National Stock Exchange of India
Circular

Department: Investigation	
Download Ref No: NSE/INVG/56058	**Date: March 20, 2023**
Circular Ref. No: 76/2023	

To All NSE Members

Sub: **Interim Order cum Show Cause Notice in the matter of Seya Industries Ltd.**

SEBI vide its order no. WTM/ASB/CFID/CFID_4/24750/2022-23 dated March 20, 2023 has directed that :

Following entities are directed not to sell / dispose of / dilute their shareholding in the Company- Seya Industries Ltd, held directly or indirectly through family members or through companies in which they or their family members are directors, till further orders.

Sr. no.	Name of Entity	PAN
1	Mr. Ashok Ghanshyamdas Rajani	AFBPR5891J
2	Mr. Asit Kumar Bhowmik	ABUPB8276C
3	Mr. Sivaprasada Rao Buddi	ABIPB0047K
4	Mr. Amrit Ashok Rajani	AESPR7990G

This Order shall come into force with immediate effect.

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.

National Stock Exchange of India

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

Mr. Ritik Bhriegu (Extension: 23020), Mr. Sandesh Sawant (Extension: 22383)
Direct No: 022-26598417/18 Fax: 022-26598195

For and on behalf of

National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: Interim Order cum Show Cause Notice in the matter of Seya Industries Ltd.

THE SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM ORDER CUM SHOW CAUSE NOTICE

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 4 (1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995

In respect of:

Sl. No.	Name of the Noticee(s)	PAN
1.	**Seya Industries Limited**	**AABCS4522R**
2.	**Mr. Ashok Ghanshyamdas Rajani**	**AFBPR5891J**
3.	**Mr. Asit Kumar Bhowmik**	**ABUPB8276C**
4.	**Mr. Sivaprasada Rao Buddi**	**ABIPB0047K**
5.	**Mr. Amrit Ashok Rajani**	**AESPR7990G**

In the matter of Seya Industries Limited

Background:

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") received complaints dated June 08, 2020, July 21, 2020, March 25, 2021 and April 16, 2021 from SC India Fund Manager Pvt. Ltd. (**the Complainant**) against Seya Industries Limited (hereinafter referred to as "**Seya/Company/Noticee 1**") *inter alia* alleging private placement of NCDs and Compulsory Convertible Preference Shares on the basis of inflated books of accounts which showed inflated sales and profits created through circuitous web of transactions. The complainant also alleged that material information in the form of an arbitration award against the Company wherein the Sole Arbitrator vide interim Award dated March 24, 2021 *inter-alia* directed the Company to pay the Complainant a sum of Rs.72.07 crores along with interest was not disclosed by the Company to the stock exchanges.

2. The complaints were forwarded to National Stock Exchange of India Limited (**NSE**) for its independent examination. NSE informed SEBI that Seya was not co-operating in providing information with respect to the complaints. Pursuant to the

same, SEBI sent emails dated August 17, 2020 and August 21, 2020 advising the Company to co-operate with the NSE examination. However, the Company did not co-operate with NSE. The Company, vide email dated September 3, 2020 addressed to NSE, a copy of which was also marked to SEBI, forwarded a copy of the Order of the Hon'ble High Court of Bombay dated November 18, 2019 in the matter of arbitration petition filed by the Company against the Complainant and challenged the jurisdiction of SEBI and NSE with respect to the complaints filed by the Complainant.

3. NSE, vide email dated November 18, 2020, submitted its Examination Report to SEBI, wherein it concluded as under:

   "The Company has not responded appropriately to the queries raised by the Exchange as mentioned in the complaint. There have been multiple communications with the Company asking them to respond, however the Company has failed to do so and they have further stated that the present complaint on the scores platform is not maintainable. In view of the above, no analysis was carried out in respect of the said complaint."

4. Considering that the Company was evading queries posed by NSE by repeatedly challenging the jurisdiction and questioning the process followed by SEBI and NSE, and considering the seriousness of allegations levelled against the Company, SEBI initiated an investigation in the affairs of the Company. Accordingly, SEBI appointed Ernst & Young LLP as forensic auditor on September 09, 2021 with respect to the financial statements of SEYA for the financial years ending March 31 2019, March 31, 2020 and March 31, 2021 to assist the Investigating Authority (**IA**). The same was communicated to the Company vide letter and email dated September 09, 2021. Further, since the Company was reported to be under Corporate Insolvency Resolution Process (CIRP), the appointment of forensic auditors was also communicated to the Interim Resolution Professional (IRP) vide email dated September 20, 2021.

5. The focus of SEBI's investigation was to ascertain *inter alia* whether the published financial statements of the Company were prepared in accordance with the applicable and notified accounting standards, whether the books and accounts of the Company were inflated using artificial sales through a circuitous web of transactions thereby misrepresenting sales and profits and whether there were violations, if any, of the provisions of Securities and Exchange Board of India Act,

1992 (hereinafter referred to as the **"SEBI Act, 1992"**), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations/SEBI (LODR) Regulations, 2015**") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations/ SEBI** (**PFUTP) Regulations, 2003**").

6. The period of investigation was financial years ending March 31, 2019, March 31, 2020 and March 31, 2021. However, wherever deemed necessary, references were made to events / timeframes outside this period. The findings of investigation are as under:

General Information about the *Company*

7. As per Seya's website, the Company specializes in manufacture of Chlorination and Nitration processed Benzene based Products. Mr. Ashok Ghanshyamdas Rajani (**Noticee 2**) is Promoter, Chairman and Managing Director of the Company. The shares of the Company got listed at BSE Limited (BSE) in FY 1993-94 and at NSE in FY 2019-20.

8. As per the financial statements filed by the Company with the stock exchanges, the revenue from operations of the Company fell from Rs.412.78 Crore in FY 2018-19 to Rs.258.20 Crore in FY 2019-20 and further to Rs.44.01 Crore in FY 2020-21. Similarly, total income of the Company fell from Rs.414.94 Crore in FY 2018-19 to Rs.266.98 Crore in FY 2019-20 and further to Rs.52.36 Crore in FY 2020-21. The figures for FYs 2018-19 to 2021-22 are summarized in the Table below:

Table no. 1

(INR in crore)

Particulars (Annual Consolidated)	**Mar-19**	**Mar-20**	**Mar-21**	**Mar-22**
Revenue from operations	412.78	258.20	44.01	65.65
Other Income	2.16	8.78	8.34	7.66
Total Income	414.94	266.98	52.36	73.31
Net Profit/(Loss)	88.49	47.02	(109.58)	(6.28)

(Source: Annual Reports of Seya)

Other Developments during the Investigation:

9. **<u>Appointment of IRP</u>**

9.1. The Company vide letter dated August 20, 2021 *inter-alia* informed the exchanges that "*A petition was filed by the counter parties against the company before the Hon'ble National Company Law Tribunal ("NCLT"), Mumbai, for initiation of Corporate Insolvency Resolution Process ('CIRP') u/s 7 of the IBC,* *2016. However subsequently, the promoters and the counter parties arrived at mutual settlement and accordingly the counter parties agreed to withdraw the said petition in accordance with the terms of the settlement agreement. However, despite the Company and the counter parties informing the Hon'ble NCLT of the impending settlement, the said petition u/s 7 was admitted on 3rd August 2021 (order received on 12th August 2021) by NCLT, Mumbai. An appeal was preferred by the promoters against the said order dated 3rd August, 2021 before the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), wherein, vide its orders dated August 10, 2021 and August 18, 2021, the NCLAT noticed the settlement deed filed before it and hence has been pleased to stay the constitution of the Committee of Creditors. The Hon'ble NCLAT has also directed the parties to file a formal application under Sec 12A of the IBC, 2016 for withdrawal of petition u/s 7 of IBC, 2016, which has also been filed before the Hon'ble NCLT. The Hon'ble NCLT has also been requested by the Hon'ble NCLAT to take up the application u/s 12 A of the IBC, 2016 at the earliest.*"

9.2. It was noted that Mr. Anuj Bajpai (IBBI Regn: IBBI/IPA-001/IP-P00311/2017-18/10575) had been appointed as IRP by Hon'ble NCLT and IRP has issued public announcement of the fact of initiation of CIRP process on August 19, 2021. Mr. Anuj Bajpai, IRP, vide email dated July 28, 2022 intimated exchanges and SEBI that "*the affairs of the Corporate Debtor are being carried out without any prior intimation and / or consent of the undersigned Interim Resolution Professional ("IRP") which is in violation of the orders of Hon'ble NCLAT and Hon'ble NCLT. Pursuant to this non-cooperation by the Directors and management, application/s have been filed by the undersigned before Hon'ble NCLT and adjudication on the same is pending*".

9.3. Company in its annual report for the FY 2021-22 has *inter-alia* stated that "*orders dated August 10, 2021 and August 18, 2021 passed by the Hon'ble NCLAT were challenged by the promoters before the Hon'ble Supreme Court by way of a Civil Appeal, wherein vide its interim order dated August 31, 2021 the Hon'ble Supreme Court directed to maintain status quo, which order has been continued by the Hon'ble Supreme Court from time to time and remains in force. In view of the status quo order passed by the Hon'ble Supreme Court, further proceedings in the CIRP are stayed. Likewise, the proceedings in the*

Company Appeal before the NCLAT and the proceedings in application filed u/s 12A of IBC, 2016 before the NCLT, is kept in abeyance. In view of the above and no control being taken-over by the Interim Resolution Professional appointed by the Hon'ble NCLT, the Management of the Company, on basis of legal advice, has prepared and submitted this report as per obligations of the Company under the Companies Act, 2013".

9.4. It is observed from the IBBI website that Hon'ble Supreme Court vide its order dated September 22, 2022 had dismissed the abovementioned appeal by the promoters of the Company and directed NCLT to take up the settlement application and decide the same in the light of the observations made by Hon'ble Supreme Court. The matter is currently pending before Hon'ble NCLT.

10. **<u>Appeal before Hon'ble Securities Appellate Tribunal and Writ petition before Hon'ble Bombay High Court</u>**

10.1. Company vide email dated October 18, 2021 informed the Forensic Auditor appointed by SEBI that an appeal was filed by Mr. Ashok Rajani, Promoter of the Company, before the Hon'ble Securities Appellate Tribunal *inter-alia* challenging the appointment of the Forensic Auditor. Further, the Company requested the Forensic Auditor to withhold any further discussion till the disposal of the said appeal, since the matter was sub-judice. The appeal before Hon'ble SAT was listed for admission hearing on November 24, 2021. However, the solicitors for the Appellant vide letter dated November 22, 2021, moved a *praecipe* to withdraw the appeal. The Hon'ble SAT, vide order dated November 24, 2021, disposed of the appeal as withdrawn.

10.2. Thereafter, SEBI had received a letter dated December 04, 2021 from M/s. Alliance Law Advocates & Legal Advisors, attaching copy of Writ Petition (ST) No. WP/27275/2021 filed by Mr. Ashok Rajani, Promoter of Seya, in the Hon'ble Bombay High Court. Later, copy of amended writ petition were served to SEBI vide letter dated February 04, 2022. The matter is still pending before the Hon'ble High Court.

Findings and Observations pursuant to investigation

11. **<u>Fictitious sales and purchases with inter-connected entities/firms:</u>**

11.1. In response to summons issued by the Investigating Authority requiring various information, Seya failed to provide information regarding its top ten sellers and purchasers for the FY 2018-19 and FY 2019-20 by claiming data loss due to server and backup data crash. Since the information was not forthcoming from Seya, detailed GST filings by Seya and its major buyers and sellers were obtained from the CBIC (GST Department) directly.

11.2. From the GST returns of Seya for the FY 2018-19, 2019-20 and 2020-21, it was observed that Seya had transactions with firms of Surekha Sudhir Joshi, Pinakin Kantilal Joshi, Sudhir Kantilal Joshi, Meena Pinakin Joshi, Sujaya Shailesh Ail, Sandeep Beerappa Ail, Kanaiyalal Ganpatlal Soni, Tejas Kanaiyalal Soni and Khushbu Ompal Singh. The investigations revealed that these entities were name lenders and the transactions entered with these entities were fictitious, details of which are discussed in the following paras. A summary of the transactions of Seya with the firms of abovementioned entities is provided in the Table below:

Table no. 2

(INR in crore)

Financial Year				**FY 2018-19**		**FY 2019-20**		**FY 2020-21**	
Sl. No.	**Firm Name/ Trade Name**	**Proprietor / Partner**	**GSTIN**	**Total Sales as per GSTR**	**Total Purchases as per GSTR**	**Total Sales as per GSTR**	**Total Purchases as per GSTR**	**Total Sales as per GSTR**	**Total Purchases as per GSTR**
	Joshi Family								
1	Avon Engineering/ Aravalli Marketing	Surekha Sudhir Joshi	27AEJPJ2816C1ZT	-	18.88	-	-	-	-
2	Godavari Fab Tech/ Kadambari Chemical Corporation/ Padmavati Traders	Sudhir Kantilal Joshi	27ADLPJ5376J1Z1	84.96	0.03	-	-	-	-
3	Sterling Project Engineers/ Bluezone Trading Company	Meena Pinakin Joshi	27AJEPJ7044A1ZL	-	24.18	-	-	-	-
4	Fenix Process Technologies	Pinakin Kantilal Joshi	27ADLPJ8489N1ZH	-	35.91	-	-	-	-
	Ail Family								
5	Sambhav Fab Tech/ Siddhi Sales Corporation/ Kaveri Enterprises	Sujaya Shailesh Ail	27AKNPB3648L2ZS	0.21	119.11	1.07	44.64	-	-

Financial Year				FY 2018-19		FY 2019-20		FY 2020-21	
Sl. No.	**Firm Name/ Trade Name**	**Proprietor / Partner**	**GSTIN**	**Total Sales as per GSTR**	**Total Purchases as per GSTR**	**Total Sales as per GSTR**	**Total Purchases as per GSTR**	**Total Sales as per GSTR**	**Total Purchases as per GSTR**
6	Supreme Technologies, Sahyadri Trading Company & Sigma trading Company	Sandeep Beerappa Ail	27AJXPA0756D2Z7	77.91	4.35	1.09	17.35	-	-
	Soni Family								
7	J P Engineering & Elite Trading Company	Kanaiyalal Ganpatlal Soni	27BTPPS9753K1ZJ	80.74	4.63	0.67	37.59	-	-
8	Karnavati Dye Chem/ Zentech Engineering Systems & Solutions/ Synergy Sales	Tejas Kanaiyalal Soni	27BIYPS9025C1ZO	3.92	110.49	0.67	-	-	-
	Other Partnership firms								
9	Meghmani Organics	Khushbu Ompal Singh and Vinay Suresh Dasa	27ABIFM9723H1ZW	8.71	0.03	36.78	-	0.23	-
10	Metco Enterprises	Khushbu Ompal Singh and Sujaya Ail	27ABIFM9722G1ZZ	-	7.58	-	10.39	0.22	-
Total Transactions of company with the aforementioned entities				**256.45**	**325.19**	**40.28**	**109.97**	**0.45**	**-**
Company Total Sales and Purchases as per GST returns				**454.19**	**552.37**	**180.98**	**185.77**	**30.06**	**17.14**
Transactions of company with the aforementioned entities as percentage to total sales/purchases of the company as per the GST returns for the relevant FY				**56.46 %**	**58.87%**	**22.26%**	**59.20%**	**1.50%**	**-**

Basis: GST filings of Seya Industries Ltd. as obtained from GST department

11.3. From the above Table, the following were observed.

11.3.1. Seya had entered into transactions with the firms registered in the names of family members of the Joshis, the Sonis, the Ails and Ms. Khushbu. The sale transactions of Seya with these firms account for 56.46 %, 22.26% and 1.50% of the total sales of Seya for the FYs 2018-19, 2019-20 and 2020-21 respectively, as per the GST returns. Further, Seya's purchase transactions with these firms accounted for 58.87% and 59.2% of Seya's total purchases for the FYs 2018-19 and 2019-20 respectively, as per the GST returns.

11.3.2. Seya had sales of Rs. 84.96 crores with the firms of Sudhir Kantilal Joshi in FY 2018-19 and in the same year Seya had purchases of Rs. 79.00 crores with the firms of the Sudhir Kantilal Joshi, his wife Surekha Sudhir Joshi, his brother Pinakin Kantilal Joshi and wife of his brother Meena Pinakin Joshi.

11.3.3. Seya had sales of Rs. 77.91 crores with the firms of Sandeep Beerappa Ail in FY 2018-19 and in the same year Seya had purchases of Rs. 119.11 crores with the firm of Sandeep Ail's sister Sujaya Sailesh Ail. Further, in FY 2018-19 Seya had purchases of Rs. 4.35 crores with the firms of Sandeep Beerappa Ail and in the same year Seya had sales of Rs. 0.21 crores with the firms of his sister Sujaya Sailesh Ail.

11.3.4. In the FY 2019-20, Seya had total sales of Rs. 2.16 crores and total purchases of Rs. 61.99 crores with the firms of Sujaya Shailesh Ail and Sandeep Beerappa Ail taken together.

11.3.5. Seya had sales of Rs. 80.74 crores with the firms of Kanaiyalal Ganpatlal Soni in FY 2018-19 and in the same year Seya had purchases of Rs. 110.49 crores with the firms of Kanhaiyalal Soni's son Tejas Kanaiyalal Soni. Further, in FY 2018-19 Seya had purchases of Rs. 4.63 crores with the firms of Kanaiyalal Ganpatlal Soni and in the same year Seya had sales of Rs. 3.92 crores with the firms of his son Tejas Kanaiyalal Soni.

11.3.6. In the FY 2019-20 Seya had sales of Rs. 1.34 crores with the firms of Kanaiyalal Ganpatlal Soni and Tejas Kanaiyalal Soni taken together and purchases of Rs. 37.59 crores with the firm of Kanaiyalal Ganpatlal Soni.

11.3.7. In FY 2018-19 Seya had sales of Rs. 8.71 cores with Meghmani Organics (where Ms. Khushbu Singh and Vinay Dasa are partners) and purchases of Rs. 7.58 crores with another firm, Metco Enterprises (where Ms. Khushbu Singh and Sujaya Ail are partners). In FY 2019-20 Seya had sales of Rs. 36.78 with Meghmani Organics and purchases of Rs. 10.39 crores with Metco Enterprises.

11.3.8. Further, in FY 2020-21 Seya had sales of Rs. 0.45 crores with Meghmani Organics and Metco Enterprises, taken together.

Difference between sales/purchase as per GST returns and as reported in Financial statements:

11.4. Differences were observed between Sales and Purchases as per the GST returns of Seya and Sales and Purchases reported by Seya in its Annual Reports (ARs) for the FY 2018-19, 2019-20 and 2020-21. The details of the said differences are as under:

Table no. 3

(INR in crore)

Financial Year	FY 2018-19		FY 2019-20		FY 2020-21	
Particulars	**Sales**	**Purchases**	**Sales**	**Purchases**	**Sales**	**Purchases**
Company Total sales and purchases as per GST returns	454.19	552.37	180.98	185.77	30.06	17.14
Company Total sales and purchases as reported in Annual Reports of respective FY	412.78	205.77	258.20	143.18	44.01	20.90
Differences in sales and purchases as reported in ARs as compare to the sales and purchases as per the GST returns	(41.41)	(346.6)	77.22	(42.59)	13.95	3.76

11.5. From the above Table, it was observed that the sales figures as per GST Returns varied from sales figures reported in the ARs for FYs 2018-19, 2019-20 and 2020-21, with the differences standing at –(Rs. 41.41 crores), Rs. 77.22 crores and Rs. 13.95 crores, respectively.

11.6. As per the GST returns obtained by SEBI from GST Department, the total purchases of the Company in FY 2018-19 stood at Rs. 552.37 crores. However, the reported purchases in the Company's books for the said FY 2018-19 were only Rs. 205.77 crores. It was observed that the Company had shown an increase of Rs.307.21 Crore in Capital Work in Progress (Capital WIP) in its Balance Sheet for FY 2018-19. Since the purchases identified with the entities mentioned at para 11.2 above during FY 2018-19 stood at Rs.325.19 crores, there is a possibility that a significant part of the incremental Capital WIP of Rs.307.21 Crores reported in Balance sheet for FY 2018-19 had been included as part of purchases in GST returns. The same indicates that a significant portion of the Capital Work in Progress as reported by the company in Balance Sheet is manipulated and the reported figures do not represent a true and fair view.

11.7. The difference of purchases plus incremental Capital WIP as reported in Annual Reports and purchases as per the GST returns for the FY 2018-19 to 2020-21 are as under:

Table no. 4

(INR in crore)

Financial Year	FY 2018-19	FY 2019-20	FY 2020-21
Particulars	**Purchases**	**Purchases**	**Purchases**
Company Total purchases as per GST returns	552.37	185.77	17.14
Company Total purchases as reported in Annual reports of respective FY	205.77	143.18	20.90
Company incremental Capital WIP (Closing-Opening) as per the balance sheets of the respective FY	307.21	104.35	58.84
Total of company purchases plus incremental in Capital WIP as per the ARs of respective FY	512.98	247.53	79.74
difference of purchases plus incremental Capital WIP as reported in Annual reports and purchases as per the GST returns	(39.39)	61.76	62.60

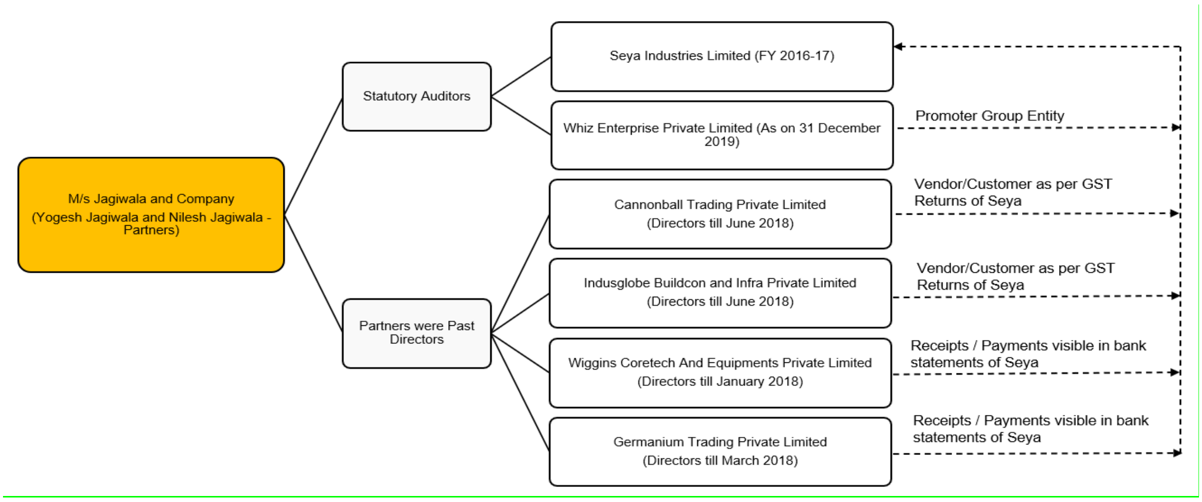
11.8. The figures in the above Table show variance between purchases as per the GST returns and purchases and incremental Capital WIP reported in the ARs for FYs 2018-19, 2019-20 and 2020-21, with the differences standing at –(Rs. 39.39 crores), Rs. 61.76 crores and Rs. 62.60 crores, respectively.

Analysis of GST Returns of vendors of Seya

11.9. SEBI has received the GST returns of the entities mentioned at Sl. No. 1 to 8 of Table 2 at Para 11.2 above. The analysis of GST returns of these entities are as under:

11.9.1. On analysis of transactions undertaken by the firms of aforesaid entities, it was seen that in addition to Seya, they had dealt with Whiz Enterprises Private Limited, Aneeka Universal Private Limited and Shri Balaji Entertainments Pvt. Ltd., all of which are related companies of Seya. Details of relations between Seya and the said related companies have been discussed later.

11.9.2. Further, the firms of aforesaid entities had also traded with Indus Globe Buildcon Private Limited, Cannonball Trading Private Limited, Wiggins Coretech and Equipments Private Limited and Germanium Trading Private Limited, all of which are companies connected to Jagiwala & Co, former auditors of Seya. Their connection with Jagiwala & Co. is brought out in the following chart:



11.9.3. Yogesh Jagiwala and Nilesh Jagiwala (the partners of Jagiwala & Co.) did not co-operate with the SEBI Investigations. It is seen from the Criminal Application No. 520 of 2020 dated December 22, 2020 filed before the Hon'ble High Court of Judicature at Bombay in the case of Mr. Nilesh Jagiwala vs The Superintendent (Anti Evasion), Central GST and Central Excise, that Mr. Nilesh Jagiwala was arrested earlier by the central GST and his bail applications were rejected on multiple occasions on account of alleged GST fraud.

11.9.4. A summary of the transactions of the firms of aforesaid entities with Seya, its related companies, companies connected to Jagiwalas and among themselves, as percentage to their total transactions for the FY, is provided in the table below:

Table no. 5

Sl No.	Name of the entity	2018-19		2019-20	
		Sales (%)	Purchases (%)	Sales (%)	Purchases (%)
1	Surekha Sudhir Joshi (27AEJPJ2816C1ZT)	92%	91%	-	-
2	Sudhir Kantilal Joshi (27ADLPJ5376J1Z1)	99%	100%	-	-
3	Meena Pinakin Joshi (27AJEPJ7044A1ZL)	95%	89%	-	-
4	Pinakin Kantilal Joshi (27ADLPJ8489N1ZH)	100%	90%	-	-
5	Sujaya Shailesh Ail (27AKNPB3648L2ZS)	97%	96%	100%	78%
6	Sandeep Beerappa Ail (27AJXPA0756D2Z7)	97%	95%	85%	48%
7	Kanaiyalal Ganpatlal Soni (27BTPPS9753K1ZJ)	95%	99%	100%	71%
8	Tejas Kanaiyalal Soni (27BIYPS9025C1ZO)	95%	97%	63%	39%

11.10. The above Table indicates that the buy and sell transactions of the aforementioned entities were mostly limited to Seya, companies connected to Seya and Jagiwalas and among themselves only, which indicates that that the said firms of aforementioned entities were created for, *inter alia*, inflating the sales and purchases of Seya, resulting in manipulation of books of accounts of Seya.

11.11. Further analysis of sales and purchase transactions, as per GST Returns of the aforementioned entities for the investigation period, revealed the following:

11.11.1. On analysis of the GST Returns of Kanhaiyalal Soni for the investigation period, it was noted that 60% of the total purchases of Kanhaiyalal Soni were from Seya and 17% were from Aneeka Universal Private Limited (a related company of Seya). Further, out of total sales of Kanhaiyalal Soni, 27% amounting to Rs. 37.29 crores were made to Surekha Sudhir Joshi and 27% amounting to Rs. 37.00 crores were made to Meena Pinakin Joshi. Further, 31% of the total sales of Kanhaiyalal Soni were to Seya.

11.11.2. On analysis of the GST Returns of Sudhir Joshi, it was identified that 88% of the total purchases amounting to Rs. 84.96 crores of Sudhir Joshi were from Seya and 17% amounting to 10.98 crores were from Aneeka Universal Private Limited. Further, out of total sales, 42% amounting to Rs. 41.47 crores were made to Surekha Sudhir Joshi and 43% amounting to Rs. 42.58 crores were made to Meena Pinakin Joshi. Further, 12% of the total sales of Sudhir Joshi were to Indusglobe Buildcon and Infra Private Limited, which are companies connected to Jagiwalas, the former auditor of Seya.

11.11.3. On analysis of the GST Returns of Sandeep Beerappa Ail, it was observed that 61% of the total purchases amounting to Rs.78.99 crores of Sandeep Ail were from Seya and 13% amounting to Rs.16.78 crores were from Aneeka Universal Private Limited. Further, out of the total sales of Sandeep Ail, 25% amounting to Rs.35.16 crores were made to Surekha Sudhir Joshi and 22% amounting to Rs.30.81 crores were made to Meena Pinakin Joshi. Further, 8% of the total sales of Sandeep Ail were to Indusglobe Buildcon and Infra Private Limited and 16% were to Sujaya Ail.

11.11.4. On analysis of the GST returns of Surekha Joshi, it was observed that 24%, 27% and 23% of her total purchases were from Kanhaiyalal Soni, Sudhir

Joshi and Sandeep Ail, respectively. Further, 78% of her total sales amounting to Rs. 118.56 crores were to Sujaya Ail (39% - Rs. 59.40 crores) and Tejas Soni (39% - Rs. 59.16 crores).

11.11.5. On reviewing the GST returns of Meena Joshi, it was observed that 23%, 27% and 19% of her total purchases were from Kanhaiyalal Soni, Sudhir Joshi and Sandeep Ail, respectively. Further, 78% of her total sales amounting to Rs. 117.07 crores were to Sujaya Ail (40% - Rs. 60.07 crores) and Tejas Soni (38% - Rs. 57 crores).

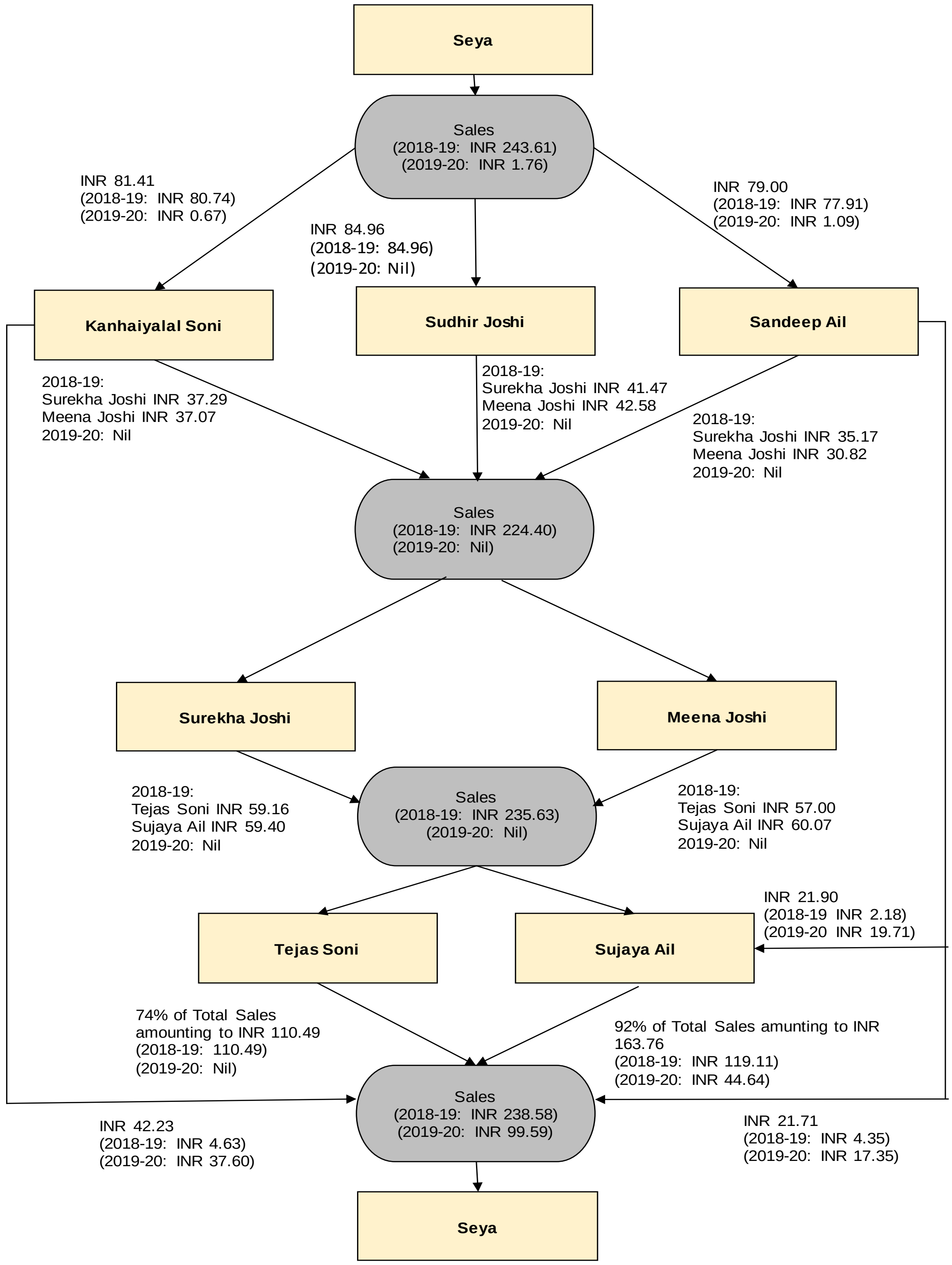
11.11.6. On reviewing the GST returns of Tejas Soni, it was observed that 78% of his total purchases were from Meena Joshi and Surekha Joshi. Further, 74% of his total sales amounting to Rs. 110.49 crores were to Seya.

11.11.7. On reviewing the GST returns of Sujaya Ail, it was observed that 67% of her total purchases were from Meena Joshi and Surekha Joshi. Further, 92% of her total sales amounting to Rs. 163.76 crores were to Seya.

11.11.8. On reviewing the GST returns of Pinakin Joshi, it was observed that 99% of the total sales amounting to Rs. 35.91 crores were to Seya.

11.12. Analysis of the aforementioned transactions shows that the Company Seya sold goods to firms of Kanhaiyalal Soni, Sudhir Joshi and Sandeep Ail among others. These entities further sold goods to firms of Surekha Joshi and Meena Joshi which were further sold to firms of Tejas Soni and Sujaya Ail. From the firms of Tejas Soni and Sujaya Ail, Seya had purchased the goods back. This indicates that the above transactions were executed transactions in a circuitous manner which had the effect of inflating the sales and purchases of Seya and rendering the said transactions as fictitious. A simplified and indicative flow chart showing the abovementioned transactions is placed below.

Rs. in Crores



11.13. Further, it is also seen that there are fictitious transactions involving Seya with the firms of Mr. Pinakin Joshi and Ms. Khushbu Singh as detailed in Table 2 above.

11.14. **The relationship of the above individuals with Seya and each other:**

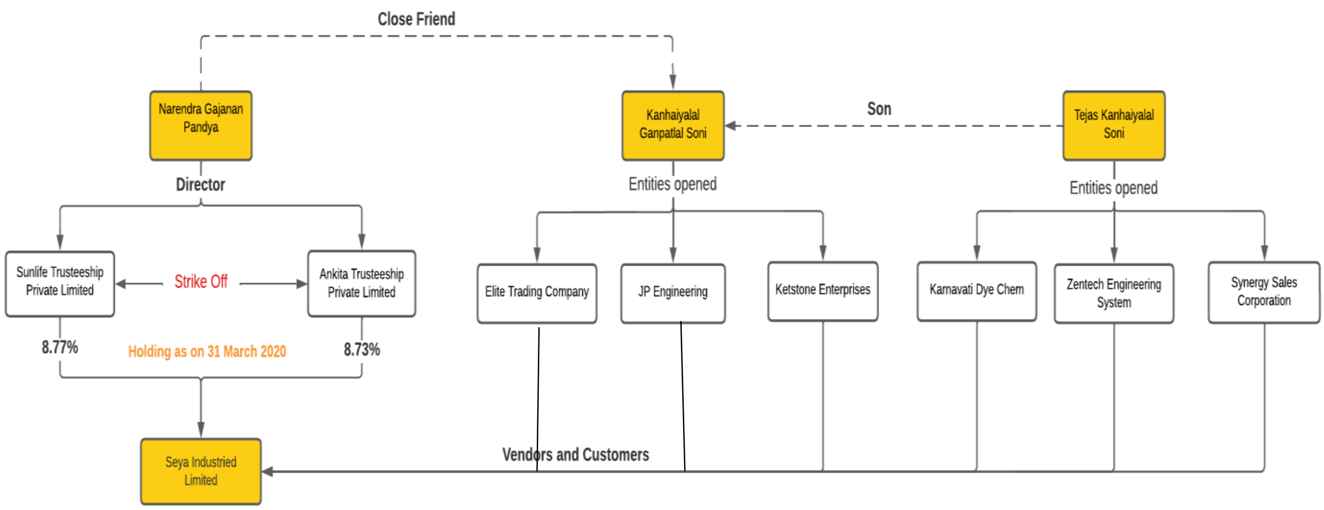
11.14.1. Investigations revealed that the aforementioned entities who transacted with Seya were persons who had lent their names for these transactions. Multiple

Firms and bank accounts were opened using their names. The inter-relationships of these entities are as under:

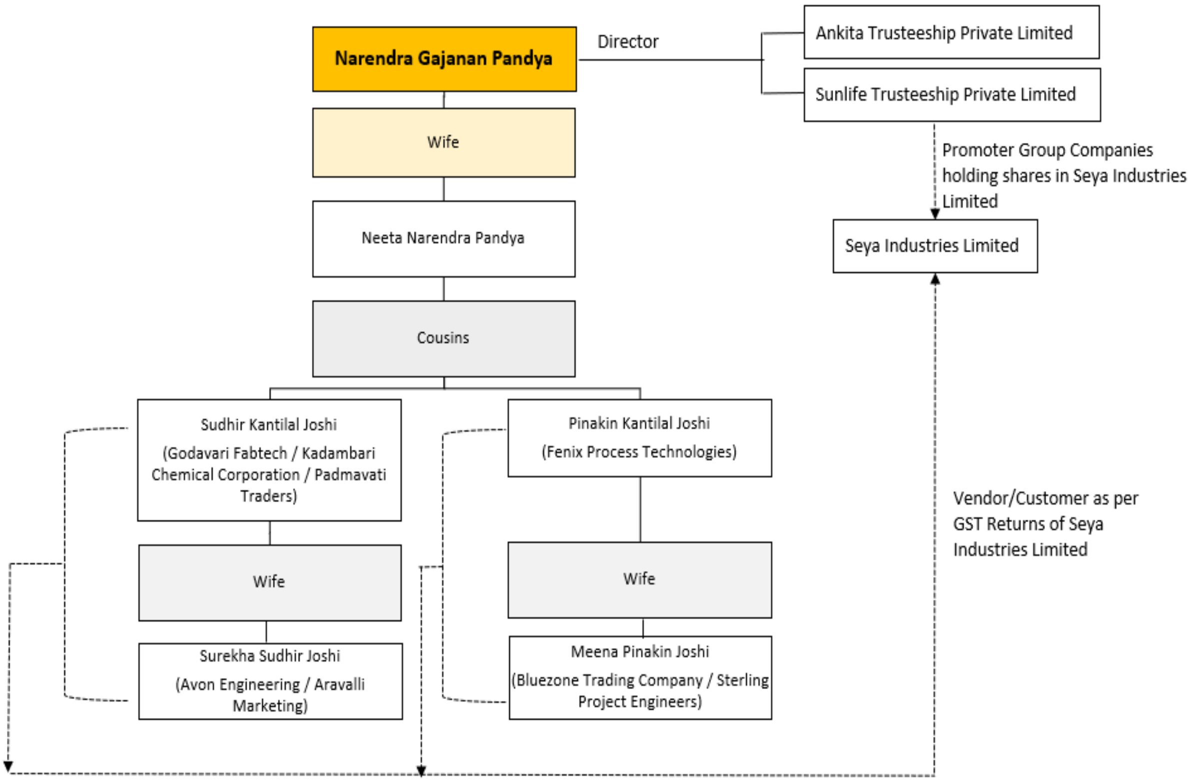
Table no. 6

Sl. No.	Entity Name	PAN	Inter relationship
1	Surekha Sudhir Joshi	AEJPJ2816C	Wife of Sudhir Kantilal Joshi
2	Sudhir Kantilal Joshi	ADLPJ5376J	Brother of Pinakin Kantilal Joshi and husband of Surekha Sudhir Joshi
3	Meena Pinakin Joshi	AJEPJ7044A	Wife of Pinakin Kantilal Joshi
4	Pinakin Kantilal Joshi	ADLPJ8489N	Brother of Sudhir Kantilal Joshi and husband of Meena Pinakin Joshi
5	Sujaya Shailesh Ail	AKNPB3648L	Sister of Sandeep Beerappa Ail
6	Sandeep Beerappa Ail	AJXPA0756D	Brother of Sujaya Shailesh Ail
7	Kanaiyalal Ganpatlal Soni	BTPPS9753K	Father of Tejas Kanaiyalal Soni
8	Tejas Kanaiyalal Soni	BIYPS9025C	Son of Kanaiyalal Ganpatlal Soni
9	Khushbu Ompal Singh	DLAPS0986R	Employee of Seya Industries Limited

11.14.2. **Seya and Soni Family**: The investigations revealed that the Joshis and Sonis were introduced to Seya by one Narendra Gajanan Pandya, who was a friend of Shri Kanaiyalal Ganpatlal Soni. Narendra Pandya is identified to be a director in some of the promoter companies of Seya. The below chart highlights the relationship between Narendra Gajanan Pandya, Kanaiyalal Ganpatlal Soni, Tejas Kanaiyalal Soni and Seya.



11.14.3. **Seya and Joshi Family**: The Joshis are related to Narendra Gajanan Pandya. Narendra Gajanan Pandya is married to Neeta Narendra Pandya, who is the cousin of Sudhir Kantilal Joshi and Pinakin Kantilal Joshi. The below chart highlights the relationship between Narendra Gajanan Pandya, Sudhir Kantilal Joshi, Surekha Sudhir Joshi, Pinakin Kantilal Joshi, Meena Pinakin Joshi and Seya.



Name lenders for transactions

11.15. Surekha Sudhir Joshi, Pinakin Kantilal Joshi, Sudhir Kantilal Joshi, Meena Pinakin Joshi and Tejas Kanaiyalal Soni in their statements dated August 23, 2022 and Kanaiyalal Ganpatlal Soni in his statement dated August 26, 2022 admitted that:

i. Seya had used their names and documents to create firms and shown transactions with these created firms. They signed and provided their documents to Seya.

ii. The arrangement with Seya was reached during 2012.

iii. They were getting Rs. 4,000 to Rs. 7,000/- per firm per month (in cash) for their name lending during the period 2012-13 to December 2018.

iv. Bank accounts were opened in the names of firms and signed cheque leaves were taken by the Company's representative, Narendra Pandya, with whom they were associated.

v. They were unaware of the transactions carried out by the firms opened in their names.

vi. They admitted that they signed entire cheque books, RTGS forms etc. and handed over to one Mr. Narendra Pandya who they believed to be a representative of Seya.

vii. They did not have any financial capacity to have such huge transactions entered in the names of their firms.

viii. They had made admissions to this effect to the Central GST Department (Nasik).

ix. They were arrested by GST Authorities on March 22, 2021 and March 23, 2021 and got bail on June 2021 and July 2021.

11.16. It is seen from the above that Mr. Narendra Pandya was the common link between Seya and the Joshis and the Sonis. Mr. Narendra Pandya was a relative of Joshis and had been an acquaintance of Mr. Kanhaiyalal Soni. In spite of several summons for his appearance, Mr. Narendra Pandya failed to appear before the IA. Mr. Narendra Pandya has been identified to have held directorship in some of the promoter group companies of Seya, viz. Ankita Trusteeship Pvt. Ltd. and Sunlife Trusteeship Pvt. Ltd. These companies, which have been struck off by ROC, were reportedly holding shares of Seya on behalf of various trusts.

11.17. Summons were issued to Sandeep Beerappa Ail and Sujaya Shailesh Ail for appearance and submission of information, but they neither submitted any response nor did they appear before IA. It was observed that GST authorities in their Show cause notice (SCN) to Seya and others had mentioned that Sandeep Beerappa Ail and Sujaya Shailesh Ail were absconding. Though these entities did not provide the information, their detailed GST filings were directly obtained from the GST Department.

11.18. Ms. Khushbu Ompal Singh in her statement dated October 17, 2022 had admitted that she was a contract staff in Seya in the accounts department and was not a regular employee. She further stated that Mr. Narendra Pandya approached her for creating partnership firms in her name and two firms, viz. M/s. Meghmani Organics and M/s. Metco Enterprises, were created in her name. The two partnership firms in which she was a partner had never done any actual purchase or sale transactions with Seya.

11.19. Joshi’s and Sonis had admitted before SEBI that they were not paying any income tax prior to lending their name as they did not have any taxable income. After the firms were started in their names, income tax could have been paid by Seya or Mr. Narendra Pandya, who used to take the signed cheque books and RTGS forms from them.

11.20. It was further observed that the GST registrations of Sonis and Joshis were cancelled, suo moto, by the GST Department, with effect from their date of registration.

11.21. **Analysis of Income Tax filings by the Name lending entities.**

11.21.1. The Income Tax filings of the abovementioned named lending entities, as obtained from the CBDT, were examined. From the details of emails and mobile numbers mentioned therein, the following were observed:

Table No. 7

Sl No.	PAN	Name Of Assessee	Mobile No	Email address	Name Against Mobile Number as per public domain searches	Email ID belonged to
1	ADLPJ5376J	Sudhir Kantilal Joshi	9967992104	niyunisu@gmail.com	Narendra Pandya	Narendra Pandya
2	ADLPJ8489N	Pinakin Kantilal Joshi	9967992104	niyunisu@gmail.com	Narendra Pandya	Narendra Pandya
3	AEJPJ2816C	Surekha Sudhir Joshi	7058712051	akansha.goyal412@gmail.com	Not Available	-
4	AJEPJ7044A	Meena Pinakin Joshi	9833508446	niyunisu@gmail.com	CA Nilesh Jagiwala	Narendra Pandya
5	AJXPA0756D	Sandeep Beerappa Ail	9833508446	niyunisu@gmail.com	CA Nilesh Jagiwala	Narendra Pandya
6	AKNPB3648L	Sujaya Shailesh Ail	9967992104	niyunisu@gmail.com	Narendra Pandya	Narendra Pandya
7	BIYPS9025C	Tejas Kanhaiya Lal Soni	9967992104	niyunisu@gmail.com	Narendra Pandya	Narendra Pandya
8	BTPPS9753K	Kanhaiyalal Ganpatlal Soni	9967992104	niyunisu@gmail.com	Narendra Pandya	Narendra Pandya

11.21.2. From the above Table, it is observed that the income tax registrations and/or filings of abovementioned entities were handled either by Mr. Narendra Pandya or by CA Nilesh Jagiwala, who is a partner of Jagiwala & Co., past statutory auditors of Seya.

11.21.3. SEBI obtained the Income Tax Returns (ITRs) of Tejas Kanhaiyalal Soni, Sudhir Kantilal Joshi, Meena Pinakin Joshi, Kanhaiyalal Ganpatlal Soni, Sujaya Shailesh Ail, Surekha Sudhir Joshi and Sandeep Beerappa Ail for the FY 2018-19 from CBDT. From the same, it was observed that the tax audit for all the said entities was conducted by the same auditor, viz. N P Rajput and Co. The said auditor, whose details are provided below, did not respond to SEBI Summonses.

Table No. 8

Sl. No.	Proprietors	Entities/Firms	Tax Auditor/Filed by
1	Tejas Kanhaiyalal Soni	Karnavati Dye Chem / Zentech Engineering Systems / Synergy Sales Corporation	N P Rajput and Co.
2	Sudhir Kantilal Joshi	Godavari Fabtech/ Kadambari Chemical Corporation /Padmavati Traders	N P Rajput and Co.
3	Meena Pinakin Joshi	Sterling Project engineers/Bluezone Trading Company	N P Rajput and Co.
4	Kanhaiyalal Ganpatlal Soni	J P Engineering & Elite Trading Company / Keystone Enterprise	N P Rajput and Co.
5	Sujaya Sailesh Ail	Sambhav Fabtech / Kaveri Enterprise / Siddhi Sales Corporation	N P Rajput and Co.
6	Surekha Sudhir Joshi	Avon Engineering/Aravalli Marketing	N P Rajput and Co.
7	Sandeep Beerappa Ail	Supreme Technologies / Sahyadri Trading Company / Sigma Trading Company	N P Rajput and Co.

11.21.4. It was observed that though the above-mentioned entities had transactions in tens of crores of rupees, their taxable incomes, as seen from their ITRs, were negligible. The analysis of their ITRs is as under:

Table No. 9

Rs. in crores

Particulars	Tejas Kanhaiyalal Soni	Sudhir Kantilal Joshi	Meena Pinakin Joshi	Kanhaiyalal Ganpatlal Soni	Sujaya Shailesh Ail	Surekha Sudhir Joshi	Sandeep Beerappa Ail
Sale of Goods	109.48	80.04	128	80.81	112.56	126.71	71.79
Purchase	109.20	79.85	80	80.67	112.27	126.39	71.61
Gross Total Income	0.08	0.06	0.06	0.05	0.05	0.05	0.05
Debtors	32.30	23.61	37.84	23.84	33.2	40.07	21.17
Creditors	34.85	25.72	40.57	25.5	34.85	37.38	23.13
Rupee Loans from Banks	-	0.79	-	-	-	-	-
Loans and Advances given and recoverable	-	0.77	-	-	-	-	0.69
Cash/Bank Balance	0.01	0.01	0.01	0.01	0.38	0.01	0.01

11.21.5. From the above table, it can be seen that though the abovementioned entities have sales and purchase transactions amounting to tens of crores of Rupees, their Cash/Bank balances were minimal and they had Nil/minimal Loans from Banks and had also Nil/minimal Loans and Advances given.

11.21.6. Analysis of sales and purchases transactions as per GST returns of Sudhir Kantilal Joshi, Kanaiyalal Ganpatlal Soni, Sandeep Beerappa Ail, Sujaya Shailesh Ail and Tejas Kanaiyalal Soni vis-à-vis the sales and purchases reported in their ITRs revealed the following:

i. As per the GST returns, Seya had shown Rs. 84.96 crores sales with the firm of Sudhir Kantital Joshi in FY 2018-19 whereas as per the ITR of Sudhir Joshi, his total purchases were for Rs. 79.85 crores in FY 2018-19, which means he had made purchases only from Seya.

ii. As per the GST returns, Seya had shown Rs. 80.74 crores sales with the firm of Kanaiyalal Ganpatlal Soni in FY 2018-19 whereas as per the ITR of Kanaiyalal Ganpatlal Soni, his total purchases were for is Rs. 80.67 crores in FY 2018-19, which means he had made purchases only from Seya

iii. As per the GST returns, Seya had shown Rs. 77.91 crores sales with the firm of Sandeep Beerappa Ail in FY 2018-19 whereas as per the ITR of Sandeep Beerappa Ail, his total purchases were for Rs. 71.79 crores in FY 2018-19, which means he had made purchases only from Seya.

iv. As per the GST returns, Seya had purchases of Rs. 108.47 crores with the firm of Sujaya Shailesh Ail in FY 2018-19 whereas as per the ITR of

Sujaya Shailesh Ail, her total sales were for Rs.112.56 crores in FY 2018-19, which means 96.37% of her total sales was with Seya.

v. As per the GST returns, Seya had purchases of Rs. 100.37 crores with the firm of Tejas Kanaiyalal Soni in FY 2018-19 whereas as per the ITR of Tejas Kanaiyalal Soni, his total sales were for Rs.109.48 crores in FY 2018-19, which means 91.68% of his total sales was with Seya.

vi. From the above, it is observed that the purchase transactions as reported in ITRs of Sudhir Kantilal Joshi, Kanaiyalal Ganpatlal Soni and Sandeep Beerappa Ail were only with Seya and more than 90% of sales transactions reported in ITRs of Sujaya Shailesh Ail and Tejas Kanaiyalal Soni were with Seya.

11.21.7. It was further observed that the income tax filings for the FY 2018-19 of Surekha Sudhir Joshi, Pinakin Kantilal Joshi, Sudhir Kantilal Joshi, Meena Pinakin Joshi, Sujaya Shailesh Ail, Sandeep Beerappa Ail, Kanaiyalal Ganpatlal Soni and Tejas Kanaiyalal Soni were made from the same IP Address No. 27.106.83.138.

Information shared by GST Intelligence:

11.22. Directorate General of GST Intelligence (DGGI) vide letter dated October 07, 2022 informed SEBI that their office had initiated investigation against Seya and M/s. Aneeka Universal Pvt. Ltd., wherein it was revealed that the said entities had floated various shell companies/entities and carried out fake/paper transactions with them to inflate their turnover and avail/pass on fraudulent CENVAT and GST Input Tax credit in contravention of Central Excise Act, 1944 and CGST/MGST Act, 2017. Accordingly, SCN dated 30.12.2020 was issued to the said entities demanding fraudulent CENVAT credit amounting to Rs. 10,07,21,008/- (Seya Industries Limited), Rs. 5,48,00,676/-(Aneeka Universal Pvt. Ltd.) & Others. SCN dated 23.09.2022 was issued by DGGI to the said entities demanding fraudulent GST Input Tax Credit amounting to Rs. 131,45,44,486/- (Seya Industries Limited), Rs. 11,98,39,676/-(Aneeka Universal Pvt. Ltd.) & Others.

11.23. The GST department also shared copy of the abovementioned SCNs issued by the department to Seya and others wherein it was alleged that Seya had availed fraudulent CENVAT credit to the tune of Rs. 10 crores and fraudulent GST Input Tax Credit to the tune of Rs.131 crores. The SCNs also indicated that the transportation bills as recorded by these entities were fictitious.

11.24. It was observed that GST department had arrested the aforementioned persons, viz. Surekha Sudhir Joshi, Sudhir Kantilal Joshi, Meena Pinakin Joshi, Pinakin Kantilal Joshi, Tejas Kanaiyalal Soni and Khushbu Ompal Singh (except Sujaya Shailesh Ail, Sandeep Beerappa Ail and Kanaiyalal Ganpatlal Soni who were untraceable), in connection with a GST input credit fraud matter involving Seya Industries Limited. The details are as under:

Table No. 10

Sl. No.	Name	Date of arrest	Release order date/ Bail date
1	Surekha Sudhir Joshi	March 22, 2021	August 27, 2021
2	Sudhir Kantilal Joshi	March 22, 2021	June 25, 2021
3	Meena Pinakin Joshi	March 22, 2021	August 27, 2021
4	Pinakin Kantilal Joshi	March 22, 2021	June 25, 2021
5	Tejas Kanaiyalal Soni	March 23, 2021	May 25, 2021
6	Khushbu Ompal Singh	March 25, 2021	May 25, 2021

11.25. Further, Maharashtra Goods & Services Tax department (State GST) has also informed SEBI vide letter dated 23.11.2022 that Seya had purchased goods from non–genuine/ bogus suppliers and had claimed incorrect/bogus Input Tax Credits from the department.

Summary of Non-genuine/ Fictitious Transactions undertaken by Seya.

11.26. Seya had entered into fictitious transactions with the aforementioned firms of name lending entities viz., the Joshis, the Sonis, the Ails and Ms. Khushbu. These fictitious sales come to 56.46 %, 22.26% and 1.50% of the total sales as per the GST returns of Seya for the FYs 2018-19, 2019-20 and 2020-21 respectively. Further, fictitious purchases come to 58.87% and 59.2% of the total purchases of as per the GST returns of Seya for the FYs 2018-19 and 2019-20 respectively. It is seen that the aforementioned entities were mere name lenders. As admitted by these entities, this arrangement came around the FY 2012-13 onwards.

11.27. It is further seen that Seya and the name-lenders also dealt with two related parties of Seya and entities where the partners of the erstwhile statutory auditor of Seya were directors. Considering that the counter parties to most of these transactions were the name-lending entities, these transactions also appear to be fictitious. Further, most of the transactions undertaken by the name lenders are either with Seya or its related parties or private companies in which the past auditor of Seya are director or among themselves.

11.28. In FY 2018-19 Seya had reported sales of Rs. 412.78 crores which declined to Rs. 258.20 crores in FY 2019-20 and to Rs.44.01 crores in FY 2020-21. After the searches conducted by GST department in January 2019 in the premises of the entities and statement recording of entities, Seya had stopped reporting transactions with the firms of Joshis and shown lower transactions with the firms of Ails and Sonis in FY 2019-20 and its revenue declined to Rs. 258.20 crores in FY 2019-20. Further, Seya has not shown any transactions with the firms of Joshis, Sonis and Ails and shown minimal sales transactions with firms of Ms. Khushbu Singh and its revenue declined to Rs. 44.01 crores in FY 2020-21.

11.29. In the Annual Report (AR) for FY 2020-21, the Company has shown Trade Receivables of Rs.124.41 crores as at March 31, 2020 and Rs.19.32 crores as at March 31, 2021. Further, in the said AR, the Company had also shown Rs.99.87 crores as exceptional items w.r.t. the Impairment/Write-off of receivables of the company. Thus, in FY 2020-21, the Company had impaired/ written off 80.27% of its trade receivable dues as of March 31, 2020. The same lends credence to the inference that the sales and consequent trade receivables of the Company were fictitious.

11.30. As per the AR for the FY 2018-19, the Company, on March 11, 2019, had issued and allotted Non-Convertible Debentures (NCDs) for Rs.72 Crores on private placement basis. Allegedly, the Company used fictitious financial information to solicit these investments.

11.31. From the above observations, it is evident that the Company had used name-lenders to create multiple firms, in the name of the individuals, who had no financial capacity to do such transactions. It leads to an inference that Seya had undertaken fictitious sales and purchases in FY 2018-19, 2019-20 and 20120-21 with the entities mentioned in para 11.2 above and thereby misrepresented its published financial statements. The said misrepresentations covered sales, purchases and Capital Work in Progress reported in ARs of the company. Thus, the Company failed to comply with the provisions of Accounting Standard IND

AS 1 which require presentation of a true and fair view of the financial position, financial performance and cash flows of the Company. The relevant clause of IND AS 1 is reproduced below:

Financial statements shall present a true and fair view of the financial position, financial performance and cash flows of an entity. Presentation of true and fair view requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of Ind ASs, with additional disclosure when necessary, is presumed to result in financial statements that present a true and fair view.

11.32. The investors and other stake holders of the Company remained unaware of the misrepresentations in the financial statements of the Company, while making the investment decision. The abovementioned misrepresentations in the financial statements of the company appears to have operated as a device/scheme/artifice to deceive and defraud the investors/shareholders dealing in the shares of Seya. In view of the same, Seya is alleged to have violated Regulations 3(c)&(d), 4(1), 4(2)(f),(k)&(r) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(b)&(c) of the SEBI Act, 1992 and Regulations 4(1)(a),(b),(c),(e),(g),(j), 4(2)(e)(i), 33(1)(c), 48 of SEBI (LODR) Regulations, 2015.

11.33. Further, it can be concluded that the Company and its directors who are instrumental in making theses transactions and were responsible for running the day-to-day the affairs of the company, failed to comply with the governance requirements, so as to achieve the objectives of the governance principles, with respect to the financial disclosure, genuineness of financial statements, and failed to meet their obligations taking into consideration the interest of all stakeholders.

12. **<u>Non disclosures of Related Party Transactions (RPTs)</u>**

12.1. On the analysis of the GST returns of Seya for the FYs 2018-19, 2019-20 and 2020-21, as obtained from the GST department, it was observed that Seya had transactions with Whiz Enterprises Private Limited, Aneeka Universal Private Limited and Shri Balaji Entertainments Private Limited. The details are as under:

Table No. 11

Rs. in crores

Financial Year			FY 2018-19		FY 2019-20		FY 2020-21	
Sl. No.	**Firm Name/ Trade Name**	**GSTIN**	**Total Sales as per GSTR**	**Total Purchases as per GSTR Amount (% to total purchases)**	**Total Sales as per GSTR Amount (% to total sales)**	**Total Purchases as per GSTR**	**Total Sales as per GSTR-Amount (% to total sales)**	**Total Purchases as per GSTR**
1	Whiz Enterprises Private Limited	27AAACW 5132A1ZT	-	0.66 (0.32%)	7.52 (2.91%)	-	5.50 (12.5%)	-
2	Aneeka Universal Private Limited	27AAJCA9 423H1ZI	-	-	-	-	6.56 (14.91%)	-
3	Shri Balaji Entertainments Private Limited	27AAGCS 3065C1ZJ	-	0.39 (0.19%)	-	-	-	-
Total			**-**	**1.05 (0.51%)**	**7.52 (2.91%)**	**-**	**12.06 (27.40%)**	**-**

Note: Sales/purchases as % to the respective total sales/purchases of the Company reported in AR for the relevant FY

12.2. Further, from the bank accounts statements of the Seya, directly obtained from the banks, it was observed that Seya had transactions with Whiz Enterprises Pvt. Ltd. and Shri Balaji Entertainments Pvt. Ltd. in FYs 2018-19 and 2019-20. The details of Seya's transactions with the said entities are as under:

Table No. 12

Rs. in crores

Financial Year		2018-19			2019-20			Total		
Sl. No.	**Name of company**	**Payments**	**Receipts**	**Net payment**	**Payments**	**Receipts**	**Net payment**	**Payments**	**Receipts**	**Net payment**
1	Whiz Enterprises Private Limited	54.63	9.47	45.16	28.02	11.79	16.23	83.45	21.26	62.19
2	Shri Balaji Entertainments Private Limited	1.09	-	1.09	0.25	-	0.25	1.34	-	1.34
Total		55.72	9.47	46.25	28.27	11.79	16.48	84.79	21.26	63.53

12.3. The relationship details of the abovementioned companies with Seya are as under:

Table No. 13

Sl. No.	Name of the company	Relation with Seya
1	Whiz Enterprises Private Limited	Promoter group company [Relatives of CMD of SEYA, viz. Narendra Ashok Rajani (Son of CMD), Pooja Ashok Rajani (daughter of CMD) and Amrit Ashok Rajani (Son of CMD and also CFO of Seya) are directors.]
2	Aneeka Universal Private Limited	Relatives of CMD of Seya, viz. Pooja Ashok Rajani and Amrit Ashok Rajani (also CFO of Seya), are directors
3	Shri Balaji Entertainments Private Limited	

12.4. As per Regulation 2(1) (zb) of SEBI (LODR) Regulations, 2015, "*related party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:….."*

12.5. Further, Section 2(76) (iv) of the Companies Act, 2013 defines related party as: *"related party", with reference to a company, means a private company in which a director or manager or his relative is a member or director."*

12.6. Regulation 2(1) (zc) of SEBI (LODR) Regulations, 2015 defines related party transaction as: "*related party transaction" means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:… ."*

12.7. Considering relationship mentioned in the Table under para 12.3 above and the definitions of "related party" and "related party transactions" as quoted above, it is clear that Whiz Enterprises Pvt. Ltd., Aneeka Universal Pvt. Ltd. and Shri Balaji Entertainments Pvt. Ltd. are related parties to Seya, in terms of Regulation 2(1) (zb) of SEBI (LODR) Regulations, 2015 and transactions of Seya with these companies were related party transactions as per Regulation 2(1) (zc) of SEBI (LODR) Regulations, 2015.

12.8. As per Regulations 4(1)(a), 4(1)(b), 33(1), 34(3) and 48 of the SEBI (LODR) Regulations, 2015, a listed company is required to comply with all the applicable and notified Accounting Standards. In this regard, it is noted that under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, the Ministry of Corporate Affairs has notified the Indian Accounting Standards ('IND AS'), which have been made applicable to listed entities since April 1, 2017. It is observed that during the Investigation Period, the new accounting standards i.e. IND AS was applicable to Seya. Further, as per clause A.1. of Schedule V read with Regulation 34(3) of the SEBI (LODR) Regulations, 2015, "*The listed entity shall make disclosures in compliance with the Accounting Standard on "Related Party Disclosures."*

12.9. It is observed that Indian Accounting Standard "IND AS 24: Related Party Disclosures" provides the following:

"18. If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include:

(a) the amount of the transactions;

(b) the amount of outstanding balances, including commitments, and:

(i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and

(ii) details of any guarantees given or received;

(c) provisions for doubtful debts related to the amount of outstanding balances; and

(d) the expense recognised during the period in respect of bad or doubtful debts due from related parties."

12.10. It was observed that the Company had not disclosed the related party transactions in its annual report and financial statements, in terms of the Accounting Standard IND AS 24 and misrepresented financial statements and other disclosures in the published financial statements. The CFO of the Company, who is also the son of the CMD of the Company, stated in his deposition before SEBI recorded on November 11, 2021 that there were no transactions by Seya with the companies where he was a director. The company vide its letter dated February 12, 2021 had stated that no related party transactions for sale or purchase was carried out, as defined under LODR regulations. However, examination of the GST returns filed by the company and bank statements indicates that there were undisclosed related party transactions between Seya and its related parties viz., Whiz Enterprises Pvt. Ltd., Aneeka Universal Pvt. Ltd. and Shri Balaji Entertainments Pvt. Ltd. during FYs 2018-19, 2019-20 and 2020-21. By failing to make the required disclosures and misrepresenting financial statements and other disclosures in the published financial statements, the Company allegedly failed to comply with the provisions of Regulations 4(1)(a), 4(1)(b), 4(2)(e)(i), 23(9), 33(1)(c), 34(3) read with Part A of Schedule V and 48 of SEBI (LODR) Regulations, 2015.

12.11. Further, the abovementioned misrepresentations in financial statements and other disclosures are also alleged to have resulted in violation of provisions of Regulation 4(2) (f), (k) & (r) of SEBI (PFUTP) Regulations, 2003.

12.12. Further, since the Company had denied the existence of related party transactions themselves, it is implied that the requirements of LODR Regulations were not followed while entering into the said related party transactions. Considering the same, it is alleged that the Company had not taken audit committee approval and/or shareholders' approval for the related party transactions, that were not disclosed in the Company's financial statements, thereby violating the provisions of Regulations 23(2) and 23(4) of SEBI (LODR) Regulations, 2015.

13. <u>**Siphoning off funds to promoter group companies/ companies related to promoters through excess payments and non-receipt of payments to/from them in pretext of purchases/sales from/to them**</u>

13.1. As discussed in previous paras, no related party transactions were disclosed in the published financial statements during the FYs 2018-19 or subsequently in connection with Whiz Enterprises Pvt. Ltd. (Whiz), Aneeka Universal Pvt. Ltd. (Aneeka) and Shri Balaji Entertainments Pvt. Ltd. (Shri Balaji). A summary of undisclosed transactions involving net outflow from the Company is provided in the table below.

Table No. 14

Rs. in crores

FY	Related parties	Undisclosed payment	Undisclosed Receipts	Undisclosed fund transfer (net)	Undisclosed net Sale (Purchases)	Net siphoning off
2018-19	Whiz	54.63	9.47	**45.16**	(0.66)	44.50
	Shri Balaji	1.09	-	**1.09**	(0.39)	0.70
	Total					**45.20**
2019-20	Whiz	28.02	11.79	**16.23**	7.52	23.75
	Shri Balaji	0.25	-	**0.25**	-	0.25
	Total					**24.00**
2020-21	Whiz	-	-	**-**	5.50	5.50
	Aneeka	-	-	**-**	6.56	6.56
	Total					**12.06**
	Grant total for FY 18-19 to 20-21					**81.26**

13.2. It is observed from the Table above that during the FY 2018-19, Seya made purchases amounting to Rs. 0.66 crores from Whiz. Seya received Rs. 9.47 crores from Whiz in its bank accounts while transferred Rs. 54.63 crores to Whiz, resulting in net outflow of Rs.44.5 crores, which remains undisclosed in the financial statements. Similarly, in FY 2018-19, Seya made purchases amounting to Rs. 0.39 crores from Shri Balaji, another undisclosed related party. During the same period, Seya paid Rs. 1.09 crores to Shri Balaji. Therefore, Seya had siphoned off of Rs. 0.70 crores to Shri Balaji in FY 2018-19. Thus, in FY 2018-19, Seya concealed the related party transactions and had siphoned off funds/assets amounting to Rs. 45.20 crores to its promoter group company/companies related to promoters i.e., Whiz and Shri Balaji.

13.3. In FY 2019-20, as per GST returns, Seya made sales amounting to Rs. 7.52 crores to Whiz. Seya received Rs. 11.79 crores from Whiz in its bank accounts and transferred Rs.28.02 crores to Whiz resulting in net outflow of Rs.23.75 crores. No disclosures were made with respect to any of these RPTs in the financial statements. Further, in FY 2019-20 Seya had also made an undisclosed fund transfer of Rs. 0.25 crores to Shri Balaji. Thus, in FY 2019-20, Seya had apparently siphoned off funds/assets amounting to Rs. 24.00 to its promoter group company/companies related to promoters i.e., Whiz and Shri Balaji.

13.4. In FY 2020-21, as per GST Returns, Seya had made sales of Rs. 5.50 crores and Rs. 6.56 crores to Whiz and Aneeka, respectively. However, there were nil receipt form these companies in FY 2020-21. Further, no disclosures with respect to related party transactions were made in respective financial statements. Thus, in FY 2020-21, Seya had apparently siphoned off assets to the related parties amounting to Rs. 12.06 crores by making sales to its promoter group company/companies related to promoters i.e., Whiz and Aneeka, without any receipt of payments from them.

13.5. The abovementioned siphoning off funds / assets by Seya the tune of Rs. 45.20 crores in FY 2018-19, Rs. 24.00 crores in FY 2019-20 and Rs. 12.06 crores in FY 2020-21 to promoter group companies/ companies related to promoters in pretext of purchases/sales from/to them and/or through undisclosed fund transfers operated as a device/scheme/artifice to deceive and defraud the investors/ shareholders dealing in the shares of Seya. In view of the same, Seya is alleged to have violated Regulations 3(c) & (d), 4(1), 4(2)(f),(r) of SEBI (PFUTP) Regulations, 2003 read with Section 12A (b) and (c) of the SEBI Act, 1992.

14. **<u>Non disclosures of materials event and information</u>**

14.1. As per Regulation 30(2) and 30(3) of SEBI (LODR) Regulations, 2015, every listed company has to make disclosure of material events / information. It was observed that Seya had not made the disclosures of the following material events / information to the stock exchanges:

14.2. ***Declaration of Company's accounts as NPA by the Banks and financial institutions***

14.2.1. It was observed that Central Bank of India, Bank of Baroda, Indian Bank, Canara Bank, Karur Vysya Bank and IFCI Limited had declared the accounts of the Company as NPA. The details are as under:

Table No. 15

Sl. No.	Name of the Bank/ Financial Institution	Date of declaration of the accounts of the company as NPA	Amount of NPA as on date of declaration as NPA
1	Central Bank of India	30.10.2019	180.52 crores
2	Bank of Baroda	29.10.2019	126.03 crores
3	Indian Bank	28.11.2019	25.62 crores
4	Canara Bank	30.12.2019	26.02 crores
5	IFCI Limited	31.12.2019	151.15 crores
6	Karur Vysya Bank	03.01.2020	41.11 crores

14.2.2. However, the Company has not made any disclosures of the above to the stock exchanges.

14.3. ***Appointment of forensic auditor by SEBI and Banks.***

14.3.1. SEBI appointed Ernst & Young LLP as the forensic auditor w.r.t. the financial statements of Seya for the FYs ending March 31 2019, March 31, 2020 and March 31, 2021 to assist the IA. The same was communicated to the Company vide letter and email dated September 09, 2021 and vide email dated September 20, 2021 to IRP. Compliance Officer of the Company vide email dated September 22, 2021 and September 30, 2021 had asked SEBI for clarification and copy of order appointing IA, which were provided to the Company with a copy marked IRP and Forensic Auditor, vide letter dated October 04, 2021. IRP vide email dated September 22, 2021 requested the Compliance Officer of the Company to disclose the appointment of forensic auditor to stock exchanges as the login-ids, password and necessary access to the Stock Exchanges were available with the Compliance Officer. However, the Company or its Compliance Officer did not disclose the appointment of forensic auditor by SEBI to the stock exchanges. Thereafter, IRP vide email dated September 24, 2021 under CC to SEBI informed the stock exchanges about the appointment of Forensic Auditor by SEBI.

14.3.2. It was further observed that the Central Bank of India had *inter-alia* informed SEBI vide email dated June 15, 2022 that it had appointed R. Kabra & Co. on 21.12.2020 for conducting forensic audit of Seya's account, however, the forensic auditor did not submit the Audit Report due to non-cooperation of the Company.

14.4. ***GST search on the premises of Seya and demands issued by GST Department.***

14.4.1. As per the SCN dated September 23, 2022 issued by the GST Department to Seya and others, searches were made by the GST Department on the factory and office premises of Seya on January 16, 2019. The Company did not make any disclosures of the same to the stock exchanges in this regard.

14.4.2. Further, GST Department had demanded repayment of fraudulent CENVAT credit amounting to Rs. 10.07 crores vide SCN dated December 30, 2020 and fraudulent GST Input Tax credit amounting to Rs. 131.45 crores vide

SCN dated September 23, 2022 from Seya. The demands raised by the GST Department were material as compared to the Total Revenue of the company for the FYs 2020-21 and 2021-22 which stood at Rs. 44.01 crores and Rs. 65.65 crores, respectively. However, the Company failed to make disclosures of the same to the stock exchanges.

14.5. ***Arbitration Award against Seya***

14.5.1. Interim Award dated March 24, 2021 passed by Sole Arbitrator directed Seya to pay Rs. 72 crores with interest, was material as compared to the total revenue of the Company for FY 2020-21 (Rs. 44.01 crores). However, the Company did not make disclosures of the same to the stock exchanges.

14.6. In view of aforesaid, it is alleged that by not disclosing the above-mentioned material events/information to stock exchanges, the Company violated the provisions of Regulations 4(1)(d),(e),(f),(g),(h),(i),(j) and Regulation 30(2)&(3) of SEBI (LODR) Regulations, 2015. Further, the Company allegedly violated Regulation 8(1) read with clause 1 of Schedule A of SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**PIT Regulations, 2015**").

15. **<u>Wrong disclosures of attendance in the board meetings and audit committee meetings:</u>**

15.1. It was observed that from the MCA filings that Ms. Kalpana Tirpude, an independent director of Seya, had resigned on January 20, 2020, i.e. during FY 2019-20. However, the Company had mentioned in its annual report for the FY 2020-21 (page no. 25 and 26) that Ms. Kalpana Tirpude had attended two board meetings and three Audit & Risk Management Committee meetings during FY 2020-21. Therefore, the Company published wrong details of attendees of it board meetings and Audit & Risk Management Committee meetings in the annual report for FY 2020-21. The Company is therefore alleged to have violated provisions of Regulations 4(1)(c) and 34(3) read with Clause (2)(b) and (3)(c) of Part C of Schedule V of the SEBI (LODR) regulations, 2015.

16. **<u>Non provisioning of Interest due to Bank / financial institutions</u>**

16.1. Based on the analysis of Annual Reports of the Company for FYs 2019-20, 2020-21 and 2021-22 and the quarterly results for quarters ended June 30, 2022, September 30, 2022 and December 31, 2022 the following were observed:

16.1.1. In the Annual Report for FY 2019-20 (page no. 70) it is mentioned under contingent liabilities that "……*Due to ongoing dispute with the lenders in relation to their failure to comply with committed lending obligations and outstanding, the Company has, on basis of legal advice, not provided for interest costs on certain loans outstanding, amounting to INR 807.98 Lacs in respect of Operating Assets and INR 2884.00 Lacs in respect of Project Assets".*

16.1.2. It was observed that the Company had disclosed a net profit after tax (before Other Comprehensive Income) of Rs. 47.02 crore in its Annual Report for FY 2019-20. However, had the interest amounting to Rs. 36.92 crore been recognized as an expense; the profit would have been Rs. 10.09 Crore only (excluding the tax effect). This would have significantly altered the perception of public investors and materially affected their investment decisions.

16.1.3. Further, on examination of the Annual Reports for subsequent years, it was observed that the Company had followed the above accounting practice of non-recognition of interest as an expenses due on NPA account for FYs 2020-21 and 2021-22 as well and the statutory auditors had stated the following under "emphasis of matter":

<u>FY 2020-21 (page no.33 of AR)</u>

"…….The total interest not provided for in respect of Operational Assets is INR 1,632.96 lacs and in respect Project Assets is INR 4,776.15 Lacs, the same is, however subject to confirmation by the Lenders".

<u>FY2021-22 (page no.37 of AR)</u>

".......... The total interest not provided for in respect of Operational Assets is INR 1,840.06 lacs and in respect Project Assets is INR 5,329.85 Lacs, the same is, however subject to confirmation by the Lenders".

16.1.4. As per the Annual Reports for FYs 2019-20 to 2021-22 and the quarterly results for quarters ended June 30, 2022, September 30, 2022 and December 31, 2022; the details of non-provisioning of interest on loans are as follows:

Table No. 16

Rs. in crores

Period	Non-provisioning of interest	As observed from
FY 2019-20	36.92	As per the annual report of the company for the FY 2019-20
FY 2020-21	64.09	As per the annual report of the company for the FY 2020-21
FY 2021-22	71.70	As per the annual report of the company for the FY 2021-22
Quarter ending June 30, 2022	19.20	As per the quarterly result for quarter ended June 30, 2022
Quarter ending Sep 30, 2022	19.79	As per the quarterly result for quarter ended September 30, 2022
Quarter ending Dec 31, 2022	20.36	As per the quarterly result for quarter ended December 31, 2022

16.1.5. It was observed that Seya had overstated its profit during FY 2019-20 and understated the expenses and losses during FYs 2020-21 and 2021-22 and quarters ended June 30, 2022, September 30, 2022 and December 31, 2022, by not providing interest on loans as an expense. The details of such understatement of expenses and losses/ overstatement of profit (excluding the tax effects) are as under:

Table No. 17

Rs. in crores

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	Quarter ended June 30, 2022	Quarter ended Sep 30, 2022	Quarter ended Dec 31, 2022
Interest on the loans not provided (**A**)	36.92	64.09	71.70	19.20	19.79	20.36
Net Profit / (loss) after Tax (**B**)	47.01	(109.58)	(6.28)	0.64	(4.75)	(10.48)
Net Profit/ (loss) after Tax after adjustment of Interest on loans: (**C=B-A**)	10.09	(173.67)	(77.98)	(18.56)	(24.54)	(30.84)
Percentage of understating of loss/ overstating of profit {(B-C)/C}x100	366%	37%	92%	103%	81%	66%

16.2. **Opinion of the Expert Advisory Committee of ICAI**

16.2.1. SEBI in the past had sought opinion of ICAI on the accounting practice of non-provisioning of interest on loans being declared as NPA by lenders/ banks. In response to the same, the Expert Advisory Committee of ICAI vide email dated June 28, 2018 had stated the following.

"The Committee notes that the interest expense accrued on outstanding loans is a borrowing cost which should be recognised as an expense in the period in which it is incurred (unless it is directly attributable to the acquisition, construction or production of a qualifying asset). With regard to reversal of the provision made for interest payable on the outstanding loans, the Committee is of the view that the unpaid interest is a 'liability', which as per the paragraph 61 of the Framework for the Preparation and Presentation of Financial Statements can be derecognised only when the present obligation is settled or extinguished. Further, in the context of Indian Accounting Standards, the Committee is of the view that the credit facility granted by the State Bank of India/AARC and Bank of Baroda to the company and interest thereon is a 'financial liability' under Ind AS 32 as it is an obligation of the company to repay the credit facility availed by it along with the interest. As per the requirements of Ind AS 109 (which deals with recognition, measurement and derecognition of financial liability), the company can remove a financial liability from its balance sheet when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Incidentally, the Committee notes that as per the prudential norms of RBI, the banks should not recognise interest as income on accrual basis for non-performing assets; rather the same should be recognised on receipt basis. However, the Committee is of the view that non- recognition of interest income in the books of account of banks (lenders) due to such prudential norms of RBI does not discharge the borrower from its liability in respect of payment of interest on credit facilities granted to it by banks/AARC. In other words, the company cannot avoid its contractual liability in respect of interest payable on credit facilities availed by it, on the pretext that the same has not been recognised as income by the banks as whether the lenders recognises the same as income or not is of no consequence as far as borrower company is concerned. Further, till the ongoing settlement process is not finalised, liability of the company is not extinguished.

Accordingly, the Committee is of the view that the treatment accorded by the company in the extant case of reversal of interest expense/payable and non-provision of interest expense is not in accordance with Accounting Standards, notified under the Companies (Accounting Standards) Rules, 2006 and Indian

Accounting Standards, notified under the Companies (Indian Accounting Standards) Rules, 2015."

16.3. **Opinion of Ministry of Corporate Affairs**

16.3.1. Further, vide letter dated July 30, 2019, opinion of Ministry of Corporate Affairs (MCA), which is the authority that notifies accounting standards for companies, was sought on the aforesaid opinion of ICAI. MCA, vide letter dated October 14, 2019, stated that *"it is in agreement with the views expressed by ICAI which is comprehensive and self-contained. The financial liability of the company continues and it cannot be reversed."*

16.4. In view of the opinion given by the ICAI and MCA, it is clear that the practice of the Company to not include interest on loans (which were classified as NPAs) in its financials was not in accordance with the applicable and notified Accounting Standards. Therefore, the Company is alleged to have violated Regulations 4(1)(a), 4(1)(b), 4(2)(e)(i), 33(1)(c) and 48 of SEBI (LODR) Regulations, 2015.

16.5. Further, the non-recognition of interest due to banks in the financial statements has significantly altered the declared profit and loss position of the company in a significant way. Excluding the tax effects, the over-reporting of profit was to the extent of Rs. 36.92 crores in FY 2019-20 and underreporting of loss was to the extent of Rs. 64.09 crores in FY 2020-21, Rs. 71.70 crores in FY 2021-22, Rs. 19.20 crores in quarter ended June 30, 2022, Rs. 19.79 crores in quarter ended September 30, 2022 and Rs. 20.36 in quarter ended December 31, 2022. Had the Company recognised the interest due in the profit and loss accounts in the respective years, the profits/losses of the Company would have been significantly different from reported profits and losses and would have had a huge impact on the decision-making process for all stakeholders including minority shareholders of the Company. Consequently, 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. In view of the same, the Company is alleged to have violated the provisions of Sections 12A (b), (c) of the SEBI Act, 1992 read with regulations 3(c) & (d), 4(1), 4(2)(f), (k) & (r) of SEBI (PFUTP) Regulations, 2003.

17. **<u>Conduct of the company:</u>**

17.1. The conduct of the Company to various summons issued by the IA is summarized in table below:

Table No. 18

Date of Summons	**Issued to**	**Comments on submission of information**
January 28, 2021	Summons to Seya	Provided partial information vide email and letter dated February 12, 2021, failed to provide any details of top 10 buyers and sellers. Company also submitted wrong information that no related party transaction for sale or purchase was carried out and Indusglobe Buildcon and Infra Private Limited and Cannonball Trading Private Limited were neither vendors nor customers at any point of time (This was proved wrong from the analysis of GST Returns and thus the Company submitted wrong and misleading information to SEBI).
March 10, 2021, March 18, 2021 and March 31, 2021	Summons and reminder summons to Seya	Sought additional information and reminded to submit details of top 10 buyers and sellers of the Company. No reply received from the Company.
June 10, 2021	Summons to Seya	Seya Replied vide letter dated July 05, 2021: Again failed to provide details of sellers, purchasers, debtors and creditors for the financial year 2017-2020 as sought. Further, the Company submitted that data assimilation done by it during the months of February-March, 2021 (i.e. prior to lockdown due to second wave of Covid-19), has been completely lost on account of crashing of its server hard disks in the month of April 2021. Company submitted crash report of server hard disks as well as its backup hard disk. Company did not submit other relevant information asked in the summons including specific details of buyers and sellers PAN, Address, details of material purchased and details of default to lenders. Company did not provide the relevant information and rather submitted crash report to cover itself.

17.2. **Non submission/wrong submissions of information:**

17.2.1. In response to SEBI summonses, Seya, vide letter dated July 05, 2021, submitted a copy of server and back up hard disk crash report issued by Vidhi Data Recovery Lab (Proprietor Sahil Joshi) and claimed that the Company had lost the data due to crashing of server and back up hard disks. Quoting the same, the Company claimed that it did not have the details of top ten buyers and sellers for the FYs 2018-19 and 2019-20, thereby not sharing crucial information about the transactions entered with the name lending entities.

17.2.2. Subsequently, statement of Mr. Sahil Joshi (proprietor Vidhi Data Recovery Lab), who provided the report of non-recoverability of data to Seya was recorded. He admitted in his statements dated November 16, 2021 and November 18, 2021 that he had provided a predated certificate in the format emailed by his client Fincom Infocare (P) Limited, at the insistence of the said client, and no attempts were made to recover the data as the Company did not want to recover the data. He also submitted the aforementioned three hard disks in original to SEBI and claimed that two of those hard disks were surveillance hard disks and not server hard disks. The above clearly shows the Company's malafide conduct and intent to conceal the information. Subsequently, vide email dated November 23, 2021 Mr. Sahil Joshi informed that he had revoked the report issued to Seya and also forwarded a copy of his letter dated November 17, 2021 addressed to Seya, whereby he had revoked his report, mentioning that the report was issued at the request of Company without attempting data recovery on the drive solely for internal management purpose.

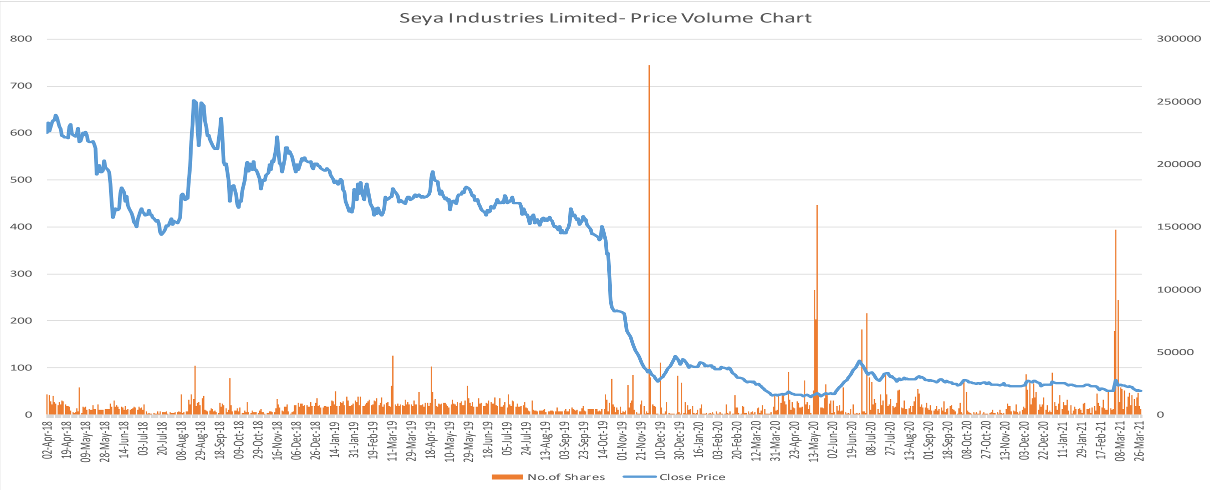
17.3. In view of the above, it is alleged that by not providing the information as sought and submitting the wrong and misleading information to SEBI vide letters dated February 12, 2021 and July 05, 2021, the Company has violated the provisions of Section 11(2)(ia), 11C(2)&(3) of SEBI Act, 1992.

18. **Non-eligible statutory auditors:**

18.1. M/s. S S Patwardhan & Co. (FRN 0119155W) was the statutory auditor of Seya for the FYs 2020-21 and 2021-22, M/s. Anil Chauhan & Associates (FRN 0140786W) was the statutory auditor for the FYs 2017-18, 2018-19 and 2019-20 and M/s. Jagiwala & Co. (FRN 131184W) was the statutory auditor for the FYs 2015-16 and 2016-17. SS Patwardhan admitted in his statements dated September 05, 2022 that his firm did not have peer review certificate. Further, ICAI Peer Review Board informed SEBI vide email dated December 12, 2022 that Anil Chauhan & Associates and Jagiwala & Co. did not hold valid peer review certificate issued by ICAI. From the above, it is observed that none of the statutory auditors of Seya from FY 2015-16 to FY 2021-22 held a valid peer review certificate issued by ICAI, resulting in violation of the provisions of Regulation 33(1)(d) of SEBI (LODR) Regulations, 2015.

19. **Price Movement during the investigation period:**

The price volume chart of the scrip of Seya during the investigation period is given below:



19.1. It was observed that from the FY 2018-19, the price of the scrip of Seya had declined generally in line with the declining financial performance of the Company. Further, when Company reported fictitious sales and purchases (including capital work in progress) in FY 2018-19 on a large scale, the price of the scrip was on the peak. However, when the misrepresentation in the financial statements was substantially reduced in FY 2020-21 as compared to FYs 2018-19 and 2019-20, the price of the scrip touched its lowest. The same shows that the inflated sales and purchases reported by the Company in its financial statements had affected the sentiments of the investors and their decision to invest in the scrip of Seya. Thus, it is clear that the misrepresentations had a direct impact on the price of the scrip of Seya.

19.2. Further, had proper disclosures in respect of classification of the Company's accounts as NPA, appointment of forensic auditors by banks and SEBI, search made by GST department, demand notices issued by GST department etc., were made, the investors could have made an informed decision regarding investment in the scrip of Seya. In such a case, the movement in the price of the scrip would have been different than what was witnessed in the absence of true and fair disclosures.

Summary of findings and legal provisions allegedly violated by the Company

20. A summary of the observations and findings against the Company detailed in above paragraphs of this order is provided below:

20.1. Company had misrepresented its financials for the FY 2018-19, 2019-20 and 2020-21 through fictitious sales, purchases and Capital Work in Progress. The accounting treatment of interest in FY 2019-20 2020-21, 2021-22 and Quarter ended June 30, 2022, September 2022 and December 31, 2022 was not in accordance with the applicable and notified Accounting Standards viz. IND AS 23, IND 32 and IND AS 109. The published financial statements / results of Seya did not give a true and fair view of the financial performance and position of the Company. Thus, the Company has allegedly violated provisions of Regulations 3(c)&(d), 4(1), 4(2)(f),(k)&(r) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(b)&(c) of the SEBI Act, 1992 and Regulations 4(1)(a),(b),(c),(d),(e),(g),(j), 4(2)(e)(i), 33(1)(c) and 48 of SEBI (LODR) Regulations, 2015.

20.2. Company had siphoned off the funds/assets to promoter group company/ companies related to promoters (viz. Whiz Enterprises Private Limited, Aneeka Universal Private Limited and Shri Balaji Entertainments Private Limited) on the pretext of purchases/sales from/to them and/or through undisclosed fund transfers during FY 2018-19, 2019-20 and 2020-21. The Company has therefore allegedly violated Regulations 3(c)&(d), 4(1), 4(2)(f),(k)&(r) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(b)&(c) of the SEBI Act, 1992.

20.3. The non-disclosures of Related Party Transactions by the Company with promoter group company/ companies related to promoters viz. Whiz Enterprises Private Limited, Aneeka Universal Private Limited and Shri Balaji Entertainments Private Limited during FY 2018-19, 2019-20 and 2020-21 were not in accordance with IND AS 24 (Related Party Disclosures). Further, the Company also failed to take audit committee approval and/or shareholders' approval for the undisclosed related party transactions. Therefore, the Company has allegedly violated Regulations 4(1)(a)&(b), 4(2)(e)(i), 23(2), 23(4), 23(9), 33(1)(c), 34(3) read with Part A of Schedule V and 48 of SEBI (LODR) Regulations, 2015.

20.4. Company had not disclosed the material events/information to stock exchanges and allegedly violated provisions of Regulation 4(1)(d),(e),(f),(g),(h),(i),(j) and 30(2)&(3) of SEBI (LODR) Regulations, 2015. Further, the Company also allegedly violated Regulation 8(1) read with clause 1 of Schedule A of SEBI (PIT) Regulations 2015.

20.5. Company had shown wrong details of attendees of board meetings and Audit & Risk Management Committee meetings in the annual report for the FY 2020-21. The Company is therefore alleged to have violated regulations 4(1)(c) and 34(3) read with clause (2)(b) and (3)(c) of part C of Schedule V of the SEBI (LODR) regulations, 2015.

20.6. Company did not provide the information as sought and submitted wrong and misleading information to SEBI vide letters dated February 12, 2021 and July 05, 2021. The Company has therefore allegedly violated Section 11(2)(ia) and 11C(2)&(3) of SEBI Act, 1992.

20.7. Company had appointed auditors who did not have valid peer review certificate issued by ICAI, as the statutory auditor of the Company. Therefore, the Company has allegedly violated regulations 33(1)(d) the SEBI (LODR) regulations, 2015.

Role of Directors and KMPs

21. It was observed that the persons mentioned in the Table below were the Directors / Promoters / KMPs, who were at the helm of affairs of the Company during the relevant times.

Table No. 19

Name of the Director	**Designation**	**Particulars of Attendance of Board Meeting.**			
		FY 2018-19	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**
Mentioned in Annual Report: page no.		46	40	25	28
Ashok Ghanshyamdas Rajani	Chairman & Managing Director	10	7	4	3
Asit Kumar Bhowmik	Executive Director	10	7	4	3
Sivaprasada Rao Buddi	Executive Director	-	-	2	2

(Source: Annual Report)

21.1. **Mr. Ashok Ghanshyamdas Rajani, CMD of the Company (Noticee 2)**

21.1.1. Mr. Ashok Ghanshyamdas Rajani, being the Chairman and Managing Director (CMD) of the Company (he is also a promoter), was in-charge of operations and decision making process. From the details of manipulation and fraud discussed above, it is clear that Mr. Ashok Rajani abused his position and manipulated financial statements of company. Further, as already observed above, the Company had not disclosed the transactions with the promoter group company/ companies related to promoters, where relatives of Ashok Rajani are directors. Further, the Company has siphoned off the funds/assets to the promoter group company/ companies related to promoters, where Ashok Rajani's relatives are directors. Thus, Mr. Ashok Rajani, apart from being directly involved and responsible for the violations by the Company as the CMD, has also benefitted personally from such violations.

21.1.2. It is thus alleged that Mr. Ashok Ghanshyamdas Rajani, CMD of Seya, has violated Regulations 3(c)&(d), 4(1), 4(2)(f),(k)&(r) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(b)&(c) of the SEBI Act, 1992, Regulations 4(1)(a),(b),(c),(d),(e),(f)(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)(3),(6),(12), 23(2), 23(4), 23(9), 30(2), 30(3), 33(1)(c), 33(1)(d), 34(3) read with Part A of Schedule V, 34(3) read with clause (2)(b) and (3)(c) of part C of Schedule V and 48 of SEBI (LODR) Regulations, 2015 and Sections 11(2)(ia) and 11C(2)&(3) of SEBI Act, 1992 read with Section 27(1) of SEBI Act, 1992 and Regulation 8(1) read with clause 1 of Schedule A of SEBI (PIT) Regulations 2015.

21.1.3. Under regulation 17(8) of SEBI (LODR) Regulations, 2015, the Chief Executive Officer ('CEO') and the Chief Financial Officer ('CFO') has to provide a compliance certificate to the board of directors. Further, under regulation 33(2)(a) of SEBI (LODR) Regulations, 2015, it is the duty of the CEO and CFO of a listed entity to certify that the published financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading while placing the financial results. It was noted that Mr. Ashok Rajani, as CMD & CEO and Mr. Amrit Ashok Rajani, as CFO of the Company (who is also the son of the CMD), had certified /given CEO/CFO certification with respect to financial statements for the FY 2018-19 to 2021-22. Mr. Ashok

Rajani is also a signatory to the Financial statements for the FY 2018-19 to 2021-22 that are misstated and wherein expenses/losses are under reported. As the financial statements have been found to be false and misleading, Mr. Ashok Rajani allegedly failed to comply with Regulation 17(8) read with part B of Schedule II and Regulation 33(2)(a) of SEBI (LODR) Regulations, 2015.

21.1.4. Mr. Ashok Rajani had attended the board meetings held during FY 2018-19 to 2021-22. Further, he was also a member of Audit Committee and attended its meetings, as seen from the Annual Reports of the Company. Mr. Ashok Rajani allegedly did not comply with regulation 18(3) read with Part C of Schedule II of the SEBI (LODR) Regulations, 2015 read with Section 27 of SEBI Act, 1992.

21.1.5. Summons dated October 14, 2021 and November 01, 2021 were issued, however, he did not appear before IA.

21.2. **Mr. Asit Kumar Bhowmik (Noticee 3) and Mr. Sivaprasada Rao Buddi (Noticee 4), non-independent executive directors**

21.2.1. Mr. Asit Bhowmik and Mr. Sivaprasada Rao Buddi , being the executive directors of Seya at the relevant time, were in-charge of operations and decision making process within the Company. Mr. Asit Bhowmik attended board meetings held during FY 2018-19 to 2021-22 and Mr. Sivaprasada Rao Buddi attended board meetings held during FY 2020-21 and 2021-22. Accordingly, they are responsible for the violations committed by the Company.

21.2.2. In view of the above, Mr. Asit Kumar Bhowmik and Mr. Sivaprasada Rao Buddi, non-independent executive directors allegedly violated Regulations 3(c)&(d), 4(1), 4(2)(f),(k)&(r) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(b)&(c) of the SEBI Act, 1992, Regulations 4(1)(a),(b),(c),(d),(e),(f)(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)(3),(6),(12), 23(2), 23(4), 23(9), 30(2), 30(3), 33(1)(c), 33(1)(d), 34(3) read with Part A of Schedule V, 34(3) read with clause (2)(b) and (3)(c) of part C of Schedule V and 48 of SEBI (LODR) Regulations, 2015 and Sections 11(2)(ia) and 11C(2)&(3) of SEBI Act, 1992 read with Section 27(1) of SEBI Act, 1992 and Regulation 8(1) read with clause 1 of Schedule A of SEBI (PIT) Regulations 2015

21.2.3. Mr. Asit Kumar Bhownik, being a member of Audit Committee meeting, attended its meetings during the FY 2020-21, as seen from the Annual Reports of the Company. Mr. Asit Kumar Bhowmik has allegedly failed to discharge his duties as required under regulation 18(3) read with Part C of Schedule II of the SEBI (LODR) Regulations, 2015 read with Section 27 of SEBI Act, 1992.

21.2.4. Summons dated October 14, 2021 and November 01, 2021 were issued to Mr. Asit Bhowmik, however, he did not appear before IA.

21.3. **Mr. Amrit Rajani CFO of the company (Noticee 5):**

21.3.1. Mr. Amrit Rajani, the CFO of the Company, is the son of Company's CMD and promoter Mr. Ashok Rajani. The CMD vide letter dated November 11, 2021 *inter-alia* informed that his son is the CFO of Seya and has been looking after the day-to-day affairs of the Company. It is observed that Mr. Amrit Rajani, being CFO of the Company and looking after the day-to-day affairs of the Company, was a Key Managerial Person (KMP) of the Company at the relevant time and thus, is responsible for the violations committed by the Company.

21.3.2. It was observed that the transactions of Seya with companies where Mr. Amrit Rajani was a director, viz. Whiz Enterprises Pvt. Ltd., Aneeka Universal Pvt. Ltd. and Shri Balaji Entertainments Pvt. Ltd., were not reported as Related Party Transactions (RPTs), even though Mr. Amrit Rajani was the CFO of Seya. Further, the Company has siphoned off the funds/assets to the companies viz. Whiz Enterprises Pvt. Ltd., Aneeka Universal Pvt. Ltd. and Shri Balaji Entertainments Pvt. Ltd. where Mr. Amrit Rajani was a director. These transactions were also not reported as RPTs.

21.3.3. Further, an entity in which Mr. Amrit Rajani was a director, viz. Aneeka Universal Pvt. Ltd., had also traded with the firms that were involved in fictitious transactions with Seya (i.e. firms opened in the names of name lenders mentioned in the foregoing paragraphs). The same clearly shows that Amrit Rajani was aware of such transactions and was hand in glove with the directors of the Company in entering the fictitious transactions that acted as a scheme to artificially inflate the purchases and sales of the Company. It is also seen that GST department has issued SCNs, along with Seya, to Mr. Amrit Rajani and Aneeka Universal Private Limited, where he is a director.

21.3.4. Mr. Amrit Rajani gave false and misleading submission to SEBI on behalf of the Company vide letters dated February 12, 2021 and July 05, 2022 and also gave false statements to SEBI in statement recorded on November 11, 2021 with respect to the queries regarding related party transactions and default made by the Company in repayment of loans.

21.3.5. Under regulation 17(8) of SEBI (LODR) Regulations, 2015, the Chief Executive Officer ('CEO') and the Chief Financial Officer ('CFO') has to provide a compliance certificate to the board of directors. Further, under regulation 33(2)(a) of SEBI (LODR) Regulations, 2015, it is the duty of the CEO and CFO of the listed entity to certify that the published financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading while placing the financial results. It was noted that Mr. Amrit Rajani, as CFO of the Company (who is also the son of the CMD), had certified /given CEO/CFO certification with respect to financial statements for the FY 2018-19 to 2021-22. Mr. Amrit Rajani is also a signatory to the Financial statements for the FY 2018-19 to 2021-22 that are misstated and wherein expenses/losses are under reported. The financial statements have been found to be false and misleading.

21.3.6. In view of the above, it is alleged that Mr. Amrit Rajani, CFO of the Company, has violated Regulations 3(c)&(d), 4(1), 4(2)(f),(k)&(r) of SEBI (PFUTP) Regulations, 2003 read with Section 12A(b)&(c) of the SEBI Act, 1992, Regulations 4(1)(a),(b),(c),(d),(e),(f)(g),(h),(i),(j), 4(2)(e)(i), 23(2), 23(4), 23(9), 30(2), 30(3), 33(1)(c), 34(3) read with Part A of Schedule V, 34(3) read with clause (2)(b) and (3)(c) of part C of Schedule V and 48 of SEBI (LODR) Regulations, 2015 and Sections 11(2)(ia), 11C(2)&(3) of SEBI Act, 1992 read with Section 27(2) of SEBI Act, 1992; Regulations 17(8) read with Part B of Schedule II and 33(2)(a) of SEBI (LODR) Regulations, 2015 and Sections 11C(2), (3)&(5) of SEBI Act, 1992.

Extract of the legal provisions allegedly violated:

22. The relevant provisions of SEBI Act, 1992, and SEBI (PFUTP) Regulations, 2003, SEBI (LODR) Regulations, 2015 and SEBI (PIT) Regulations, 2015 are reproduced hereunder for ready reference:

<u>SEBI Act, 1992</u>

11(2)(ia) : *calling for information and records from any person including any bank or any other authority or board or corporation established or constituted by or under any Central or State Act which, in the opinion of the Board, shall be relevant to any investigation or inquiry by the Board in respect of any transaction in securities*

11C. (2) *Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.*

11C. (3) *The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.*

Sec 11 C (5) *Any person, directed to make an investigation under sub-section (1), may examine on oath, any manager, managing director, officer and other employee of any intermediary or any person associated with securities market in any manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before it personally.*

Sec 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;

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

(a) to furnish any document, return or report to the Board, fails to furnish the same or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he 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;

(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 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.

Sec 15HA. Penalty for fraudulent and unfair trade practices.

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

Sec 15HB. Penalty for contravention where no separate penalty has been provided.

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.

Contravention by companies:

Sec. 27(1): *Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly: Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention*

Sec 27(2): *Notwithstanding anything contained in sub-section (1), where an contravention under this Act has been committed by a company and it is proved that the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.*

Explanation: For the purposes of this section, — (a) "company" means any body-corporate and includes a firm or other association of individuals; and (b) "director", in relation to a firm, means a partner in the firm.

SEBI (PFUTP) Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly –

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(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 and which is designed 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.

(f) Channels for disseminating information shall provide for equal, timely and cost efficient access to relevant information by investors.

(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.

4. (2) (f) Responsibilities of the Board of Directors:

(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.

(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

Board of Directors

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.*

Audit Committee

18 (3) *The role of the audit committee and the information to be reviewed by the audit committee shall be as specified in Part C of Schedule II.*

Part C of Schedule II: ROLE OF THE AUDIT COMMITTEE AND REVIEW OF INFORMATION BY AUDIT COMMITTEE

A. The role of the audit committee shall include the following:

(1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

…

(4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

(a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

(b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by management;

(d) significant adjustments made in the financial statements arising out of audit findings;

(e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions; (g)modified opinion(s) in the draft audit report

(5) reviewing, with the management, the quarterly financial statements before submission to the board for approval

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

Related party transactions. - Regulation 23:

(2) All related party transactions shall require prior approval of the audit committee.

(4) All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

(9) The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

Disclosure of events or information. - Regulation 30:

2) Events specified in Para A of Part A of Schedule III are deemed to be material events and listed entity shall make disclosure of such events.

(3) The listed entity shall make disclosure of events specified in Para B of Part A of Schedule III, based on application of the guidelines for materiality, as specified in sub-regulation (4).

Financial Results. – Regulation 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.

(d) The listed entity shall ensure that the limited review or audit reports submitted to the stock exchange(s) on a quarterly or annual basis are to be given only by an auditor who has subjected himself to the peer review process of Institute of Chartered Accountants of India and holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

(2) The approval and authentication of the financial results shall be done by listed entity in the following manner:

(a) The quarterly financial results submitted shall be approved by the board of directors:
Provided that while placing the financial results before the board of directors, the chief executive officer and chief financial officer of the listed entity shall certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

Annual Report. - Regulation 34:

(3) The annual report shall contain any other disclosures specified in Companies Act, 2013 along with other requirements as specified in Schedule V of these regulations.

Part A of Schedule V:

The annual report shall contain the following additional disclosures:

A. Related Party Disclosure:

1. The listed entity shall make disclosures in compliance with the Accounting Standard on "Related Party Disclosures".

Part C of Schedule V:

C. Corporate Governance Report: *The following disclosures shall be made in the section on the corporate governance of the annual report.*

……

(2) Board of directors:

(b) attendance of each director at the meeting of the board of directors and the last annual general meeting;

(3) Audit committee:

(c) meetings and attendance during the year.

Accounting Standards.

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

SEBI (PIT) Regulations, 2015

Code of Fair Disclosure.

8. (1) The board of directors of every company, whose securities are listed on a stock exchange, shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to these regulations, without diluting the provisions of these regulations in any manner.

NOTE: This provision intends to require every company whose securities are listed on stock exchanges to formulate a stated framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for its securities. Principles such as, equality of access to information, publication of policies such as those on dividend, inorganic growth pursuits, calls and meetings with analysts, publication of transcripts of such calls and meetings, and the like are set out in the schedule.

Schedule A:

Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

1. Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.

23. Having examined the findings of investigation and the material available on record, I note that the facts of the case *prima facie* reveal large-scale manipulation of books of accounts of the Company *inter alia* in the form of showing inflated revenue/profitability. The publicly published financial statements of a listed company are expected to present a true picture about the financial health of that company so that the investors can make an informed decision regarding investment in that company. A listed company is mandated to ensure that its books of accounts and financial statements present a true and fair picture, which is a legal requirement under the provisions of the Companies Act, 2013 as well as under Regulation 4 (1) of the SEBI (LODR) Regulations, 2015. Any mis-statement or mis-representation in the financial statements adversely impairs an investor's ability to make an informed decision about investment. The Hon'ble Supreme Court of India in the matter of *N. Narayanan Vs. Adjudicating Officer, Securities and exchange Board of India (Civil Appeal Nos 4112-12 of 2012- Date of Decision- April 26, 2013)* , while emphasizing on the adverse impact of incorrect information, has observed: "*The object of the SEBI Act is to protect the interest of investors in securities and to promote the development and to regulate the securities market, so as to promote orderly, healthy growth of securities market and to promote investors protection. Securities market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. 'Market abuse' impairs economic growth and erodes investor's confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abusers. The statutory provisions mentioned earlier deal with the situations where a person, who deals in securities, takes advantage of the impact of an action, may be manipulative, on the anticipated impact on the market resulting in the "creation of artificiality'. The same can be achieved by inflating the company's revenue, profits, security deposits and receivables, resulting in price rice of scrip of the company.*

Investors are then lured to make their "investment decisions" on those manipulated inflated results, using the above devices which will amount to market abuse."

24. Further, Hon'ble SAT in the matter *of V. Natarajan vs. SEBI*, in Appeal No.104 of 2011 (order dated June 29, 2011), while holding the publication of false and misleading financial statements as amounting to unfair trade practice, has held that "… *we are satisfied that the provisions of Regulations 3 and 4 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, were violated. These regulations, among others, prohibit any person from employing 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 an exchange. They also prohibit persons from engaging 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 that are listed on stock exchanges. These regulations also prohibit persons from indulging in a fraudulent or unfair trade practice in securities which includes publishing any information which is not true or which he does not believe to be true. Any advertisement that is misleading or contains information in a distorted manner which may influence the decision of the investors is also an unfair trade practice in securities which is prohibited. The regulations also make it clear that planting false or misleading news which may induce the public for selling or purchasing securities would also come within the ambit of unfair trade practice in securities*"

25. It appears from the findings of investigation detailed above that the Company has not only manipulated its financial statements, but also indulged in GST related fraud for which SCNs have already been issued to the Company by the GST Authorities. In this regard, it is noted that the GST Department has shared copy of the above SCNs dated 30.12.2020 and 23.09.2022 issued to Seya Industries Limited and others wherein it is alleged that the Company had availed fraudulent CENVAT credit to the tune of Rs. 10.07 Crores and fraudulent GST Input Tax Credit to the tune of Rs.131.45 Crores.

26. Further, it is also apparent that the Company has used gullible persons as name-lenders for inflating sales and purchases through circuitous transactions with the bogus firms opened in the names of name-lending persons, as can be noted from

the submissions of Joshis and Sonis that their names were used from 2012-13 onwards indicating that manipulation in the financial statements of Seya was happening for a long time. Even further, it is noted from records that the Company has taken loans from Bank of Baroda, Central Bank of India, Karur Vysya Bank, Canara Bank, Indian Bank and IFCI Ltd. It appears that the Company had raised such loans by presenting to the banks its mis-stated and manipulated financial statements. As already discussed above, a number of loan accounts of the Company have already been classified as NPA, resulting in losses to banks and financial institutions, which is essentially public money.

27. Last but not the least, the shareholders of the Company have suffered huge losses through erosion of the value of shares of Seya. Further, as per the AR for the FY 2018-19, on March 11, 2019 the Company had also issued and allotted Non-Convertible Debentures (NCDs) for Rs.72 Crores on private placement basis. It appears that the Company had used its mis-stated and inflated financials to attract investors.

28. In the present case, I find that while the investigation has been able to reveal the fraudulent dealings of the Company after detailed examination / analysis of publicly available documents as well as those obtained from other authorities, the Company has tried to mislead the investigation and delay the process of investigation by stone walling the efforts of the stock exchange (NSE) and the forensic auditors appointed by SEBI. The conduct of the Company during the Investigation has been of total non-cooperation. The listed company, which had filed its audited financial statements and GST returns year after year, refused to share even the information about its top ten purchasers and sellers, by concocting a story about crash of hard disk.

29. In the above circumstances, I am satisfied that the facts of the case call for taking urgent measures in the form of issuance of interim directions. As per records, the Company is currently under CIRP. In such a situation, it is felt appropriate that the findings of the investigation, bringing out the details of the alleged manipulations and fraud by the Company, is brought to the knowledge of the investors and other stake holders through public disclosures to be made by the Company.

30. It is further felt that since the published financial statements of the Company for the FYs 2018-19 to 2021-22 and disclosures made by the Company to the stock exchanges are allegedly inadequate, untrue and unreliable, the Company ought to provide an update / explanation on the issues raised in this order.

31. I note that though the Company had filed appeal / petition in the Hon'ble SAT and the Hon'ble Bombay High Court in connection with issues raised in this Order, I find that there are no directions by Hon'ble SAT or Hon'ble Bombay High Court prohibiting initiation of regulatory proceedings in this matter.

Directions:

32. Keeping in view the facts revealing financial misstatements by Seya and the observations recorded in the preceding paragraphs and after being satisfied that the flagrant violations *prima facie* committed by Seya and its directors / KMPs named above have adversely affected the investors and are detrimental to the stability of securities market and in order to protect the interests of the investors in general and the integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B (1) read with Section 19 of the SEBI Act, 1992 hereby issue by way of this *interim order cum show cause notice*, the following directions, which shall be in force until further orders: -

    a) *Noticees 1 to 5* shall jointly or severally file a public disclosure to the stock exchanges as well as publish on the Company's website the contents of this Order–cum-show cause notice, within 3 days from the date of receipt of this Order, to ensure transparency.

    b) *Noticees 1 to 5* shall disclose the updated status of all undisclosed material events/information mentioned in this order, to the stock exchanges, within 15 days from the date of receipt of this Order.

    c) *Noticee 2 to 5* are hereby directed not to sell / dispose of / dilute their shareholding in the Company, held directly or indirectly through family members or through companies in which they or their family members are directors, till further orders.

33. The foregoing *prima facie* observations contained in this Order, are made on the basis of the material available on record. The said *prima facie* findings shall also be considered as a show cause notice and the afore-said *Noticees* are directed to

show cause as to why suitable directions/prohibitions under Section 11 (4) and 11B of SEBI Act, including the directions restraining them from accessing the securities market, prohibiting them from buying, selling or otherwise dealing in securities in any manner whatsoever, directly or indirectly, for a specified period and further restraining them from associating with any listed company and any registered intermediary, should not be issued against them for the abovementioned violations allegedly committed by them.

34. Further, *Noticees 1 to 5* are also called upon to show cause as to why inquiry should not be held against them in terms of Rule 4 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and penalty be not imposed on them under Sections 11 (4A) and 11B (2) read with Sections 15A(a), 15A(b), 15HA and 15HB of the SEBI Act, 1992 for the alleged violations of the provisions of SEBI Act, 1992, SEBI (LODR)Regulations, 2015, SEBI (PFUTP) Regulations, 2003 and SEBI (PIT) Regulations, 2015.

35. In this context, the concerned *Noticees* may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed in that regard.

36. The above directions shall take effect immediately and shall be in force until further orders.

37. A copy of this order shall be served upon the Noticees, Stock Exchanges, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions. Further, a copy of this order shall be served on concerned Banks, National Financial Reporting Authority and GST Authorities for information.

38. A copy of this order shall also be forwarded to the Resolution Professional to bring the matter to the notice of Hon’ble NCLT.

PLACE: MUMBAI **ASHWANI BHATIA**

DATE: MARCH 20, 2023 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA