National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/53051	**Date: July 21, 2022**
Circular Ref. No: 93/2022	

To All NSE Members,

Sub: **SAT Order in respect of M/s. Winsome Yarns Ltd. and Manish Bagrodia**

This is with reference to NSE Circular No. NSE/INVG/50115 dated October 26, 2021, in respect of SEBI Order No. WTM/AB/IVD/ID4/2/2021-22 dated October 26, 2021.

Hon'ble SAT now vide its order dated July 19, 2022, inter alia directed to reduce the debarment period of the entity M/s. Winsome Yarns Ltd (PAN: - AAACW1911H) and Manish Bagrodia (PAN: - ADLPB0308A) from three years and two years respectively to one year each.

The detailed order is available on SAT website (http://www.sat.gov.in).

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page under "Home-Regulation-Members-Action against Members-Regulatory Actions".

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to contact the following officials:

Mr. Dhvanit Sanghvi (Extension: 23023), Mr. Anand Jangir (Extension: 22385)
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For and on behalf of
National Stock Exchange of India Limited

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National Stock Exchange of India

Anand Jangir
Manager

ANNEXURE: - SAT Order in respect of M/s. Winsome Yarns Ltd. and Manish Bagrodia

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date of Hearing : 15.6.2022
Date of Decision : 19.7.2022

Appeal No.281 of 2022

M/s. Winsome Yarns Ltd.
SCO 191/192, Sector 34-A,
Chandigarh-160022. ...Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No.C-4A,
Bandra Kurla Complex, Bandra (E),
Mumbai 400 051. …Respondent

Mr. Sajeev Deora, Advocate with Mr. Aditya Thanvi, Advocate i/b. Triad Law Chambers for the Appellant.

Ms. Nidhi Singh, Advocate with Ms. Deepti Mohan, Ms. Binjal Samani, Ms. Aditi Palnitkar and Ms. Moksha Kothari, Advocates for the Respondent.

With
Appeal No.280 of 2022

Manish Bagrodia
House No.351, Sector 9-D,
Chandigarh 160009. ...Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No.C-4A,
Bandra Kurla Complex, Bandra (E),
Mumbai 400 051. …Respondent

Mr. Sajeev Deora, Advocate with Mr. Aditya Thanvi, Advocate i/b. Triad Law Chambers for the Appellant.

Ms. Nidhi Singh, Advocate with Ms. Deepti Mohan, Ms. Binjal Samani, Ms. Aditi Palnitkar and Ms. Moksha Kothari, Advocates for the Respondent.

CORAM: Justice Tarun Agarwala, Presiding Officer
Justice M.T. Joshi, Judicial Member
Ms. Meera Swarup, Technical Member

Per: Justice Tarun Agarwala, Presiding Officer

1. Two appeals have been filed against the order dated 26th October, 2021 passed by the Whole Time Member (‘WTM’ for short) under Section 11(1), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as ‘SEBI Act’) wherein various directions were issued to various

noticees including the direction to the Company to bring back USD 6.05 million and debarring the Company from accessing the securities market for a period of three years and against debarring the Managing Director from accessing the securities market for a period of two years.

2. The facts leading to the filing of the present appeal is, that the Company issued 1.99 million GDRs amounting to USD 13.44 million on 29th March, 2011. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an investigation into the issuing of the Global Depository Receipts (hereinafter referred to as 'GDR') by the Company and the focus of investigation was to ascertain whether the GDRs were issued with proper consideration and whether appropriate disclosures were made by the Company. The investigation led to the issuance of the show cause notice by the WTM as well as by the Adjudicating Officer (hereinafter referred to as 'AO')

for violation of non-disclosure of the loan and pledge agreement.

3. On identical facts, the AO after initiating proceedings passed an order on 28th May, 2021 imposing penalty upon the appellants. The appellants preferred appeal no.716 and 717 of 2021 which were decided by order dated 19th July, 2022. This Tribunal affirmed the violation committed by the Company but reduced the penalty against the Company and against the Managing Director.

4. On the same facts and on the same issue the WTM also issued a show cause notice which culminated into the passing of the impugned order dated 26th October, 2021 whereby the appellant Company was debarred for three years and Mr. Manish Bagrodia was debarred for two years. Further, the appellant Company was directed to bring back USD 6.05 million which was forfeited by EURAM Bank.

5. Since the controversy is the same we have already upheld the violations committed by the Company in the appeals filed by the Company against the AO's order and, therefore in view of the reasons given by us in our order dated 19th July, 2022 against the AO's order we affirm the violations committed by the Company. We however find that in the given circumstances and for the reasons in our order dated 19th July, 2022 passed against the AO's order, we are of the opinion that the debarment period is harsh and disproportionate to the violation and, consequently, it is within the discretion of this Tribunal to exercise the doctrine of proportionality and reduce the quantum of penalty to ensure that some rationality is brought to make unequals equal.

6. In this regard, the appellants have produced various orders passed by SEBI against various companies and its Directors wherein different period of debarment

have been given for similar/identical offence. For facility, a comparative table is given below:

Debarment Order						
Sr. No.	**Name of the GDR issuer company**	**Period of GDR issue**	**Total Amount raised by GDR issue (USD) million**	**Subscriber**	**Period of Debarment**	**Date of Order**
1.	Morepan Laboratories Ltd.	March-03	15.25 million	Solsec and Severon	1 year of debarment	24th September, 2019
2.	Vikas Metal & Power Ltd.	April-11	11.99	Vintage FZE	3 years of debarment	29th September, 2019
3.	Aqua Logistics Ltd.	Feb-11	62.38	Vintage FZE	3 years of debarment	22nd July, 2021
4.	Zenith Birla (India) Ltd.	May-10	22.99	Vintage FZE	3 years of debarment	30th March, 2021
5.	Aksh Opti-Fibre Ltd.	Sept 10	25	Vintage FZE	5 years of debarment	26th June, 2019
6.	Sybly Industries Ltd.	9th June, 2008	6.99 million	Vintage FZE	5 years of debarment	16th January, 2018

7. A perusal of the aforesaid table indicates that in the case of Aqua Logistics Ltd., the said Company had raised 62.38 million USD and the Company was debarred from accessing the securities market for a period of three years. Similarly, in the case of Zenith Birla (India) Ltd. the total amount raised through GDRs was 22.99 million USD and the Company was debarred for a period of three years. Whereas in the

instant case, the appellant Company had raised 25 million USD but has been debarred for five years. Consequently, in our opinion, the debarment period against the appellants is excessive and discriminatory and not in consonance with the directions given in similar matters. In Sybly Industries Ltd. vs. SEBI, appeal no.381 of 2019 by our order dated 14th July, 2022 we had reduced the debarment of five years to the period undergone. In the case of the appellant, the total amount raised was USD 13.44 million and the period of debarment against the appellant Company is three years.

8. Considering the aforesaid, while affirming the order of the WTM of the violations committed by the appellant we reduce the debarment period of the Company and the Managing Director from three years and two years respectively to one year each. The appeals are partly allowed. In the circumstances of the case, parties shall bear their own costs.

9. This order will be digitally signed by the Private Secretary on behalf of the bench and all concerned parties are directed to act on the digitally signed copy of this order. Certified copy of this order is also available from the Registry on payment of usual charges.

Justice Tarun Agarwala
Presiding Officer

Justice M.T. Joshi
Judicial Member

Ms. Meera Swarup
Technical Member

19.7.2022
RHN