

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA**

**(ADJUDICATION ORDER NO: Order/KS/PP/2021-22/11986)**

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**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA  
ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF  
INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES)  
RULES, 1995**

*In respect of:*

**Shri Dinesh Bhanusali  
PAN: AITPB0677K**

*In the matter of*

**GDR issue of K Sera Sera Limited (now known as KSS Limited)**

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**FACTS OF THE CASE**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), upon receipt of alerts in its surveillance system, started investigation in regards to certain companies which had come out with their respective issues of Global Depository Receipts (**GDR**). During the course of investigation, it was observed that K Sera Sera Limited, now known as KSS Limited, (herein after referred to as '**KSS /Company**') had come up with its GDR issues on two different occasions; first on March 30, 2007 and second on May 15, 2009. In this regard, it is observed that one Pan Asia Advisors Ltd (hereinafter referred to as '**Pan Asia**') was the Book Running Lead Manager for both of these said GDR issues of KSS. Further, it was also observed that one Mr. Arun Panchariya (hereinafter referred to as '**AP**') was the founder, director as well as 100% shareholder of Pan Asia. It is alleged in the Investigation Report (**IR**) that the complete process of GDR issuances by KSS was

devised and structured by AP in connivance with KSS to the detriment of the Indian investors wherein loans were arranged for the subscription of GDRs of KSS on both these occasions. It is further alleged that AP was Managing Director, 100% shareholder and Authorized Signatory of Vintage. Thereafter, using certain Foreign Institutional Investors (**FIIs**), AP got the GDRs converted into underlying shares and sold them in the Indian securities market with the help of certain domestic entities connected to him.

2. On the basis of the said investigation, it is alleged by SEBI that one of the Director of KSS, Shri Dinesh Bhanusali, (hereinafter referred to as '**Noticee**') has violated the provisions of Section 12A(a), (b) and (c) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') read with Regulations 3(b), (c), (d), 4(2)(c), (f), (k) & (r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**').

#### **APPOINTMENT OF ADJUDICATING OFFICER**

3. Shri Suresh Gupta was appointed as the Adjudicating Officer vide Order dated June 15, 2016 under Section 19 read with Section 15-I(1) of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under the provisions of Section 15HA of the SEBI Act, the violations of the relevant provisions of SEBI Act and PFUTP Regulations, alleged to be committed by the Noticee. Subsequently, the undersigned was appointed as the Adjudicating Officer vide order dated July 05, 2018.

### **SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING:**

4. A Show Cause Notice ref. A&E/EAD-8/KS/VB/8174/2019 dated March 28, 2019 (hereinafter referred to as '**SCN**') was issued to the Noticee under the provisions of Rule 4(1) of Adjudication Rules to show cause as to why an inquiry should not be held against him and why penalty, if any, should not be imposed on him under Section 15HA of the SEBI Act for alleged violation of the relevant provisions of law.
5. The relevant part of SCN including details in respect of alleged violations by the KSS and its directors are as given below:

- a. It is observed from the Investigation Report (hereinafter referred to as "IR") that there were two GDR issues by K Sera Sera. First GDR Issue was of 47,61,900 GDRs (amounting to USD 25 Million) and issue closed on November 02, 2007. Second GDR issue was of 44,75,238 GDRs (amounting to USD 29.98 Million) and issue closed on October 16, 2009. Further, Pan Asia Advisors Ltd. (herein after referred to as 'Pan Asia') was the Lead Manager of both GDR issue of K Sera. Summary of the GDR issues as provided by K Sera is tabulated below:

Table 1

<i>GDR issue close date</i>	<i>No. of GDRs Issued</i>	<i>Capital raised (US mn.)</i>	<i>No. of equity shares underlying GDRs</i>	<i>Lead Manager</i>	<i>Bank where GDR proceeds were deposited</i>
<i>November 02, 2007</i>	<i>47,61,900</i>	<i>25</i>	<i>4,76,19,000</i>	<i>Pan Asia Advisors Ltd</i>	<i>EURAM Bank, Austria</i>
<i>October 16, 2009</i>	<i>44,75,238</i>	<i>29.98</i>	<i>13,42,57,140</i>	<i>Pan Asia Advisors Ltd</i>	<i>EURAM Bank, Austria</i>

- b. The following were the investors in the first GDR issue of K Sera as submitted by K Sera vide its letter dated November 02, 2011 (Annexure-II).

<b>Name of Subscriber</b>	<b>GDRs Subscribed</b>	<b>Amount Paid (USD)</b>	<b>% of total GDR issue</b>
<b>Rexflec</b>	<b>5,00,000</b>	<b>26,25,000</b>	<b>10.50</b>
<b>Figura</b>	<b>4,21,900</b>	<b>22,14,975</b>	<b>8.86</b>
<b>Tradetec</b>	<b>9,90,000</b>	<b>51,97,500</b>	<b>20.79</b>
<b>Knightsbridge Management Inc.</b>	<b>10,00,000</b>	<b>52,50,000</b>	<b>21.00</b>
<b>Flamboyant</b>	<b>9,00,000</b>	<b>47,25,000</b>	<b>18.90</b>
<b>Greenwich</b>	<b>9,50,000</b>	<b>49,87,500</b>	<b>19.95</b>

- c. Further, following were the investors in the Second GDR issue of K Sera as submitted by K Sera.

<b>Name of Subscriber</b>	<b>GDRs Subscribed</b>	<b>Amount Paid (USD)</b>	<b>% of total GDR issue</b>
<b>Dynamic holding Investment Corp</b>	<b>5,75,000</b>	<b>38,52,500</b>	<b>12.85</b>
<b>Greenwich</b>	<b>4,75,000</b>	<b>31,82,500</b>	<b>10.61</b>
<b>Ababil</b>	<b>3,25,000</b>	<b>21,77,500</b>	<b>7.26</b>
<b>Figura</b>	<b>5,48,000</b>	<b>36,71,600</b>	<b>12.25</b>
<b>Flagstaff</b>	<b>5,23,000</b>	<b>35,04,100</b>	<b>11.69</b>
<b>Tradetec</b>	<b>4,69,238</b>	<b>31,43,895</b>	<b>10.49</b>

<i>Imagination</i>	<i>5,25,000</i>	<i>35,17,500</i>	<i>11.73</i>
<i>Echelon</i>	<i>5,50,000</i>	<i>36,85,000</i>	<i>12.29</i>
<i>Flamboyant</i>	<i>4,85,000</i>	<i>32,49,500</i>	<i>10.84</i>

**Loan & Pledge Agreement signed among K Sera, Vintage & Euram.**

d. It is alleged that the Loan and Pledge Agreement for its first GDR issue and second GDR Issue were signed among K Sera, Vintage and Euram. The same is discussed below in detail:-

**ISSUE 2 (in 2009)**

e. It is observed that a loan agreement (Loan Agreement No. K061009-002) dated October 06, 2009 (**Annexure-III**), was signed between Euram and Vintage. The agreement was signed by Arun Panchariya (hereinafter referred to as AP) as Managing Director on behalf of Vintage. The Loan agreement states that Euram has agreed to make available a loan of USD 29984094.60 to Vintage (referred to as "the Borrower"). The nature and purpose of the loan facility is to provide funding enabling Vintage to take down GDR issue of K Sera and may only be transferred to Euram account no: 540019 for K Sera Sera Production Ltd. The following is stated in the Loan Agreement.

"6.1 In order to secure all and any of the Bank's claims and entitlements against the Borrower, arising now or in the future out of or in connection with the Loan or any other obligation or liability of the Borrower to the Bank, including without limitation other loans granted in the future, it is hereby irrevocably agreed that the following securities and any other securities which may be required by the Bank from time to time shall be given to the Bank as provided herein or in any other form or manner as may be demanded by the Bank

- Pledge of certain securities held from time to time in the Borrower's account no. 540 019 at the Bank as set out in a separate pledge agreement which is attached hereto as Annex 2 and which forms an integral part of this Loan Agreement.
- Pledge of the account no. 540 019 of the Borrower held with the Bank as set out in a separate pledge agreement which is attached hereto as Annex 2 and which forms an integral part of this Loan Agreement."

f. Further, a Pledge Agreement dated October 08, 2009 (**Annexure III**) is also signed between K Sera and Euram Bank. The agreement was signed by Noticee-2 on behalf of K Sera as Director of K Sera. The following Resolution was passed by the Board of Directors of K Sera at its meeting dated October 01, 2009 (Copy placed at Annexure – V). 'RESOLVED THAT a bank account be opened with Euram Bank ("the Bank") or any branch of Euram Bank, including the Offshore Branch, outside India for the purpose of receiving subscription money in respect of the Global Depository Receipt issue of the Company."

"RESOLVED FURTHER THAT Mr; Rajesh Pavithran, Managing Director and Mr. Dinesh Bhanusali, Authorised Signatory be and are hereby authorise. to sign, execute, any application /agreement, escrow agreement, document, undertaking, confirmation, declaration and other paper(s), jointly from time to time as may be required by the Bank and to carry and to affix the Common Seal of the Company thereon, if and when so required."

"RESOLVED FURTHER THAT Mr. Rajesh Pavithran, Managing Director and Mr. Dinesh Bhanusali, Authorised Signatory be and are hereby authorized to draw cheques and other documents, and to give instructions, jointly from time to time as may be necessary to the said Euram Bank or any of branch of Euram Bank, including the Offshore Branch, for the purpose of operation of and dealing with the said bank account and to carry out other relevant and necessary transactions and generally to take all such steps and to do all such things as may be required from time to time on behalf of the Company."

g. According to the Pledge Agreement, K Sera has been referred as "Pledgor" and Euram has been referred to as "Bank". The preamble of the Pledge Agreement states

"By loan agreement K061009-002(hereinafter referred to as "Loan Agreement") dated October 06 ,2009, the Bank granted a loan (hereinafter referred to as the "Loan") to Vintage FZE, AAH-213, Al Ahamadi House, Jebel Ali Free Trade Zone, Jebel Ali, Dubai, United Arab Emirates ("the Borrower") in the amount of \$ USD 2,99,84,094.60. The Pledgor has received a copy of the Loan Agreement and acknowledges and agrees to its terms and conditions."

- h. From the above preamble of Pledge Agreement, it is clear that Noticee-2 and K Sera were also the party to the Loan Agreement. Further, the pledge created in the Pledge Agreement is stated below:-

" 2. Pledge

2.1 In order to secure any and all obligations, Present and future, whether conditional or unconditional of the Borrower towards the bank under the Loan Agreement and any and all respective amendments thereto and for any and all other current or future claims which the Bank may have against the Borrower in connection with the Loan Agreement – including those limited as to condition or time or not yet due – irrespective of whether such claims have originated from the account relationship, from bills of exchange, guarantees and liabilities assumed by the Borrower or by the Bank, or have otherwise resulted from business relations, or have been assigned in connection therewith to the Bank ("the Obligations") the Pledgor hereby pledges to the Bank the following assets as collateral to the Bank:

2.1.1 all of its rights, title and interest in and to the securities deposited from time to time at present or hereafter (hereinafter referred to as the "Pledged Securities") and the balance of funds up to the amount of \$ USD 2,99,84,094.60 existing from time to time at present or hereafter on the securities account(s) no. 540 019 held with the Bank (hereinafter referred to as the "Pledged Securities Account") and all amounts credited at any particular time therein.

2.1.2 all of its right, title and interest in and to, and the balance of funds existing from time to time at present or hereafter on the account(s) no. 540 019 kept by the Bank (hereinafter referred to as the "Pledged Time Deposit Account ") and all amounts credited at any particular time therein. The interest rate on deposit in the amount of the facility amount of the loan will be fixed at 2.5% p.a (the Pledged securities account and the Pledged Time Deposit account hereinafter referred to as the "Pledged Accounts", the Pledged Securities and the Pledged Accounts hereinafter collectively referred to as "Collateral")

2.2 The Pledgor agrees to deposit with the Bank all dividends, interest and other payments, distributions of cash or other property resulting from the Pledged Securities and funds."

Further, following condition have been put in the Pledge agreement for the realization of the pledge.

"6. Realization of the Pledge

6.1 In the case that the Borrower fails to make payment on any due amount, or default in accordance with the Loan Agreement, The Pledgor herewith grants its express consent and the Bank is entitled to apply the funds in the Pledged Accounts to settle the Obligations. In such case the Bank shall transfer the funds on the Pledged Accounts, even repeatedly, to an account specified by the Bank

6.2 Notwithstanding the foregoing, in the case that the Borrower fails to make payment on any due amount, or defaults in providing or increasing security, the Pledgor herewith grants its express consent and the Bank is entitled to realize the Pledged Securities (i) at a public auction for those items of Pledged Securities for which no market price is quoted or which are not listed on a recognized stock exchange or (ii) in a private sale pursuant to the provisions of Section 376 Austrian Commercial Code unless the Bank decides to exercise its rights through court proceedings. The Pledgor and the Bank agree to Realize those items of the Pledged Securities for which a market price is quoted or which are listed on a stock exchange through sale by a Broker Publicly authorized for such transactions, selected by the Bank.

6.3 The Bank may realize the Pledge rather than accepting payments from the Borrower after maturity of the claim if the Bank has reason to believe that the Borrower's payments may be contestable. "

- i. It is noted that the bank account no. 540019 is the account which K Sera has maintained with Euram Bank to keep the proceeds of GDRs, thus it is alleged that K Sera has pledged money received through issuance of GDRs to secure rights of Euram Bank against the loan given by Euram Bank to Vintage for subscription of GDR issue (as mentioned in Loan agreement of Vintage).
- j. It is alleged that these agreements enabled Vintage to avail the loan from Euram Bank for subscribing GDRs of K Sera and the GDR issue would not have been subscribed had K Sera not given such security towards the loan taken by Vintage. It is also alleged that the Noticees did not inform Bombay Stock Exchange or shareholders of the company about signing the Pledge Agreement and Loan Agreement.

**ISSUE 1 (in 2007)**

- k. It is observed that a Loan agreement was also signed between Vintage and Euram bank previously on October 30, 2007 (**Annexure III**) in relation to first GDR issue of K Sera. Similarly, a Pledge Agreement was signed between K Sera and Euram on October 30, 2007. The Loan agreement and Pledge Agreement signed 1st time were exactly similar to the 2nd Loan Agreement and Pledge Agreement except following differences:
- a. The Loan Agreement and Pledge Agreement were signed for the subscription of 1st GDR issue of 47,61,900 GDRs of K Sera Sera Ltd which closed on November 02, 2007.

- b. The Loan amount of USD 2,49,99,975 was exactly equal to the size of GDR issue.
- c. The Pledge Agreement was signed by Noticee-3, as Managing Director of K Sera Sera Productions Ltd.

**Acquisition, Cancellation and Sale of GDRs:-**

- i. It is noted that the GDRs of K Sera were purchased by Sub-Accounts in overseas market. The detail of the purchase of 1st GDR issue of K Sera is given below:-  
Issue 1 (2007)

<i>Date</i>	<i>Name of Acquirer</i>	<i>Name of Seller</i>	<i>Quantity of GDRs Acquired</i>	<i>Value of GDRs Acquired (\$)</i>	<i>Trading Platform</i>	<i>Value per GDR(\$)</i>
27-Dec-07	Rhodes	NA	1,50,000	11,26,876	Exchange	7.51
15-Jan-08	Sophia	NA	1,50,000	10,51,801	Exchange	7.01
17-Jan-08	Rhodes	NA	1,50,000	10,51,801	Exchange	7.01
22-Jan-08	Sophia	NA	2,00,000	12,02,201	Exchange	6.01
1-Apr-08	Sophia	NA	2,60,000	9,01,801	Exchange	3.47
23-Apr-08	Rhodes	NA	1,50,000	9,76,726	Exchange	6.51
05-Aug-08	Rhodes	NA	94,000	5,00,138	Exchange	5.32
12-Dec-08	Sophia	NA	20,000	61,800	OTC	3.09
29-May-09	KII	Euram	9,25,000	20,04,660	OTC	2.17
9-Jun-09	KII	Euram	3,00,000	9,97,970	OTC	3.33
14-Jul-09	KII	Euram	1,75,000	3,96,900	OTC	2.27
7-Sep-09	IFCF	Euram	85,000	2,29,500	OTC	2.70
26-Nov-09	IFCF	Euram	98,000	2,30,300	OTC	2.35
30-Nov-09	IFCF	Euram	1,45,000	3,30,600	OTC	2.28
4-Dec-09	IFCF	Euram	76,000	2,05,200	OTC	2.70
17-Dec-09	IFCF	Euram	1,26,000	2,98,620	OTC	2.37
4-Jan-10	KII	Euram	2,36,000	5,28,111	OTC	2.24
5-Jan-10	IFCF	Euram	1,80,000	3,99,600	OTC	2.22
11-Jan-10	IFCF	Euram	6,01,757	17,15,007	OTC	2.85
13-Jan-10	KII	Euram	3,09,143	7,16,717	OTC	2.32
		<b>Total</b>	<b>44,30,900</b>	<b>1,49,26,329</b>		

**Issue 2 (2009)**

<i>Date</i>	<i>Name of Acquirer</i>	<i>Name of Seller</i>	<i>Quantity of GDRs Acquired</i>	<i>Value of GDRs Acquired (\$)</i>	<i>Trading Platform</i>	<i>Value per GDR(\$)</i>
13-Jan-10	IFCF	Euram	1,37,500	9,90,000	OTC	7.20
14-Jan-10	KII	Euram	17,000	1,23,379	OTC	7.26
18-Jan-10	IFCF	Euram	1,64,000	11,95,560	OTC	7.29
19-Jan-10	IFCF	Euram	3,25,000	23,40,000	OTC	7.20
20-Jan-10	KII	Euram	1,90,000	13,78,944	OTC	7.26
20-Jan-10	KII	Euram	1,25,000	9,05,940	OTC	7.25
24-Jan-10	IFCF	Euram	1,52,000	10,91,360	OTC	7.18

26-Jan-10	KII	Euram	80,000	5,78,995	OTC	7.24
27-Jan-10	KII	Euram	65,000	4,29,156	OTC	6.60
21-Nov-10	IFCF	Euram	1,30,000	10,10,100	OTC	7.77
		<i>Total</i>	<i>13,85,500</i>	<i>1,00,43,434</i>		

m. The Following are the details of GDRs for receipt of underlying shares.

*Issue 1 (in 2007)*

<i>Transacti on Date</i>	<i>Entities cancelling GDRs on behalf of FIIs/Sub-Accounts</i>	<i>GDRs Cancelled</i>	<i>Shares Released</i>	<i>Sub- Account receiving shares</i>	<i>Date of receiving shares</i>
17-01-08	BROWN BROTHERS HARRIMAN CO	1,50,000	15,00,000	Rhodes	17-01-08
22-01-08	BROWN BROTHERS HARRIMAN CO	1,50,000	15,00,000	Sophia	23-01-08
25-01-08	BROWN BROTHERS HARRIMAN CO	1,50,000	15,00,000	Rhodes	28-01-08
11-03-08	BROWN BROTHERS HARRIMAN CO	1,50,000	15,00,000	Sophia	13-03-08
24-04-08	BROWN BROTHERS HARRIMAN CO	45,000	4,50,000	Sophia	07-05-08
06-06-08	BROWN BROTHERS HARRIMAN CO	60,000	6,00,000	Rhodes	09-06-08
18-06-08	BROWN BROTHERS HARRIMAN CO	30,000	3,00,000	Sophia	19-06-08
10-09-08	BROWN BROTHERS HARRIMAN CO	60,000	6,00,000	Sophia	11-09-08
12-09-08	BROWN BROTHERS HARRIMAN CO	60,000	6,00,000	Sophia	15-09-08
15-12-08	JULIUS BAER, ZUR, SWITZERLAND	20,000	2,00,000	Sophia	16-12-08
22-05-09	KAS DEPOSITARY TST/CUST,	2,99,000	29,90,000	ARES	25-05-09
03-06-09	KAS DEPOSITARY TST/CUST,	2,46,000	24,60,000	ARES	04-06-09
03-06-09	JPM CL CORP.,BK, UNITED STATES	3,25,000	32,50,000	KII	04-06-09
04-06-09	JPM CL CORP.,BK, UNITED STATES	3,00,000	30,00,000	KII	05-06-09
08-09-09	Euram	85,000	8,50,000	IFCF	09-09-09
25-11-09	Euram	85,000	8,50,000	IFCF	26-11-09
27-11-09	Euram	98,000	9,80,000	IFCF	30-11-09
01-12-09	Euram	1,45,000	14,50,000	IFCF	02-12-09
04-12-09	Euram	76,000	7,60,000	IFCF	07-12-09
18-12-09	Euram	1,26,000	12,60,000	IFCF	21-12-09
31-12-09	JPM CL CORP.,BK, UNITED STATES	3,00,000	30,00,000	KII	02-01-10
05-01-10	JPM CL CORP.,BK, UNITED STATES	3,00,000	30,00,000	KII	06-01-10
06-01-10	JPM CL CORP.,BK, UNITED STATES	1,75,000	17,50,000	KII	07-01-10
07-01-10	Euram	1,80,000	18,00,000	IFCF	08-01-10
11-01-10	JPM CL CORP.,BK, UNITED STATES	2,36,000	23,60,000	KII	12-01-10
13-01-10	Euram	6,01,757	60,17,570	IFCF	14-01-10
15-01-10	JEFFERIES CO INC,	3,09,143	30,91,430	KII	18-01-10
	<i>Total</i>	<i>47,61,900</i>	<i>4,76,19,000</i>		

*Issue 2 (in 2009)*

<i>Transaction Date</i>	<i>Entities cancelling GDRs on behalf of FIIs/Sub-Accounts</i>	<i>GDRs Cancelled</i>	<i>Shares Released</i>	<i>Sub- Account receiving shares</i>	<i>Date of receiving shares</i>
15-Jan-10	Euram	1,37,500	41,25,000	IFCF	20-01-10
19-Jan-10	JEFFERIES CO INC	17,000	5,10,000	KII	21-01-10
20-Jan-10	Euram	1,64,000	49,20,000	IFCF	21-01-10
21-Jan-10	Euram	1,25,000	37,50,000	IFCF	22-01-10
21-Jan-10	JEFFERIES CO INC	1,90,000	57,00,000	KII	22-01-10
25-Jan-10	Euram	2,00,000	60,00,000	IFCF	27-01-10

26-Jan-10	Euram	75,000	22,50,000	IFCF	27-01-10
27-Jan-10	Euram	57,000	17,10,000	IFCF	28-01-10
27-Jan-10	JEFFERIES CO INC	1,25,000	37,50,000	KII	28-01-10
28-Jan-10	JEFFERIES CO INC	80,000	24,00,000	KII	29-01-10
29-Jan-10	JEFFERIES CO INC	65,000	19,50,000	KII	01-02-10
	Total	12,35,500	3,70,65,000		

- n. On receipt of the underlying shares, the Sub-Accounts sold the shares in the Indian market and interestingly, as has been observed for other Examined Companies, the main counterparties to these sales were AP related entities such as Basmati and Oudh:-

<i>FII</i>	<i>CP PAN</i>	<i>CP Name</i>	<i>Sell Volume</i>	<i>Sell value (Rs.)</i>	<i>% to total Sale</i>
<i>IFCF</i>	<i>AAACB4324K</i>	<i>Basmati</i>	<i>81,64,299</i>	<i>10,55,92,702</i>	<i>30.9</i>
<i>IFCF</i>	<i>AAACO3597K</i>	<i>Oudh</i>	<i>54,37,005</i>	<i>6,80,62,401</i>	<i>19.9</i>
<i>IFCF</i>	<i>AAACCN3776H</i>	<i>Newgen International</i>	<i>27,66,800</i>	<i>3,44,53,906</i>	<i>10.1</i>
<i>IFCF</i>		<i>Others</i>	<i>1,06,44,646</i>	<i>13,40,04,591</i>	<i>39.1</i>
		<i>IFCF Total</i>	<i>2,70,12,750</i>	<i>34,21,13,600</i>	<i>100.0</i>

<i>FII</i>	<i>CP PAN</i>	<i>CP Name</i>	<i>Sell Volume</i>	<i>Sell value (Rs.)</i>	<i>% to total Sale</i>
<i>KII</i>	<i>AAACCN3776H</i>	<i>Newgen International</i>	<i>57,18,100</i>	<i>8,30,76,318</i>	<i>25.8</i>
<i>KII</i>	<i>AAACB4324K</i>	<i>Basmati</i>	<i>43,31,324</i>	<i>5,46,65,391</i>	<i>17.0</i>
<i>KII</i>	<i>AAACO3597K</i>	<i>Oudh</i>	<i>24,92,795</i>	<i>3,12,28,167</i>	<i>9.7</i>
		<i>Others</i>	<i>1,21,19,211</i>	<i>15,26,73,849</i>	<i>47.5</i>
		<i>KII Total</i>	<i>2,46,61,430</i>	<i>32,16,43,725</i>	<i>100.0</i>

<i>FII</i>	<i>CP PAN</i>	<i>CP Name</i>	<i>Sell Volume</i>	<i>Sell value (Rs.)</i>	<i>% to total Sale</i>
<i>Rhodes</i>	<i>ACRPP5552H</i>	<i>SV</i>	<i>11,35,560</i>	<i>1,34,10,847</i>	<i>36.2</i>
<i>Rhodes</i>	<i>AAACO3597K</i>	<i>Oudh</i>	<i>5,87,765</i>	<i>70,53,180</i>	<i>19.1</i>
<i>Rhodes</i>	<i>AAACB4324K</i>	<i>Basmati</i>	<i>5,82,642</i>	<i>70,06,128</i>	<i>18.9</i>
<i>Rhodes</i>	<i>AABCA6702F</i>	<i>Alka</i>	<i>2,27,550</i>	<i>38,79,728</i>	<i>10.5</i>
		<i>Others</i>	<i>4,66,483</i>	<i>56,68,654</i>	<i>15.3</i>
		<i>Rhodes Total</i>	<i>30,00,000</i>	<i>3,70,18,536</i>	<i>100.0</i>

<i>FII</i>	<i>CP PAN</i>	<i>CP Name</i>	<i>Sell Volume</i>	<i>Sell value (Rs.)</i>	<i>% to total Sale</i>
<i>Sophia</i>	<i>AAACO3597K</i>	<i>Oudh</i>	<i>4,11,236</i>	<i>55,62,066</i>	<i>20.2</i>
<i>Sophia</i>	<i>AAACE2875N</i>	<i>Jitendra Patel (Excel Paints Pvt Ltd)</i>	<i>3,17,730</i>	<i>43,00,528</i>	<i>15.6</i>
<i>Sophia</i>	<i>ACRPP5552H</i>	<i>SV</i>	<i>1,95,695</i>	<i>20,61,398</i>	<i>7.5</i>
		<i>Others</i>	<i>7,50,545</i>	<i>1,07,07,248</i>	<i>38.9</i>
		<i>Sophia Total</i>	<i>20,00,000</i>	<i>2,75,22,638</i>	<i>100.0</i>

- o. From the counterparty analysis of the sell trades of Sub-Accounts, it is observed that Indian entities like SV, Alka, Basmati and Oudh have been the major counterparties. It is noted that these entities are connected with AP as observed from the Bank account statements, the Demat statements and KYC of these entities. The connections among entities and with AP are explained below.

<i>Sr. No</i>	<i>Name of Entity</i>	<i>Details of connection</i>
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1	<b>Alka India Ltd (Alka)</b>	<p>AP is among the promoters of Alka.</p> <p>As per Annual Return of Basmati filed with MCA on September 30, 2005, Alka and Oudh are among the shareholders of Basmati. Together, they hold 37.68% of the shares of Basmati.</p> <p>Alka and Oudh have common phone number (9702001974) in their KYC documents available with their respective brokers viz, Mansi Share &amp; Stock Advisors Pvt Ltd, Alankit Assignments Ltd and Arch Finance Ltd.</p> <p>(Source: MCA and BSE filing of Alka. KYC documents with B. Lodha Securities Ltd, Indiabulls Securities Ltd, Mansi Share &amp; Stock Advisors Pvt Ltd, Alankit Assignments Ltd and Arch Finance Ltd, Ssj Finance &amp; Securities Pvt. Ltd, Madhya Pradesh stock Exchange Indiabulls Securities Ltd, Shriram Insight Share Brokers Ltd and Multiplex Capital Ltd.)</p>
2	<b>Basmati Securities Pvt Ltd (Basmati)</b>	<p>Basmati holds 27.8% of the shares of Oudh.</p> <p>As per Annual Return of Basmati filed with MCA on September 30, 2005, Alka and Oudh are among the shareholders of Basmati. Together, they hold 37.68% of the shares of Basmati.</p> <p>Basmati and Oudh have common authorised signatory (Rahul C Shah) for operating their demat accounts as per the KYC documents provided by depository participants – Shriram Insight Share Brokers, K &amp; A Securities Pvt Ltd and Motilal Oswal Securities Ltd.</p> <p>Basmati and Oudh have common phone number (9619040060) and address - Room No. 5, Ground Floor, Heera Mahal Building, 250 Kalbadevi Road, Mumbai - 400002 in the KYC documents available with depository participant Shriram Insight Share Brokers Ltd.</p> <p>Basmati and Oudh have common phone number (32015743) and address – 5/7 Kothari House 2nd Floor Office No 4 Fort Mumbai in the KYC documents available with brokers/ depository participants B.lodha Securities Ltd., Motilal Oswal Securities Ltd, Anand Rathie Share and Stock Brokers Ltd and Networth Stock Broking Ltd.</p> <p>Basmati and Oudh have common phone number (24526764) and address – Kothari House 1st Floor 5/7 Oak Lane Fort Bombay in the KYC documents available with broker Vertex Securities Ltd.</p> <p>(Source: MCA and BSE filing of Alka. KYC documents available with Religare Securities Ltd. and Cpr Capital Services Ltd, Shriram Insight Share Brokers, K &amp; A Securities Pvt Ltd, Motilal Oswal Securities Ltd., Shriram Insight Share Brokers Ltd., B.lodha Securities Ltd. and Networth Stock Broking Ltd., Anand Rathie Share and Stock Brokers Ltd and Vertex Securities Ltd.</p>
3	<b>Oudh Finance &amp; Investment Pvt Ltd. (Oudh)</b>	<p>Basmati holds 27.8% of the shares of Oudh.</p> <p>As per Annual Return of Basmati filed with MCA on September 30, 2005, Alka and Oudh are among the shareholders of Basmati. Together, they hold 37.68% of the shares of Basmati.</p> <p>Basmati and Oudh have common authorised signatory (Rahul C Shah) for operating their demat accounts as per the KYC documents provided by depository participants – Shriram Insight Share Brokers, K &amp; A Securities Pvt Ltd and Motilal Oswal Securities Ltd.</p> <p>Basmati and Oudh have common phone number (9619040060) and address - Room No. 5, Ground Floor, Heera Mahal Building, 250 Kalbadevi Road, Mumbai - 400002 in the KYC documents available with depository participant Shriram Insight Share Brokers Ltd.</p> <p>Basmati and Oudh have common phone number (32015743) and address – 5/7 Kothari House 2nd Floor Office No 4 Fort Mumbai in the KYC documents available with brokers/ depository participants B.lodha Securities Ltd., Motilal Oswal Securities Ltd, Anand Rathie Share and Stock Brokers Ltd and Networth Stock Broking Ltd.</p> <p>Basmati and Oudh have common phone number (24526764) and address – Kothari House 1st Floor 5/7 Oak Lane Fort Bombay in the KYC documents available with broker Vertex Securities Ltd.</p> <p>(Source: MCA and BSE filing of Alka, KYC Documents available with Shriram Insight Share Brokers, K &amp; A Securities Pvt Ltd, Motilal Oswal Securities Ltd., Shriram Insight Share Brokers Ltd., B.lodha Securities Ltd. and Networth Stock Broking Ltd., Anand Rathie Share and Stock Brokers Ltd and Vertex Securities Ltd.)</p>
4	<b>SV Enterprise / Sarfaraz Khan</b>	<p>SV is the proprietary firm of Mr. Sarfaraz Khan Pathan.</p> <p>SV is involved in fund transactions with Alka. From the statement of SV's account no. 002405013273, maintained with ICICI Bank, it is observed that during the period from January 1, 2010 to April 30, 2010, SV received Rs. 83 lakh from Alka and transferred Rs. 85 lakh to Alka.</p>

	<i>Pathan (SV)</i>	<i>In the demat account of Sarfaraz Khan Pathan maintained with Shah Investors Home Limited, the nominee of the account is mentioned as Ashok and the witnesses are SatishPanchariya and MadanlalBugaliya (Source: Bank account statements of Gujarat Enterprise's account no. 2306 with Gujarat Mercantile Co-op Bank Ltd., SV's account no. 002405013273 with ICICI Bank, KYC documents of SV available with ICICI Bank and KYC of demat account of SV with Shah Investors Home Limited)</i>
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- p. Thus, it is observed that all the above entities have connections with AP and AP has substantial influence over their activities.
- q. In view of the foregoing, it is alleged that the Noticees have violated Sections 12A(a), (b) and (c) of the SEBI Act read with regulations 3 (b), 3(c), 3(d), 4(2)(c), 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations.
- r. The alleged violations of the relevant provisions of the SEBI Act and PFUTP Regulations by the Noticees as brought out above, if proved, makes the Noticees liable for monetary penalty under the provisions of Section 15HA of the SEBI Act.

Non-furnishing of information and misleading submissions by KSS

- s. In terms of Section 11C(3) read with 11C(6) of the SEBI Act, it is obligatory on any person so summoned to produce the necessary documents / information / appear in person to/ before the Investigating Authority. It is alleged that during the course of investigation, summons were issued under Section 11C(3) read with 11C(6) of the SEBI Act to the KSS for production of documents regarding utilisation of GDR proceeds by the company. It is alleged that the Noticees didn't submit all the documents sought by the SEBI. Following documents/information sought vide summons/emails/letters were not provided by K Sera.
1. Complete Bank account statements of its subsidiaries from inception till date. Vide email dated June 26, 2012, K Sera was once again asked to provide complete bank account statements of its subsidiaries , yet it did not provide the same.
  2. K Sera also did not provide details like name of payee entity, purpose of money paid by foreign subsidiaries.
  3. Apart from not providing aforementioned critical information to SEBI, wrong information was also provided by K Sera. The wrong submissions of K Sera were particularly related to Pledge and Loan Agreements to which K Sera was one of the party.
  4. Investigation has revealed that K Sera like all other Examined Companies also provided false information and concealed material information to SEBI to mislead the investigation. Following false information was furnished to SEBI by the company:-
    - a) K Sera made wrong submission that it did not have any agreement with Vintage. It was clearly mentioned in the Loan Agreement signed between Vintage and Euram that Pledge Agreement signed between K Sera and Euram is part of the Loan Agreement.
    - b) K Sera has submitted that it did not have any arrangement with AP for subscription of GDRs. As explained the complete GDR issuance was done on the basis of AP GDR Scheme.
    - c) K Sera denied having any agreement with Euram, other than the Escrow account agreement.
    - d) K Sera denied having any agreement with any of the entity for the purpose of financing of the GDR issue. It specifically denied having any agreement with Vintage and AP.
- t. In view of the observation(s) mentioned at above paragraph, it is alleged that the Noticees has violated the provisions of Section 11C(3) read with 11C(6) of the SEBI Act.

- u. *The alleged violations of the relevant provisions of the SEBI Act by the KSS as brought out above, if proved, makes the KSS liable for monetary penalty under the provisions of Section 15A(a) of the SEBI Act.*

6. SCN sent through SPAD had returned undelivered with the comment 'left'.

Subsequently, SCN was hand delivered to Noticee at the same address "i.e. *Unit no.101A & 102, I Floor, Plot no. B-17, Morya Landmark II, Andheri (W), Mumbai 400053*" from where SCN sent through SPAD had returned undelivered with comment "left". Acknowledgment of receipt of SCN on May 16, 2019 by one, Mr. Anshu Singh is on record. Vide letter dated September 27, 2019 Noticee was granted opportunity to reply on or before October 14, 2019 and attend hearing on October 17, 2019. Vide hearing notice dated October 16, 2019 Noticee was granted final opportunity to submit reply to the SCN on or before October 25, 2019. Further, final opportunity of hearing on November 07, 2019 was granted. This letter was sent through SPAD and had returned undelivered. Vide letter dated November 19, 2019 Noticee was informed referring to hearing notice dated September 27, 2019 that the reply to the SCN is awaited. Further, final opportunity of personal hearing was granted on December 03, 2019. This letter was sent through Hand Delivery/ Affixture and had returned undelivered with comment "consignee moved".

Thereafter, by way of release of public notice vide newspaper publication dated December 08, 2019 the hearing notice was served on Noticee by way of publication in terms of Rule 7(d) of the Adjudication Rules and the paper clippings are on record. The Noticee was provided with an opportunity of hearing on December 16, 2019. Newspaper publication in Mumbai edition was released on December 08, 2019 in the newspapers detailed hereunder-

S.No	Name of the newspaper	Language
1.	The Times of India	English
2.	Nav Bharat	Hindi
3.	Maharashtra Times	Marathi

7. Subsequently, alternate addresses and email id were obtained from the DWBIS database. Vide letter dated January 14, 2021, SCN was resent to the Noticee at his email id and alternate addresses as obtained from DWBIS viz. [dinesh\\_b@yahoo.com](mailto:dinesh_b@yahoo.com) ; [dbhanushali72@gmail.com](mailto:dbhanushali72@gmail.com) ; Flat No. 902 Satyam Tower Thakur Complex 90 D P Road, Near Asha Nagar Behind Zagdusingh Polytechnic Collage Kandivali (E), Mumbai- 400101” and “702, Satyam Bldg,, Asha Nagar, Kandivali East, Mumbai, 400101”. Email has not bounced back from the above said email ids. Track Consignment for consignment number EM171385151IN and EM171385165IN as downloaded from India Post website confirmed item delivery with comment “*Item delivered at Satyam Tower*” i.e. the above said alternate addresses of the Noticee. Subsequently, vide letter dated March 05, 2021 Noticee was granted an opportunity to file reply to the SCN by March 15, 2021 and an opportunity of hearing on March 17, 2021. This letter was sent through SPAD; hand delivery/affixture. However, same had returned undelivered with comment “*consignee shifted*”.
8. Subsequently, by way of release of another public notice vide newspaper publication dated March 26, 2021 the hearing notice was served on Noticee by way of publication in terms of Rule 7(d) of the Adjudication Rules and the paper clippings are on record. The Noticee was provided with an opportunity of hearing on April 20, 2021. Newspaper publication in Mumbai edition were released on March 26, 2021 in the newspapers detailed hereunder-

S.No	Name of the newspaper	Language
1.	The Hindustan Times	English
2.	Navbharat Times	Hindi
3.	Sakal	Marathi

9. The Noticee has for the first time responded through his email id [dbhanushali72@gmail.com](mailto:dbhanushali72@gmail.com) on April 14, 2021 i.e. subsequent to publication of abovementioned Newspaper publication. It is pertinent to mention here that the Noticee has requested for inspection of documents and copies thereof vide his email dated April 14, 2021 and submitted authorization letter in favour of his authorized representative (**AR**) viz. Mr. Jitendra Sharda, advocate. From the records, I note that on earlier occasions Noticee had chosen not to respond to the email dated January 14, 2021 which was also addressed to him at the same email id i.e. [dbhanushali72@gmail.com](mailto:dbhanushali72@gmail.com).

10. Vide email dated April 15, 2021 Noticee's request for inspection was acceded to and Noticee was informed that the inspection and copies of only those documents, which have been relied upon in the matter, shall be provided. Thus, scan copy of the SCN and its annexures were attached with the email for reference. Further, Noticee was advised to coordinate with Enforcement Department of SEBI (EFD) and complete the inspection latest by April 26, 2021. Vide email dated April 20, 2021 EFD informed the list of documents forwarded to the Noticee on April 20, 2021.

11. Subsequently, vide email dated April 28, 2021, an opportunity of hearing was granted on May 05, 2021. AR of the Noticee, vide email dated May 04, 2021, had requested for postponement of the hearing scheduled on May 05, 2021. Acceding

to the request of the Noticee, the hearing was rescheduled for May 14, 2021 and the same was intimated to the Noticee vide email dated May 05, 2021.

12. Noticee has submitted his reply to the SCN vide letter dated May 13, 2021 sent through his email id : [dbhanushali72@gmail.com](mailto:dbhanushali72@gmail.com). The reply is summarized as under-

- 1. Please refer to the captioned notice dated March 28, 2019 (hereinafter referred to as the "Notice/SCN"). Vide the Notice, it has inter alia alleged that I have violated the provisions of Section 12A(a), (b) and (c) of SEBI Act, 1992 (hereinafter referred to as the "SEBI, Act") read with Regulations 3 (b), (c), (d), 4(2)(c), (f), (k) and (r) of SEBI (Prohibition of Fraudulent & Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "PFUTP Regulations").*
- 2. At the outset, I vehemently deny the alleged violations of the SEBI Act as well as PFUTP Regulations as alleged in the NOTICE.*
- 3. Further, it is evident from the Notice itself that there are no allegations or materials brought on record to establish any violation by me in respect of the provisions of SEBI Act and/or PFUTP Regulations as alleged in the Notice. It is submitted that for the violation of the provisions as alleged in the Notice, the specified provisions of the SEBI Act and PFUTP Regulations are not attracted.*
- 4. It is submitted that this is not the final reply to be submitted by me. I reserves my right to file additional reply to the NOTICE and when required during the course of these proceedings.*
- 5. The Notice proceeds to treat me at par with all other entities who have in fact allegedly defaulted under SEBI Laws and I have been wrongly painted with the same brush. There are no allegations have been made against me in any manner.*
- 6. It is submitted that the law as regards the requirement of issuance of Show Cause Notice and the contents that are mandatorily required to be included in such show cause notice was recently considered and elaborated by the Hon'ble Supreme Court in Gorkha Security Services v. Govt. (NCT of Delhi), (2014) 9 SCC 105;*
- 7. It has been further held in S.L. Kapoor v. Jagmohan & Ors., (1980) 4 SCC 379 that: "The demands of natural justice are not met even if the very person proceeded against has furnished the information on which the action is based, if it is furnished in a casual way or for some other purpose. We do not suggest that the opportunity need be a "double opportunity" that is, one opportunity on the factual allegations and another on the proposed penalty. Both may be rolled into one. But the person proceeded against must know that he is being required to meet the allegations which might lead to a certain action being taken against him."*
- 8. It is humbly submitted that the Notice nowhere makes out any specific case against me and in manner provides an opportunity or details of any allegations that are I have to meet. The Notice is general and vague in nature and there is no specific case made out against me and accordingly my submissions are also in*

respect of establishing my innocence by showing my non-involvement in any of the actions of the company.

9. It is therefore submitted that the Notice does not meet the mandatory requirements of a valid show cause notice as laid down by the Hon'ble Supreme Court in the aforesaid decision.

10. It is humbly submitted that serious charges like fraud cannot be established on the basis of the surmise and conjectures. Attention is invited to the decision of the Supreme Court in *Union of India vs. Chaturbhai M. Patel* (AIR 1976 SC 712) which holds that fraud, even in civil proceedings, must be established beyond reasonable doubt. Thus, the allegations against me does not meet the well settled standards of law and evidence in such a case and needs to be withdrawn. Thus, the Notice is bad in law and so must be withdrawn and the proceedings must be dropped.

11. It is submitted that serious allegation of violation of PFUTP Regulations cannot be alleged on the basis of mere surmises and conjectures and based on the erroneous interpretation of data, documents etc., as has been done in the instant case. The same is also clear from the decisions given by various courts in numerous cases.

12. The Hon'ble Supreme Court in *Ambalal vs. Union of India*, AIR 1961 SC 264 relating to imposition of penalty on the person concerned had held that "To such a situation though the provisions of the Code of Criminal Procedure or the Evidence Act may not apply, except in so far as they are statutorily made applicable, the fundamental principles of criminal jurisprudence and of natural justice must necessarily apply. If so, the burden of proof is on the customs authorities and they have to bring home the guilt to the person alleged to have committed a particular offence under the said Acts by adducing evidence".

13. In *Union of India vs. H.C. Geol*, AIR 1964 SC 364 it was observed that "the principle that in punishing the guilty scrupulous care must be taken to see that the innocent are not punished, applies as much to regular criminal trials as to disciplinary inquiries held under the statutory rules".

14. In *L.D. Jaisinghani vs. Naraindas N Punjabi* (1976) 1 SCC 354: AIR 1976 SC 373 at P. 376 it was observed by the Apex Court that "In any case we are left in doubt whether the complainants version with which he had come forward with considerable delay was really truthful. We think that in a case of this nature, involving possible debarring of the advocate concerned the evidence should be of a character which should leave no reasonable doubt about guilt. The Disciplinary Committee had not only found the Appellant guilty but had disbarred him permanently."

15. Further in the case of *Seth Gulabchand vs. Seth Kudilal* (AIR 1966 SC 1734), the Hon'ble Court has inter alia held that "the Indian Evidence Act applies the same standard of proof in civil cases. It makes no difference between cases in which charges of a fraudulent or criminal character are made and cases in which such charges are not made. But this is not to say that the courts will not, while striking the balance of probability keep in mind the presumption of honesty or innocence or the nature of the crime or fraud charged."

16. In so far as the alleged violation of Section 12 (A) (a) of the SEBI Act is concerned, it is submitted that I had never, directly or indirectly, employed any manipulative or deceptive device or contrivance, in relation to the issue, purchase

or sale of any shares listed or proposed to be listed on a recognized stock exchange, in contravention of the SEBI Act and rules or regulations made thereunder. Therefore, the Notice has completely erred in alleging that I had violated Section 12A (a) of the SEBI Act.

17. In so far as the alleged violation of Section 12(A)(b) of the SEBI Act is concerned, it is submitted that I had never, directly or indirectly, employed 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 recognized stock exchange. Therefore, the Notice has completely erred in alleging that I have violated Section 12A (b) of the SEBI Act.

18. In so far as the alleged violation of Section 12(A)(c) of the SEBI Act is concerned, it is submitted that I have never, directly or indirectly, engaged ourselves in any act, practice, course of business which operates as or would operate as a fraud or deceit upon any person, in connection with the issue or dealing in securities which are listed or proposed to be listed on a recognized stock exchange, in contravention of the SEBI Act and rules or regulations made thereunder. Therefore, the Notice has completely erred in alleging that I have violated Section 12A(c) of the SEBI Act.

19. In so far as Regulation 3(b) of the PFUTP Regulations is concerned, it is submitted that I have never, directly or indirectly, employed any manipulative or deceptive device or contrivance, in relation to the issue, purchase or sale of any shares listed or proposed to be listed on a recognized stock exchange, in contravention of the SEBI Act and rules or regulations made thereunder. Therefore, the Notice has completely erred in alleging that I have violated Regulation 3(b) of the PFUTP Regulations.

20. In so far as the alleged violation of Regulation 3(c) of the PFUTP Regulations is concerned, it is submitted that I have never, directly or indirectly, employed 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 recognized stock exchange. Therefore, the Notice has completely erred in alleging that I have violated Regulation 3(c) of the PFUTP Regulations.

21. In so far as the alleged violation of Regulation 3(d) of the PFUTP Regulations is concerned, it is submitted that I have never, directly or indirectly, engaged ourselves in any act, practice, course of business which operates as or would operate as a fraud or deceit upon any person, in connection with the issue or dealing in securities which are listed or proposed to be listed on a recognized stock exchange, in contravention of the SEBI Act and rules or regulations made thereunder. Therefore, the Notice has completely erred in alleging that I have violated Regulation 3(d) of the PFUTP Regulations.

22. In so far as the alleged violation of Regulation 4(2) (c) of the PFUTP Regulations is concerned, it is submitted that I have neither advanced nor agreed to advance any money to any person thereby inducing any other person to offer to buy security in any issue only with intention of securing minimum subscription to such issue; there is no allegation in the Notice that such the alleged money advanced by me was with an intention of securing minimum subscription to an issue; or with an intention to induced the general public in India to deal with our shares; Therefore, the Notice has completely erred in alleging that I have violated Regulation 4(2)(c) of the PFUTP Regulations.



23. In so far as the alleged violation of Regulation 4(2)(f) of the PFUTP Regulations is concerned, it is submitted that I have not published or caused to be published or caused to be reported by any person dealing in securities any information which is not true or which I did not believe to be true prior to or in the course of dealing in securities.

24. In so far as the alleged violation of Regulation 4(2)(k) of the PFUTP Regulations is concerned, it is submitted it has been established beyond doubt I have never carried out any advertisement that was misleading or that contained information in a distorted manner and which could influence the decision of the investors. Without prejudice to the above, the Notice does contain any allegation as to any such 'advertisement' having been carried by me. Therefore, the Notice has completely erred in alleging that I have violated Regulation 4(2)(k) of the PFUTP Regulations.

25. In so far as the alleged violation of Regulation 4(2)(r) of the PFUTP Regulations is concerned, it is submitted that: it has been established beyond doubt I have never planted any news which could induce sale or purchase of securities.

26. From the abovementioned paras it is clear that the allegations of violating the SEBI Act and PFUTP Regulations cannot be alleged against me and the Notice be dropped / quashed forthwith.

27. It is further submitted that while taking a decision under the impugned provision, the Learned Adjudicating Officer has to take in to account Section 15J of the SEBI Act, 1992 which specifies the factors to be considered before levying any penalty, which are as under:

“(a) the amount of disproportionate gain or unfair advantage, whether 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.”

I. With regard to Clause (a):- “the amount of disproportionate gain or unfair advantage, whether quantifiable, made as a result of the default”: it is submitted that the findings do not lead to the conclusion that there has been disproportionate gain or unfair advantage to me.

II. With regard to Clause (b):- “the amount of loss caused to an investor or group of investors as a result of the default” : it is submitted that there are no investor complaints filed at any Stock Exchange or SEBI in respect of the present matter and the same has also not been alleged in the Notice. In absence of any direct information, the allegation of causing loss to other investors is baseless.

III. With regard to Clause (c):- “the repetitive nature of the default.” it is stated that our act does not have a repetitive nature of defaults and carries on their job in a dignified and respectful manner. It is submitted that the instances pointed out in the Notice are isolated instances and hence there is no question of repetitive nature of default.

28. It is submitted that the aforesaid explanations make it quite clear that I have not violated any provisions of the SEBI Act and PFUTP Regulations and therefore the directions and findings of the Notice must be quashed and set aside with immediate effect. The Notice is uncalled for and unjust since there is no justification in subjecting me to such harsh and baseless allegations. It is submitted that, I have

*not committed any wrong and no charge has been established against me on prima facie, to warrant any action. Therefore, it will be unfair on unwarranted directions under the SEBI Act and PFUTP Regulations against me.*

*29.It is submitted that I reserve our right to modify and add additional grounds in these submissions. It is respectfully submitted that the allegations in the Notice do not flow out of the factual position and therefore demolishes the charges and therefore it is humbly prayed that the Notice be set aside and the charges as levelled against me must be dropped.*

- 13.The personal hearing was conducted through Video Conference mode using Webex platform on May 14, 2021. The AR, Mr. Jitendra Sharda, advocate, while reiterating the submissions made by the Noticee vide his letter dated May 13, 2021 stated that there are no allegations or material brought on record to establish any violation by the Noticee in respect of the provisions of SEBI Act and /or PFUTP Regulations as alleged in the SCN. AR was informed that SCN has clearly brought out that Mr Dinesh Bhanushali was a Director of K Sera Sera during the Investigation Period. AR further raised contention of ambiguity in the SCN. On being asked about the same by the Adjudicating Officer, AR could not point out the ambiguities as contended. In this regard, AR was informed that the background of the matter is clearly given in the SCN and explained to the AR during the course of hearing. In this regard, evidences available on record are listed here and same were once again brought to the notice of Mr. Dinesh Bhanushali vide email dated May 14, 2021 communicating the minutes of the hearing - (i) Mr Dinesh Bhanushali was a Director of K Sera Sera during the Investigation Period. In this regard, copy of Annual Report 2007-2008 of K Sera Sera Productions Ltd. is attached herewith. (ii) Annexure V to the SCN is certified true copy of the resolution passed by the Board of Directors of KSS Ltd. on July 31, 2007 printed on the letter head of the company, whereby Shri Rajesh Pavithran and Mr. Dinesh Bhanusali were

appointed as the authorized signatory on behalf of the company and to execute all the transactions with the Banks. (iii) Annexure III to the SCN is a copy of pledge agreement dated October 30 2007, the pledge agreement entered into by and between KSS and Euram Bank on October 30, 2007 was signed by Shri Rajesh Pavithran and Mr. Dinesh Bhanusali for KSS. The above have been duly minuted in the Minutes of the proceedings dated May 14, 2021 which is available on record. I note that Noticee himself has drawn my attention to the order passed by SEBI's Whole Time Member which has dealt with the role of the Noticee in the fraudulent issuance of GDRs by KSS, and whereby he was debarred from the securities market for ten years. In the said order dated September 05, 2017 passed under Section 11B of the SEBI Act, it was observed that *"5.1.26 Shri Rajesh Pavithram along with Shri Dinesh Bhanushali and Shri Hussain Sattaf were the Authorised Person on behalf of K Sera for execution of Pledge Agreements (with Euram) and other documents in relation to GDR Issue I and II. Similarly, Shri Rajesh Pavithram and Shri Hussain Sattaf were Directors of K Sera. Shri Rajesh Pavithram along with Shri Dinesh Bhanushali and Shri Hussain Sattaf signed the Pledge Agreements and other documents in relation to GDR Issue. It is evident from the stature of Shri Rajesh Pavithram and Shri Hussain Sattaf that they was hugely important in the hierarchy of K Sera. For the company to know anything, it could well be said that it had to be known to them and also Shri Dinesh Bhanushali, who was the signatories to the Pledge Agreements. It is significant to note that all the actions of K Sera have been in accordance with the terms of the aforementioned Agreement.....5.1.31 I, therefore, find that K Sera, Shri Rajesh Pavithram along with Shri Dinesh Bhanushali and Shri Hussain Sattaf violated the provisions of*

Sections 12A(a)–(c) of the SEBI Act read with Regulations 3(b), 3(c), 3(d) and 4(2)(c), 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations, 2003.”. Therefore, the contentions have no basis.

14. Since the AR was clarified about the SCN, in the interest of natural justice, the Noticee was given another one week time to ponder over the allegations and thereafter appear for the hearing. Therefore, Noticee was granted final opportunity of hearing on May 21, 2021. Noticee vide reply dated May 20, 2021 submitted as under-

*I. At the outset, I am thankful to your goodself for granting me an opportunity of personal hearing in the captioned matter, wherein my Authorized Representative denied violation of all alleged provisions of law as mentioned in the captioned SCN and also prayed for the withdrawal of the present SCN qua me.*

*II. Further at the outset, I deny all the allegations levelled against me in the Notice. It is submitted that I do not accept or admit anything stated in the Notice except where the same is expressly admitted in this rejoinder. Nothing stated therein shall be deemed to be admitted by me merely on account of non-traverse and unless the same is specifically admitted by me herein.*

*III. The allegations contained in the Notice qua me are bald, sweeping, unfounded, and are completely contrary to the factual position and records. It is submitted that neither the notice points out a single allegation against me nor it provides a single piece of credible evidence that justifies the allegations levelled against me in the Notice.*

*IV. Further, at the outset, it is submitted that it is admitted fact that during the investigation period I was being appointed as a Non- Executive Independent Director wherein I was not aware of any day-to-day activities of the management. Therefore, I was not engaged in any kind of activities as mentioned in the show cause notice and I have not violated any provisions of SEBI Act and PFUTP Regulations.*

*V. I humbly submit that I was appointed as a non-executive independent director on 19/10/2007 and later on 28/12/2007, I have to vacant the office under Section 260 of the Companies Act, 2013. Copies of the appointment and resignation form are attached herewith as Exhibit - A and Exhibit - B respectively.*

*VI. Further, I humbly submit that I was reappointed on 31/12/2007 as an additional non-executive independent director in the Company and later resigned on 12/08/2008. Copies of the appointment and resignation form are attached herewith as Exhibit - C and Exhibit - D respectively.*

*VII. It is pertinent to mention herein that during my tenure with the Company, I was appointed for the administrative and supportive work. At that time, I have attended*

only seven (7) board meetings out of twenty (20) board meetings, which make abundantly clear that I was not in charge of day to day affairs of the company.

VIII. Further, it is pertinent to mention herein that during my tenure with the Company, I was on the professional fee of rupees 3,34,000 per annum, if your goodself will compare my professional fee with respect to other directors remuneration, it will show my professional fee is with respect to my job description only and it will crystal clear that how much I was in charge of day to day control of I humbly submit that the Notice has failed to provide any cogent evidence/connections/role and does not point any irregularity/illegality not to speak of fraudulence by me in the respective transactions in the Notice. Further, I humbly submit I being a Non-Executive independent director have no role in any activities i.e. issuance of GDR, purchase of GDR by FII, Cancellation of GDRs and issue of underlying shares etc. so any wrongdoings on the part of other parties cannot be attributed to me.

X. Further, I deny that I am aware/or part of the resolution passed by the Board of Directors of the Company on July 31, 2007. In this regard, I humbly submit that since I am not on the board of director of the company when the alleged resolution was passed I cannot be liable for the same.

XI. I humbly submit that neither I am aware of any such pledge agreement nor I have signed any such alleged pledge agreement. Also, being an independent director I was not aware of any such alleged agreement. Therefore, as I have repeatedly demonstrated in the preceding paragraphs that no such allegation has been made in the said SCN against me. Further, the act of modifying and amending new allegations against me that during the personal hearing that "Annexure III to the SCN is a copy of pledge agreement dated October 30 2007, the pledge agreement entered into by and between KSS and Euram Bank on October 30, 2007 was signed by Shri Rajesh Pavithran and Mr. Dinesh Bhanusali for KSS", which were never part of the said SCN issued against me is a complete afterthought which is against set principles of the law and encroaches my Fundamental rights as enshrined under Indian Constitution and same is liable to be rejected.

XII. In the instant case since no primary violation against me have been made out as there is no perceptible gain to me or corresponding loss to anybody. Also, there is no history of the regulatory infraction by me. Further, there is no charge of violation by me in respect of the provisions of SEBI Act and/or PFUTP Regulations or jeopardizing the interest of investors in general and as I also explained the genuineness of the case, the question of imposition of any penalty does not arise. Therefore, it is duly submitted that I have not committed any wrong and no charge has been established against me even prima facie, to warrant any action.

XIII. I humbly submit that I have no relation/connection with the AP entities/persons mentioned in the Notice. Further, I humbly submit that the Notice has also failed to bring out any connection between me and the other persons/entities mentioned in the Notice, including of the counter parties to sell trades sub-Account's trades. Therefore, by no stretch of the imagination, it can be presumed that, I had any relationship/nexus/prior meeting of mind with any entities involved in GDR issuance.

XIV. It is submitted that the aforesaid explanations make it quite clear that I have not violated any provisions of the SEBI Act and PFUTP Regulations and therefore

*the directions and findings of the Notice must be quashed and set aside with immediate effect. The Notice is uncalled for and unjust since there is no justification in subjecting me to such harsh and baseless allegations. It is submitted that, I have not committed any wrong and no charge has been established against me on prima facie, to warrant any action. Therefore, it will be unfair on unwarranted directions under the SEBI Act and PFUTP Regulations against me.*

*XV. I humbly submit that I am already going through medical and economic hardships wherein I am suffering from health infirmities and have been advised by the doctor for complete rest. Therefore, it is requested not to initiate any proceedings against me and don't impose any penalty as neither I am in a condition to pay for my medical bills nor I am in a position to manage daily essential expenses for my family in this COVID-19 pandemic situation. Further, I am attaching herewith the links of the videos showing my deterrent health and economic condition, which was published in lemon news channel (1) <https://youtu.be/CJIQAclT0dM> (2) <https://youtu.be/zGsKTB5RAFM> .*

*XVI. I would like to submit that Hon'ble Whole Time Member of SEBI vide its order dated September 05, 2017 has prohibited me from accessing the capital market directly or indirectly and dealing in securities or instruments with Indian securities as underlying, in any manner whatsoever for a period of ten years from the date of the order. Hence, before imposing the penalty, without prejudice, your goodself should consider the said prohibitory order, since I was not part of the alleged fraud and I was not in charge of the day-to-day affairs of the business of the company.*

*XVII. It is submitted that the aforesaid explanations make it quite clear that I have not violated any provisions of the SEBI Act and PFUTP Regulations and therefore the directions and findings of the Notice must be quashed and set aside with immediate effect. The Notice is uncalled for and unjust since there is no justification in subjecting me to such harsh and baseless allegations. It is submitted that, I have not committed any wrong and no charge has been established against me on prima facie, to warrant any action. Therefore, it will be unfair on unwarranted directions under the SEBI Act and PFUTP Regulations against me.*

*XVIII. It is submitted that I reserve our right to modify and add additional grounds in these submissions. It is respectfully submitted that the allegations in the Notice do not flow out of the factual position and therefore demolishes the charges and therefore it is humbly prayed that the Notice be set aside and the charges as levelled against me must be dropped.*

*XIX. I may also be given an opportunity of personal hearing before any decision is taken by your goodself in the present matter.*

15. The personal hearing was conducted through Video Conference mode using Webex platform on May 21, 2021. The AR while reiterating the submissions made by the Noticee vide his email dated May 20, 2021 stated that the Noticee is neither aware of any such pledge agreement nor has signed pledge agreement as referred in the SCN. The Noticee has not sought any further hearing in the matter.

Regarding the role of the Noticee in the context of allegations of the provisions of SEBI Act and PFUTP Regulations against him in the present proceedings, I note that the evidence on record (which includes copy of the Pledge Agreement dated October 30, 2007 and board resolution dated July 31, 2007) was provided as annexures to the SCN, Therefore I find no merit in the above arguments of the Noticee.

16. After taking into account, the allegations levelled in the SCN, reply of the Noticee and other evidences / material available on record, I hereby proceed to decide the case on merits.

**CONSIDERATION OF ISSUES AND FINDINGS:**

17. I have taken into consideration the facts and circumstances of the case, the material available on record. I note that the allegations levelled against Noticee are as below:

KSS and its directors including the Noticee, in connivance with entities connected/related to AP, had executed the scheme of fraudulent issuance of GDR wherein they had issued GDRs on two different occasions and pledged the GDR proceeds with Euram Bank in both the occasions so that Vintage could take loan for the subscription of GDRs. Thereafter, certain FII's had converted the GDRs into underlying shares and had sold them in the Indian securities market with the help of the entities connected with AP. Therefore, it is alleged that Noticee has violated the provisions of Section 12A(a), (b) and (c) of the SEBI Act read with regulations 3 (b), 3(c), 3(d), 4(2)(c), 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations.

18. In view of the above, the issues for consideration before me are:-

- a. Whether Noticee, in light of his role in GDR issues of KSS, have been responsible for fraudulent issues of GDRs and, as a consequence, whether has violated the provisions of Section 12A(a), (b) (c) of SEBI Act read with 3(b), (c), (d), 4(2)(c), (f), (k) & (r) of PFUTP Regulations?
- b. If yes, whether Noticee is liable for penalty?
- c. If yes, what should be the quantum of penalty that should be imposed on him?

19. Before moving forward, the relevant extracts of the provision of law, allegedly violated by Noticee, are mentioned as under-

**SEBI Act**

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

12A. No person shall directly or indirectly—

*(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

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

*(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

**PFUTP Regulations**

**3. Prohibition of certain dealings in securities**

No person shall directly or indirectly—

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



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

**4. Prohibition of manipulative, fraudulent and unfair trade practices**

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

*(c) advancing or agreeing to advance any money to any person thereby inducing any other person to offer to buy any security in any issue only with the intention of securing the minimum subscription to such issue;*

*(f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;*

*(k) an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors;*

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

I now proceed to deal with the allegation against the Noticee in the subsequent paras.

**a. Whether Noticee in light of his role in GDR issues of KSS, has been responsible for fraudulent issues of GDRs and, as a consequence, whether Noticee has violated the provisions of Section 12A(a), (b) (c) of SEBI Act read with 3(b), (c), (d), 4(2)(c), (f), (k) & (r) of PFUTP Regulations?**

20. Before I proceed to deal with the matter on merits, I would like to address a preliminary issue raised by the Noticee. The Noticee has contended that the allegation of the pledge agreement entered into between KSS and Euram Bank on October 30, 2007 being signed by Shri Rajesh Pavithran and Shri Dinesh

Bhanushali for KSS was never part of the said SCN and was an afterthought. In this regard, I note that the Pledge Agreement was very much part of the SCN and its annexures; wherein Annexure III to the SCN is a copy of pledge agreement dated October 30 200 and Annexure V to the SCN is certified true copy of the resolution passed by the Board of Directors of KSS Ltd. on July 31, 2007. Thus, I note that no new charge / evidence is brought on record in the present proceedings against the Noticee. Incidentally, Noticee himself has drawn my attention to the order passed by SEBI's Whole Time Member which has dealt with the role of the Noticee in the fraudulent issuance of GDRs by KSS. In the said order dated September 05, 2017 passed under Section 11B of the SEBI Act, it was observed that *"5.1.26 Shri Rajesh Pavithram along with Shri Dinesh Bhanushali and Shri Hussain Sattaf were the Authorised Person on behalf of K Sera for execution of Pledge Agreements (with Euram) and other documents in relation to GDR Issue I and II. Similarly, Shri Rajesh Pavithram and Shri Hussain Sattaf were Directors of K Sera. Shri Rajesh Pavithram along with Shri Dinesh Bhanushali and Shri Hussain Sattaf signed the Pledge Agreements and other documents in relation to GDR Issue. It is evident from the stature of Shri Rajesh Pavithram and Shri Hussain Sattaf that they was hugely important in the hierarchy of K Sera. For the company to know anything, it could well be said that it had to be known to them and also Shri Dinesh Bhanushali, who was the signatories to the Pledge Agreements. It is significant to note that all the actions of K Sera have been in accordance with the terms of the aforementioned Agreement....."*

*5.1.31 I, therefore, find that K Sera, Shri Rajesh Pavithram along with Shri Dinesh Bhanushali and Shri Hussain Sattaf violated the provisions of Sections 12A(a)–(c)*

*of the SEBI Act read with Regulations 3(b), 3(c), 3(d) and 4(2)(c), 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations, 2003.”*

21. Therefore, the contention that Having decided the preliminary issue raised by the Noticee, now I proceed to deal with the merits of the matter.

22. I note from the IR that, KSS had come up with its GDR issue on 2 separate occasions. First GDR Issue was of 47,61,900 GDRs (amounting to USD 25 Million) and issue closed on November 02, 2007 (hereinafter referred as '**first issue**'). Second GDR Issue was of 44,75,238 GDRs (amounting to USD 29.98 Million) and issue closed on October 16, 2009 (hereinafter referred to as '**second issue**'). Further, Pan Asia was the Lead Manager of both GDR issues of KSS.

23. I further note from the IR that by appointing Pan Asia as Lead Manager, KSS decided to raise funds from investors outside India through the issuance of GDRs. Consequently, on November 02, 2007, KSS issued 4,76,19,000 equity shares which resulted in allotment of 47,61,900 GDRs having total value of USD 25 Million. The said GDRs, issued by KSS, were fully subscribed and the issue closed on November 02, 2007 itself. Similarly, on October 16, 2009, KSS issued 13,42,57,140 equity shares which resulted in allotment of 44,75,238 GDRs having total value of USD 29.98 Million. The said GDRs, issued by KSS, were fully subscribed and the issue closed on October 16, 2009 itself.

24. From the IR I note the following details regarding GDR issues of KSS:

Sr. No	Issuer	Date of GDR Issue	Pre GDR equity	Shares issued under GDR	% GDR to Pre GDR equity	Market Cap prior to GDR issue (Rs Crore)	Capital raised by GDR Issue (Rs. Crore)	% Capital raised to pre GDR Market Cap
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1	KSS	November 02, 2007	19512625	47619000	203.91%	71.02	98.42	138.58%
2.	KSS	October 16, 2009	67131624	134257140	199.99%	137.95	138.73	100.57%

Thus, I note from the above data that the capital raised under the first issue was 138.58% of market capital of the company prior to first issue. Further, the capital raised under the second issue was 100.57% of market capital of the company prior to second issue.

25. I note from the IR that SEBI, on the basis of investigation in the scrip of KSS, alleged that the complete process of GDR issuance by KSS, on both the occasions, was devised and structured by AP in connivance with KSS to the detriment of the Indian investors, wherein AP arranged for loans for the subscription of GDRs by Vintage, a Dubai based company, was allegedly 100% owned and controlled by AP. KSS, in turn, helped AP in arrangement of those funds by signing two separate pledge agreements, with European American Investment Bank AG (hereinafter referred to as '**Euram Bank**'), a bank based in Vienna, Austria, thereby, providing security for such loans taken by Vintage at the time of both first and second issues. Thereafter, these GDRs were converted into underlying shares and sold to Indian investors with the help of certain FII's registered with SEBI or their Sub-Accounts as well as certain Indian entities connected to AP. At the same time, KSS misled the Indian investors by not disclosing information regarding pledge agreements signed by Shri Rajesh Pavithran and Dinesh Bhanusali, at the time of first issue and signed by Shri Hussain Sattaf at the time of second issue, whereby the funds received by KSS under the respective GDR issues were given as collateral for the loans taken by

Vintage. In light of this, it is alleged that the activities of KSS and its Directors including the Noticee, in connivance with AP and his connected entities, involved in the whole scheme, created a wrong impression before the Indian investors that foreign investors were interested in investing in KSS due to its reputation and future prospects and therefore, defrauded them. In this regard, I note that with respect to the Adjudication proceedings against KSS, Shri Hussain Sattaf and Shri Rajesh Pavithran, an adjudication order dated January 25, 2021, was passed by undersigned wherein it was held that the said entities had indulged in the violations of Section 12A(a), (b) and (c) of the SEBI Act read with Regulations 3(b), (c), (d), 4(2)(c), (f), (k) & (r) of PFUTP Regulations, with respect to the First and Second GDR issues of KSS. For want of due service of notices and reply, if any, of the Noticee, the present Order could not be combined with the above order.

26. In the background of the allegations as mentioned above, I proceed to note in the ensuing paragraphs the scheme of events that took place in respect of the above GDR issuances by KSS.

### **1st GDR Issue**

27. Firstly, I note that the Board of Directors of KSS, in its meeting dated July 31, 2007, had passed the following resolution :

*"RESOLVED THAT a bank account be opened with Euram Bank ("the Bank") or any branch of Euram Bank, including the Offshore Branch, outside India for the purpose of receiving subscription money in respect of the Global Depository Receipt issue of the Company.*

*RESOLVED FURTHER THAT Mr. Rajesh Pavithran, Managing Director and Mr. Dinesh Bhanusali, Authorised Signatory be and are hereby authorized to sign, execute, any application, agreement, escrow agreement, document, undertaking, confirmation,*

*declaration and other paper(s) jointly from time to time as may be required by the Bank and to carry and affix, Common Seal of the Company thereon, if and when so required.*

*RESOLVED FURTHER THAT Mr. Rajesh Pavithran, Managing Director and Mr. Dinesh Bhanusali, Authorised Signatory be and are hereby authorized to draw cheques and other documents, and to give instructions jointly from time to time as may be necessary to the said Euram Bank or any of branch of Euram Bank, including the Offshore Branch, for the purpose of operation of and dealing with the said bank account and carry out other relevant and necessary transactions and generally to take all such steps and to do all such things as may be required from time to time on behalf of the Company.*

*RESOLVED FURTHER THAT the Bank be and is hereby authorized to use the funds so deposited in the aforesaid bank account as security in connection with loans if any as well as to enter into any Escrow Agreement or similar arrangements if and when so required."*

28. I further note from the subscriber's side, as part of the GDR scheme that, a Loan agreement was also signed between Vintage and Euram Bank on October 30, 2007 in relation to first GDR issue of K Sera. The following is stated in the Loan Agreement dated October 30, 2007.

*6. Security*

*"6.1 In order to secure all and any of the Bank's claims and entitlements against the Borrower, arising now or in the future out of or in connection with the Loan or any other obligation or liability of the Borrower to the Bank, including without limitation other loans granted in the future, it is hereby irrevocably agreed that the following securities and any other securities which may be required by the Bank from time to time shall be given to the Bank as provided herein or in any other form or manner as may be demanded by the Bank*

- Pledge of certain securities held from time to time in the Borrower's account no. 540 019 at the Bank as set out in a separate pledge agreement which is attached hereto as Annex 2 and which forms an integral part of this Loan Agreement.*
- Pledge of the account no. 540 019 of the Borrower held with the Bank as set out in a separate pledge agreement which is attached hereto as Annex 2 and which forms an integral part of this Loan Agreement."*

29. Similarly, a Pledge Agreement was signed between K Sera and Euram on October 30, 2007. I note that the preamble of the pledge agreement states as follows-

*"1. Preamble*

*By loan agreement (hereinafter referred to as "Loan Agreement") dated October 30, 2007, the Bank granted a loan (hereinafter referred to as the "Loan") to Vintage FZE, AAH-213, Al Ahamadi House, Jebel Ali Free Trade Zone, Jebel Ali, Dubai, United Arab Emirates ("the Borrower") in the amount of \$ USD 24,999,975.00. The Pledgor has received a copy of the Loan Agreement and acknowledges and agrees to its terms and conditions."*

30. Further, I note that the "pledge" created vide the above Pledge Agreement reads as below:-

*" 2. Pledge*

*2.1 In order to secure any and all obligations, Present and future, whether conditional or unconditional of the **Borrower** towards the bank under the Loan Agreement and any and all respective amendments thereto and for any and all other current or future claims which the Bank may have against the Borrower in connection with the **Loan Agreement** – including those limited as to condition or time or not yet due – irrespective of whether such claims have originated from the account relationship, from bills of exchange, guarantees and liabilities assumed by the Borrower or by the Bank, or have otherwise resulted from business relations, or have been assigned in connection therewith to the Bank ("the Obligations") **the Pledgor hereby pledges to the Bank the following assets as collateral to the Bank:***

*2.1.1 all of its rights, title and interest in and to the securities deposited from time to time at present or hereafter (hereinafter referred to as the "Pledged Securities") and the balance of funds up to the amount of \$ USD 24,999,975.00 existing from time to time at present or hereafter on the **securities account(s) no. 540 019** held with the Bank (hereinafter referred to as the "Pledged Securities Account") and all amounts credited at any particular time therein.*

*2.1.2 all of its right, title and interest in and to, and the balance of funds existing from time to time at present or hereafter on the account(s) no. 540 019 kept by the Bank (hereinafter referred to as the "Pledged Time Deposit Account ") and all amounts credited at any particular time therein.*

*(the Pledged securities account and the Pledged Time Deposit account hereinafter referred to as the "Pledged Accounts", the Pledged Securities and the Pledged Accounts hereinafter collectively referred to as "Collateral")*

*2.2 The Pledgor agrees to deposit with the Bank all dividends, interest and other payments, distributions of cash or other property resulting from the Pledged Securities and funds."*

31. Further, following condition have been put in the Pledge agreement for the realization of the pledge.

*"6. Realization of the Pledge*

*6.1 In the case that the **Borrower fails to make payment** on any due amount, or default in accordance with the Loan Agreement, The Pledgor herewith grants its express consent and the*

*Bank is entitled **to apply the funds in the Pledged Accounts to settle the Obligations**. In such case the Bank shall transfer the funds on the Pledged Accounts, even repeatedly, to an account specified by the Bank*

*6.2 Notwithstanding the foregoing, in the case that the Borrower fails to make payment on any due amount, or defaults in providing or increasing security, the Pledgor herewith grants its express consent and the Bank is entitled to realize the Pledged Securities (i) at a public auction for those items of Pledged Securities for which no market price is quoted or which are not listed on a recognized stock exchange or (ii) in a private sale pursuant to the provisions of Section 376 Austrian Commercial Code unless the Bank decides to exercise its rights through court proceedings. The Pledgor and the Bank agree to Realize those items of the Pledged Securities for which a market price is quoted or which are listed on a stock exchange through sale by a Broker Publicly authorized for such transactions, selected by the Bank.*

*6.3 The Bank may realize the Pledge rather than accepting payments from the Borrower after maturity of the claim if the Bank has reason to believe that the Borrower's payments may be contestable. "*

32. I note that the Noticee has contended that he was not aware of any such pledge agreement nor has he signed the alleged pledge agreement. From a perusal of copy of resolution on record, I note that the same is certified true copy of the resolution passed by the Board of Directors of KSS on July 31, 2007 printed on the letter head of the company, whereby Shri Rajesh Pavithran and Shri Dinesh Bhanusali were authorized to sign and to execute all the transactions with the Banks. I further note from copy of pledge agreement dated October 30 2007, the pledge agreement entered into by and between KSS and Euram Bank on October 30, 2007 was signed by Shri Rajesh Pavithran and Shri Dinesh Bhanusali for KSS. I note the signatures are the same as found in the application to open an account / securities account submitted to Euram for opening Corporate Trust account by K Sera Sera Productions Ltd. Therefore, I do not find any merit in the above contentions of the Noticee.



33. I note that Noticee has contended that he was a non-Executive Independent Director and was not aware of any day-to-day activities of the management of the company. Further, the Noticee has submitted copies of Form-32 filed under the provisions of Companies Act, 1956 and stated that he was appointed as director on October 19, 2007 and on December 31, 2007. In this regard, I note that the Noticee was admittedly a director of the company at the time of execution of the Pledge Agreement dated October 30, 2007 on behalf of KSS. Further, the Noticee has submitted that he was not on the board of director of KSS when the alleged resolution dated July 31, 2007 was passed, hence he cannot be held liable for the same. However, I note that at the time of signing of the Pledge Agreement he was admittedly director of the company. A director at the time of signing the Pledge Agreement and being a key managerial person of the company (as per Page 45 of the Annual Report of KSS Ltd for the FY 2007-08), is expected to be responsible for his acts and in this matter he has duly signed the Pledge Agreement. This only stands to prove that the Noticee was aware of the nature and obligations arising out of the Pledge Agreement. Thus I do not find any merits in the contentions of the Noticee.

### **2nd GDR Issue**

34. The Loan agreement and Pledge Agreement signed 2nd time were exactly similar to the 1st Loan Agreement and Pledge Agreement. The Loan agreement dated October 06, 2009 states that Euram has agreed to make available a loan of USD 29984094.60 to Vintage (referred to as "the Borrower"). The nature and purpose of the loan facility is to provide funds enabling Vintage to take down GDR issue of K Sera and may only be transferred to Euram account no: 540019 for "K Sera Sera

Production Ltd". I further note from the contents of the Pledge Agreement dated October 06, 2009, that KSS had agreed to pledge all its rights, title and interest in and to the funds deposited in its designated bank account as well as the interest accrued therein so as to secure the present and future obligations of Vintage. From the preamble to Pledge Agreement, it is clear that KSS was aware of the loan agreement and acknowledged and agreed to its terms and conditions. The Pledge Agreement for 2<sup>nd</sup> GDR Issue was signed by another director viz. Shri Hussain Sattaf, while the Noticee was involved in signing the Pledge Agreement for the 1<sup>st</sup> GDR issue. As per Noticee's reply, he had subsequently resigned as director on August 12, 2008.

35. On perusal of the Board resolution dated October 01, 2009, it is noted that the same had authorized the reopening of KSS's bank account with Euram. The resolution pertaining to the 2<sup>nd</sup> GDR issue which was passed on October 01, 2009, has a specific mention about the retail banking account no. 5400190101. I further note that the GDR subscription funds of 2<sup>nd</sup> GDR issue were received in this account. Similarly, I find the board resolution dated July 31, 2007 was passed for opening bank account with EURAM Bank as mentioned above. Thus, I note that the board resolution(s) to open a bank account with EURAM Bank is one of the formal initial steps to implement the GDR scheme as has been discussed without which resolution, the plan could not have been kick started. I note from the perusal of the records that the Pledge Agreement and the Loan Agreement were executed around the same date. I note that the pledge agreements were signed by the authorized directors of KSS. Further, I note that the Definition Clause of the Pledge Agreement clearly defines loan agreement in the terms quoted above. Therefore,

in view of this, I hold that both the loan agreement and pledge agreement are intertwined with each other and support each other. Therefore, one cannot be read in isolation of the another. I also note that only by virtue of the pledge agreement executed by KSS, Vintage was granted loan by Euram. Without the said loan, the GDR subscription itself would not have happened. Thus, I note that the loan and pledge agreements played the central role in both the GDR issuances of KSS. I note that KSS is a joint stock company, an artificial juristic person and has to necessarily act through its human resources. I note that the directors have signed the pledge agreements as authorized signatories and thereby calling for an authorization by the board of directors.

36. I further note that the GDR proceeds of KSS were not freely held unencumbered fund and further KSS was not allowed to withdraw the same without prior written approval of Euram. In this regard I note the Hon'ble SAT in its Order dated October 25, 2016 in the matter of Pan Asia Advisors Limited vs. SEBI has held as follows: *"28.... there can be no dispute that the GDR subscription amounts running into several million US \$ were not available to the issuer companies till the loan taken by Vintage for subscribing to GDRs were repaid to Euram Bank. Admittedly, the loans were repaid by Vintage after a long period of time. Therefore, in the facts of present case, findings recorded by SEBI that in reality there was no fund movement after the GDRs were subscribed, cannot be faulted."*

37. I note from the IR that the major portion of GDR proceeds was not received by K Sera in India. I further note that the funds were transferred directly to either subsidiary in U.A.E or to other foreign based entities linked with AP GDR Scheme.

I also note that the summons were sent to K Sera seeking details regarding utilization of GDR proceeds by KSS and it was observed that K Sera had failed to provide critical information like the particulars of end use of GDR proceeds by its foreign subsidiaries that the summons were sent to K Sera seeking details regarding utilization of GDR proceeds by KSS and it was observed that K Sera had failed to provide critical information like the particulars of end use of GDR proceeds by its foreign subsidiaries.

38. I find it relevant to note the corporate announcements of KSS as available on BSE website and the concerned extracts are as below:

1<sup>st</sup> GDR Issue-

*“Outcome of Board Meeting disseminated on November 02, 2007 at 14:32:26 hrs - K Sera Sera Productions Ltd has informed BSE that the Company has successfully concluded placement of 4,761,900 Global Depositary Receipts at USD 5.25 per Global Depositary Receipt (Representing 47,619,000 Underlying Equity Shares of Rs 10/- each). The Company has received about US \$ 25 Million in the said issue. The said GDRs are being listed with Luxembourg Stock Exchange (LuxSE). The Board of Directors at its meeting held on November 02, 2007 has approved and allotted 4,761,900 Global Depositary Receipts and 47,619,000 Equity Shares of Rs 10/- each represented in the said GDR”.*

2<sup>nd</sup> GDR Issue-

*“Conclusion of Global Depositary Receipt (GDRs) disseminated on October 16, 2009 at 16:32:03 hrs - K Sera Sera Productions Ltd has informed BSE that the Company has successfully concluded placement of 44,75,238 Global Depositary Receipts at USD 6.70 per Global Depositary Receipt (Representing 13,42,57,140 Underlying Equity Shares of Rs. 10/- each). The Board of Directors at its meeting held on October 16, 2009 has approved and allotted 44,75,238 Global Depositary*

*Receipts and 13,42,57,140 underlying Equity Shares of Rs. 10/- each representing the said GDR”.*

39. With regard to the concealment of backend arrangement involving loan and pledge agreements in the 1<sup>st</sup> and 2<sup>nd</sup> GDR issues, I note that the Hon’ble SAT, in its order dated February 05, 2020, in the matter of Jindal Cotex Ltd. vs. SEBI, has clearly delineated the importance of disclosure of loan agreement and pledge agreement and the requirement of their disclosures in the following terms:

*“When the company has lent the entire proceeds of the GDR issue to the tune of US\$ 38.75 million as security for a third party abroad to avail a loan on the basis of that security and thereby potentially jeopardizing the entire proceeds is not a non-event but an important material information affecting all the stakeholders. We would hold that such events have to be disclosed in bold letters so that the investors of the company as well as those who are subscribing to its GDR issue etc. should be fully aware of those highly material facts.*

*..... The basic question to be answered is whether the issue was subscribed by a loan taken by Vintage on the basis of pledging the proceeds of the GDR issue as security for the said loan taken by a third party and that too a party located abroad and whether sufficient disclosures of material events associated with the issue was properly done. We are of the considered view that the method adopted by the appellants was vitiated through fraud.....”*

Therefore, in light of the above order of Hon’ble SAT, I am of the view that disclosure of loan agreements and pledge agreements on both the occasions were not done so as to create a fraudulent impression in the minds of the public investors that the said GDR issues were genuine in nature and the company had received

the funds and the same were available for the free use of KSS. In view of the above, I note that the scheme of arrangement of KSS, in allotting GDR issue to only one entity on each of the two occasions, i.e. Vintage during both 1<sup>st</sup> and 2<sup>nd</sup> GDR issue which subscribed to the GDR issue by obtaining loans from Euram and which were secured by KSS by pledging its GDR proceeds, seen along with the GDRs issued and allotted without disclosing the crucial details to BSE pertaining to the aforesaid Loan and Pledge Agreements which were price sensitive information and capable of inducing investors, lead to a conclusion that the same were done in a fraudulent manner.

40. I note that the corporate announcements made by KSS had the capacity to create an impression of a genuine subscription of its GDR issue, thus impacting Indian investors. In this regard, I note that the Hon'ble Supreme Court in its Order dated July 06, 2015, SEBI (Appellant) vs. Pan Asia Advisors Ltd. (Respondent) had held that –

*“81. Therefore, it is for the respondents as well as the Indian issuing company to demonstrate that any of the allegations made by the appellant in relation to the so called fraud or fictitious creation of GDRs at the global level to mislead the local investors was totally baseless and that therefore no action was called for. .... It is common knowledge that in the commercial sector, companies which are in the field of manufacturing or any other business activity are able to gain the confidence of the investors by virtue of their appreciable performance in the respective manufacturing or other business activities and while controlling and developing the growth in their respective field of business, aspire to make further excellence by drawing the attention of foreign investors to make investments and thereby broad base their business venture also endeavour to sustain their development in the concerned business in which they are involved. Any such initiative taken by any entrepreneur would develop an appreciable trend in the share market which would draw the attention of the local investors to stake their claim in such well established, well grown business ventures with a view to earn better profits on whatever investments they wish to make. Therefore, if there is going to be a false pretext or misleading information*

*circulated with a view to lure both the foreign investors as well as Indian investors and in that process the very purpose of creation and trading in GDRs are found to be not true or bona fide, it cannot be said that simply because creation of such GDRs and its trading is in global market, SEBI should keep its mouth shut on the ground that it cannot extend its long statutory arm beyond Indian territory to control any such misdeeds deliberately committed with a view to defraud the Indian investors and thereby their interest in the investment of securities and its protection is at great stake.”*

41. Therefore, in view of the scheme of the GDR issue as described in the initial paragraphs of this order, I note that, from the beginning, KSS and its directors including the Noticee were aware of the fact that Vintage was the only initial subscriber of the GDR issue. In light of the whole scheme of things as explained it only stands to reason that despite clear knowledge of the subscriber to the GDR issue, KSS and its directors including the Noticee have disclosed non-factual information which buttresses their *malafide* intention behind withholding the correct actual information. Therefore, in light of the above and the fact that KSS itself had secured the loans taken by Vintage for the subscription of its GDR and the documents related to that were signed by its directors including the Noticee, I am of the view that, from the initial stage, KSS and its directors including the Noticee were well aware that the GDRs were subscribed only by Vintage.

42. With regard to the allegations that the Noticee was part of the entire scheme, I note that Shri Rajesh Pavithran and Dinesh Bhanusali (the Noticee) were directors and the Authorized Representative of KSS for all the purposes of 1<sup>st</sup> GDR issue. At the same time, the pledge agreement was signed by Shri Rajesh Pavithran and Dinesh Bhanusali in their capacity as the Authorized Representative of KSS. They

were also the authorized person on behalf of KSS to execute other documents in relation to the 1<sup>st</sup> GDR issue.

43. In this regard, as the Authorized Representative of KSS, Shri Rajesh Pavithran and Dinesh Bhanusali were central to the whole scheme on part of KSS at the time of 1<sup>st</sup> GDR issue. In the same way, Shri Hussain Sattaf was central to the whole scheme on part of KSS at the time of 2<sup>nd</sup> GDR issue. I note that Shri Hussain Sattaf, Shri Rajesh Pavithran and Shri Dinesh Bhanusali being the directors of KSS, had been vested with substantial powers in connection with the issue of GDRs of KSS, an artificial juristic person, and the directors assume the character as “officer in default” for any violation. In this regard it is pertinent to rely upon the provisions of Section 5 of the Companies Act, 1956 (section 2(60) of the Companies Act, 2013) read with Section 27 of the SEBI Act. Additionally, I would also like to quote the Orders of the Hon'ble Supreme Court of India in the matter of Shri N. Narayanan vs. SEBI decided on 26.04.2013, wherein it was held that - *“... Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence.”*. Further, Hon'ble High Court of Madras in Madhavan Nambiar vs Registrar of Companies (2002 108 CompCas 1 Mad) has held that – *“... Section 5 of the Companies Act defines the expression “officer who is in default”. The expression means either (a) the managing director or managing directors ; (b) the whole-time director or whole-time directors ; (c) the manager ; (d) the secretary ; (e) any person in accordance with whose directions or instructions the board of directors of the company is accustomed to act; (f) any person charged by the board with the responsibility of complying with that*



*provision ; (g) any director or directors who may be specified by the board in this behalf or where no director is so specified, all the directors.*

*... Section 29 of the Companies Act provides the general power of the board....Therefore it follows there cannot be a blanket direction or a blanket indemnity in favour of the petitioner or other directors who have been nominated by the Government either ex officio or otherwise. Hence the second point deserves to be answered against the petitioner.... There may be a delegation, but ultimately it comes before the board and it is the board and the general body of the company which are responsible..."*

44. Further, I note that Section 27 of SEBI Act also deals with offences by Companies.

In the said provision, Section 27(1) says that, in case of a default by a company, every person who at the time the offence 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 offence and shall be liable to be proceeded against and punished accordingly.

45. In light of the above discussions regarding the scheme of GDR issues of KSS, I am of the view that Shri Dinesh Bhanusali had played a major role from the side of KSS as, by virtue of the Board Resolution (2007) mentioned above, Noticee was given authority to open the bank account with Euram Bank and sign relevant documents. Further, I note that it is Noticee who had signed everywhere on behalf of KSS be it KYC document or the pledge agreement at the time of 1<sup>st</sup> GDR issue (2007). Further, Noticee was given the authority to operate the said bank account with Euram. In view of the above discussions coupled with the fact that the Noticee was a director of KSS at the time of signing the Pledge Agreement and making corporate announcement, I hold Shri Dinesh Bhanusali to be equally liable for the

abovementioned frauds carried out by KSS, in collusion with AP, on the Indian investors.

Thus, the Noticee viz. Shri Dinesh Bhanusali has violated the provisions of Section 12A(a), (b), (c) of SEBI Act read with Regulations 3(b), (c), (d) and 4(2)(c), (f), (k), (r) of PFUTP Regulations.

**c. If yes, whether Shri Dinesh Bhanusali is liable for penalty?**

46. As established in the pre-paragraphs, Shri Dinesh Bhanusali has violated the provisions of Section 12A(a), (b), (c) of SEBI Act read with Regulations 3(b), (c), (d) and Regulations 4(2)(c), (f), (k) and (r) of PFUTP Regulations. Therefore, Shri Dinesh Bhanusali is liable for a penalty under Section 15HA of SEBI Act. The text of the said provision of law is being reproduced below:

**SEBI Act**

***Penalty for fraudulent and unfair trade practices.***

***15HA.****If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty 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.*

47. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Adjudication Rules require that while adjudging the quantum of penalty, 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.*

48. With regard to the above factors, it may be noted that the investigation report has not quantified the profit made or the loss caused to general investors on account of the violations committed by Shri Dinesh Bhanusali.

49. I also note that the Hon'ble SAT, in its order dated April 21, 2017 in the matter of Sunita Gupta vs. SEBI, has held that:

*"6. Where a person violates the provisions contained in the SEBI Act and the regulations made thereunder, then, SEBI is empowered to initiate penalty proceedings against that person under Chapter VIA of SEBI Act and also issue directions in the interests of investors or securities market as it deems fit under Chapter IV of SEBI Act. Thus, the powers conferred on the Board under Chapter IV are independent from the powers to impose penalty under Chapter VIA of SEBI Act. Accordingly, in the present case, since the appellant had indulged in synchronized/ circular trades in gross violation of SEBI Act/ PFUTP Regulations and the same was detrimental to the interests of the investors and securities market, the Board deemed it fit to issue direction under Chapter IV in addition to the penalty imposed under Chapter VIA of SEBI Act. Therefore, in the facts of present case, initiation of proceedings under Chapter IV even after initiating proceedings under Chapter VIA cannot be faulted.*

50. Further, in light of order dated August 02, 2019 of Hon'ble SAT in the matter of P G Electroplast vs SEBI and I also note that, vide order dated September 05, 2017, Hon'ble Whole Time Member of SEBI also, *inter alia*, prohibited Shri Dinesh Bhanushali from accessing the capital market directly or indirectly, and dealing in

securities or instruments with Indian securities as underlying, in any manner whatsoever, for a period of ten years.

## **ORDER**

51. After taking into consideration the facts and circumstances of the case, material/facts on record and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of Adjudication Rules, hereby impose a penalty of Rs. 1,00,00,000/- (Rupees One Crore only) on Noticee viz. Shri Dinesh Bhanusali under Section 15HA of the SEBI Act for his violation of the provisions of SEBI Act and PFUTP Regulations, as discussed in this order.

52. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

53. Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e., [www.sebi.gov.in](http://www.sebi.gov.in) on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW. In case of any difficulties in payment of penalties, the Noticee may contact the support at [portalhelp@sebi.gov.in](mailto:portalhelp@sebi.gov.in)

54. The aforesaid Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief (Enforcement Department–DRA-1),

Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.”. The Noticee shall also provide the following details while forwarding DD / payment information:

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

55. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

56. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee viz. Shri Dinesh Bhanusali and also to the Securities and Exchange Board of India.

**Place: Mumbai**  
**Date: May 28, 2021**

**K SARAVANAN**  
**CHIEF GENERAL MANAGER**  
**AND ADJUDICATING OFFICER**