WTM/KV/CFID/CFID-CORD/31688/2025-26

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SUB-SECTIONS (1), (4) AND (4A) OF SECTION 11 AND SUB-SECTIONS (1) AND (2) OF SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

IN THE MATTER OF SEACOAST SHIPPING SERVICES LIMITED

In respect of:

Sr. No.	Names of *Noticees*	PAN
1.	Seacoast Shipping Services Limited	AACCM2171R
2.	Manish Shah	AVUPS3273N
3.	Sameer Shah	FAWPS1709B
4.	Rakesh Shah	ACFPM3696K
5.	Parasmal Kundanmal Shah	ASOPS6543G
6.	Parasmal Kundanmal Shah HUF	AAOHS9993Q
7.	CSB Projects Private Limited	AADCC6909J
8.	Credo Holdings Private Limited	AABCR5729H
9.	Deep Shah	DWBPS3733L
10.	Shail Shah	HAMPS6706J
11.	Cheryl Shah	AWJPS0540A
12.	Sushil Sanjot	ASEPS9658L
13.	Vipul Momaya	ADBPM0538M
14.	Jaydeep Shah	BSCPS4008R
15.	Apurv Patel	EJOPP6392D
16.	Viren Makwana	CJXPM6600E
17.	Shivangi Gajjar	ASRPG2005J
18.	Ankita Soni	DIKPS0065J
19.	Parin Shah	GUIPS3791C
20.	Parth A Patel	CBDPP9586J
21.	Pawansut Swami	CCSPS3205B
22.	Vinay Kumar Jain	APIPJ8654G

*(The entities mentioned above are individually referred to by their respective names or Noticee No. and collectively referred to as "**Noticees**", unless the context specifies otherwise)*

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A. BACKGROUND

1. The present proceedings emanate from an investigation conducted by the Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), for the period from April 01, 2020 to December 31, 2023 (hereinafter referred to as "**Investigation Period/IP**"), *inter alia ,* to examine and ascertain whether there has been any violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **"SEBI Act"**), SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations"**), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations**") by *Noticees*.

2. In the matter, BSE Ltd. ("**BSE**") conducted an examination owing to a considerable increase in the net sales and net profit of Seacoast Shipping Services Limited ("Seacoast"/"SSSL"/"Company"/"*Noticee No.* 1") (previously known as Mahaan Impex Limited) in the FY 2020-21. The said examination by BSE, *inter alia*, indicated that the Company had booked revenue and purchases with sundry debtors and creditors during FY 2020-21 and FY 2021-22 and there were doubts on the genuineness of the transactions. Thereafter, BSE submitted a report to SEBI *inter alia* noting that around 61% of the total revenue from operations and 60% of the total operating expenses of SSSL during the FY 2020-21 consisted of transactions undertaken with one related party, viz., Seacoast Shipping and Marine Services (the HUF business of Mr. Manishkumar Raichand Shah (*Noticee No.* 2) hereinafter referred to as "**Seacoast-HUF**").

3. On receipt of the report from BSE, SEBI initiated an investigation in the matter considering the gravity of the findings, *inter alia*, to ascertain whether the books of accounts of SSSL were manipulated and/or there was wrongful diversion/siphoning of Company's funds by Promoters/Directors/key managerial persons.

4. Pursuant to the investigation, an Interim Order cum Show Cause Notice dated September 30, 2024 (hereinafter referred to as the **"Interim Order cum SCN"**) was issued by SEBI against *Noticees*. As regards the Company, the Interim Order cum SCN notes the following:

a. SSSL is a public limited company incorporated on October 15, 1982 having Corporate Identification Number (CIN): L61100GJ1982PLC105654 and having its registered office at D-1202, Swati Crimson and Clover, Shilaj Circle, Sardar Patel Ring Road, Thaltej, Ahmedabad – 380054. The Company was listed on BSE on August 23, 2019 and was primarily engaged in the business of shipping and logistics services. Being a small-cap company with market capitalization of ₹272.57 crore as on September 25, 2024, the share price of the company as on September 30, 2024 was ₹4.94 (Face Value: ₹1/- per share) as per the website of BSE.

b. The number of outstanding equity shares of the Company increased almost 240 times from 22,45,000 shares as on March 31, 2020 to 53,86,80,000 shares as on September 25, 2024 on account of the following corporate actions:

Table 1

Particulars	No of Shares
Opening shares as on March 31, 2020	22,45,000
Equity shares issued against business takeover	1,50,00,000
Equity shares issued for cash	52,00,000
Total Equity shares before bonus share issue	2,24,45,000
Bonus shares issued (1:2) on November 06, 2020	1,12,22,500
Closing shares as on 31st March 2021	3,36,67,500
Stock split (10:1) as on December 30, 2021	33,66,75,000
Rights issue	20,20,25,000
Closing shares as on December 31, 2023	53,86,80,000

c. A snapshot of the annual financial performance of the Company as disclosed on the BSE website during FY 2019-20 to FY 2022-23 is as under:

Table 2

Particulars	2019-20	2020-2021	2021-2022	2022-23
Revenue from Operations	0.52	243.15	127.80	429.57

Particulars	2019-20	2020-2021	2021-2022	2022-23
PAT	0.02	11.09	2.55	14.28
Net Worth	3.40	45.09	47.71	61.99
Long-term Borrowings	0	0.55	2.34	10.08

d. As per disclosures made by the Company in its Annual Report for FY 2020-21 to FY 2022-23 and the corporate announcements until December 31, 2023, the details of Board of Directors, Chief Financial Officer (CFO) and Company Secretary (CS) of SSSL during the IP (collectively referred to as 'Key Managerial Personnel' (**KMP**) of the Company) are as under:

Table 3

Sl. No.	Name	Category	Appointment Date	Cessation Date
1	Manishkumar Raichand Shah	Chairman cum Managing Director	May 04, 2020	-
		Chief Financial Officer	March 03, 2023	-
2	Sameer Amit Shah	Executive Director	May 04, 2020	December 26, 2023
3	Sushil R Sanjot	Independent Director	May 08, 2020	April 14, 2023
4	Cheryl Manish Shah	Non-Executive Non-Independent Director	July 27, 2020	December 11, 2023
5	Vipul Sharadchandra Momaya	Independent Director	May 08, 2020	August 23, 2021
6	Rajiv Majumder	Executive Director	May 08, 2020	July 23, 2020
7	Pratikkumar N Ghoda	Chief Financial Officer	March 16, 2020	July 20, 2020
8	Parin N Shah	Company Secretary	October 01, 2017	January 12, 2021
9	Ankita D Soni	Independent Director	November 12, 2019	May 10, 2021
10	Jaydeep Bakul Shah	Independent Director	June 02, 2022	January 01, 2024
11	Apurv Kumar P Patel	Independent Director	June 02, 2022	April 04, 2023
12	Vinay Kumar Jain	Company Secretary	May 02, 2023	September 01, 2023
13	Pawansut Swami	Company Secretary	March 22, 2022	May 01, 2023
14	Dhruval Kumar Patel	Chief Financial Officer	June 02, 2022	March 03, 2023
15	Parth A Patel	Company Secretary	March 11, 2021	October 20, 2021

Sl. No.	Name	Category	Appointment Date	Cessation Date
16	Viren Makwana	Independent Director	April 04, 2023	September 21, 2023
17	Shivangi Gajjar	Independent Director	April 14, 2023	September 21, 2023
18	Joshua Gonsalves	Independent Director	November 08, 2023	-
19	Prakash Ganpathy Pai	Independent Director	November 08, 2023	-
20	Aesha Harsh Shah	Independent Director	December 11, 2023	-

5. The interim order cum SCN contains the following *prima facie* findings:

a. *"The Company has been reporting almost negligible fixed assets and inventory every year during the Investigation Period although the sales figures reported by the Company appear to be substantial. Considering the fact that the investigation has revealed that more than 85% of the sales recorded by the Company and more than 98% of the assets held by the Company during the last three years appear fictitious, there is a possibility of the Company continuing its practice of misreporting financials in future too. This possibility seems even more likely given the fact that since FY 2021-22, the company is showing its total revenue from the business of agro products which are exempt from the applicability of GST which makes it difficult to establish the genuineness of transactions.*

b. *As a result of the misrepresented financials of the Company, there has been a considerable spike in the retail investor interest in the shares of the Company and the number of public shareholders as on date is 2,49,756. On the other hand, the Promoters have divested almost their entire stake in the company and the Promoter shareholding in the Company has reduced from 73.97% at its peak to only 0.04% as on date.*

c. *The Board of Directors of SSSL during their meeting dated June 13, 2024, approved the Draft Letter of Offer for raising of funds through issuance and allotment of fully paid-up equity shares of Re. 1/- each to the eligible equity shareholders of the Company on a Rights basis, for an amount upto Rs.49*

crore, subject to receipt of in-principle approval of BSE. In this regard, it is noted that the Promoters did not participate in the previous rights issue of the Company which indicates their lack of confidence in the fundamentals of the Company. Further, given the track record of the Company, viz., alleged diversion of the proceeds of the previous rights issue, it is evident that this is another opportunity for the Promoters to issue more shares to unsuspecting investors and again divert the issue proceeds received from such investors.

d. The investigation has prima facie revealed that the preferential allottees including the Promoters have made unlawful gains as a result of divesting their stake in the Company acquired through fraudulent preferential allotment. Thus, there is a pressing need to issue directions against the Noticees to impound the unlawful gains."

6. Accordingly, the following directions, *inter alia*, were issued *vide* Interim Order cum SCN, against *Noticees*:

"157....

(a) Noticee No. 1 is restrained from raising money from the public, until further orders.

(b) Noticee Nos. 2 to 10 are restrained from buying, selling or dealing in securities, or accessing capital market either directly or indirectly, in any manner whatsoever until further orders. If the said Noticees have any open position in any exchange-traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The said Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

(c) Noticee Nos. 2, 3 and 11 to 22 are restrained from associating themselves with any intermediaries registered with SEBI, any listed public company or any company that intends to raise money from the public, until further orders.

(d) The alleged unlawful gains earned from the alleged fraudulent activities carried out by Noticee Nos. 2 and 4 to 10 are impounded. The individual liabilities of the respective Noticees are as under:

Noticee	***Amount to be impounded (in ₹)***
Manish Shah	*47,89,87,587*
PK Shah	*3,46,84,799*
PK Shah HUF	*4,03,03,518*
CSB Projects	*7,43,37,888*
Credo	*20,16,28,362*
Deep Shah	*16,84,577*
Shail Shah	*1,02,32,308*

(e) Noticee Nos. 2 and 4 to 10 are directed to credit/deposit the amount of alleged unlawful gains as mentioned in the Table above to an interest bearing Escrow Account created specifically for the purpose in a Nationalized Bank within 15 days from the date of service of this order.

(f) Noticee No. 1 is directed to bring back the money pertaining to the Rights issue proceeds and the Cash Credit facility which was allegedly diverted from the Company.

(g) Banks where the Noticee Nos. 2 and 4 to 10 are holding bank accounts, including joint accounts, are directed that no debits shall be made without permission of SEBI except for the purposes of transfer of funds to the Escrow Account. Further, the Depositories are also directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held by the aforesaid persons. However, credits, if any, into the accounts maybe allowed. Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced. Further, debits in the bank accounts may be allowed for amounts available in the account in excess of the amount to be impounded. Banks are allowed to debit the accounts for the purpose of complying with this Order.

(h) The Registrar and Transfer Agents are also directed to ensure that till further directions, the securities/mutual funds units held in the name of the Noticee Nos. 2 to 10, individually or jointly, are not transferred/redeemed.

(i) Noticee Nos. 2 and 4 to 10 are directed not to dispose of or alienate any of their assets/properties/securities, till such time the amount of unlawful gains is credited to an Escrow Account except with the prior permission of SEBI.

(j) Noticee Nos. 2 and 4 to 10 are further directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in any of such assets, including property, details of all their bank accounts, demat accounts, holdings of shares/securities if held in physical form and mutual fund investments and details of companies in which they hold substantial or controlling interest immediately but not later than 15 working days from the date of service of this order.

(k) Noticee No. 1 is directed to constitute a new Audit Committee and place the copy of the SEBI order/findings before it. The new Audit Committee is directed to have enhanced oversight of financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible. Further, the new Audit Committee is directed to ensure that the company is complying with the requirements of SEBI (LODR) Regulations, 2015....."

7. Further, *Noticees* were also called upon to show cause as to why suitable directions/prohibitions under sub-sections (1), (4) and (4A) of section 11, and sub-sections (1) and (2) of section 11B read with section 15HA and 15HB of the SEBI Act, including the directions of restraining them from accessing the securities market including buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a specified period and further restraining them from associating with any listed company and any registered intermediary or imposition of penalty or any other directions as deemed fit by SEBI, should not be issued against them.

B. PROCEEDINGS BEFORE HON'BLE SECURITIES APPELLATE TRIBUNAL (SAT)

8. Pursuant to passing of the Interim Order, *Noticee Nos.* 1, 2, 3, 9, 10 and 11 *i.e.* Seacoast Shipping Services Limited, Manish Shah, Sameer Shah, Deep Shah, Shail Shah and Cheryl Shah filed an appeal against the Interim Order cum SCN (*Appeal No.* 677 of 2024), before Hon'ble SAT. *Noticee No.* 4 *i.e.* Rakesh Shah filed an appeal bearing *Appeal No.* 679 of 2024 against the Interim Order. *Noticee Nos.* 5, 6, 7 and 8 *i.e.* Parasmal Kundanmal Shah, Parasmal Kundanmal Shah HUF, CSB Projects Private Limited and Credo Holdings Private Limited also preferred an appeal (*Appeal No.* 678 of 2024) before the Hon'ble SAT. All three appeals were disposed of by the Hon'ble SAT on separate dates.

9. *Appeal No.* 679 of 2024 was disposed of by the Hon'ble SAT *vide* order dated December 04, 2024 wherein directions contained in paragraph 157(d), (e) and (g) to (j) of the Interim Order were stayed qua the Appellant (*Noticee No.* 4) and SEBI was directed to pass final order in the matter within six months from the date of order passed by Hon'ble SAT. Thereafter, Hon'ble SAT *vide* its order dated December 06, 2024, dismissed *Appeal No.* 677 of 2024 without expressing any opinion on merits of the case or interfering in the matter, and granted liberty to all Appellants therein (*Noticee Nos.* 1, 2, 3, 9, 10 and 11) to raise all contentions before the WTM of SEBI. It was also noted in the order that timeline of six months granted to SEBI to pass final order in the matter in *Appeal No.* 679 of 2024 shall be subject to cooperation of all the Appellants including Appellants in *Appeal No.* 677 of 2024.

10. *Appeal No.* 678 of 2024 was heard and reserved for order by Hon'ble SAT on December 16, 2024 and the order was pronounced on May 02, 2025. While dismissing the appeal without interfering in the matter at the interim stage, Hon'ble SAT *inter alia* observed the following:

…..

"7. We are aware of the fact that the order under challenge is an interim order and the final adjudication of the issue is yet to conclude. Therefore, we make

it clear that any observation made hereinabove is only limited to deciding the present appeal and shall not have any bearing on the ongoing adjudication proceeding.

7.1 Appellants are directed to co-operate with the investigation in a time-bound manner. Respondent will ensure that natural justice is rendered to appellants and the final adjudication order is passed within 6 months."

11. Thereafter, Miscellaneous Application No. 551 of 2025 was filed by SEBI before Hon'ble SAT, seeking extension of timeline for passing final order in the matter. Hon'ble SAT, *vide* order dated May 06, 2025, granted extension of time till September 30, 2025 to SEBI, for passing final order in the matter. The present order is being passed within the stipulated timeline pro*vide*d by Hon'ble SAT.

12. Further, Review Application No. 19 of 2025 was filed in *Appeal No.* 678 of 2024 by Appellants therein, seeking a review of the Order dated May 02, 2025, passed by Hon'ble SAT in *Appeal No.* 678 of 2024. The said Review Application was disposed of by the Hon'ble SAT *vide* order dated June 18, 2025 wherein certain words in para nos. 6.3 and 6.5 of the order dated May 02, 2025 were deleted and the order was accordingly modified to that extent. Hon'ble SAT *inter alia* held the following:

"This application is filed to review the order dated May 2, 2025. On the last date of the hearing, Mr. Gaurav Joshi, learned senior advocate for the applicants had submitted that the applicants would be satisfied if the following words are deleted.

i. 'entities relating to Mr. Manish Shah' (in para No. 6.3);

ii. 'including appellants' shareholding' (in the para No. 6.5);

iii. 'Moreover, the appellants have demonstrated a complete lack of bonafide by failing to furnish or disclose list of their assets during the proceedings before the respondent' (in the para No. 6.9).

2. This matter is placed today for SEBI's reply.

3. Mr. Chetan Kapadia, learned senior advocate for the SEBI submitted that corrections in para Nos. 6.3 and 6.5 may be allowed. His submission is placed on record. 4

4. With regard to deletion of words in the para No. 6.9, he submitted that it is clearly observed in the para No. 7 of the order that the decision of SEBI shall be uninfluenced by any observations of this Tribunal, therefore, appellants' request may be rejected. He is right in his submission.

5. In view of the above, the words in para Nos. 6.3 and 6.5 noted above shall stand deleted. Since we have already clarified in para No. 7 and directed the SEBI to pass final order wholly uninfluenced by the said order, we find no ground to accept appellant's request with regard to para No. 6.9 and the same is rejected."

13. As directed by Hon'ble SAT, this order is being passed on merit after analysing all facts and law without being influenced by the observations of Hon'ble SAT in its orders disposing of appeals against Interim Order cum SCN.

C. SERVICE OF THE INTERIM ORDER CUM SCN, HEARING AND SUBMISSIONS OF *NOTICEES*

14. From the material available on record, I note that the Interim Order cum SCN was duly served on all *Noticees*. SEBI received an undated letter from one Harsha Vipul Momaya (spouse of Mr. Vipul Momaya/*Noticee No.* 13) on February 05, 2025, wherein death certificate of the *Noticee No.* 13 was enclosed and it was informed that the *Noticee No.* 13 has passed away on May 15, 2024. As per the facts available on record, since the Interim Order cum SCN was issued on September 30, 2024 and the *Noticee No.* 13 passed away on May 15, 2024, proceedings against the *Noticee No.* 13 stand abated without going into the merits of the case qua him and the SCN dated September 30, 2024 issued against him is disposed of accordingly.

15. Further, the *Noticee No.* 4 *vide* his preliminary response dated March 31, 2025 to the SCN, submitted that the *Noticee No.* 2 *vide* an Affidavit dated November 05, 2024 had *inter alia* retracted from his statements recorded during the investigation on June 05, 2024 and the email dated June 11, 2024 sent by him during the investigation. It was further stated that in case reliance was to be placed on statements of the *Noticee No.* 2 during the adjudication proceedings, an opportunity to cross-examine the *Noticee No.* 2 be granted to him. Accordingly, the request was acceded to and cross-examination of the *Noticee No.* 2 was scheduled on April 22, 2025 which was later rescheduled to April 24, 2025. *Noticees* were intimated about it and further advised to appear for the same.

16. Hearing opportunity was granted to all *Noticees* on April 02, 2025 after the inspection of documents sought by *Noticees* was complete. However, adjournment requests were received from 18 *Noticees* owing to various reasons and only the Authorized Representative of the *Noticee No.* 12 attended the hearing scheduled on April 02, 2025, who also sought adjournment of the hearing, to a later date. Accordingly, hearing in the matter was rescheduled to April 23, 2025 for 18 *Noticees* except the *Noticee No.* 4 for whom hearing was to be conducted separately after the scheduled cross-examination of the *Noticee No.* 2. In the meanwhile, the *Noticee No.* 2 *vide* letter dated April 21, 2025 submitted that owing to his previous experience during the statement recording, he was not willing to participate in any further cross-examination and hence declined to appear for the scheduled cross-examination on April 24, 2025.

17. Authorised Representative of the *Noticee No.* 18 *vide* an email dated April 22, 2025 submitted that a detailed response had been submitted by the *Noticee* in response to the SCN and has no further submissions to be made during the hearing. Hearing scheduled on April 23, 2025 was attended only by *Noticee Nos.* 20 and 21. The other *Noticees* did not appear for hearing on the scheduled date and sought adjournment to a later date. The hearing was accordingly adjourned to May 21, 2025. *Noticee Nos.* 19 and 22 attended the hearing

scheduled on May 21, 2025 in person. *Noticee Nos.* 14, 15, 16 and 17 also attended the hearing through their Authorized Representative, who made submissions in line with their Replies filed earlier. *Noticee Nos.* 1 to 12 sought adjournment of the scheduled hearing to a later date on various grounds. Adhering to the principles of natural justice, hearing was scheduled for these *Noticees* on June 06, 2025 as a last opportunity. *Noticee Nos.* 1 to 3, 4 to 8, 9, 10 and 11 attended the hearing scheduled on June 06, 2025 through their respective Authorized Representatives. *Noticee No.* 12 also attended the hearing in person and made oral submissions.

18. Since the *Noticee No.* 2 had earlier denied to appear for the cross-examination as sought by the *Noticee No.* 4, in order to ascertain the veracity of statements made by him during the investigation, Summons dated June 19, 2025 were issued to the *Noticee No.* 2 in terms of sub-section (2) of Section 15I of the SEBI Act, 1992 r/w sub-rule (6) of rule (4) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 for appearing for cross-examination by the *Noticee No.* 4 on July 01, 2025. On July 01, 2025, the *Noticee No.* 2 along with his Advocate appeared and Authorized Representative of the *Noticee No.* 4 appeared for cross-examination and the same was conducted by the Authorized Representative of the *Noticee No.* 4 on the scheduled date and time.

19. The details of replies filed by *Noticees*, hearing granted to them and post hearing submissions/additional submissions filed, if any, are summarized in the table below:

Table 4

Noticee No.	**Name of *Noticee***	**Date of reply filed**	**Date of hearing**	**Date of post hearing submission/ additional clarifications filed.**
1	Seacoast Shipping Services Limited	April 22, 2025	June 06, 2025	June 20, 2025
2	Manish Shah	April 22, 2025	June 06, 2025	June 20, 2025 July 14, 2025
3	Sameer Shah	April 22, 2025	June 06, 2025	June 20, 2025
4	Rakesh Shah	March 31, 2025	June 06, 2025	June 20, 2025 July 11, 2025

		June 04, 2025		
5	Parasmal Kundanmal Shah	June 05, 2025	June 06, 2025	June 20, 2025
6	Parasmal Kundanmal Shah HUF	June 05, 2025	June 06, 2025	June 20, 2025
7	CSB Projects Private Limited	June 05, 2025	June 06, 2025	June 20, 2025
8	Credo Holdings Private Limited	June 05, 2025	June 06, 2025	June 20, 2025
9	Deep Shah	April 25, 2025	June 06, 2025	June 21, 2025
10	Shail Shah	April 25, 2025	June 06, 2025	June 21, 2025
11	Cheryl Shah	April 22, 2025	June 06, 2025	June 20, 2025
12	Sushil Sanjot	-	April 02, 2025, June 06, 2025	-
14	Jaydeep Shah	October 21, 2024 May 20, 2025	May 21, 2025	-
15	Apurv Patel	October 21, 2024 May 20, 2025	May 21, 2025	-
16	Viren Makwana	October 21, 2024 May 20, 2025	May 21, 2025	-
17	Shivangi Gajjar	October 17, 2024 May 20, 2025	May 21, 2025	-
18	Ankita Soni	April 11, 2025	Personal hearing not availed	-
19	Parin Shah	October 20, 2024	May 21, 2025	June 05, 2025
20	Parth A Patel	October 17, 2024	April 23, 2025	June 05, 2025
21	Pawansut Swami	October 18, 2024	April 23, 2025	June 05, 2025
22	Vinay Kumar Jain	October 21, 2024	May 21, 2025	June 05, 2025

20. Further, pursuant to hearing before me in the matter, certain questions were asked to *Noticees Nos. 1 to 11*. The questions and replies received thereto are discussed in later part of this order.

21. Considering the facts mentioned hereinabove, I am of the view that sufficient opportunity for hearing/submissions has been accorded to *Noticees* and the matter is required to be concluded based on the material available on record.

D. SUMMARY OF SUBMISSIONS MADE BY *NOTICEES*

22. Seacoast Shipping Services Limited (***Noticee No.* 1**), Manish Shah (***Noticee No.* 2)** and Sameer Shah (***Noticee No.* 3**) *vide* various separate letters, as well as post conclusion of the hearing, made common submissions denying all allegations contained in the SCN except to the extent as expressly admitted by them. The summary of submissions made by *Noticee Nos.* 1, 2 and 3 *inter alia,* is as under:

22.1 The Interim Order has been issued without giving an opportunity for personal hearing to *Noticees*. This is in blatant disregard of the principles of natural justice and due process of law.

22.2 It is well within the powers of SEBI to issue interim orders or for that matter an ex-parte interim order in order to safeguard the interest of investors and to maintain the integrity of the market, however, such interim orders should be passed pending investigation or during the stage of preliminary enquiry, where it is found *prima facie*, that the person is indulging in manipulation of the securities market. Instead, the Interim Order has been passed after the conclusion of a detailed investigation, and yet, no opportunity for a personal hearing was afforded to *Noticees* prior to its issuance.

22.3 The preferential allotment dated August 14, 2020 was carried out in strict compliance with the applicable legal and regulatory framework and the proposal was duly approved by the Board as well as the shareholders of the company in their respective meetings. Pursuant to a land acquisition

agreement executed between SSSL and PKC Infratrade (OPC) Pvt. Ltd. (hereinafter referred to as "**PKC**") dated August 01, 2020 funds received from the preferential allotment were utilised as an advance payment towards the acquisition of the proposed land however, since the agreement could not be executed due to circumstances beyond the control of the parties, PKC returned the advance received from SSSL over the period from November 11, 2020 to March 10, 2021.

22.4 The rights issue was genuine and not bogus. SEBI has erroneously connected independent transactions and alleged circular flow of funds, without any substantive e*vide*nce for the same. It was submitted that funds were regretfully not utilised for business purposes at that stage, as the son of *Noticee No. 2* was kidnapped and funds received from rights issue were given to Mr. Utsav Patel and Mr. Akshay Patel.

22.5 The statements of *Noticee No.* 2 and 3, which were recorded during the course of investigation, were made under duress, hence are not viable and lack credibility. Further, these statements are not supported by any documentary e*vide*nce and lacks corroboration by tangible material or concrete e*vide*nce. In absence of any document/material substantiating these statements, the same cannot be relied upon.

22.6 *Noticee No.* 2 filed an Affidavit dated November 05, 2024, wherein it is stated that he was called upon by SEBI several times during the period from February 2024 to September 2024 and was placed in a room full of officers and constantly bombarded with questions. When he was unable to recall answers or did not pro*vide* the response as per the desire of the officers, he was threatened with consequences of alleged non-cooperation during the course of the investigation. Detailed clarification regarding the land acquisition agreement executed between *Noticee No.* 1 and PKC is also pro*vide*d in the Affidavit.

22.7 It was denied that the information prepared and disclosed were not in accordance with the applicable standards of accounting and financial

disclosures and since the statements of *Noticees* were made under duress, they could not be relied upon for substantiating claims of financial misrepresentation. The *Noticee No.*1, as a listed entity, has always complied with all the applicable and notified accounting standards.

22.8 The retracted statement cannot be relied upon to form the basis of any adverse finding against *Noticees*, without corroborating the same with any independent material or credible e*vide*nce and the Affidavit e*vide*ntly demonstrates the harsh circumstances in which the statement of Mr. Manish Shah was recorded, it clearly reflects the involuntary nature of the statement. Since the statement has been retracted, it holds little e*vide*ntiary value and cannot be the sole basis for sustaining serious allegations and such statement has to be sufficiently corroborated by independent and cogent e*vide*nce.

22.9 The transaction between Seacoast HUF and Mr. Deep Shah as well as Mr. Shail Shah was repayment of loans extended by both the entities to Mr. Manish Shah and Seacoast HUF. Hence, the allegation that the preferential allotment was sourced through circulation of funds and was not genuine, was entirely based on presumptions on the basis of bank account statements and proximity of timing of transactions.

23. *Noticee Nos.* 4 to 8 *vide* various letters, as well as post conclusion of the hearing, made submissions denying all allegations contained in the SCN except to the extent as expressly admitted by them. The summary of submissions, *inter alia,* is as under:

Submissions of the Noticee No. 4

24. The summary of submissions made by the *Noticee No.* 4 *inter alia* is as under:

24.1 The fact that *Noticee* did not participate in the Preferential Allotment of SSSL is undisputed, hence, the issuance of such harsh directions against the *Noticee* was unwarranted and unjustified. Furthermore, the Interim Order did not impose any 'joint liability' on the *Noticee*, which itself demonstrated that the Interim Order was passed in haste, without

considering the facts in hand. The *Noticee* fully cooperated with the Investigating Authority throughout the process, including appearing when summoned and pro*vide*d all requested information. The Interim Order issued publicly caused significant and irreparable harm to the goodwill and reputation of the *Noticee* as well as his businesses.

24.2 Somewhere around May-June 2020, the *Noticee No.* 2 approached the *Noticee* with an opportunity to invest in the Preferential Allotment of SSSL as part of a strategic move of Mr. Manish Shah to transition the business operations of Seacoast Shipping and Marine Services into a publicly listed entity by acquiring the business of Mahaan lmpex Limited, which was subsequently renamed to SSSL.

24.3 Based on representations made by the *Noticee No.* 2 and due to their past professional relationship, the *Noticee* advised *Noticee Nos.* 5 to 8 ("RS Preferential Allottees") to invest in the Preferential Issue of SSSL in capacity of a biological father-son relationship with Mr. PK Shah and as a Director of the family owned Company. Accordingly, RS Preferential Allottees applied in the Preferential Issue of shares by SSSL for which funds were pro*vide*d by a family-owned entity PKC Infratrade (OPC) Pvt. Ltd. ("PKC"). It is pertinent to note that the *Noticee* did not participate in the preferential allotment of SSSL and had not invested in SSSL in his individual capacity either directly or indirectly and he did not have business transaction with SSSL.

24.4 PKC had entered into a Land Acquisition agreement with SSSL on May 15, 2020 however, due to the pandemic and lockdown, the agreement could only be notarized on August 01, 2020. Pursuant to this, SSSL advanced ₹7,63,00,000/- (Rupees Seven Crores Sixty-Three Lakhs only) to PKC pursuant to the Land Agreement but the land could not be acquired as per the agreed terms, since the farmer from whom the land was to be purchased received a better offer. Accordingly, PKC returned

the advance received from SSSL on August 14, 2020 during the period from November 11, 2020 to March 10, 2021.

24.5 All transactions alleged to be circular transactions concerning the *Noticee's* family businesses were, in fact, routine transactions that had been conducted over several decades and continued till date, and therefore, they were genuine transactions. It was submitted that each *of* the transactions alleged to be circular were independent transactions.

24.6 During the statement recording before the Investigating Authority, the *Noticee* acknowledged about the existence of the Land Agreement between PKC and SSSL, however, was unable to produce the Land Agreement, when sought by the Investigating Authority, as the same was destroyed in a fire accident at his office premises. On October 29, 2024, the *Noticee No.* 5 contacted the *Noticee No.* 2 and requested him to pro*vide* a copy of the Land Agreement, stating that PKC had lost its copy of the Land Agreement in a fire incident. The *Noticee No.* 2 *vide* his email dated October 30, 2024, in his capacity as director of SSSL, pro*vide*d a copy of Land Agreement and further confirmed the ledger account reflecting the business transactions carried on between PKC and SSSL for the Financial Year 2020-2021, which included the said Land Agreement.

24.7 The *Noticee No.* 2 in his statement recorded during investigation had submitted that the *Noticee* had indirectly funded the RS Preferential Allottees and immediately after the allotment of shares to the RS Preferential Allottees, the *Noticee* made SSSL transfer the entire funds for preferential allotment to PKC. The allegations against the *Noticee* were based on the statements made by *Noticee No.* 2, which had not been substantiated by any material or e*vide*nce. After passing of the Interim Order, *Noticee No.* 2 realized that his statement and email were used by SEBI to issue the Interim Order against him and the *Noticee*, which caused great harm to him as well as the *Noticee* and therefore, he retracted his statement dated June 03, 2024 and email dated June 11,

2024 by way of Affidavit dated November 05, 2024. Further, *Noticee No.* 2 also pro*vide*d the *Noticee* a copy of said Affidavit.

24.8 It is a well-settled principle of law that any statement obtained under coercion or duress is devoid of e*vide*ntiary value and cannot be relied upon in any quasi-judicial or judicial proceeding. Furthermore, the Affidavit of the *Noticee No.* 2 made it e*vide*nt that there was no factual basis on which Mr. Manish Shah made his statements against the *Noticee*, which rendered the allegations levelled against the *Noticee* on the basis of such statement, unfounded and baseless.

24.9 It was submitted that the *Noticee* was neither aware of, nor had any reason to suspect, the alleged misrepresentations or inflation in the financial statements of the Company since the auditors of the Company never flagged any such incident. The investment made by the *Noticee* was induced by the representations of the *Noticee No.* 2, which later turned out to be misleading and fraudulent. It was submitted that he along with other public investors, was defrauded by the misrepresentations of financial statements and himself became a victim of deception at the hands of the *Noticee No.* 2.

24.10 With regard to the transaction between PKC and Shree, it was submitted that as SSSL intended to enter into an agreement with PKC for the purpose of land acquisition, initially, it was agreed between the parties that an advance would be paid by Shree on behalf of SSSL, considering the existing business relationship between Shree and SSSL. However, SSSL subsequently decided to execute the transaction directly from its own bank account. Accordingly, upon receipt of the advance amount from SSSL towards the Land Agreement, PKC returned the sum of ₹1,20,00,000/- (Rupees One Crore and Twenty Lakhs only) to Shree on August 14, 2020.

24.11 With regard to the transaction between PKC and Examen, it was submitted that the said transactions were in the nature of running

account transactions since both PKC and Examen were primarily engaged in the real estate business and shared a longstanding business relationship that predated the Preferential Allotment and continued to subsist till date.

24.12 It was further submitted that the transactions forming the basis of the alleged circulation of funds, as detailed in the 14 tranches under Annexure M of the Interim Order, were in fact independent and unrelated transactions. These transactions were selectively and incorrectly linked together to construct a misleading and unfounded narrative. Several of these transactions involved third parties with whom the *Noticee* had no direct involvement or knowledge, and as such, the *Noticee* was not in a position to comment upon or explain the nature or purpose of those third party dealings. The Interim Order made an attempt to portray these discrete transactions as part of a circular flow, without providing any substantive e*vide*nce or cogent reasoning in support thereof.

24.13 Based on the advice of the *Noticee*, the RS Preferential Allottees sold the shares of SSSL held by them during the period from November 2021 to December 2023, depending upon the availability of liquidity in the scrip of SSSL. The RS Preferential Allottees exercised their independent judgment while executing these transactions.

24.14 The *Noticee* submitted that the Preferential Allotment to RS Preferential Allottees was genuine and that the RS Preferential Allottees made their investments in SSSL in good faith, based solely on the representations made at the relevant time and they were in no manner involved or aware of any alleged fraudulent or manipulative scheme.

24.15 The statement of the *Noticee No.* 2 during the cross-examination made it e*vide*nt that the RS Preferential Allottees had subscribed to the preferential allotment using their own funds, and the same stood corroborated by his testimony during cross-examination.

Submissions of Noticee Nos. 5 to 8

25. The summary of submissions made by the *Noticee Nos.* 5 to 8 *inter alia* is as under, however, similar submissions as made by *Noticee No.* 4 w.r.t. the land acquisition agreement were also made by them:

25.1 *Noticees* had no professional relationship or any association with SSSL, apart from their involvement in the preferential allotment. Furthermore, *Noticees* are not connected, either directly or indirectly, with any of the promoters or directors of SSSL in any capacity. Decisions pertaining to the investments and financial affairs of *Noticee No.* 5 were taken and managed by Mr. Rakesh Shah.

25.2 The transfer of funds amounting to ₹4,66,00,000/- (Rupees Four Crore and Sixty-Six Lakhs only) from CSB Projects to Apollo on August 14, 2020 was due repayment of an unsecured loan extended by Apollo to CSB Projects during the F.Y. 2017-18, for legitimate business purposes, in several tranches as and when required by CSB Projects.

25.3 During the course of the deal and negotiations, the *Noticee No.* 2 had stated that SSSL had merged with Seacoast HUF, accordingly, any repayment of the advance received into the bank account of Seacoast HUF was made under the *bonafide* belief that the said account had effectively become the property of SSSL.

25.4 The Interim Order erroneously identified 14 tranches of payments allegedly made by PKC to return the advance received, aggregating to ₹7,63,00,000/- (Rupees Seven Crores Sixty-Three Lakhs only), and further concluded that these payments were not genuine, and formed part of an alleged circular movement of funds. However, this assertion was factually incorrect and contrary to the financial records of PKC. These were in fact independent and unrelated transactions, and have been selectively and incorrectly linked together to construct a misleading and unfounded narrative. The Interim Order made an attempt to portray

these discrete transactions as part of a circular flow, without providing any substantive e*vide*nce or cogent reasoning in support thereof. The conclusions drawn are on the basis of speculation and assumptions, hence, the Interim Order ought to be set aside.

25.5 The payments made by PKC to SSSL were genuine and bona fide, made in accordance with the terms of the Land Agreement pursuant to its cancellation. The fabricated narrative attempting to portray a circular flow of funds involving multiple entities, including PKC, is wholly speculative, lacks e*vide*ntiary value and is not backed by substantive materials. The Interim Order erroneously linked together separate and independent transactions and presented a fictitious narration of events, thereby, alleging circular flow of funds. However, a serious charge like fraud cannot be based on speculation and presumptions.

25.6 *Noticees* relied on the order of Hon'ble SAT in ***Punit Goenka v. SEBI***, wherein it has been held that even if one leg of a transaction is proved to be genuine, the entire purported circular flow of funds stands vitiated. Reliance on the said judgment has been dealt with separately in subsequent paragraphs of this order.

Submissions of Noticee Nos. 9 and 10

26. The summary of submissions made by *Noticee Nos.* 9 and 10 *inter alia* is as under:

26.1 There were ongoing business transactions between *Noticees* and Mr. Manish Shah, or SSSL, which predated the preferential allotment and *Noticees* had on several occasions extended loans to Mr. Manish Shah and made investments in his business. Further, in return, Mr. Manish Shah either repaid the debts or pro*vide*d *Noticees* with a share in the profits of the business. *Noticees* were holding shares in SSSL, prior to the preferential allotment also.

26.2 It has been alleged that *Noticees* received money from Mr. Manish Shah through the account of Seacoast HUF, which *Noticees* subsequently

used for subscribing to the preferential allotment of SSSL. However, these transactions were independent of each other. *Noticees* had running business transactions and loans given to Mr. Manish Shah or Seacoast HUF earlier. The fund received from Seacoast HUF on August 13, 2020, pertained to settling the previous dues and the flow of money from Seacoast HUF to *Noticees* was in relation to the repayment of previous dues and constituted an independent business transaction.

26.3 It may *prima facie* appear that funds utilised by *Noticees* for subscribing to the preferential allotment originated from the dues repaid by Seacoast HUF, it is essential to highlight that these two transactions were distinct and were not interlinked. The investment made in SSSL via the preferential allotment was financed entirely from the personal funds of *Noticees* and not from any resources belonging to Mr. Manish Shah or Seacoast HUF.

26.4 Regarding the transaction between the *Noticee No.* 10 and PKC Infratrade (OPC) Pvt. Ltd. ("**PKC**") it was submitted that it pertained to a short-term, temporary loan arrangement. In furtherance of this transaction, *Noticee No.* 10 had transferred an amount of ₹69,00,000/- to PKC on August 13, 2020. This amount was subsequently and duly repaid by PKC to the *Noticee No.* 10 on August 14, 2020. SEBI had erroneously alleged that the abovementioned loan transaction was allegedly a means to circulate funds from one party to another.

Submissions of the Noticee No. 11

27. The summary of submissions made by *Noticee No.* 11 *inter alia* is as under:

27.1 The *Noticee* was associated with the Company only in the professional capacity of Non-Executive Director for the F.Y. 2020-21 to F.Y 2022-23 and was neither involved in the day-to-day affairs of the Company, nor was she involved in any of the operational decisions. At no point during the IP, did the *Noticee* exercise effective control over the conduct of the Company's business.

27.2 The *Noticee* joined the Company at the behest of her husband, Mr. Manish Shah who was the Managing Director of the Company during the IP. The *Noticee* resigned from the Company on 11th December 2023. The *Noticee* was not aware or had knowledge of any of the alleged acts committed by the Company and she had not knowingly participated in any proceedings of such conduct or given consent for the same. Hence, the *Noticee* shall not be held liable in relation to any allegation alleged against the Company.

27.3 The *Noticee* was made accountable solely due to her designation, without examining whether her actions or inactions actually contributed to the alleged contraventions. The *Noticee* could not be held liable for violating the provisions of the LODR Regulations merely due to her designation as a director in the Company.

27.4 The members of the Audit Committee could not be expected to monitor and oversee the performance of the auditor beyond what may reasonably be expected of a person possessing their respective level of knowledge and expertise. Their responsibilities are supervisory in nature and do not include the actual preparation of the financial statements, neither do the members have any influence or control over the independent auditor's report.

Submissions of the Noticee No. 14

28. The summary of submissions made by the *Noticee No.* 14 *inter alia* is as under:

28.1 The *Noticee* was an Independent Director and was not involved in day to day operations and decision making that happened within the Company. *Noticee*'s role as an Independent Director was very limited and restricted.

28.2 It was never an agenda of any meeting to discuss or give information about any funds or rights issue by the Company and the said fund was never utilized.

28.3 SCN also confirmed and alleged that "the company never conveyed the said right issue fund utilization to Audit Committee", so when the Company had not conveyed the said right issue fund utilization to the Audit Committee, the question of gross negligence and disregard to the provisions of Corporate Governance, cannot be raised against the *Noticee*.

28.4 The *Noticee* attended some meetings, since there was no paper and agenda pro*vide*d by the Company prior to the said meeting and no minutes of meeting were pro*vide*d by the Company after the said meetings, it is difficult to say that which meeting he attended whether it was board meeting or audit committee meeting. Further, he attended the said meetings with very limited agenda, without any knowledge or information, only to mark his presence in meeting.

28.5 The process of preparation of the financial statements and reports was carried out by the Company and if these documents were fabricated and false, no liability can be imposed on the *Noticee* because just being a member of Audit Committee does not mean that the *Noticee* ought to verify and check all accounts statement and financial data. The *Noticee* did not have any knowledge of financials, so it was difficult for the *Noticee* to analyse the said data, and come to the conclusion that the said data was false and fabricated.

28.6 There was no paper, email, documents, statements, information, which is available or sent to the *Noticee* by the Company before any meeting, with respect to the right issue funds, to which the *Noticee* could have questioned. Since, no documents and information were pro*vide*d to the *Noticee*, it can be fairly assumed that the said right issue funds were never utilized. The *Noticee* acted *bonafide* and trusted the *Noticee No.* 2, for running the company.

Submissions of Noticee No. 15

29. The summary of submissions made by the *Noticee No.* 15 *inter alia* is as under:

29.1 The *Noticee* was an Independent Director and was not involved in day to day operations and decision making that happened within the Company. *Noticee*'s role as an Independent Director was very limited and restricted.

29.2 The *Noticee* attended some meetings, since there was no paper and agenda pro*vide*d by the Company prior to the said meeting and no minutes of meeting were pro*vide*d by the Company after the said meetings, it is difficult to say that which meeting he attended whether it was board meeting or audit committee meeting. Further, he attended the said meetings with very limited agenda, without any knowledge or information, only to mark his presence in meeting.

29.3 The process of preparation of the financial statements and reports was carried out by the Company and if these documents were fabricated and false, no liability can be imposed on the *Noticee* because just being a member of Audit Committee does not mean that the *Noticee* ought to verify and check all accounts statement and financial data. The *Noticee* did not have any knowledge of financials, so it was difficult for the *Noticee* to analyse the said data, and come to the conclusion that the said data was false and fabricated.

29.4 There was no paper, email, documents, statements, information, which is available or sent to the *Noticee* by the Company before any meeting, with respect to the right issue funds, to which the *Noticee* could have questioned. Since, no documents and information were pro*vide*d to the *Noticee*, it can be fairly assumed that the said right issue funds were never utilized. The *Noticee* acted *bonafide* and trusted the *Noticee No.* 2, for running the company.

Submissions of the Noticee No. 16

30. The summary of submissions made by the *Noticee No.* 16 *inter alia* is as under:

30.1 The *Noticee* was appointed as an independent director on April 4, 2023, and resigned from this position on September 21, 2023. The alleged transactions referred to in the order appeared to have stemmed from

previous financial years, long before his appointment. He had no involvement or knowledge of these transactions, as they were neither discussed nor brought to his attention during the tenure.

30.2 The *Noticee* was not involved in day to day operations and decision making within the Company and his role as an independent director was very limited and restricted. The *Noticee* was appointed in Audit Committee ("**AC**") without consent, only for the object of fulfilling the criteria of the Companies Act, SEBI Act and the LODR Regulations. Regarding failure to convene Audit Committee meetings, the *Noticee* submitted that he did not attend any AC meetings and any representation by SSSL in this regard with BSE is entirely false.

30.3 W.r.t. the diversion of funds of the right issue during the deposition, the *Noticee* had submitted that he was aware of this right issue, however, had not done any due diligence in this regard during his tenure. The statement was taken out of context since when the question was posed to him during the deposition, it was asked if he was aware of the Rights issue at the time, to which he replied affirmatively. However, it is clarified that he only came to know about the rights issue through BSE website, following receipt of notice of hearing in the instant matter of Seacoast, and he was not aware about the same when the rights issue was done.

30.4 The Audit Committee only discussed the matters, which were already circulated or when documents regarding the same were pro*vide*d to them. If there were no documents and information pro*vide*d to the *Noticee*, the question of gross negligence does not arise at all.

Submissions of the Noticee No. 17

31. The summary of submissions made by the *Noticee No.* 17 *inter alia* is as under:

31.1 The *Noticee* was appointed as an Independent Director on April 14, 2023 and resigned from the position on September 21, 2023. The *Noticee* attended a limited number of Board Meetings and these meetings primarily involved the passage of routine resolutions, for which the

Noticee received sitting fees as compensation. No other form of financial remuneration was received from the Company.

31.2 The *Noticee* did not attend any Meetings of the Audit Committee during the tenure, which is also stated and confirmed in the order passed. The *Noticee* was never given the opportunity to pro*vide* the consent to become a member of the AC, nor did the *Noticee* have any involvement or awareness regarding the proceedings or resolutions passed during any such meetings during the tenure. As an Independent Director, her involvement was strictly limited to attend the Board Meetings. The *Noticee* submitted that she was not privy to any day-to-day activities or financial matters concerning the company and her role as an Independent Director did not extend to participating in financial transactions or matters.

31.3 It was submitted that the Audit Committee only discussed the matters, which were already circulated or when documents regarding the same were pro*vide*d to them. If there were no documents and information pro*vide*d to the *Noticee*, the question of gross negligence does not arise at all.

31.4 There was no paper, email, documents, statements, information, which is available or sent to the *Noticee* by the Company before any meeting, with respect to the right issue funds, to which the *Noticee* could have questioned. Since, no documents and information were pro*vide*d to the *Noticee*, it can be fairly assumed that the said right issue funds were never utilized. The *Noticee* acted *bonafide* and trusted the *Noticee No.* 2, for running the company.

Submissions of the Noticee No. 18

32. The summary of submissions made by the *Noticee No.* 18 *inter alia* is as under:

32.1 The *Noticee* was appointed as an Additional Director in SSSL on November 12, 2019. Thereafter, the *Noticee* was reassigned as Independent Director on September 29, 2020 and ceased to be the

Independent Director of SSSL with effect from May 10, 2021. The tenure of the *Noticee* as an Independent Director of SSSL was minimal in comparison to the duration of the Investigation Period and the SCN failed to take this into account and erroneously levied allegations against the *Noticee*.

32.2 During the *Noticee*'s tenure as an Independent Director of SSSL, she did not participate in the day-to-day operations of the Company and had no knowledge of its day-to-day affairs. She did not assume any role or responsibility with regard to overseeing the financial affairs or practices of the Company. The *Noticee* only served as an Independent Director in SSSL for the period from September 29, 2020 to May 10, 2021. The *Noticee* did not have any knowledge and was not aware about the misrepresentation of financial statements.

32.3 There is no specific allegation against the *Noticee* that she indulged in the manipulation of the financial statements or was aware about the same and the alleged violations against the *Noticee* are solely on the basis of her designation as a director. The SCN merely asserts that the *Noticee* was negligent in her duties as a Director solely on the ground that the transactions in violation of various SEBI regulations occurred during her tenure. The SCN doesn't bring out the specific role played by the *Noticee* in execution of the alleged transactions.

32.4 The Noticee wasn't involved in the preparation of the books of accounts, nor was she part of the Audit Committee and has played no role in finalisation of any of the financial statements of the Company. Further, since she was not a member of the Audit Committee she had no material to excite suspicion on alleged fabrication of financial statements as during her tenure, the *Noticee* had not executed any business for and on behalf of the Company.

Submissions of the Noticee No. 19

33. The summary of submissions made by the *Noticee No.* 19 *inter alia* is as under:

33.1 The *Noticee* was appointed as a Company Secretary cum Compliance Officer of the company on October 01, 2017 and resigned from the said post on January 12, 2021. The *Noticee* is not in possession of or access to any of the documents/records/books of accounts and/or all relevant details of the Company, anymore. All documents are with the Company and the *Noticee* no longer has legal or physical access to the Company's premises nor has access to the emails, digital and physical records and/or data maintained with the Company.

33.2 The *Noticee* made attempts to procure and retrieve the same from the Company. Mr. Manish Shah through an email confirmed that Audit Committee Meetings were held during his tenure, and were properly documented and attended by him as well as various other members. He acknowledged that he was unable to pro*vide* the same due to some misplacement during the shifting of the Company's office premises.

33.3 The Interim Order noted that the *Noticee* had admitted that no Audit Committee meetings took place in the Company. With respect to this, it was submitted in the reply that during investigation, it was correctly informed by him to the SEBI officials that meetings were conducted properly during his tenure, however, during the investigation process, SEBI officials showed statements of other directors who had stated that no meetings were held. Because of these statements and the fact that it had been over 3 years since the *Noticee* had resigned, there was likely momentary confusion and misunderstanding and due to the pressure and nervousness of the situation he signed the statement which was contradictory to what had initially been said to SEBI. After recalling the correct facts, the *Noticee* rectified the statement in writing, *vide* submissions dated October 20, 2024 and May 21, 2025.

Submissions of the Noticee No. 20

34. The summary of submissions made by the *Noticee No.* 20 *inter alia* is as under:

34.1 The *Noticee* was appointed as the Company Secretary and Compliance Officer of the Company in the Board Meeting held on March 11, 2021. During the tenure of the *Noticee*, it was ensured that all Board and Committee Meetings, including Audit Committee Meetings, were conducted as per applicable laws and regulations. The Audit Committee Meetings were held on the following dates: May 21, 2021, July 01, 2021, August 13, 2021 and October 20, 2021. Mr. Vipul Momaya chaired the first three Audit Committee Meetings, while Mr. Sushil Sanjot chaired the final one. Mr. Sushil Sanjot and Mr. Manish Shah were members in all four meetings.

34.2 The *Noticee* did not possess the official records anymore. However, efforts were made to retrieve them and Mr. Manish Shah had confirmed that meetings were duly held and stated that documents were unfortunately misplaced during an office shift. Screenshots of WhatsApp meeting intimation and an email from Mr. Manish Shah affirming that meetings were conducted and records maintained have been submitted.

34.3 When the *Noticee* left the Company, all documents including the Attendance Register, Minutes of all Meetings and other secretarial data was handed over to Managing Director of the Company, Mr. Manish Shah and hence as on date when SEBI asked for the e*vid*ence, the *Noticee* did not have any e*vid*ence of the said Meetings. Further Mr. Manish Shah has in the reply to email mentioned that all the data was misplaced during the shifting of the office. Further, in his mail, he clarified that during the *Noticee*'s tenure all the Meetings were held and the records of the Meetings were also maintained but he was unable to share the records due to their misplacement during the relocation of the company's office.

Submissions of the Noticee No. 21

35. The summary of submissions made by the *Noticee No.* 21 *inter alia* is as under:

35.1 During the tenure of the *Noticee* as a Company Secretary in the company from March 22, 2022 to May 01, 2023 all Board Committee meetings

were held properly and majority directors were also present at the respective meetings. The meetings were held in the conference room as per agenda prepared by the *Noticee* and circulated by the *Noticee No.* 2.

35.2 The *Noticee* resigned from the post of Company Secretary cum Compliance Officer of the Company on May 01, 2023. The *Noticee* submitted that he did not have either possession of or access to Company's documents, records, books of account, or any relevant information and no longer had legal or physical access to the Company's premises, nor to its digital or physical records and correspondence.

35.3 *Bonafide* attempts to obtain the relevant records were made and an email was sent to the *Noticee No.* 2 (Mr. Manish Shah) requesting copies of the Minutes, Registers, and other meeting-related documents. Mr. Manish Shah acknowledged that the meetings were duly held and documented during his tenure, and that he, along with other members, had attended them. However, he informed that the records were missing from the Company's premises and thus could not be shared.

Submissions of the Noticee No. 22

36. The summary of submissions made by the *Noticee No.* 21 *inter alia* is as under:

36.1 It has been recorded in the Interim Order that the *Noticee* admitted that he was appointed on paper. In this regard it was clarified by the *Noticee* that he was appointed on May 02, 2023 and joined the position of the CS and Compliance Officer of the Company but as his father in law was admitted in the hospital in a serious condition, he left on the second day of joining to take care of him. After leaving Ahmedabad, he sent his resignation as a CS and Compliance Officer immediately on May 04, 2023 to the *Noticee No.* 2 (Mr. Manish Shah), however, the same was not accepted and the *Noticee No.* 2 requested him to work from home until further appointment was made. He reminded the *Noticee No.* 2 multiple times to file the Resignation and it was only filed on September, 01, 2023 with the MCA after continuous persistence.

36.2 During the tenure of 4 months of the *Noticee*, the *Noticee* did not receive any instruction/assignment from the *Noticee No.* 2 (Mr. Manish Shah) regarding Board/AC meeting and/or any other activities of the company, and hence in the statement it was mentioned that as per his knowledge no AC Meetings and Board Meetings were held. Though the *Noticee* resigned on May 04, 2023 (2 days after being appointed), the *Noticee No.* 2 failed to file the resignation with the MCA and the same was only filed on September 01, 2023.

36.3 The *Noticee* made similar submissions as other Compliance Officers that he was not in possession of and did not have access to any of the documents/records/books of accounts and/or all relevant details of the Company, anymore. All the documents were with the Company and he did not have access to the Company's premises and/or access to the emails, digital and physical records and/or data maintained with the Company.

E. ALLEGATIONS MADE AGAINST *NOTICEES*

37. Before proceeding further in the matter, it would be useful to list out allegations made against *Noticees* in the SCN, based on the investigation done in the matter. The specific violations of the relevant provisions of the SEBI Act, 1992 and provisions of various regulations issued thereunder as stated in the SCN are presented below:

Table 5

Name of the entity	Nature of allegations in brief	Violations observed
SSSL (*Noticee No.* 1)	i. Published misrepresented financial statements for the FY 2020-21, FY 2021-22, FY 2022-23 and for the period April 01, 2023 to December 31, 2023.	i. Sub-regulations (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations r/w sub-sections (a), (b) and (c) of section 12A of the SEBI Act; Clauses (a), (b), (c), (e), (g), (h), and (j) of sub-regulation (1) of regulation 4, sub-

Name of the entity	Nature of allegations in brief	Violations observed
		clause (i) of clause (e) of sub-regulation (2) of regulation 4, clauses (a) and (c) of sub-regulation (1) of regulation 33 and regulation 48 of the LODR Regulations.
	ii. Fraudulently allotted 1.50 crore equity shares worth ₹22.73 crore to Mr. Manish Shah on a preferential basis without acquiring any Net Assets from Mr. Manish Shah's Seacoast-HUF in return, thereby causing a loss of ₹22.73 crore to the Company.	ii. Sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4 of the PFUTP Regulations, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 r/w sub-sections (a), (b) and (c) of section 12A of the SEBI Act; Clauses (a), (b), (c), (e), (g), (h), and (j) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4, clauses (a) and (c) of sub-regulation (1) of regulation 33 and regulation 48 of the LODR Regulations.
	iii. Fraudulently allotted 0.52 crore equity shares worth ₹7.88 crore to the preferential allottees without effectively receiving the share application money, thereby causing a loss of ₹7.88 crore to the Company.	iii. Sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4 of the PFUTP Regulations, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 r/w sub-sections (a), (b) and (c) of section 12A of the SEBI Act; Clauses (a), (b), (c), (e), (g), (h), and (j) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4, regulation 32, clauses (a) and (c) of sub-regulation (1) of regulation 33 and regulation 48 of the LODR Regulations.
	iv. Diverted an amount of ₹43.42 crore from the Rights Issue proceeds and an amount of ₹10.83 crore from the Cash	iv. Sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations r/w sub-sections (a),

Name of the entity	Nature of allegations in brief	Violations observed
	Credit facility availed from IndusInd Bank.	(b) and (c) of section 12A of the SEBI Act.
	v. Corporate Governance violations	
	1.1. submitted incomplete Annual Reports to BSE	1.1 Clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations; clause (c) of sub-regulation (1) of regulation 4, clause (d) of sub-regulation (3) of regulation 33, clause (a) of sub-regulation (2) of regulation 34 of the LODR Regulations.
	1.2. Made false/misleading disclosures w.r.t. audit qualifications, business being carried out by the company	1.2 Clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations; clause (c) of sub-regulation (1) of regulation 4 of the LODR Regulations.
	1.3. Made false/misleading disclosures w.r.t. investment in Starchart	1.3 Clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations; clause (c) of sub-regulation (1) of regulation 4 of the LODR Regulations.
	1.4. Misrepresented related party transactions;	1.4 Clauses (a) and (b) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4, regulation 48 and sub-regulation (3) of regulation 34 r/w clause 1 of Para A of Schedule V of the LODR Regulations.
	1.5. Improperly constituted AC	1.5 Clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations; clause (c) of sub-regulation (1) of regulation 4 and clause (d) of sub-regulation (1) of regulation 18 r/w clause (b) of sub-regulation (1) of regulation 16 of the LODR Regulations.

Name of the entity	Nature of allegations in brief	Violations observed
	1.6. Not convened the AC meetings;	1.6 Clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations; clause (c) of sub-regulation (1) of regulation 4, sub regulation (2) of regulation 18 and sub regulation (2) of regulation 23 of the LODR Regulations.
	1.7. Not filled the vacancy of compliance officer in due time and improperly appointed non-Company Secretary as compliance officer.	1.7 sub-regulations (1) and (1A) of regulation 6 of the LODR Regulations.
Manish Shah (*Noticee No.* 2)	i. Abused his position as MD and played a pivotal role in the entire fraudulent scheme of diverting funds from the company, fictitiously allotting shares on a preferential basis as well as the subsequent misrepresentation of the financial statements;	i. Sub-regulations (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations r/w sub-sections (a), (b) and (c) of section 12A of the SEBI Act.
	ii. Defrauded SSSL by allotting himself the shares of Seacoast Limited worth ₹22.73 crore, without payment of consideration	ii. Sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations r/w sub-sections (a), (b) and (c) of section 12A of the SEBI Act.
	iii. Failed to perform his duties and obligations as a Director as per LODR Regulations.	iii. Article (2) of sub-clause (i) of clause (f) of sub-regulation (2) of regulation 4, articles (2), (6), and (7) of sub-clause (ii) of clause (f) of sub-regulation (2) of

Name of the entity	Nature of allegations in brief	Violations observed
		regulation 4, and articles (6) and (7) of sub-clause (iii) of clause (f) of sub-regulation (2) of regulation 4 of the LODR Regulations.
	iv. He being part of the Board of Directors and the AC showed gross negligence and disregard to the provisions of Corporate Governance.	iv. Sub regulation (3) of regulation 18 read with Para A of Part C of Schedule II of the LODR Regulations
	v. Signed the compliance certificate to the board of directors in terms of Regulation 17(8) of the LODR Regulations, 2015, despite knowing that financial statements were not representing true and fair picture of financials of SSSL.	v. Sub regulation (8) of regulation 17 of the LODR Regulations
	vi. For all the violations committed by SSSL in the capacity of Director	vi. Sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations r/w sub-sections (a), (b) and (c) of section 12A of the SEBI Act; Clauses (a), (b), (c), (e), (g), (h), and (j) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4, sub-regulations (1) and (1A) of regulation 6, sub-regulation (2) of regulation 18, sub-regulation (2) of regulation 23, clause (a) of sub-regulation (2) of regulation 27, regulation 32, clauses (a) and (c) of sub-regulation

Name of the entity	Nature of allegations in brief	Violations observed
		(1) of regulation 33, clause (d) of sub-regulation (3) of regulation 33, clause (a) of sub-regulation (2) of regulation 34, regulation 48 of the LODR Regulations; clause (d) of sub-regulation (1) of regulation 18 r/w clause (b) of sub-regulation (1) of regulation 16 and regulation (3) of regulation 34 r/w Clause 1 of Para A of Schedule V of LODR Regulations r/w section 27 of the SEBI Act.
Sameer Shah (*Noticee No.* 3)	i. The *Noticee* failed to perform his duties and obligations as a Director as per LODR Regulations.	i. Article (2) of sub-clause (i) of clause (f) of sub-regulation (2) of regulation 4, articles (2), (6), and (7) of sub-clause (ii) of clause (f) of sub-regulation (2) of regulation 4, and articles (6) and (7) of sub-clause (iii) of clause (f) of sub-regulation (2) of regulation 4 of the LODR Regulations.
	ii. The *Noticee* being the promoter and Executive Director of SSSL aided and Abetted Mr. Manish Shah in the entire fraud of misrepresentation of the financial statements, fraudulent allotment of shares on a preferential basis to Mr. Manish Shah and to the preferential allottees, diversion of funds from the company and corporate governance failure. For all the violations committed by SSSL in the capacity of Director	ii. Sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations r/w sub-sections (a), (b) and (c) of section 12A of the SEBI Act; Clauses (a), (b), (c), (e), (g), (h), and (j) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4, sub-regulations (1) and (1A) of regulation 6, sub-regulation (2) of regulation 18, sub-regulation (2) of regulation 23, clause (a) of sub-regulation (2) of regulation 27, regulation 32, clauses (a) and (c) of sub-regulation (1) of regulation 33, clause (d) of sub-regulation (3) of regulation 33, clause (a) of sub-regulation (2) of regulation 34, regulation 48, clause (d) of sub-regulation (1) of

Name of the entity	Nature of allegations in brief	Violations observed
		regulation 18 r/w clause (b) of sub-regulation (1) of regulation 16 and regulation (3) of regulation 34 read with Clause 1 of Para A of Schedule V of the LODR Regulations r/w section 27 of the SEBI Act.
Rakesh Shah (*Noticee No.* 4)	*Noticees* participated in the preferential allotment of shares of SSSL without effectively making payment of consideration and benefitted themselves in a fraudulent manner.	Sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations r/w sub-sections (a), (b) and (c) of section 12A of the SEBI Act
Parasmal Kundanmal Shah (*Noticee No.* 5)		
Parasmal Kundanmal Shah HUF (*Noticee No.* 6)		
CSB Projects Private Limited (*Noticee No.* 7)		
Credo Holdings Private Limited (*Noticee No.* 8)		
Deep Shah (*Noticee No.* 9)	*Noticees* participated in the preferential allotment of shares of SSSL without effectively making payment of consideration and benefitted themselves in a fraudulent manner.	Sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations r/w sub-sections (a), (b) and (c) of section 12A of the SEBI Act.
Shail Shah (*Noticee No.* 10)		

Name of the entity	Nature of allegations in brief	Violations observed
Cheryl Shah (*Noticee No.* 11)	i. *Noticee* being part of the Board of Directors and Member of Audit Committee showed gross negligence and disregard to the provisions of corporate governance; ii. She failed to raise concerns regarding the non-convening of Audit Committee meetings as per the relevant provisions; iii. She further failed to perform her duties and obligations as a Director as per LODR Regulations.	Article (2) of sub-clause (i) of clause (f) of sub-regulation (2) of regulation 4, articles (2), (6), (7) and (8) of sub-clause (ii) of clause (f) of sub-regulation (2) of regulation 4 and sub-regulation (3) of regulation 18 r/w Para A of Part C of Schedule II of the LODR Regulations.
Sushil Sanjot (*Noticee No.* 12) Jaydeep Shah (*Noticee No.* 14) Apurv Patel (*Noticee No.* 15) Viren Makwana (*Noticee No.* 16) Shivangi Gajjar (*Noticee No.* 17)	i. *Noticee Nos.* 12, 14, 15, 16 and 17 being part of the Board of Directors and Members of Audit Committee showed gross negligence and disregard to the provisions of corporate governance; ii. They failed to raise concerns regarding the non-convening of Audit Committee meetings as per the relevant provisions; iii. They further failed to perform their duties and obligations as an	Article (2) of sub-clause (i) of clause (f) of sub-regulation (2) of regulation 4, articles (2), (6), (7) and (8) of sub-clause (ii) of clause (f) of sub-regulation (2) of regulation 4 and sub-regulation (3) of regulation 18 r/w Para A of Part C of Schedule II of the LODR Regulations.

Name of the entity	Nature of allegations in brief	Violations observed
	Independent Director as per LODR Regulations.	
Ankita Soni (*Noticee No.* 18)	The *Noticee* failed to perform her duties and obligations as an Independent Director as per LODR Regulations.	Article (2) of sub-clause (i) of clause (f) of sub-regulation (2) of regulation 4, articles (2), (6), (7) and (8) of sub-clause (ii) of clause (f) of sub-regulation (2) of regulation 4 of the LODR Regulations
Parin Shah (*Noticee No.* 19)	*Noticee Nos.* 19 to 22 failed to perform their duties and obligations as a Compliance Officer during their respective tenures as per LODR Regulations.	Clauses (a) and (c) of sub-regulation (2) of regulation 6 of the LODR Regulations
Parth A Patel (*Noticee No.* 20)		
Pawansut Swami (*Noticee No.* 21)		
Vinay Kumar Jain (*Noticee No.* 22)		

F. CONSIDERATION OF ISSUES

38. I note that all *Noticees* except *Noticee No.* 18 (who did not avail the opportunity of personal hearing) were heard personally and thereafter *Noticees* were further granted time to file written submissions. I have perused the written replies and submissions filed by *Noticees* and have also heard their arguments during the personal hearing. However, before dealing with the issues on merits, there is an important preliminary issue regarding the retraction of statements given by the *Noticee No.* 2 on oath during investigation, that needs to be dealt with.

F.1 Preliminary issue of retraction of statement by *Noticee No.* 2

39. The *Noticee No.* 2 has filed an Affidavit on oath dated November 05, 2024 stating that the statement recorded by the Investigating Authority (hereinafter

referred to as **"IA"**) on June 03, 2024 on oath as well as an email sent by him to the IA on June 11, 2024 were under threat, duress and coercion and he now specifically retracts from them. Since the *Noticee No.* 2 has retracted from statements given earlier on oath, it becomes imperative to examine the same and arrive at a proper conclusion as regards the veracity of these statements. It has further been averred and declared on oath in the Affidavit that there was, in fact, a notarized agreement dated August 01, 2020 entered into between SSSL and PKC for land acquisition. The following has been *inter alia* stated by the *Noticee No.* 2 in the said Affidavit:

> *"4. In context of the relevant extract of the statement recorded by SEBI on June 03, 2024 and my email dated June 11, 2024, I wish to state and declare on oath that:*
>
> *.....*
>
> *b) During my various personal attendance at the office of SEBI (more than 10 times) from the period February 2024 till September 2024, I was being placed in a room for the examination to be conducted by ********** and in presence of many other officers of SEBI. Subsequently, I was bombarded with a series of questions, the information of which I was not able to and could not recollect immediately or could not reconcile historical business transactions in exact manner. Thus, I was not able to sufficiently provide any response to all the questions posed to me, although I tried my best to answer all the questions.*
>
> *c) Since I was unable to answer the questions sufficiently, firstly I was terrorized with the consequences of alleged non-cooperation during the course of the investigation without there being any fault of mine.*
>
> *d) Subsequently, when the Officer realized that I had already provided all the necessary information and was of no further assistance in the investigation and therefore resulting in non-availability of sufficient evidences in support of the alleged fraudulent Preferential Allotment transaction amongst many others allegations, pressure was built on*

me for recording answers to suit the outcome as desired by SEBI in support of the alleged transaction.

e) They also threatened me that if I will not give the statement as desired by them, then the other agencies, such as the Enforcement Directorate, CBI, Income Tax Department, Customs, and Goods and Services Tax Authorities, would be prompted to initiate actions against me and my family members.

f) The officers also threatened me of adverse consequences and mistreatment if I do not tender to their demands. I was also put through tremendous pressure and perceiving that they would not let me go till I cater to their demands.

g) Further they also assured me that if I gave the statement as per their requirements, I would be let off and there would be not any proceedings against me. Thus, I got my statement recorded as scripted and demanded by the SEBI officers.

*h) Therefore, under fear, coercion and the pressure built upon me of negative consequences of alleged non-cooperation by Investigating Authority recorded that after allotment of shares to Mr. Parasmal Kundanmal Shah, Parasmal Kundanmal Shah HUF, CSB Projects Private Limited and Credo Holdings Private Limited (hereinafter collectively referred to as "**RS Preferential Allottees**"), Mr. Rakesh Shah made SSSL to transfer the entire preferential allotment funds to PKC.*

i) Further under pressure and threat of arrest and harassment of other agencies, I had emailed to the Investigating Authority that SSSL had not entered into any land acquisition agreement with PKC, as they required the same statement as evidence to substantiate their alleged allegation of fraudulent Preferential Allotment against me, Mr. Rakesh Shah and RS Preferential Allottees.

.....

6. I would like to clarify and declare on oath that SSSL had entered into Land Acquisition Agreement with PKC on May 15, 2020 for purchase of land having address at Village: Sanand, Ahmedabad for business

expansion of SSSL. However, as there was Nationwide partial Lockdown announced by the Government due to surge in Covid-19 Pandemic there was delay in payment by SSSL and also the agreement could not be done on Stamp Paper and notarized thus, it was done on plain paper. On August 1, 2020, a duly notarized agreement was entered into between SSSL and PKC"

40. It is seen that the *Noticee No.* 2 has retracted from statements recorded on oath on June 03, 2024 alleging that they were recorded by putting him under threat, coercion and duress. To deal with the aspect of retraction, it is relevant to refer to the sequence of events related to recording of statements and providing information by the *Noticee No.* 2.

Table 6

S. No.	Date	Remarks
1	February 05, 2024	First statement of the *Noticee No.* 2 recorded on oath
2	May 22, 2024	Statement of the *Noticee No.* 4 recorded on oath
3	June 03, 2024	Second statement of the *Noticee No.* 2 recorded on oath
4	June 11, 2024	Email sent by the *Noticee No.* 2 stating that there is no land agreement
5	August 01, 2024	Third statement of the *Noticee No.* 2 recorded on oath
6	August 10, 2024	Email sent by the *Noticee No.* 2 to IA seeking appointment for a meeting
7	November 05, 2024	Affidavit for retraction of statements given on June 03, 2024
8	April 22, 2025	Above Affidavit filed during these proceedings before me along with Reply to the SCN

41. On a perusal of the statements recorded on oath on June 03, 2024, it is revealed that at various places, the *Noticee No.* 2 had submitted that he shall be providing the requisite details in a detailed response later on by June 04, 2024. There is no evidence on record either in the Affidavit of the *Noticee No.* 2 or otherwise, to suggest that he exhibited his reluctance to appear for statement recording later on *i.e.* August 01, 2024, due to him being subjected to coercion, threat or

duress earlier. Instead, records suggest that the *Noticee No.* 2 was in constant touch with the investigation team and had also sought several adjournments in order to comply with the summons issued to him earlier.

42. It has also come on record that on August 10, 2024 the *Noticee No.* 2 sent an email to the IA requesting for a brief meeting to discuss some pressing issues, and highlighted that a short one-to-one discussion would be the most effective way to communicate these important aspects. There appears to be no reason that if he had apprehension of threat, coercion or pressure during the statement recording, as to why he requested to meet the IA after all three statement recordings had been concluded, the latest one being on August 01, 2024.

43. During the cross-examination of the *Noticee No.* 2, a total of 34 questions were posed to the *Noticee No.* 2 by the AR of the *Noticee No.* 4. Further to this, 4 questions were posed by me to the *Noticee No.* 2. At this juncture, a technical objection was raised by the Counsel of the *Noticee No.* 2 to this and he submitted that since the *Noticee* was not put to notice that he might be asked any further questions by the WTM, he would advise his client (*i.e.* the *Noticee No.* 2) to not answer any further questions without notice. Regarding this, it was replied by me to the Counsel during the proceedings that the objection was not sustainable since these questions were being asked in the interest of justice to ensure fairness of the proceedings and to arrive at a proper conclusion regarding the veracity of statements of the *Noticee No.* 2 on oath. Accordingly, the *Noticee No.* 2 was advised to answer these questions and the same were accordingly answered later on. Further, the Counsel for the *Noticee No.* 2 sought an opportunity to re-examine the *Noticee No.* 2. Though it was told to the Counsel that any submission on behalf of Mr. Manish Shah could always be submitted by his Counsel in writing later, in the interests of justice, the opportunity to re-examine was being acceded to. Further, a question was posed to the *Noticee No.* 2 by me during his cross-examination as to from where he had sent the email dated June 11, 2024 to the IA. It can be seen from the relevant excerpt reproduced below that emails were sent by him to the IA, from

his office. Further, no evidence has been adduced by the *Noticee* to prove that he was under threat or coercion to have sent these emails.

"Q.37. Set of email correspondence between you and SEBI has been given to you earlier, please go through it. Please explain if these emails were written by you from office/home or somewhere else.

A.37. It was sent from the office."

44. The chronology is of significant importance since the *Noticee No.* 2 has retracted from his statements given on oath on June 03, 2024 only after the Interim Order cum SCN dated September 30, 2024 was passed. I note that statements of *Noticees* were recorded under oath in terms of sub-section (5) of section 11C of the SEBI Act which empowers the IA to record the same. Further, sub-section (7) of section 11C *inter alia* provides that notes of any examination under sub-section (5) shall be taken down in writing and may thereafter be used in evidence against him. It is also to be borne in mind that the *Noticee No.* 2 is an educated person, Managing Director of a publicly listed company. In running the business of company, *Noticee No.* 2 was required to abide by various provisions of law and therefore, he cannot be equated with a layman who might not have been aware of the consequences of his elaborate and detailed statements given on oath before the IA. In cases, where credibility of a witness is under question, it becomes all the more important to ascertain the truth and separate grain from the chaff. In this regard, I place reliance on the Judgment of the Hon'ble High Court of Bombay ***in The State of Maharashtra v. Manohar Rashmaji Bochra***[1] wherein, *inter alia,* the following is held::

"26. The oral evidence of the witnesses needs to be appreciated by keeping in mind the aforesaid circumstances. Witness may lie, but the circumstances never lie. In case like present one, the veracity of the witnesses needs to be tested on the basis of such circumstances. Even if the witnesses are not confronted with such circumstances to test them,

[1] 2018ALLMR(Cri)773

such circumstances can be used to ascertain the truth and that job needs to be done by the Court."

45. Recording of statement is an important and integral part of any investigative exercise. The underlying objective of statement recording is to ensure that the IA questioning the person gets all the truth concerning the incident elicited from him. Statements of the *Noticee No.* 2 were recorded by the IA on oath, under sub-section (5) of section 11C of the SEBI Act, 1992. The deponent summoned for statement recording is obliged to state the truth. The *Noticee No.* 2 has retracted from his statements given on June 03, 2024 only through the aforesaid Affidavit and the affidavit does not refer to other two depositions dated February 05, 2024 and August 01, 2024 made before the IA during the investigation. Only a statement has been made in Written Submissions subsequently that these statements were given under duress. Further, the *Noticee* has not produced any evidence of alleged threat or coercion by officers pertaining to his statements recorded on oath on June 03, 2024.

46. The Hon'ble Supreme Court in plethora of judgments has held that a statement does not simply become unworthy of credit just because it has been retracted by the maker after considerable time. A retracted statement can still be used as a corroborative evidence in light of other material independent and cogent evidence.

47. In this regard, further reference may be made to judgment of Hon'ble Supreme Court in ***K.T.M.S. Mohd. and Ors. Vs. Union of India (UOI)***[2]***,*** wherein while dealing with the issue of retracted statements, *inter alia,* the following is held:

> ***"33.*** *We think it is not necessary to recapitulate and recite all the decisions on this legal aspect. But suffice to say that the core of all the decisions of this Court is to the effect that the voluntary nature of any statement made either before the Custom Authorities or the officers of Enforcement under the relevant provisions of the respective Acts is a sine quo non to act on*

[2] AIR 1992 SC 1831

it for any purpose and if the statement appears to have been obtained by any inducement, threat, coercion or by any improper means that statement must be rejected brevi manu. At the same time, it is to be noted that merely because a statement is retracted, it cannot be recorded as involuntary or unlawfully obtained. It is only for the maker of the statement who alleges inducement, threat, promise etc. to establish that such improper means has been adopted. However, even if the maker of the statement fails to establish his allegations of inducement, threat etc. against the officer who recorded the statement, the authority while acting on the inculpatory statement of the maker is not completely relieved of his obligations in at least subjectively applying its mind to the subsequent retraction to hold that the inculpatory statement was not extorted. It thus boils down that the authority or any Court intending to act upon the inculpatory statement as a voluntary one should apply its mind to the retraction and reject the same in writing....."

48. In ***Periyasami and Ors. Vs. State represented through the Inspector of Police, 'Q' Branch CID, Tiruchirappalli, Tamil Nadu and Ors.[3],*** Hon'ble Supreme Court once again had the occasion to deal with the evidentiary value of retracted statements of the accused and *inter alia* held the following in this regard:

"23. We must now come to the retraction. It is argued however that A1-Senthilkumar has retracted his confession and, hence, it has no evidentiary value. It cannot be relied upon. It is not possible to accept this submission. Retraction does not always dilute or reduce or wipe out the evidentiary value of a confessional statement. Quite often retraction is an afterthought. It could be the result of legal advice or pressure exerted by those whose involvement may be likely to be disclosed or confirmed by the confessional statement of the accused. Therefore, in each case, the court will have to examine whether the confession was voluntary and true and whether the retraction was an

[3] 2014 (6) SCC 59

afterthought. In Kalawati v. State of Himachal MANU/SC/0030/1953:AIR 1953 SC 131, this Court stated that the amount of credibility to be attached to a retracted confession would depend upon the facts and circumstances of each case. Again in State of Tamil Nadu v. Kutty MANU/SC/0443/2001:AIR 2001 SC 2778, this Court stated that a retracted confession may form legal basis for conviction if the court is satisfied that the confession was true and was voluntarily made. Following these judgments in Yakub Abdul Razak Memon, this Court held that where the original confession was truthful and voluntary, the court can rely upon such confession to convict the accused in spite of a subsequent retraction and its denial in statement Under Section 313 of the Code. The law is thus crystallized. A retracted confessional statement is therefore not always worthless. We have no hesitation in reiterating that A1-Senthilkumar's confessional statement was recorded after following the correct procedure; that it was voluntary and truthful; that A1-Senthilkumar was not forced or compelled to give his statement and that the retraction of the said statement is clearly an afterthought and should be ignored."

49. As regards alleged threat and coercion claimed by the Noticee No. 2, specific questions were asked by me to him during his cross-examination:

"Q.35. What steps did you take if you were of the view that your statements were taken under coercion or threat. Did you complain to any authority?
A.35. I did not complain to any authority.

Q.36. Why did you not complain to any authority?
A.36. There is no specific reason and Order was passed later on. During the investigation, there was lot of pressure of other agencies getting involved and later it was told to me that if I cooperate with the investigation nothing will happen to me. When the order came, it was exactly opposite.

50. I find that there is no force in the submission of the *Noticee No. 2* that he had been coerced or put under duress/pressure by officials during statement recording to give statements as per their instructions, since no proof of alleged coercion or duress by officers has been shown in this regard. As per the established jurisprudence, the retracted statement can still be used if it is corroborated by independent cogent and reliable evidence.

51. After dealing with the preliminary issue, I now proceed to deal with the issues on merits. Having gone through the allegations levelled in the interim order cum SCN and materials available on record, I find that the following issue(s) arise for consideration in the instant matter:

51.1 Whether *Noticees*, by their acts, have violated provisions of the SEBI Act, 1992, the LODR Regulations and the PFUTP Regulations with respect to the following allegations:

i. Misrepresentation of financial statements
ii. Fraudulent preferential allotment and divestment of stake by Non-Promoters
iii. Diversion of funds by SSSL
iv. Failure of Corporate Governance
v. Failure on the part of Directors
vi. Failure on the part of Directors who were Audit Committee members and the Compliance Officers

51.2 If answers to the above are in affirmative, what directions to be issued and penalties to be levied against the said *Noticees*?

52. Before proceeding further to examine above seven allegations; it is pertinent to have the relevant provisions of law and the same are reproduced at **Annexure-A** to this order.

F.2 Consideration and finding with respect to the misrepresentation of financial statements

53. I have gone through the allegations in the SCN, submissions of *Noticees* and other materials available on record with respect to the allegation of misrepresentation of financial statements of SSSL by way of recording fictitious sale and purchase transactions, with an intent to inflate the turnover and the balance sheet size of SSSL.

54. The investigation revealed that during the FY 2020-21, SSSL took over the HUF business of the *Noticee No.* 2 (Mr. Manish Shah), *i.e.*, Seacoast Shipping and Marine Services HUF (**'Seacoast-HUF'**) and entered into a business takeover agreement dated May 15, 2020. As per the said business takeover agreement, it was mutually agreed between the parties that Seacoast-HUF will undertake the transactions on behalf of SSSL until the end of transition period, *i.e.*, FY 2020-21. Accordingly, all the sales and purchases incurred by Seacoast-HUF under its PAN and GST number for the FY 2020-21, were added to the books of SSSL.

55. The investigation regarding genuineness of sales and purchases of SSSL proceeded on the assumption that all the credits in the bank accounts (except the rights allotment account and the share premium account) were towards receipts from sales/debtors and all the debits in such bank accounts were towards payments for purchases/to creditors. A comparison of the amounts to be received by SSSL as per the Annual Reports vis-à-vis the amounts actually received in bank accounts of SSSL and Seacoast-HUF is shown in the following table:

Table 7

Period (FY)	As per the Annual Reports		As per the Bank Statements	Difference
	Purchases during FY	Amount to be paid during FY (after accounting for creditors and amounts written off)	Total amount of payments in the bank accounts	
2020-21	224.79	146.27	159.91	13.64
2021-22	116.82	25.41	29.02	3.61

Period (FY)	As per the Annual Reports		As per the Bank Statements	Difference
	Purchases during FY	Amount to be paid during FY (after accounting for creditors and amounts written off)	Total amount of payments in the bank accounts	
2022-23	396.32	519.10	67.30	(451.80)
Total	**737.93**	**690.78**	**256.23**	**(434.55)**

(in ₹ crores)

56. Considering all the payments, including non-related payments in the bank accounts, it has been noted that SSSL had paid only ₹256.23 crore, *i.e.*, only 37% of the amount which was supposed to be paid in FY 2020-21, FY 2021-22 and FY 2022-23 (₹690.78 crore) as per the purchase and creditor figures disclosed in the Annual Reports for the three years. It was alleged that the sales and purchases disclosed in the financial statements of the company for FY 2020-21, 2021-22 and 2022-23 were inflated.

i. Misrepresentation of financial statements during FY 2020-21

57. It was noted during the investigation that there were discrepancies in the sales and purchases for the FY 2020-21 as disclosed by SSSL in its Annual Report, in the sales registers of SSSL and Seacoast-HUF and in the GST returns of SSSL and Seacoast-HUF as shown below:

Table 8 Sales for FY 2020-21

Name	Sales (in ₹ crore)		
	As per Annual Report	As per Sales Register	As per GST returns
SSSL	**243.15**	94.55	85.45
Seacoast-HUF		151.59	149.38
Total		**246.14**	**234.83**

Table 9 Purchases for FY 2020-21

Name	Purchases (in ₹ crore)		
	As per Annual Report	As per Purchase Register	As per GST returns
SSSL	**224.79**	91.13	NA
Seacoast-HUF		158.13	9.62

Total		**249.26**	**NA**

58. It was observed that considering the non-submission of documentary e*vide*nces w.r.t. sales and purchases made by Seacoast-HUF, the genuineness of these transactions made by Seacoast-HUF, could not be ascertained. In respect of sales and purchases made by SSSL during the FY 2020-21, an analysis of three customers constituting 100% of the sales of ₹94.55 crores and five (out of seven) vendors constituting 98.89% of the purchases of SSSL, was done. The details of the customers and vendors are shown in the below tables:

Table 10 Customers

Sl. No.	Name of the Customer	Sale (in ₹ crore)	Product/ Service details
1	Bimstar Holdings Pte Ltd	81.35	Ocean Freight Service
2	S. Sons	8.76	Ocean Freight Service
3	Cogo Freight Private Limited	4.43	Ocean Freight Service
Total		**94.55**	

Table 11 Vendors

Sl. No.	Name of the Vendor	Purchase (in ₹ crore)	Product/ Service details
1	Allianz Bulk Carriers DMCC	73.31	Freight Purchase Import
2	Global Pet Chem	8.33	Advance Freight Salt
3	S. Sons	4.14	Custom Charges Purchase Container
4	Starchart Shipping and Marine Services Private Limited	4.03	Ocean Freight
5	Sharaf Shipping Agency LLC	0.97	Port Charges USD
6	Vojas Overseas	0.31	Freight Purchase Container
7	Ravin Marine Private Limited	0.04	Brokerage Commission
Total		**91.13**	

Bimstar Holdings Pte Ltd (Customer No. 1)

58.1 As per the Sale Register of SSSL for the FY 2020-21, 86% of the sales amounting to ₹81.35 crore were made to a single entity, viz., Bimstar Holdings Pte Ltd (hereinafter referred to as "**Bimstar**"), a Singapore-based Company which has since been struck off. The details of Bimstar are placed in the table below:

Table 12

Date of Incorporation	June 06, 2014
Paid up capital	1 SGD
Current Status	Struck Off
No of officers	2
Industry	Management Consultancy Services
Annual Return	Last filed on December 28, 2017 for FY ending May 31, 2017
Date of Last AGM	November 30, 2017

58.2 During the investigation, SSSL provided 11 sale invoices in respect of Bimstar totalling to ₹81.35 crore. However, no transaction of SSSL with Bimstar could be identified upon perusal of the bank statements of the bank account of SSSL mentioned in the aforesaid 11 sale invoices.

58.3 I note that during proceedings before me *Noticee Nos.* 1, 2 and 3 have not made any submission except bare denial of charges and have not furnished any evidence refuting the charges levied in this regard. The *Noticee Nos.* 1, 2 and 3 have not given any evidence in the Replies filed by them. It is worth noting that the *Noticee No.* 2 in his deposition dated February 05, 2024 before the IA, *inter alia*, stated as under:

"Out of Rs. 81.35 crore of sale made by SSSL to Bimstar approx. 90% sale is fictitious."

58.4 I further note that statements of the *Noticee No.* 2 were recorded before the IA on oath on three occasions, *i.e.* February 05, 2024, June 03, 2024 and August 01, 2024. Though, the *Noticee No.* 2 has retracted from statements given to the IA on June 03, 2024 which has been dealt with earlier, however, there is no such retraction from statements dated February 05, 2024 and August 01, 2024 on affidavit, as is the case with statement dated June 03, 2024, except stating in their reply that statements were given under duress. As discussed above, no proof, whatsoever, has been submitted by the Noticee for the alleged duress/coercion.

Allianz Bulk Carriers DMCC (Vendor No. 1)

58.5 It is observed from the Purchase Register of SSSL for the FY 2020-21, 80% of the purchases amounting to ₹73.31 crore were made from Allianz Bulk Carriers DMCC (hereinafter referred to as "**Allianz**"). SSSL pro*vide*d 11 purchase invoices in respect of Allianz totalling to ₹73.31 crore. However, on perusal of all the available bank statements of SSSL, no transaction with Allianz could be identified.

58.6 In this regard, I note that *Noticee Nos.* 1, 2 and 3 have not given any evidence refuting these charges in replies/submissions made by them during the course of proceedings. Further, Mr. Manish Shah (*Noticee No.* 2), in his deposition dated February 05, 2024, *inter alia*, stated as under:

"The entire purchases of Rs. 73.30 crore made by SSSL from Allianz are fictitious. No payment has been made by SSSL to Allianz."

Circulation of funds amongst certain other customers and vendors - S. Sons (Customer No. 2 and Vendor No. 2/proprietary concern of the *Noticee No.* 12), Cogo Freight Private Limited (Customer No. 3) and Vojas Overseas (Vendor No. 3)

58.7 The sales and purchases (as per registers/invoices) along with the transactions entered into by these entities with SSSL (as per Bank statements) during the investigation period are tabulated below:

Table 13

Entity Name	Sales made by SSSL as per sale register (in ₹ crore)	Amount as per sale invoice(s)	Amount received by SSSL (in ₹ crore)	Purchase made by SSSL (in ₹ crore)	Amount as per purchase invoice(s)	Amount paid by SSSL (in ₹ crore)
Vojas Overseas	-	-	-	0.31	No invoices pro*vide*d	0.31
S. Sons	8.76	8.76	1.50	4.14	4.14	2.15

Cogo Freight Private Limited	4.43	4.12	2.89	-	-	0.10

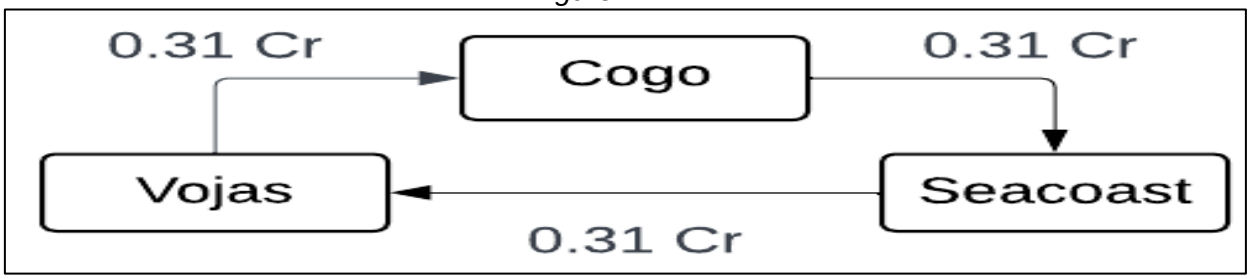
58.8 The SCN details the circulation of funds amongst these entities and SSSL which is illustrated as under:

(i) **Vojas Overseas-** As per the Purchase Register of SSSL for the FY 2020-21, purchases worth ₹0.31 crore were made by SSSL from Vojas. Below table and subsequent figure show the circulation of funds amongst these entities:

Table 14

Party	Date	Amount	Party	Date	Amount	Party	Date	Amount	Party
Cogo	22/01/2021	10,00,000	Seacoast	22/01/2021	10,00,000	**Vojas**	22/01/2021	10,00,000	Cogo
Cogo	22/01/2021	10,00,000	Seacoast	22/01/2021	10,00,000	**Vojas**	22/01/2021	10,00,000	Cogo
Cogo	25/01/2021	11,37,185	Seacoast	25/01/2021	11,37,185	**Vojas**	25/01/2021	11,37,185	Cogo

Figure 1



(ii) **S. Sons-** As per the Sales Register of Seacoast for the FY 2020-21, sales worth ₹8.76 crores were made by Seacoast to S. Sons. Further, as per the Purchase Register of Seacoast for the FY 2020-21, purchases worth ₹4.41 crores were made by SSSL from S. Sons. Below table and the subsequent figure show the circulation of funds amongst these entities:

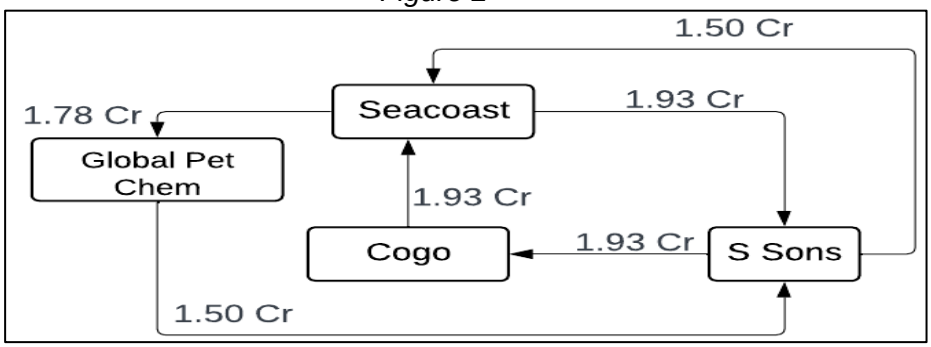
Table 15

Party	Date	Amount	Party	Date	Amount	Party	Date	Amount *	Party
Seacoast	08/12/2020	1,78,00,000	Global Pet Chem	21/12/2020	1,49,99,953	**S Sons**	21/12/2020	**1,50,00,000**	Seacoast

Party	Date	Amount	Party	Date	Amount	Party	Date	Amount *	Party
Seacoast	22/07/2021	93,00,000	**S Sons**	22/07/2021	93,00,000	Cogo	22/07/2021	**93,00,000**	Seacoast
Seacoast	22/07/2021	50,00,000	**S Sons**	22/07/2021	49,00,000	Cogo	22/07/2021	**49,00,000**	Seacoast
Seacoast	23/07/2021	24,00,000	**S Sons**	23/07/2021	25,00,000	Cogo	23/07/2021	**25,00,000**	Seacoast
Seacoast	23/07/2021	26,00,000	**S Sons**	23/07/2021	26,00,000	Cogo	23/07/2021	**26,00,000**	Seacoast
Seacoast	12/08/2021	10,00,000	**S Sons**	12/08/2021	10,00,000	Cogo	12/08/2021	10,00,000	Seacoast HUF
Seacoast	13/08/2021	5,00,000	**S Sons**	13/08/2021	5,00,000	Cogo	13/08/2021	5,00,000	Seacoast HUF
Seacoast	24/08/2021	7,00,000	**S Sons**	24/08/2021	7,00,000	Cogo	24/08/2021	7,00,000	Seacoast HUF

** Entire amount of ₹1.5 crore received by SSSL from S. Sons, and the payment of ₹1.93 crore (out of ₹2.15 crore) made by SSSL to S. Sons involved circulation of funds. The balance ₹0.22 crore paid by SSSL to S. Sons was indirectly paid to Seacoast-HUF.*

Figure 2



(iii) **Cogo Freight Private Limited-** From the above pictorial representations, it is seen that an amount of ₹2.24 crore (₹0.31 crore and ₹1.93 crore) out of ₹2.89 crore received by SSSL from Cogo involved circulation of funds. Further, out of the balance receipt of ₹0.65 crore, an amount of ₹0.55 crore was indirectly funded by Seacoast HUF. However, the fund trail regarding the remaining receipt of 0.10 crore by SSSL and payment of 0.10 crore by SSSL could not be traced. The same is illustrated below:

Table 16

Party	Date	Amount	Party	Date	Amount	Party	Date	Amount	Party
Seacoast HUF	31/05/2021	5,50,000	Vojas	31/05/2021	5,50,000	**Cogo**	31/05/2021	5,50,000	Seacoast
Seacoast HUF	29/07/2021	50,00,000	SSCH Shipping	29/07/2021	49,20,000	**Cogo**	29/07/2021	49,20,000	Seacoast
						Cogo	27/01/2021	10,00,000	Seacoast
									Seacoast
			Seacoast	24/02/2021	10,00,000	**Cogo**			

Global Pet Chem (Vendor No. 4)

58.9 It is observed from the Purchase Register of SSSL for the FY 2020-21 that SSSL made purchases amounting to ₹8.33 crore from Global Pet Chem. On perusal of bank statements of SSSL and Global Pet Chem, the following fund trail was observed:

Table 17

Party	Date	Amount	Party	Date	Amount	Party	Date	Amount	Party
Seacoast	02/12/2020	5,28,00,000	Global Pet Chem	03/12/2020	40,03,425	Elite Foods General Trading LLC			
	05/12/2020	1,30,00,000		07/12/2020	3,52,70,621				
	08/12/2020	1,78,00,000		08/12/2020	3,15,00,000	Real Tex	08/12/2020	3,14,87,392	Elite Foods General Trading LLC
				21/12/2020	1,50,00,000	S Sons	21/12/2020	1,50,00,000	Seacoast
				27/01/2021	15,00,000	Real Tex	27/01/2021	15,00,000	National Rice Mill
Total		**8,36,00,000**							

58.10 From the above, it is seen that SSSL made a payment of ₹8.36 crore to Global Pet Chem. Out of this amount, Global Pet Chem transferred an amount of ₹3.93 crore to Elite Foods General Trading LLC, an amount of ₹3.30 crore to Real Tex and an amount of ₹1.50 crore to S. Sons (which S. Sons, on the same day, transferred to SSSL). Real Tex further transferred an amount of ₹3.15 crore to Elite Foods General Trading LLC and an amount of ₹0.15 crore to National Rice Mill.

58.11 In this regard, specific questions were put to Mr. Manish Shah (*Noticee No.* 2) during investigation and reference is drawn to his deposition on February 05, 2024:

"Q. 29.1. What is the business of these entities? What relation does Seacoast have with these entities? Also, provide any connections of these entities with Seacoast.

A. 29.1. ***Allianz Bulk Carriers DMCC (Allianz):*** *They are based out of Dubai and are into vessel operating business. The entire purchases*

of Rs. 73.30 crore made by SSSL from Allianz are fictitious. SSSL or myself have no relation/ connection with Allianz. No payment has been made by SSSL to Allianz.

Global Pet Chem: *They are based out of Gandhidham and are into trading of crude oil and coal. The entire purchases of ₹8.32 crore made by SSSL from Global Pet Chem are fictitious. SSSL or myself have no relation/ connection with Allianz* (sic Global Pet Chem).

SSSL made a payment of Rs 8.37 crore to Global Pet Chem on account of ₹8.37 crore payable by Seacoast HUF. The amount received as loan from Induslnd bank was utilized for making this payment.

Ravin Marine Pvt Ltd (Ravin): *They are based out of Delhi and are ship brokers. The entire purchases of Rs. 0.04 crore made by SSSL from Ravin are genuine. SSSL or myself have no relation/ connection with Ravin.*

Sharaf Shipping Agency LLC (Sharaf): *They are based out of Dubai and are ship handling agents. The entire purchases of Rs. 0.97 crore made by SSSL from Sharaf are genuine. SSSL or myself have no relation/ connection with Sharaf."*

58.12 From the above, it can be seen that payment to the tune of ₹8.36 crore to Global Pet Chem by SSSL was made by utilising the Cash Credit facility availed from IndusInd Bank and thereby, an amount of ₹6.86 crore (₹8.36 crore - ₹1.50 crore which came back to SSSL from S. Sons) was diverted from the Company.

Starchart Shipping and Marine Services Private Limited (Vendor No. 5)

58.13 It is observed from the Purchase Register of SSSL for the FY 2020-21, purchases worth ₹4.03 crore were made by SSSL from Starchart Shipping and Marine Services Private Limited (hereinafter referred to

as "**Starchart**"). On perusal of bank statements of SSSL and Starchart, the following fund trail was observed:

Table 18

Party	Date	Amount	Party	Date	Amount	Party	Date	Amount	Party
Seacoast	04/12/2020	54,00,000	Starchart	05/12/2020	54,00,000	Fiducia	05/12/2020	52,50,000	Bluebell Polymers Pvt Ltd
Seacoast	05/12/2020	30,00,000	Starchart	05/12/2020	30,00,000	Fiducia	07/12/2020	6,50,000	Nirbhay Projects
							14/12/2020	25,00,000	Daywind Enterprise
Seacoast	10/12/2020	2,50,00,000	Starchart	10/12/2020	2,50,00,000	Seacoast HUF			
Seacoast	14/12/2020	25,00,000	Starchart	14/12/2020	25,00,000	Manish			
Seacoast	15/12/2020	10,00,000	Starchart	15/12/2020	10,00,000	Seacoast HUF			
Seacoast	22/12/2020	10,00,000	Starchart	22/12/2020	10,00,000	Seacoast HUF			
Seacoast	23/12/2020	7,00,000	Starchart	23/12/2020	7,00,000	Global Shipping Services			
Seacoast	27/08/2021	10,50,000	Starchart	27/08/2021	10,50,000	Manish			
Total		**3,96,50,000**							

58.14 From the above table, it is seen that SSSL made a total payment of ₹3.97 crore to Starchart by utilising the Cash Credit account availed by the Company from IndusInd Bank. Out of this amount, Starchart transferred an amount of ₹2.70 crore to Seacoast HUF, an amount of ₹0.36 crore to Mr. Manish Shah, an amount of ₹0.84 to Fiducia Infrastructure Pvt. Ltd., and an amount of ₹0.07 crore to Global Shipping Services. I note that the *Noticee No.* 2 in his deposition dated June 3, 2024, *inter alia*, admitted that the purchase of ₹4.03 crore by Seacoast from Starchart was fictitious. However, the statement dated June 03, 2024 has been retracted by Noticee No.2 and the same has been dealt with in earlier part of the order.

58.15 While statement has been retracted, there are evidences as discussed earlier, which suggests either no payment or circular payments for purchase/sales. Hence, pursuant to the hearing conducted before me on June 06, 2025 further questions for all these financial years together were asked to Noticees to give another opportunity to provide

evidences for purchase/sale. These are discussed in later part of this order.

Analysis of Balance Sheet for the FY 2020-21

59. An extract of Balance sheet of SSSL for FY 2020-21, as disclosed in the annual report, is reproduced as under:

Table 19

Assets	**Amount (in ₹ crore)**	**%**	**Liabilities**	**Amount in (₹ crore)**	**%**
Property, Plant and Equipment	0.06	0.04%	Equity Share Capital	33.67	22.64%
Loans & Advances	0.05	0.03%	Other Equity	11.43	7.68%
Trade Receivables	93.31	**62.73%**	Long term loans and liabilities	0.55	0.37%
Cash and Cash Equivalents	0.07	0.05%	Short term borrowing	19.99	13.44%
Short Term Loans & Advances	0.71	0.48%	Trade Payables	78.58	52.83%
Advance to suppliers	53.79	**36.16%**	Other current liabilities	0.81	0.54%
Balance with Govt. Authorities	0.75	0.50%	Provisions	3.71	2.49%
Inventory	0.00	0.00%			
Total Assets	**148.75**	**100.00%**	**Total Liabilities**	**148.75**	**100.00%**

On perusal of the aforesaid Balance Sheet of SSSL for FY 2020-21, it is seen that the Company had negligible (0.04%) tangible fixed assets of ₹0.06 crore, and zero inventory. Further, 98.89% of the total assets of Seacoast comprised

of trade receivables and advances to creditors/suppliers. The breakup of trade receivables and advances to creditors is shown in the below tables:

Table 20 Trade Receivables

Name of the Debtor	Amount (in ₹ crore)	Remarks
Bimstar Holdings Pte Ltd.	81.35	Arising out of alleged fictitious sale as noted above
S. Sons	7.27	Arising out of alleged fictitious sale as noted above
Cogo freight Pvt Ltd.	4.12	Arising out of alleged fictitious sale as noted above
Ebony India Ltd.	0.57	Corresponding sale couldn't be traced in the sale registers
Total	**93.31**	

Table 21 Advances to Creditors

Name of the Creditor	Amount (in ₹crore)	Remarks
Seacoast-HUF	51.04	Corresponding purchase couldn't be traced in the purchase registers
Starchart	1.66	Creditor pertaining to alleged fictitious purchase as noted above
Others	1.09	-
Total	**53.79**	

60. It is seen from the above tables that SSSL had a receivable amount of ₹51.04 crore from Seacoast-HUF, despite SSSL having taken over the business of Seacoast-HUF *vide* the Takeover Agreement dated May 15, 2020. In this regard, the *Noticee No.* 2 during his deposition dated February 05, 2024 claimed that SSSL had shown the receivables of Seacoast-HUF during the takeover transition period in its balance sheet under the category of 'advances to creditors'. However, it was seen during the investigation that the 'advances to creditors' suddenly became negligible in FY 2022-23 (without any corresponding receipt in respect of receivables of Seacoast-HUF). The same has been discussed in later part of this order while analysing financial statements of the FY 2022-23.

Analysis of cash flow statement of the FY 2020-21

61. I note that it has been alleged in the SCN that the financial statements of Seacoast for the FY 2020-21, were misrepresented and further, SSSL did not

receive full consideration in cash for the preferential allotment of shares done in the FY 2020-21. On perusal of Cash Flow Statement for the FY 2020-21 of SSSL it is noted that SSSL, *inter alia*, disclosed a cash inflow of ₹30.60 crore as '*Proceeds from shares issued including premium'*. During the FY 2020-21, SSSL made a preferential allotment of 2.02 crore shares, out of which 0.52 crore shares were allotted for a cash consideration of ₹7.88 crore and the balance 1.50 crore shares worth ₹22.73 crore were allotted to the *Noticee No.* 2 for non-cash consideration towards acquisition of Seacoast-HUF. An extract of Cash Flow Statement of SSSL for the FY 2020-21, as disclosed in the Annual Report, is reproduced in the below table:

Table 22

Particulars	Amount (in ₹ crore)	Amount (in ₹ crore)
Cash & Cash equivalents at the beginning of the year		**0.04**
Operating profit before Working Capital changes	15.75	
Adjustments for Working Capital	(65.82)	
Income Tax	(0.02)	
Net Cash Flow from Operating Activities		**(50.08)**
Purchase of Fixed Asset	0.06	
Increase in Long Term Loans and Advances	0.05	
Net Cash Flow from Investing Activities		**(0.12)**
Proceeds from share issued including premium	30.60	
Interest Expenses & Finance Cost	(0.92)	
Proceeds of short term borrowings	19.99	
Long term Borrowings	0.56	
Net Cash Flow from Financing Activities		**50.23**
Cash & Cash equivalents at the beginning of the year		**0.07**

62. In this regard, the *Noticee No.* 2 *vide* his email dated June 11, 2024 *inter alia* stated that the entire consideration received by the company against equity shares issued in form of cash consideration and non-cash consideration had been considered as cash inflow from financing activity. This part of the email has not been retracted.

63. From the above, it is observed that SSSL accounted the non-cash consideration of ₹22.73 crore (with respect to preferential shares allotted to the *Noticee No.* 2) as cash inflow under the category 'Proceeds from shares issued including premium'. I further note that during proceedings before me no submission has been made in this regard by the company, as discussed in subsequent paragraphs.

ii. ***Misrepresentation of financial statements during the FY 2021-22***

64. It was noted during the investigation that there were discrepancies in the sales and purchases for the FY 2021-22 as disclosed by SSSL in its Annual Report, in the sales registers of SSSL and in the GST returns of SSSL as shown below:

Table 23 Sales in FY 2021-22

Sales Amount (in ₹ crore)		
As per Annual Report	**As per Sales Register**	**As per GST returns**
127.80	**127.83**	**106.88**

Table 24 Purchases in FY 2021-22

Purchases Amount (in ₹ crore)		
As per Annual Report	**As per Purchase Register**	**As per GST returns**
116.81	**116.92**	**NA**

65. It is seen from the above tables that there is discrepancy between the figures for sales and purchases disclosed by SSSL in its Annual Report for the FY 2021-22 and the figures disclosed by SSSL in its GST returns for the FY 2021-22. It is noted that during the FY 2021-22, SSSL ventured into the business of agro sales and purchases, in addition to its business of ocean freight. The details of all vendors and customers of SSSL during the FY 2021-22 are shown at **Annexure- B**:

66. An analysis of two (out of five) ocean freight customers constituting 99.42% of the ocean freight sales, one (out of four) ocean freight vendor constituting 96.89% of the ocean freight purchases, ten agro customers constituting 100% of the agro sales, and eight agro vendors constituting 100% of the agro

purchases of Seacoast for FY 2021-22, was done during the investigation and the details of the same is as under:

Ocean Freight Business

Real Tex Shipping and Marine Services Pte Ltd (Customer No. 1) and Safe Cargo Shipping Services Pte Ltd (Vendor No. 1)

66.1 It is observed that Real Tex Shipping and Marine Services Pte Ltd ("Real Tex") and Safe Cargo Shipping Services Pte Ltd ("Safe Cargo") were registered with the Accounting and Corporate Regulatory Authority of Singapore on the same date with the same registered address and the *Noticee No.* 12 (Mr. Sushil Sanjot) was a common director of both these Companies. The *Noticee No.* 3 (Mr. Sameer Shah), one of the directors of SSSL was also a director of Safe Cargo. However, SSSL did not disclose the transactions with Real Tex Pte and Safe Cargo as related party transactions. The details of these two companies are as under:

Table 25

Name	Real Tex Shipping and Marine Services Pte Ltd ('Real Tex Pte')	Safe Cargo Shipping Services Pte Ltd ('Safe Cargo')
Date of Incorporation	April 15, 2019	April 15, 2019
Paid up capital	5000 SGD	5000 SGD
Current Status	Struck Off	Active
Address	1 Raffles place, #44-01A, One Raffles Place, Singapore 048616	1 Raffles Place, #44-01a, One Raffles Place, Singapore 048616
Industry	Shipping Agencies (Freight)	Shipping Agencies (Freight)
Previous Name	-	Seacoast Shipping And Marine Services Pte. Ltd
Annual Return	Not filed	Not filed
Date of Last AGM	Not filed	Not filed
Common Director	Sushil Sanjot	Sushil Sanjot & Sameer Shah

66.2 As per the Purchase Register of SSSL for FY 2021-22, 80% of the purchases amounting to ₹94.06 crore were made from a single entity, viz., Safe Cargo, as shown in the table above. During the investigation,

SSSL provided 12 purchase invoices in respect of Safe Cargo totalling to ₹94.06 crore. However, on perusal of all the available bank statements of SSSL, no transaction with Safe Cargo could be identified. Further, as noted earlier, during proceedings before me, no other evidence has been given by SSSL signifying that these transactions were genuine and not fictitious.

66.3 It is observed from the Sale Register of SSSL for FY 2021-22 that 47% of the sales amounting to ₹60.56 crore were made to a single entity, viz., Real Tex. During the investigation, SSSL provided 7 sale invoices in respect of Real Tex totaling to ₹60.56 crore. It is further observed from perusal of all the available bank statements of SSSL, no receipt from Real Tex could be identified. Further, the *Noticee No.* 2 in his deposition dated February 05, 2024 stated the following w.r.t. the aforesaid transactions:

"What is the business of these entities? What relation does Seacoast have with these entities? Also, provide any connections of these entities with Seacoast.

.....

Safe Cargo Shipping Services Pte Ltd (Safe Cargo):
Mr. Samir Shah is the shareholder of Safe Cargo. It is based out of Singapore. It is into Shipping and freight services. The entire purchases of Rs. 94.06 crore made by SSSL from Safe Cargo are fictitious. No payment has been made by SSSL to Safe Cargo.

Real Tex Shipping and Marine Services Pte Ltd (Realtex):
They are based out of Singapore. Out of Rs. 60.56 crore of sale made by SSSL to Realtex approx. 90% sale is fictitious."

66.4 I note that the statement recorded on oath on February 05, 2024 has not been retracted through Affidavit as is the case with statement dated June 03, 2024 and only a passing reference has been made in the reply of the *Noticee No.* 2 that the statements were made under duress and

coercion, as discussed above. No evidences have been submitted regarding genuineness of these transactions when specifically asked for, which is discussed later.

Damin Shipping Sea Cargo Services LLC (Customer No. 2)

66.5 I note from the Sale Register of SSSL for the FY 2021-22 that 36% of the sales amounting to ₹45.59 crore were made to a single entity, viz., Damin Shipping Sea Cargo Services LLC (hereinafter referred to as "**Damin**"). During the investigation, SSSL pro*vide*d 6 sale invoices in respect of Damin totalling to ₹45.59 crore. However, on perusal of all the available bank statements of SSSL, no transaction with Damin could be identified. Further, I note that during the investigation, the *Noticee No.* 2 during his deposition made on February 05, 2024 stated as under:

"The entire sale of ₹45.59 crore made to Damin LLC is fictitious."

Further, during the proceedings before me, no submissions were made in this regard and SSSL has not adduced any supporting document in the Reply to the SCN or Written Submissions to substantiate that sales to Damin were genuine and not fictitious.

66.6 I further note that there were no corresponding credit/debit entries found in the bank accounts of SSSL. It is to be seen that there is no e*vide*nce on record which has been submitted by SSSL to prove that the aforesaid transactions with the customers/vendors were genuine and not fictitious. As stated earlier, statement dated February 05, 2024 was not retracted in the Affidavit and only later it was submitted that it was made under duress.

66.7 In view of the above analysis of the Ocean Freight business, it is clear that *Noticees* have failed to prove genuineness of combined sales to Real Tex and Damin accounting for more than 99% of the sales and purchases from Safe Cargo accounting for more than 96% of purchases

pertaining to the Ocean Freight business of SSSL in the FY 2021-22, respectively. Post hearing before me, further opportunity was also given to *Noticees* to give explanation regarding these transactions and the same is discussed later in the order.

Agro Business

67. As per the Sale and Purchase registers of SSSL, the breakup of Agro Sales and Agro Purchases, and the corresponding receipts and payments reflected in the bank statement of SSSL's bank statement for the FY 2021-22, is as under:

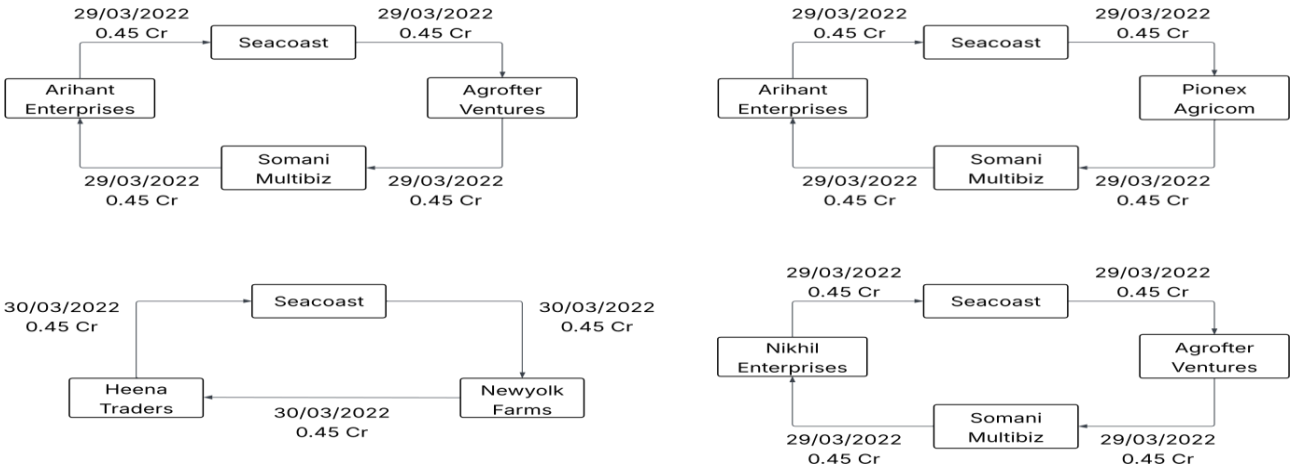
Table 26

Agro Customers	Amount as per Sales Register	Receipts in Bank Statement	Agro Vendors	Amount as per Purchase Register	Payments in Bank Statement
Shree Traders	6.85	6.85	Shalin Enterprise	6.86	6.86
Best Trading	4.36	4.36	Sadhana Trading Co	4.04	4.04
Arihant Enterprise	2.76	2.76	Agrofter Ventures Pvt Ltd	2.67	2.67
Nikhil Enterprise	2.01	2.01	Pionex Agricom Pvt Ltd	2.66	2.66
K D Enterprise	1.63	1.63	Newyolk Farms Pvt Ltd.	1.76	1.76
Heena Traders	1.39	1.39	Birmixten Agriserv Pvt Ltd	0.90	0.90
Shreenath Traders	1.11	1.11	Maxxters Trading Pvt Ltd	0.90	0.90
Paras Enterprise	0.54	0.54	Best Trading	0.05	0.05
Torextron Ventures Pvt Ltd	0.25	0.25			
Hiren Enterprise	0.17	0.17			
Total	**21.07**	**21.07**	**Total**	**19.84**	**19.84**

68. On perusal of the above table, it is seen that 100% of the receipts of Agro sales and 100% of the payments of Agro purchases reflected in SSSL's bank statement. However, on detailed analysis of bank statements of SSSL and all

the above-mentioned agro customers and agro vendors of SSSL for the FY 2021-22, it is noted that these receipts and payments to/from SSSL, involved circulation of funds amongst these entities. A sample illustration of the circulation of funds is shown below:

Figure 3



69. It can be seen from the above illustration that the amounts transferred to/from SSSL were immediately transferred back and funds were circulated amongst these entities. SSSL has not provided any evidence showing that these transactions were not circulation of funds. Further, reference is drawn to the deposition of the *Noticee No.* 2 made on February 05, 2024 during the investigation wherein the following has been stated w.r.t. the Agro sales and purchases:

"20. What is the rationale for converting the Company's business from 'Shipping business' to trading in 'Agro products'?

Reply: *By the end of FY 2021-22, the shipping business of SSSL was in the process of winding up. SSSL was not generating any revenue through shipping business. To make SSSL survive and to take care of the interest of public shareholders, I thought of somehow show that the company was generating revenues. Agro commodities do not attract any GST. Therefore, I thought of showing fictitious revenue by way of trading in agro commodities.*

This was done on the advice of Mr. Ajit Santoki, the Secretarial Auditor of SSSL."

As discussed above, the statement recorded on oath on February 05, 2024 has not been retracted through Affidavit as is the case with statement dated June 03, 2024. However, only later it was submitted that it was made under duress. Post hearing before me, further opportunity was also given to *Noticees* to give explanation regarding these transactions and the same is discussed later in the order.

Analysis of Balance Sheet for the FY 2021-22

70. An extract of Balance sheet of SSSL for the FY 2021-22, as disclosed in the Annual Report, is shown in the table below:

Table 27

Assets	Amount (in ₹ crore)	%	Liabilities	Amount (in ₹ crore)	%
Property, Plant and Equipment	0.00	0.00%	Equity Share Capital	33.67	13.60%
Loans & Advances	0.00	0.00%	Other Equity	14.04	5.67%
Trade Receivables	194.54	**78.56%**	Long term loans and liabilities	2.35	0.95%
Cash and Cash Equivalents	0.05	0.02%	Short term borrowing	20.16	8.14%
Short Term Loans & Advances	0.78	0.31%	Trade Payables	169.94	68.63%
Advance to suppliers	52.25	**21.10%**	Other current liabilities	0.19	0.08%
Inventory	0.00	0.00%	Provisions	7.28	2.94%
Total	**247.62**	**100.00%**	**Total**	**247.62**	**100.00%**

71. On perusal of the above table, it is seen that SSSL had negligible (0%) tangible fixed assets of ₹18,000/-, and zero inventory. Further, 99.66% of the total assets of SSSL comprised of trade receivables and advances to creditors. In this regard, the breakup of trade receivables and advances to creditors is shown in the tables below:

Table 28 Trade Receivable

Name of the Debtor	Amount (in ₹ crore)	Remarks
Bimstar Holdings Pte Ltd	81.35	Arising out of alleged fictitious sale as discussed earlier
Real Tex Shipping and Marine Services Pte Ltd	60.56	Arising out of alleged fictitious sale as discussed earlier
Damin Shipping Sea Cargo Services LLC	45.59	Arising out of alleged fictitious sale as discussed earlier
S. Sons	5.36	Arising out of alleged fictitious sale as discussed earlier
Cogo freight Pvt Ltd	1.64	Arising out of alleged fictitious sale as discussed earlier
Pentagon Waterlines Pvt Ltd	0.03	-
Total Debtors	**194.54**	

Table 29 Advances to Creditors

Name of the Creditor	Amount (in ₹crore)	Remarks
Seacoast-HUF	49.64	Arising out of alleged fictitious entry as discussed earlier
Starchart	1.76	Creditor pertaining to alleged fictitious purchase as discussed earlier
Others	0.85	-
Total	**52.25**	

72. On perusal of the above tables, it can be seen that the 'Trade Receivables' and 'Advances to Creditors' constituting 99.96% of the total assets of SSSL as on March 31, 2022 were allegedly fictitious. Further, despite specific queries put by me to *Noticees* during the hearing, SSSL has not brought on record any evidence to substantiate the claims that these sale/purchase transactions were genuine and not fictitious. This is discussed later.

iii. ***Misrepresentation of financial statements during the FY 2022-23***

73. Investigation further noted that there were discrepancies in the sales and purchases for the FY 2022-23 as disclosed by SSSL in its Annual Report, in the sales registers of SSSL and in the GST returns of SSSL, as shown below:

Table 30 Sales for FY 2022-23

Sales (in ₹ crore)		
As per Annual Report	**As per Sales Register**	**As per GST returns**
429.58	**429.58**	**226.53**

Table 31 Purchases for FY 2022-23

Purchases (in ₹ crore)		
As per Annual Report	**As per Purchase Register**	**As per GST returns**
396.32	**396.32**	**NA**

74. It is seen from the above tables that there is discrepancy between the figures for sales and purchases disclosed by SSSL in its Annual Report for FY 2022-23 and the figures disclosed by SSSL in its GST returns for FY 2022-23. SSSL failed to pro*vide* copies of GSTR 2A returns filed by the company, however, exempt, nil-rated and non-GST inward supplies to the tune of ₹212.56 crore were recorded as per GSTR 3B returns.

75. The details of all Agro customers and Agro vendors of SSSL during the FY 2022-23 are shown in **Annexure- C**.

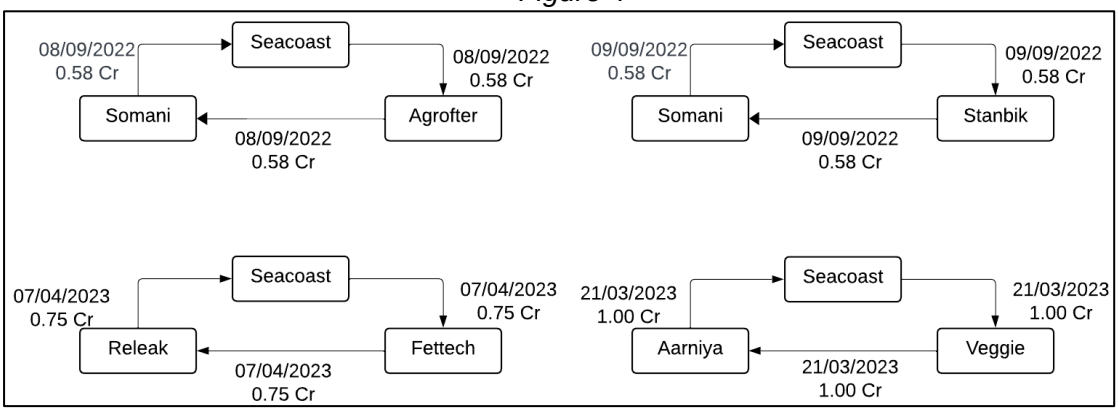
76. It is observed that during the FY 2022-23, all the sales and purchases of SSSL pertained to Agro sales and Agro purchases. In this regard, it is noted that as per the registers of SSSL, Agro sales were made to a total of 23 Agro customers (amounting to ₹429.58 crore) and Agro purchases were made from a total of 24 Agro vendors (amounting to ₹396.32 crore). However, it was revealed during the investigation that receipts and payments in the bank accounts of SSSL pertained to a few of these entities only and the amount reflecting in bank accounts was only a fraction of the amount of sales/purchases claimed in the sale and purchase registers of SSSL. The details of the same are tabulated below:

Table 32

Type of entity	Number as per registers	Total amount of transaction as per registers (A)	Number of entities appearing in bank statements of SSSL	Total amount of transaction with such entities as per bank statements (B)	% of amount reflecting in bank accounts (B/A*100)
Agro customers	23	429.58	11	72.35	16.84%
Agro vendors	24	396.32	11	70.70	17.84%

77. It was further revealed during the investigation that even the transactions partially reflected in SSSL's bank account involved circulation of funds amongst these entities by means of multiple transactions. A sample illustration of the circulation of funds is shown below:

Figure 4



78. It can be seen from the above illustration that the exact amounts transferred to/from SSSL were immediately transferred back and funds were circulated amongst these entities through a circuitous route.

Analysis of Balance Sheet for the FY 2022-23

79. An extract of Balance sheet of SSSL for the FY 2022-23, as disclosed in the Annual Report, is shown in the table below:

Table 33

Assets	Amount (in ₹ crore)	%	Liabilities	Amount (in ₹ crore)	%
Property, Plant and Equipment	0.04	0.03%	Equity Share Capital	33.67	22.03%
Loans & Advances	0.00	0.00%	Other Equity	28.33	18.53%
Trade Receivables	150.27	**98.31%**	Long term loans and liabilities	10.08	6.59%
Cash and Cash Equivalents	0.01	0.01%	Short term borrowing	18.29	11.97%
Short Term Loans & Advances	1.73	1.13%	Trade Payables	47.21	30.88%
Advance to suppliers	0.50	0.33%	Other current liabilities	1.52	0.99%
Inventory	0.00	0.00%	Provisions	13.76	9.00%
Total	**152.86**	**100.00%**	**Total**	**152.86**	**100.00%**

80. On perusal of the above table, I note that SSSL had negligible (0.03%) tangible fixed assets of ₹0.04 crore and zero inventory. Further, 98.31% of the total assets of SSSL comprised of trade receivables. In this regard, the breakup of trade receivables is shown in the table below:

Table 34

Name of the Debtor	Amount (in ₹ crore)	Remarks
Mahaan Enterprise	63.66	Arising out of fictitious sale as discussed earlier
S.K. Enterprise	29.14	Arising out of fictitious sale as discussed earlier
Divya Traders	26.56	Arising out of fictitious sale as discussed earlier
Chandrima Mercantiles Ltd	8.65	Arising out of fictitious sale as discussed earlier
S. Son's	5.36	Arising out of fictitious sale as discussed earlier
Releak Agriventures Ltd	4.34	Arising out of fictitious sale as discussed earlier
Chintan Agro	4.10	Arising out of fictitious sale as discussed earlier
Abdul Foods & Beverage	2.91	Arising out of fictitious sale as discussed earlier

Name of the Debtor	Amount (in ₹ crore)	Remarks
City Crops Agro Limited	2.30	Arising out of fictitious sale as discussed earlier
Damin Shipping Sea Cargo Services LLC	1.64	Arising out of fictitious sale as discussed earlier
Others	1.63	-
Total Debtors	**150.27**	

81. On perusal of the above table, it is seen that the 'Trade Receivables' constituting 98.31% of the total assets of SSSL as on March 31, 2023 were fictitious. Further, as noted above while analysing the financial misstatements of SSSL in the FY 2020-21, 'advances to creditors' which were more than ₹50 crore in the FY 2020-21 and FY 2021-22 suddenly become negligible in the FY 2022-23 with no explanation whatsoever. It is to be noted that the company has also not provided any explanation either in the Reply to the SCN or Written Submissions regarding the financial misrepresentations in SSSL.

iv. ***Misrepresentation of financial statements for the period April 01, 2023 to September 30, 2023***

82. From the breakup of sales and purchases disclosed by SSSL in its Quarterly results and GST returns for the period April 01, 2023 to September 30, 2023, the following is noted:

Table 35

Sales (in ₹ crore)		
As per Quarterly results	**As per Sales Register**	**As per GST returns**
221.15	**NA**	**221.15**
Purchases (in ₹ crore)		
As per Quarterly results	**As per Purchase Register**	**As per GST returns**
201.68	**NA**	**201.68**

83. I note from the SCN that despite multiple summons and repeated reminders the *Noticee No.* 2 has failed to produce the sales and purchase register of SSSL for the period FY 2020-21, FY 2021-22 and FY 2022-23, however, the Company

provided list of top 10 customers and top 10 vendors of SSSL for the period April 01, 2023 to September 30, 2023. The following is noted from the same:

Table 36

Sl. No.	Name of the Customer	Sale	Product/ Service details	Name of the Vendor	Purchase	Product/Service details
1.	Farmistrex Agro	23.17	Agro Sales	Doxtrec Enterprise	26.57	Agro Purchase
2.	Birford Trading	16.13	Agro Sales	**Sara Enterprise**	**20.59**	Agro Purchase
3.	Glimmer Trading Co	15.92	Agro Sales	Mahaan Enterprise	16.57	Agro Purchase
4.	Kiran Enterprise	14.77	Agro Sales	Gauttam Enterprise	14.35	Agro Purchase
5.	Infinity Trading	14.62	Agro Sales	S.R.G. Traders	13.80	Agro Purchase
6.	Hiren Enterprise	13.62	Agro Sales	Renu Enterpries	7.52	Agro Purchase
7.	Amba Enterprise	12.52	Agro Sales	Chandrima Mercantiles Ltd	7.42	Agro Purchase
8.	Anmol Trading	12.45	Agro Sales	S.K. Enterprise	7.33	Agro Purchase
9.	Renu Enterpries	9.99	Agro Sales	Janki Enterprise	6.76	Agro Purchase
10.	Paras Enterprise	9.81	Agro Sales	Mahaveer Agro	6.45	Agro Purchase
	Total	**143.01**		**Total**	**127.37**	

84. On perusal of the above table, it can be seen that the top 10 sales and top 10 purchases of SSSL for the period April 01, 2023 to September 30, 2023 were Agro sales (constituting 64.67% of the total sales) and Agro purchases (constituting 63.16% of the total purchases). However, on perusal of all the available bank statements of SSSL, no corresponding receipts/ payments in respect of the top 10 customers/vendors of SSSL for the period April 01, 2023 to September 30, 2023 could be identified except only for one payment of ₹0.07 crore to one vendor (Sara Enterprise).

v. ***Misrepresentation of financial statements for the period October 01, 2023 to December 31, 2023***

85. The breakup of sales and purchases disclosed by SSSL in its Quarterly results and GST returns for the period October 01, 2023 to December 31, 2023, reveals as under:

Table 37

Sales (in ₹ crore)		
As per Quarterly results	**As per Sales Register**	**As per GST returns**
27.99	**NA**	**0**
Purchases (in ₹ crore)		
As per Quarterly results	**As per Purchase Register**	**As per GST returns**
27.43	**NA**	**NA**

86. During the investigation, discrepancy was observed in the sales disclosed by SSSL in its Quarterly results for the quarter ending December 2023 (₹27.99 crore) and in the sales disclosed by SSSL in the GST returns for the period October 01, 2023 to December 31, 2023 (₹0 crore). I note that despite multiple summons and repeated reminders sent by the IA, the *Noticee No.* 2 (Mr. Manish Shah) failed to provide the sales and purchase register of SSSL for the period October 01, 2023 to December 31, 2023 and no supporting documents were submitted by SSSL during the investigation. It is seen from the above table that SSSL disclosed zero sale in its GST returns for the quarter ending December 2023. It is thus alleged that SSSL recorded fictitious sale and purchase transactions, with an intent to inflate the turnover and the balance sheet size for the period October 01, 2023 to December 31, 2023.

87. I further note that during proceedings before me, *Noticee Nos.* 1 and 2, except bare denial of allegations, have not made any submissions with supporting evidence refuting these allegations. During the personal hearing of *Noticees*, specific queries pertaining to alleged misrepresentation of financial statements were put by me to the Authorised Representative of *Noticees*. Further, *vide* email dated June 10, 2025 following specific questions pertaining to

misstatement of financial statements *inter alia* were also put to *Noticee Nos.* 1, 2 and 3:

a. to produce evidences like e-way bills, transportation documents, import/export documents for sale/purchase transactions;
b. to explain the discrepancies noted in sales/purchases reconciliation;
c. to provide the GSTR 2A returns that have not been provided earlier;
d. to explain why there are no supporting banking entries/transactions corresponding to sales/purchases in the book of accounts;
e. to explain how the money reflecting as per sales/purchases coming back through circuitous route cannot be taken as inflation of purchases/sales;
f. to produce the entry that was passed in the book of accounts of Seacoast and in the account of Seacoast HUF, when Seacoast HUF was acquired by Seacoast;
g. to explain how advances to creditors suddenly became negligible in FY 2022-23; and
h. to explain how cash flow statements is correct, since it has been observed in SCN that non-cash consideration was accounted as cash inflow.

88. However, in response to the above questions/queries, it was, *inter alia*, submitted in the Written Submissions dated June 20, 2025, that certain information sought therein had already been submitted during the course of investigation and it was further submitted that since the Company was currently facing resource constraints, therefore, the *Noticees* were not in a position to adequately retrieve and provide all the information and documents sought. It is conspicuous that *Noticees* have expressed their inability in providing the information that has been sought from them time to time. The Noticee except bare denials of allegations has failed to provide any documentary evidence showing that its sale/purchase transactions as shown in the aforesaid paragraphs were genuine and that there was no circulation of funds between SSSL and its vendors/customers as alleged. I further note that no response has

been given by SSSL to the specific queries put to it regarding the discrepancies noted in sales/purchase reconciliation.

89. I note that sufficient opportunities were provided to *Noticees* to provide evidence in this regard. However, SSSL has failed to provide any evidence whatsoever to refute the allegations of misrepresentation in financial statements, either in its reply to the SCN, or during hearing conducted before me or in the detailed Written Submissions filed during the course of these proceedings despite specific queries put to them by me.

90. In the given circumstances, prudent approach for a public listed company would have been to provide appropriate evidence in the form of genuine bank entries for sale/purchase transactions, documentary evidence for sale/purchases by the company, e-way bills, transportation documents, import/export documents, corresponding banking entries or any other supporting evidence to disprove the circulation of funds identified between the company and its customers/vendors. However, *Noticees* have failed to provide any evidence in this regard and no documents/explanation has been given even when the same was specifically sought from them during the proceedings before me.

91. Further, w.r.t. the revenue from operations of SSSL, the following excerpt of statement recorded on oath on February 05, 2024 may also be seen wherein the following was submitted by the *Noticee No.* 2:

"Q.22. For the FY 2020-21, FY 2021-22 and FY 2022-23, the revenue from operations for SSSL was shown as Rs. 243.16 crore, Rs. 127 .80 crore and Rs. 429.57 crore, respectively. Please state whether these figures were genuine.

A.22.

FY 2020-21

The revenue from operations of SSSL for FY 2020-21, consisted of revenue generated by Seacoast HUF of Rs. 149 crore and revenue generated by SSSL of Rs. 94 crore. The revenue generated by Seacoast HUF is genuine. I'll provide

the signed financials and bank account statements of Seacoast HUF for FY 2020-21 .

Out of the revenue of Rs. 94 crore generated by SSSL, approx. 75% were fictitious.

The balance approx. 25% of revenue for FY 2020-21 was genuine. I'll provide the signed financials and bank account statements highlighting the fund receipts/payments w.r.t. the genuine sale/ purchases of SSSL for FY 2020-21.

FY 2021-22

The revenue from operations of SSSL for FY 2021-22 was Rs. 127 crore, out of which approx. 75% were fictitious.

The balance approx. 25% of revenue for FY 2020-21 was genuine. I'll provide the signed financials and bank account statements highlighting the fund receipts/payments w.r.t. the genuine sale/ purchases of SSSL for FY-2021-22.

FY 2022-23

The entire revenue from operations of SSSL for FY 2022-23 of Rs. 450 crore, were fictitious. Also, the entire revenue from operations for the period April 01, 2023 to December 31, 2023 were fictitious. There was no movement of goods. The sale and purchase of Agro based commodities that were exempt under GST was only on paper."

92. Even the *Noticee No.* 3 deposed during his statement recorded on February 27, 2024 that sale/purchase transactions between various vendors/customers of SSSL were fictitious. It cannot be ignored that *Noticee Nos.* 2 and 3 had given detailed descriptions of all the fictitious/genuine transactions of the Company during their respective depositions. They had specifically transcribed in their own handwriting as to which transactions were genuine and which were fictitious

93. The sole defence that SSSL or *Noticee Nos.* 2 and 3 have taken in their collective Reply is that the statements of the *Noticee No.* 2 were made under duress and have since been retracted *vide* an Affidavit dated November 05, 2024, therefore, the same cannot be relied upon. As discussed above, in

Affidavit dated November 05, 2024, the *Noticee No.* 2 has only retracted from statements given on June 03, 2024 and only in their subsequent reply, it has been stated that statements given by *Noticee Nos.* 2 and 3 were under duress, hence are not viable and lack credibility. However, no evidence in this regard has been submitted.

94. The issue of retraction of the statement of the *Noticee No.* 2 dated June 03, 2024 has already been dealt in detail in earlier part of this Order. Even if we ignore the statements, the independent evidence shows that there were large scale manipulations in the financial statements of SSSL as highlighted in detail above.

95. The best defence for *Noticees* in these facts would have been to produce the genuine bank transactions, and other evidence sought from them showcasing that payments were genuine. Similarly, documents as requested, could have been produced to prove genuineness of purchase/sale made to/from SSSL for all these aforesaid transactions. However, nothing has been submitted to that effect which further substantiates the finding that these transactions were fictitious.

96. In view of the non-submission of documentary evidence by *Noticees* suggesting otherwise or substantiating that the sale/purchase transactions of SSSL were genuine and there were no circular transactions, I find that SSSL had recorded fictitious sale and purchase transactions, with an intent to inflate the turnover and the balance sheet size of SSSL. I further note that either there is no payment/receipt against purchase/sale or wherever there are such payment/receipts, there are compelling material evidences on record such as circulation of funds identified amongst SSSL and its customers and vendors, to lead me to the conclusion that SSSL had recorded fictitious sale and purchase transactions with an intent to inflate the turnover and the balance sheet size for the FY 2020-21, FY 2021-22 and FY 2022-23 and for the period from April 01, 2023 to December 31, 2023.

97. The finding against *Noticees* is primarily based on the material available on record and the non-submission of crucial documents by *Noticees* in their defence. The confessional statements given by *Noticee Nos.* 2 and 3 on oath w.r.t. the misrepresentation of financial statements have only been used as a corroborative and secondary evidence. I am of the considered view that the financial statements of SSSL were misrepresented/misstated as detailed above.

vi. ***Impact of misrepresentation on financial statements***

98. The investigation has alleged that except for the sales pertaining to Seacoast-HUF in the FY 2020-21 and insignificant amount of sales with sundry customers in the FY 2021-22, all other sales of SSSL totaling to ₹900.45 crore (out of ₹1,049.67 crore *i.e.*, 85.78%) for the period April 1, 2020 to December 31, 2023 were fictitious. From investigation report, I note the following period-wise details of impact of misrepresentation on financial statements of SSSL:

Table 38 Impact of misrepresentation on statement of Profit and Loss

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	April 01, 2023 to December 31, 2023	Total
Revenue disclosed by SSSL in its Annual Reports (A)	243.15	127.80	429.58	249.14	1,049.67
Alleged fictitious revenue identified in the Investigation (B)	94.55	127.18	429.58	249.14	900.45
Revenue whose genuineness couldn't be ascertained (A-B)	148.60	0.62	-	-	149.22
% of alleged fictitious Revenue identified (B/A*100)	38.89 %	99.52%	100.00 %	100.00%	**85.78%**

(in ₹ crores)

99. The impact of the misrepresentation on the Balance Sheet of SSSL is shown in the table below:

Table 39 Impact of misrepresentation on Balance Sheet

Particulars	FY 2020-21	FY 2021-22	FY 2022-23
Total assets (A)	148.75	247.62	152.86

Particulars	FY 2020-21	FY 2021-22	FY 2022-23
Alleged fictitious trade receivables (B)	93.31	194.51	150.27
Alleged fictitious advances to creditors (C)	52.70	51.40	-
Alleged fictitious Assets (D = B+C)	146.01	245.91	150.27
% of alleged fictitious Assets (D/A*100)	**98.16**	**99.31**	**98.31**

(in ₹ crores)

100. Further, it has been found that the equity capital of the company surged during these years without a commensurate rise in its tangible assets as shown in the table below:

Table 40 Equity Capital of the Company

Particulars	March 2020	March 2021	March 2022	March 2023
Equity Capital	2	34	34	34
Fixed assets	0	0	0	0
Total Assets	3.56	148.75	247.62	152.86

(in ₹ crores)

101. The publication of such untrue and misleading financial results of the Company during this period misled the public about the financial soundness of the company. Publication of manipulated financial figures by SSSL had a significant impact on the number of public shareholders and on the scrip price which is illustrated as under:

Figure 5 No. of public shareholders

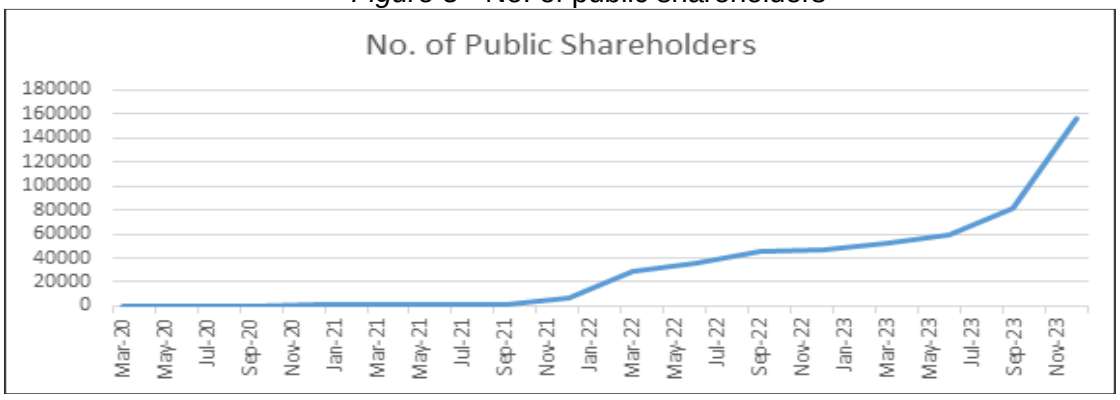


Figure 6 Price Volume Chart

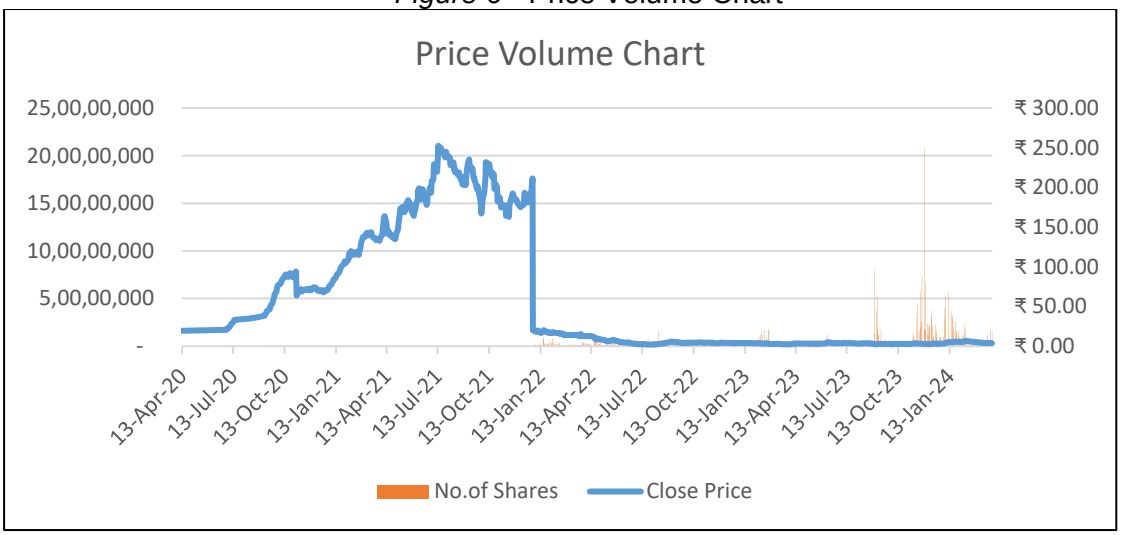
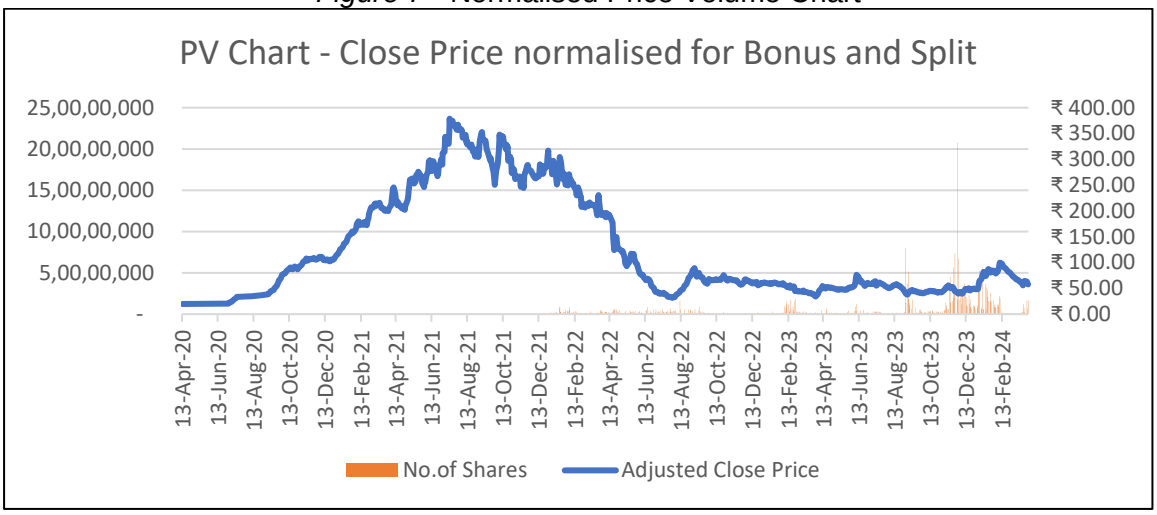


Figure 7 Normalised Price Volume Chart



102. It can be seen from the above figures that while the number of shareholders in SSSL increased, the share price witnessed rapid rise, touching its highest on July 14, 2021 and subsequently fell sharply during the investigation period, *i.e.*, from April 1, 2020 to December 31, 2023. Thus, quite clearly due to the misrepresentation of financials, there is an impact on price of its listed equity.

vii. Preferential allotment and divestment of stake by Promoters of SSSL

103. The investigation revealed that *Noticee Nos.* 2 and 3 entered into a Share Purchase Agreement ("**SPA**") dated November 22, 2019 with Safal Constructions (India) Pvt Ltd, the erstwhile Promoter of the Company, for acquisition of equity shares and the change in control and management of SSSL. Due to the said agreement, an open offer was triggered, and on April 20, 2020 the *Noticee Nos.* 2 and 3 acquired 2,30,000 and 42,000 shares of face value ₹10/- at a premium of ₹5.15/-, respectively. Accordingly, on May 12, 2021, the *Noticee Nos.* 2 and 3 acquired 11,30,200 and 1,99,500 equity shares of face value ₹10/- at a premium of ₹5.15/- from Safal Constructions (India) Pvt. Ltd., respectively.

104. SSSL issued 1.50 crore shares (face value ₹10/- at a premium of ₹5.15/-) to Mr. Manish Shah (*Noticee No.* 2) as a preferential allotment on August 14, 2020 on account of taking over the business of Seacoast-HUF. In this regard, upon examination of relevant documents, it is observed that the business of Seacoast-HUF (owned by Mr. Manish Shah), valued at ₹27.64 crore, was separated from Manish Shah HUF to Mr. Manish Shah in his individual capacity. Later, Mr. Manish Shah transferred the business of Seacoast-HUF to SSSL and was in turn allotted 1.50 crore equity shares of SSSL worth ₹22.73 crore (*i.e.*, 1.5 crore shares at ₹15.15 each) on a preferential basis as part consideration and the remaining consideration was supposed to be paid by the Company to Mr. Manish Shah, on or before March 31, 2021. In this regard, I note that Mr. Manish Shah in his deposition dated June 03, 2024, *inter alia ,* had stated that he had not received any cash consideration.

105. As per the Business takeover agreement, assets and liabilities of Seacoast-HUF as on March 31, 2020, acquired by SSSL, are as under:

Table 41

Assets	Amount (in ₹ crore)	% of Total Assets	Liabilities	Amount (in ₹ crore)	% of Total Liabilities
Fixed Assets & Deposits	24,97,796	0.40%	Provision for expenses	3,72,253	0.11%
Advances	12,27,00,500	**19.53%**	Unsecured Loans	8,18,90,870	23.27%
Sundry Debtors	46,35,45,577	**73.77%**	Duties & Taxes	36,85,473	1.05%
Balance with government	3,95,96,504	6.30%	Sundry Creditors	26,60,12,140	75.58%
Total Assets (A)	**62,83,40,577**	**100.00%**	**Total Liabilities (B)**	**35,19,60,736**	**100.00%**
Net Assets (A-B)	**27,63,79,841**	**43.99%**			

106. On perusal of the above table, it is seen that trade receivables (₹46.36 crore) and advances (₹12.27 crore) accounted for 93.30% of the total assets of Seacoast-HUF as on March 31, 2020. Since SSSL acquired Seacoast-HUF during the FY 2020-21, these assets and liabilities of Seacoast-HUF should have been reflected in the financial statements of SSSL for the FY 2020-21. In this regard, the *Noticee No.* 2, in his deposition dated June 03, 2024 and *vide* email dated June 11, 2024, stated the following:

"The effect of net assets acquired by the company is appearing in other current assets in the Financial Statements of SSSL for FY 2020-21."

107. On perusal of Balance Sheets of SSSL for FY 2020-21, FY 2021-22 and FY 2022-23, the following was observed:

FY 2020-21: The total amount shown by SSSL in Other Current Assets was ₹54.54 crore, out of which Advance to Creditors was ₹53.79 crore. Further, in the footnote for Advance to Creditors, the following was stated:

"Advance to Creditors includes receivable from Seacoast Shipping Services HUF Prop. Manish Shah due to business take over adjustment amounting to Rs. 51,04,17,745/-"

FY 2021-22: The total amount shown by SSSL in Other Current Assets was ₹52.25 crore, out of which Advance to Creditors was ₹52.25 crore.

FY 2022-23: The total amount shown by SSSL in Other Current Assets was ₹0.81 crore, out of which Advance to Creditors was ₹0.51 crore.

108. In the Balance Sheet of the FY 2020-21, it was indicated by SSSL in the footnote that an amount of ₹51.04 crore was receivable from Seacoast-HUF, however, it did not form part of the Balance Sheet of SSSL for the FY 2022-23. Thus, as discussed earlier, the *'advances to creditors'* suddenly became negligible in the FY 2022-23 as tabulated below:

Table 42 Advances to Creditors

Particulars	FY 2020-21	FY 2021-22	FY 2022-23
Advances to creditors	53.79	52.25	0.50

109. On perusal of the Statement of Profit and Loss of SSSL for the years ended March 31, 2021, March 31, 2022 and March 31, 2023, no impairment/write-off/provisioning of assets (other than Income Tax Provision) could be identified. Also, Seacoast-HUF did not feature in the purchase registers of SSSL for FY 2020-21, FY 2021-22 and FY 2022-23. Hence, investigation found that there was no possibility of adjustment/set-off of the amount against any payable to Seacoast-HUF, on account of purchases. In addition, on perusal of Cash Flow Statements of SSSL for the years ended March 31, 2021, March 31, 2022 and March 31, 2023, no cash inflow (other than Proceeds from issuance of shares and short-term borrowings) could be identified.

110. In view of the above, it has been alleged that SSSL did not receive any Assets/Liabilities from Seacoast-HUF and SSSL allegedly fraudulently allotted 1.50 crore equity shares worth ₹22.73 crore to the *Noticee No.* 2 on a preferential basis without acquiring any Net Assets from Seacoast-HUF of the *Noticee No.* 2 in return. It has further been alleged that SSSL's books of account were inflated and thereby misrepresented by fictitiously accounting for the equity capital to the tune of ₹22.73 crore. In addition, by allotting shares worth ₹22.73 crore without acquiring any net assets, SSSL created a liability of ₹22.73 crore in its books of account, and thus caused a loss of ₹22.73 crore to the Company.

111. It has been alleged that SSSL violated clauses (a), (b), (c), (e), (g), (h), and (j) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4 of the LODR Regulations, by publishing misrepresented financial results and violated clauses (a) and (c) of sub-regulation (1) of regulation 33, and regulation 48 of the LODR Regulations by violating IND AS 1 (Presentation of Financial Statements), IND AS 7 (Statement of Cash Flows) and IND AS 115 (Revenue from Contracts with Customers). Further, by fraudulently allotting 1.50 crore shares of SSSL worth ₹22.73 crore, SSSL violated sub regulation (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations and sub-sections (a), (b) and (c) of section 12A of the SEBI Act, 1992. The *Noticee No.* 2 has been alleged to have violated sub regulations (a), (b), (c) and (d) of regulation 3 and sub-regulation (1) of regulation 4 of the PFUTP Regulations read with sub-sections (a), (b) and (c) of section 12A of the SEBI Act, 1992 for defrauding SSSL by allotting 1.50 crore shares of SSSL to himself.

112. I note that no submissions have been made by *Noticee Nos.* 1 and 2 with regard to the alleged acquisition of Seacoast-HUF by SSSL without receipt of any assets. Admittedly, no consideration was received by SSSL in lieu of transfer of shares to the *Noticee No.* 2 pursuant to acquiring Seacoast-HUF. I further note that *Noticees* have failed to rebut the allegations contained in the SCN except bare denial that entries in the books of account involving acquisition of Seacoast-HUF by SSSL were genuine and the allotment of 1.50 crore shares to the *Noticee No.* 2 was not fraudulent. It is also to be noted that *Noticees* have failed to explain why Advances to Creditors suddenly became negligible in the FY 2022-23 whilst the same were reflected in balance sheet of FY 2020-21, when Seacoast-HUF was acquired by SSSL. In this regard, pursuant to the hearing conducted before me on June 06, 2025 *Noticees* were advised *vide* email dated June 10, 2025 to produce record of the entry that was passed in the book of accounts of Seacoast and in the account of Seacoast HUF, when Seacoast HUF was acquired by Seacoast. Further,

explanation was also sought as to how advances to creditors suddenly became negligible in FY 2022-23. I note that *Noticees* have failed to produce any explanation in this regard.

113. It is trite law that a public company needs to maintain proper books of accounts reflecting all transactions in a true and fair manner so that investors have true visibility of state of affairs of the company. In the instant matter, it can be seen that submissions of *Noticees* in the Reply or Written Submissions and submissions made during the course of personal hearing are bereft of any merits inasmuch as the allegations pertaining to the acquisition of Seacoast-HUF by SSSL are concerned. While statements are made that transactions are genuine, no explanation is provided how are they genuine. Even details of accounting entries are not provided which would have helped in understanding the transactions.

114. In terms of clauses (a), (b), (c), (e), (g), (h), and (j) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4 of the LODR Regulations, a listed entity is obligated to abide by the principles governing disclosures and obligations under the LODR Regulations, including preparing and disclosing information in accordance with applicable standards of accounting, refraining from misrepresentation, providing adequate and timely information etc. Further, in terms of clauses (a) and (c) of sub-regulation (1) of regulation 33, and regulation 48, a listed entity shall comply with the relevant guidelines/Accounting Standards while preparing financial results/Annual Report.

115. I find that SSSL failed to abide by the principles governing disclosures and obligations under the LODR Regulations. SSSL also failed to comply with the guidelines as per the LODR Regulations and IND AS 1 (Presentation of Financial Statements), IND AS 7 (Statement of Cash Flows) and IND AS 115 (Revenue from Contracts with Customers), while preparing the financial results and Annual Reports. Accordingly, I find that by publishing misrepresented financial statements, SSSL has violated clauses (a), (b), (c),

(e), (g), (h), and (j) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4, clauses (a) and (c) of sub-regulation (1) of regulation 33, and regulation 48 of the LODR Regulations.

116. I note that the interim order cum SCN, *inter alia*, has alleged that misrepresentation/misstatement in financial statements and publishing the same were fraudulent actions and practices and further operated as a device to deceive and defraud investors dealing in the shares of SSSL. Accordingly, it has been alleged that SSSL violated various provisions of the PFUTP Regulations. I note that SSSL, in its reply and Written Submissions has denied the allegations stating that any statement made under duress, which has further been retracted, holds little evidentiary value and cannot be the sole basis for sustaining serious allegations such as the allegation of fraud against *Noticees*. In this regard, I note that statements of the *Noticee No.* 2 recorded on oath on February 05, 2024 and August 01, 2024 as well as statement of the *Noticee No.* 3 recorded on February 27, 2024 have not been retracted through Affidavit as is the case with statement of the *Noticee No.* 2 dated June 03, 2024 and only a passing reference has been made in the reply that their statements were made under duress, without submitting any evidence

117. Sub-sections (a), (b) and (c) of section 12A of the SEBI Act, 1992 and sub-regulations (b), (c) and (d) of regulation 3 of the PFUTP Regulations prohibit, buying, selling or otherwise dealing in securities in a fraudulent manner, employment of any manipulative/deceptive device, scheme or artifice to defraud in connection with dealing in securities, engaging in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with dealing in securities, directly or indirectly.

118. Further, sub-regulation (1) of regulation 4 of the PFUTP Regulations seeks to prohibit manipulative, fraudulent or unfair trade practices relating to securities market. Provision contained in the Explanation to sub-regulation (1) of regulation 4 of the PFUTP Regulations were already covered under sub-regulation (1) of regulation 4 as being fraudulent as well as unfair trade

practices. What was earlier implicit has now been made explicit by adding the 'Explanation' to sub-regulation (1) of regulation 4 of the PFUTP Regulations with effect from October 19, 2020. The amendment in the above mentioned provision, though made effective from October 19, 2020, is a clarificatory explanation explaining the existing situation that acts of diversion/mis-utilisation/siphoning of funds of a listed company or employment of any device, scheme or artifice to manipulate the books of accounts or financial statements of such company, that would directly or indirectly manipulate the price of the securities of that company, thereby inducing the investors to deal in securities or to remain invested in the securities of that company, are fraudulent and amount to unfair trade practices relating to the securities market, which are covered under sub-regulation (1) of regulation 4 of the PFUTP Regulations.

119. Further, the terms *"dealing in securities"* and *"fraud"* as defined in clauses (b) and (c) of sub-regulation (1) of regulation 2 of the PFUTP Regulations, respectively, are inclusive. In terms of sub-clause (ii) of clause (b) of sub-regulation (1) of regulation 2 of the PFUTP Regulations, dealing in securities includes such acts which may be knowingly designed to influence the decision of investors in securities.

120. Further, sub-regulation (2) of regulation 4 of the PFUTP Regulations lays down specific rules that prohibit conduct by deeming them fraudulent activities. In terms of clause (e) of sub-regulation (2) of regulation 4 of the PFUTP Regulations, any act or omission amounting to manipulation of the price of a security including, influencing or manipulating the reference price or bench mark price of any securities is deemed to be a fraudulent activity.

121. Further, in terms of clause (f) of sub-regulation (2) of regulation 4 of the PFUTP Regulations, the act of knowingly publishing or causing to publish or reporting or causing to report by a person dealing in securities any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not

believe to be true prior to or in the course of dealing in securities, is deemed to be a fraudulent activity.

122. Further, in terms of clause (k) of sub-regulation (2) of regulation 4 of the PFUTP Regulations, an act of disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities, was deemed to be fraudulent or unfair trade practice. The above provision was amended with effect from January 25, 2022 *vide* the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2022. The amended provision provides that the act of disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities, shall be deemed to be a fraudulent activity.

123. In terms of clause (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations, an act of knowingly planting false or misleading news or information which may induce sale or purchase of securities, shall be deemed to be a fraudulent activity.

124. I note that as per the SCN, the share price of Seacoast increased gradually and touched its highest on July 14, 2021 during the investigation period. Further, there was a significant rise in the number of public shareholders of SSSL. Had the above instances of misstatement/misrepresentation in the financial statements of SSSL been reflected correctly and published in the form of actual financial statements, the profit/losses and financial position of the company would have been different from the reported financial statements, which would have had a bearing on the price of the scrip. I find that SSSL used deceptive device, scheme or artifice which operated as deceit upon investors/shareholders of SSSL by not reflecting the correct financials of the SSSL. Thus, I find that the acts of SSSL leads to violation of provisions of sub-

sections (a), (b) and (c) of section 12A of the SEBI Act, 1992 read with sub-regulations (b), (c) and (d) of regulation 3 and sub-regulation (1) of regulation 4 of the PFUTP Regulations.

125. Further, I find that acts of SSSL in misrepresenting/misstating financial statements and publishing the same, are fraudulent activities and practices as per clauses (e), (f) and (r) of sub-regulation (2) of regulation 4 and clause (k) of sub-regulation (2) of regulation 4 of the PFUTP Regulations, as per both pre amended and amended provision. Financial statements are crucial in influencing the decisions of investors as they provide a comprehensive overview of a company's financial health, performance and cash flows. Hence, their continued misrepresentation over a span of three continuous FYs misguided investors in taking informed decisions while dealing in securities and hence falls under fraudulent category. As discussed in earlier part of this order, impact of misrepresentation of financials is clearly visible on the price and volume of the scrip.

126. It may be noted that in the matter of ***SEBI vs. Shri Kanaiyalal Baldevbhai Patel***[4], Hon'ble Supreme Court, *inter alia* held that:

"37. It should be noted that the provisions of regulations 3 (a), (b), (c), (d) and 4(1) are couched in general terms to cover diverse situations and possibilities. Once a conclusion, that fraud has been committed while dealing in securities, is arrived at, all these provisions get attracted in a situation like the one under consideration. We are not inclined to agree with the submission that SEBI should have identified as to which particular provision of FUTP 2003 regulations has been violated. A pigeon-hole approach may not be applicable in this case instant."

127. Accordingly, I find that the acts of SSSL as discussed above are in violation of sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4

[4] 2017 (15) SCC 1

read with clauses (b) and (c) of sub regulation (1) of regulation 2 of the PFUTP Regulations and sub-sections (a), (b) and (c) of section 12A of the SEBI Act, 1992, stands established against SSSL.

128. I further find that the *Noticee No. 2* defrauded SSSL by allotting 1.50 crore shares of SSSL to himself and violated sub-regulations (a), (b), (c) and (d) of regulation 3 and sub-regulation (1) of regulation 4, read with clauses (b) and (c) of sub regulation (1) of regulation 2 of the PFUTP Regulations and sub-sections (a), (b) and (c) of section 12A of the SEBI Act, 1992

Divestment of stake by Promoters

Noticee No. 2

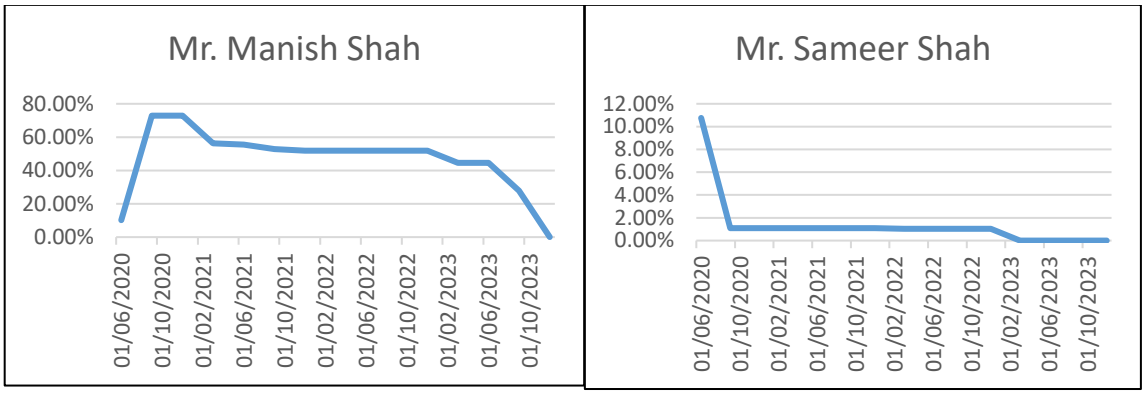
129. The following is observed with regard to promoter shareholding of the company:

Table 43

Date	Manish Shah (A)		Sameer Shah (B)		Promoters (A+B)	
	No. of Shares	% of shareholding	No. of Shares	% of shareholding	No. of Shares	% of shareholding
30/06/2020	2,30,000	10.24	2,41,500	10.76	4,71,500	21.00
30/09/2020	1,63,60,200	72.89	2,41,500	1.08	1,66,01,700	73.97
31/12/2020	2,45,40,300	72.89	3,62,250	1.08	2,49,02,550	73.97
31/03/2021	1,89,20,300	56.20	3,62,250	1.08	1,92,82,550	57.27
30/06/2021	1,87,20,300	55.60	3,62,250	1.08	1,90,82,550	56.68
30/09/2021	1,77,60,300	52.75	3,62,250	1.08	1,81,22,550	53.83
31/12/2021	1,74,60,300	51.86	3,62,250	1.08	1,78,22,550	52.94
31/03/2022	17,46,03,000	51.86	34,22,500	1.02	17,80,25,500	52.88
30/06/2022	17,46,03,000	51.86	34,22,500	1.02	17,80,25,500	52.88
30/09/2022	17,46,03,000	51.86	34,22,500	1.02	17,80,25,500	52.88
31/12/2022	17,46,03,000	51.86	34,22,500	1.02	17,80,25,500	52.88
31/03/2023	15,00,00,955	44.55	275	0.00	15,00,01,230	44.55
30/06/2023	15,00,00,955	44.55	275	0.00	15,00,01,230	44.55
30/09/2023	15,00,00,955	27.85	275	0.00	15,00,01,230	27.85
31/12/2023	1,90,712	0.04	0	0.00	1,90,712	0.04

The change in Promoter shareholding during this period is plotted as under:

Figure 8



The above graph indicates that *Noticee Nos.* 2 and 3 sold almost their entire shareholding in SSSL by Dec, 2023. The details of acquisition and sale of shares by the *Noticee No.* 2 in the scrip of SSSL is as under:

Table 44

Particulars	No. of Shares
No. of Shares acquired through open offer (A)	2,30,000
No. of Shares allotted on preferential basis against business takeover (in August 2020) (B)	1,50,00,000
Sub-Total (C = A+B)	1,52,30,000
No. of Shares after taking into account bonus shares (issued in November 2020) (D=C*1.5)	2,28,45,000
No. of shares sold off-market post bonus (E)	71,20,000
No. of Shares acquired post bonus (F)	40,000
No. of Shares acquired post bonus from erstwhile Promoter through takeover (G)	11,30,200
Sub-Total (H = D-E+F+G)	1,68,95,200
No. of Shares after taking into account share split (split in December 2021) (I = H*10)	16,89,52,000
No. of Shares acquired post split (J)	56,51,225
No. of Shares Sold - Off Market (K)	-
No. of Shares Sold - On Market (L)	17,44,12,513
No. of Shares as on March 31, 2024 (M = I+J-K-L)	1,90,712

130. On perusal of the above table, it can be seen that the *Noticee No.* 2 sold 18,15,32,513 shares (71,20,000 shares via Off-Market Sale and 17,44,12,513 shares via On-market sale). Out of 18,15,32,513 shares sold by the *Noticee No.* 2, 16,40,25,000 shares were acquired on account of preferential allotment and the balance shares, *i.e.*, 1,75,07,513 shares were acquired through other than

the preferential allotment. The sequence of shares acquired and sold by Mr. Manish Shah is further tabulated in **Annexure- D**.

131. It is alleged that the *Noticee No.* 2 offloaded his shares at prices that were, influenced by the misrepresented financials disseminated by the Company. The *Noticee No.* 2 earned ₹47,89,87,587/- as profit, by selling 17,44,12,513 shares of SSSL on market that were fraudulently allotted to him without any consideration received by the Company, calculation of which is provided at **Annexure- E**. The quantum of illegal gains made by the *Noticee No.* 2 via off-market sale is not being dealt with here as the same is subject matter of separate investigation. This order is restricted to illegal profit of ₹47,89,87,587/- through on-market sale of 17,44,12,513 shares during the investigation period. It has already been held that the *Noticee No.* 2 violated provisions of the SEBI Act and the PFUTP Regulations by inflating purchase/sale, publishing misleading financial statements and thereby increasing the share price of its company. Thus, the act of promoters, *Noticee Nos.* 2 and 3 to sell shares during this price manipulation is also an act of violation of Section 12A of the SEBI Act and sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations. Accordingly, the profit of ₹47,89,87,587/- is required to be disgorged. I further note that there is no allegation of illegal gains having been earned by the Noticee No. 3 in this SCN.

F.3 Consideration and finding with respect to the fraudulent preferential allotment and divestment of stake by Non-Promoters of SSSL

132. Investigation revealed that SSSL in its notice to its shareholders dated May 18, 2020, stated that the object of the preferential issue being brought was to meet the fund requirements of the Company, for business expansion and for long-term working capital requirements. Accordingly, SSSL issued 0.52 crore shares (face value ₹10/- at a premium of ₹5.15/-) as preferential allotment for cash consideration to undermentioned allottees (hereinafter referred to as "**preferential allottees**") on August 14, 2020:

Table 45 Preferential Allottees

Sl. No.	Name of Allottees	Hereinafter referred to as	Shares allotted	Category
1	Parasmal Kundanmal Shah	PK Shah	10,00,000	Non-promoter
2	Parasmal Kundanmal Shah HUF	PK Shah HUF	10,00,000	Non-promoter
3	CSB Projects Private Limited	CSB Projects	10,00,000	Non-promoter
4	Credo Holding Private Limited	Credo	10,00,000	Non-promoter
5	Shail T. Shah	Shail	6,00,000	Non-promoter
6	Deep T. Shah	Deep	6,00,000	Non-promoter
	Total		**52,00,000**	

133. It is seen that SSSL allotted 0.52 crore shares to the preferential allottees and received cash consideration worth ₹7.88 crores from the preferential allottees for the said allotment on August 13, 2020 in its Share Premium account.

134. The allegation of preference allotment in the SCN is divided into two parts and two separate groups of investors have been found to have invested in it.

135. The *prima facie* allegations made out against *Noticees* in the Interim Order is that the Preferential Allotment has been done without advancing any cash consideration. For *Noticee Nos.* 4 to 8, it has also been alleged that there is no land agreement that existed between the parties, thereby characterizing the transfer of funds from allottees to SSSL and from SSSL to PKC as a fraudulent or fictitious transaction. The Interim Order has further alleged existence of circular flow of transactions between various entities, in an attempt to nullify the advance returned by PKC to SSSL.

i. Group belonging to Noticee Nos. 4 to 8

136. As discussed in consideration of preliminary issue of this order, Mr. Manish Shah (*Noticee* No. 2) gave statements (including email reply) during the investigation and then retracted these statements and the email reply. It has already been held there that the statements can only be used as corroborative evidence to support main evidences. Hence, first the allegation is required to be examined on merit.

137. *Noticee* Nos. 5 to 8 have submitted that they were allotted 10,00,000 equity shares each at the rate of ₹15.15 per share (Face value of ₹10 and a premium of ₹5.15) on August 14, 2020, subject to a one (1) year lock-in period. *Noticee* nos. 5 to 8 collectively paid a consideration of ₹6.06 Crore for the preferential allotment.

138. It has been further submitted that *Noticee* Nos. 5 to 8 divested their entire shareholding during the period from November 2, 2021 to December 7, 2023. It is pertinent to note that *Noticee* nos. 5 to 8, did not divest their share during the F.Y. 2020-21, the period under which the circulation of funds has been alleged, as their shares were under lock-in at the relevant time, for a period of one (1) year i.e., till August 14, 2021. *Noticee* No. 5 to 8 have divested their shareholding after the completion of the alleged circulation of funds, which pertains to only the F.Y. 2020-21. It has been further submitted that the proceeds arising from the sale of such shares were not utilized or connected, in any manner whatsoever, with the alleged circulation of funds.

139. It has also been submitted that during the investigation period, Mr. Rakesh Shah (*Noticee* No. 4) was questioned on the transactions pertaining to the *Noticees* and PKC, to which he had duly replied vide letter June 05, 2024, providing clarification on the transactions, along with supporting documents. It has been alleged that the same was disregarded by the Investigating Authority, without assigning any cause for the same. The said letter was submitted again with the detailed Reply of the *Noticee* No. 4. Further, it was stated that the *Noticees* could only provide explanations for the transactions pertaining to them or their related entities and that they should not be burdened with explaining the transactions between third party entities, who are not connected with them.

140. It has also been submitted that the allegations have been made about financing of preferential allotment by the *Noticee* No. 1 (SSSL), through circular movement of funds without any evidence. It has been pointed out that several entities involved in the alleged sourcing of funds and subsequent transfer of the same like Apollo, Shree, Examen, etc. were never summoned by SEBI and

have not been questioned on these allegations. It has been pointed out that they are also not *Noticees* in the interim order. It has also been pointed out that in the allegations; all funding and repayment are being done through PKC Infratrade (OPC) Limited ("**PKC**") who has also not been made Noticee in the interim order.

141. While I shall examine the entire alleged fund flow later, a crucial part of the allegation is that immediately after receipt of the money representing preferential allotment, the company SSSL (*Noticee No. 1*) transferred ₹7.63 crore to PKC on August 14, 2020 allegedly as return of preferential allotment money. It has been alleged that this transaction proves that SSSL had financed the investment in itself through fraudulent preferential allotment. In response, *Noticee Nos.* 4 to 8 have submitted that this payment from SSSL to PKC was a genuine payment in terms of Land Agreement as PKC had entered into an MOU with a farmer whereby they had rights to arrange potential buyers for two plots, specifically, Survey Number 1963/1/80 admeasuring 25,410 sq. yards and 1963/1/98 admeasuring 14,036 sq. years, situated at Village Mankol, Taluka Sanad, District Ahmedabad. SSSL identified the survey no. 1963/1/80, suitable for their requirements of warehousing and business expansion. Hence, SSSL agreed to make advance payment for the aforesaid land.

142. It was further submitted that in terms of the Land Agreement, if successful acquisition of land is not done on or before October 30, 2020, PKC will refund the advance which they had received from SSSL within six (6) months from October 30, 2020, on which no interest will be charged. Accordingly, as per the Land Agreement, PKC returned the advance received from SSSL on August 14, 2024 during the period from November 11, 2020 to March 10, 2021.

143. Further, in regards to Apollo and CSB Projects, it was submitted that CSB Projects had taken an unsecured loan from Apollo. It was further submitted that Apollo Industries and Projects Limited (hereinafter referred to as "**Apollo**"), established in the year 1984, is a non-government public company. Apollo was registered as a Non-Banking Financial Company on March 19, 1998. It is also part of the Apollo Group, which was established fifty (50) years ago, details of

the Apollo Group can be found on its website. It has also been submitted that *Noticee No.* 4 had submitted this information earlier on June 05, 2024, before the issuance of the interim order, however the same was ignored.

144. Further, it has been submitted that the *Noticee* No. 4, during the recording of his statement, had acknowledged about the existence of the Land Agreement between PKC and SSSL, however, he was unable to produce the said Land Agreement, when sought by the Investigating Authority, as the same was destroyed in a fire accident at his office premises. Furthermore, in order to substantiate his statements, the *Noticee* provided a copy of the FIR and clippings of news article documenting the fire incident. However, the Ld. WTM disregarded the documents produced by him and his statements were discredited and considered as unreliable, without offering any substantive reason for disregarding the statement made by the *Noticee*.

145. It has been further submitted that, on October 29, 2024, Mr. PK Shah (*Noticee* No. 5) contacted Mr. Manish Shah (*Noticee No*. 2) and requested him to provide a copy of the Land Agreement, stating that PKC has lost its copy of the Land Agreement in a fire incident. Thereafter, *vide* email dated October 30, 2024, Mr. Manish Shah in his capacity as director of SSSL, provided a copy of Land Agreement and further confirmed the ledger account reflecting the business transactions carried on between PKC and SSSL for the Financial Year 2020-2021, which includes the said Land Agreement.

146. The copy of land agreement submitted post issuance of interim order was examined. It was dated August 05, 2020. Since it was a new evidence which was not submitted earlier, it was decided to verify the same. It was seen that the agreement was notarized by a public notary in Ahmedabad. Accordingly, SEBI Western Regional Office was requested to check the entry of this agreement in the register maintained by the Notary. Copy of the relevant page was accordingly obtained. On examination, it was seen that this land agreement was recorded in the register maintained by the Notary. Serial numbers were also found to be in running numbers and in order. Hence, no adverse inference can be drawn and the land agreement is to be treated as a genuine document.

147. It is agreed that *Noticees* have now filed the copy of notarized land agreement which has also been verified from the register of the Notary at Ahmedabad. This evidence was not produced earlier at the time of the interim order. Hence, in view of new evidence which has been verified, the genuineness of advance of ₹7.63 crore from SSSL to PKC cannot be doubted. Further, it is seen that the advance given for land of ₹7.63 crore is higher than ₹6.06 crore, the amount paid for preferential issues by *Noticee Nos.* 5 to 8. So it is also not a case of the exact amount being returned. The examination of the allegation of round tripping of the return of this advance would be examined later, however, at this stage the transaction of payment of ₹7.63 crore for land purchase is held as genuine.

148. *Noticees* have also submitted that the land agreement between PKC and SSSL was cancelled, as the farmer from whom the land was to be acquired received a better offer. For this purpose, it was submitted that the *Noticee* had submitted copy of this letter through its earlier reply dated June 05, 2024. Accordingly, the advance received by PKC was duly returned to SSSL through 14 payments spread out between November 11, 2020 and March 11, 2021.

149. Though the fact of returning of advance for land agreement would dilute the allegation of preferential allotment being financed by the company SSSL, the SCN has further alleged that this returning of advance was also financed through circular flow of funds. Hence, it would be appropriate to examine the allegation of circular flow of funds, both for the (i) sourcing of amount invested by Noticee Nos. 5 to 8 for preferential allotment in SSSL and payment of ₹7.63 crore by SSSL to PKC for land agreement; as well as (ii) amount returned by PKC to SSSL on cancellation of land agreement.

Alleged sourcing and circular flow of funds pertaining to preferential allotment as given in paragraph 69 of the Interim order cum SCN

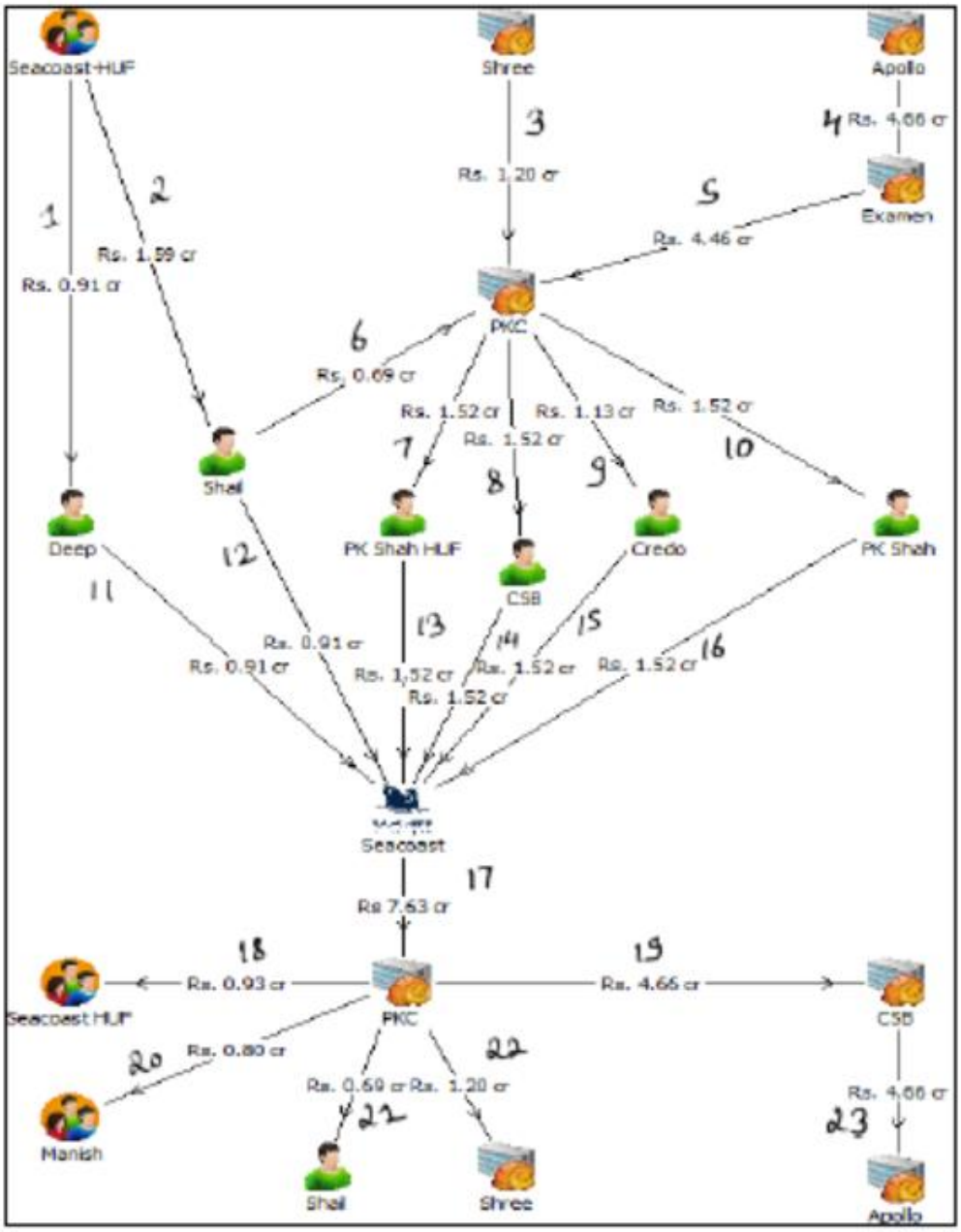
150. During the hearing before me, Senior Advocate appearing on behalf of *Noticee* Nos. 5 to 8 relied upon Hon'ble SAT order in the matter of ***Punit Goenka v. SEBI*** (Appeal No. 714 of 2023, order dated 30th October 2023). Based on this

decision, it was argued that a circular flow of transactions cannot be alleged based on presumption and assumptions on the basis of bank statements; and foundations facts must be established before a presumption is made. Mere proximity of timings between the transactions, cannot by itself, constitute a sufficient ground to allege that movement of funds through banking channels were fictitious. He further relied on this decision to plead that even when one leg of a transaction is proved to be genuine, the allegation of the entire purported circular flow of funds stands vitiated.

151. The pictorial representation of fund trail of preferential allotment is given in the Interim Order cum SCN at page 40. *Noticees* Nos. 4 to 8 have marked each transaction with a number and have given explanation against that number. This is produced below:

Figure 9

69. A pictorial representation of fund trail of preferential allotment is as under:



152. *Noticees* Nos. 4 to 8 have provided the following explanation for each of these numbered transactions:

Table 46

Sr. No.	Transaction	Explanation
1.	Transfer of ₹0.91 Cr from Seacoast HUF to Mr. Deep Shah	This transaction pertains to third party, who are not related or connected with the Noticees, hence, the same cannot be explained.
2.	Transfer of ₹1.59 Cr from Seacoast HUF to Mr. Shail Shah	This transaction pertains to third party, who are not related or connected with the Noticees, hence, the same cannot be explained.
3.	Transfer of ₹1.20 Cr from Shree to PKC	i. Pursuant to a Land Agreement dated August 01, 2020, attached as Annexure A in the Detailed Reply of Noticee No. 4., SSSL had to pay certain sum of advance to PKC, part of which was initially paid by Shree on August 13, 2020, however the same was returned on August 14, 2020, as SSSL decided to pay the sum from its own account. ii. It is reiterated that Shree was never summoned during the Investigation Period, nor questioned on the nature of this particular transaction. It has also not been included as a noticee in the Interim Order.
4.	Transfer of ₹4.66 Cr from Apollo to Examen	i. These transactions pertain to third party, who are not related or connected with the Noticees, hence, the same cannot be explained. ii. It is reiterated that both Apollo and Examen, were never summoned nor questioned on the transactions. iii. It is pertinent to note that neither Apollo, nor Examen has been made noticee in the Interim Order.

5.	*Transfer of ₹4.46 Cr from Examen to PKC*	*i. Examen is involved in real estate business and PKC is a land aggregator, hence, they have ongoing business transactions, as evident by the Ledger attached as Annexure E in the Detailed Reply of Noticee No. 4.* *ii. Their professional relationship predates the Investigation Period and is continuing till date. Furthermore, owing to their established business relationship, PKC and Examen have, from time to time, extended loans to each other.* *iii. The Ledger Account clearly reflects a substantial volume of ongoing transactions between the two entities.* *iv. It is reiterated that Examen was never summoned nor questioned on the nature of the transaction. Moreover, Examen has also not been made a notice in the Interim Order.*
6.	*Transfer of ₹0.69 Cr from Mr. Shail Shah to PKC*	*i. This transaction pertained to a short-term loan extended by Mr. Shail Shah to PKC on August 13, 2020, which was subsequently refunded on August 14, 2020.* *ii. It is humbly submitted that the same was explained by Mr. Rakesh Shah in his letter dated June 04, 2024.*
7.	*Transfer of ₹1.52 Cr from PKC to PK Shah HUF*	*i. Both PKC and PK Shah HUF are entities controlled and operated by Mr. PK Shah, hence, have continuous routine transactions between them.*

		ii.	*As per the Ledger Accounts of PKC and PK Shah HUF attached herein as **"Annexure G-Colly"** and **"Annexure H-Colly**", PKC has extended temporary loans to PK Shah HUF, as and when required, and the same were being repaid.*
8.	*Transfer of ₹1.52 Cr from PKC to CSB Projects*	i. ii. iii.	*PKC and CSB Projects have longstanding professional relationship since the inception of PKC, predating the Investigation Period and have running transactions, as evident by their Ledger Accounts attached herein as "**Annexure L-Colly"** and **"Annexure M-Colly**".* *Further, there is also a Funding Agreement – 1 dated March 29, 2019, between both parties, pursuant to which there is a constant flow of funds between the two entities, as CSB Projects extends its bank overdraft facility to PKC as per the terms of the said agreement.* *The volume of transactions between PKC and CSB Projects in the F.Y 2020-21, the period under consideration, amounts to total of ₹28.05 Cr, as evident by the Ledger Account. It is humbly submitted that ₹1.52 Cr, the transaction in question, represents a miniscule portion of the total movement of funds, amounting to merely 5.4% of the total volume.*
9.	*Transfer of ₹1.13 Cr from PKC to Credo (Tatvang)*	*i.*	*PKC and Tatvang are connected entities and have professional relationship, and resultantly, have running transactions.*

		ii.	*There is also Funding Agreement - 2, dated April 01, 2019, between PKC and Tatvang, attached herein as **"Annexure N",** as per which the entities have agreed to extend their unutilised liquid funds with each other. Resultantly, there was a constant flow of funds between the two entities.*
		iii.	*It is pertinent to highlight that the transactions between the two entities were concluded in the F.Y. 2021-22.*
		iv.	*As evident by the Ledgers Accounts attached herein as **"Annexure O-Colly**" and **"Annexure P-Colly"**, the volume of transactions between PKC and Tatvang during the F.Y. 2020-21, the period under consideration, amounts to total of ₹19.57 Cr. It is humbly submitted that ₹1.13 Cr, the transaction in question, represents a miniscule portion of the total movement of funds, amounting to merely 5.7% of the total volume.*
10.	*Transfer of ₹1.52 Cr from PKC to PK Shah*	*i.*	*PKC is controlled by Mr. PK Shah and hence, there are routine transactions between both entities, predating the Investigation Period and persisting till date.*
		ii.	*Mr. PK Shah extends loan to PKC, as and when required, which is subsequently repaid in instalments over time.*
		iii.	*The Ledger Accounts of Mr. PK Shah and PKC have been attached herein as **"Annexure E-Colly"** and **"Annexure F – Colly"***

11.	*Transfer of ₹0.91 Cr from Mr. Deep Shah to SSSL.*	*These transactions pertain to third party, who are not related or connected with the Noticees, hence, the same cannot be explained.*
12.	*Transfer of ₹0.91 Cr from Mr. Shail Shah to SSSL*	*This transaction pertains to third party, who are not related or connected with the Noticees, hence, the same cannot be explained.*
13.	*Transfer of ₹1.52 Cr from PK Shah HUF to SSSL.*	*i. The transfer from PK Shah HUF to SSSL was in regards to payment of consideration for the preferential allotment.* *ii. It is pertinent to highlight that PK Shah HUF did not have any other transaction with SSSL, apart from the preferential allotment. The Ledger for the same has been attached herein as **"Annexure – A"**.*
14.	*Transfer of ₹1.52 Cr from CSB Projects to HUF to SSSL.*	*i. The transfer from CSB Projects to SSSL was in regards to payment of consideration for the preferential allotment.* *ii. It is pertinent to highlight that CSB Projects did not have any other transaction with SSSL, apart from the preferential allotment. The Ledger for the same has been attached herein as **"Annexure – B"**.*
15.	*Transfer of ₹1.52 Cr from Tatvang to SSSL.*	*i. The transfer from Tatvang to SSSL was in regards to payment of consideration for the preferential allotment.* *ii. It is pertinent to highlight that Tatvang did not have any other transaction with SSSL, apart from the preferential allotment. The Ledger for the same has been attached herein as **"Annexure – C"**.*

16.	*Transfer of ₹1.52 Cr from Mr. PK Shah to SSSL.*	*i.* *ii.*	*The transfer of Mr. PK Shah to SSSL was in regards to payment of consideration for the preferential allotment.* *It is pertinent to highlight that Mr. PK Shah did not have any other transaction with SSSL, apart from the preferential allotment.*
17.	*Transfer of ₹7.63 Cr from SSSL to PKC*	*i.* *ii.*	*The transfer from SSSL to PKC was pursuant to a Land Agreement dated August 01, 2020.* *This submission was also made by Mr. Rakesh Shah in his letter dated June 05, 2024. He was unable to produce the Land Agreement, as the same was lost in fire, however, he has provided FIR and Media Report in support of the same, which has been attached as Annexure D-Colly in the Detailed Reply of Noticee No. 4.*
18.	*Transfer of ₹0.93 Cr from PKC to Seacoast HUF*	*i.* *ii.* *iii.*	*PKC refunded the excess of advance received pursuant to the Land Agreement.* *It is pertinent to note that on the same day i.e. August 14, 2020, PKC also transferred ₹0.25 Cr to SSSL as excess of advance refunded. However, the same was not taken into consideration as it did not fit the fictitious narrative created in the Interim Order.* *Further, any payment made to Seacoast HUF was under the belief that the account of Seacoast HUF has been merged with SSSL pursuant to its acquisition.*

		iv.	*The Ledger Account in regards to the same has been attached herein as **"Annexure-D".***
19.	*Transfer of ₹4.66 Cr from PKC to CSB Projects*	*i.*	*PKC and CSB have longstanding professional relationship since the inception of PKC, predating the Investigation Period and have running transactions.*
		ii.	*Furthermore, as per the Funding Agreement - 1, it has been agreed upon that whenever there is availability of excess funds, the same will be transferred by PKC to CSB Projects.*
		iv.	*The volume of transactions between PKC and CSB Projects in the F.Y 2020-21, the period under consideration, amounts to a total of ₹28.05 Cr, as evident by the Ledger Accounts attached herein as "**Annexure L-Colly"** and **"Annexure M-Colly**".*
		iii.	*The Ledger Accounts clearly demonstrate that the transactions between PKC and CSB Projects for the F.Y. 2020-21, were not limited to this single transaction of ₹4.66 Cr.*
20.	*Transfer of ₹0.80 Cr from PKC to Mr. Manish Shah*	*i.*	*Mr. Manish Shah vide letter dated June 15, 2020, attached as Annexure K in the Detailed Reply of Noticee No. 4, has requested loan from PKC up to ₹1 Cr. Pursuant to which, PKC has provided ₹0.80 Cr to Mr. Manish Shah on August 14, 2020.*
		ii.	*Thereafter, on September 20, 2020, PKC subsequently transferred ₹0.10 Cr to Mr. Manish Shah in pursuant to his request for*

		loan. However, SEBI has conveniently not taken this transaction into consideration as it did not fit the fictitious narrative created in the Interim Order.
21.	*Transfer of ₹0.69 Cr from PKC to Mr. Shail Shah*	*Repayment of the short-term loan received from Mr. Shail Shah on August 13, 2020.*
22.	*Transfer of ₹1.20 Cr from PKC to Shree*	*i. Repayment of advance received from Shree on behalf of SSSL in pursuant to the Land Agreement.* *ii. It is emphasised that Shree was never summoned nor questioned on the nature of this transaction, during the Investigation Period.*
23.	*Transfer of ₹4.66 Cr from CSB Projects to Apollo*	*i. CSB Projects had acquired an unsecured loan from Apollo during the F.Y 2017-20, as evident by the Ledger attached as Annexure I in the Detailed Reply of Noticee No. 4.* *ii. Furthermore, the TDS Challan has also been attached in the aforesaid Detailed Reply as Annexure J.* *iii. The transfer from CSB Projects to Apollo, was full repayment of the aforementioned loan along with the interest.*

153. Thus, it can be seen that *Noticees* have given full justification of the each of the entries. If we summarize the submissions of *Noticees*, it can be seen that:

(a) Most of the entities in this picture are not related parties of *Noticees*. There is no allegation also as such in the SCN that circular fund flow is through related parties. Further, these entities were not questioned about the nature of the transactions and are also not *Noticees*.

(b) Apollo is a listed company who gave loan of ₹4.66 Cr to Examen, who in turn gave loan of ₹4.46 Cr to PKC (entries no 4 and 5). This loan was returned to Apollo via CSB Projects (entries no 19 and 23). All these entities are part of running accounts of PKC with Examen and CSB. Ledger of the same were submitted which shows all these transactions that were carried out in the FY 2020-21 amongst these entities and the year end balance of the ledger account has been found to be reflected in the audited financial statements. On August 13, 2020, PKC received an amount of ₹4.46 crore from Examen. As per the Ledger accounts, at the end of the FY 2020-21, there was final outstanding of ₹1.99 crore from CSB to PKC and PKC owed ₹4.46 crore to Examen which got reduced to ₹0.35 Crore on December 31, 2023.

(c) There is a transfer of ₹1.2 Cr from Shree to PKC on 13 August 2020 (entry no 3) which was returned on 14 August 2020 (entry no 22)

(d) There is a transfer of ₹0.69 Cr from Shail Shah to PKC on 13 August 2020 (entry no 6) which was returned on 14 August 2020 (entry no 21)

(e) If we remove above entries which cancel themselves out, and also not consider other preferential allottees (Shail Shah and Deep Shah which are not part of this group and hence discussed separately), we are left with PKC financing PK Shah HUF, CSB Projects, Credo (Tatvang) and PK Shah (entries nos. 6 to 10). Consequently, these four persons/entities in turn paying ₹1.52 crore each to SSSL for preferential allotment (entries nos. 13 to 16). Against this ₹6.08 crore, it is alleged that SSSL returned the entire amount to PKC (entry no 17 of Rs 7.63 Cr). However, the allegations in the SCN do not stand as first there is no matching of amount and secondly it has been discussed above that the amount of ₹7.63 core advanced by SSSL to PKC was an advance for land agreement which was subsequently returned by PKC to SSSL. Infact a part of loan refund of ₹0.93 crore is reflected in this chart at entry no 18. *Noticees* have submitted running account of PKC with SSSL for the FY 2020-21 and it has been seen that the advance received by PKC from SSSL as per the land agreement has been fully repaid and there is no outstanding at the end of the FY 2020-21.

154. If we take above discussion under consideration, the net results of these transactions pertaining to *Noticee* Nos. 4 to 8 is that *Noticee* Nos. 5 to 8 paid ₹1.52 Cr each for preferential allotment to SSSL and in return they got those shares. The advance of ₹7.63 Cr by SSSL to PKC was for different purpose which did not get materialize and hence this advance was returned subsequently. Thus, at this stage it cannot be held that the transactions depicted at paragraph 69 of the interim order cum SCN are non-genuine, unless the claim of repayment of the advance is found to be non-genuine.

Alleged sourcing and circular flow of funds pertaining to repayment of advance to SSSL by PKC as given in paragraph 79 of the Interim Order cum SCN, read with Annexure M of the order

155. It has been alleged in the interim order cum SCN that prima facie it is found that no repayment has been made by PKC to SSSL and all the transactions were actually circulation of funds (the comprehensive analysis was placed at Annexure M). Thus, it was prima facie held that preferential allotment of shares was fictions and SSL allocated preferential shares to allottees without effectively receiving any cash in return.

156. *Noticees* have given a detailed reply on repayment of advance which is produced subsequently. However, at this stage it should be noted that establishment of circular flow of fund is a good evidence of inflation of purchase and sale if there are no supporting evidence of purchase and sale.

157. To illustrate, let us assume that A shows fictitious purchase of ₹10 crore from B, B shows fictitious purchase of ₹10 crore from C and then C shows fictitious purchase of ₹10 crore from A, and there is no evidence of purchase/sale by these parties. The payment for purchase and sale in this scenario would have circular flow from A to B, B to C and C to A. In this case, both the purchase and sale book of all three parties would be inflated by bogus purchase as well as bogus sale of ₹10 crore.

158. However, if it is loan and advance spread over a period, then it may be a different situation when it is running account (with entries both ways), loan and

advances are undertaken in a normal course of business and the year end balance of running accounts are properly reflected in the balance sheet. In that case, to doubt genuineness it would be required to show that in substance, there is no loan/advance. For this, there need to be other evidences to show that these were fictitious transactions. An example of such evidence, could be in the form of examination of all entities which show transactions to be fictitious or admission by entities about these being fictitious. There could be other evidences too.

159. With this general understanding, let us examine the reply of *Noticees*. It has been submitted by them that 14 tranches in relation to the repayment as identified by SEBI under Annexure M of the Interim Order, cannot sustain. r.

160. It has also been replied that the alleged circulation of funds involved several entities, such as Fiducia, Nirav Corporation, Mr. Kalaiyarasan, etc., who have not been summoned by SEBI or questioned in relation to alleged circulation of funds. These entities were not even made *Noticees* to the Interim Order. Infact even the entity at the centre of these transactions (Namely PKC) has not been made *Noticee*.

161. The explanation for these 14 tranches, as alleged under Annexure M of the SCN, has been provided by *Noticees* and is reproduced verbatim as under:

Table 47

Tranche No. & Relevant Page No. in the Interim Order	***Explanation***
Tranche No. 1 @ Page 84	*i. There is no correlation between the transactions involved in this tranche. The tranche begins from transfer of ₹0.27 Cr from Fiducia and ends with ₹0.09 Cr to Fiducia.* *ii. No connection between Fiducia, SSSL or any of the Noticees have been established.*

	iii. The only transfer pertaining to connected entity of Noticees in this tranche is from PKC to SSSL, which was the due repayment of the advance. *iv. The Noticees cannot be burdened to explain the transactions between third party entities.* *v. It is pertinent to highlight that several entities involved in this tranche, namely, Fiducia, Nirav and Examen, were never summoned nor questioned about the nature of transactions. They have also not been made noticees to the Interim Order.* *vi. The entire tranche has been established on mere presumptions based on bank account statement.*
Tranche 2, 5 and 6 @ Page 84 – 85	*The total amount involved in these three tranches is ₹0.31 Cr, which is a substantial portion of the repayment, for which SEBI has failed to establish any circulation of funds.*
Tranche 3 and 4 @ Page 84	*i. In this tranche, the transactions pertaining to PKC are, between CSB Projects (formerly known as Credo Real Estate) and PKC, between PKC and SSSL as well as between Seacoast HUF and PKC.* *ii. In regard to transactions between CSB Projects and PKC, it is submitted that they are running transactions pursuant to the Funding Agreement - 1 and other business dealings in relation to land aggregation.* *iii. It is submitted that the volume of transaction between CSB Projects and PKC for the F.Y. 2020-21, the period under consideration, amounts to a total of ₹28.05 Cr and the amount involved in this tranche are ₹0.45 Cr and ₹0.40 Cr respectively, which merely represents a fraction of total volume i.e. 3.3% of the total movement of fund.*

	iv.	*It is further submitted that on January 25, 2021, PKC has further transferred ₹0.15 Cr and ₹0.17 Crore to CSB Projects, however, these transactions have not been involved in the tranche, as it doesn't fit the fictitious narrative created. The Ledger Accounts of PKC and CSB Projects have been attached herein as "**Annexure L-Colly"** and **"Annexure M-Colly**".*
	v.	*The transfer from PKC to SSSL was the due repayment of advance.*
	vi.	*The amount received by PKC from Seacoast HUF pertains to funds received for finding new land as per the clause in the Land Agreement.*
	vii.	*Moreover, the Noticees cannot explain the transaction between SSSL, Mr. Manish Shah and Seacoast HUF but also it is pertinent to note that if SSSL was siphoning off money to Mr. Manish Shah, the Noticees were not aware of the same and were defrauded at the hands of Mr. Manish Shah.*
	viii.	*The entire tranche has been established merely on the basis of proximity of the timings of transactions and on presumptions based on bank account statement.*
Tranches 7, 8 and 13 @ Page 85 – 86	*i.*	*In these tranches, the transactions pertaining to PKC are only with CSB Projects. In regards to the same, it is stated that PKC and CSB Projects have a longstanding business relationship and ongoing transactions pursuant to the Funding Agreement - 1 and other business dealing.*
	ii.	*It is reiterated that the volume of transactions between CSB Projects and PKC during the F.Y. 2020-21, amounts to a total of ₹28.05 Cr, which*

	represents a substantial movement of funds among the entities. *iii. The transactions between PKC and Examen are also routine in nature as these entities are involved in the real estate business and have longstanding professional relationship.* *iv. It has been alleged that amount refunded by PKC which it received from CSB Projects, was eventually returned to CSB Projects through a complex chain of transactions from Mr. Kalaiyarasan to Examen to PKC to CSB Projects.* *Further, Mr. Kalaiyarasan bought shares from Mr. Manish Shah via off market route.* *v. It is submitted that details of off market sale are not available or included in the Interim Order as the investigation for the same has not yet concluded.* *vi. Further, the dates in the tranches, also highlight the discrepancy, for instance under tranche 3, the fund movement from CSB Projects to PKC is on March 08, 2021, however, the last fund movement from Mr. Kalaiyarasan is on March 04, 2021. If the amount from Mr. Kalaiyarasan has been utilised for returning the amount to CSB Projects, then how can the source from CSB Projects originate on March 08, 2021 i.e. at a later date.* *vii. It is emphasised that neither Examen, nor Mr. Kalaiyarasan, were ever summoned or questioned on the nature of transactions during the Investigation Period. Further, neither of them has been made noticee to the Interim Order.*

	viii.	*The entire tranche has been established merely on the basis of presumptions based on bank account statement.*
Tranche 9 @ Page 86 – 87	*i.* *ii.* *iii.* *iv.* *v.* *vi.*	*A similar flow as that of Tranche 7, 8 and 13 have been fabricated under Tranche 9.* *The funds transferred between PKC and CSB Projects and between Examen and PKC were pursuant to their business relationship in the nature of running transactions.* *It is reiterated that the volume of transaction between CSB Projects and PKC during the F.Y 2020-21, amounted to a total of ₹28.05 Cr. The transactions involved in this tranche amounts to total of ₹1.49 Cr, which is merely 5.3% of the total volume. The Ledger Account of CSB Projects and PKC have been attached herein as **"Annexure L-Colly"** and **"Annexure M-Colly"**.* *It is again emphasised that no detail of sale of off market share has been included in the observations, nor any connection of Mr. Manish Shah with Mr. Kalaiyarasan have been established.* *It is reiterated that neither Examen nor Mr. Kalaiyarasan were summoned or questioned in relation to the transactions involved in the tranches during the Investigation Period. They have also not been made noticees to the Interim Order.* *The entire tranche has been established merely on the basis of presumptions based on bank account statement.*
Tranche 10, 11 and 12 @ Page 87 – 88.	*i.*	*The flow of funds in these tranches are beginning from Mr. Kalaiyarasan. It is again highlighted that no connection between Mr. Manish Shah and Mr.*

		Kalaiyarasan have been established, nor the details of off-market shares sold, such as no. of shares sold or consideration etc., have not been included in the Interim Order. *ii. The transaction between PKC and Examen were routine in nature as established.* *iii. The funds transferred from PKC to SSSL was the due repayment of the advance.* *iv. It is reiterated that the entities involved in these tranches, namely, Examen and Mr. Kalaiyarasan has not been questioned or were ever summoned during the Investigation Period and they have not been made noticees to the Interim Order.* *v. The entire tranche has been established merely on the basis of proximity of the timings of transactions and on presumptions based on bank account statement.*
Tranche 14	*i.*	*The flow of funds in this tranche is similar to Tranche 10, 11, and 12, originating from Mr. Kalaiyarasan and ending with Seacoast HUF.* *ii. The transfer of ₹0.90 Cr from Mr. Manish Shah to PKC was the repayment of the funds Mr. Manish Shah has borrowed from PKC previously on August 14, 2020 and September 20, 2020. This fact was also recorded in the response submitted by Mr. Rakesh Shah dated June 05, 2024 during the Investigation Period.* *iii. The transfer from Seacoast HUF was to settle all balance and accounts with PKC.* *iv. It is reiterated that Mr. Kalaiyarasan was never questioned in relation to the transaction in question,*

	during the Investigation Period. He has also not been made a noticee to the Interim Order. *v. The entire tranche has been established merely on the basis of proximity of the timings of transactions and on presumptions based on bank account statement.*

162. I have considered the transactions at Annexure M of the Interim order cum SCN and also the explanation provided by Noticees. The following important points are noticed:

(i) The SCN has admitted that it failed to obtain source and trail for three of the 14 tranches (Tranche no. 2, 5 and 6)

(f) For Tranche no. 1, it is seen that Fiducia gave loan of ₹0.27 crore to Examen while Examen gave loan of ₹0.74 crore to PKC from which only ₹0.09 crore was used to repay the advance to Seacoast. Thus, there is no one to one co-relation of these loan repayment. Further, Noticees have submitted the running account between PKC and Examen, which reflects this loan of ₹0.74 Crore. It is submitted that this amount has been received by PKC from Examen as per the funding arrangement between them. It is also seen that there is running account (with entries both ways) and the year end balance is duly reflected in audited financial statements at the end of the FY 2020-21. As per the Ledger accounts, at the end of the FY 2020-21, PKC owed ₹4.46 crore to Examen which got reduced to ₹0.35 Crore on December 31, 2023.

(ii) There is no examination of Examen or PKC on record which could have questioned the genuineness of these transactions.

(iii) For Tranche no. 3 and 4, the allegation is that the payment of ₹0.90 crore made by PKC to SSSL involved circulation of funds which originated from CSB Projects (formerly Credo) and reached CSB. It is seen that the transactions between CSB Projects and PKC are running transactions both ways pursuant to the Funding Agreement and other business dealing. From the ledger account submitted by Noticees, it is

seen that for the FY 2020-21, total of ₹28.05 crore transactions have taken place between CSB and PKC and the closing balance outstanding of ₹1.99 crore is reflected in the audited accounts of PKC for the FY 2020-21. Thus, ₹0.95 crore is a part of this larger amount. As stated earlier, circular flow for loan/advance in itself will not make these transactions fictitious transactions when the transactions between the two entities (with which we are concerned) are in normal course of business and duly reflected in audited statements. There is no other evidence, examination of other parties which could have provided support to allegation of it being fraudulent transaction.

(iv) For Tranches nos. 7, 8 and 13, the allegation is that CSB Projects (formerly Credo) gave ₹1.30 crore on February 17, 2021, 0.35 Crore on February 17, 2021 and 0.95 crore on March 8, 2021, to PKC who paid it to SSSL on the same day. It has been alleged that Mr. Kalaiyarasan Rajangam Mudaliar is one of the transferees to whom shares were transferred through off-market sale at lower than market price and he has in turn made payments to CSB though Examen and PKC. Thus it is alleged that funds utilized by PKC to repay SSSL have been funded by Mr. Manish Shah. There are two fallacies in this allegation. First one is wrong reference to Para 30.1.4 in the interim order cum SCN while talking about shares sold by Manish Shah to Mr. Kalaiyarasan at less than the market value. It is seen that there is no such para in the interim order cum SCN. It appears that this statement of reference to para 30.1.4 was copy pasted from the investigation report. Accordingly, the investigation report was seen (copy of which was also given to *Noticees* during inspection). In the investigation report there is again no para 30.1.4. Though there is para 31.1.4 which deals with Off Market Sale. Apparently this is the para that is being referred. In this para, there are details of number of shares sold by Mr. Manish Shah to Mr. Kalaiyarasan through off market route. But there is no allegation of these being sold at less than the market value. Infact, the allegation is that Mr. Manish Shah sold these shares at the price that were, *inter-alia*, influenced by the misrepresented financials of the Company. This

means that the allegation is for selling shares at higher value due to inflated purchase and sale. This actually runs contrary to allegations in the interim order. Why would Mr. Kalaiyarasan (who has not been examined) buy the shares at higher price due to inflated purchase/sale and still give money back to Mr. Manish Shah? Second fallacy is that the money given by Mr. Kalaiyarasan is on February 24, 2021, March 3, 2021 and March 4, 2021. However, ₹1.65 crore was repaid by PKC to SSSL on February 17, 2021 which is prior to Mr. Kalaiyarasan paying money to CSB. Thus, it cannot be said that the repayment from PKC to SSSL is financed by Mr. Manish Shah. Notwithstanding this, as stated earlier that PKC and CSB have long business relationship with running account (both ways) and total transactions between them in this FY amounts to ₹28.05 crore and closing balance of all the transactions is reflected in the audited financial statements for the FY 2020-21. Further, PKC has also produced ledger accounts showing transactions with Examen with closing balance reflecting in the audited financial statement, as discussed earlier.

(v) Tranche no. 9: This is about CSB giving ₹0.76 crore to PKC on February 18, 2021, which is used to repay SSSL. As for Tranche nos. 7,8 and 13 it has been alleged that Mr. Kalaiyarasan is one of the transferees to whom shares were transferred through off market sale at lower than market price and he has in turn made payments to CSB though Examen and PKC. Thus similar to above three Tranches, it is alleged that funds utilized by PKC to repay SSSL have been funded by Mr. Manish Shah. The two fallacies noted above are also applicable here with the modification that payment by Mr. Kalaiyarasan is on February 24, 2021 which is still after the date of February 18, 2021 when CSB made payment to PKC. Further, the point about business transactions of PKC with CSB and Examen and closing balances being properly reflected in the audited financial statements are also applicable here.

(vi) Tranches nos. 10, 11 and 12: Again in this, it has been alleged that Mr. Kalaiyarasan has advanced ₹1.97 crore to Examen which advanced

₹1.95 crore to PKC against which PKC used ₹1.92 crore to repay SSSL. The first fallacy of Tranche nos. 7, 8 and 13 is also applicable here. Further, all transactions between Examen and PKC are duly reflected in the books of PKC and closing balance are reflected in the audited financial statements.

(vii) Tranche no. 14: Once again Mr. Kalaiyarasan pays ₹1.19 crore to Manish Shah who pays ₹0.90 crore to PKC and ₹0.29 crore to Seacoast HUF who pays the same amount to PKC who in turn pays ₹1.06 crore to SSSL. It has been explained by *Noticees* that the transfer of ₹0.90 crore by Mr. Manish Shah to PKC was the repayment of the funds that he had borrowed from PKC previously on August 14, 2020 and September 20, 2020 (refer Sr. No. 20 of Table 46). This was also recorded in the response submitted by Mr. Rakesh Shah on June 05, 2024. Further, it has been submitted that the transfer from Seacoast HUF was to settle all balance accounts with PKC.

163. Thus, it can be said that there are valid explanations given by *Noticees* about various loan and advances through which money for preferential allotment was paid. It has been duly demonstrated by *Noticees* with evidence that ₹7.63 Crore received by PKC from SSSL was an advance for land agreement which was subsequently returned by PKC to SSSL.

164. Further, it is seen that *Noticee* Nos. 5 to 8, did not divest their share during the F.Y. 2020-21, the period under which the circulation of funds has been alleged, as their shares were under lock-in at the relevant time, for a period of one (1) year i.e., till August 14, 2021. Subsequently, *Noticee* No. 5 to 8 have divested their shareholding after the completion of the alleged circulation of funds, during a period from November 02, 2021 to December 07, 2023. Though all the sale consideration of ₹35,09,54,567 belonging to *Noticee* Nos. 5 to 8 from the sale of preference shares allotted, have been ordered to be impounded, there is no allegation in the SCN that any part of this sale consideration has gone back to SSSL/Manish Shah or any of its connected entity. This fact strongly refutes the allegation that *Noticee* Nos. 5 to 8 were holding these

preference shares for SSSL/Manish Shah as allotment of preference shares was fictitious. It is difficult to allege that allotment of preference shares to *Noticees* was fictitious in light of the fact that proceeds from sale of these shares have remained with *Noticees*.

165. Thus, it can be seen that the money is paid by *Noticee* Nos. 5 to 8 for preferential shares allotment. Advance given by SSSL to PKC (which is alleged to be the return of preferential allotment money) has been found to be genuine which has also been seen to paid back to SSSL subsequently. Further, there is no evidence to show that sale consideration of these shares has gone to SSSL/Manish Shah or any of their connected entities. Under these circumstances the allegations in the SCN cannot be upheld.

166. In view of this, the allegations that the payment for preferential share money by *Noticee* Nos. 5 to 8, as well as repayment of advance was financed by SSSL/Manish Shah is not established due to the following:

(i) Proper explanation given by *Noticees* about the repayment along with supporting evidence of all loans transactions duly accounting for in audited financial statements;

(ii) Gaps in the allegations which do not support its case;

(iii) Non-examination of other parties involved in the circular transactions which could have provided evidence against the claim of proper accounting by *Noticees.*

(iv) Lack of evidence which can support allegation of the transactions being fictitious when there are evidences of them being part of running accounts (with entries both ways), are undertaken in a normal course of business and the year end balance of running accounts are properly reflected in the balance sheet.

(v) When finally, preference shares are sold, there is no evidence to show that it has gone back to Manish Shah or SSSL or its related entities.

(vi) Further, it is seen that there is no allegation of role played by *Noticee* Nos. 4 to 8 in the management/decision making, corporate governance

failure, misleading announcements or false disclosures by SSSL. Further, there is no allegation that any of these *Noticees* had any role in inflation of purchase and sales of SSSL for various years. There is no allegation of any of these *Noticees* playing any part in takeover of SSSL by Mr. Manish Shah. Further there was no subscription by any of these *Noticees* in subsequent rights issue.

167. Accordingly, I find that the allegation made in this regard against *Noticee* Nos. 4 to 8 are not established and they are exonerated from all charges and the direction of impounding of amount of ₹35,09,54,567 from *Noticee* Nos. 5 to 8 is vacated.

Group belonging to Noticee Nos. 9 and 10

168. It has been alleged that the *Noticee No.* 9 (Mr. Deep Shah) and the *Noticee No.* 10 (Mr. Shail Shah) during their respective depositions dated May 15, 2024, *inter alia* stated that they were allotted preferential shares of SSSL *in lieu* of amounts payable by Mr. Manish Shah/Seacoast-HUF to them. It has been submitted by *Noticee Nos.* 9 and 10 in their reply as well as Written Submissions that they maintained long-standing personal and professional relationship with the Noticee No. 2 which had existed prior to preferential allotment alleged in the instant proceedings. It has been acknowledged that the *Noticee No.* 2 owed some money to *Noticee Nos.* 9 and 10 and in return, Mr. Manish Shah either repaid the debts or provided *Noticees* with a share in the profits of the business.

169. *Noticee Nos.* 9 and 10 have further contended in their Reply as well as Written Submissions that the consideration paid by *Noticees* towards the Preferential Allotment was genuine and sourced from their personal funds which were received from Seacoast-HUF as repayment for their earlier dues. It was urged before me during the hearing that the two transactions involving the repayment of earlier dues by Seacoast—HUF and payment done by them to SSSL for preferential allotment were distinct transactions and should not be linked.

170. With regard to the sources of funds for making payments towards the allotment of shares, I note that the Noticee No. 10 had specifically submitted vide his email

dated May 30, 2024 that the Noticee No. 2 had released his funds which were invested in company and the same amount was re-invested in the preferential allotment of SSSL later on. It is also noted that *Noticee Nos.* 9 and 10 are individual and are not expected to maintain accounts unless carrying on business. There is no such fact in the SCN which could confirm if they are carrying on business.

171. I note that the investigation has not brought out any evidence showing that no consideration was effectively paid by *Noticee Nos.* 9 and 10 for subscribing to the shares of preferential allotment of SSSL. As noted above, *Noticees* had re-invested the funds received from the *Noticee No.* 2 in the preferential allotment of SSSL. In the absence of any evidence to the contrary and from the material available on record, it cannot be established that *Noticees* had subscribed to the shares in preferential allotment of SSSL using funds of SSSL. Further, SSSL was in receipt of consideration in lieu of the shares allotted to *Noticee Nos.* 9 and 10 in the preferential allotment.

172. I further note that two independent, distinct and separate transactions cannot be clubbed together without any credible evidence to show that the funds used by *Noticee Nos.* 9 and 10 for subscription of preferential allotment were routed through SSSL/Seacoast-HUF. Further, there is no allegation in the SCN that profit earned by these allottees by selling these preference shares were shared with the Noticee No. 2/SSSL or any of its related entity. This is a crucial test which the investigation could not establish in this case as well as in case of *Noticee Nos.* 5 to 8. It is difficult to allege SSSL financing allotment of preference shares to *Noticees* while sale proceeds of these shares have remained with *Noticees.*

173. In view of the above, I hold that the allegation of participating in preferential allotment of SSSL without effectively making payment of consideration in a fraudulent manner is not established against *Noticee Nos.* 9 and 10 also and further question of determination of ill-gotten gains by Noticees also does not arise and the direction of impounding of amount of ₹1,19,16,885/- from *Noticee* Nos. 5 to 8 is vacated.

174. Further, the quantum of illegal gains made by *Noticees* via off-market sale is not being dealt with here as the same is subject matter of separate investigation. This order is restricted to alleged illegal profit through on-market sale of shares during the investigation period.

F.4 Diversion of funds by SSSL

175. It has been alleged in the Interim Order cum SCN that funds received by SSSL pursuant *to* a Rights Issue done in the month of August 2023 were diverted by the company in a fraudulent manner. It may be noted that SSSL came out with a rights issue in the month of August 2023, of 20.25 crore equity shares whereby the Promoters *vide* a letter to BSE had indicated that they would not subscribe to their portion of rights entitlement. Thus, the said shares were subscribed by non-promoter shareholders at an issue price of ₹2.40/- in the ratio of 3 equity shares for every 5 equity shares held by them. Thus, an aggregate amount of ₹48.48 crore was received by SSSL as part of the said rights issue. As per the Letter of Offer pertaining to the rights issue, SSSL proposed to utilize the proceeds from the issue towards funding Working capital requirement (₹36.75 crore), General Corporate Purpose (₹11.24 crore) and to meet Issue Expenses (₹0.50 crore).

176. However, on a perusal of bank statement of SSSL, it was observed during the investigation that the Rights issue funds were transferred to sixteen 1st layer parties and ₹5 crore was utilised towards payment of Cash Credit facility of IndusInd Bank. Further, on an analysis of the bank statements of 15 of these 1st layer parties (except one party whose bank statements could not be obtained), it was observed that almost on the same day or within the immediate next one to three days, these 15 parties transferred the funds they received from SSSL onwards to a further set of more than seventy-five 2nd layer parties. Upon perusal of the names of 2nd layer transferees, it was found that many 2nd layer transferees were common among many 1st layer transferees. The details of transfer of rights issue funds to the 1st layer parties and a few sample instances

of onward transfer by these 1st layer parties to the more than seventy-five 2nd layer parties are shown in the tables reproduced at **Annexure- F**.

177. Furthermore, it was observed that in majority of instances, the funds from these more than seventy-five 2nd layer parties were transferred by them onward to a set of 3rd layer parties. However, in majority of cases, a one-to-one correlation of fund trail could not be ascertained in respect of these 3rd layer parties.

178. Investigation further revealed that SSSL utilised ₹5.00 crore from the Rights Issue funds towards part repayment of the Cash Credit availed from IndusInd Bank. In November 2020, SSSL availed a Cash Credit facility of ₹20 crore from IndusInd Bank. However, as observed in the preceding paragraphs, SSSL utilised this Cash Credit facility and allegedly made fictitious payments to Global Pet Chem (₹6.86 crore) and Starchart (₹3.97 crore), thereby diverting ₹10.83 crore from the Company. Thereby, it was alleged that SSSL diverted an amount of ₹43.42 crore from the Rights Issue funds and an amount of ₹10.83 crore from the Cash Credit facility availed from IndusInd Bank.

179. I note that despite multiple summons and reminders no documentary evidence *inter alia* in the form of purchase invoices, agreements, purchase register, etc., regarding payments made by SSSL for proper utilisation of rights issue funds has been given by SSSL and no submissions have been made regarding the allegation of diversion of rights issue funds. Pursuant to the hearing conducted before me on June 06, 2025, *Noticees* were specifically advised to provide documentary evidence in the form of purchase agreements, invoices, purchase registers, etc. as proof for correct utilisation of rights issue funds. In the Written Submissions dated June 20, 2025, it has been submitted that the funds from the Rights issue were regretfully not utilised for the business purpose intended, as unfortunately during that period, the son of the *Noticee No.* 2 (Mr. Manish Shah) was kidnapped, and the proceeds from Right Issue were transferred to Mr. Utsav Patel and Mr. Akshay Patel.

180. It needs to be seen that the *Noticee No.* 2 during his deposition dated February 05, 2024 had admitted that the funds from the rights issue were not utilized by

the company and payments were made to various parties against fictitious purchases. As discussed above, the statement recorded on oath on February 05, 2024 has not been retracted through Affidavit as is the case with statement dated June 03, 2024 though stated to be under duress. Further, the *Noticee No.* 3 during his deposition dated February 27, 2024 which has also not been retracted through Affidavit stated that rights issue proceeds were utilized by SSSL to make payments against fictitious purchase transactions made by SSSL. Further, the *Noticee No.* 11 during her deposition dated March 04, 2024 stated that she was a Director of SSSL only on paper and though she was aware that the money related to the rights issue had come to the company, she stated that the funds were taken away from the company since their son had been kidnapped and the money was given to Mr. Utsav Patel and Mr. Akshay Patel (Pintu). Upon further questioning, it was stated that kidnapping was not reported to the law enforcement agencies and they left the city instead. Again in her reply to the SCN dated April 22, 2025 no submissions have been made in this regard. The other Independent Directors of SSSL also in their respective depositions admitted that they were not aware about any such Rights issue brought by the company. In view of the absence of any documentary evidence and supported by express admissions of Directors of the company that rights issue proceeds were not utilized by the company for the intended purposes and were instead diverted from the company, I hold that SSSL had diverted the funds of Rights issue.

181. I note that sub regulation (3) of regulation (18) read with clause 6 of Para A of Part C of Schedule II of the SEBI LODR Regulations, *inter alia* mandates that the Audit Committee should monitor the utilization of proceeds of the Rights issue. Further, regulation 32 mandates that the company shall, on a quarterly basis, place before the Audit Committee the statements of deviation or variation, if any, in the utilization of proceeds of rights issue from the objects of the issue for review, including the uses and applications of the issue proceeds, and after such review, the same shall be submitted to the stock exchanges.

182. The issue of non-convening of Audit Committee meetings has been discussed in subsequent paragraphs. The Company also did not submit any 'Statement of Deviation' regarding the Rights Issue to the Stock Exchange. Therefore, I find that *Noticee No.* 1 has violated the aforesaid provisions.

183. I note *that* the terms "dealing in securities" and "fraud" as defined in clauses (b) and (c) of sub-regulation (1) of regulation 2 of the PFUTP Regulations, are inclusive. In terms of sub-clause (ii) of clause (b) of sub-regulation (1) of regulation 2 of the PFUTP Regulations, dealing in securities includes such acts which may be knowingly designed to influence the decision of investors in securities. In view of the above discussion, I hold that these acts of *Noticees* of diverting the Rights Issue funds by making payments towards fictitious purchases are in violation of sub-regulations (b), (c) and (d) of regulation 3, sub-regulation (1) and clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations read with sub-sections (a), (b) and (c) of section 12A of the SEBI Act.

F.5 Failure of Corporate Governance

184. It has been alleged in the SCN that there were lapses of Corporate *Governance* on the part of SSSL such as filing of incomplete Annual Reports, incorrect disclosures regarding the business being carried out, etc. The findings in this regard are given in the succeeding paragraphs:

Incomplete Annual Reports

185. It has been alleged in the SCN that the disclosures regarding Related Party Transactions were not part of SSSL's Annual Report for the FY 2022-23 although the Company provided a document to SEBI titled '*Accounting Policy*' wherein such disclosures were made. However, by submitting an incomplete Annual Report to BSE due to the absence of such disclosures in its Annual Report, SSSL violated regulation 34(3) read with Para A of Schedule V of SEBI (LODR) Regulations, 2015. Further, despite the Statutory Auditor qualifying the financial statements for FY 2021-22 and FY 2022-23, SSSL failed to include the

Statements on Impact of Audit Qualifications. Instead, the Company made the following disclosure in the Director's Report:

"….There are no audit qualifications, reservations or adverse remarks from the Statutory Auditors during the year under review."

186. I further note that as discussed in the preceding paragraphs, SSSL's books of account were also inflated and thereby misrepresented by accounting fictitious sale/purchase transactions with vendors/customers. Accordingly, incorrect data w.r.t. the financials of SSSL was being reported to the investors at large through the Annual Reports to manipulate the share price of the scrip of SSSL. As demonstrated earlier, when share price of SSSL had risen due to misrepresented financial statements, promoters sold majority of their shareholding during this period.

187. I note that clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations *inter alia* prohibit publishing or causing to publish, reporting or causing to report any information including the financial results which are not true, disseminating information or advice which the disseminator knows to be false or misleading in reckless or careless manner and knowingly planting false or misleading news which may induce sale or purchase securities. Clause (d) of sub regulation (3) of regulation 33 of the LODR Regulations *inter alia* states that the listed entity shall submit the financial results along with the Audit Report and Statement on Impact of Audit Qualifications, the proviso further states that in case there are unmodified opinions the listed entity shall furnish a declaration to that effect. Further, clause (a) of sub regulation (2) of regulation 34 *inter alia* states that the annual report shall contain Statement on Impact of Audit Qualifications as stipulated in regulation 33.

188. I note that in the instant matter, SSSL made an incorrect disclosure in the Director's Report and failed to include the Statements on Impact of Audit Qualifications as mandated by the LODR Regulations. Further, by not including the Statement on Impact of Audit Qualifications, SSSL thereby misled the

shareholders of SSSL that there were no audit qualifications during the FY 2022-23.

189. Further, in terms of sub-clause (ii) of clause (b) of sub-regulation (1) of regulation 2 of the PFUTP Regulations, dealing in securities includes such acts which may be knowingly designed to influence the decision of investors in securities. In view of the above finding, I hold that SSSL has violated clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations, clause (c) of sub regulation (1) of regulation (4), clause (d) of sub regulation (3) of regulation 33, clause (a) of sub regulation (2) of regulation 34 and by publishing incomplete Annual Report of SSSL for the FY 2022-23, SSSL violated sub regulation (3) of regulation 34 of the LODR Regulations.

Incorrect disclosures regarding the business being carried out

190. It has been alleged in the SCN that by making false and misleading disclosures regarding the business being carried out, SSSL misled investors and violated clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations and clause (c) of sub regulation (1) of regulation 4 of the LODR Regulations.

191. It may be noted that as per the Annual Report for the FY 2022-23, SSSL with the approval of shareholders in its Extra-ordinary General Meeting held on December 12, 2022, made an addition in the object clause regarding carrying on the business of agro products. Further, from the Sale and Purchase registers submitted by the Company, as discussed in earlier part of this order, it is seen that SSSL was only involved in the business of Agro products in the FY 2022-23.

192. It has already been shown that how SSSL showed fictitious sale/purchase transactions whereas no corresponding entries were found upon analysis of its bank accounts. During the proceedings before me, *Noticees* were specifically advised to provide evidence of timely disclosures of various compliances, however, no material proof of timely and appropriate disclosures has been

submitted in this regard. The same is further supported by the deposition of the *Noticee No.* 2 dated February 05, 2024, which has not been retracted through an Affidavit though only stated to be under duress as discussed above, wherein he had stated that since SSSL was not generating any revenue through shipping business, he thought of somehow showing that the company was generating revenues and since Agro commodities did not attract GST, he thought of showing fictitious revenue by way of trading in agro commodities.

193. It may be noted that investigation has revealed that in all its quarterly results starting from the period April 2020 to December 2023 (except June 2023 quarter), SSSL disclosed that the Company had only one reportable business segment of ship hiring and operating. On seeking clarifications, the *Noticee No.* 2 in his deposition dated June 03, 2024 had admitted that it was an oversight and should have been amended. As discussed above, the statement dated June 03, 2024 has been retracted through an Affidavit by the *Noticee No.* 2, the same is being used only as a corroborative secondary evidence. It needs to be highlighted that investors were kept in dark about the actual business activities of the company, and they were under the impression that the revenues being shown by the company in its Annual Reports and financial results were being generated through its shipping business, however, this was not true.

194. As noted above, in terms of sub-clause (ii) of clause (b) of sub-regulation (1) of regulation 2 of the PFUTP Regulations, dealing in securities includes such acts which may be knowingly designed to influence the decision of investors in securities. In view of the above, and considering that no proof has been submitted by SSSL regarding appropriate disclosures, I hold that by not disclosing the true and correct business activities of the company to investors at large, SSSL played fraud on innocent investors of SSSL who remained in disguise about the actual business of the company. Accordingly, it is held that SSSL violated clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations and clause (c) of sub regulation (1) of regulation 4 of the LODR Regulations.

Misleading announcement regarding Starchart

195. It has been alleged in the SCN that by making false and misleading disclosures regarding investment in Starchart, SSSL misled investors and violated clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations and clause (c) of sub regulation (1) of regulation 4 of the LODR Regulations.

196. It was revealed during the investigation that SSSL, in its disclosure dated December 15, 2021 to the BSE had stated that it had decided to take over Starchart and hoped to achieve a further turnover of ₹500 crore to ₹600 crore from Starchart in FY 2021-22. In this regard, the *Noticee No.* 2 in his deposition dated February 05, 2024 (which statement has not been retracted through an Affidavit as is the case with statement recorded on June 03, 2024, but stated to be under duress and as discussed in detail above) stated that Starchart was incorporated by him along with the *Noticee No.* 3 in February 2020 and later it was sold to Mr. Akshay Patel and Mr. Apurv Patel, for an amount of ₹0.01 crore.

197. In response to BSE's queries, SSSL *vide* email dated June 06, 2023 had stated that since Starchart subsequently demanded high valuation for its shares, thus, SSSL passed a Board Resolution dated December 20, 2021 to cancel the said takeover. However, it is pertinent to note that, as per the Annual Report of SSSL for the FY 2021-22, no Board Meeting of SSSL was conducted/held on December 20, 2021 and the disclosure for the same was also not made by the company to the stock exchange. I note that no submissions have been made in this regard either by SSSL or the *Noticee No.* 2 and no proof either in the form of Minutes of Meeting or Board Resolution has been submitted to prove that the Board meeting took place on December 20, 2021.

198. It needs to be seen that the finding is further supported by the deposition of the *Noticee No. 2* dated June 03, 2024, wherein he had admitted that there was no basis for making such tall claims in the corporate announcement in respect of acquisition of Starchart. Though the statement dated June 03, 2024 has been retracted by an Affidavit, the same can still be used as a supportive evidence if the same is otherwise consistent with the material available on record. It is

further noted that regarding the diversion of funds of rights issue of SSSL, the *Noticee No.* 11 in her deposition had stated that the rights issue funds were taken away from the company, and since her son was kidnapped, the funds were given to Mr. Utsav Patel and Mr. Akshay Patel, out of threat. It is not clear if Mr. Akshay Patel was the one to whom Starchart had also been sold.

199. The above facts clearly show that incorrect disclosure was made by SSSL to the BSE despite knowing that there was no basis for making such tall claims. This highlights the casual approach taken by the company and its KMPs to simply make claims which were far from being fulfilled and were made to woo innocent investors.

200. In terms of sub-clause (ii) of clause (b) of sub-regulation (1) of regulation 2 of the PFUTP Regulations, dealing in securities includes such acts which may be knowingly designed to influence the decision of investors in securities.

201. In view of the above and the fact that no proof has been submitted by SSSL in support of announcement pertaining to Starchart, I find that SSSL has violated clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations and clause (c) of sub regulation (1) of regulation 4 of the LODR Regulations.

Wrong disclosures in respect of Related Party Transactions

202. Investigation revealed that for the FY 2020-21, SSSL disclosed a sale of ₹149.24 crore and a purchase of ₹134.31 crore as Related Party Transaction (RPT) with Seacoast-HUF. However, on perusal of the sale and purchase registers of SSSL as well as Seacoast-HUF, no transactions between them were found. Further, based on the business takeover agreement between SSSL and Seacoast-HUF and the deposition of the *Noticee No.* 2, it was noted that SSSL did not incorporate the sales and purchases made by Seacoast-HUF in its books of account, pursuant to the takeover agreement. Thus, it has been alleged in the SCN that SSSL incorrectly disclosed the sales and purchases made by Seacoast-HUF as RPT made by SSSL with Seacoast-HUF. *Noticees*

in their Reply to the SCN have simply submitted that all requirements stipulated in the LODR regulations have been fulfilled by the company without giving any substantiating evidence in this regard.

203. Clause 1 of Para A of Schedule V of the LODR Regulations states that the listed entity which has listed its non-convertible securities shall make disclosures in compliance with the Accounting Standard on Related Party Disclosures. Further, sub regulation (3) of regulation 34 of LODR Regulations states that annual report shall contain any other disclosures specified in Companies Act, 2013 along with other requirements as specified in Schedule V of the LODR regulations and regulation 48 states that the listed entity shall comply with all the applicable and notified Accounting Standards from time to time.

204. In view of the above, I hold that SSSL wrongly disclosed the RPT with Seacoast-HUF and violated the provisions of Para 18 of IND AS 24 (Related Party Disclosures), and thereby violated sub regulation (3) of regulation 34 read with Clause 1 of Para A of Schedule V of the SEBI LODR Regulations. Further, by violating IND AS 24 (Related Party Disclosures), SSSL violated clauses (a), (b) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4 and regulation 48 of the SEBI LODR Regulations.

Improper constitution of Audit Committee

205. It has been alleged in the SCN that SSSL failed to constitute the Audit Committee (**"AC"**) properly, which violated clause (d) of sub-regulation (1) of regulation 18 read with clause (b) of sub-regulation (1) of regulation 16 of the LODR Regulations.

206. It has been revealed during the investigation that the *Noticee No.* 12 was a common link between SSSL and some of its vendors/customers as follows:

Table 48

Sl. No.	Name of the Party	Nature of Relation brought out during investigation
1	S. Sons	Mr. Sushil Kumar Sanjot, a director of Seacoast is the sole proprietor of S. Sons
2	Real Tex Shipping and Marine Services Pte Ltd	Mr. Sushil Kumar Sanjot is a common director

Sl. No.	Name of the Party	Nature of Relation brought out during investigation
3	Safe Cargo Shipping Services Pte Ltd	Mr. Sushil Kumar Sanjot and Mr. Sameer Shah are common directors

207. The transactions of SSSL with these parties are reiterated as under:

Table 49

Name of the Party	Nature of transaction	FY	Amount of sale/ purchase (in ₹ crore)	Total sale/ purchase by Seacoast in the FY (in ₹ crore)	% of sale/ purchase
S. Sons	Sale	2020-21	8.76	243.15	3.60%
S. Sons	Purchase	2020-21	4.14	224.79	1.84%
Real Tex Pte	Sale	2021-22	60.56	127.80	47.39%
Safe cargo	Purchase	2021-22	94.06	116.81	80.52%

208. It may be noted that clause (b) of sub-regulation (1) of regulation 16 of the LODR Regulations *inter alia* pro*vide*s that a person shall be ineligible to be appointed as an Independent Director of the listed entity if he/she is a material supplier, service pro*vide*r or customer of the listed entity. It is noted that the *Noticee No.* 12 Mr. Sushil Sanjot, the Independent Director of SSSL, was a material Customer/Vendor of SSSL through S. Sons, Real Tex Pte and Safe Cargo and therefore, was ineligible to be appointed as an '*Independent Director*' of SSSL. SSSL further also appointed the *Noticee No.* 12 as the chairperson of the AC.

209. Further, clause (d) of sub-regulation (1) of regulation 18 of LODR Regulations pro*vide*s that the chairperson of the AC shall be an Independent Director, however, SSSL appointed the *Noticee No.* 12 as the chairperson of the AC who was ineligible to be appointed even as an Independent Director in SSSL. In this regard, I note that the company in its reply has simply denied the allegations, however, no explanation provided as to how the allegation is not correct. Therefore, I hold that by failing to constitute AC properly, SSSL violated clause (d) of sub-regulation (1) of regulation 18 read with clause (b) of sub-regulation (1) of regulation 16 of LODR Regulations.

210. Further, by making false and misleading disclosures w.r.t. the independence of the *Noticee No.* 12 and regarding the proper constitution of AC, SSSL misled

its investors and violated clauses (f), (k), and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations and clause (c) of sub-regulation (1) of regulation 4 of the LODR Regulations.

Failure to convene Audit Committee meetings

211. It has been alleged in the SCN that by not convening AC meetings as mandated, SSSL violated sub-regulation (2) of regulation 18 of the LODR Regulations. Further, by making false and misleading disclosures regarding the AC meetings being held in the Company, SSSL misled the investors and further violated clauses (f), (k), and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations and clause (c) of sub-regulation (1) of regulation 4 of the LODR Regulations.

212. It has been revealed during the investigation that as per the disclosures made in the Annual Reports of SSSL for FY 2020-21, FY 2021-22 and FY 2022-23, SSSL claimed to have convened 20 AC meetings in these three years. I note that as held earlier, appointment of the Noticee No. 12 as an Independent Director of SSSL was improper and the Noticee No. 11 was wife of the Noticee No. 2.

213. I note that Noticee Nos. 14 and 15 stated that they attended some meetings but there was no paper or agenda given and minutes of meetings were also not provided thus, they were not sure whether they attended Board meetings or Audit Committee meetings. Further, Noticee No. 16 stated that he was appointed to the AC without his consent and he did not attend any AC meetings during his tenure. It has also been submitted that no documents or information pertaining to AC meetings were provided to him. I also note that the Noticee No. 17 has stated that she never gave her consent to become part of AC, never attended any AC meetings and she only attended Board meetings. It has further been revealed that the company failed to produce certified copies of minutes of AC meetings.

214. I note that sub regulation (3) of regulation (18) read with clause 6 of Para A of Part C of Schedule II of the SEBI LODR Regulations, *inter alia* mandates that the AC shall review the statement of uses/applications of funds raised through a preferential allotment. Further, sub regulation (7A) of regulation 32 of the SEBI LODR Regulations *inter alia* provides that where an entity has raised funds through preferential allotment, the listed entity shall disclose every year, the utilization of such funds during that year in its Annual Report until such funds are fully utilized. On perusal of the Annual Report of SSSL for the FY 2020-21, it is seen that SSSL did not disclose the utilization of funds raised through preferential allotment.

215. It has been submitted by SSSL in the reply to the SCN that AC meetings were duly conducted as mandated by the regulations at least four times in a financial year, however, no proof has been submitted regarding the same. Further, it has been submitted that proceeds received from the preferential allotment were duly accounted for and utilised exclusively for legitimate business purposes. Post hearing conducted before me on June 06, 2025, SSSL was asked to produce evidence of various Audit Committee meetings of SSSL during the investigation period with supporting documents such as information of meetings (e-mails/letters), agenda, minutes of meetings, etc. However, I note that the company has failed to furnish minutes of any AC meetings and/or any agenda shared with the members of the AC prior to these meetings. I note that *Noticee Nos.* 19 and 20 have submitted evidence of WhatsApp screenshots in this regard, however, it is not clear whether the same pertains to Board meetings or AC meetings except one screen shot which shows the meeting was board meeting.

216. Considering that the company has failed to produce any cogent evidence for the AC meetings even after specific explanation sought by me from the company, I am constrained to hold that AC meetings were never held in the company during the FY 2020-21, FY 2021-22 and FY 2022-23. Accordingly, I hold that by not convening AC meetings, SSSL violated sub-regulation (2) of regulation 18 of the LODR Regulations. Further, SSSL made false and

misleading disclosures in its Annual Reports regarding the AC meetings being held in the Company regularly and thereby misled its investors and violated clauses (f), (k), and (r) of sub-regulation (2) of regulation 4 of the PFUTP Regulations and clause (c) of sub-regulation (1) of regulation 4 of the LODR Regulations.

217. I further note that sub-regulation (2) of regulation 23 of LODR Regulations mandates that all related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity. As held above, AC meetings were never held in the company, so the question of AC members giving approval for the RPTs does not arise at all. In this regard, the company has made a mere denial that all the related party transactions undertaken during the IP were executed after due approval was received from the audit committee, however, has failed to pro*vide* any corroborating e*vide*nce. The same proves that prior approval of the AC was not obtained for RPTs entered into by the company. Accordingly, I hold that violation of sub-regulation (2) of regulation 23 of LODR Regulations also stands established against SSSL.

Violations of the Company in respect of Compliance Officers

218. It has been alleged that during the last quarter of FY 2020-21, Mr. Manish Shah, who is not a Company Secretary, was appointed as the Compliance Officer of SSSL. Further, after the resignation of the *Noticee No.* 22 (Mr. Vinay Kumar Jain) as the Company Secretary on September 1, 2023, SSSL did not fill the vacancy of Compliance Officer until March 23, 2024.

219. I note that as per sub-regulation (1) of regulation 6 of the LODR Regulations, a listed entity shall appoint a qualified Company Secretary as the Compliance Officer. Further, as per sub-regulation (1A) of regulation 6 of the LODR Regulations, any vacancy in the office of the Compliance Officer shall be filled by the listed entity within three months from the date of such vacancy. In this regard, the company has submitted in its reply that the Company appointed a duly qualified company secretary as compliance officer during the IP. Further,

in instance of a vacancy, temporary hire was done, which was also replaced and the position was filled.

220. I find that no reason or valid justification has been given by the company as to why regulations pertaining to the appointment of Company Secretary were not complied with. Further, it has been simply stated that the company appointed a qualified Company Secretary as Compliance Officer, without any corroborative e*vide*nce. It is crucial to point here that corporate governance plays a very important role in the proper functioning of a company. In view of the above, I hold that by not appointing a qualified Company Secretary as the Compliance Officer and by further keeping the position vacant, SSSL violated sub-regulations (1) and (1A) of regulation 6 of the LODR Regulations.

F.6 Failure on the part of Directors

221. The interim order cum SCN has made out allegations against *Noticee Nos.* 2 and 3 for direct liability for the violations committed by them as well as the vicarious liability for the violations committed by the company.

222. ***Role of Mr. Manish Shah (Noticee No. 2), Promoter, Chairman,*** **Managing** ***Director (MD), Chief Financial Officer (CFO), Compliance Officer and AC member***

i. It has been observed that the *Noticee No.* 2 was disclosed as the Chairman cum MD of SSSL during FY 2020-21 to FY 2021-22 and as MD cum CFO during FY 2022-23 in the Annual Reports. He was also appointed as an interim Compliance Officer on January 12, 2021 until the appointment of Mr. Parth Patel as Company Secretary and Compliance Officer on March 11, 2021. Further, he was also a member of the Audit Committee for FY 2020-21 and FY 2021-22. Mr. Manish Shah was signing and filing the quarterly compliance reports on corporate governance in SSSL with BSE, since the quarter ending December 2020. As per the certifications in Annual Reports, Mr. Manish Shah signed the certification as required under sub- regulation (8) of regulation 17 of the LODR Regulations and he was also one of the

signatories to the Financial statements for FY2020 to FY2023 which were misrepresented/ misstated. In view of the same, various allegations have been levelled against him in the interim order cum SCN.

ii. I note that the *Noticee No.* 2, in his submissions, *inter alia*, has denied all charges made against him without providing any substantive e*vide*nce to negate the charges levelled against him. I note that a company, being an artificial person, cannot act by itself and that it acts through its individual directors/KMPs, who are expected to discharge their responsibilities on behalf of the company. In this regard, I note that section 27 of the SEBI Act, pro*vide*s for the liability of certain persons who were in charge of and were responsible to the Company where the contravention is committed by a Company. In other words, the said section pro*vide*s for the vicarious liability in respect of the violations committed by such company.

iii. I further note that Mr. Manish Shah furnished the Compliance Certificates under sub-regulation (8) of regulation 17 read with Part B of Schedule II of LODR Regulations, to the Board of Directors, *inter alia*, stating that the financial statements did not contain any materially untrue statement, despite knowing that financial statements for FY 2020-21 to 2022-23 were misrepresented/misstated.

iv. In this regard, I note that the *Noticee No.* 2 held various roles such as the Chairman, Managing Director, Compliance Officer and AC member during the IP. It may be noted that the *Noticee No.* 2 was at the helm of affairs of the company during the IP. He has attended Board Meetings during the IP as per the disclosures in the Annual Reports. Considering all this, Mr. Manish Shah cannot distance himself from the functions of the company. Hence, he is responsible for the acts, omissions and the conduct of SSSL. On consideration, I find that by virtue of section 27 of the SEBI Act, 1992, *Noticee No.* 2 is also in violation of provisions of law that have been violated by SSSL.

v. Further, I note that article (2) of sub-clause (i) of clause (f) of sub-regulation (2) of regulation 4, articles (2), (6) and (7) of sub-clause (ii) of clause (f) of sub-regulation (2) of regulation 4 and articles (6) and (7) of sub-clause (iii) of clause (f) of sub-regulation (2) of regulation 4 of the LODR Regulations create specific and direct liability of the board of directors of a listed entity. Further, sub-clause (ii) of clause (f) of sub-regulation (2) of regulation 4 of the LODR Regulations specifically deals with key functions of the board of directors such as meeting the expectation of operational transparency to stakeholders and also monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions. Further, sub-clause (iii) of clause (f) of sub-regulation (2) of regulation 4 of the LODR Regulations deals with other responsibilities of the board of directors. Thus, board of directors is responsible for complying with these principles. Any liability arising out of these violations of the listed entity under the LODR Regulations, is fastened on the board of directors of the listed entity. Accordingly, I find that Mr. Manish Shah failed to discharge his duties as a director during the investigation period and is liable for these violations.

vi. Further, it is admitted fact that Mr. Manish Shah was a member of Audit Committee. As a member, he failed to exercise due diligence and overseen the financial reporting process and disclosures. He failed to exercise due diligence in reviewing the annual financial statements of company and auditor's report thereon, before submission to the board for approval. In view of the above discussion, I find that the *Noticee No.* 2 is also in violation of sub-regulation (3) of regulation 18 read Para A of Part C of Schedule II of the LODR Regulations.

vii. Further, as per clause (a) of sub-regulation (2) of regulation 27 of the LODR Regulations, every listed entity shall submit a quarterly

compliance report on corporate governance, signed either by the compliance officer or the chief executive officer, to the stock exchange. Mr. Manish Shah was signing and filing the quarterly compliance reports on corporate governance in SSSL with BSE, since the quarter ending December 2020. However, in view of the Corporate Governance issues pointed out in the preceding paragraphs, Mr. Manish Shah had deliberately hidden the fact of non-compliance of various corporate governance requirements by SSSL. In view of the above, I find that Mr. Manish Shah has violated the said provision.

viii. In view of the above discussions, I find that Mr. Manish Shah being the Managing Director of SSSL is also responsible for contraventions committed by SSSL during the IP and has accordingly violated the provisions of sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of regulation 4 read with clauses (b) and (c) of sub-regulation (1) of regulation 2 of the PFUTP Regulations, sub-sections (a), (b) and (c) of section 12A of the SEBI Act, 1992, clauses (a), (b), (c), (e), (g), (h), and (j) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4, sub-regulations (1) and (1A) of regulation 6, sub-regulation (2) of regulation 18, sub-regulation (2) of regulation 23, clause (a) of sub-regulation (2) of regulation 27, regulation 32, clauses (a) and (c) of sub-regulation (1) of regulation 33, clause (d) of sub-regulation (3) of regulation 33, clause (a) of sub-regulation (2) of regulation 34 and regulation 48 of the LODR Regulations; clause (d) of sub-regulation (1) of regulation 18 r/w clause (b) of sub-regulation (1) of regulation 16 and regulation (3) of regulation 34 read with Clause 1 of Part A of Schedule V of the LODR Regulations read with Section 27 of the SEBI Act and article (2) of sub-clause (i) of clause (f) of sub-regulation (2) of regulation 4, articles (2), (6), and (7) of sub-clause (ii) of clause (f) of sub-regulation (2) of regulation 4 and articles (6) and (7) of sub-clause (iii) of clause (f) of sub-regulation (2) of regulation 4 of the LODR Regulations.

223.*Role of Mr. Sameer Shah (Noticee No. 3), Promoter and Executive Director*

i. Mr. Sameer Shah was disclosed as an Executive Director of SSSL in the Annual Reports for FY 2020-21 to FY 2022-23. He was appointed as Director on May 04, 2020, and ceased to be the Director with effect from December 26, 2023. It has been alleged in the SCN that he acted on the instructions given to him by Mr. Manish Shah to aid and abet the entire scheme of diversion of funds, fictitious allotment of shares on a preferential basis as well as the subsequent misrepresentation of the financial statements. The various transactions undertaken by SSSL that were detrimental to the interest of shareholders and in violation of various regulatory requirements could not have taken place without the approval or knowledge of the Executive Director.

ii. I note that the *Noticee No.* 3, in his submissions, *inter alia*, has denied all charges made against him without providing any substantive evidence to negate the charges levelled against him. I note that the Noticee No. 3 was the Executive Director of SSSL during the period when financial statements were misrepresented. Material available on record suggests that the Noticee No. 3 aided and abetted the Noticee No. 2 in the entire scheme. In view of the above and considering that no cogent submissions have been made in this regard, I find that Mr. Sameer Shah did not fulfil his duties and obligations as a Director of SSSL and violated article (2) of sub-clause (i) of clause (f) of sub-regulation (2) of regulation 4, articles (2), (6), and (7) of sub-clause (ii) of clause (f) of sub-regulation (2) of regulation 4 and articles (6) and (7) of sub-clause (iii) of clause (f) of sub-regulation (2) of regulation 4 of the LODR Regulations.

iii. Further, being the Executive Director of SSSL, Mr. Sameer Shah is also responsible for contraventions committed by SSSL during the IP in terms of section 27 of the SEBI Act. Accordingly, I find that the *Noticee No.* 3 has violated sub-regulations (a), (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4, clauses (e), (f), (k) and (r) of sub-regulation (2) of

regulation 4 r/w clauses (b) and (c) of sub-regulation (1) of regulation 2 of the PFUTP Regulations, sub-sections (a), (b) and (c) of section 12A of the SEBI Act, 1992, clauses (a), (b), (c), (e), (g), (h), and (j) of sub-regulation (1) of regulation 4, sub-clause (i) of clause (e) of sub-regulation (2) of regulation 4, sub-regulations (1) and (1A) of regulation 6, sub-regulation (2) of regulation 18, sub-regulation (2) of regulation 23, clause (a) of sub-regulation (2) of regulation 27, regulation 32, clauses (a) and (c) of sub-regulation (1) of regulation 33, clause (d) of sub-regulation (3) of regulation 33, clause (a) of sub-regulation (2) of regulation 34, regulation 48 of the LODR Regulations; clause (d) of sub-regulation (1) of regulation 18 r/w clause (b) of sub-regulation (1) of regulation 16 and regulation (3) of regulation 34 read with Clause 1 of Part A of Schedule V of LODR Regulations.

F.7 Failure on the part of Directors who were Audit Committee members and the Compliance Officers

224. The role of the Audit Committee members was examined during the investigation. Apart from the *Noticee No.* 2, it was observed that there were other Directors who were members of the Audit Committee. The attendance of Audit Committee members in the Audit Committee meetings during FY 2020-FY 2023 as per the Annual Reports of SSSL is as under:

Table 50

Name of the Director	Details of roles in the company	No. of AC Meetings attended as per Annual Report of SSSL
Ms. Cheryl Shah (*Noticee No.* 11)	Disclosed as Non-Executive Non-Independent Director in the Annual Reports for FY 2020-21 to FY 2022-23. Member of the AC for FY 2021-22	2 (out of 5) AC meetings held in FY 2021-22
Mr. Sushil Sanjot (*Noticee No.* 12)	Disclosed as an Independent Director in the Annual Reports for FY 2020-21 to FY 2022-23. Member of the AC for FY 2020-21 to FY 2022-23, first as an AC member until August 23, 2021, and then as the AC Chairman until April 14, 2023	20 (out of 20) AC meetings for the period FY 2020-21 to FY 2022-23
Mr. Jaydeep Shah	Disclosed as an Independent Director of Seacoast in the Annual Reports for FY 2022-23. Member of the AC for FY 2022-23	6 (out of 7) AC meetings for FY 2022-23

Name of the Director	Details of roles in the company	No. of AC Meetings attended as per Annual Report of SSSL
(*Noticee No.* 14)		
Mr. Apurv Kumar Patel (*Noticee No.* 15)	Disclosed as an Independent Director of Seacoast in the Annual Reports for FY 2022-23. Member of the AC for FY 2022-23	6 (out of 7) AC meetings for FY 2022-23
Mr. Viren Makwana (*Noticee No.* 16)	Disclosed as an Independent Director and a member of the AC of Seacoast in the quarterly compliance reports on corporate governance for the quarters ending June 2023 and September 2023, submitted by SSSL to BSE	NA (appointed on April 04, 2023 and ceased to be the Independent Director with effect from September 21, 2023)
Ms. Shivangi Gajjar (*Noticee No.* 17)	Disclosed as an Independent Director and a member of the AC of SSSL in the quarterly compliance reports on corporate governance for the quarters ending June 2023 and September 2023, submitted by Seacoast to BSE	NA (appointed on April 14, 2023 and ceased to be the Independent Director with effect from September 21, 2023)

225. I note that the aforesaid *Noticees* except *Noticee Nos.* 11 and 12 have deposed before the IA that either the meetings of AC were not convened or they were not sure if they attended any meetings of the Audit Committee or other meetings. Further, during the proceedings before me Noticee Nos. 14 and 15 stated that they attended some meetings but there was no paper or agenda given and minutes of meetings were also not provided thus, they were not sure whether they attended Board meetings or Audit Committee meetings. Further, Noticee No. 16 stated that he was appointed to the AC without his consent and he did not attend any AC meetings during his tenure. It has also been submitted that no documents or information pertaining to AC meetings were provided to him. I also note that the Noticee No. 17 has stated that she never gave her consent to become part of AC, never attended any AC meetings and she only attended Board meetings.

226. It may be noted that Annual Reports of the company showed that AC meetings were regularly held in the company and members of the Audit Committee attended the respective meetings. Some of *Noticees* have further submitted that they were unaware of being members of the Audit Committee. I note that Annual Reports of a public listed company are public documents and readily available.

No evidence has been submitted by *Noticees* regarding any action that has been taken by them against the company for publishing false information in the Annual Reports. *Noticees* despite being Directors and members of Audit Committee have failed to provide any evidence in the form of minutes/agenda of AC meetings and failed to raise concerns regarding the non-convening of AC meetings. As discussed earlier, though the company had disclosed in the Annual Reports that AC meetings were held regularly, no proof of the same was given by the company also.

227. I note that the *Noticee No.* 11 who is wife of the *Noticee No.* 2 had deposed before the IA on March 04, 2024 that she did not know if she was a member of the Audit Committee and since she was made a Director only on paper, she had not attended any AC meetings during her tenure. However, in the Written Submissions, it has been submitted that the *Noticee* might have attended some meetings but no proof has been given for the same. Post hearing conducted before me on June 06, 2025, the *Noticee No.* 11 was asked to provide evidence of all 5 Audit Committee meetings convened during her tenure in the Company in the form of information of meetings (e-mails/letters), agenda, minutes of meetings, etc., however, no proof has been submitted.

228. I note that the *Noticee No.* 12 who was disclosed as an Independent Director of SSSL during the investigation period failed to appear for statement recording despite three summonses issued to him. Post hearing conducted before me on June 06, 2025, the *Noticee No.* 12 was asked to explain his role as an Independent Director in SSSL and further to provide evidence of Audit Committee meetings convened during his tenure in the Company in the form of information of meetings (e-mails/letters), agenda, minutes of meetings, etc., however, no submission has been submitted.

229. In this regard, I seek to place reliance on ***Vishal Ahuja v. SEBI***[5] wherein Hon'ble SAT while dealing with a similar issue of Independent Directors having not attended any Audit Committee meetings during their tenure despite being

[5] A. No. 26 of 2024, decided on October 24, 2024

members *inter alia* held that the Appellants' stand that they had not attended any meetings nor were involved in the affairs of the Company was contrary to the Annual Reports. It further held that the Appellants therein were members of Audit Committee and Annual Reports showed that they had attended meetings. Accordingly, it was held that appellants having clearly admitted that they were Independent Directors of the Company were duty bound to attend the meetings and to contribute for proper corporate governance.

230. It is noted that the various transactions that were detrimental to the interest of shareholders and in violation of various regulatory requirements were undertaken by SSSL during the tenure when these Directors were members of the AC. I note that in view of the facts highlighted hereinabove, there was gross abdication of responsibility on the part of *Noticees* being members of the AC as disclosed by the company in its Annual Reports. It may also be noted that *Noticees* have given no evidence to show AC meetings were conducted and made un substantiated and inconsistent statements as discussed above. . This shows the casual approach with which affairs of a publicly listed company were being conducted and the Directors had taken a back seat. On due consideration, I find that the members of the Audit Committee failed to carry out adequate due diligence and exercise independent judgment to ensure that financial statements of SSSL are free from misrepresentation/misstatement. Further, due diligence was also not exercised while approving the transactions with related parties executed by SSSL as detailed in this order.

231. Accordingly, I hold that these Directors failed to discharge their basic duties as Directors and members of AC and have violated the provisions of article (2) of sub-clause (i) of clause (f) of sub-regulation (2) of regulation 4, articles (2), (6), (7) and (8) of sub-clause (ii) of clause (f) of sub-regulation (2) of regulation 4 and sub-regulation (3) of regulation 18 r/w Para A of Part C of Schedule II of the LODR Regulations.

232. ***Role of Ms. Ankita Soni (Noticee No. 18), Independent Director***

i. Ms. Ankita Soni was disclosed as an Independent Director in the Annual Report for FY 2020-21. She was appointed as an additional director on

November 12, 2019, then reassigned as an Independent Director on September 29, 2020 and ceased to be the Independent Director with effect from May 10, 2021. It has been alleged that various transactions that were detrimental to the interest of shareholders of SSSL and were in violation of various regulatory requirements were undertaken by SSSL during the tenure when Ms. Ankita Soni was the Independent Director. As part of the Board of Directors, it has been alleged that she was grossly negligent and disregarded the provisions of Corporate Governance.

ii. In her reply to the SCN the *Noticee No.* 18 has denied all allegations made against her in the SCN. It has been urged that she was not part of the Audit Committee and did not have any control over the daily affairs of the Company. It has further been submitted that the *Noticee*, in her capacity as a Director on board, always acted in the best interests of the stakeholders of the Company so as to meet their expectations of operational transparency and consistently monitored the governance practices of SSSL.

iii. I note that as per the Annual Report for the FY 2020-21, Ms. Ankita Soni had attended 14 out of 16 Board meetings. I further note that during her deposition on February 28, 2024 the Noticee stated that she was not aware whether the meetings she attended were Board meetings or AC meetings. It has also been revealed that the Noticee did not raise any objection regarding the false disclosure made by the company pertaining to her attending Board meetings. In view of the above, considering the widespread misrepresentations in the financial statements, diversion of funds, and the lapses in corporate governance, during her tenure as an independent Director in SSSL, the *Noticee* failed to discharge her basic duties as an Independent Director of a publicly listed company. Accordingly, I find that the *Noticee No.* 18 has violated article (2) of sub-clause (i) of clause (f) of sub-regulation (2) of regulation 4, articles (2), (6), (7) and (8) of sub-clause (ii) of clause (f) of sub-regulation (2) of regulation 4 of the LODR Regulations.

Role of Compliance Officers

233. As per *clauses* (a) and (c) of sub-regulation (2) of regulation 6 of the LODR Regulations, Compliance Officer of a listed entity shall *inter alia* be responsible for ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit and in ensuring that the correct procedures are followed resulting in correct, authentic and comprehensive information in statements and reports being submitted by the listed entity.

234. The details of various Compliance Officers of SSSL during the investigation period are as under:

Table 51

Name of the Compliance Officer	Duration of role as Compliance Officer	Findings of the investigation in respect of the entity	Date of deposition
Mr. Parin Shah (*Noticee No.* 19)	October 01, 2017 to January 12, 2021	He admitted that no AC meetings have taken place in the Company. However, he signed and filed the quarterly compliance report with BSE on corporate governance in SSSL for the quarter ending September 2020 and affirmed the compliance with respect to composition and meetings of the AC. However, the AC meetings were never held in the Company and the AC was only on paper.	June 07, 2024
Mr. Parth Patel (*Noticee No.* 20)	March 11, 2021 to October 20, 2021. Signed the financials of the company for FY 2020-21	He deposed that he attended some meetings of the AC. However, he failed to provide any documentary evidence that he facilitated the convening of AC meetings.	April 01, 2024
Mr. Pawansut Swami (*Noticee No.* 21)	March 22, 2022 to May 01, 2023. Signed the financials of the company for FY 2021-22.	He admitted that he did not facilitate the convening of any Board/ AC meetings, did not attend any Board/ AC meetings and did not maintain any minutes of Board/ AC meetings. He also admitted that the Chairman of AC used to record the minutes of AC meetings.	April 01, 2024
Mr. Vinay Kumar Jain (*Noticee No.* 22)	May 02, 2023 to September 01, 2023.	He admitted that the Company asked him to be a Company Secretary on paper in order to comply with the regulatory requirements. He also admitted that he had no role in respect of Board and AC	May 27, 2024

Name of the Compliance Officer	Duration of role as Compliance Officer	Findings of the investigation in respect of the entity	Date of deposition
		meetings. He did not facilitate the convening of any Board/ AC meetings, did not attend any Board/ AC meetings and did not maintain any minutes of Board/ AC meetings. The AC members in their respective depositions have admitted that the AC meetings have not taken place.	

235. The *Noticee No.* 19 in his Written Submissions has claimed that Mr. Manish Shah *vide* his email dated October 16, 2024 has confirmed that during his tenure at the company all the Meetings including AC meetings were held and records of the Meetings were also maintained and also stated that all the members of the Audit Committee were present, however, no corroborative documents were submitted in this regard. The *Noticee* submitted a few WhatsApp screenshots and claimed that Audit Committee meetings used to be conducted virtually. In this regard, I note that screenshots that have been submitted along with the reply do not prove as to whether those are pertaining to Board meetings or AC meetings. Similar submissions have been made by the *Noticee No.* 20 that Mr. Manish Shah had confirmed on email that AC meetings were duly conducted during his tenure, however, from the documentary evidence of WhatsApp screenshots that has been provided in this regard it is not clear whether the same pertains to Board meetings or AC meetings except one screen shot which shows the meeting was board meeting.

236. *Noticees* have also placed reliance on the decision of Hon'ble SAT in the matter of ***V. Shankar v. SEBI***[6] and have contended that Appellant in the said case was also a Company Secretary and faced charges in relation to financial misstatements, however, Hon'ble SAT *inter alia* held that the Appellant had no role in finance or any operational activities of the Company and could not be held liable for Board-level decisions or misstatements. However, I note that in the instant matter, the facts are different and the allegation on *Noticees* is that they had not complied with various regulatory provisions of the LODR

[6] A. No. 283 of 2022, decided on May 05, 2025

Regulations applicable to the company and not ensured conformity with the same in compliance thereof. In ***V. Shankar*** *(supra)* the issue related to allegations of the PFUTP Regulations and the same cannot be of aid to *Noticees* herein.

237. In view of the above, I hold that *Noticee Nos.* 19, 20, 21 and 22 being the Compliance Officers of SSSL for respective tenures did not convene any AC meetings during their tenure and hence violated clauses (a) and (c) of sub-regulation (2) of regulation 6 of LODR Regulations.

G. SUMMARY OF FINDINGS

238. The summary of findings arrived at in the matter as discussed above is as under:

(a) The Company reported almost negligible fixed assets and inventory every year during the Investigation Period although the sales figures reported by the Company were substantial. It has been established that more than 85% of the sales recorded by the Company and more than 98% of the assets held by the Company during the FY 2020-21, FY 2021-22, FY 2022-23 and for the period April 01, 2023 to December 31, 2023 were not genuine. The financial statements of SSSL during the aforesaid period were misrepresented/misstated hence the allegation of publishing misrepresented financial statements is established against *Noticee Nos. 1, 2 and 3*.

(b) The allegation of fraudulently allotting 1.50 crore equity shares of SSSL to the *Noticee No. 2* and thereby defrauding SSSL also stands established against *Noticee Nos. 1, 2 and 3*. However, the allegation of fraudulent allotment of 0.52 crore equity shares worth ₹7.88 crore to the preferential allottees does not stand established against *Noticee Nos. 1, 2 and 3*. It has also been established that rights issue proceeds were not utilized by the company for the intended purposes and were instead diverted from SSSL, accordingly, the allegation of diversion of rights issue funds and from the cash credit facility availed from IndusInd Bank also stands established

against *Noticee Nos. 1, 2 and 3. In this regard, the* violation of various provisions of the PFUTP Regulations and the LODR Regulations, as detailed above is established.

(c) As a result of the misrepresented financials of the Company, there has been a considerable spike in the retail investor interest in the shares of the Company and the Promoters divested almost their entire stake in the company during the investigation period.

(d) Various allegations of corporate governance, *inter alia,* uploading of incomplete Annual Reports, improper constitution of Audit Committee, failure to convene Audit Committee meetings, misrepresentation of related party transactions have been established against *Noticee No.* 1, 2 and 3. Further, *Noticee Nos.* 2 and 3 are also liable for the violations committed by the *Noticee No.* 1 in terms of Section 27 of the SEBI Act.

(e) The allegation against *Noticee Nos.* 4, 5, 6, 7, 8, 9 and 10 of participation in the preferential allotment of shares of SSSL without effectively making payment of consideration to SSSL and thereby benefitting by this scheme does not stand established.

(f) The allegations against *Noticee Nos.* 11, 12, 14, 15, 16 and 17 of showing gross negligence to the various provisions of Corporate Governance while being Directors/Independent Directors of SSSL, failing to raise concerns regarding the non-convening of Audit Committee meetings and failing to perform duties and obligations of Director in violation of the LODR Regulations stand established.

(g) Further, it has been established that the *Noticee No.* 18 failed to perform her basic duties and obligations as an Independent Director of SSSL during the investigation period when widespread misrepresentations in financial statements took place and the allegation against her in this regard stands established.

(h) By not convening Audit Committee meetings during their tenure, *Noticee Nos.* 19, 20, 21 and 22 failed to discharge their duties and obligations as Compliance Officers as per the LODR Regulations and the allegation in this regard stands established against them.

H. CONCLUSION

239. After discussing the allegations in details, the conclusive findings regarding *Noticees* are summarized below:

Table 52

Sr. No.	Alleged violations	Regulatory provisions	Against *Noticee Nos.*	Upheld in the order
1	Published misrepresented financial statements for the FY 2020-21, FY 2021-22, FY 2022-23 and for the period April 01, 2023 to December 31, 2023.	Regulation 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k) and 4(2)(r) of SEBI (PFUTP) Regulations 2003, read with Section 12A(a), 12A(b) and 12A(c) of the SEBI Act, Regulation 4(1)(a), 4(1)(b), 4(1)(c), 4(1)(e), 4(1)(g), 4(1)(h), 4(1)(j), 4(2)(e)(i), 33(1)(a), 33(1)(c), and 48 of the LODR Regulations r/w section 27 of the SEBI Act.	1, 2 and 3	YES
2	Fraudulently allotted 1.50 crore equity shares worth Rs. 22.73 crore to Mr. Manish Shah on a preferential basis without acquiring any Net Assets from Mr. Manish Shah's Seacoast-HUF in return, thereby causing a loss of Rs. 22.73 crore to the Company.	Regulation 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations, r/w Section 12A(a), 12A(b) and 12A(c) of SEBI Act, Regulation 4(1)(a), 4(1)(b), 4(1)(c), 4(1)(e), 4(1)(g), 4(1)(h), 4(1)(j), 4(2)(e)(i), 33(1)(a), 33(1)(c), and 48 of the LODR Regulations r/w section 27 of the SEBI Act.	1, 2 and 3	YES
3	Fraudulently allotted 0.52 crore equity shares worth Rs. 7.88 crore to the preferential allottees without effectively receiving the	Regulation 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations, r/w Section 12A(a), 12A(b) and	1, 2 and 3	NO

Sr. No.	Alleged violations	Regulatory provisions	Against *Noticee Nos.*	Upheld in the order
	share application money, thereby causing a loss of Rs. 7.88 crore to the Company.	12A(c) of SEBI Act, Regulation 4(1)(a), 4(1)(b), 4(1)(c), 4(1)(e), 4(1)(g), 4(1)(h), 4(1)(j), 4(2)(e)(i), 32, 33(1)(a), 33(1)(c), and 48 of the LODR Regulations read with section 27 of the SEBI Act.		
4	Diverted an amount of Rs. 43.42 crore from the Rights Issue funds and an amount of Rs. 10.83 crore from the Cash Credit facility availed from IndusInd Bank.	Regulation 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k) and 4(2)(r) of SEBI (PFUTP) Regulations 2003, read with Section 12A(a), 12A(b) and 12A(c) of SEBI Act read with section 27 of the SEBI Act.	1, 2 and 3	YES
5	Uploaded incomplete Annual Reports to BSE	Regulation 4(2)(f), 4(2)(k) and 4(2)(r) of PFUTP Regulations, Regulation 4(1)(c), 33(3)(d), and 34(2)(a) of the LODR Regulations read with section 27 of the SEBI Act.	1, 2 and 3	YES
6	Made false/ misleading disclosures w.r.t. audit qualifications, business being carried out	Regulation 4(2)(f), 4(2)(k) and 4(2)(r) of SEBI (PFUTP) Regulations 2003, Regulation 4(1)(c) of the SEBI (LODR) Regulations read with section 27 of the SEBI Act.	1, 2 and 3	YES
7	Made false/ misleading disclosures w.r.t. investment in Starchart			
8	Misrepresented related party transactions	Regulation 4(1)(a), 4(1)(b), 4(2)(e)(i), and 48 of the LODR Regulations, Regulation 34(3) read with Clause 1 of Para A of Schedule V to the LODR Regulations read with section 27 of the SEBI Act.	1, 2 and 3	YES
9	Constituted improper AC	Regulation 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations, Regulation 4(1)(c) and 18(1)(d) read with 16(1)(b) of the LODR	1, 2 and 3	YES

Sr. No.	Alleged violations	Regulatory provisions	Against *Noticee Nos.*	Upheld in the order
		Regulations read with section 27 of the SEBI Act.		
10	Failure to convene the AC meetings	Regulation 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations, Regulation 4(1)(c), 18(2) and 23(2) of the LODR Regulations read with section 27 of the SEBI Act.	1, 2 and 3	YES
11	Failure to fill the vacancy of compliance officer in due time and improperly appointed non-Company Secretary as compliance officer	Regulation 6(1), 6(1A), of the LODR Regulations read with section 27 of the SEBI Act.	1, 2 and 3	YES
12	Being MD of SSSL, played a pivotal role in the entire fraud of diverting funds from the company, fictitiously allotting shares on a preferential basis as well as the subsequent misrepresentation of the financial statements	Regulation 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k) and 4(2)(r) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(a), 12A(b), and 12A(c) of SEBI Act, 1992	2	YES (except fraudulent preferential allotment)
13	Defrauded SSSL by allotting himself the shares of Seacoast Limited worth ₹22.73 crore, without payment of consideration	Regulation 3(a), 3(b), 3(c), 3(d) and 4(1) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(a), 12A(b), and 12A(c) of the SEBI Act	2	YES
14	Failed to perform duties and obligations as a Director as per the LODR Regulations	Regulation 4(2)(f)(i)(2), 4(2)(f)(ii)(2), 4(2)(f)(ii)(6), 4(2)(f)(ii)(7), 4(2)(f)(iii)(6), 4(2)(f)(iii)(7) of the LODR Regulations	2 and 3	YES
15	Being part of the Board of Directors and the AC, showed gross negligence and disregard to the	Regulation 18(3) read with Para A of Part C of Schedule II of the LODR Regulations	2	YES

Sr. No.	Alleged violations	Regulatory provisions	Against *Noticee Nos.*	Upheld in the order
	provisions of Corporate Governance			
16	Signed the compliance certificate to the board of directors in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015, despite knowing that financial statements are not representing true and fair view	Regulation 17(8) of the LODR Regulations	2	YES
17	Aided and Abetted Mr. Manish Shah in the entire fraud of misrepresentation of the financial statements, fraudulent allotment of shares on a preferential basis to Mr. Manish Shah, diversion of funds from the company and corporate governance failure	Regulation 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k) and 4(2)(r) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(a), 12A(b), and 12A(c) of SEBI Act, 1992	3	YES
18	Participated in the preferential allotment of shares of SSSL without effectively making payment of consideration and benefitted themselves in a fraudulent manner.	Regulation 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k) and 4(2)(r) of the SEBI (PFUTP) Regulations, 2003 r/w Section 12A(a), 12A(b), and 12A(c) of the SEBI Act, 1992	4, 5, 6, 7, 8, 9 and 10	NO
19	Being part of the Board of Directors and the AC, showed gross negligence and disregard to the provisions of Corporate Governance. Failed to raise concerns regarding the non-convening of AC meetings Failed to perform duties and obligations as a Director as per the LODR Regulations	Regulation 4(2)(f)(i)(2), 4(2)(f)(ii)(2), 4(2)(f)(ii)(6), 4(2)(f)(ii)(7), 4(2)(f)(ii)(8) and 18(3) read with Para A of Part C of Schedule II of the LODR Regulations	11	YES

Sr. No.	Alleged violations	Regulatory provisions	Against *Noticee Nos.*	Upheld in the order
20	Being part of the Board of Directors and the AC, showed gross negligence and disregard to the provisions of Corporate Governance. Failed to raise concerns regarding the non-convening of AC meetings Failed to perform duties and obligations as an Independent Director as per the LODR Regulations	Regulation 4(2)(f)(i)(2), 4(2)(f)(ii)(2), 4(2)(f)(ii)(6), 4(2)(f)(ii)(7), 4(2)(f)(ii)(8) and 18(3) read with Para A of Part C of Schedule II of the LODR Regulations	12, 14, 15, 16 and 17	YES
21	Failed to perform her duties and obligations as an Independent Director as per SEBI (LODR) Regulations, 2015.	Regulation 4(2)(f)(i)(2), 4(2)(f)(ii)(2), 4(2)(f)(ii)(6), 4(2)(f)(ii)(7) and 4(2)(f)(ii)(8) of the LODR Regulations	18	YES
22	Failed to perform duties and obligations as a Compliance Officer as per SEBI (LODR) Regulations, 2015.	Regulations 6(2)(a) and 6(2)(c) of the LODR Regulations	19, 20, 21 and 22	YES

240. At this *stage*, the issue arises for consideration is what directions to be issued and penalties to be levied against the said *Noticees*?

241. I note that the SCN, *inter alia* , called upon *Noticee Nos.* 1 to 22 to show cause as to why suitable directions/prohibitions under sub-sections (1), (4) and (4A) of section 11, and sub-sections (1) and (2) of section 11B read with section 15HA and 15HB of SEBI Act, 1992, including the directions of restraining them from accessing the securities market including buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a specified period and further restraining them from associating with any listed company and any registered intermediary or imposition of penalty or any other directions as deemed fit by SEBI, should not be issued against them.

242. The ***relevant*** provisions are reproduced as under:

*"**SEBI Act, 1992***

Functions of Board.

Section 11.

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

....

(4) Without prejudice to the provisions contained in sub-sections (1), (2), (2A) and (3) and section 11B, the Board may, by an order, for reasons to be recorded in writing, in the interests of investors or securities market, take any of the following measures, either pending investigation or inquiry or on completion of such investigation or inquiry, namely: —

....

(a) suspend the trading of any security in a recognised stock exchange;

(b) restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities;

(c) suspend any office-bearer of any stock exchange or self-regulatory organisation from holding such position;

(d) impound and retain the proceeds or securities in respect of any transaction which is under investigation;

….

(4A) Without prejudice to the provisions contained in sub-sections (1), (2), (2A), (3) and (4), section 11B and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.

Power to issue directions and levy penalty.

Section 11B.

(1) Save as otherwise provided in section 11, if after making or causing to be made an enquiry, the Board is satisfied that it is necessary,—

(i) in the interest of investors, or orderly development of securities market; or

(ii) to prevent the affairs of any intermediary or other persons referred to in section 12 being conducted in a manner detrimental to the interest of investors or securities market; or

(iii) to secure the proper management of any such intermediary or person, it may issue such directions,—

(a) to any person or class of persons referred to in section 12, or associated with the securities market; or

(b) to any company in respect of matters specified in section 11A, as may be appropriate in the interests of investors in securities and the securities market.

Explanation. — For the removal of doubts, it is hereby declared that the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention.

(2) Without prejudice to the provisions contained in sub-section (1), subsection (4A) of section 11 and section 15-I, the Board may, by an order, for reasons to be recorded in writing, levy penalty under sections 15A, 15B, 15C, 15D, 15E, 15EA, 15EB, 15F, 15G, 15H, 15HA and 15HB after holding an inquiry in the prescribed manner.

Penalty for fraudulent and unfair trade practices

Section 15HA.

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five

lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

Penalty for contravention where no separate penalty has been provided

Section 15HB

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

Factors to be taken into account while adjudging quantum of penalty.

Section 15J

While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

243. I note that sub-section (1) of section 11 of the SEBI Act, 1992 lays down the duties of SEBI and section 11B of the SEBI Act, 1992 deals with power to issue directions. I note that Section 15HA of the SEBI Act provides for imposition of penalty in case of fraudulent and unfair trade practices committed by any person. In the extant matter, penalty under section 15HA of the SEBI Act is also attracted for the violations of the PFUTP Regulations committed by *Noticee Nos.* 1, 2 and 3. I also note that for the violation of the LODR Regulations, *Noticee Nos.* 1, 2, 3, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21 and 22 are liable for

imposition of penalty under Section 15HB of the SEBI Act which provides for penalty for failure to comply with any provision of the SEBI Act, the rules or the regulations made or directions issued by SEBI thereunder for which no separate penalty has been provided.

244. I note that Section 15J of the SEBI Act provides for factors which are required to be considered for adjudging quantum of penalty. Records do not indicate any prior violation by *Noticees*.

245. Considering the above, I find that the act of misstatement/misrepresentation of financial statements and publishing of the same, portrayed an image of the company which was not true/fair. This led to investors not having timely assessment of financial position of the company. Further, there are also violation of diversion of funds and corporate governance related violations. In my opinion, in the facts and circumstances of this case, remedial and penal directions are warranted in this case.

246. Directions are also warranted against *Noticee Nos.* 11 and 12 for showing gross negligence and disregard to the provisions of Corporate Governance. Similarly, the violations by other directors/company secretaries call for imposition of appropriate penalty. However, in case of penalty under Section 15HB of the SEBI Act, on directors/company secretaries, the nature of their violation, the duration of their appointment and number of meetings attended, as stated in the Annual Report; have been kept in mind.

I. DIRECTIONS

247. In view of the foregoing, I in exercise of the powers conferred upon me in terms of subsections (1), (4) and (4A) of section 11, sub-sections (1) and (2) section 11B read with section 19 of the SEBI Act, 1992 and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules,1995, hereby issue the following directions:

i. *Noticee No.* 1 is hereby restrained from raising money from the public for a period of 5 years from the date of interim order cum SCN *i.e.* September 30, 2024.

ii. *Noticees Nos.* 2 and 3 are, hereby, restrained from buying, selling or otherwise dealing in securities or accessing capital markets, directly or indirectly, in any manner, whatsoever, for a period of 5 years, from the date of interim order cum SCN *i.e.* September 30, 2024.

iii. *Noticee No*. 2 is restrained from associating himself with any intermediaries registered with SEBI, any listed public company or any company, except SSSL, that intends to raise money from public, in any manner whatsoever, including as a director or Key Managerial Personnel, for a period of five years, from the date of interim order cum SCN *i.e.* September 30, 2024.

iv. *Noticee No*. 3 is restrained from associating himself with any intermediaries registered with SEBI, any listed public company or any company, that intends to raise money from public, in any manner whatsoever, including as a director or Key Managerial Personnel, for a period of five years, from the date of interim order cum SCN *i.e.* September 30, 2024.

v. *Noticee Nos. 11 and 12* are restrained from associating themselves with any intermediaries registered with SEBI, any listed public company or any company that intends to raise money from public, in any manner whatsoever, including as a director or Key Managerial Personnel, for a period of one year, from the date of this order.

vi. *Noticees Nos.* 1 to 3, 11, 12 and 14 to 22 are hereby imposed with monetary penalties as specified hereunder:

Table 53

Noticee No.	**Name of the *Noticee***	**Provisions under which penalty imposed**	**Penalty (in ₹)**
1.	Seacoast Shipping Services Limited	Section 15HA of the SEBI Act	30,00,000
		Section 15HB of the SEBI Act	20,00,000
2.	Manish Shah	Section 15HA of the SEBI Act	30,00,000

Noticee No.	Name of the *Noticee*	Provisions under which penalty imposed	Penalty (in ₹)
		Section 15HB of the SEBI Act	20,00,000
3.	Sameer Shah	Section 15HA of the SEBI Act	30,00,000
		Section 15HB of the SEBI Act	20,00,000
11.	Cheryl Shah	Section 15HB of the SEBI Act	8,00,000
12.	Sushil Sanjot	Section 15HB of the SEBI Act	8,00,000
14.	Jaydeep Shah	Section 15HB of the SEBI Act	5,00,000
15.	Apurv Patel	Section 15HB of the SEBI Act	5,00,000
16.	Viren Makwana	Section 15HB of the SEBI Act	3,00,000
17.	Shivangi Gajjar	Section 15HB of the SEBI Act	3,00,000
18.	Ankita Soni	Section 15HB of the SEBI Act	3,00,000
19.	Parin Shah	Section 15HB of the SEBI Act	3,00,000
20.	Parth A Patel	Section 15HB of the SEBI Act	3,00,000
21.	Pawansut Swami	Section 15HB of the SEBI Act	3,00,000
22.	Vinay Kumar Jain	Section 15HB of the SEBI Act	3,00,000

vii. *Noticee No. 2* is further directed to disgorge the unlawful gains of ₹47,89,87,587 as detailed in Table 59 earned from the alleged fraudulent activities carried out by *Noticee No. 2*. The disgorgement amount with interest @12% per annum from the date when unlawful gains were made shall be remitted by the *Noticee No.* 2 to the Investor Protection and Education Fund ("**IPEF**") referred to in Section 11(5) of the SEBI Act, within 45 (forty-five) days from the receipt of this order. An intimation regarding the payment of said disgorgement amount directed to be paid herein, shall be sent to *"The Division Chief, CFID- Coordination Cell, SEBI, SEBI*

Bhavan II, Plot no. C -7, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai–400 051".

viii. The direction contained in sub-para (g) of para 157 of Interim Order cum SCN is modified to the extent that Banks where the *Noticee* no. 2 is holding bank accounts including joint account shall continue to remain frozen and no debit shall be made without permission of SEBI except for the purposes of payment of disgorgement amount. Further, the Depositories are also directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held by the *Noticee* No.2. However, credits, if any, into the accounts maybe allowed. Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced. Further, debits in the bank accounts of the *Noticee No.* 2 may be allowed for amounts available in the accounts in excess of the disgorgement amount.

ix. The Registrar and Transfer Agents are also directed to ensure that till the disgorgement amount with interest is paid, the securities/mutual funds units held in the name of the *Noticee No*. 2, individually or jointly, are not transferred/redeemed

x. *Noticee No.* 2 is directed not to dispose of or alienate any of his assets/properties/securities, till such time the amount of unlawful gains is deposited except with the prior permission of SEBI

xi. *Noticees Nos.* 1 to 3, 11, 12 and 14 to 22 shall pay the respective penalty imposed on them within a period of forty-five (45) days from the date of receipt of this Order. In case of failure to do so, simple interest at the rate of 12% *per annum* shall be applicable till the date of actual payment;

xii. *Noticees Nos.* 1 to 3, 11, 12 and 14 to 22 shall pay the monetary penalty by online payment through following path on the SEBI website: www.sebi.gov.in/ENFORCEMENT→ Orders → Orders of Chairman /

Members → Click on PAY NOW. In case of any difficulties in payment of penalties, *Noticees* may contact the supportatportalhelp@sebi.gov.in.

xiii. *Noticees Nos.* 1 to 3, 11, 12 and 14 to 22 shall forward details of the online payment made in compliance with the directions contained in this order to the *"Division Chief, CFID- Coordination Cell, SEBI, SEBI Bhavan II, Plot no. C -7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai-400 051"* and also to e-mail id: tad@sebi.gov.in in the format as given in table below:

Case Name	
Name of Payee	
Date of payment	
Amount paid	
Transaction No.	
Bank details in which payment is made	
Penalty is made for:	Penalty

xiv. *Noticee No.* 1 is directed to bring back the money pertaining to the Rights issue proceeds and the Cash Credit facility which was allegedly diverted from the Company.

xv. I note that the *Noticee No.* 1 has not complied with the direction contained in sub-para (k) of para 157 of the Interim Order cum SCN, hence, the *Noticee No.* 1 is directed to constitute a new Audit Committee and place the copy of the SEBI order before it. The new Audit Committee is directed to have enhanced oversight of financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible. Further, the new Audit Committee is directed to ensure that the company is complying with the requirements of the LODR Regulations.

xvi. I note that *Noticee Nos.* 14 to 22 have already undergone restraint for the past approx. 1 year from the date of Interim Order cum SCN *i.e.* September 30, 2024. After appreciating material on record, I am of the

view that in the given facts and circumstances, debarment already undergone by these *Noticees* is commensurate with the violations established against them. Therefore, no directions of further debarment are warranted against them. Thus, the debarment as per interim order against *Noticee Nos.* 14 to 22 is vacated.

xvii. Directions issued vide interim order against Noticee Nos. 4 to 10 are vacated.

xviii. *The* proceedings against the *Noticee No.* 13 shall stand abated.

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

249. A copy of this Order shall be forwarded to all *Noticees*, Stock Exchanges, Depositories, and Registrar and Share Transfer Agents to ensure necessary compliance.

KAMLESH CHANDRA VARSHNEY

Digitally signed by KAMLESH CHANDRA VARSHNEY
Date: 2025.09.24 18:45:24 +05'30'

PLACE: MUMBAI
DATE: SEPTEMBER 24, 2025

KAMLESH C. VARSHNEY
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Annexure- A

Relevant provisions of law

SEBI Act, 1992

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

Section 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

Delegation.

Section 19

The Board may, by general or special order in writing delegate to any member, officer of the Board or any other person subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act (except the powers under section 29) as it may deem necessary.

Contravention by companies.

Section 27

(1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a

company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

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

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

Explanation: For the purposes of this section,—

(a) "company" means any body corporate and includes a firm or other association of individuals; and

(b) "director", in relation to a firm, means a partner in the firm.

SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities) Regulations, 2003

"Definitions

Regulation 2

(1) In these regulations, unless the context otherwise requires, —

……

(b) "dealing in securities" includes:

(i) an act of buying, selling or subscribing pursuant to any issue of any security or agreeing to buy, sell or subscribe to any issue of any security or otherwise transacting in any way in any security by any persons

including as principal, agent, or intermediary referred to in section 12 of the Act, either by themselves or through mule accounts;

(ii) such acts which may be knowingly designed to influence the decision of investors in securities; and

(iii) any act of providing assistance to carry out the aforementioned acts

(c) "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

(2) a suggestion as to a fact which is not true by one who does not believe it to be true;

(3) an active concealment of a fact by a person having knowledge or belief of the fact;

(4) a promise made without any intention of performing it;

(5) a representation made in a reckless and careless manner whether it be true or false;

(6) any such act or omission as any other law specifically declares to be fraudulent,

(7) deceptive behavior by a person depriving another of informed consent or full participation,

(8) a false statement made without reasonable ground for believing it to be true.

(9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And "fraudulent" shall be construed accordingly;

Prohibition of certain dealings in securities

Regulation 3

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.

Prohibition of manipulative, fraudulent and unfair trade practices

Regulation 4

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

[7]Explanation.– For the removal of doubts, it is clarified that-

[7] *The above mentioned provision was substituted vide the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2024 with effect from July 01, 2024. Prior to the substitution, the provision read as under-*
"Explanation.–For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market."

(i) any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company, or

(ii) transactions through mule accounts for indulging in manipulative, fraudulent and unfair trade practice shall be and shall always be deemed to have been included in sub-regulation (1).

(2) Dealing in securities shall be deemed to be a [manipulative] fraudulent or an unfair trade practice if it involves [any of the following]:—

……..

(e) any act or omission amounting to manipulation of the price of a security including, influencing or manipulating the reference price or bench mark price of any securities;

(f) knowingly publishing or causing to publish or reporting or causing to report by a person dealing in securities any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

.....

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

.....

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

.....”

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Principles governing disclosures and obligations

Regulation 4

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

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

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

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

.....

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

.....

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

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

.....

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

provide sufficient information to enable investors to assess the current status of a listed entity

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

.....

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

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

.....

*(f) **Responsibilities of the board of directors:** The board of directors of the listed entity shall have the following responsibilities:*

(i)Disclosure of information:

……

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

(ii) Key functions of the board of directors-

.....

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

.....

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

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

(8) Overseeing the process of disclosure and communications

Compliance Officer and his/her Obligations

Regulation 6

(1) A listed entity shall appoint a qualified company secretary as the compliance officer:

Provided that the Compliance Officer shall be an officer, who is in whole time employment of the listed entity, not more than one level below the board of directors and shall be designated as a Key Managerial Personnel.

(1A) Any vacancy in the office of the Compliance Officer shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy:

Provided that the listed entity shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

.....

(2) The compliance officer of the listed entity shall be responsible for-

(a) ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit.

.....

(c) ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the listed entity under these regulations.

.....

Board of Directors.

Regulation 17.

.....

(8) The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II

Audit Committee.

Regulation 18.

.....

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

.....

(d) The chairperson of the audit committee shall be an independent director and he/she shall be present at Annual general meeting to answer shareholder queries.

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

Related party transactions

Regulation 23

.....

(2) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity

Statement of deviation(s) or variation(s).

Regulation 32

.....

(7A) Where an entity has raised funds through preferential allotment or qualified institutions placement, the listed entity shall disclose every year, the utilization of such funds during that year in its Annual Report until such funds are fully utilized.

Financial results

Regulation 33

(1) While preparing financial results, the listed entity shall comply with the following:

(a) The financial results shall be prepared on the basis of accrual accounting policy and shall be in accordance with uniform accounting practices adopted for all the periods.

…..

(c) The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India:

Provided that in addition to the above, the listed entity may also submit the financial results, as per the International Financial Reporting Standards notified by the International Accounting Standards Board.

.....

(3) The listed entity shall submit the financial results in the following manner:

…..

(d) The listed entity shall submit annual audited standalone financial results for the financial year, within sixty days from the end of the financial year along with the audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion):

Provided that if the listed entity has subsidiaries, it shall, while submitting annual audited standalone financial results also submit annual audited consolidated financial results along with the audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion)[8]:

Provided further that, in case of audit reports with unmodified opinion(s), the listed entity shall furnish a declaration to that effect to the Stock Exchange(s) while publishing the annual audited financial results.

Annual Report

[8] Provision has been amended since 13.12.2024

Regulation 34

.....

(2) The annual report shall contain the following:

(a) audited financial statements i.e. balance sheets, profit and loss accounts etc., and Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d), if applicable;

Annexure- B

Table 54 Customers of SSSL in FY 2021-22

Sl. No.	Name of the Customer	Sale (in ₹ crore)	Product/ Service details
1	Real Tex Shipping and Marine Services Pte Ltd	60.56	Ocean Freight Service
2	Damin Shipping Sea Cargo Services L.L.C	45.59	Ocean Freight Service
3	Navdeep Trradex	0.42	Ocean Freight Service
4	Arihant Logistics and Shipping Services	0.13	Ocean Freight Service
5	Pentagon Waterlines Pvt Ltd	0.07	Ocean Freight Service
6	Shree Traders	6.85	Agro Sales
7	Best Trading	4.36	Agro Sales
8	Arihant Enterprise	2.76	Agro Sales
9	Nikhil Enterprise	2.01	Agro Sales
10	K D Enterprise	1.63	Agro Sales
11	Heena Traders	1.39	Agro Sales
12	Shreenath Traders	1.11	Agro Sales
13	Paras Enterprise	0.54	Agro Sales
14	Torextron Ventures Pvt Ltd	0.25	Agro Sales
15	Hiren Enterprise	0.17	Agro Sales
Total		**127.83**	

Table 55 Vendors of SSSL in FY 2021-22

Sl. No.	Name of the Vendor	Purchase (in ₹ crore)	Product/ Service details
1	Safe Cargo Shipping Services Pte Ltd	94.06	Ocean Freight
2	Kas Logistics Pte Ltd	1.68	Ocean Freight
3	Dhanani Metal Corp	0.71	Ocean Freight
4	Maersk Line India Pvt Ltd	0.63	Ocean Freight
5	Shalin Enterprise	6.86	Agro Purchase
6	Sadhana Trading Co	4.04	Agro Purchase
7	Agrofter Ventures Pvt Ltd	2.67	Agro Purchase
8	Pionex Agricom Pvt Ltd	2.66	Agro Purchase
9	Newyolk Farms Pvt Ltd.	1.76	Agro Purchase
10	Birmixten Agriserv Pvt Ltd	0.90	Agro Purchase
11	Maxxters Trading Pvt Ltd	0.90	Agro Purchase
12	Best Trading	0.05	Agro Purchase
Total		**116.92**	

Annexure- C

Table 56 Customers of SSSL during FY 2022-23

Sl. No.	Name of the Customer	Sale (in ₹ crore)	Product/Service details
1	Somani Multibiz Private Limited	185.61	Agro Sales
2	Mahaan Enterprise	63.72	Agro Sales
3	S.K. Enterprise	29.17	Agro Sales
4	Divya Traders	26.58	Agro Sales
5	Relief Agro Products	16.59	Agro Sales
6	Gauttam Enterprise	14.33	Agro Sales
7	Sara Enterprise	13.98	Agro Sales
8	S.R.G. Traders	13.71	Agro Sales
9	Chandrima Mercantiles Ltd	12.39	Agro Sales
10	City Crops Agro Limited	9.42	Agro Sales
11	Aarniya Import and Export Pvt Ltd	9.19	Agro Sales
12	Releak Agriventures Ltd	8.22	Agro Sales
13	Hiren Enterprise	5.79	Agro Sales
14	Chintan Agro	4.10	Agro Sales
15	Amba Enterprise	4.06	Agro Sales
16	Abdul Foods & Beverages	2.91	Agro Sales
17	Infinity Trading	2.32	Agro Sales
18	Vishal Enterprise	2.08	Agro Sales
19	Seashell Aqua Logistics Pvt Ltd	1.51	Agro Sales
20	NeoPolitan Pizza Limited	1.49	Agro Sales
21	Anmol Trading	1.00	Agro Sales
22	Kiran Enterprise	0.76	Agro Sales
23	Niraj Trading Co.	0.61	Agro Sales
Total		**429.58**	

Table 57 Vendors of SSSL during FY 2022-23

Sl. No.	Name of the Vendor	Purchase (in ₹ crore)	Product/Service details
1	Somani Multibiz Private Limited	56.51	Agro Purchase
2	Maxxters Trading Pvt Ltd	44.04	Agro Purchase
3	Foodanics Multibiz Pvt Ltd	43.68	Agro Purchase
4	Titan Trades	30.04	Agro Purchase
5	Agrofter Ventures Pvt Ltd	24.02	Agro Purchase
6	Fatima Agro Ventures	23.19	Agro Purchase
7	Relief Agro Products	18.53	Agro Purchase
8	Spextra Multibiz Pvt Ltd	18.53	Agro Purchase
9	Binstrex Multibiz Pvt Ltd	17.04	Agro Purchase
10	Veggie Fest Foods Private Limited	16.76	Agro Purchase

Sl. No.	Name of the Vendor	Purchase (in ₹ crore)	Product/Service details
11	Bajarang Enterprise	16.14	Agro Purchase
12	Glimmer Trading Co.	15.92	Agro Purchase
13	Stanbik Commercial Pvt Ltd	14.07	Agro Purchase
14	Renu Enterpries	9.99	Agro Purchase
15	Fettech Commercial Enterprises Pvt Ltd	8.92	Agro Purchase
16	J. M. Traders	7.99	Agro Purchase
17	Amba Enterprise	7.89	Agro Purchase
18	Naviya Biz Trading	7.30	Agro Purchase
19	Shyam Enterprise	4.59	Agro Purchase
20	Hiren Enterprise	3.91	Agro Purchase
21	Pionex Agricom Pvt Ltd	2.55	Agro Purchase
22	Vimal Agro Products	2.24	Agro Purchase
23	Euronex Trade Private Limited	2.22	Agro Purchase
24	Paras Enterprise	0.25	Agro Purchase
Total		**396.32**	

Annexure- D

Table 58

Particulars	No. of shares acquired	Bonus (1:2)	Off Market Sale	No. of shares acquired	Balance	Split (10:1)	No. of shares acquired	On Market Sale	Balance
	A	B (A*1.5)	C	D	E (B-C+D)	F (E*10)	G	H	I (F+G-H)
Open offer	2,30,000	3,45,000	3,45,000	-	-	-	-	-	-
Preferential allotment	**1,50,00,000**	**2,25,00,000**	**67,75,000**	**-**	**1,57,25,000**	**15,72,50,000**	**-**	**15,72,50,000**	**-**
Other than preferential allotment				40,000	40,000	4,00,000	-	4,00,000	-
Takeover				11,30,200	11,30,200	1,13,02,000	-	1,13,02,000	-
Other than preferential allotment							56,51,225	54,60,513	1,90,712
Total			71,20,000					17,44,12,513	

Annexure- E

Table 59

Date	Mode	No. of shares	Adjustment	Adjusted No. of shares	Price per share (₹)	Amount (₹)
06-Feb-23	On Market Sale	19,16,270	-	19,16,270	3.80	72,85,691
08-Feb-23	On Market Sale	21,00,000	-	21,00,000	3.63	76,18,272
09-Feb-23	On Market Sale	30,00,000	-	30,00,000	3.60	1,08,07,258
10-Feb-23	On Market Sale	25,00,000	-	25,00,000	3.50	87,50,000
16-Feb-23	On Market Sale	60,00,000	-	60,00,000	3.40	2,04,00,985
23-Feb-23	On Market Sale	50,00,000	-	50,00,000	3.30	1,65,00,025
24-Feb-23	On Market Sale	40,86,000	-	40,86,000	3.00	1,22,58,055
13-Nov-23	On Market Sale	4,58,982	-	4,58,982	3.73	17,12,003
15-Nov-23	On Market Sale	1,20,93,376	-	1,20,93,376	3.58	4,33,24,399
16-Nov-23	On Market Sale	90,00,000	-	90,00,000	3.38	3,04,38,842
20-Nov-23	On Market Sale	26,90,000	-	26,90,000	3.49	93,88,100
21-Nov-23	On Market Sale	26,90,000	-	26,90,000	3.50	94,15,000
22-Nov-23	On Market Sale	1,00,20,062	-	1,00,20,062	3.24	3,24,65,001
23-Nov-23	On Market Sale	1,00,00,000	-	1,00,00,000	3.11	3,11,00,000
24-Nov-23	On Market Sale	2,38,57,823	-	2,38,57,823	2.96	7,06,19,156
29-Nov-23	On Market Sale $	7,90,00,000	1,71,62,513	6,18,37,487	2.70	16,69,61,215
Sale Consideration – On Market Sale (B)						**47,89,87,587**

$ FIFO method – 1,71,62,513 shares acquired by Mr. Manish Shah (other than through preferential allotment) were sold after the sale of shares received via preferential allotment

Annexure- F

Table 60 1st layer parties

Sl. No.	Particulars	Amount (₹)	%
1	Rajni Enterprise	8,55,50,000	17.65%
2	Vinit Enterprise	8,10,45,000	16.72%
3	Vasupujya Trading Co	6,32,24,000	13.04%
4	Green Agro Enterprises	4,60,00,000	9.49%
5	Kiren Enterprise	4,35,25,000	8.98%
6	Hiren Enterprise	4,01,00,000	8.27%
7	Advanto Agro	1,50,00,000	3.09%
8	A1 Shippers	1,25,00,000	2.58%
9	Tencent Trading	1,00,00,000	2.06%
10	Dreamland Enterprises	1,00,00,000	2.06%
11	Vidhika Enterprise	70,00,000	1.44%
12	Lotus Enterprises	50,00,000	1.03%

Sl. No.	Particulars	Amount (₹)	%
13	Mithlesh Consultancy LLP	50,00,000	1.03%
14	Aditya Infrasolutions Private Limited	50,00,000	1.03%
15	Fedex Enterprises	40,00,000	0.83%
16	Harshil Agrotech Limited	12,50,000	0.26%
	Sub-Total	**43,41,94,000**	89.56%
	Repayment of Cash Credit	5,00,00,000	10.31%
	Rights Issue Charges	5,90,000	0.12%
	Fund trail couldn't be ascertained	28,000	0.01%
	Total	**48,48,12,000**	**100.00%**

Table 61 2nd layer transferees

Name of the Party	Amount (₹)	Name of the Party	Amount (₹)	Name of the Party	Amount (₹)
Rajni Enterprise	**8,55,50,000**	**Vinit Enterprise**	**8,10,45,000**	**Vasupujya Trading Co**	**6,45,96,222**
Onward payments		**Onward payments**		**Onward payments**	
Green Agro Enterprises	2,06,00,000	Mehta Ritu Rahul	1,02,50,000	Dhwani Enterprise	90,30,000
Advanta Agro	1,00,00,000	Tyrant Trading	1,00,00,000	Fedex Enterprises	75,00,000
Unknown	74,04,210	Infinity Trading Co	93,43,000	Mahakali Enterprise	61,00,000
Mahakali Enterprise	62,52,500	Fedex Enterprises	65,00,000	Shiny Impex	50,00,000
Mehta Rahul	57,50,000	Dhwani Enterprise	61,40,000	Unknown	50,00,000
Mehta Ritu Rahul	40,00,000	Adventure India	55,40,000	Archita Sales	48,00,000
Tarunkumar Makwana	30,70,990	Genesys International	50,00,000	Pionex Agricom Pvt Ltd	30,40,000
Kamlesh Kanojiya	30,42,500	Mahakali Enterprise	50,00,000	Baljeetkaur Bramin	30,13,175
Koshti Naynaben	30,00,000	Real Infratrade Consultancy	50,00,000	Mahednra Zala	30,13,175
Mahendrabhai D Koshti	30,00,000	Vasundhara Developers	30,00,000	Mahesh Transport Co	26,00,000
Shivani Enterprises	30,00,000	Talent Infoway Limited	25,00,000	Rekha J Thakor	20,00,000
Vishwanath Ramanlal Patel	30,00,000	Koshti Naynaben	20,00,000	Tulsiben D Sapkale	20,00,000
Jeshing M Thakor	25,00,000	Mahendrabhai D Koshti	20,00,000	Jeshing M Thakor	20,00,000
JK Motors	25,00,000	Rekha J Thakor	20,00,000	Kosti Naynaben	20,00,000
Tulsiben D Sapkale	25,00,000	Aditya Enterprise	10,00,000	Adventure India	18,00,000
Manishkumar Anjanikumar Dhanuka	15,00,000	Manishkumar Anjanikumar	10,00,000	Ankit Infrabuid LLP	11,00,000
Mr. Ramachandiran K	10,00,000	Harbhajan Kaur Sethi	6,00,000	New Ocean Energy Holding	10,00,000
Raja Digital Marketing	7,29,800	Indus Infinity Trading Co	6,00,000	Pritibala Apandey	10,00,000
Indus Adventure India	5,50,000	National Way Bridge	5,00,000	Rimjhim Gaur	10,00,000
Ankita Agarwal Kaushank Agarwal	5,00,000	Rani Kaur Sethi	5,00,000	Ramsohavan So Jageshwar	6,80,000
Kushank B Agarwal HUF	5,00,000	Sethi Devendra Singh	5,00,000	Ibis Smart Marble Pvt Ltd	4,78,945

Name of the Party	Amount (₹)	Name of the Party	Amount (₹)	Name of the Party	Amount (₹)
Mr. Brij Vallabh Das A	5,00,000	Vipulbhai Kanubhai Shah	5,00,000	Pearl Quartz Stone Pvt Ltd	3,17,015
Mr. Suman Agrawal	5,00,000	Kanak Enterprises	3,60,223	Ultratech Impex LLP	1,23,912
Vaghela Yogita	1,00,000	Pinawali Enterprises	3,55,981		
Mr. Umesh Dhirendrakum	50,000	Unknown	3,48,136		
		Dhanraj Elliot Medora	3,00,000		
		Banshika Sharma	1,35,150		
		Abhijeet Patankar HUF	52,510		
		HCG Medi Surge Hospitas Private Ltd	20,000		
Total	**8,55,50,000**	**Total**	**8,10,45,000**	**Total**	**6,45,96,222**