BEFORE THE RECOVERY OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
EASTERN REGIONAL OFFICE (KOLKATA)
Recovery Certificate no. 1587, 1588, 1589 & 1599 of 2018

ORDER

Certificate under Section 28A of the Securities and Exchange Board of India Act, 1992 read with Section 222 of the Income Tax Act, 1961 in respect of M/s Arrowline Distributors Pvt Ltd

Order *qua* M/s Arrowline Distributors Pvt Ltd in the matter of Gokul Solutions Ltd

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Background:

1. Recovery Certificate No. 7529 of 2024 dated January 19, 2024, has been drawn up by the Recovery Officer against Arrowline Distributors Pvt Ltd (PAN: AAKCA2275L) **["Defaulter"]** in the matter of Gokul Solutions Ltd. for recovery of a sum of Rs. 77,05,330/- (Rupees Seventy-Seven Lakh Five Thousand Three Hundred Thirty Only) along with further interest, all costs, charges and expenses due to non-compliance of Quasi-Judicial Authorities Order vide order no. QJA/GR/IVD.ID16/29180/2023-24 dated September 08, 2023. Subsequently, the bank and demat account of defaulter were attached vide notice of attachment dated April 4, 2024.

2. The defaulter filed petition (Appeal no 220 of 2024) before Hon'ble SAT and Hon'ble SAT vide order dated April 16, 2024 granted interim relief to the defaulter and directed SEBI not to take any coercive action upon payment of Rs 2.5 lakhs within two weeks. Defaulter has made the payment within timeline and SEBI issued release order on April 25, 2024 releasing the bank and demat accounts of defaulter.

3. However, SAT order dated April 16, 2024 was perused once again. It was observed that there was no specific direction from Hon'ble SAT to release the bank and demat accounts of defaulter. Also, the attachment of accounts was already in effect when the SAT order was passed. Therefore, the release order issued on April 25, 2024 was withdrawn on May 29, 2024 and necessary directions were issued to banks and depositories. The same was also informed to the defaulter on May 31, 2024.

Submissions of Representative of Defaulter:

4. Subsequently, SEBI received and email from Mr. Vikas Bengani (Representative of defaulter) wherein following submissions *inter alia* were made:

   the withdrawal of release order was illegal and bad in law. Further, the withdrawal of the Release Order and continuation of the Attachment Order are in complete disregard and violation of the directions passed by the Hon'ble Tribunal by an order dated April 16, 2024.

It is submitted that no opportunity for a hearing was granted to my Client / nor was any notice issued to my Client before the withdrawal of the Release Order, and continuation of the Attachment Order. Therefore, such acts of SEBI are in violation of the principles of natural justice.

In light of the above submissions, it is requested to comply with the directions of the Hon'ble SAT passed by an order dated April 16, 2024, in its letter and spirit.

5. Defaulter was accorded an opportunity of hearing on June 7, 2024 wherein Mr. Vikas Bengani reiterated the submissions made earlier and requested to defreeze the Bank accounts / Demat accounts of the defaulter.

Consideration of submissions:

6. I have carefully considered the submissions made on behalf of M/s Arrowline Distributors Pvt Ltd and the other material available on record. I find that the issues raised by them pertain to and emanate from the withdrawal of release order dated April 25, 2024. In this regard, I have gone through the Hon'ble SAT vide order dated April 16, 2024. In the order, it is clearly mentioned that SEBI *not to take any coercive action against defaulter upon payment of Rs 2.5 lakhs within two weeks from the date of order.*

7. It may be brought to the notice of the defaulter that in the event of non-payment of dues by defaulter, SEBI can recover the money by one or more of the following modes, namely: -

   i) attachment and sale of your movable property;
   ii) attachment of your bank accounts;
   iii) attachment and sale of your immovable property;
   iv) arrest and detention in prison;
   v) appointing a receiver for the management of your movable and immovable properties.

8. The aforesaid actions were communicated to the defaulter vide notice of demand dated January 19, 2024 served to the defaulter after initiation of recovery proceedings against the defaulter which was acknowledged by the defaulter.

9. Bank/demat accounts of defaulters were already attached at the time of passing of Hon'ble SAT order. Therefore, in this instance, coercive action qua the defaulter would mean remittance of amounts available in their bank accounts, attachment and sale of other movable/immovable properties of the defaulter, arrest and detention in prison, and appointing a receiver for the management of movable and immovable properties. In compliance with the directions of Hon'ble SAT, none of these coercive steps have been taken against the defaulter. SEBI has complied with the directions of the Hon'ble SAT in letter and spirit.

Order:

10. In light of the directions of Hon'ble SAT mentioned above in para 6, the bank / demat account / mutual fund folios of the defaulter shall continue to remain attached as per attachment proceedings

numbers 12097 of 2024 and 12098 of 2024 dated April 4, 2024, until final disposal of the matter (Appeal no. 220 of 2024) by Hon'ble SAT. If Hon'ble SAT allows the appeal by remanding / quashing / setting aside of WTM / AO order of SEBI, then appropriate order shall be issued in favour of the defaulter and the same shall be uploaded on SEBI website.

Given under my hand and seal at Kolkata this 7th **day of June, 2024.**

SEAL

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India
Recovery Division
वसूली प्रभाग

K. Nair

RECOVERY OFFICER

राजकुमार कलूरि / Rajkumar Kaluri
वसूली अधिकारी एवं उप महाप्रबंधक
Recovery Officer & Dy. General Manager
भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India
कोलकाता / Kolkata

RECOVERY CELL
EASTERN REGIONAL OFFICE

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ORDER RELEASING BANK, DEMAT & MUTUAL FUND ACCOUNTS

Attachment Proceeding No. 12097 & 12098 of 2024

Certificate No. RC7529 of 2024

Principal Officer/ Chairman & Managing Director/ CEO,
All the Banks in India, All the Mutual Funds in India &
NSDL/CDSL, Mumbai

1. Whereas the aforesaid notices of attachment nos. 12097 & 12098 of 2024 dated April 4, 2024, were issued, attaching the Bank/Locker/Demat accounts and Mutual Fund Folios of the Defaulter, by the Recovery Officer in execution of Certificate No. RC7529 of 2024 dated January 19, 2024, for recovery of funds of a sum of **Rs. 77,05,330/- (Rupees Seventy-Seven Lakh Five Thousand Three Hundred Thirty Only)** along with further interest, all costs, charges and expenses etc. against **Arrowline Distributors Pvt Ltd (PAN: AAKCA2275L) ["Defaulter"]** along with further interest, all cost, charges and expenses incurred in respect of all the proceedings taken for recovery of the sum;
2. And whereas, a Notice of Attachment in the above proceedings dated April 4, 2024 was issued attaching the Bank and Demat accounts of the Defaulter.
3. And whereas, defaulter filed an appeal before Hon'ble SAT. The Hon'ble SAT vide its order dated April 16, 2024 has allowed interim relief to the defaulter with direction to deposit a sum of Rs. 2.5 lakhs to SEBI.
4. And whereas, SEBI has recovered such an amount from the defaulter in compliance with the abovementioned directions of SAT against partial settlement of demand raised in the aforesaid recovery certificate.
5. In view of the above, you are hereby directed to release the Bank Accounts/Lockers, Demat Accounts, Mutual Fund Accounts of the Defaulter attached, if any, pursuant to the above said notice/s of attachment.

Given under my hand and seal at Kolkata this **25th day of April, 2024.**

SEAL

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India
SEBI
Recovery Division
वसूली प्रभाग

RECOVERY OFFICER

राजकुमार कलूरि / Rajkumar Kaluri
वसूली अधिकारी एवं उप महाप्रबंधक
Recovery Officer & Dy. General Manager
भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India
कोलकाता / Kolkata

Copy to:
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Address 2 - 46, 1st Floor, Durgapur Lane, Alipore, Kolkata - 700027