28th April,2023

The General Manager
Corporate Relationship Dept.,
The Bombay Stock Exchange Limited,

The General Manager
Corporate Relationship Dept.,
The National Stock Exchange of India Limited,

Scrip Code: 512289
Symbol: SHIRPUR-G

Sub: Interim Order cum Show Cause Notice

We wish to inform you that the Company has received an Interim Order cum Show Cause Notice ("Interim Order") from Securities and Exchange Board of India ("SEBI") dated 25.04.2023. A copy of the same is enclosed herewith.

The Company denies the observations made in the said Interim Order against the Company, its previous Non-Executive Directors/KMPs and will take steps to appropriately deal with it in accordance with the law.

Please note that the disclosure herein is in compliance with direction in the Interim Order and on behalf of the noticees mentioned therein.

Please take the above information on record and acknowledge the receipt of the same.

Thanking you.
Yours faithfully,

For **SHIRPUR GOLD REFINERY LIMITED**

SHYAMAL KISHOR PADHIAR
Digitally signed by SHYAMAL KISHOR PADHIAR
Date: 2023.04.28 18:41:04 +05'30'

Shyamal Padhiar
Company Secretary

WTM/AB/CFID/CFID_4/25884/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM ORDER CUM SHOW CAUSE NOTICE

UNDER SECTIONS 11(1), 11(4), 11(4A), 11B(1) AND 11B(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 4(1) OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

IN RESPECT OF:

S. No.	NOTICEE(s)	PAN
1.	SHIRPUR GOLD REFINERY LTD.	AAACA4896K
2.	MR. AMIT GOENKA	AAHPG1139M
3.	MR. MUKUND GALGALI	ACQPG6557Q
4.	MR. VIPIN CHOUDHARY	AEYPC4464J
5.	MR. DINESHKUMAR KANODIA	AEHPK9440F
6.	MR. SHARVAN KUMAR SHAH	AADPS9562J
7.	MR. ASHOK SANGHAVI	AMWPS0941E
8.	JAYNEER INFRAPOWER AND MULTIVENTURES PVT. LTD.	AAACJ1688G

IN THE MATTER OF SHIRPUR GOLD REFINERY LTD.

BACKGROUND:

1. Securities and Exchange Board of India ("**SEBI**") had received a complaint dated February 10, 2021, against M/s. Shirpur Gold Refinery Ltd. ("**Shirpur**" or "**the Company**") *inter alia* alleging that the loans taken by Shirpur from Banks and Financial Institutions had not been used for operations of the Company but instead were siphoned off to companies under the control of Mr. Subhash Chandra and his family. It was also alleged that Shirpur was not providing information to public shareholders with respect to its operations.

2. The abovementioned complaint was forwarded to NSE for conducting an independent examination. Vide an Examination Report submitted to SEBI on July 19, 2021, NSE *inter alia* had observed as under:

   (a) The Company had carried out planned transactions with connected entities.

(b) Almost 100% of the Company's debtors were connected to the Company/ Promoter Family of the Company. The debtors/ connected entities were also found to have not filed/ disclosed their financials.

(c) The connected entities had initiated insoivency proceedings against the major debtors.

3. The above findings by NSE indicated large scale siphoning of funds. Based on the above findings, NSE proposed initiation of forensic audit.

4. Accordingly, SEBI initiated an investigation into the affairs of Shirpur and appointed KPMG Assurance and Consulting Services LLP on September 13, 2021, as the Forensic Auditor ("**FA**"). The FA was asked to examine the financial statements of Shirpur for the financial years ending March 31 2019, March 31, 2020 and March 31, 2021 and to assist the Investigating Authority ("**IA**") in SEBI. Additionally, transactions with respect to the trade receivables were to be verified by the FA without any restriction on the examination period. The same was communicated to the Company vide letter and e–mail dated September 13, 2021.

5. The focus of SEBI's investigation was to ascertain whether there were any misrepresentations in the published financial statements for the FY 2018–19, FY 2019–20 and FY 2020–21 ("**Investigation Period**") and to identify diversion of assets/ funds from the Company through debtors along with any other violations resulting in contravention of the provisions of SEBI Act, 1992, SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations, 2003**") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations, 2015**").

GENERAL INFORMATION ABOUT THE COMPANY:

6. Shirpur is operating in the *"Other Non–Ferrous Metals"* industry and is mainly engaged in the business of manufacturing and trading of gold bars, gold coins, gold jewellery and export of gold jewellery. Shirpur was listed on the BSE in FY 1985–86 and on NSE in FY 2000–01. As on date, the scrip is suspended for trading both on NSE and BSE for non-payment of listing fees. The published

standalone financial results of the Company during the investigation period are as under:

(in Rs. Crore)

STANDALONE FINANCIAL STATEMENTS				
PARTICULARS	FY 2018–19	FY 2019–20	FY 2020–21	FY 2021–22
REVENUE	1895.96	542.20	–	–
PROFIT AFTER TAX	2.75	–147.46	–258.60	–119.60

7. The standalone operations of the Company were suspended during the last quarter of the FY 2019–20 i.e. in February 2020, which was prior to the COVID pandemic and lockdowns. However, the Company's revenue fell by 71.40% for the period from FY 18–19 to FY 19–20. Financials for the FY 20–21 showed that the Company had completely ceased operations. The Company did not have any revenue during FY 21–22 on a standalone basis. However, the consolidated financials for the FY 20–21 showed a rise in revenue of 23% from the previous year. While this revenue was similar to the revenue of FY 18–19, the Company declared huge losses of Rs. 245.69 Crore. Further, the revenue in FY 2021–22 was Rs. 5725.87 Crore i.e. an increase of 20.41% from the previous year. The Company incurred losses in FY 22 as well.

(in Rs. Crore)

CONSOLIDATED FINANCIAL STATEMENTS				
PARTICULARS	18–19	19–20	20–21	21–22
REVENUE	4274.57	3,566.37	4,381.43	5275.87
PROFIT AFTER TAX	21.33	–140.66	–245.69	–96.17

(Source: Annual Reports of Shirpur)

8. From the Annual report for FY 2021–22, it was observed that Shirpur has only one wholly owned subsidiary namely Shirpur Gold DMCC (registered in Dubai). Shirpur has two step down subsidiaries namely Precious Metals Mining and Refining Ltd. (registered in Papua New Guinea) and Metallic Exploration and Mining (registered in Bamako–Mali). Both these step down subsidiaries are owned by Shirpur Gold DMCC. Further, these step down subsidiaries had no operations during the FY 2021–22. Hence, it is seen that the entire revenue of Rs. 5276 Crore reported by Shirpur in its consolidated financials for the FY 2021–22 is generated by Shirpur Gold DMCC.

9. The Promoter of Shirpur is Jayneer Infrapower and Multiventures Pvt. Ltd. (**Jayneer**) which, as on March 31, 2023, owns 43.66% shares in Shirpur. The shareholders' details of Jayneer are as under:

NAME OF SHAREHOLDER OF JAYNEER	% OF HOLDING
SUSHILA GOENKA	0.80
PUNIT GOENKA	48.80
SHREYASI GOENKA	0.80
AMIT GOENKA	48.80
NAVYATA GOENKA	0.80

10. The abovementioned shareholders of Jayneer are family members of Mr. Subhash Chandra Goenka, who is the Chairman of the Essel Group. Accordingly, Shirpur is part of Essel Group of Companies. Jayneer and its shareholders have been referred to as *'Promoter family'* or Promoter of Shirpur in this Order.

FINDINGS AND OBSERVATIONS PURSUANT TO INVESTIGATION:

A. DIVERSION OF COMPANY'S ASSETS FOR THE BENEFIT OF PROMOTERS THROUGH DEBTORS:

11. As per the details of debtors provided by the Company to NSE, the total outstanding receivable amount of Shirpur from debtors, as on March 31, 2021, was Rs. 404.15 Crore. Out of the same, approximately Rs. 404 Crore, i.e. 99.99% of the outstanding receivables, pertained to 3 entities, namely Altrarex Traders Pvt. Ltd. ("**Altrarex**"), Balmukh Goldjewel & Multitrading Pvt. Ltd. ("**Balmukh**") and Magicstone Traders Pvt. Ltd. ("**Magicstone**"). Investigation revealed that these three debtors were connected to each other and to the Promoters through common address and common directorship.

12. The details of debtors and provision for doubtful debts, as on March 31, 2021, as provided by Shirpur to NSE, are as under:

(In Rs. Crore)

ENTITY NAME	OUTSTANDING BALANCE	TOTAL PROVISION FOR DOUBTFUL DEBTS
ALTRAREX TRADERS PVT. LTD.	241.86	241.86
BALMUKH GOLDJEWEL & MULTITRADING PVT. LTD	93.77	65.64
MAGICSTONE TRADERS PVT. LTD.	68.38	5.13
AGROHA VIKAS TRUST	0.13	0
OTHER DEBTORS	0.01	0
TOTAL	**404.15**	**312.63**

13. As per the Annual Report of Shirpur for FY 2020–21, Shirpur had created a provision of Rs. 312.63 Crore, which was almost 70% of the total receivables from the three debtors mentioned in the previous paragraph. Further, the provision for doubtful debts included Rs. 241.86 Crore provision against gross receivables of Rs. 241.86 Crore from a body corporate (Altrarex), against whom a petition had been filed by a third party and an Order for commencement of a Corporate Insolvency Resolution Process ("**CIRP**") under the Insolvency and Bankruptcy Code, 2016 ("**IBC**") had been ordered by the National Company Law Tribunal ("**NCLT**"), New Delhi. The name of the said debtor was not given in the financials. However, From the website of the Insolvency and Bankruptcy Board of India ("**IBBI**"), it was observed that the said debtor entity was Altrarex, and the petitioner was Ekmart Trading Pvt. Ltd. ("**Ekmart**") on whose petition commencement of CIRP was ordered on November 28, 2019, by NCLT, New Delhi. Ekmart was found to be a connected party of the debtors and Promoters of Shirpur. Further, Altrarex owed Rs. 49.20 Crore to Ekmart and Rs. 241.86 Crore to Shirpur. The details of the connections are brought out in detail in the subsequent paragraphs of this Order. Despite the huge amount owed by Altrarex to Shirpur, it was observed that Shirpur was not a party to the claims filed by the creditors in the CIRP. Hence, in case of recovery as part of any resolution process of Altrarex, Shirpur would not be considered as a creditor and would not receive anything from the recovery proceeds under any approved resolution plan.

B. GUARANTEEING THE SALES OF DEBTORS TO THIRD PARTY

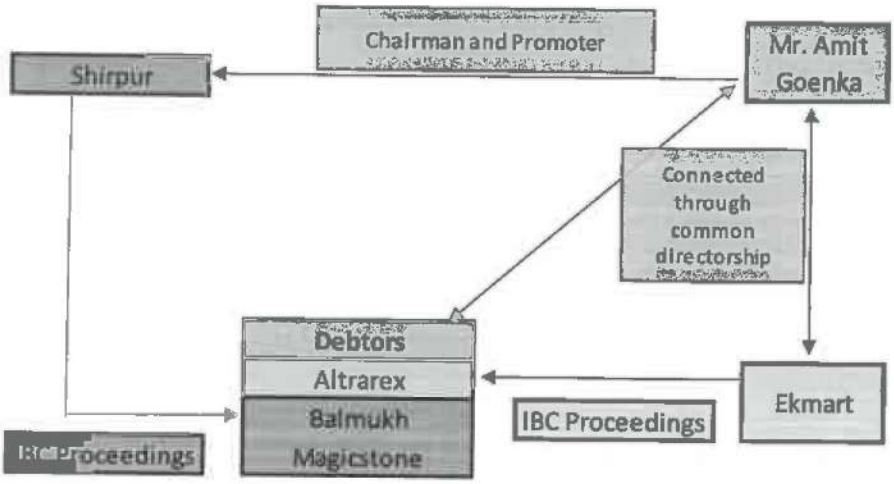
14. It was observed from the Transaction Audit Report of Altrarex dated August 10, 2021, issued by AKKS & Associates during the NCLT proceedings under IBC, that Altrarex had an outstanding balance of Rs. 223 Crore from RV Trading for the sales made between June 3, 2019 till September 18, 2019. It was observed that though Altrarex started selling goods to RV Trading only from the month of June 2019, large amount of goods (gold) worth Rs. 223.36 Crore were sold without collecting any previous payment from RV Trading. Investigations revealed that Shirpur issued an *Introduction Cum Assurance/ Guarantee Letter* dated April 26, 2017, to Altrarex introducing RV Trading, *inter alia* stating that

Altrarex could enter into sale transactions with RV Trading and provide it with a credit period of upto 90 days. Shirpur further stated that it believed RV Trading would honour its obligations under the transactions and that in case RV Trading failed to honour, Shirpur would take necessary steps for adjustment of its dues. However, even when provisions were made in the Financial Statements of Shirpur towards the outstanding of Altrarex, which mostly originated from the *Introduction Cum Assurance/ Guarantee Letter* given by Shirpur, the said *Assurance/ Guarantee Letter* found no mention in the annual reports of Shirpur for the respective periods.

15. As stated above, Altrarex is connected to the Promoters of Shirpur through common directorships, etc. Altrarex was referred to NCLT under the IBC process by Ekmart, another entity connected to the Promoters. It was further seen that RV Trading, whose transactions with Altrarex led to the default of Altrarex to Shirpur, is also connected to the Promoters through common directorships. It was further seen that one Mr. Hitesh Manohar Ingale was a common director in Nityank Infrapower and Multiverse Pvt. Ltd. (**"Nityank"**), a wholly owned subsidiary of RV Trading, (since June 2013) and Ekmart (since March 2021). It was noted that since it was RV Trading's transactions with Altrarex which resulted in default of Altrarex to Shirpur, it could not be a mere coincidence that a connected company to RV Trading had taken Altrarex to IBC process. The same pointed to a pre-planned scheme to divert Company's assets through debtors and it appeared that the *Assurance/ Guarantee Letter* given by Shirpur to Altrarex on behalf of RV Trading was a part of the said scheme.

16. Further, Shirpur had outstanding dues of Rs. 68.38 Crore and Rs. 93.76 Crore from Magicstone and Balmukh respectively. Due to non–repayment of the said dues, Shirpur, as the operational creditor, has initiated insolvency proceedings under Section 9 of the IBC, before the Hon'ble NCLT, Mumbai, against both Magicstone and Balmukh. Based on information available in the public domain, the matter of Magicstone is yet to be admitted and the matter of Balmukh is admitted wherein an Insolvency Resolution Professional (**"IRP"**) has been appointed by NCLT vide its Order dated September 20, 2022.

17. An indicative graphical representation of the abovementioned scheme to divert Company's assets is as under:



18. The last published Audited Financial Statements ("**AFS**") of Altrarex were filed in FY 2018–19, where Altrarex has shown its total trade payables as only Rs. 26.42 Crore, even though it owed Rs. 241.86 Crore to Shirpur. Similarly, Balmukh, in its last filed AFS (in FY 2017–18), has shown its trade payable as only Rs. 168,750, even though it owed Rs. 93.77 Crore to Shirpur. Similarly, Magicstone in its last filed AFS (in FY 2017–18) has shown its trade payable as only Rs. 37,250, even though it owed Rs. 68.38 Crore to Shirpur.

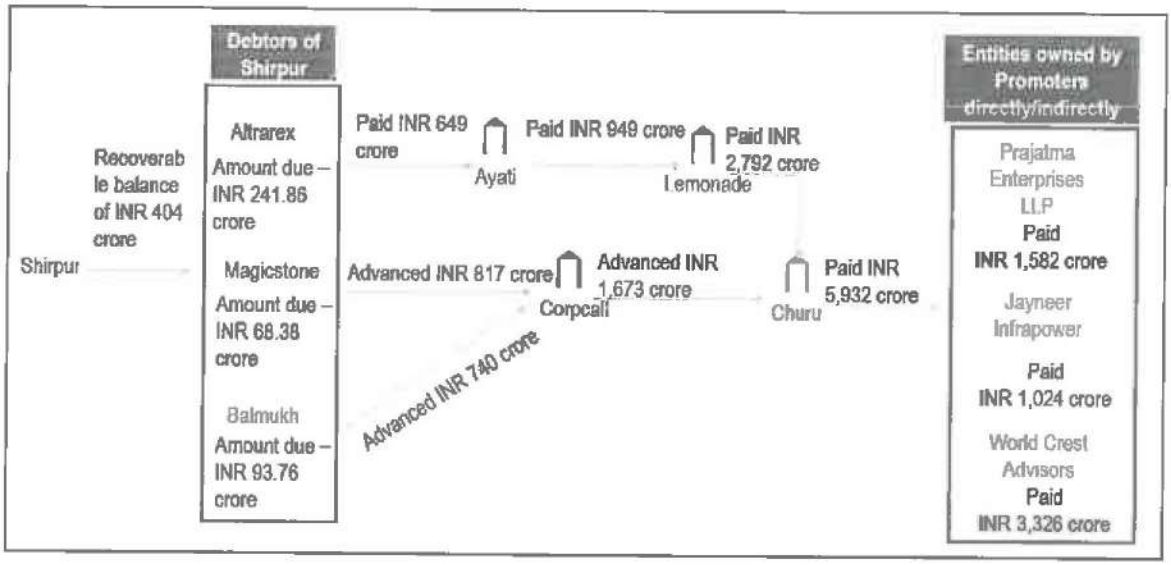
C. *FUNDS SIPHONED OFF FROM DEBTORS OF SHIRPUR TO PROMOTER OF SHIRPUR AND COMPANIES CONTROLLED BY THE PROMOTERS.*

19. It was seen that during FY 2018–19 to 2020–21, the debtors had transferred a total amount of Rs. 2,206 Crore to connected entities, which was eventually transferred to Churu Enterprises LLP ("**Churu**"), an entity controlled by the Promoter family. The financial statements of Churu, filed with MCA, showed that it had no revenue or operations. The abovementioned amount of Rs. 2,206 Crore came from the three debtors (i.e. Altrarex, Balmukh and Magicstone) of Shirpur, which are currently facing IBC proceedings. Churu, thereafter, paid Rs. 5,932 Crore to three entities viz. Prajatma Enterprises LLP ("**Prajatma**") had received Rs. 1,582 Crore from Churu), Jayneer had received Rs. 1,024 Crore from Churu) and World Crest Advisors LLP ("**World crest**") – had received Rs. 3,326 Crore from Churu), all of which were entities linked to Jayneer, the Promoter of Shirpur. Out of the Rs. 2,206 Crore transferred by debtors to

Promoter and related entities, Rs. 404 Crore belonged to Shirpur, whose sale of gold to the tune of Rs. 404 Crore to these debtors remains unpaid.

20. It was also seen that in addition to the money received from the debtors of Shirpur, the bank accounts of Ayati Multitrading Pvt. Ltd. ("**Ayati**"), Lemonade Capital Advisors LLP ("**Lemonade**"), Corpcall Capital Advisors LLP ("**Corpcall**") and Churu were in receipt of funds from other sources as well.

21. A summary of net flow of funds (as per bank statements) from debtors and connected entities to the Promoter of Shirpur and entities owned by Promoter directly/ indirectly, for the period FY 2018–19 onwards, is shown in the chart below:



22. Details of the nexus of entities used in this entire scheme are given in subsequent paragraphs.

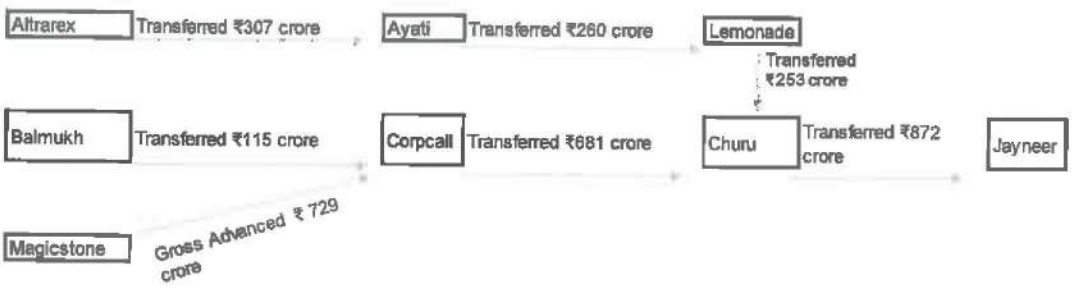
D. TRANSFER OF FUNDS BY DEBTORS TO JAYNEER THROUGH CONNECTED ENTITIES:

23. As has been stated above, Jayneer received Rs. 1,024 Crore from Churu. Out of the same, some of the fund transfers that had taken place in quick succession (within short time) from Debtors of Shirpur to Jayneer through the bank account of conduit entities, is shown in the table below.

(In Rs. Crore)

FROM ↓ / TO →	AYATI	CORPCALL	LEMONADE	CHURU	JAYNEER
ALTRAREX	307				
BALMUKH		115			
MAGICSTONE		729			
AYATI			260		
CORPCALL				681	
LEMONADE				253	
CHURU					872
GRAND TOTAL	**907**	**844**	**260**	**934**	**872**

24. A summary of the aforesaid transactions is shown in a chart below:



25. From the above, it was seen that the funds transferred from Altrarex to Churu (received Rs. 253 crores) via Ayati and Lemonade was more than the amount owed by Altrarex to Shirpur i.e. Rs. 241.86 Crore. It was clear that Altrarex, instead of clearing its dues to Shirpur, moved funds, indirectly to Jayneer (Promoter of Shirpur) through Ayati, Lemonade and Churu. Similar pattern was observed in the cases of Magicstone and Balmukh also.

26. It was thus seen that out of Rs. 1024 Crore received by Jayneer from Churu, as already mentioned above, at least Rs. 872 Crore, directly originated from Altrarex, Balmukh and Magicstone.

27. In view of the above, it was evident that the sale transactions of Shirpur with Altrarex, Balmukh and Magicstone, the subsequent IBC filings against these debtors coupled with diversion of funds from these debtors to Promoter of Shirpur and other Promoter connected entities were part of an elaborate

scheme orchestrated by the Promoter of Shirpur to divert assets of the Company to the Promoter and its related entities. As the total debt of the three debtors (Altrarex, Balmukh and Magicstone) to Shirpur stood at Rs.404 Crore, it was clear that out of the Rs.871 Crore received by Jayneer that originated from the said debtors, at least Rs.404 Crore was diverted from the debtors of Shirpur which ultimately reached Jayneer, the Promoter of Shirpur.

E. *REDUCTION OF SHAREHOLDING BY THE PROMOTER IN SHIRPUR DURING FY 2018–19 TO 2019–20:*

28. Meanwhile, the Promoter reduced its stake from 72.71% (as on December 31, 2018) to 49.63% by July 2019, at then prevailing market valuations. The said reduction in Promoter shareholding was followed by a decline in the standalone business of Shirpur. It was thus clear that the Promoter of Shirpur was aware about the financial position and business scenario of Shirpur. A summary of date-wise reduction in Promoter shareholding is provided below:

TRANSACTION DATE	ANNOUNCEMENT DATE	ACTION	MARKET PRICE ON ACTION DATE (IN RS.)	NUMBER OF SHARES SOLD	% SHARES SOLD AS TOTAL SHARES OF SHIRPUR	RESIDUAL SHAREHOLDING OF PROMOTERS (IN %)
28.01.2019	02.02.2019	OPEN MARKET	64.00	13,11,174	4.5	68.21
28.03.2019	09.04.2019	OPEN MARKET	23.95	12,59,101	4.32	63.89
ON VARIOUS DATES BETWEEN 05.04.2019 TO 28.05.2019	03.07.2019	OFF MARKET	20.71	41,54,725	14.26	49.63
ON VARIOUS DATES BETWEEN 27.09.2019 TO 09.11.2019	27.11.2019	OPEN MARKET BY THE LENDERS TO WHOM SHARES OF SHIRPUR HAD BEEN PLEDGED	9.03 (AVERAGE CLOSE PRICE BETWEEN 27.09.2019 TO 09.11.2019)	1,740,000	5.97	43.66

29. From the above, it was seen that the Promoter started selling shares when price of the scrip was at Rs. 63. Subsequently, the price felt drastically and reached about Rs. 7 in 2020–21. The price of the scrip fell sharply during the Investigation Period, as may be seen from the chart below:



30. It was observed that since the start of FY 2018–19, the price of the scrip had declined generally in line with the declining financial performance of the Company. Further, when Shirpur had reported sales and purchases with undisclosed connected entities in FY 2018–19, the price of the scrip was at its peak (>Rs. 140). In FY 2020–21, when Shirpur reported no operations, the price of the scrip was at the lowest (about Rs. 7).

31. Further, the price of the scrip since 1996 (for 25 years till the scrip was suspended for trade in December 2021) is given in the chart below:



32. In this regard, between March 2019 and December 2019, 17,40,000 shares (5.97% of total promoter holding) were sold by entities through invocation of pledge. As on date, the Promoter holds 43.66% of Shirpur of which 39.31% of the Promoter's shares is pledged. Effectively, the Promoter holds only 26.50%

of the Company. The proceeds received against the shares pledged to lenders may have also benefitted the Promoter.

33. Further, the price of the scrip during the 5–year period i.e. 2016–2021 (the scrip was suspended for trade in December 2021), is given in the chart below:



34. During the period wherein the scheme of siphoning of the funds from Shirpur was nearing completion, the Promoter started diluting its stake (as described in paragraph 28), which is shown pictorially below:



35. The above observations show that Shirpur's transactions with its debtors as detailed in the previous paragraphs, depicted as genuine business transactions by the Company in its financial statements, were in reality, merely part of a scheme to divert the assets (gold) of the Company to these debtors. The Promoter knew the outcome of these transactions with debtors in advance,

while reducing its stake in the Company (mostly through open market transactions). However, the retail investors would have been misled into believing that these were genuine business transactions. As already pointed out above, no information with respect to guarantee given by Shirpur for the transactions of RV trading with Altrarex (that had a significant impact on the default of Altrarex to Shirpur) was made available to the public. The company also failed to report to its shareholders that it was not part of the IBC process against Altrarex, even when provisions had been fully made in this regard. Therefore, the published financial statements of the Company failed to provide true and fair view of the financials of Company, as these were manipulated financial statements which misrepresented the Company's position.

F. *CONNECTIONS AMONGST / RELATIONSHIPS BETWEEN THE ENTITIES MENTIONED IN ABOVE PARAGRAPHS.*

36. The details of connections amongst / relationships between various entities, as referred to in the preceding paragraphs, are as under:

a) Details of Directors of the top three debtors were:

(In Rs. Crore)

DEBTOR	AMOUNT OUTSTANDING AS ON MARCH 31, 2021	DIRECTORS
ALTRAREX TRADERS PVT. LTD.	241.86	SACHIN NIVRUTTI BALSARAF
		SHIV SHANKAR BABA YADAV
BALMUKH GOLDJEWEL & MULTITRADING PVT. LTD.	93.767	ASHISH GHANSHYAM KASHYAP
		RAVINDRA RAMESH PASHTE
MAGICSTONE TRADERS PVT. LTD.	68.381	BHAUTESH NILKANTH SHASTRI
		AKSHAY ABA JADHAV
TOTAL OF ABOVE 3 DEBTORS	**404.00**	
TOTAL DEBTORS OF SHIRPUR	**404.15**	

b) The Directors of debtors held common directorship in other companies, as shown in the table below:

Debtor Company	Directors	Company with common directorship
Altrarex Traders Pvt. Ltd.	Shiv Shankar Baba Yadav	Artarna Multi Trading Pvt. Ltd.
Balmukh Goldjewel & Multitrading Pvt. Ltd.	Ashish Ghanshyam Kashyap	
Altrarex Traders Pvt. Ltd.	Shiv Shankar Baba Yadav	Ayati Multi Trading Pvt. Ltd.
Balmukh Goldjewel & Multitrading Pvt. Ltd.	Ashish Ghanshyam Kashyap	
Magicstone Traders Pvt. Ltd.	Bhautesh Nilkanth Shastri	

c) It was observed that Balmukh and Magicstone had the same address, i.e. Office No. 1, Sn. 57/3, Mayura Vihar Blg–Q, Kothrud, Pune, Maharashtra–411029.

37. A summary of the financials of the three debtor companies is as under:

(Rs. in Crore)

S. No.	Entity Name	Incorporation Date	Last Available Audited Financial Statements	Paid up Capital	Profit/ (Loss) before Tax	Payroll Cost	Fixed Assets	Lack of Field Existence
1.	Altrarex	30.03.2012	2019–20	0.01	(3.97)	0.0060	NIL	Not found at registered address
2.	Balmukh	16.06.2016	2018–19	0.01	(0.06)	-	NIL	
3.	Magicstone	09.06.2016	2018–19	0.01	(5.37)	0.0029	NIL	

38. Investigation revealed that the abovementioned debtor companies were either not having any significant operational activities or the operations were in the nature of pass–through transactions without any significant fixed assets and physical presence at the given registered location. During the site visit by the FA, it was observed that these debtors were non-existent at their last known addresses. Investigation also revealed presence of multiple companies at the same registered address [for example, Altrarex and Ayati were having same address at S–106, Fantasia Mul Complex, Plot No 47, Sec 30A, Vashi–400703;

Balmukh and Magicstone were having same address, as mentioned at paragraph 38.c) above]. Further, these entities had no payroll cost and staff expenses but had high-value fund transfers without consistent business operations. It was seen that these funds were invested by the debtors in connected entities as Loans and Advances or Debentures. Thus, the debtors had characteristics of being paper/ shell companies.

G. *CONNECTIONS BETWEEN PROMOTER OF SHIRPUR, EKMART AND THE DEBTOR COMPANIES.*

39. Two Directors of Ekmart held directorships in companies related to the debtors. The details are as under:

NAME	RELATED COMPANY
MR. AMOL JANARDAN DESHMUKH	BALMUKH GOLDJEWEL & MULTITRADING PVT. LTD.
MR. NEELKANTH BHIKAJI DHURI	AYATI MULTI TRADING PVT. LTD. THAT HAS COMMON ADDRESS WITH ALTRAREX

40. Mr. Amit Goenka (son of Mr. Subhash Chandra Goenka), who was non-executive Chairman and Director of Shirpur till 2021–22, held directorships in some companies which have common Directors with the above-mentioned debtors and Ekmart. Details of the same are provided below:

MR. AMIT GOENKA IS/ WAS A DIRECTOR IN THE FOLLOWING COMPANIES WHICH HAD COMMON DIRECTORS WITH EKMART, DEBTORS AND CONDUIT ENTITIES.		
COMPANY	COMMON DIRECTOR	CONNECTED COMPANY
ESSEL FINANCE MANAGEMENT LLP	AMOL JANARDAN DESHMUKH	DIRECTOR IN EKMART, WHICH HAD FILED THE IBC CASE AGAINST ALTRAREX
KOLAR & RAMGIRI GOLD MINING PVT. LTD.	BHAUTESH NILKANTH SHASTRI	DIRECTOR IN MAGICSTONE, A DEBTOR COMPANY
	RAVINDRA RAMESH PASHTE	DIRECTOR IN BALMUKH, A DEBTOR COMPANY
	SACHIN NIVRUTTI BALSARAF	DIRECTOR IN ALTRAREX , A DEBTOR COMPANY
KVS TELECOMMUNICATION PVT. LTD.	NEELKANTH BHIKAJI DHURI	DIRECTOR IN AYATI MULTI TRADING PVT. LTD., A COMPANY WITH COMMON DIRECTORSHIP OF ALL 3 MATERIAL DEBTORS
	SACHIN NIVRUTTI BALSARAF	DIRECTOR IN ALTRAREX, A DEBTOR COMPANY
TASHI DE LEK GAMING SOLUTIONS PVT. LTD.	NEELKANTH BHIKAJI DHURI	DIRECTOR IN AYATI MULTI TRADING PVT. LTD., A COMPANY WITH COMMON DIRECTORSHIP OF ALL 3 MATERIAL DEBTORS
ULTRA ENTERTAINMENT SOLUTIONS PVT. LTD.	NEELKANTH BHIKAJI DHURI	DIRECTOR IN AYATI MULTI TRADING PVT. LTD., A COMPANY WITH COMMON DIRECTORSHIP OF ALL 3 MATERIAL DEBTORS

41. Further, Balmukh was found to be connected to Essel Group Companies through common directorships, since Balmukh's Director, Mr. Vijay Raghunath Bhujbal, was also a (a) Director of Essel Infraprojects Ltd. (30.11.2019 to 01.05.2021), (b) Essel Highways Ltd. (30.11.2019 to 01.05.2021) and (c) Essel Green Energy Pvt. Ltd. (11.02.2020 to 01.05.2021), which are Essel Group Companies.

42. It was further seen that Mr. Naresh Dhoundiyal, who was holding 99.47% of shares in Ekmart, was associated with the Essel Group. He was (a) Additional Director in Essel Corporate Resources Pvt. Ltd. from March 2013 to September 2014, (b) Additional Director in Living Entertainment Enterprises Pvt. Ltd. from February 2015 to March 2015; (c) Additional Director in Churu Trading Company Pvt. Ltd. during September 2011, (d) Director in Veena Investments Pvt. Ltd. from May 2010 to June 2014 and (e) Director in Magicstone from June 2016 to July 2017. All these companies were found to be associated with Essel Group.

H. DETAILS OF RV TRADING AND ITS CONNECTION TO EKMART.

43. It was observed that RV Trading and Ekmart were connected entities. RV Trading had last filed its financials with MCA for the FY 2016–17. However, Altrarex has carried out transactions with RV Trading during 2018–19. A summary of its financials, based on its filings for FY 2016–17, is given below.

LAST AVAILABLE AUDITED FINANCIAL STATEMENTS	PHYSICAL EXISTENCE (IN 2021–22)	PAID-UP SHARE CAPITAL	PROFIT/ (LOSS) AS PER LATEST AVAILABLE AUDITED FINANCIAL STATEMENTS	FIXED ASSETS	RENT EXPENSE	POWER & FUEL	EMPLOYEE COST
2016-17	NOT FOUND AT REGISTERED ADDRESS	Rs.100,000	Rs.(14,714,548)	NIL	Rs.72,793	NIL	Rs.135,260

44. As per the MCA database, RV Trading had only two Directors, namely Mr. Vikas Naganath Mate and Mr. Rahul Kashinath Tambe. In response to summons issued by SEBI for statement recording, Mr. Rahul Kashinath Tambe submitted that he was not aware about day to day operations of RV Trading. He

authorized Mr. Vikas Naganath Mate to appear on his behalf. Mr. Vikas Naganath Mate appeared for himself and Mr. Rahul Kashinath Tambe on September 26, 2022 and admitted that RV Trading had used their names and documents to create the firms and had shown transactions with these entities. They signed and provided their documents to RV Trading. In 2015, Mr. Vikas Mate first met Mr. Naresh Dhoundiyal in Pune at a Business Ideas Program and thereafter in Mumbai, to discuss starting of business with him. Mr. Naresh Dhoundiyal advised Mr. Mate to establish a company for doing business with him. Mr. Rahul Tambe was not there in the said meeting. However, upon returning to Pune, Mr. Mate discussed the business idea with him and he agreed to the business proposition.

45. It was seen from the ROC records that RV Trading has a wholly owned subsidiary, namely Nityank Infrapower and Multiventures Pvt. Ltd. However, during statement recording, Mr. Vikas Mate, the Director of RV Trading, stated that he was not aware about any such subsidiary owned by RV Trading. However, in the submissions dated October 10, 2022 by RV Trading, it is stated that Nityank is wholly owned subsidiary of RV Trading.

46. From the above statement of Mr. Vikas Naganath Mate, it was clear that he was associated with Mr. Naresh Dhoundiyal. Further, as per public domain searches, Goods and Service Tax ("**GST**") authorities had alleged that Mr. Naresh Dhoundiyal, a former employee of Essel Group (also existing Director in various companies, directly/ indirectly owned by family members of Mr. Subhash Chandra Goenka, such as Essel Corporate Resources Pvt. Ltd., Dakshin Utilities Works Ltd. and Jay Properties Pvt. Ltd., etc.), was allegedly involved in raising fake invoices to Essel Group companies and passing fake Input Tax Credit ("**ITC**").

47. It was further observed that RV Trading, which was in the business of trading of gold wherein cost of warehousing, transportation, etc. was involved, had a turnover of Rs. 81.36 Crore during FY 2016–17. However, it had no fixed assets and its expenses on rent and employees were Rs. 72,793 and Rs. 1,35,260, respectively.

48. Further, as stated above, Mr. Naresh Dhoundiyal owns 99.48% shares of Ekmart. As per a media article, during March 2021, Central Goods and Services Tax, East Delhi Commissionerate, arrested two men suspecting a big network of fictitious firms working to generate and avail fake ITC of the GST, that

included Mr. Naresh Dhoundiyal. It was mentioned in the said media article that both the men were previous employees of Essel Group. The article further alleged that a layer of fictitious intermediary companies was created to pass on bogus ITC from non-existent firms to the companies of the Essel Group without actual supply of any goods or services.

49. As per public domain searches, it is observed from news reports that the Serious Fraud Investigation Office ("**SFIO**") had carried out a probe into Nityank regarding deposits of over Rs. 3,000 Crore made just after demonetisation (November–December 2016) wherein it had been alleged as under:

a. Nityank, Ayati was involved in loans extension to Lemonade for Rs. 1,098 Crore in FY 2015–16.

b. Further, Lemonade, which had no other large sources of money at the time, extended a loan or advance of Rs. 1,063.94 Crore to Churu.

c. Asian Satellite Broadcasting Pvt. Ltd., which is an investment company of the Essel Group, have controlling stake in Churu.

d. Other loans given to Churu included one by Prajatma (Rs. 569 crore). Prajatma is associated with the Essel Group.

e. Nityank's first investment, therefore, appeared to have found its way to the Essel Group.

f. Essel Group maintained that Nityank is an independent firm and is not associated with Essel group. (Nityank is a wholly owned subsidiary of RV Trading, which received the assets of Shirpur through Altrarex and failed to honor its dues.)

I. FINANCIAL OVERVIEW OF CONNECTED ENTITIES:

50. As already discussed above, funds were siphoned off from the Company with the help of various conduit entities. The key financial metrics of such identified entities are summarized in the table below:

(Rs. in Crore)

	ENTITY NAME	INCORPORATION DATE	LAST AVAILABLE AUDITED FINANCIAL STATEMENTS	PAID UP CAPITAL	REVENUE FROM OPERATIONS	PROFIT/ (LOSS) BEFORE TAX	PAYROLL COST	LACK OF PHYSICAL EXISTENCE	LINKED WITH SHIRPUR / ESSEL / DEBTORS
1.	AYATI	21.02.2011	2018–19	0.01	793.18	–32.70	0.01	YES	YES
2.	CORPCALL	23.08.2017	–	0.01	–	–0.02	–	YES	YES

3.	EKMART	08.10.2012	2020–21	0.10	3.35	–12.82	0.14	YES	YES
4.	LEMONADE	03.11.2014	2018–19	0.01	–	–0.08	–	YES	YES
5.	RV TRADING	5.10.2015	2016–17	0.01	81.36	–1.47	0.01	YES	NO
6.	NITYANK	10.02.2012	2018–19	0.01	–	–3.45	0.00	YES	NO

51. Additionally, the other connections observed among the aforementioned entities, debtors of Shirpur, Promoter of Shirpur and Essel group are summarized below:

a) All the entities were seen to be directly/indirectly linked to Debtors and are Connected Entities of Shirpur/Essel group through common directorships, shareholding or financial transactions. Details are as under:

	COMPANY NAME	DIRECTOR NAME AND DIRECTORSHIP PERIOD	SHAREHOLDING IN ANY COMPANY	LINKAGE WITH SHIRPUR/ ESSEL GROUP		REMARKS/OBSERVATIONS
				PAST ASSOCIATION	CURRENT ASSOCIATION	
1.	EKMART	MR. AMOL DESHMUKH (JUNE 2017 TO MARCH 2021)	EKMART (0.53%)	YES	-	ESSEL GROUP ENTITIES: 1. NOMINEE PARTNER IN ESSEL FINANCE MANAGEMENT LLP FROM AUGUST 2015 TO FEBRUARY 2016 2. DIRECTOR IN SPRIT MARCH 2014 TO SEPTEMBER 2015
		MR. ASHOK SHIROSE (JULY 2019 TO MARCH 2021)		YES	YES	ENTITIES CONNECTED TO PROMOTERS: 1. DIRECTOR IN ESSEL PUBLISHERS PVT. LTD. SINCE OCTOBER 2013 TILL DATE 2. DIRECTOR IN SPRIT FROM APRIL 2013 TO MARCH 2014 3. NOMINEE PARTNER IN ESSEL FINANCE MANAGEMENT LLP FROM JANUARY 2014 TO FEBRUARY 2016
2.	BALMUKH	MR. AMOL DESHMUKH (JUNE 2016 TO JULY 2017)	EKMART (0.53%)	YES	-	ENTITIES CONNECTED TO PROMOTERS: 1. NOMINEE PARTNER IN ESSEL FINANCE MANAGEMENT LLP FROM AUGUST 2015 TO FEBRUARY 2016

						2.DIRECTOR IN SPRIT FROM MARCH 2014 TO SEPTEMBER 2015
3.	MAGICSTONE	MR. BHAUTESH SHASTRI (JULY 2017 TO PRESENT)	AYATI (50%) CORPCALL (50%) MAGICSTONE (50%)	NO	-	OTHER ENTITIES: 1. DIRECTOR IN AYATI SINCE JULY 2017 2. BODY CORPORATE NOMINEE IN CORPCALL .FROM JULY 2019 TO NOVEMBER 2021
4.	CORPCALL	MR. VIJAY BHUJBAL (JULY 2019 TO OCTOBER 2021)	CORPCALL (50%)	YES	-	ENTITIES CONNECTED TO PROMOTERS: 1. DIRECTOR IN ESSEL HIGHWAYS LTD. FROM NOVEMBER 2019 TO MAY 2021 2. DIRECTOR IN ESSEL INFRAPROJECTS LTD. FROM NOVEMBER 2019 TO MAY 2021
5.	LEMONADE	MR. RAVINDRA PASHTE (NOVEMBER 2014 TO DECEMBER 2017)		YES	-	ENTITIES CONNECTED TO PROMOTERS 1. DIRECTOR IN LIVING ENTERTAINMENT ENTERPRISES PVT. LTD. FROM JUNE 2014 TO OCTOBER 2014
		MR. NILESH MANOHAR INGALE (MAY 2015 TO MARCH 2016)		YES	-	ENTITIES CONNECTED TO PROMOTERS 1. DIRECTOR IN AN ESSEL GROUP COMPANY – LIVING ENTERTAINMENT FROM JUNE 2014 TO OCTOBER 2014. OTHER ENTITIES 2. ADDITIONAL DIRECTOR IN EKMART FROM FEBRUARY 2015 TO OCTOBER 2016

b) Further, the above mentioned entities were found to be connected through common shareholding, in the following manner:

	NAME OF SHAREHOLDER/PARTNER	% HOLDING	NAME OF COMPANY
1.	MR. SHIV SHANKAR YADAV	50	AYATI MULTITRADING PVT. LTD.
		45	ALTRAREX TRADERS PVT. LTD.
2.	MR. SACHIN BALSARAF	50	ALTRAREX TRADERS PVT. LTD.
		50	BALMUKH GOLDJEWEL & MULTITRADING PVT. LTD.
3.	MR. ASHISH KASHYAP	50	BALMUKH GOLDJEWEL & MULTITRADING PVT. LTD.
		5	AYATI MULTITRADING PVT. LTD.
4.	MR. BHAUTESH SHASTRI	50	AYATI MULTITRADING PVT. LTD.
		50	CORPCALL CAPITAL ADVISERS LLP
		50	MAGICSTONE TRADERS PVT. LTD.
5.	MR. NIRAJ YADAV	50	MAGICSTONE TRADERS PVT. LTD.
6.	MR. VIJAY BHUJBAL	50	CORPCALL CAPITAL ADVISERS LLP
7.	MR. VIKAS NAGANATH MATE	50	RV TRADING PVT. LTD.
8.	MR. RAHUL KASHINATH TAMBE	50	RV TRADING PVT. LTD.
9.	RV TRADING PVT. LTD.	99.99	NITYANK INFRAPOWER & MULTIVENTURES PVT. LTD.
10.	MR. AMOL DESHMUKH	0.53	EKMART TRADING PVT. LTD.
11.	MR. NARESH DHOUNDIYAL	99.47	EKMART TRADING PVT. LTD.

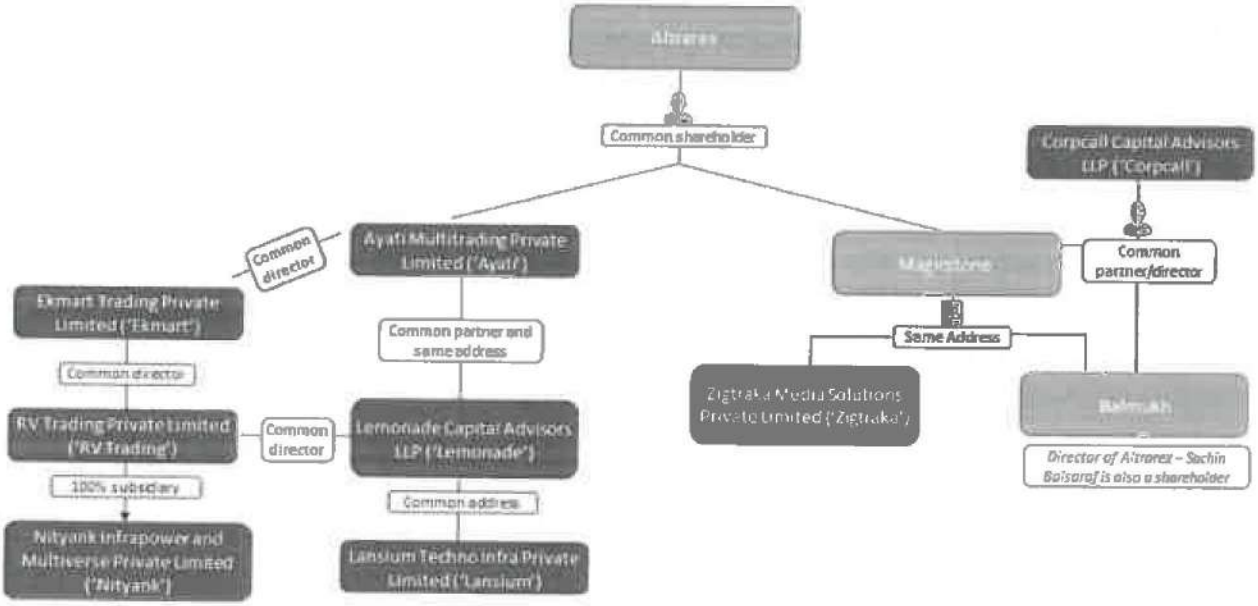
c) The details of shareholding of other entities, through which funds were transferred to the Promoter and Promoter family of Shirpur, are as under:

	NAME OF COMPANY	NAME OF SHAREHOLDER/ PARTNER	% HOLDING
1.	ESSEL CORPORATE RESOURCES PVT. LTD.	VEENA INVESTMENTS PVT. LTD.	100
2.	KONTI INFRAPOWER & MULTIVENTURES PVT. LTD.	ESSEL MEDIA VENTURES PVT. LTD.	20
		ESSEL AGRO PVT. LTD.	16
		JAY PROPERTIES PVT. LTD.	16
		RAMA ASSOCIATES PVT. LTD.	16
		EDISON CONTINENTAL LABORATORIES PVT. LTD.	16
		ESSEL INTERNATIONAL LTD.	16
3.	SPRIT INFRAPOWER & MULTIVENTURES PVT. LTD.	MS. SUSHILA GOENKA	49
		ASIAN SATELLITE BROADCAST PVT LTD	48
		MR. PUNIT GOENKA	2
4.	EDISONS INFRAPOWER & MULTIVENTURES PVT. LTD	ESSEL MEDIA VENTURES PVT. LTD.	20
		ESSEL ARRRO PVT. LTD.	16
		JAY PROPERTIES PVT. LTD.	16
		ESSEL REALTY DEVELOPERS PVT. LTD. (FORMERLY KNOWN AS ESSEL REALTY DEVELOPERS LTD.)	16
		KONTI INFRAPOWER & MULTIVENTURES PVT. LTD. (FORMERLY KNOWN AS CONTINENTAL DRUG COMPANY PVT. LTD.)	16
		ESSEL INTERNATIONAL LTD.	16
5.	ESSEL FINANCE MANAGEMENT LLP	EDISON INFRAPOWER	43
		ASIAN SATELLITE BROADCAST PVT LTD	43
		ESSEL INFRAPROJECTS LTD	3
		ESSEL FINANCE VKC FOREX LTD	8

		OTHER INDIVIDUALS	3
6.	PRIMAT INFRAPOWER & MULTIVENTURES PVT. LTD.	ASIAN SATELLITE BROADCAST PVT LTD	100
7.	ESSEL CORPORATE LLP	CYQUATOR MEDIA SERVICES PVT. LTD. (FUNDING 99 PERCENT OF LLP)	99
		OTHER INDIVIDUALS	1
8.	WIDESCREEN HOLDINGS PVT. LTD.	MR. GAURAV GOEL	7
		MS. PRITI GOEL	18
		MR. GAGAN GOEL	7
		MS. NISHI GOEL	28
		MS. SHREYASI GOENKA	25
		MR. AMIT GOENKA	25
9.	CHURU ENTERPRISES LLP	ASIAN SATELLITE BROADCAST PVT LTD	44.50
		EDISONS INFRAPOWER & MULTIVENTURES PVT. LTD.	44.50
10.	ASIAN SATELLITE BROADCAST PVT LTD	MH PARBHANI SOLAR ENERGY PVT. LTD.	17
		LAST MILE WIRELESS LTD.	17
		INDORE SOLID WASTE PVT. LTD.	17
		INDORE SOLID WASTE PROCESSING PLANT PVT. LTD.	17
		INDORE MSW MANAGEMENT PVT. LTD.	17
		LAST MILE NETWORK LTD.	15

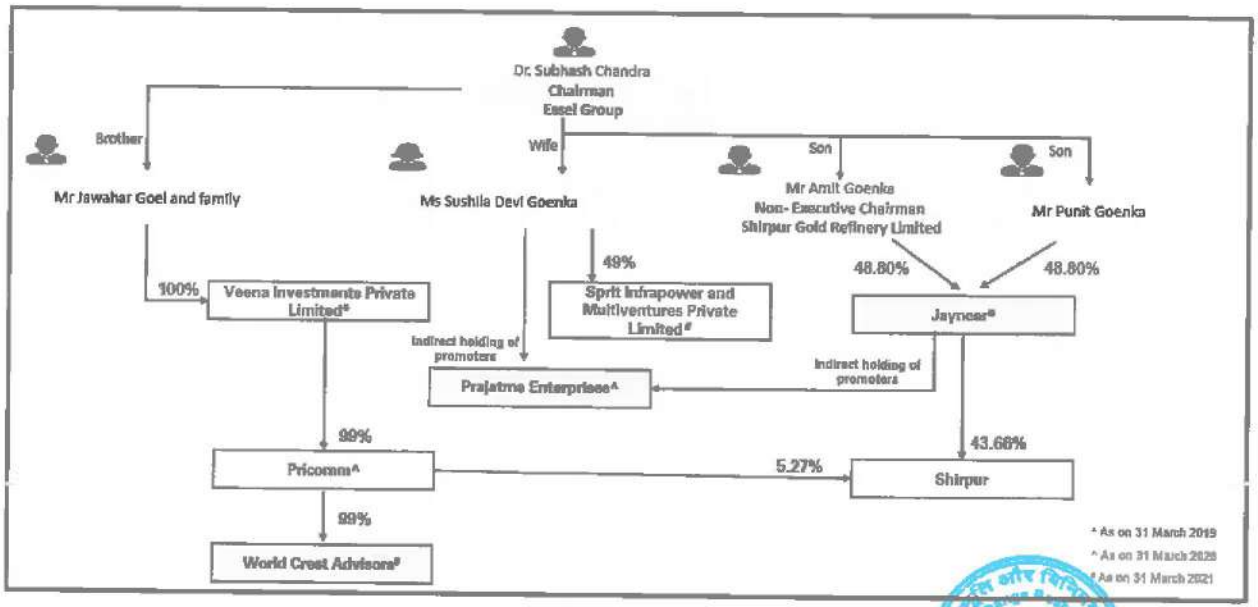
d) From the above table, it was seen that the abovementioned entities were directly or indirectly owned by Promoter family of Shirpur, mostly through an entity, namely Asian Satellite Broadcast Pvt. Ltd., which in turn is owned by several entities, who were found to be owned by Promoter family (refer to paragraphs 57 and 58). From the above, it was inferred that ultimate shareholding of all entities stated in table above belonged to the family members of Mr. Subhash Chandra Goenka.

e) Connection between Debtors and Connected Entities are graphically shown below:



J. CONNECTION BETWEEN THE PROMOTER FAMILY AND ENTITIES THAT RECEIVED FUNDS FROM CHURU.

52. It was observed that the beneficiaries of the abovementioned scheme to divert funds were three entities, namely Prajatma, Jayneer and World Crest Advisors LLP. These entities are owned directly/ indirectly by family members of Mr. Subhash Chandra Goenka. A pictorial chart depicting the shareholding structure of the said three entities is as under:



53. As already mentioned at the beginning, Jayneer is the Promoter of Shirpur. Further, World Crest Advisors LLP (World Crest) and Prajatma are found to be owned by various corporate entities which in turn are owned by either Promoter family directly or through layers of entities. The details of shareholding pattern of Jayneer, World Crest and Prajatma are as under:

	Entity Name	Name of Shareholder	% of Holding
1.	World Crest Advisors LLP	Pricomm Media Distribution Ventures Pvt. Ltd.	99
2.	Jayneer Infrapower and Multiventures Pvt. Ltd.	Sushila Goenka	0.80
		Punit Goenka	48.80
		Shreyasi Goenka	0.80
		Amit Goenka	48.80
		Navyata Goenka	0.80
3.	Prajatma Enterprises LLP	Essel Airport India Pvt. Ltd.	11
		Dakshin Utilities Works Ltd.	11
		Essel Agro Pvt. Ltd.	10
		Sprit Sports Pvt. Ltd..	10
		Procall Infra & Utilities Pvt. Ltd.	10
		Asian Sky Shop Ltd.	10

54. The details of shareholders in World Crest Advisors LLP are as under:

	Entity Name	Name of Shareholder	% of Holding
1.	Pricomm Media Distribution Ventures Pvt. Ltd.	Veena Investments Pvt. Ltd.	99%
		Mr. Abhishek Bansal	1%

55. From the above table, it is seen that majority of the shares of World Crest are owned by Veena investment Pvt. Ltd., whose shareholders are part of the Promoter family and their relatives. The details are as under:

	Name of Shareholder	Relationship with Mr. Subhash Chandra Goenka	% of Holding
1.	Mr. Jawaharlal Goel	Brother	32%
2.	Ms. Sushila Devi Goel	Wife of Jawaharlal Goel	45%
3.	Ms. Nishi Goel	Wife of Mr. Gagan Goel	9%
4.	Mr. Gagan Goel	Son of Mr. Jawaharlal Goel	5%
5.	Ms. Priti Goel	Wife of Mr. Gaurav Goel, who is son of Mr. Jawaharlal Goel	9%

56. The owners of Shareholders of Prajatma are as under:

	Entity Name	Name of Shareholder	% of Holding
1.	Essel Airport Infrastructure Pvt. Ltd.	Jayneer Infrapower & Multiventures Pvt. Ltd. (Promoter of Shirpur)	99.99
2.	Dakshin Utilities Works Ltd.	Jay Properties Pvt. Ltd.	98.8
3.	Essel Agro Pvt. Ltd.	Essel Realty Developers Ltd.	16
		Jay Properties Pvt. Ltd.	16
		Konti Infrapower & Multiventures Pvt. Ltd.	16
		Edisons Infrapower & Multiventures Pvt. Ltd.	16
		Essel International Ltd.	16
		Essel Media Ventures Pvt. Ltd.	20
4.	Sprit Sports Pvt. Ltd.	Pan India Infraprojects Pvt. Ltd.	99.99
5.	Procall Infra & Utilities Pvt. Ltd.	Mr. Jawaharlal Goel	0
		Ms. Sulochana Devi	0
		Mr. Ashok Goel	0
		Mr. Amit Goenka	0
		Mr. Atul Goel	0
		Mr. Punit Goenka	0
		ITI Holdings And Investment Ltd.	47.7
		Essel Agro Pvt. Ltd.	52.3
6.	Asian Sky shop Ltd.	J B TV Shopping Pvt. Ltd.	36.51
		Ms. Kavita Goel	27.51
		Mr. Jawaharlal Goel	9

57. The entities (owners of shareholders of Prajatma) mentioned in the table above are, in turn, owned by the following entities:

	Entity Name	Name of Shareholder	% of Holding
1.	Jay Properties Pvt. Ltd.	MH Parbhani Solar Energy Pvt. Ltd.	17
		Indore Solid Waste Pvt. Ltd.	17
		Indore Solid Waste Processing Plant Pvt. Ltd.	17
		Indore MSW Management Pvt. Ltd.	17
		Last Mile Wireless Ltd.	32
2.	MH Parbhani Solar Energy Pvt. Ltd.	Kota Agri And Reality Developers Pvt. Ltd.	20
		Last Mile Wireless Ltd.	16
		Indore Solid Waste Pvt. Ltd.	16
		Indore Solid Waste Processing Plant Pvt. Ltd.	16
		Indore MSW Management Pvt. Ltd.	16
		Last Mile Network Ltd.	16
3.	Indore Solid Waste Pvt. Ltd.	Kota Agri And Reality Developers Pvt. Ltd.	20
		Last Mile Network Ltd.	15.94
		MH Parbhani Solar Energy Pvt. Ltd.	16
		Last mile wireless Ltd.	16
		Indore Solid Waste Processing Plant Pvt. Ltd.	16
		Indore MSW Management Pvt. Ltd.	16
		Last Mile Network Ltd.	0.06
4.	Last Mile Wireless Ltd.	Kota Agri And Reality Developers Pvt. Ltd.	20
		MH Parbhani Solar Energy Pvt. Ltd.	16
		Indore Solid Waste Pvt. Ltd.	16
		Indore Solid Waste Processing Plant Pvt. Ltd.	16
		Indore MSW Management Pvt. Ltd.	16
		Last Mile Network Ltd.	16
5.	Essel Media Venture Pvt. Ltd.	Ms. Sushila Goenka	99.99
		Ms. Sushila Goenka Jointly With Punit Goenka	0.01
6.	ITI Holdings And Investment Pvt. Ltd.	Quadrant Televentures Ltd. (Formerly Known As HFCL Infotel Ltd)	46.66
		Amrit Sales Promotion Pvt Ltd	18.67
		Burlington Finance Ltd	18.67
		Microwave Communications Ltd.	16
		Mr. Sanjay Maloo	0
		Mr. Simon Solomon	0
		Mr. Johnson S Sasi Kumar	0
		Mr. P. Vishwanathan	0
		Mr. N. Mohanraj	0
7.	Kota Agri And Realty Developers Pvt. Ltd.	Ms. Sushila Goenka	99.99
		Ms. Sushila Goenka Jointly With Punit Goenka	0.01
8.	Pan India Infraprojects Pvt. Limited	Jayneer Infrapower & Multiventures Pvt. Ltd.	74
		Essel Airport Infrastructures Pvt. Ltd.	26

58. From the above, it is seen that the ultimate shareholding of Prajatma is with the promoter family through cross holding among various entities. And ultimately, Essel Media Venture Pvt. Limited and Kota Agri and Realty Developers Pvt. Limited are owned by Ms. Sushila Goenka. And Sprit Sports Pvt. Limited is owned by Mr. Amit Goenka and Mr. Puneet Goenka via Pan India Infraprojects Pvt. Limited and Jayneer.

K. *IBC PROCEEDINGS AGAINST SHIRPUR*

59. It was observed that loans account of Shirpur has been classified as a non–performing asset by Punjab National Bank (**"PNB"**) due to default in repayment. As per Annual Report of Shirpur for FY 2021–22, three of the lender banks and a financial institution (***"the Lenders"***) have outstanding dues amounting to Rs. 380.10 Crore. A petition under Section 7 of the IBC read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, has been filled by IFCI Ltd. during the month of March 2022, before the NCLT, Mumbai, which is pending hearing and admission by NCLT.

60. It appears that the main reason for the Shirpur's defaults to lenders is non–receipt of funds from its debtors amounting to Rs. 404 Crore. The same appears to be part of a well-designed scheme devised by Promoters to move the funds out of Shirpur and transfer to their accounts while misusing IBC Process.

L. *NON–DISCLOSURE AND DELAY IN DISCLOSURE OF MATERIAL EVENTS.*

61. SEBI appointed Ernst & Young LLP as the forensic auditor w.r.t. the financial statements of Shirpur to assist the IA. The same was communicated to Shirpur vide letter and email dated August 13, 2021. Further, Shirpur alleged potential conflict of interest for Ernst & Young LLP since the promoter/promoter Group of Shirpur have been engaging and availing the services of Ernst & Young LLP/its affiliates for various Advisory & other Audit related assignments. In view of the same, the appointment of Ernst & Young LLP was annulled. Subsequently, post annulment of appointment of Ernst & Young LLP, KPMG was appointed as forensic auditor. The same was communicated to Shirpur vide letter and email dated September 13, 2021.

62. As per Regulation 30(2) read with paragraph 17 of paragraph A of part A of Schedule III of LODR Regulations, Shirpur was required to make disclosure to exchange with respect to the said initiation of forensic audit. Further, as per Regulation 30(6) of LODR Regulations, the Company had to disclose such information to the exchanges as soon as reasonably possible and not later than twenty-four hours from the occurrence of such event or information. However, Shirpur made announcement of initiation of forensic audit on May 10, 2022 i.e. after a delay of more than nine (9) months.

63. Further, Punjab National Bank had *inter-alia* informed SEBI vide email dated December 15, 2021, that it had appointed Jain Jagawat Kamdar & Co. on 1.09.2020 for conducting forensic audit in the matter of Shirpur. However, the Company has not disclosed to the stock exchanges about the appointment of FA by Punjab National Bank.

64. In view of the same, Shirpur is alleged to have violated provisions of Regulation 30(2) read with paragraph 17 of paragraph A of part A of Schedule III and Regulation 30(6) of LODR Regulations.

ROLES OF ENTITIES

A. SHIRPUR GOLD REFINERY LTD.:

65. Shirpur had created an elaborate scheme to defraud investors and financial institutions (as may be seen from paragraphs above) wherein on the pretext of purchases/ sales from/–to connected entities and/–or through undisclosed fund transfers during FY 2018–19, 2019–20 and 2020–21, the funds/ assets of Shirpur were diverted through the debtors of Shirpur which ultimately reached the Promoter and Promoter related companies (viz. Jayneer, Prajatma and World Crest). This acted as fraud on the Shareholders/Investors of Shirpur who remained unaware of these elaborate schemes of diversion of funds / assets and misrepresentations in financial statements.

66. The non–genuine transactions that were entered into with the debtors, as detailed in the previous paragraphs, were depicted as genuine business transactions by Shirpur in its financial statements, whereas in reality, these transactions were merely a means to divert the assets/ funds of Shirpur to these debtors. However, the retail investors were misled that these were genuine business transactions. No information with respect to assurances/ guarantees

provided by the Company in writing to Altrarex in connection with the transactions of RV trading with Altrarex (that had caused the default by Altrarex to Shirpur in payment of its debts and consequently impacted the financials of Shirpur) was made available to the public. Therefore, the published financial statements of the Company failed to provide true and fair view of the financials of the Company. It is clear that since the Promoter knew the outcome of these transactions in advance, it reduced its stake in the Company before the Company wrote off its receivables from its debtors in the books of accounts. Such off–loading of shares was done at prices much higher than the current prices (closing price in 2021 before suspension of trading). The Promoter stake in the Company started to reduce at higher valuations (from Rs. 63.45/- per share onwards) prior to the steep fall of prices (to Rs. 5/- per share) that followed the manipulations. As on March 31, 2023, the promoter holds 43.66% (1.27 crores shares) in Shirpur. Out of the said stake, 39.31% (0.50 crores shares) is pledged with various lenders.

67. The above observations and findings show that Shirpur misrepresented its financials for the FY 2018–19, 2019–20 and 2020–21 and its published financial statements/ results did not give a true and fair view of the Company's financial performance. The same is alleged to have resulted in violation of Regulations 3(c), (d), 4(1), 4(2)(f) and (k) of PFUTP Regulations read with Section 12A(b) and (c) of the SEBI Act, 1992; and Regulations 4(1)(c) and (d) of LODR Regulations.

68. Further, since Shirpur did not disclose the material events/information to stock exchanges, it has violated provisions of Regulation 4(1)(d) and 30(2) & (3) of LODR Regulations.

ROLES OF OTHER NOTICEES:

69. It was observed that the Noticees 2 to 5 had attended various board meetings during FY 2018–19 to 2020–21, a summary of which is placed in the table below:

NAME OF THE DIRECTOR	DESIGNATION	FY 18–19	FY 19–20	FY 20–21
MR. AMIT GOENKA	CHAIRMAN	1	1	1
MR. MUKUND GALGALI	PROFESSIONAL DIRECTOR	2	NOT APPLICABLE*	NOT APPLICABLE*
MR. VIPIN CHOUDHARY	NON- EXECUTIVE PROMOTER NOMINEE DIRECTOR	2	4	NOT APPLICABLE*
MR. DINESHKUMAR KANODIA	PROFESSIONAL DIRECTOR	2	NOT APPLICABLE*	NOT APPLICABLE*

(SOURCE: ANNUAL REPORTS OF SHIRPUR)

*NOT HOLDING THE POSITION DURING THE RELEVANT PERIOD

70. A company acts through its board of Directors. It is the duty and responsibility of the Directors to ensure that proper systems and controls are in place for financial reporting and to monitor the efficacy of such systems and controls. The Directors of a listed company have greater responsibility as they have access to inside information such as the financial position, annual accounts, etc. of the Company, and they take major decisions on behalf of the Company. Therefore, they are expected to exercise the powers in a bona fide manner and in the interest of all stakeholders of the Company. Accordingly, in terms of Section 27 of the SEBI Act 1992, the Directors are responsible for all the acts of omission and commission by the Company.

B. MR. AMIT GOENKA

71. As seen from the earlier paragraphs, the entire scheme resulting in diversion of funds was envisaged to benefit the Promoter Jayneer, in which Mr. Amit Goenka and his family members together held 100% of shares. Thus, Mr. Amit Goenka was a direct beneficiary of the asset/ fund diversions from Shirpur through debtors and other conduit entities, as explained above.

72. It was noted that Mr. Amit Goenka was the Chairman of the Company and also part of the Audit Committee. Hence, it is implied that the abovementioned fraudulent scheme could not have been executed without his active involvement. Further, in terms of Section 27(2) of the SEBI Act, 1992, Mr. Amit

Goenka, being the Chairman of the Board of Directors of the Company, was also accountable for the contraventions done by the Company. In view thereof, Mr. Amit Goenka is alleged to have violated provisions of Regulations 3(c), (d), 4(1), 4(2)(f) and (k) of PFUTP Regulations read with Section 12A(b) and (c) of the SEBI Act, 1992; and Regulations 4(1)(c), (d), 18(3) read with Part C of Schedule II and 30(2) & (3) of LODR Regulations read with Section 27(2) of SEBI Act, 1992.

C. *MR. MUKUND GALGALI, MR. VIPIN CHOUDHARY AND MR. DINESHKUMAR KANODIA*

73. It was observed that Mr. Mukund Galgali, Mr. Vipin Choudhary and Mr. Dineshkumar Kanodia were non-independent Directors of the Company during the relevant period. Mr. Mukund Galgali was also a member of the Audit Committee during FY 2018–19. As Directors of the Company, it was their duty to ensure that the financials of the Company were free from misrepresentations and that the Company's assets / funds were not diverted fraudulently to Promoter related entities. However, the said three Directors failed to act with due care and diligence, even when the Company failed to be part of the IBC resolution process initiated against Altrarex, due to which the Company was unable to recover its dues from Altrarex. Further, considering that Shirpur had given assurance to Altrarex against default by RV Trading, the acts of these Directors prove that they were hand in glove with the Promoter in executing the entire scheme. Further, in terms of Section 27(2) of the SEBI Act, 1992, these persons, being Directors of the Company, were also accountable for the contraventions done by the Company. In their responses to SEBI, they merely gave a standard reply and did not provide any specific comments in the matter and requested SEBI to reach out to the Company, for any clarifications.

74. Accordingly, it is inferred that Mr. Mukund Galgali, Mr. Vipin Choudhary and Mr. Dineshkumar Kanodia failed in their fiduciary responsibilities as Directors in the Company. In view thereof, they are alleged to have violated provisions of Regulations 3(c), (d), 4(1), 4(2)(f) and (k) of PFUTP Regulations read with Section 12A(b) and (c) of the SEBI Act, 1992; and Regulations 4(1)(c), (d) and 30(2) & (3) of SEBI (LODR) Regulations, 2015 read with 27(1) of SEBI Act 1992. Mr. Mukund Galgali, being part of the Audit Committee of the Company,

also violated Regulation 18(3) read with Part C of Schedule II of the LODR Regulations.

D. *MR. SHARVAN KUMAR SHAH AND MR. ASHOK SANGHAVI*

75. It was observed that Mr. Sharvan Kumar Shah and Mr. Ashok Sanghavi were the Chief Financial Officer of the Company for different tenures during the relevant period. As per Regulation 17(8) of LODR Regulations, the Chief Executive Officer ("**CEO**") or the CFO has to provide the compliance certificate to the board of Directors. Further, under Regulation 33(2)(a) of LODR Regulations, it is the duty of the CEO and CFO of the listed entity to certify that the published 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 while placing the financial results. As per the ARs for the FYs 2018–19 and 2019–20, Mr. Sharvan Kumar Shah and Mr. Ashok Sanghavi had certified /given CEO/CFO certification as required under Regulation 17(8) of LODR Regulations and they were also the signatories to the Financial Statements for the FY 2018–19 and FY 2019–20. Further, Mr. Sharvan Kumar Shah and Mr. Ashok Sanghavi had certified /given CEO/CFO certification with respect to materially untrue financial statements for the FY 2018–19 to 2020–21; Since the Company's financials contained misrepresentations, as already detailed above, it was clear that the certificates provided by the abovementioned Noticees as CFOs were false. Further, the entire fraud involving diversion of funds to Promoter and its related entities through a manipulative scheme could not have been executed without active participation of the CFO, who in the normal course of business were expected to deal with the debtors / creditors of the Company on a regular basis.

76. In view of the above, it is alleged that Mr. Sharvan Kumar Shah and Mr. Ashok Sanghavi, as CFOs, had failed to discharge the fiduciary responsibilities assigned to them under law, thereby violating provisions of Regulations 3(c) and (d), 4(1), 4(2)(f) and (k) of PFUTP Regulations read with Sections 12A(b) and (c) of the SEBI Act, 1992, Regulations 4(1)(c), (d), 17(8) read with Part B of Schedule II, 30(2), 33(2)(a) of LODR Regulations read with Section 27(2) of SEBI Act, 1992.

E. *JAYNEER*

77. it has already been observed that Jayneer, the Promoter of Shirpur, received Rs. 1,024 Crore from Churu, out of which Rs. 404 Crore was the amount diverted from the Company through debtors (Altrarex, Balmukh and Magicstone). The same has been explained through pictorial representation provided under paragraph 23 above. Thus, Jayneer, the sole Promoter of Shirpur, was one of the key beneficiaries of fraudulent diversion of funds of Shirpur through connected entities which caused loss to the listed company and acted as a fraud upon shareholders of the listed company. Further, during the same period, Jayneer also started to reduce its stake in Shirpur at higher valuations (from Rs. 63.45/- per share onwards) whereas the market price of the scrip fell to Rs. 5/- subsequently. In view of the above, it is alleged that Jayneer violated provisions of Section 12A (b) and (c) of the SEBI Act, 1992 read with Regulations 3(c) and (d) and 4(1) read with 2(1)(c) of the PFUTP Regulations.

EXTRACT OF THE LEGAL PROVISIONS ALLEGEDLY VIOLATED:

78. The relevant provisions of SEBI Act, 1992, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [**"SEBI (LODR) Regulations, 2015"**] and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 [**"SEBI (PFUTP) Regulations, 2003"**] are reproduced hereunder for ready reference:

"SEBI Act, 1992

11C. (1) Where the Board has reasonable ground to believe that—

(a) the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market; or

(b) any intermediary or any person associated with the securities market has violated any of the provisions of this Act or the rules or the regulations made or directions issued by the Board thereunder, it may, at any time by order in writing, direct any person (hereafter in this section referred to as the investigating Authority) specified in the order to investigate the affairs of such intermediary or persons associated with the securities market and to report thereon to the Board.

11C. (3) *The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.*

Sec 11 C (5) *Any person, directed to make an investigation under sub-section (1), may examine on oath, any manager, managing director, officer and other employee of any intermediary or any person associated with securities market in any manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before it personally.*

Sec 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;

(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;

Contravention by companies:

Sec. 27(1): *Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder] has been committed by a company, every person who at the time the contravention 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 contravention 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 contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention

Sec 27(2): *Notwithstanding anything contained in sub-section (1), where an contravention under this Act has been committed by a company and it is proved that the contravention 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 contravention 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.

SEBI (PFUTP) Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly –

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

(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 which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities

(r) knowingly planting false or misleading news which may induce sale or purchase of securities

SEBI (LODR) Regulations, 2015

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) The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.

(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.

(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.

(j) Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity.

(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.

(e) ***Disclosure and transparency:*** *The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the listed entity, in the following manner:*

(i) Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.

4. (2) (f) Responsibilities of the Board of Directors:

(i) Disclosure of information:

(2) The board of Directors andsenior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the Board of Directors –

(2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.

(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.

(8) Overseeing the process of disclosure and communications.

(iii) Other responsibilities:

(1) 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

Board of Directors

***17 (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(3)** The role of the audit committee and the information to be reviewed by the audit committee shall be as specified in Part C of Schedule II.*

Part C of Schedule II: ROLE OF THE AUDIT COMMITTEE AND REVIEW OF INFORMATION BY AUDIT COMMITTEE

A. The role of the audit committee shall include the following:

(1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

...

(4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

(a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

(b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by management;

(d) significant adjustments made in the financial statements arising out of audit findings;

(e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions; (g)modified opinion(s) in the draft audit report

(5) reviewing, with the management, the quarterly financial statements before submission to the board for approval

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

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

(12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

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.*

Role of CFO with respect to 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."

NEED FOR INTERIM DIRECTIONS:

79. The facts brought out in the preceding paragraphs have detailed the involvement of Shirpur, its Directors and CFOs in misleading investors through an elaborate web of business transactions, which were projected as genuine by employing the Company's financial statements in a fraudulent manner. Therefore, the published financial statements of the Company, which are relied upon by the investors, failed to provide a true and fair picture of its financial position. While all companies are mandated to ensure that their books of accounts and financial statements present a true and fair picture under the provisions of the Companies Act, 2013, the listed companies are additionally required to adhere to the same under Regulation 4(1) of the SEBI (LODR) Regulations, 2015. Any mis–statement or mis–representation in the financial statements adversely impairs an investor's ability to take an informed decision about investment in a company.

80. In the instant proceedings, the financials statements of Shirpur were misrepresented to facilitate diversion of its assets/ funds to Jayneer, via Promoter connected entities. This in turn led to the sale of assets to such Promoter connected entities without receipt of consideration from them. The Promoter, being aware of the outcome of the said transactions in advance, reduced its stake from 72.71% (as on December 31, 2018) to 49.63% by July 2019, at then prevailing market valuations. It is also not a coincidence that the reduction in Promoter shareholding was followed by a complete cessation in the standalone business of Shirpur. Thereafter, the debt which accrued to the Company through the sale of assets was written off through provisioning.

81. For a Company with a paid–up capital of only Rs. 29.13 Crore, the Promoter had pocketed Rs. 20.01 Crore by sale of shares as per disclosures made and discussed above. This is almost 68.70% of the initial paid–up capital of Shirpur,

which the Promoter received through sale of 23.08% of the Company's shareholding.

82. Add to this, the diversion of Rs. 404 Crore from Shirpur to the three debtors which are Promoter connected entities, is a large amount too. Initially, the assets/ funds went to connected entities/ debtors whose had non–existent business operations (Altrarex, Balmukh and Magicstone) and then through a web of other Promoter connected entities, ended up with Jayneer. It is thus clear that out of approximately Rs. 872 Crore received by Jayneer that originated from the said debtors, at least Rs. 404 Crore was diverted from Shirpur through the debtors and ultimately reached Jayneer. The Promoter had therefore, stripped Shirpur of all its available assets/ funds and literally emptied the coffers of the said Company through layered transactions. As a result, as on March 31, 2022, the Company had a negative net worth of Rs. 186.68 Crore on a standalone basis and a negative net worth of Rs. 114.69 Crore on a consolidated basis.

83. It is therefore evident that the sale transactions of Shirpur with Altrarex, Balmukh and Magicstone, the subsequent IBC filings by a Promoter connected entity against Altrarex (the biggest debtor – Rs. 240 Crore is owed by it to the Company) coupled with diversion of funds from these debtors to the Promoter of Shirpur and other Promoter connected entities were part of an elaborate scheme orchestrated by the Promoter of Shirpur to divert assets of the Company to itself and its connected entities.

84. What has been observed during the investigation of Shirpur, is a set of dodgy transactions that are meant to mislead. We have a curious case of one Promoter connected entity taking another entity from the same arrangement into bankruptcy; effectively taking it to the gallows/ cleaners to take benefit of bankruptcy provisions. It is unusual to see a corporate sibling taking one of its own down this path. Shirpur shot itself in the foot and self–destructed through its own well–orchestrated machinations. It is also noted that many of the Companies within the Essel Group are subject matter of disputes as per publicly available information.

85. In the extant case, Shirpur, after entering into sizeable financial transactions with entities having common Directors/ addresses, the money, through round tripping, found destination back to its Promoter, Jayneer, which has family members of the Essel Group Promoter family as its shareholders. The trading

of shares of Shirpur stands suspended on the exchanges as the Company has not paid listing fees. All this point to a well–planned scheme to dupe innocent investors at large.

86. It is found that the investigation in this matter has brought out a strong *prima facie* case against the Noticees for having conceived and implemented a fraudulent scheme/ artifice through financial statements for diversion of funds of the Company. The *prima facie* roles played by the Noticees, as brought out in the foregoing paragraphs indicate that they have acted in a fraudulent manner.

87. It is further noted that during the investigation, the Company and its Directors, etc. tried to mislead the investigation and also the audit by failing to co–operate in providing the information sought by SEBI and the FA. Therefore, the conduct of the aforesaid Noticees during the Investigation has not been satisfactory.

88. It is also noted that Shirpur has been taken to NCLT under IBC by its financial lenders.

89. In view of the seriousness of the issues as discussed above and the fact that the scrip of the Company is currently suspended for trading, I am of the view that there is an urgent need to take action so as to secure the market from the manipulative acts of these Noticees who may also be part of the listed entities of the Essel Group of Companies/ other listed entities. The facts and circumstances of the case present a strong likelihood that the Noticees, unless specifically prohibited, could perpetuate their designs by indulging in such malpractices in other listed entities, which would *prima facie* be injurious to market integrity and investors' interest. Considering the same, I am satisfied that urgent directions need to be issued in this matter.

DIRECTIONS:

90. Keeping in view the foregoing factual deliberations involving financial misstatements of Shirpur and the observations thereon recorded in the preceding paragraphs and after being cognizant of the fraudulent manner in which the Noticees have conducted their affairs to misrepresent Company's financial statements and to divert its funds/ assets, in flagrant violations of all canons of corporate governance, in order to protect the interests of shareholders of the Company and that of other investors and the integrity of the

securities market, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B(1) read with Section 19 of the SEBI Act, 1992, hereby issue by way of this *Interim Order cum Show Cause Notice*, the following directions, which shall be in force until further orders: -

a) *Noticees 1 to 8* shall, jointly and severally, file a public disclosure to the stock exchanges as well as publish on the Company's website the contents of this *Interim Order cum Show Cause Notice*, within 3 days from the date of receipt of this Order, to ensure transparency.
b) *Noticees 1 to 8* shall disclose the updated status of all undisclosed material events/ information mentioned in this Order, to the stock exchanges, within 15 days from the date of receipt of this Order.
c) *Noticees 2 to 8* are hereby directed not to sell/ dispose of/ dilute their shareholding in the Company, held directly or indirectly through family members or through companies in which they or their family members are Directors, till further orders.

91. The foregoing *prima facie* observations contained in this Order, are made on the basis of the material available on record. The said *prima facie* findings shall also be considered as a show cause notice and Noticees 1 to 8 are directed to show cause as to why suitable directions/ prohibitions under Section 11(4) and 11B of SEBI Act, including the directions restraining them from accessing the securities market, prohibiting them from buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a specified period and further restraining them from associating with any listed company and any registered intermediary, should not be issued against them for the abovementioned violations allegedly committed by them.

92. Further, Noticees 1 to 8 are also called upon to show cause as to why inquiry should not be held against them in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed on them under Sections 11(4A) and 11B(2) read with Sections 15HA and 15HB of the SEBI Act, 1992 for the alleged violations of the provisions of SEBI Act, 1992, SEBI (LODR) Regulations, 2015 and SEBI (PFUTP) Regulations, 2003.

93. In this context, the concerned Noticees may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed in that regard.

94. The above directions shall take effect immediately and shall be in force until further orders.

95. A copy of this Order shall be served upon the Noticees, Stock Exchanges, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

Place: Mumbai
Date: April 25, 2023

ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA