakala Purohit (director of Comfort Securities) is daughter of and also has same address viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 as that of Jagadish Prasad Purohit (director of Scan Infrastructure, Unisys Softwares, Suvidha Securities).</li> <li>• Further, Chandrakala Purohit (director of Comfort Securities) has common address, viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 with Anil Kumar Purohit (director of Scan Infrastructure, Albright Electricals, Suvidha Securities), Sushil Kumar Purohit (director of Unisys Softwares), Kailash Prasad Purohit (director of JMD Sounds, Unisys Softwares (during 06/12/1996 to 20/02/2010), Neha cassettes, Jaiambe Cassettes, Scan Infrastructure), Pawan Kumar Purohit (director of JMD Sounds) and Bal Chand Purohit (director of JMD Sounds).</li> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• Puspall Chandra is common director of Scan Infrastructure and Gaungour Suppliers.</li> <li>• Address of Grafton Merchant, Albright Electricals, Bhrosemmand Commodities Pvt.Ltd. (erstwhile promoter of Splash Media), Neha Cassettes, Jai Ambe Cassettes, Puspall Chandra (director of Gaungour Suppliers and Scan Infrastructure) and Dhruva Narayan Jha (director of Scan Infrastructure and Albright Electricals) is/ was same, viz., P-27 Princep Street, 3rd Floor, Kolkata, West Bengal- 700072.</li> </ul>

		<ul style="list-style-type: none"> <li>• Dhruva Narayan Jha is/ was common director of Albright Electricals and Scan Infrastructure.</li> <li>• Scan Infrastructure received/ transferred funds from/ to Comfort Intech, Rasika Sakpal (director of Ranisati Dealer), Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, JMD Sounds, Matrix Systel, Unisys Softwares.</li> </ul>
26	Unisys Softwares and Holding Industries Ltd	<ul style="list-style-type: none"> <li>• Chandrakala Purohit (director of Comfort Securities) is daughter of and also has same address viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 as that of Jagadish Prasad Purohit (director of Scan Infrastructure, Unisys Softwares, Suvidha Securities).</li> <li>• Further, Chandrakala Purohit (director of Comfort Securities) has common address, viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 with Anil Kumar Purohit (director of Scan Infrastructure, Albright Electricals, Suvidha Securities), Sushil Kumar Purohit (director of Unisys Softwares), Kailash Prasad Purohit (director of JMD Sounds, Unisys Softwares (during 06/12/1996 to 20/02/2010), Neha cassettes, Jaiambe Cassettes, Scan Infrastructure), Pawan Kumar Purohit (director of JMD Sounds) and Bal Chand Purohit (director of JMD Sounds).</li> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• Address of Gulistan Vanijya, Unisys Softwares and JMD Sounds is same, viz., 75/C Park Street, Kolkata, West Bengal- 700016.</li> <li>• Suvidha Securities and Unisys Softwares were shareholders of Radhasoami Securities as on Sep 30, 2009. Further, Neha Cassettes and Matrix Systel were shareholders of Radhasoami Securities as on Sep 26, 2011.</li> <li>• E-mail Id of Vibhuti Muti Trade is <a href="mailto:sushilkumarpurohit@rediffmail.com">sushilkumarpurohit@rediffmail.com</a>, and Sushil Kumar Purohit is director of Unisys Softwares.</li> <li>• Unisys Softwares received/ transferred funds from/ to Gulistan Vanijya, Vibhuti Muti Trade, Grafton Merchant, Mintage Solutions, Scan Infrastructure, JMD Sounds, Jai Ambe Cassettes, Matrix Systel, Neha Cassettes.</li> </ul>
27	Matrix Systel Pvt Ltd	<ul style="list-style-type: none"> <li>• Gulistan Vanijya, Gaungour Suppliers, Albright Electricals, Grafton Merchant, Suvidha Securities, Unisys Softwares, Jai Ambe Cassettes, Matrix Systel, Mintage Solutions, Neha Cassettes, Scan Infrastructure, Vibhuti Muti Trade and Neelkanth Commodities are/ were having the same e-mail Id, viz., <a href="mailto:dhruvonarayan.jha@rediffmail.com">dhruvonarayan.jha@rediffmail.com</a>, as per MCA records.</li> <li>• Suvidha Securities and Unisys Softwares were shareholders of Radhasoami Securities as on Sep 30, 2009. Further, Neha Cassettes and</li> </ul>

		<p>Matrix Systel were shareholders of Radhasoami Securities as on Sep 26, 2011.</p> <ul style="list-style-type: none"> <li>• Ramavatar Prajapati is/ was common director of Vibhuti Muti Trade (during 22/12/2006 to 20/01/2011), Matrix Systel (during 12/08/2008 to 04/01/2011) and Mintage Solutions.</li> <li>• Address of Suvidha Securities (as per Kotak Mahindra Bank A/c no. 09612000003224 statement), Matrix Systel and Ramavatar Prajapati (director of Vibhuti Muti Trade (during 22/12/2006 to 20/01/2011), Matrix Systel (during 12/08/2008 to 04/01/2011) and Mintage Solutions) is/ was same, viz., 105 Sagar Shopping Center, J P Road, Andheri West, Mumbai- 400 058.</li> <li>• Matrix Systel received/ transferred funds from/ to Gulistan Vanijya, Vibhuti Muti Trade, Grafton Merchant, Mintage Solutions, Scan Infrastructure, Unisys Softwares, JMD Sounds, Radhasoami Securities.</li> </ul>
28	J M D Sounds Ltd	<ul style="list-style-type: none"> <li>• Chandrakala Purohit (director of Comfort Securities) has common address, viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 with Anil Kumar Purohit (director of Scan Infrastructure, Albright Electricals, Suvidha Securities), Sushil Kumar Purohit (director of Unisys Softwares), Kailash Prasad Purohit (director of JMD Sounds, Unisys Softwares (during 06/12/1996 to 20/02/2010), Neha cassettes, Jaiambe Cassettes, Scan Infrastructure), Pawan Kumar Purohit (director of JMD Sounds) and Bal Chand Purohit (director of JMD Sounds).</li> <li>• Address of Gulistan Vanijya, Unisys Softwares and JMD Sounds is same, viz., 75/C Park Street, Kolkata, West Bengal- 700016.</li> <li>• JMD Sounds, Gulistan Vanijya and Suvidha Securities were shareholders of Vibhuti Muti Trade as on Sep 29, 2009.</li> <li>• Albright Electricals and JMD Sounds were shareholders of Grafton Merchant as on Sep 30, 2009.</li> <li>• JMD Sounds received/ transferred funds from/ to Gulistan Vanijya, Vibhuti Muti Trade, Grafton Merchant, Mintage Solutions, Scan Infrastructure, Unisys Softwares, Matrix Systel.</li> </ul>
29	Everready Marketing P Ltd	<ul style="list-style-type: none"> <li>• Everready Marketing and Bunnings Trade Link have common e-mail id viz., <a href="mailto:casanjayshah@gmail.com">casanjayshah@gmail.com</a>; and one common director Dalsukhbhai Devsibhai Patel.</li> <li>• Everready Marketing received/ transferred funds from/ to Aqua Trading, Bunnings Trade Link, Laxminarayana Veeramallu Doosa, Rajanbabu V Gaddam.</li> <li>• Off market transfers between Everready Marketing and Padma Impex in the scrip of Ravi Kumar Distilleries Ltd.</li> </ul>
30	Bunnings Trade Link Pvt Ltd	<ul style="list-style-type: none"> <li>• Everready Marketing and Bunnings Trade Link have common e-mail id viz., <a href="mailto:casanjayshah@gmail.com">casanjayshah@gmail.com</a>; and one common director Dalsukhbhai Devsibhai Patel.</li> </ul>

		<ul style="list-style-type: none"> <li>• Bunnings Trade Link received/ transferred funds from/ to Rasika Sakpal (director of Ranisati Dealer), Everready Marketing, Laxminarayana Veeramallu Doosa, Rajanbabu V Gaddam.</li> <li>• Off market transfers between Bunnings Trade Link and Padma Impex in the scrip of Ravi Kumar Distilleries Ltd.</li> </ul>
31	Laxminarayana Veeramallu Doosa	<ul style="list-style-type: none"> <li>• Laxminarayana Veeramallu Doosa received/ transferred funds from/ to Everready, Bunnings Trade Link, Rajanbabu V Gaddam, Aqua Trading.</li> </ul>
32	Rajanbabu V Gaddam	<ul style="list-style-type: none"> <li>• Rajanbabu V Gaddam received/ transferred funds from/ to Everready Marketing, Bunnings Trade Link, Laxminarayana Veeramallu Doosa.</li> </ul>
33	Radhasoami Securities Private Limited	<ul style="list-style-type: none"> <li>• Onesource Business Services Pvt Ltd and Maheswari Finance Co. Pvt Ltd were the common shareholders of Sukusama Trading (as on Sep 30, 2010 and Sep 29, 2012) and Radhasoami Securities Pvt Ltd (as on Sep 30, 2009). Further, Jhunjhunwala Marketing &amp; Services Pvt Ltd was common shareholder of Sukusama Trading (as on Sep 30, 2010 and Sep 29, 2012) and Radhasoami Securities Pvt Ltd (as on Sep 30, 2009 and Sep 26, 2011).</li> <li>• Suvidha Securities and Unisys Softwares were shareholders of Radhasoami Securities as on Sep 30, 2009. Further, Neha Cassettes and Matrix Systel were shareholders of Radhasoami Securities as on Sep 26, 2011.</li> <li>• Radhasoami Securities received funds from Matrix Systel.</li> </ul>

### Fund transactions of RKDL post-receipt of IPO proceeds

15. The bank account statement of RKDL with Axis Bank (A/c no. 910020037719618) post-receipt of IPO proceeds upto Mar 31, 2011 was examined and the following was observed:
- RKDL had received Rs 40.35 crore on Dec 23, 2010, Rs 15.50 crore and Rs 16.50 crore on Dec 24, 2010, totaling Rs 72.35 crore as IPO proceeds.
  - The following major debit transactions (above Rs 25 lakhs), post-receipt of IPO proceeds upto Mar 31, 2011, were observed in the account of RKDL:

Sl. No.	Name of entity	Amount transferred (Rs)	Date(s) of transfer	Amount refunded (Rs)	Date(s) of refund	Net Amount transferred (Rs)
i.	Comfort Intech Ltd	12.88 cr (approx.)	24-12-2010	-	-	12.88 cr (approx.)
ii.	Gulistan Vanijya Pvt Ltd	4 cr	24-12-2010	-	-	4 cr



iii.	Ranisati Dealer Pvt Ltd	7.65 cr	24-12-2010	2.75 cr	17-02-2011	4.90 cr
iv.	Fact Enterprise Ltd	2.01 cr	24-12-2010	-	-	2.01 cr
v.	S5 Trading Pvt Ltd	2 cr	24-12-2010	2 cr	17-01-2011 & 18-01-2011	-
vi.	Aqua Trading Company	2 cr	24-12-2010	2 cr	19-01-2011 & 20-01-2011	-
vii.	Crystal Corporation	2 cr	24-12-2010	2 cr	14-01-2011 & 15-01-2011	-
viii.	Ravikumar Distilleries Ltd	34.8 cr	28-12-2010, 04-01-2011 & 14-01-2011	-	-	34.8 cr
ix.	Pushpendra Shukla/Ram Manohar Sin	1.5 cr	29-12-2010	1.5 cr	01-01-2011	-
x.	Vibhuti Muti Trade Pvt Ltd	2.25 cr	29-12-2010	-	-	2.25 cr
xi.	BLC Trading and Agencies Pvt Ltd	0.5 cr	03-01-2011	1 lakh	27-01-2011	0.49 cr
xii.	SAP Print Solutions Pvt Ltd	0.28 cr	05-01-2011	-	-	0.28 cr
xiii.	Sukusama Trading and Investments Pvt Ltd	3 cr	18-01-2011	-	-	3 cr
xiv.	Heranba Finvest Services Pvt Ltd	5 cr	18-01-2011, 19-01-2011, 20-01-2011 & 21-01-2011	-	-	5 cr
xv.	Gaungour Suppliers Pvt Ltd	2.75 cr	18-02-2011	-	-	2.75 cr
<b>Total Amount transferred (net of refunded amount)</b>						<b>72.36 crore</b>

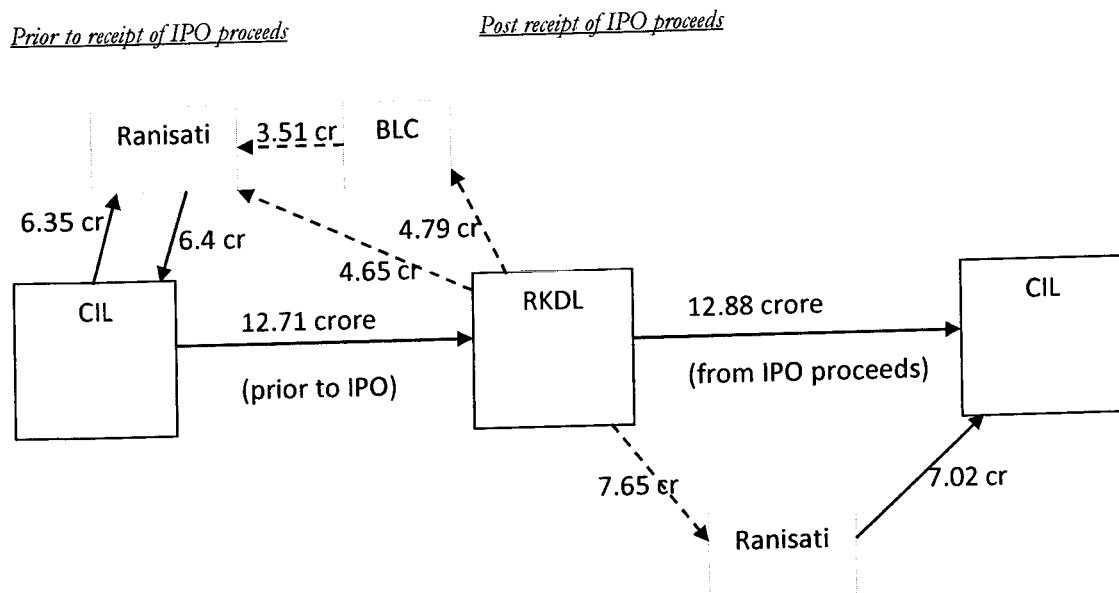
16. As can be seen from the table above, out of Rs 72.35 crore received in the Axis bank account of RKDL, only Rs 34.8 crore was transferred to RKDL (SBI Bank a/c no. 00000010397621613). Further, an amount of Rs 37.28 crore (net of refunded amount) was transferred to various other entities. The investigation in the IPO of RKDL and its dealings before and after the IPO revealed that a predominant portion of the proceeds of the IPO was siphoned off and/or routed and thus the Fund Flow of RKDL with the entities listed at sl. nos. 1-7, 10-11 and 13-15 above were analysed. The findings of investigation with respect to the details of the fund flow of RKDL with the entities listed at sl. nos. 1-7, 10-11 and 13-15 are as under-

**Details of Fund Flow of RKDL with the various entities**

17. **Fund transactions of RKDL with CIL**

- (a) CIL is an associate company of CSL, and had 4 common directors viz., Anil Beniprasad Agrawal, Bharat Nanubhai Shiroya, Annu Anil Agrawal and Jugal Chandrakant Thacker, with CSL, during the relevant period.

- (b) CIL had transferred Rs 12.71 crore to RKDL prior to the receipt of IPO proceeds by RKDL. Of this, RKDL had transferred Rs 4.65 crore and Rs 4.79 crore to Ranisati and BLC on Nov 25, 2010 pursuant to receipt of the said amounts from CIL on the same day. Further, CIL had received Rs 6.4 crore from Ranisati and BLC (through Ranisati) on Dec 03, 2010. CIL then transferred Rs 2 crore on Dec 04, 2010, Rs 2.35 crore on Dec 13, 2010 and Rs 2 crore on Dec 23, 2010 to Ranisati.
- (c) Subsequently, as noted above, on receipt of IPO proceeds by RKDL, CIL (Union Bank A/c no. 318001010036897) had received approx. Rs 12.88 crore from RKDL on Dec 24, 2010. Pursuant to receipt of IPO proceeds by RKDL, Ranisati received Rs 7.65 crore from RKDL on Dec 24, 2010, of which Ranisati transferred Rs 7.02 crore (approx.) to CIL (Union Bank A/c no. 318001010036897) on the same day.
- (d) A pictorial representation of the fund transactions between RKDL and CIL is given below:



- (e) CIL vide its letters dated June 11, 2014 and July 25, 2014 has submitted the following:
- i. CIL had given loan amounting to Rs 12.71 crore at the interest rate of 15% p.a. to RKDL, prior to receipt of IPO proceeds by RKDL. The principal amount along with interest, totalling to Rs 12,88,18,000, was refunded to CIL on Dec 24, 2010. CIL has furnished statement of accounts and copy of Form 16A (TDS certificate) in respect of this loan transaction.
  - ii. However, CIL could not produce copy of the said loan agreement with RKDL, stating that since the loan was repaid by RKDL, the promoter of RKDL took away all the original documents and gave CIL a letter of settlement.
  - iii. CIL had received the above amounts of Rs 6.4 crore and Rs 7.02 crore from Ranisati against loan given by it to Ranisati. CIL has furnished statement of accounts and copy of Form 16A (TDS certificate) in respect of this loan transaction. CIL has also furnished a copy of loan agreement dated July 15, 2010 with Ranisati for borrowing limit to the extent of Rs 12 crore for a maximum

period of 1 year from the date of the first disbursement, with interest at the rate of 8% p.a. compounded on periodic basis.

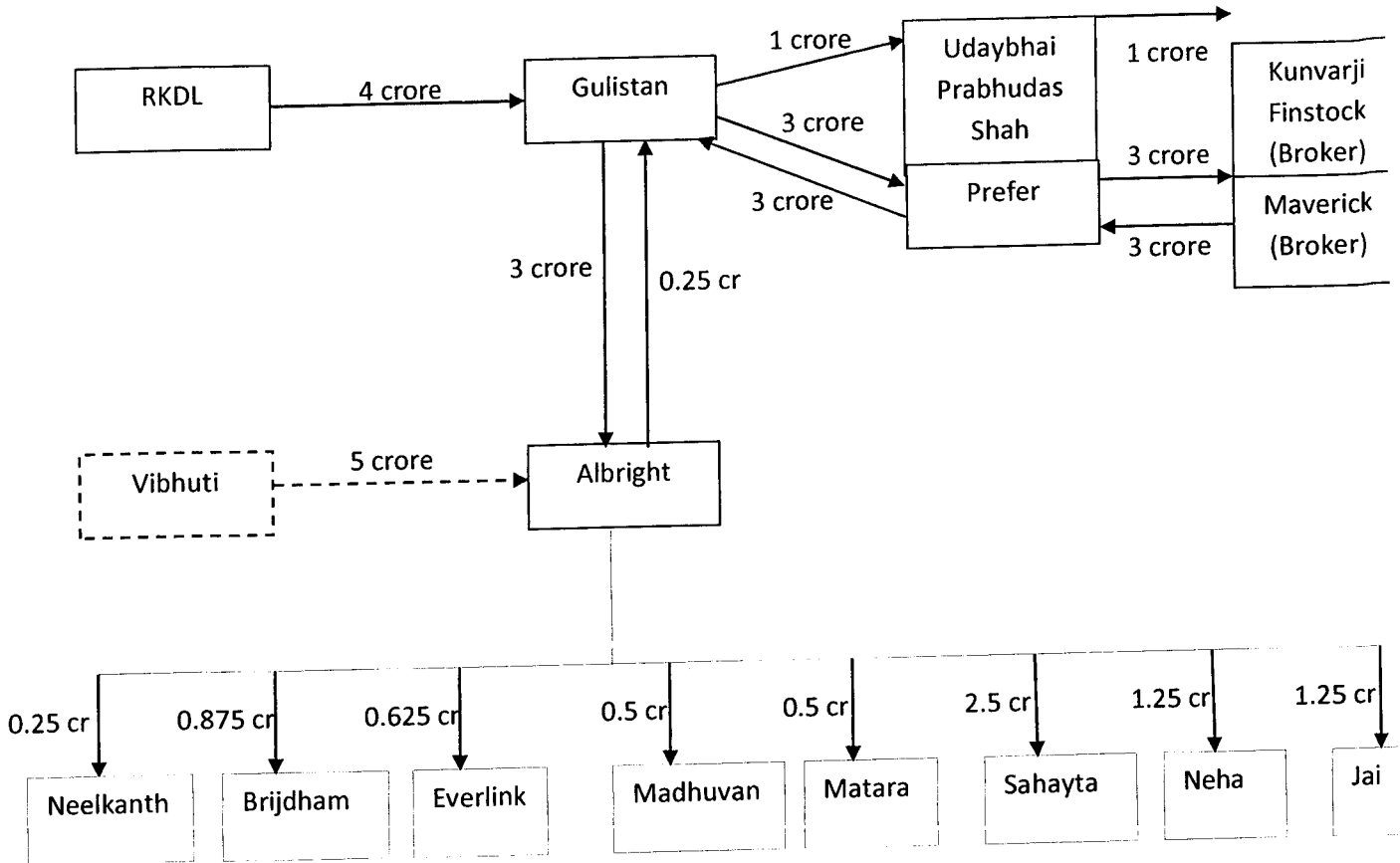
- (f) It is further observed that CIL, Ranisati and BLC are connected entities.
- (g) It is also observed that the above funds of Rs 4.79 crore and Rs 4.65 crore transferred by RKDL to BLC and Ranisati respectively were siphoned off, which were effectively from IPO proceeds.
- (h) From the above, the following is observed during investigation:
- i. CIL had transferred Rs 12.71 crore to RKDL prior to the IPO of RKDL, and had received Rs 12.88 crore from RKDL out of IPO proceeds. Accordingly, these fund transactions between RKDL and CIL were in the nature of bridge loan, which were repaid from the IPO proceeds. Disclosure of the same was not made in the offer document. The mis-statements and non-disclosures observed in the offer documents have been discussed in later paras.
  - ii. The loan agreement between CIL and Ranisati, as provided by CIL, for a borrowing limit to the extent of Rs 12 crore, has been executed on a plain paper. Further, this loan agreement specifies interest at the rate of 8% p.a. compounded on periodic basis or at regular intervals; however, as per the statement of accounts provided by CIL in respect of Ranisati, interest has been compounded at irregular intervals (ranging from 1 day to 2 months 5 days). Therefore, the said agreement between CIL and Ranisati appears to be dubious.
  - iii. The funds had moved from CIL to RKDL, from RKDL to BLC and Ranisati, and from BLC and Ranisati to escrow account of RPP Infraprojects Ltd on the same day itself, i.e., Nov 25, 2010. Further, pursuant to receipt of refund from escrow account of RPP Infraprojects Ltd to Ranisati and BLC on Dec 03, 2010, the funds had moved from BLC to Ranisati; and from Ranisati to CIL on the same day itself, i.e. Dec 03, 2010.
  - iv. Also, post receipt of IPO proceeds by RKDL, the funds had moved from RKDL to Ranisati, and from Ranisati to CIL on the same day itself, i.e., Dec 24, 2010.
  - v. From the above non-disclosure of bridge loan given by CIL to RKDL, dubious loan agreement between CIL and Ranisati, aforesaid connection of entities, timing of movement of funds, it is observed that an artifice was created to siphon off the above Rs 4.65 crore and Rs 4.79 crore, which were transferred from CIL to RKDL, and from RKDL to Ranisati and BLC. Effectively IPO proceeds amounting to Rs 4.65 crore and Rs 4.79 crore were siphoned off in the process, as CIL was refunded from the IPO proceeds itself. Further, out of these siphoned off Rs 4.65 crore and Rs 4.79 crore, Rs 6.4 crore were siphoned off to CIL, associate of merchant banker, CSL.
- (i) Further, it is also noted that, out of this Rs 6.4 crore,
- i. Rs 2 crore was routed to Fact (through Ranisati and BLC), which had transferred the same amount to RKDL, and pursuant to receipt of IPO proceeds by RKDL, received back the same amount along with interest from RKDL.
  - ii. Rs 2.35 crore was routed to Suvidha (allottee and trader) through Ranisati, BLC and Fact.
  - iii. Rs 2 crore was routed to Syncom (buyer of RKDL shares on the listing day) through Ranisati and BLC.

18. **Fund transactions with Gulistan Vanijya Pvt Ltd (Gulistan)**

- (a) Gulistan (Kotak Mahindra Bank A/c no. 03232000018000) had received Rs 4 crore from RKDL (Axis Bank A/c no. 910020037719618) on Dec 24, 2010 out of the IPO proceeds. On the same day, Gulistan transferred Rs 1 crore to Udaybhai Prabhudas Shah, and Rs 3 crore to Prefer Abasan Pvt Ltd.
- (b) On receipt of Rs 1 crore from Gulistan on Dec 24, 2010, Udaybhai Prabhudas Shah (Federal Bank A/c no. 15410200002214) transferred Rs 1 crore to his broker, Kunvarji Finstock Pvt Ltd on the same day. Udaybhai Prabhudas Shah had bought 6,42,500 shares (buy value = approx. Rs 5.47 cr) and sold 2,42,500 shares (sell value = approx. Rs 1.95 cr) of RKDL on the day of listing, i.e., Dec 27, 2010.
- (c) On receipt of Rs 3 crore from Gulistan on Dec 24, 2010, Prefer Abasan Pvt Ltd (Prefer) (HDFC bank A/c no. 10152560003621) transferred the same to its broker Maverick Share Brokers Pvt Ltd on Dec 27, 2010. Prefer had bought 35,41,092 shares (buy value = approx. Rs 30.24 crore) and sold 27,25,890 shares (sell value = approx. Rs 23.14 crore) of RKDL on its listing date, i.e., Dec 27, 2010.
- (d) Subsequently, on Feb 10, 2011, Prefer transferred Rs 3 crore to Gulistan, and Gulistan in turn transferred the same to Albright Electricals Pvt Ltd (Albright) (Kotak Mahindra Bank A/c no. 03232000022644) on the same day.
- (e) Apart from Rs 3 crore received from Gulistan on Feb 10, 2011, Albright also received Rs 5 crore from Vibhuti Muti Trade Pvt Ltd (Kotak Mahindra Bank A/c no. 09612000007328) on the same day. On the same day, Albright made the following fund transfers:
- a. Rs 25 lakhs to Neelkanth Commodities Pvt Ltd (Neelkanth)
  - b. Rs 87.50 lakhs to Brijdham Dealcom Pvt Ltd (Brijdham)
  - c. Rs 62.50 lakhs to Everlink Distributors Pvt Ltd (Everlink)
  - d. Rs 50 lakhs to Madhuvan Data Matics Traders Pvt Ltd (Madhuvan)
  - e. Rs 50 lakhs to Matara Electrical Traders Pvt Ltd (Matara)
  - f. Rs 2.5 crore to Sahayta Financial Consultancy Services Pvt Ltd (Sahayta)
  - g. Rs 1.25 crore to Neha Cassettes Pvt Ltd (Neha Cassettes)
  - h. Rs 1.25 crore to Jai Ambe Cassettes Pvt Ltd (Jai Ambe)

Further, on Feb 11, 2011, Albright also transferred Rs 25 lakhs to Gulistan.

- (f) A pictorial representation of the above fund transactions through Gulistan is given below:



- (g) It was further observed that Gulistan, Albright, Neelkanth, Brijdham, Neha Cassettes, Jai Ambe Cassettes, Prefer Abasan, Udaybhai Prabhudas Shah are connected entities.
- (j) Vide summons dated Jan 29, 2014, Gulistan was called upon to inter alia inform its business, reasons for the above fund transactions with RKDL, Udaybhai Prabhudas Shah, Prefer and Albright. Gulistan, vide its letter received on Feb 10, 2014, requested for extension till mid of March 2014 for submission of reply. Upon non-receipt of any reply, vide summons dated June 03, 2014, Gulistan was again reminded to submit the information/ documents sought vide SEBI's earlier summons. However, Gulistan has not provided the information/ documents.
- (k) Prefer Abasan vide its letters dated Feb 04, 2014 and June 07, 2014 has submitted that it had taken loan amounting to Rs 3 crore from Gulistan on Dec 24, 2010 and repaid it on Feb 10, 2011, but no loan agreement was entered by it. Prefer Abasan has furnished confirmation of accounts in respect of its transactions with Gulistan.
- (l) Vide summons dated Jan 29, 2014 and June 04, 2014, Udaybhai Prabhudas Shah was called upon to inter alia furnish reasons for its above fund transaction with Gulistan. However, no reply has been received from him.
- (m) Vide summons dated Jan 29, 2014, Albright was called upon to inter alia furnish reasons for the above fund transactions with Gulistan, and other entities. Albright, vide its letter received on Feb 10, 2014, requested for extension till 1st week of March 2014 for submission of reply. Upon non-receipt of any reply, vide summons dated June 03, 2014, Albright was again called upon to submit the information/ documents sought vide SEBI's earlier summons. However, Albright has not provided the information/ documents.

(n) From the above, the following is observed:

- i. Prefer has informed that no loan agreement was entered by it with Gulistan in respect of the above fund transactions. Further, from the said confirmation of accounts furnished by Prefer Abasan in respect of Gulistan, it is observed that no interest has been paid by Prefer Abasan to Gulistan against the said loan. Also, Prefer Abasan had routed the funds to its broker for buying shares of RKDL. Therefore, the transactions between Gulistan and Prefer appear to be dubious.
- ii. From the above fund transactions, routing of funds to traders in the scrip of RKDL, RKDL's submission regarding siphoning off of IPO proceeds through Gulistan, aforesaid connection of entities, observation at point (i) above, it is observed that Rs 4 crore has been siphoned off from IPO proceeds through Gulistan, out of which:
  - Rs 1 crore has been routed to Udaybhai Prabhudas Shah which was used for buying shares of RKDL on the listing day, and
  - Rs 3 crore were initially routed to Prefer which was used for buying shares of RKDL on the listing day, and were later transferred from Prefer to Gulistan and then from Gulistan to Albright.

19. **Fund transactions with Ranisati**

(a) Prior to receipt of IPO proceeds by RKDL, Ranisati had received Rs 4.65 crore from RKDL on Nov 25, 2010, and on the same day transferred Rs 4,99,98,000.00 to the Escrow account of RPP Infraprojects Ltd. Subsequently, on Dec 03, 2010, Ranisati received Rs 3,30,82,575.00 from RPP Infraprojects Ltd. On the same day Ranisati had also received Rs 3.51 crore from BLC. And on the same day, Ranisati transferred Rs 6.40 crore to CIL.

Further, on Dec 04, 2010, Ranisati also transferred Rs 15 lakhs to Suvidha Securities Pvt Ltd, which had applied in the IPO of RKDL and had also traded in the scrip.

(b) The fund transactions of Ranisati, post-receipt of IPO proceeds by RKDL, are given below:

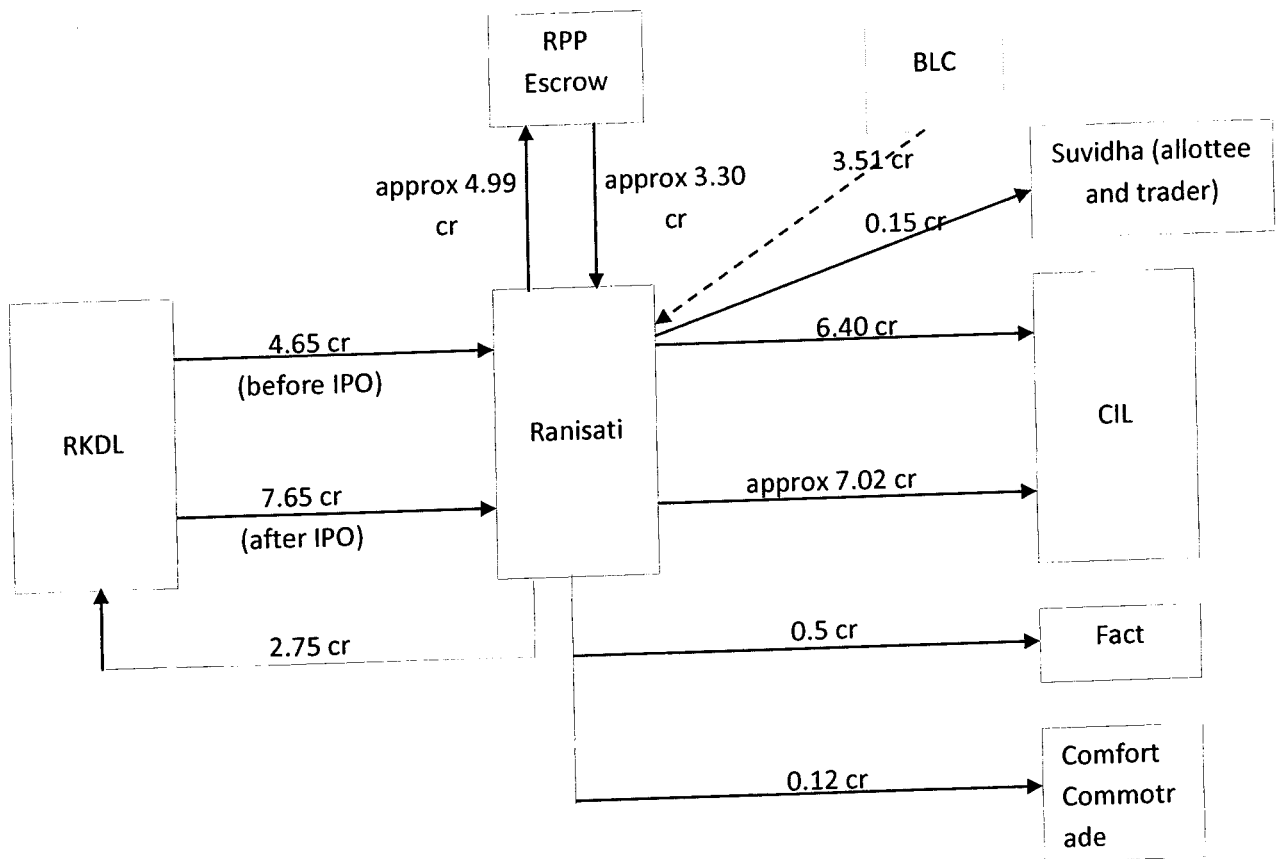
i. Pursuant to receipt of IPO proceeds by RKDL, Ranisati (Union Bank A/c no. 318001010036869) received Rs 7.65 crore from RKDL (Axis Bank A/c no. 910020037719618) on Dec 24, 2010. On the same day, Ranisati made the following fund transfers:

- Rs 7,02,47,901/- to CIL (Union Bank A/c no. 318001010036897)
- Rs 50 lakhs to Fact Enterprise Ltd (Union Bank A/c no. 318001010036877)

ii. Further, on Dec 31, 2010, Ranisati transferred Rs 12 lakh to Comfort Commotrade Pvt Ltd.

iii. Ranisati further transferred Rs 2.75 crore to RKDL on Feb 17, 2011.

(c) A pictorial representation of the above fund transactions is given below:



- (d) It is further observed that Ranisati, BLC, Fact, Suvidha and CIL are connected entities.
- (e) Ranisati vide its letters dated Feb 24, 2014 and June 20, 2014 has submitted the following:
- Its business is trading in shares and securities.
  - Ranisati had received Rs 4.65 crore and Rs 7.65 crore from RKDL as part payment towards purchase of shares. Further, excess money of Rs 2.75 crore was refunded by Ranisati to RKDL.
  - Ranisati had given Rs 6.4 crore and Rs 7.02 crore (approx) to CIL as loan.
  - Ranisati had received Rs 3.51 crore from BLC as short term advances.
  - Ranisati had given Rs 50 lakh to Fact as short term advances.
  - Ranisati had paid Rs 12 lakh to Comfort Commotrade on account of trading in commodity exchange.
- (f) Vide summons dated July 02, 2014, Ranisati was advised to provide the back-papers/ documents in support of the above reasons furnished by it for the above fund transfers. Ranisati was also advised to provide the name of scrip/ company, copy of share application form, number of shares allotted, current status of the shares, etc, for purchase of which Ranisati had claimed to have received the above amounts from RKDL. However, no reply has been received from Ranisati.
- (g) Vide summons dated Dec 04, 2014, Suvidha was advised to inter alia furnish the reasons for its above fund transaction with Ranisati. However, no reply has been received.

(h) From the above, the following is observed:

- i. Ranisati has submitted that it had received Rs 4.65 crore and Rs 7.65 crore from RKDL as part payment towards purchase of shares. However, Ranisati has failed to provide the share application form or other details in regard to the same. It is noted that investment in/ purchase of shares was not among objects of the IPO of RKDL or interim use of funds from the issue, as per the prospectus. Further, RKDL has also submitted that the above funds were siphoned off through Ranisati. It is therefore observed that the amounts of Rs 4.65 crore and Rs 7.65 crore had been siphoned off out of the IPO proceeds through Ranisati, out of which Rs 2.75 crore was later refunded to RKDL.
- ii. As regards the above amounts of Rs 6.40 crore and Rs 7.02 crore (approx.) given by Ranisati to CIL, while Ranisati has submitted that the said amounts were given to CIL as loan, as noted above, CIL has submitted that it had received the said amounts from Ranisati against loan given by it to Ranisati, and has also furnished a copy of loan agreement. Further, it has already been noted that the said loan agreement between CIL and Ranisati appears to be dubious.
- iii. The funds had moved from RKDL to Ranisati; and from Ranisati to escrow account of RPP Infraprojects Ltd on the same day itself, i.e., Nov 25, 2010. Further, pursuant to receipt of refund from escrow account of RPP Infraprojects Ltd to Ranisati and BLC on Dec 03, 2010, the funds had moved from BLC to Ranisati; and from Ranisati to CIL on the same day itself, i.e. Dec 03, 2010.  

Also, post receipt of IPO proceeds by RKDL, the funds had moved from RKDL to Ranisati; and from Ranisati to CIL and Fact on the same day itself, i.e., Dec 24, 2010.
- iv. Based on the above fund transactions, observations at sub-points (i), (ii), and (iii) above, aforesaid connection of entities, the following is observed:
- v. Prior to IPO, Rs 4.65 crore had been siphoned off through Ranisati. Ranisati had also received Rs 3.51 crore from BLC (whose role has been discussed later), and routed Rs 6.4 crore to CIL. Further, Ranisati had also routed Rs 15 lakh to Suvidha Securities, which had applied in the IPO of RKDL and had also traded in the scrip.
- vi. Post IPO, Ranisati received Rs 7.65 crore from RKDL and later refunded Rs 2.75 crore to RKDL. The balance amount of Rs 4.9 crore was siphoned off. Further, out of the said Rs 7.65 crore, Rs 7.02 crore (approx.) was routed to CIL and Rs 50 lakh to Fact.

20. **Fund transactions with Fact Enterprise Ltd**

- (a) As has been brought out earlier, prior to receipt of IPO proceeds by RKDL, on Dec 06, 2010, RKDL received Rs 2 crore from Fact (Union Bank A/c no. 318001010036877), and on the same day transferred Rs 2 crore to Radhasoami Securities Pvt Ltd (Radhasoami).
- (b) It may be mentioned that Fact had received Rs 2 crore from BLC on Dec 04, 2010; BLC had received Rs 2 crore from Ranisati on the same day; and Ranisati had received Rs 2 crore from CIL (Union bank A/c no. 318001010036897) on the same day. Further, CIL had received Rs 6.4 crore from Ranisati on Dec 03, 2010, out of



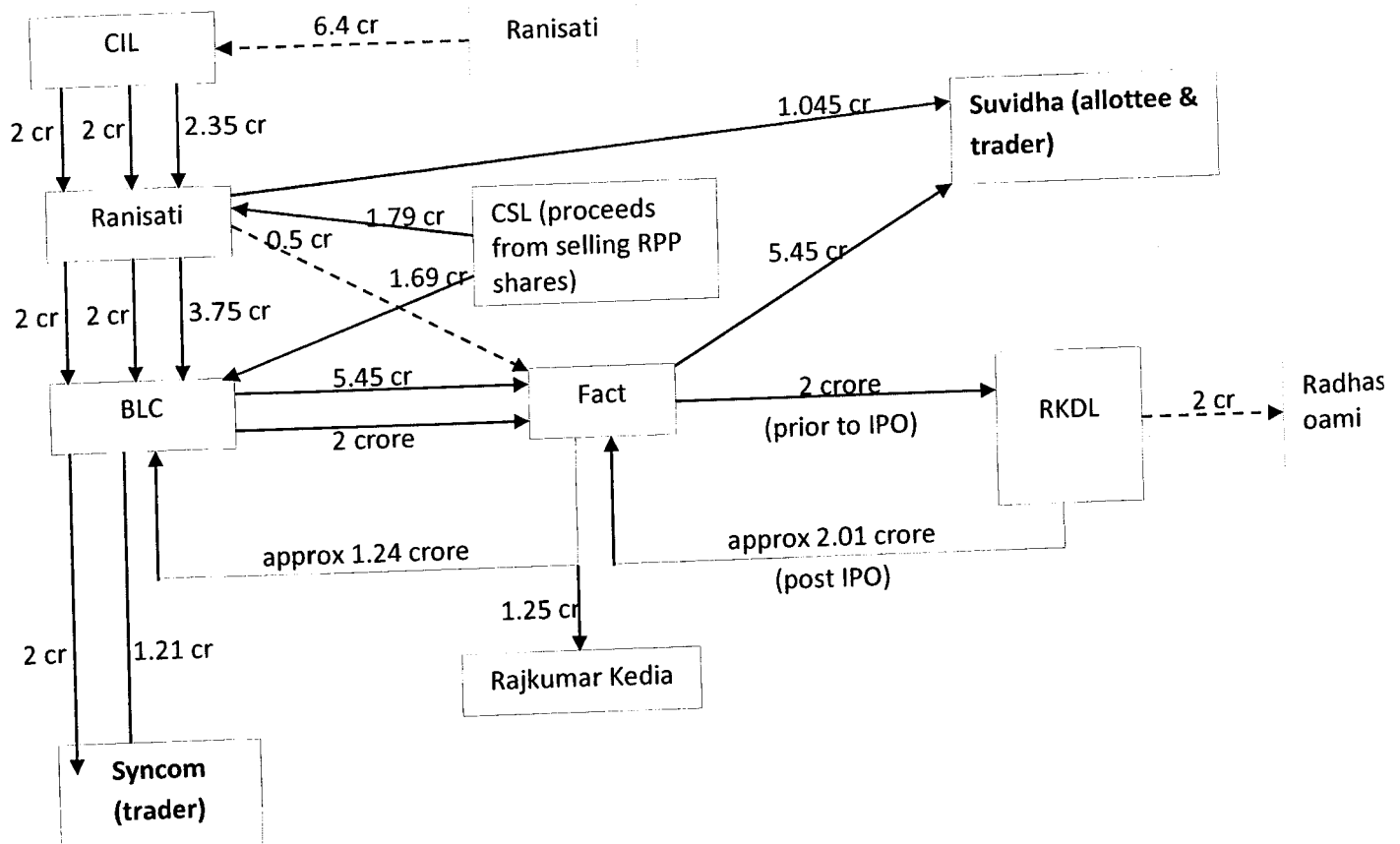
the siphoned off amounts of Rs 4.65 crore and Rs 4.79 crore through Ranisati and BLC.

- (c) It is observed that CIL from its another account (Union bank a/c no. 318001010036374 in the name of CIL, Annu Anil Agarwal, Anil Agarwal) further transferred Rs 2.35 crore to Ranisati on Dec 13, 2010.

On the same day, Ranisati also received Rs 2.15 crore from CSL (broker) as pay-out, out of which approx. Rs 1.79 crore was from (net) sale of 2,25,539 shares of RPP Infracore Ltd allotted to Ranisati in IPO. Ranisati transferred Rs 3.75 crore to BLC and Rs 1.045 crore to Suvidha (allottee and trader) on the same day, i.e., Dec 13, 2010.

On the same day, BLC also received Rs 1,68,98,339/- from CSL (broker) as pay-out for sale of 2,25,539 shares of RPP Infracore Ltd allotted to BLC in IPO. And on the same day, BLC transferred Rs 5.45 crore to Fact. Fact further transferred Rs 5.45 crore to Suvidha (allottee and trader) on the same day.

- (d) Further, as also brought out above, CIL (Union bank a/c no. 318001010036374 in the name of CIL, Annu Anil Agarwal, Anil Agarwal) also transferred Rs 2 crore to Ranisati on Dec 23, 2010. On the same day, Ranisati transferred the same amount to BLC, which in turn transferred the same amount, i.e., Rs 2 crore to Syncom Formulations (India) Ltd (Dena Bank A/c no. 012313001046) on the same day. Syncom transferred the same amount to its broker Arcadia Share & Stock Brokers Pvt Ltd on Dec 24, 2010 for buying shares of RKDL on the listing date, i.e., Dec 27, 2010.
- (e) Pursuant to receipt of IPO proceeds by RKDL, Fact received Rs 2,01,33,000.00 from RKDL on Dec 24, 2010. On the same day, Fact also received Rs 50 lakh from Ranisati. On the same day, Fact made the following fund transfers:
- i. Fact transferred Rs 1,24,75,000.00 to BLC, which in turn transferred Rs 1.21 crore to Syncom on the same day. Syncom transferred the same amount to its broker Arcadia Share & Stock Brokers Pvt Ltd on the same day, i.e., Dec 24, 2010 for buying shares of RKDL on the listing date, i.e., Dec 27, 2010. Syncom had bought 4.3 lakh shares of RKDL for a total value of approx. Rs 3.66 crore on the listing date of RKDL, i.e., Dec 27, 2010.
  - ii. Fact had also transferred Rs 1.25 crore to Rajkumar Kedia.
- (f) A pictorial representation of the above fund transactions is given below:



- (g) It is further observed that Ranisati, CIL, Fact, BLC, Syncom, Suvidha and Radhasoami are connected entities.
- (h) Fact vide its letters dated Feb 14, 2014, June 07, 2014, July 08, 2014 and Dec 29, 2014 has submitted the following:
- i. Rs 2 crore was given to RKDL as short term loan on interest, and Rs 2,01,33,000/- was received back from RKDL as original amount and interest. It was Mr Anil Agarwal who made Fact give to RKDL Rs 2 crore. The loan agreement was executed among them (Mr Anil Agarwal and RKDL) and Fact was informed by Mr Anil Agarwal that on receiving the payments back, RKDL has taken the loan agreement back. Fact does not have a copy of it.
  - ii. Rs 2 crore was received from BLC as a token for their purchase of shop in Fact's Dave Compound project. Further, Rs 1,24,75,000/- was paid back to BLC as part payment for cancellation of their booking. Fact has also furnished ledger statements in respect of BLC and copy of allotment/ cancellation letters to BLC. Further, there is no outstanding with them.
  - iii. Rs 50 lakh was received from Ranisati as share application money.
  - iv. Rs 1.25 crore was paid to Rajkumar Kedia for booking in his commercial property in Delhi. It was Mr Anil Agarwal who advised Fact to invest in Rajkumar Kedia's property.
  - v. Fact has received share application money of Rs 3.45 crore from Sukusama Trading and Investments Pvt Ltd.

- vi. Entire preferential share application money of Fact was solicited and arranged by Mr Anil Agarwal (of CSL), Fact's Financial Consultant. It was Mr Anil Agarwal who has done all these transactions.
- vii. Vide its letter dated July 08, 2014, Fact has submitted that all the transactions except of Rajkumar Kedia of Rs 1.25 crore was squared up by March 2011. Fact will be issuing notices soon to recover that amount from Rajkumar Kedia and to cancel Fact's bookings. Further, vide its letter dated Dec 29, 2014, Fact has informed that they have initiated the process to recover from Rajkumar Kedia, Anil Agarwal.
- viii. Fact had given Rs 5.45 crore to Suvidha for investment in their projects. Fact was given an impression by Anil Agarwal and Suvidha that Suvidha has huge construction projects in Jaipur. Fact's team went to Jaipur to verify Suvidha's projects on Feb 09, 2014 and Feb 23, 2014. Later on Fact got to know that all their (Suvidha's) projects are litigated and company is facing financial problems in executing their projects. Thereon Fact demanded their money back and pressured Mr Anil Agarwal. On 24/3/2011, Fact managed to get their entire amount back and has not dealt with them thereon. There is nothing outstanding from Suvidha. Fact has also furnished entire ledger in respect of Suvidha.
- (i) Further, Fact has not furnished certain information/ documents, or has submitted false information in reply to summons. Details of the same are given below:
- i. Vide SEBI summons dated July 02, 2014 and Dec 04, 2014, Fact was advised to inter alia provide bank account details of Rajkumar Kedia, to whom Rs 1.25 crore was transferred by Fact, so as to examine any further fund transactions/ use of funds by Rajkumar Kedia. However, Fact did not furnish the bank account details of Rajkumar Kedia, thereby hampering the investigation.
  - ii. In response to SEBI summons dated Dec 04, 2014, Fact vide its letter dated Dec 29, 2014 has inter alia submitted ledger statement and account confirmation in respect of Suvidha. However, the said ledger statement and account confirmation does not contain the following transactions between Fact and Suvidha (as per Fact's Union Bank A/c no. 318001010036877), and hence is incorrect and unreliable.
  - iii. Transfer of Rs 1.44 crore from Suvidha to Fact on Feb 25, 2011.
  - iv. Transfer of Rs 75 lakh from Fact to Suvidha on Jan 10, 2011.
  - v. Transfer of Rs 15 lakh from Suvidha to Fact on Jan 07, 2011.
- (j) Further, vide its said letter dated Dec 29, 2014, Fact has inter alia submitted that on 24/3/2011 they managed to get their entire amount back from Suvidha and has not dealt with them thereon. Also, as per ledger statement and account confirmation furnished by Fact in respect of Suvidha, for the period 1-Apr-2010 to 31-Mar-2011, the entire amount of Rs 5.45 crore has been shown as refunded upto March 24, 2011. However, as per Annual Report of Fact for FY 2011-12, Rs 5.57 crore as on March 31, 2011 and Rs 3.372 crore as on March 31, 2012 has been shown outstanding in the name of Suvidha. Therefore, Fact has made false submissions in response to SEBI summons.
- (k) In response to SEBI summons dated Jan 29, 2014, Fact vide its letter dated Feb 14, 2014 has inter alia submitted that Fact/ its promoters/ directors had no transaction with Heranba Finvest Services Pvt Ltd and Gaungour Suppliers Pvt Ltd during the period Oct 01, 2010 - Mar 31, 2011. However, following transactions of Fact with Heranba and Gaungour were observed in the bank account statement of Fact (Union Bank A/c no. 318001010036877):

- i. Transfer of Rs 1 crore from Fact to Heranba on Jan 24, 2011.
- ii. Transfer of Rs 50 lakh from Fact to Heranba on Jan 25, 2011.
- iii. Transfer of Rs 75 lakh from Fact to Heranba on Feb 08, 2011.
- iv. Transfer of Rs 50 lakh from Fact to Heranba on Feb 11, 2011.
- v. Transfer of Rs 44 lakh from Fact to Gaungour on Feb 25, 2011.

Further, as per Annual Report of Fact for FY 2011-12, Fact has given long term loans & advances to Gaungour and Heranba. Therefore the above submission of Fact was false.

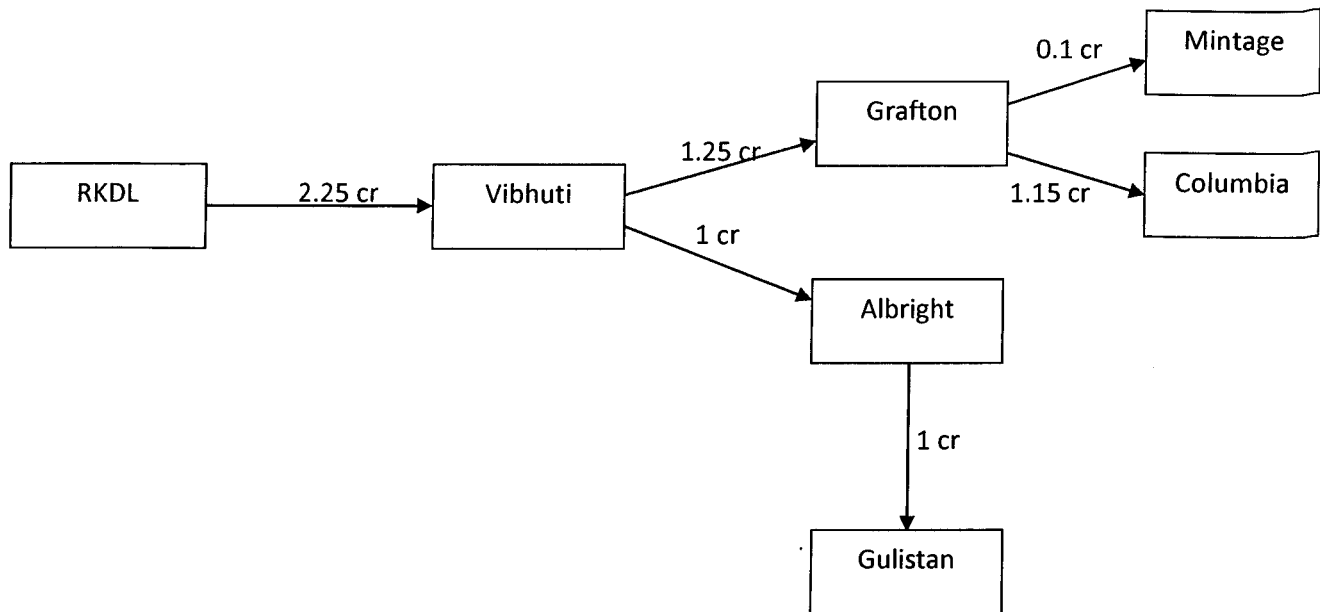
- (l) Vide summons dated Dec 04, 2014, Suvidha was advised to inter alia furnish the reasons for its above fund transactions with Fact and Ranisati. However, no reply has been received from Suvidha.
- (m) In regard to its above transactions, BLC vide its letters dated Feb 22, 2014, June 23, 2014, July 23, 2014 and Dec 29, 2014 has submitted the following:
  - i. BLC had applied in the IPO of RPP Infraprojects Ltd for 2,25,539 shares at Rs 75 per share, and those shares were sold on 06.12.2010 at Rs 75.04 per share and the proceeds were given to Fact on 13.12.2010.
  - ii. BLC had received Rs 2 crore from Ranisati on Dec 04, 2010 as 'advances returned'. BLC has also furnished statement of account in respect of Ranisati.
- (n) BLC had given Rs 2 crore to Fact on Dec 04, 2010 for purchase of property. BLC had received Rs 1,24,75,000 from Fact as return in part for money given for purchase of property. BLC has also furnished copy of allotment/ cancellation letters from Fact and statement of account in respect of Fact.
- (o) BLC had given Rs 1.21 crore to Syncom on Dec 24, 2010 as repayment of short term advance. BLC has furnished statement of account in respect of Syncom. BLC has also furnished copy of letter dated July 01, 2010 addressed to Syncom, wherein BLC has agreed to refund short term advance amounting to Rs 321 lakh on or before 31/12/2010, and that the same shall carry no interest.
- (p) Syncom vide its letters dated July 23, 2014 has submitted the following:
  - i. Syncom had given an advance of Rs 3.21 crore to BLC for which full and final repayment was made by them on 24.12.2010 to the tune of Rs 1.21 crore. Prior to this BLC had repaid Rs 2 crore on 23.12.2010. Syncom has furnished a copy of the ledger of BLC in its books. Syncom has also furnished copy of said letter dated July 01, 2010 from BLC addressed to Syncom, wherein BLC has agreed to refund short term advance amounting to Rs 321 lakh on or before 31/12/2010, and that the same shall carry no interest.
  - ii. CSL was lead manager for Syncom's rights issue and also advised Syncom on preferential issue.
  - iii. On 21.02.2011, Syncom had made an application to BLC for subscription of 1.1 lakh shares of BLC @ Rs 100 for which Syncom paid Rs 1.1 crore to BLC.
  - iv. Syncom bought 4,30,000 shares of RKDL on 27.12.2010 for a total amount of Rs 3,67,32,794/-.
- (q) From the above, the following is observed:

- i. Fact had transferred Rs 2 crore to RKDL prior to the IPO of RKDL, and had received Rs 2,01,33,000/- crore from RKDL out of IPO proceeds. Accordingly, these fund transactions between RKDL and Fact were in the nature of bridge loan, which were repaid from the IPO proceeds. Disclosure of the same was not made in the offer document. The mis-statements and non-disclosures observed in the offer documents have been discussed in later paras.
- ii. As regards transfer of Rs 50 lakh from Ranisati to Fact, while Fact has informed that the same was received from Ranisati as share application money, Ranisati has stated that the same was given to Fact as short term advances. Therefore, the replies of Fact and Ranisati are contradictory.
- iii. Fact has stated that Mr Anil Agarwal of CSL is their financial consultant and the above transactions, including loan transaction with RKDL, preferential allotment of shares, transactions with Rajkumar Kedia and Suvidha were executed by him. It is further observed from disclosure dated June 22, 2010 filed by Fact with BSE under Regulation 7(3) of SAST Regulations, 1997, that Anil Agrawal HUF had acquired 11.77% shares of Fact pursuant to conversion of warrants, with post acquisition holding being 13.09%. Therefore, Fact and Anil Agarwal/ CSL are connected entities. It is further observed from the said disclosure, that Ranisati and Sukusama were also allotted 13.09% shares pursuant to conversion of warrants.
- iv. While Rs 1.25 crore was transferred by Fact to Rajkumar Kedia on Dec 24, 2010, Fact vide its letter dated July 08, 2014 has stated that they will be issuing notices soon to recover that amount from Rajkumar Kedia and to cancel their bookings. This significant delay in even issuing notices for recovery of amounts also casts doubt on the genuineness of their transaction.
- v. BLC has submitted that it had given the proceeds amounting to Rs 1.69 crore (approx) to Fact, from the sale of 2,25,539 shares allotted to it in the IPO of RPP Infraprojects. It is also noted that prior to receipt of IPO proceeds by RKDL, Rs 4.79 crore was siphoned off from RKDL through BLC, which had applied in the IPO of RPP Infraprojects out of the siphoned off amount. Therefore, these sales proceeds of RPP shares were effectively from the siphoned off funds from RKDL.
- vi. Similarly, Ranisati had received Rs 2.15 crore from CSL (broker) on Dec 13, 2010 as pay-out, out of which approx. Rs 1.79 crore was from (net) sale of 2,25,539 shares of RPP Infraprojects Ltd allotted to Ranisati in IPO of RPP Infraprojects Ltd. It is also noted that prior to receipt of IPO proceeds by RKDL, Rs 4.65 crore was siphoned off from RKDL through Ranisati, which had applied in the IPO of RPP Infraprojects out of the siphoned off amount. Therefore, these sales proceeds of RPP shares were effectively from the siphoned off funds from RKDL.
- vii. While BLC has submitted that it had received Rs 2 crore from Ranisati as 'advances returned', from the statement of account furnished by BLC in respect of Ranisati, it is noted that no interest has been charged in respect of transactions between them.
- viii. Similarly, in respect of Rs 3.21 crore given by BLC to Syncom, which BLC and Syncom have claimed as repayment of short term advance, it is noted from BLC's letter to Syncom and ledger statement that no interest for the same has been charged.

- ix. From the statement of account furnished by BLC in respect of Fact, it is noted that three debit journal entries amounting to Rs 3,89,57,000/- on March 31, 2012 have been shown, and there was no outstanding balance as on March 31, 2012. However, from the annual report of Fact for the year 2011-12, it is noted that an amount of Rs 3,89,57,000 is shown outstanding as at March 31, 2012 under the head 'Long-term Loans & Advances'. Therefore, the statement of account furnished by BLC and the said information contained in the Annual report of Fact are contradictory.
- x. Based on the above fund transactions, observations at sub-points (i) - (ix) above, aforesaid connection of entities, non-furnishing of information/ submission of false information by Fact and Suvidha, the following is observed:
  - (r) The amount of Rs 2 crore that was given by Fact to RKDL prior to IPO was routed through layers from CIL, out of the Rs 6.4 crore received by it from Ranisati out of the siphoned off amounts of RS 4.65 crore and 4.79 crore from RKDL through Ranisati and BLC.
    - i. Further, out of the said Rs 6.4 crore received by CIL from Ranisati, Rs 2.35 crore was also routed from CIL through layers to Suvidha, allottee and trader. BLC and Ranisati also routed the proceeds of approx. Rs 3.48 crore from sale of RPP Infraprojects shares allotted to them in the IPO of RPP Infraprojects Ltd, to Suvidha. BLC and Ranisati had applied in the IPO of RPP Infraprojects out of the Rs 4.79 crore and Rs 4.65 crore siphoned off from RKDL respectively. Therefore, this approx. Rs 3.48 crore was effectively from the siphoned off amounts of Rs 4.79 crore and Rs 4.65 crore from RKDL.
    - ii. Also, out of the said Rs 6.4 crore received by CIL from Ranisati, Rs 2 crore was also routed through layers to Syncom for buying shares of RKDL on the date of listing.
    - iii. On receipt of IPO proceeds, RKDL transferred Rs 2.01 crore to Fact. This Rs 2.01 crore received out of IPO proceeds and Rs 50 lakh received from Ranisati (siphoned off through Ranisati from IPO proceeds) were also routed to Syncom (Rs 1.21 crore) for buying shares of RKDL on the date of listing, and to Rajkumar Kedia (Rs 1.25 crore).

21. **Fund transactions with Vibhuti Muti Trade Pvt Ltd**

- (a) Vibhuti (Kotak Mahindra Bank A/c no. 09612000007328) had received Rs 2.25 crore from RKDL (Axis Bank A/c no. 910020037719618) on Dec 29, 2010, out of IPO proceeds. On the same day, Vibhuti transferred Rs 1.25 crore to Grafton Merchant Pvt Ltd (Grafton) and Rs 1 crore to Albright Electricals Pvt Ltd.
- (b) On receipt of Rs 1.25 crore from Vibhuti on Dec 29, 2010, Grafton (Kotak Mahindra Bank A/c no. 03232000022442) transferred Rs 10 lakhs to Mintage Solutions Pvt Ltd (Mintage) and Rs 1.15 crore to Columbia Granites Pvt Ltd (Columbia) on the same day.
- (c) On receipt of Rs 1 crore from Vibhuti on Dec 29, 2010, Albright (Kotak Mahindra Bank A/c no. 03232000022644) transferred the same to Gulistan on the same day.
- (d) A pictorial representation of the above fund transactions is given below:



- (e) It is further observed that Vibhuti, Grafton, Albright, Mintage and Gulistan are connected entities.
- (f) Vide summons dated June 03, 2014, Vibhuti was advised to inter alia inform its business, reasons for the above fund transactions with RKDL, Grafton and Albright. Upon non-receipt of any reply, vide summons dated July 02, 2014, Vibhuti was again advised to submit the information/ documents sought vide SEBI's earlier summons. Vibhuti, vide its letter dated July 09, 2014, requested for extension by 15 days for submission of reply. However, Vibhuti has not provided the desired information/ documents.
- (g) Vide summons dated Jan 29, 2014, Grafton was advised to inter alia inform reasons for the above fund transactions with Vibhuti, Mintage and Columbia. Grafton, vide its letter received on Feb 10, 2014, requested for extension till 1st week of March 2014 for submission of reply. Upon non-receipt of any reply, vide summons dated June 03, 2014, Grafton was again advised to submit the information/ documents sought vide SEBI's earlier summons. However, Grafton has not provided the desired information/ documents.
- (h) As already noted above, Albright has not provided the desired information/ documents including reasons for the above fund transactions with Vibhuti and Gulistan. Gulistan has also not provided the desired information/ documents including reasons for the above fund transactions with Albright.
- (i) Based on the above fund transactions, aforesaid connection of entities, RKDL's submission regarding siphoning off of IPO proceeds through Vibhuti, non-furnishing of information by Vibhuti, Grafton, Albright and Gulistan, transfer of funds among entities on the same day, it was observed that Rs 2.25 crore has been siphoned off out of IPO proceeds from RKDL through Vibhuti and then through Grafton and Albright.

22. **Fund transactions with BLC Trading and Agencies Pvt Ltd**

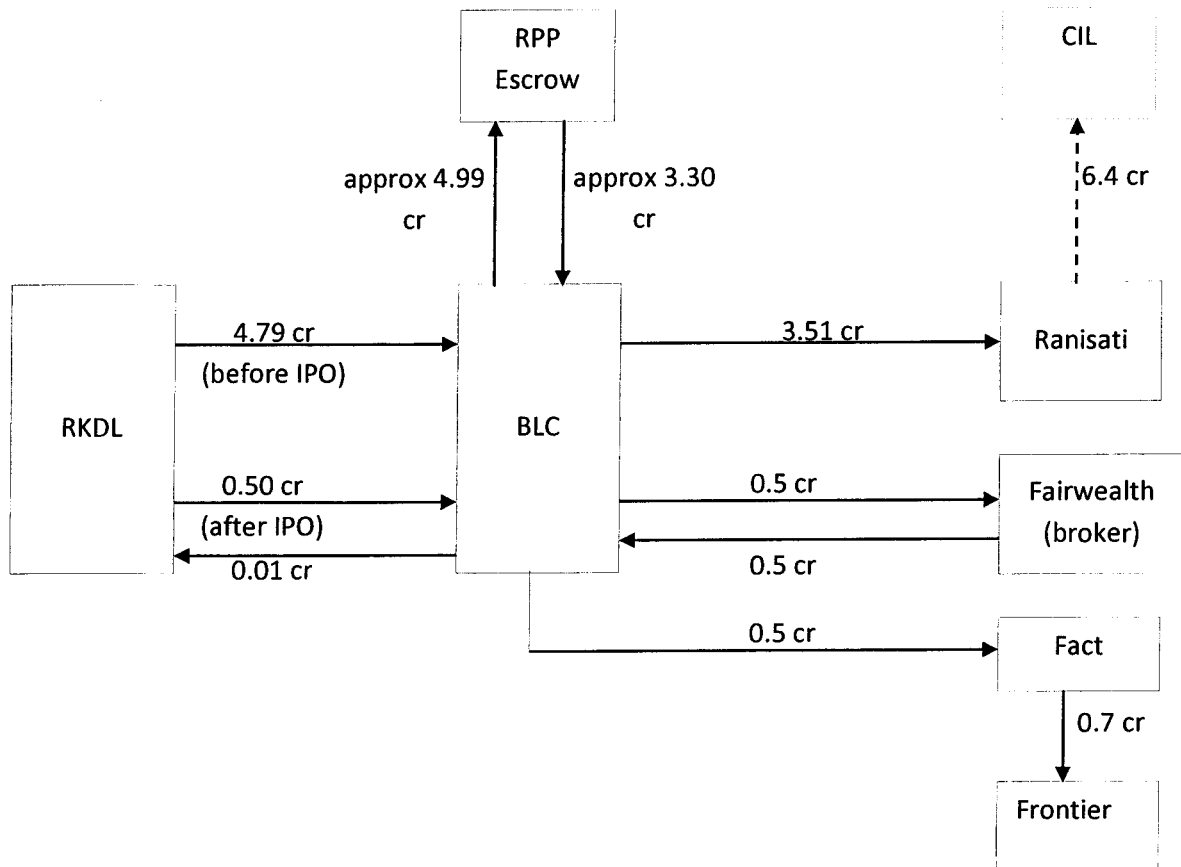
- (a) Prior to receipt of IPO proceeds by RKDL, BLC (Union bank A/c no. 318001010036506) had received Rs 4.79 crore from RKDL on Nov 25, 2010. On the same day, an amount of Rs 4,99,98,000/- was transferred from the account of BLC to the

Escrow account of RPP Infraprojects Ltd. Subsequently, on Dec 03, 2010, an amount of Rs 3,30,82,575/- was received in the account of BLC from RPP Infraprojects Ltd. And on the same day, BLC transferred Rs 3.51 crore to Ranisati. Further, on the same day, Ranisati transferred Rs 6.40 crore to CIL.

(b) The fund transactions of BLC, post-receipt of IPO proceeds by RKDL, are given below:

- i. BLC received Rs 50 lakh from RKDL (Axis Bank A/c no. 910020037719618) on Jan 03, 2011, and on the same day transferred the same to Fairwealth Securities Ltd (broker). BLC had bought 2.6 lakh shares of Comfort Intech Ltd for a value of Rs 10.4 lakh on Dec 23, 2010.
- ii. On Jan 06, 2011, BLC received back Rs 50 lakh from Fairwealth Securities Ltd, and transferred the same to Fact on Jan 07, 2011. On the same day, Fact transferred Rs 70 lakh to Frontier Mercantile Pvt Ltd.
- iii. BLC transferred Rs 1 lakh to RKDL on Jan 27, 2011.

(c) A pictorial representation of the above fund transactions is given below:



(d) It has already been observed that BLC, Ranisati, CIL and Fact are connected entities.

(e) BLC vide its letters dated Feb 22, 2014, June 23, 2014, July 23, 2014 and Dec 29, 2014 has submitted the following:

- i. BLC is in the business of trading in clothes and trading in shares and securities. It is also commission agent and contracting of housekeeping and transportation.



- ii. BLC had received Rs 4.79 crore and Rs 50 lakh from RKDL for purchase of shares. Vide its letter dated July 23, 2014, BLC has also furnished statement of account in respect of RKDL. As per this statement of account, BLC has booked a debit journal entry of Rs 3.25 crore against RKDL on account of loss on sale of 525000 shares of Splash Media purchased on RKDL's behalf in Oct-10 @ Rs 91.25 per share and sold at Rs 31 plus charges.
- Further, vide its letter dated Dec 29, 2014, BLC has furnished a copy of letter dated Feb 18, 2011 from RKDL addressed to BLC, applying for 52,900 shares of BLC @ Rs 1000 each aggregating to Rs 5.29 crore, along with copy of share application form.
- iii. BLC had given Rs 3.51 crore to Ranisati as advances. BLC has also furnished statement of account in respect of Ranisati. BLC has also furnished a copy of its letter dated Dec 03, 2010 addressed to Ranisati, granting a sum of Rs 3.51 crore to Ranisati as short term advance, and stating that the said amount is refundable by Dec 2010.
- iv. BLC had given Rs 50 lakh to Fairwealth on account of trading in shares. This amount was subsequently received back from Fairwealth as the deal was called off by both the parties.
- v. BLC had given Rs 50 lakh to Fact for purchase of property. BLC has also furnished statement of account in respect of Fact.
- (f) Further, BLC has furnished contradictory information. Vide its letter dated July 23, 2014, BLC furnished statement of account in respect of RKDL, as per which BLC booked a debit journal entry of Rs 3.25 crore against RKDL on account of loss on sale of 525000 shares of Splash Media purchased on RKDL's behalf in Oct-10 @ Rs 91.25 per share and sold at Rs 31 plus charges. However, vide its letter dated Dec 29, 2014, BLC furnished a copy of letter dated Feb 18, 2011 from RKDL addressed to BLC, applying for 52,900 shares of BLC @ Rs 1000 each aggregating to Rs 5.29 crore, along with copy of share application form. Therefore, earlier BLC informed that it received money from RKDL for purchase of shares of Splash Media, but later it informed that it received money for application by RKDL for shares of BLC. Hence the submissions of BLC are contradictory.
- (g) In respect of the above transactions, Fact vide its letters dated Feb 14, 2014, July 08, 2014 and Dec 29, 2014 has submitted the following:
- i. Rs 50 lakh was received from BLC as booking in Krishna Marvel at Juhu. Fact has also furnished ledger statement in respect of BLC.
- ii. Rs 70 lakh was given to Frontier Mercantile Pvt Ltd as token for booking of their premises. Fact has also furnished ledger statement in respect of Frontier. Fact has further submitted that they have requested Anil Agarwal for the copies of allotment/cancellation, and shall submit them as they get them. Further there is nothing outstanding from Frontier.
- (h) From the above, the following is observed:
- i. BLC has made contradictory submissions with regard to reasons/ purpose of receipt of Rs 4.79 crore and Rs 50 lakh from RKDL. Further, a part of this money was also routed to CIL through Ranisati.
- ii. BLC has furnished a copy of letter dated Feb 18, 2011 from RKDL addressed to BLC, applying for 52,900 equity shares of BLC of Rs 10 each at the premium of Rs 990 each aggregating to Rs 5.29 crore, along with copy of share application form. Further, as

per statement of account furnished by BLC in respect of RKDL, as on March 31, 2011, the net amount paid by RKDL to BLC was Rs 5.28 crore (Rs 1 lakh was transferred by BLC to RKDL on Jan 27, 2011).

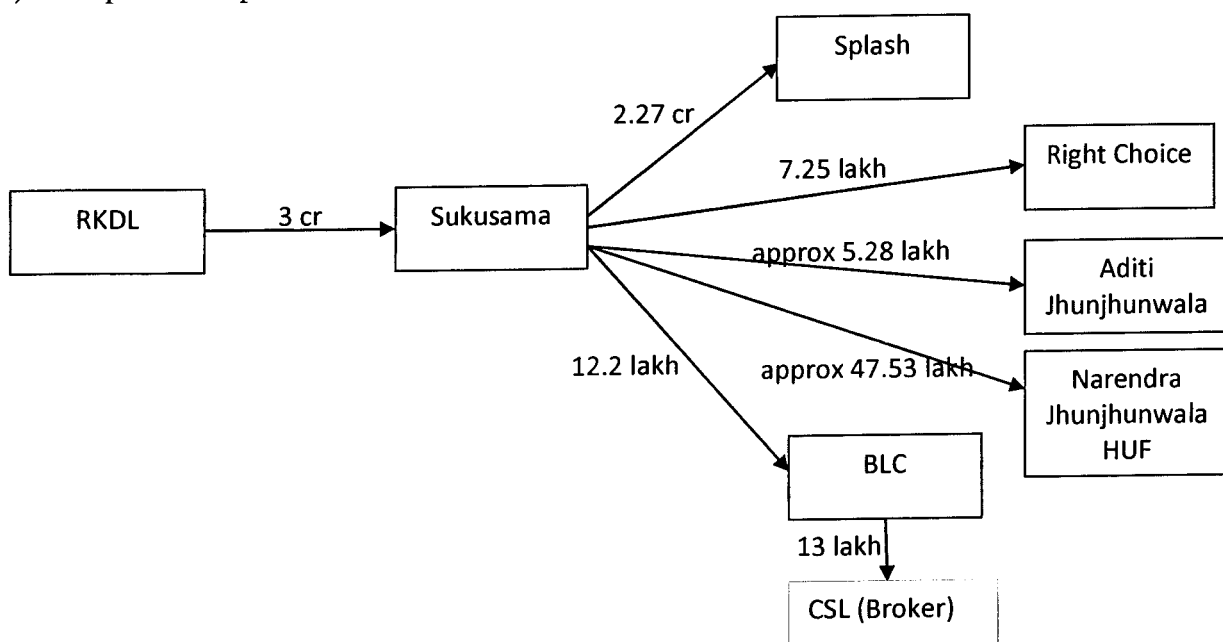
It is noted from the Balance Sheet of BLC as on March 31, 2011, as furnished by BLC, that while the 'issued, subscribed & paid up' share capital was 10,000 equity shares of Rs 10 each (same as previous year), the 'authorised' share capital was 50,000 equity shares of Rs 10 each. Further, the 'share application money' as on March 31, 2011 has been shown as Rs 3,64,35,000/-, which is less than the net amount paid by RKDL. Therefore, the said letter dated Feb 18, 2011 of RKDL along with share application form, as furnished by BLC, appears to be dubious.

- iii. Further, out of the Rs 4.79 crore and Rs 50 lakh (totalling Rs 5.29 crore) received from RKDL, BLC had returned Rs 1 lakh to RKDL on Jan 27, 2011, thereby the net amount received from RKDL being Rs 5.28 crore. However, as per the copy of RKDL's letter dated Feb 18, 2011 and share application form, as furnished by BLC, the application was for 52,900 shares @ Rs 1000 each, aggregating to Rs 5.29 crore.
- iv. While BLC has submitted that it had given Rs 3.51 crore to Ranisati as advances, from the statement of account furnished by BLC in respect of Ranisati, it is noted that no interest has been charged in respect of transactions between them.
- v. Also from the statement of account furnished by BLC in respect of Fact, three debit journal entries amounting to Rs 3,89,57,000/- on March 31, 2012 have been shown, and there was no outstanding balance as on March 31, 2012. However, from the annual report of Fact for the year 2011-12, it is noted that an amount of Rs 3,89,57,000 is shown outstanding as at March 31, 2012 under the head 'Long-term Loans & Advances'. Therefore, the statement of account furnished by BLC and the said information contained in the Annual report of Fact are contradictory.
- vi. While the money was paid by Fact to Frontier, as submitted by Fact, they have requested Anil Agarwal for the copies of the allotment/ cancellation. Therefore, the transaction between Fact and Frontier appear to be dubious.
- vii. Based on the above fund transactions, observations at sub-points (i)- (vi) above, RKDL's submission regarding siphoning off of IPO proceeds through BLC, aforesaid connection of entities, submission of contradictory replies by BLC the following is observed:
  - a) Prior to IPO, Rs 4.79 crore has been siphoned off from RKDL through BLC, and a part of it was received by CIL (BLC had transferred Rs 3.51 crore to Ranisati, which in turn transferred Rs 6.4 crore to CIL).
  - b) Further, BLC had applied in the IPO of RPP Infraprojects Ltd out of the said Rs 4.79 crore siphoned off from RKDL. It has also been noted above that BLC had routed the sales proceeds of these RPP Infraprojects shares (allotted in IPO) amounting to Rs 1.69 crore, to Suvidha, which had applied in the IPO of RKDL and had also traded in the scrip. Therefore, this Rs 1.69 crore, routed to an allottee and trader, was effectively from the siphoned off amounts of Rs 4.79 crore from RKDL.
  - c) Post IPO, Rs 50 lakh were siphoned off from RKDL through BLC, who transferred the same to Fairwealth. After receiving back the same amount from Fairwealth, BLC siphoned off the said amount through Fact.

23. **Fund transactions with Sukusama Trading and Investments Pvt Ltd**

- (a) Sukusama (PNB A/c no. 1218002100031478) had received Rs 3 crore from RKDL (Axis Bank A/c no. 910020037719618) on Jan 18, 2011, out of the IPO proceeds.
- (b) On the same day, Sukusama transferred Rs 2.27 crore to Splash Media and Infra Ltd (Splash) and Rs 7.25 lakh to Right Choice Financial Services Ltd.
- (c) Further, on the next day, i.e., Jan 19, 2011, Sukusama transferred approx. Rs 5.28 lakh to Aditi Jhunjhunwala, approx. Rs 47.53 lakh to Narendra Jhunjhunwala HUF and Rs 12.20 lakh to BLC. On the next day, i.e., Jan 20, 2011, BLC transferred Rs 13 lakh to Comfort Securities (broker). BLC had bought 1,37,626 shares of Splash Media & Infra Ltd, for a value of approx. Rs 1.64 crore, on Jan 18, 2011.

(d) A pictorial representation of the above fund transactions is given below:



- (e) It is further observed that Sukusama, Splash and BLC are connected entities.
- (f) Sukusama vide its letters dated Feb 24, 2014, June 21, 2014, July 23, 2014 and Dec 27, 2014 has submitted the following:
- Nature of business of Sukusama is trading in shares and securities.
  - Sukasama had received Rs 3 crore from RKDL towards purchase of shares. Sukusama has furnished a copy of letter dated Feb 18, 2011 from RKDL addressed to Sukusama, applying for 30,000 equity shares of Sukusama @ Rs 1000 each aggregating to Rs 3 crore, along with copy of share application form.
  - Sukasama had transfered Rs 2.27 crore to Splash Media as repayment of advances. Sukusama has furnished copy of its letter dated July 14, 2010 addressed to Splash Media, acknowledging granting of advance of Rs 3.11 crore for a short period, and that Sukusama shall repay the same amount to Splash Media by Jan 2011.
  - Sukasama had transfered Rs 7.25 lakh to Right Choice as repayment of advances. Sukusama has furnished copy of its letter dated July 14, 2010 addressed to Right

Choice, acknowledging granting of advance of Rs 7.25 lakh for a short period, and that Sukusama shall repay the same amount to Right Choice by Feb 2011.

- v. Sukusama had transferred approx. Rs 5.28 lakh to Aditi Jhunjhunwala as repayment of loan. Sukusama has furnished copy of its letter dated July 12, 2010 addressed to Aditi Jhunjhunwala, acknowledging granting of loan of Rs 5 lakh for a short period, and that Sukusama shall repay the same amount to Aditi Jhunjhunwala by Jan 2011 with interest @ 12% p.a.
- vi. Sukusama had transferred approx. Rs 47.53 lakh to Narendra Jhunjhunwala HUF as repayment of loan. Sukusama has furnished copy of its letter dated July 12, 2010 addressed to Narendra Jhunjhunwala HUF, acknowledging granting of loan of Rs 45 lakh for a short period, and that Sukusama shall repay the same amount to Narendra Jhunjhunwala HUF by Jan 2011 with interest @ 12% p.a.
- vii. Sukusama had transferred Rs 12.20 lakh to BLC as repayment of advances. Sukusama has furnished copy of its letter dated July 14, 2010 addressed to BLC, acknowledging granting of advance of Rs 47.50 lakh for a short period, and that Sukusama shall repay the same amount to BLC by Feb 2011.
- viii. Sukusama has also furnished ledger statements in respect of the above entities.

(g) From the above, the following is observed:

- i. Sukusama has submitted that it had received Rs 3 crore from RKDL as share application money for its shares. It is noted that investment in/ purchase of shares of a company engaged in the business of trading in shares and securities was not among objects of the IPO of RKDL or interim use of funds from the issue, as per the prospectus. Further, RKDL has also submitted that the above funds were siphoned off through Sukusama. It is therefore observed that the amount of Rs 3 crore had been siphoned off out of the IPO proceeds through Sukusama.
- ii. It is shown in the Schedules forming part of the Balance Sheet of Sukusama for FY 2010-11, that Sukusama had received share application money of Rs 4.476 crore including Rs 3 crore from RKDL. Further, in the schedules forming part of balance sheet for FY 2011-12, share application money pending allotment has been shown as Rs 30.5 lakh.  
  
However, in the Annual Return of Sukusama, under the list of shareholders as on Sep 29, 2012, name of RKDL is not shown. Further, the number of issued shares as on Sep 29, 2012 and as on Sep 30, 2010 is same, viz., 4,10,000 shares, which means that shares were not allotted to RKDL during this period. However, share application money pending allotment had reduced from Rs 4.476 crore to Rs 30.5 lakhs during FY 2011-12.
- iii. While Sukusama has submitted that it had transferred Rs 12.20 lakh to BLC as repayment of advances, from the ledger statement furnished by Sukusama in respect of BLC, it is noted that no interest has been charged in respect of transactions between them.
- iv. Similarly, in respect of Rs 2.27 crore transferred by Sukusama to Splash Media, while Sukusama has claimed the same as repayment of advances, it is noted from the ledger statement furnished by Sukusama in respect of Splash Media that no interest has been charged in respect of transactions between them.
- v. Based on the above fund transactions, observations at sub-points (i) - (iv) above, aforesaid connection of entities, the following is observed:

- a) Rs 3 crore has been siphoned off from RKDL out of IPO proceeds through Sukusama.

24. **Fund transactions with Heranba Finvest Services Pvt Ltd**

- (a) Heranba (Kapal Coop Bank A/c no. 6980) had received Rs 5 crore from RKDL (Axis Bank A/c no. 910020037719618) out of the IPO proceeds, details of which are given below:
- Rs 2 crore on Jan 18, 2011
  - Rs 1 crore on Jan 19, 2011
  - Rs 1 crore on Jan 20, 2011
  - Rs 1 crore on Jan 21, 2011
- (b) Heranba inturn transferred the same amounts to CSL (broker) on the same days of receipt of the above amounts. During the period Jan 01, 2011 to Feb 15, 2011, Heranba through broker CSL had bought 22,77,600 shares of Splash Media Infra Ltd for a total value of approx. Rs 23.21 crore at BSE.

- (c) A pictorial representation of the above fund transactions is given below:



- (d) It is further observed that Heranba is a part of connected entities.
- (e) Vide summons dated Dec 04, 2014 sent to Heranba at one of its director's address (Kiran Vinodchand Shah), as per MCA website, Heranba was advised to inter alia inform its busniess, reasons for the above fund transactions with RKDL. Kiran Vinodchand Shah, vide his letter dated Jan 10, 2015, made the following submissions:
- He had submitted his resignation letter to the company on 04/03/2011. He has also furnished copy of his resignation letter dated March 04, 2011.
  - Though he was director of the company during the period of the aforesaid transactions, he is not aware about the same.
  - All transactions were made by other director, Mrs Pratusha Kadu, who entered in the financial transactions without informing him.
- (f) Further, summons to Heranba could not be delivered to any of its addresses or at the address of its other director, Pratusha Roshan Kadu.
- (g) It is noted from MCA database as on Nov 14, 2015 that Kiran Vinodchand Shah is still shown as director of Heranba. Therefore, Kiran Vinodchand Shah has furnished false information, and has also not provided the desired information/ documents, thereby hampering the investigation.
- (h) Based on the above fund transactions, aforesaid connection of entities, RKDL's submission regarding siphoning off of IPO proceeds through Heranba, furnishing of false

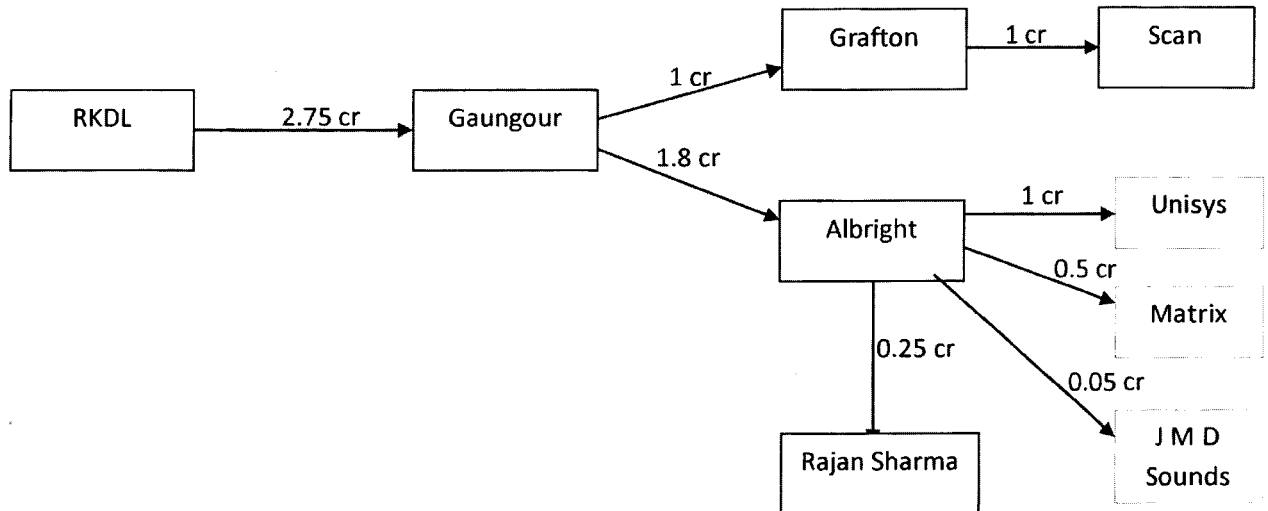
information/ non-furnishing of information by director of Heranba, the following is observed:

- i. Rs 5 crore has been siphoned off from RKDL out of IPO proceeds through Heranba.

25. **Fund transactions with Gaungour Suppliers Pvt Ltd**

- (a) Gaungour (Kotak Mahindra Bank A/c no. 03232180000434) had received Rs 2.75 crore from RKDL (Axis Bank A/c no. 910020037719618) on Feb 18, 2011, out of IPO proceeds.
- (b) On the same day, Gaungour transferred Rs 1 crore to Grafton (Kotak Mahindra Bank A/c no. 03232000022442) and Rs 1.8 crore to Albright (Kotak Mahindra Bank A/c no. 03232000022644).
- (c) Grafton inturn transferred the same amount, i.e. Rs 1 crore to Scan Infrastructure Ltd (Kotak Mahindra Bank A/c no. 03232180000900) on the same day, i.e. Feb 18, 2011.
- (d) On receipt of Rs 1.8 crore from Gaungour, Albright made the following fund transfers on the same day, i.e., Feb 18, 2011:
  - i. Rs 1 crore to Unisys Softwares and Holding Industries Ltd
  - ii. Rs 50 lakh to Matrix Systel Pvt Ltd
  - iii. Rs 5 lakh to J M D Sounds Ltd
  - iv. Rs 25 lakh to Rajan Sharma

- (e) A pictorial representation of the above fund transactions is given below:



- (f) It is further observed that Gaungour, Grafton, Albright, Scan Infrastructure, Unisys, Matrix and J M D Sounds Ltd are connected entities.
- (g) Vide summons dated Jan 29, 2014, Gaungour was advised to inter alia inform its business, reasons for the above fund transactions with RKDL, Grafton and Albright. Gaungour, vide its letter dated Feb 13, 2014, requested for extension till middle of March 2014 for submission of reply. Upon non-receipt of any reply, vide summons dated June 03, 2014, Gaungour was again advised to submit the information/ documents sought vide SEBI's

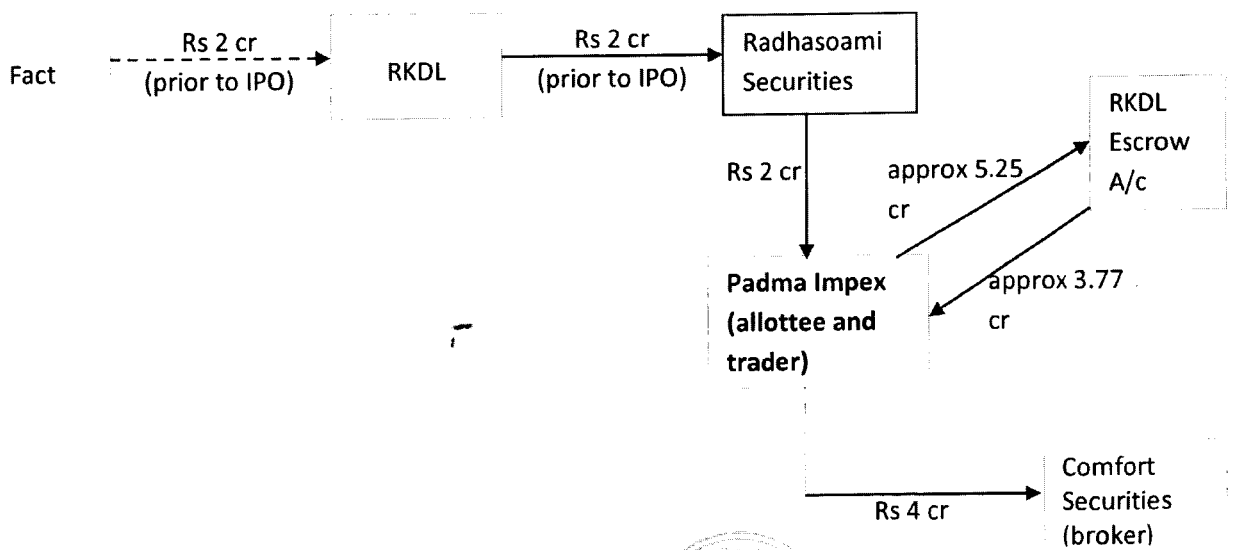
earlier summons. However, Gaungour has not provided the desired information/ documents.

- (h) As noted earlier Grafton has not provided the desired information/ documents including reasons for the above fund transactions with Gaungour and Scan Infrastructure.
- (i) Albright has also not provided the desired information/ documents including reasons for the above fund transactions with Gaungour, Unisys, Matrix, J M D Sounds and Rajan Sharma.
- (j) Based on the above fund transactions, aforesaid connection of entities, RKDL's submission regarding siphoning off of IPO proceeds through Gaungour, non-furnishing of information by Gaungour, Grafton and Albright, transfer of funds among entities on the same day, the following is observed:

Rs 2.75 crore has been siphoned off out of IPO proceeds from RKDL through Gaungour and then through Grafton and Albright.

26. **Fund transactions with Radhasoami Securities Pvt Ltd**

- (a) Prior to receipt of IPO proceeds by RKDL, RKDL had received Rs 2 crore from Fact on Dec 06, 2010, and on the same day transferred the same amount to Radhasoami (HDFC Bank A/c no. 01662000013980).
- (b) On Dec 10, 2010, Radhasoami transferred Rs 2 crore to Padma Impex Pvt Ltd (HDFC Bank A/c no. 00602320017340). On Dec 13, 2010, an amount of Rs 5,24,99,200.00 was transferred from the account of Padma Impex to the Escrow account of RKDL. Padma Impex was allotted 2,30,359 shares of RKDL.
- (c) On Dec 18, 2010, RKDL IPO refund for an amount of Rs 3,77,56,224.00 was received in the account of Padma Impex. And on Dec 24, 2010, Padma Impex transferred Rs 4 crore to Comfort Securities Ltd (broker). Padma Impex had bought 13,56,786 shares (buy value = approx. Rs 11.52 crore) and sold 10,71,786 shares (sell value = approx. Rs 8.95 crore) of RKDL on the listing day, i.e. Dec 27, 2010.
- (d) A pictorial representation of the above fund transactions is given below:



- (e) It is further observed that Fact, Radhasoami and Padma Impex are connected entities.
- (f) Radhasoami vide its letter dated Feb 10, 2014 has submitted the following:
- i. It is sub-broker with ITI Financial Services Ltd.
  - ii. Rs 2 crore was received from RKDL as share application money. Radhasoami has furnished a copy of the application form by RKDL. The said amount was later returned on Dec 10, 2010 to Padma Impex Pvt Ltd as per RKDL's verbal request.
- (g) Vide summons dated October 21, 2015, Padma Impex was advised to inter alia inform its business, reasons for the above fund transaction with Radhasoami. However, Padma Impex has not provided the information/ documents.
- (h) From the above, the following is observed:
- i. Prior to receipt of IPO proceeds by RKDL, RKDL received Rs 2 crore from Fact and transferred the same amount to Radhasoami. On receipt of IPO proceeds, RKDL transferred Rs 2 crore plus interest to Fact. Therefore, the money transferred to Radhasoami was *effectively* out of the IPO proceeds.
  - ii. Radhasoami has submitted that it had received Rs 2 crore from RKDL as share application money for its shares, which was later returned to Padma Impex Pvt Ltd as per RKDL's verbal request.

It is noted that investment in/ purchase of shares of a sub-broker was not among objects of the IPO of RKDL or interim use of funds from the issue, as per the prospectus. Also, rather than 'returning' the money to RKDL itself, transferring the same to another entity Padma Impex, that too based on oral request, makes this transaction further dubious. Further, the money transferred to Padma Impex was used by it to apply in the IPO and trade in the scrip of RKDL.

- iii. Based on the above fund transactions, observations at sub-points (i)-(ii) above, aforesaid connection of entities, non-furnishing of information by Padma Impex, the following is observed that Rs 2 crore has been siphoned off from RKDL *effectively* out of IPO proceeds through Radhasoami. Further, this siphoned off Rs 2 crore was also routed to Padma Impex who used this amount for applying in the IPO and trading in the scrip of RKDL.

#### **Summary of Siphoned-off IPO proceeds**

27. In view of the observation in preceding paragraphs, the summary of funds siphoned off from the proceeds of the IPO, as on March 31, 2011 is given below:

Sl. No.	Entity through which funds siphoned off	Amount siphoned off (Rs)
1	BLC Trading and Agencies Pvt Ltd, Ranisati Dealer Pvt Ltd, CIL and Fact Enterprise Ltd	4.79 crore + 0.49 crore
2	Ranisati Dealer Pvt Ltd, CIL and Fact Enterprise Ltd	4.65 crore + 4.90 crore
3	Radhasoami Securities Pvt Ltd	2 crore



4	Gulistan Vanijya Pvt Ltd	4 crore
5	Vibhuti Muti Trade Pvt Ltd, Grafton Merchant Pvt Ltd and Albright Electricals Pvt Ltd	2.25 crore
6	Sukusama Trading and Investments Pvt Ltd	3 crore
7	Heranba Finvest Services Pvt Ltd	5 crore
8	Gaungour Suppliers Pvt Ltd, Grafton Merchant Pvt Ltd and Albright Electricals Pvt Ltd	2.75 crore
<b>Total</b>		<b>33.83 crore</b>

28. As can be seen from the table above, it is alleged that a total of Rs 33.83 crore was siphoned off from the IPO proceeds through the entities mentioned in the above table. In view of the above, the investigation in the IPO of RKDL and its dealings before and after the IPO, based on allegation of RKDL, reveals that a predominant portion of the proceeds of the IPO was siphoned off and/or routed for purchasing shares of RKDL and for application in the IPO of RKDL.
29. Investigation has revealed that a total of Rs. 33.83 crore was siphoned off from the IPO proceeds as on March 31, 2011, and Rs. 18.67 crores was routed to several connected entities for purchasing shares of RKDL and also to allottees for their application in the IPO of RKDL.

Prior to receipt of IPO proceeds by RKDL

CIL had transferred Rs 12.71 crore to RKDL, out of which Rs 4.65 crore and Rs 4.79 crore were siphoned off from RKDL through Ranisati and BLC. On receipt of IPO proceeds, RKDL had repaid approx. Rs 12.88 crore to CIL.

- i. RKDL had also received Rs 2 crore from Fact, which was siphoned off through Radhasoami. Further, this siphoned off Rs 2 crore was also routed to Padma Impex who used this amount for applying in the IPO of RKDL and buying shares of RKDL on the date of listing. On receipt of IPO proceeds, RKDL had repaid approx. Rs 2.01 crore to Fact.
- ii. An artifice was created to siphon off the above Rs 4.65 crore and Rs 4.79 crore, which were transferred from CIL to RKDL, and from RKDL to Ranisati and BLC, prior to the IPO. Effectively IPO proceeds amounting to Rs 4.65 crore and Rs 4.79 crore were siphoned off in the process, as CIL was refunded from the IPO proceeds itself. Further, out Rs 4.65 crore and Rs 4.79 crore which were siphoned off, Rs 6.4 crore was routed to CIL. Investigation observed that out of the above amount:
  - a. Rs 2 crore was routed to Fact (through Ranisati and BLC), which had transferred the same amount to RKDL, and pursuant to receipt of IPO proceeds by RKDL, received back the same amount along with interest from RKDL.

- b. *Rs 2.35 crore* was routed through Ranisati, BLC and Fact to Suvidha, which was used for applying in the IPO of RKDL and buying shares of RKDL.
  - c. *Rs 2 crore* was routed to Syncom (buyer of RKDL shares on the listing day) through Ranisati and BLC.
- iii. BLC and Ranisati had applied in the IPO of RPP Infraprojects out of the *Rs 4.79 crore* and *Rs 4.65 crore* siphoned off from RKDL respectively. BLC and Ranisati routed the proceeds of approx. *Rs 3.48 crore* from sale of RPP Infraprojects shares allotted to them in the IPO of RPP Infraprojects Ltd, to Suvidha (allottee and trader). Therefore, this approx. *Rs 3.48 crore* was effectively from the siphoned off amounts of *Rs 4.79 crore* and *Rs 4.65 crore* from RKDL.

Post receipt of IPO proceeds by RKDL

- iv. *Rs 4 crore* has been siphoned off from IPO proceeds through Gulistan, out of which
  - a. *Rs 1 crore* has been routed to Udaybhai Prabhudas Shah which was used for buying shares of RKDL on the listing day, and
  - b. *Rs 3 crore* were initially routed to Prefer Abasan which was used for buying shares of RKDL on the listing day, and were later transferred from Prefer to Gulistan and then from Gulistan to Albright.
- v. Ranisati received *Rs 7.65 crore* from RKDL and later refunded *Rs 2.75 crore* to RKDL. The balance amount of *Rs 4.9 crore* was siphoned off. Further, out of the said *Rs 7.65 crore*, *Rs 7.02 crore* (approx.) was routed to CIL and *Rs 50 lakh* to Fact.
- vi. *Rs 1.21 crore* was routed through Fact and BLC to Syncom which was used for buying shares of RKDL on the date of listing,.
- vii. *Rs 49 lakh* were siphoned off through BLC, and then through Fact.
- viii. *Rs 2.25 crore* has been siphoned off through Vibhuti and then through Grafton and Albright.
- ix. *Rs 3 crore* has been siphoned off through Sukusama.
- x. *Rs 5 crore* has been siphoned off through Heranba.
- xi. *Rs. 2.75 crore* has been siphoned off through Gaungour and then through Grafton and Albright.
- xii. *Rs 2 crore* was initially siphoned off and routed for purchasing shares of RKDL on the date of listing, out of IPO proceeds from RKDL through S5 Trading and then through Everready, Bunnings, Laxminarayana and Rajanbabu. Subsequently, S5 Trading refunded the same amount of *Rs 2 crore* to RKDL.
- xiii. *Rs 2 crore* was initially siphoned off, of which *Rs 1.63 crore* was routed for purchasing shares of RKDL on the date of listing, out of IPO proceeds from RKDL through Aqua and then through Bunnings and Rajanbabu. Subsequently, Aqua refunded the same amount of *Rs 2 crore* to RKDL.

30. It is noted that the entities BLC, Ranisati, Gulistan, Gaungour, Heranba, Fact, Sukusama, Splash, Vibhuti, CIL, Grafton, Albright, Udaybhai Prabhudas Shah, Suvidha, Padma Impex, Prefer Abasan, Neelkanth, Brijdham, Neha Cassettes, Jai Ambe Cassettes, Mintage, S5 Trading, Aqua, Syncom, Scan Infrastructure, Unisys, Matrix, JMD Sounds, Everready, Bunnings, Laxminarayana, Rajanbabu and Radhasoami, to whom movement of funds was noted and the merchant banker, CSL are connected/related. Thus, these entities have acted as conduits in the siphoning off/ routing the proceeds of the IPO by creating several layers for fund flow. It is alleged that these layers were created to avoid regulatory detection and to camouflage the securities related transactions as business deals such as loans/ advances/share application in pvt ltd companies etc.
31. Entities Suvidha, Syncom, Padma Impex, Udaybhai Prabhudas Shah, Prefer Abasan, Everready, Bunnings, Laxminarayana and Rajanbabu, allottees in the IPO of RKDL and/ or net buyers of shares of RKDL on the listing day, received the money routed/ siphoned off from the IPO proceeds.
32. It is observed that the aforesaid entities to whom movement of funds was noted, as detailed in preceding paragraphs, and the merchant banker, CSL are connected/ related based on common directorship, common address, common e-mail Id, common address of directors of different companies, common shareholding in private limited companies, fund transactions, etc. The basis of connection/ relation among the above entities, along with supporting documents, is given at 'Annexure - 61' of the SCN, as reproduced under para 14 above. It is alleged that these entities acted as conduits in the siphoning off/ routing the IPO proceeds by creating several layers for fund flow.

**Mis-statements and Non-disclosures in the Offer Document (Prospectus)**

33. A complaint letter dated Jan 05, 2012 was received by SEBI from Union Bank of India, stating that Mr R.V. Ravikumar, promoter of RKDL, had availed loans for Vanilla Cultivation and also a Car loan from Union Bank of India, T.Nagar, Chennai branch, and an amount of Rs 1,99,96,113.00 is outstanding with interest charged upto 30.09.2011. The complaint further stated that Mr Ravikumar defaulted in payment of interest and instalments, thus constraining the Bank to classify the accounts as Non Performing Assets wef Dec 2009. Further, the Bank had filed a suit before the Debts Recovery Tribunal

(DRT), II Chennai for recovery of dues. However, it is alleged that there was no disclosure of these borrowings in the RHP of RKDL.

It is noted that the above default in payment by Ravi Kumar, promoter and director of RKDL, against the said loans from Union Bank has not been disclosed in the RHP and the Prospectus.

CSL vide its letter dated Jan 24, 2012 has submitted that such litigation by Union Bank of India was not in their knowledge at the time of filing the offer document, and has expressed apologies for non-disclosure of the said facts. RKDL vide its letter dated July 02, 2012 has submitted that they had supplied all the information and documents with regard to all the litigations to CSL.

34. As noted in preceding paras, RKDL had received Rs 12.71 crore from CIL during Oct 08, 2010 to Dec 13, 2010 (i.e., prior to receipt of IPO proceeds by RKDL), and had repaid approx. Rs 12.88 crore to CIL on Dec 24, 2010 out of IPO proceeds. Similarly, as noted above, RKDL had received Rs 2 crore from Fact on Dec 06, 2010 (i.e., prior to receipt of IPO proceeds by RKDL), and had repaid approx. Rs 2.01 crore to Fact on Dec 24, 2010 out of IPO proceeds. Therefore, these fund transactions of RKDL with CIL and Fact were in the nature of bridge loan, which were repaid from the IPO proceeds.

It is however disclosed in the Prospectus dated Dec 14, 2010 of RKDL at point no. 8 under the head 'Notes forming part of the capital structure' (Page 48) that -

*'Our Company has not raised any bridge loans against the proceeds of this Issue.'*

It has been further disclosed in the Prospectus at Page 190 under the head 'Material Development' that -

*'In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last audited financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability or value of assets or our ability to pay material liabilities within the next twelve (12) months. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.'*

The liability of approx. Rs 14.89 crore (approx. 20.23% of the size of the IPO), on account of above fund transactions with CIL and Fact, attached to the proceeds of the IPO was not disclosed in the Prospectus.

### Mis-statements in the Annual Report of RKDL for FY 2010-11

35. In the Annual Report for FY 2010-11 of RKDL, under Schedule 23 (B) (Notes on accounts forming part of Balance sheet), at point 3 (Utilisation of proceeds from Public Issue) at page 31, it is mentioned that the company has raised money by public issue during the year of Rs 7360 lacs, and the company has utilized Rs 3425 lacs till March 31, 2011, and pending utilization of Rs 3935 lacs as of March 31, 2011, the funds are temporarily invested in banks accounts by way of Fixed Deposits of Rs 3590 lacs and SBI Mutual Fund investment of Rs 400/- lacs.
36. However, as noted in the preceding paragraphs, Rs 33.83 crore had been siphoned off from the IPO proceeds as on March 31, 2011.

### Role of RKDL

37. RKDL vide its letter dated Dec 08, 2014 has submitted the following:
- i. Prior to IPO, Mr Ravi Kumar (MD of RKDL) had expressed financial constraint to Mr Anil Agarwal (of CSL) regarding meeting out IPO related expenses. At the time of giving loan of Rs 2 crore, Mr Anil Agarwal of CIL had taken signatures of Mr Ravi Kumar on some documents, presumably related to pledge of shares.
  - ii. RKDL had opened Axis Bank Account exclusively for the purpose of meeting out IPO related expenses, on the basis of advice of CSL. On the basis of request of Mr Anil Agarwal, Mr Ravi Kumar has given him signed cheques out of RKDL's Axis Bank account. RKDL has also furnished copy of MoU dated 05.09.2012 under which Mr Anil Agarwal has admitted having received blank signed documents including pledge documents etc., prior to IPO.
  - iii. Mr Anil Agarwal thereafter illegally, unauthorisedly and fraudulently transferred Rs 4.79 crore and Rs 4.65 crore from CIL to RKDL's bank account with Axis Bank, and by misusing blank signed cheques taken from Mr Ravi Kumar transferred Rs 4.79 crore and Rs 4.65 crore to BLC and Ranisati. EOW, Mumbai has investigated the trail of these funds and have found that Rs 6.40 crore has gone back to CIL directly and Rs 3.38 crore has gone to Fact, wherein Mr Anil Agrawal is the major shareholder.
  - iv. RKDL availed a loan of Rs 3.27 crore (out of Rs 12.71 crore transferred by CIL) from CIL during Oct 08, 2010 to Dec 13, 2010 to meet RKDL expenses and IPO expenses.
  - v. Mr Anil Agrawal has again deposited one cheque of Rs 2 crore in RKDL's Axis Bank account drawn up by his group company Fact and re-transferred the fund to his another group company Radhasoami.
  - vi. RKDL had neither requested for any loan from CIL nor from Fact nor given any loan to BLC, Ranisati and Radhasoami. Mr Anil Agarwal misused his access to RKDL's Axis Bank account and the blank signed cheques lying with him.

- vii. Relationship details based on ROC records between Mr Anil Agarwal and CIL with BLC, Ranisati and Fact.
- viii. RKDL is not aware of the legal formalities to be complied for their loan amounts taken from CIL, and that CSL being their BRLM was aware of the loan transactions and they should have incorporated the said details in the offer document.
- ix. Mr Anil Agarwal by misusing the blank signed cheques transferred the sum of Rs 37.29 crore to entities directly or indirectly associated with him.
- x. Since at the relevant time Mr Anil Agarwal had blank signed pledge request forms and blank cheques with him and also he assured for returning the money, he forced RKDL to show the same payment as the payment made to suppliers of materials, and RKDL had shown the same in the balance sheet as advances.
- xi. RKDL has already filed 6 suits before Hon'ble Bombay High Court against BLC, Gulistan, Ranisati, Sukusama, Vibhuti and Gaungour making CSL and Mr Anil Agarwal as defendant for recovery of Rs 36.25 crore.
- xii. While RKDL has stated that a sum of Rs 39.35 crore were invested in mutual funds and fixed deposits, it has given details of only Rs 34.86 crore invested in SBI FD and Rs 4 crore in SBI Mutual Fund.
- xiii. Against the fixed deposit of Rs 34.86 crore, RKDL had taken over draft facility from SBI upto the extent of Rs 33.12 crore. Out of overdraft facility, RKDL had given loan of Rs 21.90 crores to Ravikumar Properties Pvt Ltd (RKPL), a company owned by Mr Ravi Kumar for procuring land for expansion of existing unit. However, RKPL could not acquire the land and refunded the amount.
- xiv. Out of Rs 34.80 crore transferred by Mr Anil Agarwal from RKDL's Axis Bank A/c to RKDL's SBI A/c, plus amount of Rs 4.89 crore returned by CIL (totalling to Rs 39.69 crore), RKDL had acquired two companies as detailed below:
  - a. On 05.04.2011, RKDL entered into share purchase agreement with the erstwhile promoters of SV Distilleries Pvt Ltd (SVDPL) and acquired the company. Totally an amount of Rs 24.24 crore was invested in SVDPL.
  - b. On 17.08.2011, RKDL entered into another share purchase agreement with the erstwhile shareholders of the Liquors India Ltd (LIL) and acquired the company. Totally an amount of Rs 13.12 crore was invested in LIL.
  - c. A sum of Rs 4.33 crore were invested into the working capital requirements in RKDL.

38. With respect to reply of RKDL, the following is noted during investigation:

- i. The Axis Bank Account (A/c no. 910020037719618) where IPO proceeds were credited and from where funds were siphoned off/ routed, was in the name of RKDL, and therefore RKDL was responsible for the transactions in this account.

- ii. Even if the submission of RKDL that Mr Ravi Kumar had given blank signed cheques to Mr Anil Agarwal who misused the same is considered, this reveals negligence on the part of RKDL while dealing with public money, and RKDL can not evade from the responsibility for dealings in the same.
- iii. Further, even if the submission of RKDL that it had availed a loan of only Rs 3.27 crore from CIL during Oct 08, 2010 to Dec 13, 2010 (out of Rs 12.71 crore received from CIL and Rs 2 crore from Fact prior to receipt of IPO proceeds by RKDL, and which were repaid from the IPO proceeds) is considered, the same were not disclosed in the Prospectus dated Dec 14, 2010.
- iv. Also, RKDL concealed the siphoning off of IPO proceeds in the Annual Report for FY 2010-11, as RKDL has shown the siphoned off amounts in the balance sheet as advances made to suppliers of materials. Further, this act of siphoning off of IPO proceeds was not disclosed by RKDL until SEBI took up the matter with it in June 2012 (i.e. around one and a half years after the IPO), with regard to compliance with Regulation 39 of ICDR Regulations, 2009 and non-disclosure of default in payment by Mr Ravi Kumar against loans in the Prospectus.
- v. While it was disclosed in the Annual Report for FY 2010-11 of RKDL, under the head 'Utilisation of proceeds from Public Issue' that pending utilization of Rs 3935 lacs, the funds are temporarily invested in bank accounts by way of Fixed Deposits of Rs 3590 lacs and SBI Mutual Fund investment of Rs 400/- lacs, RKDL has given details of only Rs 34.86 crore invested in SBI FD and Rs 4 crore in SBI Mutual Fund.
- vi. Further, against the said fixed deposit of Rs 34.86 crore, RKDL had taken overdraft facility and given loan of Rs 21.90 crore to RKPL. Further, this Rs 21.90 crore given to RKPL was shown as utilized amount against 'Expansion of Manufacturing Unit'.

It may however be mentioned that the source of the said Rs 21.90 crore (shown as utilized amount) was the overdraft facility against fixed deposits, and not the IPO proceeds. This was done to cover-up siphoning off of IPO proceeds. Furthermore, RKDL has shown the siphoned off amounts in the balance sheet as advances made to suppliers of materials.

39. In view of the above, it is alleged that prior to IPO, artificial liability was created against the IPO proceeds on account of bridge loans taken by RKDL from CIL and Fact. Further, these bridge loans were not disclosed in the Prospectus. Also, part of the funds received by RKDL, before the IPO, from CIL and Fact were siphoned off through merchant banker connected/ related entities, which were effectively from IPO proceeds as CIL and Fact were refunded out of the IPO proceeds itself. Further, additional funds were siphoned off through merchant banker connected/ related entities on receipt of IPO proceeds. A total amount of Rs 33.83 crore was siphoned off from the IPO proceeds as on March 31, 2011. RKDL further concealed the siphoning off of IPO proceeds in the Annual Report for FY 2010-11 as it had made mis-statement in the Annual Report with regard to utilization of IPO proceeds, and had shown the siphoned off amounts in the balance sheet

as advances made to suppliers of materials. RKDL did not disclose the siphoning off of IPO proceeds until SEBI took up the matter with it in June 2012, i.e. around one and a half years after the IPO. These indicate that RKDL and the merchant banker, CSL devised a scheme or artifice to siphon off IPO proceeds, and also to route IPO proceeds to certain entities for applying in the IPO of RKDL.

40. In view of the above, it is alleged that RKDL, in collusion with merchant banker CSL, had siphoned off Rs 33.83 crore from the IPO proceeds (as on March 31, 2011), and had also routed IPO proceeds to certain entities for applying in its IPO. Further, RKDL had allegedly made mis-statements and non-disclosures in the Prospectus regarding bridge loans to be repaid from IPO proceeds, liability attached to the proceeds of the IPO and default in payment by Mr Ravi Kumar against loans from Union Bank. Also, there was alleged mis-statement in the Annual Report of RKDL for FY 2010-11 with regard to utilization of proceeds from public issue.
41. The directors of RKDL (during the relevant period) namely, Mr R V Ravikumar, Mrs R Amirthavalli, Mrs S Vijayalakshmi, Mr Badrinath S Gandhi, Mr Popatlal Kathariya, Mr K S M Rao, Mr Ashok Shetty and Mr R Ramanujam were signatories to the Prospectus. Out of these, Mr Popatlal Kathariya, Mr K S M Rao, Mr Ashok Shetty and Mr R Ramanujam were independent directors. As per Annual Report of RKDL for FY 2010-11, Mr Ashok Shetty was the chairman, and Mr K S M Rao, Mr Popatlal Kathariya and Mr Badrinath S Gandhi were members of the Audit Committee of RKDL. Further, as per Annual Report of RKDL for FY 2011-12, one of the independent director Mr. R. Ramanujam has passed away.
42. In view of the above, it is alleged that RKDL and its directors namely Mr R V Ravikumar, Mrs R Amirthavalli, Mrs S Vijayalakshmi, Mr Badrinath S Gandhi, Mr Popatlal Kathariya, Mr K S M Rao and Mr Ashok Shetty have indulged in fraudulent activities and have violated the provisions of Section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d), 4(1), 4 (2) (f) and (k) of PFUTP Regulations, 2003.
43. Further, details of bridge loans to be repaid from IPO proceeds were required to be disclosed in terms of Clause 2(VII)(G) of Part A of Schedule VIII read with Regulation 57 (2) (a) of ICDR Regulations, 2009. Further, these bridge loans and liability of approx. 20.23% of the size of the IPO attached to the IPO proceeds were also required to be disclosed as Material developments since the last balance sheet date in terms of Clause



2(X)(A)(5) of Part A of Schedule VIII read with Regulation 57 (2) (a) of ICDR Regulations, 2009. Also, details of default in payment by Mr Ravi Kumar (promoter and director of RKDL) against loans from Union Bank was required to be disclosed in terms of Clauses 2(IV)(H)(24); 2(X)(A)(1)(h) and 2(X)(A)(3)(a) of Part A of Schedule VIII read with Regulation 57 (2) (a) of ICDR Regulations, 2009.

44. Therefore, the Prospectus did not contain true and adequate material disclosures as there were mis-statements and non-disclosures in the Prospectus regarding bridge loans to be repaid from IPO proceeds, liability attached to the proceeds of the IPO and default in payment by Mr Ravi Kumar against loans from Union Bank. In view of the same, RKDL and its directors namely Mr R V Ravikumar, Mrs R Amirthavalli, Mrs S Vijayalakshmi, Mr Badrinath S Gandhi, Mr Popatlal Kathariya, Mr K S M Rao and Mr Ashok Shetty are also alleged to have violated the provisions of Regulations 57(1), 60(4) (a) and 60 (7) (a) of ICDR Regulations, 2009 and Clauses 2(IV)(H)(24); 2(VII)(G); 2(X)(A)(1)(h) and 2(X)(A)(3)(a); 2(X)(A)(5); and 2(XVI)(B)(2) of Part A of Schedule VIII read with Regulation 57 (2) (a) of ICDR Regulations, 2009.
45. In view of the above, RKDL was called upon to show cause as to why suitable directions under 11(1), 11(4), 11A and 11B of SEBI Act, 1992 including direction to recall money siphoned off from IPO proceeds and direction to debar from accessing the securities market and prohibit it from buying, selling or dealing in securities for a particular duration should not be passed against it. Further the directors of RKDL namely Mr R V Ravikumar, Mrs R Amirthavalli, Mrs S Vijayalakshmi, Mr Badrinath S Gandhi, Mr Popatlal Kathariya, Mr K S M Rao and Mr Ashok Shetty are also called upon to show cause as to why suitable directions under 11(1), 11(4) and 11B of SEBI Act, 1992 including direction to recall money siphoned off from IPO proceeds and direction to debar from accessing the securities market and prohibit them from buying, selling or dealing in securities for a particular duration should not be passed against them.

Role of Merchant Banker (CSL) and Its Directors-

46. In regard to the fund transactions of RKDL, prior to the date of Prospectus, i.e., Dec 14, 2010, with CIL, Fact, Ranisati, BLC and Radhasoami, CSL vide its letter dated July 21, 2014 has submitted the following:
- ii. The management of RKDL has explained to CSL that said funds were borrowed to meet the short term working capital requirement and are not material.

- iii. Based on the explanation provided by the management of RKDL that the said transactions were not material in nature, based on the due diligence carried out by CSL and the legal due diligence, the same were not disclosed in the offer document.

47. Comments on reply of CSL:

- i. RKDL had received Rs 12.71 crore from CIL (during Oct 08, 2010 to Dec 13, 2010) and Rs 2 crore from Fact (on Dec 06, 2010) prior to the date of Prospectus, i.e. Dec 14, 2010. Further, CIL and Fact were repaid out of IPO proceeds, and hence these fund transactions of RKDL with CIL and Fact were in the nature of bridge loan, which were repaid from the IPO proceeds. Therefore, a liability of approx. Rs 14.89 crore was attached to the proceeds of the IPO, which was approx. 20.23% of the size of the IPO, and hence was material.
- ii. In regard to submission of CSL that based on explanation provided by RKDL that the said transactions were not material, the same were not disclosed, it is noted that CSL failed to exercise independent due diligence and independent professional judgment, as liability to the tune of approx. 20.23% of the size of IPO was not disclosed.
- iii. While CSL has submitted that RKDL explained to it that the funds were borrowed to meet short term working capital requirement, CSL failed to independently check whether the funds received by RKDL from CIL and Fact have been used for the same purpose. It has already been noted that out of Rs 12.71 crore and Rs 2 crore received by RKDL from CIL and Fact respectively, Rs 4.79 crore, Rs 4.65 crore and Rs 2 crore were siphoned off to BLC, Ranisati and Radhasoami respectively, and then through them and CIL and Fact, funds were routed to allottees and traders in the scrip of RKDL, viz., Suvidha, Padma Impex and Syncom. Furthermore, all these entities viz., Fact, BLC, Ranisati, Radhasoami, Suvidha, Padma Impex, Syncom and CSL/ CIL are connected/ related.
- iv. Further, default in payment by Ravi Kumar, promoter and director of RKDL, against loans from Union Bank was not disclosed in the RHP and the Prospectus.

48. Therefore, there were mis-statements and non-disclosures in the Prospectus regarding bridge loans to be repaid from IPO proceeds, liability attached to the proceeds of the IPO and default in payment by Mr Ravi Kumar against loans from Union Bank.

49. From the reply of the merchant banker, it was aware of the aforesaid transactions of RKDL prior to the IPO. However, it failed to ensure disclosure of nature of transactions of RKDL with CIL and Fact, which were in the nature of bridge loans creating artificial liability on the IPO proceeds. Further, this liability was material as it was to the tune of 20.23% of the size of the IPO. Further, CSL also failed to independently check the use of the funds received by RKDL from CIL and Fact, prior to the date of Prospectus. In view of these, the merchant banker CSL failed to exercise due diligence and independent professional judgment.

50. Further, the merchant banker, CSL was involved in the movement of funds and siphoning off of IPO proceeds and also routing of IPO proceeds to certain entities for applying in the IPO of RKDL. This is substantiated on the basis of:

- a) connection/ relation between CSL and the entities involved in siphoning off/ routing of IPO proceeds,
- b) transfer of funds from CIL (associate company of CSL) to RKDL before the issue, which were subsequently siphoned off through entities connected with CSL
- c) routing of siphoned off funds to and through CIL,
- d) mis-statements and non-disclosures of transactions of RKDL, prior to the date of prospectus, with the connected entities of CSL.

51. The following directors of CSL, during the relevant period, were observed to be associated/ connected with the following entities involved in siphoning off IPO proceeds / allottees receiving funds routed from IPO proceeds:

- a) Anil Agrawal with CIL, BLC Trading, Fact Enterprise, Sukusama and Padma Impex.
- b) Bharat N Shiroya with CIL.
- c) Annu Agrawal with CIL, Suvidha Securities and Padma Impex.
- d) Jugal C Thacker with CIL.
- e) Amit Kumar Khemka with Sukusama.
- f) Chandrakala Purohit with Suvidha Securities and Albright Electricals.

Connection/ association of the above directors of CSL with the above-mentioned entities indicates that these directors of CSL were also involved in the movement of funds and siphoning off of IPO proceeds and also routing of IPO proceeds to certain entities for applying in the IPO of RKDL.

52. In view of the above, the aforesaid directors of the merchant banker CSL (during the relevant period) namely Anil Beniprasad Agrawal, Bharat Nanubhai Shiroya, Annu Anil Agrawal, Jugal Chandrakant Thacker, Amit Kumar Khemka, Chandrakala Purohit, and Mr Sarthak Vijlani (authorized signatory to CSL for the due-diligence certificates in the IPO of RKDL) were alleged to have indulged in fraudulent activities, thereby violating the provisions of Section 12A (a), (b) and (c) of SEBI Act, 1992 read with Regulations 3 (a), (b), (c), (d) and 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

53. The aforesaid directors of CSL (during the relevant period) namely Anil Beniprasad Agrawal, Bharat Nanubhai Shiroya, Annu Anil Agrawal, Jugal Chandrakant Thacker, Amit Kumar Khemka, Chandrakala Purohit, and Mr Sarthak Vijlani (authorized signatory to CSL

for the due-diligence certificates in the IPO of RKDL) failed to exercise due diligence and independent professional judgment. This was substantiated on the basis of:

- a) connection/ relation between CSL and the entities involved in siphoning off/ routing of IPO proceeds,
- b) transfer of funds from CIL (associate company of CSL) to RKDL before the issue, which were subsequently siphoned off through entities connected with CSL
- c) routing of siphoned off funds to and through CIL,
- d) mis-statements and non-disclosures of transactions of RKDL, prior to the date of prospectus, with the connected entities of CSL.

54. In view of the above, the directors of CSL namely Anil Beniprasad Agrawal, Bharat Nanubhai Shiroya, Annu Anil Agrawal, Jugal Chandrakant Thacker, Amit Kumar Khemka and Chandrakala Purohit, and Mr Sarthak Vijlani (authorized signatory to CSL for the due-diligence certificates) were alleged to have also violated the provisions of Regulation 64(1) and 8(2) (b), (e) and (f) of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified under Schedule III in the SEBI (Merchant Bankers) Regulations, 1992.

55. In view of the above, the said directors of CSL namely Anil Beniprasad Agrawal, Bharat Nanubhai Shiroya, Annu Anil Agrawal, Jugal Chandrakant Thacker, Amit Kumar Khemka, Chandrakala Purohit, and Sarthak Vijlani were called upon to show cause as to why suitable directions under 11(1), 11(4) and 11B of SEBI Act, 1992 including direction to debar from accessing the securities market and prohibit it from buying, selling or dealing in securities for a particular duration should not be passed against them. The Proceedings under SEBI (Intermediaries) Regulations, 2008 were separately initiated against CSL.

#### **REPLIES AND PERSONAL HEARINGS:**

56. The SCN was duly served on the Noticees by Registered Post Ack. Due / Affixture / Email. The Noticees, except Noticee no. 15, have submitted their replies to the SCN. An opportunity of personal hearing was provided to the Noticees which was availed of by them on April 04, 2018; May 30, 2018 and June 04, 2018. Thereafter, the Noticees have submitted additional written submissions. The submissions made by various Noticees through their written submissions and/or during the personal hearing are summarized below.

57. The Noticee nos. 1 to 8 vide letters dated August 04, 2017 and August 28, 2017 and during the personal hearings on April 04, 2018 and May 30, 2018 have submitted *inter alia* the following:

- (a) The company and its MD (Noticee nos. 1 and 2) have filed cases against the Merchant Banker in the Supreme Court, NCLT, EOW-Mumbai, CID-EOW-Hyderabad and other courts and Authorities in respect of matters connected with the public issue and proceeds.
- (b) RKDL was a closely held public limited company wherein the entire shares were held by R.V. Ravikumar and his relatives. Among the Noticees, Mrs. R. Amrithavalli is the wife of R.V. Ravikumar and Mrs. S. Vijayalakshmi is his sister. Mr. Badrinath S Gandhi, the Executive Director, is also a relative of Mr. R.V. Ravikumar. In addition, the Noticee nos. 6 to 8 are the three independent directors.
- (c) Mr. Ravi Kumar has only had basic formal education and was only conversant with the distillery operations. He was a novice as far as stock market operations were concerned and had never dealt in securities prior to the public issue of RKDL. He was advised to resort to public issue to finance company's expansion. In this respect, he was introduced to Mr. Anil Agrawal of CSL which became the Merchant Banker to the public issue. Mr. R.V. Ravikumar had no prior acquaintance or business dealings with Mr. Anil Agrawal.
- (d) Unaware of the procedures and intricacies of a public issue, Mr. Ravikumar was induced by Mr. Anil Agrawal to part with several blank signed papers and blank signed cheques of Axis Bank where an account of the company was opened at the instance of Mr. Anil Agrawal, purportedly to facilitate receipt of issue proceeds and incurring expenses related to the public issue. It was these blank signed papers and cheques which Mr. Anil Agrawal used to defraud the Company and its promoters.
- (e) The allegations in the SCN that RKDL and Mr.R.V. Ravikumar acted in connivance with Mr. Anil Agrawal are vehemently denied. The cases filed by the company against Mr. Anil Agrawal disprove any connivance.
- (f) All the actions by SEBI against the company and its directors were subsequent to the complaints filed by RKDL with SEBI and exchanges on 15.12.2011 as soon as the misdeeds of Mr. Anil Agrawal came to the notice of the company.
- (g) The transactions of receipts and payments made by the company, as mentioned in the SCN, have been carried out by Mr. Anil Agrawal without the knowledge of the company or its directors, by using the blank cheques and papers in his possession.

They are a series of layered transactions designed by Mr. Anil Agrawal as a part of his surreptitious manoeuvres to take control of RKDL itself. Even the findings of investigation, mentioned in the SCN, have confirmed that all the parties involved in the transactions are connected/related to CSL, based on common directorship, common address, common email id, common address of directors of different companies, common shareholding in private limited companies, fund transactions, etc. RKDL and its promoters have absolutely no connection or relationship with these parties and have not had any previous dealings with them. All the transactions were indulged in by Mr. Anil Agrawal behind the back of the company and its directors, to siphon off the proceeds of the IPO to the tune of Rs.33.83 Crore. Thus, the charge of siphoning off of Rs.33.83 Crore would squarely be on the Merchant Banker and its accomplices and not on RKDL or its directors.

- (h) As regards the allegations in para 38 of the SCN, the amounts received by RKDL from the Comfort Group of Mr. Anil Agrawal prior to the IPO were Rs.2 Crore and Rs.0.20 Crore, both towards meeting preliminary expenses of IPO. There was no way that Mr. Anil Agrawal was not aware of this, since the amount was provided by him. As he was the person preparing the prospectus, he ought to have disclosed it. The company and its promoter directors being first time entrants to the IPO field could not have been aware of these procedural obligations. All the other purported amounts of bridge loans were creations of Mr. Anil Agrawal, and the company or its directors were in no way involved in those transactions. The related papers were fabricated by him and the blank cheques in his possession were used by him fraudulently. There was no collusion between the company and Mr. Anil Agrawal.
- (i) The utilization of proceeds from Public Issue of Rs.39.35 Crore was done in FDs and Mutual Funds. The allegation that there was an attempt to coverup siphoning off of IPO proceeds is denied.
- (j) As regards the alleged violation due to non-disclosure of loan taken from UBI, the said loan is in the individual name of Shri R.V. Ravikumar and was an agricultural loan for vanilla cultivation in Kerala, which had absolutely no connection with the business of RKDL and no money of RKDL had been ploughed into this business. The total amount outstanding at the time of IPO was Rs.174.31 Lakhs, details of which were made available to the Merchant banker. Thus, the company and its promoters and directors should not be held liable for non-disclosure.

- (k) No material information was suppressed by the company that would amount to mis-statement/mis-representation. There was no wilful violation by the company or its directors. The company had its promoters have been in constant correspondence with SEBI and have repeatedly informed SEBI about the fraudulent activities of the Merchant banker. The company has not made any gains out of the alleged violations, but has suffered huge financial losses.
- (l) Mr. Anil Agrawal is a habitual offender as can be seen from his involvement in some other cases where SEBI has initiated action against him, the Merchant Banker and his associates.
- (m) The delay of more than 3 years in raising concern about siphoning off of IPO proceeds was due to lack of knowledge, supervision and due diligence.
58. Additionally, Shri R.V. Ravikumar ((Noticee no. 2) vide his letter dated June 01, 2018 has submitted inter alia the following:
- i. RKDL has entered into a MoU dated 27.10.2009 with CSL appointing them as their BRLM for the IPO. An escrow agreement dated 02.11.2010 was also executed between RKDL and various other entities, in pursuance of the MoU.
  - ii. Mr. Anil Agrawal funded Rs.2 Crore and further Rs.20 Lakh to RKDL for meeting urgent business expenses, which they agreed to adjust against the IPO proceeds. However, prior to giving Rs.2 Crore, Deepak Mor from CSL took Noticee's signatures on a bunch of documents.
  - iii. Mr. Anil Agrawal came forward to fund the IPO expenses. He asked the Noticee to sign some blank cheques and RTGS forms, stating that the cheques could be used for IPO expenses. The Noticee sent further blank cheques and RTGS Forms to Anil Agrawal on his request.
  - iv. The fund transfers in RKDL's accounts before IPO were done by Anil Agrawal to create artificial liability on RKDL for committing fraud in future.
  - v. After the IPO, BRLM, without authority from RKDL, wrote to the bankers to the issue to transfer IPO proceeds to RKDL's Axis Bank Malad Branch account. Further, Rs.1.25 Crore was transferred to CSL's account as fees.
  - vi. Anil Agrawal, having control over the Axis Bank Account of RKDL, used the signed blank cheques for fund diversions. Later, on being pressurized by the Noticee, he transferred Rs.4.89 Crore to RKDL. After the said return, the balance amount receivable from Anil Agrawal is Rs.29.14 Crores approx.

vii. RKDL has utilized the proceeds of the IPO in expanding its business.

59. Shri Anil Agrawal (Noticee no. 9), Shri Bharat Shiroya (Noticee no. 10), Ms. Annu Anil Agrawal (Noticee no. 11), Jugal Chandrakant Thacker (Noticee no. 12), Amit Kumar Khemka (Noticee no. 13) and Chandrakala Purohit (Noticee no. 14) vide letters dated May 29, 2018; May 31, 2018; June 01, 2018; June 29, 2018 and July 05, 2018 have submitted *inter alia* the following:

- (a) The Noticees deny the allegations against them, as specified in the SCN.
- (b) As regards their role as a Director of CSL, the Merchant Banker to the IPO of RKDL and their roles as the Director of CIL, an NBFC, based on certain loan transactions between RKDL and CIL, the allegations against them broadly pertain to misleading statements and non-disclosures in the Prospectus filed by RKDL for its IPO, based on which it has been alleged that as a Director of CSL, the Book Running Lead Manager ("BRLM") in the IPO of RKDL they have failed to exercise due diligence and independent professional judgment resulting in gullible investors being deprived of material information regarding their investment decision in the IPO of RKDL and that CSL in connivance with RKDL, managed to siphon off the IPO proceeds to the extent Rs 33.83 crore (as on March 31, 2011) of RKDL, by creating several layers through various connected/related entities of CSL. Both the aforesaid allegations are totally baseless and completely contrary to factual position on record. As a Director of CSL and CIL, they have followed all the processes and undertaken the due diligence and have acted in bonafide manner at all times. The Investigating Officer has completely ignored and overlooked the submissions made by CSL& CIL during the course of the Investigation.
- (c) The allegations in the SCN are hinging on the assumption, without any basis, that the persons/ entities who had received funds /given funds to RKDL or had traded in the scrip of RKDL as stated in the SCN were related to CSL& CIL or were acting on their behalf or at their behest. Nebulous linkages with the persons/ entities as referred to in the SCN/IR have been unduly stretched without any justification in order to attribute the allegations of siphoning off etc on to CSL and CIL and its directors.
- (d) Allegations in the SCN are premised on the theory of guilt by association, which is legally untenable and unsustainable. Clubbing CSL and CIL with others has resulted in distorted conclusions against them. Unrelated and unconnected entities have been grouped together based on mere surmises and conjectures to draw adverse inferences without any



basis. Since the grouping is erroneous the whole edifice of the charge falls. Based on the alleged acts of other entities, no adverse inference can be drawn against them and no liability can be saddled on them. It is specifically and categorically denied that CSL and CIL had any role in the siphoning off.

- (e) Sometime in 2008-09, the representatives of RKDL had approached CSL to become BRLM/Merchant Banker for their proposed IPO. Consequent to the same, RKDL issued an Engagement Letter dated October 27, 2009 appointing CSL as BRLM to the issue. Post appointment of CSL as BRLM the representatives of CSL held various meetings with all the representatives of RKDL, coordinated with various intermediaries in connection with the offer document etc. During this period, RKDL had availed a short term loan from CIL for an amount of Rs 12.71 crore (during October 2010 to December 2010) at the interest rate of 15% p. a. CSL ensured the requisite disclosures in the offer document based on the information and assurances provided by RKDL at the relevant time which was filed with SEBI somewhere at the start of April 2010. On September 14, 2010, SEBI issued observation letter to the Draft Red Herring Prospectus for the issue of 1, 15, 00, 000 shares of face value of Rs. 10 each. Subsequently, RKDL came out with IPO at a price of Rs 64 per equity share, aggregating to Rs. 73. 60 Crores. The RKDL issue was subscribed 2. 16 times. On December 24, 2010, RKDL repaid loan amount to CIL with interest. Subsequently, the shares of RKDL were listed at BSE and NSE on December 27, 2010. It took substantial time of around six months from the date they filed offer document to the time when the observation letter was issued by SEBI. Thereafter, during February 2011, RKDL had once again approached CIL for loan for their working capital requirements. After completing all the requisite formalities, CIL entered into a loan agreement with RKDL at the interest rate of 15% p.a. Thereafter, to secure the loan, CIL had taken pledge request form from RKDL in the event of non payment of loan. Subsequently, due to non repayment of the loan amount, CIL had pledged shares aggregating to 51.77%.
- (f) In the SCN, RKDL has very cleverly tried to saddle the blame of its own actions on to CSL, CIL and its directors including the Noticees, which is evident from the contradictory submissions of RKDL. For instance, in the SCN, RKDL conveniently stated that Anil Agrawal had taken blank signed cheques from RKDL stating the reason of ease of incurring issue expense. However, during the arbitral proceedings before CDSL between Mr. R V Ravi Kumar and CSL, Mr. R V Ravi Kumar had vide his letter dated September

11, 2014 informed the Arbitrator, that Mr. R V Ravikumar had not signed Delivery Instruction Slips (DIS) and that Anil Agrawal had forged the signature of Mr. R V Ravi Kumar. The copy of the CDSL Order dated October 08, 2014 is enclosed.

- (g) Further, the allegation of RKDL that CIL in connivance with CSL and Anil Agrawal have purportedly fabricated documents is false and contrary to the factual position on record. The contentions of RKDL are totally belied by the fact that RKDL itself had made disclosures in the Annual Report for the Financial Year ending 2011 regarding loans and advances which also included the loan availed from CIL. The said disclosures were made much after the IPO was over and based on the certification by the auditors of RKDL and certification by the management of RKDL. Further, Mr. R V Ravi Kumar had vide his letter dated September 11, 2014 informed the Arbitrator, during the arbitral proceedings before CDSL between Mr. R V Ravi Kumar and Comfort Securities Limited that Mr R V Ravi Kumar had not signed DIS and that Anil Agrawal had forged the signature of Mr. R V Ravi Kumar. In view of the same, the allegation made by RKDL and its promoters are self defeating and cannot be relied upon.
- (h) There existed a strict Chinese wall among different type of activities carried out by CSL viz. Merchant Banking, Broking, Depository Participants etc. and each activity was headed by separate professional independently of each other. The Merchant banking operations were headed by Mr.Sarthak Vijlani, Chartered Accountant who used to take all the decisions.
- (i) The operations of both the companies viz. CSL & CIL were handled by independent group of professionals and strict confidentiality was being maintained in their operations. The operations of CSL & CIL were headed by Mr.Sarthak Vijlani & Mr. Praveen Naik respectively with separate dedicated team.
- (j) The disclosure made by CIL on December 03, 2011 that shares of RKDL held by promoters aggregating to 51.77 % have been treated as pledge with CIL is a matter of record. The statement made by RKDL and its promoters that no shares have been pledged is false, baseless and completely contrary to the factual position on record. During February 2011, RKDL had approached CIL for loan for their working capital requirements. After completing all the requisite formalities, CIL entered into a loan agreement with RKDL. Thereafter, to secure loan, CIL had taken pledge request form

from RKDL. RKDL's submission that Anil Agrawal had taken blank signed cheques for ease of incurring issue expenses is implausible and nothing but an afterthought.

- (k) The transactions as mentioned in para 9 and 10 of the SCN are a matter of record. CIL transferred Rs.12.71 Crore during October 2010 to December 2010 to RKDL, which was a loan at the interest rate of 15% p. a. to RKDL, which was repaid by RKDL with interest on December 24, 2010. In support of the said transaction, CIL had provided the investigating officer the statement of account, Form 26AS (TDS Certificate) and letter of settlement from Mr. Ravi Kumar. Copies of the same are annexed. The same is also borne out by the audited balance sheets of RKDL, wherein the amount has been disclosed under the head of "Loans and Advances". The said transactions between CIL & RKDL were standalone independent transactions and had no nexus with the other fund transactions referred to in the SCN. Admittedly, RKDL had received the funds in its bank account and had repaid the same back to CIL from its bank account.
- (l) CIL is not concerned with the transfer of funds by RKDL to other entities viz. Ranisati, BLC and Radhasoami, and CIL had no role to play in the same. At the relevant time, CIL was not aware about the usage of funds by RKDL, and that it had transferred the amounts to other entities. Same was of no concern to CIL. Why RKDL gave the funds to Ranisati and BLC is for RKDL to answer.
- (m) In so far as CIL is concerned, CIL as a NBFC had lent the funds with interest and have admittedly received back the funds with interest from RKDL. CIL's relationship with RKDL ended, once all the money came back to CIL with interest. Based on the conduct of RKDL (in terms of utilisation of loan amount etc) no adverse inferences can be drawn against CIL.
- (n) As regards observations in para 11 and 12 of the SCN, CSL and CIL are not aware of the fund transactions between RKDL to other entities viz. BLC, Ranisati and Radhasoami and the same is of no concern to CIL & CSL and CIL & CSL had no role to play in the same. The transactions of CIL and CSL set out in the said Para are standalone independent transactions and had no nexus with the other fund transactions referred to in the SCN.
- (o) Insofar as fund transactions between CIL and Ranisati, sometime around 2010, Ranisati had approached CIL in context of raising loans for its business purposes from time to time. Pursuant to the same a Loan agreement dated July 15, 2010 was executed with Ranisati. The copy of the said loan agreement is enclosed. Thereafter, from time to time Ranisati was raising loan from CIL, which was in the nature of a running loan account and various amounts were given by CIL and were also repaid by Ranisati with interest from time to time as borne out by ledger maintained by CIL.

- December 03, 2010-The amount of Rs 6.40 crore received by CIL on December 03, 2010 was in the nature of repayment of loan already raised from time to time by Ransati since July 26, 2010.
- December 04, 2010-The amount of Rs 2 crore transferred by CIL to Ranisati on December 04, 2010 was in the nature of loan raised by Ranisati from time to time from CIL.
- December 13, 2010-The amount of Rs 2.35 crore transferred by CIL to Ranisati on December 13, 2010 was in the nature of loan raised by Ranisati from time to time from CIL.
- December 23, 2010-The amount of Rs2crore transferred by CIL to Ranisati on December 23, 2010 was in the nature of loan raised by Ranisati from time to time from CIL.

(p) During the course of investigation, CIL had furnished statement of accounts and Form 26AS (TDS certificate) and also furnished a copy of loan agreement dated July 15, 2010 with Ranisati. Since the alleged fund transfers were bonafide and genuine and in the ordinary course of business, no adverse inferences can be drawn and also no inference of CIL being involved in siphoning off funds can be drawn.

(q) Insofar as fund transactions with CSL and other entities following be noted:

**Fund transfers between CSL &Ranisati**

- (r) As per the SCN , *"On the same day, Ranisati also received Rs 2. 15 crore from CSL (broker) as payout, out of which Rs 1.79 crore was from (net) sale of 2,25,539 shares of RPP Infraprojects Ltd allotted to Ranisati in IPO. Ranisati transferred Rs 3.75 crore to BLC and Rs 1.045 crore to Suvidha on the same day, i.e., Dec 13, 2010"*. It may be noted that Ranisati is the broking client of CSL. It had registered with CSL as broking client in the year 2010. Further, Ranisati had also at the time of registering with CSL as client, opened at account with CSL. Since January 2010, it has been trading through CSL in various scrips from time to time. Save and except the relationship of broker and client CSL had no other relationship with Ranisati.
- (s) With regard to the said transfer between CSL and Ranisati it may be noted that, Ranisati sold 2, 25, 538 shares of RPP on December 06, 2010 through CSL on the market. The said shares were sold by CSL pursuant to instructions of Ranisati. It may be pointed out that on the said day; Ransati had also sold shares of various other companies through CSL apart from the shares of RPP.

- (t) The total sale value of the shares sold on December 06, 2010 was around Rs 1.95 crores (out of which Rs 1.79 crores (approx.) pertained to sale of shares of RPP). Subsequently, post receipt of pay-out amount from the exchange, CSL had issued a cheque for an amount of Rs 2.15 crores on December 13, 2010, inter alia, towards the aforesaid pay-out and part of credit balance already available in the account of Ransati with CSL. Same is borne out by the contract note dated December 06, 2010 and the ledger statement are enclosed. Clearly the said transaction, wherein CSL had made payment to Ransati, towards the pay-out of shares sold by Ransati, was a bonafide and genuine transaction carried out by CSL in the ordinary course of trading.
- (u) Post receipt of the said pay-out amount, what Ransati has done with the said amount, CSL is not aware about the same and same is of no concern to CSL. It is submitted that CSL was not aware of transfer of funds by Ransati to BLC and Suvidha as referred to in the para. Even nothing has been brought on record to demonstrate that CSL was aware of the same in any manner or that CSL had role to play in the same. Therefore, based on the transfer of funds by Ransati to others, no adverse inferences can be drawn against CSL.

#### **Fund transfers between CSL & BLC**

- (v) As per the SCN, "On the same day, BLC also received Rs 1,68,98,339/- from CSL (broker) as payout for sale of 2,25,539 shares of RPP Infraprojects Ltd allotted to BLC in IPO. And on the same day, BLC transferred Rs 5.45 crore to Fact. Fact further transferred Rs 5.45 crore to Suvidha (allottee and trader) on the same day." It may be noted that BLC is the broking client of CSL. It had registered with CSL as broking client in the year 2008. Further, BLC had also at the time of registering with CSL as client, opened demat account with CSL. Since 2008, it has been trading through CSL in various scrips from time to time. Save and except the relationship of broker and client CSL had no other relationship with BLC.
- (w) With regard to the impugned fund transfer between CSL and BLC it may be noted that, BLC sold 2,25,538 shares of RPP on December 06, 2010 through CSL on the market which were sold by CSL pursuant to instructions of BLC. The total sale value of the shares sold on December 06, 2010 was around Rs.168,98,339/-. Subsequently, post receipt of pay-out amount from the exchange, CSL had issued a cheque for an amount of Rs 168,98,339/- on December 13, 2010, towards the aforesaid pay-out. Same is borne out by the contract note dated December 06, 2010 and the ledger statement are enclosed. Clearly the said transaction, wherein CSL had made payment to BLC, towards the pay-out of shares sold by BLC, was a bonafide and genuine transaction carried out by CSL in the ordinary course of trading. Post receipt of the said pay-out amount, what BLC has done

with the said amount, CSL is not aware about the same and same is of no concern to CSL. It is submitted that CSL is not aware of transfer of funds by BLC to FACT as referred to in the SCN. Even nothing has been brought on record to demonstrate that CSL was aware of the same in any manner or that CSL had role to play in the same. Therefore, based on the transfer of funds by BLC to others, no adverse inferences can be drawn against CSL.

**Fund transfers between CSL & Padma Impex Private Limited ("Padma")**

- (x) As per the SCN, "Radhasoami (HDFC Bank A/c no. 01662000013980) had received Rs 2 crore from RKDL on Dec 06, 2010. On Dec 10, 2010, Radhasoami transferred the same amount to Padma Impex Pvt Ltd (HDFC bank A/c No. 00602320017340). On Dec 13, 2010, an amount of Rs 5, 24, 99, 200. 00 was transferred from the account of Padma Impex to the Escrow account of RKDL. Padma Impex was allotted 2, 30, 359 shares of RKDL. On Dec 18, 2010, RKDL IPO refund for an amount of Rs 3, 77, 56, 224. 00 was received in the account of Padma Impex. And on Dec 24, 2010, Padma Impex transferred Rs 4 crore to Comfort Securities (broker) for buying shares of RKDL on the day of listing. Padma Impex had bought 13, 56, 786 shares (buy value = approx. Rs 11. 52 crore) and sold 10, 71, 786 shares (sell value = approx. Rs 8. 95 crore) of RKDL on the listing day, i. e. Dec 27, 2010". In so far as transfer of amount by Padma to the Escrow account of RKDL is concerned, it may be noted that at the relevant time in capacity as a Syndicate Member CSL had bidden the share application form of Padma in the IPO of RKDL, wherein CSL had punched in the details (which included the details pertaining to the bank, cheque no, amount etc). Clearly the said transaction, wherein Padma had applied for the allotment of shares in the IPO of RKDL through CSL as syndicate member, was a bonafide and genuine transaction carried out in the ordinary course by Padma as an applicant. Admittedly, the monies for applying for shares in the IPO of RKDL were remitted by Padma via proper banking channels, audit trail of which is available. It is submitted that while punching in the details of the application form, CSL were not aware of the source of funds of Padma i.e. it had received the funds from Radhasoami as alleged or that Radhasoami in turn had received the funds from RKDL as alleged and the same was of no concern to CSL. Nothing has been brought in record to even remotely demonstrate that CSL was aware of the same or that CSL had role to play in the same. Therefore, based on the transfer of funds by RKDL to Radhasoami as alleged or Radhasoami to Padma, no adverse inferences can be drawn against CSL.
- (y) In so far transfer of funds for buying the shares of RKDL on the day of listing by Padma is concerned, it may be pointed out that Padma is the broking client of CSL. It had registered with CSL as broking client in the year 2008. Further, Padma had also at the time

of registering with CSL as client, opened demat account with CSL. Since 2008, it has been trading through CSL in various scrips from time to time. Save and except the relationship of broker and client (and also as a merchant banking client) CSL had no other relationship with it.

- (z) The transfer of funds for buying the shares of RKDL on the day of listing by Padma was transaction in the ordinary course, wherein Padma as a client used to buy the shares in the market and accordingly remit the pay-in amount or used to sell the shares in the market and received the pay-out amount from CSL. Based on the said transfer of funds between Padma and CSL in their capacity as broker-client, again no adverse inferences can be drawn.
- (aa) With regard to observations in Para 14 and 15 of the Notice, it is reiterated that the transfer of funds of Rs. 12.88 crore on 24.12.2010 was the loan repayment to CIL by RKDL and the same cannot be branded as siphoning off. Same was repayment of loan, raised by RKDL earlier, which is an undisputed position. It is submitted that repayment leg of loan transaction has been branded as siphoning off and/or routing ignoring the loan amount raised by RKDL earlier, and which is also borne out by the books and bank account of RKDI..
- (bb) SEBI has erroneously mixed up two independent and separate transactions viz. Fund transfer by RKDL in context of loan repayment to CIL and fund transfer by RKDI with other entities. Based on other transfers by RKDL, the legitimate loan repayment transaction cannot be given the colour of siphoning off. It is reiterated that based on the fund transfers done by RKDL to other entities (entities listed at sl.nos ii to xv) no adverse inference can be drawn against CIL, since CIL had no role to play in the same and there is no material which has been brought on record to even remotely substantiate that CIL had any role to play or any involvement in the transactions done by other entities listed at sl.nos ii to xv.
- (cc) As regards observations in Para 16 of the SCN regarding fund transfers between CIL & RKDL, CIL transferred funds to the tune of Rs. 12.71 Cr (during October 2010 to December 2010) to RKDL and received Rs. 12.88 Cr (approx.) on December 24, 2010 from RKDL. This transaction was a loan transaction wherein CIL had given loan amounting to Rs 12.71 crore at the interest rate of 15% p. a. to RKDL, which was repaid by RKDL with interest. The same is evident from the statement of account, Form 26A (TDS Certificate) and letter of settlement from Mr. Ravi. The same is also borne out by the audited balance sheets of RKDL, wherein the amount has been disclosed under the head of "Loans and Advances".

- (dd) The said transactions between CIL & RKDL were standalone independent transactions and had no nexus with the other fund transactions by CIL with BLC and Ranisati. Admittedly, RKDL had received the funds in its bank account and had repaid the same back to CIL from its bank account.
- (ee) CIL is not concerned with the transfer of funds by RKDL to other entities (Ranisati and BLC) and CIL had no role to play in the same. Decision to raise funds by way of loans etc. was of RKDL and the decision to further transfer the funds to its suppliers etc. was also of RKDL, in which CIL as a finance provider had no role to play.
- (ff) CIL is not aware about the usage of funds by RKDL, and that it had transferred the amounts to other entities. Same was of no concern to CIL. Why RKDL gave the funds to the various alleged entities and why it did not recover the funds from the said entities, is for RKDL to answer. In so far as CIL is concerned, CIL as an NBFC had lent the funds with interest and have admittedly received back the funds with interest from RKDL. CIL's relationship with RKDL ended, once all the money came back to CIL with interest. Based on the conduct of RKDL (in terms of utilisation of loan amount etc) no adverse inferences can be drawn against CIL.
- (gg) The observations in Para 16 (f) of the SCN as contained in Annexure 61, are erroneous and/or farfetched and based on the same the alleged acts of others cannot not be fastened on to CIL.
- (hh) With regard to observations in Para 16 (h) of the SCN, it is denied that the alleged loan transactions were in the nature of bridge loans as alleged. It is reiterated that at the relevant time, the management of RKDL explained to the representatives of CSL that the said short term loans would be repaid shortly and are not material. Based on the said explanation that the short term loans would be repaid shortly, the same were not treated as material and accordingly same were not disclosed in the offer document. Further, at the relevant time, RKDL had not stated that it would be repaying the loans raised out of the IPO proceeds. On the contrary it had explained to the representatives of CSL that the said short term loans would be repaid shortly out of its own funds. Furthermore, all the said loan transactions were duly certified by the auditors and pursuant to the said certification the offer document was filed.
- (ii) It is vehemently denied that CIL entered into dubious loan agreement with Ranisati as alleged. The allegation is completely contrary to factual position. In this context, it has not been spelled out as to what is the meaning of "dubious" since the same has not been defined anywhere in SEBI Act or SEBI Regulations. The loan given by CIL to Ranisati has come back to the account of CIL and complete audit trail of funds is available. In the circumstances, it is incomprehensible as to how the bonafide and legitimate loan agreement can be branded as dubious loan agreement. The fund received by CIL on



December 03, 2010 and December 24, 2010 was in the nature of repayment of loan already raised from time to time by Ransati since July 26, 2010. Based on the alleged fund transfers which were bonafide and genuine and in the ordinary course of business, no adverse inferences against can be drawn and also no inference of CIL being involved in siphoning off funds can be drawn. The alleged loan transactions were not in the nature of bridge loans. At the relevant time, the management of RKDL explained to the representatives of CSL that the said short term loans would be repaid shortly and are not material. Accordingly, same were not disclosed in the offer document.

- (jj) The repayment of loan cannot be termed as siphoning off. That repayment leg of loan transaction has been branded as "siphoning off" ignoring the loan amount raised by RKDL earlier, and which is also borne out by the books and bank account of RKDL. SEBI has erroneously mixed up two independent and separate transactions viz. Fund transfer by RKDL in context of loan repayment to CIL and fund transfer by RKDL with other entities viz. Ranisati and BLC. Based on other transfers by RKDL, the legitimate loan repayment transaction cannot be given the colour of siphoning off.
- (kk) With regard to the observation in Para 18 (d) i.e. alleged connection of CIL with Suvidha, the following be noted:

**Connection with Suvidha**

- (ll) In Annexure 61 of the SCN it is stated that "*Further, Chandrakala Purohit (director of CSL) has common address viz. 6/1, Bijoy Mukherjee Lane, Kolkata-700025 with Mr. Anil Kumar Purohit (director of Scan Infrastructure, Albright Electricals, Suvidha Securities), ailash Prasad Purohit (director of JMD Sounds, Unisys Softwares (during 06/12/1996 to 20/02/2010), Neha Cassettes, Jaiambe Cassettes, Scan Infrastructure), Pawan Kumar Purohit (director of JMD Sounds) and Bal Chand Purohit (director of JMD Sounds).* It may be noted that Ms Chandrakala Purohit is an Independent Director of CSL and has no involvement in management and day to day working of CSL. Also, she does not hold any shares in CSL. During the relevant time Chandrakala Purohit's relatives was a director of Suvidha. Based on Ms Chandrakala Purohit being the independent director of CSL, CIL cannot be alleged to be connected with Suvidha and be saddled with their acts.

**Fund transactions with Fact Enterprise Ltd**

- (mm) With regard to the various observations in para 19 of the SCN regarding the fund transfer which have happened between CIL and Ranisati, CSL and BLC, the same were in the ordinary course and are fully substantiated by requisite documents.
- (nn) With regard to observations in Para 23 of the Notice, It may be noted that Heranba Finvest Services Pvt Ltd ("Heranba") is the broking client of CSL. It had registered

with CSL as broking client in the year April 06, 2009. Since then it has been trading through CSL in various scrips from time to time. Save and except the relationship of broker and client CSL had no other relationship with Heranba.

(oo) With regard to the impugned fund transfer between CSL and Heranba it may be noted that, Heranba transferred Rs. 5 crore to CSL for buying shares of Splash Media. Same is borne out by the contract note during the relevant time and the ledger statement are enclosed. The same was a bonafide and genuine transaction carried out by CSL in the ordinary course of trading. CSL is not aware about the source of fund of Heranba and same is of no concern to CSL. It is submitted that CSL is not aware of transfer of funds by RKDL to Heranba as referred to in the Para. Even nothing has been brought on record to demonstrate that CSL was aware of the same in any manner or that CSL had role to play in the same. Therefore, based on the transfer of funds by RKDL to Heranba, no adverse inferences can be drawn against CSL.

(pp) With regard to observations in Para 26 and 27 of the SCN, the charge of siphoning off is exceedingly vague and the Noticees are totally incapacitated to file an effective reply to the same. Further, at item No 1 & 2 in the Table, the name of CIL is appearing. Against the name of CIL (along with others) various amounts have been set out. From the same, it cannot be deciphered as to how the allegation has been levelled. In so far as the allegation of siphoning off of alleged 33.83 Cr is concerned, name of CIL is appearing only for Rs. 14.83 Cr. CIL cannot be saddled with the transactions done by other entities. Further, in so far the figures in Item No. 1 and 2 are concerned, CIL had transferred Rs. 4.79 Cr and Rs. 4.65 Cr to RKDL on November 25, 2010 in consonance with the loan agreement entered with them. What RKDL does with these funds is no concern to CIL as long as the money given by CIL was repaid back with interest. Further, for the figures Rs. 0.49 Cr and Rs. 4.90 Cr, it is submitted that CIL has no knowledge of the same. From the perusal of the IR it appears that these figures constitute the funds given by RKDL to other entities (Viz. Ranisati and BLC) and the same were not repaid back to RKDL by these other entities. Based on fund transfers by RKDL to other entities, in which CIL had no role to play, no adverse inference of we being involved in siphoning off can be drawn. Admittedly, nowhere in the SCN it has been demonstrated that the fund transfer of other entities, which are alleged to be in the nature of alleged siphoning off, were in any manner on behalf of CIL.

(qq) With regard to observations in Para 28 of the SCN, It is denied that CSL and CIL are connected to various entities and that CIL and CSL have acted as conduits in the siphoning off /routing the proceeds of IPO by creating several layers for fund flow as alleged. All the actions taken by them were in professional capacity. There is no basis

for making such allegations. It is denied that the alleged layers were created to avoid regulatory detection and to camouflage the securities related transactions as business deals such as loans/advances/share application in private limited companies etc as alleged. CIL, being an NBFC had entered into loan transaction with RKDL in the ordinary course of business.

Mis-statements and Non-disclosure in the Offer Document (Prospectus)

(rr) With regard to observations in Para 32 of the Notice, it is submitted that CSL was not aware of any litigation by Union Bank of India and the same was not in CSL's knowledge at the time of filing the offer document. CSL relied on the information provided by RKDL and its management personnel. All requisite due diligence was carried out as required by law. Further, CSL had confirmed the same position vide its letter dated January 24, 2012, wherein CSL expressed their apologies for the non-disclosure and requested for condonation of the same. In so far as contentions of RKDL vide their letter dated July 02, 2012 are concerned, it is submitted that same contains self-serving allegations against CSL, which are completely untrue and contrary to factual position. There was nothing to be gained by CSL by not disclosing the impugned information. The legal due diligence was carried out by Mr. Sarthak as an overall in-charge of Merchant Banking Operations. Further, RKDL also provided a declaration regarding the litigations and other legal issues pending as at that point in time. Hence, CSL relied upon the expertise of the various individuals and also on the declaration given by RKDL.

(ss) With regard to observations in Para 33 of the SCN, it is denied that the alleged loan transactions were in the nature of bridge loans as alleged. It is reiterated that at the relevant time, the management of RKDL explained to CSL that the said short term loans would be repaid shortly and are not material. Based on the said explanation that the short term loans would be repaid shortly, the same were not treated as material and accordingly same were not disclosed in the offer document. Further, it is reiterated that at the relevant time, RKDL had not stated that it would be repaying the loans raised out of the IPO proceeds. On the contrary it had explained to CSL that the said short term loans would be repaid shortly out of its own funds. Furthermore, all the said loan transactions were duly certified by the auditors and pursuant to the said certification the offer document was filed.

Mis-statements in the Annual Report of RKDL for FY 2010-11

(tt) With regard to observations in Para 34 and 35 of the SCN, it is submitted that the allegations pertaining to misstatements in Annual Report are to be answered by RKDL. Significantly, it may be noted that the Annual Report was independently audited by the

auditors of RKDL and duly certified by the management of RKDL. The disclosures made in the Annual Report regarding utilization of funds and the contentions now advanced by RKDL are at cross purposes and same clearly demonstrates that RKDL's stance indicting/involving CSL for the alleged siphoning off etc are totally misplaced and a convenient/nefarious afterthoughts. It may also be noted that the disclosures in the Annual Report have been made by RKDL much after the expiry of the IPO. Further, it is nobody's case that CSL as BRLM's were in any manner involved in the drafting/preparation of the Annual Report or in making the disclosures in the Annual Report or had any role whatsoever to play in the same. It is reiterated that RKDL has in furtherance of its oblique motives, embroiled CSL in the allegations of siphoning off etc.

- (uu) In so far usage of short term loans raised by RKDL is concerned, it is submitted that at the relevant time CSL was not aware of the usage of funds and same was also of no concern to CSL. Further, at the relevant time CSL had nothing to suspect that the funds raised by them would not be put to the use by them for which the funds were raised. It is submitted that based on the alleged improper use of funds no adverse inference against CSL can be drawn.
- (vv) With regard to alleged non-disclosure regarding default in loan of Union Bank of India by Mr. Ravi Kumar, it is reiterated that CSL was not aware of the same or any litigation by Union Bank of India and the same was not in the knowledge of CSL at the time of filing the offer document. CSL relied on the information provided by RKDL and its management personnel.
- (ww) With regard to observations in Para 47 of the SCN, it is denied that there were misstatements and non-disclosures in the Prospectus regarding bridge loans to be repaid from IPO proceeds, liability attached to the proceeds of the IPO and default in payment by Mr. Ravi Kumar against loans from Union Bank as alleged. For the inadvertent mistake of non-disclosure of pending litigation with Union Bank, and on becoming aware of such litigation, CSL gave a written apology letter dated January 24, 2012, even though CSL was unaware of the pending litigation with Union Bank at the relevant point in time.
- (xx) Both CSL and CIL take decision independently and are not influenced by the dealings of the other group companies. CIL was not aware of any dealings of CSL with RKDL apart from the fact that CSL is handling the IPO of RKDL.
- (yy) With regard to observations in Para 50 of the SCN, it is denied that the directors of CSL including the Noticees had any connections with the entities stated therein as alleged. It is denied that connection/ association of directors of CSL with the entities

namely CIL, BLC Trading, Fact Enterprise, Sukusama, Padma Impex, Suvidha Securities and Albright Electricals indicates that directors of CSL were also involved in the movement of funds and siphoning off of IPO proceeds and also routing of IPO proceeds to certain entities for applying in the IPO of RKDL as alleged. The allegations are sweeping and in the air and based on mere surmises and conjectures, with no supporting material to substantiate the alleged involvement.

60. Shri Jugal Chandra Thacker (Noticee no. 12) and Ms. Chandrakala Purohit (Noticee no. 14) vide their letters dated July 24, 2018 and July 13, 2018 respectively have additionally submitted *inter alia* the following:

- (a) During the relevant time, they were independent directors of the company and were not involved in the day to day management and affairs of CIL. Their role as an independent director was very limited and restricted. They did not hold any shares in CSL and CIL and were not related to the promoters or partners occupying management position at the Board level. As an independent director, they cannot be saddled with the alleged acts of CSL and CIL in which they had no role to play.
- (b) Without prejudice to the aforesaid, in so far as allegations pertaining to alleged siphoning off are concerned, they deny that CSL and CIL were in any manner involved in the movement of funds and siphoning off of IPO proceeds and also routing of IPO proceeds to certain entities for applying in the IPO of RKDL as alleged. The only connection is that of a client/ service provider and/or as a Depository Participant. The dealings of CIL and RKDL were independent from CSL's dealings as RKDL's Merchant Banker. It is denied that there was any routing of alleged siphoned off funds to and through CIL as alleged. It is denied that there were any mis-statements and non-disclosures of transactions of RKDL by CSL, prior to the date of prospectus, with any connected entities as alleged. Both CSL and CIL take decision independently and are not influenced by the dealings of the other group companies.
- (c) As per Regulation 25(5) of the LODR Regulations which deals with liability of an independent director, they are not liable for the alleged violations. There is no material produced with the SCN that shows how as an independent director they were aware or could reasonably have been aware of the alleged contravention of the provisions of PFUTP Regulations, 2003 and ICDR Regulations, 2009. A number of case laws are there in support of their contentions.

- (d) As regards non-disclosure of loan from CIL, the Merchant Banking division of CSL is handled by a dedicated professional team and the management does not interfere in its working. At the relevant time, Sarthak Vijlani was leading the Merchant Banking Team of CSL. The Board had no role to play in the entire process of finalization of the prospectus. Thus, the board cannot be penalized for the same.
- (e) As regards the siphoning off of funds, the stand taken by RKDL and its promoters is totally unreliable and no credence can be given to it.
61. Additionally, Shri Anil Agrawal vide his letter dated August 02, 2018 and January 21, 2019 has submitted *inter alia* the following:
- (a) The stand taken by RaviKumar Distilleries Ltd ("RKDL") and its promoters that they had given the blank signed cheques to Mr. Anil Agrawal is nothing but a trumped up story and is totally contrary to factual position. The same is an offshoot of disputes between the parties which cropped up due to non-repayment of loans by RKDL from CIL, an NBFC, and the consequent enforcement of security by CIL (viz. sale of RKDL shares belonging to the promoters as security for the loan).
- (b) There is no MOU dated 5.9.12 signed by him as alleged. The promoters of RKDL have falsely claimed that he had admitted receiving blank cheques from them in the alleged MOU. He had not signed any MOU dated 5.9.12 and any such MOU allegedly containing his signatures is nothing but a fraudulent/trumped up document containing his forged signatures. Strangely, the original of the said MOU has not been made available to him to further buttress his submissions in this regard.
- (c) The timing of the version of RKDL and its promoters in this regard is wholly suspect. Undisputedly, the whole bogey of RKDL having given the blank signed cheques to him, surfaced for the first time when SEBI started investigating the matter, and accordingly disclosures were made in the Annual Report of 2012-13. Realizing that there is no room for it to escape the burden of its actions, RKDL came out with this totally implausible and unreliable story of giving of blank cheques with the illicit motive of shifting the burden on to Comfort group.
- (d) Disclosures consistently made by RKDL to the stock exchanges, its shareholders/investors and the world at large, completely belie the current version as trotted out by RKDL and its promoters. Admittedly, RKDL itself was consistently

disclosing in its Annual Reports /financial statements that it had utilised the IPO proceeds by remitting the amounts to various suppliers of materials - which is now being alleged to be remitted on the strength of purported blank cheques.

- (e) Board of directors of RKDL are are seasoned professionals from different spheres of financial world (Chartered Accountants, Bankers etc) and they have also at the relevant time sanctified the Annual Reports/ Financial Reports, etc. with their blessings. Sudden volte- face on the part of RKDL and its promoters at this belated juncture, is nothing but an argument of convenience with the solitary objective of embroiling Comfort group unfairly.
- (f) As per complaint dated 21.1.14 filed by Ravikumar (promoter of RKDL) before Economic Offences Wing Mumbai, wherein he had made various false allegations against Anil Agrawal/Comfort group, he has admitted that he had "*appointed Mr KSM Rao, the common banker as an Independent Director of RKDL in order to facilitate transfer of IPO funds*". Thus, it is RKDL's own version that they had earmarked specific director for facilitating transfer of IPO funds. If this were so then where was the need of giving purported blank cheques to Anil Agrawal as falsely contended now by RKDL and its promoters. Clearly, the contention of RKDL is totally false, baseless and concocted. After earmarking a specific director in Mumbai for facilitating transfer of funds, after operating bank accounts and transferring the IPO funds to various entities, it does not lie in the mouth of RKDL promoters to now suggest that they had not transferred the IPO funds from their own bank account to various other entities. The aforesaid admission of Ravikumar also destroys the theory of giving of blank cheques.
- (g) Record will bear out that, out of sheer vengeance and as pressure/retaliatory tactics RKDL its promoters have filed multiple litigations against the Noticee and Comfort Group before Civil Courts/ Criminal Courts/Police Authorities/ Enforcement Directorate /National Company Law Tribunal, etc. including SEBI, abusing the process of law for settling personal scores. While giving any credence to the version of promoters of RKDL(who are serial offenders), SEBI's own finding in the investigations be also kept in mind wherein it has, inter alia, been clearly recorded: (a) that RKDL had siphoned off the IPO amounts ; (b) that RKDL had also tried to cover up the same by camouflaging the same as overdraft facility against the fixed deposits and by showing the siphoned off amounts in the balance sheet as advance made to the suppliers of the materials. The contentions of RKDL and its promoters cannot be

taken at face value and are wholly untrustworthy and unreliable. Their whole game plan seems to be to somehow shift the burden of their violations on to Anil Agrawal/ Comfort Group and in the process settle their personal grudges by causing damage to Anil Agrawal/ Comfort Group

- (h) As regards the charges in the SCN flowing from alleged non-disclosures/mis-statements in the offer document of RKDL, The Noticee submits that the Merchant Banking division of Comfort Securities Ltd ("CSL") is handled by a dedicated professional team and the management does not interfere in its working. At the relevant time, Mr. Sarthak Vijlani was leading the Merchant Banking team of CSL. Whenever the 'prospectus' of any company is finalised by the Merchant Banking team, it is not a part of the procedure for taking the Board approval for the same. So none of the directors of CSL were aware of what was disclosed by the merchant banking team in consultation with the company whose IPO was coming (i.e. RKDL). In fact, it was Sarthak Vijlani, as head of the Merchant Banking Team, who was looking into the IPO and was consistently interfacing with the RKDL and its representatives for the purpose of IPO. It may also be pointed out that Sarthak Vijlani, who resigned from the company on 20<sup>th</sup> June, 2012, has played a fraud on Comfort Group by creating trumped up document (viz. No Objection Certificate) issued by Reserve Bank of India. Said forging of documents has mired the whole Comfort Group in unnecessary litigation and has also resulted in initiation of regulatory proceedings by RBI. Recently, vide order dated 20.7.18, the Sessions Court, Goregaon, Mumbai has rejected the Anticipatory Bail Application of Sarthak Vijlani and directed his custodial interrogation. Copy of the Order dated 20.7.18 passed by the Sessions Court, Goregaon is annexed.
- (i) For the alleged non disclosures in the Prospectus etc, which was handled by the Merchant Banking team, including the certification thereof, the Board of CSL, including the Noticee, cannot be penalised, especially when the Board had no role to play in the disclosures, etc. to be made in the Prospectus, etc.
- (j) There is material available (Complaint dated 27.12.2016 filed by Mukesh Chouhan, director of BLC, against P.M. Kathariya, director of RKDL, regarding misuse of his account) to reinforce the Noticee's submissions that directors of RKDL were intimately connected with variouis entities to whom they had transferred funds. The same is also apparent from copy of statement of Mukesh Chouhan to the Income Tax Department.



- (k) RKDL has withdrawn a recovery suit filed by it against BLC in the Bombay High Court for failure to file affidavit of evidence. The same also shows connection between RKDL and BLC and its directors.
- (l) The three directors of RKDL, viz. Papatlal M. Kathariya, Ashok Shetty and KSM Rao, are based out of Mumbai. Even as on date, they are on the board of RKDL and have been regularly attending the board meetings of RKDL, as reflected from various records. Thus, their contention that they had no role to play in the operations carried out by them in Mumbai is totally false and misleading.

**CONSIDERATION OF ISSUES:**

62. I have perused the charges against the Noticees, the material available on record and the submissions made by various Noticees in respect of the charges against them. I note from the facts that RKDL had come out with its IPO for issue of 1,15,00,000 equity shares at an issue price of Rs.64 per share, whereby the company raised an aggregate of Rs.73.60 Crore. A summary of the funds siphoned off, as on March 31, 2011, has been mentioned in the Table below, as reproduced from the SCN.

Sl. No.	Entity through which funds siphoned off	Amount siphoned off (Rs)
1	BLC Trading and Agencies Pvt Ltd, Ranisati Dealer Pvt Ltd, CIL and Fact Enterprise Ltd	4.79 crore (Pre-IPO) + 0.49 crore (Post-IPO)
2	Ranisati Dealer Pvt Ltd, CIL and Fact Enterprise Ltd	4.65 crore (Pre-IPO) + 4.90 crore (Post-IPO)
3	Radhasoami Securities Pvt Ltd	2 crore
4	Gulistan Vanijya Pvt Ltd	4 crore
5	Vibhuti Muti Trade Pvt Ltd, Grafton Merchant Pvt Ltd and Albright Electricals Pvt Ltd	2.25 crore
6	Sukusama Trading and Investments Pvt Ltd	3 crore
7	Heranba Finvest Services Pvt Ltd	5 crore
8	Gaungour Suppliers Pvt Ltd, Grafton Merchant Pvt Ltd and Albright Electricals Pvt Ltd	2.75 crore
<b>Total</b>		<b>33.83 crore</b>

63. I find that the main allegation in the SCN, in the context of RKDL's IPO in Decmeber 2010 is that RKDL in collusion with merchant banker CSL, had siphoned off Rs. 33.83 crore from the IPO proceeds (as on March 31,2011) and had also routed IPO proceeds to certain entities for applying in its IPO. Thus the first and foremeost question that arises for consideration is to deterrmine whether there was collusion or connivance between

RKDL and CSL or not, especially in the light of the rival contentions of the issuer and the merchant banker on this aspect.

64. To begin with, I find from the SCN that the investigation of SEBI has started on the basis of a news article that appeared on the website of moneycontrol.com on December 21, 2011. The said article purportedly related to the disclosure made by CIL about the pledge of 51.77% of shares of RKDL by its promoters along with the statement that RKDL promoters refuted the same alleging it to be the outcome of some connivance of CIL with CSL and Anil Agarwal. The documents produced by RKDL show that complaints were filed by RKDL on 15.12.2011, to SEBI as well as to the Exchanges, as soon as the fraudulent design of Anil Agarwal group came to their knowledge. It is stated by Ravi Kumar that he had no acquaintance or prior knowledge of Anil Agarwal and that he has never had any prior business dealings with him. It is his case that he was induced by Anil Agarwal to part with several signed blank cheques and other blank signed papers to facilitate receipt of issue proceeds and to meet expenses related to the public issue. It is RKDL's case that it has no connections with CSL and the other entities involved in routing of funds as found by the SEBI investigations. On the other hand, RKDL and CSL are battling legal disputes between them on various issues that arose in connection with its engagement of CSL as the Merchant Banker to its IPO, such as, misuse of signed blank cheques, forgery of signatures on DIS slips and other documents and the unauthorized creation of a pledge of shares of RKDL by Anil Agarwal in his favour etc. RKDL has submitted that a number of cases, both civil and criminal, are pending before various forums and courts. It is further the case of RKDL that all the fund movements have taken place from the account of the company without the knowledge of the directors and promoters of RKDL.

**Connection amongst intermediate entities used for fund transfers:**

65. I note that the SCN has pointed out the association /connection between the following directors of CSL and various entities involved in the alleged siphoning off IPO proceeds / allottees receiving funds routed from IPO proceeds, during the relevant period:
- a) Anil Agrawal with CIL, BLC Trading, Fact Enterprise, Sukusama and Padma Impex.
  - b) Bharat N Shiroya with CIL.

- c) Annu Agrawal with CIL, Suvidha Securities and Padma Impex.
- d) Jugal C Thacker with CIL.
- e) Amit Kumar Khemka with Sukusama.
- f) Chandrakala Purohit with Suvidha Securities and Albright Electricals.

66. Further para 14 of this order contains the table of connections between various entities that were allegedly a part of a web of fund flows amongst various entities including CSL. The contents of the table referring to a few of the entities is extracted hereunder for consideration:

- **BLC Trading & Agencies Private Limited:** Email ID of BLC Trading, as per Form 23AC for FY ended March 2007 as obtained from MCA records, is comfortin@vsnl.com;
- **Ranisati Dealer Private Ltd.:** BLC Trading, Bhrosemand Commodities Pvt. Ltd.(erstwhile promoter of Splash Media), Padma Impex, Sukusama Trading and Ranisati Dealer are/were having the same email ID viz., pkc.mumbai@gmail.com as per MCA records;
- **Fact Enterprise Ltd.** had allotted convertible warrants through preferential offer to Anil Agarwal HUF (director of CSL snf CIL), Sukusama Trading and Ranisati Dealer. Pursuant to conversion of warrants on 16/05/2010 and 24/05/2010, each of these entities (i.e. Anil Agarwal HUF, Ranisati and Sukusama) were holding 13.09% share capital of Fact Enterprise;
- Fact has submitted that Mr. Anil Agrawal (director of CSL and CIL) is their financial consultant and entire preferential share application money was solicited and arranged by him;
- Rajiv Kashyap (director of Fact Enterprise) received funds from Splash Media;
- **Sukusaama Trading and Investments Private Limited :** Amit Kumar Khemka, director of Comfort Securities Ltd. and brother-in-law of Anil Agrawal, was director of Sukusama Trading and Investements Pvt. Ltd (during 02/08/2007 to 06/02/2010). Further, Amit Kumar Khemka was also holding shares of Sukusama Trading as on Sep.30 and Sept 29, 2012;
- **Comfort Securities Ltd & Comfort Intech Ltd. :** Email ID of Sukusama Trading as per Form 32 filed on Aug 06, 2010 and Sep. 03, 2010, is

amit@comfortsecurities.co.in. Further Form 32 of Sukusama Trading, filed pursuant to Board resolution dated Aug 02, 2007, for appointment of Monika Khemka and Amit Kumar Khemka, has been certified by Anil B Agarwal.

- **CSL** was Lead Manager to rights issue of Syncom Formulations. Syncom Formulations has submitted that CSL also advised them on preferential issue. CSL was also Manager to the open offer wherein Target company was Syncom Formulations.
- Chandrakala Purohit (director of Comfort Securities) is the daughter of Jagdish Prasad Purohit (director of Scan Infrastructure, Unisys Softwares, Suvidha Securities).
- Further, Chandrakala Purohit and Jagdish Prasad Purohit share common address, viz., 6/1, Bijoy Mukherjee Lane, Kolkata- 700025 with Anil Kumar Purohit (director of Scan Infrastructure, Albright Electricals, Suvidha Securities), Sushil Kumar Purohit (director of Unisys Softwares), Kailash Prasad Purohit (director of JMD Sounds, Unisys Softwares (during 06/12/1996 to 20/02/2010), Neha cassettes, Jaiambe Cassettes, Scan Infrastructure), Pawan Kumar Purohit (director of JMD Sounds) and Bal Chand Purohit (director of JMD Sounds).
- Annu Agrawal (wife of Anil Agrawal and director of CIL and CSL) received/ transferred funds from/ to Suvidha Securities, Padma Impex.
- Jugal C Thacker was a common director of CSL and CIL.
- Bharat N Shiroya was a common director of CSL and CIL
- Thus CIL is an associate company of CSL and had 4 common directors viz., Anil Beniprasad Agrawal, Bharat Shiroya, Annu Anil Agarwal and Jugal Chandrakant Thacker;
- Gulistan, Albright, Neelkanth, Brijdham, Neha Cassettes, Jai Ambe cassettes, Prefer Abasan, udaybhai Prabhudas Shah are connected entities;
- Likewise, Vibhuti, Grafton, Albright, Mintage and Gulistan are connected;
- Sukusama, Splash and BLC are connected entities;
- Heranba is also part of the connected entities;
- From the table at Para 13 of this order, it is seen that Ranisati, CIL, Fact, BLC, Syncom, Suvidha and Radhasoami are connected entities;

- There are cross holdings in CIL by BLC; i.e 5023000 shares of CIL is held by BLC Trading.
- Anil Agarwal was the auditor of BLC Trading and the Chartered Accountant for Rani Sati Dealer ;
- Rani Sati Dealer and Anil Agarwal HUF are the top shareholders in Fact Enterprises.
- 16% shares of Rani Sati Dealer is held by Padma Impex; Amit Kumar Khemka is the common Director of Sukusuma and Comfort and M/s PKC Associates are the auditors for CSL and Sukusuma.
- Gaungour, Grafton, Albright, Scan Infrastructure, Unisys, Matrix and JMD Sounds Ltd are connected entities

67. Despite all the connections brought out by the investigation, as listed out in the foregoing paragraph, Anil Agarwal in his reply, has stated that “CSL was not aware of any dealings of CIL with RKDL”. Further, in his reply dated 31<sup>st</sup> May, 2018, he has denied connection/association of directors of CSL with the entities namely CIL, BLC Trading, Fact Enterprise, Sukusama, Padma Impex, Suvidha Securities and Albright Electricals. It has been submitted that the dealings of CIL and RKDL were independent from CSL’s dealings as RKDL’s Merchant Banker. Anil Agarwal has submitted that CSL and CIL had nothing to do with the transactions between RKDL and other entities, viz. Gulistan, Ranisati, Fact, Vibhuti, BLC, Sukusama, Heranba, Gaungour and Radhasoami. The Noticees have tried to explain the transaction between CSL / CIL with other entities as normal commercial transactions.

68. I note that CIL is undisputedly one amongst the Comfort group companies. The representation of CSL in this regard is very flimsy and contrary to the obvious facts. Comfort Intech Limited is a NBFC that makes advances to companies in the ordinary course of its business as per the RBI requirements governing NBFCs. It is seen that the NBFC registration of the entity stands cancelled for indulging in fabrication of documents of RBI in connection with opening of a Wholly Owned Subsidiary abroad without prior permission of RBI. Anil Agarwal is the Managing Director of CIL and cannot distance himself from the affairs of CIL by stating that he is only in charge of CSL. The stance of Anil Agarwal in his replies does not carry credibility. Thus, on an evaluation of the inter se connection of these entities through common directors, cross holdings in each other,

common emails, common auditors or chartered accountants etc. coupled with the fund transfers shown in the summary table above, it is seen that all the entities used for frequent transfer of funds from the IPO corpus of RKDL are connected to Anil Agarwal. This is also confirmed from the factual inference of Sebi's investigation contained in para 31 of the SCN that the entities to whom funds were moved and the merchant banker, CSL, are connected/related based on common directorship, common address, common e-mail ID, common address of directors of different companies, common shareholding in private limited companies, fund transactions etc.

69. The question that next arises is as to whether RKDL and its promoters/ directors (i.e. Noticees 2 to 8) were in any way responsible for the siphoning of Rs.33.83 cr from RKDL's IPO corpus. According to Noticee nos. 1 to 8 (i.e. RKDL and its directors), Ravi Kumar intended to expand business of his company RKDL and wanted to go for a bank loan when he got introduced to Mr. Anil Agarwal through a common friend who advised him to go for an IPO instead of a bank loan. The main plea of RKDL and Ravi Kumar is that they were not aware of the procedures and intricacies involved in an IPO and that the BRLM, taking advantage of their naivety, had misappropriated the proceeds of the IPO. It is their case that Mr. Ravikumar was induced by Mr. Anil Agrawal to part with several blank signed papers and cheques of a newly opened bank account of RKDL and that it was these blank signed papers and cheques which Mr. Anil Agrawal had used to defraud the company and its promoters. Thus, while RKDL and its directors have not denied the fact that there was diversion of funds, they have sought to lay the blame entirely on CSL for the diversion. In this regard, they have also drawn SEBI's attention to various proceedings initiated by RKDL against BRLM before NCLT, EOW etc., which are sub-judice. RKDL relied on the reply of EOW, Mumbai (produced by RKDL) opposing the grant of anticipatory bail application of Anil Agarwal that certain factual observations have been made which go to support the case advanced by RKDL before SEBI, with respect to the handing over of blank pre-signed cheques and other documents to Comfort Group. The EOW has relied on testimonials and statements by independent people including common auditors of RKDL, Comfort and Splash Media.
70. In defence against the SCN, Anil Agarwal has stated that the whole story of blank cheques is concocted and there is nothing to substantiate the same. In fact, it was a loan of Rs.2.20 Cr (in two tranches) given to RKDL in October and December of 2010 by CIL and after

that the usage of the loan amount was in the control of RKDL. Anil Agarwal has disputed that EOW has filed any Investigation Report in the matter. It has also been said that the EOW proceedings were quashed by the Hon'ble High Court of Bombay vide its order dated December 08, 2014. However, from the copy of the order, it is noted that in view of the EOW complaint that is pending before Hyderabad, the complaint in Bombay was quashed applying the "test of sameness". RKDL has in this connection relied on the SC Order dated 13/02/2017 passed in the SLPs filed by Ravikumar against Anil Agarwal, seeking direction to revive the FIR registered by EOW, Mumbai u/s. 409, 420, 465, 467, 468, 471, 474, 120(B) and against the interim orders of Hyderabad High Court "not to arrest Mr. Anil Agarwal". The Hon'ble Supreme Court passed direction which reads as:

*".....Leave granted. We make it clear that investigation shall proceed in the matters and the Investigating Authorities shall be at liberty to take such steps as may be advised to them in accordance with the provisions of law."*

71. Upon a perusal of the order of the Supreme Court, I am not inclined to accept the contention of Anil Agarwal that the EOW proceedings ceased to exist, subsequent to the order of Bombay High Court. Further, Anil Agarwal and his group have sought to project a lot of contradictions of what has been stated by RKDL with respect to MoU, signing of blank cheques and DIS forms etc. As regards the transfers of funds to the identified entities are concerned, it has been stated that those are arising out of normal lending transactions, or broker and client relationship with CIL or CSL, etc. Statements distancing the independent directors and relatives from these entities have also been advanced. Without getting into the sphere of private disputes between Ravi Kumar and Anil Agarwal and restricting the scope of my order to the violations of the Notices committed in connection with the securities market, I note that these submissions of Anil Agarwal do not instil any credibility, as even the most apparent facts have been denied or misrepresented, including one of connections with CIL/CSL. Moreover, all the amounts that have been siphoned off were in the hands of Anil Agarwal connected entities shown in the Table under para 14 above, which has not been effectively denied by Anil Agarwal group apart from stating that SEBI has proceeded on nebulous connections.
72. While on the one hand, the ignorance or innocence pleaded by RKDL cannot be *ex facie* accepted, especially in the light of a charge of swindling or siphoning off of the proceeds of a IPO, at the same time, it is incorrect to attribute knowledge of the fraud without

putting him through the litmus test of the benefit that he derived out of the operation. As stated above, the Table under para 14 above has clearly brought out the detailed connection between various entities, viz. BLC, Ranisati, Gulistan, Gaungour, Fact, Sukusama, Splash, Vibhuti, CIL, CSL, Grafton, Albright, Suvidha, Padma Impex, Syncom and Radhasoami, which are parties to the said transactions resulting in siphoning off of proceeds of the IPO. In this regard, I note that various proceedings initiated by RKDL against BRLM before NCLT, EOW etc., are sub-judice. Thus, going by the principle of preponderance of probabilities, I am convinced that from the set of facts unravelled in various investigations, the proof against Anil Agarwal and the activities of his group companies is too heavy to ignore. In this connection, it is relevant to bring on record that the entities named in the said summary table were all alleged to be part of securities market manipulation perpetrated by Anil Agarwal and his group companies in connection with the preferential issue of First Financial Services Limited and upon adjudication, it was found that they were all connected entities vide my earlier order dated 2<sup>nd</sup> April, 2018. In this connection, I recall that most of the entities used for siphoning off funds such as BLC; Rani Sati Dealer, Padma Impex, Gulistan, Radhasoami, Sukusama, etc and the beneficiaries are entities connected to Anil Agarwal and all of them collectively were found to have been involved in issue related securities market fraud, as held in my order dated 2<sup>nd</sup> April, 2018. To conclude, all the recipients of the funds that were siphoned off are related to Anil Agarwal, directly or indirectly, as shown in the foregoing paragraphs, and it appears that RKDL and Anil Agarwal, have not acted in concert while dealing with the funds of IPO.

#### **Analysis of Fund Flow:**

73. Upon a finding on the aspect of connections, it is necessary for me to consider the issue of fund flow that happened between multiple entities of Anil Aggarwal group inter-se and interspersing it with RKDL also. It is a matter of fact that all IPO proceeds came to the Axis Bank Account of RKDL in Mumbai and from there, only Rs. 34.8 Lac got transferred to RKDL's SBI Account. The investigation has clearly brought out the circuitous way in which funds got routed and re-routed to various entities connected to Anil Aggarwal under separate heads in paras 17 to 26 of this order. The routing of funds through different entities is clearly aimed at making it difficult to track the funds trail and, at the same time, obfuscate the connections.



74. Some of the important observations of the investigation with respect to circuitous transfer of funds, are summarised hereunder :

- CIL could not produce the loan agreement with RKDL for advancing a sum of Rs. 12.71 crore at the rate of 15% interest.
- CIL furnished a copy of loan agreement dated July 15, 2010 with Ranisati at the rate of 8% compound interest which appears to be dubious for it did not tally with the statement of account provide by CIL in respect of Ranisati.
- Two entities namely Udaybhai Prabhudas Shah and Prefer Abasan, upon receipt of funds from Gulistan on December 24, 2010 bought and sold substantial quantities of RKDL shares on the day of listing.
- Gulistan and Udaybhai Prabhudas Shah did not respond to SEBI's summons on two occasion.
- Even though Prefer contended that the fund transfer between itself and Gulistan was a loan, no loan agreement existed and hence all these transfers are dubious.
- Ranisati and Suvidha did not respond to summons of SEBI.
- With respect to amount of Rs. 6.40 crore and Rs. 7.02 crore given by Ranisati to CIL, Ranisati stated that it had advanced loans and at the same time CIL stated that this was a repayment of loan by Ranisati. The investigation has therefore rightly treated the loan agreement between CIL and Ranisati as dubious.
- Udaybhai Prabhudas Shah received Rs. 1 crore from Gulistan and bought and sold substantial shares of RKDL on the day of the listing (Bought 6,42,500 shares of for a buy value of Rs. 5.47 crore . Sold 2,42,500 shares for sell value of Rs. 1.95 crore)
- Likewise Prefer Abasan after receipt of Rs. 3 crore from Gulistan traded heavily on December 27, 2010 in RKDL shares (Bought 35,41, 042 shares for buy value of Rs.30.24 crore. Sold 27,25,890 shares for sell value of Rs. 23.14 crore).
- Both Udaybhai Prabhudas and Prefer Abasan did not respond to SEBI summons.
- Investigation classified all these transactions of Gulistan with Prefer/ Albright as dubious.
- Ranisati stated it received Rs. 4.65 and Rs. 7.65 crore from RKDL as part payment towards purchase of shares but could not produce share application form or other related details. Hence, the investigation concluded that these amounts were siphoned off through Ranisati of which Rs. 2.75 crore was later refunded.

- On December 23, 2010, CIL transferred Rs. 2 crore to Ranisati which in turn got transferred to BLC and further to Syncom on the same day. Syncom used the funds on December 24, 2010 to buy shares of RKDL on the listing date i.e. 27/12/2010 through its broker Arcadia. Syncom also used funds received from BLC (which it had received from Fact and which Fact received from RKDL post the IPO) to purchase RKDL shares on listing dated. Syncom purchased shares for a total value of approx. Rs. 3.66 crore.
- As regards, transfer of Rs. 50 lakh from Ranisati to Fact, Fact stated that it was towards share application money while Ranisati stated it was short term loans and thus the submissions were contradictory.
- Fact stated that Anil Aggarwal of CSL was its financial consultant and that all its transactions including loan transactions with RKDL were executed by him.
- Vibhuti and Grafton did not respond to summons of SEBI, with the desired information.
- BLC had bought 2.6 lakh shares of CIL for Rs. 10.4 lakh on December 23, 2010, i.e. after receipt of Rs. 50 lakh from RKDL.
- BLC furnished a copy of the letter dated February 18, 2011 from RKDL addressed to BLC applying for 52,900 shares of BLC@Rs. 1000 each aggregating to Rs. 5.29 crore, along with copy of share application form.
- In contradiction to the said transaction, BLC furnished a statement of account in respect of RKDL, showing a debit journal entry of Rs. 3.25 crore against RKDL on account of loss on sale of 5,25,000 shares of Splash Media purchased by RKDL in October 2010 at the rate of Rs. 91.25 per shares and sold a Rs. 31 plus charges.
- The schedules forming part of the Balance Sheet of Sucusama for F.Y.2010-11 showed that Sucusama had received share application money of Rs. 4.476 crore including Rs. 3 crore from RKDL.
- Kiran Vinodchand Shah, Director of Heranba furnished false information to the SEBI investigation regarding his resignation from the directorship of the company, whereas the MCA website showed otherwise.
- On December 18, 2010, RKDL transferred IPO refund amount of Rs. 3,77,56,224 to Padma Impex. And on December 24, 2010, Padma transferred Rs. 4 crore to CSL. Padma bought and sold substantial quantities of RKDL shares on the very

day of its listing. (Bought 13,56,786 shares for buy value of Rs. 11.52 crore, Sold 10,71,786 shares for sale value of Rs. 8.95 crore)

- Rs. 2 crore was received by Radhasoami from RKDL as share application money which was later stated to have been returned to Padma on December 10, 2010 as per RKDL's oral request.

75. From the above fund transfers, it is observed that the Anil Agarwal Group entities have been routing funds through RKDL's accounts on several occasions. It is further observed that Udaybhai Prabhudas Shah, Prefer Abasan, Gulistan, Syncom and Padma bought and sold substantial quantities of RKDL on the day of listing. In other words, several entities connected to BRLM traded heavily in the scrip that was being listed on the day of listing. Likewise, such connected entities of Anil Agarwal Group have transferred funds inter se and sought to justify the same as either loans or repayment of loans or share application money, etc. However, several such transactions which involved transfer of huge amounts to various connected entities associated with Anil Agarwal are not backed by credible explanation. Several entities did not respond to SEBI's summons and those that responded have not furnished the desired information. Multiple accounting entries have been made in the books of all the entities, which are private companies, so as to misrepresent and camouflage the transactions. In some cases, they have relied on TDS deductions to establish the genuineness of the transactions, which I am not inclined to accept as the underlying transactions were not explained.
76. As far as the connections between the entities are concerned, Anil Agarwal's submissions are not acceptable and true. Similarly, all the fund transfers do not appear bonafide as there are contradictions in the submissions of various entities. In defence, Anil Agarwal is projecting all payments to and from CIL as loans or repayment of loans and from CSL as pay in or pay out of clients made to the broker. Anil Agarwal group has sought to generally justify the transfer of funds to various entities as part of normal business transactions. It is seen that the group has been involved in routing of funds to various entities to subscribe to the IPO of RKDL and post the IPO have siphoned off the money from the IPO proceeds through the same entities.

77. On an overall evaluation of the facts, circumstances and connections that exist between the large number of entities that were involved in the transfer of funds, I am of the view that the whole IPO was set up by CSL and Anil Agarwal in such a way that they could derive monetary benefit at the cost of the public shareholders. Ravi Kumar and his relatives and other directors of RKDL have acted recklessly while engaging CSL as its BRLM and by entering directly into financial dealings with CIL, another Comfort group entity for the public issue, they got themselves knotted in the hands of BRLM, who would naturally have the upper hand in such situations. Anil Agarwal appears to have used his position as a financier as well as the BRLM and the Depository Participant and a stock broker, having control over a number of conduit entities to exploit the securities market, and perpetrate a 'fraud' as alleged in the SCN, in terms of Section 12A (a), (b) and (c) of the SEBI Act read with Regulation 3(a) to (d) and 4(1) of the SEBI (PFUTP) Regulations, 2003.
78. I note that Noticee nos. 12 and 14 have contended that they were independent directors of CSL, and thus, were not liable for the alleged contraventions. I note that these persons being part of the board of directors of CSL, cannot claim ignorance and innocence regarding the affairs of CSI. In fact, both the Noticees were found to be connected to entities involved in the fund transfers. Hence, I do not find merit in their submissions.
79. I note that Noticee no. 15, Mr. Sarthak Vijlani has neither replied to the SCN, nor has appeared for the hearing. It is seen from the submissions of Noticee No. 9 to 14, that he was responsible for the Merchant Banking operations and has also allegedly forged some documents for which CSL has already initiated legal proceedings against him. It is also seen from the replies of RKDL that he was present in most of the meetings and was a key person in the entire process and was aware of the fund transactions between RKDL and various other entities. Thus, it can be concluded that Noticee No. 15 was an integral part of the entire scheme.
80. Considering all the above, I conclude that the Noticee nos. 9 to 14, being the directors and Noticee no. 15, being the authorized signatory of CSL for due diligence certificates in the IPO of RKDL have violated the abovementioned provisions of the SEBI Act, 1992 and SEBI (PFUTP) Regulations, 2003. All the aforesaid provisions of the SEBI Act, 1992 and PFUTP Regulations, 2003 pertain to dealing in or issue of securities in a fraudulent and manipulative manner.

81. As regards, RKDL, I am of the view that mere ignorance of the procedures associated with IPO cannot be a tenable defence. So also, the trust reposed in CIL, Anil Agarwal and CSL, as they were introduced by an acquaintance cannot save them from the liability of exposing the investors to the risks of market fraud. By conveniently taking loans before the IPO from the associated entities of BRLM and further having admittedly succumbed to their pressure in various ways as brought out above, RKDL and its directors have facilitated such perpetration. As RKDL and its associates did not derive any benefit monetarily, I am inclined to give them benefit of intention and accept that the consequence of siphoning off was without their knowledge and intention. However, by facilitating such a market fraud to be perpetrated, Noticees 1 to 8 have also violated Section 12A (a), (b) and (c) of the SEBI Act read with Regulation 3(a) to (d) and 4(1) of the SEBI (PFUTP) Regulations, 2003.

**Disclosure violations in Prospectus:**

82. It is alleged in the SCN that Mr. R.V.Ravikumar, promoter of RKDL, had availed a loan for Vanilla Cultivation and also a car loan from Union Bank of India, T. Nagar, Chennai Branch, against which an amount of approximately Rs.2 Crore was outstanding with interest charged upto 30.09.2011. Mr. Ravikumar had defaulted in payment of interest and instalments, which led to the bank classifying the said loans as NPAs. Further, the bank filed a suit before the DRT for recovery of dues. The SCN has alleged that there was no disclosure of these borrowings in the RHP of RKDL, even though it was a material fact. Further, the SCN alleges that CIL had transferred Rs.12.71 Crore to RKDL prior to the IPO and had received Rs.12.88 Crore from RKDL out of the IPO proceeds. Similarly, RKDL had received Rs.2 Crore from Fact on Dec 06, 2010 (i.e. prior to the receipt of IPO Proceeds by RKDL) and had repaid Rs.2.01 Crore approx. to Fact on December 24, 2010 out of IPO proceeds. Accordingly, these fund transactions between RKDL, CIL and Fact were in the nature of bridge loan, which were repaid from IPO proceeds. The SCN has alleged that the disclosures regarding the said bridge loans were not made in the RHP and the Prospectus. In fact, the Prospectus dated December 14, 2010 of RKDL at point 8 under the head 'Notes forming part of the capital structure' (Page 48) confirmed otherwise by stating that the company had not raised any bridge loan against the proceeds of the IPO. Further, the declaration in the Prospectus at page 190 under the head 'Material Development' had not disclosed the said bridge loan of Rs.14.89 Crore, which formed

approx. 20.23% of the size of the IPO of RKDL. Similarly, these documents (RHP and the Prospectus) did not carry any details regarding Mr. Ravikumar's default in payment of bank loans.

83. In response, the Noticee nos. 1 to 8 have submitted that the said loan was a personal loan of the promoter RKDL which had no connection with the business of RKDL. Further, they have submitted that RKDL had submitted all the details pertaining to the litigation to the Merchant banker and hence, they should not be liable for any non-disclosure. They have also submitted that since the Merchant Banker was aware of the loans taken prior to IPO, it should have disclosed the same in the offer document. I find that the defence put up by the Noticee nos. 1 to 8 in respect of the abovementioned non-disclosures is not convincing. While it is also the duty of the Merchant Banker to ensure that material disclosures are made in the offer document, the primary responsibility for the same rests with the company. I find that the explanations offered by RKDL and its directors are not satisfactory. Hence, I conclude that RKDL and its directors failed to make material disclosures in the offer document (Prospectus) of RKDL and also made mis-statements therein.
84. I note that the details of bridge loans to be repaid from IPO proceeds were required to be disclosed in terms of Clause 2(VII)(G) of Part A of Schedule VIII read with Regulation 57 (2) (a) of ICDR Regulations, 2009. Further, these bridge loans and liability of approximately 20.23% of the size of the IPO attached to the IPO proceeds were also required to be disclosed as material developments since the last balance sheet date, in terms of Clause 2(X)(A)(5) of Part A of Schedule VIII read with Regulation 57 (2) (a) of ICDR Regulations, 2009. Also, details of default in payment by Mr Ravi Kumar (promoter and director of RKDL) against loans from Union Bank were required to be disclosed in terms of Clauses 2(IV)(H)(24); 2(X)(A)(1)(h) and 2(X)(A)(3)(a) of Part A of Schedule VIII read with Regulation 57 (2) (a) of ICDR Regulations, 2009. Since the Prospectus had the abovementioned mis-statements and non-disclosures regarding bridge loans to be repaid from IPO proceeds, the liability attached to the proceeds of the IPO and the default in payment by Mr Ravi Kumar against loans from Union Bank, it is established that RKDL and its directors namely Mr R V Ravikumar, Mrs R Amirthavalli, Mrs S Vijayalakshmi, Mr Badrinath S Gandhi, Mr Popatlal Kathariya, Mr K S M Rao and Mr Ashok Shetty have also violated the provisions of Regulations 57(1), 60(4) (a) and 60 (7) (a) of ICDR

Regulations, 2009 and Clauses 2(IV)(H)(24); 2(VII)(G); 2(X)(A)(1)(h) and 2(X)(A)(3)(a); 2(X)(A)(5); and 2(XVI)(B)(2) of Part A of Schedule VIII read with Regulation 57 (2) (a) of ICDR Regulations, 2009.

85. As regards the Merchant Banker, CSL, the SCN alleges that even though CSL was aware of the aforesaid bridge loans of Rs.14.89 Crore from CIL and Fact (approx. 20.23% of the size of the IPO) to RKDL which was a material fact, the same was not disclosed in the offer document. Further, CSL also allegedly failed to independently check the usage of the funds received from CIL and Fact, prior to the date of the Prospectus. The same indicates that CSL, the Merchant Banker, failed to exercise due diligence and independent professional judgment.
86. In the above regard, the Noticee nos. 9 to 14 have submitted that the loan transactions of RKDL with CIL and Fact were not in the nature of bridge loans but were short term loans which were to be repaid shortly out of RKDL's own funds. They have also submitted that CIL was not aware of any dealings of CSL with RKDL apart from the fact that CSL was handling the IPO of RKDL. Further, it has been contended that the merchant banking team maintained a Chinese wall and did not put the documents such as prospectus before the Board of Directors. The entire merchant banking operations were headed by Noticee No. 15, Mr. Sarthak Vijlani and he was responsible for the prospectus.
87. I note that the aforesaid loans from CIL and Fact were immediately repaid out of the proceeds of the IPO. The Noticee's attempt to draw distinction between the bridge loan and short term loan is more an argument on semantics which does not justify in any way their failure to disclose the same in offer document. Further, even if the submission of the Noticee No. 9 to 14 that a separate team headed by Sarthak Vijlani (Noticee no. 15) was in charge of the entire process relating to the Prospectus, they as directors of CSL still had the overall responsibility to effectively oversee the affairs of CSL. Hence, Noticee no. 9 to 14 cannot rid themselves of the charges of non-disclosures and mis-statements.
88. Considering the abovementioned non-disclosures and mis-statements by RKDL in its Prospectus, I conclude that the Merchant Banker, CSL, failed to exercise due diligence and independent professional judgment. In view of the above, I conclude that the directors of CSL, namely Anil Beniprasad Agrawal, Bharat Nanubhai Shiroya, Annu Anil Agrawal,

Jugal Chandrakant Thacker, Amit Kumar Khemka and Chandrakala Purohit, and Mr Sarthak Vijlani (authorized signatory to CSL for the due-diligence certificates) have also violated the provisions of Regulation 64(1) and 8(2) (b), (e) and (f) of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and Regulation 13 read with Clauses 1, 2, 3, 4, 6, 7 and 21 of the Code of Conduct for Merchant Bankers specified under Schedule III in the SEBI (Merchant Bankers) Regulations, 1992.

**Misrepresentation by RKDL in Annual Report:**

89. Further, the SCN has alleged that in the Annual Report for FY 2010-11 of RKDL, under Schedule 23 (B) (Notes on accounts forming part of Balance sheet), at point 3 (Utilisation of proceeds from Public Issue) at page 31, it is mentioned that the company has raised money by public issue during the year of Rs 73.60 crore, and the company has utilized Rs 34.25 crore till March 31, 2011, and pending utilization of Rs 39.35 crore as of March 31, 2011, the funds are temporarily invested in banks accounts by way of Fixed Deposits of Rs 35.90 crore and SBI Mutual Fund investment of Rs 4 crore. However, as noted in the preceding paragraphs, Rs 33.83 crore had been siphoned off from the IPO proceeds as on March 31, 2011. Further, as per SCN, out of the amount of Rs.39.50 crore, which the company claimed to have kept in fixed deposit, it could provide details of only Rs. 34.86 crore. Thus, the company has provided mis-statements in its Annual Report for FY 2010-11. I note that the company has not offered any credible explanation in this regard.
90. Since material mis-staememtns were made in the Balance Sheet, I find that RKDL and its directors namely Mr R V Ravikumar, Mrs R Amirthavalli, Mrs S Vijayalakshmi, Mr Badrinath S Gandhi, Mr Popatlal Kathariya, Mr K S M Rao and Mr Ashok Shetty have also violated the provisions of Regulation 4(f) & (k) of the SEBI(PFUTP) Regulations, 2003.

**Directions:**

91. In view of the foregoing, in order to protect the interest of the investors and the integrity of the securities market, I, in exercise of the powers conferred upon me by virtue of Section 19 read with sections 11(1), 11(4) and 11B of the SEBI Act, 1992, hereby issue the following directions:
- (a) Noticee nos. 1 to 8 shall be restrained from accessing the securities market and shall further be prohibited from buying, selling or otherwise dealing in securities in



any manner whatsoever, directly or indirectly, for a period of three years from the date of this order;

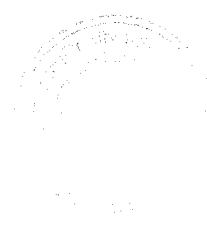
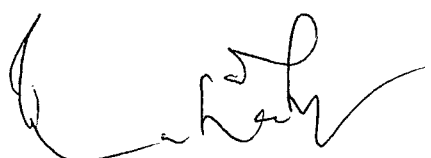
- (b) Noticees 9 to 15 shall return an amount of Rs.33.83 crores with interest @ 12 per cent per annum calculated w.e.f. April 01, 2011, to RKDL, within a period of one year from the date of this order;
- (c) Noticee nos. 9 to 15 shall be restrained from accessing the securities market and shall further be prohibited from buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a period of five years from the date of this order. However, during the said period, they shall be allowed to liquidate the securities lying in their demat account as on the date of this order, for the purpose of return of money to RKDL, as directed at sub-para (b) above, by way of credit to a separate Escrow Account to be opened for this purpose;
- (d) Noticees 9 to 15 shall not hold position as director in any listed company for a period of of three years, with effect from July 01, 2019;
- (e) In case of failure of Noticee nos. 9 to 15 to comply with the directions issued at sub-para (b) above, the period of restraint as mentioned under sub-paras (c) and (d) above, shall further extend till the date of such compliance.

92. The above directions shall come into force with immediate effect.

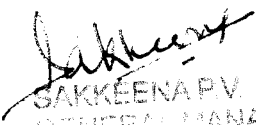
93. A copy of this order shall also be served upon the Exchanges and the Depositories.

DATE: MARCH 12, 2019

PLACE: MUMBAI

  
  
G. MAHALINGAM  
WHOLE TIME MEMBER  
SECURITIES AND EXCHANGE BOARD OF INDIA

CERTIFIED TO BE TRUE COPY

  
SAKKEENA P.V.  
GENERAL MANAGER  
DATE OF CERTIFICATION: 29/03/2019  
TOTAL NUMBER OF PAGES CERTIFIED: (94)

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH – 1**  
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON  
**17-01-2023 AT 10:30 AM**

**IA No. 449/2018 & IA No. 340/2019 in CP.No.5/111/CB/2013**  
**TP.No.148/HDB/2016**  
u/s. 111/111A of Companies Act, 1956

**IN THE MATTER OF:**

Ravi Kumar Distilleries Ltd & Another

**...Petitioner**

**Vs**

Liquor India Limited & (10) Others

**...Respondent**

**C O R A M:-**

**DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)**  
**SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)**

**ORDER**

We have heard the Ld. Senior Counsel Shri. Arvind Pandiyan, for the Petitioner. Ld. Counsel Shri. Y Suryanarayana for the contesting Respondents requested adjournment for making submissions on behalf of the contesting respondents.

Ld. Senior Counsel having made submissions in the Company Petition invited our attention to the letter dated 10.01.2023 addressed to the BSE by the Comfort Intech Limited, wherein BSE has been informed that in the Board Meeting held on 09.01.2023 the Board of Directors of the 1<sup>st</sup> Respondent had considered and approved investment of funds of Comfort Intech Limited, by way of subscription of equity shares of 1<sup>st</sup> Respondent (Liquor India Limited) up to Rs. 4, 37, 89, 500/- as recommended by Audit Committee and prayed for an order of stay of the board resolution dated 09.01.2023, pending hearing of the Company Petition, *inter-alia*, contending that the present shareholding of the company being the subject matter of the present dispute and the above board resolution is unsustainable.

However, Ld. Counsel Shri. Y Suryanarayana appearing for contesting respondents strongly opposed for granting any interim stay of the above Board Resolution, firstly, by contending that there was no stay granted by this Tribunal at the inception of the present proceedings as such there cannot be any order of stay now, nextly, it is contended that the Comfort Intech Limited, is not a party

to the present proceedings and an order effecting said party cannot be passed in its absence. Lastly, the Ld. Counsel prayed time for filing a reply justifying the Board Meeting of the 1<sup>st</sup> Respondent held on 09.01.2023.

Having heard the Ld. Senior Counsel for the Petitioner and the Ld. Counsel for the Contesting Respondents, matter passed over for consideration of the prayer for interim relief. Later the following order is passed.

A perusal of the annexure-1 to the letter dated 10.01.2023 discloses that at column no. 9, the current shareholding of the Respondent Company is shown as 47.96% and the post-acquisition stake of the Respondent Company in Liquor India Limited will not exceed 67%. However, it is not mentioned that the said claim of shareholding of 47.96% is the *sub-judice*. Thus, there appears to be non-disclosure of the present proceedings in the declaration filed by the 1<sup>st</sup> Respondent before the BSE.

That apart, we are of the *prima facie* opinion that, the plea that the investment of funds of Comfort Intech Limited by way of equity shares of the 1<sup>st</sup> Respondent Company is in the interest of the 1<sup>st</sup> Respondent Company is unconvincing.

Therefore, pending filing the response justifying the board resolution dated 09.01.2023, we hereby direct that status-quo as regards the resolution passed in the board meeting of the Respondent Company held on 09.01.2023, as on date, shall be maintained by the 1<sup>st</sup> Respondent, till the next date of hearing.

Matter adjourned to 07.02.2023.

**Sd/-**  
**MEMBER (T)**

**Sd/-**  
**MEMBER (J)**

**NATIONAL COMPANY LAW APPELLATE TRIBUNAL**  
**CHENNAI BENCH**

**Company Appeal (AT) (CH) No. 98 of 2023**  
**IA Nos. 1220,1221,1222 / 2023**

**IN THE MATTER OF:**

**Ravi Kumar Distilleries Limited & Anr.**  
**Versus**

**...Appellants**

**Liquor India Limited & 25 Ors.**  
**Present**

**...Respondents**

**For Appellant** : Mr. PH. Arvindh Pandian, Sr. Advocate  
For Mr. Sandeep Kumar Ambalavanan, Advocate

**For Respondents** : Mr. Y. Suryanarayana, Advocate, For R1 to R5, R9 to R11

**ORDER**  
**(Virtual Mode)**

**28.11.2023:** This appeal is directed against the order dated 06.09.2023, passed by National Company Law Tribunal, Hyderabad Bench –I, by which the petition filed by the Appellant under Section 59 of the Companies Act, 2013 has been dismissed as not maintainable on the ground that the Tribunal does not have the jurisdiction to go into the disputed questions of facts in view of the decision of the Hon’ble Supreme Court rendered in the case of *‘IFB AGRO INDUSTRIES LIMITED versus SICGIL INDIA LIMITED AND OTHERS’* in CIVIL APPEAL No. 2030 of 2019.

Counsel for the Appellant has argued that the Ld. Tribunal has erred in not taking into consideration the decision of the Hon’ble Supreme Court in the case of Shashi Prakash Khemka, and also the fact that the jurisdiction of the Civil Court is completely barred in terms of the Section 430 of the Act.

We have also heard Shri Suryanarayana, Ld. Counsel appearing on behalf of Respondent No. 1 to 5, 9 to 11. After hearing Ld. Counsel for the parties, we are of the considered opinion that this case requires the issuance of notice. Therefore, let notice be issued to the Respondent for **11.12.2023**.

At this stage, Shri Suryanarayana, Ld. Counsel accepts notice on behalf of Respondent No. 1 to 5 and 9 to 11. Therefore, further issuance of notice upon these Respondents is hereby dispensed with. However, Ld. Counsel for the Appellant shall deposit the requisites as well as the process fee for the issuance of notice to rest of the Respondents. The Respondent no. 1 to 5 and 9 to 11 who have already been served and appeared may file their counter before the next date of hearing with advance copy to the Counsel for the appellant.

In the meantime, the parties shall maintain a status quo, as it exist today, in regard to the disputed shares.

**[Justice Rakesh Kumar Jain]**  
**Member (Judicial)**

**[Shreesh Merla]**  
**Member (Technical)**

sr/rr/kr