SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 11(1), (4) AND (4A) AND SECTIONS 11B(1) AND (2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

IN THE MATTER OF GROWPITAL PLATFORM

In respect of:

Noticee. No.	Names of *Noticees*	PAN
1.	Rituraj Sharma	DEMPS5345H
2.	Krishnna Joshi	DFXPS7404R
3.	Gayatri Rinwa	AQPPR9353N
4.	Yotta Agro Venture Pvt Ltd	AABCY2263K
5.	Farm Silo Tech LLP	AAHFF4274C
6.	ZF Project 1 LLP	AACFZ9734C
7.	ZF Project 2 LLP	AACFZ9766E
8.	ZF Project 3 LLP	AACFZ9913H
9.	Toshan Seeds Private Limited	AADCH4579H
10.	Gopal Vasharambhai Kuchhadiya	CFEPK5402B
11.	Girishkumar Ishvarlal Makvana	ALGPM3855N
12.	MSVO Ventures Private Limited	AAQCM3805Q
13.	Rahul Meena	EIDPM8731F
14.	Divya Soni	NKQPS1109P
15.	Nutrikosh India Private Limited*	AAHCN6405A
16.	Alok Chaudhary*	ASAPC2179E
17.	Ashutosh Tiwari	ALMPT7496E
18.	Rahul Saini	JLZPS6803N
19.	Anandkumar Sriram Mahto	BPAPM9549E
20.	Ttoys Bazar Private Limited	AAFCT4212R
21.	Manoj Maru	AFNPM7678A

Noticee. No.	Names of *Noticees*	PAN
22.	Vikram Singh Rathore	AFVPR6863E
23.	Vishnu Dutt Upadhyaya	AAHPU6905D
24.	Unique Projects: Proprietorship of Sukh Tanwar	BOJPK7887K
25.	Mateshwari Trading Company: Proprietorship of Ratan Singh Bhati	ANDPB7461L
26.	Vishnu Balaji Farmer Producer Company Limited	AAHCV8894R
27.	Anjali Khandelwal	CLNPK3200J
28.	Monika Tewari	AGRPT8834E
29.	Poonam Khandelwal	AYXPK4759M
30.	Sujata Devi	EUPPD7992M

*(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)*

**(The proceedings qua Noticee Nos. 15 and 16 have been settled vide settlement order dated September 28, 2026, passed under SEBI (Settlement Proceedings) Regulations, 2018. They have been referred herein only for the sake of convenience and completion of proceedings.)*

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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 January 31, 2024 (hereinafter referred to as "**Investigation Period/IP**"), to examine and ascertain whether the fund mobilization by Farm Silo Tech LLP through the website of www.growpital.com (hereinafter referred to as "**Growpital**"/"**Growpital platform**"), was in violation of provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **"SEBI Act"**), Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999 (**"CIS Regulations"**) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations"**) by *Noticees*.

2. SEBI received a communication *vide* an email dated June 30, 2023, *inter alia*, drawing SEBI's attention to an online platform, Growpital (https://www.growpital.com), which was offering various investment plans to the public and was claiming to invest the funds so mobilized in agricultural projects to generate tax-free assured returns to investors. *Vide* the said email, SEBI was requested to look into the matter and take necessary action to safeguard the interests of investors. Pursuant thereto, SEBI undertook a preliminary examination in the matter and thereafter, an Interim Order dated January 29, 2024, was issued against *Noticee Nos.* 1 to 8 herein, wherein, *inter alia,* following directions were issued against them:

"27.1. Farm Tech Silo LLP (also known as Growpital), ZF Project LLP1, ZF Project LLP 2, ZF Project LLP 3, Yotta Agro Venture Private Limited and the directors / designated partners of these Entities namely, Mr. Rituraj Sharma, Ms. Gayatri Rinwa and Mr. Krishna Sharma are directed:

i. *To cease and desist from floating any CIS, directly or indirectly, and cease to solicit or undertake such activity determined as CIS, in any manner whatsoever, until further orders.*

ii. Not to collect any money from new partners/investors or any additional sum of money from existing partners/investors in existing schemes/ plans, until further orders.

iii. Not to divert any funds collected from partners/investors, kept in bank account(s), payment wallets and/or in their custody, until further orders.

iv. Not to dispose of or alienate any assets, whether movable or immovable, or any interest or investment or charge on any of such assets including moneys lying in bank accounts belonging to the Entities, except with the prior permission of SEBI, until further orders.

v. To provide a full inventory of all the assets held by them, whether movable or immovable, or any interest or investment or charge on any of such assets, including details of all bank accounts, demat accounts and mutual fund investments, immediately, but not later than 15 working days from the date of receipt of this order.

vi. To immediately withdraw and remove all websites, advertisements, representations, literatures, brochures, materials, publications, documents, communications, etc. in relation to the unregistered CIS activities or any other unregistered activity in the securities market, until further orders.

vii. Not to access the securities market and buy, sell or otherwise deal in securities in any manner whatsoever, directly or indirectly, until further orders.

viii. To submit the details of partners/investors (contact number, address, date of enrolment) who have contributed to the ZF Project LLPs (now or in the past) through Growpital or any other platform and to submit details of contributions received from each such partner/investor immediately, but not later than 15 working days from the date of receipt of this order.

27.2 .....

27.3 Cashfree Payments India Private Limited is directed not to accept any payments made through Growpital or on behalf of Growpital. Further, no *funds shall be transferred to the escrow account of Farm Silo Tech LLP/Growpital until further orders."*

3. *Noticee Nos.* 1 to 8 filed an appeal bearing Appeal No. 230 of 2024 before the Hon'ble Securities Appellate Tribunal ("**SAT**") against the ex-parte ad-interim order dated January 29, 2024. They sought urgent interim relief on the ground that they were facing huge daily losses due to freezing of their bank accounts pursuant to the interim order. It was submitted before the Hon'ble SAT that restrictions imposed by the interim order adversely affected their business leading to huge irretrievable losses since all agricultural produce was perishable and they were unable to meet expenses related to farms, crops, labour, etc. Hon'ble SAT *vide* order dated April 16, 2024 directed *Noticee Nos.* 1 to 8 to submit a draft proposal, with the objective of ensuring the running of day-to-day business, to SEBI latest by April 19, 2024 and directed SEBI to thereafter pass order on the proposal submitted by them, by April 26, 2024.

4. In terms of directions of the Hon'ble SAT, *Noticee Nos.* 1 to 8 submitted the proposal to SEBI *vide* email dated April 19, 2024, *inter alia,* making following submissions:

i. The personal accounts of the Entities may be unfreezed as the fundamental right to livelihood and legal representation has been taken away;

ii. The Entities be allowed to meet their financial obligations including loans, GST returns, ITR returns and other payables, etc.;

iii. The bank accounts of the Entities shall be restored to allow business continuity;

iv. Ensuring business continuity is the only way to ensure repayment to partners and to protect the interest of the partners;

v. An official administrator may be appointed by SEBI to monitor the operations;

vi. The Entities are willing to provide regular quarterly updates on the progress;

vii. The Entities sole source of revenue stems from conducting business operations;

viii. Unfreezing the accounts of Yotta and ZF Project LLPs ("Project LLPs") is imperative for sustaining the business operations;

ix. Accounts of the Project LLPs will be allocated strictly for farm operation expenses with a cap of ₹23.5 crore. These accounts will accommodate incoming funds from Yotta;

x. Yotta's accounts will be utilized to cover operation expenses, including salaries, land leases, technology, servers and accounting as well as for procuring agricultural produce from Project LLPs and infusing new capital into them gradually. Further, Yotta's account will facilitate revenue collection through the sale of agricultural produce and other avenues from the market;

xi. Half of Yotta's profits will be earmarked for capital infusion into the Project LLPs, while the remaining amount will be used to expand cultivation area over Yotta's lands to accelerate capital repayment to partners of Project LLPs;

xii. Incoming funds in Project LLPs will be earmarked for repaying capital contribution to LLP partners;

xiii. Yotta may secure funds through debt and equity from institutional investors or High Net Worth individuals for project expansion and expediting capital contribution repayments to Project LLPs;

xiv. SEBI can oversee the administration of expenses incurred by Project LLPs and Yotta to monitor accounts effectively;

xv. Yotta holds ₹32 crore in receivables which could serve as security for funds drawn from LLPs;

xvi. The funds in the Growpital accounts, i.e., Farm Silo Tech which were not allotted towards contribution to any Project LLPs, may be released immediately.

5. The proposal submitted by *Noticee Nos.* 1 to 8 was considered by the Ld. Whole Time Member in the Confirmatory Order, wherein, it was, *inter alia,* noted that the proposal lacked clarity around the actual revenues generated by *Noticees* from farming operations earlier and utilization of funds collected from investors. Further, despite SEBI seeking details of farm-wise revenue since inception from *Noticee Nos.* 1 to 8, the information was submitted only for the FY 2023-24. A 5-year plan to generate revenue and profits from farming operations was submitted by them, however, no information pertaining to the assumptions underlying these projections was submitted. Their submissions on the actual utilization of the funds for farming expenses were also found to be deficient and contradictory. The projected revenues that were proposed to be generated through areas and crops submitted in the proposal had not yielded any revenues earlier, and it was found that the proposal submitted by them was not backed by sufficient rationale and basis.

6. Further, *vide* the Confirmatory Order dated April 26, 2024 directions issued *vide* the Interim Order dated January 29, 2024 were confirmed against *Noticee Nos.* 1 to 8 as under:

"30. Considering the material on record, oral and written submissions of the Entities and findings thereon mentioned in the preceding paragraphs, pending investigation, I, in exercise of the powers conferred upon me under Section 11(1), 11(4), 11B(1) and 11D read with Section 19 of SEBI Act, and Regulation 65 of CIS Regulations, hereby confirm the directions issued vide the Interim Order, till further orders, subject to the modification that the bank accounts of the individuals namely, Mr. Rituraj Sharma, Ms. Gayatri Rinwa and Mr. Krishna Sharma mentioned in Table4 above, shall be unfrozen.

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

32. I note that a detailed investigation in the matter is in progress which may bring out additional acts of omission or commission, of the Entities, if any, in detail, depending on the material and after considering the facts and veracity of their submissions. The findings in the extant order are prima facie findings in a matter under investigation."

7. The Confirmatory Order was impugned by *Noticee Nos.* 1 to 8 before the Hon'ble SAT by filing an appeal bearing Appeal No. 376 of 2024, *inter alia,* praying that the Confirmatory Order be set aside and quashed to the extent that it confirms the *prima facie* findings against *Noticee Nos.* 1 to 8 and refuses to defreeze the bank accounts.

B. BRIEF FINDINGS OF THE INVESTIGATION AND ALLEGATIONS MADE AGAINST *NOTICEES*

8. The investigation revealed that *Noticee Nos.* 1 to 8 raised ₹192.88 Crore from 5208 existing unique investors. It was observed that the funds were raised through Limited Liability Partnerships ("**LLPs**"), wherein, the investors were on-boarded as partners, units were allocated to them and profits/returns were assured, however, all the land lease and ownership agreements submitted by *Noticee Nos.* 1 to 8 were in the name of Yotta Agro ventures Pvt. Ltd. (*Noticee No.* 4) or Winsome Tea Plantations Pvt. Ltd. ("**Winsome**", owned by Yotta), wherein, the investors/partners had no legal ownership or control whatsoever over the land which was leased/owned and over which agriculture operations were claimed to have been performed by utilizing the funds raised from those investors.

9. The detailed investigation undertaken, revealed that funds of about ₹95.60 Crore were transferred from Farm Silo Tech LLP to Yotta without any underlying business. Further, an amount of ₹8.53 Crore was spent by the LLPs for acquisition of a company named Grobanana in the name of Yotta. The facts noted from the SCN are detailed in the following paragraphs.

10. The investigation revealed that companies/proprietorships and individuals, other than *Noticees* against whom the Interim and Confirmatory Orders were issued, were also involved in the scheme of mobilization of funds in the extant matter. For better understanding of the roles played by *Noticees*, they have been divided into the following categories:

i. ***Entities (Noticee Nos. 1 to 8)-*** *Noticee Nos.* 1 to 8 were *prima facie* instrumental in raising funds from investors and mobilizing the same. In the extant matter, Rituraj Sharma (*Noticee No.* 1), Krishnna Joshi (*Noticee No.* 2), Gayatri Rinwa (*Noticee No.* 3/wife of *Noticee No.* 1), Yotta Agro Ventures Private Limited (hereinafter referred to as

'Yotta'/*Noticee No.*4), Farm Silo Tech LLP (hereinafter referred to as '**Growpital**'/*Noticee No.* 5), ZF Project 1 LLP (hereinafter referred to as "**ZF1 LLP**"/*Noticee No.* 6), ZF Project 2 LLP (hereinafter referred to as "**ZF2 LLP**"/*Noticee No.* 7) and ZF Project 3 LLP (hereinafter referred to as "**ZF3 LLP**"/*Noticee No.* 8) are collectively referred to as "***Entities***". Further, the three LLPs (*Noticee Nos.* 6 to 8) are together referred to as "**ZF LLPs**"**.** The Designated Partners (**'DPs**') of the aforesaid three ZF LLPs were Yotta and Farm Silo Tech LLP ("**Growpital**"). *Noticee Nos.* 1 and 2 were directors of Yotta. Further, *Noticee Nos.* 1 and 3 were DPs of Farm Silo Tech LLP. The information obtained from the Ministry of Corporate Affairs ('**MCA**') database regarding *Entities* is tabulated in the following table:

Table 1

Name of entity	Date of incorporation	Directors / Designated Partners	Registered address
Yotta Agro Ventures Private Limited (Yotta)	April 15, 2020	Mr. Rituraj Sharma (PAN- DEMPS5345H) Mr. Krishnna Joshi* (PAN- DFXPS7404R)	F No S 2, V Cube Lavender, P No 166A, Triveni Nagar, Vishveshariya Nagar, Gopalpura Bypass, Jaipur, Rajasthan – 302 017
Farm Silo Tech LLP (Growpital)	September 05, 2020	Mr. Rituraj Sharma Ms. Gayatri Rinwa (PAN- AQPPR9353N)	
ZF Project 1 LLP (**'ZF1 LLP'**)	September 29, 2021	Yotta Agro Ventures Private Limited and Farm Silo Tech LLP	
ZF Project 2 LLP (**'ZF2 LLP'**)	October 18, 2021		
ZF Project 3 LLP (**'ZF3 LLP'**)	October 30, 2021		

* *As per letter dated June 28, 2022 issued by Rajasthan Govt., the name change of Krishna Sharma to Krishnna Joshi was notified.*

Analysis of Form No. MGT-7 ("**Annual Return**") dated November 24, 2023 of Yotta revealed that it was digitally signed by the *Noticee No.* 1 signifying that *Noticee Nos.* 1 and 2 had a joint shareholding of 50% each in Yotta. Further, as per its Memorandum of Association ("**MoA**") dated April 7, 2020 obtained from MCA website, Yotta was in the business of farming, agriculture and allied activities, manufacturing of agro products, etc. and as per the LLP agreement of Farm Silo Tech LLP, dated August 9, 2021, it was in the business of software designing and development, providing internet/web based applications, database management, etc.

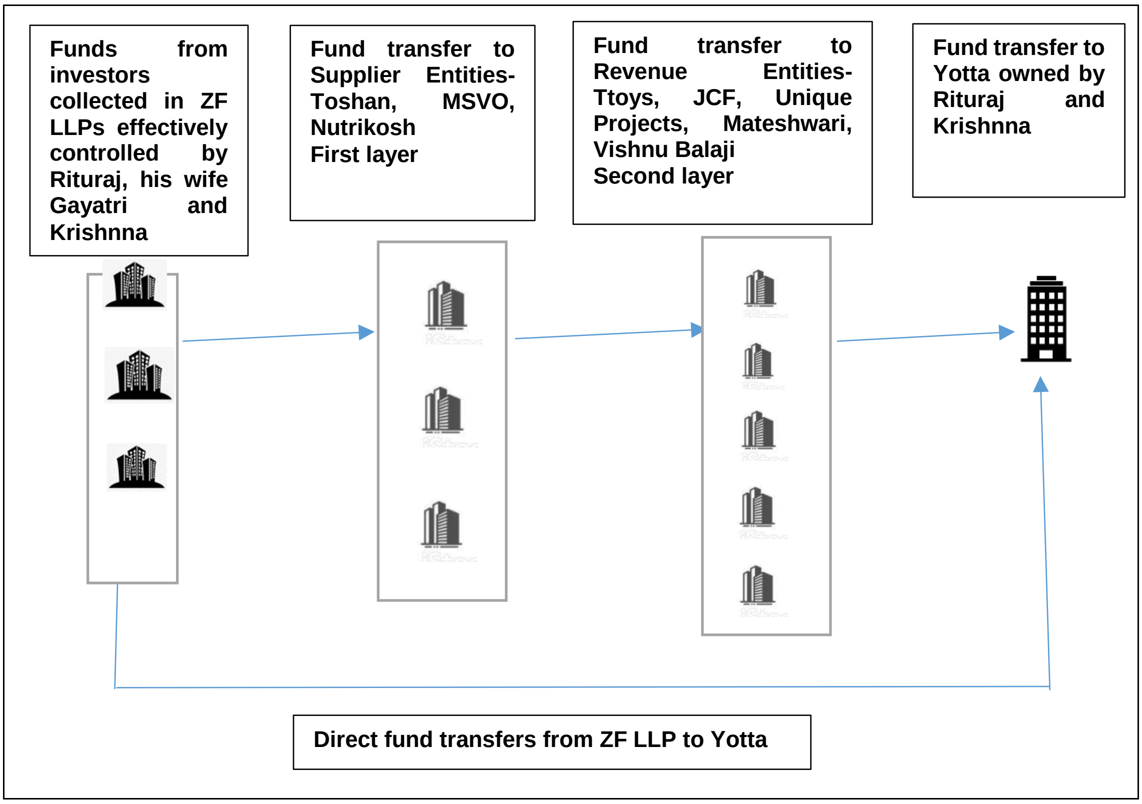
ii. **<u>Supplier Entities</u>**- This category pertained to those *Noticees* who acted as first layer of major recipients of funds mobilized by *Entities*. In the instant Order, Toshan Seeds Private Limited (**'Toshan'**/ *Noticee No.* 9), MSVO Ventures Private Limited (**'MSVO'/** *Noticee No.* 12**),** and Nutrikosh India Private Limited (**'Nutrikosh'**) have been collectively referred to as **"*Supplier Entities*".** It was found that Mr. Gopal Vasharambhai Kuchhadiya (*Noticee No.* 10) and Mr. Girishkumar Ishvarlal Makvana (*Noticee No.* 11) were Directors/proprietors of Toshan. Further, Mr. Rahul Meena (*Noticee No.* 13) and Ms. Divya Soni (*Noticee No.* 14) were Directors/proprietors of MSVO. The name "Supplier Entities" has been used in this order only for the purposes of identification and does not in any manner indicate that they, by virtue of their name, supplied goods/services to Entities.

iii. **<u>Revenue Entities (*Noticee* Nos. 20 to 30)</u>**– This category pertained to those *Noticees* who acted as second layer of recipients of funds mobilized by *Entities* i.e. these entities collected revenues from first layer of recipients and thereafter transferred the funds to the ultimate recipient *i.e.* Yotta. In the instant Order, Ttoys Bazar Private Limited ('**Ttoys**'/*Noticee No.* 20), Mr. Vishnu Dutt Upadhyaya (Proprietor of Jaipur Chakki Fresh/**'JCF'**/*Noticee No.* 23), Unique Projects (Proprietorship of Mr. Sukh Kanwar/**'Unique Projects'**/*Noticee No.* 24), Mateshwari Trading Company (Proprietorship of Mr. Ratan Singh Bhati/ **'Mateshwari'**/*Noticee No.* 25) and Vishnu Balaji Farmer Producer Company Limited (**'Vishnu Balaji'**/*Noticee No.* 26) have been collectively referred to as *"**Revenue Entities**"*. For ease of reference, Ttoys, JCF, Unique Projects and Mateshwari have been collectively referred to as "***Barmer Revenue Entities***", since majority of revenue claimed by *Entities* was stated to be earned by selling jeera seeds to them, only from a 75-acre farmland in Barmer. It was found that Mr. Manoj Maru (*Noticee No.* 21), and Mr. Vikram Singh Rathore (*Noticee No.* 22) were Directors/proprietors of Ttoys. Further, Mr. Vishnu Dutt Upadhyaya was the proprietor of Jaipur Chakki Fresh ('**JCF'**) and also a

Director of Ttoys. Ms. Anjali Khandelwal (*Noticee No.* 27), Ms. Monika Tewari (*Noticee No.* 28), Ms. Poonam Khandelwal (*Noticee No.* 29) and Ms. Sujata Devi (*Noticee No.* 30) were Directors/proprietors of Vishnu Balaji.

11. The Supplier Entities and Revenue Entities were allegedly found to be involved in the scheme of mobilisation of funds and its deployment based on the clear fund trail connecting the companies receiving funds (directly/indirectly) from ZF LLPs and thereafter transferring the funds to Yotta. The same is shown in the following schematic diagram:

Figure 1



12. Based on the findings of investigation, a Show Cause Notice ("**SCN**") was issued to *Noticee Nos.* 1 to 30 on March 03, 2025, *inter alia,* alleging as under:

i. All rights or ownership over any assets, purported farmlands acquired, profits, income and produce received using investors' funds were in the hands of Yotta and effectively in the hands of *Noticee Nos.* 1 and 2 by virtue of their directorship/ownership of Yotta. The investors or LLPs effectively had no rights over the same. It is also alleged that the claim of *Noticee Nos.* 1 to 8 that the assets (farm projects) were owned by the LLP and all the investors/partners in the LLP were considered legal co-owners, is false.

ii. The *Noticee* Nos. 1 to 8 indulged in illegal mobilization of funds in the form of unregistered CIS by issuing units to the public via their website www.growpital.com under the pretext of investing the funds on farming projects. *Noticee Nos.* 1 to 8 have claimed revenue of ₹73.78 Crore from farming operations. ₹61.68 Crore (83.60% of total claimed revenue) was claimed by selling jeera seeds pertaining to 75 acres' farmland in Barmer, Rajasthan and ₹3.12 Crore were claimed by selling mustard cultivated in a farm at Anand, Gujarat. It was claimed that the revenues were realized in the bank accounts of Yotta.

iii. The units were issued to investors in lieu of the investments made by them and these investors were on-boarded as partners of the ZF LLPs. It was alleged that the units issued by Growpital to investors fall under the definition of "securities" under section 2(h)(ib) of the Securities Contracts (Regulation) Act, 1956 ("**SCRA, 1956**") and in terms of regulation 36 of the CIS Regulations, it was mandatory for *Noticee Nos.* 1 to 8 to follow the legal requirement of listing of the securities (units).

iv. The aforesaid acts resulted in violation of sections 12(1B), 12A(a), (b) and (c) of the SEBI Act, 1992, regulation 3 of the CIS Regulations, regulations 3(a), (b), (c) and (d), regulation 4(1) and regulation 4(2)(k), (s) and (t) of the PFUTP Regulations.

v. Further, in terms of section 27(1) of the SEBI Act, for a contravention committed by a company, apart from the company, the Directors of the company (partners, in case of firm) who at the time of the contravention, were in charge and responsible to the company for the conduct of the business of the company, are also deemed to be liable for the contravention. The DPs were alleged to be responsible for the conduct of business/affairs of the ZF LLPs. Accordingly, it has been alleged that *Noticee Nos.* 1, 2 and 3 would be liable for the acts and deeds of Yotta, Farm Silo Tech LLP and the three ZF LLPs and consequently, for the activities being undertaken by *Noticees* through the Growpital Platform.

13. The *Noticee Nos.* 1 to 8 were called upon to show cause as to why suitable directions and suitable monetary penalty be not imposed upon them under sections 11(1), (4) and (4A), and sections 11B(1) and (2) read with section 15D(a), section 11D and section 15HA 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 and imposition of penalty and any other directions as deemed fit by SEBI, should not be issued against them.

14. The *Noticee Nos.* 9 to 30 have been alleged in the SCN to have acted as conduits for transferring funds from the bank accounts of ZF LLPs to the bank account of Yotta (*Noticee No.* 4) through a layered mechanism without any underlying business. Further, they were called upon to show cause as to why appropriate directions as deemed fit, should not be issued against them under sections 11(1) and 11(4), section 11B(1) and section 11D of the SEBI Act and suitable monetary penalty be not imposed under section 11(4A) and section 11B(2), read with section 15HA of the SEBI Act for the aforementioned violations.

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

15. From the material available on record, I note that the SCN dated March 03, 2025 was duly served on all *Noticees*. *Noticees* sought opportunity for inspection of documents, which was granted to them.

16. Personal hearing in the matter was scheduled on September 16, 2025 for all *Noticees*. Hearing Notices were served upon all *Noticees* except the *Noticee No.* 11. Hearing Notice was attempted to be served upon the *Noticee No.* 11 at the same address where the SCN was delivered to him and an email was also sent to the email ID: girajput@gmail.com. However, the hearing notice sent on the address returned undelivered and no response to email was also received from the *Noticee No.* 11. A paper publication of the aforesaid Hearing Notice was also made in editions of The Times of India, Ahmedabad, Sandesh, Ahmedabad and Metro Herald, Ahmedabad on September 12,

2025. Thereafter, a request was received from Authorised Representative (**"AR"**) appearing on behalf of *Noticee Nos.* 1 to 8 that the hearing scheduled on September 16, 2025 be only limited to the preliminary objections raised by *Noticee Nos.* 1 to 8. In this regard, the AR was informed *vide* email dated September 11, 2025 that submissions on preliminary objections as well as on merits will be heard together during the hearing. However, in the interest of principles of natural justice, the hearing in the matter was adjourned to September 24, 2025 for all *Noticees* and further time was granted to *Noticees* to file submissions on merits as well. On September 24, 2025, hearing was attended by all Noticees/AR of *Noticees* except the *Noticee No.* 11. Further, subsequent hearing was also granted to *Noticee Nos.* 1 to 8 on September 30, 2025 and October 29, 2025 to complete their submissions.

17. I note that all *Noticees* except *Noticee Nos.* 9 to 11 have filed their respective replies to the SCN and thereafter, certain *Noticees* have also filed Written Submissions in addition to Replies earlier filed by them. I further note that sufficient opportunities have been granted to all *Noticees* to enable them to make submissions in the matter.

18. 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 2

Noticee No.	**Name of Noticee**	**Date of Reply filed**	**Date of hearing**	**Date of post hearing submissions/additional submissions filed**
1	Rituraj Sharma	August 03, 2025 September 24, 2025	September 24, 2025, September 30, 2025 and October 29, 2025	November 18, 2025
2	Krishna Joshi	August 03, 2025 September 24, 2025	September 24, 2025, September 30, 2025 and October 29, 2025	November 18, 2025
3	Gayatri Rinwa	August 03, 2025	September 24, 2025,	November 18, 2025

Noticee No.	Name of Noticee	Date of Reply filed	Date of hearing	Date of post hearing submissions/additional submissions filed
		September 24, 2025	September 30, 2025 and October 29, 2025	
4	Yotta Agro Venture Pvt Ltd	August 03, 2025 September 24, 2025	September 24, 2025, September 30, 2025 and October 29, 2025	November 18, 2025
5	Farm Silo Tech LLP	August 03, 2025 September 24, 2025	September 24, 2025, September 30, 2025 and October 29, 2025	November 18, 2025
6	ZF Project 1 LLP	August 03, 2025 September 24, 2025	September 24, 2025, September 30, 2025 and October 29, 2025	November 18, 2025
7	ZF Project 2 LLP	August 03, 2025 September 24, 2025	September 24, 2025, September 30, 2025 and October 29, 2025	November 18, 2025
8	ZF Project 3 LLP	August 03, 2025 September 24, 2025	September 24, 2025, September 30, 2025 and October 29, 2025	November 18, 2025
9	Toshan Seeds Private Limited	-	September 24, 2025,	March 03, 2026
10	Gopal Vasharambhai Kuchhadiya	-	September 24, 2025	March 03, 2026
11	Girishkumar Ishvarlal Makvana	-	-	-
12	MSVO Ventures Private Limited	June 10, 2025	September 24, 2025	-
13	Rahul Meena	June 10, 2025	September 24, 2025	-
14	Divya Soni	June 10, 2025	September 24, 2025	-
15	Nutrikosh India Private Limited	August 06, 2025	September 24, 2025	October 30, 2025

Noticee No.	Name of Noticee	Date of Reply filed	Date of hearing	Date of post hearing submissions/additional submissions filed
16	Alok Chaudhary	August 06, 2025	September 24, 2025	October 30, 2025
17	Ashutosh Tiwari	August 06, 2025	September 24, 2025	October 30, 2025
18	Rahul Saini	August 06, 2025	September 24, 2025	October 30, 2025
19	Anandkumar Sriram Mahto	August 06, 2025	September 24, 2025	October 30, 2025
20	Ttoys Bazar Private Limited	April 29, 2025	September 24, 2025	-
21	Manoj Maru	April 29, 2025	September 24, 2025	-
22	Vikram Singh Rathore	April 29, 2025	September 24, 2025	-
23	Vishnu Dutt Upadhyaya	April 30, 2025	September 24, 2025	-
24	Unique Projects: Proprietorship of Sukh Tanwar	April 29, 2025	September 24, 2025	-
25	Mateshwari Trading Company: Proprietorship of Ratan Singh Bhati	April 29, 2025	September 24, 2025	-
26	Vishnu Balaji Farmer Producer Company Limited	June 07, 2025	September 24, 2025	November 10, 2025
27	Anjali Khandelwal	June 07, 2025	September 24, 2025	November 10, 2025
28	Monika Tewari	June 07, 2025	September 24, 2025	November 10, 2025
29	Poonam Khandelwal	June 07, 2025	September 24, 2025	November 10, 2025
30	Sujata Devi	June 07, 2025	September 24, 2025	November 10, 2025

19. The last reply was received from *Noticee Nos.* 9 and 10 on March 03, 2026. The order in this case could not be passed earlier, as *Noticee Nos.* 15 to 19 had filed Settlement applications in terms of the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the "**Settlement Regulations**"). Settlement applications of *Noticee Nos.* 15 and 16 got accepted *vide* Settlement Order dated September 28, 2026. However, Settlement applications filed by *Noticee Nos.* 17, 18 and

19 were rejected due to non-payment of settlement amount within the given timeline *vide* communication dated August 18, 2026. Though, proceedings *qua the Noticee No. 15 (Nutrikosh)* has been settled vide the settlement order, it is required to make reference to the role of Nutrikosh as observed in the investigation report, wherever found necessary, for the purpose of examination of the allegations levelled in the SCN against other Noticees.

D. SUMMARY OF SUBMISSIONS MADE BY *NOTICEES*

20. *Noticee Nos. 1 to 8 vide* separate letters before the hearing, submitted preliminary submissions and submissions on merits. Further, post conclusion of the hearing, *Noticee Nos. 1 to 8* also filed common written 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 to 8*,* is as under:

Preliminary Submissions:

i. On February 01, 2024, Executive Director, SEBI appointed the Investigating Authority to investigate into the matter and submit the Investigation Report. The Investigation Report dated September 12, 2024 made available to *Noticees* on April 16, 2025 is stated to be signed and issued by the Investigating Authority, as evident from the signatures and seal affixed by the Investigating Authority thereto. With the issuance of the SCN, *Noticees* came to know that the process of adjudication has been initiated by SEBI under the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("**Adjudication Rules**").

ii. Rule 3 of the Adjudication Rules, clearly mandates that before the initiation of the process under rule 4 of the Adjudication Rules, the Board has to form an opinion that there are grounds for adjudging under Chapter IV-A of the SEBI Act and subsequent thereto, the Board must appoint an 'adjudicating officer'. Rule 4 envisages inquiry either by 'the Board or the adjudicating officer'. Section 19 of the SEBI Act allows the Board to delegate its powers to any member, officer of the Board or any other person, however, the powers of the Board as contemplated under

Section 29 are not capable of being delegated by the Board to any other person. Accordingly, the SCN under rule 4(1) of the Adjudication Rules can either be issued by the Board itself (not through any of its officers) or the adjudicating officer appointed by the Board in terms of rule 3 of the Adjudication Rules and section 15I of the Act.

iii. Considering that the subject SCN has been issued by the Investigating Authority under rule 4(1) of the Adjudication Rules, *Noticees* have serious apprehension that the Investigating Authority has been appointed as the 'adjudicating officer' for the purposes of the subject SCN. If not so, the subject SCN suffers from jurisdictional defect being in violation of the requirement of rule 4(1) of the Adjudication Rules that specifically requires that the notice shall be issued by the person seeking to adjudicate on the cause (without any powers of delegation).

iv. Rule 4(1) of the Adjudication Rules specifically requires the SCN being issued by the person adjudicating the cause for the precise reason that the separation between the Investigating Authority and the Adjudicating Authority shall be established at the threshold stage of issuance of SCN which signifies the start of the adjudication process after the investigation is completed.

v. Since there was no issuance of any unit and *Noticees* had LLP structure, it was not within SEBI's jurisdiction to comment on LLP structures.

Preliminary objection raised by *Noticee Nos.* 1 to 8 also has jurisdictional challenge that has been discussed in later part of the order.

Submissions on merits:

vi. Each ZF LLP was duly incorporated and registered under the Limited Liability Partnership Act, 2008 ("**LLP Act**") through properly executed and stamped LLP Agreements.

vii. Each contributor was admitted only after executing an individual consent letter and being expressly made a party to the LLP Agreement. This process ensured that every participant became a 'partner' within the meaning of section 2(q) of the LLP Act, assuming both rights and liabilities thereunder. It is pertinent to highlight that there was no public solicitation or open offer for investment to public and admission of partners was solely a contractual consent through various steps of strict measures such as execution of consent letter and LLP agreement, and no funds were accepted from the public at large. The first and foremost element of “public pooling” under section 11AA(2)(i) of the SEBI Act is absent.

viii. All funds were received directly into the LLP’s designated bank account through traceable banking channels, and no cash contributions were accepted maintaining transparency. The allegation in the SCN that funds were devoid of any segregation is factually erroneous and legally untenable.

ix. The allegation that contributors had no control or that management was centralized in a single entity is contrary to the express contractual framework establishing shared managerial control and mutual rights squarely inconsistent with the characteristics of a Collective Investment Scheme under section 11AA(2)(iii) of the SEBI Act.

x. The LLP Act itself recognizes and validates the ZF LLPs’ contractual structure as a lawful business arrangement, wherein, the rights and duties of partners were defined by the LLP Agreement and not by external promises, advertisements, or third-party expectations. In view of the statutory framework of the LLP structure, the allegation that LLPs functioned as a Collective Investment Scheme is fundamentally inconsistent with the very legislative scheme under which the LLPs were constituted.

xi. The allegation in the SCN that the entities forming part of the ZF structure did not possess or control the agricultural land is both factually incorrect and legally untenable. The ZF business model was founded not on direct ownership of agricultural land but on leasehold rights, operational partnerships, and collaborative development arrangements with landholders and governmental bodies since ownership of agricultural land is not a statutory pre-requisite for carrying out farming or agri-infrastructure operations.

xii. The concept of “inventory” or “stock-in-trade” does not operate in the conventional commercial sense since the agricultural produce is perishable, seasonal, and harvested in bulk, therefore, transactions typically occur directly at the farm gate or immediately upon harvest, and the goods are dispatched to buyers or aggregators without being stored or held as stock. Thus, the absence of warehouse or storage does not indicate concealment or irregularity, it is an inherent characteristic of genuine agricultural transactions.

xiii. The land data furnished to SEBI, which the SCN selectively cites, represented only those parcels that were under active cultivation at the time of issuance of the ad-interim ex-parte order dated January 29, 2024 and it is only upon the imposition of that order and the consequent freezing of the entities’ bank accounts that the ongoing operations of the *Noticees* were abruptly suspended.

xiv. Memorandum of Understanding (“**MoU**”) dated August 18, 2023 was executed between Yotta Agro Ventures Pvt. Ltd. and the Government of Nagaland, acting through the District Planning and Development Board (“**DPDB**”), Tseminyu District, for a collaborative agricultural development program covering a minimum of 5,000 acres, wherein, the MOU envisaged soil improvement, technology infusion, and farmer capacity-building initiatives. Further the Deputy Commissioner, Tseminyu by official communication dated April 18, 2024, directly responded to SEBI’s query confirming the authenticity of the MoU and its inclusion in the DPDB’s meeting minutes. The absence of revenue generation prior to the freeze is consistent with the preparatory phase of large-scale agricultural projects that involve multi-season groundwork.

xv. The Bokahola Tea Garden was originally leased by the Assam Tea Corporation Limited (“**ATCL**”) to Bokahola Tea Company, which subsequently entered into an Operational Partnership Agreement dated October 15, 2023 with Yotta Agro Ventures Pvt. Ltd. for joint management and revival of the estate. This was further acknowledged by ATCL *vide* its letter dated January 24, 2024, albeit on a conditional basis, however, within a mere five days thereafter, SEBI passed its *ex-parte* ad-interim order dated January 29, 2024, which froze accounts and abruptly halted all ongoing business operations.

xvi. The Chandana Tea Estate in West Bengal was operated through Winsome Tea Plantations Pvt. Ltd., a company owned and controlled by Yotta Agro Ventures Pvt. Ltd. SEBI's claim that no revenues were claimed by Yotta from the Chandana Tea Estate is precisely because agricultural operations are long-cycle and no harvest had matured by January, 2024, and the SEBI's freeze prevented operations from progressing.

xvii. SCN alleges that the claims of entities for land under management/cultivation in Barmer are contradictory and unsubstantiated. The Barmer agricultural operations were undertaken through a legally consistent two-tier structure:

(a). Lease Agreement dated May 24, 2023 between Mr. Rann Singh (Landowner) and Godhoomh Aatamakers Pvt. Ltd., and

(b). Sub-lease Agreement dated August 11, 2023 between Godhoomh and Yotta Agro Ventures Pvt. Ltd.

The validity of these agreements cannot be impeached on semantic or drafting grounds and it is pertinent to note that the SCN's interpretation ignores the settled principle that substance prevails over form, especially when possession and right to use land are both legally established.

xviii. SEBI throughout the SCN alleges that no business operations existed, and that the claims made by the entities were false. That such allegations are denied by the *Noticees* in its entirety since prior to the issuance of the SEBI's *ex-parte* ad interim order dated January 29, 2024, the entities employed over 100 personnel across its head office itself, with an average monthly salary outflow of ₹40-50 lakhs. Such consistent manpower expenditure is wholly inconsistent with any allegation of sham or paper operations that have been made by SEBI.

xix. That throughout the SCN, SEBI has sought to portray that the *Noticees* operated through a network of collusive or conduit entities for diversion of funds and that the transactions reflected in the records were non-genuine. Yotta during the FY 2021-24, conducted extensive, legitimate commercial transactions with more than thirty independent entities, across diverse geographies and sectors. That one of the principal counterparties with whom Yotta conducted significant business was 'McCain', an internationally reputed agri-food brand, with whom Yotta transacted for the supply of potatoes cultivated through the agricultural operations of the ZF LLPs.

xx. The *Noticees* categorically deny the allegations in the SCN that the funds mobilized through the ZF LLPs were diverted or siphoned off through a series of related or proxy entities, the commercial transactions recorded were fictitious or circular, certain circumstantial patterns such as timing of receipts and payments and use of common counterparties prove fraudulent intent. That the overall position and movement of funds prior to the freeze are reconciled as follows:

i. Amounts credited into LLP bank accounts: ₹202 Crore;
ii. Total capital contribution by partners: ₹192 Crores;
iii. Disbursements to partners prior to 29.01.2024: ₹14.06 Crore approx.;
iv. Bank and Escrow balances at suspension: ₹52 Crores approx.;
v. Recoverables (debtors for goods & services supplied): ₹32.79 Crore approx.;
vi. Cumulative operational expenses (FY 2021-22 to 2023-24): ₹130 Crore, plus advances of about ₹30.44 Crores during the financial year 2023-24 (details not provided).

xxi. The transactions between ZF LLPs, Nutrikosh, Toshan, and Yotta were legitimate commercial dealings carried out in the ordinary course of business. That in agriculture-related operations, it is common for payments to flow through multiple parties, including suppliers, service providers, and vendors, in connection with procurement of inputs such as seeds, fertilizers, and logistics services. The mere fact that funds were transferred between different entities does not indicate any irregularity, nor does it support an allegation of funds being moved without underlying business.

xxii. The allegation that invoices pertaining to Vishnu Balaji and Yotta are "dubious" and that Vishnu Balaji colluded with Yotta and Toshan to act as a conduit to move funds without any underlying business is misconceived and arbitrary. The transactions relied upon by SEBI are legitimate commercial dealings conducted in the ordinary course of business. That Vishnu Balaji, Yotta, and Toshan were engaged in genuine vendor-customer and service-provider relationships and the funds transferred represent payments for actual services, supplies, or commercial arrangements. Each such transaction is supported by valid invoices, bank statements, and corresponding contractual or commercial documentation.

xxiii. SEBI's claim under para 14.2.8 of the SCN of invoices of Jaipur Chakki Fresh being invalid due to GST cancellation is absolutely denied in its entirety by the *Noticees*. That GST number being cancelled does not lead to invalidity of the business being run by such entity.

21. During the hearing conducted before me, *Noticee Nos.* 1 to 8 were asked to provide details of all assets representing contribution of investors along with complete details of investments made by investors and payments made to them by Growpital. Further, clarification was sought during the hearing regarding filing of the Income Tax Return ("**ITR**") for the FY 2023-24 to which it was stated that ITR had not been filed since audit of accounts was incomplete due to non-payment of fees to the statutory auditor. Further, it was clarified that since purchase of seeds, etc. from Supplier Entities and similarly, sales of crops, etc. to Revenue Entities were done directly in the field, hence, transportation bills or warehouse receipts for these purchases and sales were not available. *Noticees* were also asked to provide information regarding details of all business activities undertaken with various counterparties, details of all investors including the amounts that were invested by them in ZF LLPs and details of all the expenditure undertaken by them for carrying out their operations. In this regard, I note that some details have been provided. However, no information w.r.t. the following have been provided:

Table 3

S. No.	Queries raised	Remarks
1.	details of all investors of ZF LLPs along with complete details of investment and pay-outs already given to them, till the date of the Interim Order	Not provided
2.	details of all assets of ZF LLPs and other entities representing contribution of investors	Not provided
3.	details of the actual incurred operational expenses	Not provided
4.	transportation bills or warehouse receipts, if any, for purchases and sales made by Yotta/ZF LLPs	Not provided (as stated to be not required)

22. I note that no reply to the SCN has been submitted by *Noticee Nos. 9 and 10*. However, during the personal hearing before me, following queries pertaining to the issues alleged in the SCN were posed by me to *Noticee Nos. 9 and 10* and they were advised to provide their response to it:

i. Details of commodities purchased from Yotta/Revenue Entities and commodities supplied by them to ZF LLPs/Supplier entities;
ii. receipts of warehouse where the traded commodities were stored/parked and the transportation documents;
iii. proper and valid invoices for the traded goods;
iv. evidence for transactions with farmers for the commodities that were traded, such as jeera seeds, etc.;
v. explanation for majority of transactions being only with Yotta/ZF LLPs without much time lag and mostly on the same days;
vi. explanation for majority of the business dealings with only Yotta, ZF LLPs and Toshan, MSVO since apart from these circular entries, there were no significant transactions with any other suppliers/buyers.

23. I note that response to the aforesaid queries has been submitted by *Noticee Nos.* 9 and 10 *vide* an email dated March 03, 2026 after a substantial delay of approx. 5 months. The summary of submissions to queries raised during the hearing, is as under:

i. The *Noticees* operated as a specialized seed aggregator and distributor. The primary procurement includes a variety of high-quality agricultural seeds such as Watermelon, Muskmelon, Mustard, Guar, Cowpea, Moong, Urad, Bajra, Maize, and Cumin. These seeds were supplied to ZF LLPs based on their specific requirement. Regarding value addition, specific instructions were given to vendors regarding the categorization of seeds, including mandatory protocols for grading, sorting, and moisture-level verification. This intellectual oversight ensured the seeds met the stringent germination and quality standards required by the clients.

ii. In the trading business, *Noticees* followed direct-transit approach that eliminated the need of third-party warehousing, reducing handling risk and storage cost. Since the procurement contracts are typically structured on a “delivered” basis, under these commercial terms, the logistical responsibility for transportation rests with the vendor and the cost of transit is integrated in the purchase price. The seeds were moved directly from the vendor’s facility to end-user and hence, there were no separate receipts for warehousing.

iii. Previously, the *Noticees* had submitted the comprehensive set of invoices pertaining to the seeds sold to our clients and these documents serve as a transparent record of our legitimate commercial activity.

iv. Rather than direct procurement from individual smallholder farmers, standardized, clean, and processed seed material were sourced from registered vendors, producers, and seed companies to ensure consistency and compliance with industrial standards and all such transactions were supported by corporate invoices.

v. Seed prices are subject to daily fluctuations and executing a purchase and sale within a narrow window is a standard risk-mitigation strategy to lock-in margins. Transactions with ZF LLPs were independent commercial dealings governed by mutually discussed payment terms. While, some transactions occurred promptly to meet urgent sowing windows, there were numerous instances where payments have been settled months after delivery, reflecting the standard credit cycles of a functional business.

vi. The *Noticees* have diverse portfolio of vendors and customers across the seed industry. The volume of business with any particular entity is driven purely by the scale of their specific business and their requirements at that time.

24. *Vide* an email dated May 16, 2024, Toshan (*Noticee No.* 9) had claimed during the investigation that Nutrikosh was its customer and it provided bills worth ₹2.92 crore of jeera seeds and worth ₹60 lacs of mustard seeds sold to Nutrikosh. This claim was denied by Nutrikosh in its reply to the SCN, wherein, it claimed that Nutrikosh never received any such goods from Toshan and there was complete absence of delivery documentation to support such claims, rather the amount received by Nutrikosh from ZF LLPs, was sent to Toshan and Yotta, as per instructions of Rituraj Sharma. Since there were contradictory submissions of Toshan and Nutrikosh, reply filed by Nutrikosh was sent to *Noticee Nos.* 9 and 10 for their response. However, I note that *Noticee Nos.* 9 and 10 have failed to give any response or rebut the submissions made by Nutrikosh in this regard.

25. *Noticee Nos.* 12 to 14 submitted their reply to the SCN *vide* letter dated June 10, 2025. Summary of submissions made in the reply is as under:

i. The allegation that MSVO Ventures acted as a conduit in routing ₹36.6 Crores from ZF LLPs to Yotta Agro Ventures Pvt. Ltd. via MSVO's bank accounts, without actual business rationale, is denied in entirety.

ii. There is no financial, managerial, or operational connection with other entities mentioned in the SCN, except for transactions carried out in the ordinary course of business with proper documentation, due diligence, and GST-compliant invoicing.

iii. All transactions undertaken with entities such as ZF LLPs were commercial business transactions in normal course, backed by genuine invoices, rendered services, and were reflected in statutory records including ITRs, bank statements, GST filings, and audited financials and no transaction was entered into for the purpose of layering or any alleged fraudulent financial activity.

iv. MSVO has no correlation or nexus, either direct or indirect, with any of the other entities mentioned in the SCN, except through standard business-to-business transactions.

v. MSVO strongly denies acting as a conduit or indulging in any illegitimate fund transfers. All transactions were done against specific service agreements and invoices, properly accounted for. It is categorically stated that MSVO has no investment or ownership links with Yotta Agro Venture Pvt. Ltd. or any of the ZF LLPs.

26. Post the hearing, queries that were raised to *Noticee Nos.* 9 and 10, as discussed above, were also sent to *Noticee Nos.* 12 to 14, for their response. However, I note that no response to the same has been received from them.

27. Nutrikosh and its directors, including Ashutosh Tiwari (*Noticee No.* 17), Mr. Rahul Saini (*Noticee No.* 18), Mr. Anandkumar Sriram Mahto (*Noticee No.* 19), filed their reply to the SCN, as well as post conclusion of the hearing, made common written submissions denying all allegations contained in the SCN except to the extent as expressly admitted by them. The summary of submissions made by them, *inter alia,* is as under:

i. All transactions undertaken by Nutrikosh were conducted in good faith, within the ordinary and lawful course of business, and devoid of any fraudulent or deceptive intent. These were legitimate commercial dealings entered into with a view to expand the agricultural outreach and scale of the business, and in no manner do they attract the mischief contemplated under the SEBI Act or the PFUTP Regulations.

ii. The *Noticees* further assert, in unequivocal terms, that the allegation of acting as a conduit for the transfer of funds is factually incorrect and without basis. The implication of the *Noticees* in the present proceedings is the result of a misconstrued understanding of the sequence and nature of commercial transactions, compounded by an erroneous portrayal of the facts.

iii. The *Noticees*' disassociation with the CIS entities took place much prior (more than a year) to the issuance of Show Cause Notice or Interim Order in the matter of Growpital or even when the investigation had started. The said disassociation also predates the commencement of any investigation by the regulatory authorities.

iv. The transactions under scrutiny were entirely incidental, arising from a genuine business engagement that ultimately did not materialize as anticipated. The *Noticees* had no knowledge of any wrongful scheme or manipulation as has been alleged, and their actions were driven solely by legitimate business objectives.

v. The directors of Nutrikosh have consistently demonstrated a strong commitment to ethical business practices and innovation, fostering trust and confidence among a wide range of stakeholders, including farmers, corporate partners etc. Their leadership has been central to Nutrikosh's mission of uplifting rural agriculture and bridging critical gaps within the agri-business ecosystem.

vi. Following preliminary discussions, in September 2022, Mr. Rituraj Sharma conveyed his interest in exploring a business engagement with Nutrikosh and specifically requested samples of jeera and potatoes to assess their quality, suitability, and alignment with the requirements of his business operations. Following the dispatch, certain advance payments were received by Nutrikosh and advances in this regard were consistent with prevailing practices in the agricultural industry.

vii. In this context, Mr. Rituraj Sharma suggested that the procurement be carried out through certain third-party entities, namely Yotta Agro Ventures and Toshan Seeds Private Limited and on this advice, Nutrikosh proceeded to engage with these entities and made advance payments to them to initiate the procurement. Following instructions of Mr. Rituraj Sharma, and in furtherance of the procurement activity Nutrikosh transferred certain funds to Toshan Seeds Private Limited and Yotta Agro Ventures Private Limited reflecting the intended purpose of settling advances and supporting procurement activities.

viii. The funds received as advances by Nutrikosh were duly accounted for in the company's financial records. Their utilization, including the transfer to Yotta Agro Ventures Pvt. Ltd. and Toshan Seeds Pvt. Ltd., was carried out strictly as per the specific instructions received from Mr. Rituraj Sharma.

ix. There was no knowledge, awareness, or involvement on the part of Nutrikosh or its Directors in any alleged irregularities or the purported misuse of funds. The transactions were executed based on standard business practices and with the belief that the arrangements were legitimate and commercially sound.

x. Further, neither Nutrikosh nor any of its directors have ever collected funds from investors, nor have they acted on behalf of Mr. Rituraj Sharma or any of his associated entity for the purpose of soliciting investors or undertaking any activity related to securities / securities market. At no stage the *Noticees* were involved in any fundraising, the onboarding of investors or any activities even remotely related to the securities market nor was there any knowledge or awareness of the existence of such investment schemes purportedly operated by Mr. Rituraj Sharma.

xi. Toshan Seeds Pvt. Ltd. have claimed that the funds transferred to it by Nutrikosh were made against the supply of agricultural goods. However, Nutrikosh did not receive any such goods, and there is a complete absence of delivery documentation or acknowledgement receipts to support such claims. This lack of proof raises serious doubts about the legitimacy of the invoices raised by Toshan.

xii. The *Noticees* have not dealt in securities in any form or manner whatsoever, directly or indirectly and this crucial fact renders the invocation of the PFUTP Regulations not just misplaced, but legally unsustainable.

28. Through post hearing submissions, Nutrikosh confirmed that it was instructed by ZF LLPs to procure jeera seeds from Yotta & Toshan with the direction to transfer money to Yotta & Toshan on their behalf. Jeera seeds were never supplied/delivered to Nutrikosh by Yotta and Toshan. Further, ZF LLPs neither demanded money nor jeera seeds from Nutrikosh. The amount paid to Yotta and Toshan was ₹6,01,93,346/- in toto. At the end of the FY 2022-23, Nutrikosh suddenly received invoices from Yotta and Toshan of various dates for the supply of jeera seeds to which strong protest was raised, since no supply was made to Nutrikosh.

29. I note that replies to the SCN have been filed by *Noticee Nos.* 20, 21, 22, 23, 24 and 25 *vide* separate emails dated April 29, 2025. However, their replies are quite similar. The summary of submissions made by these *Noticees* to the SCN is as under:

i. The word “used to transfer amount” is actually purchase consideration transferred for purchase of cumin/agriculture produce. The second layer entities were seller of cumin/agriculture produces so fund (sale consideration) was received by them and the first layer entities were purchasers of cumin/agriculture produces, accordingly, fund (purchase consideration) was transferred by them.

ii. Further, the second layer traders purchased cumin/agricultural produce from Yotta and therefore the fund (purchase consideration) was transferred to Yotta to purchase cumin/agricultural produce. *Noticees* have provided all the GST bills along with GST returns but they were not looked at during investigation.

iii. *Noticees* as traders simply procured material from Yotta and Yotta used to supply the material. Farming and land management was the role of Yotta. *Noticees* simply procured the material and supplied it to other parties and all the transactions were done through banking channels. *Noticees*, as traders helped Yotta in selling their jeera and acted as normal traders. Hence, no action be taken against them since they have not done anything illegal.

iv. The total sale proceeds considered is for 2 years. *Noticees* are not aware of acreage as during that period ZF LLPs were managing the farming. *Noticees* were only traders of cumin/agriculture produce therefore information regarding farming was not relevant or concerned with them.

v. *Noticees* denied allegations of transactions without underlying business and reiterated that they procured material from Yotta and sold the same to Toshan/MSVO. As traders, they simply procured the material from Yotta when they had requirements from Toshan & MSVO. Yotta will be in a position to justify the acreage point but the charge that there was no underlying business is denied. Jeera production is very high in Barmer. At an average price of Rs 200 per kg, 49000 tonnes of jeera crop is valued at whopping 980 Cr alone in Barmer.

vi. *Noticees* acted as traders and simply did the normal mandi transaction. In agricultural Mandi- buyer and seller know each other but still the role of intermediary is important and they acted as an intermediary in the whole transaction. This is absolutely legal business. Needless to mention that agricultural produce can be sold in cash also but they traded through banking channels only.

vii. Godhoomh made a rent agreement for 75 acres of land with lawful owner of land Mr. Rann Singh on May 24, 2023 for the period July 01, 2023 to

June 30, 2024. Thereafter, ZF LLPs requested to make an agreement of land with them and accordingly a sublet agreement was made with ZF LLPs on August 11, 2023 and the land was accordingly sublet to ZF LLPs. As per the land laws in Rajasthan, an agricultural land can be sublet further and there is no legal restriction for that, further documentation is also not required for that to be executed in writing.

viii. The status of *Noticees* before August 2023 was as traders of cumin/agriculture produce. However, after August 2023, ZF LLPs approached them for farming on a contract basis. As per the contract dated August 11, 2023 Rabi crops were to be harvested (Oct to March) but in the middle of the season, all bank accounts were frozen by SEBI and as no further payments could be made towards wages, input and pesticides, most of the crop got damaged.

30. Post the hearing, queries which were sent to *Noticee Nos.* 9 and 10 were also sent to *Noticee Nos.* 20 to 25 for their response. However, I note that no response has been submitted by them to the said queries.

31. Reply to the SCN has been submitted by *Noticee Nos.* 26 to 30 and the same is summarised below:

i. *Noticees* purchased cumin/honey/turmeric/vegetables etc. from Yotta for approx. ₹3.80 crore in which approx. ₹2.80 crore was sold to Toshan, remaining was sold to *Ideainfolab* and various farmers. There are no fund transfers without an actual trade deal and *Noticees* have provided all GST bills but they were not looked at during the investigation.

ii. All allegations are denied as the same are based on assumption without any legal evidence. Normally, in Mandi transactions, both buy and sell transactions happen simultaneously. The traders only buy when they receive payment from the buyers. This is known and regular practice across all Agricultural Mandis and in the instant case also, amount was transferred to Yotta for purchase of material. In some cases, time lag was more than 24 hours, which was due to availability of the right quality of material.

iii. *Noticees* acted as traders, simply procured material from Yotta and sold it to other parties as and when there were requirements from Toshan and other farmers. Business transactions have no connection with contradictory and unsubstantiated land records. The documentary evidence of sell/purchase/trading has been provided.

iv. Vishnu Balaji was in trade business of purchasing agri-produce from Yotta and further selling it to Toshan, farmers, etc. The margin between that kind of trade was the profit of Vishnu Balaji which was legal. Vishnu Balaji did not purchase jeera seeds amounting to Rs 4.71 crore from Yotta, because some goods were returned, as they were not of the asked quality.

v. *Noticees* denied all allegations of transactions without underlying business and it is reiterated that material was procured from Yotta and sold to Toshan and other farmers as per their requirements. *Noticees* simply don't know about the operations of Yotta and ZF LLPs and they as traders only helped them in selling their jeera seeds. They acted as normal traders and no action be taken against them.

32. The *Noticee Nos.* 26 to 30 have filed additional submissions post the hearing conducted before me, however, I note that in their additional submissions, they reiterated the submissions made earlier in reply to the SCN. Further, queries sent to *Noticee Nos.* 9 and 10, as discussed earlier, were also sent to *Noticee Nos.* 26 to 30 for their response. However, I note that no response to the queries has been given by them.

E. CONSIDERATION OF ISSUES AND FINDINGS

33. I note that all *Noticees* were granted adequate opportunities to be heard personally on different dates and thereafter, *Noticees* were also granted time to file written submissions. Most of the *Noticees* did not file reply to questions specifically asked post hearing. 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 that has been raised by *Noticee Nos.* 1 to 8 regarding the fairness of the adjudication process which needs to be dealt with.

E.1 Preliminary issues raised by Noticee Nos. 1 to 8

34. *Noticee Nos.* 1 to 8 have raised preliminary objections regarding the fairness of the adjudication process in the instant matter and the jurisdiction of SEBI. It has been pleaded in their preliminary reply that appropriate directions be issued for fair and just adjudication process of the preliminary objections.

I. Adjudication process in the instant matter

35. The preliminary issue raised by them before me is that the SCN issued to them suffers from jurisdictional infirmity since the SCN has been issued by an officer in the rank of Deputy General Manager, and the same officer was appointed and functioned as the Investigating Authority in the instant matter. It was further contended that the SCN does not disclose the appointment of the adjudicating officer under Section 15I of the SEBI Act read with rule 3 of the Adjudication Rules, and therefore the SCN was patently without jurisdiction.

36. It was further submitted that the issuance of the SCN dated March 03, 2025 by the very same Authority who was appointed as the Investigating Authority in the instant matter not only militates against the principles of natural justice but also violates the mandate of rule 4(1) of the Adjudication Rules. Hence, the SCN was required to be recalled by SEBI.

37. During the hearing conducted before me, the Ld. Advocate appearing on behalf of *Noticee Nos.* 1 to 8 while making submissions on the preliminary issue regarding the issuance of the SCN, also relied in support of his submissions, on the judgments of the Hon'ble Supreme Court of India passed in the matter of ***Kavi Arora v. Securities & Exchange Board of India***[1] and ***Ashok Kumar Yadav & Ors. v. State of Haryana & Ors.***[2].

38. The relevant provisions of the SEBI Act and Adjudication Rules prescribe as under:

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[1] MANU/SC/1163/2022

[2] (1985) 4 SCC 417

*“**SEBI Act, 1992***

Power to adjudicate

Section 15-I

(1) For the purpose of adjudging under sections 15A, 15B, 15C, 15D, 15E, 15F, 15G 87, 15H, 15HA and 15HB, the Board shall appoint any officer not below the rank of a Division Chief to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.

(2) While holding an inquiry the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which in the opinion of the adjudicating officer, may be useful for or relevant to the subject-matter of the inquiry and if, on such inquiry, he is satisfied that the person has failed to comply with the provisions of any of the sections specified in subsection (1), he may impose such penalty as he thinks fit in accordance with the provisions of any of those sections.

(3) The Board may call for and examine the record of any proceedings under this section and if it considers that the order passed by the adjudicating officer is erroneous to the extent it is not in the interests of the securities market, it may, after making or causing to be made such inquiry as it deems necessary, pass an order enhancing the quantum of penalty, if the circumstances of the case so justify:

Provided that no such order shall be passed unless the person concerned has been given an opportunity of being heard in the matter: Provided further that nothing contained in this sub-section shall be applicable after an expiry of a period of three months from the date of the order passed by the adjudicating officer or disposal of the appeal under section 15T, whichever is earlier.

Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995

Appointment of adjudicating officer for holding inquiry.

Rule 3

Whenever the Board is of the opinion that there are grounds for adjudging under any of the provisions in Chapter VI-A of the Act, it may appoint any of its officers not below the rank of Division Chief to be an adjudicating officer for holding an inquiry for the said purpose.

Holding of inquiry.

Rule 4

(1) In holding an inquiry for the purpose of adjudging under sections 15A, 15B, 15C, 15D, 15E, 15F,15G, 15HA and 15HB whether any person has committed contraventions as specified in any of sections 15A, 15B, 15C, 15D, 15E, 15F, 15G, 15HA and 15HB the adjudicating officer shall, in the first instance, issue a notice to such person requiring him to show cause within such period as may be specified in the notice (being not less than fourteen days from the date of service thereof) why an inquiry should not be held against him.

(2) Every notice under sub-rule (1) to any such person shall indicate the nature of offence alleged to have been committed by him.

(3) If, after considering the cause, if any, shown by such person, the adjudicating officer is of the opinion that an inquiry should be held, he shall issue a notice fixing a date for the appearance of that person either personally or through his lawyer or other authorised representative.

(4) On the date fixed, the adjudicating officer shall explain to the person proceeded against or his lawyer or authorised representative, the offence, alleged to have been committed by such person indicating the provisions of the Act, rules or regulations in respect of which contravention is alleged to have taken place.

(5) The adjudicating officer shall then give an opportunity to such person to produce such documents or evidence as he may consider relevant to the inquiry and if necessary the hearing may be adjourned to a future date and in taking such evidence the adjudicating officer shall not be bound to observe the provisions of the Evidence Act, 1872 (11 of 1872):

Provided that the notice referred to in sub-rule (3), and the personal hearing referred to in sub-rules (3), (4) and (5) may, at the request of the person concerned, be waived.

(5A) The Board may appoint a presenting officer in an inquiry under this rule.

(6) While holding an inquiry under this rule the adjudicating officer shall have the power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which, in the opinion of the adjudicating officer, may be useful for or relevant to, the subject-matter of the inquiry.

(7) If any person fails, neglects or refuses to appear as required by sub-rule (3) before the adjudicating officer, the adjudicating officer may proceed with the inquiry in the absence of such person after recording the reasons for doing so."

39. In this regard, I note that section 15-I of the SEBI Act provides for power of the Board to adjudicate certain violations. Rule 3 of the Adjudication Rules prescribes for the appointment of the adjudicating officer for holding inquiry. As held by the Hon'ble Supreme Court in ***Kavi Arora (supra)***, at the stage of rule 3, the Board appoints an Adjudicating Officer if it is of the opinion that there are grounds for adjudication under any of the provisions in Chapter VIA of the SEBI Act. At this stage, the Board only decides whether adjudication proceedings should be initiated or not. The formation of opinion is not a formal inquiry proceeding involving any person or persons against whom inquiry is contemplated and the participation of the person against whom inquiry is contemplated is not necessary. The Board forms its opinion, based on whether there are prima facie materials or grounds for initiation of inquiry. The opinion of the Board under Section 3 has nothing to do with the outcome of the inquiry.

40. The Hon'ble Supreme Court in the matter of ***Kavi Arora (supra)*** while dealing with the procedure for adjudication enshrined in the Adjudication Rules, *inter alia,* held as under:

"47. After the Board forms its opinion to appoint an Adjudicating Officer, comes the next stage, which is the stage Under Rule 4 of an inquiry for adjudging Under Sections 15A, 15B, 15C, 15D, 15E, 15F, 15G, 15H, 15I, 15J and 15HB whether any person has committed contraventions as specified in those sections. The inquiry commences with a Show Cause Notice calling upon the noticee to show cause why an inquiry should not be held against him. The

Show Cause Notice has to specify the nature of offence alleged to have been committed and the penalty proposed, to enable the noticee to effectively reply to the show cause. A reading of Section 4(3) makes it clear that, if after considering the cause, if any shown by the noticee, the Adjudicating Officer is of the opinion that an inquiry should be held, he shall issue a notice fixing a date for appearance of that person either personally or through his lawyer or other authorised representative. The noticee is not required to be heard personally or through lawyer before taking a decision to proceed with an inquiry in respect of the contraventions alleged in the Show Cause Notice. Decision to proceed or not to proceed with the inquiry may be taken on the basis of the reply of the noticee to the Show Cause Notice. Once it is decided to proceed with the inquiry, an opportunity of personal hearing is mandatory. The inquiry has to be conducted in accordance with law, in compliance with the principles of natural justice.

51. .....There is apparently no Rule which requires SEBI to furnish the opinion under Rule 3 to the noticee in its entirety. The documents relied upon for formation of opinion under Rule 3, are not required to be disclosed to the noticee unless relied upon in the inquiry. In the event, the Petitioner is prejudiced by reason of any adverse order, based on any materials not supplied to the Petitioner, or any prejudice is demonstrated to have been caused to the Petitioner, it would be open to the Petitioner to approach the appropriate forum."

41. I note that in the instant matter, after approval of the Investigation Report, adjudication proceedings under section 11B(2), section 15D and section 15HA of the SEBI Act were also approved against *Noticees* herein. In terms of Securities and Exchange Board of India (Delegation of Statutory and Financial Powers) Order, 2019 ("**Delegation of Power**") issued under section 19 of the SEBI Act, Whole Time Member is the competent authority to conduct proceedings under section 11B(1) and (2) of the SEBI Act. Therefore, pursuant to the approval of proceedings in the matter, SCN was approved by me and the same was issued by Shri Abhishek Khandelwal, DGM calling upon *Noticees* to show cause as to why appropriate directions be not issued against them and penalty be not imposed upon them under relevant provisions of the SEBI Act, for violation of various provisions under the SEBI Act and regulations made thereunder, as detailed in the SCN. After receiving reply from *Noticees*, and considering the material available on record, I formed my opinion that inquiry should be held in the matter. The Hearing Notices were issued to *Noticees* after forming of the opinion in the matter. The said opinion was written/recorded by me on the file which was open for inspection by *Noticees,* if required. However, I note that no such inspection had been sought by *Noticee Nos.* 1 to 8.

42. It has been urged in the preliminary reply to the SCN that section 19 of the SEBI Act allows the Board to delegate its powers to any member, officer of the Board or any other person, however, the powers of the Board as contemplated under section 29 of the SEBI Act are not capable of being delegated by the Board to any other person. Accordingly, it has been submitted that this necessarily means that powers of the Board derived from the rules framed by the Central Government under section 29 are not capable of delegation. Sections 19 and 29 of the SEBI Act provide as under:

*"**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.

Power to make rules.

Section 29

(1) The Central Government may, by notification, make rules for carrying out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

(a) the term of office and other conditions of service of the Chairman and the members under sub-section (1) of section 5;

(b) the additional functions that may be performed by the Board under section 11;

(c) * * *

(d) the manner in which the accounts of the Board shall be maintained under section 15;

(da) the manner of inquiry under sub-section (1) of section 15-I;

(db) the salaries and allowances and other terms and conditions of service of the Presiding Officers, Members and other officers and employees of the Securities Appellate Tribunal under section 15-O and sub-section (3) of section 15S;

(dc) the procedure for the investigation of misbehaviour or incapacity of the Presiding Officers, or other Members of the Securities Appellate Tribunal under sub-section (3) of section 15Q;

(dd) the form in which an appeal may be filed before the Securities Appellate Tribunal under section 15T and the fees payable in respect of such appeal;

(e) the form and the manner in which returns and report to be made to the Central Government under section 18;

(f) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be, or may be, made by rules."

43. In this regard, I note that in terms of section 19 of the SEBI Act, the Board may delegate to any member, officer of the Board or any other person, such of its powers and functions under the SEBI Act, by general or special order, as it may deem fit, except the powers under section 29 of the SEBI Act. Essentially, it implies that the power of making rules under section 29 cannot be delegated by the Board since there is an explicit bar on the same and under section 29 of the SEBI Act, Rule making power is conferred upon the Central Government. It may further need to be clarified that framing of rules under section 29 of the SEBI Act by the Central Government is one thing and delegation of powers given under rules, by the Board under section 19 of the SEBI Act, to any of its officers, is a different thing, both being distinct and separate.

44. The interpretation adopted by *Noticee Nos.* 1 to 8 that powers of the Board derived from the rules framed by the Central Government under section 29 of the SEBI Act are not capable of being delegation, would not be correct and is therefore not liable to be accepted. A plain reading of section 19 of the SEBI Act would mean that Board is empowered to delegate its powers and functions (other than the Rule making power). There is no room for ambiguity. As held by the Hon'ble Supreme Court of India in plethora of matters that the first rule of interpretation is the literary construction and all that is to be seen at the outset is what does the provision say. In this regard, it is pertinent to refer to the observations of Hon'ble Supreme Court in the matter of ***Hiralal Rattanlal and Ors. vs. State of U.P. and Ors.***[3]***-***

"22. .....In construing a statutory provision, the first and the foremost rule of construction is the literary construction. All that we have to see at the very outset is what does that provision say? If the provision is unambiguous and if from that provision, the legislative intent is clear, we need not call into aid the other rules of construction of statutes. The other rules of construction of statutes are called into aid only when the legislative intention is not clear. ....."

45. It has further been urged by *Noticee Nos.* 1 to 8 that rule 4(1) of the Adjudication Rules specifically requires the notice to show cause to be issued by the person adjudicating the cause for the precise reason that the separation between the Investigating Authority and the Adjudicating Authority shall be established at the threshold stage of issuance of SCN which signifies the start of the adjudication process after the investigation is completed. In this regard, it must be noted that in the instant matter, the SCN dated March 03, 2025 was issued with the express approval of the undersigned, the same being recorded on the file and was subsequently communicated to *Noticees* by an officer in the rank of Deputy General Manager ("**DGM**") as per the extant Delegation of Power.

46. The Delegation of Power issued by the Chairperson of the Board under section 19 of the SEBI Act, *inter alia,* authorises an officer in the rank of Chief

[3] MANU/SC/0553/1972

General Manager ("**CGM**") to approve the issuance of the SCN in respect of proceedings under sections 11(1), 11(4), 11(4A), 11B(1), 11B(2), 11D, 12(3), 15I(3) of the SEBI Act and the power of issuing and signing of the SCN in respect of proceedings under sections 11(4A) and 11B(2) of the SEBI Act read with Adjudication Rules, is delegated to an officer in the rank of DGM. It has also been specified in the Delegation of Power that the powers and functions delegated to any member or officer of the Board or authority under the Order may be exercised by any officer or authority, higher in grade or rank or position to her. The relevant extract of Chapter I of Part A of the Delegation of Power is reproduced below for reference:

Table 4

S. No.	Nature of delegation	Delegatee
22.	Approval for issuance of the show cause notice(s) in respect of proceedings under Section 11(1), 11(4), 11(4A), 11B(1), 11B(2), 11D, 12(3), 15I(3) of the SEBI Act or under the Regulations	CGM
	Signing and Issuing the show cause notice (This delegation shall be deemed to have come into force with effect from January 3, 2019)	DGM

47. I further note that the case laws cited by *Noticees* on this issue are distinguishable on facts since the SCN in the instant matter has been issued as per the procedure provided in the Adjudication Rules read with Delegation of Power. Therefore, I find that the submission made by *Noticee Nos.* 1 to 8 that the SCN in the instant matter has been issued by the investigating authority in exercise of the adjudicatory powers and is violative of principles of natural justice, is incorrect and devoid of merits.

48. In the instant matter, as per rule 4(3) of the Adjudication Rules, considering the preliminary cause shown by *Noticee Nos.* 1 to 8 in their reply dated August 03, 2025 in response to the SCN and after holding that an inquiry should be held, a date for personal hearing was fixed. Further, during the first hearing conducted before me on September 24, 2025, wherein, arguments were advanced on the preliminary issue, it was expressly conveyed to the Authorised Representative of *Noticee Nos.* 1 to 8 that the hearing was to be conducted before the undersigned in the capacity of adjudicating officer as prescribed.

49. In view of the aforesaid, I hold that the preliminary issue raised by *Noticee Nos.* 1 to 8 is devoid of any merits and the SCN dated March 03, 2025 in the instant matter does not suffer from jurisdictional defect. The SCN has been issued as per the due procedure envisaged in rule 4(1) of the Adjudication Rules. Therefore, the instant adjudication proceedings are not vitiated and I find no infirmity in the process followed in the instant case.

II. Jurisdiction of SEBI

50. It has been submitted by *Entities* that their acts would be governed by the provisions of the Limited Liability Partnership Act, 2008 ("**LLP Act**") and the LLP Act itself recognizes and validates the ZF LLPs' contractual structure as a lawful business arrangement. It has further been urged that the LLP Agreements conclusively determined the nature of the relationship between the partners and the LLP and the statutory framework itself foreclosed the possibility of treating such a duly executed contractual partnership as a Collective Investment Scheme under the SEBI Act. It has also been submitted that the SCN is premised on wrong appreciation of facts, and the farm projects that were engaged by *Noticees* as part of their business under LLPs certainly did not fall within the definition of a 'CIS' thereby ousting the jurisdiction of SEBI. It is further submitted that since the entire operations of *Noticees* are very well regulated and governed under the LLP Act, their operations cannot in any manner be deemed to be a CIS in view of regulation 4A of the CIS Regulations which provides that if the scheme or arrangement is otherwise regulated or prohibited by any other law, it shall not be deemed to be a CIS.

51. I note that the issue under consideration herein is whether the scheme/arrangement launched by *Noticees* falls within the definition of CIS. In this regard, it may be noted that the applicability of provisions of the LLP Act on the governance of any LLP is not being tested in the instant proceedings. I note that none of the provisions in the SEBI Act indicate that scope of the SEBI Act and CIS Regulations is limited to the plantation/agro companies or to any specific asset class. Even the investment restrictions/obligations imposed by the CIS Regulations do not specify the asset classes, wherein, the entities offering the scheme or arrangement should invest. The provisions of section 11AA and the CIS Regulations apply to all CIS that satisfy the four conditions stipulated in section 11AA(2) of the SEBI Act irrespective of the asset class and structure.

52. At this juncture, I deem it appropriate to refer to the judgment of the Hon'ble Supreme Court of India in the matter of ***Osians Connoisseurs of Art Pvt. Ltd. Vs. Securities and Exchange Board of India and Ors.[4],*** wherein, while dealing with the issue of a CIS being run in the form of Trust created under the Indian Trusts Act, 1882 and not as a Collective Investment Management Company, the Hon'ble Supreme Court held that even if CIS is being carried out by private trust, it would still be illegal and action under CIS Regulations can be taken.

53. Considering the aforesaid law laid down by the Hon'ble Supreme Court of India while dealing with a violation of similar nature, submission of *Noticee Nos.* 1 to 8 that since their entire operations are very well regulated and governed under the provisions of the LLP Act, the operations cannot in any manner be deemed to be CIS, is devoid of merits and deserves to be rejected *in toto*. I note that reliance has also been placed by them in support of their submission on regulation 4A of the CIS Regulations which states as under:

> *"4A. Application by a scheme or arrangement deemed to be a collective investment scheme.*
> *(1) Any person proposing to carry on or sponsor or launch any scheme or arrangement which would be deemed to be a collective investment scheme under the proviso to sub-section (1) of section 11AA of the Act, shall make an application for grant of registration as a Collective Investment Management Company in Form A:*

[4] (2020) 16 SCC 745

Provided that any scheme or arrangement which is otherwise regulated or prohibited under any other law shall not be deemed to be a collective investment scheme.

(2) All other provisions of these regulations and the guidelines and circulars issued thereunder, shall apply to any scheme or arrangement deemed to be a collective investment scheme under the proviso to sub-section (1) of section 11AA of the Act."

54. I note that the reliance placed by *Entities* on regulation 4A of the CIS Regulations is misplaced since the extant regulation provides that if the scheme or arrangement is otherwise regulated or prohibited under any other law, then it shall not be deemed to be a CIS. However, in the instant case, only the LLP structure of the ZF LLPs is stated to have been governed by the LLP Act, 2008 and not the scheme/arrangement of pooling money from investors, that was floated by *Noticees*. Therefore, it is required to be seen whether the acts of *Noticees* satisfy the four conditions of section 11AA(2) of the SEBI Act, if so, regulation 4A of the CIS Regulations cannot be of help to *Noticees*.

55. I note that *Entities* have submitted that SEBI has no jurisdiction in the matter since there are no marketable securities that were issued by them and SEBI has misunderstood their business model. It has further been submitted that what falls under the definition of 'securities' is only when a CIS issues units or instruments and therefore, for any scheme to come within the ambit of a CIS, there has to be units or some instrument being issued to the investors. I further note that *Noticee Nos.* 1 to 8 have relied on following case laws to substantiate that SEBI does not have jurisdiction in the instant matter, since there are no marketable securities and further SEBI is not the appropriate authority under the LLP Act.

a. *Shiv Shakti Coop. Housing Society v. Swaraj Developers & Ors*[5]
b. *M/s. Hiralal Ratanlal v. STO*[6]

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[5] AIR 2003 SC 2434
[6] AIR 1973 SC 1034

c. *Raghunath Rai Bareja v. Punjab National Bank*[7]

d. *Medici Holdings Limited v. Photon Infotech Private Limited & Ors.*[8]

e. *D-Link (India) Limited v. Securities and Exchange Board of India*[9]

56. By relying on the aforesaid case laws, *Entities* have contended that SEBI is not the appropriate jurisdictional authority to examine the functioning of the registered LLPs under the LLP Act. I note that it is a settled position of law that commercial wisdom/judgment of companies cannot be questioned by courts or tribunals, including SEBI, unless it is in violation of law. In this regard, I note that in all the cases cited by *Entities*, the facts are distinguishable. There is no doubt that company and its board of directors are best judges of the interests of their shareholders. However, it is imperative to first examine whether *Entities* in the instant matter used the LLP framework to carry out activities of unregistered CIS by pooling in funds from investors. If that is the case, there is a violation of the SEBI Act and such facts and legal determination are not covered by abovementioned case laws.

57. It has been submitted in the reply to the SCN that *Entities* merely permitted people to participate in their agriculture business by offering them to become partners in the ZF LLPs and no units were ever offered by them to investors. The term 'units' has further been distinguished by stating that it was only an operational identifier used by *Entities* on the Growpital platform to map contributions of investors but never had the attributes of a tradeable security.

58. It has further been submitted that since there are no marketable securities, the transactions were entirely outside the scope of SEBI and moreover, the activities of *Entities* pertained exclusively to agricultural operations where transactions occurred directly from the farm to the buyer, purely relating to the sale of agricultural produce in its physical form and hence did not constitute securities as per the definition of securities in section 2(h)(ib) of the SCRA, 1956.

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[7] (2007) 2 SCC 230
[8] MANU/NC/2137/2022
[9] (2008) 5 SCL 385 (SAT)

59. The definition of “securities” as per the SCRA, 1956 is reproduced hereunder for reference:

“Securities Contracts (Regulation) Act, 1956

Definitions

Section 2

In this Act, unless the context otherwise requires,—

…..

(h) “securities” include—

(i) shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;

...

(ib) units or any other instrument issued by any collective investment scheme to the investors in such schemes;

…..”

60. In this regard, I note that as per section 2(h)(ib) of the SCRA, 1956, definition of securities, *inter alia,* includes units or any other instrument issued by any CIS to the investors in such schemes. In the instant matter, the material available on record indicates that investors of Growpital were being allotted units by *Entities* once they were on-boarded as partners in any of the three ZF LLPs. The relevant extract obtained from the standard Consent Letter signed by investors before being on-boarded as partners while making investments, is extracted below:

“.....

*I, ((**Investor_Name**_as_per_PAN_Card)), residing at ((Address_of_Investor)) (hereinafter referred to as the "New Partner"), am interested in becoming a partner in ((Project_Entity_LLP_Name)) ("LLP") ("Transaction").*

.....

Project Entity Name: ((Project_Entity_LLP_Name))

Plan Name: ((Growpital_Plan))

Number of Growpital Units Purchased: ((Number_of_Units_purchased))

Total Amount Transferred as Capital Contribution and Loan to LLP: INR ((Amount))"

("emphasis supplied")

61. It is seen from the above extract of the consent letters that units purchased by investors/partners were mentioned in the consent letters signed by them. I find that since the consent letters indicate that units were issued to investors, the submission made by *Entities* that they never issued units to investors is blatantly false and misleading. The distinction sought to be made by *Entities* by stating that the term 'units' was merely an operational identifier is also nothing but an afterthought to escape the liability. Further, the submission that the activities pertained only to agricultural operations and not securities also cannot be accepted since the transactions relating to the physical sale of agricultural produce, as claimed by *Entities,* are distinct from the units that were being issued by Growpital to investors in lieu of investments made and it is the latter which falls within the definition of securities and not the former.

62. I note that the term *"other marketable securities of a like nature"* in section 2(h)(i) of the SCRA, 1956 gives a clear indication of the marketability of the securities. However, applying the principle of *ejusdem generis*, it is evident that the term *"other marketable securities of a like nature"* has been used in respect of shares, stocks, bonds, etc. of any incorporated company or body corporate. On the other hand, section 2(h)(ib) of the SCRA, 1956 specifically includes '*units*' or any other instrument issued by any CIS to the investors in such schemes. The establishment of the fact that units have been issued by any CIS to the investors in such schemes is itself sufficient for the same to come within the ambit of securities. In the instant matter, once it is proved that units were issued to investors, Growpital was bound to comply with provisions of the CIS Regulations which, *inter alia,* provides for conditions of registration of CIS and listing of the units of the CIS on stock exchange(s) after allotment.

63. In this regard, I further note that while dealing with the issue of optionally fully convertible debentures ("**OFCDs**") in the case of ***Sahara India Real Estate Corporation Ltd. and Ors. v, Securities and Exchange Board of India and***

Ors.[10] Hon'ble Supreme Court of India made reference to observations made earlier in the matter of ***Sudhir Shantilal Mehta v. Central Bureau of Investigation***[11]***,*** wherein, the Hon'ble court held that the definition of securities under the SCRA, 1956 is an inclusive definition and not exhaustive. The Hon'ble Court further held that it takes within its purview not only the matters specified therein, but also all other types of securities. Thus, it should be given an expansive meaning. In the instant matter, the units issued by Growpital to investors were in lieu of the contributions made by them to various schemes of Growpital. **Hence, I hold that as per the definition of securities under section 2(h)(ib) of the SCRA, 1956, units issued by Growpital in the instant matter, would fall within the definition of securities and therefore, well within the jurisdiction of SEBI.**

64. In the instant matter, the LLP structure of the ZF LLPs governed by the LLP Act is not in question and the issue under consideration is whether the scheme/arrangement undertaken by them was in the form of an unregistered CIS. The case laws cited by *Entities* do not prevent the adjudicating officer to take action, if, in the form of an LLP structure, illegal collective investment schemes are being carried out. In the matter of ***Jagir Singh v. Ranbir Singh***[12]***,*** it has been held by the Hon'ble Supreme Court of India that it is a settled position of law that what cannot be done directly cannot be done indirectly as that would be an evasion of the statute and the objects of a statute cannot be defeated in an indirect or circuitous manner.

65. It is clarified that it is not the mandate of SEBI under the SEBI Act to regulate the LLPs, however, in cases where the LLP structure is used as a vehicle for pooling of funds, providing profits to investors, managing investments on behalf of the investors and having operational control, jurisdiction of SEBI cannot be faulted with. It has been reiterated by Hon'ble courts while dealing with issues of CIS that substance prevails over the form and the arrangement may constitute CIS irrespective of whether it has been structured as a trust, partnership firm, private limited company or an LLP.

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[10] (2013) 1 SCC 1
[11] (2009) 8 SCC 1
[12] AIR 1979 SC 381

66. In view of the above, I find that the contention of *Entities* that their activities are not governed by SEBI, is not tenable. SEBI, therefore, has jurisdiction in the matter to examine whether their acts were in violation of provisions of the SEBI Act and regulations made thereunder.

E.2 Findings on merits

67. I have gone through the allegations made in the SCN, submissions of *Noticees* to the SCN and other material available on record with respect to the allegations made against *Noticees*. I now proceed to deal with the issues on merits. Having gone through the allegations levelled against *Noticees* in the SCN and material available on record, I find that following issue(s) arise for consideration in the instant matter:

i. Whether *Noticee Nos.* 1 to 8 were running a Collective Investment Scheme ("**CIS**"), in violation of provisions of the SEBI Act, CIS Regulations and PFUTP Regulations?

ii. Whether the financial transactions undertaken by *Noticee Nos.* 1 to 8 with *Noticee Nos.* 9 to 14, 17, 18, 19 and *Noticee Nos.* 20 to 30 were without any underlying business and funds were transferred from ZF LLPs to Yotta through these *Noticees* acting as conduits?

iii. Depending on answers to above questions, what directions need to be passed and/or penalty to be imposed against *Noticees*?

68. Before proceeding further to examine the allegations levelled against *Noticees* herein, it is pertinent to have the relevant provisions of law and the same are reproduced hereunder:

"<u>SEBI Act, 1992</u>

Collective investment scheme.
Section 11AA.
(1) Any scheme or arrangement which satisfies the conditions referred to in sub-section (2) or sub-section (2A) shall be a collective investment scheme:
Provided that any pooling of funds under any scheme or arrangement, which

is not registered with the Board or is not covered under sub-section (3), involving a corpus amount of one hundred crore rupees or more shall be deemed to be a collective investment scheme.

(2) Any scheme or arrangement made or offered by any person under which,—

(i) the contributions, or payments made by the investors, by whatever name called, are pooled and utilized for the purposes of the scheme or arrangement;

(ii) the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable, from such scheme or arrangement;

(iii) the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;

(iv) the investors do not have day-to-day control over the management and operation of the scheme or arrangement.

(2A) Any scheme or arrangement made or offered by any person satisfying the conditions as may be specified in accordance with the regulations made under this Act.

(3) Notwithstanding anything contained in sub-section (2) or sub-section (2A), any scheme or arrangement—

(i) made or offered by a co-operative society registered under the Co-operative Societies Act, 1912 (2 of 1912) or a society being a society registered or deemed to be registered under any law relating to co-operative societies for the time being in force in any State;

(ii) under which deposits are accepted by non-banking financial companies as defined in clause (f) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934);

(iii) being a contract of insurance to which the Insurance Act, 1938 (4 of 1938), applies;

(iv) providing for any Scheme, Pension Scheme or the Insurance Scheme framed under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 (19 of 1952);

(v) under which deposits are accepted under section 58A of the Companies Act, 1956 (1 of 1956);

(vi) under which deposits are accepted by a company declared as a Nidhi or a mutual benefit society under section 620A of the Companies Act, 1956 (1 of 1956);

(vii) falling within the meaning of Chit business as defined in clause (d) of section 2 of the Chit Fund Act, 1982 (40 of 1982);

(viii) under which contributions made are in the nature of subscription to a mutual fund;

(ix) such other scheme or arrangement which the Central Government may, in consultation with the Board, notify,

shall not be a collective investment scheme.

Registration of stock brokers, sub-brokers, share transfer agents, etc. Section 12

…

(1B) No person shall sponsor or cause to be sponsored or carry on or caused to be carried on any venture capital funds or collective investment schemes including mutual funds, unless he obtains a certificate of registration from the Board in accordance with the regulations:

Provided that any person sponsoring or causing to be sponsored, carrying or causing to be carried on any venture capital funds or collective investment schemes operating in the securities market immediately before the commencement of the Securities Laws (Amendment) Act, 1995, for which no certificate of registration was required prior to such commencement, may continue to operate till such time regulations are made under clause (d) of sub-section (2) of section 30.

Explanation- For the removal of doubts, it is hereby declared that, for purposes of this section, a collective investment scheme or mutual fund shall not include any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, which provides a component of investment besides the component of insurance issued by an insurer.

.....

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;

…..

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 offence.

(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 1 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.

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

(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:—

…..

(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;

…..

(s) mis-selling of securities or services relating to securities market;

Explanation- For the purpose of this clause, "mis-selling" means sale of securities or services relating to securities market by any person, directly or indirectly, by–

(i) knowingly making a false or misleading statement, or

(ii) knowingly concealing or omitting material facts, or

(iii) knowingly concealing the associated risk, or

(iv) not taking reasonable care to ensure suitability of the securities or service to the buyer;

(t) illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any collective investment scheme by any person

SEBI (Collective Investment Schemes) Regulations, 1999

No Person Other than Collective Investment Management Company to launch collective investment scheme

Regulation 3

No person other than a Collective Investment Management Company which has obtained a certificate under these regulations shall carry on or sponsor or launch a collective investment scheme.

Listing of collective investment schemes

Regulation 36

The units of every collective investment scheme shall be listed immediately after the date of allotment of units and not later than six weeks from the date of closure of the collective investment scheme on each of the stock exchanges as mentioned in the offer document.

Directions by the Board

Regulation 65

The Board may, in the interests of the securities market and the investors and without prejudice to its right to initiate action under this Chapter, including initiation of criminal prosecution under section 24 of the Act, give such directions as it deems fit in order to ensure effective observance of these regulations, including directions:

(a) requiring the person concerned not to collect any money from investors or to launch any collective investment scheme;

(b) prohibiting the person concerned from disposing of any of the properties of the collective investment scheme acquired in violation of these regulations;

(c) requiring the person concerned to dispose of the assets of the collective investment scheme in a manner as may be specified in the directions;

(d) requiring the person concerned to refund any money or the assets to the concerned investors along with the requisite interest or otherwise, collected under the collective investment scheme;

(e) prohibiting the person concerned from operating in the capital market or from accessing the capital market for a specified period."

Issue 1: Whether Noticee Nos. 1 to 8 were running a Collective Investment Scheme ("CIS"), in violation of provisions of the SEBI Act, CIS Regulations and PFUTP Regulations?

69. I note that as per section 11AA(2) of the SEBI Act, any scheme or arrangement shall be a Collective Investment Scheme ("**CIS**") if it satisfies the following 4 conditions-

(i) the contributions, or payments made by the investors, by whatever name called, are pooled and utilized for the purposes of the scheme or arrangement;

(ii) the contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable, from such scheme or arrangement;

(iii) the property, contribution or investment forming part of scheme or arrangement, whether identifiable or not, is managed on behalf of the investors;

(iv) the investors do not have day-to-day control over the management and operation of the scheme or arrangement.

70. I note that for any arrangement or scheme to be considered as CIS, it has to satisfy the four conditions mentioned above and the same should not fall within any of the exceptions mentioned in section 11AA(3) of the SEBI Act. Further, in case the amount pooled under the arrangement or scheme exceeds ₹100 Crore, it shall be deemed to be a CIS.

71. Now, I examine the facts of this case, whether it meets the four conditions as enumerated above.

I. Pooling of funds

72. In the matter, SEBI received a total of 120 complaints during the period from January 29, 2024 to June 30, 2024 from 72 unique investors majorly regarding refund of the amount invested by them in Growpital and they also provided information of the LLPs in which they were on-boarded as partners, plans subscribed by them, amount invested, assured profits/returns promised by *Entities* to them, consent letters signed by them while being on-boarded as partners, etc. During the investigation, certain complaints were analysed and relevant facts of the same are reproduced hereunder:

i. Complainant named ********** *vide* email dated June 26, 2024 provided a consent letter dated June 29, 2023 and July 12, 2023 signed by him to act as a partner of ZF1 via subscription to plans named *Baby Farming* and *Evergreen returns* respectively. The investment made by complainant was ₹25,000/- for return of 10% p.a. in the former plan and ₹80,000/- for return of 12% p.a. in the latter plan. It was stated in the complaint that "*Growpital and its officials promised FIXED and assured returns to the investors. It was communicated by the company and its senior officials multiple times via online webinars that returns are absolute fixed returns. They had also committed absolute FIXED returns to an investor via email as well."*
ii. Complainant named **********, *vide* email dated June 24, 2024 stated that he had subscribed to a plan named "*Harvest Premium"* by making investment of ₹2,00,000/- on November 28, 2023 for return at the rate of 14%. It was stated that fixed returns were committed to investors by the Growpital platform.
iii. Complainants named *********** and ***********, *vide* emails dated February 09, 2024, *inter alia,* stated *"I am not director or a Designated Partner in Growpital nor do I have any control or influence over their daily operations"*.

73. I note that these complaints have been inspected by *Noticee Nos.* 1 to 8 and have not been objected upon. However, in response to the complaints received against Growpital, it has been submitted by them that the complaints cited by SEBI arose after the issuance of ex-parte ad-interim order by SEBI freezing bank accounts of *Entities*, which directly caused capital contributions to remain stuck in escrow and the respective bank accounts, halted farm operations, and led to wastage of crops. It further submitted that it is due to the aforesaid arbitrary order that this situation of complaints arose, and not due to any default or illegality attributable to *Noticees*. In this regard, I note that *Noticee Nos.* 1 to 8 have made submissions regarding the timing of complaints, however, not on the contents therein. The contents of the complaints have, therefore, not been denied.

74. As regards pooling of funds, it has been alleged that the Growpital platform mobilized funds through various investment plans that were claimed to be used for the purpose of investment in agriculture projects, managing farmlands and generating returns for investors. The investors signed a standard consent agreement with any one of the three ZF LLPs and they were then made a partner in that LLP with the promise of assured returns.

75. In order to identify the amount of funds raised through Growpital platform, information was sought from *Entities*. The *Noticee No.* 1, on their behalf, *vide* an email dated February 18, 2024, *inter alia*, submitted that a total of ₹2,02,05,40,000/- was collected from 7172 subscriptions through all the plans (18 in number) floated by Growpital since inception. The summary of the same is as follows-

Table 5

S. No.	Plan name	Minimum investment amount in the plan (in ₹)	Return on Investment promised (in %)	Start date of plan (First date when the plan was floated for subscription)	Tenure (Months)	Number of investors subscribing to the plan	Total amount raised through the plan (in ₹) (Total Capital Contributed to LLPs through the Plan)
1	Planty Returns	20,000	12	14-10-2021	36	1430	5,99,80,000
2	Harvest Premium	2,00,000	16	05-11-2021	36	588	28,06,25,000
3	Baby Farming	5,000	12	16-03-2022	36	2	6,00,000
4	GR10 Pro | Asset Backed	1,00,000	10	16-03-2022	36	2	6,00,000
5	Banyan Tree	10,00,000	17	15-06-2022	36	101	16,00,05,000
6	Mighty seeds (Custom)	1,00,00,000	18.5	28-03-2023	36	1	1,00,00,000
7	Leafy Eleven	11,000	11	01-04-2023	12	1588	5,59,90,000
8	Soil Savings	1,00,000	14	01-04-2023	36	1687	51,27,00,000

S. No.	Plan name	Minimum investment amount in the plan (in ₹)	Return on Investment promised (in %)	Start date of plan (First date when the plan was floated for subscription)	Tenure (Months)	Number of investors subscribing to the plan	Total amount raised through the plan (in ₹) (Total Capital Contributed to LLPs through the Plan)
9	Grand harvest (Custom)	1,00,00,000	16	02-06-2023	12	1	1,00,00,000
10	Grand harvest (Custom)	1,00,00,000	16	02-06-2023	36	3	7,00,00,000
11	Ever Green Returns	20,000	12	24-10-2023	12	742	4,54,40,000
12	Harvest Bloom	2,00,000	14	24-10-2023	12	993	47,56,00,000
13	Rooty Profits	15,00,000	15	11-12-2023	36	18	27,30,00,000
14	Rooty Profits (Custom)	15,00,000	15	11-12-2023	12	12	3,60,00,000
15	Grand harvest 1.25 (Custom)	1,25,00,000	16	24-01-2024	12	1	1,25,00,000
16	Rooty Profits 25 (Custom)	25,00,000	15	24-01-2024	12	1	25,00,000
17	Grand Harvest 50 (Custom)	50,00,000	16	25-01-2024	12	1	50,00,000
18	Blooming Seeds (Custom)	25,00,000	15	26-01-2024	12	1	1,00,00,000
Total						**7172**	**2,02,05,40,000**

76. Vide the aforesaid email, details were also provided submitting that a total investment of ₹1,92,88,96,783/- was made by all existing investors *i.e.* 5248 investors (5208 unique investors) in Growpital as shown in the table below, as on January 29, 2024. In the information provided, certain investors were named in multiple LLPs as on January 29, 2024. The summary of information regarding number of investors and amount invested under each ZF LLP was as follows:

Table 6

S. No.	Investment LLP	Number of investors	Amount invested (in ₹)
1	ZF1 LLP	4738	163,73,75,631/-
2	ZF2 LLP	53	4,48,15,152/-
3	ZF3 LLP	457	24,67,06,000/-

S. No.	Investment LLP	Number of investors	Amount invested (in ₹)
Total		**5248 (5208 unique investors)**	**192,88,96,783/-**

77. The fund collection and disbursal was done by Growpital platform through a payment aggregator service provider named Cashfree Payments India Private Limited (hereinafter referred to as **'CIPL'**). The collected funds were pooled in an escrow account of Growpital, which were then transferred to bank accounts of the three ZF LLPs**.** *Vide* an email dated June 20, 2024, CIPL provided information regarding funds collected by it from investors through its platform and further transferred to the escrow account of Growpital. CIPL also provided information regarding funds frozen with it as a consequence of directions issued by SEBI *vide* the interim order dated January 29, 2024. Following is the summary of information that was received from CIPL:

Table 7

Particulars of information furnished by CIPL	Amount (In ₹)
Total amount of funds collected by CIPL for Growpital till January 29, 2024	191,15,20,014.88/-
Total amount of funds transferred by CIPL to Growpital account	186,16,59,780.77/-
Funds deducted by CIPL including service charge/taxes, etc.	21,02,610.29/-
Funds lying with CIPL collected from investors for transferring to Growpital escrow account	4,77,57,624.06/-
Funds frozen with CIPL received from Growpital with instruction to transfer to investors	1,29,64,141.56/-
Total amount of funds lying with CIPL account due to directions of SEBI interim order (Closing Balance)	**6,07,21,765.72/-**

78. Further information was obtained by SEBI from CIPL, which was provided *vide* email dated June 25, 2024, wherein, it submitted that it had facilitated total pay-outs of ₹27,14,29,981/- through its platform, which included pay-outs of ₹22,73,26,116.7/- to individual accounts of investors and further, a total of ₹4,41,03,964.58/- were transferred to the escrow account of Growpital as self-withdrawal. The total pay-outs included the withdrawals due to exit of investors from various schemes of Growpital as well as periodical interest pay-outs to investors. However, segregated values of exit-withdrawals and periodical interest pay-outs were not provided.

79. During the analysis of bank statements of the three ZF LLPs, it was found that there was mismatch between the amounts credited into their bank accounts and the amounts collected as per the respective LLP agreements. The summary is detailed below:

Table 8

S. No.	ZF LLP name	Amount credited in the bank account till January 29, 2024 (in ₹)	Amount collected as per the supplementary agreement (in ₹)
1	ZF1	1,35,01,41,865.15/- (Period: December 04, 2021 to January 29, 2024)	1,53,53,79,690/- (23rd supplementary agreement dated February 19, 2024)
2	ZF2	20,16,89,999.25/- (Period: December 09, 2021 to January 29, 2024. Last credit in the account was on September 20, 2023)	4,48,57,402/- (19th supplementary agreement dated December 01, 2023)
3	ZF3	7,14,87,419.45/- (Period: December 13, 2021 to January 29, 2024. Last credit in the account was on August 01, 2023)	22,21,98,000/- (15th supplementary agreement dated December 27, 2023)
Total		**1,62,33,19,283.85/-**	**1,80,24,35,092/-**

80. I note that the amount of ₹192.88 Crore collected by Growpital from 5208 unique investors and utilisation of the same has not been disputed by *Entities* in their reply to the SCN. As regards the mismatch, the *Entities* have submitted that the alleged mismatch between supplementary agreements and bank statements was due to the timing of settlements, refunds to investors, inter-entity transfers and disruption caused by SEBI's Interim Order. However, no reconciliation has been provided.

81. It was alleged that there was difference between the amounts deposited in bank accounts of the ZF LLPs and the amounts mentioned as collected as per the LLP agreements. It was further alleged that the plans categorized in terms of investment amount, return on Investment, etc., were only for namesake and the funds so raised via different investment plans offering different rates of return were treated in the same manner, pooled into an escrow account and then transferred to ZF LLPs accounts.

82. It was alleged that the sources of funds of the LLPs were primarily the funds mobilized from investors and "contributions" of the investors/partners were being pooled in as capital contributions to the LLP, and being utilized for the purpose of agricultural projects. Based on the submissions of *Entities* and examination of information from various other sources including CIPL, bank statements and the agreements entered into by ZF LLPs with investors, it was alleged that an amount of ₹192.88 Crore was collected by *Entities* through Growpital platform from the existing 5208 investors.

83. Investigation revealed that the differentiation of LLPs was not on any investment plan or any farm project but on the basis of the profile of investors. *Entities* informed that the segregation was followed only from April 2023, prior to which there was no differentiation and partners who were initially part of a specific LLP continued to remain in that LLP. In this regard, following information was submitted by the *Noticee No.* 1:

i. ZF1 LLP: This category comprised of domestic partners, individuals who invested in the funds of ZF 1 LLP and were considered partners residing within India.

ii. ZF2 LLP: Institutional partners fell under this category.

iii. ZF3 LLP: NRI partners who invested through NRO (Non-Resident Ordinary) accounts were included in this category.

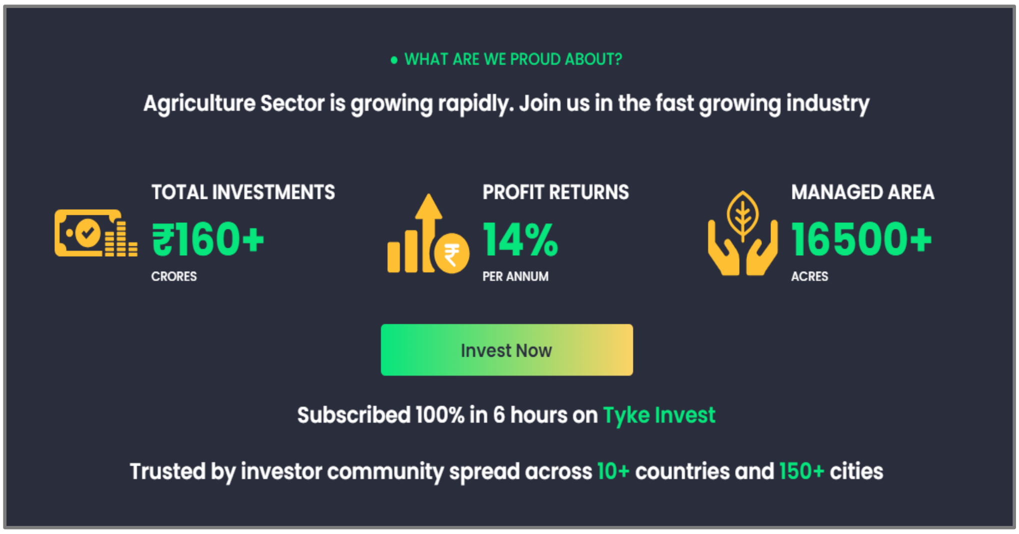
84. As per the LLP Agreements in the instant matter, the profits of the LLPs were to be distributed to the partners (other than designated partners) as per the consent letters signed by them. Thus, the LLP Agreements were structured in such a manner that guaranteed returns could be provided to the investors/partners in the LLPs. It was thus alleged that in the guise of an LLP, the DPs of the ZF LLPs were pooling the investments from investors with the promise of assured returns and retail investors were being attracted to become "partners" in the LLPs, by making a "contribution" to the capital of the LLP. The ultimate aim of *Noticee Nos.* 1 to 8 was allegedly to divert the funds collected from investors to the *Noticee No.* 4 in which investors had no stake or right and which was ultimately for the benefit of *Noticee Nos.* 1 and 2.

85. It was vehemently argued before me countering the allegations that the amount invested by investors/partners in the ZF LLPs was at their own will and moreover was capital contribution by interested partners, rather than being pooling of funds. Upon such contribution being made, partners would have rights over the land under management by virtue of being made partners of the ZF LLPs and they obtained a share in the respective LLPs including profits/returns from the agricultural projects. It has further been submitted that there was no public solicitation or open offer for investment to public and admission of partners was solely a contractual consent through various steps of strict measures such as execution of consent letter and LLP agreement and no funds were accepted from public at large. Further, entire relationship amongst participants was of co-owners in a joint business and not that of investors as alleged by SEBI in the SCN.

86. In this regard, I note that the first condition stipulated in section 11AA(2) of the SEBI Act mentions that the payments or contributions could be called by whatever name, but if the same were pooled or utilized for the purposes of the scheme/arrangement, the first condition would be satisfied. It is a matter of record that the funds collected from investors, were pooled in Growpital account and then utilized by *Entities* to manage agricultural lands which was the purpose of the scheme/arrangement.

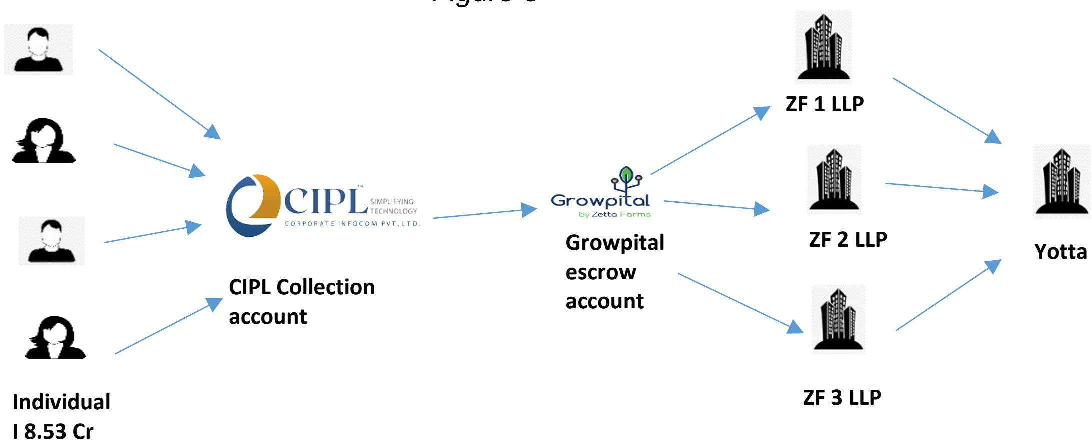
87. The *Noticees* have tried to distinguish the pooling of money by calling it capital contribution by partners and submitting that there was no solicitation of funds. However, in substance, the fact remains that pooled-in amounts or contributions made by investors were utilized for the purposes of the scheme/arrangement. The screenshots obtained from the Growpital website showed that it claimed to offer investment opportunity in alternative asset classes and also compared itself to a mutual fund. It was also claimed on its website that ***"Agriculture sector is growing rapidly. Join us in the fast growing industry"*** **and** ***"Trusted by investment community spread across 10+ countries and 150+ cities"***. The contributions were being collected from investors on the basis of these investment plans. Even in the extract of Consent Letter seen earlier in para 60 of this order, the contributors were referred to as investors. The screenshot taken from the now defunct Growpital website is shown below:

Figure 2



88. The pictorial representation shown below depicts how the amount received by Growpital from investors was transferred to the accounts of ZF LLPs and further to the account of Yotta:

Figure 3



89. I find that *Entities* have failed to show any evidence depicting the segregation of any funds received from investors on any project level and the entire amount was treated in the same manner. *Entities* have further failed to show any actual business segregation of the ZF LLPs, wherein, the amount collected from investors, was being transferred as these three LLPs were based on investor profile and not based on any project to be executed. It is also evident from submissions of *Entities* made *vide* email dated February 18, 2024 that the funds were mobilized from public via 18 plans which offered returns on investment ranging from 10% per annum to 18.5% per annum. All these funds were pooled together without any differentiation and then provided to these three LLPs (based on profile of investor) and then to Yotta. It has been submitted that purpose of such scheme/arrangement was to carry out agricultural operations.

90. It is also found from the content on the Growpital website that investors were attracted to invest in the plans offered by Growpital, and the pooled amount was used for the purpose of the scheme/arrangement which was stated to carry out agricultural operations by Yotta. Hence, I find that the instant scheme/arrangement satisfies the first condition of *"pooling of contribution or payments utilized for the purposes of the scheme"*, stipulated in section 11AA(2)(i) of the SEBI Act. Further, the amount of ₹192.88 Crore collected from investors has been taken as on the date of the Interim Order *i.e.* January 29, 2024, so the submission that the alleged mismatch between bank statements and the LLP agreements is due to the disruption caused by Interim Order, is devoid of merits.

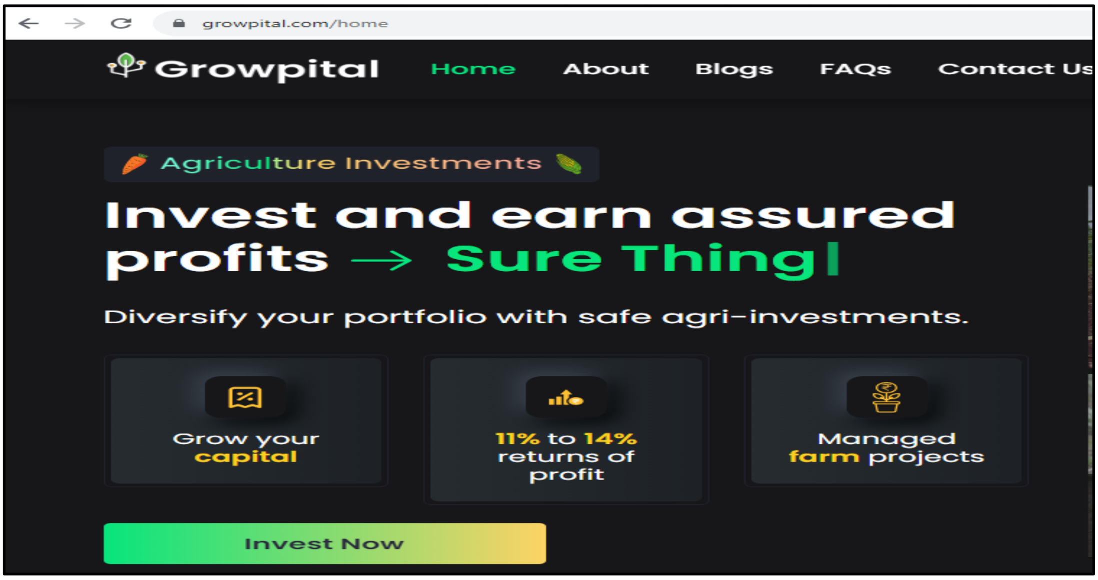
II. Contributions made with a view to receive profits, income, produce, property from the scheme

91. The second condition of section 11AA(2) of the SEBI Act stipulates that contributions or payments are made to such scheme or arrangement by the investors with a view to receive profits, income, produce or property, whether movable or immovable from such scheme or arrangement. It is alleged in the SCN that *Entities* mobilized funds from public through 18 investment plans promising assured profits/returns to the investors on their investment, in the range of 10% per annum to 18.5 % per annum. Consent letters provided by complainants have shown the profit percentage promised to them by *Entities*.

92. Growpital platform solicited funds from public through various plans starting from ₹5,000 per unit to ₹15 Lakh per unit. It then claimed to invest this amount into farming projects and provided assured tax free profits to its partners/investors in the range of 10%-17% per annum through different plans namely Baby Farming, Leafy Eleven, etc. Screenshots obtained from the website www.growpital.com are shown below:

Figure 4

Figure 5



Note: The above screenshots were taken on December 05, 2023 and the said details have since been deleted from the website of Growpital.

93. Multiple plans were offered through the website with varying investment amounts, maturity periods and returns through periodical pay-outs. A link (https://linktr.ee/growpital) was found on the platform which led to a telegram group named "Growpital Official Discussion" having 2753 members as on January 24, 2024. The money was mobilized from these 2753 members of the group through Limited Liability Partnership ('LLP') agreements, wherein, the investors were made partners of these LLPs.

94. The investigation revealed that as on January 26, 2024, following plans were being offered on the website of Growpital (after creation of a login ID)-

Table 9

Name of Plan	*Unit* Investment (in ₹)	Return on investment (per annum)	Payout Frequency	Tenure
Leafy Eleven	11,000 /-	11%	Monthly	1 year
Ever Green Returns	20,000 /-	12%	Quarterly	1 year
Harvest Bloom	2,00,000 /-	14%	Quarterly	1 year
Blooming Seeds	25,00,000/-	15%	Quarterly	1 year

95. Investigation revealed that the Growpital website contained repeated claims that partners/investors are provided guaranteed/assured profit share. Relevant extracts from the FAQs on the website of Growpital are extracted below:

- ***"the profit really assured or there's a catch?***
  The profits that Growpital provides on your investments is absolutely assured, without any catch, this happens because the profits are distributed as advance share to the fractional owners from the revenues generated by the farm projects."

- *"**Are the returns guaranteed?***
  As we have a gross margin of 60-70% from every farmland and after paying all the returns, land lease and operating expenses we are left with a good buffer of 20-25%, we keep this buffer amount to hedge the risk part. That's why we can commit the guaranteed profit share."

(FAQs shown as on January 26, 2024)

96. Growpital claimed on its website that the assets (farm projects) were owned by the LLPs and all the partners in the LLPs were considered as legal co-owners. However, as part of the standard consent letters signed by investors, investors were made partners through LLP agreements with the promise of assured returns on their investment and they authorized Farm Tech Silo LLP/Growpital to exercise all rights conferred by the LLP Agreement, in respect of their interest in the LLP. The relevant extract obtained from the standard Consent Letter signed by investors is as under:

"…..

CONSENT LETTER

Sub: Consent to appoint Growpital (Farm Silo Tech LLP) as authorized signatory on my behalf.

…..

*5. I **hereby authorize Growpital** (Farm Silo Tech LLP) to do, execute and perform all or any of the following acts, deeds, matters and things as mentioned herein, on my behalf:*

*(A) **To sign and execute**:*

i) the LLP Agreement, any subsequent amendments to the LLP Agreement including to record my retirement from the LLP, any consent letter required to be executed by me as partner in the LLP in any matter and any other documents, forms etc. required to be executed by me in accordance with the terms of the Limited Liability Partnership Act, 2008 (collectively referred to as the "Transaction Documents");

ii) all instruments that are supplemental, incidental and ancillary to the Transaction Documents and all other deeds, documents, papers and writings, as may be required under or in relation to the Transaction Documents and/or to give effect to the provisions contained in the Transaction Documents;

…..

*(B) **Exercise all the rights, power, authority and privileges conferred by, or pursuant to, the LLP Agreement,** the Limited Liability Partnership Act, 2008 or applicable law, in respect of my interest in the LLP, including without limitation, the right to:*

i) attend all meetings of the partners of the LLP (and any adjournments or postponements thereof) and vote (and exercise all rights and powers in respect of voting) on any matter and give all consents, waivers and ratifications on my behalf and otherwise act with respect thereto as though it were the outright owner thereof;

ii) give and receive, make, execute and sign all notices, ratifications, consents, declarations and any other documents required to be given or received.

(C) ***To represent me in all matters in connection with or arising from the Transaction Documents***.

*Name: ((**Name_of_Investor**))*
Date: ((Date))

SCHEDULE 1

.....
Details in relation to payout of Advance Profit Payouts:

.....
• The partner should not resign before ((Lock_In_Period)) Months from the date of above consent letter, if he does, he will not be provided any share of profit during that tenure.
*• The first **advance profit payout** will be calculated on a pro-rata basis over the quarterly advance profit payout as per the plan selected.*
*....." ("**emphasis supplied**")*

97. Further, the LLP agreements entered into by investors with ZF LLPs contained a clause for profit/loss sharing among all partners other than the DPs. As per the clause, profit/loss sharing was to be done as per the consent letter and the profit in terms of fixed returns was assured to investors by *Noticee* Nos. 1 to 8. The relevant extract of the ZF 1 LLP agreement is reproduced below for reference:

".....
*2.1 Profit or loss distribution to all Partners other than Designated Partners: The Profit or Loss shall be distributed to all the Partners other than the Designated Partners to the extent such distribution provides the respective Partner with a return as may be mutually agreed between the Partners in writing as mentioned in **Schedule II in accordance with the consent letters signed by the partners**, on the respective capital account after taking into account any and all drawings Undertaken by such Partner **("Profit Or Loss To Partners Other Than Designated Partners")**.*
Further, in the event such return is not expressly agreed by the Partners in writing, the return shall be calculated based on the capital contribution ratio of all Partners including the Designated Partners.

.....

2.3 Further, at the sole discretion of the Designated Partners, the Profit or Loss Available to Designated Partners could also be distributed amongst all or any of the Partners other than the Designated Partners to such extent and in such ratio as may be mutually decided by the Designated Partners.

2.4 Further, the profits distributed to all the Partners shall be capped to the net profits of the LLP at any given time and will in no event be higher than the net profits of the LLP.

.....”

98. *Entities* have submitted in the reply that DPs of the ZF LLPs were given the share of profits & losses after the distribution of profit & loss to partners as per the applicable agreement. Since as per the LLP agreements, the DPs of the ZF LLPs were to bear all the losses, and the assets of the DPs were pledged against these losses, there was nothing wrong in promising the *“assured profits”* to investors being on-boarded as partners, and even otherwise, profits amongst partners were capped to the net profits of the LLP at any given time and could in no event be higher than the net profits of the LLP.

99. *Entities* have sought to clarify between profits and returns by stating that what was referred to in operational parlance on the website was *“assured profits”* and not *“assured returns”* which was contractual allocation of distributable surplus among partners. It has further been contended that the true import of section 11AA(2)(ii) of the SEBI Act is to capture situations where money is invested in a form other than ownership, but in the instant matter, contributors became partners and part-owners of the LLPs to the extent of their capital contribution and hence the condition of section 11AA(2)(ii) of the SEBI Act is not satisfied.

100. I note that the investigation has revealed that the website of Growpital, and YouTube videos contained repeated claims that partners/investors were provided guaranteed/assured profit share in the business. The website contained claims such as ***“Invest and earn assured profits→ Sure Thing”***, ***“It’s like a Mutual Fund but a much better one”.*** Further, claims were also made that profits were assured on the investment in the range of 10% to 18.5% per annum depending on the selection of the plan.

101. In the Written Submissions, *Entities* have categorically submitted that, at no stage, the partners were promised or paid any fixed or guaranteed returns, but what was assured was that the partners were protected and they shall not be liable for any losses. However, I note that, in the reply to the SCN, it has been claimed by *Noticees* that there was nothing wrong in promising the assured profits to investors.

102. I note that the condition under section 11AA(2)(ii) of the SEBI Act envisages that the money is contributed by the investor with a view to receive profits, income, etc. In the instant matter, the material available on record and screenshots obtained from the Growpital website showing that investors will get profits and this profit was assured to investors and that was the reason that such huge amount could be mobilized by *Entities*. The LLP agreements were drafted in such a manner that loss of capital was to be borne by the DPs of the LLPs, but *Entities* have not been able to effectively rebut the claims of assured profits made by them on their website. In fact, the submissions have been made that there is nothing wrong in providing assured profits.

103. The submission advanced by *Entities* that profits amongst partners were capped to the net profits of the LLP at any given time is also devoid of merits since investors contributed the amount on the promise made to them that they would receive assured profits from their investment. In fact, requirement of section 11AA(2)(ii) is only for receiving “profits”. “Assured profit” is an additional element here. Even if “assured” is ignored, *Noticees* have agreed that contributions were made by investors with a view to receive “profit”. This, in itself, satisfies the second condition.

104. The submission that contributors became part-owners of the LLPs is also immaterial. *Entities* have failed to provide any proof/evidence in this regard which would substantiate their claim that partners had any legitimate/actual ownership over properties claimed to be owned by the three ZF LLPs. In the later part of this Order, it has been discussed and found that all of the properties submitted by *Entities* were owned by Yotta or Winsome (owned by Yotta) and no property was in the name of the three ZF LLPs. It has been claimed that once the contribution was made by an investor, it was then invested into agricultural projects by ZF LLPs to generate profits for all the partners. However, I find that the profits from the purported agricultural activities claimed to be earned by ZF LLPs were realised as revenue in the bank accounts of Yotta, over which the partners/investors of the three ZF LLPs had no rights, whatsoever. Though the claim is made that contributors were part-owners of LLPs and hence no separate scheme or arrangement could fall within the meaning of CIS, the same is unsubstantiated and does not change the outcome that investors invested in the scheme/arrangement with a view to receive "profits", which alone is required to be seen for satisfaction of section 11AA(2)(ii).

105. In view of the above, I find that the contributions or payments made by investors to the scheme/arrangement were with a view to receive profits from scheme/arrangement, and hence, the condition stipulated in section 11AA(2)(ii) of the SEBI Act is also satisfied.

III. & IV. Management on behalf of investors and investors not having day-to-day control over management & operation

106. The third and fourth conditions of section 11AA(2) of the SEBI Act stipulate that contribution or investment forming part of the scheme or arrangement, whether identifiable or not is managed on behalf of the investors and further the investors do not have day-to-day control over the management and operation of the scheme or arrangement.

107. It has been alleged that as per the original ZF LLPs agreements, DPs (Yotta and Growpital) were in charge of the business, management and policy decisions of LLP and no person could be added as a partner to the LLP without prior written consent of the DPs. DPs had the right to appoint a partner to the LLP without obtaining the consent of the partners/investors. The relevant extract of the agreement is shown in para 119. The DPs were empowered to take decisions on appointment of auditors, enter into agreements including those not in ordinary course of business, etc. Further, the DPs could also open bank accounts and determine the authorized signatories to operate these bank accounts. In the instant case, the authorized signatory of the bank accounts of the ZF LLPs was Ms. Gayatri Rinwa (*Noticee No.* 3).

108. I note that in the instant matter, Complainants named ********** and **********, *vide* emails dated February 9, 2024, *inter alia*, stated that they were neither a director/Designated Partner in Growpital nor did they have any control or influence over their daily operations. As noted in para 73 of this order, the contents of these complaints have not been denied by *Noticee Nos.* 1 to 8. It is alleged in the SCN that all the rights and powers of ZF LLPs were conferred on the DPs of the ZF LLPs by the partners/investors, and there were no powers provided to partners (investors), whereby, they could exercise any control over the management or operation of the scheme.

109. *Vide* email dated February 03, 2024, the *Noticee No.* 1 furnished certain documents as evidence of right of *Entities* to carry out farming and agricultural operations on 13,328 acres of land. The summary of land records submitted is shown below:

Table 10

Nature of rights	**Lease/Others**		**Owned**		**Total**	
State	**Area (in acres)**	**Farm Count**	**Area (in acres)**	**Farm Count**	**Area in acres**	**Farm Count**
Assam	5268	2	1096	1	6364	3
Chhattisgarh	100	2	-	-	100	2
Haryana	11	2	-	-	13	2
Karnataka	202	3	65	1	267	4
Madhya Pradesh	196	2	-	-	197	2
Maharashtra	931	9	-	-	931	9
Nagaland	5000	2	-	-	5000	2
Odisha	100	1	-	-	100	1
Punjab	1	1	-	-	1	1
Rajasthan	318	6	32	1	350	7
Telangana	7	1	-	-	7	1
Grand Total	**12135**	**31**	**1193**	**3**	**13328**	**34**

110. The *Noticee No.* 1 *vide* email dated February 18, 2024 and March 16, 2024, submitted details of revenue generated by *Entities* from farming operations till January 29, 2024. It was observed that total revenue of ₹73,78,88,028/- was claimed by *Entities* to have been generated by farming operations and it was submitted by them that all the revenue generated from the farming activities was credited to bank accounts of Yotta (ICICI a/c numbers 677******410 and 677******443). It has been alleged in the SCN that all rights or ownership over any assets, purportedly acquired farmlands, or over the profits, income or produce received using investors' funds, were in the hands of Yotta, and the investors/partners or ZF LLPs themselves had no rights over the same.

111. In this regard, it has been stated in the reply to the SCN by *Entities* that it was never communicated to partners/investors that the lands used in the farm projects were owned by the ZF LLPs, instead, it was always in the knowledge of partners that the LLPs did not own any such land, and agricultural projects were taken up on the farmlands taken on lease. Further, partners were made co-owners of the business of the LLP through their share of capital contributions made by them. It is also submitted that clause 9 of the LLP Agreement provides that all properties acquired from the funds of the LLPs shall be owned by the LLPs and in the event that any property acquired from the funds of LLPs is vested in the name of any of the partners, such person shall hold the same in trust for the LLP.

112. I note that one of the largest land parcels of 1096 acres in Assam claimed to be owned by *Entities*, is owned by Winsome and the estate ownership is mapped to that company. A statement of holding dated August 21, 2023 furnished by *Entities* showed that Yotta held 99.54% stake (32,115 shares) in Winsome and effectively owned this land parcel.

113. I further note that *Entities* have made contradictory submissions in their reply, wherein, at one place it is stated that lands used in farm projects were not owned by ZF LLPs but only leased for agricultural operations and at other place, it is stated that all properties acquired by LLPs shall be owned in the name of LLPs. I find that no evidence of any land owned by the ZF LLPs or partners thereof, has been submitted by *Entities.* Infact all the lease or land ownership documents submitted by them during the investigation, were registered in the name of Yotta or Winsome (directly or indirectly). *Entities* have further failed to substantiate their claim that any property acquired from the funds of LLPs vested either in the name of any of the partners or the LLPs themselves since ownership or lease rights over any assets was with Yotta or Winsome.

114. In view of the above, I find that the claim of *Entities* that all partners in the LLPs were considered legal co-owners is not true since the leased/owned farm assets were in the name of Yotta or Winsome (directly or indirectly) and none of the three ZF LLPs or their partners/investors had any ownership or lease rights over the land.

115. It is also alleged that the consent letters signed by the investors, gave wide range of powers to the DPs of ZF LLPs and while there were few nominal rights provided to the investors of Growpital in the consent letters, none of them provided the investors with the right to have day-to-day control over the management and operation of the ZF LLPs.

116. In response to the above allegation, it has been submitted by *Entities* that the very purpose of having a LLP structure is that all partners of the LLP are not involved in the day-to-day running of the LLP and for this reason, the law mandates appointment of 'designated partner' who is in charge of day-to-day operations of the LLP. This does not mean that partners of the LLP have no say in the running of the LLP. It is a legitimate practice that only a limited number of partners actively engage in the day-to-day management while others may remain passive or play only a supervisory role. It has further been submitted that the partners had consciously consented to the DPs conducting the day-to-day affairs of the LLP and in the event of partners being dissatisfied with their performance, the partners holding a 75% majority were empowered to replace the DP (Farm Silo Tech LLP). Further, LLP jurisdiction recognizes that partners may delegate operational powers to DPs without losing their rights and only the absence of daily operational involvement would not transform the LLP into a CIS. Hence, the conditions stipulated in section 11(2)(iii) and (iv) would not be satisfied.

117. In this regard, I note that the partners/investors of Growpital authorized Farm Silo Tech LLP to perform wide ranging functions on their behalf, as per the consent agreements which, *inter alia*, included the following:

i. signing and executing the LLP agreement, any subsequent amendments to the LLP Agreement including to record the retirement from the LLP;

ii. signing and executing any consent letter required to be executed by the partner;

iii. exercising all the rights, powers, authority and privileges pursuant to the LLP Agreement including attending all meetings of the partners of the LLP, exercising powers in respect of voting and giving all consents, waivers and ratifications;

iv. to give and receive, make, execute and sign all notices, ratifications, consents, declarations and any other document to be given or received;

v. to represent in all matters in connection with or arising from the Transaction Documents.

118. From a perusal of contents of the consent letters, it is noted that none of the clauses appear to provide any partner with the right over day-to-day control over the management and operation of the ZF LLPs or the operation from deployment of funds collected.

119. It is further noted from a perusal of the supplementary agreements of ZF LLPs executed with investors, that even for exercising the power to remove DP/Authorized Person, the partners/investors needed to be in majority of more than 50% or 75% for Yotta and Farm Silo Tech LLP, respectively, making such removal difficult to implement in practice, given the widespread nature of the investors. The relevant extract of the ZF1 LLP 23rd supplementary agreement dated February 19, 2024, is extracted below:

"3.1 The designated partner M/s YOTTA AGRO VENTURES PRIVATE LIMITED mentioned under this LLP Agreement cannot be changed as designated partner unless consent to change has been provided by majority of 50% of the partners mentioned under schedule II of this LLP Agreement.

3.2 Further, it has been agreed between the parties that a Partner individually cannot change the FARM SILO TECH LLP as its authorized representative for signing this Agreement, unless consent to change the authorized representative has been provided by majority of75% of the Partners.

3.3 The Partners hereby agree and provide the perpetual consent to LLP and Designated Partners to use their name in any sales or marketing publication *or advertisement or in any other manner whatsoever without prior written consent.*

3.4 Further, Partners agree to maintain the confidentiality of any information as shared with them during the course of time and shall not disclose the same to any third party, except as authorized by the LLP and Designated Partners in writing The Partners hereby agree and acknowledges that in case of non-adherence of this clause, the LLP and Designated Partners shall initiate any action against them, solely at their risk, costs and consequences.

3.5 The ZF Project 1 LLP cannot take loan with higher priority debt than partner's debt under this LLP unless consent has been provided by majority of 60% of the partners mentioned under schedule II of this LLP Agreement.

ANNEXURE I TO LLP AGREEMENT OF M/s ZF PROJECT 1 LLP

MATTERS TO BE DECIDED BY A RESOLUTION PASSED IN MEETING OF DESIGNATED PARTNERS BY SIMPLE MAJORITY

1.Shifting of registered office from one place to another place;
2.Appointment change and/or removal of the auditors, legal advisors, technical consultants and other key service providers and defining their powers and duties.
3.Approval of the annual statement of accounts for adoption;
4.Hiring or dismissal of any key employee of the LLP, except for gross misconduct;
5.Incurring any indebtedness or taking ofloan in the ordinary course;
6.Operate the bank account of the LLP in the ordinary course, including any change in mode of operation of the Bank account;
7.To decide remuneration payable to the designated partner;
8.Entering into or any amendment, termination, variation or assignment of any material agreement or arrangement outside ordinary course of business or otherwise not on arm's length basis with a related party;
9.Any other matter not specifically mentioned in the LLP agreement."

120. On a perusal of the aforesaid Annexure I to the LLP agreement, it is seen that some matters were to be decided by a resolution passed in the meeting of DPs (Yotta and Growpital) of ZF LLPs, by simple majority. In this regard, I find that as per clause 9 of the Annexure I to the LLP agreement, any other matter not specifically mentioned in the LLP agreement could have been decided by DPs (Yotta and Growpital) of ZF LLPs by simple majority, without any involvement of investors (onboarded as partners of ZF LLPs). I futher note that it can be inferred that directorship of Yotta and/or of Farm Silo Tech LLP could be changed without there being any actual involvement of the partners/investors of the ZF LLPs.

121. It is also seen from a perusal of the land documents that none of the land lease/ownership documents and/or operational partnerships were in the name of ZF LLPs but the same were effectively in the name of Yotta or Winsome (directly or indirectly), which was owned by *Noticee Nos.* 1 and 2. Further, as seen earlier, *Entities* have failed to provide any evidence to show that any of the lease/ownership documents were registered in the name of ZF LLPs through which funds were raised by Growpital and of which the investors were called as "*legal co-owners".* I also note that there were no other assets in the name of ZF LLPs and as per the own submission of *Entities*, the only assets of ZF LLPs were the cash balance lying in the bank accounts of ZF LLPs.

122. During the hearing before me, *Entities* were asked to show as to how the partners/investors exercised management or day-to-day control over the activities of ZF LLPs. In this regard, it was submitted that though investors were not involved in day-to-day functioning of the activities, they had access to agreements, statutory filings, and financial records retaining their legal remedies under law, since they were co-owners of the LLP business. It was also submitted that soon after being on-boarded as partners, investors were included in a dedicated WhatsApp group for seamless interaction among all partners. However, I note that merely having the access to relevant financial documents and being part of a dedicated WhatsApp group created by *Entities* would not be reasonably sufficient to hold that day-to-day control over the management lay with the investors, when effectively none of the clauses in the LLP agreements provided for the same. Moreover, since none of the farming lands were leased/owned by ZF LLPs and were rather owned or leased by Yotta or Winsome (directly or indirectly), it is not possible for investors to have exercised management or control over these farmlands.

123. It has also been submitted that each investor who was on-boarded as a partner in the ZF LLPs had a skin in the game and the funds were not collected for the personal benefits of *Entities*. It has further been submitted that partners and individuals associated with the LLPs were financially literate and possessed considerable business acumen. I note from the material available on record that the funds collected by Growpital from investors/partners were being managed by DPs of ZF LLPs on behalf of investors and the partners/investors were not even aware of the farmlands which were under management on behalf of three ZF LLPs, of which they were stated to be legal co-owners. Further, possession of business acumen was not a pre-requisite for becoming a partner in the ZF LLPs and possessing considerable business acumen would not by itself mean that investors possessed or had any control in management of the lands. What is to be seen is that whether investors had day to day control over management. There is no presumption that being educated means having such control. I also note that contents of the complaints, wherein, it has been stated by the complainants that they were neither director/designated partner in Growpital nor did they have control or influence over daily operations, have not been controverted or denied by *Noticees* in the reply to the SCN as noted in para 73 of this order. The claim made by *Entities* that partners had a skin in the game would also not alter the position that investors/partners were neither managing the farmlands nor having day-to-day control of the same and the same was done by Yotta. The defence put forth by *Entities* is, hence, devoid of merits.

124. I note that *Entities* have failed to rebut the conditions provided under section 11AA(2)(iii) and (iv) of the SEBI Act with cogent and sufficient evidence. Hence, I find that the *"scheme/arrangement"* offered by *Entities* through the Growpital platform satisfies the ingredients of third and fourth conditions stipulated in section 11AA(2)(iii) and (iv) of the SEBI Act.

<u>Fund transfer to Grobanana and Yotta from ZF LLPs</u>

125. It was observed during the investigation from a report submitted by Kodo Technologies Private Limited ("**Kodo**") that payments of ₹7.53 Crore were made to the account of Grobanana by ZF LLPs and a payment of ₹1 Crore was also made to the account of Hortifal Services Private Limited ("**Hortifal**"). Accordingly, a payment of ₹8.53 Crore was made towards Grobanana and Hortifal. The investigation revealed that the expenditure was made by ZF LLPs towards acquiring Grobanana whereas the acquisition of the same was made in the name of Yotta. No arrangement/agreement was found during the investigation whereby Yotta could utilize the funds raised from investors by ZF LLPs through Growpital platform to accumulate assets in its name. Therefore, it is alleged in the SCN that Yotta utilized the funds collected from investors through Growpital platform for accumulating assets and effectively for personal gains of Noticee Nos. 1 and 2 as both of them were joint owners and directors in Yotta.

126. Since land was purchased in the name of Yotta, it is clearly a case of diversion of fund for the benefit of Entities. Having said that, it is also noted that Entities have submitted that these assets are held for the benefit of ZF LLPs. No evidence has been produced to prove this. Thus, it is established that investors were not having day-to-day control over the operation and management of the scheme/arrangement and that property was managed on behalf of investors. The admitted fact that property is held in the name of Yotta on behalf of investors would be kept in mind while passing directions.

127. I note that the Hon'ble Supreme Court of India in the matter of ***P.G.F. Limited & Ors. v. UOU & Anr.***[13] while dealing with the scope of section 11AA(2) of the SEBI Act has, *inter alia,* held as under:

> *"35. ...A detailed analysis of Sub-section (2) of Section 11AA, which defines a collective investment scheme disclose that it is not restricted to any particular commercial activity such as in a shop or any other commercial establishment or even agricultural operation or transportation or shipping or entertainment industry etc. The definition only seeks to ascertain and identify any scheme or arrangement, irrespective of the nature of business, which attracts investors to invest their funds at the instance of someone else who comes forward to promote such scheme or arrangement in any field and such scheme or arrangement provides for the various consequences to result there from. As a matter of fact the provision does not make any reference to agricultural or any other specific activity...*

[13] MANU/SC/0247/2013

.....

53. We, therefore, hold that Section 11AA of the SEBI Act is constitutionally valid. We also hold that the activity of the PGF Limited, namely, the sale and development of agricultural land squarely falls within the definition of collective investment scheme Under Section 2(ba) read along with Section 11AA (ii) of the SEBI Act and consequently the order of the second Respondent dated 06.12.2002 is perfectly justified and there is no scope to interfere with the same......"

128. Further, the Hon'ble Supreme Court dealt with the objective of adding section 11AA in the SEBI Act, in ***P.G.F. Limited*** *(supra)* and, *inter alia,* held as follows:

"37. .....the paramount object of the Parliament in enacting the SEBI Act itself and in particular the addition of Section 11AA was with a view to protect the gullible investors most of whom are poor and uneducated or retired personnel or those who belong to middle income group and who seek to invest their hard earned retirement benefits or savings in such schemes with a view to earn some sustained benefits or with the fond hope that such investment will get appreciated in course of time...."

129. A similar view was taken by the Hon'ble Securities Appellate Tribunal ("**SAT**") in ***Maitreya Services Private Limited Vs. Securities and Exchange Board of India[14],*** wherein, funds were pooled from investors under the pretext of land development and it was held that in situations where high returns are promised to investors in any form, a CIS may be said to be in place, subject to fulfilment of other conditions as per law. In this regard, the Hon'ble SAT held as under:

"13. With respect to Appellants submissions that the amounts are not pooled within the meaning of Section 11AA of the SEBI Act, we note that admittedly, at the time of collection of money from the investors, no particular piece of land is ascertained against which the money is paid by the so called buyer of land. Moreover, all the money which the Appellants collect is by their own admission, utilized for purposes of development of land. We, therefore, find

[14] MANU/SB/0031/2013

that as in the case of PGF Ltd., in the instant case too, money is pooled and utilized for the purposes of the scheme floated by the Appellants. Similarly, even in the case before us, the Appellants have collected large amounts of money representing to the investors that the money will go towards development of land and promising high returns either in the form of profits or increased value of the land in question.

17. Lastly, it is pertinent to note that in the interpretation of such regulatory measures, like the CIS Regulations in hand, the most important task is to determine the 'pith and substance' of the provisions concerned i.e., their essential and true character. .....

The legislative intent and idea of the Parliament as well as SEBI seem to bring more transparency to the affairs of various CISs by duly regulating the same. Closing or winding up such CISs is an extreme measure to be resorted to in rare cases of adamant companies who do not wish to abide by the CIS Regulations in the matter of registration and other conditionalities laid down therein."

130. As held in *Maitreya (supra)* and *PGFL (supra)*, I find that in the instant case also, *Entities* collected large amounts of money from investors, allotted units to them, offered profits/returns, and after pooling in, the same was utilized for the purposes of the scheme/arrangement. When the money was raised, it was not against a particular agricultural land or a particular operation. First, money raised from all investors was pooled in and then apparently paid to Yotta through Supplier and Revenue Entities. The exact mode of investment was decided after pooling in by *Entities*. It was neither known to investors nor they had any control in decision making. *Entities* had collected/pooled in a total amount of ₹192.88 Crore from 5208 unique investors, and "*units*" were allotted to investors in lieu of the contributions made by them.

131. It is also alleged in the SCN that the pooled investment scheme/arrangement of Growpital mobilized a corpus greater than ₹100 crores and hence, the scheme would also fall in the category of deemed CIS as provided in section 11AA(1) of the SEBI Act. In this regard, it has been submitted by *Entities* that the aforesaid deeming provision cannot be read in isolation, as it would only come into play once the existence of a scheme/arrangement as per the four conditions of section 11AA(2) is first satisfied.

132. In the instant matter, as discussed above, the four conditions provided under section 11AA(2) are satisfied. Further, it is found from the material available on record and also from the own submission of *Entities* that a total amount of ₹192.88 crore was mobilized by them as contributions from considerable number of investors/partners. Hence, the submission of *Entities* in this regard is not tenable.

133. It has also been alleged in the SCN that the scheme/arrangement being run by Growpital does not fall under any of the exceptions of section 11AA(3) of the SEBI Act. In this regard, it has been urged by *Entities* that all the schemes/arrangements identified under section 11AA(3) have a common unique feature that the *'person'* and *'scheme/arrangement'* are different, such as when the deposit taking is governed by the Companies Act, in such cases, CIS framework would not be applicable. It is also submitted by *Entities* that the contributions made by partners were not in any *'scheme/arrangement'* but in the *'person' i.e.* LLP itself and hence, the scheme would fall under the exception provided in section 11AA(3).

134. In the instant matter, I note that the contributions made by investors were pooled in and invested in the scheme/arrangement, as discussed earlier. Further, under section 11AA(3) of the SEBI Act, the scheme/arrangement made or offered by an LLP is not excluded. In this regard, reference is made to the judgment passed by Hon'ble Supreme Court in *Osians Connoisseurs (supra)*, wherein similar view was taken. In the said case, the contributions were being taken by the Trust and the business was being carried in the form a private Trust, but still was held to be a CIS since other ingredients of section 11AA(2) were satisfied. In view of the above, I find that the act carried out by *Entities* in the instant matter would not fall in any of the exceptions stipulated in section 11AA(3) of the SEBI Act. **Hence, I hold that the scheme/arrangement offered by *Entities* through the Growpital platform would fall within the definition of being a CIS.**

135. I note that section 12(1B) of the SEBI Act, 1992 stipulates that no person shall sponsor or cause to be sponsored or carry on or caused to be carried on any CIS, unless it obtains a certificate of registration from SEBI in accordance with the CIS Regulations. As per provisions of regulation 3 of the CIS Regulations, registration with SEBI is mandatory to launch/operate a CIS. Regulation 3 stipulates that no person other than a Collective Investment Management Company which has obtained a certificate under these regulations shall carry on or sponsor or launch a collective investment scheme. I note that *Entities* have failed to produce any evidence to demonstrate that a Collective Investment Management Company was formed by them and it was registered with SEBI. **In view of the above, I hold that *Noticee Nos.* 1 to 8 were running an unregistered CIS and thereby they have violated section 12(1B) of the SEBI Act read with regulation 3 of the CIS Regulations**.

136. Section 12A(a), (b) and (c) of the SEBI Act, 1992 and regulations 3(a), (b), (c) and (d) 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.

137. I further note that the terms *"dealing in securities"* and *"fraud"* as defined in regulation 2(1)(b) and (c) of the PFUTP Regulations, respectively, are inclusive. In terms of regulation 2(1)(b)(ii) of the PFUTP Regulations, dealing in securities includes such acts which may be knowingly designed to influence the decision of investors in securities. It has already been held in para 63 that units issued by Growpital in the instant matter would fall within the definition of securities as per section 2(h)(ib) of the SCRA, 1956. As per regulation 2(1)(c) of the PFUTP Regulations, any act, expression, omission or concealment committed whether in a deceitful manner or not in order to induce another person or agent to deal in securities, is considered to be fraud.

138. Further, regulation 4(1) of the PFUTP Regulations seeks to prohibit manipulative, fraudulent or unfair trade practices relating to securities market.

Provision contained in the Explanation to regulation 4(1) of the PFUTP Regulations was already covered under regulation 4(1) as being fraudulent as well as unfair trade practices.

139. I note that in terms of regulation 4(2)(k) 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, is 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.

140. In terms of regulation 4(2)(s) of the PFUTP Regulations, mis-selling of securities or services relating to securities market is deemed to be a manipulative, fraudulent or unfair trade practice. The explanation to the clause further describes mis-selling as an act of selling of securities or services relating to securities market by any person, directly or indirectly by knowingly making a false or misleading statement, knowingly concealing or omitting material facts, knowingly concealing the associated risk or not taking reasonable care to ensure suitability of securities or service to the buyer

141. Further, in terms of regulation 4(2)(t) of the PFUTP Regulations, illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any collective investment scheme by any person is deemed to be manipulative, fraudulent or unfair trade practice.

142. In the instant matter, as discussed in detail earlier, I find that *Entities* have:

i. Sponsored or carried out a CIS without obtaining due registration with SEBI in the form of an LLP;
ii. Mobilized and pooled in large amounts of money from innocent investors in the securities market through Growpital platform which has been held as illegal mobilisation;
iii. Induced the investors in securities market to make contributions to Growpital and allotted units to them in lieu of the investment by assuring profits;
iv. Disseminated false or misleading information/advertisements on Growpital website about assured profits and land being owned by investors which were designed to influence the decisions of investors in securities market;
v. Managed the property acquired from the money contributed by investors, on their behalf and assured profits/returns to them;
vi. Mis-sold the securities and services relating to securities market; and
vii. Knowingly concealed and/or omitted material facts relating to its non-registration with SEBI, as a CIS.

I find that the aforesaid activities amount to manipulative, fraudulent and unfair trade practices in securities market, in violation of extant provisions of securities laws.

143. In a recent judgment of the Hon'ble Supreme Court of India in the matter of ***Reliance Industries Limited and others v. SEBI***[15], the interpretation of the term "fraud" in the context of PFUPT Regulations has been clarified. I deem it appropriate to refer to the crucial observations of the Hon'ble court while deciding the question of fraud:

"220. ....In our opinion, it cannot be the intention of the PFUTP Regulations to give unfettered powers to decide the question of fraud. We find it apposite to purposively interpret Regulation 2(1)(c). In our considered view, both intention and act cannot be made into irrelevant factors for deciding fraud. Therefore, we may outline the following scenarios:

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i. in situations where injury due to wrongful act is established, i.e, inducement to deal in securities has caused the other person to be adversely affected and allowed the party accused of fraud to gain unlawful profits or avert ordinary losses at the former's expense, there would be no requirement on the respondent authority to prove deceitful intention. In other words, where injury is impossible to be proved, the requirement of wrongful intention becomes mandatory.

ii. Secondly, similarly, in situations where deceitful or mala fide intention to defraud and manipulate the securities market is clear from the blatant misconduct or attending circumstances that cogently establish wrongful intention, then injury would not be required."

144. The legal requirements for proving fraud while dealing in securities have been crystallized into two scenarios by the aforesaid judgment. The threshold laid down by the Hon'ble Supreme Court to determine whether an act may be construed as "*fraud*" while dealing in securities, is now required to be proved and accordingly the same needs to be tested in the facts of the present case also.

145. In the instant matter, the attending circumstances as detailed in brief in para 142 above and the additional fact that contributions made by investors in Growpital were utilised by *Noticee Nos.* 1 to 8 to purchase lands in the name of Yotta or Winsome when there was effectively no land in the name of the three ZF LLPs shows the fraudulent intent of Entities. I find that in the instant matter, the investors of Growpital were adversely affected by being induced to deal in securities and this further resulted in unjust enrichment for *Noticee Nos.* 1 to 8 at the cost of these investors. Infact, these investors have lost considerable amount of money. Attachment by SEBI could only save ₹50.14 crores. A large amount of ₹73.24 crores has been attributed to expenses, whose details have not been provided.

146. In view of the above, I find that the threshold laid down by the Hon'ble Supreme Court to determine "*fraud*" is met, since injury to the investors due to the wrongful act of *Entities* is established, and other attending circumstances (discussed later) also prove the fraudulent intent of *Entities*.

147. In view of the above, **I hold that acts of *Noticee Nos.* 1 to 8 are in violation of section 12(1B), sections 12A(a), (b) and (c) of the SEBI Act, 1992, regulation 3 of the CIS Regulations, regulations 3(a), (b), (c) and (d), regulation 4(1) and regulations 4(2)(k), (s) and (t) of the PFUTP Regulations**.

148. After finding that *Noticee Nos.* 1 to 8 were running a Collective Investment Scheme without obtaining due registration from SEBI, I shall now deal with the fund transactions undertaken by *Noticees* with the money collected from investors on the pretext of providing assured profits/returns, in the succeeding paragraphs.

Issue 2: Whether the financial transactions undertaken by Noticee Nos. 1 to 8 with Noticee Nos. 9 to 14, 17, 18, 19 and Noticee Nos. 20 to 30 were without any underlying business and funds were transferred from ZF LLPs to Yotta through these Noticees acting as conduits?

149. At the outset, it is clarified that violations established against *Noticee Nos.* 1 to 8 under Issue No. 1 above are independent of findings under Issue No. 2. The findings in Issue No. 2 are related to additional violations.

150. As regards the operational activities undertaken by *Entities* to purportedly claim revenue generation and the fund transactions further undertaken by them with Supplier and Revenue Entities, the facts noted from the SCN and findings thereon are as under.

I. <u>Farmlands under management of Growpital</u>

151. The website of Growpital as on January 26, 2024 claimed that it managed total area of over 20,000 acres spread across more than 14 states with 70+ crops grown over the land area. *Noticee No.* 1 *vide* email dated February 3, 2024 submitted details and documents of farmlands claiming that farming operations were ongoing at different stages in total land area of 13,328 acres which was noted to be contrary to the claims of over 20,000 acres of land under management on the Growpital website.

152. The documents submitted pertained to 34 farmlands in 11 states of India namely Assam, Chhattisgarh, Haryana, Nagaland, Rajasthan, Maharashtra, Madhya Pradesh, Karnataka, Odisha, Punjab and Telangana. It was observed that the size of farmlands claimed by them to be under management varied from 1 acre to 5000 acres. Further, three farms were claimed to be owned by them in Assam (1096 acres), Karnataka (65 acres) and Rajasthan (32 acres) which were of a total size of 1193 acres. Apart from these, rest of the farms were claimed to be either taken on lease or through other arrangements. The list of farmland is as follows:

Table 11

Farm No.	State	Farm Name	Area (in acres)	Ownership Type
1	Nagaland	Nagaland, Niuland, Niuland - Hezulho 2 - TOKA MPCS	-	Lease / Others
2	Maharashtra	Maharashtra, Solapur, South Solapur - Gangewadi - Umesh Sanganna Mhetre	100	Lease / Others
3	Assam	Assam, Nagaon, Rangagora - Amluckie Tea Estate - Amluckie Tea Estate	3,764	Lease / Others
4	Maharashtra	Maharashtra, Solapur, South Solapur - Mauje Musti - Bhimashankar Mahadev Jamadar	100	Lease / Others
5	Assam	Loongsoong tea estate	1,504	Lease / Others
6	Madhya Pradesh	Madhya Pradesh, Raisen, Sultanpur - Chitoda Bhagaspur - Jitendra Kumar	121	Lease / Others
7	Assam	Assam, Udalguri, Udalguri - Chandana - Chandana Tea State	1,096	Owned
8	Maharashtra	Maharashtra, Aurangabad, Gangapur - Gangapur -	416	Lease / Others
9	Maharashtra	Maharashtra, Solapur, South Solapur - Mauje Musti - Nilabai Mahadev Jamadar	100	Lease / Others
10	Maharashtra	Maharashtra, Satara, Phaltan - Chaudharwadi - Gaurav Dhanajay Khalate	45	Lease / Others
11	Maharashtra	Maharashtra, Osmanabad, Tuljapur - Gandhora - Nitin Mohan Tapaswi	53	Lease / Others
12	Maharashtra	Maharashtra, Solapur, Boremani - Boremani - Nitin Mohan Tapaswi	52	Lease / Others
13	Maharashtra	Maharashtra, Osmanabad, Tuljapur - Khanpur - Nitin Mohan Tapaswi	50	Lease / Others

Farm No.	State	Farm Name	Area (in acres)	Ownership Type
14	Karnataka	Karnataka, Yadgir, Wadgera - Tumkur - Core Green Sugar and fuels PVT LTD	59	Lease / Others
15	Maharashtra	Maharashtra, Osmanabad, Ambejavalage - Mauje - Nitin Mohan Tapaswi	15	Lease / Others
16	Karnataka	Karnataka, Chikmaglur, Koppa - Hosur - Shri Wajid Ahmed,Aeman Ahmed,Nickath Ishraq,Zaiman Ahamed	65	Owned
17	Karnataka	Karnataka, Hassan, Arehalli - Arehalli - Aftab Alam	40	Lease / Others
18	Madhya Pradesh	Madhya Pradesh, Ujjain, Tarana - Yashwant Nagar - Pankaj Khandelwal	76	Lease / Others
19	Karnataka	Karnataka, Chikmagalur, Vastara - Vastara - Shri C H Pradeep	103	Lease / Others
20	Chhattisgarh	Chhattisgarh, Bemetara, Berla - Chongikhapri - Dinesh Agrawal	46	Lease / Others
21	Rajasthan	Rajasthan, Bundi, Lakheri - Dhagariya - Vaibhav Singhal	54	Lease / Others
22	Chhattisgarh	Chhattisgarh, Bemetara, Berla - Bachedi - Shailendra Dani	54	Lease / Others
23	Rajasthan	Rajasthan, Pali, Pali - Dayalpur - Mrs Jyoti Kanwar,Mrs Mitakshara,Mr Pushyamitra,Mr Parikshit	72	Lease / Others
24	Rajasthan	Rajasthan, Barmer, Chauhtan - Taratara Math - Vikram Singh Ji	75	Lease / Others
25	Rajasthan	Rajasthan, Jaipur, Khatipur - Sushilpura - Abhinav ji	19	Lease / Others
26	Odisha	Odisha, Puri, Astrang - Balipantal Nagar - Priyabrata Ghosh	100	Lease / Others
27	Haryana	Haryana, Gurgaon, Gurugram - Gurugram - Mahendar Singh	7	Lease / Others
28	Rajasthan	Rajasthan, Kota, Pipalda - Badodiya - Manoj Khandelwal & Laxmi Gupta	8	Lease / Others
29	Rajasthan	Rajasthan, Chittorgarh, Rawatbhata - Dhangadmau Kala - Yotta Agro Ventures Pvt Ltd	32	Owned
30	Haryana	Haryana, Gurgaon, Gurgaon - Gurgaon - Mahendar Singh	4	Lease / Others
31	Rajasthan	Rajasthan, Bhilwara, Bijolia - Bijolia - Vikramaditya Panwar	90	Lease / Others
32	Nagaland	Tseminyu, Nagaland	5,000	Lease / Others

Farm No.	State	Farm Name	Area (in acres)	Ownership Type
33	Telangana	Telangana, Nizamabad, Renjal Taluk - Dupally - S.Jyothi Reddy,S.Bhupal Reddy	7	Lease / Others
34	Punjab	Punjab, Ropar, Abiana Kalan - Nangal - Pritpal Singh	1	Lease / Others
	Total		**13,328**	

153. Vide emails dated February 18, 2024 and March 16, 2024 sent by the *Noticee No.* 1, it was claimed that *Entities* had earned total revenue of ₹73.83 Crore from farming operations till January 29, 2024 from about 20 farms spread across 9 states *viz.* Chhattisgarh, Haryana, Rajasthan, Karnataka, Maharashtra, Madhya Pradesh, Gujarat, Uttar Pradesh and Punjab. It was further stated that *Entities* had incurred a total expenditure of ₹73.24 Crore till January 29, 2024 from the amount collected from investors/partners. However, I note that no verifiable details of this expenditure have been provided by *Noticee Nos.* 1 to 8 to SEBI even after specific queries asked by me in this regard, during the hearing. The revenue was claimed to be earned by cultivating various crops like jeera seeds, mustard, geranium, wheat seeds, etc. It was observed that out of the total claimed revenue of ₹73.83 Crore, major crops from which the revenue was claimed to be earned were jeera seeds (₹61.68 Crore) cultivated in Barmer farmland of Rajasthan and Mustard (₹3.12 Crore) cultivated in a farm at Anand in Gujarat. Now, I shall examine operations on various lands claimed to have been carried out by *Noticee Nos.* 1 to 8.

Land under management in Nagaland

154. *Entities* had claimed to have rights of management/cultivation over 5000 acres of land in Nagaland on the basis of a Memorandum of Association ("**MoA**"). However, it was observed from the MoA that it was not a formal undertaking and that there was no mention of any specific land parcel in the MoA which was under cultivation as claimed by *Entities vide* email dated February 22, 2024.

155. Further, the Office of Deputy Commissioner (DC), Tseminyu, *vide* email dated April 22, 2024 stated that no land was being identified by the District Planning and Development Board ("**DPDB**") or the Administration to be provided to *Entities* and that there were no records of agricultural activity being performed by *Entities* within Tseminyu and no operations sanctioned by the District administration or the DPDB were being performed by *Entities* in Tseminyu. It was also stated by *Entities vide* email dated February 22, 2024 that there was no amount paid to DPDB, Tseminyu, Nagaland by them. Further, it was noted that there was no mention of any financial arrangement regarding lease or profit sharing between parties in the MoA for performing agricultural operations.

156. *Entities* have not claimed any revenue from the purported farming operations in Nagaland and have also not even provided location of any such farmland in Nagaland. The investigation revealed that there was no lease or land ownership document submitted by *Entities* regarding farming operations in Nagaland and accordingly, it was alleged that the claim of *Entities* having land of 5000 acres under management/cultivation in Nagaland was incorrect.

157. W.r.t. the land under management in Nagaland, it has been submitted in the reply that a duly executed MoA existed with DPDB, Tseminyu and the process of land identification and formal allocation was in progress, and given the scale of land, government approvals and time were required. It is stated that the process was stalled by the Interim Order passed by SEBI in January 2024. In this regard, I find that there is no evidence of lease or land ownership documents submitted by *Entities* regarding farming operations and no identified location of any such farmland in Nagaland has been provided. Further, no revenue has been claimed by *Entities* from the purported farming operations from land under management in Nagaland and even the office of DC, Tseminyu has stated in its reply that no land was being identified by the DPDB for being given to *Entities*. I further find that the submission of *Entities* that the process of land identification and allocation was in progress is further belied by the fact that the same has been denied in the reply received from the office of DC, Tseminyu.

<u>Land under management in Amluckie and Loongsoong Tea gardens, Assam</u>

158. During the investigation, it was claimed by *Entities* that they had an area of 3764 acres of land under management in Amluckie and Loongsoong Tea gardens in Assam and an Operational Partnership Agreement dated October 15, 2023 executed between Yotta and Bokahola Tea Company Private Limited ("**Bokahola**") was also submitted in support of the claim.

159. It was observed that Bokahola represented to Yotta that it had won a tender to take on lease two tea gardens *viz.* Amluckie Tea Estate, Assam (3764 acres) and Loongsoong Tea Estate (1504 acres) from Assam Tea Corporation Limited ("**ATCL**") *vide* Request for Proposal ("**RFP**") dated July 1, 2022. The lease deed for gardens was expected to be executed shortly. Clause 3.2 of the said agreement dated October 15, 2023 provided that the same shall be terminated if Bokahola failed to intimate ATCL about entering into the agreement and obtain acknowledgement of the intimation from ATCL.

160. The said agreement further stated that Yotta shall have sole rights to manage and operate the Tea Gardens through its representatives and Bokahola shall not in any way interfere with the administration of the Tea Gardens and further whole and sole rights to operate and manage the Tea Gardens shall vest with Yotta. It was further stated that Bokahola shall not interfere in the day-to-day operation and management of the Tea Gardens.

161. It was further observed from the No Objection Certificate ("**NOC**") granted by ATCL to Bokahola that appointment of Yotta as an operational partner of Bokahola in the two tea gardens was conditional, wherein, it was stated that Bokahola shall continue to be responsible for overall operations of tea gardens and the NOC shall not create any relationship between ATCL and Yotta. However, as per the agreement submitted by *Entities*, Yotta was granted complete control over management of operations in the tea gardens without any interference of Bokahola. Thus, it is alleged that the said operational agreement was in contradiction with the conditions of NOC granted by ATCL for allowing Yotta to function as an operational partner.

162. *Entities* have not claimed any revenue generated from the purported operations in the Tea Gardens, however, Bokahola submitted that revenue from the tea gardens was received in their bank accounts which was not in consonance with clause 5.2 of the operational agreement, wherein, it was mentioned that Yotta shall ensure that all transactions relating to operations of tea Gardens were executed using bank accounts owned and operated by it.

163. It is stated in the reply that Yotta had entered into an operational partnership agreement with Bokahola but the execution of lease and related permissions was pending, since the process had not yet culminated. It is further submitted that the rights of partners were limited to the contractual LLP profits which would have reflected revenues from the tea gardens, had the same not been halted by the Interim Order.

164. In this regard, I find that there is no evidence on record to show that investors of ZF LLPs were having any rights over management and revenue of Amluckie and Loongsoong tea gardens in Assam. Further, no revenue has been claimed by *Entities* from the purported farming operations in Bokahola tea gardens also. I further find that as per the submissions of Bokahola, revenue from the tea gardens was being received in its bank accounts, which is contrary to the claim made by *Entities*. Hence, the submission made by *Entities* that the LLP profits would have reflected tea garden revenues, had the operations not been halted by the Interim Order, is also untenable.

Land under management in Udalguri, Assam

165. The *Noticee No.* 1 *vide* email dated February 3, 2024, *inter alia,* furnished that a land of 1096 acres in Udalguri, Assam ("Chandana Tea Estate") was owned through acquisition of Winsome Tea Plantations Pvt Ltd. ("Winsome") and the estate ownership was mapped to the mentioned company. In support of the claim, a statement of holding dated August 21, 2023 of Yotta was furnished by *Entities* which suggested that Yotta held 32,115 shares (99.54% stake) in Winsome. While submitting the information during the investigation, no revenue was claimed by Entities from the Chandana Tea Estate.

166. It was further observed that authorized capital of company is ₹3,25,00,000 and the paid up capital of company is ₹3,22,65,000. Details of Directors of Winsome obtained from the MCA website are as follows:

Table 12

S. No.	Name of Director	Date of Appointment
1	Chetan Joshi	August 17, 2023
2	Rituraj Sharma	August 16, 2023
3	Krishnna Joshi	August 16, 2023
4	Vishnu Dutt Upadhyaya	August 16, 2023

167. It was observed from the demat transaction statement of Yotta obtained from Sharekhan Limited that the shares of Winsome were credited in the account of Yotta on August 16, 2023 and thus, Yotta held 99.54% stake in Winsome. During the investigation, no arrangement of transfer of revenues of the tea estate, if any, from Yotta to ZF LLPs was found and it was alleged that investors/partners of ZF LLPs had no rights over revenue, if any, from the tea estate since the land was owned by Yotta through Winsome and investors effectively had no rights in Chandana Tea Estate.

168. It has been submitted that no revenue could be claimed from the Chandana Tea Estate since agricultural operations are long-cycle and the Interim Order prevented the operations in the tea estate from progressing. In this regard, I find that investors/partners of ZF LLPs had no rights over revenue, if any, from the Chandana Tea Estate in Udalgiri, Assam, since effectively, Yotta had the ownership of Chandana Tea Estate by virtue of it having a 99.54% stake in Winsome, and not investors/partners of ZF LLPs. Therefore, no revenue could be claimed by partners of ZF LLPs from land under management in Udalguri, Assam.

<u>Land under management in Barmer, Rajasthan</u>

169. During the investigation, *Entities* claimed revenue of ₹61.69 Crore out of the total revenue of ₹73.83 Crore (83.55%) to have been earned from 75 acres of agricultural farmland in Barmer. *Vide* email dated February 3, 2024, the *Noticee No.* 1 furnished a Lease Agreement dated August 11, 2023 between one Godhoomh Aatamakers Private Limited ("Godhoomh"/"Lessor"), and

Yotta Agro Venture Private Limited (“*Noticee No.* 4”/“Lessee”), wherein, it was, *inter alia,* stated as under-

“1. *The Lessor is in lawful and absolute owner or in possession of Entire Land bearing Survey/Hissa No.*

1) khasra 75, area 24.4 acres (Open Land/ Plantation)

2) khasra 115, area 50.4 acres (Open Land/ Plantation)

with the ownership rights in the land underneath measuring 74.8, situated Taratara Math, Tehsil Chottan, District Barmer Pin 344702.

2. The Lessor is in lawful and absolute owner or in possession of Entire Land via the documents attached in Annexure.

“In consideration of the “Lease Rent” and subject to the provisions of this Agreement, the Lessor hereby grants to the Lessee and permits the Lessee to take the Demised Premises on lease with effect from 01st July 2023 to 30th June 2024 (Lease Period/ or Term)”.

170. As per the aforesaid agreement, the Lessor *i.e.* Godhoomh was having ownership rights of the aforesaid 75-acre farmland and clause 2 of the said agreement mentioned that the Lessor was owner or in possession of land as per the documents attached in the Annexure to the agreement. Further, *vide* email dated May 14, 2024, the *Noticee No.* 23 (Vishnu Dutt Upadhyaya, Director of Godhoomh), furnished the same lease agreement that was submitted by the *Noticee No.* 1, however, there were no Annexures attached to the lease agreements submitted by either of *Noticees*. In order to verify the veracity of the claim on leased land as stated in the agreement, the matter was further examined. As per the details observed from the website of Ministry of Corporate Affairs, following individuals were directors of Godhoomh:

Table 13

S. No.	Date of incorporation	Directors / Proprietors	Date of appointment	Registered address
1	October 26, 2022	Vishnu Dutt Upadhyaya	October 26, 2022	06, Ganesh Industrial Area Shree Laxmi Saw Mill, Compound Odhav Road, Odhav Industrial Estate, Ahmedabad, Gujarat, India, 382415
2		Vikram Singh Rathore		
3		Manoj Maru		

171. It was observed that one of the directors of Godhoomh, Mr. Vishnu Dutt Upadhyaya (*Noticee No.* 23) was one of the signatories on the operational partnership agreement executed between Yotta and Bokahola discussed at para 155. Vishnu Dutt Upadhyaya is also observed to be one of the Directors on the Board of Winsome Tea Plantation Private Limited (which is 99.54% held by Yotta).

172. The *Noticee No.* 23, *vide* email dated May 06, 2024, *inter alia,* stated that ZF LLPs started farming operations in Barmer in the year 2022-23 on their own over the 75-acre farmland and subsequently made an arrangement with Godhoomh to manage their farming operations in western Rajasthan in June 2023. It was further stated that Godhoomh was the operational partner of Yotta in the area for farming operations and the arrangement worked as per the agreement between both of them. He further claimed that Godhoomh procured lands close to 600+ acres in Barmer and agriculture was performed over these lands. However, no documents pertaining to the claim of managing 600+ acres of land in Barmer were submitted either by the *Noticee No.* 1 or by the *Noticee No.* 23. Further, *vide* an email dated May 06, 2024 the *Noticee No.* 23 stated that transaction details pertaining to the transfer of lease amount for the leased property are being arranged and shall be provided, however, no evidence of any bank account statements was provided for the same by him.

173. Further, *vide* an email dated May 18, 2024, the *Noticee No.* 23 submitted a lease agreement dated May 24, 2023 between Godhoomh and a person named Mr. Rann Singh whereby the 75-acre land mentioned in the lease agreement dated August 11, 2023, was rented by him to Godhoomh from July 01, 2023 to June 30, 2024 at an annual rent of ₹9.35 Lakh.

174. The details of land mentioned in the afore-stated lease agreements dated August 11, 2023 and May 24, 2023 were Khasra numbers 115 and 75 Gomrakh Dham, Tara Tara, Chautan, Barmer and when these details were searched on the land records website of Government of Rajasthan, it was observed from the downloaded land records that the 75-acre land in Khasra numbers 115 and 75 of Gomrakh Dham village, Tara Tara Patwar Halka, Chautan Tehsil in Barmer belonged to Mr. Rann Singh, which signified that he was the lawful owner of the land in question and not Godhoomh.

175. It was alleged in the SCN that the lease agreement dated August 11, 2023 regarding the 75-acre farmland was invalid since Godhoomh was not the lawful owner of the said land as mentioned in the agreement and hence the claim of land under management was alleged to be false and unsubstantiated.

176. W.r.t. the Barmer farmland, it has been submitted by *Noticee Nos.* 1 to 8 that the Barmer agricultural operations were undertaken through the following legally consistent two-tier structure:

(i) Lease Agreement dated May 24, 2023 between Mr. Rann Singh (Landowner) and Godhoomh Aatamakers Pvt. Ltd.; and

(ii) Sub-lease Agreement dated August 11, 2023 between Godhoomh and Yotta Agro Ventures Pvt. Ltd.

177. In this regard, the *Noticee No.* 23 in its reply to the SCN has submitted that Godhoomh never claimed that it was the lawful owner of the 75-acre land. A similar submission has been made by *Noticee Nos.* 1 to 8 that as per the recital in the agreement between Yotta and Godhoomh, Godhoomh has been described as *"owner or in possession"* which is a standard-form drafting expression and original lease agreement between Godhoomh and Rann Singh stood undisputed. It has been submitted that the fact that ownership of the 75-acre parcel vested in Mr. Rann Singh is immaterial, since Godhoomh had independently taken the said land on lease and thereafter, granted rights of usage to Yotta for agricultural operations. At no stage did Yotta claim or represent ownership over the land since its focus and rights were limited strictly to cultivation and agricultural operations/activities.

178. In this regard, I note that no annexures to the lease agreement were either provided during the investigation or during the hearing before me, to verify the genuineness of the claim of land under management in Barmer. Though it has been submitted in the reply that the absence of annexure pages in the copy of agreements furnished earlier may simply have been a result of inadvertent omission or misplacement in the course of multiple submissions, and cannot be treated as a substantive defect so as to discredit the existence or validity of the claims made by *Noticees*, the annexures have still not been provided to ascertain the claim of the land under management.

179. I find that clause 1 of the lease agreement dated August 11, 2023 stated that the lessor is lawful and absolute owner or in possession of the entire land to be leased. In this regard, I find that the lease agreement dated May 24, 2023 purportedly executed earlier between Godhoomh and Rann Singh had not been signed by Godhoomh being the lessee, taking the 75-acre farmland on lease, making reliance on the said agreement dubious. It is claimed that the 75-acre land that was taken on lease by Godhoomh from Mr. Rann Singh was further sub-let to Yotta by Godhoomh. I find that as per recitals in the lease agreements dated May 24, 2023 and August 11, 2023, the land was given on lease to the lessee on a yearly payment of ₹9,35,000 and rent payment for 6 months would be payable in advance. In this regard, I note that no proof of payment of the said payable lease amount has been given either by the *Noticee No.* 23 or *Noticee Nos.* 1 to 8, respectively.

180. W.r.t the purported total revenue claimed by *Entities*, I note that revenue of ₹61.68 Crore (83.60% of total revenue) was claimed by selling jeera seeds pertaining to the aforesaid 75-acre farmland in Barmer. It needs to be seen that as per a report on Agricultural Statistics, published by the Directorate of Economics & Statistics, Department of Planning, Jaipur, Rajasthan, for the FY 2022-23, accessible at https://rajas.rajasthan.gov.in/PDF/11222024122534PMAgriculturalStatistics.pdf average yield of jeera crop in the state of Rajasthan in 2022-23 was 456 kg/hectare and in the district of Barmer, it was 307 kg/hectare (124.3 kg/acre). Further, price range of jeera in Barmer in 2023 as obtained from the website https://agmarknet.gov.in/daily-price-and-arrival-report was ₹32,000/- per quintal. In view of the above, the maximum revenue that could have practically been generated by *Entities* by selling jeera seeds yielded from the 75-acre farmland maintained by Entities can be calculated as follows:

*Total revenue= Price per quintal * Weight (in quintals)*
*Total revenue= (32000) * (1.243*75) = ₹29,83,200/-*

181. Based on the above statistical data, the maximum revenue that could have been generated by *Entities* from the 75-acre farmland in Barmer would come out to be close to ₹30,00,000/-. I find that there is no cogent evidence submitted by *Entities* which would substantiate their claim of generating revenue of ₹61.68 Crore from the purported 75-acre farmland in Barmer, after deducting all reasonably incurred operational expenditure, as claimed by them. Further, the land has been shown to have been given by Mr. Rann Singh to Godhoomh with effect from July 01, 2023. However, Yotta has shown operation on the said land in FY 2022 – 23. This further raises doubts on the claim made by Noticees.

182. Thus, I find that the claims of *Entities* are unsubstantiated and devoid of merits for the following reasons:

a. Lease agreement dated August 11, 2023 between Godhoomh and Yotta is dubious;
b. Land records showed Mr. Rann Singh and not Godhoomh as the lawful owner of the 75-acre land;
c. No proof for any lease payment and/or other ancillary expenditure incurred for the 75-acre farmland has been provided by *Entities*;
d. Notwithstanding the above, no rights for farming were given by any farmers to Godhoomh for carrying out farming, since Schedule III of the operational agreement was blank;
e. Revenue claimed to be generated from the farmland is not supported by convincing evidence and moreover, the rights over revenue would have been with Yotta and not ZF LLPs or investors; and
f. Revenue of ₹61.68 crores is shown from this land which is impossible on 75-acre farmland. Further, revenue is stated to pertain to FY 2022-23 while lease agreement is *w.e.f.* July 01, 2023.

II. <u>Flow of funds collected from investors and expenditure towards Supplier Entities</u>

183. As regards the flow of funds collected from investors by Growpital to Yotta, it has been alleged in the SCN that the control of funds collected by *Entities* from investors through Growpital, in the accounts of ZF LLPs was with *Noticee Nos.* 1, 2 and 3 as they were Directors/DPs of ZF LLPs. It is further alleged that there was a clear fund trail connecting the companies/persons which were involved in transferring of funds from ZF LLPs ultimately to Yotta, through a layered mechanism. It has been alleged that there was a clear fund trail connecting the companies receiving funds (towards alleged purchases) from ZF LLPs namely *Noticee Nos.* 9 to 19 and the companies/persons transferring funds (for alleged revenue) to Yotta namely *Noticee Nos.* 20 to 30.

184. The details of the companies with their incumbent directors and proprietorships are shown in the table below:

Table 14

S. No.	Name of company/ Proprietorship	Date of incorporation/registration	Directors / Proprietors	Date of appointment of Director	Registered address	
1	Toshan Seeds Private Limited	August 7, 2014	Gopal Vasharambhai Kuchhadia Girishkumar Ishvarlal Makwana	April 24, 2019 March 17, 2022	Plot No. B-67-68 G.I.D.C Sector-25, Gandhinagar, Gujarat, India, 382044	SUPPLIER ENTITIES
2	MSVO Ventures Private Limited	November 24, 2022	Rahul Meena Divya Soni	November 24, 2022	H.N-D-118 Shri Krishna Residency Sogariya Kota, Rajasthan, India, 324002	
3	Nutrikosh India Private Limited	June 11, 2021	Ashutosh Tiwari Rahul Saini Alok Chaudhary Anandkumar Sriram Mahto	June 11, 2021 June 11, 2021 June 11, 2021 August 19, 2021	Vishwa Nath, H no. 16, Amrit Puram, Kanpur, Uttar Pradesh, India, 208011	
4	Jaipur Chakki Fresh*	March 1, 2022	Vishnu Dutt Upadhyaya	Not applicable	60/188, new Sanganer road, mansarovar, Rajat path, Jaipur Rajasthan, 302020	REVENUE ENTITIES
5	Ttoys Bazar Private Limited	October 18, 2021	Vikram Singh Rathore Vishnu Dutt Upadhyaya Manoj Maru	July 27, 2015 May 10, 2022 June 1, 2016	Plot No 54-A, Vardhman Nagar Village Badarwas Ajmer Road, Jaipur, Jaipur, Rajasthan, India, 302019	
6	Unique Projects#	July 1, 2017	Sukh Kanwar	Not applicable	Jaswant Bhawan, Rai Colony, Barmer, Rajasthan, 344001	
7	Mateshwari Trading^	July 1, 2017	Ratan Singh Bhati	Not applicable	Kalakar Bhawan ke piche, Indra Nagar, Barmer, Rajasthan, 344001	
8	Vishnu Balaji Farmer Producer Company Limited	February 9, 2021	Gayatri Rinwa Poonam Khandelwal Sujata Devi Anjali Khandelwal Monika Tewari	February 9, 2021	S/O Gopal Lal Sharma, Naridiyon Ki Dhani, Dausa Road, Toonga, Tehsil Bassi, Jaipur, Rajasthan, India, 303302	

**-As per the MSME registration certificate furnished by Proprietor of Jaipur Chakki Fresh*

#-As per the information obtained from State Bank of India
^-As per information obtained from Commercial Taxes Department, Rajasthan
For information pertaining to companies mentioned at S. No.1, 2, 3, 5 and 8, the source is MCA website.

185. Investigation found that a total of about ₹151.93 Crore was transferred from the individual bank accounts of three ZF LLPs to various parties through direct transfers (₹6.67 Crore) and through third party payment platforms namely Interropac Private Limited ("**Karbon Card**"- ₹15.71 Crore) and Kodo Technologies Private Limited ("**Kodo**"- ₹129.54 Crore). Out of the total funds transferred from ZF LLPs, about ₹121 Crore (about 80%) was transferred to major recipient companies namely Toshan Seeds Private Limited (*Noticee No.* 9), MSVO Ventures Private Limited (*Noticee No.* 12), Nutrikosh India Private Limited (*Noticee No.* 15), Freshokartz, Grobanana (and its parent entity Hortifal) and Yotta Agro Ventures Pvt. Ltd. (*Noticee No.* 4). MSVO, Toshan, Freshokartz, Grobanana (and its parent entity Hortifal) and Nutrikosh are collectively referred to as ***"Supplier Entities"*** as payments were allegedly made to them for supply of goods*. Entities, vide* email dated March 16, 2024 had submitted expense details of only ₹73.24 crore (without supporting documents) made from accounts of ZF LLPs as against the amount of ₹151.93 crore that was actually transferred to Supplier Entities from accounts of ZF LLPs. It also submitted some invoices pertaining to the Supplier Entities.

186. Karbon Card *vide* email dated June 14, 2024 and June 24, 2024 provided details of transactions whereby payments of a total of ₹15.71 Crore were facilitated to various parties from the bank accounts of ZF1 (₹10.58 Crore) and ZF2 (₹5.13 Crore) during the period August 2022 to February 2023. The major (~85%) recipients of money from ZF1 and ZF2 LLPs bank accounts through Karbon Card platform are shown in the table below:

Table 15

S. No.	Source account	Recipient	Period	Amount (in ₹ crore)	Total (in ₹ crore)
1	ZF1	Toshan (IDFC Account 100*****990)	Aug 2022-Oct 2022	6.39	10.17
2	ZF2			3.78	
3	ZF1		Oct 2022	0.98	1.72

S. No.	Source account	Recipient	Period	Amount (in ₹ crore)	Total (in ₹ crore)
4	ZF2	Nutrikosh (HDFC account 502********097)	Sep 2022- Oct 2022	0.73	
5	ZF1	Freshokartz (AU Finance account 202**********650)	Aug 2022-Oct 2022	1.31	1.68
6	ZF2			0.36	
Total					**13.57**

187. Further, Kodo *vide* an email dated February 16, 2024 provided details of payments made from the accounts of three ZF LLPs for the period October 2022 to January 2024. Summary of the same is shown in the table below:

Table 16

S. No.	LLP name	Period	Amount (in ₹ crore)
1	ZF1	Oct 2022-Jan 2024	113.26
2	ZF2	Oct 2022-Jan 2024	15.84
3	ZF3	July 2023-Jan 2024	0.44
Total during Oct 2022 to Jan 2024			**129.54**

188. The major recipients (~80%) of payments made from ZF LLPs accounts through Kodo platform to Supplier Entities is shown in the below table:

Table 17

S. No.	Source account	Recipient name and account	Period	Amount (in ₹ crore)	Total (in ₹ crore)
1	ZF1	MSVO - HDFC Account number 502********231	Feb 2023- Jun 2023	9.60	36.60
2	ZF2		Mar 2023	0.27	
3	ZF1	MSVO - IDFC Account number 101*****152	Jul 2023 - Oct 2023	24.64	
4	ZF2		Jul 2023	2.09	
5	ZF1	Toshan – IDFC Account number 100*****990	Oct 2022 - Jan 2024	21.58	25.64
6	ZF2		Oct 2022 - Jul 2023	4.06	
7	ZF1	Yotta – ICICI Account number 677******443	Jan 2023- Jan 2024	15.70	15.70
8	ZF1	Freshokartz - AU Bank account number – 202**********656	Dec 2022- Dec 2023	4.51	10.30
9	ZF2		Dec 2022- Jul 2023	2.14	

S. No.	Source account	Recipient name and account	Period	Amount (in ₹ crore)	Total (in ₹ crore)
10	ZF1	Freshokartz - IndusInd Bank account number 201******883	Jun 2023-Dec 2023	3.65	
11	ZF1	GroBanana – ICICI Account number 393*****964	May 2023-Jan 2024	7.53	8.53
12		Hortifal – ICICI Account number 393*****814	Dec 2023	1.00	
13	ZF1	Nutrikosh - ICICI Account number 417******752	Nov 2022-Mar 2023	1.77	4.73
14	ZF1	Nutrikosh - HDFC Account number 502********097	Nov 2022-Mar 2023	1.53	
15	ZF2		Jan 2022-Mar 2023	1.43	
Total					**101.50**

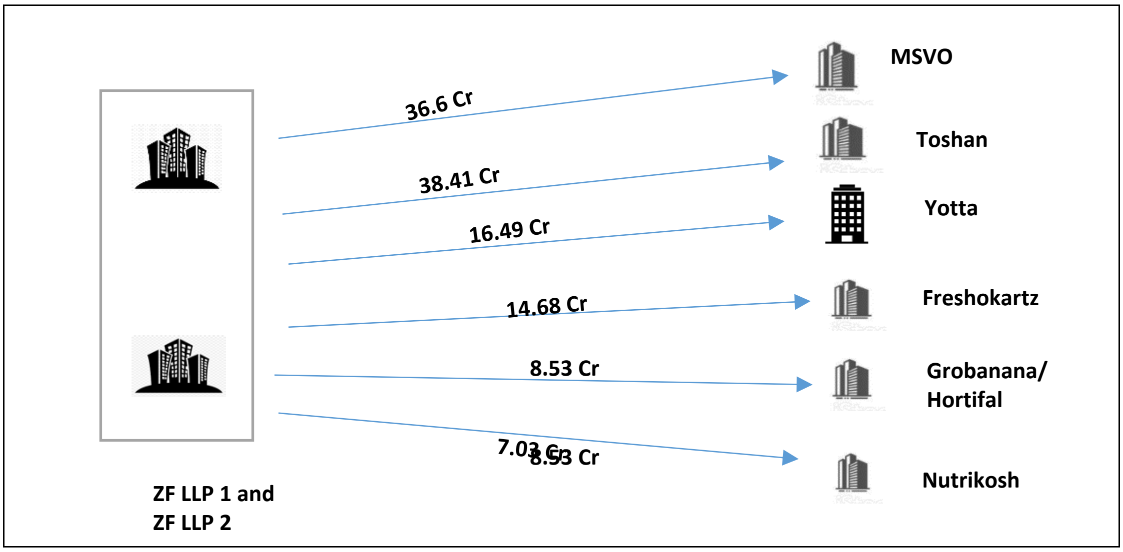
189. Further, following direct transfers from bank accounts of ZF1 and ZF2 LLPs were observed, as shown in the table below:

Table 18

S. No.	Name of counterparty	Period	Amount (in ₹ crore)
1.	Toshan	March 2022 to October 2022	2.60
2.	Freshokartz	March 2022 to June 2022	2.70
3.	Nutrikosh	March 2023 to April 2023	0.58
4.	Yotta	January 2022 to March 2023	0.79
Total			**6.67**

190. Following schematic diagram depicts the expenditure of about ₹121.75 Crore made by ZF LLPs to identified Supplier Entities and Yotta, as found during the investigation:

Figure 6



<u>**Fund transfer to Nutrikosh from ZF LLPs**</u>

191. During the investigation, the *Noticee No.* 1, on behalf of Entities *vide* email dated March 16, 2024 submitted details of expenditure of only ₹73.24 Crore made by ZF LLPs pertaining to the farming operations**.** Details furnished by the *Noticee No.* 1 stated that a payment of ₹5.61 Lakh was made to Nutrikosh towards advance for farm operations. However, perusal of the bank statements during investigation and reports submitted by Kodo and Karbon card, revealed that Nutrikosh had received a minimum amount of ₹7.03 Crore from ZF LLPs.

192. It was submitted by Nutrikosh during the investigation *vide* email dated March 11, 2024, that it was engaged in the business of carrying out production, processing and business of aggregation and selling of produce and or products from agriculture and allied sectors. It was further submitted that it had transactions with ZF LLPs, wherein, money was paid by ZF LLPs to Nutrikosh for buying seeds. However, subsequent to the money transfer, instead of buying from Nutrikosh, Nutrikosh was instructed by the *Noticee*

No. 1 to pay the said amounts to other vendors, as ZF LLPs were going to buy seeds directly from them. Nutrikosh stated that these vendors were Toshan and Yotta and the amounts were transferred to these vendors as instructed by the *Noticee No.* 1. Accordingly, since *Entities* were to buy seeds directly from Toshan and Yotta, seeds were never delivered to Nutrikosh and they were not aware if the seeds were directly delivered to ZF LLPs ever. Following summary of transactions was furnished by Nutrikosh:

Table 19

Particulars furnished by Nutrikosh	**Amount (in ₹)**
Net amount received from ZF1	4.49 Crore
Total amount received from ZF2	2.48 Crore
Amount received	**6.97 Crore**
Payments made to Yotta and Toshan Seeds as per ZF LLPs' advise	6.01 Crore
Potato Storage	70.65 Lakh
Closing Balance	**25.29 Lakh**

193. Further, during the investigation, the *Noticee No.* 9 (Toshan) *vide* email dated May 16, 2024 informed that Nutrikosh was a customer of Toshan and further, *vide* email dated June 21, 2024 Toshan provided bills worth ₹2.32 Crore for trading of Jeera/cumin seeds and ₹60 Lakh for trading of mustard seeds sold to Nutrikosh during the period October 2022 to March 2023. It was further observed from the bank account statements of Nutrikosh, Yotta and Toshan that the following amounts were transferred from Nutrikosh to Toshan and Yotta, the summary of which is shown below:

Table 20

From	**To**	**Period and transactions**	**Amount (in ₹)**
Nutrikosh HDFC	Toshan IDFC	October 2022 – December 2022 in 9 transactions	2.92 Crore
Nutrikosh HDFC	Yotta ICICI (677505500443)	October 2022 – February 2023 in 20 transactions	2.00 Crore
Nutrikosh ICICI	Yotta ICICI (677505500443)	February 2023- March 2023 in 14 transactions	0.98 Crore
	Total		**5.9 Crore**

194. I note that though *Entities* claimed to have paid a total amount of ₹5.61 Lakh as vendor to Nutrikosh, the analysis of bank accounts' narrations and reports obtained by SEBI from Kodo and Karbon card revealed that payment of minimum ₹7.03 Crore was made by ZF LLPs to Nutrikosh. During the investigation, Toshan, on the contrary, submitted that Nutrikosh was its customer and furnished bills worth ₹2.32 Crore of jeera seeds and ₹60 Lakh of mustard seeds sold to Nutrikosh. However, as noted earlier, Nutrikosh had submitted that funds received from ZF LLPs were transferred to Yotta and Toshan on instructions of ZF LLPs, without any actual trading of agri-commodities.

195. Investigation further revealed that there were 9 transactions for transfer of ₹2.92 Crore from Nutrikosh to Toshan, during the period from October 2022 to December 2022 and further, funds of ₹2.98 Crore were transferred from Nutrikosh to Yotta in 34 transactions during the period October 2022 to March 2023.

196. It is alleged in the SCN that funds transferred to Nutrikosh by ZF LLPs were without any underlying business activities and they acted as conduits to transfer funds from ZF LLPs to Yotta. It has been submitted by *Entities* in the reply that transactions between ZF LLPs, Nutrikosh, Toshan, and Yotta were legitimate commercial dealings and Yotta was not a purchaser from Nutrikosh but rather a supplier to Nutrikosh under a legitimate commercial arrangement and the same is evidenced by repeated payments made by Nutrikosh to Yotta during the period FY 2022–23 for supply of agricultural produce. It is further stated that merely since funds were transferred between different entities does not indicate any irregularity, nor does it support an allegation of funds being moved without underlying business. Amounts were transferred from Nutrikosh to Yotta for the produce purchased and the allied costs, and Nutrikosh still owes an amount of ₹31,96,494/- to Yotta.

197. I find that during the investigation, *Entities* had claimed to have paid only an amount of ₹5.61 lakh as vendor to Nutrikosh. However, bank statements and other material available on record revealed that effectively a minimum amount of ₹7.03 Crore was transferred from ZF LLPs to Nutrikosh, and no evidence has been submitted by *Entities* to rebut this before me. It is clear from the material available on record that ZF LLPs transferred an amount of ₹7.03 Crore to Nutrikosh without any underlying business since no evidence has been submitted in this regard and Nutrikosh denied any movement of goods.

198. I note that the reply to the SCN filed by Nutrikosh was also given to *Noticee Nos.* 1 to 8, wherein, it had been stated that the amounts were transferred by Nutrikosh to Yotta and Toshan on the specific instructions of the *Noticee No.* 1. In this regard, it has been submitted by *Entities* in the Written Submissions that the allegations made by Nutrikosh are frivolous in nature and ought to be rejected. The reply of Nutrikosh was also shared with *Noticee Nos.* 9 and 10 with respect to the transfer of funds made by Nutrikosh to Toshan on the instructions of the *Noticee No.* 1 without receipt of any goods. However, in this regard, I note that *Noticee Nos.* 9 and 10 have not submitted any reply.

199. Nutrikosh and one of its directors Mr. Alok Chaudhary have settled the allegations levelled against them in the SCN neither denying nor admitting them. However, the role of *Noticee Nos.* 17 to 19 needs to be examined since allegations have been made against them in the SCN for their vicarious liability for the acts of Nutrikosh, in their capacity of being its directors, during the investigation period. It has been submitted by *Noticee Nos.* 17 to 19 in the reply to the SCN that Nutrikosh received order from ZF LLPs for supply of jeera seeds to them. Subsequently, instead of proceeding with the original arrangement for jeera seeds, Nutrikosh was instructed by the *Noticee No.* 1 to procure jeera seeds from Yotta and Toshan with the direction to transfer money to Yotta and Toshan on behalf of ZF LLPs. Due to the said arrangement, jeera seeds were never delivered to Nutrikosh and the understanding was that jeera seeds would be delivered directly to ZF LLPs. However, at the end of the FY 2022-23, Nutrikosh received several invoices from Yotta and Toshan for supply of jeera seeds. Since no supply of jeera seeds was ever made to Nutrikosh, and since Yotta and Toshan were unresponsive to the queries of Nutrikosh in this regard, the amounts received from ZF LLPs which were recorded as Advances (liabilities side) were set off with the amount paid as Advances (asset side) to Yotta and Toshan.

200. In view of the above, I find that though submissions have been made by *Entities* claiming the transactions as being legitimate and owing to commercial dealings between parties, allegations made in the SCN have not been effectively rebutted and no evidence has been produced to prove genuineness of the transactions or to rebut the claim of Nutrikosh. Infact, *Noticee Nos.* 9 and 10 did not even reply to the claim of Nutrikosh. The *Noticee Nos.* 17 to 19 being directors of Nutrikosh failed in their responsibility and are therefore, vicariously liable for the acts of Nutrikosh. I note that *Noticee Nos.* 17 to 19 have admitted that money received by Nutrikosh from ZF LLPs was transferred to Toshan and Yotta on the instructions of *Noticee No. 1.* Thus, to that extent they have acted as conduit in the scheme/arrangement, though have cooperated in the investigation. It may be noted that the act of being a conduit entity was not due to ignorance, and the same was an informed decision. Further, main allegation has already been settled by the Nutrikosh. It is due to their cooperation, leniency has been shown in the case of Noticee Nos. 17 to 19.

Fund transfer to Toshan from ZF LLPs

201. During the investigation, the *Noticee No.* 1 *vide* email dated March 16, 2024 submitted that an expenditure of ₹20.61 Crore was incurred towards payment for farm inputs to Toshan and further furnished invoices raised by Toshan for the same. The invoices pertained to seeds of various types like jeera, okra-maya, watermelon, tomato, etc. The *Noticee No.* 10, Director of Toshan, *vide* email dated March 05, 2024 submitted that Toshan was engaged in seed varietal development, production, marketing, and trading of vegetable and field crops in agriculture and was producer, marketer, and trader of different kinds of agricultural seeds. It was further submitted that ZF LLP was one of its customers which bought seeds from it.

202. It was further submitted that business transactions amounting to a total of ₹39 Crore were made with *Entities* during the FYs 2021-22, 2022-23 and 2023-24, in the following manner:

Table 21

Sr. No.	Financial Year	Transactions (in ₹)
1	2021-22	Approx. 2 Cr
2	2022-23	Approx. 17 Cr
3	2023-24	Approx. 20 Cr

203. Further, *vide* email dated June 21, 2024 the *Noticee No.* 10 submitted invoices pertaining to business transactions of the *Noticee No.* 9 (Toshan) with ZF LLPs worth about ₹38.46 Crore during the period March 2022-August 2023 which pertained to the sale of seeds of mustard, chilly, tomato, okra maya, jeera, etc. Further, it was also submitted that it purchased different kinds of seeds from Barmer Revenue Entities and provided the details of financial transactions with these *Noticees*, as under:

Table 22

Name of the entity	Amount (in ₹ crore)
Unique Projects	3.59
Jaipur Chakki Fresh	20.04
Ttoys Bazar Private Limited	8.67
Vishnu Balaji	10.65
Total	**42.95**

204. This information majorly matched with the total amount of banking transactions with the aforesaid entities as per the narrations provided by the *Noticee No.* 10. Further, the *Noticee No.* 10 also provided invoices worth ₹41.98 Crore pertaining to the business of the *Noticee No.* 9 with *Noticee Nos.* 20, 23, 24 and 26 (Revenue Entities), summary of which is shown in the table below:

Table 23

S. No.	Invoice raised by	Products	Period	Amount (in ₹ crore)
1	Vishnu Balaji	Different types of seeds like Tomato, Jeera, watermalo, okra, etc	Mar 22- Aug 23	10.26
2	Ttoys		Mar 22- Aug 23	8.67
3	JCF		May 22- Jan 24	19.46
4	Unique Projects		Sep 22- Nov 22	3.59
Total			Mar 22- Jan24	**41.98**

205. It was observed that the total value and period of bills approximately matched with the total value and period of payments made to each of the *Barmer Revenue Entities* by the *Noticee No.* 9, as observed from bank account transactions of these entities. However, the bills related to JCF were alleged to be invalid as its GST number had already been cancelled w.e.f March 30, 2022. The issue related to the cancellation of GST certificate of JCF is discussed in detail later.

206. The *Noticee No.* 23 (Vishnu Upadhyaya), *vide* email dated July 02, 2024, furnished details pertaining to transactions of JCF, Ttoys and Unique Projects (Revenue Entities) with Toshan (Supplier Entity), summary of which is shown in the table below:

Table 24

S. No.	Entity	Total amount of transaction with Toshan (in ₹)	Purpose of transactions
1	Jaipur Chakki Fresh	13,02,99,559/-	Sale
2	Ttoys Bazar Private Limited	1,73,25,330/-	Sale
3	Unique Projects	63,58,157/-	Sale

207. It was observed during the investigation that neither the details of transactions nor the bills submitted by the *Noticee No.* 23, matched with the amounts and period of banking transactions observed in the bank statements of Toshan and JCF/Ttoys/Unique Projects.

208. From the analysis of bank account statements and the transaction summary provided by Kodo and Karbon card, it was observed that Toshan had received a minimum of ₹38.41 Crore from ZF LLPs. Further, out of the funds received from ZF LLPs, as noted earlier, Nutrikosh had transferred a minimum of ₹2.92 Crore to Toshan, which made the total funds received by Toshan from ZF LLPs (directly and indirectly) to be a minimum of ₹41.33 Crore.

209. During the period from January 2022 to January 2024, Toshan received a total of ₹45.61 Crore in its IDFC account, out of which minimum amount of ₹41.33 Crore was received from ZF LLPs/Nutrikosh comprising of 90.61% of its total bank account receipts. Post January 2024, no credits were observed in the bank account of Toshan till April 26, 2024 and it was alleged that Toshan's claimed revenue since 2022 was substantially dependent on its dealings with the ZF LLPs since no other credits were being made in the bank accounts of Toshan.

210. From the narration of bank statements of Toshan, JCF, Ttoys, Unique Projects and Vishnu Balaji it was found that a minimum of ₹42.51 Crore was transferred from Toshan to Ttoys, JCF, Unique Projects and Vishnu Balaji during the period from March 2022 to January 2024. The aforesaid debits constituted 91.44% of the total debits from the bank account of Toshan.

211. It was observed from the bank statements that fund transfers from ZF LLPs to JCF, Ttoys, Unique Projects and Vishnu Balaji via Toshan were done on the same day or within a few days. A few such bank transactions are discussed below:

a. Transactions dated March 17, 2022 in Toshan IDFC bank statement

It was observed that approximately ₹0.50 Crore was transferred from ZF LLPs to Vishnu Balaji and Ttoys via Toshan on the same day.

Table 25

Transaction date	Transaction Amount (in ₹)	Narration
17-03-2022	1349457	RTGS/YESBR52022031790066856/ZF PROJECT/YESB0000001
17-03-2022	1657283	RTGS/YESBR52022031790066807/ZF PROJECT/YESB0000001
17-03-2022	-3006740	RTGS/IDFBR52022031700633528/VISNU BALAJI FARMER PR
17-03-2022	914563	RTGS/YESBR52022031790075746/ZF PROJECT/YESB0000001
17-03-2022	1119290	RTGS/YESBR52022031790075720/ZF PROJECT/YESB0000001
17-03-2022	-2033853	IFT/10085231683/TTOYS BAZAR PRIVATE /4829312

b. Transactions dated July 3, 2023 in Toshan IDFC bank statement

It was observed that approximately ₹0.89 Crore was transferred from ZF LLPs to Vishnu Balaji and JCF via Toshan on the same day.

Table 26

Transaction date	Transaction Amount (in ₹)	Narration
03-07-2023	4326799	RTGS/RATNR52023070300542289/EASEBUZZ P/RATN0000999
03-07-2023	4672304	RTGS/RATNR52023070300542645/EASEBUZZ P/RATN0000999
03-07-2023	-3084725	RTGS/IDFBR52023070300374762/VISNU BALAJI FARMER PR

Transaction date	Transaction Amount (in ₹)	Narration
03-07-2023	-4216300	RTGS/IDFBR52023070300375036/jaipur chakki fresh/BA
03-07-2023	-1421200	RTGS/IDFBR52023070300375046/jaipur chakki fresh/BA

c. Transactions dated August 8, 2022 in Toshan IDFC bank statement

It was observed that approximately ₹0.51 Crore was transferred from ZF LLPs to *Revenue Entities* via Toshan on the same day. It is noted that narration "Interropac" pertains to fund transfer from ZF LLP to Toshan via Karbon card platform.

Table 27

Transaction date	Transaction Amount (in ₹)	Narration
08-08-2022	273508	IMPS-INET/Fund Trf/222013629039/INTERROPACPVTLT/0
08-08-2022	262952	IMPS-INET/Fund Trf/222013639564/INTERROPACPVTLT/0
08-08-2022	1535907	RTGS/YESBR52022080894396505/INTERROPAC PVT LTD ESC
08-08-2022	929401	RTGS/YESBR52022080894396420/INTERROPAC PVT LTD ESC
08-08-2022	623761	RTGS/YESBR52022080894396337/INTERROPAC PVT LTD ESC
08-08-2022	304355	RTGS/YESBR52022080894396426/INTERROPAC PVT LTD ESC
08-08-2022	770575	RTGS/YESBR52022080894396329/INTERROPAC PVT LTD ESC
08-08-2022	481133	RTGS/YESBR52022080894396670/INTERROPAC PVT LTD ESC
08-08-2022	-1737631	RTGS/IDFBR52022080800560039/VISNU BALAJI FARMER PR
08-08-2022	-2360375	RTGS/IDFBR52022080800560052/VISNU BALAJI FARMER PR
08-08-2022	-906456	RTGS/IDFBR52022080800561384/VISNU BALAJI FARMER PR

212. Since Toshan had negligible fund inflows into its account other than from ZF LLPs and almost equal amount (approx. ₹41 Crore) as received by Toshan from ZF LLPs, was transferred to *Barmer Revenue Entities* and Vishnu Balaji during similar periods, it was alleged that majority of the purported business dealings of Toshan were with *Entities*, JCF, Ttoys, Unique Projects and Vishnu Balaji and barring them, there were no significant business dealings.

213. As discussed earlier, certain queries were posed to Toshan during the hearing before me, *inter alia,* asking it to provide receipts of warehouse(s) where the commodities to be traded were stored/parked, transportation documents pertaining to the traded goods, evidence for majority of transactions being only with ZF LLPs and Revenue Entities without much time lag and mostly on the same days. I note that inadequate response to the aforesaid queries has been submitted by Toshan.

214. W.r.t. the transactions undertaken by Toshan, I note that during the investigation Toshan had submitted that it was, *inter alia,* engaged in seed varietal development and production of crops in agriculture. However, in response to the specific queries raised by me regarding value addition done by Toshan in the procured goods before supplying them to ZF LLPs, it has been stated that it operated as a specialized seed aggregator and distributor and **no specific value addition was done by it**, rather only specific instructions were provided to their vendors regarding the categorization of seeds, including mandatory protocols for grading, sorting, and moisture-level verification of the seeds. It has further been stated that due to the direct-transit approach followed by it, seeds were moved directly from the vendor's facility to end-user and hence no warehousing receipts were available. Further, since they did not engage directly with transporters, no transportation documents were available.

215. In response to the majority of business dealings being with only Yotta, ZF LLPs, and other Revenue Entities apart from any other suppliers/buyers, it has been submitted by Toshan that though there was a diverse portfolio of vendors and customers across the seed industry, the volume of business with any particular entity was driven purely by the scale of their specific business and requirements at that time. Thus, Toshan has not denied that most of its business was with ZF LLPs, Yotta and Revenue Entities. In this regard, I note that Toshan had received a total amount of ₹45.61 crore in its bank account of which a minimum of ₹41.33 crore was received from ZF LLPs. Further, during the same period, a minimum of ₹42.51 crore was transferred from Toshan to Revenue Entities (JCF, Ttoys, Unique Projects and Vishnu Balaji) and these transfers were either done on the same day or within a few days. Even the reason given for such transfer is same. For payment made to JCF, Ttoys, Unique Projects & Vishnu Balaji, it has been stated to be for purchase of different types of seeds like tomato, jeera, watermelon, okra, etc. Similarly, for payment received from ZF LLPs same items are stated to be supplied. It has also been admitted that no value addition was done by it. Given that most transactions are amongst themselves and no value addition, in effect what has been stated is that Revenue Entities have supplied various types of seeds to Toshan and Toshan supplied the same to ZF LLPs. This does not make any commercial sense since source of purchases of Revenue Entities is Yotta. Thus, in effect what is stated is that seeds are going from one pocket (yotta) to another pocket (ZF LLPs). Thus, Revenue Entities got payment from ZF LLPs through Yotta. It is further explained in the order how this money was transferred by Revenue Entities to Yotta.

216. I find that the complete trail of fund transfers from ZF LLPs to Yotta cannot be treated to be merely coincidental as the pattern of receipt of funds by Toshan from ZF LLPs and further transferring of the same amount to JCF, Ttoys, Mateshwari and Unique Projects was repeated consistently throughout the period from January 2023 to January 2024 which overlapped with the period of illegal fund mobilization by Growpital. The invoices submitted by *Noticees* cannot be regarded as genuine since they do not represent any actual transfer of goods and are further uncorroborated by any form of warehouse receipts, transportation invoices, etc. signifying any commercial activity. Further, Toshan did not respond to claim of Nutrikosh that there was no transaction of goods and money paid by Nutrikosh to Toshan was on the instructions of the *Noticee No.* 1. Further, it explained in reply to question raised during the hearing that it is not doing any value addition. In view of the material available on record and absence of cogent evidence, I hold that Toshan acted as a conduit to transfer funds from ZF LLPs to Yotta *via* Revenue Entities, without any underlying purchase/sale of goods.

Fund transfer from ZF LLPs to MSVO

217. Vide email dated March 16, 2024 *Entities* claimed to have incurred expenditure of ₹26.83 Crore towards payment for farm inputs to MSVO and furnished invoices raised by MSVO for the same. The invoices pertained to purchase of organic manure and inputs. The *Noticee No.* 13 *vide* email dated March 18, 2024 submitted that it was engaged in the business of agriculture-related activities and that it was a supplier of goods like compost, bee colonies, earthworms, etc.

218. MSVO submitted invoices amounting to ₹36.66 Crore pertaining to business transactions with ZF LLPs during the period January 2023-October 2023 for the sale of Organic manure and inputs to ZF LLP1 and ZF LLP2. It was observed that all the bills for business with ZF LLPs pertained only to one product *i.e.* sale of organic manure and inputs and all the bills submitted by MSVO were handwritten.

219. It was further, *inter alia,* submitted by MSVO that it had "business dealings" with the said Barmer Revenue Entities and submitted the total amount of financial transactions with the said entities, details of which are shown in the table below:

Table 28

Name of the entity	Amount (in ₹Crore)
Unique Projects	4.88
JCF	10.74
Ttoys	15.47
Mateshwari	4.47
Total	**35.56**

220. Further, bills/invoices of transactions of MSVO with *Barmer Revenue Entities* were provided by MSVO which are as under:

Table 29

Name of counterparty	Total value of bills (in ₹ crore)	Period of Bills	Product
JCF	8.35	Jul-Oct 2023	Third grade waste
Ttoys	11.83	May-Oct 2023	Agriculture Waste
Unique Projects	5.85	Jun-Sep 2023	Jeera Seeds
Mateshwari	2.69	June-Aug 2023	Jeera Seeds

221. It was observed from the narrations provided in the bank account statements of MSVO, ZF LLPs and the transaction details provided by Kodo that MSVO had received a minimum of ₹36.60 Crore from ZF LLPs during the period from February 2023 to October 2023, which was 94.04% of the total credits of ₹38.08 Crore received by MSVO in its bank accounts from all transactions.

222. From the narrations of bank account statements of MSVO, it was noted that a minimum of ₹37.55 Crore was debited from MSVO to JCF, Ttoys, Unique Projects and Mateshwari during the period from February 2023 to October 2023 which was 95.47% of the total debits of ₹39.33 Crore from all transactions in the bank accounts of MSVO. The breakdown of the same is shown as follows:

Table 30

S. No.	From	To	Period	Amount (in ₹ crore)	Total (in ₹ crore)
1	MSVO IDFC	JCF Bank of Baroda	Jul 23- Oct 23	8.35	10.74
2	MSVO HDFC	JCF Bank of Baroda	Feb 23-Mar 23	2.39	
3	MSVO IDFC	Ttoys Bazaar IDFC	Jul 23- Oct 23	11.36	15.01
4	MSVO HDFC	Ttoys Bazaar IDFC	Feb 23-Mar 23	3.65	
5	MSVO IDFC	Unique Projects SBI	Jul 23- Oct 23	4.89	7.32
6	MSVO HDFC	Unique Projects SBI	Mar-23	2.43	
7	MSVO IDFC	Mateshwari	Jul 23 - Aug 23	1.07	4.48
8	MSVO HDFC	Mateshwari	Mar-23	3.41	
Total				**37.55**	

223. It was observed that the information provided by MSVO nearly matched with the total amount of banking transactions with the said entities except Unique Projects to whom evidently ₹7.32 Crore were transferred as against ₹4.88 Crore claimed. Furthermore, sample transactions from the bank statements of MSVO were observed which showed fund transfers within short periods of time from ZF LLPs to JCF/Ttoys/Unique Projects/Mateshwari (Revenue Entities) routed via MSVO (Supplier Entity). A few such bank transactions are detailed in the succeeding paragraphs:

a. Transactions in MSVO IDFC account (July 14, 2023 – July 21, 2023)

It was observed that approximately ₹1.37 Crore was transferred from ZF LLPs to *Revenue Entities* via MSVO within 6-7 days of the receipt of funds during the period highlighted above. In the table showing the transactions below, it was observed that the narration "Easebuzz" pertained to credit from ZF LLPs in this case, as Kodo facilitated transfers from ZF LLPs accounts to other accounts using Easebuzz payment gateway.

Table 31

TRANDATE	TRNAMOUNT	USER_NARRATION
14-07-2023	13693500	RTGS/RATNR52023071400773177/EASEBUZZ P/RATN0000999
14-07-2023	7005200	RTGS/RATNR52023071400774124/EASEBUZZ P/RATN0000999
20-07-2023	-4374820	RTGS/IDFBR52023072000554303/JAIPUR CHAKKI FRESH/BA
20-07-2023	-3674900	IFT/10085231683/TTOYS BAZAR PRIVATE /15801973
21-07-2023	-3289100	RTGS/IDFBR52023072100561905/mateshwari trading com
21-07-2023	-2639040	RTGS/IDFBR52023072100561912/MS UNIQUE PROJECTS/SBI

b. Transactions in MSVO IDFC account (August 22, 2023 – August 28, 2023)

It was observed that approximately ₹2.6-2.7 Crore was transferred from ZF LLPs to *Revenue Entities* via MSVO within 1-6 days of receipt of funds during August 22, 2023 to August 29, 2023. The details are mentioned in the below table-

Table 32

TRANDATE	TRNAMOUNT (in ₹)	USER_NARRATION
22-08-2023	27359540	RTGS/RATNR52023082200483672/EASEBUZZ P/RATN0000999
23-08-2023	-4872920	NEFT/IDFBH23235084617/JAIPUR CHAKKI FRESH/BARB0MAN
23-08-2023	-5204900	NEFT/IDFBH23235084622/MS UNIQUE PROJECTS/SBIN00060

TRANDATE	TRNAMOUNT (in ₹)	USER_NARRATION
25-08-2023	-3954317	IFT/10085231683/TTOYS BAZAR PRIVATE /21912496
28-08-2023	-7492820	RTGS/IDFBR52023082800535002/JAIPUR CHAKKI FRESH/BA
28-08-2023	-4632780	RTGS/IDFBR52023082800544115/MS UNIQUE PROJECTS/SBI

c. Transactions in MSVO HDFC Account (March 16, 2023)

It was seen that approximately ₹2.4 Crore was transferred from ZF LLPs to *Revenue Entities* via MSVO on the same day on March 16, 2023 details of which are shown in the table below-

Table 33

Date	Narration	Withdrawal Amt.	Deposit Amt.
16-03-2023	RTGS CR-ICIC0000011-EASEBUZZ PRIVATE LIMITED ESCROW ACC-MSVO VENTURES PRIVAT-ICICR42023031600510072	0	9362800
16-03-2023	RTGS CR-ICIC0000011-EASEBUZZ PRIVATE LIMITED ESCROW ACC-MSVO VENTURES PRIVAT-ICICR42023031600510160	0	6391500
16-03-2023	RTGS CR-ICIC0000011-EASEBUZZ PRIVATE LIMITED ESCROW ACC-MSVO VENTURES PRIVAT-ICICR42023031600510254	0	8284400
16-03-2023	RTGS DR-IDFB0042128-TTOYS BAZAR PRIVATE LIMITED-KOTA JUNCTIO-HDFCR52023031690629901	24115400	0

d. Transactions in MSVO HDFC Account (March 17, 2023 – March 18, 2023)

It was observed that approximately ₹1.38 Crore was transferred from ZF LLPs to Revenue Entities via MSVO within a day on 17-18 March 2023. Details of the same are provided in the table below-

Table 34

Date	Narration	Withdrawal Amt. (₹)	Deposit Amt. (₹)
17-03-2023	RTGS CR-ICIC0000011-EASEBUZZ PRIVATE LIMITED ESCROW ACC-MSVO VENTURES PRIVAT-ICICR42023031700501753	0	13824600
17-03-2023	RTGS DR-BARB0MANJAI-JAIPUR CHAKKI FRESH-NETBANK, MUM-HDFCR52023031790937391-PAYMENT	2945300	0

Date	Narration	Withdrawal Amt. (₹)	Deposit Amt. (₹)
18-03-2023	RTGS DR-IDFB0042128-TTOYS BAZAR -KOTA JUNCTIO-HDFCR52023031891313608	10847550	0

224. During the investigation, it was further observed that invoices worth ₹36.67 Crore of business transactions between ZF LLPs and MSVO pertained to only one commodity *i.e.* organic manure. It was stated by the *Noticee No.* 13 that more than 75% of the manure was supplied to ZF LLPs for Barmer farmlands.

225. On the basis of analysis of the bank transaction statements, it was observed that MSVO had negligible revenue sources other than ZF LLPs and almost similar amount (approx. ₹36 Crore) that was received by MSVO from ZF LLPs for the sale of organic manure, was transferred to *Noticee Nos.* 20, 23, 24 and 25 within a few days. Thus, the majority of the purported business dealings of MSVO were alleged to be with *Entities* and *Barmer Revenue Entities* and barring them, there were no significant business dealings.

226. In reply to the SCN, it has been submitted by MSVO that it was primarily engaged in the supply of organic compost made from biodegradable waste material. However, it has been submitted by Ttoys, JCF, Unique Projects, Mateshwari and Vishnu Balaji in their identical replies that whenever there was demand for agricultural produce from MSVO and Toshan, they procured the material from Yotta and supplied it further to MSVO and Toshan. Majority of the revenue has been claimed by Yotta by selling jeera seeds to these Revenue Entities. In this regard, I find that there is glaring inconsistency in the business activities of Supplier Entities and Revenue Entities since MSVO was in the business of agricultural waste. I find that invoices related to Unique Projects and Mateshwari submitted by MSVO pertained to jeera seeds whereas, the stated business activity of MSVO was of agricultural waste. Given that there is hardly any transaction of MSVO with persons other than ZF LLPs on one side and Revenue Entities on other side, it is impossible to imagine how jeera seeds purchased from Revenue Entities (Unique Projects

& Mateshwari) got converted into organic compost, agricultural manure, etc. before being supplied to ZF LLPs.

227. W.r.t. the transactions undertaken by MSVO, I note that in the reply filed to the SCN, MSVO has denied any involvement for the purpose of layering and acting as a conduit in the whole scheme. It has been submitted that all transactions undertaken with *Entities* were commercial transactions backed by genuine invoices and no evidence of circular or fraudulent routing of funds has been brought out in the SCN. However, I find that a large number of transfers as shown in the preceding paragraphs from ZF LLPs to JCF, Ttoys, Unique Projects and Mateshwari were routed via MSVO and there was not much time lag in the transfers undertaken pursuant to such purported business dealings. I further find that during the hearing before me, certain questions, *inter alia,* pertaining to value addition carried out by MSVO in the goods supplied to ZF LLPs, discrepancy in the goods received from Unique Projects & Mateshwari and further supplied to ZF LLPs, receipts of warehouses where commodities were stored/parked, transportation documents, if any, were asked, however, no response to these queries has been submitted by MSVO. Further, no explanation has been provided by MSVO for majority of its transactions carried out only with ZF LLPs and other Revenue entities without much time lag and mostly on the same days. I further find that no explanation has been provided by MSVO for substantial mismatch in the values mentioned in invoices (₹2.69 crore) and the fund transfers (₹4.48 crore) for transactions with Mateshwari.

228. It needs to be seen that there are major contradictions in the value and period of the raised invoices compared to value and period of the banking transactions undertaken between entities. I further find that the bills related to Unique Projects and Mateshwari with MSVO pertained to trading of jeera seeds, whereas, the stated business of MSVO and supply to ZF LLPs was of agricultural waste. It is a matter of record that the total amount that was received by MSVO from ZF LLPs, was only for the sale of organic manure. Most of the purchase is from Revenue Entities and most of the sale is to ZF LLPs. No satisfactory response has been given by MSVO in this regard and merely bare denials have been made. I further find that the claim of Entities of land under cultivation/management in Barmer has already been held to be contradictory and baseless.

229. In view of the material available on record, I find that there are major contradictions in the value and period of bills compared to value and period of banking transactions. I further find that a large number of fund transfers from ZF LLPs to JCF, Ttoys, Mateshwari, Unique Projects via MSVO occurred within a period of 1-7 days, without any underlying business activities and therefore, it is held that MSVO acted as a conduit to transfer funds from ZF LLPs to Yotta, without any underlying purchase/sale of goods.

III. <u>Flow of funds from Revenue Entities</u>

230. Investigation revealed that the money received by Supplier Entities from ZF LLPs was further transferred by them to second layer of recipients *i.e.* Ttoys, JCF, Unique Projects, Mateshwari, Impact Agro and Vishnu Balaji (**"Revenue Entities")**. It was submitted by *Entities* that the revenue claimed to have been collected by them from these Revenue Entities was credited into the ICICI bank accounts of the *Noticee No.* 4 (Yotta). *Noticee No.* 1, on behalf of *Entities*, *vide* emails dated February 18, 2024 and March 16, 2024 submitted the information of revenue details, wherein, revenue amounting to ₹73.78 Crore was submitted alongside details of buyers of farm produce, amount of invoices, farm details, crops and the bank accounts in which the claimed revenue was realized. Summary of major revenue (~90% of total) claimed by *Entities* were from following buyers:

Table 35

S. No.	Buyer name	Crop	Farm name	Bank account in which revenue was realized	Amount of revenue realized (in ₹ crore)
1	Ttoys Bazaar	Jeera	Rajasthan, Barmer, Chauhtan - Taratara Math - Vikram Singh Ji	Yotta ICICI account No. 677******410 and 677******443	28.70
2	Jaipur Chakki Fresh				20.36
3	Unique Projects				10.75

S. No.	Buyer name	Crop	Farm name	Bank account in which revenue was realized	Amount of revenue realized (in ₹ crore)
4	Mateshwari/ Mateshwari Trading				0.95
5	Impact Agro	Jeera,	Rajasthan, Barmer, Chauhtan - Taratara Math - Vikram Singh Ji	Yotta ICICI account No. 677******410 and 677******443	0.90
		Amla, Fresh turmeric, Moong, Guava	Madhya Pradesh, Raisen, Sultanpur - Chitoda Bhagaspur - Jitendra Kumar, Rajasthan, Kota, Pipalda - Badodiya - Manoj Khandelwal & Laxmi Gupta, Rajasthan, Jaipur, Khatipur - Sushilpura - Abhinav ji,	Yotta ICICI account No. 677******410	1.02
6	Harihar Agri Genetics	Mustard	Gujarat, Anand, Anand - Anand - Gopal Kuchhadiya	Yotta ICICI account No. 677******410	3.12
	Total				**65.80 (89.18% of total revenue claimed)**

231. It is seen from the above table that out of the total revenue claimed by *Entities*, ₹61.68 Crore (83.60%) was claimed by only selling jeera seeds pertaining to 75-acre farmland in Barmer. It has already been discussed at para 182 about impossibility of such revenue from Barmer farmland. The summary of credit transactions in the ICICI bank accounts of the *Noticee No.* 4 (Yotta), bearing numbers 677******443 and 677********410, based on narration of the bank statements is shown in the following table:

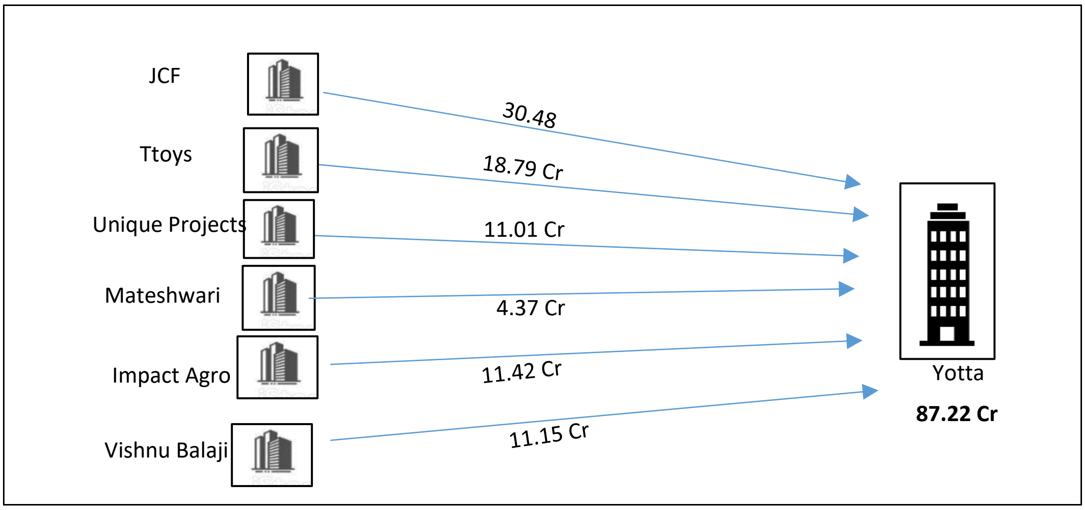
Table 36

S. No.	*Revenue Entities* based on narrations	Credited in Yotta Account	Period	Amount (in ₹ crore)	Total (in ₹ crore)
1	JCF	ICICI account 677******443	May 2022- Jan 2024	29.44	30.48
		ICICI account 677******410	Jan 2024	1.04	
2	Ttoys	ICICI account 677******443	Oct 2022- Oct 2023	15.29	18.79
		ICICI account 677******410	Oct 2023	3.50	
3	Unique Projects	ICICI account 677******443	Mar 2022 - Mar 2023	6.24	11.01
		ICICI account 677******410	Jul 2023 - Nov 2023	4.78	
4	Mateshwari Trading	ICICI account 677******443	Mar 2023 - Apr 2023	3.32	4.37
		ICICI account 677******410	Jul 2023- Aug 2023	1.05	
5	Impact Agro	ICICI account 677******443	Mar 2022 - Dec 2023	9.39	11.42
		ICICI account 677******410	Jul 2023- Dec 2023	2.02	
6	Vishnu Balaji	ICICI account 677******443	Mar 2022 - Aug 20 23	10.70	11.15
		ICICI account 677******410	Jul 2023 -Aug 2023	0.44	
Total					**87.22**

232. Thus, there are discrepancies in details submitted with comparable bank statements. Further, as shown in the schematic diagram earlier, apart from the above amount of ₹87.22 Crore, credits of ₹16.49 Crore were directly made by ZF1 LLP to the bank account of Yotta, during the period from October 2022 to January 2024. With respect to the revenue claim of ₹3.12 Crore made by *Entities* from Harihar Agri Genetics, it was observed from the narrations of the aforesaid ICICI bank account statements of Yotta that there were no credits from Harihar Agri Genetics and it was alleged that the claim of revenue receipts from Harihar Agri Genetics was without any underlying bank credit transactions.

233. In view of submissions made by *Entities* and the information obtained from the bank account statements of "*Revenue Entities",* it was observed from the revenue details furnished by *Entities* that the revenue from Ttoys, JCF, Unique Projects, Mateshwari was claimed to be earned by only selling jeera seeds from 75-acre farmland in Barmer. Following schematic diagram represents the receipts in bank accounts of Yotta from Revenue Entities:

Figure 7



Revenue claimed from JCF, Ttoys and Unique Projects

234. Vide email dated March 16, 2024**,** the *Noticee No.* 1, *inter alia,* submitted details of ₹59.82 Crore of revenue realized by selling jeera seeds, claimed to be grown in Barmer farmlands, to Ttoys, JCF and Unique Projects and summary of invoices submitted in this regard is as follows:

Table 37

S. No.	**Billed by Yotta to**	**Period**	**Amount (in ₹ crore)**
1	Ttoys	May 23 - Oct 23	28.70
2	JCF	Apr 23 - Oct 23	20.36
3	Unique Projects	Jun 23 - Sep 23	10.76
Total		**Apr 23 - Oct 23**	**59.82**

235. *Vide* email dated April 28, 2024 Vishnu Dutt Upadhyaya (*Noticee No.* 23), *inter alia,* submitted that Ttoys and JCF were engaged in the business of Flour, Spices, Food and agro produce and they were buyers of jeera seeds from Yotta. During investigation, it was found that the GST number of Jaipur Chakki Fresh was cancelled *w.e.f.* March 30, 2022 as further confirmed by CGST department, Rajasthan *vide* letter dated May 07, 2024. Further, the MSME registration certificate (Udyam certificate no. UDYAM-RJ-17-0144659) of Jaipur Chakki Fresh, received from the *Noticee No.* 23 was verified from the website of Ministry of MSME (Link- https://udyamregistration.co.in/certificate/verify.php), wherein, it was observed that the said Udyam certificate number was invalid as the website displayed the message ***"Invalid Udyam number entered".*** From the KYC details of Unique Projects' bank account, it was observed that a person named Mr. Sukh Kanwar is the proprietor of Unique Projects.

236. It was observed from the narrations of bank statements of JCF (Bank of Baroda a/c no. 245********304) for the period April 12, 2022 to April 25, 2024, Ttoys (IDFC a/c no. 100*****683) for the period February 15, 2022 to April 29, 2024, Unique Projects (SBI a/c no. 612*****960) for the period September 23, 2015 to April 25, 2024 and Yotta (ICICI a/c nos. 677******410 and 677******443), that a total of ₹60.29 Crore were transferred to bank accounts of Yotta during the period May 2020 to January 29, 2024 which was more than 75% of the total debits from these accounts during the relevant period. The breakdown of the same is shown in the table below:

Table 38

S. No.	***Revenue Entities***	**Date of start of period - (Account opening date of *Revenue Entity* or Yotta, whichever is later)**	**Total debits from start of period to Jan 29, 2024 (in ₹ crore)**	**Total debits to Yotta (in ₹ crore)**	**Percentage of debit transactions to Yotta to total debit transactions**
1	Jaipur Chakki Fresh	April 12, 2022	31.60	30.48	96.45%
2	Ttoys	Feb 15, 2022	29.83	18.79	62.43%
3	Unique Projects	May 8, 2020 (Date of opening of Yotta ICICI account 677******443)	17.03	11.02	63.66%
	Total		**78.46**	**60.29**	**76.84%**

237. It was observed from the narrations of bank statements of JCF, Ttoys and Unique Projects that during the period of debits from their bank accounts to the accounts of Yotta, there was continuous flow of funds into their accounts from two of the *Supplier Entities – Noticee No.* 9 (Toshan, IDFC a/c no. 100*****990 during the period from June 11, 2019 to February 08, 2024) and

Noticee No. 12 (MSVO, HDFC a/c no. 502********231 during the period from January 28, 2023 to April 24, 2024 and IDFC a/c no. 101*****152 during the period from June 21, 2023 to April 05, 2024) which was more than 80% of the total credits that were made in these accounts during the relevant period. The breakdown of the same is shown as under:

Table 39

S. No.	***Revenue Entities***	**Date of start of period** **(Account opening date of *Revenue Entity* or Yotta, whichever is later)**	**Total credits from Toshan and MSVO (in ₹ crore)**	**Total credits from start of period to Jan 29, 2024 (in ₹ crore)**	**Percentage of credit transactions from Toshan and MSVO to total credit transactions**
1	Jaipur Chakki Fresh	April 12, 2022	30.35	31.74	96.88%
2	Ttoys	Feb 15, 2022	23.69	30.29	78.21%
3	Unique Projects	May 8, 2020 (Date of opening of Yotta ICICI account 677505500443)	10.92	17.67	61.79%
Total			**64.96**	**79.70**	**81.50%**

238. It was further observed that JCF, Ttoys, Unique Projects transferred about 93% of the total amount received in their bank accounts from Toshan and MSVO to Yotta within similar period, as summarized in the table below:

Table 40

<table>
<tr><th>S. No.</th><th>Revenue Entities</th><th>Supplier Entities</th><th>Funds received in Revenue Entities from Supplier Entities (in ₹ crore)</th><th>Total funds received in Revenue Entities (in ₹ crore)</th><th>Period of receipt of funds in Revenue Entities from Supplier Entities</th><th>Overall period of receipt in Revenue Entities account from Supplier Entities account</th><th>Fund transfer from Revenue Entities to Yotta accounts (in ₹ crore)</th><th>Period of transfer of fund from Revenue Entities to Yotta accounts</th></tr>
<tr><td>1</td><td rowspan="3">Jaipur Chakki Fresh</td><td>MSVO IDFC</td><td>8.35</td><td rowspan="3">30.35</td><td>Jul 23-Oct 23</td><td rowspan="3">May 2022 to Jan 2024</td><td rowspan="3">30.48</td><td rowspan="3">May 2022 to Jan 2024</td></tr>
<tr><td>2</td><td>MSVO HDFC</td><td>2.39</td><td>Feb 23-Mar 23</td></tr>
<tr><td>3</td><td>Toshan IDFC</td><td>19.60</td><td>May 22-Jan 24</td></tr>
<tr><td>4</td><td rowspan="3">Ttoys</td><td>MSVO IDFC</td><td>11.36</td><td rowspan="3">23.69</td><td>Jul 23-Oct 23</td><td rowspan="3">Mar 2022 to Aug 2023</td><td rowspan="3">18.79</td><td rowspan="3">Oct 2022 to Oct 2023</td></tr>
<tr><td>5</td><td>MSVO HDFC</td><td>3.65</td><td>Feb 23-Mar 23</td></tr>
<tr><td>6</td><td>Toshan IDFC</td><td>8.68</td><td>Mar 22-Aug23</td></tr>
</table>

S. No.	*Revenue Entities*	*Supplier Entities*	Funds received in *Revenue Entities* from *Supplier Entities* (in ₹ crore)	Total funds received in *Revenue Entities* (in ₹ crore)	Period of receipt of funds in *Revenue Entities* from *Supplier Entities*	Overall period of receipt in *Revenue Entities* account from *Supplier Entities* account	Fund transfer from *Revenue Entities* to Yotta accounts (in ₹ crore)	Period of transfer of fund from *Revenue Entities* to Yotta accounts
7	Unique Projects	MSVO IDFC	4.89	10.92	Jul 23-Oct 23	Oct 2022 to Oct 2023	11.01	Mar 2022-Nov 2023
8		MSVO HDFC	2.43		Mar-23			
9		Toshan IDFC	3.60		Oct 22-Nov 22			
Summary			**₹64.96 Crore received by JCF, Ttoys and Unique Projects from Toshan and MSVO during period of March 2022 to January 2024**			**₹60.29 Crore transferred by JCF, Ttoys and Unique Projects to Yotta's account during the period May 2022 to Jan 2024.** **Accordingly, 93% of funds received by JCF, Ttoys and Unique Projects from MSVO and Toshan were moved to accounts of Yotta**		

239. The investigation revealed that there was not much time lag in most of the fund transfers that took place between *Supplier Entities, Revenue Entities* and Yotta. A few transactions are discussed in the subsequent paragraphs:

a. <u>Transactions of JCF (Bank of Baroda account) in August, 2022</u>

It was seen that approximately ₹35 Lakh received from Toshan on August 22, 2022 was transferred to Yotta on August 22-23, 2022. Further, approximately ₹26 Lakh was received from Toshan on August 27, 2022 and approximately ₹25 Lakh was transferred to Yotta on August 31, 2022. Details are as under:

Table 41

Transaction Date	Narration	Credit Amount (in ₹)	Debit Amount (in ₹)
22-08-2022	RTGS-IDFBR52022082200653874-TOSHAN SEEDS PRIVATE L	15,07,070.00	0.00
22-08-2022	RTGS-IDFBR52022082200653895-TOSHAN SEEDS PRIVATE L	20,61,515.00	0.00
22-08-2022	RTGS-BARBR52022082200753017-YOTTA AGRO VENTURES PR	0.00	20,00,000.00
23-08-2022	RTGS-BARBR52022082300756252-YOTTA AGRO VENTURES PR	0.00	14,37,540.00

Transaction Date	Narration	Credit Amount (in ₹)	Debit Amount (in ₹)
27-08-2022	RTGS-IDFBR52022082700302394-TOSHAN SEEDS PRIVATE L	26,49,070.00	0.00
31-08-2022	RTGS-BARBR52022083100892521-YOTTA AGRO VENTURES PR	0.00	25,04,750.00

b. <u>Transactions of JCF (Bank of Baroda account) in October, 2023</u>

It was seen that approximately ₹35 Lakh received by JCF from Toshan was transferred to Yotta through two separate transactions on the same day (i.e. on October 05, 2023) as brought out in the table below:

Table 42

Transaction Date	Narration	Credit Amount (in ₹)	Debit Amount (in ₹)
05-10-2023	RTGS-IDFBR52023100500553137-TOSHAN SEEDS PRIVATE L	34,82,502.00	0.00
05-10-2023	RTGS-BARBR52023100500986569-YOTTA AGRO VENTURES PR	0.00	27,00,000.00
05-10-2023	RTGS-BARBR52023100500986537-YOTTA AGRO VENTURES PR	0.00	7,90,000.00

c. <u>Transactions of Ttoys (IDFC account) in July, 2023</u>

It was seen that ₹36.75 Lakh was received from MSVO on July 20, 2023 in Ttoys' account and similar amount was transferred to Yotta on the next day. Further, amount of approximate ₹85 Lakh was received by Ttoys from MSVO and Toshan on August 2, 2023 in two transactions and similar amount was transferred on the next day to Yotta in three different transactions. Details are as under:

Table 43

Transaction Date and Time	Transaction Details	Debit amount (in ₹)	Credit amount (in ₹)
20-07-23 18:17	IFT/10140782152/MSVO VENTURES PRIVAT/15801973	-	36,74,900.00
21-07-23 18:13	NEFT/IDFBH23202710169/Yotta agro venture private limited/ICIC0006775/yotta	36,75,000.00	-
02-08-23 16:18	IFT/10041220990/TOSHAN SEEDS PRIVATE/17367789	-	38,29,040.00

Transaction Date and Time	Transaction Details	Debit amount (in ₹)	Credit amount (in ₹)
02-08-23 17:00	IFT/10140782152/MSVO VENTURES PRIVAT/18487084	-	46,28,010.00
03-08-23 17:01	NEFT/IDFBH23215117584/Yotta agro venture private limited/ICIC0006775/yotta	30,00,000.00	-
03-08-23 17:04	NEFT/IDFBH23215120492/Yotta agro venture private limited/ICIC0006775/yotta	30,00,000.00	-
03-08-23 17:06	NEFT/IDFBH23215122118/Yotta agro venture private limited/ICIC0006775/yotta	25,00,000.00	-

d. Transactions of Unique Projects (SBI account) in October 2022 and August, 2023

It was seen that ₹66.60 Lakh was received by Unique Projects from Toshan on October 18 and 19, 2022 and transferred to Yotta on October 19, 2022. Further, an amount of about ₹85 Lakh was received from MSVO and Toshan on August 02, 2023 and was transferred by Unique Projects to Yotta, on the next day. Further, about ₹52 Lakh was received from MSVO on August 23, 2024 and about ₹55 Lakh was transferred to Yotta, on the next day. Details are as under:

Table 44

Transaction Date	Beneficiary Name	Transaction Amount (in ₹)
18-10-2022	TOSHAN SEEDS PRI	952789
19-10-2022	TOSHAN SEEDS PRIVATE LIMITED	1752603
19-10-2022	TOSHAN SEEDS PRIVATE LIMITED	1637492
19-10-2022	TOSHAN SEEDS PRIVATE LIMITED	2317239
19-10-2022	Yotta Agro Ventures Pvt L	-1000000
19-10-2022	Yotta Agro Ventures Pvt L	-1000000
19-10-2022	YOTTA AGRO VENTURES PVT LTD	-4660047.2

Table 45

Transaction Date	Beneficiary Name	Transaction Amount (in ₹)
23-08-2023	MSVO VENTURES PR	5204900
24-08-2023	YOTTA AGRO VENTURES PVT LTD	-5500800

240. On the basis of above sample transactions, and details of debits and credits in the tables shown earlier, it was observed that 75% of the total debits from accounts of JCF, Ttoys and Unique Projects were transferred to Yotta and further 80% of total credits in accounts of JCF, Ttoys and Unique Projects were received from Toshan and MSVO. Further, it was found that JCF, Ttoys, and Unique Projects transferred about 93% of amounts received from MSVO and Toshan to Yotta within similar period and most of such fund transfers did not have much time lag. Thus, it was found that majority of the purported business dealings of JCF, Ttoys and Unique Projects were with Yotta, Toshan and MSVO and barring them, there were no significant business dealings.

241. On the basis of the information submitted by *Entities,* the revenue claimed by Yotta from JCF, Ttoys and Unique Projects was based on the sale of jeera seeds cultivated in 75-acre farmland in Barmer to these Revenue Entities. In view of the above, it was alleged that invoices pertaining to purported business transactions between Yotta as seller and JCF, Ttoys and Unique Projects as buyers were dubious and JCF, Ttoys and Unique Projects acted as conduits to move funds from MSVO and Toshan to Yotta without any underlying business.

242. I note that *Entities* in their reply to the SCN have stated that the cancellation of GST number of JCF does not invalidate the business being run by such entity. It has further been submitted that GST registration status is primarily a matter of tax compliance and does not determine the validity or enforceability of underlying commercial contracts and cancellation of GST, whether temporary or retrospective, cannot *ipso facto* render a business arrangement fraudulent or illegitimate when all transactions were *bonafide*, duly supported by invoices and banking records. During the hearing before me, the *Noticee No.* 23 was advised to provide explanation for using invalid Udyam and GST registration number of Jaipur Chakki Fresh. In this regard, it has been submitted that they have re-applied for the registration and the same shall be granted.

243. I note that the GST number of JCF mentioned on invoices was non-existent since it was cancelled *w.e.f.* March 30, 2022 and all invoices pertained to the period from April 2023 to October 2023 *i.e.* after March 2022. As discussed earlier, the Udyam registration certificate of JCF was also found to be invalid and JCF had no explanation for the same. In view of the above, I note that the non-existent GST number of the entity is one of the reasons among others including negligible time lag in transactions of conduits, no underlying business, no valid Udyam registration number of JCF, to hold that the transactions undertaken by JCF with Toshan and Yotta, were sham. It has already been held earlier that the claim of *Entities* of 75-acre farmland under management in Barmer was unworthy of credit, and accordingly, the revenue claimed to be earned by selling jeera seeds grown in there was also found to be false.

244. It has further been submitted by Entities that the fact that details of transactions or bills not matching exactly with the timing or amounts of certain bank transactions between Toshan and JCF/Ttoys/Unique Projects is neither unusual nor indicative of any wrongdoing since all transactions were genuine and duly supported by invoices. In this regard, I find that the submission of invoices would not *ipso facto* render a banking transaction to be genuine unless it is supported by any other credible evidence such as warehouse receipts, transportation documents, bills of lading, toll plaza receipts, sale of goods to further third-parties, etc. I note that the defence taken by the *Noticee No.* 23 that application has been filed for restoration of the GST registration and since the produce (agro commodity) is exempted from any duty, no revenue loss happened to the government appears to be unsatisfactory and uncorroborated with any actual movement or trading of goods with other counterparties. In the absence of cogent evidence, I find that there was no actual movement of goods.

245. Further, I note that there was no time lag in money flow, no evidence of value addition has been submitted and further no evidence of movement or storage of goods has been submitted. It is claimed that they were picked up directly by buyers. That means there was no value addition. Thus, in essence, no value addition was done by any entity in between and in most of the transactions, identical amount which initiated from ZF LLPs was realised by

Yotta as its revenue without there being any evidence of actual movement of any goods. The transactions undertaken by *Noticees* amongst themselves do neither match with the claims of *Noticees* nor with the invoices submitted by them in this regard, since the amount transferred in bank accounts in many transactions is significantly different from the ones mentioned in the invoices submitted by them. It has already been discussed earlier that if all these Entities, Supplier Entities and Revenue Entities are majorly transacting amongst themselves and there is no value addition at any stage, it makes no sense to transfer goods from one pocket (Yotta) to another pocket (ZF LLPs). Therefore, I find that JCF, Ttoys and Unique projects acted as conduits to transfer funds in layers from ZF LLPs to Yotta without any underlying purchase/sale of goods.

Revenue claimed from Mateshwari

246. *Vide* email dated March 16, 2024 *Entities* claimed revenue of ₹0.95 Crore earned from Mateshwari by selling jeera seeds from Barmer farmland and submitted invoices pertaining to the period June 2023-October 2023. However, the narration of ICICI bank accounts of Yotta shows that there were credits of ₹4.37 Crore from Mateshwari during the period March 2023 to August 2023. On the basis of the GST number of Mateshwari mentioned on the invoices submitted by *Entities,* it was observed that the GST number belonged to Mateshwari Trading Company, a proprietorship of a person named Mr. Ratan Singh Bhati.

247. From the narrations observed in the bank statements of MSVO and Yotta, the fund flow from MSVO to Yotta via Mateshwari was observed as shown in the table below:

Table 46

From	**To**	**Bank trail amount (in ₹ crore)**	**Period of bank transaction**
MSVO HDFC account no. 502********231	Mateshwari Trading Company (RSCB account number 140***********832)	3.41	March 2023
MSVO IDFC account no. 101*****152		1.07	July 2023 to August 2023

From	To	Bank trail amount (in ₹ crore)	Period of bank transaction
Mateshwari Trading Company (RSCB)	Yotta Agro Ventures ICICI account 677******443	3.32	March 2023 to April 2023
Mateshwari Trading Company (RSCB)	Yotta Agro Ventures ICICI account 677******410	1.05	July 2023 to August 2023

248. It was observed from the sample transactions as discussed in the succeeding paragraphs that the fund transfers amongst the aforesaid *Noticees* did not have much time lag. Sample transactions are discussed below:

a. Transactions of MSVO (HDFC account) and Yotta (Account no. 677******443) in March 2023

It was seen that approximately ₹1.8 Crore received by Mateshwari from MSVO on March 21, 2023 was transferred to Yotta in three transactions on March 22-23, 2023.

Table 47

Date	Narration	Withdrawal Amt. (in ₹)
21-03-2023	RTGS DR-RSCB0014002-MATESHWARI TRADING COMPANY-KOTA JUNCTIO-HDFCR52023032192112826	1,80,23,050

Table 48

Date	Narration	Credit Amount (in ₹)
22-03-2023	RTGS-RSCBR52023032214080190-MATESHWARI TRADING COM	1,15,90,150
23-03-2023	RTGS-RSCBR52023032314080201-MATESHWARI TRADING COM	23,53,143
23-03-2023	RTGS-RSCBR52023032314080202-MATESHWARI TRADING COM	40,50,900

b. Transactions of MSVO (IDFC account) and Yotta (Account no. 677******410) in July 2023

It was seen that approximately ₹32.89 Lakh received by Mateshwari from MSVO on July 21, 2023 was transferred to Yotta on July 25, 2023.

Table 49

Date	Transaction amount (in ₹)	Narration
21-07-2023	-32,89,100	RTGS/IDFBR52023072100561905/mateshwari trading com

Table 50

Date	Narration	Credit Amount (in ₹)
25-07-2023	RTGS-RSCBR52023072514084266-MATESHWARI TRADING COM	32,88,843

249. I note that MSVO, *vide* email dated May 6, 2024, *inter alia,* had submitted invoices, wherein, it claimed to have bought jeera seeds worth approx. ₹2.69 Crore from Mateshwari during the period June 2023 to August 2023. However, it was observed from narrations of bank statements of MSVO that there were fund transfers of approx. ₹4.48 Crore from MSVO to Mateshwari during the period March 2023 to August 2023 and financial transactions equivalent to ₹4.48 crore with Mateshwari were also confirmed by MSVO. It was observed that the total value and period of bills submitted by MSVO did not match with the total value and the banking transactions undertaken by them during that period. Further, the invoices submitted by Yotta were of sale of jeera seeds to Mateshwari pertaining to the Barmer farmlands, the land which was found to be not under the management of *Entities* as held in para 182 of this order.

250. It has been submitted by *Entities* that transactions between Yotta and Mateshwari represented genuine sale and purchase of jeera seeds arising from agricultural activities undertaken at Barmer farmlands under valid lease and service arrangements and only because funds were transferred within a short time frame cannot convert bona fide commercial dealings into “layering” or “concerted action”. It has further been submitted that the transactions between MSVO and Mateshwari were also independent and any perceived mismatch between their invoices and bank transactions would not establish that the dealings of Yotta and Mateshwari were not genuine. It has been submitted by Mateshwari in the reply to the SCN that they procured material from Yotta, sold it to other parties and business transactions have no connection with contradictory and unsubstantiated land records.

251. I note that no defense has been put forth by MSVO, *inter alia,* for the transactions undertaken with Mateshwari whereby as per its own email, an amount equivalent to ₹4.48 Crore was transferred to Mateshwari, whereas, purported invoices were submitted only for an amount worth ₹2.69 Crore goods bought from Mateshwari. Moreover, bills related to Mateshwari pertained to jeera seeds, whereas, the business of MSVO was of agricultural waste. I further note that no defense has been given by *Entities* for claiming revenue only worth ₹0.95 Crore from Mateshwari, however, credits worth ₹4.37 crore were observed in the bank accounts of Yotta from Mateshwari. It is a settled principle of commercial law that a banking transaction must strictly correspond to the invoice raised for the same and it is implausible that an entity would pay extra amount without any underlying commercial dealing. However, in the instant scenario, there is an unexplained credit of approx. ₹3.42 crore in the bank account of Yotta against raised invoices of ₹0.95 crore. I further find that about ₹4.48 Crore was received by Mateshwari from MSVO, and during the same period, Mateshwari transferred an amount of about ₹4.37 Crore to Yotta.

252. During the hearing before me, certain queries were posed to Mateshwari, *inter alia,* asking them to provide receipts of warehouse(s) where the commodities to be traded were stored/parked, transportation documents pertaining to the traded goods, evidence for majority of transactions being only with Yotta and MSVO without much time lag and mostly on the same days. However, I note that no response has been received to the aforesaid queries, from Mateshwari.

253. I note that the submission made by *Entities* that any mismatch between the invoices and banking transactions between MSVO and Mateshwari would not make transactions between Yotta and Mateshwari non-genuine lacks merit since there are irreconcilable differences in their invoices and the underlying banking transactions also. I find that there are material contradictions between the invoices submitted by Yotta and the actual amount received in its bank accounts from Mateshwari. In view of the material available on record, I find that Mateshwari was also acting in concert with JCF, Ttoys and Unique

Projects as a layer to transfer funds from ZF LLPs to Yotta, without any underlying business.

254. I further find that though the business activities of MSVO included supplying organic manure and other ancillary products such as bee-colonies, earthworms, etc., it produced invoices for purchase of jeera seeds worth ₹2.69 Crore from Mateshwari but transferred an amount of approx. ₹4.48 Crore to Mateshwari. Mateshwari has failed to provide proof for the unexplained receipt in its bank account from MSVO and MSVO has failed to provide explanation for trading in a commodity completely different from its commercial business dealings. There is a complete lack of any supporting evidence in the form of warehouse receipts, transportation documents, etc. and therefore, in view of the absence of cogent evidence, I find that invoices pertaining to purported business dealings between MSVO and Mateshwari were also not genuine and the fund transfer between them was also without any underlying business.

Revenue claimed from Vishnu Balaji

255. Information furnished by *Entities vide* email dated March 16, 2024 did not mention any revenue from Vishnu Balaji Farmer Producer Company Limited (*Noticee No.* 26). However, Vishnu Balaji submitted certain invoices for the period March 2022 to February 2023. *Vide* email dated June 14, 2024, it was submitted that the company was incorporated on February 9, 2021 and details of incumbent directors were provided. A resolution dated August 22, 2021 was also furnished whereby resignation of Ms. Gayatri Rinwa (*Noticee No.* 3) was accepted by the Board of Vishnu Balaji *w.e.f* August 22, 2021. However, investigation revealed that above submissions of Vishnu Balaji were in contradiction with MCA database, wherein, the directors of Vishnu Balaji, since its incorporation *i.e.* February 9, 2021, *inter alia,* showed the name of Ms. Gayatri Rinwa, including other directors.

256. It was observed from the Form No. MGT 7A (Abridged Annual Return for OPCs and Small Companies) dated November 29, 2023 which was digitally signed by Ms. Anjali Khandelwal, Director of Vishnu Balaji that director details were identical to the MCA database. In view of the above, Vishnu Balaji appeared to be connected to *Entities* through Ms. Gayatri Rinwa.

257. Vishnu Balaji stated that the company was producer of agri goods and trader of seeds and agri goods and that it was a buyer of jeera seeds, bhindi, mustard seeds, cauliflower, etc. from Yotta and shared a list of goods bought from Yotta and invoices for the same. The invoices submitted by Vishnu Balaji were of ₹11.03 Crore for the period from March 2022 to February 2023 and the products mentioned in these various invoices, *inter alia,* were jeera seeds, mustard, turmeric, honey, carrot, cabbage, tomato, vegetables, etc. It was noted that among this, bills pertaining to jeera seeds alone amounted to ₹4.71 Crore. Further, information regarding its business dealings with Toshan was also submitted. It submitted list of goods sold to Toshan which included jeera seeds, mustard, moong, til, gwar, paddy, watermelon, bhindi and invoices worth ₹10.26 Crore for the period from March 2022 to August 2023.

258. It was observed from the narrations of bank account statements of Yotta (a/c no. 677******443 and a/c no. 677******410) and Vishnu Balaji (a/c no. 212**********617) that there was approx. ₹11.15 Crore credited in bank accounts of Yotta from Vishnu Balaji during the period from March 2022 to August 2023. It was further observed that from the date of opening of account of Vishnu Balaji *i.e.* March 30, 2021 till January 29, 2024, there was total credit of ₹12.40 Crore and total debit of ₹12.39 Crore. Thus, it was observed that Vishnu Balaji had almost 90% debit transactions with Yotta. Further, credits into the account of Vishnu Balaji, pertaining to narration of "Toshan", amounted to ₹10.59 Crore and all the credits in the account of Vishnu Balaji pertaining to Toshan were during the same period from March 2022 to August 2023 when there were corresponding debits to account of Yotta. The credits from Toshan constituted about 84% of total credits into the account of Vishnu Balaji.

259. Analysis of invoices and fund transfers between Yotta, Toshan and Vishnu Balaji is shown in the table below:

Table 51

S. No.	From	To	Account number of recipient	Bank trail amount (in ₹ crore)	Period of bank transaction	Bill amount (in ₹ crore)	Period of bills
1	Toshan	Vishnu Balaji	212**********617	10.59	March 2022 - August 2023	10.26	Mar 2022-Aug 2023
2	Vishnu Balaji	Yotta Agro Ventures ICICI (1)	677******443	10.70	Mar 2022 - Aug 2023	11.03	Mar 2022-Aug 2023
3	Vishnu Balaji	Yotta Agro Ventures ICICI (2)	677******410	0.45	Jul 2023 - Aug 2023		

260. It is seen from the above table that an amount of ₹10.59 Crore was received in the bank accounts of Vishnu Balaji from Toshan and during the same period, total amount of ₹11.15 Crore was transferred by Vishnu Balaji to Yotta.

261. It was observed from the analysis of bank statements that fund received from Toshan and transfer to Yotta by Vishnu Balaji occurred without much time lag. Sample transactions are shown as follows –

a. <u>Transactions during August 2022-</u>

It was observed that ₹87.55 Lakh received from Toshan on August 02, 2022 was partly transferred within a few minutes and the remaining amount was transferred on the next day. In this manner, the identical amount received by Vishnu Balaji from Toshan was transferred to Yotta.

Table 52

Transaction Date and Time	Flag Debit Credit	Transaction Amount (in ₹)	Transaction Description
02-08-2022 14:23:08	C	8755000	RTGS CR-IDFBR52022080200512275-TOSHAN SEEDS PRIVATE LIMITED-IDFB0010201-/ATTN/-VISNU BALAJI FARMER PRODUCER COMPAN
02-08-2022 14:35:26	D	-5000000	RTGS DR-AUBLR22022080201465141-Yotta Agro Ventures Private Limited-

Transaction Date and Time	Flag Debit Credit	Transaction Amount (in ₹)	Transaction Description
			ICIC0006775-JAIPUR,PRAKRIT BHARTI ACADEMY-JAIPUR
03-08-2022 15:32:40	D	-3755000	RTGS DR-AUBLR22022080301466880-Yotta Agro Ventures Private Limited-ICIC0006775-JAIPUR,PRAKRIT BHARTI ACADEMY-JAIPUR

b. <u>Transactions during July 2023-</u>

It was observed that approximately ₹30 Lakh received from Toshan on July 03, 2023 were transferred on the same day to Yotta. Further, approximately ₹50 Lakh were transferred to Yotta within a few minutes of receipt of approximately ₹55 Lakh from Toshan on July 15, 2023.

Table 53

Transaction Date and Time	Flag Debit Credit	Transaction Amount in ₹)	Transaction Description
03-07-2023 11:17:32	C	3084725	RTGS CR-IDFBR52023070300374762-TOSHAN SEEDS PRIVATE LIMITED-IDFB0010201-/ATTN/-VISNU BALAJI FARMER PRODUCER COMPAN
03-07-2023 21:04:49	D	-3025312	RTGS DR-AUBLR22023070302570446-Yotta Agro Ventures Private Limited-ICIC0006775-JAIPUR,PRAKRIT BHARTI ACADEMY-JAIPUR
15-07-2023 19:18:02	C	2584800	RTGS CR-IDFBR52023071500507403-TOSHAN SEEDS PRIVATE LIMITED-IDFB0010201-/ATTN/-VISNU BALAJI FARMER PRODUCER COMPAN
15-07-2023 19:18:58	C	2952390	RTGS CR-IDFBR52023071500507422-TOSHAN SEEDS PRIVATE LIMITED-IDFB0010201-/ATTN/-VISNU BALAJI FARMER PRODUCER COMPAN
15-07-2023 19:43:19	D	-4967390	RTGS DR-AUBLR22023071502613341-Yotta Agro Ventures Private Limited-ICIC0006775-JAIPUR,PRAKRIT BHARTI ACADEMY-JAIPUR

262. It was found that about 90% of total debits from bank accounts of Vishnu Balaji were transferred to Yotta and about 84% of total credits in accounts of Vishnu Balaji were received from Toshan. Further, such fund receipts and transfers did not have much time lag. Thus, it was alleged that majority of the purported business dealings of Vishnu Balaji were with Yotta and Toshan and barring them, there were no significant business dealings with any other counterparties. As shown above, Vishnu Balaji was also found to be connected to *Entities* through Ms. Gayatri Rinwa (*Noticee No.* 3) as one of its directors.

263. It was alleged that the invoices pertaining to Vishnu Balaji and Yotta were dubious and Vishnu Balaji allegedly colluded with Yotta and Toshan acting as conduit to move funds from Toshan to Yotta without any underlying business.

264. It has been submitted by Vishnu Balaji that it is a trading company which purchases goods from one party, sells it to another party and difference in the trade is the profit. It has further been stated that it is a tradition in trade business to transfer amount instantly as it is received from other party. In the reply to the SCN, it has been submitted by *Noticee Nos.* 1 to 8 that all averments made in the SCN w.r.t. the revenue claimed from Vishnu Balaji are matter of record, however, emphasis laid on the timing of transfers is misconceived. It has further been claimed that all transactions undertaken by Yotta with Vishnu Balaji were genuine transactions supported by valid invoices.

265. I find that no submission has been advanced as to why no revenue was claimed by *Entities* from Vishnu Balaji and why invoices were not provided for these transactions, if all underlying transactions were genuine. I note that there has also been no evidence to counter the difference in the amount mentioned in the purported invoices and the amounts actually appearing in the bank transfers of *Noticees*. Further, Entities had claimed no revenue whatsoever from Vishnu Balaji, however, Vishnu Balaji claimed to have purchased agri-produce worth ₹11.03 Crore from Yotta.

266. I note that it has already been discussed in detail that the claim of *Entities* of land under management/cultivation in Barmer, production thereon of jeera crops and earning revenue from jeera seeds is doubtful. With respect to the transactions and the revenue claimed by Entities/Yotta by selling different kind of seeds to Revenue Entities, the same cannot be countenanced since it is not supported by any reliable evidence. Further, it has been submitted that goods are transferred without any storage. Thus, there is no value addition. Under these circumstances, there is no justification for buying jeera seeds from Yotta and selling same jeera seeds to Toshan, who would then sell the same to ZF LLPs without any storage. The majority of business dealings of Toshan, MSVO as Supplier Entities and JCF, Ttoys, Unique Projects, Mateshwari and Vishnu Balaji as Revenue Entities were amongst themselves and the funds were finally routed from ZF LLPs to Yotta through Supplier and Revenue Entities, without any underlying business without much time lag.

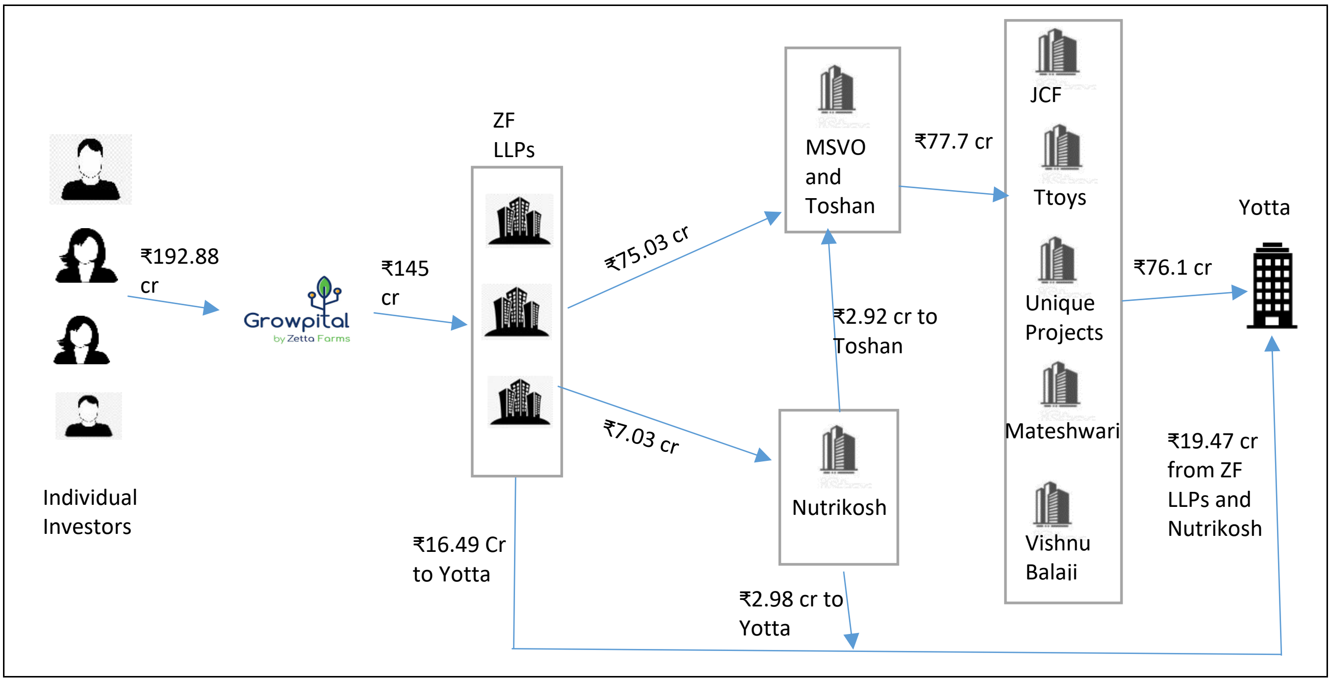
267. It has been submitted by *Entities* that in a multi-layered agricultural ecosystem, funds often flow through several entities to account for logistics, procurement, and ancillary services and such inter-entity fund flows should not be labelled as “conduit arrangements” without producing any evidence of fictitious or sham transactions. However, I find that no revenue has been claimed by *Entities* from Vishnu Balaji and since no revenue has been claimed, there is no justifiable reason as to why huge amount of ₹11.03 Crore was transferred by Vishnu Balaji to Yotta as soon as there were fund receipts in its bank account from Toshan. In view of the material available on record, analysis of banking transactions and non-submission of supporting evidence for these bank transactions, I find that Vishnu Balaji colluded with Yotta and Toshan in acting as conduit to move funds from Toshan to Yotta without any underlying business.

IV. Findings on Supplier and Revenue Entities

268. Based on the detailed findings recorded in the preceding paragraphs, I conclude that funds of about ₹95.60 Crore were transferred from ZF LLPs to Yotta through the Supplier and Revenue Entities, acting as conduits, without any underlying business activities. I note that most of the funds raised by Growpital from investors through ZF LLPs were either transferred to accounts of Yotta directly or indirectly, or spent to acquire capital assets in the name of Yotta. Further, no arrangement has been shown to be present between Yotta and ZF LLPs for performing agricultural activities or revenue sharing over the purported farm lands and such claims are meritless.

269. Schematic diagram of the pictorial representation of the fund flow (Excluding fund flow with non-boticee) is as follows:

Figure 8



270. Thus, the findings against Supplier Entities and Revenue Entities, *inter alia,* of aiding and abetting, and acting as conduits to transfer funds from ZF LLPs to Yotta without any underlying business, and transactions amongst them being false, fictitious and sham, are summarized below:

a. Majority of the business dealings of Revenue Entities with Supplier Entities and Yotta were without much time lag, showing circular transactions with Yotta, Toshan and MSVO. Further, most of their transactions were within the Revenue/Supplier entities & ZF LLPs/Yotta. There were very less transactions with others;

b. No proof in the form of evidence for transactions with farmers for commodities that were traded, such as jeera seeds, etc.;

c. Mismatch between the value of invoices and the transfer of amounts undertaken between *Noticees*;

d. False claim of *Noticee Nos.* 1 to 8 of 75-acre land under management in Barmer from where majority of revenue was claimed;
e. No proof in the form of transportation documents and/or warehouse receipts, bills of lading, toll plaza record, etc. pertaining to goods that were bought/sold;
f. No reply or inadequate reply to submission of Nutrikosh that it transferred money to Toshan and Yotta on the instructions of ZF LLPs & no goods were received or supplied;
g. Admission that no value addition was done by Revenue/Supplier Entities which raises question mark on how same jeera seeds sold by Yotta is needed by ZF LLPs through these entities. ZF LLPs need agricultural input and Yotta is selling agricultural output. Both cannot be same; and
h. It has not been explained how jeera seeds purchased by MSVO from Revenue Entities (Unique Projects and Mateshwari) got converted into supply of organic compost/agri waste/manure to ZF LLPs without any operation being carried out by MSVO.

271. *Noticee Nos.* 9 to 14, 17, 18, 19 and 20 to 30 have been alleged to have aided and abetted *Entities* by transferring a minimum of ₹95.60 Crore from ZF LLPs to Yotta through a layered mechanism without any underlying business activities.

272. I note that regulation 2(1)(b)(iii) of the PFUTP Regulations is an inclusive definition of “dealing in securities” which provides that any act of providing assistance to carry out the acts which, *inter alia,* may be designed to influence the decision of investors in securities. Since the Supplier and Revenue Entities aided and abetted the acts of *Noticee Nos.* 1 to 8 by transferring amounts from ZF LLPs to Yotta without any underlying business activities, they indulged in manipulative and fraudulent practices while dealing in securities in violation of regulation 4(1) of the PFUTP Regulations

273. As held by the Hon’ble Supreme Court of India in ***Reliance (supra),*** the threshold laid down to determine “fraud” is met on the basis of the material available on record since the intention of Supplier and Revenue Entities is clear from their blatant misconduct of transferring huge amounts of funds received from ZF LLPs to Yotta without any underlying business, acting as conduits. There was no intention of Supplier and Revenue Entities to effect actual supply of goods in lieu of the amount received/transferred since no evidence of the same has been provided. Majority of the transactions of Supplier and Revenue Entities were amongst themselves and with ZF LLPs/Yotta without much time lag. It has already been discussed in detail earlier that due to the claims of false revenue being generated by *Entities,* more and more investors were being induced to deal in securities and invest through various investment plans floated by Growpital.

274. In view of the material available on record, I find that *Noticee Nos.* 9 to 14 and 17 to 30, have aided and abetted in the scheme designed by *Entities* to collect funds from investors by promising them assured tax-free profits/returns and then utilizing these funds, on one hand, to show fake revenues in order to lure more and more investors and, on the other hand, to acquire properties/assets in the name of Yotta and eventually transfer funds to Yotta.

275. In view of the above, I hold that the acts of *Noticee Nos.* 9 to 14 and 17 to 30 are in violation of section 12A(a), (b) and (c) of the SEBI Act, 1992, regulations 3(a), (b), (c) and (d) and regulation 4(1) of the PFUTP Regulations.

F. CONCLUSION

276. In view of the above discussion, I find that *Noticee Nos.* 1 to 8 were running a collective investment scheme and fraudulently dealt in securities in contravention of section 12(1B), sections 12A(a), (b) and (c) of the SEBI Act, 1992, regulation 3 of the CIS Regulations, regulations 3(a), (b), (c) and (d), regulation 4(1) and regulation 4(2)(k), (s) and (t) of the PFUTP Regulations.

277. Further, *Noticee Nos.* 9 to 14 and 17 to 30 by aiding and abetting the entire fraudulent scheme of activities undertaken by *Entities,* have also contravened section 12A(a), (b) and (c) of the SEBI Act, 1992, regulations 3(a), (b), (c) and (d) and regulation 4(1) of the PFUTP Regulations.

278. I further note that proceedings against *Noticee Nos.* 15 and 16 were settled *vide* Settlement Order dated September 28, 2026.

279. I note that a company/firm, being an artificial person, cannot act by itself and that it acts through its individual directors/KMPs/partners, who are expected to discharge their responsibilities on behalf of the company. In terms of section 27(1) of the SEBI Act, for a contravention committed by a company, the Directors of the company (partners, in case of firm) who at the time of the contravention, were in-charge of and responsible to the company for the conduct of the business of the company, are also deemed to be liable for the contravention. The explanation further provides that for the purposes of section 27, a company would mean any body corporate including a firm and director in relation to a firm would mean partner of a firm. In other words, the said section provides for the vicarious liability in respect of the violations committed by such company.

280. In the instant matter, the DPs are responsible for the conduct of business/affairs of *Noticee Nos.* 4 to 8. Accordingly, I find that Directors/DPs of Yotta Agro Ventures Private Limited, Farm Silo Tech LLP, ZF Project 1 LLP, ZF Project 2 LLP, ZF Project 3 LLP, Toshan, MSVO, Ttoys, and Vishnu Balaji are also liable under section 27(1) of the SEBI Act for the acts and deeds of these companies and the Limited Liability Partnerships.

281. The worst impact of this whole scheme has been faced by numerous innocent investors of Growpital who were gullible enough to have fallen prey to the tall claims of *Entities* through Growpital and who invested their hard-earned money in the hope of getting assured profits/returns through the purported agricultural operations.

282. At this stage, the issue that arises for consideration is what directions are to be issued and penalties to be levied against *Noticees* herein?

283. I note that the SCN has, *inter alia,* called upon *Noticee Nos.* 1 to 8 to show cause as to why suitable directions as deemed fit, including but not limited to refund of money to the investors, should not be issued against them under section 11(1) and (4), section 11B(1), section 11D of the SEBI Act read with regulation 65 of the CIS Regulations and section 27(1) of the SEBI Act and why an inquiry should not be held against them in terms of rule 4 of the Adjudication Rules, 1995 and suitable monetary penalty be not imposed under section 11(4A) and section 11B(2), read with section 15D(a), section 15HA and section 27(1) of the SEBI Act for the aforementioned violations.

284. Further, *Noticee Nos.* 9 to 14 and 17 to 30 have been called upon to show cause as to why appropriate direction(s) as deemed fit, should not be issued against them under section 11(1) and (4), section 11B(1), section 11D read with section 27(1) of the SEBI Act and why an inquiry should not be held against them in terms of rule 4 of the Adjudication Rules, 1995 and suitable monetary penalty be not imposed under section 11(4A) and section 11B(2), read with section 15HA and section 27(1) of the SEBI Act for the aforementioned violations.

285. The relevant provisions are reproduced as under:

"***SEBI Act, 1992***

Functions of the 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;

(e) attach, for a period not exceeding ninety days, bank accounts or other property of any intermediary or any person associated with the securities market in any manner involved in violation of any of the provisions of this Act, or the rules or the regulations made thereunder:

Provided that the Board shall, within ninety days of the said attachment, obtain confirmation of the said attachment from the Special Court, established under section 26A, having jurisdiction and on such confirmation, such attachment shall continue during the pendency of the aforesaid proceedings and on conclusion of the said proceedings, the provisions of section 28A shall apply:

Provided further that only property, bank account or accounts or any transaction entered therein, so far as it related to the proceeds actually involved in violation of any of the provisions of this Act, or the rules or the regulations made thereunder shall be allowed to be attached.

(f) direct any intermediary or any person associated with the securities market in any manner not to dispose of or alienate an asset forming part of any transaction which is under investigation:

Provided that the Board may, without prejudice to the provisions contained in sub-section (2) or sub-section (2A), take any of the measures specified in clause (d) or clause (e) or clause (f), in respect of any listed public company or a public company (not being intermediaries referred to in section (2) which intends to get its securities listed on any recognised stock exchange where the Board has reasonable grounds to believe that such company has been indulging in insider trading or fraudulent and unfair trade practices relating to securities market:

Provided further that the Board shall, either before or after passing such orders, give an opportunity of hearing to such intermediaries or persons concerned.

(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 interests 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), sub-section (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.

Cease and desist proceedings

Section 11D

If the Board finds, after causing an inquiry to be made, that any person has violated, or is likely to violate, any provisions of this Act, or any rules or *regulations made thereunder, it may pass an order requiring such person to cease and desist from committing or causing such violation:*

Provided that the Board shall not pass such order in respect of any listed public company or a public company other than the intermediaries specified under section 12 which intends to get its securities listed on any recognised stock exchange unless the Board has reasonable grounds to believe that such company has indulged in insider trading or market manipulation.

Penalty for certain defaults in case of mutual funds

Section 15D

If any person, who is—

(a) required under this Act or any rules or regulations made thereunder to obtain a certificate of registration from the Board for sponsoring or carrying on any collective investment scheme, including mutual funds, sponsors or carries on any collective investment scheme, including mutual funds, without obtaining such certificate of registration, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which he sponsors or carries on any such collective investment scheme including mutual funds subject to a maximum of one crore rupees;

....

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.

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."

286. I note that section 11(1) 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. Section 15D of the SEBI Act, *inter alia,* provides for imposition of penalty on any person for carrying out a CIS without obtaining requisite certificate of registration from SEBI. 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 sections 15D and 15HA of the SEBI Act is attracted for the violations of the PFUTP Regulations and CIS Regulations committed by *Noticee Nos.* 1 to 8 and penalty under section 15HA of the SEBI Act is attracted for the violations of the PFUTP Regulations committed by *Noticee Nos.* 9 to 14 and 17 to 30.

287. I further 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* herein.

288. I find that the act of *Noticee Nos.* 1 to 8, *inter alia,* of raising funds by issuing units to investors under various investment plans, offering fixed/assured profits/returns on such investments and running a CIS without obtaining certificate of registration from SEBI, is in violation of securities laws and in my opinion, in the facts and circumstances of this case, directions under section 11B of the SEBI Act and imposition of monetary penalty is also warranted in this case.

G. JOINT AND SEVERAL LIABILITY OF *NOTICEE NOS.* 1 to 8

289. As regards joint and several liabilities, the Hon'ble Securities Appellate Tribunal, in the matter of ***Mahavirsingh N. Chauhan & Ors. v. SEBI***[16], modified the direction of SEBI to make disgorgement liability individual rather than joint and several. The court ruled that Section 11B of the SEBI Act generally contemplates individual liability based on the specific profit earned by each person, except for those with a central role in the fraud. Hon'ble SAT held that a person can be directed to disgorge an amount equivalent to the wrongful gain made by him and accordingly, the liability to disgorge the amount is individual and not collective.

290. Further, in the matter of ***Navin Kumar Tayal & Ors. vs. SEBI***[17], the Hon'ble SAT found the facts of the case to be distinguishable from ***Mahavirsingh Chauhan (supra)*** and held that considering the foundational facts of jointly being part of conspiracy, an irresistible inference could be drawn on the basis of the preponderance of probability that Appellants together had conspired to make wrongful gains through one of them by purchase of shares on the basis of unpublished price sensitive information (UPSI) and hence, the finding of SEBI fastening joint and several liability on Appellants could not be faulted.

291. Thereafter, in the matter of ***SRSR Holdings Pvt. Ltd. v. SEBI***[18], Hon'ble SAT, while dealing with the issue of joint and several liability of *Noticees, inter alia,* held as under:

"91. All persons who aid or direct or join in the committal of a wrongful act, are joint tort-feasors. To constitute a joint liability, the act complained of must be joint and not separate. Where two or more persons combine together to commit an act, it is a joint action which amounts to a tort. The liability of joint tort-feasors i.e. the liability that an individual or business either shares with other tort-feasor or bears individually without the others. Thus, joint tort-feasors are jointly and severally liable for the whole damage resulting from the tort. In assessing damages against joint tort-feasors or several tort-feasors

[16] *A. No. 393 of 2018, decided on 18.10.2019*
[17] *A. No. 8 of 2018, decided on 02.08.2021*
[18] *A. No. 01 of 2019, decided on February 02, 2023*

causing same or indivisible damage, one set of damages will be fixed, and joint tort-feasors may be assessed according to the aggregate amount of the injury resulting from the common act or acts. The reason being is that where the cause of action is one and indivisible then all persons become liable jointly and severally.

92. The mere coincidence of a number of persons doing a series of acts will not make them joint tort-feasors. It must be shown that they acted concurrently or jointly with a common intention.

93. Thus, the damage caused by several tort- feasors may be the same or indivisible or it may be distinct referable to each tort-feasor. In case where the damage caused by the each of the several tortfeasors is distinct, then each of them is liable only for the damage attributable to his own act.

94. From the aforesaid, it is clear that where persons joined together to do a wrongful act, they are joint tort-feasors. That is to say, that when persons are acting in concert and by their wrongful acts caused damage, they are joint tort-feasors. If the damage caused by persons acting in concert jointly is the same and it is indivisible, then the damage is joint and several. But where persons are not acting in concert and the damage caused by each of the several tort-feasors is distinct, then each of them are liable only for the damage attributable to their own act. Further, if the damage caused by the persons acting in concert is divisible even then, in that case, each one of them is liable for the damage attributable to them and the damage is to be computed against their name individually. In such cases, damages cannot be paid jointly and severally.”

292. The above case laws relate to joint and several liability for disgorgement of wrongful gains. The issue here is of refund to investors where amount already impounded through the interim order may not be enough to complete refunds, as a large amount of money received from investors is not accounted for and not traceable as only ₹50.14 crores amount is frozen in escrow account which includes an amount of ₹6,07,21,765.72, attached and lying with CIPL. Further, there are recoverables of ₹32.79 crores and assets in the name of Yotta and

Winsome. These together still fall short of amount collected as *Noticees* have failed to provide details and evidence of expenditure of ₹130 crores claimed by it. It is seen that *Noticee Nos.* 1, 2 and 3 acted in concert and conjointly committed the wrongful act along with *Noticee Nos.* 4 to 8 with common intention. The acts of *Noticee Nos.* 1 to 8 are not distinct from each other and all of them are collectively responsible for the wrongful act. Thus, there is a need to fasten joint and several liability on *Noticee Nos.* 1 to 8 for any amount still left to be refunded. It is in this context, discussion on joint and several liability is important.

293. In view of the above, I note that *Noticee Nos.* 1 to 8 shall be jointly and severally liable for the refund of amount collected by them from investors. Similar liability is not being fastened on abettor of the wrongdoing such as Supplier and Revenue Entities, since they only facilitated *Noticee Nos.* 1 to 8 in carrying out the unregistered CIS activities. The Supplier and Revenue Entities acted only as conduit entities and their liability is limited to that extent. The money collected from investors has not remained with Supplier and Revenue Entities and the money has only been transferred through them. It is important to fasten joint and several liability on *Noticee Nos.* 1 to 8 since they acted as masterminds of the unregistered CIS. Thus, they shall be personally liable for any shortfall in refunding the amount to investors.

294. I further note that directions are also warranted against *Noticee Nos.* 9 to 14 and *Noticee Nos.* 17 to 30 for aiding and abetting *Noticee Nos.* 1 to 8 in the aforesaid fraudulent activities and acting as conduits to transfer funds from bank accounts of ZF LLPs to Yotta through a layered mechanism without any underlying business activities. Further, the acts of *Noticee Nos.* 9 to 14 and *Noticee Nos.* 17 to 30 would also attract penalty under section 15HA of the SEBI Act.

H. DIRECTIONS

295. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of section 11(1), 11(4) and 11(4A), section 11B(1), 11B(2) and 11D read with section 19 of the SEBI Act, 1992, regulation 65 of the CIS Regulations and rule 5 of the Adjudication Rules,1995, hereby issue the following directions:

i. *Noticee Nos.* 1 to 8 are restrained from collecting any money from the investors or launch or carry out any Collective Investment Schemes including the schemes which have been identified as a Collective Investment Scheme in this Order;

ii. *Noticee Nos.* 1 to 8 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 this order or till completion of refund of the amount, as directed below, whichever is later;

iii. *Noticee Nos.* 9 to 14, 17, 18, 19 and *Noticee Nos.* 20 to 30 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 3 years from the date of this order;

iv. The CIS launched by *Noticee Nos.* 1 to 8 shall be wound up. The money collected by the said companies/LLPs under the schemes and still outstanding shall be refunded to the investors (along with interest at the rate of 12% per annum from the date of the Interim Ex-Parte Order dated January 29, 2024 till the date of refund) in the following manner:

    a. Recovery and Refund Department of SEBI shall appoint an officer ("**Nodal Refund Officer/NRO**") to give refund to investors as outlined in this order. The amount lying in the escrow account as well as with CIPL shall be transferred immediately, but not later than 15 days from the date of receipt of this order, to an interest bearing account of SEBI as per the directions of the NRO, from which the first round of refund shall be made by the NRO. To illustrate simpliciter (only for the purpose of illustration) that there are three investors A, B and C with outstanding amount of ₹10 lakhs, ₹20 lakhs and ₹30 lakhs against them, respectively. Further, assuming that ₹30 lakhs is available for refund at this stage. In that case, A will get ₹5 lakhs, B will get ₹10 lakhs and C will get ₹15 lakhs. Refund at every stage shall be proportionate to the contribution outstanding against each investor at that time;

b. *Noticee Nos.* 1 to 8 shall provide a list of all existing investors with details of the outstanding amount (with supporting documents) within a period of 21 days from the date of this order, to the NRO along with a database of the mode through which the amount was collected/received by Growpital to establish the identity of the investor. The list shall be provided to the NRO in the following format:

Table 54

Sr. No.	Name of investor	PAN	Bank account details	Amount outstanding	Payment aggregator

c. Upon receipt of the list of investors from *Noticee Nos.* 1 to 8, the NRO shall get the details of the same verified from CIPL/Banks, as the case may be. The list shall be hosted on the SEBI website and published in one national daily each of English/Hindi language. If any investor claims that his name has been left out from the list or the details of bank account/PAN of any investor or amount outstnading is incorrect, he/she may raise a grievance with the NRO with all necessary documentary evidence within a period of 30 days from the date of publication and the NRO shall decide on such grievance thereon;

d. *Noticee Nos.* 1 to 8 shall provide a list of all assets (including land, lease rights, etc. in any name) and trade/amount receivables from all counterparties, within a period of 30 days from the date of this order to the NRO. These assets shall be liquidated to the extent of balance amount of refund left after following the above procedure and then refunded in the same proportionate manner as outlined above. *Noticee Nos.* 1 to 8 shall further take all necessary steps in supervision of the NRO to ensure that all the outstanding trade/amount receivables are recovered and deposited in the interest bearing account of SEBI from which next round of refund can be made as per procedure outlined above;

e. The amount shall be refunded to investors, *via* direct bank transfer only, to the same account of investor from where the money was received by Growpital and in case new details are provided by the investors for receiving the refund while submitting their claims, the same shall be refunded in such bank account after due verification;

f. If still full refund of amount (as directed in the initial part of the direction) has not been made after the above procedure, recovery may be made from personal assets of *Noticee Nos.* 1 to 8 to the extent of refund outstanding;

g. Any unclaimed amounts shall be transferred to Investor Protection and Education Fund (IPEF);

h. *Noticee Nos.* 1 to 8 shall follow all the instructions/directions given by the NRO and shall extend their full cooperation. The NRO may also take help/assistance of any professional/authority if so required and any charges/fees payable to them/expenses incurredshall be borne by *Noticee Nos. 1 to 8*;

i. In case any clarification is needed on the process for refund, the NRO may seek instructions/directions from the quasi judicial WTM in this regard.

v. *Noticee Nos.* 1 to 8 shall not alienate or dispose of or sell any of their assets/properties/securities until the full amount is refunded, except with prior permission of SEBI and only for the purpose of making refunds to the investors, as directed above;

vi. *Noticee Nos.* 1 to 8 are also directed to provide a full inventory of all their assets and properties and details of all their bank accounts, demat accounts and holdings of shares/securities, if held in physical form;

vii. Banks where *Noticee Nos.* 1 to 8 are holding bank accounts including joint account(s), if any, shall continue to remain frozen except the personal bank accounts of *Noticee Nos.* 1 to 3 specifically unfrozen by Confirmatory Order dated April 26, 2024 passed in the matter of Growpital Platform and no debit shall be made without permission of SEBI except for the purposes of refund to investors as directed in this Order. Further, the Depositories are also directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held by *Noticee Nos.* 1 to 8. 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. The NRO so appointed in the matter to oversee the refund process may also issue necessary directions to Banks/depositories, as and when required.

viii. After considering the factors mentioned in section 15J of the SEBI Act, I impose monetary penalty on *Noticee Nos.* 1 to 14, and 17 to 30 as specified hereunder:

Table 55

***Noticee* No.**	**Name of the *Noticee***	**Provision under which penalty imposed**	**Penalty (in ₹)**	**Total (in ₹)**
1	Rituraj Sharma	Section 15HA of the SEBI Act	1,00,00,000	2,00,00,000
		Section 15D of the SEBI Act	1,00,00,000	
2	Krishnna Joshi	Section 15HA of the SEBI Act	1,00,00,000	2,00,00,000
		Section 15D of the SEBI Act	1,00,00,000	
3	Gayatri Rinwa	Section 15HA of the SEBI Act	1,00,00,000	2,00,00,000
		Section 15D of the SEBI Act	1,00,00,000	
4	Yotta Agro Venture Pvt Ltd	Section 15HA of the SEBI Act	1,00,00,000	2,00,00,000
		Section 15D of the SEBI Act	1,00,00,000	
5	Farm Silo Tech LLP	Section 15HA of the SEBI Act	1,00,00,000	2,00,00,000

Noticee No.	**Name of the *Noticee***	**Provision under which penalty imposed**	**Penalty (in ₹)**	**Total (in ₹)**
		Section 15D of the SEBI Act	1,00,00,000	
6	ZF Project 1 LLP	Section 15HA of the SEBI Act	1,00,00,000	2,00,00,000
		Section 15D of the SEBI Act	1,00,00,000	
7	ZF Project 2 LLP	Section 15HA of the SEBI Act	1,00,00,000	2,00,00,000
		Section 15D of the SEBI Act	1,00,00,000	
8	ZF Project 3 LLP	Section 15HA of the SEBI Act	1,00,00,000	2,00,00,000
		Section 15D of the SEBI Act	1,00,00,000	
9	Toshan Seeds Private Limited	Section 15HA of the SEBI Act	50,00,000	
10	Gopal Vasharambhai Kuchhadiya	Section 15HA of the SEBI Act	50,00,000	
11	Girishkumar Ishvarlal Makvana	Section 15HA of the SEBI Act	50,00,000	
12	MSVO Ventures Private Limited	Section 15HA of the SEBI Act	50,00,000	
13	Rahul Meena	Section 15HA of the SEBI Act	50,00,000	
14	Divya Soni	Section 15HA of the SEBI Act	50,00,000	
17	Ashutosh Tiwari	Section 15HA of the SEBI Act	20,00,000	

Noticee No.	Name of the *Noticee*	Provision under which penalty imposed	Penalty (in ₹)	Total (in ₹)
18	Rahul Saini	Section 15HA of the SEBI Act	20,00,000	
19	Anandkumar Sriram Mahto	Section 15HA of the SEBI Act	20,00,000	
20	Ttoys Bazar Private Limited	Section 15HA of the SEBI Act	50,00,000	
21	Manoj Maru	Section 15HA of the SEBI Act	50,00,000	
22	Vikram Singh Rathore	Section 15HA of the SEBI Act	50,00,000	
23	Vishnu Dutt Upadhyaya	Section 15HA of the SEBI Act	50,00,000	
24	Unique Projects: Proprietorship of Sukh Tanwar	Section 15HA of the SEBI Act	50,00,000	
25	Mateshwari Trading Company: Proprietorship of Ratan Singh Bhati	Section 15HA of the SEBI Act	50,00,000	
26	Vishnu Balaji Farmer Producer Company Limited	Section 15HA of the SEBI Act	50,00,000	
27	Anjali Khandelwal	Section 15HA of the SEBI Act	50,00,000	
28	Monika Tewari	Section 15HA of the SEBI Act	50,00,000	
29	Poonam Khandelwal	Section 15HA of the SEBI Act	50,00,000	

Noticee No.	Name of the *Noticee*	Provision under which penalty imposed	Penalty (in ₹)	Total (in ₹)
30	Sujata Devi	Section 15HA of the SEBI Act	50,00,000	

ix. *Noticees* on whom penalty has been imposed in this Order, shall pay the respective penalty imposed on them within a period of forty-five (45) days from the date of receipt of this Order;

x. *Noticees* shall pay the above monetary penalty by online payment through the designated payment link provided on the SEBI website at the path www.sebi.gov.in / ENFORCEMENT →Orders →Orders of Chairman/ Members →PAY NOW. In case of any difficulties in payment of penalties, the said Noticee may contact the support at portalhelp@sebi.gov.in.

xi. *Noticees* after the payment of penalty shall forward details of the online payment made in compliance with the directions contained in this order to "The *Division Chief, SEBI- Local Office, 104 & 105, 1st Floor, Satguru Parinay, Opposite C-21 Mall, A. B. Road, Indore, Madhya Pradesh- 452 010*" and also to e-mail id: tad@sebi.gov.in in the format as given in the table below:

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

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

297. A copy of this Order shall also be forwarded to the Ministry of Corporate Affairs/concerned Registrar of Companies- Jaipur, for their information and necessary action, if any, with respect to the directions/restraint imposed above against *Noticees*.

298. A copy of this Order shall also be forwarded to the State Government of Rajasthan for information.

299. A copy of this Order shall be forwarded to all *Noticees*, recognized Stock Exchanges, Depositories, and Registrar and Share Transfer Agents for ensuring necessary compliance with the above directions.

KAMLESH CHANDRA VARSHNEY

Digitally signed by KAMLESH CHANDRA VARSHNEY
Date: 2026.09.28 16:24:24 +05'30'

PLACE: MUMBAI **KAMLESH C. VARSHNEY**

DATE: SEPTEMBER 28, 2026 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA