

SECURITIES AND EXCHANGE BOARD OF INDIA**ORDER**

Under Section 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and Section 12A(2) of Securities Contracts (Regulations) Act, 1956 read with Rule 5 of Securities Contracts (Regulations) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005

In respect of:

Noticee No.	Noticee Name	PAN
1.	Mr. Sanjay Dalmia	AADPD9438N
2.	Mr. Anurag Dalmia	AADPD9439P
3.	Mr. Ashok Kumar Joshi	AAGPJ4277Q

In the matter of Golden Tobacco Limited

(The aforesaid entities are referred to by their corresponding names/numbers and collectively referred to as “Noticees”)

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) conducted investigation in the matter of Golden Tobacco Limited (hereinafter referred to as “**GTL**”/ “**the Company**”) to ascertain as to whether there was any violation of the provisions of the SEBI Act, 1992, SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (“**PFUTP Regulations**”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”) for the financial years 2009-2010 to

2020-21 (hereinafter referred to as “**Investigation Period**” or “**IP**”) However, wherever deemed necessary, reference has been made to events outside the IP as well.

2. GTL is engaged in the business of manufacturing tobacco products and real estate. However, vide order dated June 08, 2022, Hon’ble National Company Law Tribunal, Ahmedabad (NCLT) had ordered for commencement of Corporate Insolvency Resolution Process (CIRP) and declared moratorium under Section 14 of Indian Bankruptcy Code, 2016.
3. GTL had given certain advances to Golden Realty & Infrastructure Limited (‘GRIL’), a wholly owned subsidiary of GTL, GTL had made the disclosures in its Annual Report from 2009-10 to 2020-21 regarding the advances.
4. The disclosures referred a Joint Development Agreement dated August 13, 2010 (‘**JDA**’) entered between GRIL and WGF Financial Services Limited (‘WGF’) for was for development of Chhatarpur Land. Vide the JDA the development rights of said Chhatarpur land, were transferred to GRIL for the total consideration of Rs. 350 crores. However, as per JDA, out of the total amount, Rs. 97.5 crores were already paid by GRIL to WGF as an advance before entering in the JDA.
5. Though GTL disclosed the funds transferred to GRIL as advances and had also claimed that the advances were fully realisable in due course of time, it was observed by SEBI that the advances were not utilised for the intended purpose and were rather diverted to entities sharing connection with promoters. Consequently, SEBI also observed that the disclosures regarding the advances are misrepresentation to the investors.

ALLEGATIONS IN BRIEF

6. GTL transferred Rs.17,517.57 lakhs to GRIL’s Allahabad Bank (now Indian Bank) account during the period FY 2009-10 to FY 2014-15 in the form of loans and advances and has been showing as outstanding in its annual reports. GTL

further disclosed that the advance was provided to GRIL to acquire development rights. However, it was observed that out of the said amount, only Rs.3599.14 lakhs were returned back to GTL and out of the remaining outstanding advance, Rs.11,415.52 lakhs were transferred to WGF in two different bank accounts, which WGF further transferred to various entities. Further, an amount of Rs.1,650 lakhs were also transferred to General Export and Credit Limited by GRIL out of the advances received from GTL by GRIL for the purpose of acquiring development rights. The entities, to whom the funds were allegedly diverted by GTL through GRIL, in the name of advances, were promoter entities.

7. It was observed that GRIL upon receiving the money mentioned above in its Allahabad Bank account transferred Rs.2725.00 lakhs to WGF's SBI Account and Rs.8690.52 lakhs to WGF's PNB Account. Further, GRIL also transferred Rs.1650.00 to General Exports and Credit Limited ("GECL") in two tranches on 08 and 09 February 2010, which it received on the said dates.
8. The promoter entities who were benefitted from the diversion of funds are Rosebys Interiors India Limited (₹ 838 Lakhs), Pashupatinath Commercial Pvt Ltd (₹ 52.20 Lakhs), Bharat Explosives Ltd (₹15 Lakhs), Golden Realty (₹ 50 Lakhs), Dalmia Brothers Pvt Ltd (₹ 130.50 Lakhs), Dalmia Finance Limited (₹ 1300 Lakhs), WGF Financial Service Ltd (₹ 517 Lakhs) and Mourya Finance Limited (₹ 1650 Lakhs).
9. In view of the above, following allegations were levelled:
 - A. The funds were diverted from GTL to the promoters in guise of loans extended to GRIL which were never recovered nor any interest was paid to GTL. It is further alleged that the funds which were outstanding in the books of GTL were actually used for the ultimate benefit of promoter entities and are not recoverable by the Company.
 - B. There was misrepresentation of the financials of GTL since the funds given by GTL is only existent in the books of GTL, GRIL and WGF when it has actually been transferred from WGF and GRIL to various entities as illustrated above. This misrepresentation of accounts/ financial statements since FY 2009-10 till

FY 2020-21 was prejudicial to the interest of investors for a long period and does not represent a true and fair view of the actual financial position of the company.

- C. Further, no interest is being charged or received under the disguise of the subsidiary being an infrastructure company and claiming exemption under Section 186 of Companies Act, 2013. Hence, it is alleged that by inflating the balance sheet by showing the advances given to GRIL as outstanding despite being transferred to promoter entities, the company has misrepresented the financials of the company and kept investors in dark without them having a true and fair picture of the financial affairs of the company.

10. Based on the above, the following is alleged against the Noticees:

A. Noticee No.1 and 2

It was alleged that the directors of GTL, Mr. Sanjay Dalmia and Anurag Dalmia who have aided in misrepresenting the financials were also the beneficiaries of the funds being diverted. The above mentioned act of diversion in disguise of transfer for unapproved land development and further transfer to promoter entities was an act which was manipulative in contravention of the provisions 12A (a), (b) and (c) of the SEBI Act, Regulations 3(b), (c), (d), 4(2) (f) and 4(2) (r) of the PFUTP Regulations read with Section 27 of SEBI Act. The said act has also resulted in GTL misrepresenting its financials and keeping investors in dark without having them a true and fair picture of the financial affairs of the company in violation of the provisions of Regulations 4(1)(a),(b),(c),(e),(g),(h), 4(2)(f)(ii)(6)(7)(8), 4(2)(f)(iii) (3)(6) (12), Regulation 33(2)(a), Regulation 48 of the LODR Regulations read with Section 27 of SEBI Act .

B. Noticee No.3

Ashok Kumar Joshi was the director of Finance, in GTL, since 1993 and appointed as director on the Board and has been the authorized signatory in bank accounts of GTL including those which were used to transfer funds to GTL. Hence, he acted in connivance with Mr. Sanjay Dalmia and Mr. Anurag Dalmia in diversion of funds, as well as misrepresentation of financials. He, as Chief

Finance Officer, had also issued certificates, for the financial years 2009-2015 inter-alia certifying that the financials of GTL present a true and fair view of its affairs and do not contain any misleading statement. Thus, Mr. Ashok Kumar Joshi has violated 12A (a), (b) and (c) of the SEBI Act, Regulations 3(b), (c), (d), 4(2) (f) and 4(2) (r) of the PFUTP Regulations read with Section 27 of SEBI Act. It is further alleged that the said act has also resulted in the company misrepresenting its financials and keeping investors in dark without having them a true and fair picture of the financial affairs of the company; thus violated the provisions of Regulations 4(1)(a),(b),(c),(e),(g),(h), 4(2)(f)(ii)(6)(7)(8), 4(2)(f)(iii) (3)(6) (12), Regulation 17(8), Regulation 33(2)(a), Regulation 48 of the LODR Regulations read with Section 27 of SEBI Act, 1992, Clause 49(v) of listing agreement, Regulation 103 of the LODR Regulations and Section 21 of Securities Contracts (Regulation) Act, 1956 (“SCRA”).

SERVICE OF SCN, REPLIES AND PERSONAL HEARING

11. The Show Cause Notice dated September 20, 2023 (“SCN”) along with annexures was served on the Noticees through speed post acknowledgment due (SPAD) and email. It was duly delivered to all the Noticees. Thereafter, the Noticees submitted their replies wherein Noticees No.2 and 3 vide letters dated October 10, 2023 and October 09, 2023 respectively, in addition to other submissions, sought cross-examination of both the witnesses Mr. Ved Berry, Mr. Jaskaran Khurana and Noticees, Mr.Sanjay Dalmia and Mr. Ashok Kumar Joshi (by Anurag Dalmia) / Mr. Anurag Dalmia (by Mr. Ashok Kumar Joshi).
12. In accordance to the above request, cross-examination of the entities as desired by Noticees No. 2 and 3 were scheduled on November 23 and 24, 2023 before the erstwhile Quasi-Judicial Authority (“QJA-1”). However, pursuant to the transfer of present matter to another Quasi-Judicial Authority (“QJA-2”) before the scheduled date for cross-examination the proceedings for cross examination was postponed and rescheduled on March 11, 2024 at SEBI office, Mumbai. Thereafter, at the request of Mr. Jaskaran Khurana the cross examination for all the above mentioned four entities was rescheduled to March 19, 2024. Mr. Jaskaran Kurana and Mr. Ved Berry requested to attend the cross-examination

proceedings from Delhi, which was accepted by QJA-2, and accordingly arrangement was made at SEBI Northern Regional Office, Delhi. Mr. Anurag Dalmia vide letter dated March 18, 2024 sought the copies of statement made by Mr. Sanjay Dalmia and Mr. Ashok Kumar Joshi before the investigating authority of SEBI and further sought adjournment of the proceedings scheduled on March 19, 2024 stating that additional time was required to examine the statements (of Mr. Sanjay Dalmia and Mr. Ashok Kumar Joshi) which he received only a day before the cross-examination.

13. The requested documents were shared with Mr. Anurag Dalmia vide email dated March 18, 2024. However, the request to adjourn the cross examination scheduled on March 19, 2024 was not accepted by QJA-2. Mr. Anurag Dalmia vide email dated March 19, 2024 again sought adjournment of the cross-examination scheduled on the same day, however since both the witnesses and Mr. Sanjay Dalmia were present at the SEBI Office, Delhi and the statements of said witnesses were shared with Mr. Anurag Dalmia alongwith the SCN on September 20, 2023, QJA-2 refused to accept the request and the same was communicated vide email dated March 19, 2024. Vide he said email it was also informed to Mr. Anurag Dalmia that no further opportunity of cross-examination shall be entertained. The proceedings of cross-examination was accordingly concluded as Mr. Anurag Dalmia and Mr. Ashok Kumar Joshi failed to present themselves for cross-examining the witnesses and Noticees as per their request.
14. Subsequently, personal hearing was scheduled on April 04, 2024 for all the Noticees before QJA-2. However, vide letter dated April 03, 2024 Mr. Anurag Dalmia sought adjournment of the personal hearing which was rejected by QJA-2. Mr. Sanjay Dalmia and Mr. Anurag Dalmia appeared for personal hearing through virtual mode and made their submissions. It was informed by Mr. Anurag Dalmia during the personal hearing that he had filed a writ petition before the Hon'ble Delhi High Court, W.P.(C) bearing No. 4854/2024 Anurag Dalmia v. SEBI, to allow him cross-examination and further requested to keep the proceedings in abeyance.

15. Thereafter, vide letter dated April 30, 2024, Mr. Anurag Dalmia again requested for granting the opportunity to cross-examine the witnesses and Noticees No. 1 and 3. However, QJA-2 did not accept the request. Thereafter, the matter was kept in abeyance as per the advice of the counsel representing SEBI before the Hon'ble Delhi High Court in W.P. (C) bearing No. 4854/2024.
16. The Hon'ble Delhi High Court vide order dated 19.05.2025 disposed the petitions W.P.(C) bearing No. 4854/2024 and CM APPL.19828/2024 filed by Mr. Anurag Dalmia and directed the following to SEBI:
- i. Appoint another QJA expeditiously.*
 - ii. Dates shall be scheduled before the concerned QJA in the week commencing from 23.06.2025 to complete the process of the cross examination of the concerned Noticees by the petitioner. The concerned Noticees and the petitioner will be called upon to attend the proceedings that may be scheduled in the said week. It is also agreed by the respective counsel for the parties that no adjournment whatsoever shall be granted in the aforesaid proceedings.*
 - iii. After the cross-examination is completed, the QJA shall schedule date for final hearing of the matter with the consent of the concerned parties.*
17. In the meantime, upon superannuation of the erstwhile quasi-judicial authority, QJA-2, undersigned was appointed as QJA and the present matter was transferred to undersigned on April 03, 2025. Thereafter, in compliance of the aforementioned order of Hon'ble Delhi High court the cross-examination was scheduled on June 23, 2025 and the communication for the same was sent to all the Noticees and both the witnesses vide emails dated May 26, 2025. On June 23, 2025 both the witnesses were present at the SEBI Northern Region Office, Delhi and the Noticees appeared through virtual mode. The cross-examination proceedings happened from SEBI, Mumbai office through virtual mode. Mr. Jaskaran Khurana and Mr. Ved Berry were cross-examined by Mr. Ashok Kumar Joshi and Mr. Anurag Dalmia and Mr. Ashok Kumar Joshi was cross-examined by Mr. Anurag Damia. Both Noticees No.2 and 3 did not press to cross-examine Mr. Sanjay Dalmia who was also present through the virtual mode. Accordingly, the cross-examination proceedings were concluded.

18. The record of the cross-examination proceedings were shared with the Noticees No. 2 and 3 and they were directed to submit their replies within 15 days' time. Mr. Ashok Kumar Joshi vide email dated July 11, 2025 sought additional time of 15 days to submit his reply. Upon considering the request, an extension of 1 week was provided to the said Noticee to submit written reply. Mr. Sanjay Dalmia submitted his reply vide email dated July 04, 2025, Mr. Anurag Dalmia vide email dated July 11, 2025, and Mr. Ashok Kumar Joshi vide email dated July 17, 2025. Mr. Anurag Dalmia also submitted one Settlement deed dated November 18, 2009 alongwith his reply.
19. Upon receiving the written submissions of the Noticees, a personal hearing was scheduled on July 25, 2025 and the Noticees were informed to appear before the undersigned on the said date. On the said date, only Mr. Anurag Dalmia along with his Authorised Representative ('AR') appeared before the undersigned and made his submissions virtually. Mr. Ashok Joshi vide email dated July 25, 2025 sought adjournment of the personal hearing citing ill-health and requested to schedule the same after 10 days. Upon considering the request, the personal hearing of Mr. Ashok Kumar Joshi was rescheduled to August 04, 2025. The Noticee appeared on the said date, virtually, and made their submission. During the personal hearing, Noticees No. 2 and 3 made following submissions:

A. Mr. Anurag Dalmia

- a. The plot of land in village Chhatarpur, Delhi ("plot of land"), the development rights of which were transferred to Golden Realty and Infrastructure Limited (GRIL) vide development agreement dated August 13, 2010 was pledged/mortgaged with Indiabulls Financial Services Ltd ("**IBFSL**") at the time the above development agreement was entered.
- b. Since there was pressure from IBFSL to repay the loan amount against which the above plot of land was pledged/mortgaged, certain portion of the said plot of land was sold and the loan amount was repaid to IBFSL. Thereafter, the pledge/mortgage was discharged.
- c. Out of the said sale proceeds an amount of Rs. 20Cr. was also repaid to Golden Tobacco Limited ("GTL") by GRIL.

- d. The development agreement dated August 13, 2010 is still in existence as part of the same project.
- e. The aforesaid plot of land was an agricultural land, hence before initiating the project desired under the development agreement dated August 13, 2010 the same needed to be converted into non-agricultural land for which necessary approvals were required.

B. Mr. Ashok Kumar Joshi

- a. The Noticee is aware about the proposed plan and the fact that there were discussions on going with Delhi Development Authority (“DDA”), however, specific person was engaged to handle. Hence, the Noticee don’t know the details.
 - b. Despite discussions with DDA, the plan could not go ahead due to some technical issues. The Noticee is not aware about the details.
 - c. Most of the directors on the Board of Golden Tobacco Limited (‘GTL’) and Golden Realty & Infrastructure Limited (‘GRIL’) were common as GRIL was 100% subsidiary of GTL. The progress on the project was discussed during the board meetings however, the relevant documents are not available with the Noticee.
20. Since Noticees No.2 and 3 referred to various agreements/documents in their submissions and during cross-examination, during the hearing they undertook to submit a copy of all those documents in addition to the following list of documents:
- a. Copy of communications (emails) between GTL and GRIL asking for the repayment of the advance amount provided by GTL to GRIL to acquire development rights of the plot of land.
 - b. Copy of Settlement letter.
 - c. Copy of pledge/mortgage agreement and the date of creation of pledge/mortgage with IBFSL.
 - d. Date of discharge of said pledge/mortgage.
 - e. Copy of the application submitted to Delhi Development Authority (“DDA”) for approval of the proposed project on the plot of land alongwith the plans of the proposed project.

- f. Copy of the relevant documents/communication vide which the above application was rejected by DDA.
 - g. Copy of No Objection Certificate (NoC) received from IBFSL post repaying the loan amount.
21. In response, Noticee No. 2 vide email dated August 04, 2025 submitted additional reply alongwith the copies of following documents:
- a. Joint Development Agreement dated 13/08/2010
 - b. Loan Agreement of Rs.210 crores dated 30/12/011
 - c. Registered Mortgage Deed dated 06/03//2012
 - d. NOC dated 14/02/2016 from Indiabulls Housing Finance Ltd.
 - e. Addendum agreement dated 21/03/2016 for 4.24 acres of land
 - f. Valuation Report dated 31/03/2022
 - g. Settlement agreement dated 18/11/2009
 - h. Commitment Agreement dated 18/11/2009
 - i. Addendum dated 12/12/2009 to Settlement agreement dated 18/11/2009
 - j. Ledger account of Golden Tobacco Ltd. in the books of Golden Realty & Infrastructure Ltd.
22. The submissions of Noticees and the aforementioned documents were taken on record.

Submissions made by the Noticees are following:

A. Mr. Sanjay Dalmia (Noticee No.1)

Preliminary Contention:

- a) The subject matter of the SCN is directly and substantially in issue before the Hon'ble National Company Law Tribunal Ahmedabad in I.A. No. 656(AHM) of 2023, which is an interlocutory application instituted by the Resolution Professional under Section 66 of The Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the National Company Law Tribunal Rules, 2016 in the insolvency proceedings initiated against GTL by a Financial creditor viz. Arrow Engineering Limited in C.P.(IB) No. 268 of 2020 and therefore this subject matter referred in the SCN which seeks to investigate matter which is

directly and substantially sub-judice before the Hon'ble National Company Law Tribunal Ahmedabad should not be proceeded until the aforesaid proceedings are decided on merits as otherwise the present proceedings would tantamount to a direct interference with the course of administration of justice.

- b) He also added that upon initiation of Corporate Insolvency Resolution Process ('CIRP') all records relating to GTL are under the control and supervision of the Resolution Professional, who is now in management and control of GTL for all practical purposes after the Board of Directors of GTL has been suspended consequent upon moratorium being declared by before the Hon'ble National Company Law Tribunal Ahmedabad under Section 14 of the Insolvency and Bankruptcy Code, 2016 vide its order dated June 07, 2022 in C.P.(IB) No. 268 of 2020.
- c) Further, by virtue of Section 238 of Insolvency and Bankruptcy Code, 2016, "the provisions of the Code shall have over-riding effect, notwithstanding anything inconsistent in any other law for the time being in force or any instrument having effect by virtue of any such law". The aforesaid legal position has been affirmed by the Hon'ble Supreme Court of India in the case of ***Principal Commissioner of Income Tax vs. Monnet Ispat & Energy Limited*** reported in (2018) 18 SCC 786. That being the legal position, it was requested, not to further proceed on the issue covered by the subject referred Show Cause Notice until the disposal of C.P.(IB) No. 268 of 2020.

Other Contention:

- d) He was a "Non-Executive Director" of Golden Tobacco Ltd was not concerned with the day-to-day affairs. In addition, He was not responsible for the actions of the subsidiaries Companies, as he was not holding any position in these companies. Therefore, he cannot be held responsible for the actions of these subsidiary companies. He has no shareholding in the companies to whom loan was given by GTL subsidiaries. Board of subsidiary can only be responsible.
- e) As a promoter and non-executive director, his role was primarily to give strategic direction, guidance and vision to the various businesses created by him and then leave the team of competent and well-qualified expert and

professionals to explore business opportunities and move forward in the best interest of all stakeholders including shareholders and investors.

B. Mr. Anurag Dalmia (Noticee No.2)

- a) It was submitted that the advances given to GRIL by GTL and further paid to WGF by GRIL for the purpose of acquiring land development rights, was utilised by WGF to repay to IBFSL as per the guarantee commitment agreement dated 18-11-2009 (**'Settlement Deed'**) entered between IBFSL and the four owners. Vide the said settlement deed and the Addendum to settlement deed dated 12-12-2009 (**'Addendum'**), the four owners jointly and severally agreed to guarantee payment of settled amount of Rs.232.50 crores of the loans. Further, to honour their guarantee commitments of repayment of Rs.232.50 crores, the Chhatarpur land was pledged with IBFSL under the settlement deed.
- b) Vide the aforesaid Addendum the payment by the four owners to IBFSL was to be made in the following manner:
 - 1. Rs. 25 crores to IBFSL upon execution of the addendum.
 - 2. Rs. 207.50 crores to IBFSL on or before April 12, 2010.
- c) The above guarantee arrangement was entered by the four owners with IBFSL pursuant to default in repayment of loan amount to IBFSL taken jointly by seven other companies namely Oval Investment Pvt Ltd, Dear Investment Pvt Ltd, Dalmia Housing Finance Ltd, M/s Comosum Investment Pvt Ltd, M/s Antarctica Investments Pvt Ltd, Altar Investment Pvt Ltd, Carissa Investment Pvt Ltd. These seven companies had obtained a financial assistance of Rs.293.90 crores from IBFSL through an agreement dated 15-05-2007. For this purpose, these seven companies had pledged shares of GHCL Limited and GTL.
- d) Noticee No.2 further submitted that in order to pay the settled amount to IBFSL, the four owners of Chhatarpur Land decided to develop their respective plots of Chhatarpur Land. Since the four owners lacked requisite expertise and infrastructure to undertake such a large realty project, the four owners decided

to develop it in a joint venture and in furtherance of that, decided to authorise WGF to do all work related to the development of the said land on their behalf.

- e) In furtherance of the above, the four owners of the Chhatarpur Land had created an Association of Persons for construction of multi-storey complex '*Madhuban Residency Corporation*' vide Memorandum of Association of Persons dated August 13, 2010 and vested WGF with the power, inter alia, to enter in development agreement with a third party for development of said housing/commercial complex on Chhatarpur Land, Delhi. WGF then, on the same day, entered into a Joint Development Agreement ('JDA') with GRIL dated 13/08/2010. As per JDA, WGF sold the development rights of Chhatarpur land and 50% of the said developed area to GRIL for a total consideration of Rs.350 crores. It was stated that vide the said agreement WGF only had to pay 50% of the development cost after completion of the project. This, the Noticee submitted, was purely a business proposition and was done on arms-length basis.
- f) GRIL took an interest free advance of Rs.175 Crores in the year 2009-12 from GTL to fund the real estate project. GRIL used this fund to pay an advance amount of Rs.130.66 crores to WGF for implementing the said JDA. WGF in turn paid to IBFSL as per their guarantee commitment agreement. Since, WGF paid most of the amount to IBFSL it was liable under the guarantee commitment agreement and the fact that IBFSL still had shares as security, IBFSL agreed to vacate the charge on the said land.
- g) GRIL also took loan of Rs.210 crores from India Bulls Housing Finance Ltd. (IBHFL successor of IBFSL) to develop the plots of land and also to pay to WGF as per its obligation under the joint development agreement. For this purpose, a loan agreement dated 30/12/2011 was entered between GRIL and IBHFL with WGF, Dalmia Finance Limited and Cross Investment Pvt Limited as co-borrowers and Mr. Sanjay Dalmia as confirming party. The Chhatarpur land was pledged against this loan with IBFSL and it was also submitted that the loan from IBHFL was used to repay the advances of GTL.

- h) However, due to some issue with DDA, this project could not take off and since GRIL had to return the loan amount to IBHFL, it was decided with WGF, Dalmia Finance, Cross Investment and IBHFL to sell some portion of Chhatarpur land. The sale proceeds were also used to repay the advances taken by GRIL from GTL. From the sale proceeds, GRIL received Rs.276 crores from WGF which GRIL used to settle the loan with IBFHL and received the requisite NOC and also returned some amount to GTL.
- i) As on date, as per the valuation report on the project to be developed on the remaining plot of land of approx. 4 acres, GRIL can still earn money/profit to repay the balance advance amount of Rs.160 crores to GTL. Further, as per the valuation report, the balance advance of Rs.111.50 crores given to WGF for the JDA is fully secured.
- j) With regard to GRIL it was submitted that GRIL is wholly owned subsidiary of GTL and it undertook realty business as decided by its board of directors.
- k) Further, it was stated by Mr. Anurag Dalmia, that no proper application was filed by the company in the office of the Delhi Development Authority (DDA) for approval to develop a residential complex on the said plots of land as one consultant Mr Y S Kamal was hired by the company to arrange the same. Mr Kamal unfortunately expired during COVID-19 pandemic and the relevant information is not available now with the company.
- l) It was further stated that at that time the particular policy decision by the DDA to develop residential complexes in the Chhatarpur area was pending. However, Indiabulls Financial Services Ltd from whom the loan was taken, because of long overdue non-payment and the loan account was to become NPA, the said company could not wait and forced the plot owning companies to liquidate the loans by selling their plots of land to repay the dues of Indiabulls.
- m) From the above it was contended that the documentary evidence placed on record, clearly indicate that the amount was given by GTC to Golden Realty &

Infrastructure Ltd (GRIL) and further to WGF Financial Services Ltd for a prudent business / commercial transaction at Arm's Length but which could not sail through as was expected. Thus, no adverse cognizance of the same be taken.

- n) Hence, it was argued that GRIL never gave any money to WGF without any consideration or for a non-business purpose. It was further submitted that the motive of GRIL/GTL behind entering the JDA was to make a profit of approximately a few hundred crores of rupees on an investment of Rs. 600 crores in 3-4 year time.

Submissions of Noticee No.2 on the cross-examination of witnesses, Mr. Ved Berry and Mr. Jaskaran Khurana and Noticee, Mr. Ashok Kumar Joshi

- o) There is no reason at all for the SEBI to take any cognizance of the original statement of Mr Ved Berry in any manner against the company as well as against Mr. Anurag Dalmia as he himself admitted in the cross examination that he was not at all competent to make any statement on any financial matter, much less on the said transactions. Mr. Jaskaran Singh Khurana also admitted that he was not aware of any financial transactions between WGF with GRIL as he was never part of finance team and board of directors of GRIL and GTL when the said financial transactions took place. He also stated that he was not a director of GTL before the year 2013 and was assisting in sales and production management and was never part of financial management of the company.
- p) Mr. Jaskaran Singh Khurana took an oxymoron stand about the conduct of the board meetings of GTL as to what Mr Ved Berry had stated. It was further argued that Mr. Jaskaran Singh Khurana had categorically stated in his statement that the meetings of GTL which he attended were formal meetings which does not at all corroborate the statement of Mr. Ved Berry in any manner. Mr. Ved Berry had stated during the cross examination that in GTL, Board meetings were conducted with namesake directors like us and things were not

discussed only attendance was recorded. The decisions were taken by the owners and the directors were informed about the decisions taken.

- q) Accordingly, the statement of Mr Jaskaran Singh Khurana is not reliable and usable in any manner as firstly, he never deposed against the notice, Mr. Anurag Dalmia as well as the company, GTL. Secondly, his statement is completely oxymoron to the statement of Mr Ved Berry and therefore, it is difficult to establish in absence of any material on record to support averments of any of the two.
- r) It was also submitted that GTL is a listed company and always had a qualified company secretary on its role who was conducting proper meetings and keeping minutes of the same. Hence, the statements of witnesses must be disregarded.
- s) In respect of the statement of Mr Ashok Kumar Joshi, he had categorically clarified and admitted that the amounts were given by GTL to GRIL, a wholly owned 100% subsidiary of GTL, to undertake real estate business in New Delhi and for which a sequence of facts were disclosed by him in his cross examination and admitted to have been recorded in serialism in the documents, on record, attached herewith also, of the company. He also admitted that all the transactions with WGF were at arm's length and were for the business purposes of GRIL.
- t) No money at all was given by the said company to the WGF and its associated companies without any business purpose that too at arms' length. It is on record that the major business activity of GRIL was to undertake real estate development and accordingly the said company conducted its business.

C. Mr.Ashok Kumar Joshi (Noticee No.3)

- a) In his submission, he reiterated the events mentioned in the submission of Noticee No.2. He further added that when the proposal of the Joint Development Agreement (JDA) presented before the Board, he was the

Director Finance of the Company and the Board had authorised him to sign the Agreement.

- b) Further, he submitted that his previous statement recorded by the SEBI was based on part of the transaction and he was not shown the relevant records at all. When he asked for the records the same was denied. Hence his statement was recorded under undue pressure without having complete information, particularly when he was not in the employment of GTL since the year 2019.
- c) Many necessary and important documents/ agreements were totally ignored by the SEBI during earlier statement recording which are now being put on records. He did everything based on mandate of the Board and wanted to execute a normal commercial transaction of development of the plots of land for business gains for the company as a part of its regular business. Those plots of land were owned by the companies who were also the shareholders of GTL.
- d) He did not gain a single penny out of this transaction, except for remuneration as an employee director of GTL and which he was otherwise getting since long. No evidence has been put on record by SEBI that he was the beneficiary of the money involved in these transaction. He was not related to the promoters of GTL. He never held a single share in any of the companies which are the subject matter of this investigation including GTL. The transaction was purely commercial and on arm length basis as it is evident after the cross examination where all relevant documents put on record.
- e) The transaction was audited by a reputed audit firm, never put any qualification by auditors, on record in every year balance sheet, no objection raised by any shareholder in any AGM.
- f) As per details given above, the transaction is valid one and no misrepresentation was made in the Balance Sheets of GTL. Therefore, the certificate containing true and fair view of affairs of the company and was not at all a misleading statement. Hence, the allegation to misleading statement in the financial statements of the company is also baseless and false.
- g) GRIL is a related party and the same is declared in financials of the company every year and WGF never fell into a related party under section 2(76) of the Companies Act 2013, and the same is confirmed by the then Company

Secretary of the Company, hence not declared as a related party. Therefore, the allegation that the WGF was not declared as a related party in the financial statements, is also false.

23. From the above, I note that the SCN were duly served to the Noticees and sufficient time was provided to submit their replies. Further, an opportunity of personal hearing was also given to the Noticees, which was availed by them.

ISSUES FOR CONSIDERATION

24. On a perusal of the observations and allegations brought out in the SCN, the replies filed by the Noticees, oral/written submissions and other material available on record, the following issues arise for consideration in the present matter:

- I. Whether the interest free loan given by GTL to GRIL was for genuine acquisition of land development rights?*
- II. Whether the amount of money received from GRIL by WGF was used for repayment of loan taken from India Bulls?*
- III. If the second issue is decided in negative, whether the funds were diverted to the promoter connected entities as alleged?*
- IV. Whether the financials of GTL was misrepresented a) regarding the purpose for which transfer was made to GRIL, b) by showing the advances given to GRIL as outstanding despite being transferred to promoter entities?*
- V. If the above issues are determined in the affirmative what directions, if any, including the amount of monetary penalty, is required to be imposed on the Noticee(s)?*

25. Before proceeding to examine the instant matter on merits, I shall address the contention on keeping the instant proceedings in abeyance due to the pending proceedings before the Hon'ble National Company Law Tribunal Ahmedabad as raised by Noticee No.1. The Noticee had relied on the judgment of **Monet**

Ispat (supra) to support his contention. In this regard at the outset, I note that the instant proceedings initiated by the SCN are exclusively against the individuals who were directors of GTL at the relevant time and do not involve the company (GTL). The present proceedings do not seek any relief or recovery from the company or its assets, nor has the company been impleaded or made a party to the instant case.

26. In '*Ansal Crown Heights Flat Buyers Association (Regd.) v. Ansal Crown Infrabuild Pvt. Ltd. & Ors.*' [2024 INSC 54] (Civil Appeal No(S). 4480-4481 Of 2023), the Hon'ble Supreme Court observed that the moratorium does not extend to directors, and proceedings such as execution of decrees or penalties may be pursued against them even during CIRP. The protection of the moratorium will not be available to the directors/officers of the company.
27. The moratorium under Section 14 of the IBC is intended to provide "breathing space" to the corporate debtor and shield only the company and its assets from *proceedings*, recovery actions, and execution during the resolution process. The Hon'ble Supreme Court have explicitly held that the moratorium protection is not available to directors and officers of the company. They remain personally liable, and actions can be initiated or continued against them regardless of CIRP.
28. Therefore, the bar under the IBC moratorium and the "clean slate" principle do not apply to proceedings targeting only individual directors or management personnel. In view of this, in my respectful view, Noticee No.1's reliance on the *Monnet Ispat* and Section 238 of Indian Bankruptcy Code, 2018 is not applicable in the instant proceedings against the directors of GTL.
29. Now, I shall proceed to deal with the issues on merits.

I. Whether the interest free loan was for genuine acquisition of land development rights?

30. Before discussing the first issue, I find it appropriate to bring on record the following agreements entered into between the parties.

31. Loan Agreement dated 15/05/2007: Seven companies, namely, Oval Investment Pvt. Ltd., Dear Investment Pvt. Ltd., Dalmia Housing Finance Ltd., Comosum Investment Pvt. Ltd., Antarctica Investments Pvt. Ltd., Altar Investment Pvt. Ltd., Carissa Investment Pvt. Ltd. and IBFSL ('India Bulls Financial Services Ltd.') obtained a financial assistance of ₹ 293.90 crores from IBFSL. To secure the loan, the seven companies pledged shares of GHCL Ltd. and GTL.
32. Default by the seven companies (loan of ₹ 293.90 crores) lead to the entering into of Settlement Deed dated 18-11-2009. IBFSL and the four owners of Chhatarpur Land (WGF Financial Services Ltd., Dalmia Finance Ltd., Cross Investment Pvt. Ltd., and Ilac Investment Pvt. Ltd.) are parties to the agreement. The four owners jointly and severally agreed to guarantee repayment of a settled amount of ₹ 232.50 crores owed to IBFSL. As part of the arrangement, the Chhatarpur Land was pledged with IBFSL.
33. Addendum to Settlement Deed dated 12-12-2009: Same parties of Settlement Deed entered into the addendum thereby agreed for the modification of payment schedule as per the following terms:- a) ₹ 25 crores to be paid immediately upon execution of the addendum, b) ₹ 207.50 crores to be paid on or before 12-04-2010.
34. Memorandum of Association of Persons (AOP) dated 13-08-2010: Four owners of Chhatarpur Land (WGF, Dalmia Finance, Cross Investment, Ilac Investment) created an Association of Persons (AOP) called Madhuban Residency Corporation for development of multi-storey housing/commercial complex on Chhatarpur Land. WGF was vested with the power, inter alia, to enter into development agreements with third parties for the project
35. Joint Development Agreement (JDA) dated 13-08-2010: WGF (acting for the four owners) and GRIL entered into this agreement. The four owners lacked expertise/infrastructure to develop Chhatarpur Land. They authorised WGF to execute a development arrangement. WGF transferred development rights of the Chhatarpur Land to GRIL for a Consideration: ₹ 350 crores. GRIL had already paid ₹ 97.5 crores as advance before signing. As per the agreement, GRIL was

entitled to 50% of the developed area; WGF required to contribute only 50% of development cost at the project completion stage.

36. In order to analyse the genuineness of the Joint Development Agreement (“JDA”) dated 13/08/2010 the prior arrangement of the four owners of the Chhatarpur land with IBFSL is relevant. I note “the four owners” namely, WGF Financial Services Ltd., Dalmia Finance Ltd., Cross Investment Pvt. Ltd. and Ilac Investment Pvt. Ltd. had, by way of the Settlement Deed dated 18/11/2009 (and the Addendum dated 12/12/2009), jointly and severally guaranteed repayment of a settled loan amount of ₹ 232.50 crores to IBFSL. This arrangement was made, as submitted by the Noticee No.2 because seven other entities had defaulted on repayment of ₹ 293.90 crores borrowed from IBFSL in 2007, for which the four owners had pledged their Chhatarpur land as security. Perusal of the Addendum to the Settlement Deed show that it had stipulated a clear repayment schedule: - ₹ 25 crores was to be paid immediately upon execution of the Addendum and the balance ₹ 207.50 crores was to be paid on or before 12/04/2010.
37. Thus, by April 2010, the liability of the four owners under the Settlement Deed stood crystallised. Non-payment by the due date amounted to breach of the settlement terms, giving IBFSL the enforceable right to realise its dues, including by invoking pledge rights over the Chhatarpur land. It is the case of the Noticee that the four owners had indeed failed to honour this repayment schedule by April 2010, thereby placing the entire 19.26 acres of Chhatarpur land at imminent risk of enforcement action by IBFSL.
38. It is in this context that the purported JDA was entered into on 13/08/2010, four months after the expiry of the repayment deadline. By this time, the land had already become vulnerable to sale by IBFSL. Any bona fide developer or prudent counter-party would recognise that until the prior encumbrances were discharged, the land was not free from charge and could not serve as a reliable basis for long-term development. Entering into a JDA in such circumstances contradicts the objective to build a multi-storey residential/commercial complex.

Further, the requisite approvals were not obtained at the time of JDA, to initiate the development project.

39. This sequence of events points that the JDA was not a genuine forward looking commercial development contract. Rather, it was executed after the four owners had defaulted under the Settlement Deed, and when IBFSL already possessed rights to enforce its security over the land.
40. The timing, therefore, shows that the JDA was used as a device to give a colour of legitimacy to the flow of funds between GTL/GRIL and WGF, despite the looming risk of land forfeiture. In other words, when the land itself was under the shadow of sale, the purported “development” agreement could not have been intended for actual development but served as a façade to justify the onward transfer of funds.
41. Another evidence that points the JDA dated 13/08/2010 was a facade lies in the manner and timing of the monetary advances made by GTL/GRIL to WGF. As per the JDA, a substantial sum of ₹ 97.5 crores was transferred by GRIL to WGF and ILAC as an advance even before the JDA was executed. In fact, these advances were disbursed as early as 2008, whereas the JDA and the Association of Persons (“AOP”) arrangement were executed only on 13/08/2010. The detailed breakup of the payment of Rs.97.5 crores to WGF and ILAC as submitted by Noticee No.2 and forming part of JDA as ‘Schedule E’ is reproduced below:

Date of Payment	Name of the company	Amount (in Rs.)
16.12.2009	WGF	25,00,00,000/-
23.12.2009	WGF	1,25,00,000/-
03.05.2010	WGF	1,00,00,000/-
29.06.2010	WGF	9,00,00,000/-
03.07.2010	WGF	25,00,000/-
08.07.2010	WGF	50,00,000/-
21.07.2010	WGF	10,00,00,000/-
26.07.2010	WGF	50,00,000/-
08.02.2010	WGF (through GECL)	8,25,00,000/-
09.02.2010	WGF (through GECL)	8,25,00,000/-
28.03.2008	ILAC	23,50,00,000/-
28.03.2008	ILAC	10,00,00,000/-
TOTAL		97,50,00,000/-

42. This raises a fundamental question:- How could GRIL pay Rs.97.5 crores for “land development rights” when neither (i) the landowners had authorised WGF or ILAC to act on their behalf, nor (ii) the identity and extent of the land to be developed had crystallised? The authority of WGF to represent the other three landowners, namely, Ilac Investment, Dalmia Finance, and Cross Investment, came into existence only upon execution of the Memorandum of Association of Persons dated 13/08/2010. It was on this same day that the JDA was signed. Therefore, prior to this date, WGF or ILAC had no mandate to transfer or alienate any development rights in respect of the entire 19.26 acres of Chhatarpur land.
43. In spite of the absence of legal authority and clarity, GRIL had already advanced ₹ 97.5 crores to WGF and ILAC under the ostensible head of development consideration. These facts further indicate that the payments were not truly linked to a bona fide development arrangement.
44. Further, even the rationale for paying such advances upfront is untenable. In any genuine real estate development project, advances of this magnitude are ordinarily linked to factors such as (i) clear title in favour of the developer, (ii) execution of binding development rights. None of these conditions were satisfied at the time the purported ₹ 97.5 crores were advanced. Instead, the money was released without title clarity even before WGF/ILAC had legal capacity to act for the other landowners.
45. Regarding the advance payment for the purported development rights, as per the record, by the time the JDA dated August 13, 2010 was entered, Rs.64 crores were paid in the form of advance payment by GRIL between 16.12.2009 to 26.07.2010. However, Schedule E of the JDA considers Rs.33.5 crores paid by GRIL to ILAC on September 28 and 29, 2008 as an advance amount (out of total Rs.97.5 crores), paid by GRIL, in furtherance of the buying the development rights of Chhatarpur land. In this regard, at the outset, I note that the SCN does not allege this transaction of Rs.33.5 between GRIL and ILAC as done in furtherance of diversion to promoter entities.

46. However, this timing of advance payment in September 2008 to ILAC by GRIL contradicts the theory of Noticee No.2, who in his submission had stated that the four owners conceived the idea to develop the Chhatarpur land and to sell the development rights of the said land to repay the commitment amount of Rs.232.50 crores to IBFSL. Hence, I note that this submission of Noticee No.2 suggests that the decision to develop the Chhatarpur land was taken by the four owners only after they entered in the settlement agreement with IBFSL dated November 18, 2009. However, the advance payments have been sent for the acquisition of purported land development agreement, even before the idea of land development was mooted.
47. However, in view of the timing of the purported advance payments by GRIL for acquiring the development rights of Chhatarpur land, I note that the above submission of Noticee No.2 was only an afterthought to give a legitimate picture to the whole arrangement and fails to justify the payments received by ILAC from GRIL in September 2008 in lieu of development rights of Chhatarpur land.
48. Thus, the advance payments themselves become a strong piece of evidence that the JDA was not conceived as a real project agreement. Rather, the JDA was created ex post facto to give a contractual colour to transactions that had already taken place, thereby masking the true purpose of the funds. The very fact that major portion of consideration was paid in 2009 while the JDA only materialised in August 2010 clearly points that the so-called development arrangement was a facade rather than a bona fide land development contract.
49. Additionally, the timeline of future payment of remaining Rs. 252.5 crores were also not crystallised at the time of entering the JDA. Upon perusal of JDA, it is observed that the clause 3.1 mentions that the total consideration of Rs.350 crores shall be paid by GRIL to WGF for the grant of development rights. The clause further mentions that the payment of consideration shall be in terms of 'Schedule E'. However, the 'Schedule E' of JDA, which is titled 'Details of Payment' only captures the details of past payments (Rs.97.5 crores) that WGF and ILAC had received from GRIL till the date of entering the JDA. There is no mention of the future payments and the timelines for the same that the parties of

the JDA had to adhere to. The absence of such critical terms in the agreement further leads to the lack of intention of the parties to enter in an agreement with the purpose of executing it. Further, it is surprising that despite no defined timeline on the future payments, GTL still transferred huge sum of money in multiple transactions to WGF through GRIL.

50. Another circumstance that further points to the Joint Development Agreement (“JDA”) dated 13/08/2010 to be a facade is the complete absence of any subsequent activity that would normally flow from a genuine real estate development contract. The essence of a development agreement is that it follows towards various steps towards the execution of the project; such as preparation of architectural plans, engagement of contractors, application for regulatory approvals, or at the very least, demonstrable efforts to secure statutory permissions from local authorities. In the present case, however, there no material on record to show such activity was undertaken by GRIL or WGF.
51. It is on record that no application for mandatory approvals was filed with the Delhi Development Authority (DDA) or any other competent body. Mr. Anurag Dalmia himself admitted that no proper application had ever been filed for approval of a residential or commercial project on the Chhatarpur land. The explanation that a consultant, one Mr. Y.S. Kamal, had been engaged for this purpose but that he later expired during the COVID-19 pandemic, was not substantiated with. The application process for DDA approvals is a matter of record; copies of applications and correspondence are normally maintained both by the applicant and the Authority. Non-production of even a basic copy of an application suggests that no serious attempt was ever made. Even more telling is the inconsistency of this explanation with the timeline. The JDA was signed in August 2010, yet the consultant’s demise occurred much later, around 2020. If indeed he had been engaged, there was ample time during the intervening decade for applications to have been filed and processed. The absence of any supporting documentation from 2010 onwards strongly indicates that the reference to the consultant is an afterthought rather than evidence of bona fide action.

52. Moreover, disclosures made by GTL for FY 2015-16 themselves admit that development did not proceed due to DDA policy and litigation issues. This amounts to an admission that, for several years after execution of the JDA, no forward momentum was achieved. If the agreement had been genuine, some measurable progress, may be some approvals, architectural plans, or even correspondence with regulators, would have been expected. The complete void in this regard is inconsistent with the conduct of a genuine developer.
53. Through the JDA, the parties purportedly decided to develop the Chhatarpur land admeasuring 19.26 acres and the total consideration decided for the same was Rs.350 crores as per the JDA. From the documents placed on record, I note that the parties of JDA later decided to develop area of only 6.24 acres (Para G of addendum dated 21.03.2016 to the JDA). However, there is no case or agreement placed on record that an equivalent amount for the reduced area of land would be returned. Subsequently, vide addendum dated 21.03.2016 to the JDA, the area was further reduced to mere 4.24 acres (para G, H and I of addendum dated 21.03.2016). However, again there is no or agreement placed on record that an equivalent quantum of money will be or has been returned because of the reduction of land size for the purported land development. It is unreasonable to expect that same amount of consideration, which was applicable for 19.26 acres will also be applicable for a reduced area of 4.24 acres.
54. Thus, the absence of follow-through actions to develop the land demonstrates that the JDA lacked commercial substance. It existed only on paper, without the practical steps that a bona fide real estate development project is expected to take. In such circumstances, the agreement serves not as a blueprint for development, but as a facade as a transfer of money from GRIL, GTL, to WGF.
55. Another critical factor that demonstrates the facade nature of the JDA is the complete absence of due diligence on whether the purported project was legally and regulatory feasible at the time the advances were paid and the agreement was signed.

56. Ordinarily, in a bona fide development arrangement, both the developer (GRIL) and the financier (GTL, through its advances) would be expected to carry out detailed due diligence on the land, including (i) confirming a clear and unencumbered title, (ii) verifying whether the proposed use was permissible under the prevailing zoning or development policies of the DDA, and (iii) assessing the likelihood of obtaining the necessary permissions within a reasonable timeframe. These steps are critical because without regulatory permission, development rights cannot be effectively exercised.
57. In the present case, I note, however, there is no evidence of any such diligence having been undertaken. To the contrary, the disclosures made by GTL in its Annual Report for FY 2015-16 candidly admitted that “due to the policy of the Delhi Development Authority (DDA) as well as litigation, development could not take place.” This admission shows that even years after the JDA, the policy framework necessary to allow development on the Chhatarpur land was uncertain. If the policy itself was unsettled in 2010, it is implausible that a prudent company would advance ₹ 97.5 crores upfront without first securing clarity on such a fundamental issue.
58. It was stated by the Noticee No.3 that at the relevant time, a policy decision of the DDA regarding development of residential complexes in the Chhatarpur area was pending. Noticee No.2 also admitted that to initiate the development project, the Chhatarpur land was required to be converted into ‘non-agricultural land’ and for that as well necessary approvals were not in place at the time of entering in JDA. At best, this indicates that the possibility of development was uncertain and contingent upon future regulatory clearance. Yet, despite this uncertainty, funds were advanced and a JDA was signed. I note, this conduct indicates that the JDA was not entered into with the expectation of genuine project execution but to create an ostensible contractual cover for receipt of funds. In addition, I note from the valuation report of Chhatarpur land dated March 31, 2022 submitted by Noticee No.2, that the Chhatarpur land continued to be an agricultural land even after approx. 12 years of entering in the JDA.

59. Equally important is that the land in question was already pledged to IBFSL under the Settlement Deed, and the four owners had defaulted on their repayment obligations by April 2010. Mr. Sanjay Dalmia was the confirming party of the Settlement Deed. This indicated that land was under encumbrance and could at any time be subjected to enforcement action by IBFSL. Advancing money for “development rights” over a property that was under such a cloud of encumbrance demonstrates a lack of commercial rationale if the intent was truly development.
60. Thus, the facts above brought out including the absence of due diligence regarding regulatory policy, combined with the knowledge of the land being under pledge and litigation risk, demonstrates that the JDA was devoid of practical feasibility from its inception. It served as a paper arrangement to justify fund transfers, not as a genuine commercial development contract. Therefore, I conclude that interest free loan given by GTL to GRIL was not for genuine acquisition of land development rights

II. Whether the amount of money received from GRIL by WGF was used for repayment of loan taken from India Bulls?

61. I note from the SCN that GTL gave Rs.21,172.11 lakhs to GRIL as an advance/loans and investments during the period FY 2009-10 to FY 2014-15. The year wise data for the same is as follows:

(₹ in Lakhs)	
Financial year	Loan/ Advance given
FY 2009-10	9,954.92
FY 2010-11	7,567.83
FY 2011-12	NIL
FY 2012-13	909.06
FY 2013-14	2,420.76
FY 2014-15	319.54
Total	21,172.11

62. Out of the said amount, Rs.3,599.14 lakhs were returned to GTL by GRIL however Rs.11,415.50 lakhs were transferred to WGF from the Allahabad

Bank's (now Indian Bank) account of GRIL between December 16, 2009 and August 08, 2012 through various transactions.

63. As per the submission of Noticee No.2 and 3, the amount of Rs. 130.66 crores that WGF received from GRIL during 2009-12 was used by WGF to repay the loan amount to IBFSL and to get the charge of IBFSL on the Chhatarpur land vacated. For this payment to IBFSL by WGF, it was submitted by the said Noticees that vide a Settlement Deed dated November 18, 2009 and its addendum dated December 12, 2009, the four owners were under obligation to pay Rs.232.50 crores alongwith interest to IBFSL as part of the settlement for the default of loan committed by the seven original borrowers. For the above settlement amount, the four owners had also mortgaged the Chhatarpur land with IBFSL as security.
64. Perusal of the Addendum to Settlement deed dated December 12, 2009 shows that the repayment of Rs. 232,50,00,000/- by WGF Financial Services Ltd jointly and severally with Dalmia Finance Ltd., Cross Investment Pvt. Ltd., and Ilac Investment Pvt. Ltd shall be done in the following manner:
- a. Rs. 25 crores to IBFSL upon execution of the addendum.
 - b. Rs. 207.50 crores to IBFSL on or before April 12, 2010.
65. Hence, I note that the four owners were under obligation to pay the settlement amount to IBFSL on or before April 12, 2010. I also note from the SCN that before the due date to make the payment to IBFSL, WGF had not entered in the JDA with GRIL. The JDA was only entered on August 13, 2010 and as per the JDA, WGF had received Rs. 97.5 Crores from GRIL till the date of JDA. No record was submitted that any repayment of the said advances received till the date of JDA was paid to IBFSL
66. Even if it is considered whether the repayment of loan as contented by the Noticee has been made later, no such proof of such repayment was submitted by the Noticee 2 and 3. The NOC dated February 14, 2016, submitted by Noticee No.2 was also not for the above settlement amount but was issued to GRIL by IBHFL pursuant to GRIL repaying the loan amount of Rs.210 crores which is a different loan. With regard to this loan of GRIL, Noticee No.2 had submitted a

loan agreement dated December 30, 2011 entered between GRIL, WGF, Dalmia Finance Limited, Cross Investment Pvt Ltd and IBFSL. I note that for this second loan as well the Chhatarpur land was pledged with IBFSL and upon repayment of the loan amount to IBFSL the NOC dated February 14, 2016 was issued to GRIL.

67. Hence, there is no proof as submitted by Noticee No.2 and 3 that WGF utilised the funds it received from GRIL as an advance for JDA for the repayment of the settlement amount to IBFSL. Hence, the submission of the said Noticees regarding the use of GTL advances to GRIL for paying the settlement amount by WGF and to consequently, redeem the Chhatarpur land from IBFSL cannot be accepted. Therefore, I conclude that the amount of money received from GRIL by WGF was not used for repayment of loan taken from India Bulls

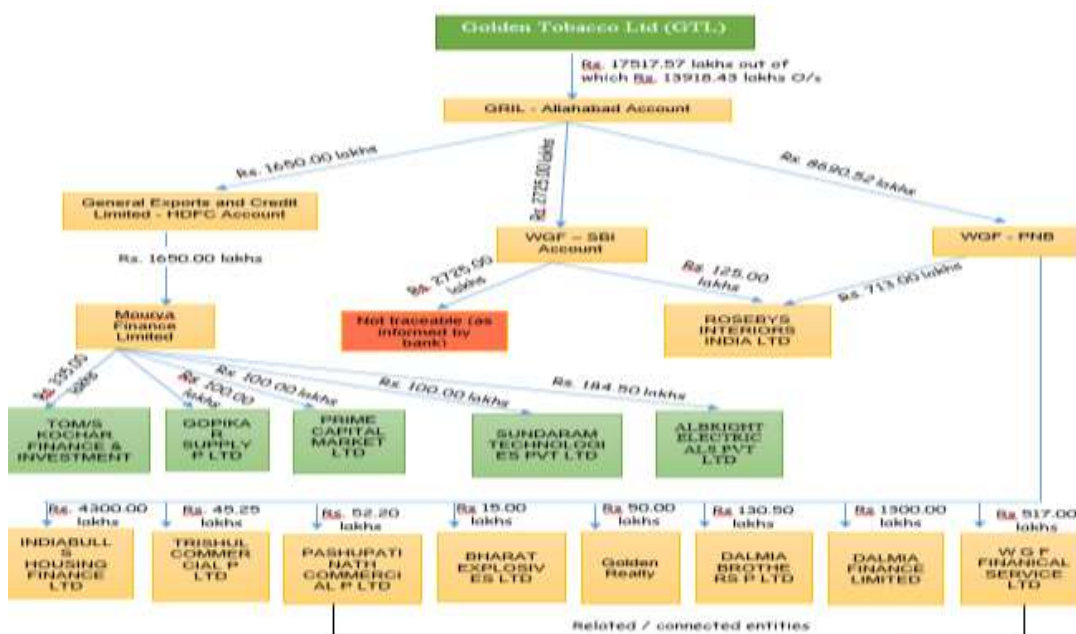
III. If the second issue is decided in negative, whether the funds were diverted to the promoter connected entities as alleged?

68. As per the allegation, the fund flow start from GTL (the parent entity) to GRIL under the stated pretext of acquiring development rights in the Chhatarpur land project. The underlying contractual justification was that GTL advanced substantial sums to GRIL so that GRIL could secure such the development rights from WGF.
69. I note that in the first leg of the movement, as reflected in the Allahabad bank (now Indian bank) statements of GRIL, it received fund of Rs. 17,517.57 lakhs from GTL into its Allahabad Bank account and only Rs.3599.14 lakhs were returned to GTL during 2009-2012. From here, Rs. 2725 lakhs were sent to WGF's SBI Bank account, Rs. 8690.52 lakhs were sent to WGF's PNB Bank account, and Rs. 1650 lakhs were transferred to the HDFC account of General Exports and Credit Ltd.
70. I note that in the second leg of the movement funds as reflected in the Allahabad bank (now Indian bank) statements of GRIL shows further diversion. The entire Rs.1650 lakhs transferred to General Exports and Credit Ltd. by GRIL on

08/02/2010 and 09/02/2010 did not stay there. Instead, it was immediately on 09/02/2010 moved onwards to Mourya Finance Ltd., thereby showing no commercial rationale for the interim stay with General Exports and Credit. Later from Mourya Finance limited Rs.819.5 lakhs were transferred to five entities.

71. From WGF's SBI and PNB accounts, further funds were parcelled out in smaller tranches: Rs. 125 lakhs and Rs. 713 lakhs went to Roseby's Interiors India Ltd., and large sums were transferred to other entities such as Rs. 517 lakhs to WGF Financial Services Ltd., Rs. 1300 lakhs to Dalmia Finance Ltd., Rs. 130.50 lakhs to Dalmia Brothers Pvt. Ltd., Rs. 50 lakhs to Golden Realty, Rs. 15 lakhs to Bharat Explosives Ltd., Rs. 52.20 lakhs to Pashupatinath Commercial Pvt. Ltd., Rs. 45.25 lakhs to Trishul Commercial Pvt Ltd and Rs.4300 lakhs to IBHFL.
72. This chain of fund dispersal illustrates a layering mechanism, where monies were moved through one or two intermediary entities before being deposited into several end-point entities connected to the promoters. The systematic nature of the transfers, both in quantum and direction, indicates that the objective was not bona fide land acquisition but deliberate routing funds. Pictorial representation of the said fund movement is provided below:

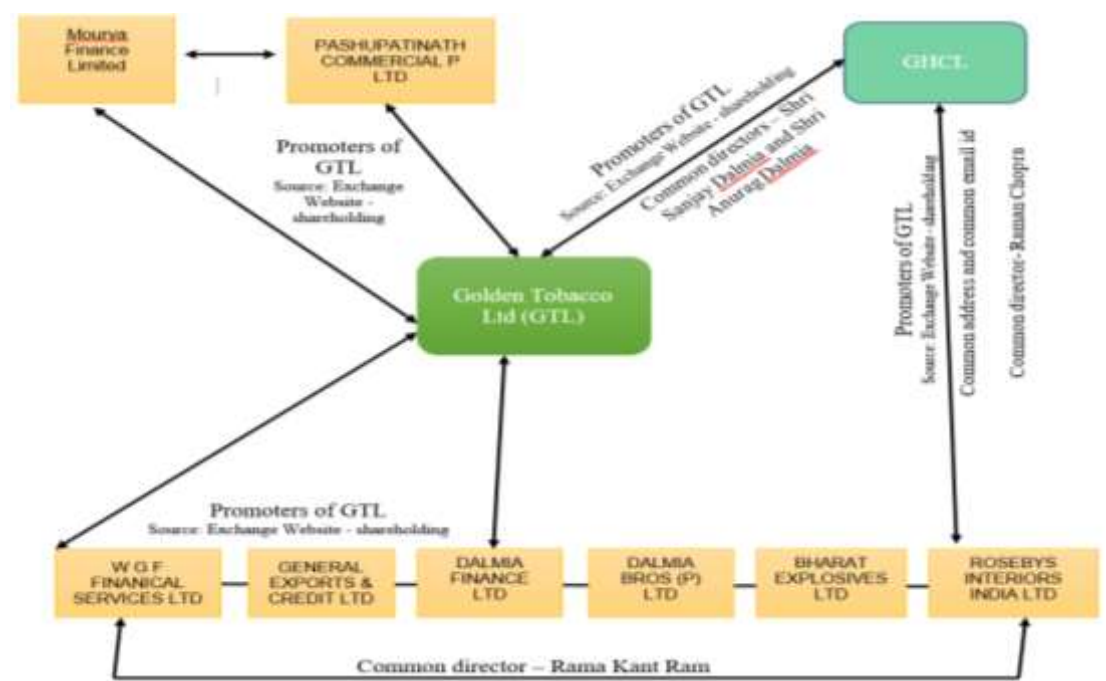
Diagram 1



73. The pictorial representations on record further corroborate the fund trail. The fund movement displays a structured movement designed to divert money away from the original purpose. This is not an isolated diversion. It is a concerted and repeated pattern of transactions over time, diverting GTL's advances.
74. The aspect of diversion is further corroborated by the commercial unreasonableness and lack of justification for the way funds moved. At every stage of the transaction chain, the movement of funds exhibits characteristics of diversion rather than legitimate business purpose of usage of the funds for the land development. If the funds advanced by GTL were meant to enable GRIL to secure land development rights, the logical expectation would be that payments would flow directly to entities connected to land development. However, the banking trail shows that instead of going towards the Chhatarpur project or any construction-linked expenditure, the funds were routed from the accounts of WGF and other financial companies.
75. Further, the onward transfer of Rs. 1650 lakhs from General Exports and Credit Ltd. to Mourya Finance Ltd. further negates the case of the Noticee the funds were used for the land development. General Exports and Credit Ltd has no relationship with the land development. Neither is the case of the Noticee. If General Exports and Credit Ltd. was to play a genuine role in the project, there would be evidence of retention of funds for operational activities. Instead, the immediate one-to-one transfer, is further indicates layering undertaken to distance the money from its source.
76. The disbursal of funds to multiple entities in scattered sums, such as Roseby's Interiors India Ltd. (Rs. 838 lakhs in two tranches), Dalmia Finance Ltd. (Rs. 1300 lakhs), and others demonstrates a pattern of siphoning to group concerns rather than any consolidated investment towards development rights. Several of these recipient entities are financial investment vehicles or trading companies, not entities capable of executing land development or construction. Neither is the case of the Noticee that they are connected to land development. Their very profile makes it implausible that these transfers served the object claimed.

77. The pictorial representation of the connections among the entities reinforces the finding.

Diagram 2



78. The connections show that the recipients were either directly controlled by the promoters or shared identifiable links of ownership, management, or operational nexus. The first and most direct connection is that several of the recipient companies Mourya Finance Ltd., WGF Financial Services Ltd., General Exports & Credit Ltd., Dalmia Finance Ltd., GHCL, and Pashupatinath Commercial Pvt. Ltd. are expressly recognized as promoter entities of GTL.
79. The links are further strengthened by the presence of common directors across entities. Mr. Anurag Dalmia and Mr. Sanjay Dalmia served as directors of GHCL until 06/11/2023 and 01/07/2023 respectively. Their presence on the boards reinforces that these entities were not independent but promoter-directed vehicles. Mr. Rama Kant Ram held directorships across WGF, General Exports & Credit Ltd., Dalmia Finance Ltd., Dalmia Bros, Bharat Explosives, and Roseby's Interiors India Ltd., thereby acting as a key managerial person which ties these companies together. These overlaps in directorships reveal a pattern of internal fund circulation.

80. From the MCA Master data of Roseby's Interiors India Ltd. and GHCL, it was observed that they not only share the same registered office address "GHCL House, Navrangpura, Ahmedabad, Gujarat- 380009" but also share the same email domain i.e. secretarial@ghcl.co.in. This level of infrastructural overlap between two ostensibly separate companies indicates that they were functionally part of the same promoter-controlled system.
81. An additional evidence arises from the business profiles of the entities. Except for Dalmia Finance Ltd., the other companies such as WGF Financial Services Ltd. and Mourya Finance Ltd. are financial/investment companies, not involved in land acquisition or construction. Neither Noticees placed any materials to the contrary. In addition, there is no case from the notices that the advances received from GTL were in fact sent to Dalmia Finance Ltd. Similarly, Roseby's Interiors India Ltd. and Bharat Explosives Ltd. had no links to the Chhatarpur project. The absence of alignment between the recipients' business objectives and the stated purpose of the funds makes it clear that the transfers were not commercial payments but diversions into group concerns.
82. The Noticees did not deny the above fund movement nor did they contest the connection established between GTL and recipients of the funds. The absence of denial on these crucial aspects is important. When both the factual trail of money and the relational mapping of entities are left uncontested, the inference that the diversion occurred as alleged becomes another factor of weightage for the conclusions on the allegations.
83. The bank statements clearly indicate that GTL's advances were channelled through GRIL and WGF before being distributed to a series of entities. The entities that received the funds were not independent market participants. They were either directly listed as promoter entities of GTL, managed by the same directors, or operating from the same offices and email domains. The interwoven directorships of individuals like Mr. Anurag Dalmia, Mr. Sanjay Dalmia, and Mr. Rama Kant Ram, together with shared infrastructural details, prove that the recipients were part of a single promoter-controlled nexus. The business activities of the recipient companies has no connection to the stated purpose of

land development. Except for Dalmia Finance Ltd. other companies such as Mourya Finance Ltd., and unrelated businesses like Roseby's Interiors India Ltd. or Bharat Explosives Ltd., have no connection to the Chhatarpur project. However, there is no case from the notices that the advances received from GTL were in fact sent to Dalmia Finance Ltd.

84. The movement of money was designed not to achieve the ostensible purpose of acquiring land development rights but to divert funds within the promoter-controlled ecosystem. The above discussion points to the clear case of fund diversion in the guise of development payments. Therefore, I hold that the funds from GTL advanced to GRIL were diverted to the promoter connected entities as shown in the **Diagram I** except the funds which were returned to GTL i.e Rs. 3599.14 lakh

IV. Whether the financials of GTL was misrepresented a) regarding the purpose for which transfer was made to GRIL, b) by showing the advances given to GRIL as outstanding despite being transferred to promoter entities?

A. Misrepresentation on the Purpose of Advances

85. The first allegation is false disclosures on the purpose of advances that large advances made to its subsidiary, GRIL, were for the purpose of acquiring development rights in land located in Delhi for joint development was made in the Annual Reports of the GTL. The following are the disclosures.

FY	Page no. of annual report	Disclosure
2009-10	35	During the year the Company has assigned advance of ₹53,50,00,000 to M/s Golden Realty & Infrastructure Limited, a subsidiary company and also given advance of ₹46,05,39,481 for acquiring the development rights
2010-11	34	The Company has given advances aggregating to ₹ 1,72,55,00,000 (Previous Year ₹ 96,25,00,000) to Golden

		Realty & Infrastructure Ltd. a subsidiary of the company to acquire certain development rights in the land situated in Delhi for joint development.
2011-12	44	The Company has given advances aggregating to ₹ 1,63,93,41,602 (Previous Year ₹ 1,75,22,75,686) to Golden Realty & Infrastructure Ltd. a subsidiary of the company to acquire certain development rights in the land situated in Delhi for joint development.
2012-13	43	The Company has given advances aggregating to ₹ 1,68,33,47,606 (Previous Year ₹ 1,63,93,41,602) to Golden Realty and Infrastructure Limited (a subsidiary of the Company) which in turn has utilized to acquire certain development right in the two plots of land situated in Delhi for Joint Development pursuant to Development Agreements in this regard and ₹ 21,80,00,000 received back by the aforesaid subsidiary during the year on cancellation of Development Agreement in case of one of the plot .
2013-14	41	The Company gave advances aggregating to ₹ 1,83,07,23,882 (Previous Year ₹ 1,68,33,47,606) to Golden Realty and Infrastructure Limited (a subsidiary of the Company) which in turn has utilized to acquire certain development right in the two plots of land situated in Delhi for Joint Development pursuant to Development Agreements in this regard.
2014-15	65	The Company gave advances aggregating to ₹ 1,83,18,77,637 (Previous Year ₹ 1,83,07,23,882) to Golden Realty and Infrastructure Limited (a subsidiary of the Company) which in turn has utilized to acquire certain development rights in a plot of land situated in Delhi for Joint Development pursuant to Development Agreement in this regard.
2015-16	6,75	As you are aware that the Company had given advances to Golden Realty and Infrastructure Limited, a wholly owned subsidiary to acquire certain development rights in a land situated in New Delhi for Joint Development pursuant to development agreement aggregating to ₹164,84,77,637 (as on March 31, 2016) (previous year ₹ 183,18,77,637). <u>In view of policy of Delhi Development Authority (DDA) as well litigation, development could not take place and party to the Joint</u>

		<u>development Agreement has started refunding the amount to the Company.</u>
2016-17	70	The Company had given advances aggregating to ₹ 1,63,89,77,637 (Previous Year ₹ 1,64,84,77,637) to Golden Realty and Infrastructure Limited (a subsidiary of the Company) which in turn has utilized the same to acquire certain development rights in a plot of land situated in Delhi for Joint Development pursuant to Development Agreement in this regard.
2017-18	83	The Company had given advances aggregating to ₹ 16,393.10 Lakhs (as at March 31, 2017 ₹ 16,389.78 Lakhs; as at April 1, 2016 ₹16,484.78 Lakhs) to Golden Realty and Infrastructure Limited (a subsidiary of the Company) which in turn has utilized the same to acquire certain development rights in a plot of land situated in Chhatarpur - New Delhi for Joint Development pursuant to Development Agreement in this regard.
2018-19	88	The Company had given advances aggregating to ₹ 16001.73 Lakhs (as at March 31, 2018 ₹ 16,393.10 Lakhs) to Golden Realty and Infrastructure Limited (a wholly owned subsidiary of the Company) which in turn has utilized the same to acquire certain development rights in a plot of land situated in Chhatarpur - New Delhi for Joint Development pursuant to Development Agreement in this regard.
2019-20	99	The Company had given advances aggregating to ₹ 16001.73 Lakhs (as at March 31, 2019 ₹ 16,001.73 Lakhs) to Golden Realty and Infrastructure Limited (a wholly owned subsidiary of the Company) which in turn has utilized the same to acquire certain development rights in a plot of land situated in Chhatarpur - New Delhi for Joint Development pursuant to Development Agreement in this regard. The said Subsidiary expects to commence construction activities on the aforesaid land in due course after receiving necessary approvals applied for and therefore, in the opinion of the management, the aforesaid advances are fully realizable in due course of time.
2020-21	86	The Company had given advances aggregating to ₹ 16,001.73 Lakhs (as at March 31, 2020 ₹ 16,001.73 Lakhs) to Golden Realty and Infrastructure Limited (a wholly owned subsidiary of the Company) which in turn has utilized the amount to acquire certain development

		rights in a plot of land situated in Chhatarpur - New Delhi for Joint Development pursuant to Development Agreement. The said Subsidiary expects to commence construction activities on the aforesaid land in due course after receiving necessary approvals applied for and therefore, in the opinion of the management, the aforesaid advances are fully realizable in due course of time.
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86. I have already found that the Joint Development Agreement (JDA) entered into by GRIL was not a genuine instrument of development but a facade. As determined in the previous issue, it lacked the basic commercial substance that would ordinarily be expected in such an arrangement. Instead, the JDA served as a cover under which funds could be moved out of GRIL. Once advanced, the funds flowed onward from GRIL to WGF and, from there, were siphoned further to promoter-controlled entities. GRIL never held genuine rights nor used the funds for acquiring such rights. It was merely an intermediary vehicle through which GTL's advances were diverted. Therefore, the above disclosures are false disclosures on the purpose of the loan. The fact that GTL nevertheless continued to disclose year after year that these advances were "for acquiring development rights" demonstrates that the company was not making a technical disclosure but actively disclosing a false disclosure of value creation. A reasonable investor reading GTL's disclosures would believe that the advances were being deployed to secure enforceable land rights, which could later generate development income. Yet, the underlying reality was that no such rights were secured and the funds were irretrievably diverted. The company's false disclosure thus concealed loss of shareholder resources under the cloak of investment in a valuable project.
87. GTL's disclosure about the purpose of advances was not merely inaccurate but deliberately misleading. By presenting a facade of legitimate land acquisition while funds were in fact siphoned to promoter entities, GTL knowingly misrepresented the true application of funds. This was a calculated attempt to sustain investor confidence and to mask diversion under the garb of a development venture, thereby protecting promoter interests at the cost of truthful reporting.

B. Misrepresentation of Advances as Outstanding and Realisable

88. The second allegation is that there is false disclosure to the effect that the advances given by GTL to GRIL are “outstanding and realizable.” In its balance sheets and annual reports of GTL, disclosures were made that these advances as recoverable assets, thereby suggesting that the GTL still retained control over valuable sums that could generate future benefit.
89. For an advance to be considered realizable, either the recipient must continue to hold the funds or possess enforceable rights to generate value from them. In this case, GRIL had neither. The funds advanced by GTL had already been routed out of GRIL and transferred to promoter-linked entities. Once the funds had left GRIL’s control, they ceased to retain any character of realizable assets. Yet, GTL continued to show them on its balance sheet year after year, thereby sustaining a misleading impression of recoverability.
90. The disclosures across different financial years further indicate how this misrepresentation was perpetuated. The annual report for FY 2009 -10 of GTL disclosed that it had given advances to GRIL for the purpose of acquiring development rights. Thereafter, it disclosed in FY 2012-13 that GRIL had utilized the amount advanced by GTL to acquire certain development right in two plot of lands situated in Delhi and in pursuant to the same GRIL had entered into a Development agreement. However, in FY 2015-16, annual Report of GTL disclosed that due to policy of DDA and litigation, the development could not proceed and the company had started getting refund of the amount. Thereafter, in contrast to the disclosure of FY 2015-16, in the subsequent FYs the disclosures are reiterated that the advances were given to GRIL has been utilised to acquire development rights.
91. Moreover, in FY 2019-20 Annual Report of GTL disclosed that GRIL had applied for necessary approvals and upon obtaining the same the construction activities shall commence then it was further disclosed that the advances given to GRIL were fully realizable in due course of time.

92. The above misrepresentation is compounded by the absence of any tangible recovery efforts. If GTL genuinely believed the advances were realizable, it would have taken steps to recover the funds either from GRIL or from the promoter entities who ultimately received them. No such efforts were demonstrated. The complete lack of recovery action is a strong indicator that the advances were not recoverable.
93. Accordingly, I note that the financial position of the company was misrepresented by carrying diverted funds as “*outstanding and realizable*.” This was not an error of judgment but a deliberate concealment. By showing irretrievably lost sums as recoverable assets, an inflated picture of its balance sheet which misled investors into believing that shareholder resources remained intact. This false portrayal not only distorted the company’s true financial health but also safeguarded promoter interests by masking the diversion of funds.
94. In view of the above discussion, I hold that the financials of GTL was misrepresented regarding the purpose for which it was transferred to GRIL and also by showing the advances given to GRIL as outstanding despite being transferred to promoter entities.
95. Since GTL is under CIRP and moratorium has been imposed, the company has not been made a party to the current proceedings before me. In view of this, no findings against GTL is given in the instant proceedings.

ROLE OF NOTICEES

Mr. Sanjay Dalmia:

96. The first point that emerges from the record is the position Mr. Sanjay Dalmia held in GTL during the relevant period. He was not only director of GTL **but also the Chairman of GTL board** between 30 August 2007 and 26 December 2013, precisely during the years in which substantial advances were moved from GTL to GRIL under the pretext of acquiring land development rights. This shows that when the company committed the bulk of its financial

resources to GRIL, he was in charge of GTL's management and decision-making.

97. I further note that the position of influence he exercised was not limited to directorship in GTL. The official website of GTL itself records that Golden Tobacco was taken over by the Dalmia Group in 1979 and that the group was headed by Shri Sanjay Dalmia and Shri Anurag Dalmia. It indicates that their role was not confined to being individual directors sitting on the board; rather, they were the acknowledged leaders of the business group, which controlled GTL.
98. The quantum of the advances further strengthens this conclusion. During FY 2009–10, the advances made to GRIL stood at ₹ 17,517 lakhs, which constituted as much as 72.01% of GTL's total asset base of ₹ 24,324.15 lakhs. In other words, nearly three-fourths of the company's assets in that year were concentrated in a single related entity. By FY 2020–21, the outstanding advances still accounted for 93.65% of GTL's assets (₹ 13,918.43 lakhs out of total assets of ₹ 14,860.68 lakhs). Although by then they had stepped down from the board, the structure they had created and overseen during their tenure ensured that almost the entirety of GTL's balance sheet was locked into this one arrangement.
99. It is inconceivable that such an allocation of resources where the overwhelming majority of the company's assets were funnelled into one subsidiary could have taken place without the knowledge and involvement of Mr Sanjay Dalmia who was also the Chairman and headed the group. The size of the advances was such that it altered the financial character of GTL, making its fortunes entirely dependent on the fate of GRIL's arrangement with the Chhatarpur land. As director, Mr. Sanjay Dalmia had a fiduciary obligation to scrutinise such a major concentration of assets and ensure that the disclosures made in financial statements presented a true and fair picture.
100. The material on record makes it clear that Mr. Sanjay Dalmia was actively engaged in the very contractual arrangements that preceded the facade. His

repeated role as “Confirming Party” in documents/agreements involving the Chhatarpur land shows that he had detailed knowledge of its encumbrances and financial obligations well before GTL advanced funds to GRIL.

101. He was party to the Settlement Deed of 18 November 2009, entered between the four land-owning companies and Indiabulls Financial Services Ltd. This deed bound the landowners to repay their guarantee obligations, clearly showing that the Chhatarpur land was already burdened with encumbrances. He again appeared as confirming party in the Addendum to the Settlement Deed dated 12 December 2009, confirming continuity of his knowledge of these liabilities and involvement in the transaction. Later, he reappeared as confirming party in the Loan Agreement dated 30 December 2011 entered into by GRIL with IBFSL for the same Chhatarpur land further showing his continued involvement. These three instances, spread over two years, prove a sustained involvement.
102. However, despite knowing that the land was pledged and subject to settlement obligations, he allowed GTL advanced massive sums to GRIL before the identity and title of the land for development were crystallised and secured. Ordinary prudence would require that advances of Rs.97.5 crores should only be released after identity of the land for the purported land is clear. Yet, funds were released even though the very land meant to justify those advances was tied up in encumbrances. His involvement during the JDA execution shows that he facilitated the arrangement. It shows that Mr. Sanjay Dalmia was facilitating that GTL’s money being advanced into a structure where the supposed development rights were neither secured nor capable of being secured. He permitted the funds to be locked into a facade transaction, which later became the basis for financial misstatements.
103. Therefore, his participation as confirming party, combined with his facilitation in advancing funds without securing land identity and title, establishes his complicity in both aspects of the misconduct. He knowingly facilitated a diversion of GTL’s funds into an arrangement incapable of producing genuine assets, and by allowing GTL to represent these advances as legitimate assets in

its financial statements, he also became responsible for the misrepresentation of the company's financial position.

104. I further note from the Annual Reports of GTL for FY 2009–10, 2010–11, and 2011–12, that the disclosures were repeatedly made relating to advances to GRIL as under, while Mr. Sanjay Dalmia was signatory of these misstatements.

- a) FY 2009–10 (p. 35): Advance of ₹ 53.50 crore assigned to GRIL and additional ₹ 46.05 crore given for acquiring development rights.
- b) FY 2010–11 (p. 34): Advances aggregating to ₹ 172.55 crore given to GRIL for acquiring certain development rights in land situated in Delhi for joint development.
- c) FY 2011–12 (p. 44): Advances aggregating to ₹163.93 crore (previous year ₹ 175.22 crore) given to GRIL for acquiring certain development rights in land situated in Delhi for joint development.

105. The conduct of Mr. Sanjay Dalmia reveals a pattern:- funds were advanced into an arrangement he knew rested on infirm foundations, and the company's financials was allowed to present these advances as recoverable assets despite the reality of diversion.

106. Accordingly, it stands demonstrated that Sanjay Dalmia were responsible for permitting and sustaining the diversion of GTL's funds to GRIL and for allowing the company's financials to misrepresent the true position of its assets.

Mr. Anurag Dalmia:

107. I note that Mr. Anurag Dalmia was a Director and Vice Chairman of GTL during the period 30 August 2007 to 26 December 2013, which covers the years when substantial advances were disbursed by GTL to its subsidiary GRIL purportedly for acquiring land development rights.

- a) I further note from the Annual Reports of GTL for FY 2009–10, 2010–11, and 2011–12, that the disclosures were repeatedly made relating to advances to GRIL as under, while Mr. Anurag Dalmia was signatory of these misstatements.
- b) FY 2009–10 (p. 35): Advance of ₹ 53.50 crore assigned to GRIL and additional ₹ 46.05 crore given for acquiring development rights.
- c) FY 2010–11 (p. 34): Advances aggregating to ₹ 172.55 crore given to GRIL for acquiring certain development rights in land situated in Delhi for joint development.
- d) FY 2011–12 (p. 44): Advances aggregating to ₹ 163.93 crore (previous year ₹ 175.22 crore) given to GRIL for acquiring certain development rights in land situated in Delhi for joint development.
108. These disclosures were part of the annual financial statements, which were signed and approved by Mr. Anurag Dalmia in his capacity as Vice Chairman. He also signed the balance sheet abstract and schedules of subsidiaries, which contained the asset details of GRIL in the 53 Annual Report 2008-2009.
109. In view of the above, I find that Mr. Anurag Dalmia cannot feign ignorance of the transactions, since the advances were repeatedly disclosed in statutory documents approved by him as a Director. His knowledge of the transactions is therefore established.
110. I further note that Mr. Anurag Dalmia had prior knowledge of the contractual arrangements concerning the Chhatarpur land, including the Settlement Deed dated 18 November 2009 and its addendum of 12 December 2009, which indicates the encumbrances on the land. His conduct during cross-examination of Mr. Ashok Kumar Joshi also corroborates this, as he posed questions indicating awareness that Indiabulls Financial Services Ltd. had advanced financial assistance against the land of WGF and others. This line of questioning

reveals a degree of familiarity with the financing arrangements that could not have arisen without knowledge of the underlying transaction.

111. In light of the above, while I accept that no material directly establishes his active involvement in the execution of the transaction (as reflected in Mr. Joshi's cross-examination statement), the record clearly indicates that Mr. Anurag Dalmia had knowledge of the advances and the encumbrances surrounding the Chhatarpur land.
112. As a Director and Vice Chairman of GTL, Mr. Anurag Dalmia was duty-bound to exercise diligence and raise appropriate concerns, particularly in circumstances where:- Funds were advanced to GRIL even before the crystallization of development rights through the Joint Development Agreement of 2010. A substantial portion of GTL's assets stood exposed to a single arrangement that lacked commercial substance. The encumbrances on the land were evident from the Settlement Deed and its addendum. Despite these red flags, he raised no such concerns in the discharge of his duties.
113. Therefore, I find that although the role of Mr. Anurag Dalmia cannot be equated with the more active involvement of Mr. Sanjay Dalmia, his omission to exercise due diligence and to question the transactions materially contributed to the continuation of the diversion of funds and the misstatements carried in GTL's financial statements during his tenure.
114. Accordingly, I hold that Mr. Anurag Dalmia is liable on account of his knowledge, acquiescence, and omission to act diligently in the face of multiple recurring misstatements and diversion of funds under the guise of acquisition of land development rights. The above mentioned act of diversion of funds in disguise of transfer for unapproved land development and further transfer to promoter entities was an act which was manipulative and deceptive for which Mr. Sanjay Dalmia and Mr. Anurag Dalmia were responsible as discussed above.

115. In view of the above, I note that Mr. Sanjay Dalmia and Mr. Anurag Dalmia, while holding the position of Director in GTL failed to monitor and manage the use of corporate asset. They further failed to ensure the integrity of the listed entity, GTL's accounting and financial reporting systems and failed to ensure that there is sufficient financial and operational control and compliance with the law and relevant standards. They also failed in overseeing the process of disclosure and communication.
116. Further, Mr. Sanjay Dalmia and Mr. Anurag Dalmia failed to act in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders. They failed in maintaining high ethical standards and taking into account the interests of stakeholders.
117. The above mentioned act of diversion in disguise of transfer for land development and further transfer to promoter entities was an act which was manipulative, deceptive device, artifice, operating as deceit on the shareholders of GTL. They also are signatories to the mis-representation of the financials as discussed above. Therefore, their acts and omissions are in contravention of the provisions 12A (a), (b) and (c) of the SEBI Act, Regulations 3(b), (c), (d), 4(2) (f) and 4(2) (r) of the PFUTP Regulations. Accordingly, Mr. Sanjay Dalmia and Mr. Anurag Dalmia is liable under Section 15HA of the SEBI Act.
118. Thus, it is concluded that being the director of GTL, the said act has also resulted in the company misrepresenting its financials and keeping investors in dark without having them a true and fair picture of the financial affairs of the company in violation of the provisions of Regulations. I note LODR Regulations came to effect in the year 2015 and Mr. Sanjay Dalmia and Mr. Anurag Dalmia ceased to be the director of GTL in the month of December 2013, the LODR provisions will not be attract reg. 4(1)(a),(b),(c),(e),(g),(h) and Regulation 48 of the LODR Regulations have been invoked against Mr. Sanjay Dalmia and Mr. Anurag Dalmia read with Section 27(2) of SEBI Act. Since these provisions get attracted against the company and the liability of the directors can be by virtue of Section 27(2) of the SEBI Act, I consider, given the Company is under CIRP process and GTL is not a party to these proceedings, no findings can be

given as regards violations of those regulations. However, Regulation 33(2)(a) of LODR, imposes direct obligations on the directors and there is corresponding obligation under the erstwhile listing agreement during the operation of which directors were holding office in GTL. The said regulation has been breached by Mr. Sanjay Dalmia and Mr. Anurag Dalmia in the instant case. Therefore, they are in violation of Regulation 33(2)(a) of LODR Regulation 103 of the LODR Regulations. Accordingly, Mr. Sanjay Dalmia and Mr. Anurag Dalmia are liable under Section 15HB of the SEBI Act.

Mr. Ashok Kumar Joshi

119. The evidence on record points to the fact that Mr. Ashok Kumar Joshi was not merely present in the organisation structure but was at the centre of the chain of decisions and authorisations that enabled the diversion of GTL's funds and the subsequent misrepresentation of its financials.
120. He held positions of authority across both the parent and the subsidiary during the relevant period. In GTL, he was Director (Finance) from 2009 to 2012, and thereafter assumed the position of Managing Director on 28 September 2012. At the same time, he continued to hold the position of Director in GRIL until 27 September 2019. This overlapping tenure covered the precise period during which advances were transferred from GTL to GRIL and further to WGF. By virtue of these positions, he was privy to the entire chain of transactions.
121. The degree of control vested in him is further demonstrated by the Board resolution of 8 August 2011, which expressly authorised him, as Director (Finance), to open, operate and close the banking accounts of GTL in India or abroad. The bank mandate details show that his name appeared as an authorised signatory in the very accounts, account no. 50019967204 and account no. 20000807901, which were used to transfer funds to GRIL. This further add to his role for transfers made from GTL after the date of opening of accounts. Some portion of the money which is subject of the diversion therefore moved through accounts in which Mr. Joshi was a signatory.

122. The material further shows that he was not a passive signatory but had active knowledge of the agreements executed in furtherance of the diversion. During his cross-examination by Mr. Anurag Dalmia, he acknowledged that he remembered and had signed the Joint Development Agreement between GRIL and WGF. When asked whether he was aware that the plots of land on which the agreement was based were pledged as security with IBFSL, he accepted that he became aware of this fact at the time of signing the agreement. When further asked whether he was aware that the four companies connected to the land had already entered into a settlement agreement with IBFSL on 18 November 2009 for repayment of ₹ 232 crores, he admitted awareness of the agreement, even though he said he could not recall the exact amount. These admissions show that, at the very moment of signing the purported JDA, he was aware that the land was already encumbered. The relevant questions and answers are brought out below:-

Question (Mr Anurag Dalmia): - Are you aware that WGF entered into the development agreement with Golden Realty in respect of some plots of land by WGF, Dalmia Finance Ltd, Cross Investment Pvt Ltd. (4 companies) which had 19.26 acres of land situated in village Chhatarpur, New Delhi, as per clause number B of the said Agreement?

Answer (Mr. Ashok Kumar Joshi): Yes, I remember the agreement. I signed the agreement.

Question (Mr Anurag Dalmia): Were you aware that the plots of land on which WGF entered into the agreement or GRIL were pledged as security with Indiabulls Financial Services Ltd. as guarantor for other companies?

Answer (Mr. Ashok Kumar Joshi): Yes, I become aware at the time of signing the agreement.

Question (Mr Anurag Dalmia)- Are you aware that the four companies with which your company entered into the development agreement of 13.08.2010 had already entered into settlement agreement with Indiabulls Financial

Services Ltd. on 18.11.2009 to repay Rs. 232 crores in respect of their guarantee obligation?

Answer (Mr. Ashok Kumar Joshi): *Yes. But don't remember the amount.'*

123. Mr. Ashok Kumar Joshi admitted in cross-examination that the group intended to monetise the Chhatarpur land to service the repayment obligation after the settlement agreement. Despite this, GRIL had already advanced substantial sums to WGF even before the execution of the JDA on 13.08.2010. The JDA was the first instrument which crystallised the so-called development rights in favour of GRIL. Before that, there is no idea of any land being developed as the extent and identity of the land is crystallised for the purported development on the date of JDA. Payments prior to its execution therefore had no basis, since no development rights yet existed to justify such consideration.
124. As the authorised signatory of the JDA on behalf of GRIL, Mr. Joshi was placed to question this anomaly. A prudent finance director would have asked why advances were made in anticipation of rights which had not even been created. Yet, there is nothing on record to indicate Mr. Joshi raised any objection and instead lent his authority to the arrangement by signing the JDA, thereby retrospectively giving cover to payments that had already gone out.
125. His conduct demonstrates that he accepted, without scrutiny, an arrangement where advances preceded the identification purported development, a sequence that defies explanation.
126. The materials on record also demonstrates that Mr. Ashok Kumar Joshi was directly responsible for the misrepresentation of GTL's financial statements, which concealed the diversion of funds under the guise of advances. His responsibility here is evidenced not only by his position as Director (Finance) and later Managing Director but also by his active role in certifying the company's financial disclosures and assuring compliance with accounting standards.

127. It is noted that he attended majority of board meetings during the relevant period, 38 out of 42 meetings between FY 2008 and FY 2021. His consistent presence in these meetings is a clear indicator that he was actively involved in deliberations on financial and strategic matters of GTL. He has also chaired the meetings, guided financial decisions. This demonstrates that he had both knowledge and influence over the preparation and presentation of GTL's accounts.
128. He was also a signatory to the Directors' Reports which accompanied the financial statements. These reports expressly confirmed compliance with accounting standards in the preparation of GTL's accounts. Yet, year after year, the accounts reflected advances to GRIL as legitimate assets, despite the fact that these funds had already been transferred further from WGF and no genuine development rights were obtained in return. The persistence of such reporting was a deliberate act of maintaining a facade that the company's assets were intact when, in fact, they were dissipated.
129. His written reply further reinforced this connection. In that reply, he admitted that the Board had authorised him to sign the Joint Development Agreement on behalf of GRIL. It follows that, when he subsequently certified GTL's financial statements showing the advances as assets, he did so with full knowledge of the underlying arrangement. This establishes that the misstatement of the financials was an act of commission sustained by his signatures.
130. By certifying these financials during 2009-2015 he assured shareholders that the company's accounts presented a "true and fair view." In reality, the accounts were misleading, since the so-called advances had no recoverability or commercial substance. This misrepresentation was made possible only because Mr. Joshi, as the finance head and later the Managing Director, validated the accounts in full knowledge of the diversion.
131. These facts, taken cumulatively, demonstrate that Mr. Ashok Kumar Joshi bore direct responsibility for the misstatement of GTL's financials. He was not merely a signatory acting under routine authority but an active participant in

sustaining a false narrative, by certifying as assets advances which he knew were siphoned through a façade arrangement.

132. When all these facts seen together, informed participation by Mr. Ashok Kumar Joshi in both the diversion of GTL's funds and the misstatement of its financials seen evident. The explanation that he acted only under Board authorisation or as a routine signatory is belied by the facts. His active engagement at every level of operation of accounts, contractual, and mis statements, demonstrates conscious participation.
133. Accordingly, I held that Mr. Ashok Kumar Joshi has been acting in connivance with Mr. Sanjay Dalmia and Mr. Anurag Dalmia in diversion of funds, as well as misrepresentation of financials of GTL. He, as CFO of GTL, has also issued certificates, for the financial years 2009-2015 inter-alia certifying that the financials present a true and fair view of its affairs and do not contain any misleading statement and also comply with the existing accounting standards.
134. Further, I note that Mr. Ashok Kumar Joshi, while holding the position of Director in GTL failed to monitor and prevent the misuse of corporate asset. He further failed to ensure the integrity of the listed entity, GTL's accounting and financial reporting systems and failed to ensure that that there is sufficient financial and operational control and compliance with the law and relevant standards. He also failed in overseeing the process of disclosure and communication.
135. Hence, Mr. Ashok Kumar Joshi failed to act in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders. He also failed in maintaining high ethical standards and taking into account the interests of stakeholders.
136. Hence, considering the facts including that Shri A.K. Joshi has been the director of Finance, in the company, since 1993 and appointed as director on the Board and he has been the authorized signatory in bank accounts including those transferring funds and has attended the board meetings, he has been acting in

connivance with Mr. Sanjay Dalmia and Mr. Anurag Dalmia in diversion of funds, as well as misrepresentation of financials. He, as CFO, has also issued certificates, for the financial years 2009-2015 *inter-alia* certifying that the financials present a true and fair view of its affairs and do not contain any misleading statement. Thus, Mr. Ashok Kumar Joshi has violated 12A (a), (b) and (c) of the SEBI Act, Regulations 3(b), (c), (d), 4(2) (f) and 4(2) (r) of the PFUTP Regulations. Accordingly, Mr. Ashok Kumar Joshi is liable under Section 15HA of the SEBI Act.

137. It is further concluded that by virtue of his conduct, financials of GTL was misrepresented and investors were kept in dark without having them a true and fair picture of the financial affairs of the company. I note Regulation 4(1)(a),(b),(c),(e),(g),(h) and Regulation 48 of the LODR Regulations have been invoked against Mr. Ashok Kumar Joshi read with Section 27(2) of SEBI Act. Since these provisions get attracted against the company and the liability of the director can be by virtue of Section 27(2) of the SEBI Act, I consider, given the Company is under CIRP process and GTL is not a party to these proceedings, no findings can be given as regards violations of those regulations.

138. However, he has violated the provisions of Regulation 4(2)(f)(ii)(6)(7)(8), 4(2)(f)(iii) (3)(6) (12), Regulation 17(8), Regulation 33(2)(a) of the LODR Regulations and Clause 49(v) of listing agreement read with Regulation 103 of the LODR Regulations. Accordingly, Mr. Ashok Kumar Joshi is liable under Section 15HB of the SEBI Act.

V. *If the above issues are determined in the affirmative what directions, if any, including the amount of monetary penalty, is required to be imposed on the Noticee(s)?*

139. The charges against Noticees are thoroughly examined and established above. Accordingly, I find that Noticees are liable to be imposed with appropriate penalty under Section 15HA and 15HB of the SEBI Act. Further, I find that appropriate directions need to be issued to Noticees for such violations.

140. Section 15HA of the SEBI Act provides for penalty for fraudulent and unfair trade practices which shall not be less than Rs.5 Lakhs but which may extend to Rs.25 Crore or 3 times the amount of profits made out of such practices, whichever is higher. Section 15HB of the SEBI Act provides for penalty for contravention where no separate penalty has been provided which shall not be less than one lakh but may extend to Rs. 1 crore.
141. While determining the quantum of penalty under the SEBI Act, it is important to consider the factors stipulated in section 15J of the SEBI Act which are as follows: -
- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
 - (b) the amount of loss caused to an investor or group of investors as a result of the default;
 - (c) the repetitive nature of the default.
142. I note that from the connection established among the promoter entities, they have been benefitted by the said diversion of funds. However, I note there is no allegation or facts in the show cause notice how Mr. Anurag Dalmia and Mr. Sanjay Dalmia are beneficiaries of the said funds. Therefore, no finding can be entered on this score in view of the absence of facts in the show cause Notice. I also note that GTL is not a party/notice in the present proceedings. The promoter- connected entities are also not party in these proceedings. In view of this, no direction can be contemplated against GTL or the promoter connected entities.
143. There is no material on any disproportionate gain received by the Noticees. However, the funds diverted should be indirectly attributable to the shareholders. From that perspective, it can be considered as loss to the shareholders of GTL notionally.
144. Further I also have taken note of the fact of difference in the roles of Mr. Anurag Dalmia and Mr. Sanjay Dalmia.

145. I note that SEBI had previously also passed adjudication orders against Mr. Anurag Dalmia and Mr.Sanjay Dalmia in October 25, 2013 and against all the Noticees in February 14, 2014.

146. Keeping those factors in mind, I find that necessary directions are required to be issued and appropriate penalty is required to be imposed on the Noticees.

ORDER

147. In view of the above, I, in exercise of powers conferred on me in terms of Section 11(1), 11(4), 11(4A),11B(1),11B(2)) read with Section 19 of SEBI Act and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules,1995 do hereby pass the following order, in the interest of investors and market integrity:

- a. The Noticees are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds), directly or indirectly, or being associated with the securities market in any manner, whatsoever, for the following period, from the date of this order:

Name of Noticee	PAN	Period of Debarment
Mr. Sanjay Dalmia	AADPD9438N	24 months
Mr. Anurag Dalmia	AADPD9439P	18 months
Mr. Ashok Kumar Joshi	AAGPJ4277Q	12 months

- b. If the Noticees have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

- c. In addition, in exercise of powers conferred upon me under sections 11(4A) and 11B(2), the Noticees are hereby imposed with the following monetary penalties:

Noticee No.	Name of the Noticee	Penal Provision	Amount (in Rupees)
1.	Mr. Sanjay Dalmia	Section 15HA and 15HB of SEBI Act, 1992	30,00,000/- (Rupees Thirty Lakh)
2.	Mr. Anurag Dalmia		20,00,000/- (Rupees Twenty Lakh)
3.	Mr. Ashok Kumar Joshi	Section 15HA and 15HB of SEBI Act, 1992	10,00,000/- (Rupees Ten Lakh)

148. The Noticees shall remit / pay the said amount of penalty, within a period of forty-five (45) days from the date of receipt of this order, through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of EDs/CGMs -> PAY NOW. In case of any difficulty in online payment of penalty, the Noticee(s) may contact the support at portalhelp@sebi.gov.in.

149. The Noticee(s) shall forward details of the online payment made in compliance with the directions contained in this Order to the Division Chief, CFID-SEC-1, SEBI Bhavan II, Plot no. C -7, “G” Block, Bandra Kurla Complex, Bandra(E), Mumbai-400 051” and also to e-mail id: tad@sebi.gov.in in the format as given in table:

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

150. This order shall come into force with immediate effect.

151. A copy of this order shall be sent to the Noticees, all the recognized Stock Exchanges, Depositories and Registrar, Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

Date: August 29, 2025

Place: Mumbai

N. MURUGAN

QUASI-JUDICIAL AUTHORITY

SECURITIES AND EXCHANGE BOARD OF INDIA