

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/GR/BM/2022-23/19920-20003]

ORDER UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 (HEREINAFTER REFERRED TO AS 'SEBI ACT') READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 AND SECTION 23-I OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 (SCRA) READ WITH RULE 5 OF THE SECURITIES CONTRACTS (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005

In respect of:

Sl. No.	Name of Noticee	PAN
1.	First Financial Services Ltd.	AAACF1145J
2.	Nirmal Singh Mertia	AKHPM8437G
3.	S Krishna Rao	AGWPR3410R
4.	Ponuswammy Natarajan	AAAPN9499G
5.	Prem Lata Nahar	AFAPN8764M
6.	B P Jhunjhunwala	ACVPJ5021H
7.	B P Jhunjhunwala - HUF	AACHB0680D
8.	Anil Agrawal - HUF	AACHA9591E
9.	Anil Agarwal (Karta)	ACTPA6034D
10.	Gokul Securities Private Ltd.	AADCG7372B
11.	Amit Hasmukhbhai Patel - HUF	AAEHA4171N
12.	Amit Hasmukhbhai Patel (Karta)	AAIPP8042M
13.	Syncom Formulations (India) Ltd.	AAFCS6794R
14.	Rajendra Kumar Agarwal - HUF	AAEHR7685G
15.	Rajendra Kumar Agarwal (Karta)	AEUPA5643K
16.	Ritesh Agarwal - HUF	AAMHR6805C
17.	Ritesh Agarwal (Karta)	ADMPA2038F
18.	Shilpa Agarwal	AERPJ3347N
19.	Suresh Kumar Khandelia	ABSPK3417A
20.	Manju Khandelia	ABSPK3421A

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21.	Brij Bhushan Singal	AEFPS6298M
22.	Neeraj Singal	ANRPS7986B
23.	Uma Singal	ANRPS7987A
24.	Bharatbhai Nathabhai Buha	AAWPB3665Q
25.	Ashokbhai Nathabhai Buha	AECPB5885J
26.	NK Agarwal & Sons	AAAHN5067J
27.	Suresh Kumar Kalani	ADRPK7629M
28.	Mukesh Atal - HUF	AADHM9088H
29.	Mukesh Atal (Karta)	AAEPA0266A
30.	Balkishan Atal - HUF	AAEFB0727D
31.	Balkishan Atal (Karta)	AHNPA3020A
32.	Rajni Atal	AAEPA0263F
33.	Karuna Atal	ABHPA0900D
34.	Rajesh Atal	AAEPA0264C
35.	Santosh Manihar	ACSPM8149E
36.	Giriraj Prasad Manihar - HUF	AAAHG6195E
37.	Giriraj Prasad Manihar (Karta)	ACFPM8242D
38.	Anshul Jain	ALGPJ9222L
39.	Ranisati Dealer Pvt. Ltd.	AADCR7368C
40.	Padma Impex Pvt. Ltd.	AAACL4269P
41.	Global Infratech & Finance Ltd.	AABCA4255H
42.	Comfort Fincap Ltd.	AABCP4792J
43.	Comfort Intech Ltd.	AAACC5567H
44.	Comfort Securities Ltd.	AABCC9625R
45.	Kuber Kamna Marbles Pvt. Ltd.	AABCK7530K
46.	Tirupati Developers	AAEFT9675M
47.	Advent Developers Pvt. Ltd.	AAFCA3158H
48.	Vision Steel Ltd.	AABCV8232B
49.	Marsh Steel Trading Ltd.	AADCM7569E
50.	Adhunik Transport Organisation Ltd.	AAACA4457G
51.	NMC Industries Pvt. Ltd.	AACCN0703E
52.	LAN Finance Pvt. Ltd.	AAACL1502F
53.	Bina H Mehta	AFRPM2040L
54.	Amrit Sales Promotion Pvt. Ltd.	AACCA3220D
55.	Bazigar Trading Pvt. Ltd.	AABCB3052B
56.	BSR Finance & Constructions Pvt. Ltd.	AABCB0636K
57.	Cellour Marketing Pvt. Ltd.	AABCC0603M
58.	Dhanlakshmi Brokers Pvt. Ltd.	AAECD4759L
59.	HS Tradecom Pvt. Ltd.	AACCH8988B
60.	Jaihanuman Multi Agencies Pvt. Ltd.	AABCJ6667L
61.	Jayine Tradecom Pvt. Ltd.	AACJ8342D

62.	Kirit Vasudeo Dave	AHKPD0543J
63.	Kripa Securities Pvt. Ltd.	AACCK2399D
64.	Life Line Marketing Pvt. Ltd.	AAACL5973G
65.	Nandan Kanan Iron & Steel Pvt. Ltd.	AABCN8968J
66.	Navdurga Investment Consultants Pvt. Ltd.	AACCN9567A
67.	Nityadhara Plaza Pvt. Ltd.	AADCN9427C
68.	Pride Distillery Pvt. Ltd.	AACCM6582E
69.	R C Suppliers Pvt. Ltd.	AABCR2904A
70.	Astabhuja Construction Pvt. Ltd.	AAKCA4137B
71.	Raina Vyapaar Pvt. Ltd.	AABCR3482R
72.	Rajani Investment Pvt. Ltd.	AABCR2457G
73.	Ritesh Commercial Holdings Ltd.	AABCR1974J
74.	Sanchay Tradecomm Pvt. Ltd.	AAPCS2005M
75.	Stardox Vinimoy Pvt. Ltd.	AAECS0352C
76.	Surbhika Vyapaar Pvt. Ltd.	AAJCS0680C
77.	Ruhi Jhunjunwala	AFGPJ6887B
78.	Mala Jhunjunwala	ACTPJ4169L
79.	Skyed Network Pvt. Ltd.	AAHCS9498L
80.	Anurodh Merchandise Pvt. Ltd.	AAGVA9277N
81.	Nandlal Vyapaar Pvt. Ltd.	AACCN7327E
82.	Radhasoami Securities Pvt. Ltd. merged with Radhasoami Resources Limited (now JJ Fincap Private Limited)	AABCT5459J
83.	BPJ Holdings Pvt Ltd	AAECM8553H
84.	Onesource Ideas Pvt Ltd. merged with Radhasoami Resources Limited (now JJ Fincap Private Limited)	AAAC07788G

In the matter of First Financial Services Limited.,

(The aforesaid entities are hereinafter individually referred to by their respective names/noticee numbers in the SCN and collectively as “the Noticees”.)

BACKGROUND

1. Securities and Exchange Board of India (hereinafter "**SEBI**" or "**the Board**"), conducted an investigation into the trading and dealings in the scrip of First Financial Services Ltd., (hereinafter referred to as '**FFSL/the company**') as it observed

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abnormal movement in the price and trading volume of the scrip on BSE during May 15, 2012 to March 31, 2014 (hereinafter referred to as the '**Investigation Period/ IP**'). In this matter, SEBI had also received references from the Director General of Income Tax (Inv.) Delhi and the Principal Directors of Income Tax (Inv.) Kolkata and Chandigarh vide letters dated February 02, 2015, April 27, 2015 and August 24, 2015 respectively mentioning that the scrip of FFSL was one of the scrips whose price was manipulated.

2. FFSL was incorporated on October 17, 1984 and is engaged in the financial service activity and consultancy business. The registered office of the company is at 2nd Floor, Old No. 24, New No. 45, Venkata Maistry Street, Mannady, Chennai - 600001. The company was listed at Bombay Stock Exchange (BSE) on November 01, 1993. The scrip of FFSL was under suspension by BSE from June 2000 and the suspension was revoked w.e.f. July 08, 2011. After the revocation of suspension, the scrip was traded on only two days July 8, 2011 and November 16, 2011 before the IP.

3. Based on the preliminary findings by a department of SEBI, two separate interim orders dated December 19, 2014 and August 11, 2015 (hereinafter referred to as '**IO-1**' and '**IO-2**' and hereinafter collectively referred to as '**Interim Orders**') were passed by SEBI thereby restraining 154 entities from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions in the matter of FFSL. Thereafter, the said directions were confirmed by way of four confirmatory orders dated April 20, 2015, June 02, 2016, June 14, 2016 and August 25, 2016 (all 6 orders collectively referred to as '**SEBI Orders**'). Subsequently, SEBI conducted detailed investigation in the scrip of FFSL during the IP for violation of various provisions of SEBI Act and PFUTP Regulations as huge rise in the traded volume and price of the shares of FFSL during this period were observed. However, wherever deemed necessary, reference has been made to outside this period.

4. The focus of the investigation was to ascertain whether there were any violations of the provisions of Equity Listing Agreement (hereinafter referred to as 'Listing Agreement'), SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as '**SAST Regulations**'), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**') and also SEBI Act, alleged to have been committed by the entities listed above (hereinafter collectively referred to as '**Notices**') while dealing in the scrip of First Financial Services Ltd. (hereinafter referred to as "**the Company/FFSL**").

5. It was observed that the share capital of the company underwent changes due to the following corporate actions before and during the IP:
 - a) Reduction of share capital of the company on August 08, 2011 from 37,47,600 equity shares of Rs.10 each to 374,760 equity shares of Rs.10 each.
 - b) Preferential allotment of equity shares at the price of Rs. 20 per share on December 08, 2011 to 48 allottees.
 - c) Preferential allotment of equity shares at the price of Rs. 20 per share on April 28, 2012 to 35 allottees.
 - d) Sub-division of shares on December 13, 2013 from one equity share of Rs.10 each into ten equity shares of Re. 1 each.

6. It was observed that the erstwhile promoters of FFSL viz. Mr. P. Natrajan, Ms. N. Jayanthi, Ms. N. Nithya, wife and daughter of Mr. P. Natrajan respectively, had sold their entire unencumbered shareholding of 34.92% (i.e. except for 11% of the shares of FFSL that were pledged) to Mr. B. P. Jhunjhunwala at Re. 1 per share by way of a Memorandum of Understanding (MOU) dated May 27, 2010. As per the said MOU, Mr. B. P. Jhunjhunwala was to acquire a total of 58.08% of the total share capital of FFSL from Mr P. Natrajan, Mr N. Jayanthi, Mr N. Nithya, Mr. N. Neeraja and First Financial Holdings Ltd. along with all records, papers, documents and files of the company. Further, it was also decided that the nominees of Mr. B. P. Jhunjhunwala would be appointed on the company's board.

7. Subsequently, FFSL made two preferential allotments and the investigation observed that these preferential allotments were used as a tool for implementation of a dubious scheme where the company connected entities manipulated the scrip price artificially, thereby facilitating the allottees to make significant gains by sale of shares post the lock in period. In this regard, it was observed that the allottees, who were alleged to be connected to FFSL, had made significant gains to the tune of Rs. 67.79 crore by the sale of shares post the lock in period (as listed in para 12.9 of Investigation Report). It was further alleged that FFSL did not utilise the funds raised through the allotments as per the disclosed objects at the time of allotment and transferred significant portion of the proceeds via various entities to few allottees as well as certain buyers in FFSL during the post lock-in period. Further, it was also observed that FFSL had indirectly funded two allottees for investing in its preferential allotment.
8. In view of the above findings of the investigation, it was alleged the following:
- a) Noticee No. 1 was alleged to have violated Section 21 of the SCRA 1956 read with clauses 28, 43 and the sub-clauses II(D)(5A) and IV(D) of clause 49 of the Listing Agreement and Sections 11 (2)(i) and 11C(3) of the SEBI Act, 1992.
 - b) Noticee No. 1 to 76 were alleged to have violated Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (e) of PFUTP Regulations and Sections 12A(a), (b) and (c) of SEBI Act.
 - c) Noticee No. 6, 7, 77 – 84 were alleged to have violated Regulations 10 & 12 of the SAST Regulations and section 12A(f) of SEBI Act.

APPOINTMENT OF ADJUDICATING OFFICER

9. Initially Mr. K Sarvanan was appointed as Adjudicating Officer (AO) vide communique dated September 28, 2017 under Section 19 read with 15-1 of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**'), Section 23-1(1) and 23-1(2) of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCR Act**"), Rule 3 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules 1995**') and Rule 3 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 2005 (hereinafter referred to as '**Adjudication Rules 2005**') to inquire into and adjudge under the provisions of Section 23E of SCR Act and Sections 15A(a), 15H and 15HA of the SEBI Act, the violation of the relevant provisions of Equity Listing Agreement (hereinafter referred to as '**Listing Agreement**'), SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as '**SAST Regulations**'), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**') and also SEBI Act, alleged to have been committed by the entities listed above (hereinafter collectively referred to as '**Noticees**') while dealing in the scrip of First Financial Services Ltd., (hereinafter referred to as "**the Company/FFSL**"). Thereafter, Mr. Suresh B Menon was appointed as AO vide communique dated October 23, 2017. Subsequently, on transfer, the undersigned was appointed as AO in the matter vide order dated April 09, 2019.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

10. A common Show Cause Notice dated March 29, 2019 (hereinafter referred to as "SCN") was issued to 84 Noticees mentioning the aforementioned allegations against the Noticees and requiring them to show cause within 14 days of receipt of the SCN, as to why an inquiry should not be held and penalty be not imposed under Section 15A(a), 15H and 15HA of SEBI Act for the aforesaid alleged violations

against it. The details of service of SCN, replies filed and hearing is mentioned in the table below:

Sr. No	Name of Noticees	SCN status (Delivered - D/ Undelivered - U)	Reply date	Hearing Notice date	Hearing Notice delivery status (Y/N)	Hearing date	Hearing attended (Y/N)	
1	First Financial Services Limited	D	21/05/2019 15/06/2022 25/07/2022	29/04/2022 09/05/2022 21/06/2022	Y	23/06/2022	Y	
2	Nirmal Singh Mertia	D	-	29/04/2022	Y	10/05/2022	N	
3	S Krishna Rao	D	23/05/2022 20/08/2019	29/04/2022 09/05/2022	Y	17/05/2022	Y	
4	Ponuswammy Natarajan	D	29/03/2019 11/05/2019	29/04/2022	Y	10/05/2022	Y	
5	Prem Lata Nahar	D	11/05/2022	29/04/2022 09/05/2022	Y	17/05/20022	Y	
6	BP Jhunjunwala	D	15/05/2019 28/08/2019 23/05/2022	29/04/2022 09/05/2022	Y	17/05/2022	Y	
7	BP Jhunjunwala & Others HUF	D	28/08/2019 23/05/2022	29/04/2022 09/05/2022	Y	17/05/2022	Y	
8	Anil Agrawal HUF	D	23/05/2019 30/05/2022	29/04/2022 25/05/2022	Y	31/05/2022	Y	
9	Anil Agarwal (Karta)	D	23/05/2019 30/05/2022	29/04/2022 25/05/2022	Y	31/05/2022	Y	
10	Gokul Securities Pvt. Ltd.	D	STRIKE OFF					
11	Amit Hasmukhbhai Patel HUF	D	16/05/2019 18/07/2019 11/06/2022	27/05/2022	Y	14/06/2022	Y	
12	Amit Hasmukhbhai Patel (Karta)	D	16/05/2019 18/07/2019 11/06/2022	27/05/2022	Y	14/06/2022	Y	
13	Syncom Formulations (India) Ltd.	D	23/05/2022	29/04/2022 09/05/2022 18/05/2022	Y	25/05/2022	Y	

Sr. No	Name of Noticees	SCN status (Delivered - D/ Undelivered - U)	Reply date	Hearing Notice date	Hearing Notice delivery status (Y/N)	Hearing date	Hearing attended (Y/N)
14	Rajendrakumar Agarwal HUF	D	22/05/2019 29/05/2022 09/06/2022	29/04/2022 10/05/2022 17/05/2022 25/05/2022	Y	31/05/2022	Y
15	Rajendrakumar Agarwal (Karta)	D	22/05/2019 29/05/2022 09/06/2022	29/04/2022 10/05/2022 17/05/2022 25/05/2022	Y	31/05/2022	Y
16	Ritesh Agarwal HUF	D	22/05/2019 29/05/2022 09/06/2022	29/04/2022 25/05/2022	Y Newspaper	31/05/2022	Y
17	Ritesh Agarwal (Karta)	D	22/05/2019 29/05/2022 09/06/2022	29/04/2022 25/05/2022	Y Newspaper	31/05/2022	Y
18	Shilpa Agarwal	D	22/05/2019 29/05/2022 09/06/2022	29/04/2022 25/05/2022	Y Newspaper	31/05/2022	Y
19	Suresh Kumar Khandelia	D	21/05/2019 23/05/2022	29/04/2022 18/05/2022 25/05/2022	Y	31/05/2022	Y
20	Manju Khandelia	D	21/05/2019 23/05/2022	29/04/2022 18/05/2022 25/05/2022	Y	31/05/2022	Y
21	Brij Bhushan Singal	D	30/05/2019 29/07/2019 09/06/2022	27/05/2022	Y	14/06/2022	Y
22	Neeraj Singal	D	30/05/2019 29/07/2019 09/06/2022	27/05/2022	Y	14/06/2022	Y
23	Uma Singal	D	30/05/2019 29/07/2019 09/06/2022	27/05/2022	Y	14/06/2022	Y
24	Bharatbhai Nathabhai Buha	D	03/06/2022	29/04/2022 09/05/2022 17/05/2022	Y	25/05/2022	Y
25	Ashokbhai Nathabhai Buha	D	03/06/2022	29/04/2022 09/05/2022 17/05/2022	Y	25/05/2022	Y
26	NK Agarwal & Sons	D	14/05/2019	27/05/2022	Y	14/06/2022	Y

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27	Suresh Kumar Kalani	D	07/10/2019	27/05/2022 29/06/2022	Y	06/07/2022	N	
28	Mukesh Atal HUF	D	17/09/2019	27/05/2022	Y	14/06/2022	Y	
29	Mukesh Atal Karta	D	17/09/2019	27/05/2022	Y	14/06/2022	Y	
30	Balkishan & Sons HUF	D	-	27/05/2022	Y	14/06/2022	Y	
31	Balkishan Atal (Karta)	D	17/09/2019	27/05/2022	Y	14/06/2022	Y	
32	Rajni Atal	D	17/09/2019	27/05/2022	Y	14/06/2022	Y	
33	Karuna Atal	D	17/09/2019	27/05/2022	Y	14/06/2022	Y	
34	Rajesh Atal	D	17/09/2019	27/05/2022	Y	14/06/2022	Y	
35	Santosh Manihar	D	29/07/2019 07/10/2019 11/06/2022	27/05/2022	Y	14/06/2022	Y	
36	Giriraj Prasad Manihar HUF	D	07/10/2019 11/06/2022	27/05/2022	Y	14/06/2022	Y	
37	Giriraj Prasad Manihar (Karta)	D	07/10/2019 11/06/2022	27/05/2022	Y	14/06/2022	Y	
38	Anshul Jain	D	07/10/2019 11/06/2022	27/05/2022	Y	14/06/2022	Y	
39	Ranisati Dealer Pvt. Ltd.	U	STRIKE OFF					
40	Padma Impex Pvt. Ltd.	D	03/06/2022	29/04/2022	Y Newspaper	25/05/2022	N	
41	Global Infratech and Finance Ltd.	U	-	29/04/2022	Y	10/05/2022	N	
42	Comfort Fincap Ltd.	D	23/05/2019 30/05/2022 09/06/2022	29/04/2022 25/05/2022	Y Newspaper	31/05/2022	Y	
43	Comfort Intech Ltd.	D	23/05/2019 30/05/2022 09/06/2022 11/07/2022	29/04/2022 25/05/2022	Y	31/05/2022	Y	

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44	Comfort Securities Ltd.	D	23/05/2019 31/05/2022 09/06/2022	29/04/2022 25/05/2022	Y	31/05/2022	Y
45	Kuber Kamna Marbles Pvt. Ltd.	D	-	29/04/2022	Y	10/05/2022	N
46	Tirupati Developers Ltd.	D	17/08/2022	27/05/2022	Y	14/06/2022	Y
47	Advent Developers Pvt. Ltd.	D	-	27/05/2022	Y	14/06/2022	Y
48	Vision Steel Ltd.	D	13/05/2019 06/06/2019	27/05/2022	Y	14/06/2022	N
49	Marsh Steel Trading Ltd.	D	11/05/2019 06/06/2019	27/05/2022	Y	14/06/2022	N
50	Adhunik Transport Organisation Ltd.	D	22/05/2019 09/06/2022	29/04/2022 10/05/2022 17/05/2022 25/05/2022	Y	31/05/2022	Y
51	NMC Industries Pvt. Ltd.	D	16/05/2019 23/07/2019 11/06/2022	27/05/2022	Y	14/06/2022	Y
52	LAN Finance Pvt. Ltd.	D	16/05/2019 23/07/2019 11/06/2022	27/05/2022	Y	14/06/2022	Y
53	Bina H Mehta	D	17/05/2019 31/05/2019	29/04/2022	Y	10/05/2022	N
54	Amrit Sales Promotion Pvt. Ltd.	D	15/05/2019 09/06/2022	27/05/2022	Y	14/06/2022	Y
55	Bazigar Trading Pvt. Ltd.	D	09/06/2022	27/05/2022	Y	14/06/2022	Y
56	BSR Finance & Constructions Pvt.	D	09/07/2022	27/05/2022 11/07/2022 19/07/2022	Y	27/07/2022	Y

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57	Cellour Marketing Pvt Ltd	D	19/06/2019 17/06/2022	27/05/2022	Y	14/06/2022	Y	
58	Dhanlakshmi Brokers Pvt. Ltd.	U	-	27/05/2022	Y	14/06/2022	Y	
59	HS Tradecom Private Limited	D	-	27/05/2022	Y	14/06/2022	N	
60	Jaihanuman Multiagencies Pvt. Ltd.	U	STRIKE OFF					
61	Jayne Tradecom Pvt. Ltd.	U	STRIKE OFF					
62	Kirit Vasudeo Dave	D	-	27/05/2022	Y	14/06/2022	N	
63	Kripa Securities Pvt. Ltd.	D	13/06/2019	27/05/2022	Y	14/06/2022	N	
64	Life Line Marketing Pvt. Ltd.	D	04/07/2022	27/05/2022	Y	06/07/2022	Y	
65	Nandan Kanan Iron And Steel Pvt. Ltd.	D	21/05/2019	27/05/2022 29/06/2022	Y	06/07/2022	N	
66	Navdurga Investment Consultants Pvt. Ltd.	U	STRIKE OFF					
67	Nityadhara Plaza Private Limited	U	STRIKE OFF					
68	Pride Distillery Pvt. Ltd.	U	STRIKE OFF					
69	RC Suppliers Pvt. Ltd.	D	28/06/2019	27/05/2022 29/06/2022	Y	06/07/2022	N	
70	Astabhuja Construction Pvt. Ltd.	U	STRIKE OFF					

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71	Raina Vyapaar Pvt. Ltd.	D	28/06/2019	27/05/2022 29/06/2022	Y	06/07/2022	N
72	Rajani Investment Pvt. Ltd.	U	-	27/05/2022 29/06/2022	Y	06/07/2022	N
73	Ritesh Commercial Holdings Ltd.	D	28/07/2022 06/09/2022	27/05/2022 29/06/2022 11/07/2022 19/07/2022	Y	28/07/2022	Y
74	Sanchay Tradecomm Pvt. Ltd.	D	01/07/2022	27/05/2022	Y	06/07/2022	Y
75	Stardox Vinimoy Pvt. Ltd.	D	28/06/2019	27/05/2022 29/06/2022	Y	06/07/2022	N
76	Surbhika Vyapaar Pvt. Ltd.	D	21/05/2019	27/05/2022 29/06/2022	Y	06/07/2022	N
77	Ruhi Jhunjunwala	D	15/05/2019 13/09/2019 23/05/2022	29/04/2022 09/05/2022	Y	17/05/2022	Y
78	Mala Jhunjunwala	D	12/09/2019 23/05/2022	29/04/2022 09/05/2022	Y	17/05/2022	Y
79	Skyed Network Pvt. Ltd.	D	16/09/2019 23/05/2022	29/04/2022 09/05/2022	Y	17/05/2022	Y
80	Anurodh Merchandise Pvt. Ltd	D	15/05/2019 16/09/2019 23/05/2022	29/04/2022 09/05/2022	Y	17/05/2022	Y
81	Nandlal Vyapaar Pvt. Ltd.	D	10/05/2022	29/04/2022	Y	10/05/2022	N
82	Radhasoami Securities Pvt. Ltd	D	15/05/2019 16/09/2019 23/05/2022	29/04/2022 09/05/2022	Y	17/05/2022	Y
83	BPJ Holdings Pvt. Ltd.	D	16/05/2022	29/04/2022 09/05/2022	Y	17/05/2022	N
84	Onesource Ideas Pvt. Ltd.	D	09/05/2022 23/05/2022	29/04/2022 09/05/2022	Y	17/05/2022	Y

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11. It is noted that the Noticee No. 2, 41, 45, 59, 62 and 72 have neither filed any reply nor have availed the opportunity of personal hearing despite service of notices upon them. In the facts and circumstances of this case, I am of the view that the aforesaid Noticees have nothing to submit and in terms of Rule 4(7) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, the matter can be proceeded *ex-parte* on the basis of material available on record. In the absence of any response from the aforesaid Noticees to the SCN, I presume that the Noticees have admitted the charges levelled against them.
12. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Classic Credit Ltd. vs. SEBI** (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that, "*.....the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them*".

Further, the Hon'ble SAT in the matter of **Sanjay Kumar Tayal & Others vs SEBI** (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that: "*..... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices...*"

Additionally, the same position reiterated by the Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Dave Harihar Kirtibhai vs SEBI** (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT observed as under:

"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-

receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...”

13. In view of the observations made by the Hon’ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed against the aforesaid Noticees *ex-parte*, based on the material available on record. While deciding the case, I also cannot lose sight of settled position of law that the charge should be established with valid reasons and in accordance with law. I, therefore, deem it necessary to examine the charge based upon the trades of the Noticees and supporting material as provided in the SCN.

14. In view of the above, I note that principles of natural justice have been duly complied with, as SCNs/ Hearing Notices were duly served upon the Noticees and sufficient opportunity was also granted to the Noticees to reply to the SCN and appear for hearing.

CONSIDERATION OF ISSUES AND FINDINGS

15. During the course of the proceedings, the status of Gokul Securities Private Ltd. (Noticee No. 10), Ranisati Dealer Pvt. Ltd. (Noticee No. 39), Jaihanuman Multi Agencies Pvt. Ltd. (Noticee No. 60), Jayine Tradecom Pvt. Ltd. (Noticee No. 61), Navdurga Investment Consultants Pvt. Ltd. (Noticee No. 66), Nityadhara Plaza Pvt. Ltd. (Noticee No. 67), Pride Distillery Pvt. Ltd. (Noticee No. 68) and Astabhuja Construction Pvt. Ltd. (Noticee No. 70) was ascertained from the Ministry of Corporate Affairs (‘MCA’) website. From the material available on record, I note that, on the MCA website the status of the said Noticees is being shown as “Strike Off”. In this regard, copy of the Company Master data of the Noticee from the MCA

website is placed in the file. Hence, I note that the aforesaid Noticees were struck off from the register of companies and hence dissolved.

16. As evident from the aforesaid, in view of the fact that the Noticee was struck-off under Section 248 of the Companies Act, 2013, it would not be appropriate to determine liability against a company which no longer exists as on date of current proceedings. Hence, the proceedings stand abated without going into the merits of the case. Should the company be revived or restored at any stage, a decision to initiate proceedings may be taken afresh at that stage.
17. In this regard I place reliance on the decision of the Income Tax Appellate Tribunal ('ITAT') in the matter of **M/s. Anujay Hycare Products (P) Ltd. Vs The Income Tax Officer ('ITAT Delhi')** Date of Judgement/Order - 06/04/2018, in which ITAT observed that "*..... there could not have been any valid assessment order passed against the assessee-company which was not in existence as on the day of passing of the assessment order because it had already been dissolved. The assessment in the case of non-existing entity is thus nullity. Therefore, A.O. had no jurisdiction to pass the order against the non-existing company.....However, ason today, it is an established fact that assessee-company has already been dissolved and its name is struck-off from the Registrar of Companies. Therefore, it is a non-existing Company and as such, A.O. cannot pass the assessment order under section 143(3) of the I.T. Act, 1961 against the assessee-company. The issue is, therefore, covered in favour of the assessee-company by the above judgments of Hon'ble Delhi High Court, relied upon by the Learned Counsel for the Assessee*".
18. In this context, I would further like to draw reference to a judgment of the Hon'ble Delhi High Court in the case of **Commissioner of Income Tax (CIT) vs Vived Marketing Services (P) Ltd.**, ITA NO. 273/2009 dated September 17, 2009 in which it was held that -"*When the Assessing Officer passed the order of assessment against the respondent company, it had already been dissolved and struck off the register of the Registrar of companies under Section 560 of the Companies Act. In*

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these circumstances, the Tribunal rightly held that there could not have been any assessment order passed against the company which was not in existence as on that date in the eyes of law it had already been dissolved. We are of the opinion that the view taken by the Tribunal is perfectly valid and in accordance with law."

19. Therefore, in view of the facts and circumstances noted in the preceding paragraphs and also the fact that the Noticee's name has been struck-off from the RoC list and also 'dissolved' as per the RoC notification, I conclude that the present adjudication proceedings initiated against the said Noticees vide SCN dated March 29, 2019 cannot be proceeded with.

20. Before going into the merits of the case I would deal with the preliminary issue raised by some of the Noticees. They contended that there is a delay in the proceeding/ issuing the SCN, as the investigation period is of 2012 - 15, and that the present proceedings need to be dropped on the ground of inordinate delay.

In this regard, I note that the Noticees at no point of the present proceedings, have demonstrated successfully as to how exactly their interest in defending their case stands prejudiced due to any delay in the matter. SEBI initiated the investigation as soon as information regarding mala fide actions came to its notice. Further, under the SEBI Act there is no limitation on initiation of adjudication proceedings for violation of various provisions of Act and Regulations made thereunder. Also, these do not prescribe any fixed limitation period for completion of the proceedings. Without prejudice to the above, I note that pursuant to the completion of investigation, SCN has been issued on March 29, 2019. Also, the proceedings in the present matter have been affected due to spread of Covid-19 Pandemic. I further note that the investigation with regards to violation of PFUTP Regulations, 2003, is an exhaustive and time consuming process, which may require detailed analysis of the case facts. Here it is imperative to note that this matter involves investigation of around 470 entities. In this regard, I note that the Hon'ble SAT in the matter of **Pooja Vinay Jain vs SEBI** (Appeal No. 152 of 2019 decided on March 17, 2020) held that,

“The record would show that all the documents concerning the defense of the appellant were filed by her before the AO. Therefore, for want of any prejudice the proceedings cannot be quashed simply on the ground of delay in launching the same”.

I also note that the Hon’ble SAT in the matter of **Bipin R Vora vs SEBI** (decided on March 22, 2006) held that, *“As regards the plea of delay and laches and submission that the show cause notice is barred by limitation, I do not find any merit in these contentions as the time and efforts involved in an investigation though may vary from case to case, generally investigations per-se is a time consuming process which invariably involve collection, scrutiny and careful examination of voluminous records/ order-trade details of all the concerned including the exchanges/recording of statements etc. and therefore no time limit can be fixed in this regard to enable a regulator to take appropriate disciplinary action for the safeguard and improvement of the system/market”.*

In view of the above, and considering the facts and circumstances, the contention of the Noticees does not hold any ground for granting discharge from the serious charges as alleged in the SCN, so the contentions of the Noticees in this regard are without merits.

21. Considering the findings of Investigation, the allegations made out in the SCN and the submissions made by the Noticees, I find that following issues require consideration in the present case:

Issue 1:

- (a) Whether Noticee No. 6, 7, 77 - 84 have violated the provisions of SAST Regulations read with SEBI Act?**
- (b) Whether Noticee No. 1 to 76 were directly or indirectly connected to FFSL?**

(c) Whether the trades carried out by connected noticees in Patch 1, 3 and 4 of the IP have violated the provisions of the SEBI (PFUTP) Regulations, 2003?

(d) Whether Noticee No. 1 had violated the provisions of SCRA and Listing Agreement read with SEBI Act

Issue 2: Does the violation, if any, attract penalty under Section 15A(a), 15H and 15HA of the SEBI Act, 1992?

Issue 3: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

OBSERVATIONS AND FINDINGS

22. Before I proceed further with the matter, it is pertinent to mention the relevant provisions of the PFUTP Regulations, alleged to have been violated by the Noticees. The same are reproduced below:

SEBI Act:

11. Functions of Board.

(2) Without prejudice to the generality of the foregoing provisions, the measures 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;

11C. Investigation.

(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.

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;

(f) acquire control of any company or securities more than the percentage of equity share capita/ of a company whose securities are listed or proposed to be listed on a recognized stock exchange in contravention of the regulations made under this Act.

SEBI (PFUTP) Regulations, 2003:

3. Prohibition of certain dealings in securities No person shall directly or indirectly—

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

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

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

SAST Regulations:

Acquisition of fifteen per cent or more of the shares or voting rights of any company.

10. No acquirer shall acquire shares or voting rights which (taken together with shares or voting rights, if any, held by him or by persons acting in concert with him), entitle such acquirer to exercise 2[fifteen] per cent or more of the voting rights in a company, unless such acquirer makes a public announcement to acquire shares of such company in accordance with the regulations.

Acquisition of control over a company.

12. Irrespective of whether or not there has been any acquisition of shares or voting rights in a company, no acquirer shall acquire control over the target company, unless

such person makes a public announcement to acquire shares and acquires such shares in accordance with the regulations:

Provided that nothing contained herein shall apply to any change in control which takes place in pursuance to a [special resolution] passed by the shareholders in a general meeting :

Provided further that for passing of the special resolution facility of voting through postal ballot as specified under the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 shall also be provided. Explanation—For the purposes of this regulation, acquisition shall include direct or indirect acquisition of control of target company by virtue of acquisition of companies, whether listed or unlisted and whether in India or abroad.

SCRA:

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.

Listing Agreement:

28. The Company will not make any change in the form or nature of any of its securities that are listed on the Exchange or in the rights or privileges of the holders thereof without giving twenty one days' prior notice to the Exchange of the proposed

change and making an application for listing of the securities as changed if the Exchange shall so require.

43. a) The Company agrees that it will furnish on a quarterly basis a statement to the Exchange indicating the variations between projected utilisation of funds and/or projected profitability statement made by it in its prospectus or letter of offer or object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities, and the actual utilisation of funds and/or actual profitability.

b) The statement referred to in clause (1) shall be given for each of the years for which projections are provided in the prospectus/letter of offer/object/s stated in the explanatory statement to the notice for considering preferential issue of securities and shall be published in newspapers simultaneously with the unaudited/audited financial results as required under clause 41.

c) If there are material variations between the projections and the actual utilisation/profitability, the company shall furnish an explanation therefore in the advertisement and shall also provide the same in the Directors' Report.

49. CORPORATE GOVERNANCE

II. Audit Committee

(D) Role of Audit Committee

The role of the audit committee shall include the following:

5(A). Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the

i) monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

Issue 1 (a) Whether Noticee No. 6, 7, 77 - 84 have violated the provisions of SAST Regulations read with SEBI Act?

23. In this regard, I note that BP Jhunjunwala (Noticee No. 6) and his nominees namely BP Jhunjunwala & others HUF (Noticee No. 7), Ms Ruhi Jhunjunwala (Noticee No. 77), Ms Mala Jhunjunwala (Noticee No. 78), Skyed Network Private Limited (Noticee No. 79), Anurodh Merchandise Private Limited (Noticee No. 80), Nandlal Vypaar Private Limited (Noticee No. 81), Radhasoami Securities Private Limited (Noticee No. 82), BPJ Holding Private Limited (Noticee No.83) and Onesource Ideas Private Limited (Noticee No. 84) (entered into a Memorandum of Understanding (MoU) dated May 27, 2010 with Mr. P. Natarajan (Noticee No. 4) representing promoters and certain shareholders of FFSL, with an intention to acquire 58.08% shares in FFSL and also to nominate directors on the Board of FFSL leaving one promoter director which required them to make a public announcement to acquire further shares of FFSL in terms of provisions of Regulations 10 and 12 of the SAST Regulations and which they failed to do.
24. Hence, it was alleged that Mr. BP Jhunjunwala and persons acting in concert (PACs) with him at the time of MoU i.e. Noticee No. 6, 7, 77-84 (BPJ Group) have

violated Regulations 10 & 12 of the SEBI (SAST) Regulations, 1997 and section 12A(f) of SEBI Act, 1992.

25. In view of the above, it is pertinent to examine the salient features and terms and conditions of MoU dated May 27, 2010 between Mr. P. Natrajan and Mr. B. P. Jhunjhunwala, which are as under:

- I. that Mr. P. Natrajan was the seller. The seller representing all the promoters and other desirous shareholders of FFSL.*
- II. that Mr. B.P. Jhunjhunwala was the acquirer. The Acquirer includes his successors, nominees, representatives or as the case may be, the heirs, executors and administrators of the Acquirer.*
- III. that the Acquirer has expressed interest to acquire the shares held by both the promoters (34.92% equal to 13,08,650 equity shares) and also the Non-Promoter (23.16% equal to 8,68,000 equity shares) totaling 58.08% of the present Paid-up Capital of FFSL.*

Both the parties have agreed:

1. that Seller to be paid Rs.8,68,000 (Rupees Eight Lacs Sixty-eight thousand only) by Cheque upon signing of this MoU against which the Seller shall ensure that 8,68,000 Non Promoter shares (23.16%) shall be delivered to the Acquirer in physical form duly transferred in favour of the nominees of the Acquirer together with all records, papers, documents and files of the FFSL. The nominees of the Acquirer shall be appointed on the Board leaving one Promoter Director.

2. that Seller to be paid another Rs. 13,08,650 (Rupees Thirteen Lacs Eight Thousand Six hundred and fifty only) at Re.1/-per share for 13,08,650 Promoter Shares on SEBI Approval against which the Promoter shares shall be transferred to the acquirer. However, the time limit for the same shall be 4 (Four) months to be extended up to six months in case of delay in SEBI approval from the date of

signing the MOU and the said shares shall be delivered with Transfer deeds duly executed to the Acquirer against the post-dated cheques in favour of the Seller.

3. the Seller confirms that there is no liability or outstanding that the Acquirer shall be exposed to an account of any other outstanding or dues or attachment or lien or encumbrances in any manner whatsoever on the Sale Shares as on date.

4. that the Seller agrees to indemnify or make good the losses, if any, incurred by the Acquirer in future towards any un-disclosed liability or claims against the Company not disclosed in the Balance Sheet and Accounts.

5. that the MOU is irrevocable in nature and time is the essence. The Acquirer undertakes to pay the amount on due dates irrespective of the permission from SEBI/BSE and Seller undertakes to co-operate with the Acquirer in future at any time without any further demand of consideration / services charges till the SEBI Takeover Code is completed.

26. I note that, in this regard some of the aforesaid Noticees have contended that an MoU is merely a document or a proposed arrangement which may neither be definitive nor decisive, to arrive at terms of further arrangement between two or more parties. It is also contended that MoU by any means cannot be regarded as an agreement or a decision obligatory between the executing parties and thus, there was no agreement to acquire the shares of FFSL and to take control over management of the Company.

27. In view of the aforesaid contention, the question that needs to be answered is whether the MoU is only in the nature of mere understanding or has taken the character of agreement and was binding in nature.

28. Before delving into the issue further, it is worth quoting the decision of Hon'ble High court of Delhi in ***KSL Industries Ltd. vs. National Textiles Corporation Ltd.*** in its

decision dated 14.08.2012.

“

64. *The Hon'ble Supreme Court referred to the decision in one Von Hatzfeldt-Wildenburg vs. Alexander, [1912] 1 Ch. 284, wherein it had been held that if the documents or letters relied on, as constituting a contract, contemplate the execution of a further contract between the parties, it is a question of construction whether the execution of further contract is a condition or term of the bargain, or whether it is a mere expression of the desire of the parties as to the manner in which the transaction already agreed to will, in fact, go through. In the former case there is no enforceable contract either because the condition is unfulfilled, or because the law does not recognize a contract to enter into a contract. In the latter case, there is a binding contract and the reference to the more formal document may be ignored. In other words, there may be a case where the signing of a further formal agreement is made a condition or term of the bargain, and if the formal agreement is not approved and signed there is no concluded contract.*

65. *In Trimex International FZE Limited, Dubai (Supra), the Hon'ble Supreme Court again held that where the contract is concluded orally or in writing, the mere fact that a formal contract has to be prepared and initialed by the parties would not affect either the acceptance of the contract so entered into, or implementation thereof, even if the formal contract has never been initialed.*

66. *I may also refer to the judgment of learned Single Judge of this court in Old World Hospitality (supra) wherein the aforesaid issue had been discussed at some length in paragraphs 48 to 50 & 53. From a reading of the terms of the MOU, particularly clause 4.1 (ii) and the fact that the forms of the definitive agreements formed a part of the MOU, as also the conduct of the parties post the signing of the MOU that they did not indulge in any significant negotiations with regard to the settlement of any further terms and conditions, I am, prima facie, of the view that the intention of the parties was that the MOU should serve as the binding agreement, and the execution of the definitive agreements was not a condition that without which the MOU cannot be enforced. Keeping in view the above clauses of the MOU and the case law above referred to, I am of the prima*

facie view that the MOU in question constitutes a binding contract between the parties.....”.

29. It is also established principle of interpretation of deeds that the title of the document is immaterial. As observed by the Hon'ble Supreme Court vide order dated September 22, 1976 in ***Puzhakkal Kuttappu vs C. Bhargavi and Others*** that:

“... In construing a document like the one before us it is always necessary to find the intention of the party executing it. The intention has to be gathered from the recitals and the terms in the entire document and from the surrounding circumstances. How the parties or even their representatives in interest treated the deed in question may also be relevant. It is also well settled that the nomenclature given to a document by the scribe or even by the parties is not always conclusive....” (emphasis supplied)

30. Therefore, what needs to be examine is the intention of the parties as reflected in the document and the conduct of the parties whether they intended the instrument to be “agreement” and binding or mere MoU and was supposed to be merely on paper. As already seen above, the title of the deed is not conclusive in this regard. Hence, it is imperative to examine the said MoU in detail.
31. As seen above, the text of the MoU states that, “that *Seller to be paid Rs.8,68,000 (Rupees Eight Lacs Sixty-eight thousand only) by Cheque upon signing of this MoU against which the Seller shall ensure that 8,68,000 Non Promoter shares (23.16%) shall be delivered to the Acquirer in physical form duly transferred in favour of the nominees of the Acquirer together* with all records, papers, documents and files of the FFSL. The nominees of the Acquirer shall be appointed on the Board leaving one Promoter Director.” Hence I note that the MoU explicitly states that the only condition precedent for the transfer of shares to the acquirer was the signing of said MoU. Since the MoU was signed with an understanding that it will lead to the transfer

of shares equivalent to 23.16% of the total paid up share capital of FFSL. The requirement to make public announcement arise as soon as the MoU is signed (SAST Regulations require public announcement to be made after acquisition of 15% or more shares as per Regulation 10 of SAST).

32. In order to further verify the nature of the said MoU and whether it was in the form of enforceable agreement, I note that MoU dated May 27, 2010 was executed on a Stamp paper, between Mr. Natrajan (seller) and Mr. B.P. Jhunjhunwala (acquirer), for the sale of 21,76,650 equity shares (58.08%) of FFSL for a consideration of Rs. 21,76,650 /-. The key features of MoU dated May 27, 2010 is as under:

1. The Seller has expressed interest in selling 21,76,650 equity shares (58.08%) of FFSL to the Acquirer.

2. The Acquirer has expressed interest to acquire the 21,76,650 equity shares (58.08%) of FFSL held by the Seller. It was further agreed that:

a. The total consideration of sale of said shares is Rs.21,76,650 /-@ of Re.1 /-per share. MoU is accompanied by cheques (including post-dated cheques) for full consideration.

b. The Seller to be paid Rs.8,68,000 (Rupees Eight Lacs Sixty-eight thousand only) by Cheque upon signing of this MoU against which the Seller shall ensure that 8,68,000 Non Promoter shares (23.16%) shall be delivered to the Acquirer in physical form duly transferred in favour of the nominees of the Acquires together with all records, papers, documents and files of the FFSL. The nominees of the Acquirer shall be appointed on the Board leaving one Promoter Director.

c. The Seller to be paid another Rs. 13,08,650 (Rupees Thirteen Lacs Eight Thousand Six hundred and fifty only) at Re. 1/-per share for 13,08,650 Promoter Shares on SEBI Approval against which the Promoter shares shall be transferred to the acquirer. However, the time limit for the same shall be 4 (Four) months to be extended up to six months in case of delay in SEBI approval from the date of

signing the MoU and the said shares shall be delivered with Transfer deeds duly executed to the Acquirer against the post-dated cheques in favour of the Seller.

3. In terms of agreement / MoU dated May 27, 2010 with regard to the payment of consideration for sale of 21,76,650 equity shares (58.08%) of FFSL together with the management control, Noticee No.6 and his nominees had acted upon by enclosing cheques / post-dated cheques *vide* two separate letters both dated May 27, 2010 addressed to Mr. P. Natrajan aggregating Rs.21,76,650/-.

33. From the above, I note that the said two letters dated May 27, 2010 were attached with MoU dated May 27, 2010 forming the part of the MoU. The Annexure to MoU had contained details such as, who all will issue the cheques, details of the cheques and amount for which the cheque will be drawn.

34. The details of cheques / post-dated cheques are as follows:

Sl. No.	Date	Issuer	Favouring	Cheque No.	Bank	Amount in Rs.
1	27.05.2010	B P Jhunjunwala	N. Nithya	419773	HDFC Bank	1,500
2	27.05.2010	Ruhi Jhunjunwala	N. Neeraja	531510	HDFC Bank	37,500
3	27.06.2010	Mala Jhunjunwala	First Financial Holdings Limited	328852	HDFC Bank	1,30,000
4	27.06.2010	Skyed Network Pvt. Ltd.	First Financial Holdings Limited	602197	ICICI Bank	1,00,000
5	27.06.2010	Anurodh Merchandise Pvt. Ltd.	First Financial Holdings Limited	274131	ICICI Bank	1,40,000
6	27.06.2010	Nandlal Vyapaar Pvt.	First Financial Holdings Limited	254234	ICICI Bank	1,70,000
7	27.06.2010	Radhasoami Securities Pvt. Ltd.	First Financial Holdings Limited	561498	HDFC Bank	1,00,000

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8	27.06.2010	BPJ Holding Pvt. Ltd	First Financial Holdings Limited	627342	ICICI Bank	1,50,000
9	27.06.2010	Onesource Ideas Pvt. Ltd.	First Financial Holdings Limited	050636	ICICI Bank	39,000
10	27.11.2010	Onesource Ideas Pvt. Ltd.	N. Nithya	050638	ICICI Bank	36,600
11	27.11.2010	Onesource Ideas Pvt. Ltd.	N. Jayanthi	050637	ICICI Bank	4,74,119
12	27.11.2010	Radhasoami Securities Pvt. Ltd.	P. Natarajan	561497	HDFC Bank	8,00,931
			Total			21,76,650

35. I further note that the said MOU was irrevocable in nature and the said transaction was to be completed within six months from the date of MOU.
36. Thus, from the above, I note that in the MoU dated May 27, 2010, there is a contract for buy and sale of shares of FFSL, for consideration. Thus, the said MOU records all the necessary terms for a contract as per Indian Contracts Act, 1872 i.e., offer, its communication, meeting of minds, acceptance, communication of acceptance, consideration, capacity and legality.
37. In view of the above, I further note that necessary terms of the transfer of shares, payment of consideration, time of transfer of shares and consideration has been already agreed and crystallised in the aforesaid document. Therefore, the said MoU dated May 27, 2010 though titled as Memorandum of Understanding is in essence an agreement and is irrevocable and binding between the parties. In view of this, I find no merit in the contention of the aforesaid Noticees that the MoU dated May 27, 2010 cannot be considered as agreement or a decision obligatory between the executing parties.

38. This apart, with regard to the control over the management of FFSL by the acquirer, I note that as per regulations 2(1)(c) of the SAST Regulations, 1997 “Control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder’s agreements or voting agreements or in any other manner. From the aforesaid MoU, I note that the nominees of BP Jhunjunwala were to be appointed on the Board of FFSL except one promoter director i.e. Mr. P. Natarajan (Noticee No.4). Thus, MoU clearly empowered BP Jhunjunwala and his nominees (mentioned above), the right to appoint the majority of directors on the Board of FFSL i.e. to have control over the management of FFSL.
39. Considering the aforesaid “MoU” and letters attached thereto, I note that the said Noticees had agreed to acquire the 21,76,650 equity shares (58.08%) of FFSL from Mr. Natarajan and other erstwhile promoters and non-promoters through Mr. Natarajan for a consideration of Rs. 21,76,650/- @ Re. 1/- per share and also agreed to appoint the nominees of the acquirer (Mr. BP Jhunjunwala) on the Board of FFSL leaving one erstwhile promoter director i.e. Mr. P. Natarajan. It is therefore, the agreement dated May 27, 2010 records not only the decision/ intention of the said Noticees but also records more than the decision and intention of the said Noticees to acquire 58.08% shares of FFSL and control of FFSL, i.e. an “agreement” to acquire 58.08% of the shares and control of FFSL. Hence, I do not find any merit in the contention of the said Noticees that there was no agreement to acquire the shares of FFSL and to take control over management of FFSL.
40. In this connection, I also note from the submission of Mr. BP Jhunjunwala that he received a report from his advocate stating that the company FFSL has an obligation of Rs.99,99,000/- along with interest of 24% p.a. from the year 1997 onwards, to be paid to M/s. Shoes East Limited and an arbitration proceedings have been commenced against FFSL. It was further submitted that the same was not disclosed

by Mr. Natrajan at the time of signing the MoU. The Noticees also stated that the “MoU” was rescinded in November 2010. Thus, it was argued that the transaction as per the MoU stood not only rescinded but also amended if at all to be considered as subsisting. In this regard, I note that no documentary evidence of rescission of “MoU” was given by the said Noticees. Hence, this contention cannot be accepted.

41. Thus, I am of the view that on May 27, 2010, all the said Noticees clearly had an agreement / intention to acquire the shares of FFSL and to further take control over management of FFSL.

42. Hon’ble Supreme Court vide order dated November 26, 2015 in **AR Dahiya vs SEBI** [MANU/SC/1350/2015] in respect of the acquisition which was taken place in the year 1999, when SAST Regulation, 1997 was applicable, observed that:

“.....In our view, the post-dated cheques amounted to a promise to pay and that promise would be fulfilled on the date mentioned on the cheque. Thus, this promise to pay amounted to a sale of shares/equity. The subsequent dishonouring of the post-dated cheque would have no bearing on the case.....While interpreting the term acquisition, we must conceptualize the intention behind these Regulations which, it seems to us, is to safeguard the shareholders from adverse consequences of acquisitions and takeovers as far as the value of the shares is concerned.....In order to dispel doubts regarding the term ‘acquisition’, the same was subsequently defined in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Under Regulation 2 Clause (1) Sub-clause (a)- ‘acquisition’ means directly or indirectly acquiring or agreeing to acquire shares or voting rights in, or control over, a Target Company. This definition clarifies that an acquisition takes place the moment the acquirer decides or agrees to acquire, irrespective of the time when the transfer stands completed in all respects. The definition explicates that the actual transfer need not be contemporaneous with the intended transfer and can be in futuro....” (emphasis supplied)

43. In view of the above, it is clear that any person either by himself or along with the persons acting in concert who “agrees to acquire shares or voting rights” or “agrees to acquire control over the target company” would come within the definition of ‘*acquirer*’ irrespective of the time when actual acquisition of shares happened.
44. In this regard, I note that the purpose of making a public announcement, in the situation where an agreement to acquire shares or control is entered into, is for giving an opportunity to the shareholders other than the sellers, for tendering their shares of the Target Company. Therefore, the acquirer has to make a public announcement as per regulation 14 of SAST Regulations, 1997 and making of public announcement is a requirement that has to be fulfilled within four working days of agreement to acquire control/acquisition of shares or voting rights beyond the prescribed limit.
45. Thus, I am of the view that as per Regulation 2(1)(b) i.e. definition of “acquirer”; Regulation 10 relating to acquisition of 15% or more shares or voting rights; Regulation 12 relating to acquisition of control and the provisions of Regulation 14(1) and 14(3) relating to public announcement, open offer requirement under SAST Regulations, 1997 are triggered by person along with persons acting in concert on (i) agreeing to acquire shares of the Target Company above the limits prescribed; (ii) agreeing to acquire control of a target company. Therefore, agreement /intention to acquire the shares and control of the Target Company by the acquirer triggers the open offer requirement under Regulations 10 and 12 of SAST Regulations, 1997 respectively.

Whether the Noticees are acquirers/Persons Acting in Concert?

46. In this regards, it is pertinent to refer to the definitions of Acquirer and Persons acting in concert as specified under regulations 2(1)(b) & 2(1)(e)(1) of the SAST Regulations, 1997. “*Acquirer*” means any person who, directly or indirectly, acquires

or agrees to acquire shares or voting rights in the target company, or acquires or agrees to acquire control over the target company, either by himself or with any person acting in concert with the acquirer.

47. “*Persons Acting in Concert*” (PACs) means, persons who, for a common objective or purpose of substantial acquisition of shares or voting rights or gaining control over the target company, pursuant to an agreement or understanding (formal or informal), directly or indirectly co-operate by acquiring or agreeing to acquire shares or voting rights in the target company or control over the target company.
48. From above I note that, two or more persons may act in concert with each other under Regulation 2(1)(e)(1) of SAST Regulations, 1997 even though they may be wholly unrelated. For this, the four elements as specified under regulation 2(1)(e)(1) of SAST Regulations, 1997 has to be established i.e.
- (i) the persons must possess a common objective or purpose;
 - (ii) that common objective or purpose must be for the substantial acquisition of shares or voting rights or gaining control over a listed company;
 - (iii) the persons must directly or indirectly co-operate with each other by acquiring or agreeing to acquire shares or voting rights or control in the listed company and
 - (iv) the co-operation must be pursuant to a formal or informal agreement or understanding.
49. In this regard, I note that BP Jhunjunwala executed the MoU with Mr. Natarajan for himself and for the Nominees attached with post dated cheques and clearly states that ‘the acquirer includes his nominees’. This establishes that BPJ and the said Nominees shared common objective/ intention for substantial acquisition of 21,76,650 equity shares (58.08%) of FFSL and control over management of FFSL. This also reflect their direct cooperation to acquire/ agree to acquire shares and

control of FFSL and further establishes an understanding/ agreement between BPJ and Noticee No. 77-84. Thus, in the instant matter, I find the all requisite 4 elements of PACs as mentioned under regulation 2(1)(e)(1) of SAST Regulations, 1997 are present.

50. However, upon perusal of MOU dated May 27, 2010 and letters attached thereto, I note that BP Jhunjhunwala & others HUF (Noticee No. 7) was neither the part of MOU dated May 27, 2010 nor issued any cheques to Mr. Natarajan or promoter of FFSL for acquisition of shares of FFSL. Hence, I am inclined to accept the contention of Noticee No. 7 that it was neither the part of the said MoU, nor had any intention to acquire the shares of FFSL and control over FFSL.
51. Hence, I am of the view that Noticee No. 6 and 77 - 84 are Acquirers and Persons Acting in Concerts.

Whether the Noticee No. 6 and 77 - 84 have failed to make Public Announcement as required under the SAST Regulations?

52. As per regulation 10 read with regulation 14(1) of SAST Regulations, 1997, an acquirer along with persons acting in concert, can acquire shares of any listed company which taken together with shares or voting rights, if any, held by them previously, would entitle them to exercise voting rights in excess of 15%, only if such acquirer makes a public announcement of offer to acquire shares of such company in accordance with the relevant provisions of the SAST Regulations. Such Public announcement would have to be made by the merchant banker appointed by the acquirer within four working days of entering into an agreement for acquisition of / deciding to acquire shares or voting rights exceeding the 15 percent threshold limit.
53. In the instant matter, as established in the preceeding paragraphs, Noticee No. 6

and 77-84, who had agreed / decided to acquire more than 15% shares of FFSL (i.e. agreed to acquire 58.08% shareholding of FFSL) on May 27, 2010, were required to make public announcement of offer within 4 working days from date of decision to acquire shares. However, I note that the said Noticees did not make any public announcement of offer within 4 working days from May 27, 2010. Hence, it is established that said Noticees have violated the provisions of Regulation 10 read with Regulation 14(1) of SAST Regulations, 1997.

54. Further, as per regulation 12 read with regulation 14(3) of SAST Regulations, 1997 an acquirer, can acquire control over any listed company, only if such acquirer makes a public announcement of offer to acquire shares and acquires such shares of such company in accordance with the relevant provisions of the SAST Regulations. Such Public announcement would have to be made by the merchant banker appointed by the acquirer after four working days of any such change / changes are decided to be made as would result in the acquisition of control over the target company. With regard to the control over the management of FFSL by the acquirer, I note that as per regulations 2(1)(c) of the SAST Regulations, 1997, "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders' agreements or voting agreements or in any other manner.
55. I note that said Noticees had agreed / decided that nominees of BP Jhunjunwala shall be appointed on the Board of FFSL leaving one promoter director. Thus, on May 27, 2010 said Noticees had agreed / decided to appoint the majority of directors on the Board on FFSL i.e. to have control over the management of FFSL. Thus, the aforesaid Noticees were required to make public announcement of offer within 4 working days from the date of deciding the changes that would result in control over management of FFSL. However, it is noted that Noticee No. 6 and 77-84 did not make any public announcement of offer within 4 working days from May 27, 2010.

Hence, it is established that Noticee No. 6 and 77-84 have violated the provisions of Regulation 12 read with regulation 14(3) of SAST Regulations, 1997 and Section 12A(f) of SEBI Act, 1992.

Issue 1 (b) Whether Noticee No. 1 to 76 were directly or indirectly connected to FFSL?

56. In this regard, to determine the role played by the Noticees in the entire manipulative scheme and to ascertain the alleged violation, it is imperative to assess the connection between different Noticees. In order to establish the fact that Noticees were connected to each other and to other entities, it needs to be established that the Noticees were related to each other and acted in coordination with each other. In the present case, large number of entities were allegedly found to be acting in consonance and in furtherance of common objective to manipulate the price of the scrip of the company. As mentioned above, initially the majority shareholding of FFSL was acquired by BPJ Group and subsequently traded in a defined pattern to enable the price of the scrip to move in a certain direction. Further, it was observed that the price of the scrip was skyrocketing in absence of any significant improvement in the performance of the company. In this regard, I note that, to control the price of the stock, especially one which is traded publicly, there has to be involvement of number of persons with common motive. In view of this, it is necessary to examine the connection between Noticees as first step towards determining their role in the entire manipulative scheme.
57. I note that the IR observed from the copies of the notices for Extraordinary General Meetings dated August 25, 2011 and March 12, 2012, wherein the proposal of issuance of preferential shares was approved, that FFSL had disclosed to its shareholders and public that the purpose of the aforesaid fund raising through preferential allotments was to meet following requirements: -

- a. To expand the segment of Corporate Advisory Service like exploring refinancing alternatives of the clients and advising better sources of funds available.
 - b. To enter in to the spectrum of Loan I Debt Syndication, which is the need of the hour for all corporate and to provide a comprehensive suite of advisory services packaged with resource raising.
 - c. To enter in to segment of arranging Equity Placement / Strategic partners for corporate clients.
 - d. To expand the geographies of the company by penetrating to the major clients such as Mumbai and Delhi by opening the branches therein.
58. In this regard, I note from the IR that there was no receipt of advisory fee in the Profit and Loss account of FFSL for the period 2011-12 and 2012-13. Further, as per the balance sheet of FFSL for the FYs 2011-12 and 2012-13, the company had no fixed assets and no capital work in progress in those years. In view of this, it was alleged that the company did not enter into any corporate advisory or any other fee based activities and it did not meet its stated objective of expansion of geography by opening branches in Mumbai and Delhi.
59. It is also observed from the analysis of the Annual Reports of FFSL that the company was basically into trading or investment activities of its related/connected companies during the IP. In this regard, it was also alleged that the said activity of FFSL was beyond the resolution passed by it that the money will be used for arranging equity placement, Loan, Debt syndication etc.
60. Further, from the IR I note that in order to investigate the utilization of the allotment funds in detail, SEBI sent e-mails dated May 19, 2017, May 30, 2017, June 15, 2017, June 30, 2017 as well as summons dated June 01, 2017, June 08, 2017 and June 21, 2017 to FFSL advising it to provide details of the utilization of the funds of both

allotments along with documentary evidences in support of the same.

61. I further note that FFSL, vide its replies dated May 30, 2017, June 02, 2017, June 14, 2017, June 23, 2017, June 27, 2017 and July 07, 2017, submitted the following utilization of the funds and other related details. The details of utilization of allotment proceeds as submitted by FFSL and reflected in its bank statements are as under:-

Preferential Allotment 1:

Particulars of the issue and use of the proceeds	Amount utilized till May 30, 2017 (Rs in lacs)
Investment in unquoted shares	165
Deposit in Spa	90
Repayment of loan taken	120
Loans and advances given	702.80
Utilisation for pre issue expenses	10.02
Total	1087.82

Preferential Allotment 2:

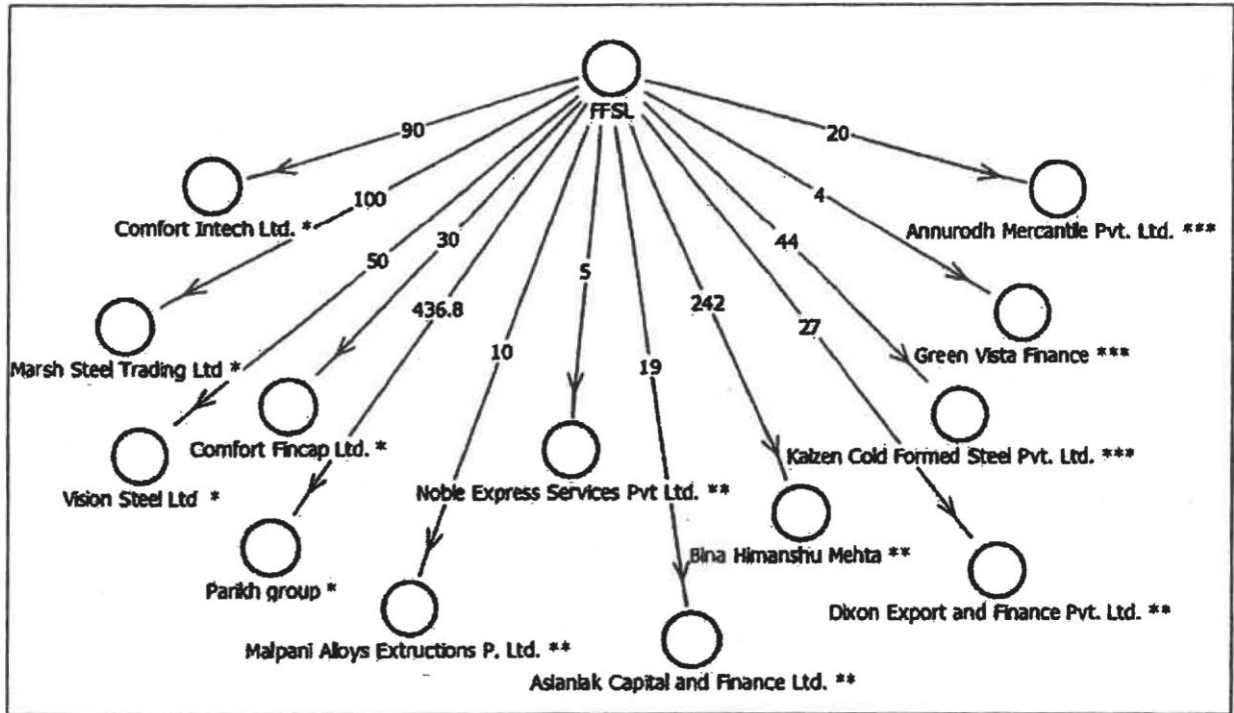
Particulars of the issue and use of the proceeds	Amount utilized till May 30, 2017 (Rs in lacs)
Purchase	207.07
Repayment of loan taken	30
Loans and Advances given	205
Utilisation for pre issue expenses	9.59
Total	451.66

62. It is further observed that FFSL has submitted details of the entities who were counterparties towards the utilization of the allotment proceeds. The details of such transferee entities and the amount transferred to them are as follows:

Transfer of Proceeds by FFSL- 1st Preferential Allotment

Sl. No.	Name of the entity	Amount (Rs in lacs)	Date of bill/transaction	Utilised towards object
1	Marsh Steel Trading Ltd	100	16/09/2011 and 14/12/2011	Investment in unquoted shares
2	Vision Steel Ltd	50	16/09/2011	
3	Noble Express Services Pvt Ltd.	5	20/09/2011	
4	Malpani Alloys Extructions P. Ltd.	10	07/09/2011	
5	Comfort Intech Ltd.	90	14/12/2011	Deposit in Spa
6	Comfort Fincap Ltd.	30	03/10/2011	Repayment of loan taken
7	Asianlak Capital and Finance Ltd. (now known as Global Infratech and Finance Ltd.	19	07/09/2011	
8	Dixon Export and Finance Pvt. Ltd. (now "Radhasoami Resources Ltd.")	27	07/09/2011	
9	Kaizen Cold Formed Steel Pvt. Ltd.	44	07/09/2011, 23/09/2011 and 27/09/2011	
10	Bina Himanshu Mehta	242	08/09/2011, 09/09/2011, 12/09/2011 and 14/09/2011	
11	Parikh group (Chetan S Parikh HUF, Pankaj S Parikh, Vinod S Parikh, Kajal P Parikh, Dhara V Parikh, Dipal C Parikh, Megha P Parikh)	436.8	09/09/2011, 12/09/2011, 14/09/2011, 16/09/2011, 20/09/2011, 26/09/2011, 03/10/2011	Loans and Advances given
12	Annurodh Mercantile Pvt. Ltd.	20	07/09/2011	
13	Green Vista Finance	4	14/09/2011	
	Total	1077.8		

The details of the above transfers can be pictorially represented as follows:



Note: All the figures are in Rs. Lakh

*denotes entities connected to the allottees/ who transferred funds eventually to allottees

**denotes entities connected to the company/Group 1

***denotes other entities not covered in the above two categories

Transfer of Proceeds by FFSL- 2nd Preferential Allotment

Sl. No.	Name of the entity	Amount (Rs in lacs)	Date	Utilised towards object
1	Comfort Securities Ltd.	207.07	13/03/2012, 20/03/2012, 28/03/2012, 29/03/2012	Purchase
2	Comfort Intech Ltd	30*	04/05/2012	Repayment of loan taken
3	Kuber Kamna Marbles Pvt Ltd.	105	13/03/2012 and 16/03/2012	Loans and Advances given
4	Tirupati Developers	5	20/03/2012	
5	Advent Developers Pvt Ltd	40	20/03/2012	
6	Chiraag Suppliers	50	22/03/2012	
7	Sangita Bhuwalka	5	24/03/2012	
	Total	442.07		

Note: *The total amount transferred to Comfort Intech Ltd. on 04/05/2012 was Rs. 75 lakh.

63. Further, I note that finally Investigation observed that out of total allotment proceeds of Rs 15 crore, funds to the tune of Rs 6.57 crore were directly/indirectly transferred back to the allottees and approximately Rs. 7.04 crore were transferred to entities having connections with FFSL directly/indirectly. In this regard, after looking at the whole pattern of fund transfer, I note that the whole scheme of fund transfer was pre-planned exercise as the funds received as proceeds of preferential allotments were immediately transferred to various entities on the same day or next day and the company did not retain any funds for fulfilling its stated objectives at the time of allotments.
64. Also on examination of the afore said fund transaction, investigation observed that FFSL and Comfort Group entities (CIL, CFL) and certain other Noticees, namely Ranisati Dealer, Suresh and Manju Khandelia, Kuber Kamna, Hashmukhbhai Patel etc. had entered into a series of fund transfers, which were styled as advances and repayments of loans and the Noticees shown above were either transferors or transferees in each of these transactions. These instances of transfer of funds raise doubts regarding the genuineness of the preferential allotment of FFSL as well as the genuineness of the loan transactions. It was also observed that certain transferors and transferees in these fund movements made huge gains by selling FFSL scrip. The details of fund transfer are as stated below:

Financial transactions of preferential allottees and other connected entities with FFSL

Transactions of CIL (Noticee No. 43), CFL (Noticee No. 42) and CSL (Noticee No. 44) with FFSL and other entities:

65. In this regard, I note from the IR that Comfort group entities i.e. Comfort Fincap Limited ("CFL"), Comfort Intech Ltd ("CIL") and Comfort Securities Limited (CSL) had connections with FFSL and certain other entities through various fund transactions. Further I note that Mr. Anil Agarwal was the common director and

promoter of Comfort Group entities during the IP. With regards to the same, it is further noted that SEBI had conducted detailed investigation into the fund transactions of Comfort group entities i.e. CIL & CFL (and/or its directors) with FFSL and other entities before and during the IP as well as role of CSL as a broker to the entities who traded in FFSL during the IP and as a broker to FFSL for its trading in the securities market.

66. With regards to the aforesaid financial transactions, the Comfort Group had claimed that the said transactions were strictly for business/commercial purpose. Accordingly, to ascertain the veracity and genuineness of these financial transactions, SEBI issued summons dated May 15, 2017, June 06, 2017 and June 28, 2017 to the Comfort Group to which they submitted their replies.

Comfort Intech Limited (CIL)

67. As regards to CIL, it is observed that CIL had financial transactions also with Ranisati Dealers Pvt Ltd., Prefer Abasan Pvt Ltd. and BLC Trading Agencies Pvt.Ltd. This apart, FFSL also had following financial transaction with:

- Jugal C Thacker (one of the directors in CIL and CSL):
- CIL and Kuber Kamna Marbles Pvt Ltd (an entity to whom funds of preferential allotment were transferred)
- CIL and Adhunik Transport Organisation Ltd (its two directors were allottees of preferential allotment of FFSL)

68. Based on their replies and documents submitted by CIL, I note that the following was observed by Investigation:

- a) Loan Agreement for Rupees 4 crore (with interest of 9% p.a.) was entered between CIL and FFSL on March 29, 2011. However, the said agreement does not mention the purpose for which the loan was being taken by FFSL and also

does not have any witness signatures, which are basic requirements for any commercial loan agreements.

- b) Out of the said Rs. 4 crore, CIL claimed that Rs.1 crore was disbursed on March 31, 2011 and also interest has been charged w.e.f. March 4, 2011 i.e. the date on which the said amount was earmarked however, it failed to produce any supporting documents in this regard and also failed to explain as to why a part of loan amount was earmarked for lending to FFSL even before the formal agreement and why interest was charged w.e.f. from a date much before the disbursal date of loan amount to FFSL.
- c) The aforesaid loan was for a period of one year, however, the repayment was made till August 2012, much beyond the period of one year without any enabling clause in the agreement. Further, the total interest repaid by FFSL to i.e. Rs. 9.22 lakh, was much lesser than the actual interest accrued on a sum of Rs.3.75 crore lent for a period of 1 year at 9% p.a.
- d) Further, for the commercial lease agreement for a property for spa business, worth of Rs. 15,000/- of monthly rent, FFSL paid Rs.1 crore as a security deposit.
- e) On February 25, 2013, the loan of Rs. 15 Lakh (@12% p.a. for 12 months) was granted by FFSL to Jugal C Thacker, one of the director in CIL and CSL during the IP, however was repaid without any interest on March 25, 2014.
- f) With regards to the financial transaction between CIL and Ranisati Dealers Pvt. Lts., CIL earlier claimed that it had no relation with Ranisati Dealers Pvt. Ltd. but subsequently CIL admitted having granted a loan of Rs.12 crore to Ranisati by executing a loan agreement. Further, the said agreement was not registered and was made on a plain paper with no legal sanctity.
- g) Similarly, for the financial transaction by CIL with Adhunik Transport Organisation Ltd (Adhunik) (Its directors were Rajendra Kumar Agarwat and Ritesh Kumar

Agarwal, whose HUF were allottees in the preferential allotments made by FFSL), CIL claimed that the funds were transferred to Adhunik as a loan. However, CIL failed to submit any document to substantiate its claim.

h) It is also observed that CIL granted a loan of Rs. 1.25 crore to Kuber Kamna Marbles Pvt. Ltd. in February 2012 and repaid on March 2012 without any interest and also not able to produce any loan agreement

69. The above facts establish that CIL had more than a commercial/business relationship with FFSL and connected entities.

Comfort Fincap Limited (CFL)

70. With regards to transactions of CFL, investigation observed the following:

a) It is observed that CFL entered into a loan agreement with FFSL for granting Rs.90 lakhs to FFSL with an interest of 9% p.a. for a period of six months. However, as observed in the case of CIL, here also the said loan agreement does not mention the purpose of the loan and also does not have any signature of witness which are basic requirement for any commercial loan agreement.

b) Similarly, with respect to the fund transfer with Lakshya Global Logistics Pvt. Ltd., two agreements for a loan of Rs. 50 lacs each @ 9% p.a. for a period of 3 months was executed on plain paper with no notarization or legal affirmation.

c) With regards to the loan granted by CFL to Ranisati for Rs. 55 lakh and Rs. 35 lakh on August 03, 2010 and August 09, 2010 respectively, no details were provided by CFL. It was further observed that CFL transferred 2.20 crores and 1 crore on August 12, 2011 and September 21, 2011 respectively stating as a loan to Ranisati. Also, for payment of 1.22 crore received from Ranisati on December 21, 2011, it was stated as repayment to the said loan. However, no

supporting documents was provided in support of the claim and the ledger copy furnished indicates that payment of interest was also not received.

71. The above facts establish that CFL had more than a commercial/business relationship with FFSL and connected entities.

Comfort Securities Limited (CSL)

72. With regards to CSL, it is observed that CSL had financial transaction with FFSL and CSL was also a broker to some of the entities who were the counterparty buyers to the sale of buyers of preferential allottees post lock in period. Further, it was observed that FFSL had invested Rs.4,73,96,702/- (74.95% of its total investment) in the scrip of Splash Media and Infra Limited (now known as Luharuka Media and Infra Limited) whose one of the director i.e. Mr. Anil K. Newatia was also a director of CFL and CIL.
73. As regards the trading in FFSL during the IP, investigation further observed that 8 entities of Group 1 (88 entities found to be connected to FFSL) had purchased shares of FFSL through CSL and 13 entities of Group 1 had sold through CSL. In total 18 entities of Group 1, which includes 3 entities which had both bought and sold and also the proprietary trades of CSL, traded in the scrip of FFSL through CSL. It was also observed from the trade log of FFSL for the IP, that CSL was the top broker for both the buy side as well as sell side during the IP. The buy value of the trades of CSL as broker was Rs. 37,97,98,806 (13% of the market buy value) and the sell value of the trades of CSL as broker was Rs. 40,98,86,352 (14% of the market sell value). In view of this, it is observed that CSL had a significant contribution to the trades in FFSL as trading member during the IP.

74. The investigation further observed that Mr. Suresh Khandelia and Ms. Manju Khnadelia were the promotor of CFL with 1.84% of total shareholding from December 2012 to September 2013. This was also confirmed by CFL vide letter dated Janaury 15, 2015.
75. It was aso observed that CIL had transferred Rs.90 Lakh to Ranisati on July 14, 2012 and Ranisati, in turn, had transferred Rs.50 lakh to Suresh Kumar Khandelia and Rs.40 Lakh to Manju Khandelia. Further, as mentioned in preceeding paragraphs, CIL had received funds to the tune of Rs.1.20 crore out of allotment proceeds of FFSL in December 2011 and May 2012. In view of this, it evident that, by way of above fund transfers, money was indirectly transferred to Suresh Khandelia and Manju Khandelia out of the allotment proceeds.
76. The above facts establish that that this type of informal fund transactions of Comfort group, its directors with FFSL and connected entities for significant amounts were for purpose other than in terms of pure business/commercial relationship. Further, the occurrence and timing of such transactions, in connection with the fact that Comfort group entities were directly or indirectly the recipient of the allotment proceeds (dealt in subsequent paragraphs) and that they were also facilitating other allottees/buyers during the IP, suggest that Anil Agarwal along with CIL, CFL, CSL, Suresh Khandelia and Manju Khandelia played a key role w.r.t to the preferential allotments by FFSL as well as the events thereafter.
77. With regards to the above, CIL and CFL has contended that all the above mentioned transactions were in nature of normal business transaction for either granting loan or repayment of loan for either short term or long term. For some of the transactions, they have also submitted some ledger statements and account statements. In this regard, I note that the noticees have not disputed the transactions, however they have failed to provide document for many transactions to show that these were

genuine loan transactions or any other detail to show the purpose for which the loans were availed. They also failed to produce any supportive documents in support of no interest being paid for many transactions, claimed to be a loan transaction. Further, with regards to receiving Rs.1 crore as a security deposit from FFSL for the commercial lease agreement for a property for spa business, worth of Rs. 15,000/- of monthly rent, CIL has submitted that it received the amount on December 14, 2011 and returned the amount in January 2014 after termination of the agreement but it failed to provide any explanation of such a huge security deposit for a property with monthly rent of Rs. 15,000/-. In view of the above facts, I find no merit in the above submissions of the Noticees.

78. As regards to CSL, it has submitted that Rs.207.07 lakh was received from FFSL by CSL towards purchase/trading in securities done by FFSL through CSL. In this regard, I note that during the period July 1, 2011 to March 31, 2014, FFSL paid Rs 5,27,40,737/- to CSL and received Rs. 50,92,778/- from them. During this period, net purchase of securities by FFSL through CSL was for an amount of Rs. 4,72,39,135.55. I further note that most of the purchases by FFSL through CSL were in the scrip of Luharuka Media and Infra Ltd (i.e for a net purchase value of Rs. 4,71,77,696.45). As mentioned above in the order, Luharuka Media and Infra Ltd. had connections with the Comfort group entities as Mr. Anil K. Nevatia, one of the directors of CFL and CIL, was a director in Splash Media & Infra Ltd (now known as Luharuka Media and Infra Ltd). Further, in his capacity as a Chartered Accountant, Mr. Anil K. Nevatia had submitted the valuation certificate of FFSL to BSE for pricing of the equity shares of FFSL issued on preferential basis. It was further noted that Anil Agrawal -HUF along with CIL and CFL became promoters of Luharuka Media & Infra Ltd pursuant to an open offer in 2014. Additionally, it was also observed from the Annual Report of FFSL for the FY 2011-12 and 2012-13, that a significant portion of the investment by FFSL in listed shares was in the scrip of Splash Media and Infra Ltd. Thus, in the FY 2011-12, FFSL had invested Rs. 4,73,96,702 (74.95% of the total investment in listed shares) in Splash Media and Infra Ltd. and in the FY 2012-13, FFSL had invested Rs. 3,19,65,299 (53.31% of the total investment in

listed shares) in Splash Media and Infra Ltd.

79. In view of the above, I note that majority of the funds transactions of FFSL with CSL was for buying scrip of a company which had close connection with the Comfort group entities and subsequently, became a part of the Comfort group under the control of Mr Anil Agarwal. Therefore, the above contention cannot be accepted.

Transactions of Anil Agarwal HUF (AA-HUF) (Noticee No. 8), Anil Agarwal (Noticee No. 9) and Kuber Kamna Marbles Pvt. Ltd. (Noticee No. 45) with FFSL:

80. I note from the IR that Anil Agatwal (karta) was the director/promoter of CFL, CIL and CSL and Anil Agarwal (HUF) was an allottee in preferential allotment of shares of FFSL. As stated in the previous paragraphs, CFL, CIL and CSL had directly received Rs.3.57 crore from FFSL out of the allotment proceeds and Rs.1.05 crore indirectly through Kuber Kamna Marbles Pvt Ltd, which had received the same amount from FFSL out of allotment proceeds. In this regard, it is observed that the above transactions of Comfort group entities with FFSL and Kuber Kamna Marbles Pvt. Ltd. were not for genuine commercial purposes. Further, in view of this, it is established that a significant portion of allotment proceeds i.e. Rs.4.62 crore was indirectly routed to Anil Agarwal, the karta of Anil Agarwal (HUF).
81. Anil Agarwal and Anil Agarwal – HUF (AA-HUF) has submitted that all the transaction are commercial transactions in the normal course of business and they have no role to play in the preferential allotments by FFSL and that AA-HUF was allotted preferential shares in ordinary course and was allotted for a valid consideration. It has further contended that fund transfer between AA-HUF and Ranisati had no nexus with buying of shares of FFSL by Ranisati. Anil Agarwal has further contended that unrelated and unconnected entities have been grouped together based on mere surmises and conjectures and that they have been unfairly clubbed with other entites to draw adverse inferences against them.

82. In this regard, as established in the preceeding paragraphs, I note that Comfort group entities i.e. CIL, CFL and CSL were directly or indirectly the recipient of the allotment proceeds and that they were also facilitating other allottees/buyers during the IP. Futher, Anil Agarwal is also the karta of one of the allottee i.e. AA-HUF and it has also been established before that he is connected to FFSL. These facts when looked into together clearly indicates that the said transactions were not in normal course of business as contended by the Noticees. Accordingly, the said contentions have no merit.

Transactions of Ranisati Dealers Pvt. Ltd. (Noticee No. 39) with FFSL:

83. I note from the IR that CFL granted loans of Rs.55 lakh and Rs.35 lakh to Ranisati Dealers Pvt. Ltd. on August 03, 2010 and August 09, 2010 respectively and Rs 2.20 crore and Rs 1 crore on August 12, 2011 and September 21, 2011. CFL had received an amount of Rs.1.22 crore from Ranisati Dealer on December 21, 2011. CFL was unable to provide any details of the said loans to Ranisati Dealer in 2010-2011. CFL was also not able to provide supporting documents relating to fund transfers of Rs 2.20 crore and Rs 1 crore on August 12, 2011 and September 21, 2011 respectively to Ranisati Dealer Pvt. Ltd. and a fund receipt of Rs 1.22 crore from Ranisati Dealer on December 21, 2011. Further, although CFL has claimed that the above payments and receipt of funds to/from Ranisati Dealer were pursuant to a loan to the latter and repayment of same, it has been observed from the ledger statements furnished by CFL that no interest was received from Ranisati Dealer in this regard.

84. It is also noted that, CIL had received funds to the tune of Rs.1.20 crore out of allotment proceeds of FFSL in December 2011 and May 2012. CIL transferred Rs 90 Lakh to Ranisati Dealer Pvt. Ltd. on July 14, 2012 and on the same day Ranisati Dealer Pvt. Ltd. transferred Rs 50 lakh to Suresh Kumar Khandelia and Rs 40 Lakh to Manju Khandelia.

85. Further, it is observed from the bank statement of Ranisati Dealer Pvt. Ltd. that apart from fund transactions with CFL and CIL, Ranisati also had fund transaction with Anil Agarwal. In May 2012, Anil Agarwal transferred funds to Ranisati Dealer Pvt. Ltd. Anil Agarwal - HUF transferred funds to Ranisati Dealer Pvt Ltd on March 11, 2013, April 16, 2013, April 17, 2013, April 22, 2013 and April 25, 2013. Entire funds received in April 2013 from Anil Agarwal (HUF) by Ranisati Dealer Pvt. Ltd. was transferred to its broker, CSL. Further, Ranisati Dealer Pvt. Ltd. was observed to be one of the major buyers in the scrip of FFSL when the preferential allottees started selling their shares in the market after the lock-in period.
86. Thus, I note that there were several transactions between Anil Agarwal, Comfort group entities and Ranisati Dealers Pvt. Ltd. before and after the preferential allotment and during the period when preferential allottees had sold shares in the market. As no proper explanation has been provided for the said transactions, these cannot be said to be for genuine commercial transactions. Ranisati Dealer Pvt Ltd, has also acted as buyer to certain preferential allottees in the scrip of FFSL and had fund transactions with CIL and CFL. In this regard, no credible evidence such as copy of loan agreement, bank account statement etc in support of claim of money lent to Ranisati Dealer Pvt Ltd by CIL and CFL is given.

Transactions of Brij Bhushan Singal (Noticee No. 21), Neeraj Singal (Noticee No. 22) and Uma Singal (Noticee No. 23) with FFSL:

87. IR observed that FFSL had transferred Rs.1 crore and Rs.50 lakh to Marsh Steel Trading Ltd and Vision Steel Ltd respectively on September 19, 2011. One entity named Aarti Singal, a relative of Brij Bhushan Singal, Neeraj Singal, Uma Singal and Ritu Singal (hereinafter referred to as 'the Singals') was a director in Marsh Steel Trading Ltd and Vision Steel Ltd during the relevant period. It was alleged in the SCN that as per the disclosures made on BSE, Aarti Singal was a promoter in Bhushan Steel Ltd till quarter ending September 30, 2011 along with Sanjay Singal, Brij Bhushan Singal, Neeraj Singal, Uma Singal and Ritu Singal.

88. Marsh Steel Trading Ltd. and Vision Steel Trading Ltd. have submitted that the amount of Rs.100 lakh received by Marsh Steel Trading Ltd. from FFSL on September 16, 2011 and December 14, 2011 was towards capital contribution in the company. The company had allotted 40,000 equity shares to FFSL on December 31, 2011 and requisite filings with regard to the allotment was also made with the Registrar of Companies. Similarly, with respect to the amount of Rs.50 lakh received by Vision Steel Limited from FFSL on September 16, 2011, it has been submitted that the amount was towards capital contribution in the company and the company allotted 20,000 equity shares on December 13, 2011 to FFSL. I note that requisite filings in this regard were made with RoC. I also note that it has been stated that funds received by them were invested in Bhushan Power and Steel Ltd.
89. Further, I note that Brij Bhushan Singal, Neeraj Singal, Uma Singal have submitted that there was a festering family dispute between Brij Bhushan Singal and Niraj Singal (younger son) on the one side and Sanjay Singal (elder son) and his family members on the other side. In this connection litigations before various courts were filed in the years 2006 and 2007. These disputes were finally settled by way of a compromise in November 14, 2011 and terms of settlement were fully implemented by February 2012. Appropriate disclosures in this regard were also made to the exchanges at that time. Post settlement, the complaints and litigations filed before various forums were withdrawn. It has been also stated that owing to the family dispute, Brij Bhushan Singal, Uma Singal, Niraj Singal and Ritu Singal had no role to play in the affairs of Marsh Steel Trading Ltd. and Vision Steel Ltd. in which Aarti Singal (wife of Sanjay Singal) was a director. In view of the above submission that material disputes existed during the relevant period, it is not clearly establishing that the funds received from FFSL by Marsh Steel Trading Limited and Vision Steel Limited, which are controlled by Mr. Sanjay Singal and his family members, came to Brij Bhushan Singal group.

90. I note from the SCN that these entities have been implicated because of receipt of funds by Marsh and Vision from FFSL and Aarti Singal's association as a director in Bhushan Power and Steel Ltd. which transferred Rs.6.50 crore to in March 2012 to Ranisati Dealers, which was a major buyer or exit provider to the preferential allottees. The preferential allottees have adequately explained as to how they are unconnected to Ranisati and how there was a settlement family-wise with respect to Bhushan Power & Steel Ltd. Likewise, with respect to Marsh and Vision, it has been brought out that the fund transfer by FFSL was equity investment and not otherwise. In view of this, I find that that none of these entities can be proceeded against, namely, Brij Bhusan Singal, Uma Singal, Neeraj Singal, Marsh Steel Ltd. and Vision Steel Ltd.

Transactions of Amit H Patel (Noticee No. 12), Amit H Patel (HUF) (Noticee No. 11), Hasmukhbhai B Patel (HUF), NMC Industries Pvt. Ltd. (Noticee No. 51), LAN Finance Pvt. Ltd. (Noticee No. 52), Tirupati Developers (Noticee No. 46) and Advent Developers Pvt Ltd (Noticee No. 47):

91. I note that investigation observed that FFSL had transferred Rs.5 lakh to Tirupati Developers and Rs. 40 lakh to Advent Developers Pvt Ltd, out of allotment proceeds, on March 20, 2012. Tirupati Developers and Advent Developers Pvt Ltd further transferred Rs.5 lakh and Rs.40 lakh respectively to LAN Finance Pvt Ltd on March 21, 2012. LAN Finance Pvt Ltd thereafter transferred Rs.45 lakh to NMC Industries Pvt Ltd on March 22, 2012.

92. It was further observed that Reena Amit Patel, wife of Amit H Patel, was one of the directors of LAN Finance Pvt Ltd and it had fund transfers with Amit H Patel. Further, Amit H Patel (HUF) was an allottee in FFSL and Amit H Patel (karta) was a director in NMC Industries Pvt Ltd. In view of this, it is noted that the allotment proceeds to the tune of Rs.45 lakh were indirectly transferred to Amit H Patel.

93. It was also observed that NMC Industries Pvt Ltd had received funds to the tune of Rs.1.35 crore from FFSL on December 07, 2011, which was transferred to one Hasmukhbhai Patel (Rs.72 lakh) and to Amit H Patel (Rs.63 lakh) on December 07, 2011 and December 08, 2011 respectively. At the same time, Hasmukhbhai Patel (HUF) and Amit H Patel (HUF) had together invested Rs.1.5 crore in the preferential allotment of FFSL. In view of all that, it was noted that Amit H Patel HUF and Hasmukhbhai Patel HUF had received Rs.1.35 crore indirectly from FFSL for the purpose of investing in the preferential allotment of shares of FFSL. It was further noted that an amount of Rs.45 lakh was also indirectly routed back by FFSL to Amit H Patel after the preferential allotment.
94. In this regard, it was noted that LAN Finance Pvt. Ltd. transferred the amount of Rs. 45 lakh received from Tirupati and Advent to NMC Industries Pvt. Ltd. on March 22, 2012. In this regard it has been submitted by NMC that it was one of the routine business loan availed in the course of its business. It has been also submitted that the loan taken was properly serviced and interest paid thereon on a regular basis.
95. It is further noted that NMC is a family owned company of Amit H Patel and his family members. It was alleged that NMC Industries Pvt Ltd had received funds to the tune of Rs.1.35 crore from FFSL on December 07, 2011, which was transferred to Amit H Patel (Rs. 63 lakh) and his father late Hasmukhbhai Patel (Rs 72 lakh) on December 07 & 08, 2011. An amount of Rs.1.5 crore was invested by Amit H Patel and Hasmukhbhai Patel in the preferential allotment of FFSL. It has been alleged that out of the above Rs.1.5 crores, Amit H Patel - HUF received Rs 1.35 crore indirectly from FFSL for the purpose of investing in latter's preferential allotment. With respect to the allegations, it has been submitted by Amit Patel that on December 5, 2011, Amit H Patel HUF and Hasmukh B Patel HUF requested NMC to transfer amounts totalling to Rs.1.35 crore to FFSL towards preferential allotment. However, FFSL refused to accept payment for preferential allotment as it was received from third party and refunded the same to NMC on December 7, 2011.

To substantiate the refund by FFSL, bank statements of NMC (Union Bank, Darukhana Branch) are submitted. Subsequently, the said amount was transferred to Amit H Patel HUF and Hasmukh B Patel HUF. It has been further submitted that the finances for the preferential allotment was arranged from their own funds which was received from NMC as it was due to them. In support of their claim Bank Account Statements have been submitted.

96. Further, with respect to Amit H Patel, it has been also noted that he had transactions with Syncom Formulations (India) Ltd. With regard to transaction of Rs.10,00,000 between Amit H Patel and Syncom, it has been stated by Syncom as well as Amit H Patel that Rs.10 lakh was given by Syncom to Amit H Patel on August 18, 2011 as earnest money towards purchase of a shop in Ghansoli, Navi Mumbai in terms of an MoU signed between them. The deal was cancelled by Syncom as the size of the shop was not found to be sufficient. The money was refunded by Amit H Patel on July 12, 2012. Copy of MOU and copy of confirmation of accounts between Amit H Patel have been furnished.
97. Further, it is submitted that they invested in the shares of FFSL on the basis of Information Memorandum provided by FFSL, which showed that FFSL were to provide financial services in niche areas and the funds raised was to be utilised for expansion of business of the company to other cities. Further, income from operations and total income of the company had increased many fold for the year ended March 31, 2011 vis-à-vis year ended on March 31, 2010.
98. With regard to receipt of Rs.45 lakh by LAN Finance Pvt. Ltd. from Tirupati Developers and Advent Developers Pvt. Ltd. (Rs.5 lakh from Tirupati and Rs.40 lakh from Advent) on March 21, 2012, it has been further submitted that LAN is a NBFC Company and these were loan transactions made much before the preferential allotment. With regard to receipt of Rs. 5 lakh from Tirupati Developers on March

21, 2012, it has also been submitted that the same was refund of the amount of Rs. 5 lakh lent to Tirupati on July 11, 2011. It has been also submitted that interest accrued on the said loan was paid and TDS was deducted by Tirupati Developers. Similarly, with respect to Rs. 40 lakh received by LAN on March 21, 2012 from Advent, it has been stated that the same was refund of the loan advanced to Advent on July 13, 2011. It has been also submitted that interest accrued on the said loan was paid and TDS was deducted by Advent. It has also also submitted that the transaction took place much before the appointment of Mrs. Reena Patel, wife of Amit Patel, as director of LAN on April 17, 2012. It is observed that the transactions took place in the course of business of NBFC activity and the TDS certificates on interest levied on the borrower along with ledger copies and bank statements have been produced.

99. From the documents and the submissions, I note that it does not appear that FFSL had funded Amit H Patel and his father for subscribing to the preferential allotment of shares or that he subsequently received allotment proceeds. This is also submitted that he and the entities connected to him do not have any relationship with Comfort Securities Ltd. or FFSL. In view of the same and that the concerned transactions were prior to his becoming director in LAN, I note that sufficient material is not available on record to establish connection between Amit H Patel and Amit H Patel HUF and NMC Industries Pvt. Ltd. and are accordingly dealt with in the directions.
100. I further note that there is no scope to link LAN to the scheme allegedly perpetuated through FFSL's preferential allotment done in 2011 and 2012. I also find that it is not sufficiently established that Tirupathi Developers and Advent Developers have any role in the alleged fraud.

Transactions of Syncom Formulations (India) Ltd. (Noticee No. 13) and Gokul Securities Pvt. Ltd. (Noticee No. 10) with FFSL:

101. In this regard, I note that Syncom Formulations (India) Ltd. was also one of the preferential allottees of FFSL. It was allotted 1,00,000 shares for Rs.20,00,000/-. It has been alleged in the SCN that Syncom had fund transactions with entities connected to FFSL, which employed fraudulent and manipulative scheme to provide hugely profitable exit to the preferential allottees.
102. I note that Syncom has submitted that the fund transactions were carried by them in the ordinary course of business and that they were not aware about the manipulative intent of FFSL and entities allegedly connected with them. With respect to the amount of Rs.175 lakh transferred to Ranisati Dealers on May 10, 2011, May 13, 2011 and May 16, 2011 by Syncom, it has been stated that they were interest free loans given to Ranisati on the personal guarantee of director of Ranisati, Mr. Brijesh Sharma. The loan amount has been refunded by Ranisati during February 2014 to June 2014. In this regard, I note that no loan agreement for the transaction has been furnished by Syncom and it transferred Rs.1.75 Crore to Ranisati without any collateral and documentations. It has been earlier observed that Ranisati Dealer Pvt Ltd had several fund transfers with Comfort Group entities which is connected to FFSL.
103. I further note that Syncom also had fund transactions with Gokul Securities Ltd. It has been stated by Syncom that the fund transaction during June 5, 2012 to March 31, 2015 were in the nature of advance and loan repayment by them. In total, an amount of Rs. 85,00,000/- was lent and received back. In this regard, I note that no document evidencing loan has been furnished. Further, Gokul Securities was also a preferential allottee of the shares of FFSL and the directors of Gokul Securities Ltd., namely, Nitin T Katwa and Ravi T Katwa were observed to be having fund

transactions with Ranisati Dealer Pvt. Ltd. Gokul Securities has not denied this. Further, I note that Syncom and Gokul Securities had fund transactions with Ranisati Dealers Pvt. Ltd. who was one of the entities buying the shares when preferential allottees were exiting from the company, however Syncom failed to explain fund transactions done with Ranisati and Gokul Securities Ltd. The very fact that it advanced huge amounts of Rs.1.75 crore and Rs. 85 lakh to these entities without any document along with the fact that Ranisati, Gokul and Syncom traded in the shares of FFSL, shows that these entities are connected in the scheme through Ranisati and FFSL. Further, Syncom in its reply dated May 23, 2022, had not contended the aforesaid transactions with Ranisati and Gokul. In view of the above mentioned facts, I find Syncom and Gokul Securities liable for the violations alleged in the SCN.

Transactions of Suresh Kumar Khandelia (Noticee No. 19) and Manju Khandelia (Noticee No. 20) (Khandelias) with FFSL:

104. It is observed that Suresh Kumar Khandelia and Manju Khandelia were promoters of CFL. In this regard, it is alleged that Suresh Kumar Khandelia and Manju Khandelia had received funds to the tune of Rs.20 lakh each from LAN Finance Pvt. Ltd. on September 03, 2011 and September 09, 2011 respectively for making investments in preferential allotment of FFSL. As has been mentioned above, it was observed that Amit H Patel, through LAN Finance Pvt Ltd, had indirectly received an amount of Rs.45 lakhs out of the allotment proceeds of FFSL on March 21, 2012. Therefore, I note that the investments made by Suresh Khandelia and Manju Khandelia in the preferential allotment FFSL, were subsequently returned by FFSL out of allotment proceed, with the help of LAN Finance Pvt Ltd, by way of above transactions.
105. It is further observed that CIL had transferred Rs.90 Lakh to Ranisati on July 14, 2012 and Ranisati, in turn, had transferred Rs.50 lakh to Suresh Kumar Khandelia and Rs.40 Lakh to Manju Khandelia (as mentioned in the preceeding para). Further,

as mentioned above, CIL had received funds to the tune of Rs.1.20 crore out of allotment proceeds of FFSL in December 2011 and May 2012.

106. In this regard, Khandelias, vide a common reply has contended that Anil Agarwal is brother of Manju Khandelia and he introduced them to FFSL and accordingly they got shares in the preferential allotment. With respect to aforementioned two fund transfers, they have submitted that 90 lakh from Ranisati was taken as loan and 20 lakh from LAN was towards sale of their flat which was later cancelled.
107. I note that they have not produced any documents in support of their claim. Further, looking into the complete scheme of things and also noting the timing of the said transactions which was around the two preferential issues by FFSL, it is quite evident that the said transactions were not business transactions as claimed by them and they may have been with ulterior motives. Therefore, I find no merit in the aforesaid contentions of the Noticees
108. In view of this, I note that, by way of above fund transfers, money was indirectly transferred to Suresh Khandelia and Manju Khandelia out of the allotment proceeds.

Transactions of Raiendra Kumar Agarwal (Noticee No. 15), Raiendra Kumar Agarwal HUF (Noticee No. 14), Ritesh Agarwal (Noticee No. 17), Ritesh Agarwal HUF (Noticee No. 16), Shilpa Agarwal (Noticee No. 18) and Adhunik Transport Organisation Ltd. (Noticee No. 50):

109. I note that investigation observed that Rajendra Kumar Agarwal and Ritesh Agarwal, directors of Lakshya and Adhunik Transport Organisation Ltd., along with Shilpa Agarwal received funds to the tune of Rs.15 lakh each from Adhunik Transport Organisation Ltd between March 22, 2012 to March 27, 2012. In this regard, it was noted that the same money was used for making investments in preferential

allotment of FFSL.

110. It was further observed that Adhunik Transport Organisation Ltd. had received Rs. 25 lakh from CFL on November 05, 2011, which in turn had received funds to the tune of Rs.30 lakh from FFSL out of allotment proceeds on October 03, 2011.
111. All the aforesaid Noticees vide a common reply has submitted that their contribution to the negative LTP was only Rs. -5.75/- as compared to Rs.230/- of all the entities. In this regard, I note that it is the group which impacted the LTP and not any individual entity separately. Every entity's contribution when looked into separately will be less in comparison to the group. They have further submitted that Adhunik received fund from CFL in November 2011 and the same was returned to CFL in December 2011 and that Adhunik lent them the money out of its own fund. In this regard, I note that though a copy of print of ledger account of Ranisati Dealer in the books of Adhunik for the period April 1, 2012 to March 31, 2014 has been submitted, they have not provided loan agreement or other supporting documents. Therefore, I find no merit in the above contentions of the noticees.
112. In view of this, I note that the allotment proceeds to the tune of Rs 25 lakh was in fact indirectly transferred by FFSL to Rajendra Kumar Agarwal HUF, Ritesh Agarwal HUF and Shilpa Agarwal through CFL and Adhunik.

Transactions of Bina H Mehta (Noticee No. 53) and Padma Impex Pvt. Ltd. (Noticee No. 40) with FFSL:

113. In this regard, I note that investigation observed that FFSL transferred a significant part of the allotment proceeds i.e, Rs 2.42 crore to Bina Hemanshu Mehta on various dates in September 2011. It was further observed that Bina Hernanshu Mehta was a director in Padma Impex Pvt. Ltd. until November 2012 and also one of the three

shareholders of Padma Impex Pvt. Ltd. (the others being Ranisati and Rakesh Bansal), which was amongst top buyers in patches 2, 3 and 4 during the IP. In this regard, I note from her reply in parallel 11B proceedings that she had a running loan account with FFSL and no formal loan agreement was executed between her and FFSL as the loan was for short term and repayable on demand. The loan amount was received by her in her personal capacity and the amount was repaid by her to the company. It has been also submitted that the full loan amount of Rs.2.42 crore and other own and borrowed funds were used by her for investing in the preferential issue of Odyssey Corporation Ltd. In this regard copy of bank statement has been relied upon.

114. It is observed that no loan agreement was executed and as observed from the bank statement, the amount was paid back after a long time. Further, though it has been stated that the money was utilized for purchasing shares of Odyssey Corporation Ltd., no evidence has been submitted to show that the shares were actually allotted. Further, bank statement shows that a sum of Rs.30,48,550/- was received back from Odissey on October 5, 2011. Therefore, it cannot be said that the transactions between FFSL and Bina Hemanshu Mehta were for genuine commercial purpose and money was utilized by her for her own purposes. FFSL had also transferred funds to Padma Impex Pvt. Ltd. Padma Impex has stated that the money was received by Bina H Mehta in her personal capacity. However, it is noted that Padma Impex Pvt. Ltd. and Ranisati Dealers Private Limited who are connected with Bina H Mehta and Comfort group entities were amongst top buyers in the shares of FFSL when the preferential allottees started selling after the lock-in period. In this regard, I note that Bina H Mehta had a connection with FFSL, which is evident from the huge fund transactions between them. Also the fact that Padma was one of the top buyers of the FFSL shares from the market when preferential allottees were selling and that she was connected to Padma Impex shows her connection to the scheme. Thus, I find Bina H Mehta and Padma Impex to have violated the provisions of SEBI (PFUTP) Regulations, as alleged in the SCN.

Transactions of Global Infratech and Finance Ltd. (Noticee No. 41) with FFSL:

115. FFSL transferred Rs.19 lakh out of the allotment proceeds to Asianlak Capital & Finance Ltd (now known as Global Infratech & Finance Ltd), which is one of the top buyers when preferential allottees were exiting. Global Infra has submitted that the transaction was a loan transaction. However, I note that no supporting documents have been furnished. It is observed that S Krishna Rao, director of FFSL, was also a director of Global Infratech & Finance Ltd from 2011- 2014. Thus, the entity is connected to FFSL and it was amongst the top buyers when preferential allottees were exiting. Thus, I note that it had received preferential allotment proceeds and helped in providing profitable exit to preferential allottees. Further, FFSL stated that it had given a loan of Rs.19 lakh to Global Infratech and Finance Ltd. Accordingly, Global Infratech itself being an NBFC carrying on the business of loans and advances, availing loan from FFSL also raises doubt. It is noted that proper explanations are not forthcoming from Global Infratech with respect to the fund transfer and the association of Krishna Rao in both the companies. However, from the material available, it shows the role played by Global Infra in respect of the alleged fund transfers.

Transactions of Bharatbhai Nathbhai Buha (Noticee No. 24) and Ashokbhai Nathbhai Buha (Noticee No. 25) with FFSL:

116. I note that investigation observed that Bharatbhai Nathbhai Buha and Ashokbhai Nathbhai Buha are preferential allottees of the shares of FFSL. They sold shares subsequent to the lock-in period and made huge gains. It was further observed that Bharatbhai N Buha was director of Rutron International Ltd. which had fund transactions with Padma Impex Pvt. Ltd. In this regard, it has been submitted by the entities that Bharatbhai N Buha was an independent director of Rutron International Ltd. during the period October 10, 2011 to February 7, 2013. Further, both of them have denied any nexus with FFSL. However, I note from the observation in IR w.r.t their trade logs that the Buhas were connected to one of the top buyers, Padma and was trading as preferential allottee and hence it is established that they are part of the

scheme.

Transactions of NK Agarwal & Sons (Noticee No. 26) with FFSL:

117. I note that investigation observed that NK Agarwal & Sons is a HUF and Nirmal Kumar Agarwal is the Karta. NK Agarwal & Sons was one of the preferential allottees of shares of FFSL and later exited at very high price. It was further observed that Nirmal Kumar Agarwal had fund transfers with Rutron International Ltd. (which is an entity in which Bharatbhai N Buha was a director) and LAN Finance Pvt Ltd. It has been submitted by NK Agarwal in parallel 11B proceeding that the fund transaction with LAN Finance Pvt Ltd. and Rutron International Ltd. were loans obtained from them. These loans have been repaid with interest. Statements confirming the accounts with LAN and Rutron has been submitted. Based on the circumstances, I find that there is no scope for any adverse findings against NK Agarwal & Sons.

Transactions of Giriraj Manihar and HUF (Noticee No. 37 and 36), Santosh Manihar (Noticee No. 35) and Anshul Jain (Noticee No. 38) with FFSL:

118. I note that investigation observed that these persons are allottees in the preferential allotment of FFSL. Giriraj Manihar and Santosh Manihar are related to each other and Santosh Manihar had fund transactions with Prefer Abasan Pvt. Ltd. Anshul Jain's father Mukesh Jain had fund transactions with Santosh Manihar and Giriraj Manihar. With regard to fund transaction between Mukesh Jain on one side and Giriraj Prasad Manihar and Santosh Manihar on the other, it has been stated that the transactions were loans in which Manihars had lent Rs.1,00,00,000/- to Mukesh Jain in November 2013. The loan amount and interest was paid back by Mukesh Jain in full by March 19, 2014. TDS on accrued interest was also paid. It has been also submitted that the loan was given long after the preferential allotment and he was not aware that Mukesh Jain had also invested in the shares of FFSL. Anshul Jain has also stated that these loans were facilitated through a broker, M/s. Maheshwari Associates and they have also paid brokerage on the loan amount. They did not know Manihars before the loan transactions and they do not have any direct or

indirect connection with FFSL or any of its directors. In view of the above, I note that the investigation report does not make out any strong case against these entities. It is a fact that they are allottees to shares in preferential issue of FFSL who sold shares and made profits after the lock-in period. However, in the absence of any other connection with FFSL or with any other entity that has participated in the alleged fraud, I do not find it necessary to proceed against these four entities.

Transactions of Suresh Kumar Kalani (Noticee No. 27) with FFSL:

119. It is observed that Suresh Kumar Kalani was one of the preferential allottees and he had received funds from BLC Trading and Agency Pvt. Ltd. It is further observed that BLC had fund transactions with Ranisati Dealer Pvt Ltd., which in turn had fund transactions with Comfort Fincap Ltd., Comfort Intech Limited, Padma Impex Pvt Ltd., Syncom Formulations (I) Ltd which were connected with FFSL. Suresh Kalani has submitted during parallel 11B proceeding that the receipt of funds from BLC Trading and Agencies Ltd. was on account of sale of shares of Facts Enterprises Ltd. An amount of Rs.20,00,000/- was transferred on April 1, 2012 and Rs.4,00,000/- on June 30, 2012. It has been also stated that he invested in the preferential allotment of FFSL after coming to know about the preferential allotment from his brother and by studying the information memorandum provided by FFSL. In this regard, I note that the proof evidencing the fund transfer shows that the transfer of funds are genuine and there was no involvement of Suresh Kalani in the alleged fraud.

Transactions of Atal Group (Noticee No. 28 to 34) with FFSL:

120. It is observed that Mukesh Atal and HUF (Noticee No. 29 and 28), Balakrishan Atal and HUF (Noticee No. 31 and 30), Rajni Atal (Noticee No. 32), Karuna Atal (Noticee No. 33) and Rajesh Atal (Noticee No. 34) were allotted shares in the preferential allotment of FFSL. It is further observed that there was fund transaction between Mukesh Atal and Minimum Shares and Securities Pvt. Ltd. In this regard, the Atal

group entities have replied that in and around August 2012, Mukesh Atal and his wife Ms. Karuna Atal finalised a deal to purchase a plot of land in Gurgaon for which they needed funds urgently. Mukesh Atal took loan from Minimum and transferred the same to his wife's account, which was then utilised to make payment for the purchase of plot of land. Copy of sale deed dated September 10, 2012 and bank account statement showing transactions have been furnished. It has been submitted that the Rs. 25 lakh received from Minimum was used to buy property and it was not used to buy any share of FFSL. The funds received from Minimum were returned to them in due course. It has been also submitted that no allegation has been levelled against Minimum that it had received funds from FFSL nor there is any evidence to show that they are connected with FFSL. In this regard, I note that the fund transaction between Mukesh Atal and Minimum Shares and Securities Pvt. Ltd. does not appear to be connected with the preferential allotment and there is no other fund transaction or evidence to show any connection of Atal group entities or Minimum with FFSL or other entities connected with FFSL. Therefore, I am of the view that the investigations do not indicate any connection between the Atal group entities and FFSL or the exit providers or the conduits, except that they are part of the preferential allottees. This by itself, is not sufficient to pass any direction against the Atal group members named above, for a fraudulent market manipulation as alleged.

121. This apart, from the submissions of FFSL, I note that the following was observed during the investigation:
- a) With respect to the fund transfers out of allotment proceeds towards repayment or grant of loans/advances, FFSL had provided loan documents only in respect of transactions with CFL, CIL, Parikh group, Green Vistas Finance, Kuber Kamna Marbles Pvt Ltd, Tirupati Developers, Advent Developers and Sangeeta Bhuwalka. As regards other transferees mentioned above, FFSL has provided only internal ledger copies without any document evidencing a loan.
 - b) Further, on perusal of copies of loan agreements furnished with respect to

entities such as Parikh group, Green Vistas Finance, Kuber Kamna Marbles Pvt Ltd, Tirupati Developers, Advent Developers and Sangeeta Bhuwalka, it was noted that the said agreements lack legal sanctity as they were not registered documents and were made on plain company letter heads with no witness signatures or purpose of loans mentioned therein. Further, loan agreement with Kuber Kamna Marbles Pvt Ltd was on a plain paper with signatures of concerned parties.

- c) Further, it was observed that almost all such transfers made by FFSL out of allotment proceeds which were stated to be for loans/advances, except for those with CIL, CFL, Green Vistas Finance, Tirupati Developers and Advent Developers Pvt Ltd, were interest free loans wherein no interest was paid or received by FFSL. Also, the loan agreement with Sangita Bhuwalka was an interest-free advance against a property although there was no detail of any property mentioned in the said agreement.
- d) It was also observed from the internal ledger, as submitted by FFSL, that, although the loan agreements with Tirupati Developers, Advent Developers Pvt Ltd and Sangeeta Bhuwalka were for a term of one year, the said loans were either repaid after 3 years or remained outstanding till October 2016, without any enabling clause in the agreement or any other supporting document provided by FFSL in this regard.
- e) As regards the transfer of Rs 90 lakh to CIL in December 2011, the same was claimed by FFSL to be towards a security deposit for lease of a property w.r.t a spa. However, it was noted that the company included "wellness spa and related activities" in its objects on June 07, 2012 i.e. almost after 6 months of the lease agreement.
- f) On fund analysis of bank statements of FFSL, SEBI failed to trace payment to Kaizen Cold Formed Steel Pvt Ltd and Anurodh Mercantile Pvt Ltd. With regards to this, FFSL submitted that on specific instructions of these 2 entities at the

time of repayment of loans, the amount was paid to Shree Ganesh Ventures Limited, creditor of Kaizen Cold Formed Steel Pvt Ltd and Anurodh Mercantile Pvt Ltd. However, FFSL failed to furnish copies of any such communication / request made by the abovementioned entities.

g) Apart from copies of shareholders' resolutions dated August 25, 2011 and March 12, 2012 and copies of Board resolutions submitted in support of investments to the tune of Rs. 50 lakh each in Marsh Steel Trading Ltd and Vision Steel Ltd and Rs. 5 lakh in Noble Express Services Pvt Ltd, FFSL had failed to provide documents in support of any rationale in the deployment of allotment proceeds.

h) It was further observed that many of the fund transfers stated to be towards loan/repayment of loan are with entities wherein S Krishna Rao, director of FFSL, at the relevant time was/had been a director. The details of such entities connected to the company/allottees and to whom the allotment funds have been transferred are summarized below:

S. No.	Name of the entity	Details of connection
1	Marsh Steel Trading Ltd	Aarti Singal, who is related to Brijbhushan Singal (allottee in FFSL) was the director in the company from 2004-2013.
2	Vision Steel Ltd	Aarti Singal, who is related to Brijbhushan Singal (allottee in FFSL) was the director in the company from 2004-2013
3	Noble Express Services Pvt Ltd	Has fund transfers with Ranisati Dealer Pvt Ltd (Group 1 entity) in 2010 and Rutron International Ltd (director of Rutron International is part of Group 1; other details of connection

		was provided at page 813 of Investigation Report) in February 2012.
4	Malpani Alloys Extractions P Ltd	Has fund transactions with Dixon Export and Finance Pvt. Ltd.
	Bina Hemanshu Mehta	Director in Padma Impex until November, 2012. Shareholder in Padma Impex Ltd along with Ranisati (both being Group 1 entities).
6	Parikh Group	Has fund transactions with Syncom Formulations (I) Ltd, an allottee in FFSL
7	Comfort Intech Ltd.	Anil Agarwal, an allottee in FFSL, is director/promoters
8	Comfort Fincap Ltd.	Anil Agarwal, an allottee in FFSL, is director / promoter
9	Asianlak Capital and Finance Ltd. (now known as Global Infratech and Finance Ltd.)	S Krishna Rao, director of FFSL, was director in the company from 2011-2014.
10	Dixon Export and Finance Pvt. Ltd. (now "Radhasoami Resources Ltd.")	S Krishna Rao, director of FFSL, was director in company from 2010-2016.
11	Comfort Securities Ltd	Anil Agarwal, an allottee in FFSL, is director in CSI-
12	Kuber Kamna Marbles Pvt Ltd.	Have fund transfers with Comfort Intech Ltd and BPJ Holdings Pvt Ltd, who are related to Anil Agarwal HUF (allottee in FFSL) and BP Jhunjhunwala (Group 1 entity) respectively.
13	Tirupati Developers	Fund transfers with Syncom Formulations (I) Ltd, an allottee in FFSL.
14	Advent Developers Pvt Ltd	Fund transfers with Syncom Formulations (I) Ltd, an allottee in FFSL and Pine Animation Ltd (Group 1 entity)
15	Chiraag Suppliers Pvt Ltd	S Krishna Rao, director of FFSL, was director from 2008-2013

16	Sangeeta Bhuwalka	Has fund transfer with Vivek Bhuwalka who in turn has fund transfers with FFSL, LAN Finance Pvt Ltd (connected to Amit H Patel HUF, allottee in FFSL) and Syncom Formulations (I) Ltd, allottee in FFSL.
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122. Further, it was also observed that certain transferees mentioned above immediately transferred funds received from FFSL to certain allottees. The details are as under:

S. No.	Entity receiving funds from FFSL post allotment	Further transfer of funds
1	Advent Developers Pvt Ltd	Transferred Rs 40 lakh to LAN Finance Pvt Ltd on March 21, 2012, which was immediately transferred to NMC Industries Pvt Ltd on March 22, 2012. Both LAN Finance Pvt Ltd and NMC Industries are connected to Amit H Patel HUF (allottee in FFSL).
2	Kuber Kamna Marbles Pvt Ltd	Transferred Rs 1.05 crore to Comfort Intech Ltd, which is connected to Anil Agarwal HUF (allottee in FFSL)
3	Tirupati Developers	Transferred Rs 5 lakh to LAN Finance Pvt Ltd on March 21, 2012, which was immediately transferred to NMC Industries Pvt Ltd on March 22, 2012. Both LAN Finance Pvt Ltd and NMC Industries are connected to Amit H Patel HUF (allottee in FFSL).

Summary of Findings:

123. From the above details of fund transfers, I note that capital raised through the issue of preferential allotment was not utilised for the purpose of opening of new offices for rendering financial services. Further, the Board of FFSL in its meeting on

September 12, 2015 passed a resolution for ratification of alteration / variation of utilization of proceeds of preferential allotments by FFSL in 2011 and 2012 and for alteration in the object clause of its Memorandum of Association. Further I note that this alteration was done subsequent to the observations made in the interim order dated December 19, 2014 about non- utilization of the proceeds of the preferential allotments as per the objectives disclosed. The ratification after 3 years of allotment is in itself an admission that FFSL failed to utilize the allotment proceeds towards the disclosed purposes

124. Besides above, I note that FFSL had no intention to utilise the funds raised through the allotments as per the disclosed objects at the time of allotment and the preferential allotment was used as a device to route a significant portion of allotment money to certain allottees/entities that were connected to the company. These observations coupled with the findings regarding price manipulation by certain FFSL connected entities in the initial phases, (especially Patch I and II – provided in para 124 below) go to establish that the preferential allotment exercise of FFSL was merely a façade to benefit some of its connected allottees, by the sale of their shares post the lock-in period. Further, as brought out elsewhere in this order, the fund transfers effected by FFSL post the allotment and the onward transfers made by connected entities thereto and the participation of the connected entities on the buy side during the exit period without any satisfactory explanation or documentation exposes the fraudulent scheme of the company and its connected entities. The allotment proceeds were transferred by FFSL, either to the entities under the control of allottees or to certain entities which through multiple layers transferred the same to the allottees.
125. Thus, it can be seen that FFSL, its directors along with the Comfort group and certain other Noticees basically orchestrated a fraudulent scheme involving preferential allotment route, which ultimately benefitted a few allottees and was never retained for utilization as per the stated objects of the issue. It has been

observed that Mr. Nirmal Singh Mertia, Mr S. Krishna Rao and Mr P. Natarajan were the Whole Time Directors of the company during the relevant period. Annual Reports of FFSL for the years 2011-12, 2012-13 and 2013-14 mentioned that the Directors of the company were mainly taking care of the operations of the company. Thus, as the company was acting mainly through its directors, these directors were responsible for the conduct of business of FFSL.

126. In this regard, P Natarajan has contended that he was made a non-executive director and after July 6, 2011 he did not attend any of the Board Meeting of FFSL. He also contended that he has not made any financial gains through the scheme and he had not signed any letter or form. Similarly, S Krishna Rao has submitted that from June 5, 2010 to August 10, 2013, he was only advising the board and was not involved in day to day activities and he made no personal gains by trading in shares of FFSL and accordingly charges of PFUTP cannot be alleged against him. In this regard I note that P Natarajan ceased to be a Managing Director of FFSL with effect from June 05, 2010 and both Natarajan and Krishna Rao continued to be a director of the company till April and August 2013 respectively. Further, as per the Annual Reports of FFSL, P Natarajan had attended all the Board meetings of FFSL during financial years 2010-2013. I further note that the Board of directors play a key role in balancing the interests of managements and shareholders and the independent directors are expected to, inter alia, ensure fairness and transparency in dealings of the Company. Where an act or omission occurs through board processes, then such non-executive directors can be held liable for such acts/omissions of company, if such directors had participated in the relevant board meetings and did not act diligently.
127. Thus I find that FFSL and its directors i.e. Noticee No. 1 to 4 are all liable for such actions perpetrated using the securities market route.

128. Furthermore, the preferential allottees have contended that they had invested in the scrip of FFSL from their own funds as genuine investors considering the preferential allotment a good investment opportunity. They have also contended that they are not connected/ related to the company or its promoters or directors or with any other entity mentioned in the interim order. Further, they are not connected/ related to the entities that are alleged to have indulged in the price manipulation or with the counterparty buyers. In view of this, they have submitted that they cannot be said to be involved in fraudulent scheme floated by the company. However, they failed to give any plausible explanation or cogent reason as to how the company could make allotment to them if they were not known to it or its promoters/directors. In this regard, it is pertinent to note that a large quantity of shares were allotted by FFSL in a preferential allotment which signifies that the allottees agreed with the company on a one-to-one basis to fulfil its fund requirements. The shares of FFSL were suspended from trading for a long time and the company was hardly having any credential in the market at the time of the preferential allotments. However, even in such circumstances, FFSL was able to raise capital by selling its shares at a premium. This strongly indicates some prior understanding or involvement on the side of the preferential allottees with FFSL, its directors and others involved to perpetrate the dubious scheme.
129. In this regard, FFSL has denied and refuted all the allegations against it and has submitted that all the transactions are ordinary or normal business transaction and mostly were for granting/ repayment of loan or for purchasing shares on it's behalf (eg. CSL). It has further submitted that all such transactions were done after a contract though some contracts were done only orally. In this regard, I note that all the transactions involving FFSL has been dealt with in the preceeding paragraphs of this order and it has already been established that those transactions were for purpose other than in terms of pure business/commercial relationship. Further, the occurrence and timing of such transactions also adds to the aforesaid conclusion. I further note that FFSL has only provided ledger transactions and supporting bank account transactions has not been submitted. Further, with regards to payment of

an abnormally high security deposit of Rs 1 crore (on December 14, 2011 and January 28, 2012) to CIL for a property worth Rs 15,000/- as monthly rent, FFSL has submitted that what needs to be looked into is the overall return on property given on rent and not merely the amount of rent and less rent was decided for high security deposit. In this regard, I note that parties are free to contract and they may enter into such an agreement. However, while it is observed that the payment of such high amount of security deposit is claimed by FFSL to be towards lease of a property for doing the business of spa, FFSL included this new business in its objects clause only on June 07, 2012, i.e. almost after 6 months of the lease agreement. Further, as mentioned in the SCN, no rent was paid by CIL for the period December 2011 to March 2012 and for March 2013 and no details of receipt of maintenance charges by CIL for periods other than for June 2013, August 2013, October 2013 and November 2013 were provided. Thus, rent and maintenance charges for the premises were not paid by FFSL for several months. Besides this, it is also noted from the 'Term' clause of the lease agreement dated December 14, 2011 that the initial term of lease was 11 months with an initial rent of Rs 15,000, with an option of renewal of the lease for a further period of 11 months subject to the rent being increased by 10% every time. However, the rent received till January 2014 is shown as Rs 15,000 only. These circumstances, coupled with abnormally high security deposit for a property for which monthly rent is Rs.15,000/- indicate that the transfer of Rs.90 lakh from the allotment proceeds was not for the purpose for which they are being claimed to be.

130. In view of the aforesaid facts, I don't find any merit in the contentions of the Noticee.

Issue 1 (c) Whether the trades carried out by connected noticees in Patch 1, 3 and 4 of the IP have violated the provisions of the SEBI (PFUTP) Regulations, 2003?

131. I note from the IR that investigation divided the IP into following 4 Patches. Whereby the price of the scrip of FFSL in Patch 1 was found to be increasing exponentially

with low volumes. The price continued to grow in Patch 2, however Patch 3 and 4 witnessed free fall in the price during these patches price fell from Rs. 296 to Rs. 17. These movements were observed to be taking place without any significant corporate activity in FFSL apart from the fact that new promoters acquired the FFSL and they came out with two Preferential allotments in 2011 and 2012.

132. The Patches are tabulated below:

Period	Dates		Opening Price (volume) on first day of the period (Rs.)	Closing price (volume) on last day of the Period (Rs.)	Low price(volume) during the period	High Price(volume) during the period (Rs.)	Avg. no. of (shares) traded daily during the period.
Patch-I	(15/05/12-8/02/13)	price	5.35	263.45	5.35(15 May 12)	263.45(08 Feb 13)	23
		Vol	100	15	1(19 Jul 12)	310(03 Jan 13}	
Patch-2	(11/02/13-23/07/13)	Price	268.7	296	267.1 (12 Feb 13)	300(06 Jun 13)	39,528
		Vol	13,156	40,700	100 (11 May 13)	1,56,000 (18 Mar 13)	
Patch 3	(24/07/13-12/12/13)	Price	295.5	178.45	176 (20 Nov 13)	296 (26 Jul 13)	43,282
		vol	3,535	8,940	310(25 Jul 13)	169,095 (07 Aug 13)	
Patch 4	(13/12/13-31/03/14)	Price	17.6	7.95	7.1(28 Mar 14)	17(13 Dec 13)	802,537
		Vol	5,611	15,851	4,000 (22 Mar 14)	4,581,250(21 Jan 14)	
Post IP	(01/04/14-30/06/14)	Price	8	10.9	7.75 (5 May 14)	12.5 (5 Jun 14)	52,545
		Vol	15,364	128	101 (17 Jun 14)	473,176(02 Apr 14)	

A. Price manipulation by BP Jhunjunwala and Prem Lata Nahar in Patch 1 (15/05/12-08/02/13):

133. I note that, it has been alleged that the preferential allotment was followed by abnormal and huge rise in price of the scrip by trading of entities connected to the company. During the period May 15, 2012 to February 08, 2013(Patch I), the price of the scrip opened at Rs. 5.35 on May 15, 2012, it reached a high of Rs. 263.45 on

February 08, 2013 and closed at Rs. 263.45 on February 8, 2013, i.e. an increase of Rs. 258.1 (4824.3%) during this period. The investigation has revealed that a total of 124 trades for 2,653 shares were executed in the scrip of FFSL on BSE during this patch of 115 trading days, wherein 22 entities bought and 26 entities sold shares of FFSL. It was observed that on 107 days only single trades were executed in the scrip. There were a total of 22 entities who had bought and 26 entities who had sold shares of FFSL during Patch-I. It has been alleged that the price of the scrip increased with singular trades by entities connected with FFSL, namely, Prem Lata Nahar (Noticee No.5) on the buy side and B.P Jhunjunwala HUF (Noticee No.7) on the sell side. These entities were top contributors to the price rise by continuously placing buy/sell orders above Last Traded Price (LTP).

134. I note that investigation observed that the top 10 buyers contributed 92.39% of the market positive LTP during this period. Except Prem Lata Nahar (Noticee No.5), none of the Noticees contributed to LTP as buyers during the Patch-I.
135. Further I note that Noticee No.5 contributed Rs. 74.94 to the market positive LTP as a buyer in 34 trades for 785 shares, all of which were first trades. Upon analysis of these trades, it was observed that in all the 34 trades, the buy order was placed before the sell order with the buy order quantity being more than the sell order quantity. In 32 instances, the counterparty was B. P Jhunjunwala HUF (Noticee No. 7) and these trades have contributed Rs. 67.49 to the market positive LTP. Hence, 90.05% of her trades contributing to positive LTP were with Noticee No.7, both of whom belonged to Group 1. Hence, Noticee No.5 contributed Rs. 74.49 to positive LTP by way of 34 first trades. Additionally, it was observed that Noticee 5 also contributed Rs. 74.94 (29%) to the NHP. Thus, it is alleged that the trades of Noticee 5 were carried out with a manipulative intent to artificially increase the scrip price.

136. It is further observed that Noticee 7 contributed 78.55% of the total positive as well as net LTP by way of its trades as seller. Noticee 7 contributed a total of Rs. 202.73 to the net LTP in 89 trades for 620 shares and Rs. 202.73 to market positive LTP in 88 trades for 615 shares.
137. With regard to connection of BP Jhunjunwala and FFSL, I note from the IR that BP Jhunjunwala had agreed to acquire 58.08 % paid-up share capital of FFSL by entering into a MoU with P Natarajan (promoter and director of FFSL) on May 27, 2010. Subsequently, S Krishna Rao was appointed as a director of FFSL on June 5, 2010. BP Jhunjunwala or his family members have served as common directors along with S Krishna Rao in several other companies namely, Skyed Network Pvt. Ltd., Carewell Consultants Pvt. Ltd., Radhasaomi Securities Pvt. Ltd., and Onesource Techmedia Ltd.
138. With regard to BP Jhunjunwala, it has been brought out in the SCN that the demat statement of BP Jhunjunwala HUF revealed that it was holding 21,140 shares of FFSL as on May 22, 2012. However, from the order book analysis, it was observed that despite there being large buy demand (ranging from 1,250 shares to 28,050 shares), BP Jhunjunwala HUF repeatedly placed sell orders for small quantities of shares in the range of 5 shares and 10 shares regularly and occasionally 25 shares (5 shares to 25 shares) at increasingly higher prices each day for 88 out of 89 days when he had traded. During this period, the price of the scrip increased from Rs. 7.14 on July 3, 2012 to Rs. 253.25 on February 6, 2013. Such a trading pattern in an illiquid scrip like FFSL, indicates that BP Jhunjunwala HUF, after having acquired substantial stake in FFSL played a major role in manipulating the price of the scrip, thereby resulting in 78.55% contribution in positive as well as net LTP through his trades as seller during this period.
139. Investigation observed that one of the buyers namely, Prem Lata Nahar contributed

Rs. 74.94 increase in positive LTP in 34 trades for 785 shares. It was observed that all the 34 trades of Prem Lata were the first trades and for each trade the buy order was placed before the sell order with the buy order quantity being more than the sell order quantity. Further, from the analysis of the trade log, it has been observed that in 31 of 34 trades of Prem Lata Nahar has matched with trades of BP Jhunjhunwala HUF. These trades constituted 90.05% of the trades of Prem Lata Nahar and they contributed to Rs. 67.49 increase in positive LTP. Thus, BP Jhunjhunwala HUF contributed Rs. 202.73 to the net positive LTP in 89 trades for 620 shares and Rs. 202.73 to market positive LTP in 88 trades for 615 shares. It is observed that almost all of his trades had positive LTP impact and his 31 trades matched with Prem Lata Nahar. The sell trades of BP Jhunjhunwala HUF during the patch contributed to 78.55% increase in the total positive as well as net LTP.

140. Prem Lata Nahar contributed to an increase of Rs. 74.94 in the price of the scrip by placing buy order above LTP in 34 trades for 785 shares. The positive LTP contribution of her buy trades in the scrip was 29% of the total market LTP. The extracts of her trades with BP Jhunjhunwala HUF are as follows:

S. No.	Batch Date	Seller Name	Trade price	LTP Difference	LTP Percent age	Trade Value	LTP at Order Entry	LTP at Sell Order Entry	Trade Quantity	Sell Order Quantity	Buy Order Quantity
1.	09.08.2012	BPJ HUF	17.05	0.81	4.99	170.50	16.24	16.24	10.00	10.00	1000.00
2.	28.08.2012	BPJ HUF	20.70	0.98	4.97	103.50	19.72	19.72	5.00	5.00	1000.00
3.	30.08.2012	BPJ HUF	21.73	1.03	4.98	108.65	20.70	20.70	5.00	5.00	1000.00
4.	03.09.2012	BPJ HUF	22.80	1.07	4.92	114.00	21.73	21.73	5.00	5.00	1000.00
5.	11.09.2012	BPJ HUF	26.30	1.25	4.99	131.50	25.05	25.05	5.00	5.00	1000.00
6.	14.09.2012	BPJ HUF	28.95	1.35	4.89	144.75	27.60	27.60	5.00	5.00	1000.00
7.	20.09.2012	BPJ HUF	31.85	1.50	4.94	318.50	30.35	30.35	10.00	10.00	1000.00
8.	28.09.2012	BPJ HUF	35.05	1.65	4.94	350.50	33.40	33.40	10.00	10.00	1000.00
9.	04.10.2012	BPJ HUF	36.80	1.75	4.99	368.00	35.05	35.05	10.00	10.00	1000.00
10.	12.10.2012	BPJ HUF	42.50	2.00	4.94	1062.50	40.50	40.50	25.00	25.00	1000.00

11.	17.10.2012	BPJ HUF	49.10	2.30	4.91	245.50	46.80	46.80	5.00	5.00	1000.00
12.	19.10.2012	BPJ HUF	51.55	2.45	4.99	515.50	49.10	49.10	10.00	10.00	1000.00
13.	31.10.2012	BPJ HUF	62.55	2.95	4.95	312.75	59.60	59.60	5.00	5.00	1000.00
14.	01.11.2012	BPJ HUF	65.65	3.10	4.96	656.50	62.55	62.55	10.00	10.00	1000.00
15.	05.11.2012	BPJ HUF	72.30	3.40	4.93	361.50	68.90	68.90	5.00	5.00	1000.00
16.	07.11.2012	BPJ HUF	75.90	3.60	4.98	379.50	72.30	72.30	5.00	5.00	1000.00
17.	09.11.2012	BPJ HUF	83.60	3.95	4.96	418.00	79.65	79.65	5.00	5.00	1000.00
18.	15.11.2012	BPJ HUF	89.50	1.75	1.99	447.50	87.75	87.75	5.00	5.00	1000.00
19.	16.11.2012	BPJ HUF	91.25	1.75	1.96	912.50	89.50	89.50	10.00	10.00	1000.00
20.	23.11.2012	BPJ HUF	100.60	1.95	1.98	503.00	98.65	98.65	5.00	5.00	1000.00
21.	27.11.2012	BPJ HUF	102.60	2.00	1.99	513.00	100.60	100.60	5.00	5.00	1000.00
22.	03.12.2012	BPJ HUF	106.70	2.05	1.96	1067.00	104.65	104.65	10.00	10.00	1000.00
23.	05.12.2012	BPJ HUF	110.95	2.15	1.98	554.75	108.80	108.80	5.00	5.00	1000.00
24.	12.12.2012	BPJ HUF	120.05	2.35	2.00	1200.50	117.70	117.70	10.00	10.00	1000.00
25.	14.12.2012	BPJ HUF	124.85	2.40	1.96	624.25	122.45	122.45	5.00	5.00	1000.00
26.	17.12.2012	BPJ HUF	127.30	2.45	1.96	1273.00	124.85	124.85	10.00	10.00	1000.00
27.	19.12.2012	BPJ HUF	132.35	2.55	1.96	661.75	129.80	129.80	5.00	5.00	1000.00
28.	20.12.2012	BPJ HUF	134.95	2.60	1.96	674.75	132.35	132.35	5.00	5.00	1000.00
29.	21.12.2012	BPJ HUF	137.60	2.65	1.96	1376.00	134.95	134.95	10.00	10.00	1000.00
30.	26.12.2012	BPJ HUF	143.15	2.80	2.00	1431.50	140.35	140.35	10.00	10.00	1000.00
31.	28.12.2012	BPJ HUF	148.90	2.90	1.99	744.50	146.00	146.00	5.00	5.00	1000.00

141. All the 34 trades of Prem Lata Nahar were the first trades of the day and for each trade the buy order was placed at around 9:15 am. i.e., before the sell order, with a buy order quantity of 1000 shares. It is also noted from the trade log that she had continuously placed buy orders at higher prices ranging from Rs. 17.05 to 157.90 in large quantities for shares of a company which was trading at around Rs. 5 per share just 3-4 months ago and such high price was neither justified by the financials

of the company nor by any corporate announcement made by the company during the relevant period.

142. From the trading pattern, it is evident that BP Jhunhunwala (acting through BP Jhunhunwala HUF) and Prem Lata Nahar acted in concert to manipulate the market through their trades in FFSL. Noticee No. 5 in her reply has questioned the connection established with Mr. BP Jhunhunwala terming that as farfetched. The connection was established based on the financial transactions and common directorship and hence cannot be termed as farfetched or isolated. FFSL and JMD Ventures had Ashok Bothra as common director. Further, JMD Sounds and JMD Ventures had Kailash Purohit as common director. Prem Lata Nahar had financial transactions with JMD Sounds which she did not deny.
143. Further, the explanation provided by the Noticee No. 5 sounds hollow and is unsubstantiated in the absence of any corroborative evidence. On the one hand, she has submitted that it was her husband who dealt in the shares on her behalf while on the other hand, she has furnished various explanations in defence of her trading with technical fineness which give an impression that it was she who was responsible for the trades executed in her name in the scrip of FFSL. She has not only dealt with the nature of business of FFSL and financial prospects that the Company offered, but also has explained about intricacies of share trading in penny stocks and the fast profit/gain that her husband wanted to make by dealing in such shares. Her explanations don't go hand in hand with her contentions that she is more than 69 years old and is a house wife and had no knowledge of details of trading executed in her name by her husband. The explanations offered by her cannot be relied upon as neither has she been able to explain the reasons for buying small amounts of shares on different dates thereby contributing to LTP nor has she been able to explain her financial dealing with JMD Sounds Ltd.

144. Further, in her reply, the Noticee has provided elaborate details of the technicalities of the stock market and how her husband invested in A class and Z class of shares etc. She has also explained the rationale of the decision taken by her deceased husband, for dealing in the shares of FFSL. Such an explanation with lot of technical justifications can be provided by only a seasoned trader of securities market. It is difficult to comprehend two opposite stands together taken by the Noticee no. 5, i.e., the one that her deceased husband was doing all the trades in her name and she has no knowledge of these trades, and the second one that all those trades are justified for various technical and market driven reasons.
145. I note that despite being having less liquidity in the scrip and in the absence of any good fundamentals or financials which could have attracted a common prudent investor to invest in the share of FFSL, the Noticee no. 5 has shown a continuous buying pattern.
146. It is also observed that she has placed buy orders of adequately big quantity of shares which matched with comparatively lesser quantity of sell orders. However, after executing such trades, she has not made attempts to purchase the balance number of shares, i.e., difference between the no. of shares for which buy order was placed and no. of shares which were already bought, which implies that she had no intention of purchasing the entire quantity for which she placed her buy order. I note that a total positive LTP of 74.94 has been contributed by the Noticee no. 5 as a buyer which is 29.04% of the total market positive LTP, in the scrip of FFSL. It has been submitted by the Noticee no. 5 that the shares purchased by her were sold subsequently. Also out of 34 trades done by Noticee No. 5 in FFSL, 32 were matched with Mr. BP Jhunhunwala. The pattern of trading in the scrips of FFSL by the Noticee no. 5 further strengthens the suspicion about her relation/association with the Company and its related entities and her being part of the scheme to manipulate the price of the scrip of FFSL. The same is evident from the fact that the Noticee no. 5 had contributed to LTP by purchasing the shares of FFSL at a time

when there was no volume in the its trading and the fundamental of the Company was also not supporting the desperation she displayed to buy the scrip. Hence, the explanation provided by the Noticee No. 5 for the trades done in FFSL cannot be accepted.

147. In addition to above, Prem Lata Nahar had been earlier found to be involved in similar practice of price manipulation of illiquid scrips like, Mapro Industries, Pine Animation Ltd., Greencrest Financial etc. Similar modus operandi were involved in those scrips as well where she was placing buy orders and increasing the positive LTP.
148. Further, B.P. Jhunjunwala (karta of BP Jhunjunwala HUF) has traded subsequent to the price rise in greater volume and sold 35,412 shares for a total value of Rs. 1,03,45,773.50. As to the reason for him to have off-loaded his entire stake in FFSL, subsequent to the price rise period, BP Jhunjunwala stated that the shares were sold during May/June, 2013 to acquire controlling stake in Anugrah Jewellers Ltd. (presently known as Onesource Ideas Ventures Ltd.) with a view to carry out his consultancy business under the banner of a listed company. This explanation does not appear bonafide as FFSL, in which he had acquired substantial stake, was also a listed company and it was in the financial services business. The admission of Prem Lata Nahar that she wanted to acquire 1000 shares of FFSL along with the fact that she assisted BP Jhunjunwala to hike the price of the scrip through her daily first trades, would show elements of pre-meditated design, which can happen only between entities that know each other and were connected. Thus Prem Lata Nahar and B P Jhunjunwala HUF traded/dealt with the FFSL scrip with a manipulative intent to increase the price of the scrip and have violated the provisions of the SEBI(PFUTP) Regulations.

B. Price fall in the scrip of FFSL - Patch 3 (24/07/13 to 12/12/13) & Patch 4 (13/12/13 to 31/03/14)

149. Investigation observed that during Patch 3 and Patch 4, the price of the FFSL scrip has been lowered by certain Noticees connected to FFSL by placing sell orders at a price lesser than the Last Traded Price of the scrip. During Patch 3 (July 24, 2013 to December 12, 2013) the price of the scrip fell by 39.59%. It was observed that 15 Noticees were connected with the company and they acted in collusion and depressed the price of the scrip by placing sell orders at price less than the Last Traded Price (LTP). It was further observed that these entities jointly contributed to Rs.230.90 decrease in LTP in 699 trades for 90,417 shares. The counterparty to 645 trades (out of 699) for 48,835 shares were connected group entities. Comfort Securities Ltd. (CSL), which is a connected group entity, had acted as the stock broker for 3 entities on buy side and 7 entities on sell side and the trades of these clients of CSL contributed to 19.87% of the market negative LTP. The details of the trading of these 25 Noticees (15 Noticees as sellers and 10 Noticees as buyers) are as follows:

150. Contribution of sellers in lowering the price of scrip during Patch 3:

Sl. No.	Seller Name	Net LTP			Positive LTP			Negative LTP			Zero LTP		% of Negative LTP to Total Market Negative LTP
		LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	QTY traded	No of trades	
1.	Gokul Securities Private Limited	-41.35	250000	732	13.6	16945	25	-54.95	25221	135	207834	572	9.75
2.	Amit H Patel Huf	-23.85	72500	653	25.45	3347	29	-49.3	9427	59	59726	565	8.74
3.	Anil Agrawal Huf	-5.95	83846	882	61.75	10586	171	-67.7	13434	183	59826	528	12.01
4.	Pride Distillery Private Ltd	-5.05	16923	153	2.15	421	5	-7.2	974	16	15528	132	1.28
5.	Bharatbhai Nathabhai Buha	-3.25	39000	397	8.8	3888	48	-12.05	4745	90	30367	259	2.14

6.	Ashokbhai Nathabhai Buha	-3.15	40000	366	3.9	1281	28	-7.05	3905	39	34814	299	1.25
7.	Shilpa Agarwal	-2.75	49500	246	6.15	1952	14	-8.9	7474	71	40074	161	1.58
8.	Syncom Formulations (India) Limited	-2.6	100000	364	7.5	2841	13	-10.1	6626	12	90533	339	1.79
9.	Suresh Kumar Kalani	-2.25	36700	171	0	0	0	-2.25	3310	5	33390	166	0.40
10.	Ritesh Agarwal Huf	-2.2	75000	304	5.45	5715	11	-7.65	8001	76	61284	217	1.36
11.	Kripa Securities Pvt. Ltd.	-0.85	141029	115	0.7	7001	3	-1.55	3300	3	130728	109	0.27
12.	Rajendrakumar Agarwal Huf	-0.75	45500	211	0	0	0	-0.75	500	5	45000	206	0.13
13.	B P Jhunjhunwala & Others Huf	-0.1	31317	64	0.5	2000	2	-0.6	1250	2	28067	60	0.11
14.	Surbhika Vyapaar Private Limited	-0.1	10000	10	0	0	0	-0.1	1000	1	9000	9	0.02
15.	Anshul Jain	-0.1	50000	156	0.65	1150	3	-0.75	1250	2	47600	151	0.13
Sub Total	-94.3	1041315	4824	136.6	57127	352	-230.9	90417	699	893771	3773	40.95	

Counterparty buyers to connected entities during Patch 3:

S. No.	Buyer Name	LTP Difference	Trade Quantity	No. of trades
1	Padma Impex Private Limited	-8.85	5128	25
2	Jaihanuman Multi Agencies Private Limited	-10.35	5766	25
3	Amrit Sales Promotion Pvt Limited	-0.6	600	2
4	Hs Tradecom Private Limited	-1.25	350	6
5	Jayne Tradecom Private Limited	-137.1	30968	555
6	Pride Distillery Private Ltd	-0.75	203	10
7	Nityadhara Plaza Private Limited	-1.6	2885	3
8	Ranisati Dealer Private Limited	-0.5	100	1
9	Dhanlakshmi Brokers Private Limited	-3.2	1135	17
10	Stardox Vinimoy Private Limited	-0.5	1700	1
	Grand Total	-164.7	48835	645

151. The Noticees have denied that they are connected to FFSL or other connected entities and have submitted that their contribution to negative LTP is very miniscule and they had no intention to depress the price of the scrip as most of their trades were above LTP or had no impact on LTP.

152. It is observed from the tables above that most of the sellers were preferential allottees of FFSL except for BP Jhunjhunwala, Pride Distillery Ltd., Kripa Securities Ltd. and Surbhika Vyapaar Pvt. Ltd. The preferential allottees involved in the fraudulent scheme and BP Jhunjhunwala – HUF were selling shares of FFSL in large quantity. It is noted from the table above that around 84% of the shares sold by these preferential allottees were sold at zero LTP. Therefore, it does not appear that they have been instrumental in impacting the price of the scrip during the patch. Further, with respect to preferential allottees - Amit H Patel-HUF, Suresh Kumar Kalani and Anshul Jain, it has been already observed that their connection with FFSL is too farfetched to say that they were involved in the manipulation.
153. I note that the negative LTP impact of the trades of Kripa to total market LTP in patch 3 is 0.27% and in patch 4 it is 1.47% and their connection with FFSL, as mentioned in the SCN is too remote. The contribution to negative LTP of Surbhika Vyapaar Pvt. Ltd. to total market negative LTP is 0.02%. With regard to Pride Distillery, it is observed that its connection with FFSL is not established. With respect to counterparty buyers in this patch, it is noted that, except for Padma Impex and Ranisati Dealers, the connection of all other Noticees who traded in Patch 3 does not appear established.
154. It was observed that during Patch 4 (December 13, 2013 to March 31, 2014), the price of the scrip decreased by 54.83%. Investigation observed that 15 Noticees connected with the company contributed to price fall by placing orders below LTP in 248 trades for 5,29,682 shares. Further, the counterparty to most of these trades (148 trades for 3,01,641 shares) were other connected group Noticees. Further, Comfort Securities Ltd. (CSL) had acted as stock broker for 5 entities on buy side and 2 entities on sell side whose trades contributed to 11.38% of the market negative LTP. The details of the trading of these 23 Noticees (15 Noticees as sellers and 8 Noticees as buyers) are as follows:

155. Contribution of sellers connected to FFSL in lowering the price in Patch 4:

S. No.	Seller Name	Net L1			Positive LTP			Negative LTP			Zero LTP		% of Negative LTP to Total Market Negative LTP
		LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	LTP impact	QTY traded	No of trades	QTY traded	No of trades	
1.	Padma Impex Private Limited	-6.22	96720	488	6.73	5655	42	-12.95	11762	86	79303	360	16.85
2.	Amit H Patel HUF	-4.67	2000000	1060	4.57	49640	39	-9.24	115642	86	1834718	935	12.02
3.	Pride Distillery Private Ltd	-1.75	413784	653	2.39	11625	20	-4.14	14855	35	387304	598	5.39
4.	Comfort Securities Pvt.Ltd.	-0.9	311000	83	0	0	0	-0.9	855	14	310145	69	1.17
5.	Kripa Securities Pvt. Ltd.	-0.63	646641	141	0.5	26213	6	-1.13	12229	11	608199	124	1.47
6.	Raina Vyapaar Private Ltd	-0.15	941800	38	0	0	0	-0.15	70500	3	871300	35	0.20
7.	Bazigar Trading Private Limited	-0.14	580000	35	0.01	42484	1	-0.15	1525	2	535991	32	0.20
8.	BSR Finance And Construction Ltd	-0.14	455000	81	0.01	4000	1	-0.15	64	4	450936	76	0.20
9.	Cellour Marketing Pvt Ltd	-0.1	400000	34	0	0	0	-0.1	50	1	399950	33	0.13
10.	Ritesh Commercial Holdings Limited	-0.1	281000	29	0	0	0	-0.1	47000	1	234000	28	0.13
11.	Sanchay Tradecomm Private Limited	-0.1	102500	6	0	0	0	-0.1	200	1	102300	5	0.13
12.	Life Line Marketing Pvt Ltd.	-0.05	455000	6	0	0	0	-0.05	150000	1	305000	5	0.07
13.	R C Suppliers Private Limited	-0.04	340000	14	0.01	3400	1	-0.05	50000	1	286600	12	0.07

14.	Nandan Kanan Iron And Steel Private Limited	-0.03	300000	9	0	0	0	-0.03	50000	1	250000	8	0.04
15.	Kirit Vasudeo Dave	-0.01	5000	1	0	0	0	-0.01	5000	1	0	0	0.01
Subtotal (1:15)		-15.03	73284452678	14.22	143017110	-29.25	529682248	6655746	2320	38.05			

Counterparty buyers to connected entities during patch 4:

Sl. No.	Buyer PAN	Buyer Name	LTP Difference	Trade Quantity	No. of trades
1	AACCM6582E	Pride Distillery Private Ltd	-11.31	10100	117
2	AAACL4269P	Padma Impex Private Limited	-1.35	2644	11
3	AAKCA4137B	Astabhuja Construction Private Limited	-0.65	9539	9
4	AACCN9567A	Navdurga Investment Consultants Private Limited	-0.3	11532	5
5	AACCK2399D	Kripa Securities Pvt. Ltd.	-0.18	67001	3
6	AHKPD0543J	Kirit Vasudeo Dave	-0.1	825	1
7	AADCN9427C	Nityadhara Plaza Private Limited	-0.05	50000	1
8	AABCR2457G	Rajani Investment Private Limited	-0.05	150000	1
	Grand Total		-13.99	301641	148

156. In this regard, investigation observed that during Patch 4, the price of the scrip opened at Rs.17.60, reached a low of Rs.7.10 and closed at Rs.7.95 i.e., a decrease of Rs. 9.65 (54.83%) in the price of the scrip. The Noticees have submitted that their contribution to negative LTP is very miniscule and they had no intention to depress the price of the as most of their trades were above LTP or had no impact on LTP. Bazigar Trading Pvt. Ltd., BSR Finance & Construction Pvt. Ltd., Cellour Marketing Pvt Ltd., Life Line Marketing Pvt. Ltd., RC Suppliers Pvt. Ltd. and Raina Vyapaar Pvt. Ltd. have submitted that they are not connected with FFSL or any other entity connected to FFSL.
157. FFSL in its reply has submitted that since it never traded in the scrip of FFSL during the IP nor any of its connected entity was involved in the price manipulation. However, as observed in the previous paragraph Mr. BP Jhunjunwala was directly

connected to FFSL as he was the new promoter subsequent to the signing of MoU dated May 27, 2010. BP Jhunjunwala HUF was primarily involved in price manipulation in Patch 1 (2013) whose karta was BP Jhunjunwala. In view of this, the above contention of FFSL cannot be accepted.

158. It is observed that except for Padma Impex, Amit H Patel-HUF, Pride Distellary Pvt. Ltd. Comfort Securities Ltd. and Kripa Securities Ltd., the negative LTP impact of the trades of other Noticees to total market LTP in patch 4 is ranging from 0.01% to 0.20%. Further, as already observed, the connection of Amit H Patel-HUF, Pride Distellary Pvt. Ltd. and Kripa Securities Ltd. with FFSL is not made out. Therefore, I do not find them to be directly involved in depressing the price of the scrip.
159. With respect to Padma Impex Pvt. Ltd. and Comfort Securities Pvt Ltd., it was observed that these entities are connected to FFSL and other group entities. Padma entered into 488 sell trades during this patch. Out of 488 trades, 86 trades impacted the price of the scrip of FFSL negatively. The negative LTP impact of these trades was Rs. -12.95. The negative LTP impact of the trades of Padma to total market LTP in patch 4 is 16.85%. Comfort Securities Ltd. entered into 83 trades in this patch in its proprietary account. It is observed that out of 83 trades executed from a single order 14 trades had negatively impacted the LTP. The negative LTP impact of the trades of CSL to total market LTP in patch 4 is 1.17%. As Padma Impex Pvt. Ltd. and CSL are connected with FFSL and depressed the price of the scrip during patch 4, I find them to have violated the provisions of Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2), (a) and (e) of PFUTP Regulations, 2003.
160. As regards FFSL, the sequence of events is that one of its directors, Natarajan, Noticee No. 4 entered into an MoU on 27th May, 2010 with BP Jhunjunwala, Noticee No. 6 along with BP Jhunjunwala HUF, Noticee No. 7 (who consciously manipulated the scrip price later, i.e. during 15 May, 2012 to 8th February 2013), to

acquire 58.08 percent of paid-up share capital of FFSL. It has been brought out in the investigation that FFSL got its trading suspension on BSE (that was operating for a period between June, 2000 to July, 2011) revoked on 8th July, 2011. It traded for just two days on July 8, 2011 and November 16, 2011. In the meanwhile, the company made two tranches of preferential issue – one in December 2011 and the other in April, 2012. Soon after the expiry of the lock-in period, the preferential allottees started trading and exiting taking advantage of the huge price rise that was prevailing then and made gains. The investigation was done at the behest of letters received from Director General of Income Tax (Inv.), as the background of this order states.

161. Some Noticees have submitted that their trading in FFSL did not contribute to the positive LTP and hence was not involved in raising the price of the scrip. Further there neither anything adverse in the public domain regarding the scrip of FFSL nor any caution was issued by exchange regarding trading in FFSL. Hence no negative inference can be drawn from their trading in the scrip. In this regard I note that, the trading by the preferential allottees and other Noticees in Patch 3 and 4 was part of the larger scheme as already demonstrated in the preceding paragraphs. Hence, the trades done by such Noticees should be seen from a broader perspective instead of focusing on the trading alone.
162. In view of the above, I find that the preferential allottees, namely Anil Agarwal-HUF (Noticee No. 8), Anil Agarwal (Noticee No. 9), Syncom Formulations Ltd. (Noticee No. 13), Rajendra Kumar Agarwal- HUF (Noticee No. 14), Rajendra Kumar Agarwal (Noticee No. 15), Ritesh Agarwal- HUF (Noticee No. 16), Ritesh Agarwal (Noticee No. 17), Shilpa Agarwal (Noticee No. 18), Suresh Kumar Khandelia (Noticee No. 19), Manju Khandelia (Noticee No. 20), Bharatbhai Nathbhai Buha (Noticee No. 24) and Ashokbhai Nathbhai Buha (Noticee No. 25) were involved in the fraudulent and manipulative scheme floated by FFSL (Noticee No. 1), its directors (namely, Mr. Nirmal Singh Mertia (Noticee No. 2), Mr S. Krishna Rao (Noticee No. 3), Mr P.

Natrajan(Noticee No. 4)). In this scheme, Padma Impex Pvt. Ltd. (Noticee No. 40), Global Infratech & Finance Ltd. (Noticee No. 41), Comfort Fincap Ltd. (Noticee No. 42), Comfort Intech Ltd. (Noticee No. 43), Comfort Securities Ltd. (Noticee No. 44), Kuber Kamna Marbles Pvt. Ltd. (Noticee No. 45), Adhunik Transport Organisation Ltd (Noticee No. 50). and Bina H Mehta (Noticee No. 53) have facilitated FFSL and connected entities in the fraudulent activity by helping them in fund transfers and enabling them to sell the shares of FFSL in the market. Without BPJ (Noticee No. 6) and BPJ-HUF (Noticee No. 7) and Prem Lata Nahar (Noticee No. 5), who marked the scrip price continuously by placing orders for small quantities at higher LTP over a period of time and succeeded in jacking up the price artificially, the conceived mission would not have been possible.

163. Accordingly, I find that the Noticees mentioned above have violated Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2), (a) and (e) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and Section 12A(a), (b) and (c) of SEBI Act, 1992.

Issue 1 (d) Whether Noticee No. 1 had violated the provisions of SCRA and Listing Agreement read with SEBI Act?

164. I note that it is already established above that FFSL had failed to utilize the proceeds of preferential allotment as per the objectives mentioned before the shareholders.
165. I further note that FFSL, in its reply dated to October 27, 2015 to SEBI summons dated October 15, 2015, had stated that the funds were utilized as per the objects of the issue for both the preferential allotments. However, in view of the ratification of variation in utilization in September 2015, as submitted by FFSL and as brought above in this order, it is evident that FFSL had deliberately given wrong and

misleading information to pursuant to SEBI summons dated October 15, 2015 and by doing so, FFSL has violated the provisions of Sections 11(2)(i) and 11C(3) of the SEBI Act, 1992.

166. I further note from BSE's email dated July 17, 2017 that the company did not comply with the requirement of clause 43 of the Listing Agreement which required it to furnish on a quarterly basis a statement to BSE indicating the variations between projected utilisation and actual utilization of funds. Further, as required in above clause, no explanation regarding variation in proposed and actual utilization of funds was provided in the Directors' Report in the Annual Reports for the FYs 2011 -12 and 2012-13. In view of this, I note that FFSL has violated the provisions of Clause 43 of Listing Agreement read with Section 21 of SCR Act.
167. It has also been mentioned by BSE vide the aforesaid email that FFSL failed to provide Notice of EGMs held on August 25, 2011 and March 12, 2012 (for considering the preferential allotments) to BSE and in both cases, FFSL disclosed only the outcome of the EGM. In view of this, I note that FFSL has violated the provision of Clause 28 of the Listing Agreement read with Section 21 of SCR Act.
168. Further, I note that the directors of the company viz. S Krishna Rao, S Swaminathan and S Sankaranarayanan were Audit Committee members in 2011-12 and 2012-2013 and Nirmal Singh Mertia was Audit Committee member in 2013-14. It is noted that, as per Disclosure requirements under clause 49 of the Listing Agreement, a listed company is required to disclose to its Audit Committee, the uses/applications of funds (capital expenditure, sales and marketing, working capital etc.), on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis, a listed entity is required to place a statement of funds utilized for purposes other than those stated in the notice and place it before the Audit Committee. This statement is further required to be certified by the statutory auditors

of the company. Also, the Audit Committee of a listed company is required to make appropriate recommendations for the company to take up steps in the matter. However, in view of the disclosures made in the Annual Reports during the IP and the submissions made by the company, I note that FFSL failed to take any such steps. In view of this, I hold that FFSL has violated the provisions of sub-clauses II(D)(5A) and IV(D) of clause 49 of the Listing Agreement read with Section 21 of SCR Act.

169. Accordingly, I note that:

- a) Noticees No. 1 to 9, 13 to 20, 24, 25, 40 to 45, 50 and 53 have violated the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (e) of PFUTP Regulations and Sections 12A(a), (b) and (c) of SEBI Act.
- b) Noticee No. 1 has violated Section 21 of the SCRA 1956 read with clauses 28, 43 and the sub-clauses II(D)(5A) and IV(D) of clause 49 of the Listing Agreement and Sections 11 (2)(i) and 11C(3) of the SEBI Act, 1992.
- c) Noticee No. 6 and 77 – 84 have violated Regulations 10 & 12 of the SAST Regulations and section 12A(f) of SEBI Act.

Issue 2: Does the violation, if any, attract penalty under Section 15HA of the SEBI Act, 1992?

170. I note that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties*

committing such violation becomes wholly irrelevant....”

171. Therefore, I am of the view that monetary penalty needs to be imposed as under:

- a) Under Section 15HA of SEBI Act, 1992 on Noticees No. 1 to 9, 13 to 20, 24, 25, 40 to 45, 50 and 53 for violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (e) of PFUTP Regulations and Sections 12A(a), (b) and (c) of SEBI Act.; and
- b) Under Section Section 15A(a) of SEBI Act, 1992 and 23E of SCRA on Noticee No. 1 for violation of the provisions of Section 21 of the SCRA 1956 read with clauses 28, 43 and the sub-clauses II(D)(5A) and IV(D) of clause 49 of the Listing Agreement and Sections 11 (2)(i) and 11C(3) of the SEBI Act, 1992.
- c) Under Section 15H of SEBI Act, 1992 on Noticee No. 6 and 77 – 84 for violation of the provisions of Regulations 10 & 12 of the SAST Regulations and section 12A(f) of SEBI Act, 1992.

The text of Section 15A(a), 15H and 15HA of SEBI Act, 1992 and Section 23E of SCR Act, 1956 is reproduced hereunder:

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 non-disclosure of acquisition of shares and takeovers.

15H. If any person, who is required under this Act or any rules or regulations made thereunder, fails to,-

- (i) disclose the aggregate of his shareholding in the body corporate before he acquires any shares of that body corporate; or
- (ii) make a public announcement to acquire shares at a minimum price;
- (iii) make a public offer by sending letter of offer to the shareholders of the concerned company; or
- (iv) make payment of consideration to the shareholders who sold their shares pursuant to letter of offer,

he shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher.

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 ¹[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].

SCR Act, 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, fails to comply with the listing conditions or delisting conditions or grounds or

¹ Substituted for the words "twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher" by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014

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.

Issue 3: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

172. While determining the quantum of penalty under Section 15A(a), 15H and 15HA of SEBI Act, 1992 and Section 23E of SCR Act, 1956, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992 read with Rule 5(2) of the Adjudication Rules, 1995 which read as under:

SEBI Act, 1992

15J While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.*

173. I observe, that the material available on record does not quantify disproportionate gains or unfair advantage, if any, made by all the aforesaid Noticees and the losses, if any, suffered by the investors due to such violations on the part of the said Noticees. Further, in light of recent order dated August 02, 2019 of Hon'ble SAT in the matter of P G Electroplast vs SEBI, I note that vide order dated April 02, 2018, Whole Time Member of SEBI has debarred the aforesaid Noticees for a period of 3 years. I have considered the above order dated April 02, 2018, while arriving at the penalties to be levied.

174. Further, material available on record does not show that the said failure is repetitive. However, in the present matter I note that:

- a) by executing manipulative trades in small quantities and carrying out connected counterparty trades to increase the price of scrip of FFSL, Noticees No. 1 to 9, 13 to 20, 24, 25, 40 to 45, 50 and 53 have violated the provisions of Regulations 3(a), (b), (c) & (d), 4(1) and 4(2)(a) and(e) of PFUTP Regulations, 2003 and Sections 12A(a), (b) and (c) of SEBI Act.
- b) by failing to make Public Announcement as required, Noticee No. 6 and 77 – 84 have violated Regulations 10 & 12 of the SAST Regulations and section 12A(f) of SEBI Act.
- c) By deliberately giving wrong and misleading information pursuant to SEBI summons, by not providing explanation regarding variation in proposed and actual utilization of funds in the Directors' Report in the Annual Reports, by failing to provide Notice of EGMs and by failing to disclose to its Audit Committee, the uses/applications of funds (capital expenditure, sales and marketing, working capital etc.), on a quarterly basis as a part of their quarterly declaration of financial results, Noticee No. 1 has violated Section 21 of the SCRA 1956 read with clauses 28, 43 and the sub-clauses II(D)(5A) and IV(D) of clause 49 of the Listing Agreement and Sections 11 (2)(i) and 11C(3) of the SEBI Act, 1992.

ORDER

175. Accordingly, taking into account the aforesaid observations and in exercise of power conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under Section 15HA of the SEBI Act, 1992 on Noticees No. 1 to 9, 13 to 20, 24, 25, 40 to 45, 50 and 53 for violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (e) of PFUTP Regulations and Sections 12A(a), (b) and (c) of SEBI Act; under Section Section 15A(a) of SEBI Act, 1992 and 23E of SCRA on Noticee No. 1 for violation of the provisions of Section 21 of the SCRA 1956 read with clauses 28, 43 and the sub-clauses II(D)(5A) and IV(D) of clause 49 of the Listing Agreement and Sections 11 (2)(i) and 11C(3) of the SEBI Act, 1992; and Under Section 15H of SEBI Act, 1992 on Noticee No. 6 and 77 – 84 for violation of the provisions of Regulations 10 & 12 of the SAST Regulations and section 12A(f) of SEBI Act, 1992:

Adjudication order in the matter of First Financial Services Ltd.

Noticee No.	Name of Noticee	PAN	Penal provisions	Penalty (Rs)
1.	First Financial Services Ltd.	AAACF1145J	Section 15A(a), 15HA of SEBI Act, 1992	Rs. 5,00,000/- and Rs.1,00,000/- (Rupees six lakhs only)
			Section 23E of SCRA*	Rs. 5,00,000/- (Rupees five lakhs only)
2.	Nirmal Singh Mertia	AKHPM8437G	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees five lakhs only)
3.	S Krishna Rao	AGWPR3410R	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees five lakhs only)
4.	Ponuswammy Natarajan	AAAPN9499G	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees five lakhs only)
5.	Prem Lata Nahar	AFAPN8764M	Section 15HA of SEBI Act, 1992	Rs. 5,00,000/- (Rupees five lakhs only)
6.	B P Jhunjunwala	ACVPJ5021H	Section 15 H and 15HA of SEBI Act, 1992	Rs. 10,00,000/- and Rs.1,00,000/- (Rupees eleven lakhs only)
7.	B P Jhunjunwala - HUF	AACHB0680D	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
8.	Anil Agrawal - HUF	AACHA9591E	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
9.	Anil Agarwal (Karta)	ACTPA6034D	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
13.	Syncom Formulations (India) Ltd.	AAFCS6794R	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
14.	Rajendra Kumar Agarwal - HUF	AAEHR7685G	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
15.	Rajendra Kumar Agarwal (Karta)	AEUPA5643K	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)

16.	Ritesh Agarwal - HUF	AAMHR6805C	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
17.	Ritesh Agarwal (Karta)	ADMPA2038F	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
18.	Shilpa Agarwal	AERPJ3347N	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
19.	Suresh Kumar Khandelia	ABSPK3417A	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
20.	Manju Khandelia	ABSPK3421A	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
24.	Bharatbhai Nathabhai Buha	AAWPB3665Q	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
25.	Ashokbhai Nathabhai Buha	AECPB5885J	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
40.	Padma Impex Pvt. Ltd.	AAACL4269P	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
41.	Global Infratech & Finance Ltd.	AABCA4255H	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
42.	Comfort Fincap Ltd.	AABCP4792J	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
43.	Comfort Intech Ltd.	AAACC5567H	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
44.	Comfort Securities Ltd.	AABCC9625R	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
45.	Kuber Kamna Marbles Pvt. Ltd.	AABCK7530K	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
50.	Adhunik Transport Organisation Ltd.	AAACA4457G	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
53.	Bina H Mehta	AFRPM2040L	Section 15HA of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
77.	Ruhi Jhunjunwala	AFGPJ6887B	Section 15 H of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
78.	Mala Jhunjunwala	ACTPJ4169L	Section 15 H of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)

Adjudication order in the matter of First Financial Services Ltd.

79.	Skyed Network Pvt. Ltd.	AAHCS9498L	Section 15 H of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
80.	Anurodh Merchandise Pvt. Ltd.	AAGVA9277N	Section 15 H of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
81.	Nandlal Vyapaar Pvt. Ltd.	AACCN7327E	Section 15 H of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
82.	Radhasoami Securities Pvt. Ltd. merged with Radhasoami Resources Limited (now JJ Fincap Private Limited)	AABCT5459J	Section 15 H of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
83.	BPJ Holdings Pvt Ltd	AAECM8553H	Section 15 H of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)
84.	Onesource Ideas Pvt Ltd. merged with Radhasoami Resources Limited (now JJ Fincap Private Limited)	AAAC07788G	Section 15 H of SEBI Act, 1992	Rs.1,00,000/- (Rupees one lakh only)

* SEBI has appealed the order of Hon'ble SAT in the matter of *Suzlon Energy Ltd. Vs. SEBI*, in order to ascertain whether penalty can be imposed under Section 23E of SCRA for violations of provisions of Listing Agreement and the same is pending before the Hon'ble Supreme Court. Accordingly, the enforcement of this order w.r.t. penalty imposed under Section 23E of SCRA shall be subject to the outcome of the appeal filed by SEBI before the Hon'ble Supreme Court on July 19, 2022.

176. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either 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 AO → PAY NOW.

177. The aforesaid Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to “The Division Chief (Enforcement Department - DRA-1), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.”. The Noticee shall also provide the following details while forwarding DD / payment information:

- a) Name and PAN of the Noticee
- b) Name of the case / matter
- c) Purpose of Payment – Payment of penalty under AO proceedings
- d) Bank Name and Account Number
- e) Transaction Number

178. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under Section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

179. In terms of Rule 6 of the Adjudication Rules, 1995, copy of this order is sent to the Noticees and also to the Securities and Exchange Board of India.

Date: September 30, 2022

Place: Mumbai

G RAMAR

ADJUDICATING OFFICER

Adjudication order in the matter of First Financial Services Ltd.