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National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/55770	Date: February 24, 2023
Circular Ref. No: 50/2023	

To All NSE Members,

Sub: **SEBI Order in the matter of Shivom Investment & Consultancy Limited**

SEBI vide its Order No. WTM/AB/CFID/CFID-SEC1/24081/2022-23 dated February 24, 2023, has hereby restrained the below mentioned entities from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner whatsoever, for a period mentioned in below table from the date of SEBI order.

Sr. No.	Names of the Entity	PAN	Period
1	Shivom Investment & Consultancy Limited)	AAACG9355K	1 year
2	Mr. Shashi Pandey	BROPP5797B	3 Months
3	Mr. Mahesh Sharma	DPSPS8381L	3 Months
4	Ms. Gauri Bhagat	AQGPB6603E	3 Months
5	Mr. Varun Pravinchandra Aghara	AEYPA1563J	6 Months
6	Mr. Sharad Yashwant Harekar	ADDPH7341B	3 Months
7	Ms. Komal Anantrai Parekh	BYQPP0681P	3 Months
8	Mr. Pradip Sultania	ALOPS8525P	6 Months

Further, all open positions, if any, of the entities, restrained/prohibited in the present Order, in the F&O segment of the recognised stock exchange(s), are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

The order comes into force with immediate effect.

The detailed order is available on SEBI website (http://www.sebi.gov.in).

National Stock Exchange of India

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page at the below mentioned link:

https://www.nseindia.com/regulations/member-sebi-debarred-entities

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to contact the following officials:

Mr. Rajkumar Jain (Extension: 23457), Mr. Anand Jangir (Extension: 22385)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of
National Stock Exchange of India Limited

Anand Jangir
Manager

National Stock Exchange of India

Annexure: SEBI Order in the matter of Shivom Investment & Consultancy Limited

WTM/AB/CFID/CFID-SEC1/24081/2022-23

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Sections 11(1), 11(4), 11(4A), 11A, 11B (1) and 11B(2) read with Sections 15HA and 15HB of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and Section 12A(1) and (2) read with Sections 23E and 23H of Securities Contracts (Regulations) Act, 1956 read with Rule 5 of the Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005.

Noticee No.	Name of Noticees	PAN
1.	Shivom Investment & Consultancy Limited	AAACG9355K
2.	Ms. Sashi Pandey	BROPP5797B
3.	Mahesh Sharma	DPSPS8381L
4.	Ms. Gauri Bhagat	AQGPB6603E
5.	Varun Pravinchandra Aghara	AEYPA1563J
6.	Mr. Sharad Yashwant Harekar	ADDPH7341B
7.	Komal Anantrai Parekh	BYQPP0681P
8.	Mr. Pradip Kumar Sultania	ALOPS8525P

In the matter of Shivom Investment and Consultancy Limited.

(Aforesaid entities are hereinafter individually referred to as by their respective name or noticee number and collectively as "the Noticees".)

1. The present proceeding emanates from a show cause notice dated August 18, 2020 (hereinafter referred to as "**SCN**") which was issued to the Noticee nos. 1 to 8 by the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") asking them to show cause as to why suitable directions be not issued and/or penalty be not imposed, as deemed fit under Sections 11(1), 11(4), 11(4A), 11A, 11B(1), 11B(2)

read with Sections 15 A(a), 15HA and 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**"), Section 12A(1) and (2) read with Sections 23E and 23H of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCRA, 1956**") against them. The SCN, *inter alia,* alleged that Shivom Investment and Consultancy Limited (Noticee no.1, hereinafter referred to as "**the company**" or "**SICL**"), its directors and the Chief Financial Officer (hereinafter referred to as "**CFO**") (Noticee nos. 2 to 8) of Noticee no. 1, had failed to present true and fair financial statements, executed transactions which are non-genuine in nature resulting in misrepresentation of the accounts/ financials statement and misuse of account/ funds of the Company and such acts were found to be fraudulent in nature as they induced the investors to trade in the securities of the Company and had the potential to mislead the investors.

2. The SCN alleged that the Company had violated Sections 12A(a),(b) and (c) and Section 11(2)(i) and 11(2)(ia) of the SEBI Act, 1992 and Regulations 3(b), (c) and (d) and Regulations 4(1) and 4(2) (f) and (r) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations, 2003**"), Regulations 4(1)(a),(b),(c),(e),(g), 4(2)(f)(ii)(6)&(7), 4(2)(f)(iii)(3),(6) and (12), Regulation 17(8) read with Part B of schedule II, Regulations 16(1)(b)(vi), 17(1)(b), 18(1)(b), 18(1)(d), 19(1)(b)(c), 19(2), 30(1), 33(2)(a), 46 and 48 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations, 2015**") read with Section 21 of SCRA, 1956.

3. SCN further alleged that the company's directors, (i) Ms. Sashi Pandey (Noticee no. 2), (ii) Mr. Mahesh Sharma (Noticee no. 3), (iii) Ms. Gauri Bhagat (Noticee no.4), (iv) Mr. Varun Pravinchandra Aghara (Noticee no. 5), (v) Mr. Sharad Yashwant Harekar (Noticee no. 6) , (vi) Ms. Komal Anantrai Parekh (Noticee no. 7) and its CFO - Pradip Kumar Sultania (Noticee no. 8) have violated Section 12A(a) (b) and (c) and Section

11(2)(i) and 11(2)(ia) of the SEBI Act, 1992 and Regulations 3(b), (c) and (d) and 4(1) and 4(2) (f) and (r) of the PFUTP Regulations, 2003, Regulations 4(1)(a),(b),(c),(e),(g), 4(2)(f)(ii)(6)&(7), 4(2)(f)(iii)(3),(6) and (12) of LODR Regulations, 2015 read with Section 27 of SEBI Act, 1992, Regulation 17(8) read with Part B of schedule II, Regulations 16(1)(b)(vi), 17(1)(b), 18(1)(b), 18(1)(d), 19(1)(b)(c), 19(2), 30(1), 33(2)(a) 46, and 48 of LODR Regulations, 2015 read with Section 21 of SCRA, 1956.

4. The following annexures were provided with the SCN:

Annexure no.	**Particulars**
Annexure 1	Interim Order
Annexure 2	Confirmatory order
Annexure 3	Forensic Audit Report

5. The SCN was delivered to all Noticees by Speed Post, except Noticee nos. 2 and 3. Service of SCN to Noticee nos. 2 and 3 was attempted by Speed Post but failed and thereafter, service through affixture also could not be made to these Noticees. Therefore, the SCN with respect to these two Noticees (Noticee nos. 2 and 3) were published in the Times of India and Ananda Bazaar Patrika, Kolkata edition on January 18, 2021. In reply to the SCN, Noticee no. 1, vide letter dated September 12, 2020 requested extension of time of 45 days to file a reply to the SCN. The Noticee no. 6 and 7 filed detailed response to the allegations vide separate letters dated December 07, 2020. Noticee no. 5 filed detailed response to the allegations vide letter dated December 30, 2020. The file was placed before me on February 08, 2021 for obtaining hearing date and a hearing date was granted to all Noticees on April 29, 2021. On the said date the Authorized Representative (hereinafter referred to as "**AR**") appeared on behalf of Notice nos. 5, 6 and 7 and made submissions and the hearing was concluded *qua* these Noticees. Since, this was the first opportunity of hearing, therefore, in compliance with the principles of natural justice, another opportunity of hearing was granted to all the remaining Noticees on June 14, 2021.

An email was received on June 02, 2021 from Noticee no. 1 seeking adjournment of the hearing, citing Covid- 19 pandemic. However, Noticee no. 2, 3, 4 and 8 neither attended the hearing nor made any request for adjournment of hearing. Considering the Covid- 19 pandemic, a hearing was granted to Noticee nos. 1 to 4 and 8 on September 28, 2021. Vide email dated August 05, 2021, Noticee no. 4 stated the following:

a) She had been appointed as Director of the company in March 2016 in Shivom Investment and Consultancy Limited. After her appointment she felt that the company was not good for her, then she never visited/attended any Meeting or Company Office.
b) After that, she had started to continuously request the Company to remove her as Director of Company and accept her resignation. The Company filed her resignation letter with Ministry of Corporate Affairs in February 2018.
c) She did not know about company business or activities and not liable for the same.

Noticee no. 4 further submitted that she did not wish to attend any hearings since she had no further submissions to make. Noticee no. 8, vide an email dated September 27, 2021 sought an adjournment to the hearing citing festivals. Vide letter dated October 01, 2021, the Noticee no. 8 sought an inspection of documents. After completion of inspection of documents, a hearing was granted to him on November 16, 2021. On the said date the Noticee appeared for hearing and the hearing was concluded *qua* the said Noticee. Since, three opportunities for hearing had been granted to Noticee nos. 2 and 3, and these Noticees had failed to appear or seek an adjournment, the hearing was also concluded *qua* Noticee nos. 2 and 3. A detailed reply was submitted by Noticee no. 8 on January 15, 2022. Meanwhile, it was noted by SEBI that the correspondence address of the Noticee no. 1 Company had changed and that all previous communications had been forwarded to the old address of the Noticee no.1 (which was not the current address of the Company). In view of the same, a last and final opportunity of hearing was granted to the Noticee no. 1 on February 03, 2022 and the hearing notice was forwarded to the current address of the Noticee no.1, however, the same returned undelivered and affixture could not be made on the said address since the Noticee no.1 had shifted. Therefore, another date of hearing was granted on April 12, 2022 and the hearing notice was served through newspaper publication in Times of India on March 23, 2022. An email dated April 12, 2022 was received from Noticee no.1 seeking an adjournment of 3 weeks due to its whole team being busy with year closing and compliances with RBI. A last and final opportunity of hearing was granted to Noticee no. 1 on June 24, 2022 which was adjourned to July 12, 2022 due to administrative exigencies. On July 12, 2022 the Noticee no.1 did not appear for hearing nor sought any adjournment to the same and therefore, the hearing was concluded *qua* this Noticee.

Consideration of submissions and findings:

6. I have considered the SCN, replies received, and submissions made by the Noticees during the personal hearing granted to them. The SCN alleges the violation of the following provisions of law by the Noticees:

Relevant extract of the provisions of SEBI Act, 1992:

"Functions of Board.

11. (1) Subject to the provisions of this Act, it shall be the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit.

(2) Without prejudice to the generality of the foregoing provisions, the measurements referred to therein may provide for-

………………………….

(i) calling for information from, undertaking inspection, conducting inquiries and audits of the stock exchanges, mutual funds, other persons associated with the securities market, intermediaries and self-regulatory organisations in the securities market;

(ia) calling for information and records from any person including any bank or any other authority or board or corporation established or constituted by or under any Central or State Act which, in the opinion of the Board, shall be relevant to any investigation or inquiry by the Board in respect of any transaction in securities;

………………………………………..

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

12A. No person shall directly or indirectly-

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

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

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

…………………………………………………..."

Offences by companies.

27. (1) Where an offence has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the Company for the conduct of the business of the Company, as well as the Company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the Company, such director, manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Explanation: For the purposes of this section, - (a) "company" means any body corporate and includes a firm or other association of individuals; and (b) "director", in relation to a firm, means a partner in the firm……………….

<u>Relevant extract of provisions of SCRA, 1956:</u>

"Conditions for listing.

21. Where securities are listed on the application of any person in any recognized stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange."

<u>Relevant extract of the provisions of PFUTP Regulations, 2003:</u>

"3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a) ……..;

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities
(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: -
…..
(f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not believe to be true prior to or in the course of dealing in securities;
…..
(r) planting false or misleading news which may induce sale or purchase of securities.
……………………………………."

<u>Relevant extract of the provisions of LODR Regulations, 2015:</u>

"………Principles governing disclosures and obligations.

4.(1) The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:

(a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.

(d) …..

(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.

(f) ………………………………………………..

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.

(h) The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.

(i) Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.

(2) The listed entity which has listed its specified securities shall comply with the corporate governance provisions as specified in chapter IV which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below.

……

(f) Responsibilities of the board of directors:

The board of directors of the listed entity shall have the following responsibilities:

…….

(ii) Key functions of the board of directors-

………………………………
(6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

(7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

…

(iii) Other responsibilities:

The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.

….

(3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.

………………………………………………………………

(6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.

…..

(12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities."

…..

……………………………………………….

Definitions.

16.(1) For the purpose of this chapter, unless the context otherwise requires –

(b) "independent director" means a non-executive director, other than a nominee director of the listed entity:

…

(vi) who, neither himself, nor whose relative(s) –

(A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company,in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:

(B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of -(1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or

(2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or

(D) is a chief executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;

(E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

…"

Board of Directors.
17.(1) The composition of board of directors of the listed entity shall be as follows:
(a)
(b) where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors:
Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.
Explanation. -For the purpose of this clause, the expression "related to any promoter" shall have the following meaning: (i) if the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;
….
(8) The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II.

Audit Committee.
18.(1) Every listed entity shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following:

(b) two-thirds of the members of audit committee shall be independent
(c) All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
Explanation (1).-For the purpose of this regulation, "financially literate" shall mean the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.
Explanation (2).-For the purpose of this regulation , a member shall be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.
(d)The chairperson of the audit committee shall be an independent director and he shall be present at Annual general meeting to answer shareholder queries.

Nomination and remuneration committee.
19.(1) The board of directors shall constitute the nomination and remuneration committee as follows:
(a)…
(b)all directors of the committee shall be non-executive directors; and
(c)at least fifty percent of the directors shall be independent directors
(2) The Chairperson of the nomination and remuneration committee shall be an independent director:
Provided that the chairperson of the listed entity, whether executive or non-executive, maybe appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.

Financial results.
33(2) The approval and authentication of the financial results shall be done by listed entity in the following manner:
(a) The quarterly financial results submitted shall be approved by the board of directors:
Provided that while placing the financial results before the board of directors, the chief executive officer and chief financial officer of the listed entity shall certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading
……

33(5) For the purpose of this regulation, any reference to "quarterly/quarter" in case of listed entity which has listed their specified securities on SME Exchange shall be respectively read as "half yearly/half year" and the requirement of submitting 'year-to-date' financial results shall not be applicable for a listed entity which has listed their specified securities on SME Exchange
…

Disclosure of events or information.
30.(1) Every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.

Website.
46.(1) The listed entity shall maintain a functional website containing the basic information about the listed entity.

Accounting Standards.
48. The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.

7. Before proceeding on the merits of the matter, it will be relevant to discuss the background of the present proceedings.

8. SEBI received a letter no. F. No. 03/73/2017-CL-II dated June 9, 2017 from the Ministry of Corporate Affairs (hereinafter referred to as **"MCA"**) vide which MCA had annexed a list of 331 shell companies for initiating necessary action as per SEBI laws and regulations. MCA had also annexed the letter of Serious Fraud Investigation Office, dated May 23, 2017 which contained the list of shell companies along with their inputs. SEBI, vide its letter dated August 07, 2017, had advised stock exchanges i.e. BSE Limited (hereinafter referred to as "**BSE**") vide notice dated August 7, 2017, National Stock Exchange of India Limited (hereinafter referred to as "**NSE**")

vide notice dated August 7, 2017 and Metropolitan Stock Exchange of India Limited (hereinafter referred to as "**MSE**") to identify the companies listed on their respective exchanges from the said list and initiate the surveillance action/measures stated in the letter.

9. Pursuant to the same, BSE vide notice dated August 7, 2017, NSE vide notice dated August 7, 2017 and MSE vide notice dated August 07, 2017, issued to all its market participants, initiated actions envisaged in the SEBI letter dated August 7, 2017 in respect of all the listed shell companies as identified by MCA and communicated by SEBI, with effect from August 8, 2017. On August 09, 2017, SEBI further advised the Exchanges to submit a report after seeking auditor's certificate, from all such listed companies, providing the status of certain aspects of the companies like companies' compliance requirement with Companies Act, 2013, whether company is a going concern and its business model, status of compliance with listing requirements, etc.

10. In view of the SEBI letter dated August 7, 2017, vide its letter dated August 16, 2017, SICL, made a representation before SEBI and *inter-alia* submitted that the company is an ongoing concern, has complied with all provisions of Income Tax Act, 1961 Companies Act, 2013 and listing requirement and that it has not availed any credit facility/loan from any bank/financial institution. Further, aggrieved by the aforesaid letter dated August 7, 2017 issued by SEBI, SICL filed an appeal No.201 of 2017 before the Hon'ble Securities Appellate Tribunal, Mumbai (hereinafter referred to as "**SAT**"). Hon'ble SAT vide its order dated August 24, 2017, allowed SICL to withdraw the appeal with liberty to pursue the representation pending before SEBI. Hon'ble SAT directed SEBI to dispose of the representation of SICL as expeditiously as possible and in any event within a period of four weeks from the date of SAT Order. Hon'ble SAT also held that passing of any order on the representation made by the appellant would not preclude SEBI from further investigating the matter and initiate appropriate proceedings if deemed fit.

11. Pursuant to the Hon'ble SAT's directions, as aforesaid, vide an interim order dated September 21, 2017 (hereinafter referred to as "**interim order**"), SEBI had modified, subject to para 22(v) of the interim order, the actions envisaged in SEBI's letter dated August 07, 2017 and the consequential actions taken by Stock Exchanges, against SICL as under:

> "22.
> (i) The trading in securities of Shivom Investment and Consultancy Ltd. shall be reverted to the status as it stood prior to issuance of letter dated August 7, 2017 by SEBI.
> (ii) Exchange shall appoint an independent auditor inter alia to further verify:
>   a. Misrepresentation including of financials and/or business of Shivom Investment and Consultancy Ltd.; if any
>   b. Misuse of the books of accounts / funds including facilitation of accommodation entries, if any
> (iii) The promoters and directors in Shivom Investment and Consultancy Ltd. are permitted only to buy the securities of Shivom Investment and Consultancy Ltd.
> (iv) The shares held by the promoters and directors in Shivom Investment and Consultancy Ltd. shall not be allowed to be transferred for sale, by depositories.
> (v) The other actions envisaged in SEBI's letter dated August 07, 2017 in para 1 (d) as may be applicable, and the consequential action taken by Stock Exchanges shall continue to have effect against Shivom Investment and Consultancy Ltd."

12. The preliminary findings of the interim order and ad interim directions of the interim order stood confirmed vide the confirmatory order dated May 17, 2018 passed by SEBI.

13. Based on the directions given in the interim order, a forensic auditor, BDO India LLP (hereinafter referred to as "**forensic auditor**"), was appointed by BSE to conduct forensic audit of SICL for the period of April 01, 2015 till December 31, 2017 (hereinafter referred to as the "**investigation period**"). On August 02, 2019, forensic auditor appointed by BSE submitted a Forensic Audit Report (hereinafter referred to as "**FAR**") to BSE. Thereafter, based on the FAR which was forwarded by BSE to SEBI, SEBI carried out an investigation in the matter.

14. I observe that in the SCN, the allegations against the Noticee no. 2 to 8 flows from the allegations against Noticee no.1. Noticees no. 2 to 8, have been charged in their capacity as directors/ CFO of Noticee no.1 Therefore, in the following paras, various allegations made against Noticee no. 1 in the SCN have been examined to find out as to whether the violations alleged in the SCN against Noticee no. 1 have been made out so as to determine liabilities of Noticees no. 2 to 8 also, which is flowing from violations alleged against Noticee no. 1.

15. I note that Noticee no. 8 has raised a contention related to non- supply of certain documents. In this regard, vide his letter dated October 18, 2021, the Noticee had sought the following documents:

i.	SICL's letter dated 16.10.2017 to SEBI
ii.	Representation dated 07.09.2017 by SICL to SEBI
iii.	SEBI's email dated 08.09.2017 to SICL
iv.	Copy of letter dated 13.09.2017 from SICL to SEBI
v.	SICL's reply to SEBI dated 18.10.2017 along with Annexures referred thereto
vi.	Copy of affidavit submitted by Mr. Varun Aghara, current MD of SICL to SEBI
vii.	Any other correspondence made by SICL to SEBI
viii.	Any other and additional document referred to and relied upon by SEBI on subject matter of present proceedings

16. I note that these documents pertain to correspondence between SICL and SEBI at the stage of interim and confirmatory order. The same have not been relied upon in the SCN and these document / communication are not relevant for the allegation

made in the SCN. I note that after the stage of interim and confirmatory order, the FAR was submitted by the forensic auditor and the SCN was issued based on the Investigation Report of SEBI which relies upon the FAR. I also note that on October 18, 2021, AR of the Noticee no. 8 carried out inspection of documents wherein the FAR as well as the Investigation Report of SEBI along with annexures were inspected by the Noticee no. 8. Therefore, in my view all documents which are relevant to the present proceedings have been furnished to the Noticee no. 8.

17. The Noticee no.8 has also stated that although the investigation period in the SCN has been taken for the period of April 01, 2015 till December 31, 2017, however, the Noticee no. 1 was not listed during the entire investigation period and thus, the provisions of the LODR Regulations, 2015 and PFUTP Regulations, 2003 will not apply to the company. In this regard, I note that as confirmed by BSE, SICL was listed on BSE, for the first time on April 08, 2016. Therefore, I find that the provisions of the LODR Regulations, 2015 and PFUTP Regulations, 2003 will only apply with respect to the company from April 08, 2016 onwards to December 31, 2017 (hereinafter referred to as the "**applicable period**")

18. Coming to the merits of the matter, the allegations against the Noticees regarding misrepresentation including of financials and misuse of funds/books of accounts of SICL for the applicable period, as contained in the SCN and my findings thereon are discussed below:

I. Misrepresentation including of financials and misuse of funds/books of accounts:

19. No due diligence in investment selection process and mis-statement of number of shares in investment schedule

19.1. In this regard, the SCN alleges that the company has invested Rs. 165 lakhs comprising of 98.22% of total non-current investment, in convertible warrants of Kaushalya Infrastructure Development Corporation Limited (KIDCO) which is a suspected shell company as per the list given by MCA and the same raises concern over the investment selection process of the company. The SCN further alleges that the company had 6000 shares (Face Value INR 10) of quoted investment in JMT Auto Limited (JMT) and that JMT had split its share from FV INR 10 to FV INR 2 on June 25, 2015 in FY 15-16 & again from FV INR 2 to FV INR 1 on September 21, 2016 in FY 16-17. Accordingly, SICL holding in JMT should have increased from 6000 shares to 60,000 shares as on 31st March 2017. However, number of shares mentioned in the investment schedule for FY 2016-17 was 84,000 instead of 60,000. The SCN further states that the company had repurchased the shares of Salvation Developers Ltd. for Rs. 1011.86 lacs. The following was noted in the SCN about Salvation Developers Ltd. based on public domain search:

- The turnover of the company decreased from Rs. 4552 lacs in 2015-16 to Rs. 268 lacs in FY 17-18.
- The entity is engaged in the business of real estate activities. Business rationale for acquiring an entity in real estate activities could not be ascertained.
- The entity was not having sufficient profit for FY 16-17 and was incurring loss in FY 15-16.
- The entity has unreasonably small employee benefit expenses compared to the revenue it earns which is 380 times the employee benefit cost in FY 16-17 & 600 times in FY 15-16.
- The entity did not have any tangible or intangible assets in FY 16-17 & FY 15-16, which is unusual considering the nature of business.

From the above, the SCN alleges that this raises concern over the investment decisions of the company and that the company and its directors have not put into use the effective utilization of resources thus, resulting in mis-utilisation of shareholders' funds.

19.2. I note that in addition to the above, the FAR has observed that as per the balance-sheet of the company for 2016-17, the company provided adjustment for share splits in two quoted securities, namely, JMT Auto Ltd. (21/09/2016) and JSW Steel Ltd. (04/01/2017), which the company claims to be holding since year 2000, however, the said adjustment for share splits is provided without having any valid legal document like physical share certificate or Demat statement with respect to the same.

19.3. I note that in response to the allegations above, the company has not made any submissions. From the SCN and FAR, I note that the company has stated in its investment schedule which forms part of the financial statements pertaining to the applicable period that it was holdings shares in JMT Auto Ltd. and JSW Steel Ltd. However, the company has failed to produce any proof of such holding such as demat statement or the proof of physical shareholding, to the forensic auditor. Even in these proceedings, the company has not filed any reply to the SCN. Therefore, the Noticee has failed to show any cogent proof with respect to its claim for its holdings in JSW Steel Ltd. and JMT Auto Ltd. I also note that before the forensic auditor, the company had submitted seven letters dated October 05, 2017, written by it to companies, namely, Elegant Marbles Ltd., Gangotri Iron & Steel Co. Ltd., Hanil Era Textiles Ltd., JMT Auto Ltd., JSW Steel Ltd., Moulik Finance & Resorts Ltd. and Tatanagar Bricks Ltd. seeking details of its holdings in those companies. However, the company did not provide any confirmation/reply received from these companies to SICL regarding its holding in those companies. Therefore, I find that SICL has failed to substantiate its claim of holdings in listed companies, i.e. JSW Steel Ltd. and JMT Auto Ltd. as its quoted investments. Further, I note that the company had claimed that it had 6000 shares (FV INR 10) of quoted investment in JMT Auto Limited worth INR 102,592. Even if it is presumed that the claim of the company is true with respect to its holding of 6000 shares of JMT Auto Ltd., after split the number of shares should have been shown as 60,000 while the statements show 84,000. Thus, the claim of the company is bereft of any cogent evidence such as demat or physical holdings or proof of alleged holding of split shares. Therefore, I agree with the observations made in the FAR regarding no due diligence in investment selection process by the company and mis-statement of number of shares in investment schedule, by the company.

20. Overstatement of revenue of the company by converting investments into inventory.

20.1. In this regard, the SCN alleges that the company has converted investment in KIDCO & Prabhat Telecoms (India) Limited into inventory in FY 2016-17 but the rationale behind such conversion is not mentioned in the Annual report of FY 2016-17. For FY 2017-18, the financial statements state that there is change of inventory of Rs. 80,70,000 and corresponding revenue from operations through sale of shares as Rs. 84,91,575. Hence, the company has converted the investment to inventory in FY 2016-17 and sold the inventory in FY 2017-18. But as on 31 March, 2018, the share price of KIDCO was Rs. 2.20, Hence, the market value of 15,00,000 shares according to the share price would have been Rs. 33,00,000. Thus had the company not converted the investment to inventory the same would have been valued at Rs. 33,00,000. Thus, the company has sold investments worth Rs 33,00,000 but showed it as Rs. 84,91,575 as sale of inventory. Thus, there is overstatement of revenue of the company to the tune of Rs. 51,91,575. The conversion of financial assets to inventory has resulted in overstatement of revenue thus, giving misleading information to the investors.

20.2. I note that the FAR, on reviewing financial statements for the financial year 2017-18, 2016-17 and 2015-16 has also observed that inventory schedule indicates that SICL was not having any inventory in beginning of FY 2016-17 and that in FY 2017-18 the company had converted investment in KIDCO & Prabhat Telecoms (India) Limited into inventory which were valued at lower of Cost or Net Realisable Value (NRV) and the difference was recorded as valuation loss in Statement of Profit & Loss for the year ended March 31, 2017. I find that no disclosure was given in the Annual Report about the reason for such conversion and the fact that investment had suffered a valuation loss after such re classification. I find that SICL has failed to disclose in its financial statements pertaining to FY 2017-18 the fact that it had changed the classification of its investments in KIDCO and Prabhat Telecoms (India) Ltd., to inventory and the rationale for the same. I also find that after the reclassification, SICL sold the inventory. Be that as it may, I find that the FAR states that even according to this reclassification, the market value of those shares of KIDCO would have been Rs. 33,00,000 (Rs.2.20 per share) and had the company not converted the investment to inventory the same would have been valued at Rs. 33, 00,000/-. But the sale proceeds of this inventory had been shown as Rs. 84,91,575 in the financial statements of the company. Therefore, I agree with the observations made in the FAR with respect to lack of rationale for conversion and overstatement of revenue of the company by converting investment to inventory.

21. No movement in debtors/ trade receivable during last 3 years

21.1. In this regard, the SCN has alleged that the trade receivables of the company showed no movement for continuous 3 financial years from FY 15-16 to FY 17-18. However, the majority of revenue from operations as per Annual Report of FY 2016-17 and FY 2017-18 consists of sale of shares, interest income and speculation profit from currency, equity and F&O segment. The SCN states that the company is in the single segment business and the company is having interest income, hence, it is not possible that there will not be any change in trade receivables. Hence, no movement in trade receivables for continuous 3 years is unusual and raises concern over the genuineness of their business activity of providing financing activities.

21.2. I note that the FAR, on reviewing financial statements for the financial year 2017-18 and 2016-17 of the company has noted the following:

(Amount in Lakhs)

SN	**PARTICULARS**	**FY 2017-18**	**FY 2016-17**
1	Total Revenue	669.89	331.51
2	Trade Receivables	2.25	2.25
3	Trade Payables	5.54	3.42
4	Decrease (Increase) in Trade Receivables	0	0
5	Decrease (Increase) in Trade Payables	2.12	-1.23

21.3. In this regard, I note from the above that the trade receivables showed no movement for continuous 3 financial years from FY 2015-16 to FY 2017-18 whereas trade payable showed regular movement. Further, there was no movement in debtors during 3 financial year and regular movement in creditors. I note that the FAR *inter alia* states that since the company was showing interest income, it will not be possible that it will not have any increase in trade receivables. In this regard, I find that the details of the trade receivables have been given in the financials for all three of these years and it shows the same figures, without much details. The FAR also states that since the company was in the business of sale of shares, interest income and speculation profit from currency, equity and F&O segment, it would definitely have movement in trade receivables (i.e. short term obligations owed by other entities to the company). I agree with the FAR in this regard and agree that no change in trade receivables for three consecutive financial years for a company which is in the investment business and a running concern gives rise to suspicion.

22. Investments made in unquoted equity of loss making entity

22.1. Based on copies of share purchase bill, share sale bill along with copy of share certificate provided by SICL to the forensic auditor, the following has been observed in the SCN, with respect to the investment of the company in unquoted equity shares:

Date	Purchased by	Unquoted Equity shares	Qty	Total In Rs.
21/03/2017	Shivom from Jackpot Vintrade Pvt. Ltd.	M/s. Silverson Tradelinks Pvt. Ltd. at a cost of Rs. 4715.74 per share	14,265	6.72 Cr.
21/03/2017	Shivom from Jackpot Vintrade Pvt. Ltd.	M/s. Vedant Commodeal Pvt. Ltd. at a cost of Rs.1000/- per share	38,000	3.8 Cr
	Sold by			
22/03/2017	Shivom to Unicon Tie-up Pvt. Ltd	M/s. Silverson Tradelinks Pvt. Ltd. at a cost of Rs. 4715.13 per share	866	0.40 Cr.

The SCN has noted that the total investments in unquoted equity as per the Annual Report of 2016-17 stands at Rs. 10.11 Cr. Further, it appears that Mr. Mahesh Sharma who was a director in the company since August 17, 2011 was also a director in a company called Pinnacle Vintrade Ltd. wherein, Mr. Ashish Jain and Mr. Arun Gupta were directors. It is noted that Mr. Ashish Jain was a director since August 22, 2013 in Silverson Tradelink Pvt. Ltd. and Mr. Arun Gupta was director in Vedant Commodeal Pvt. Ltd. since August 22, 2013. Therefore, Silverson Tradelink Pvt. Ltd. and Vedant Commodeal Pvt. Ltd., whose unquoted equity the company has invested in, are connected to a director of the company. The SCN further states that as per the AOC 4 form submitted by the company on the MCA portal it can be seen that both the companies Silverson Tradelinks Pvt. Ltd. and Vedant Commodeal Pvt. Ltd. were loss making companies:

Name of the company	FY 2015-16 Profit / (Loss) in Rs.	FY 2016-17 Profit / (Loss) in Rs.	FY 2017-18 Profit / (Loss) in Rs.
Silverson Tradelink Pvt. Ltd.	52009.47	38,556.46	-118,51,366.43
Vedant Commodeal Pvt. Ltd.	86900.04	-2,91,629.32	-4,486.68

The SCN alleges that the company has invested Rs. 6.72 crore in Silverson Tradelink Pvt. Ltd. and Rs. 3.8 crore in Vedant Commodeal Pvt. Ltd. The SCN alleges that investing in such loss making companies at the rate of Rs. 4710.83 and Rs. 1000, respectively, raises concern over the prudence of investment decisions of the company.

22.2. I note that in addition to the above, the FAR states that in FY 2015-16, the company had sold all its unquoted investments in 18 entities having book value of INR 354.01 lakhs at INR 593.84 lakhs. Though the sale proceeds are shown correctly in cash flow statement under investment activity, but the details of profit or loss was not disclosed in the Statement of Profit & Loss for the FY 2015-16. Out of the above mentioned 18 entities, shares of one of the entities (Salvation Developers Ltd.) was repurchased by SICL in FY 2016-17 for the value of INR 1011.86 lakhs which comprises of approx. 99.71% of total non-current investments during FY 2016-17.

22.3. As discussed in para 17 above, since the present Order is not considering the transactions of the company at the time when it was unlisted, therefore, the sale of unquoted securities by the company in 2015-16 is not a subject matter of the present Order. I also find that the transaction related to selling the shares of Salvation Developers Ltd., a Shell Company, by SCIL when SICL was unlisted and then buying the shares again during the financial year when SICL got listed, does not appear to be normal in the absence of any explanation for such transactions. However, without any further allegation in this regard in the SCN, I find that sufficient material is not available on record to go into the issue of justification for repurchase of unquoted securities which had been sold in the previous financial year by the company. Regarding the investment of Rs. 6.72 crore in Silverson Tradelink Pvt. Ltd and Rs. 3.8 crore in Vedant Commodeal Pvt. Ltd., I agree with the observations in the SCN that investing in such loss making companies at the rate of Rs. 4710.83 per share and Rs. 1000 per share, respectively, defies logic. I find that since these companies are connected to the director of SICL, a further needle of suspicion is pointed towards these investments. Therefore, with regard to these investments, I agree with the observations in FAR that they are suspicious in nature, appear to be overstated and there is misrepresentation in the financial statements of the company pertaining to the applicable period to that extent.

23. Expenses not commensurate to the level of business activity in the company with respect to employee costs

23.1. In this regard, the SCN states as follows:

a. For FY 2016-17, the number of employees increased from 3 to 5, however the employee costs decreased from Rs. 5.25 lakhs to Rs. 4.95 lakhs.

b. Hence, the SCN alleges that the genuineness of these figures could not be ascertained and raises doubt on the authenticity of the borrowings and employee costs reported in the financial statements.

23.2. I note that the FAR, in this regard states that the company was requested to provide details of all the employee working in the entity. The details provided by the company were as follows.

SN	PARTICULARS	FY 2017-18	FY 2016-17	FY 2015-16
1	No. of employee	5	3	7
2	Employee benefit cost	4,95,000	5,25,000	5,46,429

Based on the above, the FAR observes that while comparing the number of employees working in the company vis-à-vis the employee benefit cost, inconsistent pattern was observed between the two. In FY 2016-17, 3 employees were incurring cost of INR 5.25 lakhs. However, in FY 2017-18, 5 employees were incurring cost of INR 4.95 lakhs which is INR 0.30 lakhs less as compared to previous financial year.

23.3. I find that whenever the number of employees in company increases that should lead to the increase in the expenses towards employees. In the present case, I note that when the number of employees of the company increased, its employee benefit cost decreased. The company has not furnished any explanation regarding the same in the present proceedings as it has not filed any reply. In the absence of any further explanation, I agree with the observations made in the FAR in this regard.

24. Change in registered address of the company not intimated to exchange

24.1. In this regard the SCN states that the company has changed its registered address from 91, N.S Road, 3rd Floor, Vilayati Kothi, Kolkata 700001, West Bengal in FY 2016-17 to 8, Shaniya Enclave, 4th Floor V.P. Road, Vile Parle West, Mumbai 400 056 in 2017-18. However, the company has not disclosed the change of address to the exchange. Since change in registered address is considered as a material information, the non-disclosure on the part of company amounts to non-compliance of Regulation 30(1) of LODR 2015. Also as stated by the forensic auditor, a CA firm with the name of ‘Pankaj P Sanghavi & Co. Chartered Accountants’ & Accited Bizvisors Private Limited were found to be operating from the same premise as that of SICL Therefore, based on above facts, the SCN alleges that it creates doubt on the place of operation of the company and genuineness of the business operations of the Company.

24.2. In this regard, I find that two entities sharing the same registered address does not *ipso facto* make the existence of these entities doubtful and thus, I do not agree with the observation in the SCN that just because other offices are situated in the same premises, it should automatically lead to adverse inference related to the company’s operations. However, I find that the change in registered address of the company from Kolkata to Mumbai was a material information which should have been disclosed to the stock exchange under Regulation 30 of the LODR Regulations, 2015 and the company failed to do so. I also note that Section 12(5) of the Companies Act, 2013 mandates that the change of registered office of a company requires the approval of the shareholder of the company through a special resolution. No material has been placed on record to show that such a resolution was passed in case of SICL. In view of the same, I find that the company is in violation of Regulation 30 of the LODR Regulations, 2015.

25. Mis-statement of investments in Annual Report

25.1. In this regard the SCN states as follows:

i) The investments in quoted securities as per the financials do not match with the holdings available in depositories as on March 31, 2016 and March 31, 2017. Also the company did not have physical share certificates for its quoted investments. It was only after the passing of interim order by SEBI that the company had written to respective companies seeking details of their holdings. The company is showing such investments amounting to Rs. 3 lakhs in their annual report for FY 2016-17, without having the relevant underlying documents.

iii) In balance-sheet for 2016-17, it is noted that the company provided adjustment for share splits in two quoted securities namely JMT Auto Ltd and JSW steel Ltd, however the said adjustment for share splits is provided without having any valid legal document like physical share certificate or demat statement with respect to the same. It is further noted that the company did not furnish any documentary evidence to show investments in other quoted securities.

In view of the above, the SCN alleges that there is doubt on the authenticity and genuineness of such investment.

25.2. I note that, the investments in quoted securities of the company, as per the financials on March 31, 2016 and March 31, 2017 do not match with the holdings available in depositories, since the FAR has pointed out that except for shareholding in Kaushalya Infrastructure Development Corporation Ltd. and Prabhat Telecoms (India) Limited, other non-current investments in quoted securities are not reflected in the holding statements with the depositories. I note that the company has not provided any justification for this inconsistency or provided proof of physical holding of these shares. In my view, such investments as declared in the financial statements and Annual Report is bereft of any supporting documents to show its holding or ownership of such investments, are incorrect. Moreover, I further note that the proof of stock split in case of the company's holding in JMT Auto Ltd. and JSW steel Ltd. (as discussed in para 19.3 above) has also not been provided to the forensic auditor. In view of the same, I agree with the observations in the FAR that there was misstatements in the financials of the company with respect to holding in quoted securities during the applicable period.

26. Non submission of supporting documents by company to evidence its short term borrowings:

26.1. In this regard, the SCN alleges that the company has shown major reduction in short-term borrowings from Rs. 20.43 Cr. as on March 2016 to Rs. 0.01 Cr. as on March 2017, however, the company submitted borrowing agreements of Rs.1.325 Cr. only whereas the total short-term borrowings as on March 2016 were Rs.20.43 Cr. Therefore, failure of SICL to submit the entire documents to support its short-term borrowings i.e. the bulk of its sources of funds, raises concern over the correctness of these borrowings and entries in the balance sheet.

26.2. I note that the FAR has further stated that in the balance sheet of SICL, major reduction in short- term borrowings is shown from Rs. 20.43 cr. in March, 2016 to Rs.

0.01 cr. in March 2017. In this regard, the details of the three loan agreements (borrowing arrangement) submitted by the company reflecting a total Rs. 1.32 cr. for 2015-16 are as follows:

Date of Appointment	Particulars	Amount
Borrowings by Shivom Investment and Consultancy Ltd.		
01/06/2015	From Ms. Anita Harlalka	13 Lakhs payable on demand @9 % for 3 yrs. (Unsecured)
28/01/2016	From ASP Infinity Solutions Pvt. Ltd.- (Director of ASP is Ms. Anita Harlalka-Source: MCA)	19.50 Lakhs payable on demand @9 % for 2 (Five) yrs. (Unsecured)
20/06/2015	From Apsara Selections Pvt. Ltd. (Director of Apsara is Ms. Anita Harlalka Source: MCA)	1 crore payable on demand @9 % for 5 yrs. (Unsecured)

From the above, it is observed that the loan agreements produced by the company before the forensic auditor vi-s-a-vis the short-term borrowings as provided in the balance sheet of the company for 2016-17, shows significant differences/shortfalls. It is noted that the above borrowing agreements are of the amount of Rs.1.325 crore while short- term borrowings of Rs. 20.43 crore has been shown by the company in March 2016 which has been shown to have reduced thereafter. I note that the FAR states that the bulk of the source of funds of SICL was from short term borrowings. Therefore, I find that SICL has not been able to produce documents in support of majority of its sources of funds and I find that SICL has misrepresented its short term borrowings in its financial statement. Therefore, I agree with the observations made in the FAR in this regard.

27. Independent director was not eligible as he was appearing as KMP

27.1. The following has been observed in the SCN from the Annual Reports of the company pertaining to the applicable period:

Name of the person	**2015-16**	**2016-17**

Shri Mahesh Sharma	KMP* and Independent Director	
Shri Sashi Pandey	KMP* and Independent Director	KMP* and Independent Director

* In RPT disclosure in Annual report

The SCN alleged that Section 149(6) of the Companies Act, 2013 defines Independent Director in relation to a company, as a director other than a managing director or a whole-time director or a nominee director;

> “(e) who, neither himself nor any of his relatives—
>
> (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;”

The SCN alleges that an Independent Director is a non-executive director of a company who helps the company in improving corporate credibility and governance standards. The SCN further states that Independent Directors are responsible for ensuring better governance by actively involving in various committees (including Audit Committee) set up by company and if such Independent Directors are not able to ensure proper management and true and fair disclosure of financials of the company and the purpose of having Independent Directors on the board of the company gets defeated. Hence, the fact that the Independent Directors are not “independent” contravenes the provisions of Companies Act, 2013 and these directors become ineligible to be the Independent Director. The SCN alleges that since Shri Sashi Pandey has been mentioned as KMP in the Related party transaction disclosure in the Annual Reports for FY 2016-17, it is concluded that the said Independent Director cannot be considered independent in terms of the definition provided under Regulation 16(1)(b)(vi) of LODR Regulations, 2015. Hence SICL has not complied with the provisions of Regulations 16(1)(b)(vi) of LODR Regulations, 2015. The said violation has also resulted in non-compliances in constitution of Audit Committee and Nomination & Remuneration Committee in 2016-17; Hence, SICL has violated Regulation 17(1)(b), Regulation 18(1)(b), 18(1)(d), Regulation 19(1)(c) and Regulation 19(2) of LODR, 2015.

27.2. I note that Regulation 16(1)(b)(vi) of the LODR Regulations, 2015 states that:

> "(b) independent director means a non-executive director, other than a nominee director of the listed entity:
>
> ….
>
> (vi) who, neither himself, nor whose relative(s) — (A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:
>
> …."

I note that Shri Shashi Pandey has been disclosed by the company as a KMP in the Annual Report of the company for the financial year 2016-17 and therefore, I find that Shri Shashi Pandey was not qualified to be an Independent Director of the company. I also note that Shri Mahesh Sharma has been disclosed as KMP in the Annual Report of the company for the financial year 2015-16 and therefore, I find that Shri Mahesh Sharma was not qualified to be appointed as Independent Director of the company, in the financial year 2016-17. However, Shri Shashi Pandey and Mr. Mahesh Sharma have been shown as Independent Director of the company in the Annual Report pertaining to the applicable period which in my view, is in violation of Regulation 16(1)(b)(vi) of the LODR Regulations, 2015.

27.3. I also note that Regulation 17 of the LODR Regulations, 2015 at the relevant time states as follows:

> Board of Directors.
>
> 17.(1) The composition of board of directors of the listed entity shall be as follows:
>
> (a) board of directors shall have an optimum combination of executive and non-executive directors with at least one-woman director and not less than fifty per cent. of the board of directors shall comprise of non-executive directors;

(b) where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors:
Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.
Explanation. - For the purpose of this clause, the expression "related to any promoter" shall have the following meaning:
(i) if the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it
(ii) if the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.

Composition of the Board of Directors of the company, during the applicable period was as follows:

FY 2016-17

Name	Designation
Pradip Kumar Sultania	Chairman & Managing director
Mahesh Sharma (Resigned w.e.f. June 28, 2017)	Independent/ Non-executive director
Gauri Bhagat	Independent/ Non-executive director
Varun Pravinchandra Aghara	Independent/ Non-executive director
Shashi Pandey	Independent/ Non-executive director

Source: Annual report of SICL

FY 2017-18

Name	Designation
Varun Pravinchandra Aghara	Chairman & Managing director
Sharad Yashwant Harekar	Independent/ Non-executive director
Komal Anantrai Parekh	Independent/ Non-executive director

Source: Annual report of SICL

I note that in the board of the company, the chairman of the company is executive therefore, in terms of Regulation 17(1) (b) of LODR Regulations, 2015, half of the board of directors should be comprised of independent directors. I note that the strength of board was five in the FY 2016-17, therefore, there should have been at least three independent directors. I find that if Shri Shashi Pandey and Shri Mahesh Sharma are excluded as independent directors of the company (since they were

KMPs) then the board has only two independent directors. Thus, I agree with the observations in FAR that the company was in violation of Regulation 17 (1) of LODR Regulations, 2015 during FY 2016-2017.

27.4. The constitution of the Audit Committee of the company (which in term of Regulation 18 of the LODR Regulations, 2015 should have minimum three Directors as members, two-thirds of which shall be Independent Directors) was incorrect during the applicable period, since the majority members of the Audit Committee were not independent members. The details of members of audit committee at the relevant time is are as under:

- Shri Shashi Pandey (who is not eligible to be an Independent Director)
- Shri Pradip Sultania (Chairman, Managing Director) and
- Shri Varun Pravinchandra Aghara (Independent Director).

Also, I find that the constitution of the Nomination and Remuneration Committee of the company during the applicable period was also incorrect (in term of Regulation 19 of the LODR Regulations, 2015 the Nomination and Remuneration Committee should have at least three directors, all of whom have to be non-executive directors and at least 50% shall be independent directors).

28. Accommodation transactions by the company

28.1. The SCN alleges that analysis of the bank statement of Account No. 00080350002341, branch Kolkata- Stephen house (BBD Bag), HDFC bank Ltd. indicated that, there are numerous entries of funds received by SICL from multiple entities amounting to Rs. 344.10 lakhs and transferred to other entities on the same / next day amounting to Rs. 344.00 lakhs. This cash flow pattern leaving minimal closing balances in the accounts does not appear to be consistent with normal lending operations in the organized sector. The SCN notes that 13 transactions took place between SICL and Renaissance Construction where each transaction was preceded by an equivalent amount transferred from Unicon Tie-up Pvt Ltd. to SICL and that no loan agreements or any financial arrangement with Unicon Tie-up Pvt. Ltd. is submitted by SICL to refute the finding of SICL being used as a conduit to facilitate multiple transactions. Thus in view of lack of documentary support loan agreements or any financial arrangement, the SCN alleges that the company is being used as a conduit to facilitate multiple transactions between entities.

28.2. In this regard the observations in the FAR are as follows:

"Details of transactions mentioned below:

DATE	DESCRIPTION	REFERENCE No	VALUE DATE	DEBITS	CREDITS
02-Jul-15	00600350124417FRl»l UNICON TO SHIVOM NETBANK, MUMBAI	507029289656	02-Jul-15		50,00,000
02-Jul-15	00600350124417FROk UNICON TO SHIVOM NETBANK, MUMBAI	507029289685	02-Jul-15		50,00,000
02-Jul-15	00842560002366FROM SHI\IOM TO RENAISSANCE NETBANK, MUMBAI	507029289784	02-Jul-15	50,00,000	
02-Jul-15	00842560002366FROM SHIVOM TO RENAISSANCE NETBANK, MUMBAI	507029289804	02-Jul-15	50,00,000	
03-Jul-15	00600350124417FROM UNICON TO SHIVOM NETBANK, MUMBAI	507039592069	03-Jul-15		4,00,000
03-Ju1-2015	50200010520527FRttl SHIVOM, TO MVRIAX NETBANK, MUMBAI	507039595478	03-Jul-15	4,00,000	
03-Ju1-2015	00600350124417FROM UNICON TO SHIVOM NETBANK, MUMBAI	507070879212	03-Jul-15		2,00,000
07-Jul-15	50200010520527FRaol SHIVOM TO MYRIAX NETBANK, MUMBAI	507070882572	07-Jul-15	2,00,000	
02-Jul-15	00600350124417FROO UNICON TO SHIVOM NETBANK, MUMBAI	507029289656	02-Jul-15		50,00,000
02-Jul-15	00600350124417FROM UNICON TO SHIVOM NETBANK, MUMBAI	507029289685	02-Jul-15		50,00,000
02-Jul-15	00842560002366FP.OM SHIVOM TO RENAISSANCE NETBANK, MUMBAI	507029289784	02-Jul-15	50,00,000	
02-Jul-15	OOS42560002366FRCttl SHIVOM TO RENAISSANCE NETBANK, MUMBAI	507029289804	02-Jul-15	50,00,000	
29-Aug-15	00600350123666 FROM JACKPOT TO SHIVOM NETBANK, MIMBAI	508290235990	29-Aug-15		3,00,000
29-Aug-15	0014D350005522FROM SHIVOM TO DYNAMIC NETBANK, MUMBAI	508290240332	29-Aug-15	3,00,000	
31-Aug-15	00600350123666FRDM JACKPOT TO SHIVOM NETBANK, MUMBAI	508310844872	31-Aug-15		50,000
31-Aug-15	00080350002420Ffflol SHIVOM TO SANKHU NETBANK, MUMBAI	50B310860034	31-Aug-15	50,000	
31-Aug-15	00600350123666FROM JILKPOT TO SHIVOM NETBANK, MUMBAI	508310914224	31-Aug-15		50,00,000
31-Aug-15	RTGS DIHJTIB0000004·NElr/BWYCAP HDFCR STOCK MUMBAI	5201S083105	31-Aug-15	50,00,000	

31-Aug-15	00600350123666FROM JACKPOT TO SHIVOM NETBANK, MUMBAI	508311076576	31-Aug-15		3,00,000
31-Aug-15	0008035-0001175FRCW, SHIVOM TO DYNNUC NETBANK, MUMBAI	S08311090612	31-Aug-15	3,00,000	
31-Aug-15	00600350123666001, JACKPOT TO SHI\OI NETBANK, MUMBAI	508311430783	31-Aug-15		6,00,000
31-Aug-15	0008035000U7S-FROM DYNAMIC TO SHIVOM NETBANK, MUMBAI	561953400001	31-Aug-15		3,00,000
31-Aug-15	50200010275582 FROM SHIYOM TO PALJTH NETBANK, MUMBAI	508311454226	31-Aug-15	9,00,000	
31-Aug-15	006003S0123666 FROM JACKPOT TO SHIVOM NETBANK, MUMBAII	508311488398	31-Aug-15		35,00,000
31-Aug-15	RAJESII SHAH 4440U1 NETBANK, MUMBAI	524302817231	31-Aug-15	35,00,000	
01-Sep-15	B/F STEPHEN HO, KOLKATA	•	01-Sep-15	0	9,953
01-Sep-15	142005353 TOPMOST TO SHIVOM NETBANK, MUMBAI	509011924336	01-Sep-15		14,00,000
01-Sep-15	RTGS DR·KK8KOOOD643-SACHINJAYAH STOCK EXCH, MUMBAI	HOFCR5201S090105	01-Sep-15	14,00,000	
01-Sep-15	0Dl42560005353TOPMOST TO SHIVOM NETBANK, MUMBAI	509011957987	01-Sep-15		8,00,000
01-Sep-15	00600350123666FR<»I JACKPOT TO SHIVOM NETBANK, MUMBAI	509011971545	01-Sep-15		10,00,000
01-Sep-15	RTGS DR-KKBK0000643-SACHINJAYAN STOCK EXCH, MUMBAI	HDFCR520150901 05	01-Sep-15	18,00,000	
01-Sep-15	00142560005353TOPMOST TO SHIYOM NETBANK, MUMBAI	509012032405	01-Sep-15		5,50,000
01-Sep-15	RTGS DR·KKBK0000643-SACIIINJAYAN STOCK EXCH, MUMBAI	HDFCRS20150901 05	01-Sep-15	5,50,000	

SICL submitted 40 loan agreements containing 3 borrowing agreements and 37 lending agreements and has submitted that its business model is to lend money to body corporate wherein it generally does not keep funds idle and the funds are disbursed as unsecured loans to known parties' as soon as they are available. SICL submitted that its major source of income is interest and it has not acted as a conduit to facilitate multiple transactions between entities as alleged.

However, on perusal of the bank statement (June and July 2015) submitted by the company, it is noted that with regard to loan of Rs. 5 Crore given to M/s. Renaissance Construction (a partnership firm), it appears that close to 13 transactions took place between SICL and Renaissance Construction where each transaction was preceded by an equivalent amount transferred from Unicon Tie-up Pvt Ltd. to SICL. In this regard though SICL has submitted Loan agreement of Rs. 5 Crore between SICL and to M/s. Renaissance Construction, however no loan agreements or any financial arrangement with Unicon Tie-up Pvt Ltd. is submitted by SICL to refute the prima facie finding of SICL being used as a conduit to facilitate multiple transactions between entities/individuals as rendered in the interim order.

Further, while reviewing the bank statements, SEBI also note that transaction with the Unicon Tie-up Pvt Ltd., Jackpot Vintrade Pvt Ltd. and Dhanaasha Infracon Services Pvt Ltd. appeared frequently. However, the company did not submit any loan agreements/financial arrangement between them and SICL to refute the aforesaid prima facie finding of SICL being used as a conduit to facilitate multiple transactions between entities/individuals as rendered in the interim order."

28.3. In this regard, I note that the company during the forensic audit submitted that aforesaid transactions were loan transactions wherein it used to deploy its idle/excess money. However, the said contention of the company was not accepted by the forensic auditor as the company failed to produce supporting documents such as loan agreements with so called borrowers as Unicon Tie-up Pvt. Ltd., Jackpot Vintrade Pvt. Ltd. and Dhanaasha Infracon Services Pvt. Ltd. with whom the company had frequent fund transfers. I find that the company has not submitted any reply to the SCN and therefore, not provided any explanation for the above-mentioned transactions, in the present proceedings. I find that amounts credited by on entity in the bank account of the company were being immediately transferred to another entity and this pattern of transfers involving the same entities were repeatedly undertaken by the company. Thus, I agree with the observations made in the FAR that these transactions were accommodation entries.

II. Non-furnishing of information to the forensic auditor:

29. The SCN alleges that the management failed to provide opportunity for discussion to initiate the forensic audit and failed to provide any data sought via information requirement list to the forensic auditors. In view of the above, the SCN alleges that the company has failed to furnish the information and documents to the forensic auditor appointed by the exchange pursuant to the SEBI order dated September 25, 2017 and that the company has failed to furnish information and documents sought under Section 11(2)(i) and 11(2)(ia) of the SEBI Act. In this regard the FAR states that despite multiple follow ups by the forensic auditor vide e-mail dated June 14, 2018, June 15, 2018, June 19, 2018, June 29, 2018, July 26, 2018 and August 20, 2018 the management of the company failed to provide a single opportunity for meeting with KMPs, Directors and forensic auditors for discussion to initiate the audit. I note that BSE was directed by SEBI to appoint a forensic auditor for carrying out forensic audit of SICL. Thus, the forensic audit was being carried out pursuant to a

direction of SEBI. Being a listed entity, non-cooperation with such an audit cannot be accepted. I find that SICL failed to furnish information sought from it by SEBI as well as the forensic auditor. I also note that Section 11(1) of the SEBI Act, 1992 lays down the functions of SEBI, and in carrying out the said functions, SEBI is empowered, under 11(2)(i) and 11(2)(ia) of the SEBI Act, 1992, to call for records from intermediaries and other entities. In the facts and circumstances of the present case, a forensic auditor appointed through an order of SEBI who seeks information from an entity must be treated with the same seriousness as if the information is being sought by SEBI. In view of the non-furnishing of the information sought by the forensic auditor by SICL has amounts to default by the listed company.

III. Violation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR):

30. The management of SICL failed to maintain a running website and violated Regulation 46 of SEBI LODR 2015. In this regard, I note that the SCN states that SICL had failed to maintain a website. A search has revealed that SICL has a running website at present.

31. SICL has included Executive Director in Board of Nomination and remuneration committee in FY 2015-16 and FY 2017-18 which is violation of Regulation 19(1)(b) of SEBI LODR 2015. I observe that this allegation has been discussed in para 27 above.

32. In view of the above, I find that the company is liable for the flowing defaults during the applicable period:

- Misrepresentation in investment schedule related to holdings in JMT Auto Ltd. and JSW Steel Ltd. and overstatement in the financial statements related to the holding of SICL in the shares of JMT Auto Ltd.
- Overstatement of revenue of the company by converting investments into inventory

- Suspicious figures related to trade receivables in the financial statements of the company
- Expenses not commensurate to the level of business activity in the Company with respect to employee costs and finance costs
- Change in registered address of the company not intimated to exchange
- Mis-statement of investments in Annual Report
- SICL has misrepresented its short term borrowings in its financial statement.
- Shri Shashi Pandey was not qualified to be an Independent Director of the company, however, Shri Shashi Pandey has been shown as Independent Director in the company and the company was in violation of Regulation 17(1) of LODR Regulations, 2015 during FY 2016-2017 with respect to the composition of the Board of Directors
- The constitution of the Audit Committee of the company was not in compliance with LODR Regulations, 2015
- Constitution of the Nomination and Remuneration Committee of the company was not in compliance with LODR Regulations, 2015
- Providing accommodation entries
- SICL failed to furnish information to the forensic auditor
- SICL failed to maintain a running website

33. I note that the SCN *inter alia* alleges that SICL has violated Regulations 4(1)(a),(b),(c),(e),(g), 4(2)(f)(ii)(1),(6)&(7), 4(2)(f)(iii)(3),(6)&(12), 33(2)(a) and 48 of the LODR Regulations, 2015. From the discussions above, I find that since the financial statements of SICL pertaining to the applicable period were not as per the Accounting Standard as discussed in the previous paras, therefore, the company has violated Regulation 48 of LODR Regulations, 2015 which mandates that the listed entity shall comply with all the applicable and notified Accounting Standards from time to time. Regarding the violations of Regulation 4, I note that Regulation 4 of LODR Regulations, 2015, lays down principles governing disclosures and obligations

of the listed entity under the LODR Regulations, 2015. Specific clauses of Regulation 4(1), the violation of which has been alleged in the SCN, provides that the listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:

(a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.

(d) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.

34. As discussed in the paras above, I find that financials of the company were misrepresented because of which disclosure of financials made by the Company in terms of Regulations 33 of LODR Regulations, 2015 were not in accordance with the principles laid down in the aforesaid clauses of Regulation 4(1) and hence, SICL is in violation of 4(1)(a), (b), (c), (e) and (g) of LODR Regulations. Regarding the violations of Regulations 4(2)(f)(ii)(1),(6)&(7), 4(2)(f)(iii)(3),(6) & (12) of the LODR Regulations, 2015 by SICL, as alleged in the SCN, I find that Regulation 4(2)(f) enlists the responsibilities of board of directors of listed entities. Clause (i) of Regulation

4(2)(f) deals with disclosure of information, Clause (ii) of Regulation 4(2)(f) deals with key functions of the board of directors and Clause (iii) deals with other functions of the board of directors. Any liability arising out of the violation of these principles because of violation of disclosure or other obligation of the listed entity under the LODR Regulations, 2015, is of the board of directors of the listed entity. Therefore, I find that SICL cannot be said to be in violations of Regulation 4(2)(f)(ii)(1),(6)&(7) and 4(2)(f)(iii)(3),(6) & (12) of the LODR Regulations, 2015 which pertain to obligations of the board of directors. I also note that Regulation 33(2)(a) provides that a listed company shall authenticate its financial results by approval of the Board of Directors. While placing the financial results before the board of directors, the CFO and CEO of the listed entity have to certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading. However, since the financial results were misrepresented, SICL has violated Regulation 33(2)(a) of the LODR Regulations, 2015. I also note that the company had failed to maintain a functional website during the applicable period and this violated Regulation 46 of the LODR Regulations, 2015. I further find that Shri Shashi Pandey was not qualified to be an Independent Director of the company, however, Shri Shashi Pandey has been shown as Independent Director in the company. Therefore, the constitution of the Audit Committee and Nomination and Remuneration Committee of the company was incorrect and thus, the company has violated Regulations 16(1)(b)(vi), 18(1)(b), 18(1)(d), 19(1)(b)(c), 19(2) of the LODR Regulations, 2015. Also, by not disclosing the change in the registered address the company has violated Regulation 30 of the LODR Regulations, 2015.

35. The SCN further alleges that SICL has violated Section 21 of SCRA, 1956. In this regard, I note that Section 21 of SCRA, 1956 provides that where securities are listed on the application of any person in any recognized stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange. I note

that securities of SICL are listed on BSE. The relevant extract of the two of the conditions, as contained in uniform listing agreement, as mandated by SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015, is as under:

> "……………1. That the Issuer shall comply with the extant provisions of all the applicable statutory enactments governing the issuance, listing and continued listing of securities.
> 2. That without prejudice to the above clause, the Issuer hereby covenants and agrees that it shall comply with the following:—
> i. the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015
> and other applicable regulations /guidelines/circulars as may be issued by SEBI from time to time.
> ii. the relevant byelaws / regulations / circulars / notices / guidelines as may be issued by the Exchange from time to time.
> iii. such other directions, requirements and conditions as may be imposed by SEBI/Exchange from time to time…………"

Above two are the conditions of listing agreement which every issuer company, whose securities are listed on a recognised stock exchange, is required to comply. As can be seen from the above-quoted conditions, one of the conditions is compliance with LODR Regulations, 2015. In the present case, SICL is a company whose securities are listed on BSE, which is a recognised stock exchange. SICL being a company having its securities listed on BSE was also required to sign the said uniform listing agreement with BSE and in view of the provisions of Section 21 of SCRA, 1956, SICL was bound to comply with the conditions of the uniform listing agreement, as extracted above. SICL has been found to be in violation of the provisions of the LODR Regulations, 2015, as discussed above, therefore, SICL is in violation of the condition of the listing agreement and hence, is also in violation of Section 21 of SCRA, 1956.

IV. Violations of PFUTP Regulations, 2003:

36. The SCN also alleges of violation of provisions of PFUTP Regulations, 2003 and Section 12A (a), (b) and (c) of the SEBI Act, 1992. In this regard, I note that the scope of work, as was assigned to the forensic auditor was as follows:

"The scope of Forensic Audit shall include examining the following:

1. Possible misrepresentation including its financials and / or businesses and / or violation of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (hereinafter referred to as "LODR Regulations") and/or
2. Possible misusing of books of accounts/funds of the Company including facilitation of accommodation entries and/ or entering into transaction to the detriment of minority shareholders and controlling shareholders and key management person (KMP)

   For the aforesaid reasons, the audit inter alia should cover the following:

   a. Suspicious transactions/items as provided in the SEBI / Exchange Orders passed on the Company
   b. To examine the Books of Accounts and backup records of the Company for the period of two years including the year of transactions referred in SEBI/Exchange order to:

      I. Cash flow analysis to review major inflows and outflows during the financial years. (as per annual report for last 2 years)
      II. Assess genuineness of the debtors/ receivables and creditors / payables,
      III. Reconciliation of debtors / creditors as stated by the Company vis-à-vis the actual position and the prospects of recovery (focus on top debtors).
      IV. Analysis of related party transactions.
      V. High value bank transactions to ascertain their relevance to the business of the company and to identify the potential round-tripping of funds or accommodation transactions.
      VI. Assess genuineness of expenditure (capex as well as other goods and services) and review of top vendors / suppliers / customers.
      VII. Investments made by the company in subsidiary companies along with the relevant fund flows, if any.
      VIII. Assess genuineness of investments both listed and unlisted with appropriateness of valuation and flow of funds.
      IX. Assessment of utilization of funds lying as share premium, if any, in terms of provisions of Companies Act.
      X. Comment on the shareholding pattern.
      XI. Wherever applicable, the relevant funds flow including analysis of relevant bank statements (also source and utilization of funds).

   c. Verification / discussions:

      I. Independent and / or physical verification of the underlying transactions

II. Background / reputation checks based on public domain information related to promoters, nature/ line of business, genuineness of business activities of the Company.

III. Discussions with key stakeholders like promoters/ senior management/ HODs, vendors, customers, company auditors, entities/persons involved in day to day affairs of the Company, etc.

IV. Business history, directorship searches and litigations.

V. Assessment of size and scope of business.

VI. Site visit as may be applicable for verifying existence of the Company's functional/ registered office, assets, place of execution of services, etc. In case of doubt, site visit to be carried out at plants / factories.

The Audit should cover aforesaid points for the period April 2015 onwards and wherever required, analysis may be carried out on sample basis."

As can be noted from the above, the scope of audit did not include examination of possible violations of PFUTP Regulations, 2003 and accordingly, the findings of the FAR are confined only to alleged misrepresentation in the books of accounts of SICL and consequential and other violations of Accounting Standards. It is observed that the Investigating Authority, after examining the FAR, incorporated the findings of FAR as part of investigation report, and consequently, the same was reproduced in the SCN. However, the SCN additionally states:

> "5. It was observed during investigation that the company (Noticee no.1) had failed to present true and fair financial statements and had executed transactions which are non-genuine in nature thereby tantamounting to misrepresentation of the accounts/ financial statements and misuse of account/ funds of the company. It was further observed that SICL had misused funds/ misrepresented books of accounts which are detrimental to the interests of genuine investors and are fraudulent in nature."

Consequently, the SCNs *inter alia*, additionally, includes allegation of violation of provisions of Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) and (d), 4(1) and 4(2)(f) and (r) of PFUTP Regulations, 2003. It is observed that Noticees no. 1 to 8 have been additionally charged with the violation of Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) of PFUTP Regulations, 2003 in the SCN. However, it has not been alleged or corresponding finding given in the SCN whether violation of the LODR Regulations, 2015 as found in the FAR has directly or indirectly resulted in the manipulation of the price of the scrip of the company by the Noticees.

37. I note that there is no bar on taking action by SEBI on the basis of a FAR, invoking provisions of PFUTP Regulations, 2003 and other similar provision of SEBI Act, 1992 related to fraud, if, after examination of the matter, including the FAR, SEBI finds that such violation of LODR Regulations, 2015 etc. led to direct/ indirect manipulation of the price of the scrip. Therefore, SEBI is at liberty to issue fresh SCN, if so deemed fit, to pursue violations of PFUTP Regulations, 2003, against the Noticees.

38. The SCN also alleges that Noticee nos. 2 to 8 who were directors of SICL during the investigation period have also violated all those provisions which have been alleged to be violated by SICL, based on Section 27 of the SEBI Act, 1992. With regard to the directors of the Company, it is observed that as per the Annual Report of SICL, the details of the Board of Directors of SICL during the applicable period are as follows:

FY 2016-17

Name	Designation
Pradip Kumar Sultania	Chairman & Managing director
Mahesh Sharma*	Independent/ Non executive director
Gauri Bhagat	Independent/ Non executive director
Varun Pravinchandra Aghara	Independent/ Non executive director
Shashi Pandey*	Independent/ Non executive director

*Resigned w.e.f. June 28, 2017

Source: Annual report

FY 2017-18

Name	Designation
Varun Pravinchandra Aghara	Chairman & Managing director
Sharad Yashwant Harekar*	Independent/ Non executive director
Komal Anantrai Parekh≠	Independent/ Non executive director

*Appointed w.e.f. August 05, 2017

≠Appointed w.e.f. October 20, 2017

Source: Annual report

39. I note that Noticee nos. 4, 5, 6, 7 and 8 have filed replies stating as follows:

39.1. Noticee no. 5 has stated that he was appointed as Managing Director w.e.f. September 18, 2017 i.e. just before the alleged interim order was passed by SEBI and much after the trading restrictions were imposed by SEBI vide its letter dated August 7, 2017 (hereinafter referred to as "the said letter"). When he took over as the Managing Director of the company, the trading restrictions were already in place. Although in the interim order the trading in securities was reverted to the status it stood prior to issuance of the said letter, however, irreversible damage had already been done and the company's sufferings had started. He, therefore, started to enquire from the company officials/ from the records available regarding the specific issues mentioned in the said letter and also in the interim order. This fact finding was quite crucial since vide interim order SEBI had directed the Exchange to appoint an Independent Auditor to verify misrepresentation and misuse of books of accounts/ funds etc. During the course of the fact finding, he tried to contact the earlier Managing Director and other directors who were managing affairs for the period prior to his appointment, however, despite all the efforts he was not able to contact them and even if he was able to contact them, they did not give any specific reply to queries. Considering the limitations, he decided to tender his resignation from the Board of Directors w.e.f. January 31, 2020.

39.2. Noticee no. 6 has submitted that he was appointed as an Additional Director w.e.f. August 05, 2017 and his designation was changed to Non-Executive Independent Director in the company w.e.f September 18, 2017 i.e. just before the alleged interim order was passed by SEBI and much after the trading restrictions were imposed by SEBI vide its letter dated August 7, 2017. Pursuant to his appointment his role was limited to attending the Board meeting and other meetings, if required and he was privy to only the information that was shared through agendas of those meetings and also what was brought to his notice in those meetings. He was not involved in any day to day functioning of the company including any request received from the

Forensic Auditor or any other auditor for any meetings, details, records, proofs etc. and cannot under any circumstances be held responsible for any non- cooperation in this regard. He had resigned from the board of directors of SICL w.e.f. September 7, 2020. Out of the investigation period of nearly three years, he was associated with company for only six months that too as an Independent Director and not involved in day to day affairs.

39.3. Noticee no. 7 has submitted that she was appointed as a Non-Executive Independent Director in the company w.e.f. October 20, 2017 after the alleged interim order was passed by SEBI and much after the trading restrictions were imposed by SEBI vide its letter dated August 7, 2017. Pursuant to her appointment, her role was limited to attending the Board meeting and other meetings, if required and she was privy to only the information that was shared through agendas of those meetings and also what was brought to her notice in those meetings. She was not involved in any day to day functioning of the company including any request received from the Forensic Auditor or any other auditor for any meetings, details, records, proofs etc. and cannot under any circumstances be held responsible for any non-cooperation in this regard. She has resigned from the board of directors of SICL w.e.f September 7, 2020.

39.4. Noticees 5, 6 and 7 have submitted that all investments impugned in the SCN were carried out before they joined the company and all defaults in the SCN pertained to period wherein they were not associated with the company.

39.5. Noticee no. 8 has submitted that he has resigned from the post of Managing Director and CFO w.e.f. August 18, 2017 and pursuant thereto do not have any contact or connection with the company. During the time that he was MD and CFO of the company he was admitted to the hospital many times and had negligible information about the day to day functioning of the business. The SCN is not clear as to what kind of directions are purported to be issued to him and in absence of the same he is unable to furnish proper response to the SCN. He has also submitted that Section 27 of SEBI Act, 1992 has stipulated the role of person to be held responsible for the alleged offence but prior to the amendment made vide the Finance Act, 2018 w.e.f. March 08, 2019, it was only the offence by the company for which the proceedings ought to have been initiated against the persons. The Noticee has stated that Section 21 of the SCRA Act, 1956 pertains to compliance with conditions of the listing agreement with the stock exchanges which are executed between listed company and stock exchanges and the said section is applicable to the company only. He has submitted that he has always monitored and managed potential conflict of interest of management, members of board of directors and has always verified that the financial results do not contain any false or misleading statements or figures and do not omit any material fact.

39.6. All these Noticees have submitted that in this case, nothing specific has been brought on record regarding their involvement or theirindividual role as directors and therefore, in the absence of the same they cannot be held liable for the defaults by the company. The Noticees have cited judgments of the Hon'ble Supreme Court of India and the Hon'ble Securities Appellate Tribunal in support of their contention.

40. I note that during the applicable period, Noticees nos. 2 to 8 were directors of the Company. I note that Noticee no. 8 was the Managing Director of the Company during the FY 2016-17 while Noticee no. 5 was the Managing Director of the Company during the FY 2017-18. Noticee no.3 was Non-Executive Independent Director of the Company during FY 2016-17 and resigned on June 28, 2017 but he was not qualified to be an Independent Director due to the reason that he was also a KMP of the company as disclosed in the Annual Reports of the company during FY 2015-16. I also note that Noticee no. 2 has been designated as Non-Executive Independent Director of the Company during FY 2016-17 but he was not qualified to be an

Independent Director due to the reason that he was also a KMP of the company as disclosed in the Annual Reports of the company during FY 2016-17. Therefore, for the purpose of these proceedings they will not be treated as Independent Directors of the company. Noticee no. 4 and 5 were the Non-Executive Independent Director of the company during FY 2016-17. Noticee no. 6 and 7 were also the Non-Executive Independent Director of the Company during FY 2017-18, after being appointed on August 05, 2017.

41. In this regard, I note that Regulations 4(2)(f) and Regulation 33 of the LODR Regulations, 2015 creates specific duty on the whole board of directors without making any distinction on the basis of designation of the directors, viz: independent/ non-executive/ additional directors. I observe that in terms of Regulation 33(2) of the LODR Regulations, 2015 while placing the financial results before the Board of Directors, the Chief Executive Officer and Chief Financial Officer (CFO) of the listed entity has to certify that the financial results do not contain any false or misleading statement or figures and the financial results submitted to the stock exchange has to be signed by the Chairperson or Managing Director or a Whole Time Director or in the absence of all of them any other director of the listed entity who is duly authorized by the board of directors to sign the financial results. I also note that the financials of a company are placed before the Board of Directors for their approval. In the present proceedings, as discussed in previous paras, the financial statements of the company contained misrepresentations. I note that the financials of the company pertaining to FY 2015-16 was certified by Noticee no. 8 who was the Managing Director and CFO of the company during that time while the financials for 2016-17 were signed by Noticee nos. 2 and 8.

42. Further, I note that, with respect to the Non-Executive Directors and Independent Directors (Noticee nos. 4, 5, 6 and 7), they cannot be held liable for those acts that form part of day to day activities. However, these directors can be held liable for those

acts which come to their knowledge through board processes. In the present case, the main allegation is misrepresentation of financials. In terms of LODR Regulations, 2015, the financials are approved by the Board of Directors. Further, the following are the details of Noticee directors who were members of Audit Committee and the meetings attended by them during the investigation period:

Noticee no.	**Name of the Director**	**Attendance Particulars**			
		2016-17		2017-18	
		Held	Present	Held	Present
2	Mr. Sashi Pandey (Resigned w.e.f October 20, 2017)	4	4	4	2
8	Mr. Pradip Kumar Sultania (Resigned w.e.f. August 18, 2017	4	4	4	2
3	Mr. Mahesh Sharma (Resigned w.e.f. June 28, 2017)	4	4	4	2
5	Varun Parvinchandra Aghada (Appointed w.e.f June 28, 2017)	-	-	4	2
6	Sharad Yashwant Harekar (Appointed w.e.f October 05, 2017)	-	--	4	2
7	Komal Anantrai Parekh (Appointed w.e.f October 20, 2017)	-	-	4	2

43. By being part of Audit Committee meetings, the Directors of the company i.e. Noticee nos. 2, 3, 5, 6, 7 and 8 had considered and adopted the agenda being discussed in the meeting. In this regard, I note that Section 177 (4) of the Companies Act, 2013 lays down as follows:

> "Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include, -
>
> (i) ……
>
> (ii) examination of the financial statement and the auditors' report thereon;
>
> (iii) approval or any subsequent modification of transactions of the company with related parties;
>
> (iv) scrutiny of inter-corporate loans and investments;

(v) valuation of undertakings or assets of the company, wherever it is necessary;

(vi) evaluation of internal financial controls and risk management systems;

(vii) …...”

44. Thus, members of the Audit Committee are also responsible to examine the financial statement and the auditors’ report of the company. Regarding the liability of the Independent Directors for the acts of commission and omission of a company, reference may be made to Regulation 25(5) of the LODR Regulations, 2015, which provides that an Independent Director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his knowledge, attributable through processes of board of directors, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in these regulations. In terms of Section 177 of the Companies Act, 2013 and Part C of Schedule II read with Regulation 18(3) of LODR Regulations, 2015, it was the duty of the Audit Committee of SICL to examine the financials of the company. For the instances of misrepresentation of the financials of SICL pertaining to the applicable period, the Audit Committee was required to act in accordance with its terms of reference, as enlisted in Section 177 of the Companies Act, 2013. I note that Noticee nos. 2, 3, 5, 6, 7,8 who were Directors of SICL were part of the Audit Committee of the company. In view of the same, I find that failure to raise any concern regarding the financials of SICL, as members of the Audit Committee as well as the Board of Directors of SICL, shows that these directors had the knowledge and did not act diligently with respect to the provisions contained in the LODR Regulations, 2015. I note that Noticee no. 4 was an Independent Director of SICL and not part of the Audit Committee of the company. Accordingly, her case is to be treated differently as compared to the Independent Directors who were part of the Audit Committee of SICL.

45. As discussed in the aforesaid paras, the financials of SICL were misrepresented during the investigation period. I note that Noticees no. 2 to 8, being part of the Board of Directors of SICL and Noticees no. 2, 3, 5, 6, 7 and 8 being part of the Audit Committee of SICL, approved the financials of SICL. Failure to raise any concern regarding the financials of SICL, as member of the Audit Committee and/or the board of directors of SICL, shows that these directors did not act diligently with respect to the provisions contained in the LODR Regulations, 2015.

46. In view of the same, I find that Noticees no. 2 to 8 have violated Regulations 4(2)(f)(ii)(1),(6) & (7) and 4(2)(f)(iii)(2), (3), (6), (12) and 33(2)(a) of the LODR Regulations, 2015.

47. In view of the aforesaid violations committed by SICL and its directors i.e. Noticees no. 2 to 8, I find that directions under Sections 11(1), 11(4), 11A and 11B (1) of the SEBI Act, 1992 and Section 12A (1) of SCRA, 1956, needs to be issued.

48. The SCN in the matter, also calls upon the Noticees no. 1 to 8 to explain as to why appropriate penalty be not imposed upon them under Sections 15A(a), 15HA and 15HB of SEBI Act, 1992, for the violations alleged in the SCN. Relevant extract of these penalty provisions, as existing at the time of violations, is reproduced, hereunder:

Relevant extract of Section 15A (a), 15HA and 15HB of SEBI Act, 1992:

Penalty for failure to furnish information, return, etc.

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

(a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees."

Relevant extract of Section 23E and 23H of SCRA, 1956:

Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.

23E. If a company or any person managing collective investment scheme or mutual fund or real estate investment trust or infrastructure investment trust or alternative investment fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees.

Penalty for contravention where no separate penalty has been provided.

23H. Whoever fails to comply with any provision of this Act, the rules or articles or bye- laws or the regulations of the recognised stock exchange or directions issued by the Securities and Exchange Board of India for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

49. From the analysis of the aforesaid penalty provisions, I find that penalty under Section 15HB of the SEBI Act, 1992, is attracted and not the penalties under Section 15HA of SEBI Act, 1992 and Sections 23E of the SCRA, 1956. I note that Section 15A (a)

of the SEBI Act, 1992 provides for imposition of penalty for failure to furnish information, return, etc. I find that, penalty under Section 15A (a) of SEBI Act, 1992 is only attracted against the Noticee no. 1. I note that Section 15HA of the SEBI Act, 1992 provides for imposition of penalty in case of fraudulent and unfair trade practices committed by any person. As in the present case, it has been found that violations of Section 12A (a), (b) & (c) of SEBI Act, 1992 and provisions of PFUTP Regulations, 2003 have not been made out, therefore, penalty under Section 15HA of SEBI Act, 1992 is not attracted against the Noticees (i.e. Noticees no. 1 to 8). I also not that Section 23E of SCRA, 1956 provides for penalty for failure to comply with, *inter alia*, listing conditions by “a company or any person managing collective investment scheme or mutual fund”. In the present case, it has been found that SICL is in violation of listing conditions however, SICL is not managing any collective investment scheme or mutual fund, so as to attract penalty under Section 23E of SCRA, 1956. I find that penalty under Section 23H of SCRA, 1956 is also not attracted in the case of Noticee no. 2 to 8, as Section 23H provides for penalty for failure to comply with any provision of SCRA, 1956, the rules or articles or bye-laws or the regulations of the recognised stock exchange or directions issued by SEBI for which no separate penalty has been provided. As the Noticee no. 2 to 8, being directors of SICL, have been found to be in violation of LODR Regulations, 2015 which is a regulation framed under the SEBI Act, 1992 and SCRA, 1956 by SEBI and not the “regulation” of stock exchange, as contemplated under Section 23H, and there is no violation of direction of SEBI directions alleged against these Noticees, therefore, Section 23Hof SCRA, 1956 is not attracted in the case of Noticee no. 2 to 8. SICL has been found to have violated provision of Section 21 of SCRA Act, 1956, therefore, provisions of Section 23H of the SCRA, 1956 is attracted *qua* Noticee no. 1, the company.

50. I find that for the violation of LODR Regulations, 2015, SICL is liable for imposition of penalty under Section 15HB of the SEBI Act, 1992 which provides for penalty for

failure to comply with any provision of SEBI Act, 1992, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided. Since, LODR Regulations, 2015 are framed under SEBI Act, 1992 also and penalty provisions under SEBI Act, 1992 (i.e. 15A to 15HB) does not separately provide for any penalty for violation of LODR Regulations, 2015, therefore, for violation of LODR Regulations, 2015 by SICL, as found in this order, penalty under Section 15HB is attracted against SICL. Similarly, Noticees no. 2, 3, 5, 6, 7 and 8 who are the directors of SICL are liable for imposition of penalty, for the violations of LODR Regulations, 2015 which are found to be committed by them, under Section 15HB of the SEBI Act, 1992. As discussed in para 44 above, the case of Noticee no. 4 needs to be given a consideration compared to the one given to Executive Directors and Independent Directors who were part of the Audit Committee of SICL and thus no monetary penalty is being imposed on Noticee no.4, except debarment.

51. For imposition of penalty under the provisions of the SEBI Act, 1992, Section 15J of the SEBI Act, 1992 provides as follows:

> **"Factors to be taken into account while adjudging quantum of penalty.**
>
> 15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —
> (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
> (b) the amount of loss caused to an investor or group of investors as a result of the default;
> (c) the repetitive nature of the default.
>
> Explanation. — For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section

15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

52. I find that the SCN does not alleged any amount of disproportionate gain or unfair advantage made as a result of the default. I find that the SCN does not indicate the amount of specific loss caused to investors or group of investors as a result of the default by the Noticees. However, I note that the violations have occurred over a period of two financial years i.e. 2016-17 and 2017-18. I also note that Noticee nos. 2 to 7 were Independent Directors and Noticee no. 7 was Independent Director for only 2 and a half months during the applicable period while Noticee no. 6 was Independent Director for only 5 months during the applicable period. I also note that Noticee no. 4 was not part of the audit committee of the company.

Directions and monetary penalties:

53. In view of the aforesaid findings and having regard to the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 11(1), 11(4), 11(4A), 11A and 11B(1), 11B(2) of SEBI Act, 1992 and Section 12A(1) and 12A(2) of SCRA, 1956 read with Section 19 and Section 11(2)(j) of SEBI Act, 1992 and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, and Rule 5 of the Securities Contracts (Regulation) (Procedure For Holding inquiry And Imposing Penalties) Rules, 2005 direct as under:

(i) The Noticee no. 1 (Shivom Investment & Consultancy Limited) is restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of one (1) year, from the date of coming into force of this order;

(ii) The Noticee no. 8 (Mr. Pradip Sultania) and Noticee no. 5 (Mr. Varun Pravinchandra Aghara) are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of six (6) months, from the date of coming into force of this order;

(iii) The Noticee no. 2 (Mr. Shashi Pandey), Noticee no. 3 (Mr. Mahesh Sharma), Noticee no. 4 (Ms. Gauri Bhagat), Noticee no. 6 (Mr. Sharad Yashwant Harekar) and Noticee no. 7 (Ms. Komal Anantrai Parekh) are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of three (3) months, from the date of coming into force of this order;

(iv) The Noticees no. 1, 2, 3, 5, 6, 7 and 8 are hereby imposed with, the following penalties as specified:

Noticee No.	**Name of Noticees**	**Provisions under which penalty imposed**	**Penalties**
1	Shivom Investment & Consultancy Limited	Section 15HB of SEBI Act, 1992 and Section 23H of SCRA, 1956. **(please bifurcate the penalty amount under both the sections)**	Rs. 20,00,000/- (Rupees Twenty Lakh)
2	Ms. Sashi Pandey	Section 15HB of SEBI Act, 1992	Rs. 2,00,000/- (Rupees Two Lakh)

3	Mr. Mahesh Sharma	Section 15HB of SEBI Act, 1992	Rs. 2,00,000/- (Rupees Two Lakh)
5	Mr. Varun Pravinchandra Aghara	Section 15HB of SEBI Act, 1992	Rs. 6,00,000/- (Rupees Six Lakh)
6	Mr. Sharad Yashwant Harekar	Section 15HB of SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh)
7	Ms. Komal Anantrai Parekh	Section 15HB of SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh)
8	Mr. Pradip Kumar Sultania	Section 15HB of SEBI Act, 1992	Rs. 5,00,000/- (Rupees Five Lakh)

(v) The aforesaid Noticees are directed to pay their respective penalties within a period of forty-five (45) days, from the date of receipt of this order, by way of Demand Draft in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai or through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of Chairman/ Members -> PAY NOW. In case of any difficulties in online payment of penalties, the said Noticees may contact the support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to "The Division Chief, Investigation Department, ID-9, Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount/ legal charges along with order details)	

54. During the period of restraint, as directed in para 53 above, the existing holding of securities including the units of mutual funds, of the concerned Noticees, shall remain under freeze.

55. The obligation of the Noticees, restrained/prohibited by this Order, in respect of settlement of securities, if any, purchased or sold in the cash segment of the recognized stock exchange(s), as existing on the date of this Order, are allowed to be discharged irrespective of the restraint/prohibition imposed by this Order. Further, all open positions, if any, of the Noticees, restrained/prohibited in the present Order, in the F&O segment of the recognised stock exchange(s), are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order.

56. This Order comes into force with immediate effect.

57. This Order shall be served on all the Noticees, Recognized Stock Exchanges, Depositories and Registrar and Share Transfer Agents and Banks to ensure necessary compliance.

-Sd-

Place: Mumbai **ANANTA BARUA**

Date: February 24, 2023 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA