Order No. RO/HO1/139/2018

BEFORE THE RECOVERY OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
MUMBAI
Recovery Certificate No. 1020 of 2016
In the matter of Pancard Clubs Ltd. & others

Panoramic Universal Limited
4th floor, Aman Chambers,
Opp. New Passport Office,
SVS Rd, Prabhadevi,
Mumbai, Maharashtra 400025.

...... Applicant

Order under Section 28A of the SEBI Act, 1992 read with Section 226(3) and Rule 16 and 48 of the Second Schedule to the Income Tax Act, 1961

1. Recovery proceedings have been initiated against M/s Pancard Clubs Ltd. (PCL) and its Directors, viz., (2) Sudhir Shankar Moravekar (AADPM2933M); (3) Shobha Ratnakar Barde (ASLPB1204C); (4) Usha Arun Tari (ABYPT8841M); (5) Manish Kalidas Gandhi (AITPG8933H); (6) Chandrasen Ganpatrao Bhise (AADPB6103E); (7) Ramachandran Ramakrishnan (AAIPR9196G) (Defaulters), for failure to pay a sum of Rs.7035,00,01,000/- (Rupees Seven Thousand Thirty Five Crore One thousand Only) along with returns to the investors on account of a direction to refund money in respect of Certificate No. 1020 of 2016 dated December 02, 2016 drawn up by the Recovery Officer, Mumbai, along with further interest, costs, expenses, etc.

2. Notice of Demand dated December 02, 2016 issued by the Recovery Officer to the defaulters demanding payment of the said sum along with returns promised to the investors, costs, expenses, etc., within 15 days from the date of receipt of the said notice. The Recovery Officer has under various orders attached bank accounts, demat accounts, mutual fund folios,

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movable and immovable assets of the defaulters in execution of the said notice and sent copies of attachment orders to the defaulters from time to time. SEBI had vide orders dated December 09, 2016 attached shareholding of defaulters in subsidiaries including 73.45% shareholdings of defaulters in the Applicant company viz, Panoramic Universal Ltd **(PUL)**. However, the funds available in the bank accounts, securities available in the demat accounts and the assets of the defaulters already attached are found to be insufficient towards the dues to the investors.It is noted that the value of assets of PCL and its Directors estimated by the defaulters is much higher than the market values and/or government guideline values. Many of the properties including the shareholdings of the defaulters in PUL were put for auction also could not be sold in spite of repeating the auctions. Hence, it was felt necessary to secure and prevent disposal or transfer or alienate the assets of the subsidiaries, group companies and associates of the defaulters.

3. It is observed that huge amounts have been transferred from the accounts of Pancard Clubs Ltd to Panoramic Universal Ltd. and its subsidiaries, but the same were not returned to Pancard Clubs Ltd. It is also noted that Pancard Clubs Ltd. have been making payments for purchase of the properties in the names of Panoramic Universal Ltd. and its subsidiaries and the said amounts were also not refunded to Pancard Clubs Ltd. Therefore, it is necessary to recover the dues from the persons who are indebted to the defaulers under Section 28A of SEBI Act r.w. Section of 226(3) of Income tax Act, 1961. As there is prima facie reason that huge funds have been transferred to PUL and not returned, PUL has been directed to remit the entire amounts due to Pancard Clubs Ltd.along with interest to SEBI within a week from the date of receipt of the siad notice u/s 226(3) dated March 21, 2018.

4. In response to the said notice, neither PUL nor PCL have replied to the aforesaid notice within the stipulated time limit.Therefore, the Recovery

Officer vide order dated March 28, 2018for the detailed reasons stated therein passed following order;

a) *All the movable and immovable properties including properties of PUL and its subsidiaries/enterprises referred in the* ***Annexure A*** *are hereby attached;*

b) *the defaulters and the Directors/Officer in charge of PUL and its subsidiaries are hereby prohibited from disposing, transferring, alienating, or charging in respect of all the aforesaid Immovable properties and any movable and immovable properties of said companies/enterprises including the properties mentioned in* ***Annexure A****.*

c) *All persons are hereby prohibited from taking any benefit under such disposal, transfer, alienation or charge in respect of the properties mentioned above which stands attached in execution of Recovery Certificate.*

d) *Directors/Officer in charge of PUL, its subsidiaries group companies/ enterprises referred above are hereby directed to furnish the following at SEBI, Head Office, Mumbai;*

   i. *complete details of all the movable and immovable properties held by them in the format prescribed at* ***Annexure B****, duly certified by the Board of Directors/Partners, within two weeks from the date of this order.*

   ii. *Original title deeds, valuation reports of all the properties, held either singly or jointly, within two weeks from the date of this order.*

   iii. *details of all bank accounts, any financial assets, viz, bank accounts, lockers, investments, etc. held either singly or jointly.*

e) *PUL, its subsidiaries/group companies and its directors are hereby directed to immediately furnish all their books of accounts of PUL and its subsidiaries to forensic auditors appointed by SEBI and also permit the said auditors to access the accounting details and to cooperate with the auditors to complete the task relating to diversion of money collected from the investors.*

f) *Claims/objections /encumbrances, if any, on the properties attached shall be made in writing to the Recovery Officer, SEBI within 21 days from the date of this order.*

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5. In response to the aforesaid attachment orders, PUL hasfiled its objections dated April 04, 2018, interalia, contending that as PUL and its subsidiaries are separate legal entities and are not defaulters, hence, SEBI cannot attach the assets of PUL and its subsidiaries. Vide Notice dated April 09, 2018, PUL was directed to furnish the following details and called for a hearing at 10:30AM on April 23, 2018:

   a) *It has been reported that IT Microsystems Ltd. was acquired by Pancard Clubs Ltd. and others and renamed as PUL. For the purpose of acquisition the entire funds were received from PCL and late Mr.Sudhir S. Moravekar. Both PCL and Mr.Sudhir S. Moravekar are defaulters and money is required to be recovered from them as well. Similarly, PUL and its subsidiaries have acquired huge property base for which predominantly the money was paid by PCL. You are therefore directed to furnish complete statement of money received from PCL and / or from any of the defaulters directly or indirectly by PUL and its subsidiaries.*

   b) *Details of repayments, if any, made to PCL by PUL and its subsidiaries along with the documentary evidences such as books of accounts, bank statements, etc.*

   c) *It has also been reported that after the attachment of bank accounts of PCL and its directors, the said defaulters have received payments from various sources and / or transferred through the bank accounts of PUL and its subsidiaries. You are therefore directed to furnish the complete details of such transactions and the necessary approvals of the Board for receiving such funds of the defaulters into the accounts of PUL and its subsidiaries.*

   d) *Copies of entire minutes book containing all the resolutions passed by the company w.e.f. January 01, 2014. Original minutes book be furnished for verification during the hearing.*

   e) *Complete list of properties held by all the directors of PUL and its subsidiaries along with copies of Income tax Returns for the last three years.*

6. As requested by PUL, the personal hearing was adjourned to May 07, 2018 during which the following contentions were raised:

- *The advocates have just taken the briefing from PUL and as per their understanding presently, the amount which can be quantified to be due by PUL to PCL is Rs. 50 Cr. towards Redeemable Preference Shares contributed by PCL in 2008 maturing in 2028 and other dues are not quantifiable at present.*
- *At present they are not in a position to file such an affidavit stating that no other money except Rs. 50 Cr. along with interest with effect from 2008, is either directly or indirectly through subsidiaries/ associates/ group companies/ connected and related persons is due or payable by PUL to PCL.*
- *PUL and PCL are different entities and in the recovery proceedings against PCL, the assets of PUL cannot be attached.*
- *letter dated May 07, 2018 enclosing Annexure A, B and C has been submitted. Annexure A shows that PUL business has been started by acquiring an existing company called, IT Micro Systems (India) Ltd. The said erstwhile company IT Micro Systems initially entered into a scheme of amalgamation submitted before the Hon'ble Bombay High Court. The amalgamation was with Sai Motels and Resorts Ltd. Post amalgamation shareholdings were completely held by Mr.Sudhir Moravekar who is defaulter and that Sai Motels and Resorts Ltd is wholly owned subsidiary of PCL.*
- *The IT acknowledgements (ITR filed) for the last three years filed today as Annexure C does not contain the complete returns.*

7. After the brief hearing, the following points were brought to the notice of PUL and asked to respond to the same:

- *SEBI has already attached more than 73% of shareholding of PCL and its directors in PUL and in spite of that PUL is alleged to have been venturing for alienation of properties.*
- *In the order dated March 28, 2018 PUL was also directed to furnish within 2 weeks the complete details of all the properties in Annexure B which was also not furnished.*
- *it is admitted fact that PUL business has been started by acquiring an existing company called, IT Micro Systems (India) Ltd. As per Annexure A, the said erstwhile company IT Micro Systems initially entered into a scheme of amalgamation submitted before the Hon'ble Bombay High Court. The amalgamation was with Sai Motels and Resorts Ltd. Post amalgamation shareholdings were completely held by Mr.Sudhir*

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Moravekar who is defaulter. It is also admitted fact that Sai Motels and Resorts is none other than the wholly owned subsidiary of PCL.

- *no documentary evidence has been furnished as to how PUL has taken over IT Micro Systems.*
- *PCL and its directors have filed an affidavit before the Hon'ble Securities Appellate Tribunal (SAT) undertaking and creating charge over all the assets of PUL stating that PUL is a group/ subsidiary company of PCL. The MD of PUL Mr.Ramchandran Ramkrishnan and father/ husband of the other three directors of Late Mr.Sudhir Moravekar were also party in the proceedings before the SAT when the affidavit of assets of PCL was filed including and showing and also charging the assets of PUL and its subsidiaries.*
- *para 12 of the order dated March 28, 2018 about PCL not furnishing its books of accounts for the last couple of months which would have been helpful to SEBI and its appointed auditors to provide the exact quantum of money which has been transferred directly/ indirectly from PCL to PUL.*
- *As per the order dated March 28, 2018 PUL and its directors were directed to immediately furnish the books of accounts of PUL to the auditors of SEBI for which, no proof of document has been filed today showing/ furnishing the books of accounts of PUL and its subsidiaries of the auditors of SEBI.*

8. As desired by PUL, the matter was adjourned to May 24, 2018 and directed to furnish the relevant documents before next date of hearing and furnish the complete books of accounts within two week as well as its own statement of all the money received from PCL either directly/ indirectly and details of repayments thereof along with documentary evidences.

9. Vide letter dated May 23, 2018, PUL submitted a notarised affidavit dated May 22, 2018 singed by Shri Siddhartha Shankar Moravekar, Director of PUL stating as under:.

   a) PUL has received Rs.50 crores from PCL by issuing redeemable Preference Shares in January, 2008 for 20 years which are due for payment only after January, 2028.

   b) PCL owes an amount of Rs.31,51,68,131/- Rs.41,03,00,000/- as per audited financials as on March 31, 2017 to PUL towards *management deposit management fee and others and Rs.8,07,23,478/- is recoverable from PCL by PUL towards utilization of room nights.*

c) Sri Vatsa Hotels Ltd. (PUL subsidiary) owes an amount of Rs.37,29,884/- to PCL and Rs.32,91,841/- recoverable from PCL by it.

d) Indo Pacific Ltd. (PUL subsidiary) ows Rs.35,00,00,000/- to Sai Nirman Properties (PCL's subsidiary).
e) Panoramic Holidays Ltd. (PUL's subsidiary) owes Rs.5,47,600/- to PCL and Rs.4,50,000/- is recoverably from PCL.
f) Rs.30,77,000/- is recoverable from PCL by Panoramic Tours & Travels (PUL's subsidiary).
g) Rs.56,15,712/- is recoverable from PCL by Graciano Cottages and it has to pay Rs.1,78,051/- to PCL.
h) In sum and substance PUL has claimed that PCL is yet to clear dues to the extent of more than Rs.40 crores to PUL.
i) Rs.1.58 crores is payable by PUL to Mr. Sudhir Moravekar (Defaulter).

10. During the hearing on May 24, 2018, it has been pointed out that PUL has failed to submit complete details sought by SEBI's forensic auditors and directed PUL to submit the documents within two weeks and depute an officer incharge of accounts of PUL. A copy of the statement of the statutory auditor of the group companies Mr. H.H. Topiwala was also provided to PUL wherein it has been stated that PCL is the money mobilization hub and all its subsidiaries including PUL and the assets are acquired out of the funds flowing from PCL which were mobilized from investors. As PUL failed to furnish all the documents and information sought by SEBI, the request for withdrawal of attachments on PUL assets were not acceded and as per the request of PUL the matter was adjourned after three weeks.

11. In the meantime, while the proceedings on the objections were under consideration before the Recovery officer, PUL had challenged the attachment order dated March 28, 2018 before the Hon'ble Securities and Appellate Tribunal (SAT) vide Appeal No. 178 of 2018. The Hon'ble SAT vide order dated June 13, 2018 directed as under:

a)SEBI to send a letter to PUL within one week with a list of documents required to be furnished by PUL.
b) PUL shall furnish the said documents to SEBI within one week thereafter.

c) SEBI shall pass an appropriate order within 8 weeks from the receipt of the documents.
d) if SEBI fails to pass order within the time stipulated then the attachment levied on the assets of the PUL shall automatically come to an end.
e) if PUL fails to submit the documents within the time stipulated herein, then the attachment levied shall continue to be in force.

Details of non-compliance of SAT Directions by PUL

12. Complying with aforesaid directions of Hon'ble SAT, SEBI vide letter dated June 19, 2018, sought documents/information from PUL to which PUL, vide its letter dated June 25, 2018 submitted only part of documents/information sought by SEBI.
13. Under the above circumstances, the following issues arise for consideration:
    a) Whether PUL has complied with the directions of the Hon'ble SAT in true spirit?
    b) Whether the surety furnished before the Hon'ble SAT is binding on PUL and its present directors?
    c) Whether investors' money collected by PCL were diverted to PUL & its subsidiaries and if so what was the quantum of amounts?
    d) Whether the contentions of the present directors of PUL that it is a distinct legal entity and nothing to do with PCL's dues is correct?
    e) Whether the attachment of assets of PUL and its subsidiaries vide order dated March 28, 2018 of SEBI needs modification? If so, to what extent?
14. The following table shows the documents/information sought by SEBI and the documents/ information furnished by PUL:

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Sr No.	Documents sought by SEBI	*Documents provided by PUL*
1	1. Asset wise details of PUL and subsidiaries/associates as per the following: a. Date of purchase of asset b. Cost of purchase / acquisition c. Name of the vendor from whom the asset is purchased d. Copy of Agreement (Sale deed, transfer of shares, etc.) e. Source of funds along with supporting documentary evidences in the form of bank statements, ledgers, etc. f. Details of loans availed in the name of property g. Details of mortgage/ surety on the property – encumbrances, etc. h. Revenue and expenditure statement of each property from the date of acquisition / purchase till date. i. If sold, when and to whom? j. The value of each asset is indicated in the annexures filed with the Affidavit before SAT dated January 21, 2017 and Memorandum of Appeal dated February 02, 2017. Please furnish copies of valuation reports including past and present (if evaluated) while arriving the value indicated in the annexures to the Affidavits. k. Inventory of movable items in the property along with cost of purchase and the present value after depreciation.	*a) PUL had provided only list of assets & its subsidiaries /associates in excel sheet containing details of 18 assets in the name of PUL and its subsidiaries along with the date of purchase, cost of purchase/ acquisition and the name of the vendor from whom asset is purchased along with the agreement copies.* *b) Sources of funds along with supporting documentary evidences in the form of bank statements, ledgers etc were not provided. Out of the total 18 assets, PUL* ***did not provide the details of bank payment details , nor entries in bank statements nor the ledger accounts in the books of PUL showing the bank payments for acquiring these assets*** *except asset sr. no. 4,12& 16 wherein it was mentioned that they were acquired out of the bank loans but not provided loans and repayment details and source of repayments of these loans.* *Hence* ***the sources of funds for acquiring these assets were not provided by PUL*** *with evidences as called for by SEBI.* *d) The details of the mortgage of the property where ever loan is availed is provided.* ***c) No other information/documents are furnished by PUL which is gross violation of directions of Hon'ble SAT.***
2	Copies of Agreement for sale of New Zealand hotels.	***PUL failed to provide sale agreement of New Zealand Hotel which is gross violation of directions of Hon'ble SAT.***

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3	(a) List of Bank accounts held in the name of PUL and its subsidiaries / associates including EEFC accounts. (b) Copies of the bank statements from the date of the accounts opening till date including closed bank accounts.	*a)List of bank accounts of PUL and its subsidiaries are provided* *b) Copies of bank statements of overseas subsidiaries and EEFC account statements of PUL are* ***not provided as sought by SEBI.***
4	Details of investments made by PUL in other subsidiary, associate, third party entities.	*As a reply to the details of investments, PUL had provided only list of non-current investments as in Audited Balance Sheet as on 31.03.2017.*
5	(a) Books of accounts of all the foreign subsidiaries along with supporting bank books. (b) Also details dividend received from overseas subsidiaries.	***(a) Books of accounts or bank books of any of the foreign subsidiary as sought by SEBI were not provided by PUL.*** *Provided only Audited Financial Statements from 2008-2012.* ***(b)*** *Details of the dividend received is provided in form of Ledger as is in the books of PUL and the bank details are also provided.*
6	Details of outstanding receivables / sundry debtors/ operations creditors.	*Provided the outstanding Sundry Debtors and Creditors list as on 31.03.2017*
7	Details of Loans / advances provided by PUL and its subsidiaries along with the documentary evidences in support of the transactions and outstanding.	*List of the loans and advance provided by PUL and its subsidiaries are submitted*
8	Details of all the subsidiaries/ associates/ sister concerns	*List of the PUL subsidiaries/associates/sister concerns were provided.*
9	Details of room nights availed by the investors of Pancard Clubs Ltd in the PUL and its subsidiary properties , separate statement in respect of each property.	*Detailed table is provided by PUL for the room nights used by PCL members are provided.*
10	Details of softex reports filed with Reserve Bank of India in respect of the IT Exports for all the years of software business operations along with purchase orders of the importers of the IT software. Detais of the of SEZ/STP sales	*PUL had submitted the hard copies of the invoices raised on importers, shippers letters, importers' purchase orders in box files.* ***However the Softex Forms and the details of the reports of the Softex forms filed with the RBI were not provided. The standard format of***

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	which are taken for Income Tax exemptions.	***Softex forms not found in these hard copies, and in several instances there are importer PO data mismatch with the shipper letter, in some instances blank information in the PUL invoices and shippers letter were observed. In certain incidences, the place of shipment and the delivery is missing. These documents provided in support of IT exports are not sufficient to prove the genuineness of the IT exports and their realisations.***
11	Copies of agreements entered into with each property of Pancard Clubs Ltd for managing hotel operations. Year wise breakup of management fee collected from PCL in respect of each property for all the years.	*Year wise break up of management fee charged by PUL on PCL and its subsidiaries were provided in softcopy and the agreements are provided in hard copy.*
12	List of investors in the PUL shares	*The list of PUL shareholders is provided*
13	List of vendors for each property managed by PUL and its subsidiaries / associates including the assets under the same management agreement of PCL properties.	*Agreement copies provided.*
14	The details of repayments made to the firm by the partners other than PUL with documentary evidences in support of the transactions.	*All the details of personnel are provided, directors remuneration details provided.*
15	Details of the Finance & Accounting personnel who are conversant with the transactions and circumstances and nature of transactions.	*All the details of personnel are provided, directors remuneration details provided*
16	Original minutes books of meeting of PUL and its subsidiaries / associates.	***Original minutes books not provided***

15. From the documents provided by PUL, it can be inferred that PUL did not provide complete information to SEBI. It only provided partial information to SEBI. In this regard, reliance is being placed on the order of Hon'ble SAT

in the matter of M/s Bubna Stock Broking Services Limited v. SEBI (decided on 04.11.2009) wherein it was stated that:

*"... **incomplete information furnished by the appellant amounts to non-furnishing of the information**... This is, indeed, a serious matter. Market intermediaries and market players cannot be allowed to hinder the investigations by not furnishing the necessary information asked for. The Board as a market regulator cannot perform its statutory functions if market players do not co-operate with it in the matter of investigations and it is for this reason that the Parliament in wisdom amended the provisions of the Act..."* (emphasis supplied)

16. In view of the above, as ordered by the Hon'ble SAT, as PUL failed to submit the entire documents/information within the time granted by SAT, it is not necessary to modify the attachment order dated March 28, 2018 of SEBI and the said attachment levied shall continue to be in force.

Issue No.2: Whether the surety furnished before the Hon'ble SAT is binding on PUL and its present directors?

Details regarding furnishing surety by PUL in the SAT Proceedings:

17. After SEBI passed final order dated February 29, 2016, PCL and its directors filed Appeals before the Hon'ble Securities Appellate Tribunal. PCL in the appeal memorandum filed by it and its directors before the Hon'ble SAT and also during the hearing, PCL through one of its directors filed an affidavit dated January 21,2017 wherein it has been stated as under:

"c) the total value of all the realizable assets of the Appellant, its Subsidiaries and Panoramic Universal Ltd. ("PUL") and it subsidiaries is set out in Exhibit "C".

d) The detailed chart listing the immovable properties as held by the Appellant, Appellant's Subsidiaries and PUL and its subsidiaries and other group companies is annexed and marked as Exhibit "D', "E" and "F" respectively. The appellant has immovable properties valued at approximately Rs.3464.45 crores. Further, the approximate value of the fixed assets of the subsidiaries companies of the Appellant is approximately Rs.333.94 crores. In addition to the same PUL and other

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group companies have immovable properties valued at approximately 2148.34 crores. The appellant craves leave to refer to and rely upon a compilation of Valuation Reports of the aforesaid immovable properties.

e) PUL is a listed entity wherein the Appellant owns 2.67% shareholding directly and further the Chaiman and Managing Director of the Appellant, Mr. Sudhir Moravekar owns 49.78% shareholding. PUL, with assets worth Rs.2148.34 crores, <u>is willing to stand as surety for the Appellant</u> for the amounts due and payable by the Appellant to the subscribers of the holiday options of the Appellant, as directed by SEBI and in accordance with the directions of this Hon'ble Tribunal from time to time. In this connection, a Board Shareholders Resolution/ Directors Undertaking/ surely will be taken in due course of time as per Companies Act, 2013 along with all compliances."

18. During the personal hearings, PUL has contended that the directors of PUL are not aware of the surety offered by director of PCL in the affidavit before SAT and the said affidavit cannot bind PUL and its directors to honour the same. It may be noted that the contentions of PUL may be correct if both the companies are different from each other and/or managed by different management or are alibi to each other. However, as stated above, PUL is subsidiary of PCL, the Managing Director of PUL, Mr.Ramchandran Ramkrishnan was one of the parties in the appeal before the Hon'ble SAT where the aforesaid affidavit has been filed. Similarly, the father/ husband of the other three directors of PUL and the then Chairman of PUL, viz., Late Mr.Sudhir Moravekar was also party in the proceedings before the SAT when the aforesaid affidavit was filed in the Hon'ble SAT. It is also clear from the status of directors/ officers of PCL and PUL that all the companies including PCL, its subsidiaries & PUL and its subsidiaries are one group and wholly / exclusively owned by Mr. Sudhir Moravekar.

19. It is also clear that Mr. Sudhir Moravekar along with his sons viz., Mr. Siddhartha S. Moravekar and Mr. Dnyanaraj S. Moravekar (Contesting directors of PUL) are from one family and called as 'Apex Management' which takes all the decisions of any of the companies in the group and the Board of directors of respective companies shall only sign the minutes

prepared at the instance of Apex Management without asking any queries. All the board of directors of group companies are either blood relatives or friends or employees. It is also established that except Apex Management and none else has any say in the group activities.

20. It is also noted that the aforesaid affidavit dated January 21, 2017 was signed by Mr. Manish Gandhi, one of the directors of PCL. Mr. Manish Gandhi in his statement has stated as under:

"The appeal memorandum in Appeal No.51 of 2017 dated February 02, 2017 was shown as asked whether I have signed it. I agree and accept that the signature on Appeal Memorandum dated February 02, 2017 is my signature. All the contents of the said Appeal Memorandum have been seen and undergone changes by various persons in the company including Mr. Sudhir Moravekar, Mr. Siddhartha Moravekar and Mr. Dnyanaraj Moravekar before it is sent for my signature. Whenever the drafts undergo changes by the aforesaid persons referred above and unless and until Mr. Sudhir Moravekar and his sons approved the drafts then only I sign the pleadings. Copies of the emails which were exchanged amongst many people in the company finalizing the draft appeal memorandum dated February 02, 2017 will be extracted by me and send to SEBI within two days. I am providing this to show that whatever statements made in the Appeal Memorandum are known to every person in the chain and approved by Mr. Moravekar and his sons, called as Apex Management.

I have signed the said affidavit dated January 21, 2017 in appeal No.52 of 2016. I agree and accept that the signature on is my signature. All the contents of the said Affidavit have ben seen and undergone changes by varous persons in the company including Mr. Sudhir Moravekar, Mr. Siddhartha Moravekar and Mr. Dnyanaraj Moravekar before it is sent for my signature.

I have perused Para 3(c) to I of the Affidavit dated January 21, 2017 and at the time of signing also I believed that PCL, PUL and their subsidiaries have no difference except the name but the sole owner was the Chairman of Panoramic Group Mr. Sudhir Moravekar and therefore I had no reasons to raise any suspicion or authority in respect of the contents of the affidavit as the affidavit contents have been verified and approved by Mr. Sudhir Moravekar and his Sons called as Apex Management. Even today, I believe there is no difference between PCL and PUL."

21. Further, Mr. Manish Gandhi, director of PCL who filed the affidavit, has stated that he was mere a courier boy and employee to sign the affidavits, etc. on behalf of PCL and the decisions are taken by Mr. Sudhir Moravekar and his aforesaid two sons popularly called as Apex Management of the Panoramic Group. Therefore, the attachments passed by SEBI vide order dated March 28, 2018 can sustain and continued to be in force.

22. It is also noted from the chain of emails that before filing either the appeal memorandum or the aforesaid Affidavit in Hon'ble SAT the draft affidavit prepared by the Advocates were circulated to all the persons including concerned persons in PCL and PUL, viz., Group Chairman Mr. Sudhir Moravekar, Managing Director, Mr. Ramachandran Ramakrishnan, the Directors of PUL and sons of Mr. Sudhir Moravekar, viz., Mr. Siddhartha S. Moravekar and Mr. Dnyanaraj S. Moravekar. It is also noted from one of the draft affidavits circulated in the emails to all of them, a query was raised as under:

"the financials of PCL have been weak, the reserves and surplus being in negative please provide inputs as to how should we explain the repayment plan of the Co reflecting the balance sheet. Also provide inputs for group companies]

5.17 In spite of the slump in the real estate market, and added to that the recent demonetization, that has severely affected the cash liquidity in the market, yet the Appellants have mooted various proposals for the sale/mortgage of their properties to meet the deficit. The table outlined below elaborates the various arrangements/transactions that are under way:

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[VA: please fill this table with all the proposals that PCL is considering for selling/mortgaging the properties and especially the ones that are attached by SEBI)

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5.18 Further, the Appellant has also carved out an indigenous business module of Herbal Products which is expected to add significantly to its cash flows

The cash flow statement of the entire business of the Appellant along with the business module is annexed and marked as ***Exhibit "G"***

5.19 The liabilities of the Appellant are backed by adequate assets as set out herein below

Liabilities:

i. SVP matured upto 5.12.2016 and not paid Rs 1844,99,15,018/-
ii. SVP maturing from 6.12.2016 till 2024 Rs 5430,11,10,703/-

Assets with market value as per valuation certificate:

<please provide details>

[VA: please confirm the figures and provide the necessary inputs] ....."

23. It is noted that the present directors of PUL who are contending that PUL is not aware of any such surety provided by PCL before the Hon'ble SAT were completely aware of the said surety provided in the appeal memorandum as well as in the affidavit dated January 21, 2017 before the Hon'ble Securities Appellate Tribunal. Mr. Siddhartha Moravekar, Mr. Dnyanaraj Moravekar and late Mr. Sudhir Moravekar were in the loop in all the emails exchanged between the lawyers of PCL, directors of PCL and PUL. Therefore, suppressing all this knowledge and actions, now for the sake of convenience and also with malafide intention to defeat the rights of investors of PCL the present management of PUL including the aforesaid persons. viz., Mr. Siddhartha Moravekar, Mr. Dnyanaraj S. Moravekar and Mr. Ramachandran Ramakrsihnan, resorting to take such an unacceptable plea. Further, the surety was provided by the majority shareholders, viz., PCL, Mr. Sudhir Moravekar and Ms. Usha Arun Tari who are holding more than 73% of shareholding of PUL and the same were attached by SEBI on December 09, 2016 and Affidavit before Hon'ble SAT was filed on January

21, 2017. Therefore, there is no necessity for having a specific resolution separately from the Board of Directors of PUL, particularly, when the Chairman of PUL himself has accepted and directed one of the Directors of PCL to file such an affidavit before the Hon'ble Securities Appellate Tribunal.

Issue No.c & d: Whether investors' money collected by PCL were diverted to PUL & its subsidiaries and if so what was the quantum of amounts? and Whether the contentions of the present directors of PUL that it is a distinct legal entity and nothing to do with PCL's dues is correct?

(i) Analysis of the incomplete documents/information furnished by PUL in respect of acquisition of assets.

24. Without prejudice to the conclusion in the previous paragraph, it is pertinent to look into the incomplete documents/information furnished by PUL via-a-vis, the source of funds for purchase of the assets of PUL and its subsidiaries.

25. At the outset, it is admitted position from various statements made before SEBI, annual reports of the Panoramic group companies and the brouchers, etc., circulated by Pancard Clubs Ltd (PCL) to the investors that PUL is subsidiary of PCL and PCL, PUL and their respective subsidiaries are Panoramic Group wholly owned and controlled by late Mr. Sudhir Shankar Moravekar. After the death of Mr. Sudhir Shankar Moravekar, the legal heirs, viz., Ms. Viidyaa S. Moravekar, Mr. Siddhartha S. Moravekar and Mr. Dnynaraj S. Moravekar have taken complete control of PUL. When PCL has become default, conveniently the three legal heirs who are at the helm of affairs of PUL contending that PUL is nothing to do with PCL except managing the properties of PCL which is totally against the contentions made by PCL, Sudhir Maravekar and the documentary evidences.

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26. PCL was incorporated in the year 1998 and started collecting money from the investors under an unregistered Collective Investment Scheme from the year 2001. PUL is a company which has come into existence in the following process:

- Ravisha Share Services Private Limited was originally incorporated on 12.05.1992 had changed its name on 05.09.1995 to M/s Ravisha Share Services Limited. Ravisha Share Services Limited have duly passed the necessary resolution for change of its name as M/s Chitalia Corporate Services Limited on 12.10.1995 . M/s Chitalia Corporate Sevices Limited having special resolution passed on 30.09.1998 altered its main objects of MOA . The same was registered with the ROC, Maharashtra on 14.10.1998 in which the name of the company was again changed as **IT Microsystems (India) Ltd** on 26.11.1999 vide Special resolution passed on 15.11.1999. The said changes were noted with ROC, Maharashtra. As per the MOA, the main objects of the company was still to undertake any work relating to public issue. The main objects were further enlarged to include activities of manufacturing, developing, export, import , sell, purchase of computer hardware and other accessories, etc in addition to existing object of work relating to public issue.
- The company, IT Microsystems (India) Ltd. **(ITMIL)**was taken over by Mr.Sudir Moravekar (Defaulter) through acquisition and open offer process issued vide Public Announcement dated May 05, 2000. Mr Sudhir Moravekar had appointed his relatives on the board of ITMIL and he acted as Chairman of the Group. The name of the company ITIML remained same till the year 2003.
- IT Microsytems limited had undertaken a corporate restructuring with an objective of strengthening the asset base of the company. The corporate restructuring plan involved in vesting of the Sai Motels & Resorts Pvt ltd **(SMPL)** , a wholly owned subsidiary of Pancard clubs Limited (PCL) into the company through a process of merger under section 391-394 of the Companies Act 1956. Thus post restructuring the company will house Hospitality Division in India & New Zealand regions. The scheme of the merger was approved by Bombay High Court vide its order dated 12.08.2004. The scheme was operative from April 1, 2003. Mr.Sudhir Moravenkar was appointed as director on 11.04.2003

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from the date of merger proposal of his company into the ITMIL. After the merger first Audited Balance Sheet after 2001-02 is of 2003-04, pursuant to the merger all the assets , liabilities and business profits of erstwhile Sai Motels & Resorts Pvt Ltd shall be transferred to PUL, and **23,37,500** equity shares are allotted @ of **Rs 5 each** allotted share holders of SMPL i.e. Pancard Clubs Ltd (which is the 100% shareholder).

- As per the Chairman's (Sudhir Shankar Moravekar) Report of the company in 2001-02, the IT microsystems Limited had REVENUES ONLY FROM IT business till 2000-01. The Audited Balance Sheet of the company clearly mentions the same in their segment reporting, wherein the revenue divided on region basis which contains only IT business revenue. Company's revenues are from Software Development and other income for an amount of **Rs.8.31 cr** and **Rs.0.46 crores** respectively in 2001-02 and in the financial year 2000-01 the gross income earned is **Rs 4.86 crores**. Fixed Assets of the company were of **Rs 66** lacs only and major investments were in shares and mutual funds. Company was having training centres at NewZealand, Dubai- UAE, New York and were having bank accounts at these places.

- Prior to the merger of Sai Motels & Resorts with IT Microsystems India Ltd, the ITMIL was not having business of hospitality industry, subsequent to the merger of SMPL, which is fully owned by PCL, ITMIL could get into this business. The management of ITMIL and SMPL, PCL are being same, the merger was smooth and the consideration was for just an amount of **Rs 1,46,87,500**. Prior to merger, SMPL was owned by PCL created out of the funds received from the public under various schemes of ' Sale of Room Nights'. The revenue generated by SMPL is 37% of the total revenue i.e. **Rs 7.11 crores** during the year ending 31.03.2004. This indicates that the assets transferred by PCL to ITMIL (PUL) through its subsidiary SMPL was much higher than the consideration it had received against the assets acquired. This is clear from the directors report in the F.Y 31.03.2004 i.e. post merger Audited Balance Sheet. Further, the fixed assets which were Rs 1.13 **crores**(net of depreciation) had increased to **Rs 25.85 crores** at the end of the financial year post merger. The General Reserves increased by **Rs 10 crores** in this year only due to the merger of SMPL and is resultant of excess assets over the

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liabilities which mentioned in their audited balance sheet as notes to accounts. These assets are primarily derived out of the assets acquired out of the merger of SMPL which is a wholly owned subsidiary of the PCL. The assets in this wholly owned subsidiary are acquired originally by PCL out of public funds not out of revenues generated by them through their legitimate business.

- As per the chairman report, ITMIL had acquired the 100 odd rooms hotels in the one and half year of the merger of the SMPL ending 31.03.2004. Its surplus had increased after merger of SMPL, and the revenues had increased by Rs 7.11 crores out of the hospitality industry, which otherwise would have earnings of PCL. Out of these funds, ITMIL had acquired new hotels, another new wholly owned subsidiary in USA-Sai Properties Inc, by making initial investments of Rs 44.92 lacs . IT hospitality Inc had acquired 124 rooms hotel in Burlington, North Carolina, USA and 135 rooms hotel property at Binghamton , New York-USA. In addition company has 95% of the partnership in firm that owns a hotel in Goa. Total investments in these assets were Rs 16.67 crores as on 31.03.2004, additions in F.Y 31.03.2004 itself was Rs 12.46 crores, which is solely due to merger of SMPL and the earnings out of its owned hotels, otherwise there were no hospitality business in ITIML/PUL, which actually owned by its group company PCL.

- As per the Annual returns filed with ROC, Moravekar Sudhir Viidyaa also became the Managing director with effect from 29.12.2004. Mrs. Viidyaa Moravekar was Managing Director of Sai Motels and Resorts Ltd, and subsequent to the merger, her remuneration is included in the ITMIL. There is no separate audit system of the overseas hotels, their receipts and Payments are sent by the respective accountants and the Statutory auditor of ITMIL Mr H H Topiwala scrutinizes and suitable consolidates in this company balance sheet. In other words, it is the statutory auditor of parent company himself audits the foreign subsidiaries in India and consolidates in India. This is evident from his audit report for 31.03.2004.Mr H H Topiwala is none other than the statutory auditor of PCL since 2000.

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27. In view of the above, the birth of PUL (Previously ITMIL) itself was from the financial sources of money mobilised by PCL from the investors routed through merger of SMPL and therefore the contentions of PUL and its present directors that PUL is nothing to do with PCL is not acceptable.

(ii) Analysis of investment by PCL in PUL in the form of Preference Shares

28. PUL had issued 7% cumulative non-convertible preference shares preference shares of Rs. 50,00,00,000 (100,000,000 shares of Rs 5 each). As per the director's report, during the year, PUL had declared dividend on avoura basis of Rs. 94,23,704. As per the Audited Balance Sheet of PUL as on 2007-08 The Company has issued 10,00,00,000 7% Cumulative Non-Convertible Redeemable preference shares of Rs.5 each redeemable within 20 years. As per the Audited Balance Sheet, Page No. 68 of the annual report of the company for the financial year 2015-16 " Preference shares would be redeemable at par at any time within twenty years from the date of allotment i.e. January 08, 2008.

29. The purpose of the preference share issue, as per the Preferential Shareholder company's (Pancard Clubs Limited) notice for Extraordinary Board Resolution, PCL was proposing to make substantial investments in one of the group company i.e., M/s Panoramic Universal Limited (PUL), engaged in the business of Hospitality. PUL is planning to expand is business by acquiring land and construct three star hotels which need huge funds. PCL has received proposal to invest preferential shares in PUL in cumulative non-convertible redeemable 7% dividend per annum. Hence the very purpose of the issue of preference shares to its group company is to invest in acquiring the land and hotels which is one of the main object of PCL and the purpose of mobilizing funds from the investors.

30. The total liability of PUL against the preference shares @7% P.A works out to Rs 38,50,00,000 as on 31.03.2018 (for 11 year starting from F.Y 2007-

08 to 2017-18) on Rs.50,00,00,000 cumulative redeemable shares. These shares may be redeemed at the discretion of the Board and it may determine the manner/procedures for redemption at its discretion as it may deem fit, THESE ARE REDEAMBLE AT ANYTIME WITHIN 20 YEARS. Hence the total outstanding amount for redemption of the preferential shares to PCL as on the date of 31.03.2018 would be Rs 50.00 crores plus Rs 38.50 crores avourabl to Rs 88.50 crores. However, the PUL had paid the dividend to PCL, which not in line with the nature of the instrument. These preference shares are cumulative for the purpose of paying dividend, but in 2009-10, it had opened separate account named PUL-preference dividend account, it transferred funds on 12.10.2010 and on the same day it had issued Pay Order to PCL for an amount of Rs 3.50 crores. Subsequently the said account was closed.

31. It may be noted that the cost of funds for PCL was between 21-25% including the assured returns, agents commission, insurance and administrative costs, etc. If this being so, PCL has invested the money mobilized from investors at a throw away rate of 7% per annum in PUL. The purpose of avourable the funds from the investors was also similar to that of the purpose for which the preference shares were invested in PUL. Out of Rs 50 crore subscribed by PCL, part of the same was invested by PUL in mutual funds ICICI Prudential Ltd. Reliance, etc. Therefore, it could be safely concluded that the said investment that too at the avourable conditions to the borrower PUL is nothing but siphoning of investors money in a haste and fraudulent manner by the Board of Directors of PCL. Since, both PUL and PCL are managed by Mr. Sudhir Moravekar, the question of opposing the said irrational investment by PCL in PUL does not arise. Therefore the aforesaid Rs.50 crores along with the cost of funds mobilized by PCL @ 25% p.a. cumulative from F.Y 2007-08 to 2017-18 shall be payable by PUL to PCL which works to Rs.129,83,44,948/-.

SECURITIES AND EXCHANGE BOARD OF INDIA * RECOVERY DIVISION *

Analysis of properties acquired by PUL:

32. PUL had provided list of assets & its subsidiaries /associates in excel sheet containing details of 18 assets of PUL and its subsidiaries in India. However, PUL has failed to furnish details of subsidiary and its assets located in other countries. Out of the total 18 assets it did not provide the details of bank payment entries in bank statements nor the ledger accounts in the PUL books showing the bank payments entries for acquiring these assets except asset no. 4,12 & 16 wherein it was mentioned that they were acquired out of the bank loans. Further, the details of repayments to the banks and the securities for the said loans are also not furnished. PUL has not provided the relevant bank statements nor the specific transaction details of the bank entries in bank statements or books. The following are the details of properties and the source of funds traced from the incomplete documents/ information made available by PUL.

PROPERTY NO : 1 Kumarakam Village, KottayamTaluk, Kottayam District, Kerala– Value Rs 29.08 crores

33. The property is in the name of one of the subsidiary of PUL, M/s Indo Pacific Hotels Ltd. This asset has been purchased during 2008-09 from 42 individuals, and the agreement copies are provided. Payments are made in cheques/DDs of Axis Bank, but the payments are made through the ABN Amro Bank account no 610457 of Indo Pacific Hotels Ltd. During the financial year PCL had given loan of an amount of Rs 33.50 crores to Indo Pacific Hotels Pvt Ltd and this amount was used for purchase of the said property.

34. It is observed that Indo Pacific Hotels was originally was named as M/s Enya Technologies Pvt Ltd and was acquired by PCL through purchase of equity shares through its wholly owned subsidiary, viz., M/s Pan Herbbo Ltd on 18.01.2007. After a period of 15 days, PCL management had

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transferred these equity shares to PUL. The amount involved for acquiring shares for PUL was just Rs 49,940/-. Subsequently, PCL had given Rs 33.50 crores as loan to Indo Pacific Hotels in 2007-08, and in the same year it had acquired land worth 29.08 crores. Balance money used for development of land which shown as work in progress. These facts are noted in the Audited Balance Sheet of Indo Pacific Hotels Pvt Ltd of the Financial Year 2007-08.

35. It is noted that Indo Pacific Hotels Limited shareholding was acquired by Panoramic Resorts India Ltd and Pan Herbbo Ltd on 18.01.2007, and on 02.02.2007 Panoramic Universal Limited acquired shares from these two entities for an amount of Rs 99,940/- which is the 99% of shareholder in this company from that date. The registered office address was originally at PCL address and subsequently changed to PUL address.

36. The Audited Balance Sheet of IPHL shows that the share capital is Rs 5 lacs and PUL had paid only Rs 49,940/- further an amount of Rs 2 crores were given as unsecured loan. During F.Y 2007-08 Pancard Clubs Limited, given an amount of Rs 33.50 crores as loan. As per the Auditor's report, the loan given by PCL was taken unsecured interest-free loans from companies under section 301. This fact is not clearly disclosed in PCL Audited Balance Sheet, later the same was highlighted by Company Law Board and penalized PCL. With the loan amount received from PCL, IPHL had acquired free hold land worth RS 11.87 crores and Rs 5.85 crores were spent in work in progress and invested in Mutual Funds (Rs 6.50 Cr).

37. These documents and the information are evidence beyond doubt for the fact that the assets of IPHL are acquired out of the PCL funds and not out of PUL funds, and the fact that the PUL is holding 99% of the shares does not change these situations. Further, these loans are unsecured and

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interest free, which in fact are received from the public against the deposit bearing a fixed interest which is to be refunded by PCL. In the year 2008-09, entire Work in Progress and the investment in Mutual funds were used in acquiring fixed assets amounting to Rs 32 crores.

38. Hence it is proved beyond doubt that the aforesaid property at Kumarakom, Kerala at Rs 29.08 crores was purchased out of loan funds provided by PCL, and not out of the funds received from PUL. PCL might have purchased these assets in its name but opted to give loan to Indo Pacific Pvt Ltd, which is earlier subsidiary of PCL later became subsidiary of PUL, is only with an intention to siphon off the investors money mobilized by PCL through creating multiple layers. Further, PUL had also admitted in the affidavit filed before SEBI that they are liable to pay Rs.35 crores to PCL. Therefore, the said amount of Rs.35 crores along with the cost of funds of 25% from February, 2007 till date works out to Rs.101,07,11,841 and the same is payable by PUL to PCL.

PROPERTY 2: Thandaper 15560, Survey No.198/3A/2, Dist-Kottayam, Taluka-Vaikom, Village-Vechoor.

39. The property at the Vechoor was acquired by PUL during 2008 and 2010, from 8 individuals for a total amount of Rs 4.86 crores, as per the books the payments are paid ABN AMRO bank account No. 610457 and in this account funds were transferred from Axis Bank account no 8648 of PUL. These funds are realized in Axis bank out of the maturities of the ICICI Prudential Mutual Funds which were in the name of PUL.

40. PUL had issued preference shares and were 100% subscribed by PCL for an amount of Rs 50 crores, Part of the said funds were invested in ICICI Prudential Ltd and on maturity of these funds, Rs 4.86 crores were utilized in transferring to Axis Bank and from there to ABN Amro Bank account 8648 from which payments were made to individual sellers. The money trail of

the funds used in acquiring these assets are out of the preference shares capital subscription collected by PUL from PCL and hence the funds of PCL were routed through several layers to acquire assets at Vechoor in the name of PUL for an amount of Rs 4.86 crores. These funds are not generated out of the PUL earnings but are out of the PCL share capital subscription money. Therefore, PUL cannot claim exclusive rights on the said asset and as the same is created out of the funds of PCL.

PROPERTY 3: Survey No.20/1,Thandaper 3958,,Village Chinnakanal, Tal-Udumbanchola, Kara Suryanelli, Dist.-Idukki. Munnar

41. The property was acquired during the period 2007-08 from three individuals, for an amount of Rs 6.93 crores in the name of PUL. The agreement copies are provided by the PUL and the payments details as per the agreement are showing that they are made from the ABN Amro account No. 610457 and into which it was transferred from Axis Bank account no 8648 of PUL. These funds in Axis bank are out of the maturity process of Reliance Short Term Funds which were the funds out of the preference share capital subscription by PCL to PUL. The source of funds for acquiring this property was provided by PUL in its reply under point no. 1 to SEBI, wherein it is shown that an amount of Rs 7.74 crores were utilized by PUL which it had received from PCL against preferential share capital.

42. This proves beyond doubt that the property at Munnar was purchased by PUL in its name out of the funds received from PCL, and are not earned by it. The funds trail and the reply of the PUL substantiate that the preference shares subscription is used in acquiring this asset. Preference share application money received from PCL of Rs. 15.00 crores as on 23.10.2017 and out of Rs. 15.00 cores Rs. 5.00 crores amount invested in ICICI Prudential Mutual Fund as on 23.10.2007 and as on 18.12.2007 this amount transferred in UTI Bank – 8648 for purchase land. Payment made

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SECURITIES AND EXCHANGE BOARD OF INDIA ★ RECOVERY DIV. ★

to Mr. Bobby Zachariah (one of the vendors) of Rs. 16,720,000 for purchase of land from UTI bank – 8648 and money trail are as under:

Payment made to Mr. N. S. James (one of the vendors) of Rs. 17,160,000 for purchase of land from UTI bank – 8648 and money trail are as under :

Payment made to Mr. Zakariah Joseph (one of the vendors) of Rs. 3,54,64,000 for purchase of land from UTI bank – 8648 and the money trail are as under :

Therefore, PUL cannot claim exclusive rights on the said asset and as the same is created out of the funds of PCL.

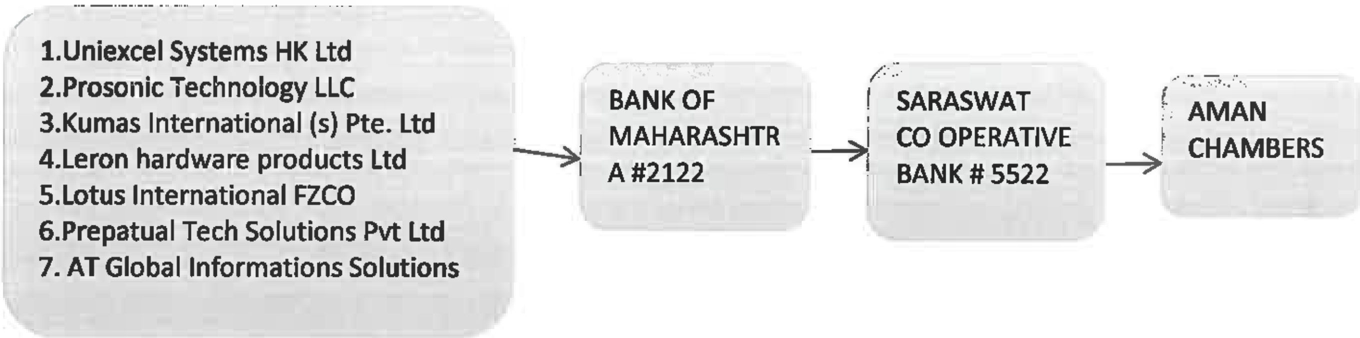
PROPERTY NO 4 : 4th floor, Aman Chambers, Opp. New Passport Office, Veer Savarkar Road, Prabhadevi, Mumbai – 400 025, Maharashtra, India.

43. The property is in the name of Panoramic Universal Limited. This asset was purchased on 6.9.2006 for Rs 10,09,20,000 from Trambak Homes P Limited. For this property two Payments were made one is through Purchase order no 51462 to Trambak Homes Private Limited against purchase of office premises from Saraswat Bank Secured Loan Account of Rs.7.50 crore and the remaining payments is in Saraswat bank account No

5522 of Rs. 1.54 crore which credited from Bank of Maharashtra Account no 2122. Bank of Maharashtra paid Rs. 1.54 crore to Saraswat Bank #55222 which is receipt from debtors i.e. Uniexcel Systems HK Ltd, Prosonic Technology LLC, kumas International (s) Pte. Ltd, Leron hardware products Ltd, Lotus International FZCO, Prepatual Tech Solutions Pvt Ltd.

FIRST PAYMENT

SECOND PAYMENT



PUL claims that the said property was acquired out of IT Exports earnings. However, it is noted that PUL has not established the earnings out of the software exports, as it has not furnished sufficient documentary evidences relating to the IT Exports and the same has been dealt separately in the later paragraphs. Therefore, it is inferred that the said amount would have been paid either by PCL or Mr Sudhir Morevekar, accordingly, the said amount of Rs. 37.50 Lacs along with the cost of funds of 25% from February, 2008 till date works out to Rs.98,91,582 and the same is payable by PUL to PCL.

PROPERTY NO 5: 10, Ground floor, 17, Elphinstone house vardhman road new empire cinema, Fort, Mumbai 40001 (part 1) &

44. The property at Part-1 is in the name of PUL which was purchased on 18.9.2002 for Rs. 37.50 Lacs. As per the copy of agreement the entire purchase price paid by Pay Order No 797636 dated 18th September 2002

of ABN Amro Bank. (Bank details not mentioned in agreement). The vendor was Mr Karsandas Bhanji Thakker & ors. PUL failed to provide Bank statements or Tally Back up data, hence source funds could not be established. Therefore, it is inferred that the said amount would have been paid either by PCL or Mr Sudhir Morevekar, particularly when PUL had no source of funds on its own.

PROPERTY No 6. : 10, Ground floor, 17, Elphinstone house vardhman road new empire cinema, Fort, Mumbai 400001. (Part 2)

45. The property at Part -2 is in the name of one of the Panoramic Universal Limited. PUL failed to furnish any documentary evidences for source of funds. As per the available agreement details the entire purchase price paid by **P. O. 797635** dated 18th September 2002 of ABN Amro Bank. (Bank details not mentioned in agreement).

46. In respect of properties at Sr.No.5 & 6 a total consideration of Rs 75,00,000 was paid to acquire properties at Fort, Mumbai from Karsandas Bhanji Thakker & ors on 18.09.2002. This property was acquired during the Financial Year 2002-03 and is subsequently **sold**. The details of the bank accounts and the books of accounts were not available for this period. This is the year when the Sai Motels & Hotels Pvt ltd was acquired by PUL from PCL and Audited Balance Sheet of PUL does not show this asset in its Fixed Asset Schedule for the F.Y 2002-03.

47. Accordingly, the aforesaid amount of Rs. 75 Lacs in respect of the properties at Sr.No.5 & 6 along with the cost of funds of 25% from September, 2002 till date works out to Rs. 2,99,44,737 and the same is payable by PUL to PCL

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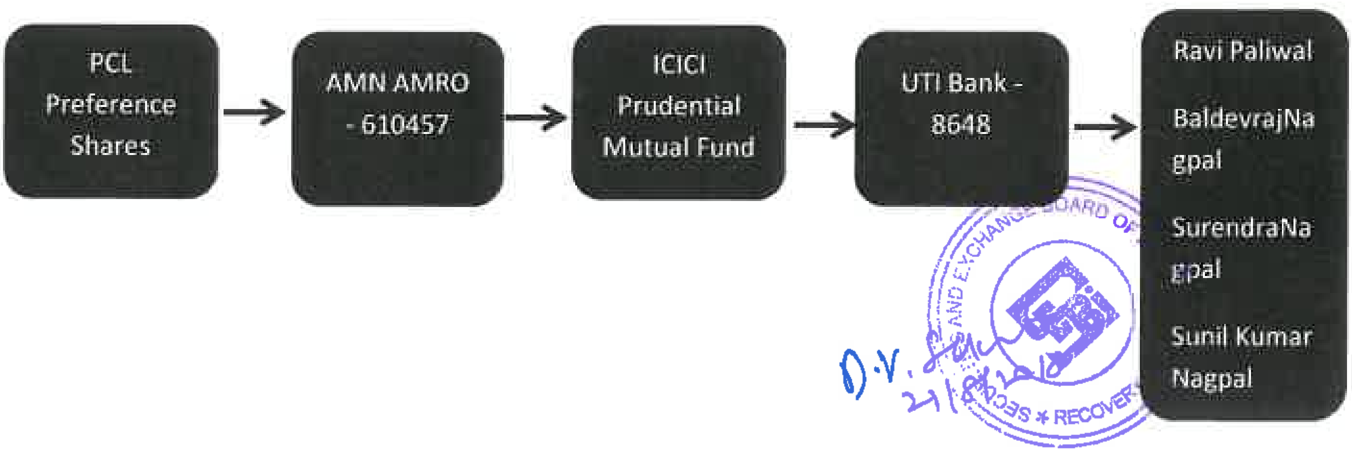
Property No 7. : Sain Colony, Station Road (Power House Road), Jaipur

48. This property was acquired by PUL in its name on 25.09.2007 for an amount of Rs 16.22 crores from Ravi Prakash Paliwal and others. The agreement copy of the same is provided. As per the information provided by PUL, the payment was made out of Axis Bank account. The money trail of the payments for purchase of this asset had revealed that the source of payment for acquiring this asset was made out of the ABN Amro Bank account no 610457 of PUL, which was transferred out from Axis Bank account no 8648. The funds in Axis Bank is out of the Preferential Share Capital funds received from PCL to PUL. Hence the money trail of the sources of funds are leading to the funds received from PCL against the preference share capital contributions. This fact is also being provided by PUL by itself in its reply to the point no 1:

Sr. No.	Date of Purchase	Cost of Purchase	Name of Seller
A	25.09.2007	**16,22,53,850**	Ravi Prakash Paliwal and others

Preference share application money received from PCL of Rs. 18.00 crores as on 11.09.2007 and amount invested in ICICI Prudential Mutual Fund as on 11.09.2007 and as on 22.09.2007 this amount transferred in UTI Bank – 8648 for purchase land.



Payment made to Ravi Paliwal, Asha Paliwal, Baldevraj Nagpal, Surendra Nagpal, Sunil Kumar Nagpal of Rs. 16,11,53,850 for purchase of land from UTI bank – 8648 details of payment are as follows :

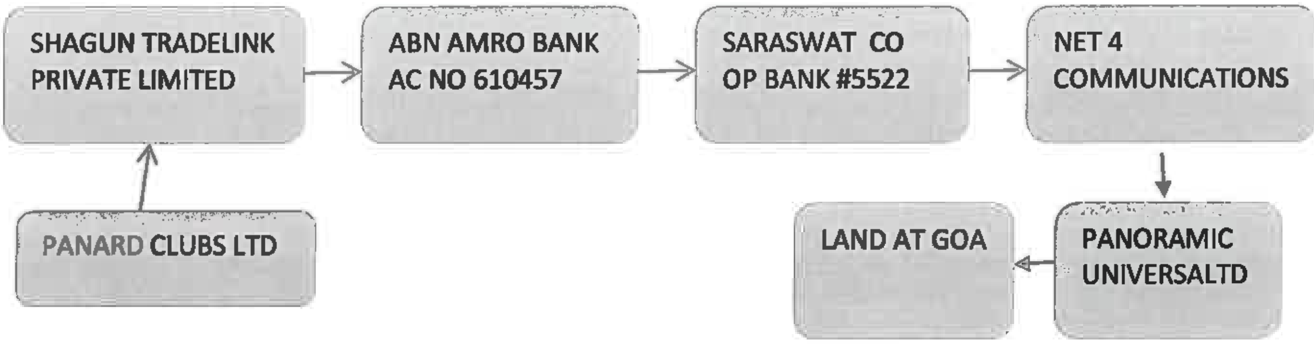
Date	Bank Name	Cheque No.	Amount
11.05.2007	ABN AMRO 610457	795679	5,00,000
19.09.2007	UTI Bank – 8648	171048	16,11,53,850

Therefore, PUL cannot claim exclusive rights on the said asset and as the same is created out of the funds of PCL.

PROPERTY No 8 : Tolliachi Valli, Village Cotorem, SattariTaluka, Sub-District North Goa, Goa

49. This property was purchased by PUL on 27.06.2007 for Rs 54,10,000 Mr. Krishnamurthy Bhat authorized Officer of Saraswat Co-op. Bank Ltd. This property was earlier owned by the Saki Farms Pvt Ltd. The details of the payments for this property was provided by the PUL as paid out of the Saraswat Bank account of PUL. The money trail of the payments for acquiring this property it is observed that the payments into Sarswat Bank account is partly out of Shagun Tradelinks Pvt Ltd a shell company of PCL, and a part was from the ABN Amro Bank account no 610457. As noted from the ledger copies of the PCL and PUL, the funds in the Shagun Tradelinks Pvt Ltd were received from the PCL. It is also noted that the frequent funds diversion from PCL to PUL through Shagun. Hence, the sources of the funds for acquiring this asset is out of the PCL funds.

50. For the purchases of this property amount received from Shagun Tradelinks Private Limited to ABN Amro bank acct no 610457 to Saraswat bank acct no 5522 to net 4 communications Ltd to PUL.



Therefore, the said amount of Rs 54,10,000 along with the cost of funds of 25% from February, 2007 till date works out to Rs.1,56,22,717 and the same is payable by PUL to PCL.

PROPERTY NO 9 : Techno City, 11th Floor, Near Hotel Sarovar Portico, Opposite to Millenium Business Park, MIDC, Mahape, Navi Mumbai, Maharashtra 400701

51. This property is acquired by the PUL in its name and is acquired on 04.11.2009 for an amount of Rs 1,95,86,250 from M/s R R Developers by paying through pay order of Cosmos Cooperative Bank. These information was provided by PUL in its reply to SEBI in point no 1 (e). The money trail of the sources of funds show that the funds for this Pay Order were arranged from Axis Bank account no 8648 and Saraswat Bank 5522. The funds in these accounts were received from the Shagun Trade Links Pvt Ltd. Which is a shell company used for diverting PCL funds to PUL.

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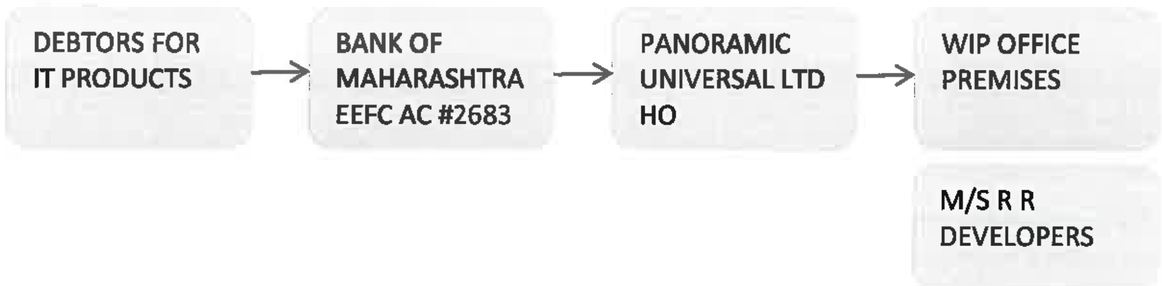
Therefore, the said amount of Rs 1,95,86,250 along with the cost of funds of 25% from February, 2007 till date works out to Rs.5,65,60,157 crores and the same is payable by PUL to PCL.

PROPERTY 10 :. Techno City, 9th Floor, Near Hotel Sarovar Portico, Opposite to Millenium Business Park,MIDC,Mahape,, Navi Mumbai, Maharashtra 400701

52. The Payments for acquiring above asset was is made by PUL on March 21, 2013, as per their reply to point no 1 of SEBI, is from Saraswat Cooperative Bank and other banks. The asset was purchased from R R Developers for an amount of Rs.1,31,18,050. PUL failed to provide any details of payments made to acquire this property in its reply. The money trail for the sources of funds for this payment and found that this is paid out of the Bank of Maharashtra EEFC account in which IT exports sales was credited. However this IT exports realization being doubtful of genuineness of the IT exports, these funds are not out of the real software exports.

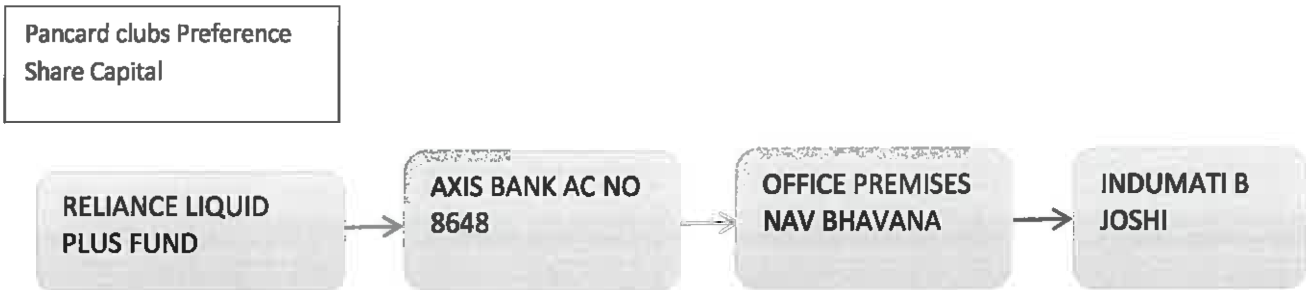


53. PUL claims that the said property was acquired out of IT Exports earnings. However, it is noted that PUL has not established the earnings out of the software exports, as it has not furnished sufficient documentary evidences relating to the IT Exports and the same has been dealt separately in the later paragraphs. Therefore, it is inferred that the said amount would have been paid either by PCL or Mr Sudhir Morevekar, accordingly, the said amount of Rs 1,31,18,050 along with the cost of funds of 25% from March,

2013 till date works out to Rs. 1,79,52,749 and the same is payable by PUL to PCL.

PROPERTY NO 11. Panoramic Tours & Travel office, Shop no. 5, Ground Floor, NavBhavna Premises Co.op Hsg Soc. Ltd, Opposite Kismat Talkies, Veer-Savarkar Road, Prabhadevi, Mumbai.

54. The above property was is purchased from Indumati B Doshi on 29.05.2008 for an amount of Rs 1.27 crores, in the name of PUL and is already sold by PUL. as per the reply provided by PUL in its reply to point no 1 (e) of SEBI. The Money trail of the said payment shows that the investments in the Reliance Liquid funds were realized and paid to acquire this asset. The sources of funds for this investments in Reliance Liquid Funds are from Preferential share capital received from PCL referred above. Payments were made in Axis bank by cheque no. 8648 Dated 29.05.2008.

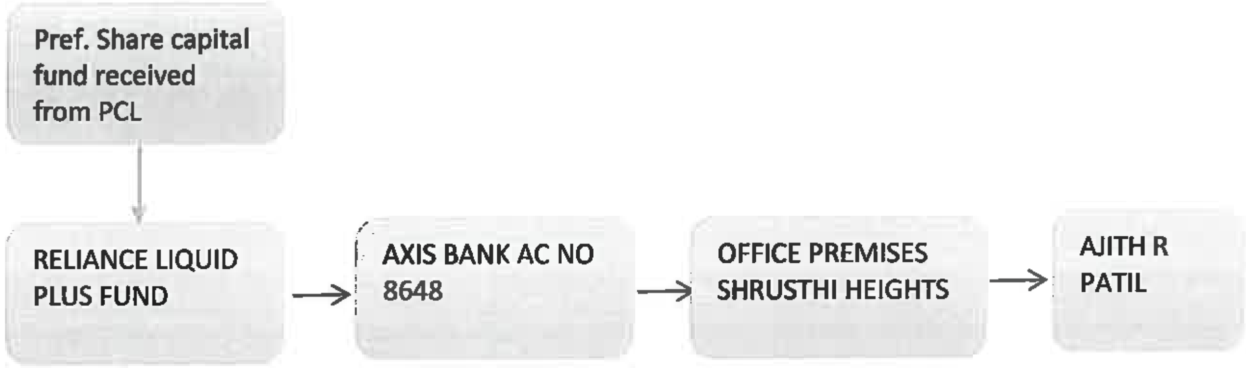


Therefore, PUL cannot claim exclusive rights on the said asset and as the same is created out of the funds of PCL.

PROPERTY No 12 :Panoramic Tours & Travels Office, Shop no. 1, Ground Floor, Shrushti Apartments, Cadastral Survey no. 8, Plot no. 1249 of TPS IV of Mahim Division, Next to Tata Capital Building, Old Prabhadevi Road, Prabhadevi, Mumbai.

55. The Property is in the name of Panoramic Universal Limited purchased on May 29, 2008 from Mr Ajit Ramdas Patil. Payments were made in Axis bank by cheque no. 8648 Dated 29.05.2008. The PUL received the said amount from Reliance liquid plus fund option and then paid RS 1.20 Crores

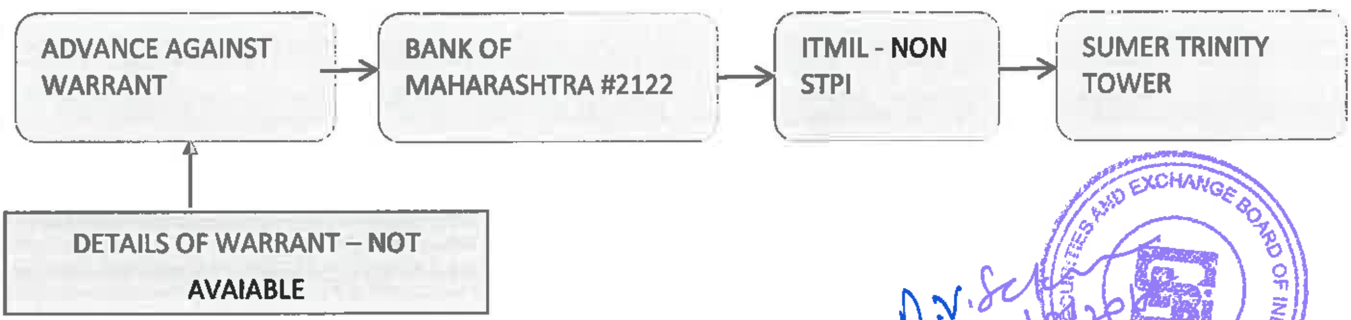
to the vendor. The said investment in reliance was out of the Preference Share Capital contributed by PCL.



Therefore, PUL cannot claim exclusive rights on the said asset and as the same is created out of the funds of PCL.

PROPERTY No 12 (wrongly numbered in the list) : Sumer Trinity 22 floor flat no .2201 / 2202 Prabhadevi Mumbai 400025

56. This property as per the reply provided by the PUL in reply to point no 1l, it had not provided any details of the payments. This property was purchased by PUL on 31.01.2006 for an amount of Rs 1,92,19,200/- crores from M/s Sumer Builders. The money trail of this payment it is observed that the sources of payments was out of the funds received from Bank of Maharashtra account no 2122.



57. PUL claims that the said property was acquired out of IT Exports earnings. However, it is noted that PUL has not established the earnings out of the software exports, as it has not furnished sufficient documentary evidences relating to the IT Exports and the same has been dealt separately in the later paragraphs. Therefore, it is inferred that the said amount would have been paid either by PCL or Mr Sudhir Moravekar, accordingly, the said amount of Rs 1,92,19,200 along with the cost of funds of 25% from January, 2006 till date works out to Rs.6,07,12,716 and the same is payable by PUL to PCL.

PROPERTY No 13 : 4th Ward, Colva Beach, Colva – 403 708, Goa, India.

58. This property was purchased in the name of Graciano cottages for Rs 20.20 lacs on 02.11.2001 and the payment details are not provided by PUL for acquiring this asset. However, during this period, the assets of PUL are acquired out of the surpluses accrued out of the merger of the PCL subsidiary company Sai Motels & Hotels Ltd and the partnership of PCL in Graciano was taken over by PUL from PUL. Hence the original ownership of partnership in Graciano was of PCL and not PUL, this share of partnership was subsequently transferred from PCL to PUL. Hence this asset was originally acquired by Graciano Cottages when it was owned by PCL and the sources of funds are of PCL and not PUL. Therefore, the said amount of Rs 20,20,000 along with the cost of funds of 25% from November 2001 till date works out to Rs.84,85,751 and the same is payable by PUL to PCL.

PROPERTY No 14. United 21 Hotel Sagar Kinara, Malvan, 5 Somwar Peth, Malvan – 416 606, Maharashtra, India.

59. The above property is owned by PUL on 28.07.2006 and is purchased from Mr. Shivajirao Shivram Wadkar and Paresh Enterprises for an amount of Rs 30 lacs and the details of bank payments are not provided by PUL in their reply. Another payment of Rs 50 lacs was paid to Paresh Enterprises

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on November 07, 2011. The Details of the bank statements are not furnished by PUL hence the money trail could not be found for the amount of Rs 30 lacs and Rs 50 lacs. Therefore, the money might have been either by PCL or by Mr. Sudhir Moravekar hence PUL cannot claim exclusive rights for the said property and the same is liable for attachment.

PROPERTY NO : 15. Hotel SaiSahavas, Shirdi, Opp. Mahalaxmi Temple Lane, Off Pimplewadi Road, 2 minutes from SaiMandir, Shirdi – 423 109, Maharashtra, India.

60. This property was acquired by PUL on 15.05.1995 for an amount of Rs 20,51,000 from Shri. Gopal MangaldasIdnani. The bank or cheque payment details are not available in the reply provided by PUL in its reply. Bank details and the books of accounts are not available for the period of 1995 in which the asset is purchased. However, the said assets was in existence when PCL's subsidiary viz Sai Motels and Resorts Ltd was merged with ITMIL, hence the said asset shall belongs to PCL and not that of PUL.

PROPERTY NO 16.Panoramic Resort, Karnala, Mumbai – Goa Road, Near Karnala Bird Sanctuary, KalheGaon, Taluka – Panvel, District – Raigad Maharashtra.

61. This property was acquired by PUL on 19.03.2008 from 1) Narayan Keshav Shinde, 2) Sham Keshav Shinde, 3) Tulsidas Keshav Shinde, 4) Dashrath Keshav Shinde, 5) Rishi Garden Resort Private Limited for an amount of Rs 14.75 crores. However the details of the payments made were not provided by PUL in its reply. The money trail reveals that these amounts were paid from ABN Amro Bank account of PUL, and these funds were received from Axis Bank account. In Axis Bank account the funds were credited on maturity of the reliance liquid funds. The investments in these funds were received from subscription of preferential share capital by PCL. Hence these funds are out of PCL share capital subscription and not out of the earnings of PUL.

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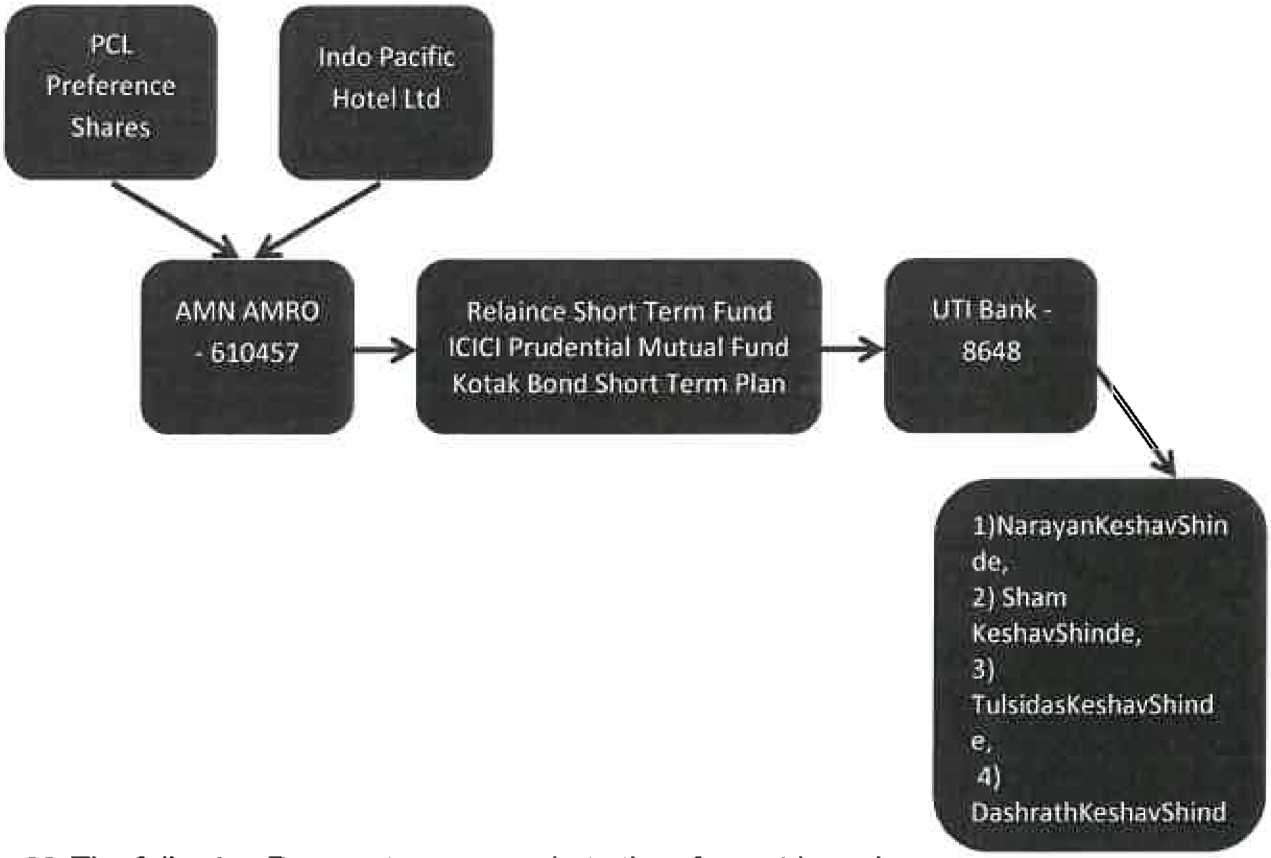
62. Preference share application money received from PCL of Rs. 15.00 crores as on 23.10.2007 and amount invested in ICICI Prudential Mutual Fund, Reliance Short Term Fund, Kotak Bond Short Term Plan as on 23.10.2007 and Rs. 14.22 crores amount received from Indo Pacific Hotel Ltd as on 14.12.2007 these amounts were transferred in UTI Bank – 8648 for purchase land.



63. The following Payments were made to the aforesaid vendors:

Date	Bank Name	Cheque No.	Amount
18.03.2008	UTI Bank – 8648	031202	14,89,00,000
18.03.2008	UTI Bank – 8648	031203	90,00,000

Therefore, PUL cannot claim exclusive rights on the said asset and as the same is created out of the funds of PCL which was sent towards preference share capital to PUL.

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PROPERTY NO. 17 : United 21, Hyderabad, Telangana, 218, St. Mary's Road, Sona Arcade, Opp. To Passport Office, Secunderabad.

64. PUL had acquired this property on 16.10.2008 for an amount of Rs 17.65 crores from 1) Shri K.Kondal Reddy, 2) Smt. Meera Suresh, 3) Smt. Manik Shamlal, 4) Shri Hariram Agarwal, 5) Shri. T Badarinath. However the payment details were not provided by PUL in its reply to the query raised by SEBI.

The money trail for the payment of these amounts reveal that the payments are made from the Saraswat Bank account no 5522 and from Axis Bank account no 8648. The funds from the Axis bank were received from Shagun Trade Links Pvt Ltd, as shell company through which PCL funds were diverted to PUL. The funds in the Saraswat bank were paid out of the overdraft account initially and subsequently, the funds from Shagun Tradelinks Pvt Ltd, a shell company were transferred to pay off this debit balances in the Saraswat Bank. This is shows that PUL had initially paid from its accounts by raising over dtaft and subsequently PCL funds were diverted through Shagun Tradelinks to pay off the overdraft. The bank statement of the Saraswat Bank account 5522 reveals these transactions.

Sr. No.	Date of Purchase	Cost of Purchase	Name of Seller
1	16.10.2008	176500000	1.ShriK.Kondal Reddy, 2)Smt. Meera Suresh, 3) Smt. Manik Shamlal,4)Shri Hariram Agarwal, 5)Shri. T Badarinath

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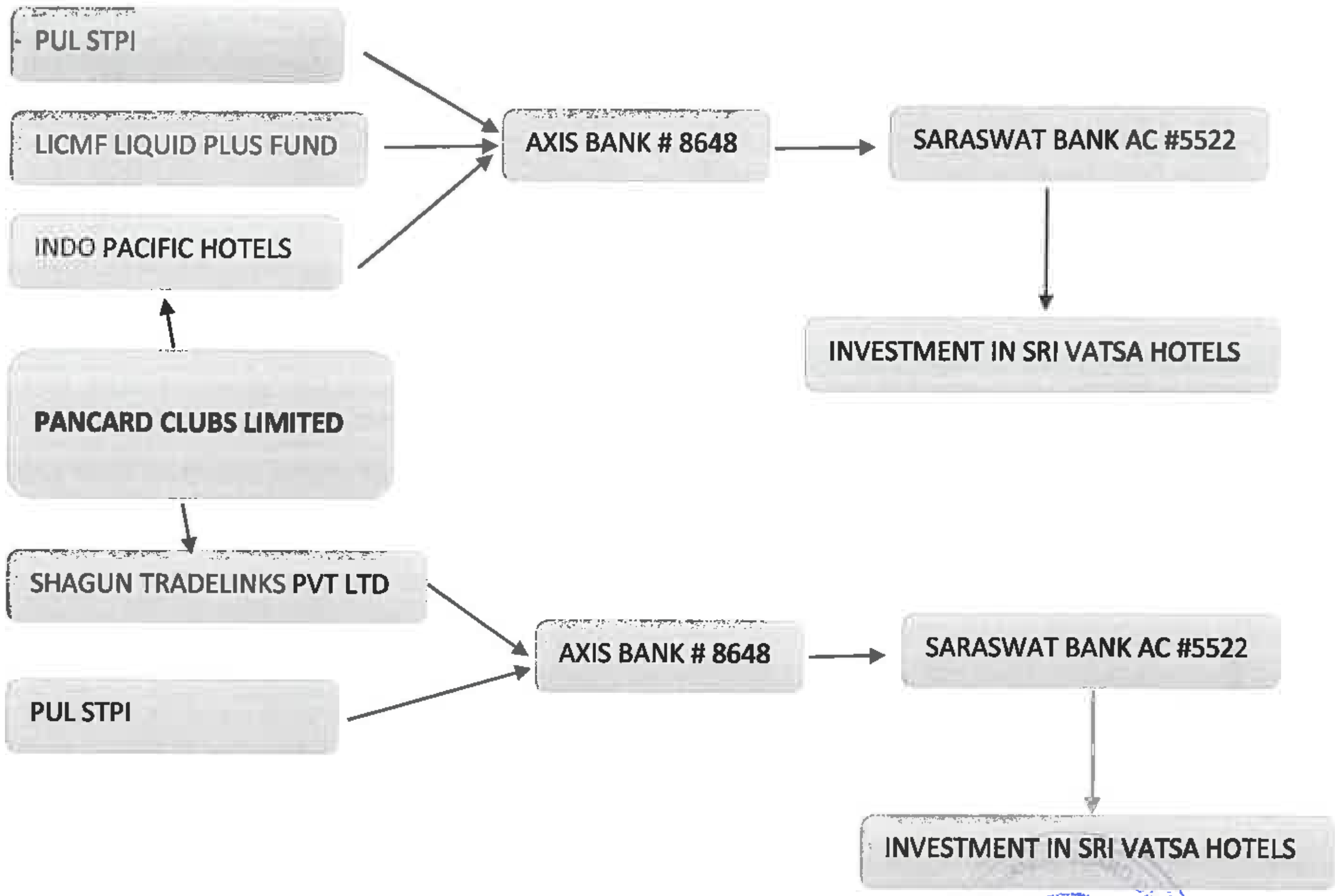
PUL STPI
LICMF LIQUID PLUS FUND
INDO PACIFIC HOTELS
AXIS BANK # 8648
SARASWAT BANK AC #5522
INVESTMENT IN SRI VATSA HOTELS
PANCARD CLUBS LIMITED
SHAGUN TRADELINKS PVT LTD
AXIS BANK # 8648
PUL STPI
SARASWAT BANK AC #5522
INVESTMENT IN SRI VATSA HOTELS

Therefore, the said amount of Rs 17,65,000 along with the cost of funds of 25% from July 2008 till date works out to Rs.44,73,22,953 and the same is payable by PUL to PCL.

PROPERTY No. 18 : Factory at Silvassa, D & N Haveli, Plot no. 72 Industrial area at village Masat Dadra 7 Nagar Haveli

65. This property is acquired by PUL on 20.08.2002 for an amount of Rs 36 lacs from M/s Fernhill Laboratories & Industrial Establishment, and the details of the payments made to acquire the property was not provided by PUL in its reply to the SEBI query. The books of accounts for the 2002, 2003 were also not furnished by PUL for finding out the money trail of this bank transaction, hence source of payments of Rs 36 lacs is not available. As per the available agreement details the entire purchase price paid by cheque no 295739 dated 27th May 2002 of Rs. 1.00 Lac, Cheque No 295740 dated 03rd June 2002 of Rs. 2.00 Lacs, Cheque No 295745 dated 05th June 2002 of Rs. 10.00 Lacs and Cheque no 788011 dated 17th August 2002 of Rs. 23.00 Lacs paid by ABN Amro Bank, Nariman Point Mumbai. The said assets was in existence when PCL's subsidiary viz Sai Motels and Resorts Ltd was merged with ITMIL, hence the said asset shall belongs to PCL and not that of PUL hence liable for attachment.

Assets held in the name of subsidiaries in abroad:

66. Even though PUL failed to furnish the details of assets held in abroad, upon sequential analysis of the event occurred during the prior period of merger of PCL subsidiary and post merger period based on the Audited financials statements shows that all the assets are acquired out of the funds of the PCL. These funds are majorly routed through the ShagunTradelinks Pvt Ltd and few more brief case companies.

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67. As per the Statement showing the subsidiary companies of PUL filed with the ROC that these assets were acquired during/prior to the financial year 2005-06. On perusal of the the books of accounts available from 2005-06 shows that PUL had the total income of Rs 20.53 crores which is far below the amount required for acquisitions of such overseas assets. The books of accounts for the period before 2004-05, which is first year post merger of SMPL which is wholly owned subsidiary of PCL, was not provided for review. The total asset value of the subsidiaries of PUL as per the records of ROC filed under section 212 of Companies Act 1956 , is approximately Rs 54.55 crores and the details of the same are as under:

Details of the property	**Shareholding**	**Amount**
Panoramic Ace Properties Inc. (formerly known as IT Hospitality Inc.)- USA	100% in equity Shares , 3624 equity shares of USD 2500 each fully paid up shares	Rs. 40,88,39,060
Sai Properties Inc.- USA	100% in equity shares of 220 equity shares of USD 2500 each fully paid up	Rs. 2,40,84,000
Sai Motels Ltd.- New Zealand	100% in equity Shares 1258665 equity shares of NZD 1	Rs. 2,77,10,073
Georgian Motel Corp.- USA	100% in equity shares held by Panoramic Ace Properties Inc.	USD 1,00,000 Rs 40,00,000 ($ 1 = Rs 40 Approx)
Sai Living Hudson- USA	100% in equity shares value held by Panoramic Ace Properties Inc.	USD 20,22,430 Rs 8,08,97,200

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		($ 1 = Rs 40 Approx)
	TOTAL VALUE IN INR	**Rs 54,55,30,333**

68. PUL is liable to furnish the information about aforesaid properties and any other properties held in abroad, which they failed to do so for the best reasons known to them. The analysis shows as under:

Panoramic Ace Properties, USA

Date	Company Name	Amount
3/14/2007	ShagunTradelinksPvt Ltd	50,000,000.00

↓

Company Name	Bank Name	Cheque No	Amount
PUL Non STIP	ABN Amro610457	926781	50,000,000.00

↓

Company Name	Bank Name	Cheque No	Amount
PUL STPI	BOM 2122	414883	50,000,000.00

↓

Asset Purchased	Cheque RTGS NEFT	Amount
Panoramic Ace properties	TT NO 397013107	44,240,000.00

69. Apart from the above, it is noted that the relationship between PCL and PUL and its subsidiaries were very close and there is no actual distinction except keeping the different names to claim various statutory benefits. Further, as deposed by the statutory auditor of entire Group Mr. H.H. Topiwala, PCL is a hub company which generates money from the public and route the asset creation in the names of it subsidiary companies including PUL. This further supports from the following analysis.

a. Analysis in respect of incorporation of Indo Pacific Hotels Limited – PUL's subsidiary

70. Enya Technologies Pvt Ltd was incorporated on 18.05.2007 and its U51109MH2006PLC161867 and its registration number is 161867. The directors of the company are Vidyaa Moravekar and Usha Tari. It is a 100% subsidiary of PUL and Mr.Sudhir Moravekar is a director of the company. The Company was initially incorporated as a Private company on 18.05.2006. Subsequently the company was converted into a Public company on 16.05.2007. The name of the company was further changed to Indo Pacific Hotels Limited (IPHL) on 03.09.2007. Mr. Ajay Gupta and Mr. Manish Bhachoo, Directors of the company resigned from the company in 2006-07 and their shareholding was acquired by Panoramic Resorts Ltd and Pan Herbbo Ltd. on 18.01.2007, and on 02.02.2007 Panoramic Universal Limited acquired shares from these two entities for an amount of Rs 99,940/- which is the 99% of shareholder in this company from that date. The company was originally with PCL address and subsequently changed to PUL address.

71. The Audited Balance Sheet of IPHL shows that the share capital is Rs 5 lacs and PUL had paid only RS 49,940/- further an amount of Rs 2 crores were given as unsecured loan. During F.Y 2007-08 Pancard Clubs Limited gave an amount of Rs 33.50 crores as loan. As per the annexure-7 to Auditors' report, the loan given by PCL was unsecured interest-free loans from companies under section 301. This fact was not clearly disclosed in

PCL's audited balance sheet, later the same was highlighted by Company Law Board and penalized PCL and Statutory Auditor also was penalized for non disclosure of the details of the loans and advances given by PCL in their Audited Balance Sheet during the period 2007-08, 2008-09. These clearly shows that with the loan amount received from PCL, IPHL had acquired free hold land worth Rs 11.87 crores and Rs 5.85 crores were spent in work in progress and Rs 6.50 Cr was invested in Mutual Funds.

72. These documents and the information are evidence beyond doubt for the fact that the assets of IPHL are acquired out of the PCL funds and not out of PUL funds, and the fact that the PUL is holding 99% of the shares do not change these. Further, these loans are unsecured and interest free, which in fact are received from the public against the deposit bearing a fixed interest which is to be refunded by PCL. In the year 2008-09, entire work in progress and the investment in Mutual funds were used in acquiring fixed assets amounting to Rs 32 crores. PUL failed to disclose the status of the said property in their statement.

73. It is also noted that Pancard Clubs had given Loan of Rs 33.50 crores to Indo Pacific Hotels Ltd (claimed to be PUL wholly owned subsidiary company),. No interest was paid nor the loan was returned to PCL. However, the usage of the services by the PCL members were recovered by Indo Pacific Hotels from PCL. Accordingly PUL / Indo Pacific is liable to pay the said amount of Rs.33.50 crores along with cost of funds @ 25% p.a. from the year 2007 which works out to Rs.89,07,55,662.

b. Other subsidiaries of Panoramic Universal Ltd.

74. PUL claims to have 10 subsidiaries, 6 outside India and 4 within India. The company had sought exemption under 212(8) of the Companies Act 1956 from SEBI for not disclosing the Audited Balance Sheets of all the

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subsidiary companies as required under the said section and also under clause 32 of the listing agreement, sighting the cause that the parent company being a company with lower turnover, not feasible to publish all the individual balance sheets. PCL, in the same letter to SEBI had mentioned that all the books of accounts of the overseas subsidiaries are maintained at the companies Registered Office address, the Statutory Auditor of the company himself audits the books of accounts of the overseas subsidiary companies as per the books of accounts. The professional fee is paid to him for auditing these overseas subsidiary companies. Therefore, there is no clear cut distinction between PCL and its subsidiaries including PUL.

c. **Income of PUL under Management Fees from PCL**

75. As per the books of accounts of F.Ys 2013-17 other Income of PUL during the period includes management fees. The books of accounts of contains head 'The direct income' under which a ledger account '41101 management fee' is the main source of income. This ledger account of the PUL is showing a total amount of Rs 45.69 Crores as income from management fee from period 01.04.2013 to 31.03.2017.

76. The transactions of this ledger is created out of the **journal entries**, and one of such entry passed for the income arisen (management fee) due to 'being amount received from Hotel United 21 Thane towards management fee for the month of April, 2013 as per the invoice no. 001 dt 30.04.2013' and the amount is Rs 25,00,000'. As per the ledger account of the direct income- management fee which contains narration of each entry, these payments would get credited in the Axis Bank account no 8648 of PUL. All the said entries passed in this ledger account is about the amounts receivable from various hotels and resorts owned by Pancard Clubs Limited (and its subsidiaries) and Panoramic Universal was raising the invoice for the management fee. In other words the entire income of PUL is received

from PCL hotels and resorts. These hotels include Hotels at Mysore, Thane, Ooty, Kaziranga, Sea View Hotels Ltd, Kodaikanal, etc.

77. The management of Pancard Clubs Limited and PUL are common and they created agreement documents as if the hotels owned by Pancard clubs and its subsidiaries are managed by the Panoramic Universal Limited and the Pancard Clubs Limited will pay the management fee as per the agreements and the same would be paid by PCL to PUL. The liability is created in the books of the PCL and is shown as receivable in the books of PUL.

When the management is same for the companies, creation of liability through agreements between them is nothing but a way of siphoning off of the public money collected by the PCL into PUL. The transactions are created as legal by entering into formal agreements between the two companies and creating a right to receive and liability to pay. The management team is same in both PCL and PUL and there is no special expert hotel managing team in PUL which was engaged by PCL. The assets owned by PCL and its subsidiaries are created, on paper, as managed by PUL and the transactions were camouflaged and artificially create a right to receive the funds from PCL. The PUL is collecting money from PCL under these camouflaged transactions.

d. Consultancy fee entries booked and reversed by PUL

78. The Profit and Loss account for the year ended 31.03.2015 reported Rs 32.19 crores as income from Information Technology (Audited Balance sheet of PUL 2014-15). Out of the same PUL had booked the entries for consultancy fee for an amount of Rs 15 crores as sales on 31.03.2015 by passing journal entries in the name of various entities. These sales were subsequently reversed on 30.09.2015 without any explanation. This means that the company had not made sales nor realized and IT sales were inflated for the year ending 31.03.2015 by Rs 15 crores and the profits are

artificially increased and dividend was declared, in fact these sales were subsequently reversed in 30.09.2015.

e. **Hospitality activity by PUL**

79. The income as claimed by PUL from hospitality from the hotels and restaurants are in fact as discussed above, are arisen out of the assets acquired by PUL from the funds transferred from PCL under various heads like, loans, advances, share capital , management fee , room rents, food & beverages, etc of the PCL members. The fund used by PUL & its subsidiaries were that of PCL collected these funds out of the deposits raised by it from the public and these funds were transferred to PUL and its subsidiaries directly or through other brief case companies. As such there are no revenues sufficient enough for the PUL to acquire the assets as it is showing in its Balance sheets, these were acquired out of funds from PCL and also is generating the revenues by hiring, leasing to PCL members and is raising invoices as if PCL is liable to pay the bills. Had these funds were not given away as unsecured loans at cost free or no mergers of the PCL assets, then these assets would have been with PCL and it would have earned the revenues and would have been in position to pay its deposit holders. While PCL is showing in its books loss to the extent of almost the money collected from public under illegal CIS whereas PUL is wrongfully claiming the assets as these are owned by PUL and PCL has no right to claim over them. The management of PCL and PUL had deceitfully had transferred assets into PUL and fraudulently claiming the assets are acquired out of their earnings.

f. **Pancard Clubs Limited funds routed through M/s Shagun Tradelinks Pvt Ltd to Panoramic Universal Limited and the details are as under :**

80. PUL and PCL had maintained a **BRIEFCASE COMPANY** viz., M/s Shagun Tradelinks Pvt Ltd for facilitating the **surreptitious transfer of funds among the two companies** and **its various subsidiary companies.** Bank

Secured loan disbursed to PUL by Union Bank of India by Lower Parel branch, account no. 550301010050289 for an amount of Rs 8.50 crores on 16.07.2009 was used in transferring to M/s Shagun Tradelinks for an amount of RS 3 crores on 18.07.2009, Rs 1 crores on 12.08.2009. This loan account was again got funds on 27.01.2010 which was used in repaying the loan.

81. The books of accounts of M/s Pancard Clubs Limited and M/s Panoramic Universal Limited shows several fund transfer entries from and to M/s Shagun Tradelinks Pvt Ltd running into several crores of rupees. These funds were transferred from Pancard Clubs Limited to Shagun Tradelinks Pvt Ltd further to Panoramic Universal Limited. This indicates that the Pancard Clubs Limited funds were indirectly being transferred to Panoramic universal Limited.

82. The Statutory Auditor of M/s Shagun Tradelinks Pvt Ltd, Mr CA Hitesh Dedhia had provided the ledger copies of the PCL and PUL which clearly shows huge fund flows by PCL through this company to PUL. These funds are shown as short term borrowings from PCL and as loans and advances to PUL, there are no proper agreements for all these transactions and these are also interest free advances. Maximum funds transferred to PUL were during 2014 which was amounting to Rs 134 crores. This is the period during which SEBI took cognizance of illegal CIS operated by PCL. The Trail Balance provided by the Shagun Trade links Pvt Ltd as on 31.03.2016 shows that entire transactions are with the PCL group companies and PUL group companies.

83. The bank statements of the Shagun Tradelinks Pvt Ltd further evidence the transactions of diversion of Pancard Clubs Limited funds to PUL and its subsidiaries through Shagun Tradelinks Pvt Ltd. There are no business transactions or commercial benefit out of these transactions to Shagun

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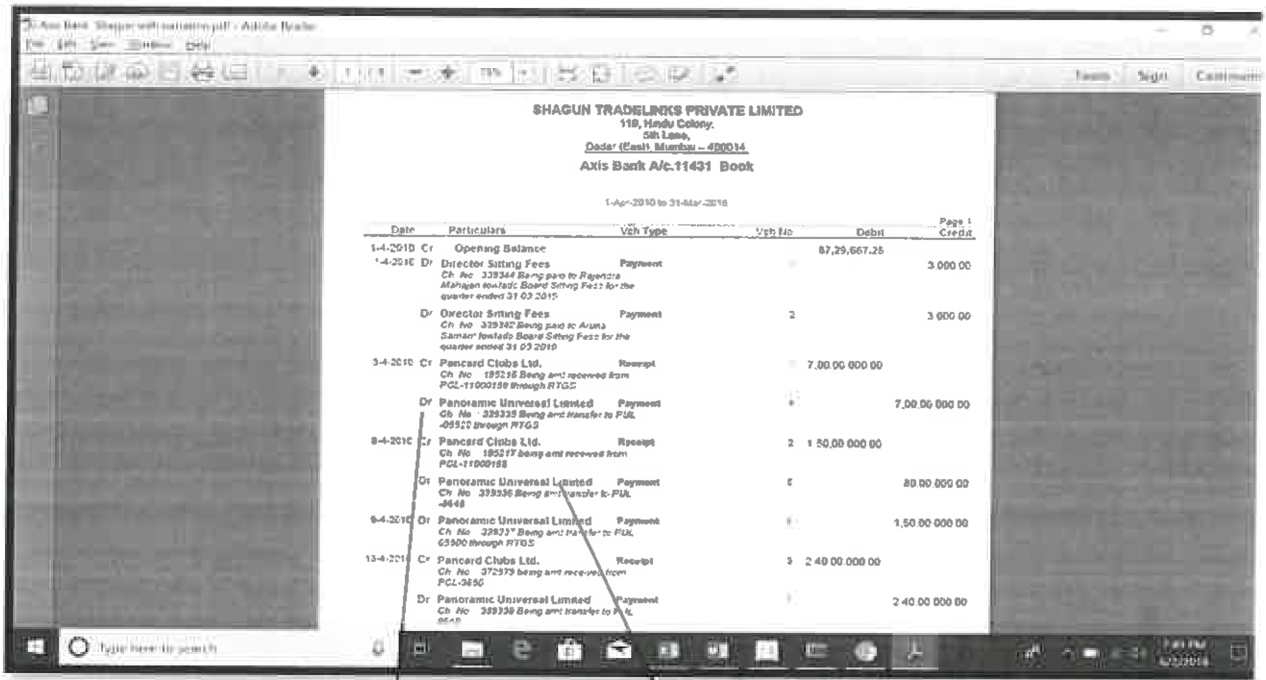
Tradelinks, but are only accommodative in nature. Illustrative examples of fund diversion by PCL to PUL through Shagun Tradelinks as under:



SHAGUN TRADELINKS PRIVATE LIMITED
119, Hindu Colony,
5th Lane,
Dadar (East), Mumbai – 400014
Axis Bank A/c.11431 Book

Page 1

Date		Particulars	Vch Type	Vch No	Debit	Credit
1-4-2010	Cr	Opening Balance			87,29,667.25	
1-4-2010	Dr	Director Sitting Fees	Payment			3,000.00
	Dr	Director Sitting Fees	Payment	2		3,000.00
3-4-2010	Cr	Pancard Clubs Ltd.	Receipt		7,00,00,000.00	
	Dr	Panoramic Universal Limited	Payment			7,00,00,000.00
8-4-2010	Cr	Pancard Clubs Ltd.	Receipt	2	1,50,00,000.00	
	Dr	Panoramic Universal Limited	Payment			80,00,000.00
9-4-2010	Dr	Panoramic Universal Limited	Payment			1,50,00,000.00
13-4-2010	Cr	Pancard Clubs Ltd.	Receipt	3	2,40,00,000.00	
	Dr	Panoramic Universal Limited	Payment			2,40,00,000.00

Rs 7 crores received from PCL
Rs 1.50 croresrecd from PCL
Rs 2.4 crsrecd from PCL

Rs 7 Crores paid to PUL
Rs 1.50 Crs paid to PUL
Rs 2.40 crs paid to PUL

Rs 5 crs, Rs 1 cr, Rs 12.50 crs, Rs 5 crs (total Rs.23.50 crores) received from PCL transferred to PUL thru Shagun Tradelinks Axis Bank account

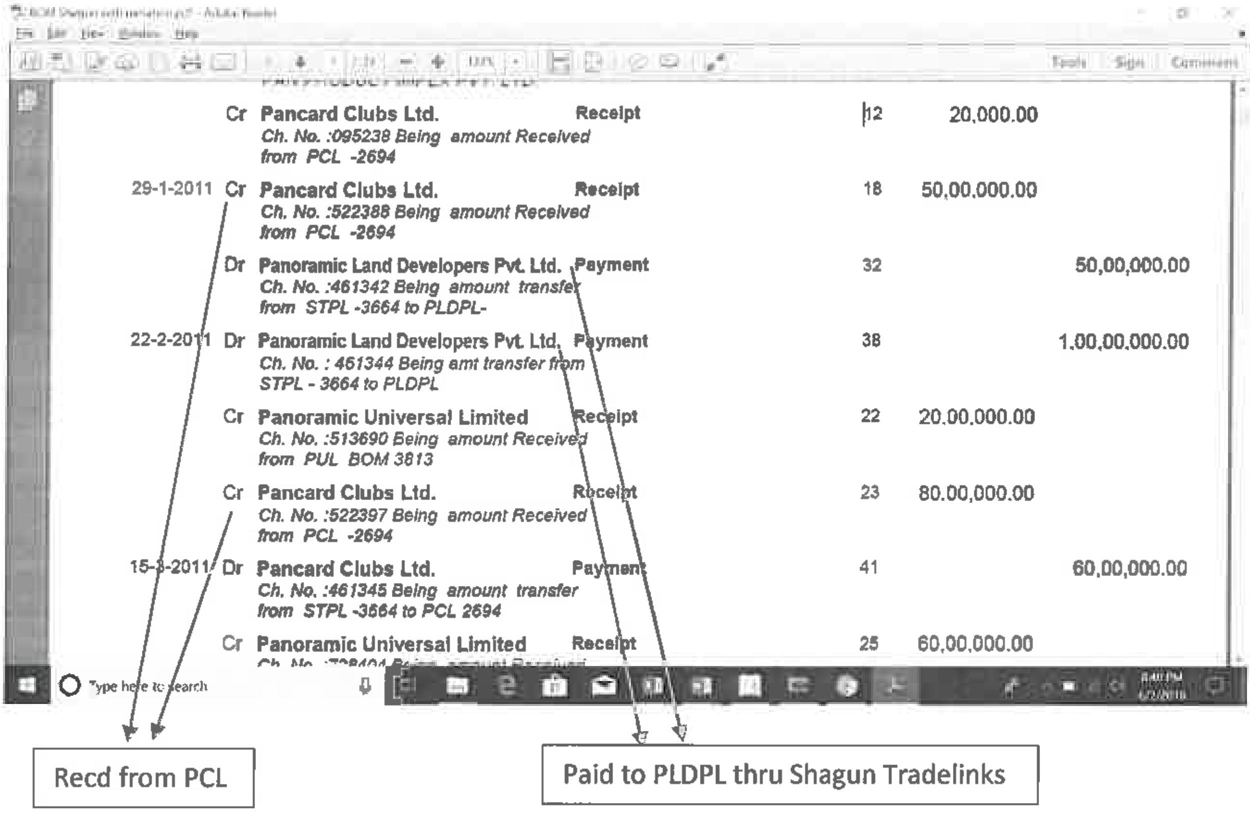
Axis Bank Shagun with narration.pdf - Adobe Reader

3-8-2011	Dr	**Panoramic Universal Limited** *Ch. No. : 339383 Being amt transfer from STPL - 11431 to PUL*	Payment	9		5,00,00,000.00
	Cr	**Pancard Clubs Ltd.** *Ch. No : 496653 being amt received from PCL-3650*	Receipt	2	5,00,00,000.00	
26-8-2011	Dr	**Panoramic Universal Limited** *Ch. No. : 339384 Being amt transfer from STPL - 11431 to PUL-6548*	Payment	10		1,00,00,000.00
	Cr	**Pancard Clubs Ltd.** *Ch. No : 496870 being amt received from PCL*	Receipt	3	1,00,00,000.00	
8-9-2011	Cr	**Pancard Clubs Ltd.** *Ch. No. , 195269 being amt received from PCL-ING 158*	Receipt	4	5,00,00,000.00	
9-9-2011	Dr	**Panoramic Universal Limited** *Ch. No . 339386 Being amt transfer from STPL - 11431 to PUL*	Payment	11		5,00,00,000.00
27-9-2011	Dr	**Panoramic Universal Limited** *Ch. No . 339387 Being amt transfer from STPL - 11431 to PUL*	Payment	12		12,50,00,000.00
	Cr	**Pancard Clubs Ltd.** *Ch. No : By letter being amt received from PCL*	Receipt	5	12,50,00,000.00	
4-10-2011	Cr	**Pancard Clubs Ltd.** *Ch. No. : 091744 Being amt received from PCL 05688*	Receipt	6	5,00,00,000.00	
5-10-2011	Dr	**Panoramic Universal Limited** *Ch. No : 339389 Being amt transfer from STPL - 11431 to PUL*	Payment	13		5,00,00,000.00

g. Payments to Panoramic Land Developers Pvt Ltd

84. Payments to Panoramic Land Developers Pvt Ltd (a subsidiary PUL) were made by PCL through M/s Shagun Tradelinks Pvt Ltd.'s Bank of Maharashtra account no 20039603664. The print Screen of the transactions showing these entries are reproduced below:

SECURITIES AND EXCHANGE BOARD OF INDIA * RECOVERY



Date	Dr/Cr	Particulars	Vch Type	Vch No.	Debit	Credit
	Cr	Pancard Clubs Ltd. *Ch. No. :095238 Being amount Received from PCL -2694*	Receipt	12	20,000.00	
29-1-2011	Cr	Pancard Clubs Ltd. *Ch. No. :522388 Being amount Received from PCL -2694*	Receipt	18	50,00,000.00	
	Dr	Panoramic Land Developers Pvt. Ltd. *Ch. No. :461342 Being amount transfer from STPL -3664 to PLDPL-*	Payment	32		50,00,000.00
22-2-2011	Dr	Panoramic Land Developers Pvt. Ltd. *Ch. No. : 461344 Being amt transfer from STPL - 3664 to PLDPL*	Payment	38		1,00,00,000.00
	Cr	Panoramic Universal Limited *Ch. No. :513690 Being amount Received from PUL BOM 3813*	Receipt	22	20,00,000.00	
	Cr	Pancard Clubs Ltd. *Ch. No. :522397 Being amount Received from PCL -2694*	Receipt	23	80,00,000.00	
15-3-2011	Dr	Pancard Clubs Ltd. *Ch. No. :461345 Being amount transfer from STPL -3664 to PCL 2694*	Payment	41		60,00,000.00
	Cr	Panoramic Universal Limited	Receipt	25	60,00,000.00	

h. Salaries of PUL paid by PCL:

85. The employees' salary of PUL were paid by PCL through the bank account of Shagun Tradelinks Private Limited. The relevant bank transactions are shown below to explain the transactions step by step:

Step 1 : On 13.04.2010, Rs 2.4 crores were transferred by PCL from its Axis Bank account no 3650 to Axis Bank of Shagun TradeLinks account no 11431.

Step 2 : On the same day Shagun Tradelinks transferred Rs 2.40 crores to PUL account no 8648

Step 3: On 15.04.2010 PUL had transferred an amount of Rs 2,33,88,878 to employee salaries.

The print screen of the transactions are shown below for ready reference:

a) Axis Bank account of Shagun Trade Links in which PCL had transferred Rs 2.40 cr , further trsf to PUL

Axis Bank Shagun with narration.pdf - Adobe Reader

		PCL-11000158				
	Dr	**Panoramic Universal Limited** *Ch. No. :339336 Being amt transfer to PUL -8648*	Payment	5		80,00,000.00
9-4-2010	Dr	**Panoramic Universal Limited** *Ch. No. : 339337 Being amt transfer to PUL 06600 through RTGS.*	Payment	6		1,50,00,000.00
13-4-2010	Cr	**Pancard Clubs Ltd.** *Ch. No. : 372579 being amt received from PCL-3650*	Receipt	3	2,40,00,000.00	
	Dr	**Panoramic Universal Limited** *Ch. No. : 339338 Being amt transfer to PUL 8648.*	Payment	7		2.40,00,000.00
27-4-2010	Cr	**Pancard Clubs Ltd.** *Ch. No. : 372584 being amt received from PCL-3650.*	Receipt	4	50.00,000.00	
	Dr	**Panoramic Universal Limited** *Ch. No. : 339339 Being amt transfer to PUL 8648.*	Payment	8		50,00,000.00
29-4-2010	Cr	**Pancard Clubs Ltd.** *Ch. No. : 379447 being amt received from PCL-3650.*	Receipt	5	3,23,93,750.00	
30-4-2010	Dr	**Panoramic Universal Limited**	Payment	9		3,23,93,750.00

b) Bank account of PUL with Axis Bank Account no 8648, Recd from Shagun Tradelinks

060010200008648-01-01-2008to09-06-2014.pdf - Adobe Reader

13-04-2010	368456	TRF TO ANANT C SINGH	75000.00		11438182.02	060
15-04-2010	368462	THE NATIONAL GARAGE PVT LTD	29735.00		11408447.02	092
15-04-2010	368434	RCIL A C RIS	12414.00		11396033.02	092
15-04-2010	368455	ADASHIV L JOGALEKAR	20300.00		11375733.02	092
15-04-2010		TRF FRM KALLAPA KEDARI PATIL		5000.00	11380733.02	060
15-04-2010		TRF FRM SHAGUN TRADELINK PRIVATE LIMITED		24000000.00	35380733.02	060
15-04-2010		TRF TO EMPLYS	23388878.00		11991855.02	060
16-04-2010	368451	ACE BEVERGES INDIA	4795.00		11987060.02	092
16-04-2010	339915	JA[illegible]	[illegible]479.00		11977581.02	092
16-04-2010	368423	JA[illegible]	[illegible]586.00		11972995.02	092
17-04-2010	368415	RELIABLE COSNTULESERVIELS	9450.00		11963545.02	092
17-04-2010	368474	TATA COMMUCNSITELS INTLERS	717.00		11962828.02	092
17-04-2010	368460	TATA COMMUCNSITELS INTLERS	3971.00		1195[illegible]	092

PAID TO EMPLOYEES

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Another Example of Such payments

29-4-2010 Cr	**Pancard Clubs Ltd. Receipt** *Ch. No. : 379447 being amt received from PCL-3650.*	53,23,93,750.00
30-4-2010 Dr	**Panoramic Universal Limited Payment** *Ch. No. : 339340 Beingamt transfer to PUL 8648.*	93,23,93,750.00
6-5-2010 Dr	**Panoramic Universal Limited Payment**	

i. Sai Food Sensation:

86. Sai Food Sensation is a subsidiary of Panoramic Universal Limited, having factory at Silvassa. The books of accounts of this subsidiary for the F.Y 2005-06 shows that the company is originally subsidiary of Sai Motels & Resorts Pvt Ltd, which was originally owned by PCL (100% subsidiary of PCL before merger with the ITIML/PUL). The Balance Sheet as in the books of accounts of Sai Food Sensation confirms that this entity is of Sai Motels and Resorts.

87. It is also observed from the above analysis that most of the assets are acquired by PUL out of the funds transferred from PCL either through merger, by providing loans, transferring funds through brief case companies, subscribing preference shares for the purpose of funding the assets or directly transferring funds to PCL. All these evidences which prove beyond doubt that these are acquired by PUL with the funds generated by PCL and not by PUL on its own. The revenues of the PUL were also examined and observed that the company is booking income on account of management fee, IT exports and hospitality income.

88. It is observed that certain income booked as consultancy income for an amount of Rs 15 crores were reported in the Audited Balance Sheets but reversed subsequently. Management fee is mainly received from hotels and resorts owned by PCL by entering into agreement to manage them and raising invoice on PCL and creating a receivables in the books of PUL. By

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this PUL is creating a right to receive funds from PCL by agreements, invoices and entries in books to legalize these transactions. The PCL is transferring the funds to PUL to honor these invoices, these arrangements are made by the management of the PCL and PUL who are common. PUL failed to provide the softex forms in support of the IT exports till date. The revenue from hospitality is arisen in the books of accounts of PUL for all the hotels and resorts used by the members of PCL. Hence PUL raised the receivables from PCL. While collecting the funds from public/investors, the PCL had claimed to be of Panoramic Group and hotels and resorts are owned by PCL and of PUL (acquired out of PCL funds).

89. It is also noted from the videographs of speeches made by the Group Chairman late Mr. Sudhir Moravekar and other key personnel of the group furnished by The Investor Action Forum Charitable Trust (An Intervenor before Hon'ble Securities Appellate Tribunal in Appeal No.51 of 2016) that almost all the properties acquired in the name of group companies including Panoramic Universal Ltd. and its subsidiaries were out of the funds collected by PCL from the investors under unregistered Collective Investment Schemes. This also clearly establishes the fact that all the group companies received funds from PCL for the purpose of creation of assets which otherwise would have been created by PCL itself which would be now available for liquidation and distribution to the investors.

90. The books of Pancard Clubs and Panoramic Universal Limited and their bank statements reveal that there is no concept of different entities, but all the funds are emanating out of the PCL and the transactions are camouflaged to hide the money that is collected by PCL and claiming them are of PUL and not belong to PCL. Assets, revenues of PUL are resultant of the transactions booked on the basis of agreements, invoices strategically prepared for claiming the right to receive funds from PCL. These transactions and agreements are conveniently made to hide the PCL fund transfers as the management is same for both and there is no

difference practically in the two entities as even the staff, directors, offices, books of accounts and even the statutory auditor is common and brief case companies through which the funds are flown are also in the same office.

91. PUL had acquired certain assets out of the borrowed funds from certain financial institutions, which are under mortgage. The financial institutions had given loans based on the revenues and assets of PUL , which are otherwise acquired out of PCL funds and not out of PUL genuine independent business. The repayment of these loans are out of the funds transferred from the PCL, which are received by PUL by creating agreements and invoices on PCL. Had there be no such arrangements with PCL, the revenues and the cash flows of PUL are not sufficient to get such loans. The books of accounts and banks statements of PUL further revealed that the salaries and the expenses of PUL are met out of the funds received through Shagun Tradelinks Pvt Ltd into which PCL had transferred.

j. IT EXPORTS

92. PUL had claimed that they earned the funds out of IT exports, management fee and from the hotel services provided by it to PCL members and other general public. The **money trail based on books of accounts**, for IT export realization in foreign currency in Bank of Maharashtra, EEFC account. The IT export documents were provided by PUL in support of the IT exports. It is observed that the documents submitted by PUL in support of the IT exports are inconsistent. The software exported are supported by the shipping list issued by the shipper TNT India ltd. along with the PUL invoice for the software exported in CD form. The number of CDs exported with the shipment and invoice are not matching, in certain export documents the dispatch country, and destination is blank, in certain documents details of the shipment is blank. All export documents submitted does not contain the importers' purchase order, PUL invoices. The shipper letter, the shipment numbers are missing, in certain incidences the numbers

shown are verified with the TNT India Ltd website and found no such number exist. Further, SOFTEX forms are not being submitted for verification. Hence the IT exports, as claimed by PUL, is doubtful and not confirmed with the documents submitted by the bank. However, Bank of Maharashtra had received foreign currency remittances in its EEFC account.

93. From the Books of accounts of PUL observed that the importers' ledger accounts were not opened in the books of accounts, ONLY the IT sales were booked in single ledger for all sales through journal entries. Further, there are no debtors outstanding for IT exports in the books of accounts for the exports made which indicates that all the export sales were realized by PUL promptly without any delay for all the invoices raised. The insufficient and irregular documentary evidences and books of accounts for the IT export sales raises doubts on the genuineness in the exports of PUL.

94. The ledger copies of the IT exports booked in the books of accounts show that the genuineness of IT exports are not sufficiently supported by documentary evidence. The funds received in foreign currency hence could not be proved as received out of the IT exports. As per RBI, exporters registered under STP has no option as the value to be accounted as exports by exporter is taken in the form the SOFTEX form signed in the name of the exporter. Exporter of software not registered in STP scheme should also file SOFTEX as per the foreign trade policy. If the SOFTEX form is not filed and exports proceed is realized the remittances realized is either treated as 'general services' or not as an export proceed or illegal. Hence the documents submitted by PUL in support of the IT exports are insufficient to conclude that there are genuine exports and the realisations in the EEFC account are out of IT exports.

k. DIVIDEND INCOME

SECURITIES AND EXCHANGE BOARD OF INDIA * RECOVERY UNIT *

95. The dividend income from Sai Motels Ltd on 28.09.2015 for Rs 13.77 crores as per the Ledger copy of Panaoramic Universal Limited – Mahape, 433110 Dividend Income' head, company received dividend on 28.09.2015 from its wholly owned subsidiary Sai Motels Ltd, incorporated in New Zealand for an amount of Rs 12,47,97,208 and on 30.09.2015 another amount of Rs.1,29,27,000 totaling to Rs.13,77,24,208 was received. This amount was credited to Bank of Maharashtra 3813 account which is a EEFC account.

96. On the examination of the information submitted by PUL, Sai Motels Ltd was incurring losses, and could earn income due to sale of an asset in the calendar year 2015, and subsequently it had declared a 'SPECIAL DIVIDEND' and transferred money to its parent company amounting to NZ $ 3,656,466. As per the Audited Balance Sheet note no 15 on page no 13 and note no 14 read with the Auditors report, it is observed that the audit is carried out for special purpose, the company is going for delisting and the major amount earned due to sale of PPE the company was used in transferring to its parent company Panoramic Universal Limited on 28.09.2015. As Sai Motels Ltd. was owned by PCL, the said dividend should have been credited to PCL's account. The New Zealand property, mentioned in the said list was acquired by the company through merger of PCL subsidiary Sai Motels & Resorts limited. Investments in Panoramic Ace Properties Inc, USA were acquired out of the surpluses available on amalgamation process of the which were left with PUL and not compensated to PCL , this fact is being reported in the annual report of PUL in the F.Y 2002-03 by the Statutory Auditor and the management of the company. Sai Motels & Resorts Ltd was wholly owned subsidiary of the PCL, which was taken over by PUL at a unreasonable low price.

97. Therefore, PUL is lilable to pay the said amount of Rs.13,77,24,208/- is required to be recovered from PUL along with 12% per annum interest for three years which works out to Rs.18,73,04,923/-.

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l. Finance from Bank Loans:

98. PUL had claimed that three out of the 18 properties, as provided in the excel sheet by PUL, were financed out of the bank loan. The bank loan account statements reveal that the funds initially are paid out of the Saraswat Bank account 5522, and subsequently the funds were received in this account from Shagun Trade Links Pvt Ltd, a shell company through which the PCL funds were routed to PUL. This shows PCL's fund diversions to PUL through Shagun Tradelinks.

m. Management Fees and Fee for services provided by PUL in Hospitality business:

99. The management fees are charged by PUL on PCL against the agreements entered into by both the companies. PCL entered into agreement with PUL with an intent to take services of PUL for managing the hotels owned by it, and as per the said agreement PCL is paying PUL a management fee on regular and monthly basis. Both the companies are same and the hotels are owned by PCL and the senior staff are common for PCL and PUL to take the management decisions, and there is no reason why PCL require to enter into an agreement with PUL for managing its hotels. There is no separate skilled team employed by PUL for managing PCL hotels, these employees might well could have been employed by PCL directly and managed these hotels. Instead it had entered in to an agreement with PUL for a sole purpose of diverting the funds of PCL. There could be no other reason for such agreement and management fee being arisen and accrued to PUL, as the management of both the companies being same and decisions were taken by them and the skilled senior employees being common and working locations are also being common. **These agreements are only to camouflage the transactions and creating**

income in the PUL books and showing it as PUL's earnings and were paid by PCL against the service provided.

100. The room services fee also was accrued and arisen out of the services used by PCL members in the hotels in the name of PUL, and its subsidiaries. It is also observed that the PCL and its subsidiary owned hotels managed by PUL, also raised invoices on PCL for using the room nights by PCL members. These are all shown as debtors in the books of PUL, and it had received the funds from PCL against these invoices. **This was another innovative way of receiving funds from PCL directly by PUL against the invoices by giving a color of legality to funds diversion from PCL to PUL, wherein PUL acquired hotels out of PCL funds directly or indirectly in first step, giving room services of these hotels to PCL members thereby raising the invoices on PCL in second step, entering into the agreements to run the PCL and its subsidiaries' hotels for managing them in third step and raising invoices for the same. Hence out of these agreements, arrangements and the merger PCL funds were diverted by the MANAGEMENT OF PCL AND PUL being COMMON for giving an impression that the hotels are owned by PUL and are earned out of PUL revenues.**

101. These facts can be further substantiated by documentary evidence for the names of debtors and creditors in the list **provided** by PUL. This debtors/creditors list is self-explanatory as the PUL itself is its debtor and also creditor.

102. In view of the above complicated transactions between PCL and PUL it is appropriate to pierce the corporate veil of PUL and PCL. The Hon'ble Supreme Court of India in the matter of S. Sukumar v. The Secretary, Institute of Chartered Accountants of India [2018 (4) SCJ 457] observed that:

"The principle of lifting of corporate veil has to apply when the law is sought to be circumvented. In expanding horizons of modern jurisprudence, it is certainly permissible. Its frontiers are unlimited. The horizon is expanding. While the company is a separate entity, the Court has come to recognize several exceptions to this rule. ***One exception is where the corporate personality is used as a cloak for fraud or improper conduct or for violation of law****.* ***Protection of public interest being of paramount importance, if the corporate personality is to be used to evade obligation imposed by law, the real estate of affairs needs to be seen****."* (emphasis supplied)

103. Further, the Hon'ble Supreme Court in the matter of State of Rajasthan v. Gotan Lime Stone KhanjiUdyog Pvt. Ltd. and Ors. [AIR 2016 SC 510] held the following:

"The principle of lifting the corporate veil as an exception to the distinct corporate personality of a company or its members is well recognized not only to unravel tax evasion but also where protection of public interest is of paramount importance and ***the corporate entity is an attempt to evade legal obligations and lifting of veil is necessary to prevent a device to avoid welfare legislation****. It is neither necessary nor desirable to enumerate the classes of cases where lifting the veil is permissible, since that must necessarily depend on the relevant statutory or other provisions, the object sought to be achieved, the impugned conduct, the involvement of the element of the public interest, the effect on parties who may be affected etc…It is thus clear that* ***the doctrine of lifting the veil can be invoked if the public interest so requires or if there is allegation of violation of law by using the device of a corporate entity.****"*(emphasis supplied)

104. As discussed above, Mr. Sudhir Moravekar was the one and only controlling person of entire group companies including PCL, PUL and their subsidiaries, associates, sister concerns, etc. and the Board of Directors of each of the group companies were acting under the directions and instructions of late Mr. Sudhir Moravekar and after his death his two sons, viz., Mr. Siddhartha S. Moravekar and Mr. Dnyanaraj S. Moravekar. It is proved beyond doubt that the corporate structure of the other group companies were created only with a view to divert the money collected by PCL from the investors. Therefore, if the assets of the entire group including PUL and its subsidiaries are excluded it would give a wrong signal

to the fraudsters to resort to these type of money diversions by creating separate corporate / legal entities.

105. The Hon'ble Supreme Court in the matter of PACL Ltd. vide order dated April 04, 2017 and July 25, 2017 ordered attachment of all the properties of group/associate/sister companies of PACL Ltd. towards recovery of money mobilised from investors under illegal Collective Investment Schemes by PACL Ltd. Similarly, the Hon'ble Supreme Court in Anant Kajare vs. Eknath Aher & Anr. in the matter of Citrus Check Inn Ltd. and Royal Twinkle Star Club Ltd. vide order dated May 10, 2018 directed formation of a Sale-cum-Monitoring Committee and value all the assets of their associate/sister concerns for sale of the same towards dues of investors.

106. From the order dated February 29, 2016 of SEBI I note that PCL has mobilized approximately Rs. 7035 crores from more than 55 lakhs investors. PCL was engaged in or purported to be engaged in the business of hospitality business. As per the agreement under which the money was mobilized by PCL, the investors are entitled to substantial returns. It is noted that the money mobilized by PCL was pooled in for the actual or apparent purpose for which it was stated to be mobilized. In these circumstances it was held by SEBI that PCL was running a CIS. Regulation 16 of the SEBI (CIS) Regulations mandates that a CIS shall be constituted in the form of a trust. Even in the absence of constitution of a trust for holding the assets of the CIS, the legal consequence of receipt and holding of money by PCL is that the money is held by PCL in trust for the benefit of the investors.

107. It is noticed that the money held by PCL under trust was used by it for purposes extraneous to the purpose of the trust, by transferring it to its group/ related companies/ persons. As a consequence thereof, where trust-property comes into the hands of a third person inconsistently with the

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trust, the beneficiaries has the right to follow the trust property and make a claim in respect thereof. When SEBI is exercising the powers conferred u/s 28A, it shall be competent for SEBI to take recourse to attachment and realization of such trust assets which are transferred by PCL to third parties including PUL and its subsidiaries inconsistent with the trust.

108. Accordingly, for all the reasons stated above, PUL has no right over any of the assets as the creation of the assets and birth of PUL (formerly ITIML) were exclusively from the money collected by PCL from the investors under illegal Collective Investment Schemes. Further, based on the incomplete information/ documents furnished by PUL, it is noted that the following money were routed from PCL to PUL through various subsidiary/briefcase companies which are required to be recovered from PUL and its subsidiaries.

Details	Working	Amount (Rs. cr.)	Remarks
Upon merger of SMPL with ITMIL i. Increase in asset value ii. Reserves created	Rs.25.85 cr – 1.83 cr	24.82 10.00	Appreciation in asset/ interest/etc. from merger to till date is outstanding.
Preferential shares issued by PUL to PCL	Rs.50 crores @ 25% p.a.)	129.83	
Earning out of merger – increase by 256 times - Reserves	7.11 (25% cumulative for 13 years)	23.10	

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Contribution from PCL for acquisition of properties by PUL and its subsidiaries for the following assets:			
Property No.1 (Kumarakom Village)		101.07	
Property No.4 (Aman Chambers)		0.99	
Property at Sr.No.5&6 (Vardhaman)		2.99	
Property at Sr.No.8 (Goa)		1.54	
Property at Sr.No.9 (Millenium Business Park, Mahape)		5.65	
Property at Sr.No.10 (Millenium Business Park, Mahape)		1.80	
Property No.12 (Sumer Trinity)		6.07	
Property No.13 (Graciano, Goa)		0.85	
Property No.17 (United 21 Hyderabad)		44.73	
Indo Pacific dues		89.07	
Special Dividend shown towards sale of New Zealand asset owned by PCL and received by PUL	18.73 cr	18.73	
Amount payable to Mr. Sudhir Moravekar by PUL	1.58 cr	1.58	
TOTAL		**462.82**	

109. From the aforesaid PUL and its subsidiaries are liable to refund an amount of Rs.462.82 crores to PCL and accordingly the notice issued under 28A of SEBI Act r.w. Section 226(3) of Income Tax Act does not call for any change. Further, many of the properties are being disposed by PUL after SEBI has commenced its enquiry in connection with illegal investment schemes operated by PCL. If the properties of PUL and its subsidiaries are not attached, the legal heirs of Mr. Sudhir Moravekar (Defaulter), viz., Mr.

SECURITIES AND EXCHANGE BOARD OF INDIA ★ RECOVERY DIVISION ★

Siddhartha S. Moravekar, Mr. Dnyanaraj S. Moravekar and Ms. Viidyaa S. Moravekar and the Managing Director Mr. Ramachandran Ramakrishna (Defaulter) who are on the Board of PUL, who were nominated by Mr. Sudhir Moravekar and PCL by virtue of their majority shareholdings will alienate the assets of PUL and its subsidiaries causing irreparable loss and damages to the gullible investors of PCL and also to prevent execution of Recovery Certificate drawn by SEBI in the matter of Pancard Clubs Ltd. and its Directors.

Issue (e): Whether the attachment of assets of PUL and its subsidiaries vide order dated March 28, 2018 of SEBI needs modification? If so, to what extent?

110. For the reasons stated above, the attachment of assets of PUL and its subsidiaries vide order March 28, 2018 does not call for any modification.

Order

111. In view of the above, and in exercise of the powers conferred under Section 28A of the SEBI Act, 1992 read with Section 226 and Rule 16 and 48 of the Second Schedule to the Income Tax Act, 1961, I conclude that the attachment vide order dated March 28, 2018 passed against PUL and its subsidiaries shall continue to remain in force.

112. PUL and its directors are further directed to furnish complete list of all movable, immovable properties, investments, bank accounts, deposits, etc. of PUL held by PUL and its subsidiaries in abroad within 15 days of receipt of this order, failing which SEBI shall take appropriate action in accordance with law.

Date: August 21, 2018

SEAL

SECURITIES AND EXCHANGE BOARD OF INDIA ★ RECOVERY DIVISION

V. Sekhar 21/8/2018

V. Sekhar
वी. वी. शेखर

General Manager & Recovery Officer

General Manager & Recovery Officer
महाप्रबंधक एवं वसूली अधिकारी
Securities And Exchange Board of India
भारतीय प्रतिभूति और विनिमय बोर्ड
Mumbai
मुंबई