QJA/GR/CFID/CFID/31185/2024-25

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 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.

Noticee No.:	Noticee name:	PAN:
1.	DB Realty Limited (now known as Valor Estate Limited)	AACCD5174F
2.	Mr. Vinod Kumar Goenka	AEUPG7032A
3.	Mr. Shahid Balwa Usman	AACPB0311K
4.	Mr. Asif Yusuf Balwa	AABPB2665F
5.	Mr. Jayvardhan Vinod Goenka	AOCPG4140H
6.	Mr. Salim Balwa Usman	AABPB2668J
7.	Ms. Sunita Goenka	AAKPB1531D
8.	Mr. Nabil Yusuf Patel	AMAPP4970G

(The aforesaid entities are hereinafter individually referred to by their respective names / Noticee numbers and collectively as 'Noticee(s)', unless the context specifies otherwise).

In the matter of DB Realty Limited (now known as Valor Estate Limited)

BACKGROUND:

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received complaints in December 2020 against a company named DB Realty Limited (hereinafter referred to as "**DBRL/Noticee No. 1/Company**") wherein the complainant had *inter alia* alleged that M/s.Pune Buildtech Pvt Ltd (hereinafter referred to as "**PBPL**"), had taken a loan of Rs.225 Crore from the

Bank of India (hereinafter referred to as **"BOI"**) in the year 2013 upon a corporate guarantee of Noticee No.1 DBRL and personal guarantees of Noticee No.2 namely, Mr. Vinod Kumar Goenka (Executive Director, Chairperson and Managing Director of DBRL), Noticee No.3 namely, Mr. Shahid Balwa Usman (Executive Director/ Managing Director of DBRL) and Noticee No.4 namely, Mr. Asif Yusuf Balwa (Chief Finance Officer). The complainant had further stated that the loan was not used for the purpose for which it was taken and were siphoned off for clearing of dues of other group companies. As on June 2020, the said loan amount of Rs.225 Crores with accrued interest outstanding to the total had reached approx. Rs.516 Crore.

2. In light thereof, SEBI commenced an investigation into the matter for the period between April 01, 2013 to March 31, 2021 to ascertain the possible violations of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**), Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as **'SCRA'**), Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **'PFUTP Regulations'**) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as **'LODR Regulations'**), if any.

3. On the basis of the findings of the investigation, Show Cause Notice dated January 2, 2023 ("**SCN**") was issued to the Noticee(s) wherein, *inter alia*, the following was observed:

3.1 DBRL had given a corporate guarantee in favour of BOI as collateral security for the loan of Rs.225 crores availed by PBPL. The said corporate guarantee was executed on 15th October, 2013. PBPL is wholly-owned subsidiary of Marine Drive Hospitality & Realty Private Limited (hereinafter referred to as "**MDHRPL**"). MDHRPL was formerly known as DB Hospitality Private Limited. As per the Annual report of DBRL for the FY 2013-14,

MDHRPL was referred to as "*Enterprise where individuals i.e. KMP and their relatives have significant influence*".

3.2 As per the Annual Return of MDHRPL for the FY 2012-13 filed with ROC in form 20B, the details of shares held by DBRL in MDHRPL as on the date of AGM i.e. September 28, 2013 (The date closest to date of execution of guarantee) is given below:

Particulars	**Equity Shares**	**ROCCPS*- Series A**	**ROCCPS** Series B**	**CCCPS***– Series C**	**CCCPS^– Series D**	**CRPS^^**
D B Realty Ltd	38,38,382	2,42,33,571	0	92,60,080	0	59,05,500
Total	2,47,15,768	3,28,56,347	35,214,231	1,00,00,000	12,357,884	59,05,500

* 0.002% Redeemable Optionally Convertible Cumulative Preference Shares
**0.001% Redeemable Optionally Convertible Cumulative Preference Shares
***0.002% Compulsory Convertible Cumulative Preference Shares
^0.001% Compulsory Convertible Cumulative Preference Shares
^^ Cumulative Redeemable Preference Shares

3.3 Similarly, as per the Annual Return of MDHRPL for the FY 2013-14 filed with ROC in form 20B, the details of shares held by DBPL in MDHRPL as on date of AGM i.e. September 30, 2014 is given below:

Particulars	**Equity Shares**	**ROCCPS*- Series A**	**ROCCPS** – Series B**	**CCCPS*** – Series C**	**CCCPS^ – Series D**	**CRPS^^**
D B Realty Ltd	38,38,382	2,42,33,571	0	92,60,080	0	74,44,256
Total	2,47,15,768	3,28,56,347	35,214,231	1,00,00,000	12,357,884	74,44,256

* 0.002% Redeemable Optionally Convertible Cumulative Preference Shares
**0.001% Redeemable Optionally Convertible Cumulative Preference Shares
***0.002% Compulsory Convertible Cumulative Preference Shares
^0.001% Compulsory Convertible Cumulative Preference Shares
^^ Cumulative Redeemable Preference Shares

3.4 The complete shareholding of MDHRPL as on the date of execution of corporate Guarantee i.e. as on October 15, 2013 is given below:

Sl. No.	**Name of Shareholder**	**Number of equity shares**	**% of shareholding of equity**	**Relationship with DBRL, its Directors and KMPs**
1.	DB Realty Limited	38,38,382	15.53	Listed Entity
2.	Ms. Shabana Balwa	10,000	0.04	Wife of Mr. Shahid Balwa Usman, Vice Chairman & Managing Director
3.	Ms. Shanita Jain	94,065	0.38	Sister of Mr. Vinod Kumar Goenka, Chairman & Managing Director

Sl. No.	Name of Shareholder	Number of equity shares	% of shareholding of equity	Relationship with DBRL, its Directors and KMPs
4.	Ms. Sunita Goenka	5,64,388	2.28	Sister of Mr. Vinod Kumar Goenka, Chairman & Managing Director
5.	Ms. Aseela V. Goenka	13,51,333	5.47	Wife of Mr. Vinod Kumar Goenka, Chairman & Managing Director
6.	Ms. Sanjana V. Goenka	13,51,333	5.47	Daughter of Mr. Vinod Kumar Goenka, Chairman & Managing Director
7.	Mr. Jayvardhan V. Goenka	13,51,333	5.47	Son of Mr. Vinod Kumar Goenka, Chairman & Managing Director
8.	Mr. Vinod K. Goenka, Karta of Vinod K. Goenka(HUF)	16,37,212	6.62	HUF of Mr. Vinod Kumar Goenka, Chairman & Managing Director
9.	Mr. Mohammed Morani	15,001	0.06	Promoter
10.	Mr. Ali Morani	8,426	0.03	Promoter
11.	Mr. Karim Morani	19,661	0.08	Promoter
12.	Neelkamal Central Appartment LLP	77,37,809	31.31	Enterprise where individuals i.e. KMP and their relatives have a significant influence
13.	Ms. Aseela Goenka, Managing Trustee of Goenka Family Trust	13,51,333	5.47	Family Trust of Mr. Vinod Kumar Goenka, Chairman & Managing Director
14.	IL&FS Trust Company Limited	3,09,996	1.25	NA
15.	V S Erector & Builders Private Limited	6,66,000	2.69	NA
16.	IIRF Holdings VIII Limited, Mauritius	20,47,888	8.29	NA
17.	Ms. Nasreen Morani	3,724	0.02	NA
18.	Raymond Investment Ltd	23,57,884	9.54	NA
	Total	**2,47,15,768**	**100.00**	

3.5 From the above, it is observed that DBRL held 15.53% of the equity share capital. Further, its directors, KMPs, relatives of directors/KMPs and enterprises controlled by them (Sl. No. 2 to 13) held 62.68% of equity share capital. Thus, DBRL along with its directors, KMPs, relatives of directors/KMPs and enterprises controlled by them (Sl. Nos. 1 to 13) held 78.21% of equity share capital of the MDHRPL as on the date of execution of guarantee i.e. October 15, 2013.

3.6 The preference shareholding pattern of MDHRPL as per form 20B was also perused and it was observed that in addition to 15.53% of the equity share capital held by DBRL and 62.68% of equity share capital held by directors, KMPs, relatives of directors/KMPs and enterprises controlled by them, wherein they also held a significant portion of different classes of preference share capital of the MDHRPL.

3.7 On perusal of the loan related documents and the copy of sanction letter dated September 25, 2013 as furnished by BOI, PBPL had borrowed Rs.225 Crores for the purpose of construction of residential project and repayment of existing Term Loan and the security for the same was as under:

Sr. No	Security
1	**Principal Security** – First Pari Passu charge on land admeasuring 14,368 sq. mt. located at Yerwada, Pune bearing CTS no. 2175 (part), plot no. 3 and buildings to be constructed thereof in favour of PNB along with Bank of India (**BOI**) and Indian Bank (formerly Allahabad Bank)
2	**Principal Security** - Exclusive charge on land admeasuring 7971.16 sq. mt. located at Yerwada, Pune owned by Mukund Bhavan Trust and Development Rights with Pune Buildtech Pvt .Ltd. in favour of BOI.
3	**Principal Security** - Escrow on receivables from Project including sale of residential units.
4	**Collateral Security by BD & P Hotels (India) Private Limited, fellow subsidiary of Pune Buildtech**- Extended subservient charge on residual value on its Company's Hotel Hilton bearing old plot no. Y, new plot no. D. CTS no. 41 (part) 47 (part) and 41/B/3/B at village Banpada, Taluka Andheri East, Mumbai in favour of BOI
5	Corporate Guarantee by BD & P Hotels (India) Private Limited, fellow subsidiary of Pune Buildtech Pvt. Ltd.
6	Corporate Guarantee by M/s Marine Drive Hospitality & Realty Private Limited, a Holding Company of Pune Buildtech Pvt. Ltd and guarantee of Mukund Bhavan Trust
7	**Collateral Security by DB Realty Limited** - Extended charge on DB Hill Park admeasuring 80934 sq. mt. Located at Malad, bearing CS no. 827A/4A of village Malad (E), Taluka- Boriwali, MSD owned by Mr. Tarashankar Chaubey and development rights of DB Realty Limited in favour of BOI.
8	**Collateral Security by DB Realty Limited -** Extended charge on Leasehold rights of the Resham Bhavan property admeasuring 1161.34 sq. mt. bearing CS no. 1680 of Fort Mumbai, owned by Goverment of Maharashtra and sixth floor of the said building alongwith Garage No. 2 in favour of BOI
9	Corporate Guarantee by DB Realty Limited in favour of BOI.

Sr. No	Security
10	Personal Guarantee of Mr. Vinod Kumar Goenka, Mr. Shahid Balwa Usman, Mr. Asif Yusuf Balwa, Mr. Tarashankar Chaubey in favour of BOI

3.8 In terms of SEBI Circulars Nos. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and CIR /CFD/POLICY CELL/7/2014 dated September 15, 2014 respectively and under the Listing Agreement, DBRL had sought the ratification/approval of shareholders by way of a special resolution on September 2, 2015 through Postal Ballot of all existing material related party transactions including the corporate guarantee given by the Company in favor of BOI on the loan availed by PBPL along with other existing and proposed transactions.

3.9 SEBI sought details of servicing of the loan by PBPL from BOI and on receipt of the same, it was observed that the servicing of the loan was with delay up to December 31, 2015 i.e. the date on which the account was classified as NPA. The details of servicing of the loan till the date of postal ballot notice i.e. July 21, 2015 is given below:

Demand Date	Particulars	Demand Amount	Collection Amt	Adjusted Date	Delay in Days
31/10/2013	Normal Interest	37,36,987	37,36,987	21/12/2013	51
29/11/2013	Charges	56,180	56,180	21/12/2013	22
30/11/2013	Normal Interest	51,43,523	51,43,523	21/12/2013	21
30/11/2013	Penal Interest	5,939	5,939	21/12/2013	21
31/12/2013	Normal Interest	55,49,338	55,49,338	12/02/2014	43
31/12/2013	Penal Interest	10,005	10,005	12/02/2014	43
24/01/2014	Charges	8,577	8,577	12/02/2014	19
31/01/2014	Normal Interest	1,38,78,711	1,38,78,711	12/02/2014	12
31/01/2014	Penal Interest	8,990	8,990	12/02/2014	12
28/02/2014	Normal Interest	1,67,75,896	1,67,75,896	03/03/2014	3
28/02/2014	Penal Interest	11,972	11,972	03/03/2014	3
27/03/2014	Charges	1,68,540	1,68,540	29/04/2014	33

Demand Date	Particulars	Demand Amount	Collection Amt	Adjusted Date	Delay in Days
31/03/2014	Normal Interest	1,90,48,308	1,90,48,308	29/04/2014	29
31/03/2014	Penal Interest	1,839	1,839	29/04/2014	29
30/04/2014	Normal Interest	1,87,32,975	1,87,32,975	30/04/2014	**0**
30/04/2014	Penal Interest	29,410	29,410	30/04/2014	**0**
31/05/2014	Normal Interest	2,16,51,165	2,16,51,165	24/06/2014	24
30/06/2014	Normal Interest	3,26,19,019	3,26,19,019	30/09/2014	92
30/06/2014	Penal Interest	26,481	26,481	30/09/2014	92
31/07/2014	Normal Interest	2,79,01,096	2,79,01,096	30/09/2014	61
31/07/2014	Penal Interest	53,582	53,582	30/09/2014	61
31/08/2014	Normal Interest	2,86,02,249	2,86,02,249	19/12/2014	110
31/08/2014	Penal Interest	1,01,321	1,01,321	19/12/2014	110
30/09/2014	Normal Interest	3,06,82,173	3,06,82,173	19/12/2014	80
30/09/2014	Penal Interest	1,45,146	1,45,146	19/12/2014	80
31/10/2014	Normal Interest	3,21,61,790	3,21,61,790	26/02/2015	118
31/10/2014	Penal Interest	99,432	99,432	26/02/2015	118
30/11/2014	Normal Interest	3,15,64,432	3,15,64,432	26/02/2015	88
30/11/2014	Penal Interest	1,46,549	1,46,549	26/02/2015	88
31/12/2014	Normal Interest	3,32,00,910	3,32,00,910	31/03/2015	90
31/12/2014	Penal Interest	1,52,662	1,52,662	31/03/2015	90
31/01/2015	Normal Interest	3,38,72,685	3,38,72,685	30/06/2015	150
31/01/2015	Penal Interest	1,25,352	1,25,352	30/06/2015	150
28/02/2015	Normal Interest	2,87,17,12,600	2,87,17,12,600	01/07/2015	123
28/02/2015	Penal Interest	1,59,356	1,59,356	01/07/2015	123
28/02/2015	Principal	10,71,00,000	0		**Not yet paid**
28/03/2015	Principal	10,71,00,000	0		**Not yet paid**

Demand Date	Particulars	Demand Amount	Collection Amt	Adjusted Date	Delay in Days
31/03/2015	Normal Interest	3,02,70,104	3,02,70,104	01/07/2015	92
31/03/2015	Penal Interest	3,49,593	3,49,593	01/07/2015	92
30/04/2015	Normal Interest	2,96,39,302	2,96,39,302	30/09/2015	**153**
30/04/2015	Penal Interest	1,63,602	1,63,602	30/09/2015	**153**
30/05/2015	Normal Interest	2,95,96,797	2,95,96,797	30/09/2015	123
30/05/2015	Penal Interest	2,00,901	2,00,901	30/09/2015	123
30/06/2015	Normal Interest	3,08,50,684	3,08,50,684	03/10/2015	95
30/06/2015	Penal Interest	2,51,632	2,51,632	03/10/2015	95

3.10 From the above, it is observed that the PBPL did not make any repayment of loan by due date except one instance of repayment of interest on April 30, 2014. In the remaining instances, the delay was in the range of 3 to 153 days. Further, the company DBRL had not repaid a single instalment of principal amount.

3.11 Accordingly, the SCN observed that the statement made by DBRL in the postal ballot notice dated July 21, 2015 i.e. "*This company is fulfilling its obligations of repayment of the loan*" is false and misleading and constitutes misrepresentation. Further, in the postal ballot notice DBRL had provided the details of its relationship with PBPL as wholly owned subsidiary of MDHRPL, a company in which KMPs and Promoters/ their relatives have significant influence and where DBRL has considerable economic interest.

3.12 In view of the above, SCN alleged that the company DBRL i.e. Noticee No.1 and Mr.Vinod Kumar Goenka and Shahid Balwa Usman i.e. Noticee No. 2 and 3 being its Managing Directors failed to comply with clause 49(I)(A)(2)(a), (3)(a) & (B)(1)(d) of the erstwhile Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA as the shareholders were not only deprived of the adequate, sufficient, full, relevant and reliable

information but were also misrepresented by providing false and misleading information. Further, as Noticee No. 2 and 3 being Managing Directors were responsible to oversee the process of disclosure and communications, however, they failed to comply with clause 49(I)(D)(2)(h) of the Listing Agreement.

3.13 SCN further observed that vide letter dated May 08, 2017, BOI had issued a notice under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**SARFAESI Act**") to DBRL, wherein the bank has *inter alia* informed that in spite of the repeated demands/requests for repayment of the amounts due to bank, the principal debtor (PBPL) has not so far paid the same, therefore the guarantor (DBRL) has become liable to pay the said dues. The notice dated May 08, 2017 served on PBPL, was also sent to DBRL specifically stating that the guarantee has been invoked. Further, the bank had published a possession notice in Business Standard on November 24, 2017 taking over the symbolic possession of the properties of DBRL offered as the collateral security. The bank had also issued recall notice dated August 14, 2020 to PBPL and others including DBRL, wherein BOI had called upon the Borrower and Guarantors (including DBRL) to pay Rs.516.50 Crores outstanding as on June 11, 2020 together with further interest of 17.15% p.a at monthly rests and penal interest @2% p.a. from June 12, 2020 till the date of full and final payment and/or realization.

3.14 SCN observed that considering the default in repayment of loan by PBPL since the beginning, it was evident that the risk of liability devolving upon DBRL was significant and hence events like the notice under SARFAESI, invocation of guarantee, recall notice, symbolic possession of properties are events which warranted disclosure under Regulation 30 of the LODR Regulations.

3.15 Accordingly, SCN alleged that Noticee No.1 and its Managing Directors Noticee No.2 and 3 failed to comply with Regulation 30, Regulation

4(1)(d)(e)(f)(g)(h)(i)(j), 4(2)(b) and (d)(iv) of the LODR Regulations read with Section 11A (2) of SEBI Act and Section 21 of the SCRA. Further, Noticee No. 2 and 3 also failed to comply with Regulation 4(2)(f)(ii)(2) and (8) of the LODR Regulations.

3.16 Clause 1, 2, and 16 of the deed of the Corporate Guarantee dated September 30, 2013 executed by DBRL with BOI is reproduced as under for reference:

1…..the Guarantor/s hereby irrevocably and unconditionally guarantee the due repayment by the Borrower and further irrevocably and unconditionally guarantee and undertaken to pay to the Bank, within 2 (two) days of demand, all and every sum at any time be owing by the Borrower to the Bank under the said Credit facilities,…

2. The Guarantee shall be a continuing guarantee for the purpose of securing the whole of the monies (actual and contingent) mentioned in clause 1 hereof (subject to the aggregate principal amount under the said Credit facilities not exceeding Rs.225,00,00,000/ Rupees Two Hundred Twenty Five Crores), together with all interest, thereon). Or on such as may be due, at the rate of ____ % or at such other rate of interest as the Borrower shall be liable to pay from time to time under the said Credit facilities and, such penal/ additional interest, costs, commissions and other costs, charges and expenses payable by the Borrower under the said credit facilities, that have accrued or shall accrue due to the Bank at any time before or after the date of the demand……"

16. Though as between the Guarantor/s and the Borrowers, the Guarantor/s are surety for the Borrower, yet as between the Guarantor/s and the Bank, the Guarantor/s shall be deemed to be principal debtor for all the monies, the payment of which is hereby guaranteed and accordingly the Guarantor/s shall not be discharged nor shall the Guarantor/s liability be affected by any fact or circumstance or any act, thing, omission or means whatsoever, whereby the Guarantor/s liability would have been the principal debtor. It is further agreed

that in the event there are more than one Guarantor, their liabilities under the guarantee shall be joint and several.

3.17 From the perusal of the annual reports of DBRL for Financial Year 2013-14 to Financial Year 2020-21, it was observed that, DBRL had disclosed the contingent liability in respect of the Corporate Guarantee to PBPL given note to accounts titled "Contingent Liabilities and Commitments" under the heading "Contingent Liabilities" and subheading "Guarantees and Securities provided to banks and Financial institutions (in India and overseas) against credit facilities extended to Companies under Same Management" in its financial statements.

3.18 It is observed that the company DBRL had adopted Ind AS with effect from 1st April, 2016 and therefore the financial statements starting with Financial Year 2016-17 have been prepared under Ind AS and the financial statements for the earlier years have been prepared under AS 29. The accounting standard applicable for measurement of contingent liability upto March 31, 2016 is AS 29 - Provisions, Contingent Liabilities and Contingent Assets and the relevant standard with effect from 1st April, 2016 is Ind AS 109 – Financial Instruments.

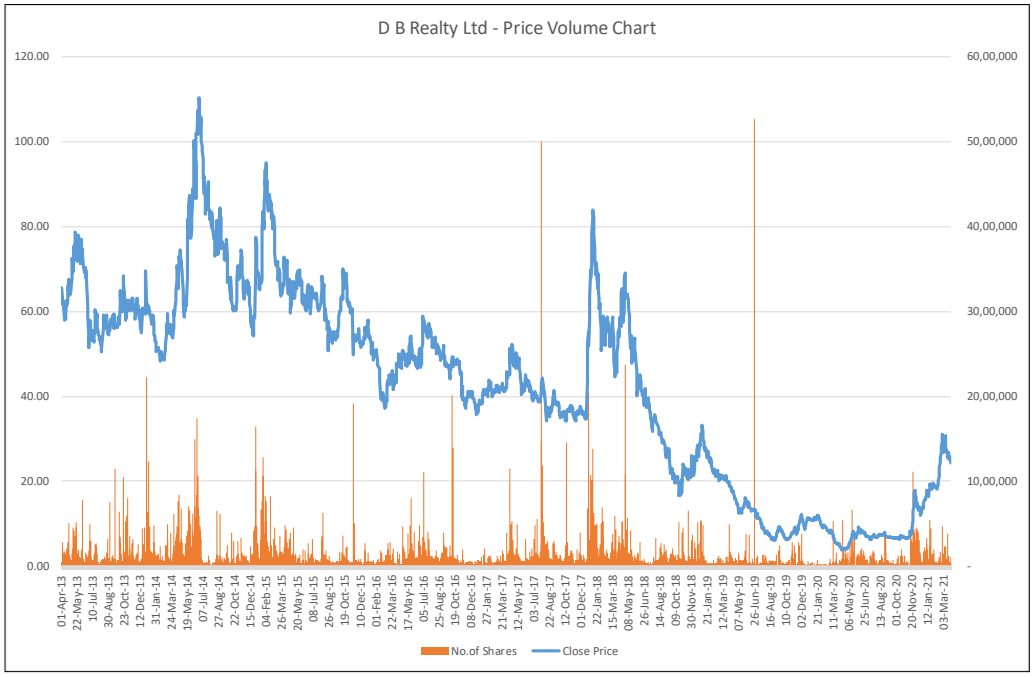
3.19 As observed from the demand and repayment provided by the Bank, PBPL was servicing the loan with delay up to December 31, 2015 i.e. date of classification of account as NPA and the interest demanded by bank were always repaid belatedly. Further, no payments were made by PBPL in respect of demands made from September 2015 onwards and the account was classified as NPA on December 2015.

3.20 SCN has observed that the obligating event of giving of the guarantee gave rise to a legal obligation. As on March 31, 2014, 2015 and 2016, PBPL was irregular in repaying all the amounts demanded by bank. In view of the default in timely repayments of the amounts by PBPL due to BOI, as on March 31, 2014, 2015 and 2016 it is probable that an outflow of resources

embodying economic benefits would be required to settle the obligation. Accordingly, as per paragraph 14 of AS 29, SCN has observed that DBRL should have recognized a provision for the best estimate of the obligation in the financial statements for the year ending March 31, 2014, 2015 and 2016. However, the DBRL continued to disclose the same as contingent liability which is not in accordance with AS 29.

3.21 Further, for Financial Year ending March 31, 2017 and the subsequent financial years, DBRL had adopted Ind AS 109 in respect of the corporate guarantee given to BOI for loan taken by PBPL. As the default in payment of loan and classification of account of PBPL as NPA are indicative of significant increase in credit risk on the corporate guarantee given since initial recognition, the guarantor became liable to pay the lender for the amount due. Thus, SCN has observed that DBRL ought to have recognised the financial guarantee at the amount of Actual Liability as on March 31, 2017.

3.22 From Financial Year 2013-14 the share price of the scrip had declined generally in line with the declining financial performance of the company. SCN has observed that had the company recognized the provision/liability for financial guarantee in the profit and loss accounts in the respective years, the profits/losses of the company would have been significantly different from the reported profits and losses and the outstanding provisions/liabilities would also significantly differ from what is disclosed in the balance sheet. This could have had an impact on the decision-making process for all stakeholders including minority shareholders of DBRL and could have likely led to a much larger decline in the share prices. The price volume chart of the scrip of DBRL during the investigation period is given below:



3.23 SCN observed that the published financial statements / results of the company did not give a true and fair view of the financial performance and position of the company as it significantly under reported the losses, thereby publishing manipulated financial statements and disseminating the same to the stock exchanges. The non-compliance with accounting standards has not only resulted into violation of Listing Agreement/ LODR Regulations but also resulted in the violation of PFUTP Regulations.

3.24 BOI had forwarded a copy of the Fraud Monitoring Return (FMR) dated September 17, 2019 filed with RBI and the forensic audit report of M/s. Anil Khandelwal & Associates conducted on behalf of BOI which revealed that PBPL did not utilize the loan amount of Rs.224.06 Crore for the project cost. PBPL had diverted the loan amount to companies where Promoters, Directors / KMPs of D B Realty Group and their relatives have significant influence as well as to certain subsidiaries of DBRL. In this regard, SCN observed that the promoters benefitted by the loan diversion to entities while the cost is borne by the public shareholders of the listed company DBRL.

3.25 Hence, SCN alleged that the non-recognition of the provision for financial guarantee/financial guarantee liability in respect of guarantee given to BOI on behalf of loan borrowed by PBPL which was diverted to promoter related entities and subsidiaries of DBRL constituted 'fraud' within the meaning of regulation 2(1)(c) of the PFUTP Regulations and hence the Noticee(s) violated Sections 12A (b) and (c) of the SEBI Act read with regulations 3 (c), (d), 4(1), 4(2)(f) (k) and (r) read with 2(1)(c) of the PFUTP Regulations.

3.26 From the Annual Reports of DBRL, SCN further observed that in addition to the guarantee given to loan obtained by PBPL, DBRL has also given financial guarantees to multiple banks/ financial institutions on behalf of various entities which were either subsidiaries of DBRL or promoter related entities. As on March 31, 2021 in addition to loan taken by PBPL, DBRL had given guarantee to the following loan amount:

S. No.	Borrower Name	Relationship with DBRL	Lender Name	Amount Borrowed/ Sanctioned (In INR Lacs)	Amount (in INR Lacs) outstanding as on			Guarantee Invoked?
					Mar 31, 2021	Mar 31, 2022	Jun 30, 2022	
1	Realgem Buildtech Pvt. Ltd. (Guarantee released in 2022)	Wholly Owned Subsidiary	HDFC Ltd.	30,000	21,535	-	-	No
2	Majestic Infracon Pvt. Ltd.	Promoter Group Company	Bank of India	42,500	6,811	6,811	6,811	No
3	BD&P Hotels (I) Pvt. Ltd.	Subsidiary of MDHRPL	Bank of India	6,500	3,241	3,241	2,681	No
4	MIG(Bandra) Realtors & Builders Pvt. Ltd.	Wholly Owned Subsidiary	HDFC Ltd.	1,10,000	1,14,321	62,921	62,921	No
5	Horizontal Realty & Aviation Pvt. Ltd. (Note)	Subsidiary	Beacon Trusteeship Ltd.	9,000	7,549	7,549	7,549	No
Note: DBRL has given corporate Guarantee for zero percent non-convertible debenture issued by Horizontal Realty and Aviation Private Limited. Beacon Trusteeship Ltd is the Debenture trustee to these NCDs								

3.27 From the information received in respect of the above loans and guarantees from the respective lenders, the following was observed:

S. No.	1	2	3	4	5
Borrower Name	**Realgem Buildtech Pvt. Ltd.**	**Majestic Infracon Pvt. Ltd.**	**BD&P Hotels (I) Pvt. Ltd.**	**MIG(Bandra) Realtors & Builders Pvt. Ltd.**	**Horizontal Realty & Aviation Pvt. Ltd.**
Lender Name	HDFC Ltd.	Bank of India	Bank of India	HDFC Ltd.	Beacon Trusteeship Ltd. (Debenture Trustee to an Unlisted Secured NCD)
Current status of the Borrower's loan account	Repaid	Active	Active	Loans were disbursed in three tranches. Two loans repaid and one loan is outstanding.	NCD is active
Whether the borrower was regular in servicing the loan obligations?	There have been instances of delayed payments.	Not Regular since 2012	Not regular since Feb 2015	There have been instances of delayed payments.	Scheduled payment is a Bullet Payment for Interest and Principal and is due on November 13, 2024.
Status of invocation of guarantee	Never invoked	Invocation of guarantees is under process. Lender is also under process of initiating Sec -7 under IBC, 2016	Invocation of guarantees is under process. Lender is also under process of initiating Sec -7 under IBC, 2016	Never invoked	Not invoked
NPA Status	October 2016 and February 2016	Classified as NPA on 31.12.2015, however as per AQR of RBI, account is NPA w.e.f 07.01.2014.	Classified as NPA as on 29.05.2015.	The loans that has been repaid were classified as NPA in July 2021 but were repaid in September 2021. The active loan account was reported as NPA on December 31, 2021 but upgraded to standard in March 2022	Not Applicable
Fraud classification status	Never classified	Classified as Fraud by our bank on 27.10.2020.	Never Classified	Not Applicable	Not Applicable

3.28 Accordingly, DBRL should have recognized a provision for the best estimate of the obligation in the financial statements for the year ending March 31, 2014, 2015 and 2016. However, the company continued to disclose the same as contingent liability which is not in accordance with AS 29 and Ind AS 109.

4. On the basis of the findings as provided in the SCN (as reproduced in paragraphs above), the nature of allegation in brief and the violations alleged in the SCN against the Noticee(s) are detailed as under:

4.1 For non-compliance with Accounting Standard 29 (FY 2013-14 to 2015-16) and Ind AS 109 (FY 2016-17 to 2020-21) in preparation and presentation of the financial statements in respect of guarantee given to BOI on behalf of loan borrowed by PBPL which has been diverted to promoter related Noticees resulting in misstatement of published financial statements;

4.1.1 Noticee No. 1 violated Sections 12A (b), (c) of the SEBI Act read with regulations 3 (c), (d), 4(1), 4(2)(f) (k) and (r) read with 2(1)(c) of the PFUTP Regulations;

4.1.2 Noticee No. 1 violated Clauses 49 (I)(C)(1)(a) and 50 of the Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Regulation 103 of LODR Regulations for FYs 2013-14 and 2014-15;

4.1.3 Noticee No. 1 violated Regulation 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e)(i), 33(1)(c) and 48 of LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of SCRA for FYs 2015-16 to 2020-21;

4.1.4 Noticee No.2 to 8 violated Sections 12A (b) and (c) of the SEBI Act, read with regulations 3 (c),(d), 4(1), 4(2)(f) (k) and (r) read with 2(1)(c) of PFUTP Regulations read with Section 2(60) of the Companies Act, 2013 and Section 27 of the SEBI Act;

4.1.5 Noticee No.2 and 3 violated Clauses 49 (I)(C)(1)(a), 49(I)(D)(1)(b), (2)(b)(h), 49(IX) and 50 of the Listing Agreement read with Section

11A(2) of SEBI Act and Section 21 of SCRA read with Regulation 103 of LODR Regulations read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA for the financial years 2013-14 and 2014-15;

4.1.6 Noticee No.2 and 3 violated Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e) (i), 4(2)(f)(i)(2), 4(2)(f)(ii)(2)(6)(7)(8), 4(2)(f)(iii)(1)(2)(3)(6) (12), Regulation 17(8), Regulation 33(1)(c), Regulation 48 of LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of SCRA for the financial years 2015-16 to 2020-21 read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA;

4.1.7 Noticee No.4 violated Regulations 4(2)(f)(i)(2) and 17(8) of SEBI LODR Regulations read with Section 2(60) of the Companies Act, 2013 read with Section 27 of the SEBI Act and Section 24 of SCRA;

4.1.8 Noticee No.5 to 8 violated Clauses 49 (I)(C)(1)(a), 49(I)(D)(1)(b), (2)(b)(h), and 50 of the Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Regulation 103 of LODR Regulations read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA for the financial years 2013-14 and 2014-15; and

4.1.9 Noticee No.5 to 8 violated Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e) (i), 4(2)(f)(i)(2), 4(2)(f)(ii)(2)(6)(7)(8), 4(2)(f)(iii)(1)(2)(3)(6) (12), Regulation 33(1)(c), Regulation 48 of SEBI LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA for the financial years 2015-16 to 2020-21.

4.2 For non-compliance with Accounting Standard 29 (FY 2013-14 to 2015-16) and Ind AS 109 (FY 2016-17 to 2020-21) in preparation and presentation of the financial statements in respect of guarantee given to lenders in respect

of loans obtained by subsidiaries and promoter related Noticees resulting in misstatement of published financial statements;

4.2.1 Noticee No. 1 violated Clauses 49 (I)(C)(1)(a) and 50 of the Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Regulation 103 of LODR Regulations for FYs 2013-14 and 2014-15;

4.2.2 Noticee No. 1 violated Regulation 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e)(i), 33(1)(c) and 48 of LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of SCRA for FYs 2015-16 to 2020-21;

4.2.3 Noticee No. 2 and 3 violated Clauses 49 (I)(C)(1)(a), 49(I)(D)(1)(b), (2)(b)(h), 49(IX) and 50 of the Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Regulation 103 of LODR Regulations read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA for the financial years 2013-14 and 2014-15;

4.2.4 Noticee No. 2 and 3 violated Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e) (i), 4(2)(f)(i)(2), 4(2)(f)(ii)(2)(6)(7)(8), 4(2)(f)(iii)(1)(2)(3)(6) (12), Regulation 17(8), Regulation 33(1)(c), Regulation 48 of LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of SCRA for the financial years 2015-16 to 2020-21 read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA;

4.2.5 Noticee No. 4 violated Regulations 4(2)(f)(i)(2) and 17(8) of SEBI LODR Regulations read with Section 2(60) of the Companies Act, 2013 read with Section 27 of the SEBI Act and Section 24 of SCRA;

4.2.6 Noticee No. 5 to 8 violated Clauses 49 (I)(C)(1)(a), 49(I)(D)(1)(b), (2)(b)(h), and 50 of the Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Regulation 103 of LODR Regulations read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA for the financial years 2013-14 and 2014-15; and

4.2.7 Noticee No. 5 to 8 violated Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e) (i), 4(2)(f)(i)(2), 4(2)(f)(ii)(2)(6)(7)(8), 4(2)(f)(iii)(1)(2)(3)(6) (12), Regulation 33(1)(c), Regulation 48 of SEBI LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA for the financial years 2015-16 to 2020-21.

4.3 For failure to include the material relevant information in the postal ballot notice in respect of the guarantee and security provided for the loan obtained by the promoter related Noticee and misrepresentation in the postal ballot notice that the borrower company is fulfilling its obligations of repayment of the loan;

4.3.1 Noticee No. 1 violated Clauses 49(I)(A)(2)(a), (3)(a) and (B)(1)(d) of the erstwhile Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA; and

4.3.2 Noticee No. 2 and 3 violated Clauses 49(I)(A)(2)(a), (3)(a), (B)(1)(d) and 49(I)(D)(2)(h) of the erstwhile Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA.

4.4 For failure to disclose material events/ information to stock exchanges viz., receipt of Notice u/s 13(2) of SARFAESI Act *inter alia* invoking guarantee, symbolic possession of company's properties by BOI and receipt of recall notice from BOI;

4.4.1 Noticee No 1 violated Regulation 30, Regulation 4(1)(d)(e)(f)(g)(h)(i)(j), 4(2)(b),(d)(iv) of LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of SCRA; and

4.4.2 Noticee No. 2 and 3 violated Regulation 30, Regulation 4(1)(d)(e)(f)(g)(h)(i)(j), 4(2)(b),(d)(iv), 4(2)(f)(ii)(2) and (8) of LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of

SCRA read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA.

4.5 For providing false certification under Clause 49 of the erstwhile listing agreement and Regulation 17(8) of LODR Regulations;

4.5.1 Noticee No. 2 and 3 violated Clauses 49 (I)(C)(1)(a), 49(I)(D)(1)(b), (2)(b)(h), 49(IX) and 50 of the Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Regulation 103 of LODR Regulations read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA for the financial years 2013-14 and 2014-15;

4.5.2 Noticee No. 2 and 3 violated Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e) (i), 4(2)(f)(i)(2), 4(2)(f)(ii)(2)(6)(7)(8), 4(2)(f)(iii)(1)(2)(3)(6) (12), Regulation 17(8), Regulation 33(1)(c), Regulation 48 of LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of SCRA for the financial years 2015-16 to 2020-21 read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA; and

4.5.3 Noticee No. 4 violated Regulations 4(2)(f)(i)(2) and 17(8) of LODR Regulations read with Section 2(60) of the Companies Act, 2013 read with Section 27 of the SEBI Act and Section 24 of SCRA.

5. For the abovementioned violations, SCN called upon:

5.1 Noticee No. 1 to 8 to show cause as to why proceedings under sections 11(1), 11(4), 11(4A), 11B(1), 11B(2) of SEBI Act read with sections 15HA of SEBI Act should not be initiated against them;

5.2 Noticee No. 1 to 8 to show cause as to why proceedings under section 12A(2) of SCRA read with Section 23H of SCRA and proceedings under sections 11(4A), 11B(2) of SEBI Act read with section 15HB of SEBI Act should not be initiated against them; and

5.3 Noticee No. 1, Noticee No. 2 and Noticee No. 3 to show cause as to why proceedings under section 12A(2) of SCRA read with 23A(a) of SCRA and proceedings under sections 11(4A), 11B(2) of SEBI Act read with section 15A(b) of SEBI Act should not be initiated against them.

SERVICE OF SCN AND HEARING:

6. A common SCN dated January 2, 2023 was issued to Noticee No. 1 to 8. Pursuant to the SCN, an opportunity of personal hearing was granted to the Noticee(s) vide hearing notice dated May 19, 2023 on June 21, 2023. The Noticee(s) therein filed separate reply dated May 25, 2023, May 26, 2023, June 2, 2023, June 6 2023, June 3, 2023 and June 7, 2023.

7. Vide letters dated June 15, 2023 and June 17, 2023 the Noticee(s) *inter alia* requested for the present proceedings to be kept in abeyance in light of the Order dated May 31, 2023 passed by the High Court of Delhi on the petition filed by PBPL against BOI in respect to the declaration of the PBPL's loan account as "fraud". Upon perusal of the aforesaid Order, since no injunction order or stay of present proceedings were observed, vide email dated June 20, 2023 the request of the Noticee(s) to keep the present proceeding on abeyance was rejected and the Noticee(s) were advised to appear for the scheduled hearing on June 21, 2023. Thereafter, the Noticee(s) vide email dated June 21, 2023 requested to reschedule the hearing to any date after two weeks. Accordingly, the hearing was adjourned to July 12, 2023 in the matter.

8. In the interregnum, the Noticee(s) filed an appeal before the Securities Appellate Tribunal ("**SAT**") against the aforementioned email dated June 20, 2023 requiring the Noticee(s) to appear before the competent authority for personal hearing. The Noticee(s) in their appeal memo contended that the final decision in the proceedings is pending before the other forums and may have a bearing upon SEBI's proceedings and accordingly prayed for a stay of SEBI proceedings.

9. SAT vide order dated June 28, 2023 listed the matter to be heard on July 26, 2023 for admission and for final disposal and directed the competent authority to defer the hearing date in the extant proceeding to any date after July 26, 2023. Accordingly, in light of the direction of the SAT, the hearing in the extant matter was rescheduled on August 09, 2023.

10. As the Noticee sought three weeks' time to file a rejoinder, SAT vide order dated July 26, 2023 directed the competent authority to defer the hearing date in the extant proceeding to any date after September 11, 2023. Accordingly, in light of the direction of the SAT, the hearing in the extant matter was rescheduled on September 14, 2023. Subsequently, SAT vide order dated October 20, 2023 granted three more weeks' time to file a rejoinder in the matter, the matter was listed for hearing on December 5, 2023. SAT directed the competent authority to further adjourn the proceedings.

11. SAT vide order dated February 5, 2024 adjourned the appeal further due to non-availability of the bench and directed the registry to list the matter on April 3, 2024. The Hon'ble Tribunal also directed the interim relief to be continued in the matter till the next date of listing.

12. The appeal was finally heard on September 12, 2024 wherein, the Noticees submitted that the foundational basis of issuance of the SCN by SEBI was a contingent liability of the Appellant as a guarantor to a loan availed by an entity PBPL from BOI and that liability has itself extinguished in view of the One Time Settlement entered into by PBPL. To this, the counsel appearing for SEBI submitted that the SCN issued by SEBI is for the violations committed under securities law and the facts placed by the Appellant regarding the NCLT/NCLAT/Delhi High Court proceedings has no bearing on the proceedings initiated by SEBI. The Hon'ble SAT was of the view that as the matter is at the SCN stage, it is appropriate for the Noticee(s) to substantiate its contentions before SEBI. Accordingly, SAT dismissed the appeal granting liberty of two weeks to the Appellant to make any additional submissions before SEBI.

13. Since no additional submissions were received from the Noticee(s), the extant proceedings were resumed and the Noticee(s) were advised to appear for personal hearing on October 15, 2024. Noticee No. 1 to 4 vide communication dated October 10, 2024 sought adjournment of the hearing citing Writ Petition(OS)(Civil) No. (L) 25619 of 2024 filed before the Bombay High Court challenging the SCN dated January 2, 2023 filed in the extant matter. Since no injunction order or stay of present proceedings were observed, the Noticee(s) were directed to attend the scheduled hearing and make their submissions on the said date.

14. The Writ Petition was listed for hearing on October 14, 2024 and the Hon'ble Bombay High Court has acknowledged the aforementioned order dated September 12, 2024 passed by the Hon'ble SAT which specifically addressed the issues similar to what was raised in the Writ Petition and accordingly, disposed of the petition.

15. Thereafter, on the date of the hearing, the Authorized Representatives (hereinafter referred to as "**ARs**") appeared on behalf of the Noticee(s) and made submissions dated October 15, 2024. During the course of the hearing the Noticee(s) expressed their intent to file additional submissions along with an opinion of an expert on implementation of the Accounting Standards. The Noticee(s) were advised to make their submissions by November 11, 2024.

SUBMISSIONS OF NOTICEES:

16. Pursuant to the issue of SCN dated January 2, 2023, the Noticee(s) have made individual submissions dated May 25, 2023, May 26, 2023, June 2, 2023, June 6 2023, June 3, 2023 and June 7, 2023 along with various common submissions dated October 15, 2024, November 14, 2024 and December 4, 2024. The entire text of the submissions made by the Noticee(s) cannot be reproduced in this order, however, all submissions made by the Noticee(s) along with enclosures are duly considered in the passing of this order.

17. The relevant submissions of the Noticee No. 1 to 4 vide letter dated October 15, 2024 is provided as under:

……

12. .....

*b. That on March 21, 2024 an agreement with respect to a One Time Settlement ("**OTS**") was entered into between Bank of India and PBPL, by virtue of an OTS sanction letter dated March 21, 2024 issued by Bank of India (hereinafter referred to as "**OTS Letter**"), as per which PBPL was required to pay INR 546.16 Crores towards full and final settlement of the Loan Facility within ninety days of the said letter i.e., on or before June 19, 2024.*

c. That in furtherance to the said terms, so agreed, the aforesaid payment has been made to Bank of India in various tranches and the last tranche towards full and final settlement was made on June 15, 2024, thereby fully satisfying its monetary obligation. With this remittance, the Loan Facility of PBPL with Bank of India as on the present date stands completely repaid and settled

d. That on fulfilment of the terms of the OTS Letter, on June 28, 2024, Bank of India issued a "No Dues Certificate" to PBPL inter alia providing confirmation of fulfilment of the OTS terms, that all security interest/ guarantees in relation thereto and other encumbrances in relation thereto stand discharged. Additionally, Bank of India also granted its "No objection" to release the existing charges and other security interests in relation to the said loans/ advances.

e. That in terms of issuance of the aforesaid letter, Bank of India has provided it's no objection to release all the properties attached as collateral for the Loan Facility, which also includes certain immovable properties mortgaged by the Noticee No. 1 in the capacity of a Corporate Guarantor and by the Noticees No. 2, 3, and 4 in the capacity of Personal Guarantor. Additionally, the Corporate Guarantee extended by the Noticee No. 1 and the Personal Guarantee extended by the Noticees No. 2, 3, and 4 in relation to the aforesaid Loan Facilities would ipso facto stand extinguished by virtue of issuance of the aforesaid No Dues Certificate.

f. That, as on date, Noticees No. 1, 2, 3, and 4's mortgaged properties have been released as collateral against the Loan Facility extended to PBPL and thereafter, on subsequent execution of a Deed of Re-conveyance between PBPL and Bank of India, and the subsequent requisite filings with the Registrar of Companies to dissolve and satisfy all charges created in this regard. The Noticees crave leave of the Ld. QJA to bring on record such other additional documents, including but not limited to the Deed of Re-conveyance and copies of filings made with ROC, as and when made available to the Noticees herein, substantiating the release of assets/ securities/ guarantees charged in favour of Bank of India by the Noticees along with PBPL.

13. It is submitted that the entire crux of allegations levelled against the Noticees is of misreporting the nature and amount of the corporate guarantee provided to Bank of India as collateral security for its loan to PBPL. It is also pertinent to note herein that as on the present date, the liability of Noticee No. 1 in its capacity as the

Corporate Guarantor and Noticees No. 2, 3, and 4 in their capacity as Personal Guarantors stands extinguished in the light of preceding paragraphs.

14. *It is stated that the SCN issued against the Noticees also largely relies upon the allegations that the loan account of PBPL is vitiated by 'fraud" and on the sole basis of the certain documents, including the Fraud Monitoring Return and the Forensic Audit Report which are not relevant to the issue at hand. More importantly, the OTS and the payment made by PBPL, in respect of this very loan amount, renders the fundamental basis of institution proceedings as infructuous and devoid of merit and tenders the issue trivial and meritless for adjudication.*
15. *That all the transactions relating to the loan and its settlement through payment of OTS were done between PBPL/ its parent and the BOI. The Noticees had only provided a guarantee to the said loan and in view of the factual matrix as seen in the preceding paragraphs, absolutely no liability arose on the Noticees in this regard. Hence, as no liability devolved upon the Noticees, the allegations of misreporting financials by not recognising provisions or losses in the financials of the Noticee 1 become devoid of merit and absolutely unfounded in fact.*
16. *Further, the said developments bring out a material change in the circumstances of the present case given the fact that such loans/ advances availed by PBPL constitute the central pivot for initiation of the proceedings as has been stated in the SCN. Therefore, relying upon the settled principle of 'sublata causa, tollitur effectus', given that the cause in itself is removed, the effect viz., the SCN issued to the Noticees in the present case in itself ought to lose its purpose and therefore would ipso facto be rendered obsolete.*
17. *In this regard, it is further submitted that since PBPL was in continuous discussions with BOI for settlement of its loan for a long time and it had assured the Noticees that they had sufficient funds to repay the loan as may be settled with BOI. When the time arose when PBPL was actually repaying its obligation to BOI, no liability of any nature whatsoever devolved upon the Noticee No. 1. Therefore, the assessment in the SCN about the violation of the applicable Accounting Standards with respect to misreporting the nature and value of the aforementioned guarantee is incorrect and not borne out by facts which emerged with respect thereto and hence the entire SCN in this regard deserves to be quashed.*

.....

19. *A plain reading of AS-29 and Ind AS-109 itself demonstrates that the Noticees have latitude in making provisions in the balance sheet of Noticee No.1 and also latitude in whether it would be necessary or not to report and/or recognise the potential loss on account of the guarantee given because of usage of words highlighted above. Therefore, no fault can be found with Noticee No. 1 for recording the bank guarantee.*
20. *In addition to the above, the Noticees are entitled to show the corporate guarantee as contingent liability in the accounts of Noticee No. 1 because if the corporate guarantee which was only one of the securities for the loan of PBPL would have been shown as a financial liability in the balance sheet of Noticee No. 1, then the same would have amounted to an admission of liability on the part of Noticee No. 1. This would have adversely prejudiced Noticee No. 1 in any potential litigation with BOI. This apprehension of the Noticees as Board of Directors of Noticee No.*

1 proved to be correct as subsequently BOI had in fact filed multiple proceedings, which were of course settled on account of the full payment by PBPL. Moreover, from subsequent events, it can be seen that the stand of the Noticees is vindicated as the corporate guarantee was only one of the securities and in fact, PBPL being the Borrower has repaid the entire loan of BOI and there is no liability in this regard on Noticee No. 1 at all. It is also important to note that your good-selves have merely relied on the statements and facts as presented to you by BOI, including the amounts stated by them, which amounts were heavily contested as being baseless and without any merit and devoid of a contractual agreement in respect thereto. It is important to note that these differences and disputes only came to an end at the time of the sanction of the OTS and till date, neither has PBPL, nor the Noticees 1–4 accepted the amounts as claimed by BOI (including to your good selves) and the parties decided to resolve their differences by entering into an OTS and consent terms. This very fact clearly shows that statements and averments made by BOI cannot be mechanically relied upon by yourselves as true, bona fide and legitimate as the differences which remained were resolved through a mutual agreement. Therefore, the statements provided by BOI (including the purported outstanding statement from time to time) and the inferences relied thereupon (viz. the value of losses / provisions that purportedly ought to have been recorded in the financials of Noticee 1, etc) themselves cannot survive, as they are disputed and such dispute was resolved through a settlement, through which the entire amount was repaid by PBPL itself.

21. Notably, the borrower itself (i.e. PBPL) entered into consent terms with BOI, made payments under an OTS and received a "No-Dues Certificate" on June 28, 2024. In the process, no liability whatsoever devolved on Noticee No.1 rendering the entire issue with respect to accounting standards entirely answered. Furthermore, as stated hereinabove, insofar as AS 29 was concerned, it was correctly recorded as there was in fact no outflow of resources embodying economic benefits by Noticee No.1 in settling the liability, and insofar as IndAS 109 is concerned, the expected credit loss was, in fact, 0. Therefore, the manner of recording the guarantees as was done by the Noticee No.1 was in fact correct.

18. Further vide letter dated November 14, 2024 Noticee no. 1 to 4 *inter alia* submitted as under:

……..

At the further outset, the Noticees submit that there is an inherent fallacy in the SCN issued to the Noticees for which the same deserves to be quashed and set aside. From the perusal of the SCN it is indicted to be issued under Rule 4(1) of the SEBI (Procedure for holding enquiries and impositions of penalties) Rules, 1995 (hereinafter referred to as "SEBI Adjudication Rules, 1995") which relates to a Show Cause Notice asking an entity to show cause why no enquiry should be conducted. But from the Paragraph No. 135 the SCN, it becomes apparent that the present SCN asks the Noticees to show cause as to why no penalty should be imposed on it which ought to be issued under Rule 4(3) of the SEBI Adjudication Rules, 1995.

It is submitted that the SCN is issued against the laws and is procedurally flawed and violates the established legal principles in the SEBI Adjudication Rules, 1995. It is submitted that Rule 4(1) mandates that before the stage of adjudication or considering levy of penalties, SEBI must issue a notice seeking the Noticee's response as to why no enquiry should be conducted against him/her/ it. Only after the response from the entity is received and the authority has formulated its opinion regarding the matter being fit to be graduated to adjudication stated, that SEBI allowed to proceed to issue subsequent notice under Rule 4(3), seeking reasons for non-imposition of penalties. The extract of Regulation 4(1), 4(3) of the SEBI Adjudication Rules, 1995 is provided herein below:

.....

It is further submitted that SEBI cannot under any exception directly issue a show cause notice asking the Noticees to show cause as to why no penalty should be levied on it without issuing a prior show cause notice asking the Noticees to show cause as to why no inquiry should be conducted against it and forming an opinion that whether the matter is fit for adjudication. By bypassing this crucial step, SEBI has "jumped the gun" and denied the Noticees its rightful opportunity to defend itself at the enquiry stage and consequently the SCN deserves to be quashed and set aside.

It is trite law that when law envisages two separate show cause notices for two separate steps i.e. for conduct of enquiry and adjudication, issuance of a notice directly asking the Noticees' to show cause why no penalty should be levied is in substantial violation of the established procedure. The said submissions are backed up by the observation of the Hon'ble Gauhati High Court in the matter of Sunita Agarwal vs. SEBI Writ Petition No. 530 of2022. Order dated September 06, 2022, where the Hon'ble Gauhati High Court while considering the order of the Hon'ble Supreme Court in the matter of Kanwar Natwar Singh vs. Directorate of Enforcement 2010 (13) SCC 255, in respect of the SEBI (Procedure for holding enquiries and impositions of penalties) Rules, 1995 stated as follows:

.....

Similar observations (regarding the procedure to be followed by the Adjudicating Officer for levy of penalty under the SEBI Adjudication Rules, 1995) were also made by the Hon'ble Tribunal in the matter of Top Telentedia Limited vs. SEBI SAT Appeal No. 156 of 2006. Order dated September 11, 2007, where the Hon'ble Tribunal observed as follows:

.....

Applying the above dictum of the Hon'ble Guahati High Court and Hon'ble Tribunal in the matter of Sunita Agarwal (supra) and Top Telelnedia Limited (supra) respectively, it is clear that SEBI cannot directly or at the first instance ask the entity to show cause as to why no penalty should be levied. The issuance of the present SCN asking the Noticees to show cause as to why no penalty should be levied against it necessarily shows that the authority has, even prior to issuance of the SCN, come to a conclusion regarding the requirement of conducting the enquiry for which issuance of the SCN is in violation of the principles of natural justice and hence, deserves to be quashed and set aside.

The Noticees, most humbly state that at the stage of a show cause notice, the person/ entity proceeded against must be told the charges against him/ her/ it so that he can take his defence and prove his innocence. But if at that stage the authority issuing the show cause notice, instead

of telling the notice the charges against him / her, confront him / her with definite conclusions of his alleged guilt as has been done in the present case (which indicates pre-judgement), the entire proceedings initiated by the show cause notice gets vitiated by unfairness and bias and the subsequent proceedings/ actions like submission of response to the show cause notice and personal hearing become idle ceremonies for which the SCN in the present case deserves to be quashed and set aside as has been dictated by the Hon'ble Supreme Court in the matter of Oryx Fisheries Private Limited vs. Union ofIndia 2010 (3) SCC 427.
Further, with respect to the compliance with AS 29 and IndAS 109, the following is submitted:

Accounting Standard 29

It is submitted that Valor adhered to the requirements of AS 29 until March 31, 2016, correctly disclosing its corporate guarantees as contingent liabilities. AS 29 specifies that such guarantees should be provisioned for when the three specific conditions of AS 29 are conjunctively met. These are: (a) that there is a present liability as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the obligation. It is only if all three such conditions are met that AS 29 requires a provision be recorded. Valor's disclosures during this period were in full compliance with AS 29. There was no liability whatsoever cast upon Valor within the period of applicability of AS 29 (i.e. up to March 31, 2016) as the obligating event (contrary to what the SCN wrongly seeks to suggest as being PBPL's alleged irregularity in servicing the loan) of invocation of guarantee itself had not arisen until (which fact too is disputed by Valor but is irrespectively claimed by Bank of India) Valor's guarantee was purportedly invoked on August 20, 2020 (much after the period of AS 29),which invocation too was contested as being illegal and non-est. In fact, Bol did not even serve Valor was a notice of default during this period. Furthermore, as facts have shown, there was no probability of an outflow of resources embodying econolllic benefits to settle the obligation in question, as the borrower (PBPL) paid the said loan with no liability on Valor.

Therefore, the entire accounting standard itself was satisfied. The SCN seeks to circumvent this by alleging that Valor should have recorded a higher provision based merely on Bank of India's (hereinafter referred to as "Bol") statement to SEBI that the account of PBPL was irregular, and that this fact alone me the threshold of being the obligating event required under 14(a) of AS 29. We humbly submit that this is a gross misinterpretation of the accounting standard and law. It is trite law as laid down by the judgments of Hon' ble NCLAT Contpany Appeal (AT) (Ins.) No.329 of 2023, Pooja Ramesh Singh vs. State Bank of India", Vikram Kumar Proprietor Vs. NArcana (Mumbai) Private Limited' in Comp. App. (AT) (Ins.) No.836 of 2023, wherein it was held that the liability of a guarantor arises only when the guarantee it has provided has been invoked. Until such specific invocation (which as per Bol's own case as recorded in the SCN was August 20, 2020), there can be no liability assumed under the corporate guarantee. This very fact alone (in addition to the substantive of fact of no liability whatsoever having devolved on Valor) show clearly that the manner of recording of guarantee by Valor was - in fact — correct for the period of AS 29 and no other manner of recording would have been permissible.

Indian Accounting Standard 109

Further, when Valor transitioned to Ind AS 109 on April 1, 2016, the accounting framework shifted significantly. Ind AS 109 introduced the need to measure corporate guarantees at fair value and recognize expected credit losses. Unlike AS 29, which emphasized contingent liabilities, Ind AS 109 required a more proactive approach to assess credit risk and recognize impairment if there was a substantial increase in credit risk. Valor, after careful analysis, determined that no impairment or expected credit loss was necessary and this determination held true, in fact.

IndAS 109 at 5.5.11 states clearly states that merely past due information cannot be relied on for determining whether credit risk has increased and if an entity is in possession of reasonable forward looking statements without undue cost which demonstrate tllat such credit risk has not increased significantly, the entity is not obligated to increase the provisioning of such guarantee. The SCN, crucially, ignores this fact and relies almost exclusively on the fact that the account of PBPL which was guaranteed by Valor was purportedly past due and that process of recovery had purportedly been initiated. It fails to give due regard to the fact that Valor was in possession of reasonable forward looking statements which convinced it of the fact that the credit risk on it had not increased, and that as a result, it did not need to recognise the lifetime expected credit losses from such guarantee. It is a matter of fact that PBPL itself has paid off the entire loan of Bol and that no liability whatsoever has devolved upon Valor, which clearly demonstrates that there was no increase in the credit risk upon Valor, not necessitating the recognition of such losses. Therefore, Valor's recording was entirely in accordance with IndAS 109.

Further, Valor's statutory auditors qualified the financial statements purportedly due to the absence of a fair market valuation for the corporate guarantees, therefore stating that this created difficulty in accurately assessing the impact on the financials. This qualification highlighted the challenge of determining the precise effect of the guarantees in the absence of a standardized fair value measurement process, a factor which Valor was actively addressing given the nature of its business and the restrictive covenants it faced from its lenders.

The application of Ind AS 109 requires a forward-looking evaluation of risk, and Valor's decision not to recognize impairment was based on careful consideration of all relevant factors, including the absence of significant changes in credit risk to it. Valor's approach fully complied with the standards prescribed under Ind AS 109 and was consistent with sound accounting principles.

Therefore, the allegations in the SCN regarding Valor's treatment of corporate guarantees are unfounded. Valor diligently complied with both AS 29 and Ind AS 109, transitioning appropriately and making the required disclosures in line with the respective accounting frameworks. The SCN's failure to recognize the technical nuances between these two accounting standards and its overreach in challenging the company's internal assessments highlights the misinterpretation of the accounting principles at play.

Valuation of a financial guarantee under Ind AS 109

Para B5.5.32 of Ind AS 109 states that ". If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash

shortfalls for the asset subject to the guarantee." The Expected Credit Loss (hereinafter referred to as the "ECL") calculation is based on three components: Probability of Default (hereinafter referred to as "PD"), Exposure at Default (hereinafter referred to as "EAD"), and Loss Given Default (hereinafter referred to as "LGD").

PD: This reflects the likelihood that a borrower will default within a specific period, typically calculated for 12 months or the asset's lifetime. If there's no default, PD is zero; if default occurs, PD is 100%.
EAD: This is the total exposure value at the time of default.
LGD: Represents the percentage of the exposure expected to be lost in a default. This value considers factors including the value of any collateral securing the loan, the borrower's repayment ability of any portion of the outstanding debt, and the guarantor's recovery options including through legal action.
Each of these elements—PD, EAD, and LCD—requires management's assessment. In summation, if LGD is determined to be zero, the entire ECL is zero, as no expected loss would be anticipated in case of default.
Further, the following securities were provided to the Bol.

Primary securities and their 2013 estimates:
Pune Builtech Private Limited's (hereinafter referred to as "PBPL") Pune Land Project: The developable area, covering approximately 72,000 square meters, was estimated at a gross value of about Rs.600 crore for FY 2013-14, assessed prior to the loan drawdown. After accounting for a projected 12month construction period, the estimated net cash flow surplus was around Rs.300 crore.

Mortgage on an operational 171-key Hilton Hotel in Mumbai (owned by BD&P Hotels, a promoter entity): The assets were valued at approximately Rs.3 crore to Rs.5 crore per key, giving a total estimated valuation in the range of Rs 500 crore to Rs 850 crore.

Combined with other primary securities, the total security value was assessed to be between Rs 800 crore and Rs 1150 crore.
Additional securities and their 2013 estimates:

Marine Drive Hospitality Private Limited (hereinafter referred to as "MDHPL") is a promoter entity with significant assets, including ownership of the 313-key Grand Hyatt Hotel in Goa. In addition, it holds valuable land parcels in Marine Lines and has an economic interest in a project in Juhu, enhancing its portfolio of prime real estate and hospitality ventures.

MDHPL has substantial real estate holdings and investments including the Grand Hyatt Goa, with 313 keys, has been valued at a minimum of Rs 1,000 crore since the inception of the loan.

In addition, it held valuable real estate projects in Marine Lines, estimated at Rs 800 crore, and holds an economic interest in a project at Juhu valued at Rs 200 crore.

The total net assets of Marine Drive Hospitality were valued at no less than Rs 500 crore, with these values appreciating significantly post-2013 due to the rise in real estate prices.

Personal guarantees from the promoters

DB Realty Limited (now known as Valor Estate Limited) roas also a guarantor for the loan and mortgaged a couple of its securities.

Management's Position on Expected Liability

Valor's management conducted a comprehensive assessment of the potential liability arising from the corporate guarantee issued to the Bank of India, factoring in the substantial collateral and security provided by PBPL and associated promoter entities.This assessment was based on the significant value of the assets pledged as collateral, which included high-value real estate projects and investments.
Given the solid security provided by these assets, management determined that the risk of Valor incurring any liability under the guarantee was minimal. Specifically, the assets linked to the guarantee—such as the Grand Hyatt Goa, the land at Pune, and the high-value land parcels in Marine Lines—were estimated to have a combined value significantly exceeding the amounts potentially owing under the guarantee.
As a result, after considering these factors, management concluded that no provision for liability was required in the financial statements. The security provided by PBPL and associated promoter entities and as covered by these assets offered sufficient assurance to mitigate the risk, thereby making any immediate provisioning unnecessary. This decision was consistent with the company's careful risk management practices and was based on sound judgment.
Further, as already informed vide the Written Submissions, PBPL and MDHPL successfully secured the necessary funds and fully repaid the loan of Bol, thereby eliminating any potential liability under the corporate guarantee previously issued by Valor. This repayment ensured that Valor did not face any financial obligation or liability resulting from the guarantee, further supporting the company's prudent risk management strategy and the effectiveness of the collateral arrangement.
The timely settlement of the loan and the satisfaction of all outstanding obligations by PBPL and MDHPL reinforced the position that Valor's exposure under the corporate guarantee was minimal, as projected by management, and no further action was required from Valor's side, therefore yielding no violation whatsoever of any accounting standards.
Thus, Valor has fully complied with the applicable accounting standards, first under AS 29 until March 31, 2016, and subsequently under Ind AS 109 from April 1, 2016.
It is further submitted that since Valor has in fact complied with the applicable accounting standards, there can be no finding of violations against it with respect to provisions of the SEBI (PFUTP) Regulations, 2003. The guarantees were properly recorded, and the financials of the company were accurately presented, therefore any allegation of market manipulation through such 'misreported financials' is summarily rejected as baseless. It is further pertinent to note that the review period during which the stock price of Valor fell was a period wherein the real estate sector suffered immensely, including on account of various governmental policies and changes (demonetisation, introduction of GST, introduction of RERA, general market slowdown) and the COVID-19 induced pandemic. No market manipulation at all can be alleged or countenanced in this regard.

6. Vide letter dated November 14, 2024 Noticee no. 5 to 8 *inter alia* submitted as under:

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a. *The Noticee No. 5 was appointed as a non-executive and non-independent director of Valor on December 10, 2011, at age 21, during a time of deep family exigencies (as has been elaborated upon in detail in Noticee No. S's Reply dated May 26, 2023) whilst he was still pursuing his studies in the UK and retired also as a non-executive and non-independent director on August 13, 2019. His designation and role did not change during his tenure. His date of retirement from the board of directors of Valor was much prior to the financial statements of Valor for FY 2019-2020 (and thereafter) were published and therefore, he was in no manner whatsoever associated with Valor for the aforesaid period, and thus, any and all allegations raised against the Noticee No. 5 for the said period are inapplicable for this reason alone.*
b. *Further, during the Noticee No. 5' s tenure as a non-independent and non-executive director of Valor he was between 21 and 29 years of age, he was not a part of the Audit Committee of the said Company and neither was he involved, in any manner whatsoever in the day-to-day functioning of Valor. In fact, as sought to be alleged in the SCN, the N oticee No. 5 was not a "Promoter" of Valor and was merely a part of the "Promoter Group", a designation he had since Valor's incorporation/ founding in 2007 (when he was a minor and which designation continues to this day).*
c. *Furthermore, the Noticee was in no manner whatsoever in control of Valor, neither did he have any rights to appoint a majority of directors, nor did he have any rights to control the policy decisions of the said Company. Therefore, in view thereof, any and all allegations levied against the N oticee by way of the SCN vis-a-vis the functioning of Valor are premised on fundamentally flawed notions contrary to prevailing facts and circumstances, which are thus not sustainable.*
d. *It is also incumbent to note that the manner of statement/ recording of guarantees (which is the subject matter of the SCN) by Valor during the tenure of the Noticee No. 5 as a non-independent non-executive director on its board remained the same even post his retirement from the board. The nature of recording of the guarantee in FY 2018-2019 (when the Noticee No. 5 was a member of the board of directors of Valor) was the same as that of FY 2020-2021 (when the Noticee No. 5 was not a member of the board of directors of Valor). This fact alone shows that the Noticee No. 5 had no role to play in the preparation and presentation of the financials of Valor, as they were presented in the same way during his tenure and after his retirement, showing no agency on his partbeing employed in this regard at all.*
e. *Mr. Salim Balwa, Noticee No. 06, (hereinafter referred to as "Noticee No. 6") is the brother of Mr. Shahid Balwa. He has previously been a Non-Executive NonIndependent Director of Valor Estate Limited from 2011 to 2019. He has more than a decade of experience in hospitality and construction indush·y. He along with Mr. Shahid Balwa led the business foray into hospitality. He is in charge of consh·uction/ operation of the family business of hotels. Mr. Salim Balwa has been actively involved in the work of tenants vacation and overseeing project operation and construction work for Jijamata Nagar project, Worli being undertaken by Urban Worli Development Project LLP (earlier known as Lokhandwala DB Realty LLP), an Associate entity in which Company along with its wholly owned subsidiary Company (WOS) M/ s. DB Contractors and Builders Pvt. Ltd. holds 50% stake and balance 50% stake held by Prestige Group. Currently, he is*

designated as President- Operations in Associate/Joint Venture entity of the Company with effect from October 01, 2024. He did not occupy any role in the audit committee of the Company and has had no role to play in the preparation or finalisation of the accounts/ financials of Valor.

f. Ms. Sunita Goenka, Noticee No. 07 (hereinafter referred to as "Noticee No. 7") was appointed as Non-Independent, Non-executive Director of the Valor with effect from March 30, 2015. Ms. Sunita Goenka aged 62 years, is the sister of Mr. Vinod Goenka, Managing Director of Valor. She has more than a decade of experience in Management of Educational institutions and also construction indush-y. She is in charge of nstruction / operation of the family business of Goenka Group. She resigned from {; lor with effect from September 15, 2020. She did not occupy any role in the audit committee of the Company and had no role to play in the preparation or finalisation of the accounts / financials of Valor.

g. Mr. Nabil Patel, Noticee No. 8 (hereinafter referred to as "Noticee No. 8") has been serving on the Board of Valor as a Non-Executive Non-Independent Director since September 15, 2020. Prior to his appointment as Non-Executive Non-Independent Director, he was looking after functions of sales and marketing at the Group level since incorporation of Valor. He has over 20 years of experience in the real estate sector. In the recent past, he played vital role by coordinating with various partners such as Adani Realty, Prestige Estate, Godrej Properties etc., in accomplishment of joint venture / partnership deals with them. He is currently Executive Directors (Business Development, Sales & Marketing) of Valor for a period three (3) years, from April 12, 2024, to April 11, 2027. He did not occupy any role in the audit committee of the Company and has had no role to play in the preparation or finalisation of the accounts / financials of Valor.

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7. Vide letter dated December 4, 2024 the Noticee No. 1 to 8 inter alia submitted as under:

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*5. As stated above, the Noticees are in receipt of the Accounting Opinion on Recognition of Provision or Contingent Liability in DBRL's Financial Statements dated November 22, 2024, (hereinafter referred to as the "**Expert Opinion"),** vide which the Pipara and Company, Chartered Accountants, opined that the Noticee No. 1's treatment of the corporate guarantee as a contingent liability or financial guarantee for FY 2013-14 to FY 2020-21 was in compliance with the provisions of AS-29 and Ind AS 109. The disclosure accurately reflected the value of primary and secondary collateral and the assessed likelihood of the liability's crystallization, aligning with applicable standards. Furthermore, it was noted that PBPL settled the loan with BOI in FY 2024-25 through the sale of primary security and support from its parent company, MDHRPL with no liability ultimately devolving upon the Noticee No. 1. The relevant paragraph is reproduced below for ready reference:*

> *Accordingly, given the facts of the present case as represented to us, based on the details provided by the querist, including details of collateral security, communication from the PBPL and Marine Drive Hospitality & Realty Private*

Limited, across-the-table discussions of facts, figures and relevant matters, and basis our professional evaluation of AS-29 and Ind AS 109, it is our considered opinion that DB Realty's treatment of the corporate guarantee as a contingent liability or financial guarantee from FY 2013-14 to FY 2020-21 aligns with the interpretations of AS-29 and Ind AS 109. This disclosure appears in line with the respective standard, given the value of security (Primary and Secondary Collateral), its coverage and DB Realty's concurrent assessment of the likelihood of the liability's crystallization.

It has also brought to our attention that PBPL has settled the loan with BOI, repaying the facility through the sale of the primary security and with support from its parent company, MDHRPL, in FY 2024-25 without any liability falling on Valor Estate Limited.

6. *With respect to the two loans provided by the wholly owned subsidiaries of Noticee No. 1 and secured by it via financial guarantees, extended to MIG (Bandra) Realtors and Builders Private Limited (hereinafter referred to as "**MIG**") and Real Gem Buildtech Private Limited (hereinafter referred to as "**Real Gem**"), with both entities' debts consolidated into the Noticee No. 1's financial statements, the following is submitted:*

6.1 At the outset, it is submitted that the SCN has erroneously classified the loans of MIG and Real Gem as 'promoter loans' and has raised similar allegations regarding violations of accounting standards in relation to these loans.

6.2. However, in this regard it is clarified that MIG and Real Gem were wholly owned subsidiaries of Noticee No. 1, and as such, the loans in question were properly reflected as actual liabilities of Noticee No. 1 in its consolidated balance sheet. Therefore, there was no obligation to treat these loans as contingent liabilities, as they were fully accounted for in the financial statements. Hence, there is a factual misconception noted in the SCN, particularly given that these two loans represent nearly 80% of the total liabilities and guarantees.

6.3 Further, in respect of the loan provided to MIG, a loan of n,100 crores was sanctioned by HDFC on June 27, 2018, secured by a mortgage on 488,236 sq. ft. of saleable area and balance receivables from a sold area of 269,650 sq. ft. at the Bandra-Kurla Complex,Bandra East project, a pledge of 100% equity shares of MIG, a pledge of 6.40 crore shares of DBRL by promoters, a second charge on the Grand Hyatt Goa (with the first charge held by Yes Bank for lending up to {3,000 crores), a corporate guarantee from DBRL, and personal guarantees from Mr. Vinod Goenka, Noticee No. 2, and Mr. Shahid Balwa Noticee No. 3.

6.4. In respect of the loan provided to Real Gem, a loan of 300 crores was sanctioned by HDFC on December 26, 2012, followed by a top-up of <150 crores on July 1, 2015. The security for this loan included a charge on all rights, titles, and receivables from the project under the DA agreement, a pledge of 2.6 crore shares of Noticee No. 1 by promoters, a personal guarantee from Mr. Vinod Goenka, Noticee No. 2 and a corporate guarantee from Noticee No. 1.

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. *6.6 Further, in 2021-2022, HDFC conducted a Debt Asset Swap, reducing the outstanding loan for MIG to <629.21 crores. Also, MIG holds 797,191 sq. ft. of saleable area at the BKC project, conservatively valued at <2,000 crores, with*

an estimated cost of completion of 550 crores, resulting in a surplus of over 1,450 crores compared to the outstanding loan.

6.7. Additionally, in FY 2018-19, the DB Crown project was transferred to Kingmaker Developers Private Limited, a Rustomjee Group entity, through a slump sale agreement effective July 1, 2018, with Kingmaker assuming the debt servicing liability.

6.8. ....

6.8.1. Further, in respect of the Expected Credit Loss (hereinafter referred to as "ECL") and provisioning, it is submitted that none of the guarantees issued by Noticee No. 1 were invoked, and the collateral coverage consistently exceeded the outstanding loans, resulting in a Loss Given Default (hereinafter referred to as "LGD") of Nil.

6.8.2. Therefore, as per IndAS 109, the ECL, calculated as ECL = Probability of Default (hereinafter referred to as "PD") x Exposure at Default (hereinafter referred to as"EAD" LCD, is also Nil

6.9. Hence, considering the aforesaid, no provisioning was required for the financial guarantees issued by the Noticee No. 1 to its wholly owned subsidiaries.

7. With respect to the three promoter loans secured by financial guarantees issued by Noticee No. 1, the details of which are listed below:

7.1. Loan by PBPL was availed from Bank of India, Punjab National Bank and Allahabad Bank, which has been settled.

7.2. Loan by BD & P Hotels (hereinafter referred to as "BDPH") availed from Bank of India (INR 65 Crores, approx.) and Punjab National Bank. This was secured by the cashflows from Hilton Hotel and the property itself, which was valued at approx. INR 500 crores.

7.3. Loan by Majestic Infracon (hereinafter referred to as "MIPL") availed from Bank of India and Punjab National Bank. There is an outstanding loan of approximately 68 crores from Bank of India. The loan from Punjab National Bank is adjusted against the Fixed deposit. It is secured primarily by shares of Etisalat DB Telecom.

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7.5 Considering the aforesaid, it is submitted that firstly, none of the financial guarantees issued by the Noticee No. 1 was invoked. Secondly, the total value of securities consistently exceeded the outstanding loans, hence the Loss Given Default (hereinafter referred to as "LGD") was considered Nil. Applying the formula for ECL under IndAS109, where ECL = PD x EAD x LCD, the resulting ECL is also Nil.

7.6. Therefore, based on above facts, it is concluded that no provisioning is required in respect of the financial guarantees issued.

8. Further, in respect of the allegation on the share price of Noticee No. 1 being linked to its financial performance, and its purported failure to recognize provisions for financial guarantees which allegedly lead to the publishing of distorted reported profits and liabilities, thereby, purportedly potentially misleading stakeholders as the share price could have been even more significant than what was presented, the same is denied in toto. It is submitted that the Noticee has adhered to the prescribed accounting standards and principles in its treatment

of contingent liabilities, including financial guarantees, during the relevant financial years, as corroborated by the Expert Opinion. The Expert Opinion conclusively finds that Noticee's accounting treatment was in accordance with applicable regulations and accurately reflected its financial position.

8.1. In light of the above, on a comparative analysis of share price movements of the Noticee No. 1 against benchmark indices such as BSE Sensex and Nifty 50, it is reflected that the decline in its share price was aligned with its overall financial performance and external market conditions, and not due to any alleged misrepresentation in financial reporting. The Expert Opinion further substantiates that the financial results, including reported profits/losses and disclosed liabilities, were not misstated.

8.2. Therefore, the assertion that earlier recognition of such provisions would have significantly altered stakeholder decisions or caused a disproportionate impact on share prices is speculative and devoid of merit. The Noticee No. 1's financial disclosures were both accurate and transparent, ensuring that its shareholders and stakeholders were not misled in any manner. Accordingly, the allegations of non-compliance and potential prejudice any shareholders including minority shareholders stand unfounded.

8.3. The comparative analysis unequivocally demonstrates that the Noticee No. 1's share price movements were isolated from broader market trends exhibited by the S&P BSE Sensex and Nifty 50. The consistent underperformance, lack of upward correlation and absence of price spikes or artificial trends reinforce that the Noticee No. 1's share price was not impacted by any alleged artificial inflation or misrepresentation. Furthermore, the expert opinion validates that Noticee No. 1's treatment of the corporate guarantee as a contingent liability was appropriate and in compliance with applicable accounting standards. This substantiates that the alleged misstatement could not have materially affected the share price, as market participants relied on the inherent fundamentals, independent of speculative factors or any purported misstatement

8.4. Hence, the allegations that the share price could have declined more is purely speculative and would fail to consider the findings of the Expert Opinion, which unequivocally validate that the treatment of the corporate guarantee as a contingent liability was in compliance with AS-29 and Ind AS 109. This accounting treatment was based on a thorough evaluation of the likelihood of liability crystallization, supported by substantial collateral security, which significantly mitigated the probability of outflows. The Expert's Opinion confirms that Noticee No.1's disclosures were aligned with the applicable standards and reflected a true and fair view of its financial position.

8.5. The contention that the recognition of provisions would have materially altered the share price is purely hypothetical. On a comparative analysis, it can be seen that the Noticee No. 1's consistent underperformance relative to market indices such as Sensex and Nifty highlights that investors' decisions were guided by the Noticee No. 1's inherent fundamentals, not by purported deficiencies in financial reporting. In light of the aforesaid, there is no substantiation on how the alleged misstatement specifically distorted market perception or misled

stakeholders, especially given the independent expert's validation of the appropriateness of Noticee No. 1's accounting practices.

8.6. Further, in respect of the allegation that the promoters gained by underreporting losses or failing to take provisions, thereby artificially inflating the share price, is erroneous. During the relevant period, the promoters neither sold any shares at these "inflated" prices nor sought to benefit from such alleged inflation. On the contrary, they made substantial purchases of shares through convertible warrants at the higher prices, thereby investing further capital into the company. Such conduct is inconsistent with any fraudulent scheme, as the promoters' purchased shares at the same prices, demonstrating confidence in the Noticee No. 1's financial position. This behaviour aligns with that of legitimate investors, including sophisticated family offices, further refuting any claims of fraudulent manipulation.

9. Thus, in light of the aforesaid Expert Opinion and the Orders of the Hon'ble Bombay High Court dated October 08, 2024, wherein it was held that the entire set of actions taken by BoI in declaring PBPL as "wilful defaulter" and declaring the account of PBPL as "fraud" as being contrary to the established mandate of law. Hence, the allegations against the Noticees cannot be sustained. Furthermore, with respect to the loans of BDPH and MIPL, the same have been completely repaid with no liability on the Noticee No. 1. Further, the loans of the wholly owned subsidiaries i.e., MIG and Real Gem, the same has been adequately and correctly disclosed in accordance with the applicable accounting standards, with sufficient security provided. More importantly, PBPL has fully met its obligations under the Consent Terms, repaying all amounts owed to BoI with interest. Consequently, on June 28, 2024, BoI issued a No-Dues Certificate to PBPL for the Financial Facility, confirming the full settlement and marking the official closure of the Financial Facility by PBPL. Therefore, in light of the foregoing, the allegations of violating the provisions of the PFUTP Regulations, 2003, and the LODR Regulations, 2015, must be dismissed.

10. Further, with respect to the failure to disclose under Regulation 30 of LODR Regulations, 2015, regarding the alleged symbolic possession by BoI, it is repeated and reiterated that the same is based solely on BoI's unsupported representation. The Noticee No. 1 is in actual physical possession of the properties and never agreed to BoI taking possession. In this respect, for Resham Bhavan, a largely tenanted property, wherein only a caretaker is present, even if BoI posted notices during COVID, they were likely defaced or removed. The Noticees have not found any notice from BoI in the company records till date. The property remains under the Noticee No. 1's control. Similarly, the DB Hill Park property, for which the Noticee holds development rights, is vacant land with no road access. BoI's notices, if posted during COVID, may have been removed, and no notice has been found in the records. The property remains under the Noticee No. 1's control, and therefore, no disclosure of symbolic possession was necessary. Additionally, the Expert Opinion confirms that the auditor's qualification does not relates to the valuation of the corporate guarantees but to the non-recognition of commission income, which was prohibited under the respective loan agreements due to the RBI mandate. The qualification concerns the absence of fair valuation of the guarantees,

stemming from restrictive covenants that prevent charging a guarantee commission. The Expert Opinion concludes that this issue pertains to the non-recognition of fair value adjustments or notional income, as required under Ind AS 109. However, the Expert Opinion has clarified that this qualification does not undermine the accuracy or integrity of DBRL's financial reporting, acknowledging the complexities involved in the accounting treatment under the relevant standards.

11. Further, with respect to the creation of a provision under AS-29, as submitted previously vide the entire set of written submissions, BoI had neither declared an event of default nor invoked DBRL's corporate guarantee, thereby negating the existence of any "present obligation" as defined under AS-29. Consequently, DBRL was under no statutory obligation to estimate or provision for this liability in its financial statements. Furthermore, and without prejudice to the foregoing, the terms of the financial facility were inherently ambiguous, rendering a reasonable estimation of liability impracticable. AS-29 explicitly precludes the recognition of a quantifiable estimate where terms remain uncertain. Specifically, Clause 2 of the Corporate Guarantee issued by DBRL to BoI lacked a definitive formula to calculate potential interest liability in the event of a default by PBPL. Therefore, neither the requisite conditions for recognizing a provision under AS-29 were satisfied, nor was it feasible for DBRL to determine the extent of any potential liability.

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CONSIDERATION AND FINDINGS:

8. I have considered the SCN, individual submissions made by the Noticee(s) dated May 25, 2023, May 26, 2023, June 2, 2023, June 6 2023, June 3, 2023 and June 7, 2023 along with additional submissions dated October 15, 2024 and post hearing submissions dated November 14, 2024 and December 4, 2024 along with the enclosures filed by the Noticee(s). Before proceeding further, the relevant provisions of law referred in the order which are reproduced hereunder: -

<u>SEBI Act 1992:</u>

11A. (2) Without prejudice to the provisions of section 21 of the Securities Contracts (Regulation) Act,1956 (42 of 1956), the Board may specify the requirements for listing and transfer of securities and other matters incidental thereto.

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

12A. No person shall directly or indirectly—

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

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

SEBI (PFUTP) Regulations, 2003:

3. Prohibition of certain dealings in securities
No person shall directly or indirectly—

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices
(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

Explanation.– For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following:—

(f) knowingly publishing or causing to publish or reporting or causing to report by a person dealing in securities any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities;

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

SEBI (LODR) Regulations, 2015:

Principles governing disclosures and obligations.

4. (1) The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:

(a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.
(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.
(d) The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.
(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.
(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.
(h) The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.
(i) Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.
(j) Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity.
(2) The listed entity which has listed its specified securities shall comply with the corporate governance provisions as specified in chapter IV which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below.
(*e*) ***Disclosure and transparency:*** *The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the listed entity, in the following manner:*
(i) Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.
(f) ***Responsibilities of the board of directors:*** *The board of directors of the listed entity shall have the following responsibilities:*
(i) Disclosure of information:
(2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.
(ii) Key functions of the board of directors-
(2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.

(6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
(7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
(8) Overseeing the process of disclosure and communications.
(iii) Other responsibilities:
(1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
(2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
(3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
(6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
(12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities
17(8) The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II.

Financial results.

33. (1) While preparing financial results, the listed entity shall comply with the following:
(c) The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India:
Provided that in addition to the above, the listed entity may also submit the financial results, as per the International Financial Reporting Standards notified by the International Accounting Standards Board.

48. The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.

Repeal and Savings
103. *(1) On and from the commencement of these regulations, all circulars stipulating or modifying the provisions of the listing agreements including those specified in Schedule X, shall stand rescinded.*
(2) Notwithstanding such rescission, anything done or any action taken or purported to have been done or taken including any enquiry or investigation commenced or show cause notice issued in respect of the circulars specified in sub-regulation (1) or the Listing Agreements, entered into between stock exchange(s) and listed entity, in force prior to the commencement of these regulations, shall be deemed to have been done or taken under the corresponding provisions of these regulations.

Clauses of Listing Agreement:

49. *CORPORATE GOVERNANCE*

I. *The company agrees to comply with the provisions of Clause 49 which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below. In case of any ambiguity, the said provisions shall be interpreted and applied in alignment with the principles.*

C. Disclosure and transparency

1. The company should ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the company.

a. Information should be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.

D. Responsibilities of the Board

1. Disclosure of Information

b. The Board and top management should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

2. Key functions of the Board

The board should fulfill certain key functions, including:

b. Monitoring the effectiveness of the company's governance practices and making changes as needed.

h. Overseeing the process of disclosure and communications.

IX. CEO/CFO certification

The CEO or the Managing Director or manager or in their absence, a Whole Time Director appointed in terms of Companies Act, 2013 and the CFO shall certify to the Board that:

A. They have reviewed financial statements and the cash flow statement for the year and that tothe best of their knowledge and belief :

1. *these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;*
2. *these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.*

B. There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

C. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

D. They have indicated to the auditors and the Audit committee:

1. *significant changes in internal control over financial reporting during the year;*
2. *significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and*
3. *instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.*

50. *The company will mandatorily comply with all the Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) from time to time.*

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Conditions for listing.
21. Where securities are listed on the application of any person in any recognised stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.

9. Before proceeding to deal with the key issues, I shall first address the preliminary contention of the Noticee(s) with respect to an opportunity of cross examination of the entities, viz. Investigating Authority, author of the opinion of the ICAI — Expert Committee of the ICAI, author of the ITFG Clarification Bulletin 16, as well as the relevant Partner (Signatory) of M/S. Anil Khandelwal & Associates (Forensic Audit Report) and the relevant Employee of BOI regarding the Fraud Monitoring Return filed with RBI.

10. In this regard, reliance is placed on the observation of the Hon'ble Supreme Court, in the matter of *Transmission Corporation of A. P. Ltd. and others vs. Shri Rama Krishnan Rice Mill* (2006) 3 SCC wherein it is stated that: "*.....In order to establish that the cross-examination is necessary, the consumer has to make out a case for the same. Merely stating that the statement of an officer is being utilized for the purpose of adjudication would not be sufficient in all cases"*. Further, in common parlance, cross - examination is granted when the statement of a witness is recorded during investigation or a person has been called as a witness. In the instant case, I note that as the examination was conducted on the basis of a complaint received and no statement of the aforementioned entities were recorded nor any individual were called as witness during the investigation, the request of Noticee(s) for cross examination was not granted.

11. In this context, the Noticee(s) filed a Writ Petition (L) No. 1045 of 2025 in the Bombay High Court concerning their right to cross examine persons whose statements are relied upon and are used as evidence/material to allege that the Noticee(s) have committed statutory violations. The key grievance in the petition being the right to cross examine the author of the Forensic Audit Report (FAR) and the Fraud Monitoring Return (FMR). The said petition was accordingly disposed of as withdrawn by the Hon'ble Bombay High Court vide order dated January 23, 2025 *inter alia* stating that the Respondents (SEBI) do not intend to rely on the Forensic Audit Report (FAR) prepared on behalf of BOI, while adjudicating the show cause notice. In this view, the Petitioner have undertaken that they will not agitate any right to cross-examine any person mentioned in letters dated October 15, 2024 or any other person, whether at this stage or in future.

12. Furthermore, the Hon'ble Bombay High Court granted the petitioner one week's time from date of order to file additional submissions only to deal with the Fraud Monitoring Return (FMR). It is noted that the Hon'ble Court clarified to the effect that the additional submissions shall be ignored if they deal with any aspect other than the Fraud Monitoring Return.

13. Accordingly, Noticee No. 1 to 4, Noticee No. 5 and Noticee No. 6 to 8 vide separate replies dated January 30, 2025 made their submission regarding the contents of the Fraud Monitoring Return.

14. The allegations that arise for consideration in the present proceedings are addressed pointwise in the following paragraphs:

Diversion of loan to promoter related entities/subsidiaries:

15. In respect of the aforesaid allegation, SCN has observed that the non-recognition of the provision for financial guarantee/financial guarantee liability in respect of guarantee given to BOI on behalf of loan availed by PBPL which was thereby diverted to promoter related entities and subsidiaries of DBRL constitutes

‘fraud’ within the meaning of regulation 2(1)(c) of PFUTP Regulations. In view thereby SCN has alleged that Noticee No. 1 to 8 have violated Sections 12A (b) and (c) of the SEBI Act read with regulations 3 (c),(d), 4(1), 4(2)(f) (k) and (r) read with 2(1)(c) of the PFUTP Regulations.

16. As regards the aforementioned allegation of diversion of the loan amount to promoter related entities and subsidiaries of DBRL by PBPL, SCN has referred on the Forensic Audit Report of BOI conducted by forensic auditor M/s. Anil Khandelwal & Associates and the Fraud Monitoring Return dated September 17, 2019 filed with RBI by BOI.

17. Upon perusal of the Forensic Audit Report dated February 19, 2019, I note that the BOI had appointed M/s. Anil Khandelwal & Associates to conduct the forensic audit of the borrower company PBPL for the period from October 9, 2013 to October 8, 2016 on the terms and conditions as specified therein. The Forensic Auditor had scrutinized the books of accounts of the borrower (PBPL) for the period from April 1, 2013 to October 31, 2016 and *inter alia* observed that the BOI loan of Rs.224.06 crore was not entirely utilized toward the construction and development of the project but were transferred to various group companies by the borrower (PBPL). Accordingly, based on the findings of the Forensic Audit Report, the account of PBPL was identified as ‘fraud’ as on August 28, 2019. Thereafter, on September 17, 2019 the BOI filed a Fraud Monitoring Return with RBI against the perpetrator PBPL. In the Fraud Monitoring Return, under the ‘modus operandi’, the following is stated **“***There is specific finding in Forensic Audit that there is an element of fraud committed by company. The siphoning/diversion of fund to the group company can be construed for unlawful enrichment and wrongful gain whereby causing loss to the bank.***”**

18. I note that the scope of BOI’s Forensic Audit Report was to assess ‘fraud’ in the books of accounts of the borrower (PBPL) on the utilisation of the loan amount and the findings of the Forensic Audit Report was also confined to fraud committed by PBPL by siphoning/diversion of fund to group company. In the present matter, the findings of the Forensic Audit Report has been reproduced in the SCN attaching the

report of the aforesaid Forensic Auditor and Noticee No. 1 to 8 have been charged for violation under the PFUTP Regulations.

19. I find that the allegation of diversion/misutilisation of fund and violation of PFUTP Regulations is grave in nature. In the extant matter the findings for which allegation of PFUTP was drawn against the Noticee No.1 to 8 was not conducted by any agency under 11C of the SEBI Act but were drawn from the audit report of a third party concerning the books of accounts of an unlisted company PBPL, who is not even a Noticee in the present proceeding. Such third party forensic audit report may be considered a corroborative evidence but not a conclusive proof on its own. Therefore, the findings of the forensic audit that the BOI had undertaken for its own purposes may not be appropriate to be used as the sole evidence without any independent evaluation of the same for violations of securities law against the Noticee(s).

20. Further, I note that the provisions of Regulations 3 (c), (d), 4(1) and 4(2)(f), (k) and (r) of PFUTP Regulations are related to securities market fraud/manipulation/ unfair trade practices. Section 12A (b) and (c) of the SEBI Act, 1992 may be invoked in cases where there exists any manipulative or deceptive device or contrivance, any device, scheme or artifice to defraud or any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, purchase or sale of any securities. As noted earlier, the scope of BOI's Forensic Audit Report was to assess 'fraud' in the books of accounts of the borrower (PBPL) and not to examine fraud related to the securities market or violations of PFUTP Regulations. As the findings and allegations with respect to PFUTP Regulations were merely based on BOI's Forensic Audit Report and Fraud Monitoring Return, the same cannot be relied upon for allegation of 'fraud' within the meaning of regulation 2(1)(c) of PFUTP Regulations.

21. Therefore, I find that the allegation of violation of PFUTP Regulations is vague in nature without making out any specific case containing necessary ingredient to constitute these violations. In my view, due to the aforesaid reasons, under the facts and circumstances of the present case, the allegations of violation of Sections 12A (b)

and (c) of the SEBI Act read with regulations 3 (c), (d), 4(1), 4(2)(f) (k) and (r) read with 2(1)(c) of the PFUTP Regulations is not tenable against Noticee No. 1 to 8. Accordingly, directions under section 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the SEBI Act and penalty under section 15 HA of the SEBI Act is not attracted. However, SEBI is at liberty to issue fresh SCN to pursue violation of PFUTP Regulations by bringing out specific case/ingredients under PFUTP Regulations.

Failure to include material/relevant information in the postal ballot notice:

22. In terms of clause 49 of the Listing Agreement, vide SEBI circular no. CIR/CFD/POLICY CELL/2/2014, dated April 17, 2014 all listed companies are required to formulate a policy on materiality and dealing with related party transactions with effect from October 1, 2014. Therefore, under SEBI Circulars Nos. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and CIR /CFD/POLICY CELL/7/2014 dated September 15, 2014 respectively, DBRL had sought the ratification/approval of shareholders by way of a special resolution on September 2, 2015 through Postal Ballot of all its existing material related party transactions including the Corporate Guarantee given by DBRL in favor of BOI on the loan availed by PBPL.

23. On perusal of the postal ballot notice dated July 21, 2015, the explanatory statement to the proposed resolution contained the following disclosure in regard to said guarantee:

> *"Your Company has given a Corporate Guarantee in favour of Bank of India as collateral security for the loan of Rs.225 crores availed by Pune Buildtech Private Limited. The said Corporate Guarantee was executed on 15th October, 2013. Your Company has also mortgaged immovable property in the form of land and building as security for the repayment of the said loan. The said company is a wholly owned subsidiary of Marine Drive Hospitality & Realty Private Limited and is in the process of developing a Project for construction of residential and commercial complex at Yerawada, Pune subject to necessary approvals. The primary security for the said loan include the mortgage of the land and building at the project site and its receivables and other securities of fellow subsidiary of the borrower. The outstanding amount of the said loan as on 30th June, 2015 is Rs. 224.07* ***crores. This company is fulfilling its obligations of repayment of the loan. Your Company / Promoters have considerable economic interest in the holding company Marine Drive***

Hospitality & Realty Private Limited. *Being a wholly owned subsidiary company of Marine Drive Hospitality & Realty Private Limited, your Directors (other than the Independent Directors) and KMP and their relatives (to the extent of their shareholding interest in the Company) may be deemed to be concerned or interested in the said transaction".*

[Emphasis Supplied]

24. From the details of service of loan by PBPL, it is noted that the loan was serviced with delay upto December 31, 2015 i.e. the date on which the account was classified as NPA. Further, PBPL did not make any of the repayment by due date except one instance of repayment of interest on April 30, 2014. In remaining instances, the delay was in the range of 3 to 153 days. Further, the DBRL had not repaid a single instalment of principal amount. Accordingly, I find that the statement made by DBRL in the postal ballot notice dated July 21, 2015 i.e. "*This company is fulfilling its obligations of repayment of the loan"* is false and misleading.

25. Further, in the postal ballot notice, DBRL had provided the details of its relationship with PBPL as *"WOS of Marine Drive Hospitality & Realty Pvt. Ltd., a company in which KMPs and Promoters/ their relatives have significant influence and the Company has considerable economic interest".* Here, I find it relevant to note that as per section 102 of the Companies Act, 2013, the statement in the notice of meeting shall specifically state the following material facts concerning the nature of concern or interest, financial or otherwise, if any, in respect of each item of – (i). every director and the manager, if any; (ii). every other key managerial personnel; and iii. relatives of the persons mentioned in sub-clauses (i) and (ii). Further, the notice shall also include any other information and facts that may enable members to understand the meaning, scope, and implications of the items of business., etc. Under Section 102 (2) of the Companies Act, where any item of special business to be transacted at a meeting of the company relates to or affects any other company, the extent of shareholding interest in that other company of every promoter, director, manager, if any, and of every other key managerial personnel of the first mentioned company shall also be set out in the statement.

26. In the extant matter, as stated earlier, PBPL was a wholly owned subsidiary of MDHRPL**.** As on date of execution of the guarantee, DBRL along with its directors, KMPs, relatives of directors/KMPs and enterprises controlled by them held 78.21% of equity share capital of the MDHRPL. Further, Mr. Jayvardhan V. Goenka (Noticee No. 5), son of Mr. Vinod Kumar Goenka (Noticee No. 2) was a director of both the companies as on the date of postal ballot.

27. As per clause 49(I)(A)(2)(a) of the Listing Agreement, shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be discussed at the meeting. Under clause 49(I)(B)(1)(d) of the Listing Agreement, stakeholders should have access to relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in Corporate Governance process.

28. In the present matter, I find that the company did not disclose the details of (i) the fact that PBPL is not servicing the loan timely and regularly; (ii) the details of the nature of concern or interest, financial or otherwise of its Directors, KMPs and their relatives in the proposed resolution; and (iii) the extent of shareholding interest in PBPL of every promoter, director, manager and KMPs of DBRL. Additionally, the disclosure of such information is a specific requirement of the Section 102 of the Companies Act, 2013. Further, PBPL was classified as NPA in December 2015 and although as on the date of postal ballot the loan was not declared NPA, however, the fact remains that PBPL was not regularly and timely servicing the loan as on the date of postal ballot notice.

29. As regards the allegation on postal ballot, the Noticee(s) have vide reply dated November 14, 2024 submitted that at the time of postal ballot PBPL' s account had not been declared as NPA by the bank nor had an "Event of Default" been declared. Further, despite DBRL's corporate guarantee, the financial facility was heavily secured by PBPL and MDHRPL' s assets. Noticee(s) have further submitted that Noticee No. 5 was not even present at the meeting during the issuance of the postal ballot nor

Noticees No. 6 to 8 were involved in the day-today affairs of the company including preparation of the postal ballot.

30. I observe from the materials before me that as on the date of postal ballot notice, DBRL had two executive/managing directors viz., Vinod Kumar Goenka (Noticee No. 2) and Shahid Balwa Usman (Noticee No. 3). Noticee No. 2 and 3 being Managing Directors were aware of the status of these loans not being serviced regularly and were also aware of the interrelationships between DBRL and PBPL and the substantial interest in the holding company of PBPL by the promoters of the DBRL. In light thereof, as alleged in the SCN, I find that Noticee No.1, 2 and 3 failed to include the material information in the postal ballot notice in respect of the guarantee and security provided for the loan and misrepresented in the postal ballot notice that the borrower company was fulfilling its obligations of repayment of the loan.

31. Thus, Noticee No.1, 2 and 3 violated clause 49(I)(A)(2)(a), (3)(a) and (B)(1)(d) of the erstwhile Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA. As per clause 49(I)(D)(2)(h) of the Listing Agreement, one of the key function and responsibility of the board of directors is to oversee the process of disclosure and communications. Therefore, Noticee No. 2 and 3 in the capacity of Managing Directors further failed to comply with clause 49(I)(D)(2)(h) of the erstwhile Listing Agreement.

Non-compliance of AS 29 and Ind AS 109 (AS 29 as applicable from FY 2013-14 to FY 2015-16 and Ind AS 109 as applicable from FY 2016-17 to FY 2020-21:

32. SCN has alleged non-compliance of AS 29 from FY 2013-14 to FY 2015-16 and non-compliance of Ind AS 109 from FY 2016-2021 in the books of DBRL as regards the presentation of the financial statement in respect of guarantee given to BOI. SCN has observed that DBRL should have recognized a provision for the best estimate of its obligation in the financial statements for the years ending March 31, 2014, 2015, and 2016, in accordance with AS 29. However, DBRL disclosed the same as a contingent liability.

33. From perusal of the annual reports of DBRL for FYs 2013-14 to FY 2020-21 investigation observed that DBRL had disclosed contingent liability in respect of the Corporate Guarantee to PBPL given note to accounts titled "Contingent Liabilities and commitments" under the heading "Contingent Liabilities" and subheading "Guarantees and Securities provided to banks and Financial institutions (in India and overseas) against credit facilities extended to Companies under Same Management" in its financial statements. The amount disclosed in the financial statement by DBRL and the amount of the loan (Principal + Interest + Penal Interest) outstanding at the end of each of the financial years as furnished by BOI is given in the table below:

FY ending March 31	Standalone	Consolidated	Outstanding Amount as submitted by the Bank of India
2014	Rs. 2,250,000,000	Rs. 2,250,000,000	Rs.1,46,91,68,806
2015	Rs. 2,250,000,000 (Loan Outstanding is Rs. 2,240,700,000 as on March 31, 2015)	Rs. 2,250,000,000 (Loan Outstanding is Rs. 2,240,700,000 as on March 31, 2015)	Rs.2,36,97,55,286.94
2016	Rs. 2,250,000,000 (Loan Outstanding is Rs. 2,398,211,293)	Rs. 2,250,000,000 (Loan Outstanding is Rs. 2,398,211,293)	Rs.2,50,38,17,352.23
2017	Rs. 2,250,000,000 (Loan Outstanding is Rs. 2,370,673,293/- (including interest) as on March 31, 2017)	Rs. 2,250,000,000 (Loan Outstanding is Rs. 2,370,673,293/- (including interest) as on March 31, 2017)	Rs.2,98,04,40,793.56
2018	Rs. 2,250,000,000 The outstanding balance of loan as on March 31, 2018 is Rs. 25,697 lacs (Previous Year Rs.3,765.50 lacs)	Rs. 2,250,000,000 The outstanding balance of loan as on March 31, 2018 is Rs. 25,697 lacs (Previous Year Rs.3,765.50 lacs)	Rs.3,53,96,14,563.41
2019	Rs. 2,250,000,000 The outstanding balance of loan as on March 31, 2019 is Rs.25,697 lacs (Previous Year Rs.25,697lacs)	Rs. 2,380,571,000 The outstanding balance of loan as on March 31, 2019 is Rs.25,697 lacs (Previous Year Rs.25,697lacs)	Rs.4,20,09,85,478.87
2020	Rs. 2,250,000,000 The outstanding balance of loan as on	Rs. 2,250,000,000 The outstanding balance of loan as on	Rs.4,98,53,81,958.79

FY ending March 31	Standalone	Consolidated	Outstanding Amount as submitted by the Bank of India
	March 31, 2020 is Rs.2,310.15 lacs (Previous Year Rs.25,697.00 lacs)	March 31, 2020 is Rs.2,310.15 lacs (Previous Year Rs.25,697.00 lacs)	
2021	Rs. 2,250,000,000 The outstanding balance of loan as on March 31, 2021 is Rs.3,240.50 lacs (Previous Year Rs.2,310.15 lacs)	Rs. 2,250,000,000 The outstanding balance of loan as on March 31, 2021 is Rs.3,240.50 lacs (Previous Year Rs.2,310.15 lacs)	Rs.5,91,30,18,824.99
2022	Not yet published	Not yet published	Rs.7,01,48,51,684.82

34. Before proceeding further, it is imperative to first refer to the applicable provisions under AS 29. Clause 10.4 of AS 29 defines 'contingent liability' as (a) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or (b) a present obligation that arises from past events but is not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) a reliable estimate of the amount of the obligation cannot be made. Under clause 10.6 of AS 29 a 'present obligation' is an obligation if, based on the evidence available, its existence at the balance sheet date is considered probable, i.e., more likely than not.

35. Therefore, the term 'contingent' is used for liabilities and assets that are not recognised because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. In addition, the term 'contingent liability' is used for liabilities that do not meet the *recognition* criteria.

36. Clause 14 of AS 29 deals with *recognition of provisions* and provides that a provision should be recognised when: (a) an enterprise has a present obligation as a result of a past event; (b) it is probable that an outflow of resources embodying

economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision should be recognised. As per clause 16, a past event that leads to a present obligation is called an obligating event. Under the clause, for an event to be an obligating event, it is necessary that the enterprise has no realistic alternative to settling the obligation created by the event.

37. In the extant case, as indicated earlier, DBRL was servicing the loan with delay upto December 31, 2015 i.e. the date on which the account was classified as NPA. Further, vide letter dated May 08, 2017, the bank has issued notice u/s 13(2) of SARFAESI Act to Noticee No. 1 DBRL, wherein the bank has inter alia informed that in spite of the repeated demands/requests for repayment of the amounts due to bank, the principal debtor (PBPL) has not so far paid the same, therefore the guarantor (DBRL/Noticee No. 1) has become liable to pay the said dues. The notice dated May 08, 2017 was also served on PBPL which was also sent to DBRL specifically stating that the guarantee has been invoked. Further, BOI had published newspaper notices dated November 24, 2017 in Business Standard and Navshakti *inter alia* stating that the bank has taken symbolic possession of certain properties including the leasehold rights of DBRL in Resham Bhavan property in Fort, Mumbai. The bank had also issued recall notice dated August 14, 2020 to PBPL and others including DBRL, wherein BOI has called upon the Borrower and Guarantors to pay Rs.516.50 Crores outstanding as on June 11, 2020 together with further interest of 17.15% p.a at monthly rests and penal interest @2% p.a. from 12.06.2020 till the date of full and final payment and/or realization.

38. The dates of these notices, the outstanding amount as per these notices, and the consolidated net worth of DBRL as per latest available audited financials on dates the close to dates of these notices are tabulated below:

Event	Event Date	Amount Outstanding (Rs)	Networth (Rs.)
Recall Notice	14/08/2020	516.49 Crores as on 11/6/2020 + interest at 17.15% p.a. + penal interest @ 2% p.a.	1,423.26 Crore (March 31, 2020)
Newspaper publication of possession Notice	25/11/2017	316.24 Crores as on 30/04/2014 + Interest @ 18.95% p.a.	2,678 Crore (March 31, 2017)
Notice u/s 13(2) of SARFAESI Act 2002 invoking guarantee	08/05/2017	316.24 Crores as on 30/04/2014 + Interest @ 18.95% p.a.	

39. It is noted that PBPL had made 19 One Time Settlement (OTS) offers to BOI between February 16, 2017 and May 23, 2022 and none of them were accepted by BOI. Since the OTS proposals made by PBPL were not accepted by the Bank, the liability of the borrower and the guarantor continues as per the terms and conditions of the loan. Therefore, the respective obligations needed to be recognized in accordance with applicable accounting standards.

40. In this connection the Noticee(s) have submitted that during the period when AS 29 applied, BOI had neither invoked DBRL's guarantee nor issued any notice of default, making it impossible to say that an obligating event occurred. Furthermore, there was no likelihood that any resources would need to be transferred by DBRL to settle the obligation, as no obligation on DBRL had arisen. Noticee(s) have submitted that the same is evident from the fact that PBPL repaid the bank's financial facility in full (on June 2024) with no liability passing to DBRL. Thus, the conditions required under AS 29 to recognize a provision were not met. The standard mandates that all three conditions must be satisfied, and since none were, the recognition of a provision as a "best estimate" as suggested in the SCN, is not applicable. The Expert Opinion furnished by the Noticee(s) has further submitted that given the collateral coverage the likelihood of DBRL to fulfil the guarantee obligation appeared remote.

41. I find that AS 29 requires that 3 (three) distinct and disparate conditions to be met for an entity to recognize a provision for a financial guarantee. It is noted from the copy of the demand and repayment provided by the Bank that the amount demanded

by bank during July and August 2015 were repaid belatedly by PBPL in June 2016 and in June 2022. Further, the account of PBPL was classified as NPA as on December 2015. In view of the default in timely repayments of the amounts by PBPL due to BOI, as on March 31, 2014, 2015 and 2016, as per clause 14 of AS 29 'obligation' had occurred and it was probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Further clause 35 of AS 29 *inter alia* provides that the amount recognised as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. In accordance with the clause 35 of AS 29, the loan amount outstanding at the end of each of these financial years would be the best estimate of the provision that the company should have recognized in the financial statements. Accordingly, DBRL ought to have recognized a provision for the best estimate of the obligation in the financial statements for the year ending March 31, 2014, 2015 and 2016. However, the company continued to disclose the same as contingent liability which is not in accordance with AS 29. The Noticee(s) have submitted that PBPL has subsequently arranged for funds and repaid the outstanding loan of BOI, however, I note that the same was repaid only in FY 2024-25 and the obligation on the balance sheet of DBRL existed in FYs 2013-14 to FY 2020-21.

42. For Financial Years ending March 31, 2017 and the subsequent financial years, it is noted that DBRL adhered to Ind AS 109. Accordingly, DBRL was required to comply with Ind AS 109 in respect of the corporate guarantee given to BOI for loan taken by PBPL.

43. The relevant paragraphs of Ind AS 109 is reproduced below:

> *5.5.1 An entity shall recognise a loss allowance for expected credit losses on a financial asset that is measured in accordance with paragraphs 4.1.2 or 4.1.2A, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which the impairment requirements apply in accordance with paragraphs 2.1(g), 4.2.1(c) or 4.2.1(d).*
> *5.5.3 Subject to paragraphs 5.5.13–5.5.16, at each reporting date, an entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.*

5.5.5 Subject to paragraphs 5.5.13–5.5.16, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

5.5.7 If an entity has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that paragraph 5.5.3 is no longer met, the entity shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

5.5.8 An entity shall recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with this Standard.

5.5.9 At each reporting date, an entity shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, an entity shall use the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, an entity shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

5.5.10 An entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date (see paragraphs B5.5.22-B5.5.24).

5.5.11 If reasonable and supportable forward-looking information is available without undue cost or effort, an entity cannot rely solely on past due information when determining whether credit risk has increased significantly since initial recognition. However, when information that is more forward-looking than past due status (either on an individual or a collective basis) is not available without undue cost or effort, an entity may use past due information to determine whether there have been significant increases in credit risk since initial recognition. Regardless of the way in which an entity assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. An entity can rebut this presumption if the entity has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. When an entity determines that there have been significant increases in credit risk before contractual payments are more than 30 days past due, the rebuttable presumption does not apply.

B5.5.22 The credit risk on a financial instrument is considered low for the purposes of paragraph 5.5.10, if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. Financial instruments are not considered to have low credit risk when they are regarded as

having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the entity's other financial instruments or relative to the credit risk of the jurisdiction within which an entity operates.

44. The demand and repayment of loan and the account of PBPL has been classified by BOI as NPA as on December 2015 are developments that are indicative of significant increase in credit risk on the corporate guarantee given since initial recognition. Further, by virtue of the clauses in the deed of guarantee, the guarantor has become liable to pay the lender for the amount due. Thus, DBRL should have recognised the financial guarantee at the amount of Actual Liability as on March 31, 2017.

45. Accordingly, at the end of each of the financials years starting from March 31, 2018, DBRL should have re-measured the financial guarantee liability at the amount of actual liability. However, the company did not measure the financial guarantee liability in accordance with Ind AS 109 and continued to show it as contingent liability. The Statutory Auditors of DBRL have qualified their audit report inter alia due to non-recognition/ re-measurement of financial guarantees aggregating issued by the company to banks /financial institutions on behalf of various entities at fair value as required under Ind AS 109 – Financial Instruments. The disclosures made by the company in Notes to the Financial Statements and basis for the qualified opinion stated by the statutory auditor in the audit report for the year ended 31st March, 2017 is given below:

Disclosure in notes to accounts	Basis for Qualified Opinion
Standalone Financial Statements:	
62. *The Company carries out its business ventures through various entities. The funds required for projects in those entities are secured through financial guarantees of the Company. The bankers/ financial institutions provide a restrictive covenant while lending, not to charge guarantee commission for the financial guarantees provided by the Company. As per Ind AS 109 – Financial Instruments there has to be fair valuation of the financial guarantees and subsequent measurements thereof as per expected credit loss method. However, considering the restrictive*	*As stated in Note 62 regarding non recognition/ re-measurement of financial guarantees aggregating ` 43,238,126,800/- issued to banks/ financial institutions on behalf of various entities at fair value as required under Ind AS 109 – Financial Instruments. In absence of measurement of financial guarantees at fair value, we are unable to comment on the effects on the loss for the reported periods.*

Disclosure in notes to accounts	Basis for Qualified Opinion
covenants and its model of execution of the projects through such entities, the Management is of the opinion that there cannot be fair valuation of the financial guarantees issued aggregating to Rs.43,238,126,800.	
Consolidated Financial Statements:	
60 *The group carries out its business ventures through various entities. The funds required for projects in those entities are secured through financial guarantees of the group. The bankers / financial institutions provide a restrictive covenant while lending, not to charge guarantee commission for the financial guarantees provided by the group. As per Ind AS 109 – Financial Instruments there has to be fair valuation of the financial guarantees and subsequent measurements thereof as per expected credit loss method. However, considering the restrictive covenants and its model of execution of the projects through such entities, the management is of the opinion that there cannot be fair valuation of the financial guarantees issued aggregating to ` 26,166,726,800.*	*As stated in Note 60 regarding non recognition/ re-measurement of financial guarantees aggregating ` 26,166,726,800/- issued to banks / financial institutions on behalf of various entities at fair value as required under Ind AS 109 – Financial Instruments. In absence of measurement of financial guarantees at fair value, we are unable to comment on the effects on the loss for the reported periods.*

46. As per the terms and conditions mentioned in the bank's sanction letter dated September 25, 2013, in respect of loan availed by PBPL for which the company had given guarantee, it is seen that the said letter contained the following term that *The company shall not pay any guarantee commission to the guarantors.*

47. The disclosure made by the company in Notes to the Financial Statements that in view of the restrictive covenant by lenders not to charge guarantee commission for the financial guarantees provided by the Company, the company could not value financial guarantees liability at fair value is not tenable as Ind AS 109 does not provide for any such exceptions.

48. As per Ind AS 109 after initial recognition of a financial guarantee contract by the issuer, the issuer shall subsequently measure it at the higher of *(i) the amount of the loss allowance determined in accordance with Section 5.5 and (ii) the amount initially recognised (see paragraph 5.1.1) less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18/Ind AS 115*

49. In the instant case, since the financial guarantee given to loan taken by PBPL was prior to the company's first time adoption of Ind AS in FY 2016-17, the company should have re-measured its financial guarantee liability at the end of financial year starting from 2016-17 to 2020-21 by measuring the loss allowance at an amount equal to the lifetime expected credit losses as the credit risk on the financial guarantee has increased significantly since initial recognition which are evident from default in timely payments by PBPL, invocation of guarantee and symbolic possession of properties. However, the company continued to show the same as contingent liability.

50. Ind AS 109 defines lifetime expected credit losses as the expected credit losses that result from all possible default events over the expected life of a financial instrument. In the instant case as the credit risk on the financial guarantee had increased significantly since initial recognition, the life time expected credit losses can be measured at the outstanding loan amount at the end of each financial year. Accordingly, the provision the company should have recognized at the end of as on March 31, 2014, 2015 and 2016 and the financial guarantee liability the company should have recognized for the subsequent financial years is given below:

(INR Lacs)			
FY ending March 31	Particulars	Amount to be recognized in the Balance Sheet at end of FY (Rs.)	Expenditure to be debited to P&L Account (Rs.)
2014	Provision	14,691.69	14,691.69
2015	Provision	23,697.55	9,005.86
2016	Provision	25,038.17	1,340.62
2017	Financial Guarantee Liability	29,804.41	4,766.23
2018	Financial Guarantee Liability	35,396.15	5,591.74
2019	Financial Guarantee Liability	42,009.85	6,613.71
2020	Financial Guarantee Liability	49,853.82	7,843.96
2021	Financial Guarantee Liability	59,130.19	9,276.37

51. Thus, DBRL in its financial statements for the financial years ending between March 31, 2014 and March 31, 2021 have over reported the profits /underreported the

losses to the extent of provision for financial guarantee/financial guarantee liability which the company did not recognize in accordance with AS-29 and Ind AS 109. The reported Profit(Loss) after tax and the Profit(Loss) after tax after adjusting the adjusting Financial Guarantee Provision/Liability (ignoring the impact of taxation) is given below:

Rs. In Lacs

Particulars	**FY ending March 31 of -**							
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Reported Profit (Loss) after Tax	1,154.84	56.80	(2,489.77)	(11,875.22)	(31,323.33)	(25,966.25)	(43,412.12)	(16,684.86)
Financial Guarantee Provision/Liabilty	14,691.69	9,005.86	1,340.62	4,766.23	5,591.74	6,613.71	7,843.96	9,276.37
Profit (Loss) after Tax after adjusting Financial Guarantee Provision/ Liability	(13,536.85)	(8,949.07)	(3,830.39)	(16,641.45)	(36,915.07)	(32,579.96)	(51,256.08)	(25,961.23)

52. Thus, the Noticee(s) failed to comply with Accounting Standard 29 (FY 2013-14 to 2015-16) and Ind AS 109 (FY 2016-17 to 2020-21) in preparation and presentation of the financial statements in respect of guarantee given to BOI on behalf of loan availed by PBPL which has resulted in the violation of the relevant provision of the Listing Agreement/LODR Regulations. Further, I find that event based disclosures in respect of classification as NPA, invocation of guarantee, symbolic possession of properties, issuance of recall notices etc., are all material information which should have been appropriately disclosed.

53. Here, I note that the SCN has further alleged that the non-compliance with accounting standards also resulted in the violation of PFUTP Regulations as the company did not give a true and fair view of the financial performance and position of the company, thereby publishing manipulated financial statements and disseminating the same to the stock exchanges.

54. In this regard, SCN has referred to Regulation 2(c) of the PFUTP Regulations which defines 'fraud' to inter alia include any act, expression, omission or concealment committed whether in a deceitful manner by any person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities. Regulation 2(c)(1) of the PFUTP Regulations further defines 'fraud' to

include a misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment.

55. In this regard, the Hon'ble Supreme Court of India while interpreting Regulation 2(1)(c) of the PFUTP Regulations in *Securities and Exchange Board of India and Ors v. Kanaiyalal Baldevbhai Patel and Ors.* (2017) 15 SCC 753, has made it clear that 'inducement' is required to constitute 'fraud' under PFUTP Regulations and must be made while 'dealing in securities' and must be made for the purpose 'to induce others to deal in securities'. In the present case, there is no evidence in the investigation report of manipulation of shares of DBRL. Further, there is also no analysis of trading, volume of shares traded, trades by promoters/director, price impact, % increase or decrease in price, etc. Hence, I do not find adequate material on record to establish violation of PFUTP Regulations on account of non-compliance of accounting standards.

Financial Guarantee on behalf of subsidiaries and promoter related entities:

56. SCN has observed that in addition to the guarantee given to loan obtained by PBPL, DBRL had also given financial guarantees to multiple banks/ financial institutions on behalf of various entities which are either subsidiaries of DBRL or promoter related entities (details at sub-paragraph 3.26 and 3.27).

57. I note that the Noticee(s) have in their submission stated that Realgem Buildtech Pvt Ltd, MIG (Bandra) Realtors & Builders Pvt Ltd and Horizontal Realty & Aviation Pvt Ltd are subsidiaries of DBRL and as such they are accounted for in the financial statements. I am inclined to accept the submission of the Noticee(s), however, with respect to guarantees provided to Majestic Infracon Pvt Ltd (promoter group company) and BD&P Hotels (I) Pvt Ltd (subsidiary of MDHRPL), I find that the loans were classified as NPA as on January 7, 2014 and May 29, 2015 respectively and the invocation of guarantee is under process. In view of the default in timely repayments of the amounts by these borrowers due to lenders, DBRL should have

recognized a provision for the best estimate of the obligation in the financial statements for the year ending March 31, 2014, 2015 and 2016. However, the company continued to disclose the same as contingent liability which is not in accordance with AS 29. For the subsequent years, the above developments are indicative of increase in credit risk. However, the company continued to disclose these guarantees as contingent liabilities which is not in accordance with Ind AS 109.

58. **Role of Mr. Vinod Kumar Goenka and Mr. Shahid Balwa Usman, Managing Directors of DBRL (Noticee No. 2 and 3).**

58.1. During the investigation period, Mr. Vinod Kumar Goenka was the Chairman, Managing Director, Executive & Non-Independent Director and Promoter of DBRL. Similarly, Mr. Shahid Balwa Usman was the Vice Chairman, Managing Director, Executive & Non-Independent Director and Promoter of the company during the investigation period. Noticee No. 2 and 3 also stood as personal guarantors to the loan taken by PBPL.

58.2. Noticee No. 2 and 3 were also signatories to financial statements as well as signed the CEO/CFO Certification as required under Clause 49 of the Listing Agreement (for FYs 2013-14 and 2014-15) and under Regulation 17(8) of the LODR Regulations (For FY 2016-17 to FY 2020-21).

58.3. Noticee No. 2 and 3 failed to include the material information in the postal ballot notice in respect of the guarantee and security provided for the loan and misrepresented in the postal ballot notice that the borrower company was fulfilling its obligations of repayment of the loan.

58.4. Further, Noticee No. 2 and 3 failed to disclose material events/ information to stock exchanges viz., receipt of Notice under section 13(2) of SARFAESI Act 2002 *inter alia* invoking guarantee, symbolic possession of company's properties by BOI and receipt of recall notice from BOI.

59. Accordingly, Noticee No. 2 and 3 have violated the following provisions:

59.1. Clauses 49 (I)(C)(1)(a), 49(I)(D)(1)(b), (2)(b)(h), 49(IX) and 50 of the Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of the SCRA read with Regulation 103 of the LODR Regulations read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of the SCRA 1956 for the financial years 2013-14 and 2014-15;

59.2. Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e) (i), 4(2)(f)(i)(2), 4(2)(f)(ii)(2)(6)(7)(8), 4(2)(f)(iii)(1)(2)(3)(6) (12), Regulation 17(8), Regulation 33(1)(c), Regulation 48 of the LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of the SCRA for the financial years 2015-16 to 2020-21 read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA;

59.3. Clauses 49(I)(A)(2)(a), (3)(a), (B)(1)(d) and 49(I)(D)(2)(h) of the Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA; and

59.4. Regulation 30, Regulation 4(1)(d)(e)(f)(g)(h)(i)(j), 4(2)(b),(d)(iv), 4(2)(f)(ii)(2) and (8) of LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Section 2(60) of the Companies Act, 2013, Section 27 of SEBI Act and Section 24 of SCRA.

60. **Role of Mr. Asif Yusuf Balwa, CFO of DBRL (Noticee No 4).**

60.1. As per the disclosure dated February 14, 2018 made by the company on the stock exchange platforms, Noticee No. 4 was appointed as CFO of the company w.e.f February 14, 2018 and was also designated as KMP of the company**.** He was also part of promoter group throughout the investigation period and was one of the personal guarantor to the loan taken by PBPL.

60.2. Further he was a signatory to financial statements as well as signed the CEO/CFO Certification as required under Regulation 17(8) of the LODR Regulations for FY 2017-18 to FY 2020-21. In view of the non-compliances with Ind AS 109 in preparation and presentation of the financial statements, the

certification under Regulation 17(8) of the LODR Regulations is false and misleading.

61. Accordingly, Noticee No.4 has allegedly violated the following provisions:

61.1. Regulations 4(2)(f)(i)(2) and 17(8) of the LODR Regulations read with Section 2(60) of the Companies Act, 2013 and Section 27 of the SEBI Act and Section 24 of SCRA.

62. **Role of non-executive, non-independent directors (Noticee No 5 to 8).**

62.1. The details of Non-Executive, Non-Independent Directors during the investigation period are given in the table below. Further, their relationship with companies whose loans were guaranteed by DBRL and also with the Managing Directors are given in the table below:

Director	Tenure	Relationship with Borrowers and with MDs of the company
Jayvardhan Vinod Goenka (Noticee No.5) Non-Executive, Non-Independent director & Promoter	10/12/2011 to 27/06/2019	a) Son of Vinod Kumar Goenka, CMD and Promoter of DBRL. b) Director of PBPL for the period 02/12/2013 and 21/12/2015. c) Director of MDHRPL for the period 10/12/2021 to 10/02/2014. d) Held 5.47% equity shares in MDHRPL e) Held 6,93,526 ROCCPS in MDHRPL
Salim Balwa Usman (Noticee No.6) Non-Executive, Non-Independent Director & Promoter	10/12/2011 to 30/09/2019	a) Director of PBPL for the period 04/05/2012 and 25/09/2013.
Sunita Goenka (Noticee No.7) Non-Executive, Non-Independent Director & Promoter	30/03/2015 to 15/09/2020	a) Sister of Mr. Vinod Kumar Goenka, CMD & Promoter of DBRL b) Holds 2.28% equity shares in MDHRPL c) Holds 44,557 ROCCPS in MDHRPL d) Holds 49,508 CCCPS in MDHRPL e) Director of PBPL from 24/03/2011 to 02/12/2013

Director	Tenure	Relationship with Borrowers and with MDs of the company
Nabil Yusuf Patel (Noticee No.8) Non-Executive, Non Independent Director & Promoter	15/09/2020 to till date	a) Director of MDHRPL from10/02/2014 to 16/03/2020.

63. In light of these provisions of Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act, 1992 and Section 24 of SCRA, Noticee No. 5 to 8 have violated the following provisions:

63.1. Clauses 49 (I)(C)(1)(a), 49(I)(D)(1)(b), (2)(b)(h), and 50 of the Listing Agreement read with Section 11A(2) of SEBI Act and Section 21 of the SCRA read with Regulation 103 of the LODR Regulations read with Section 2(60) of the Companies Act, 2013, Section 27 of the SEBI Act and Section 24 of SCRA 1956 for the financial years 2013-14 and 2014-15

63.2. Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e) (i), 4(2)(f)(i)(2), 4(2)(f)(ii)(2)(6)(7)(8), 4(2)(f)(iii)(1)(2)(3)(6) (12), Regulation 33(1)(c), Regulation 48 of the LODR Regulations read with Section 11A(2) of SEBI Act and Section 21 of SCRA read with Section 2(60) of the Companies Act, Section 27 of the SEBI Act and Section 24 of SCRA for the financial years 2015-16 to 2020-21.

64. In view of the aforesaid violations committed by Noticee(s), the relevant extract of Section 15 HB and 15A(b) of the SEBI Act and Section 23A(a) and 23H of the SCRA is provided as under:

SEBI Act:

Penalty for failure to furnish information, return, etc.

15A. If any person, who is required under this Act or any rules or regulations made thereunder,—(a) ....

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to penalty

which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

Penalty for contravention where no separate penalty has been provided.
15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

SCRA:
Penalty for failure to furnish information, return, etc.
23A. Any person, who is required under this Act or any rules made thereunder,—
(a)to furnish any information, document, books, returns or [report to the recongnised stock exchange or to the Board, fails to furnish the same within the time specified therefor in the listing agreement or conditions or bye-laws of the recongnised stock exchange or the Act or rules made thereunder, or who furnishes] [false, incorrect or incomplete information, document, books, return or report], shall be liable to a penalty [which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees] for each such failure.

Penalty for contravention where no separate penalty has been provided.
23H. Whoever fails to comply with any provision of this Act, the rules or articles orbye-laws or the regulations of the recognised stock exchange or directions issued by the Securities and Exchange Board of India for which no separate penalty has been provided, shall be [liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

65. Section 15J of the SEBI Act provides factors which are required to be considered while adjudging the quantum of penalty. Section 15J of the SEBI Act reads as follows:

Factors to be taken into account while adjudging quantum of penalty.

15J.While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

66. In terms of Section 129(1) of the Companies Act, 2013, every company is under an obligation to ensure that its financial statements give a true and fair view of the state of affairs of the company and it complies with the accounting standards notified in Section 133 of the Companies Act, 2013. As per Section 133 of the Companies Act, 2013, the accounting standards are prescribed by the Central Government as recommended by the Institute of Chartered Accountants of India in consultation with and after examination of the recommendation by the National Financial Reporting Authority (NFRA). Further, in terms of Section 129(5) of the Companies Act, 2013, where a financial statement do not comply with the accounting standards, the company is required to disclose such deviation and its financial effects in the financial statements. In terms of Section 129(7) of the Companies Act, 2013, in case of contravention of the requirement of Section 129, the Officer of the Company responsible to ensure compliance or all the directors are liable for punishment.

67. The company being legal entity acts through human mind represented by the Board of Directors which is responsible for all the acts of omission and commission by the Company. The directors are expected to take utmost care in dealing with the affairs of the Company and to ensure that all applicable laws are being complied with. In terms of Regulation 4(2)(f)(i)(2) and Regulation 4(2)(f)(ii) (6) and (7) of the LODR Regulations the Board of Directors are required to conduct themselves as to meet the expectations of operational transparency to stakeholders, managing potential conflict of interest in related party transactions and to ensure the integrity of the listed company's accounting and financial systems. As per Regulation 4(2)(f)(iii)(1),(3),(6) and (12), the Board of Directors is required to ensure effective monitoring of the management, to act in god faith, with due diligence and care and in the interest of the listed company and shareholders. In terms of Regulation 33(2)(a) of the LODR Regulations, Chief Financial officer is required to certify that the financial results do not contain any false or misleading statement. In this respect, I note that the Hon'ble Supreme Court, in the matter of *N Narayanan v. Adjudicating Officer, SEBI* (Civil Appeals No. 4112-4113 of 2013) has observed as under:

"33. Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. This Court while describing what is the duty of a Director of a company held in Official Liquidator v. P.A. Tendolkar (1973) 1 SCC 602 that a Director may be shown to be placed and to have been so closely and so long associated personally with the management of the company that he will be deemed to be not merely cognizant of but liable for fraud in the conduct of business of the company even though no specific act of dishonesty is provided against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the company even superficially."

68. I note that investors as well as other stakeholders come to know about financial health of the company through financial statements of the company. Financial statements and figures stated therein have direct impact on price of securities of such company. Thus, financial statements of a company form an important basis for investor`s decision to invest or divest the securities of such company. In view of the above observations made by the Hon'ble Supreme Court, I find that the Noticee(s) are responsible for non-compliance with the applicable accounting standards which resulted into violation of Listing Agreement/LODR Regulations as observed in paragraphs above.

DIRECTIONS:

69. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 19 of the SEBI Act read with Sections 11 (4A) and 11B (2) of the SEBI Act and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, hereby issue the following penalties:

Noticee No.	Name of Noticee	Provision under which penalty imposed	Amount of penalty (in Rs.)
1	DB Realty Limited (now known as Valor Estate Limited)	Section 23H of SCRA and 15 HB of SEBI Act	Rs.3,00,000/- (Rupees Three Lakh only)
		Section 23A(a) of SCRA and 15 A(b) of SEBI Act	Rs. 2,00,000/- (Rupees Two Lakh Only)

Noticee No.	Name of Noticee	Provision under which penalty imposed	Amount of penalty (in Rs.)
2	Mr. Vinod Kumar Goenka	Section 23H of SCRA and 15 HB of SEBI Act	Rs.3,00,000/- (Rupees Three Lakh only)
		Section 23A(a) of SCRA and 15 A(b) of SEBI Act	Rs. 2,00,000/- (Rupees Two Lakh Only)
3	Mr. Shahid Balwa Usman	Section 23H of SCRA and 15 HB of SEBI Act	Rs.3,00,000/- (Rupees Three Lakh only)
		Section 23A(a) of SCRA and 15 A(b) of SEBI Act	Rs. 2,00,000/- (Rupees Two Lakh Only)
4	Mr. Asif Yusuf Balwa	Section 23H of SCRA and 15 HB of SEBI Act	Rs. 2,00,000/- (Rupees Two Lakh Only)
5	Mr. Jayvardhan Vinod Goenka	Section 23H of SCRA and 15 HB of SEBI Act	Rs. 2,00,000/- (Rupees Two Lakh Only)
6	Mr. Salim Balwa Usman	Section 23H of SCRA and 15 HB of SEBI Act	Rs. 2,00,000/- (Rupees Two Lakh Only)
7	Ms. Sunita Goenka	Section 23H of SCRA and 15 HB of SEBI Act	Rs. 2,00,000/- (Rupees Two Lakh Only)
8	Mr. Nabil Yusuf Patel	Section 23H of SCRA and 15 HB of SEBI Act	Rs. 2,00,000/- (Rupees Two Lakh Only)

70. The Noticee(s) 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 pathway, 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.

71. In terms of the provisions of Rule 6 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, copy of this order is being sent to the Noticee(s) and also to the Securities and Exchange Board of India.

Date: February 4, 2025
Place: Mumbai

G RAMAR
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA