

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11(4), 11A and 11B of the Securities and Exchange Board of India Act, 1992 in the matter of JMD Ventures Limited (JVL) (PAN: AAACA4340C)

Background of case:

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) was in receipt of a letter no. F. No. 03/73/2017-CL-II dated June 9, 2017 from the Ministry of Corporate Affairs (hereinafter referred to as “**MCA**”) vide which MCA has annexed a list of 331 shell companies for initiating necessary action as per SEBI laws and regulations. MCA has also annexed the letter of Serious Fraud Investigation Office (hereinafter referred to as “**SFIO**”) dated May 23, 2017 which contained the data base of shell companies along with their inputs.
2. SEBI as a market regulator is vested with the duty under section 11(1) of the SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) of protecting the interests of the investors in securities and to promote the development of and regulations of securities markets by appropriate measures as deemed fit.
3. SEBI was of the view that companies identified as shell companies by SFIO and MCA, were potentially involved in
 - (a) Misrepresentation including of its financials and its business and possible violation of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (hereinafter referred to as “**LODR Regulations**”) and/or

- (b) Misusing the books of accounts/funds of the company including facilitation of accommodation entries to the detriment of minority shareholders and therefore reneging on the fiduciary responsibility cast on the board, controlling shareholders and key management person (KMP)
4. SEBI was also of the view that investors should be alerted on the possible enforcement action by various authorities leading to potentially significant impact on the price of the stock.
5. Therefore, in the interest of investors, SEBI took the pre-emptive interim measures under section 11(1) of SEBI Act, 1992, in respect of listed shell companies including JMD Ventures Limited (hereinafter referred to as “**JVL**” / “**Company**”), vide its letter dated August 7, 2017, based on the view stated at para 3 and 4 above. SEBI placed trading restrictions on promoters/directors so that they do not exit the company at the cost of innocent shareholders. In view of the said objective, SEBI vide the said letter dated August 7, 2017 also placed the scrip in the trade to trade category with limitation on the frequency of trade and imposed a limitation on the buyer by way of 200% deposit on the trade value, so as to alert them on trading in the scrip. The said measures were initiated by SEBI pending final determination after verification of credentials and fundamentals by the exchanges, including by way of audit and forensic audit if necessary. The measures also envisaged, on the final determination, delisting of companies from the stock exchange, if warranted. By virtue of these measures, trading in the scrip was not suspended but allowed under strict monitoring so that investors could take informed investment decisions till SEBI and Exchanges completed their detailed examination of such companies.
6. Pursuant to the same, BSE vide notice dated August 7, 2017, to all its market participants initiated actions envisaged in the SEBI letter dated August 7, 2017 in respect of all the listed securities as identified by MCA and communicated by SEBI, with effect from August 8, 2017.

7. On August 09, 2017, SEBI further advised the Exchanges to submit a report after seeking auditor's certificate, from all such listed companies, providing the status of certain aspects of the company like company's compliance requirement with Companies Act, 1956 whether company is a going concern and its business model, status of compliance with listing requirements, etc.
8. Vide its letter dated August 18, 2017, JVL made a representation, inter alia, submitting as under:
 - a. That SEBI is not justified in declaring the Company as suspected Shell Companies.
 - b. That SEBI has also not mentioned any reasoning on what basis the company is are being moved to GSM stage VI and mere suspicious cannot be the reason for taking such an action.
 - c. That SEBI has grossly misused its powers and violated the principles of natural justice. The directions passed are ex-parte directions and leads to only injustice.
 - d. That SEBI has failed to give any proper reasoning for passing such harsh and arbitrary directions.
 - e. That SEBI may keep doing their investigation and may take ample of time, but first revoke the directions and allow the scrip to be traded on exchange freely.
 - f. That said direction is harming the reputation of the company and also the investors are being affected by the said directions.
 - g. That on the directions of SEBI, BSE has written a letter to the company on 10th August, 2017 requesting it to provide Auditors Certificate on the various points. The Company has already replied to the said letter to BSE. Copy of the same is attached.
 - h. That the questions raised in the letter related to any dispute with Income tax Authority are beyond the purview of SEBI and BSE. Dispute with any authority, will not determine that the Company is shell or not.
 - i. That the company have large number of shareholders.

- j. That the Authorised Capital of Our Company is Rs. 150,000,000 and Paid up Share Capital is Rs 144,292,000. Also the net worth of company is Rs.380,628,576. The Company has a reserves of Rs. 236,550,926 in the F.Y. 2016-17.
 - k. That the company has an annual turnover of Rs. 612,433,605 in year 2016-17; Rs 2,186,845,985 in the year 2015-16; Rs 5,032,895,041 in the year 2014-15 during the last three years.
 - l. That the Company had a profit of Rs (1,620,267)in the year 2016-17; Rs 2,879,051 in the year 2015-16 ; Rs 2,879,051 in the year 2014-15 during last three years and have also paid tax of Rs 65,477 in the year 2016-17; Rs 1,345,605 in the year 2015-16;Rs 5,926,973 in the year 2014-15
 - m. That the company has complied with all the Listing Regulations requirements and all the annual filings at MCA.
 - n. That SEBI is requested to direct BSE to revoke the directions and allow the trading of shares of the Company and revoke the ex-parte directions.
9. In the meanwhile aggrieved by the aforesaid letters dated August 7, 2017 issued by SEBI and BSE, JVL filed an appeal No. 202 of 2017 before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "SAT"). The Hon'ble SAT vide order dated August 24, 2017 directed the following:-
- "
- 2. As the appellant has already made a representation to SEBI against the said ex-parte order dated 7th August, 2017, Counsel for the appellant on instruction seeks to withdraw the appeal with liberty to pursue the representation filed before SEBI. Accordingly, we permit the appellant to withdraw the appeal with liberty to pursue the representation pending before SEBI.*
- 3. SEBI is directed to dispose of the representation made by the appellant as expeditiously as possible and in any event within a period of three weeks from today. It is made clear that passing of any order on the representation made by the appellant*

would not preclude SEBI from further investigating the matter and initiate appropriate proceedings if deemed fit.”

10. Vide letter dated August 28, 2017, the company was also advised to submit the following information-

- a. Summary of dealings of the Company with or through Mr Jagadish Purohit, Mr. Kailash Prasad Purohit, Mr. Johar pal Singh and Ms. Saroj Devi Kothari, either directly or indirectly, including the nature and quantum thereof. Provide details of the all transactions along with supporting documents.
- b. Details of Association of the company, whether direct or indirect, with Mr Jagadish Purohit, Mr. Kailash Prasad Purohit, Mr. Johar pal Singh and Ms. Saroj Devi Kothari
- c. Details of employees on the rolls of the Company, their respective roles, remuneration received qualifications and experience for the job. Details of Provident Fund contributions made by the Company for the aforesaid employees. For ease of furnishing the information, broad categories of roles: Blue collar, junior management, Middle management, senior management, may be given in a consolidated manner.

11. Pursuant to the same, the Company vide letter dated August 30, 2017 submitted the following information-

- a. The dealings of the Company with or through Mr Jagadish Purohit, Mr. Kailash Prasad Purohit, Mr. Johar pal Singh and Ms. Saroj Devi Kothari in the FY 2014-15 and 2016-17 was NIL.
- b. That that Mr. Jagdish Prasad Purohit is Director of the Company and also the part of Promoter Group. Further, Mr. Kailash Prasad Purohit is the Managing Director of the Company and also the part of Promoter Group. Whereas Mr. Johar Pal Singh and Mrs. Saroj Devi Kothari are associated with Company as Independent Directors of the Company.
- c. That the Company had 15 employees in the FY 2014-15 with 2 employees in Senior Management with Amit Gupta as Company Secretary and Pravin T Sawant as CFO, 8 employees in middle management and 5 employees in Junior

Management. Further in FY 2015-16 the Company had 10 employees with 2 employees in Senior Management, 6 employees in middle management and 2 employees in Junior Management. Further in FY 2016-17 the Company had 19 employees with 3 employees in Senior Management, 10 employees in middle management and 6 employees in Junior Management. The roles, remuneration received qualifications and experience for the job of the employees was also provided.

- d. That PF Act does not apply to the Company as no. of Employees were less than 20 during the year

Hearing and Reply:

12. Pursuant to the decision of Hon'ble SAT, an opportunity of personal hearing was granted to JVL on September 05, 2017 when its authorized representative (Mr. Amit Shah and Mr. Bhavin Narasana) appeared on behalf of JVL. ARs submitted that the company is not a shell company as it had paid dividends for the period 2008 – 2014, has a recording studio of its own, has made 12,000 songs, has been regularly giving advertisements in newspapers and has also applied for permissions to run a music channel. JVL was advised to submit the provide the information / response on the following points along with supporting documents:

- a. Details of disclosure to exchanges in term of nature of business from year 2010
- b. Resubmit response in detail to SEBI later dated August 28, 2017 with reference to “Summary of dealings of the company with or through Mr Jagadish Purohit , Mr Kailash Prasad Purohit , Mr. Johar pal Singh and Ms. Saroj Devi Kothari , either directly or indirectly , including the nature and quantum thereof.....” and “Details of Association of the company, whether direct or indirect, with Mr Jagadish Purohit, Mr Kailash Prasad Purohit , Mr Johar pal Singh and Ms Saroj Devi Kothari”
- c. Details of related party transactions along with supporting documents like actual contract

- d. Details along with ageing analysis of trade receivable / trade payable with supporting documents like contract paper.
 - e. Details of loans given and investments made.
 - f. Details of short term loans and advances
 - g. Details of Sales of Hardware in term of top 10 clients revenue wise and corresponding purchases along with supporting documents
 - h. The company was asked to provide the link of each entry [as mentioned above (e) to (f)] with the company's business and benefit thereof to the company.
13. SEBI also sent an e-mail to the company on September 06, 2017 asking for the above information to be sent latest by September 09, 2017.
14. In response to the queries raised and information sought pursuant the hearing and mail dated September 06, 2017, the company vide letter dated September 09, 2017 submitted the following:
- a. That the main business activities carried out by Company includes Recording and sale of Music DVDs & Instruments, Trading of Software (MVAS) & Hardware, Trading/ Investment in Shares & Securities.
 - b. That the Company has more than 1200 music albums and over 30000 song titles in their portfolio and also organizes Regional Concerts & Events. It has two subsidiaries JMD Broadcasting. Ltd & JMD Medico Services Ltd.
 - c. That the Company is having a net worth of Rs. 38.06 Crores and there are about 2100 shareholders in the company and public shareholders hold 78.79% stake in the company. Hence, the company cannot be termed as Shell Company.
 - d. That the Company had a dividend paying track record of 7 years from the year 2008-2014. The Company also come up with the bonus issue in the ratio 1:1 in the year 2015. The Face value of the equity shares of the company is Re.1/- each.
 - e. That the Company has paid more than Rs. 83 lakhs as income tax during last 3 years and had regularly paid all the statutory dues and there are no pending Income Tax demands against the company till date and have not received any notice of default in this regard.

- f. That the Balance Sheet of the company is already audited by Independent and a Qualified Chartered Accountant I Auditor possessing a degree which is given to him by ICAI which is a statutory body established under an act of parliament. That the Balance Sheet scrutiny is outside the scope the SEBI.
 - g. That the Company submitted certain disclosure made to BSE since 2010 as Annexure 1
 - h. The dealings of the Company with or through Mr Jagdish Purohit, Mr. Kailash Prasad Purohit, Mr. Johar pal Singh and Ms. Saroj Devi Kothari in the FY 2014-15 and 2016-17 was NIL.
 - i. That the Company has not entered into any Contract with any of related parties during last 3 financial years and thus the relevant is not applicable to the Company.
 - j. That the Company submitted certain details pertaining to trade receivable/ trade payable along with ageing analysis as Annexure 3
 - k. That the details of loans given and Investments made is given as Annexure 4.
 - l. That the Company submitted certain details pertaining to short term loans and advances as Annexure 5
 - m. That Company submitted certain details pertaining to the details of Sales of Hardware in term of top 10 client's revenue wise and corresponding purchases as Annexure 6.
15. Further vide letter dated September 07, 2017 the company was also asked to submit the written confirmation of the statements made by Shri Jagdish Purohit (Director and part of the promoter group of JVL) on oath during an investigation by enforcement agency under section 131 of Income Tax Act, 1961 dated 21/01/2015 and other related matters.
16. In response to the queries raised vide letter dated September 07, 2017, the company vide letter dated September 09, 2017 submitted *interalia* the following:
- a. That the company does not work on Saturday/Sundays and effectively less than one day time is provided to the company for submitting its reply. Thus reasonable opportunity has not been provided as per natural justice.

- b. That the company has sought letter of MCA dated June 09, 2017, however SEBI has failed to provide the same.
- c. With regard to the statement given to Income Tax Dept. by Mr. Jagdish Prasad Purohit under oath, the company has submitted that Mr. Jagdish Prasad Purohit had given the statement to Income tax department in his personal capacity and not as a director of JVL and Mr. Jagdish Prasad Purohit has retracted his statement given to Income Tax Department vide affidavit dated Jan 30, 2015.

17. Pursuant to SEBI's letter dated August 9, 2017, BSE has submitted its report wherein it has inter alia observed the following:

"The company is also in compliance with key clauses of SEBI (LODR) Regulations, 2015 for last 3 years since quarter ended September 2014 till date. It may be noted that company has not filed the financial result for quarter ended June 2017 as they have adopted for IND-AS for the first time from this financial year (i.e. 2017-18) and therefore as per SEBI circular CIR/CFD/FAC/62/2016 dated July 05, 2016, the due date of submission is September 14, 2017."

"Company has submitted the auditor certificate from Deepak Acharya & Associate, Chartered Accountants, (Copy attached as Annexure IV). As per the Auditor Certificate, company has filed income tax returns and the appeal file before CIT(A) aggregating to Rs. 60.56 for the financial year 2013-14 and 2014-15 and has complied with companies act requirements for last three years. Further, the Auditor has confirmed that company is going concern and there are no default in any loans with any bank financial institutions.

.....

Based on the above, prima facie, the submissions made by the company appears to be in order."

Consideration:

18. On perusal of the materials available on record, the following issues arise for consideration.

- (a) Whether there is prima facie evidence of misrepresentation including of its financials and/or its business and possible of violation of LODR Regulations by the company.*
- (b) Whether there is prima facie evidence the company is misusing the books of accounts / funds including facilitation of accommodation entries to the detriment of minority shareholders and therefore reneging on the fiduciary responsibility cast on the board, controlling shareholders and JVL.*
- (c) In view of the determination on the above issues, pursuant to SAT Appeal and the order of SAT in the said appeal, whether, in view of the representation of the Company, the action envisaged in SEBI letter dated August 7, 2017 needs reconsideration.*

19. On the basis of documents available on record, my observations on above issues are as under:

Issue No. 1. *Whether there is prima face evidence of misrepresentation including of its financials and/or its business and possible violation of LODR Regulations by the company.*

Issue No. 2. *Whether there is prima facie evidence that the company is misusing the books of accounts / funds including facilitation of accommodation entries to the detriment of minority shareholders and therefore reneging on the fiduciary responsibility cast on the board, controlling shareholders and JVL.*

20. Pursuant to SEBI letter dated August 09, 2017, BSE submitted its report dated August 31, 2017 stating that the company is in compliance with key clauses of LODR Regulations, 2015 for last 3 years. However the same has been concluded on the basis of the requirement of filings to be made by the Company. It is also essential to analyse

the contents and representations made in the filings to arrive at prima facie findings of any misrepresentation therein.

21. Based on the replies given by the company in response to SEBI's queries, prima facie observations are as under:

- a. It is observed that when JVL was asked about the related party transactions and dealings of the company with or through directors including Mr Jagdish Purohit either directly or indirectly, the company has submitted a NIL report. However it is noted that Blue Circle Services Ltd. is reflected in Trade Receivables of the Company which as per the Affidavit of Shri Jagdish Purohit, as submitted by JVL, is a company where Shri Jagdish Purohit is carrying on business and appears to be associated with Shri Jagdish Purohit. In view of the same, it appears that there is misreporting by the company with regard its related party transactions and dealings of the company with or through directors leading to the prima facie evidence that the Company has misrepresented its transactions.
- b. It is observed that the company has failed to provide any supporting documents including VAT challans for the sales of Rs. 212.88 crore and purchases of Rs. 212.15 crore, for verification hence it raises question of authenticity of these transactions.
- c. It is observed from the statement showing purchases relating to Trading of Software & Hardware and its corresponding sales made by the company that all the goods purchased during the year 2015-16 are sold by the company in the same year. Further as per the Details of Purchase in FY 2015-16, purchases amounting to Rs. 61 crore approximately is from an entity named "Blue Sea Commodities Pvt. Ltd." and were made during the period Feb 2016- March 2016. The company has not provided any documentary support relating to the purchase contract. The failure on the part of the company indicates that the company is not able to substantiate the existence of the transaction leading to the prima facie evidence that the Company has misrepresented purchase figures to that extent in the financial statement. This is further substantiated by the fact that company has neither mentioned the VAT

registration no. of Blue Sea Commodities Pvt. Ltd. nor provided the invoices supporting these purchases. It is further observed from the MCA website that the company "Blue Sea Commodities Pvt. Ltd." is incorporated only on June 29, 2016 while the purported purchases were during February 2016 to March 2016. Therefore, there is prima facie evidence that the Company has misrepresented purchase figures of Rs. 61 crore relating to Blue Sea Commodities Pvt. Ltd. In view of this there is also suspicion as to the genuineness of the corresponding sales made with regards to these purchases.

- d. It is observed that the trade receivables, short term loans & advances and trade payables of the company form a significant proportion of the Total Assets and Liabilities of the company in FY 2014-15 and FY 2015-16.
- e. Further, on preliminary examination of the list of entities from whom amount is outstanding as trade receivable for more than 6 months, it was observed that few entities (Microqual Techno Pvt. Ltd., Micro Technologies (India) Pvt. Ltd.) from which around Rs. 22.20 crore is outstanding from the total receivables of Rs. 52.02 crore, are under liquidation as per MCA website which prima facie raises a doubt on the recoverability of the amount from these entities. Further from the Annual Report for the year ended March 31, 2016, it appears that the company has not made a provision for doubtful recovery in this regard which would result in prima facie overstatement of total profit of the company.
- f. It is observed from the Inventories as shown in Balance Sheet for the year ended March 31, 2016 that The "Stocks in Trade (in fully paid-up quoted shares)" pertaining to Ashok Leyland Limited, Bhushan Steel Limited, DB (International) Stock Brokers Limited and SREI Infrastructure Finance Limited are not appearing in the Holding statement received from the Depositories. With respect to the "Inventories in unquoted equity shares", the company has provided only invoices and not the share certificates for these investments. The failure on the part of the company to provide documentary support indicates that the company is not able to substantiate the existence of the investment leading to the prima facie evidence that the Company has misrepresented its investments.

- g. It is observed that the company has also provided the list of entities, to whom the amount is appearing as Trade Payable amounting to Rs. 132.81 crores as appearing in the financial statements for the year 2015-16. It is observed on a preliminary analysis of the purchases details given by company and the list of entities of Trade payable, that outstanding amount approx Rs. 56.44 crore appears to be payable to the entities from whom purchases were made during the period April 01, 2015 to March 31, 2016. The balance of Rs. 76.37 crore is due to the entities from whom no purchases are made during the year. No supporting documents or explanation is provided by the company with respect to this balance amount of Rs. 76.31 crore. Hence, the authenticity of the same could not be verified.
- h. With respect to "Advances for Properties" amounting to Rs. 11.49 crores in the Financial Statement for the year ended March 31, 2016 (Refer Note 2.12 – Annual Report 2015-16 and Annex 4), the company has given supporting MOU only with respect to the advances amounting to Rs. 2.5 crore. These advances were made around 2010-11 and 2012-13 as per the MOU but the properties has not yet been received by the company. For the balance advances of Rs. 8.99 crore, the company has provided neither the supporting MOUs nor the bank statement showing the flow of funds. The failure on the part of the company to provide documentary support indicates that the company is not able to establish the genuineness of those transactions.
- i. Further it is observed that as per the annual report for the year 2015-16, "Other advances" of Rs. 11.21 crore are outstanding for the year ended March 31, 2016 (Refer Note 2.12 – Annual Report 2015-16 and Annex 5). The company has provided only the names of the entities from whom these advances are recoverable. No documentary evidence other than the Confirmation of accounts sent to the entities by JVL has been provided by the company for verification of these advances.
- j. It is observed that the company has made an Inter-Corporate Deposit worth Rs. 4 crore to Shree Metaliks Limited as per agreement dated May 17, 2010. Though the company has provided the letter from Shree Metaliks Pvt. Ltd. requesting disbursal of Rs. 3 crore and letter of JMD Ventures Ltd. confirming disbursal as a supporting

document, however no information regarding balance of Rs. 1 crore is provided by the company.

- k. Further, as per the information provided by the company Rs. 3.45 crore is outstanding to be received from Shree Metaliks Limited as on March 31, 2016 and also, no repayment has been done during the financial year 2015-16. So the interest at the rate 9% will be receivable on the entire amount of Rs. 3.45 crore which is approx. Rs. 31.05 lakhs on the loan of 3.45 crore. But, as per the Profit & Loss Statement for the year ended March 31, 2016, the total interest income on Loan & ICD is shown as Rs. 27.57 lakhs questioning the veracity of the figures.
- l. Further as per the Confirmation of accounts of Shree Metaliks Limited (9% loan interest rate) no interest is charged by the company during the year ended March 31, 2016. The same is also observed in the case of loan given to Sunita Oberoi at 12% interest rate, however no interest is charged by the company during the year ended March 31, 2016. This is clearly detrimental to the interest of the shareholders.
- m. It is observed that Company has asked for the letter of MCA dated June 09, 2017. However it may be noted that the said MCA letter and the statement made by Shri Jagdish Purohit dated January 21, 2015 are not relied upon in the current proceedings to arrive at the prima facie finding/conclusion in this Order. Further JMD has contended that the Balance Sheet scrutiny is outside the scope the SEBI. However SEBI is vested with the duty under section 11(1) of the SEBI Act of protecting the interests of the investors in securities and pursuant to the same, SEBI has power to call for information under Section 11 (2)(i) (ia) of SEBI Act, 1992 and analyze all evidence including balance sheet of a company to detect misrepresentation including of its financials and its business and possible violation of LODR Regulations.

22. Based on the above, I note that there is evidence of misreporting of related party transactions and misrepresentation of financials by JVL. I also note that the recoverability of loans and existence of investment made by JVL are in serious question. Further failure of the Company to produce supporting documents to substantiate the

transactions entered into by the company leads to further evidence of misrepresentation of financials. I also note that JVL has also entered into transactions detrimental to the interest of the shareholders. Thus, there is prima facie evidence of misrepresentation of business/financials as well as of misuse of funds/ the books of accounts of the company. The directors & KMPs have therefore prima facie failed to discharge their fiduciary responsibility. The company is also liable for the prima facie violations observed and it is imperative that in the interest of investors, the financials of the company be independently audited to establish their genuineness.

Issue No. 3. *In view of the determination on the above issues, pursuant to SAT Appeal and the order of SAT in the said appeal, whether, in view of the representation of the Company, the action envisaged in SEBI letter dated August 7, 2017 needs reconsideration.*

23. In view of the prima facie evidence of misrepresentation by the company and misuse of books / funds, the persons who are in control of the company and the directors of the company are prima facie liable for action by SEBI and should not be permitted to exit the company at the cost of innocent shareholders.

24. The findings in this order have been rendered on the basis of the prima facie evidence available at this stage. However, detailed examination / forensic audit needs to be undertaken to unearth the entire extent of violations.

25. Pending, enquiry/ audit, it is appropriate to revert the scrip to the status as it stood prior to issuance of letter dated August 7, 2017 by SEBI with applicable price band.

INTERIM ORDER

26. In the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections 11, 11(4), 11A and 11B read with Section 19 of the Securities and

Exchange Board of India Act, 1992, hereby, modify, subject to para 26 (iv) of this order, the actions envisaged in SEBI's letter dated August 07, 2017 and the consequential actions taken by Stock Exchanges, against JMD Ventures Limited as under:

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

27. Accordingly the representation of JMD Ventures Limited is disposed of.

28. The above directions shall take effect immediately and shall be in force until further Orders.

29. The prima facie observations contained in this Order are made on the basis of the prima facie material available on record. In this context, JMD Ventures Limited is advised to file its reply/objections to this interim order. The Company, within 30 days from the date of receipt of this Order, may file its reply, if any, to this Order and may also indicate in the reply whether it desires to avail an opportunity of personal hearing on a date and time to be fixed on a specific request made in that regard, if any. In the event of JMD Ventures

Limited failing to file reply or requesting for an opportunity of personal hearing within the said 30 days, the preliminary findings of this Order and ad-interim directions at para 26 above shall stand confirmed against JMD Ventures Limited automatically, without any further orders.

30. Copy of this Order shall be forwarded to the recognized stock exchanges & depositories for information and necessary action.

31. A copy of this Order shall also be forwarded to the Ministry of Corporate Affairs and Serious Fraud Investigation Office for their information.

-Sd-

DATE: SEPTEMBER 14, 2017

PLACE: MUMBAI

MADHABI PURI BUCH

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA