

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/ 63606	Date: August 27, 2024
Circular Ref. No: 370/2024	

To All NSE Members,

Subject: SEBI order in the matter of Rana Sugars Limited

This is with reference to SEBI Order no. QJA/GR/CFID/CFID-SEC3/30713/2024-25 dated August 27, 2024, wherein SEBI has debarred following entities from accessing the securities market, directly or indirectly and are prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of two (2) years, from the date of coming into force of this order.

Sr. No.	Name	PAN
1	Inder Pratap Singh Rana	AVNPS6106M
2	Ranjit Singh Rana	ADXPS5464N
3	Veer Pratap Singh Rana	BAFPS9170M
4	Gurjeet Singh Rana	ADYPS5459E
5	Karan Pratap Singh Rana	BKYPS5096P
6	Ms.Rajbans Kaur	AMVPK3864D
7	Preet Inder Singh Rana	BKYPS5068K
8	Ms.Sukhjinder Kaur	AMVPK3867A
9	Manoj Gupta	AATPG3850H
10	Flawless Traders Private Limited	AABCF1377M
11	Century Agros Private Limited	AABCC5773G
12	Jay Aar Builders Private Limited	AAACJ4342B
13	R J Texfab Private Limited	AACCR1544H
14	R G S Traders Private Limited	AACCR1293D

National Stock Exchange of India

The detailed order is available on SEBI website (<https://www.sebi.gov.in/enforcement.html>).

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page at the below mentioned link:

<https://www.nseindia.com/regulations/member-sebi-debarred-entities>

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

In case of any further queries, members are requested to email us at dl-invsg-all@nse.co.in

**For and on behalf of
National Stock Exchange of India Limited**

**Sandesh Sawant
Senior Manager**

ANNEXURE: SEBI order in the matter of Rana Sugars Limited

SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER

UNDER SECTION 11(1), 11(4), 11(4A), 11B (1) and 11B(2) THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995.

Noticee No.	Name	PAN
1.	M/s.Rana Sugars Limited	AABCR6744C
2.	Inder Pratap Singh Rana (Promoter and Managing Director)	AVNPS6106M
3.	Ranjit Singh Rana (Promoter and Chairman)	ADXPS5464N
4.	Veer Pratap Singh Rana (Promoter and Director)	BAFPS9170M
5.	Gurjeet Singh Rana	ADYPS5459E
6.	Karan Pratap Singh Rana	BKYPS5096P
7.	Ms.Rajbans Kaur	AMVPK3864D
8.	Preet Inder Singh Rana	BKYPS5068K
9.	Ms.Sukhjinder Kaur	AMVPK3867A
10.	Manoj Gupta (CFO)	AATPG 3850H
11.	Flawless Traders Private Limited	AABCF1377M
12.	Century Agros Private Limited	AABCC5773G
13.	Jay Aar Builders Private Limited	AAACJ4342B
14.	R J Texfab Private Limited	AACCR1544H
15.	R G S Traders Private Limited	AACCR1293D

Order in the matter of Rana Sugars Limited

1. Securities and Exchange Board of India (“**SEBI**”) conducted investigation into the affairs of Rana Sugars Limited (“**RSL**”/“**Company**”/“**Noticee No.1**”) to

examine diversion of funds from RSL by the promoters and promoter related entities of RSL, consequent misstatements in the financial statements of RSL and whether the alleged diverted funds have been siphoned off by the promoters and promoter related entities of RSL resulting in violations of the provisions of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"), the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations**") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("**LODR Regulations**"). Investigation period has been considered to be from financial year (FY) 2014-15 to FY 2020-21. However, wherever deemed necessary, references have been made to events/timeframes outside this period.

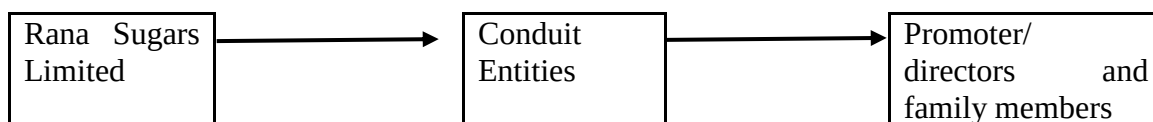
2. SEBI investigation into the matter inter alia alleged that the company along with its promoter directors including its Managing Director, Chairman and other family members had devised a scheme to divert/siphon off the funds of the company by using certain private limited companies indirectly controlled by the Managing Director of RSL and his family members. These private companies were not shown as related party even though these were indirectly controlled by the promoters of RSL including its Managing Director and consequently the transactions with these private companies were also not shown as related party transactions.
3. On the basis of findings of investigation, Show Cause Notice dated August 10, 2023 ("**SCN**") was issued to the Noticee(s) which, inter-alia, stated as follows: -
 - a. RSL transferred funds to Noticee No. 11 to 15 ("**conduit entities**"/ "**private limited companies**"), who in-turn transferred the funds on the same day to Noticee No.2 to 9 and their family members, belonging to the promoter and promoter group of RSL. Brief summary of such transactions during the year 2014 to 2021 is as follows: -

Table 1

Name of the entity that received funds from RSL	Amount (Rs.) received from RSL (2014-2021)	Name of entity to which funds received from RSL were transferred	Amount (Rs.) transferred to Individual entities	Nature of Relationship of the individuals with Rana Sugars Limited
Flawless Traders Private Limited Bank Account No. 91202xxx404859 with Axis Bank (27/08/2012 to 16/04/2019)	45,06,30,002	Ranjit Singh Rana	4,48,00,000	Chairman of RSL
		Gurjeet Singh Rana	15,42,00,000	Father of Rana Inder Pratap Singh (MD of RSL)
		Inder Pratap Singh Rana	2,05,00,000	MD of RSL
		Veer Pratap Singh Rana	60,00,000	Director of RSL
		Preet Inder Singh Rana	1,00,00,000	Brother of Rana Inder Pratap Singh
		Karan Pratap Singh Rana	40,00,000	Director of RSL
		Rajbans Kaur	23,00,000	Mother of Rana Inder Pratap Singh
		Total	24,18,00,000	
Century Agros Private Limited Bank Account No. 913020037979578 with Axis Bank (19/08/2013 to 25/09/2020)	11,03,93,216	Ranjit Singh Rana	1,25,00,000	Chairman of RSL
		Gurjeet Singh Rana	1,75,00,000	Father of Rana Inder Pratap Singh
		Rajbans Kaur	20,00,000	Mother of Rana Inder Pratap Singh
		Sukhjinder Kaur	20,00,000	Wife of Rana Ranjit Singh (Chairman)
		Total	3,40,00,000	
Jay Aar Builders Private Limited Bank Account No. 915020028149775 with Axis Bank (24/06/2015 to 25/01/2020)	4,52,93,065	Ranjit singh Rana	1,00,00,000	Director of RSL
		Inder Pratap Singh Rana	1,00,00,000	MD of RSL
		Veer Pratap singh Rana	1,00,00,000	Director of RSL
		Total	3,00,00,000	
R J Tex Fab Private Limited Bank Account No. 912020050100918 with Axis Bank (24/09/2012 to 04/07/2019)	38,40,30,000	Gurjeet Singh Rana	1,63,00,000	Father of Rana Inder Pratap Singh
		Karan Pratap Singh Rana	55,00,000	Director of RSL
		Veer Pratap Singh Rana	1,00,00,000	Director of RSL
		Inder Pratap Singh Rana	2,35,00,000	MD of RSL
		Rajbans Kaur	31,50,000	Mother of Rana Inder Pratap Singh
		Sukhjinder Kaur	18,50,000	Wife of Rana Ranjit Singh (Chairman)
		Ranjit Singh Rana	11,54,75,000	Chairman of RSL
		Total	17,57,75,000	
R G S Traders Private Limited	119,30,70,646	Gurjeet Singh Rana	1,86,50,000	Father of Rana Inder Partap Singh
		Inder Pratap Singh Rana	1,50,00,000	MD of RSL

Name of the entity that received funds from RSL	Amount (Rs.) received from RSL (2014-2021)	Name of entity to which funds received from RSL were transferred	Amount (Rs.) transferred to Individual entities	Nature of Relationship of the individuals with Rana Sugars Limited
Bank Account No. 911020028718713 with Axis Bank (06/06/2011 to 30/09/2022)		Veer Pratap Singh Rana	33,00,000	Director of RSL
		Ranjit Singh Rana	90,00,000	Chairman of RSL
		Sukhjinder Kaur	23,00,000	Wife of Rana Ranjit Singh (Chairman)
		Total	4,82,50,000	
Grand Total	218,34,16,929		52,98,25,000	

- b. RSL failed to provide any supporting documents such as agreements etc., in support of its reply regarding the funds transfer to the private limited companies which it claimed to be business advances.
- c. The aforementioned transactions were in the nature of fund diversions from RSL, the listed company, to the related parties and family members of directors of RSL by disguising these transactions as business advances to the conduit entities. Such transactions from RSL to Noticee No.11 to 15 and then from Noticee No.11 to 15 to Noticee No.2 to 9 and their family members consistently followed the following pattern.



- d. As per financial statements filed by Noticee No.11 to 15 with Ministry of Corporate Affairs (**MCA**), Noticee No.11 to 15 were not having regular business. A summary of the financial performance of Noticee No.11 to 15 for FY 2016-17 to FY 2020-21 is given as below:

Table No.2

Name of company	Particulars	Table 2				
		Financial Years				
		2016-17	2017-18	2018-19	2019-20	2020-21
Flawless Traders Private Limited (FTPL)	Revenue	-	1,87,50,000	-	-	-
	Other Income	-	-	-	-	12,180
	Total Expenses	2,11,776	2,03,60,135	18,522	21,330	6,204
	Exceptional Item	-	-	-	-	(54,680)
	Employee expenses	-	-	-	-	-
	PAT	(211,776)	(1,610,135)	(18,522)	(21,330)	(48,704)
	Loans Taken	58,29,70,000	58,22,48,400	48,24,11,402	44,51,21,402	38,75,62,402
	Loans Given	35,80,60,000	35,82,14,663	25,45,85,663	22,58,31,000	16,82,72,000
	Net Worth	(2,44,993)	(18,55,129)	(18,73,651)	56,55,019	56,06,315
Century Agros Private Limited (CAPL)	Revenue	-	5,23,86,017	18,50,25,556	-	-
	Total Expenses	(2,07,038)	(5,43,19,726)	(18,52,16,169)	(3,47,435)	(75,545)
	Exceptional Item	-	-	-	-	(7,95,450)
	Employee expenses	-	-	3,35,434	2,55,519	-
	PAT	(2,07,038)	(19,33,709)	(1,90,613)	(3,47,435)	(8,70,995)
	Loans Taken	17,00,77,702	15,62,25,702	25,58,46,271	24,34,16,271	23,37,93,271
	Loans Given	30,71,38,342	30,70,38,342	28,08,38,342	26,62,67,476	25,65,43,758
	Net Worth	6,14,787	(13,18,922)	(15,09,535)	(18,56,970)	(27,27,965)
Jay Aar Builders Private Limited (JABPL)	Revenue	-	1,87,50,000	-	-	-
	Other Income	-	-	-	-	-
	Total Expenses	1,53,693	20,0,72,402	15,349	81,408	7,079
	Exceptional Item					26,598
	Employee expenses	-	-	-	-	-
	PAT	(1,53,693)	(13,22,402)	(15,349)	(80,390)	19,519
	Loans Taken	17,17,82,500	17,17,90,493	11,79,43,558	11,10,47,085	7,15,10,000
	Loans Given	17,16,72,500	17,18,95,455	11,64,05,455	11,61,82,500	76,6,27,560
	Net Worth	(67,878)	(13,90,280)	(14,05,630)	51,86,480	52,05,999
R J Texfab Private Limited (RJPL)	Revenue	76,05,24,845	21,67,55,458	-	-	-
	Other Income	-	-	-	-	3,43,753
	Total Expenses	76,03,66,597	21,66,43,709	7,11,528	2,66,869	8,906
	Exceptional Item					
	Employee expenses	4,99,982	1,64,500	1,81,200	1,66,100	-
	PAT	1,04,688	72,719	(7,11,528)	(2,66,869)	3,17,173
	Loans Taken	32,49,52,743	32,49,52,743	27,29,43,743	24,44,50,814	7,79,38,814
	Loans Given	44,67,07,821	49,82,57,821	49,41,57,821	48,98,57,821	47,74,68,821
	Net Worth	8,58,917	9,31,636	2,20,108	(46,761)	2,70,412
R G S Traders Private Limited (RGSTPL)	Revenue	123,89,74,195	23,72,02,775	41,77,60,550	1,21,99,800	0
	Other Income	0	5,69,759	0	0	2,68,95,756
	Total Expenses	123,83,28,417	23,82,36,038	41,54,48,286	1,21,73,176	3,87,943
	Exceptional Item	0	0	0	0	0
	Employee expenses	4,80,000	0	1,20,000	0	0
	PAT	6,30,961	(4,63,504)	23,12,264	(5,41,309)	2,32,17,449
	Loans Taken	54,45,58,999	13,21,82,067	13,21,82,067	10,77,32,067	93,78,231
	Loans Given	28,96,42,031	29,76,18,637	31,89,85,796	24,81,62,998	16,40,36,467
	Net Worth	(7,97,35,999)	(8,01,98,902)	(7,78,86,639)	(7,84,27,948)	(5,52,10,499)

- e. In all the conduit entities, the expenses in the years when the respective company had reported revenues from operations were almost equivalent to their revenues in the said financial years. The same were structured in

such a way so that the companies do not have obligations to pay taxes. Further, all of the above mentioned private limited companies have taken and given loans and advances to the entities directly/indirectly connected/associated with RSL. There is no consistency in the items of income and expenditure over the period. For example, RGSTPL has paid interest on borrowing in the FY 2018-19 only. However, the details of borrowings in which the interest has been paid is not ascertainable as the summons issued to the company had returned undelivered and efforts to contact the company from other sources such as through RSL officials etc. failed.

- f. Noticee No. 11 to 15 had no business except borrowing and lending from and to companies/entities directly/indirectly related to RSL. Noticee No.11 to 15 were operating as vehicles to create multiple layers to eliminate/blur the trail of funds diverted/transferred amongst various entities including individuals belonging to the promoter group of RSL, directly or indirectly connected/associated / related to RSL.
- g. The alleged business advances provided by RSL to Noticee No. 11 to 15 were sham and intended to be transferred further to the individuals and other entities directly/indirectly controlled by the promoters of RSL. No interest was charged or paid on such alleged business advances. Further, the conduit entities have also not accounted for any income from interest in respect of such alleged advances provided to the individual entities belonging to the promoter group and other private limited companies indirectly controlled/connected/related to RSL and its promoters. Further, the alleged business advances paid to those private limited companies were further advanced to the individual promoter entities of RSL including its MD, Chairman and executive director and their family members.
- h. Had the above funds not been diverted, the borrowings of RSL would have been lesser to that extent and the consequent interest upon the same would have been avoided/saved. Such interest free advances given by RSL remained outstanding. While no income was received/receivable on those

advances, RSL continued to pay interest on borrowed money to the banks for years from the profits of the company which supposedly belonged to the investors.

Relation of RSL and its promoters and directors with conduit entities

- i. The following table summarises the connection of RSL with the conduit entities.

Table 3

Name of the Company	Name of Directors	Nature of control
Century Agros Private Limited(CAPL)	Past Directors Mr. Balaraj Singh (till 02.06.2017) Mr. Amit Bahadur (till 22.03.2017) Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (PV) Mohan Present Directors Mr. Chitaranjan Singh and Mr. Jiwan Singh	Past Directors of the company (Mr. Balaraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (P V Mohan) were employees of Rana Sugars as confirmed by Employees Provident Fund Organisation (EPFO) vide letter dated September 26, 2022. The above named past directors were also directors in Flawless Traders Private Limited where Mr. Chitaranjan Singh and Mr. Jiwan Singh are present directors. Mr. Chitaranjan Singh is also a director in Lakshmiji Sugar Mills Private Limited which has been reported as a related party by Rana Sugars Limited.
Flawless Traders Private Limited(FTPL)	Past Directors Mr. Balaraj Singh (till 02.06.2017) Mr. Amit Bahadur (till 22.03.2017) Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (PV) Mohan Present Directors Mr. Chitaranjan Singh and Mr. Jiwan Singh	Past Directors of the company (Mr. Balaraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (P V Mohan) were employees of Rana Sugars as confirmed by Employees Provident Fund Organisation (EPFO) vide letter dated September 26, 2022. The above named past directors were also directors in Century Agros Private Limited where Mr. Chitaranjan Singh and Mr. Jiwan Singh are present directors. Mr. Chitaranjan Singh is also a director in Lakshmiji Sugar Mills Private Limited which has been reported as related party by Rana Sugars Limited.
Jay Aar Builders Private Limited(JABPL)	Mr. Ajit Singh, Mr. Sukhjeet Singh and Mr. Mahipal Singh	It is noted that Mr. Ajeet Singh and Mr. Sukhjeet Singh are also directors in R G S Traders Private Limited wherein the promoters including Chairman and Managing Director of

Name of the Company	Name of Directors	Nature of control
		Rana Sugars Limited were directors until the year 2015.
R J Texfab Private Limited(RJTPL)	Mr. Balraj Singh and Mr. Amit Bahadur	Both the present directors are/were employees of Rana Sugars Limited as confirmed by EPFO vide letter dated September 26, 2022. RJTPL, as per the CEIB letter dated 19.01.2021 vide which information was shared by the Income Tax Department, has its office address at SCO 49-50, sector 8 C, Chandigarh which is the same as that of RSL.
Superior Food Grains Private Limited	Mr. Preet Inder Singh Rana and Mr. Karan Pratap Singh Rana.	Both are promoters and past directors of Rana Sugars Limited. Superior Food Grains Private Limited has also been reported as a related party of RSL.
Venus Pesticides Private Limited	Past Directors Mr. Balaraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (PV) Mohan Present Directors Mr. Chitaranjan Singh and Mr. Jiwan Singh	Past Directors of the company [Mr. Balaraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (PV) Mohan] were employees of Rana Sugars as confirmed by Employees Provident Fund Organisation (EPFO) vide letter dated 26/09/2022. The above named past directors were also directors in Flawless Traders Private Limited wher Mr. Chitaranjan Singh and Mr. Jiwan Singh are present directors. Mr. Chitaranjan Singh is also a director in Lakshmiji Sugar Mills Private Limited which has been reported as related party by Rana Sugars Limited.
Camelot Exports Private Limited (Camelot)	Mr. Chitaranjan Singh and Mr. Bhagwan Singh	Mr. Chitaranjan Singh is also a directors in Flawless Traders Private Limited. Mr. Chitaranjan Singh is also a director in Lakshmiji Sugar Mills Private Limited which has been reported as related party by Rana Sugars Limited.
R G S Traders Private Limited(RGSTPL)	Mr. Ajit Singh and Mr. Sukhjeet Singh	Mr. Ajit Singh is also directors Jay Aar Builders Private Limited, Rana Infrastructures Private Limited and R J Texfab Private Limited. Mr. Sukhjeet Singh is also directors Jay Aar Builders Private Limited, Rana Sugar & Power Private Limited, Fortune Online Marketing Network Private Limited and Venus Pesticides Private Limited. Rana Infrastructure Private Limited has been shown as an associate company of Rana Sugars Limited and its directors are Inder Pratap Singh Rana and Veer Pratap Singh Rana. Past directors of R G S Traders Private Limited include Mr. Ajay

Name of the Company	Name of Directors	Nature of control
		Inder Majithia (employee of Rana Sugars Limited), Mr. Preet Inder Singh Rana and Mr. Ranjit Singh Rana, Mr. Inder Pratap Singh Rana (directors of Rana Sugars Limited). RGSTPL, as per the CEIB letter dated 19.01.2021 vide which information was shared by the Income Tax Department, has its office address at SCO 49-50, sector 8 C, Chandigarh which is the same as that of RSL.

- j. As per Central Economic Intelligence Bureau **(CEIB)** letter dated 19.01.2021 FTPL, RJTPL and RGSTPL were having common auditor, M/s Kansal Singla and Associates which was being run by Mr. T N Singla. The auditor of these companies admitted that the aforesaid companies were being controlled by Noticee No.2 viz., Mr. Inder Pratap Singh Rana (MD of RSL). Mr. Pradeep Singhal and Mr. Krishan Saini, employees of RSL (handling accounts of RSL) also admitted that the said companies were controlled by Noticee No.2.
- k. The Company admitted that Mr. Krishan Saini and Mr. Pradeep Singhal were employees of RSL. Mr. Amit Bahadur was not mentioned as an employee by the Company. However, as per Employees Provident Fund Organisation (EPFO) letter dated September 26, 2022 Mr. Amit Bahadur (PAN: ARRPBXX93B) was employed with Rana Power Limited which is disclosed as an associate company by RSL in its Annual Report. As per the MCA filings, Mr. Amit Bahadur is one of the present directors of RJTPL and was also a director in CAPL and FTPL during year 2015-2017. Further, as per the said EPFO letter dated, Mr. Balraj Singh (PAN: AQKPSXX79K), Mr. Ajay Inder Majithia, Mr. Palakuzhil Verghese Mohan alias P. V. Mohan and Mr. Dinesh Kumar Sharma (Dinesh Sharma) were also employees of RSL.
- l. Directors of conduit entities were earlier employees of RSL, consequently, they were under the management or control/influence of RSL and its promoters/directors. The conduit entities were indirectly controlled by RSL

and its promoters/directors. The conduit entities were related parties of RSL.

Failure to furnish information and non-compliance of summons

- m. SEBI issued summon dated June 24, 2022 to Noticee No.1 which Noticee No.1 replied vide letter dated July 4, 2022, thereby, seeking time to reply. SEBI issued another summon dated July 5, 2022 reiterating queries detailed in summon dated June 24, 2022. Noticee No.1 vide letter dated July 21, 2022 replied to point no. B (i), B(viii), B(xi), C(i), C(ii) and C(v) of the summons dated July 5, 2022 and June 24, 2022 and failed to reply to point no. B (ii) to B (vii), B(ix) to B(xii) and C(iii) and C(iv).
- n. SEBI issued summon dated August 23, 2022 to RSL (Noticee No.1) which was replied by Noticee No.1 vide letter dated August 31, 2022 by providing reply to queries (provided only the ledger) B (ii), B(iii), B(viii) and C(iii) but did not reply to point no. B(i), B(iv) to B(vii) and C(i) and C(ii) and D. Thereafter, SEBI issued summon dated September 6, 2022 to Noticee No.1 which vide letter dated September 15, 2022 provided reply/information in respect of point no. 1 but failed to reply to point no.2.
- o. SEBI issued summon dated September 16, 2022 to Noticee No.1 but Noticee No.1 did not reply to it. Thus, SEBI issued summon dated November 3, 2022 to Noticee No.1 detailing all the information/queries sought by SEBI till that date and the information/reply provided by Noticee No.1 and also advised Noticee No.1 to provide replies/information in respect of the queries/information not replied/provided. Noticee No.1 replied vide letter dated November 30, 2022 but failed to provide reply to point no. 1. 1) to 3), 2. 1) to 4), 3. 1) & 2), 4 B. i, second part of ii, v, 4. C. i and ii and 4 D, 5 B. i,vi, 5 C. iii, iv, v, reply to point no. 6 (all queries) and point no. 7.
- p. SEBI vide summon dated July 6, 2022 required appearance of Noticee No.2 before IA, however, no response was received from him. SEBI vide summon dated August 25, 2022 required personal appearance of Noticee

No.2 before IA, however, Noticee No.2 failed to appear on the scheduled date. SEBI again issued summon dated September 12, 2022 requiring appearance of Noticee No.2.

- q. SEBI vide summons dated July 8, 2022, November 9, 2022 and January 11, 2023 and emails dated September 22, 2022 and subsequent reminders dated September 28, 2022 and October 4, 2022 sought from Noticee No.2 information about fund transfers and other issues in connection with the present matter. However, no information was received.
- r. On September 21, 2022, Noticee No.2 appeared before Investigating Authority (IA) on behalf of himself, Noticee No.3 to 9 and Ms. Manminder Kaur. Statement of Noticee No.2 was recorded by the IA, wherein, Noticee No.2 submitted that the money received by him and his family members and relatives were on account of business advances for supply of sugarcane seeds. Noticee No.2 did not provide reply to most of the questions. Noticee No.2 stated in respect of some questions that he would provide the details by September 26, 2022 and in respect of the others by October 5, 2022. Further, Noticee No.2 submitted that the details of the repayment shall be provided by October 5, 2022. However, Noticee No.2 has not provided any information in respect of the same. Noticee No.2 failed to submit any documents or information post his statement recording with respect to his involvement in various committees of RSL, details of unsecured loans and advances to and from RSL and to and from conduit entities, GST records, information regarding his employees who were directors in the conduit entities, details of promoter and promoter group entities etc.
- s. SEBI issued summon dated July 6, 2022 to Mr. Ranjit Singh Rana (Noticee No. 3) to appear in person before the IA and provide information with respect to funds received from entities connected to RSL. However, no response was received. Subsequently, SEBI issued summon dated August 25, 2022 for personal appearance of Noticee No.3 and to provide information with respect to funds received but Noticee No.3 failed to

respond to such summon. Further, SEBI issued summon dated September 12, 2022 which Noticee No.3 failed to respond. Pursuant thereto, Noticee No.2 appeared before IA, inter-alia, on behalf of Noticee No.3. Finally, SEBI issued summon dated January 16, 2023 giving details of fund transaction with conduit entities but Noticee No.3 failed to respond to such summon.

- t. Similarly, SEBI issued summon dated July 6, 2022 to Mr. Veer Pratap Singh Rana (Noticee No.4) for personal appearance before the IA and provide information. However, Noticee No.4 also failed to respond to such summon. Once again, SEBI issued summons dated August 25, 2022 for personal appearance before IA and provide information. However, Noticee No.4 failed to respond. Further, SEBI issued summon dated September 12, 2022 to Noticee No.4. Pursuant thereto, Noticee No.2 appeared, inter-alia, on behalf of Noticee No.4. Finally, SEBI issued summon dated January 16, 2023 to Noticee No.4 which he failed to respond.
- u. SEBI issued summon dated July 8, 2022 to Mr. Gurjeet Singh Rana (Noticee No.5) seeking information with respect to funds received from various entities connected to RSL directly/indirectly. However, no reply was received from Noticee No.5. SEBI issued another summon dated September 12, 2022 to Noticee No.5 requiring him to appear in person before the IA. In response thereto, Noticee No.2 appeared, inter-alia, on behalf of Noticee No.5 on September 21, 2022. Lastly, SEBI issued summon dated November 10, 2022 and January 11, 2023 to Noticee No.5, however, Noticee No.5 did not respond to such summons.
- v. SEBI issued summon dated July 6, 2021 to Mr. Karan Pratap Singh Rana (Noticee No.6) to appear in person before IA. However, no response was received from Noticee No.6. SEBI issued one more summon dated July 8, 2022 seeking information with respect to funds received from entities connected to RSL. However, no reply was received from Noticee No.6. Again, SEBI issued summon dated August 25, 2022 seeking personal appearance of Noticee No.6 before IA. However, Noticee No.6 failed to appear on scheduled date. SEBI issued summon dated September 12,

2022 for appearance of Noticee No.6 pursuant to which Noticee No.2 appeared before IA, inter-alia, on behalf of Noticee No.6. SEBI issued summon dated November 10, 2022 and January 11, 2023 to Noticee No.6 but no response was received from Noticee No.6.

- w. SEBI issued summon dated July 8, 2022 to Ms. Rajbans Kaur Rana (Noticee No. 7) seeking information with respect to funds received from various entities connected to RSL. However, no reply was received from Noticee No.7. Again, SEBI issued summon dated August 25, 2023 to Noticee No.7 to appear in person before the IA, however, she did not respond to such summon. SEBI issued another summon dated September 12, 2022 to Noticee No.7 to appear in person. Pursuant thereto, Noticee No.2 appeared, inter-alia, on behalf of Noticee No.7. Finally, SEBI issued summons dated November 10, 2002 and January 11, 2023 to Noticee No. 7 but Noticee No.7 did not respond to such summons.
- x. Mr.Preet Inder Singh Rana (Noticee No.8) was summoned to provide information/clarification vide summons dated January16, 2023 in respect of the findings brought out and communicated to him. However, no response was received from him.
- y. Ms.Sukhjinder Kaur (Noticee No.9), was summoned to provide information/clarification vide summons dated January16, 2023 in respect of the findings brought out and communicated to her. However, no response was received from her.

Role of Mr. Manoj Gupta (Noticee No.10)

- z. Mr. Manoj Gupta (Noticee No.10) was CFO of RSL during the relevant period. He worked with RSL for about 26 years and resigned from RSL on April 2, 2019. Being CFO of RSL, he was responsible for approval of all financial transaction of RSL. As per Annual Report of RSL for financial year (FY) 2010-11 to FY 2017-18, Mr. Manoj Gupta (Noticee No.10) who was CFO of RSL and has certified/given CEO/CFO certification as required under Regulation 17(8) of LODR Regulations and he was also a signatory

to the financial statements for the investigation period until FY 2017-18 that were misstated in view of the diversion of funds from RSL.

Allegations:

4. The SCN, inter-alia, alleged that: -
 - a. RSL along with its promoters/directors including its Managing Director, Chairman and their family members had devised a scheme to divert/siphon off the funds of RSL using the conduit entities.
 - b. The conduit entities were related parties of Noticee No.1 within the meaning of Section 2(76) of the Companies Act, 2013 as they were indirectly controlled by the Managing Director of RSL and his family members. RSL failed to show the conduit entities as related parties, consequently, the transactions with these private companies were also not shown as related party transactions.
 - c. The alleged business advances provided by RSL to the conduit entities were sham and intended to be transferred further to the individuals and other entities directly/indirectly controlled by the promoters of RSL..
 - d. The main business of the conduit entities was/is to borrow and lend from and to companies/entities directly/indirectly related to RSL. Such entities acted as conduits and aided and abetted RSL in diverting the funds of RSL for the benefits of the promoters and promoter group entities.
 - e. The non-disclosure by RSL in respect of the conduit entities, fund diversion to the related parties including promoters and their family members and the details of disbursement of crore of rupees as business advances without any interest resulted in withholding material financial information from the shareholders of RSL. The same is within the definition of “fraud” as defined under Regulation 2(1)(c) of PFUTP Regulations.

- f. An amount of approximately Rs.52.98 crore was diverted from RSL to the directors and promoters of RSL and their relatives by using some private limited companies as vehicle for such diversion. The aforesaid conduit entities have aided and abetted RSL in the diversion of funds of RSL for the benefits of promoter and directors of RSL and their relatives.
- g. Such scheme of diversion devised by promoters/ directors of RSL including its MD also misrepresented the financials of the company since the funds diverted to the promoter directors and their relatives were reported as genuine business advances to third parties which camouflaged the related party transactions. By camouflaging the above related party transactions, RSL escaped /circumvented the legal requirements of reporting of such transactions as Related Party Transactions (RPT). The above scheme denied the investors, the real state of affairs prevailing in RSL. RSL escaped the rigors of the provisions of LODR and various corporate governance norms that were to be followed by RSL with respect to transactions with the related parties. Above acts of RSL, its directors, Chairman, MD and other KMPs acted as fraud upon the public shareholders and other investors of RSL who may have relied upon these misrepresented financial statements to invest or keep invested in the shares of RSL.
- h. RSL (Noticee No.1) failed to provide information sought by SEBI vide various summons issued to it. Despite numerous opportunities, RSL (Noticee No.1) failed to provide information which was crucial/necessary/relevant for conclusion of the investigation in the present matter.
- i. Noticee No.2 to 7 failed to appear and/or provide information sought by SEBI vide various summons. Further, despite numerous opportunities, Noticee No.2 to 7 failed to provide information which was crucial/necessary/relevant for conclusion of the investigation in the present matter.
- j. Being CFO of RSL, Manoj Gupta (Noticee No.10) was fully aware and also know all the financial transactions/transfer of funds from RSL to private companies controlled by the promoters of RSL including the conduit entities.

Further, Manoj Gupta (Noticee No.10) had certified/given CFO certification with respect to materially untrue financial statements for the investigation period till FY 2017-18; thereby failing to comply with Regulation 17(8) read with part B of Schedule II and Regulation 33(2)(a) of LODR Regulations.

- k. On part of RSL, there was inconsistency in reporting and disclosing the details of related party in the Annual Report i.e. certain entities reported in a particular financial year were not reported in the next financial year.
- l. Superior Foods Grains Private Limited, Rana Informatics Private Limited and Lakshmiiji Sugar Mills Company Limited were reported as associates by RSL in its Annual Report for the financial year 2016-17. However, RSL did not disclose the transaction with those entities as related party transaction in the Annual Report for the FY 2016-17 as required under Regulation 34(3) r/w disclosures specified in Schedule IV of LODR Regulations. RSL has also not disclosed conduit entities as related parties and the transactions / fund transfers with the conduit entities were also not disclosed as related party transactions.
- m. Such alleged interest free business advances, provided by RSL to the its connected entities, from FY 2015-16 has resulted in opportunity loss to the investors of RSL as the aforesaid amount could not be deployed for earning in the normal course of business. RSL suffered loss of interest of Rs.331.39 crore, calculated at the rate of 12% p.a. (rate of 12% is in accordance with section 28A of the SEBI Act). RSL paid interest on its borrowings which could have been avoided had the amount not been given by RSL to its connected entities as interest free business advances.
- n. The Noticee(s) devised and were part of the scheme to divert and siphon off the funds from RSL. Such scheme misrepresented the financials of RSL and denied the investors of RSL, information about the real state of affairs prevailing in RSL. Thus, the Noticee(s) have played fraud upon the shareholders and other investors of RSL and denied them the opportunity of an informed decision.

Violations:

5. The SCN alleged that following Noticee(s) violated provisions of law which are as follows: -
- a. Noticee No.1 violated Section 12A(b) and (c) of SEBI Act, Regulation 3(c), 3(d), 4(1), 4(2)(f) & (k) of PFUTP Regulations and read with Regulation 4(1)(a), (b), (c), (e), (g), (h), (j), 4(2)(e)(i), 5, 33(1)(c), 34(3) and 48 of LODR Regulations;
 - b. Noticee No.2 violated Section 12A(b), (c) of SEBI Act, Regulations 3(c) & (d), 4(1), 4(2)(f) & (k) of PFUTP Regulations and Regulation 4(1)(a), (b), (c), (e), (g), (h), (j), 4(2)(e)(i), 33(1)(c) and 48 of LODR Regulations read with Section 27 (1) and (2) of SEBI Act;
 - c. Noticee No.3 and 4 violated Section 12A(b), (c) of SEBI Act, Regulation 3(c) & (d), 4(1), 4(2)(f) & (k) of PFUTP Regulations read with Regulation 4(1)(c), 4 (1)(e) of LODR Regulations read with Section 27 (2) of SEBI Act;
 - d. Noticee No.5 to 9 violated Section 12A(b), (c) of SEBI Act, Regulations 3(c) & (d), 4(1), 4(2)(f) & (k) of PFUTP Regulations;
 - e. Noticee No. 10 violated Section 12A(b)&(c) of SEBI Act, Regulation 3(c)&(d), 4(1), 4(2)(f) & (k) of PFUTP Regulations, Regulation 17(8) read with Part B of Schedule II, 23(2), 23(4), 23(9), 30(2), 30(3), 33(1)(c), 33(2)(a), 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 LODR Regulations;
 - f. Noticee No.11 to 15 violated Section 12A(b) and (c) of SEBI Act and Regulation 3(c) & (d) read with 4(1), 4(2)(f) & (k) of PFUTP Regulations;
 - g. Noticee No.1 to 7 violated Section 11 C (2), 11 C (3) read with section 11 (2) of the SEBI Act.

6. For the abovementioned violations, the SCN called upon: -
- a. Noticee No.1 to 4 to show cause as to why appropriate direction under Section 11(1), 11(4), 11(4A), 11B(1) of SEBI Act should not be issued against them and appropriate penalty under Section 11B(2), 15A(a), 15HA and 15 HB of SEBI Act should not be imposed on them;
 - b. Noticee No.5 to 7 to show cause as to why appropriate direction under Section 11(1), 11(4), 11(4A), 11B(1) of SEBI Act should not be issued against them and appropriate penalty under Section 11B(2), 15A(a) and 15HA of SEBI Act should not be imposed on them;
 - c. Noticee No.8 and 9 to show cause as to why appropriate direction under Section 11(1), 11(4), 11(4A), 11B(1) of SEBI Act should not be issued against them and appropriate penalty under Section 11B(2) and 15HA of SEBI Act should not be imposed on them;
 - d. Noticee No.10 to show cause as to why appropriate direction under Section 11(1), 11(4), 11(4A), 11B(1) of SEBI Act should not be issued against him and appropriate penalty under Section 11B(2), 15HA and 15HB of SEBI Act should not be imposed on him;
 - e. Noticee No.11 to 15 to show cause as to why appropriate direction under Section 11(1), 11(4), 11(4A), 11B(1) of SEBI Act should not be issued against them and appropriate penalty under Section 11B(2) and 15HA of SEBI Act should not be imposed on them;

SERVICE OF SCN AND HEARING

7. The SCN was served on Noticee No. 1 to 10, 13 and 15 through speed post. In response thereto, Notice No. 10 vide letter dated September 2, 2023 filed his reply to the SCN. Noticee No. 1 to 9 vide their separate letters, all dated September 04, 2023, sought extension of 45 days to submit reply to the SCN. SEBI vide letter dated October 13, 2023 informed Noticee No. 1 to 9, 13 and 15 that their reply has not been received and advised such Noticee(s) to file reply

by October 23, 2023. Noticee No. 1 to 9 vide email dated October 23, 2023 again sought extension of time till November 30, 2023 to file reply to the SCN. SEBI vide email dated October 31, 2023 informed Noticee No. 1 to 9 that their request for extension of time to file reply to the SCN has been rejected and advised them to file their reply without further delay.

8. The SCN sent to Noticee No. 11, 12 and 14 through speed post returned undelivered. SEBI vide letter dated October 9, 2023 sent SCNs, issued in name of Noticee No. 11, 12 and 14, to Noticee No.1 to deliver them on respective Noticee(s) and send proof of delivery of the SCN to SEBI. In the meantime, SEBI vide letter dated December 6, 2023 served the SCN on Noticee No. 11, 12 and 14 through speed post on their alternate address i.e. SCO 116-117, 2nd Floor, Sector 8-C, Chandigarh – 160009. Noticee No.1 vide email dated January 12, 2024 confirmed service of the SCN on Noticee No. 11, 12 and 14.
9. SEBI vide reminder letter dated February 5, 2024 advised Noticee No. 11, 12 and 14 to file their reply by February 13, 2024. In response thereto, Noticee No. 11 and 12 vide their separate letter dated February 13, 2024 sought extension of time.
10. In the meantime, Noticee No. 13 and 15 vide their separate letters, both dated October 23, 2023, sought additional time of 2 months to file reply to the SCN. SEBI vide reminder letter dated February 8, 2024 informed Noticee No.13 and 15 that their reply was not received despite lapse of 2 months, sought by them. Further, SEBI advised Noticee No.13 and 15 to file reply to the SCN at the earliest.
11. Upon service of the SCN on Noticee No.1 to 15, following reply to the SCN were received from Noticee No. 1 to 15: -

Table No.4

Noticee No.	Date of Reply
1 to 9	November 16, 2023
10	September 2, 2023

11	March 1, 2024
12	March 2, 2024
13	February 23, 2024
14	February 22, 2024
15	March 12, 2024

12. In the interest of principles of natural justice, Noticee No.1 to 15 were granted an opportunity of hearing on April 19, 2024. In this regard, hearing notice dated February 23, 2024 was issued to the Noticee(s). In response thereto, Noticee No. 10 vide letter dated March 19, 2024 reiterated his reply dated September 2, 2023.
13. On April 19, 2024, Mr.Abhishek Venkataraman, Advocate, Mr. Sumit Garg, Advocate, along with Mr. Deepak Jindal and Mr. Ajay Agnihotri appeared for Noticee No. 1 to 9 and reiterated submissions made vide reply dated November 16, 2023 (received by SEBI on November 24, 2023). Nobody appeared for Noticee No.10. Mr.Aasheesh Gupta, Advocate, appeared for Noticee No.11 to 15 and reiterated submissions made vide reply dated March 01, 2024, March 02, 2024, February 23, 2024, February 22, 2024. Subsequent to the hearing, written submissions dated May 03, 2024 was received on behalf of Noticee No. 1 to 9.

SUBMISSIONS OF NOTICEE(S)

14. Noticee No.1 to 9 vide reply dated November 16, 2023 filed common reply. Summary of the said reply is as follows: -
- a. Noticee No.1 and its promoters could not have exercised control over directors of conduit entities by virtue of their employment/association with Noticee No.1 or its connected/related entities in the past. Noticee No.1, its promoters and promoter group of Notice No.1 could not have exercised control or influence, directly or indirectly, over management/activities of conduit entities. No inter-relationship exists between conduit entities and their directors with Notice No.1, its promoters and/or directors. Promoter and promoter group of Noticee No.1 was not involved in day to day affairs of

conduit entities. Promoters of Noticee No.1 were not signatories of bank accounts of conduit entities.

- b. Fact that few employees of one company are sitting on board of directors of another company does not create any legal inference of control. Directors of conduit entities were acting independently while discharging their fiduciary duties in their capacity as members of the board of directors of the respective companies and were not acting under the advice, directions, influence, control or instructions of the directors and/or promoters or promoter group of Noticee No.1.
- c. Conduit entities are not related parties of Noticee No.1 by virtue of past employment/association of its directors with the Noticee No.1 as such relationship is not covered in definition of term 'related party' provided in Section 2(76) of the Companies Act, 2013 read with Section 2(zb) of LODR Regulations. None of promoters or directors or members of Noticee No.1 were/are directors or shareholders of conduit entities. Accordingly, compliances of AS 18 and AS 24, along with disclosures under LODR do not apply to present case.
- d. Noticee No.1 is not covered within meaning of 'relative' defined in Section 2(77) of the Companies Act, 2013.
- e. Since Noticee No.1 and conduit entities are not related to each other, thus, transactions entered between them do not fall under definition of 'related party transactions, covered under Section 188 of the Companies Act, 2013. As Noticee No.1 to 9 were/are not related to conduit entities, thus, they were/are not required to comply with provisions of the Companies Act, 2013 and Regulations made thereunder, SEBI Act and LODR Regulations which apply only to related parties.
- f. Transactions between Noticee No.1 and conduit entities occurred for purposes of procurement of new varieties of sugarcane seeds/sugar against which business advances except for CAPL were provided by Noticee No.1

to conduit entities. Directors of conduit entities had extensive previous experience in field of sugarcane farming. Transaction between Noticee No.1 and CAPL was of grant of unsecured interest free loan by CAPL to Noticee No.1 and it was not an advance like other conduit entities. The said advances have been returned by conduit entities except for FTPL as business did not materialize. As on March 31, 2023, Rs.1,15,06,402 is remaining as an advance to be received by Noticee No.1 from FTPL.

- g. Noticee No.1 was engaged with RGSTPL in business of buying and selling sugar even before the investigation period. Fact that Noticee No.2 and 3 were directors of RGSTPL during period prior to investigation period does not make RGSTPL as related party of Noticee No.1 within meaning of provisions of the Companies Act, 2013 and LODR Regulations.
- h. CAPL had given unsecured interest free loans to Noticee No.1 for business purposes of Noticee No.1. The said unsecured loans were repaid by Noticee No.1.
- i. Noticee No.1 had taken interest free unsecured loans from Camelot Exports Private Limited vide credit facility letter dated December 15, 2014. As on March 24, 2021, outstanding loan amount payable by Noticee No.1 was Rs.8,70,71,534. As per terms and conditions of credit facility letter, Camelot was entitled to assign loan given to Noticee No.1. On March 24, 2021, Camelot assigned unsecured loan due from Noticee No.1 aggregating to Rs. 8,70,71,534/- to CAPL through assignment letter dated March 24, 2021. As it was legally binding obligation of Noticee No.1 to honour assignment of loan by Camelot in favour of CAPL, Noticee No.1 paid said outstanding amount to CAPL.
- j. Noticee No.2 stated in his statement before IA that none of family members of Noticee No.2 were involved in mining case, as referred in CEIB reference. No charge-sheet has been filed against Noticee No.1 and its members. Noticee(s) have filed appeals against all relevant orders passed by the

Income Tax Department and the appeals are sub-judice. Thus, allegations made on basis of findings of income tax survey are premature.

- k. Based on findings of Income Tax department (“ITD”) recorded in the Income Tax survey report, ITD has passed orders. Noticee(s) have challenged ITD orders. Noticee(s) have requested for cross-examination of Mr. Pradeep Singhal, Mr. Krishan Singh and then auditors of Noticee No.1 during various stages of assessments of Noticee(s) but ITD never provided the opportunity of cross examination to Noticee(s).
- l. Transactions between Noticee No.1 and conduit entities except CAPL were in nature of business advances, therefore, no written agreement was entered between parties. All such advances were given by Noticee No.1 in ordinary course of business.
- m. Noticee No.1 is engaged in production of high quality and specialized sugar. Genuine contracts were entered between Noticee No.1 and conduit entities for purchase of sugarcane seeds and sugar against which advances were given by Noticee No.1 to conduit entities except CAPL. Under the applicable laws, a contract is not mandatorily required to be in writing. Even verbal contracts are also legal and binding contracts.
- n. It is coincidence that FTPL and JABPL have reported same revenue. Conduit entities were engaged in trading business of various commodities, thus, they managed without having large number of employees on roll.
- o. Borrowings taken from banks were not utilized for providing business advances to conduit entities. Borrowings from banks were utilized towards meeting working capital and other business requirement.
- p. Investigation period spanned over period of 7 years which required Noticee(s) to pull out old records as a consequence of which there were certain instances of delay in providing relevant information and/or records to SEBI. Noticee No.2 appeared in person before the IA for himself and on

behalf of his family members and fully cooperated with the IA except for few instances owing to unintentional delay owing to old records requested by IA. Other than unintentional and unintended delay caused in pulling out old records, there were no instances of any delay in providing information/documents summoned by SEBI.

- q. Noticee No.2 made statement before the IA that he will submit relevant information/documents related to conduit entities. By such statement, intention of Noticee No.2 was to gather documents related to conduit entities which might be available in the records of Noticee No.1.

15. In addition to submissions made by Noticee No.1 to 9 vide reply dated November 16, 2013, Noticee No. 1 to 9 made submissions vide post hearing submissions dated May 03, 2024 which are summarized hereunder: -

- a. Hon`ble Supreme Court in the matter of SEBI Vs. Kanaiyalal Baldevbhai Patel and Ors (2017) 15 SCC 753 held that inducement is a pre-requisite to constitute fraud and such inducement must be made while dealing in securities and must be made for the purpose to induce others to deal in securities. The above judgment of Hon`ble Supreme Court was referred in order dated July 08, 2021, passed by Hon`ble Whole Time Member (WTM), SEBI in the matter of V.B. Industries Limited and Others. In the present case, the SCN has not alleged that Noticee No.1 to 9 indulged inducing any person to deal in securities of Noticee No.1.
- b. Noticee No.1 is not related party of conduit entities by virtue of their past employment/association as such relationship is not covered within definition of term 'related party' under Section 2(76) of the Companies Act, 2013 read with Section 2(zb) of LODR Regulations nor under definition of term 'related party' under then applicable accounting standard ("**AS**") – 18. Noticee No.1 to 9 neither had any control nor had any significant influence on conduit entities within meaning of 'control' or 'significant influence' defined in AS - 18.

- c. During investigation period, Rs.104 Cr was taken by Notice No.1 as loan from various banks. Out of such loan, Rs.13 Cr loan was taken by Noticee No.1 for purchasing machinery. Remaining amount of Rs.91 Cr was loan taken by Noticee No.1 for making payment to farmers towards supply of sugar cane to Noticee No.1. Certificates issued by the cane commissioner and State Bank of India ("**SBI**") letter dated February 6, 2016 have been furnished in support of such claim of utilization of loan for payment to farmers who supplied sugar cane.
 - d. Conduit entities had refunded majority of advances to Noticee No.1 even prior to issuance of preliminary letter by SEBI to Noticee No.1 to 9 requesting information/documents pertaining to investigation.
16. Noticee No. 10 vide reply dated September 02, 2023 filed reply to the SCN. Summary of the said reply is as follows: -
- a. On April 02, 2019, he resigned from RSL. He was looking after finance function pertaining to dealings with banks for availing credit facilities of RSL. He was not authorized signatory for any banking transactions of any bank of RSL. Thus, transfer of funds and financial transactions with other private limited companies such as Noticee No. 11 to 15, Superior Food Grains Private Limited, Venus Pesticides Limited and Camelot Exports Private Limited were not within his purview. During FY 2014-15 to FY 2017-18, he did not sign/authorized any accounting voucher in respect of alleged transactions between RSL and above mentioned companies.
 - b. Income Tax Survey did not ascribe any role to him in respect of transactions by Noticee No. 11 to 15, Venus Pesticides Limited and Camelot Exports Private Limited with RSL. Letter dated 19.01.2021 addressed to SEBI, did not mentioned his name.
 - c. During 2014-15 to 2017-18, CEO/CFO certificate, as required under Regulation 17(8) of LODR Regulations, is not part of Annual report. To the best of his knowledge, he did not sign any such CFO certificate.

- d. Being CFO of RSL, he was not directly or indirectly involved in any financial transactions between RSL and above mentioned entities.
17. Noticee No.11 vide reply dated March 1, 2024 denied allegations made in the SCN and made submissions which are summarized hereunder: -
- a. It is a private limited company which was incorporated on December 22, 2006. Its registered is located at SCO-51-52, Sector 8-C, Chandigarh – 160008. Its registered office has never been same as that of RSL.
- b. It entered into a business arrangement with RSL for supply of sugar cane seeds. In view of that, it was planning to enter into trading of high quality sugar cane seeds and other commodities for which it had an arrangement with individual farmers, who had vast experience of cultivating and producing high quality sugar cane seeds. Pursuant to such business arrangement, RSL gave business advance to it.
- c. After entering into arrangement with RSL for providing sugar cane seeds, it gave advances to some of individual farmers engaged in sugar cane cultivation and production.
- d. Subsequently, RSL informed it that RSL do not want to take seed from it as sample tested by them in the catchment area of their sugar mills was not accepted by cultivators of sugar cane. Consequently, intended business purpose between RSL and it and individual farmers did not materialize. Thus, individual farmers refunded majority of advance amount to it. Accordingly, it refunded entire advance of Rs.3745.43 lakh, given by RSL to it towards purchase of sugar cane seeds, to RSL with exception of an outstanding amount of Rs.1,15,06, 402/- as on March 31, 2023.
- e. It is coincidence that its revenue of Rs.1,87,500 matched with revenue of Noticee No.13.
- f. It is engaged in trading business which does not require huge labour expenses. Further, occurrence of losses and negative net-worth is common

in business and does not indicate any irregularity in business being conducted by it.

- g. Merely because its past directors were past employees of RSL, it cannot be said that it is related party of RSL. Such relationship does not fall within ambit of “Related Party”, as defined under applicable provisions of the Companies Act, 2013.
- h. No interest was required to be paid by it to RSL as the amount received by it from RSL was in form of business advance. As RSL backed out from business arrangement, so there was no question of making payment of interest to RSL.
18. Noticee No.12 vide reply dated March 2, 2024 denied allegations made in the SCN and made submissions which are summarized hereunder:-
- a. CAPL was engaged in business of commodity trading which included trading of sugar, textile, husk and allied products. CAPL was having turnover of more than Rs.10,127.73 lacs during FY 2011-12 to 2018-19, which is tabulated hereinbelow. In addition to RSL, CAPL had trade relations with several other companies: -

Table No.5

Financial Year	Revenue (Rs. In Lacs)
2011-12	499.09
2012-13	931.64
2013-14	2184.08
2014-15	2900.12
2015-16	1238.68
2017-18	523.86
2018-19	1850.26
Total	10,127.74

- b. CAPL did not receive funds from RSL but CAPL gave unsecured loans to RSL for its business purposes. During 2014-15 to 2021-22, CAPL had given amount of Rs.2265.67 Lacs (including opening receivable of Rs.701.15 as on 01.04.14) to RSL as unsecured loans. RSL repaid the entire loan amount

of Rs.2265.67 Lacs. As on date of reply, there is nothing outstanding which is to be repaid by RSL to CAPL.

- c. In the books of CAPL, there was an amount of Rs.945 Lacs receivable by CAPL from Camelot Exports Private Limited. Directors of Camelot Exports Private Limited approached CAPL and requested that Camelot Exports Private Limited wanted to assign all right and benefits of loan receivable by Camelot Exports Private Limited from RSL in favour of CAPL. CAPL accepted such assignment vide assignment letter dated 24.03.2021. After acceptance of such assignment, outstanding amount receivable by CAPL from Camelot Exports Private Limited was Rs.73 Lacs. RSL had repaid entire loan amount of Rs.870.71 lacs to CAPL through banking channels.
- d. Past directors of CAPL acted in their independent capacity. The present directors of CAPL held no directorship, shareholding or investment in RSL at any point of time. Mr. Chitranjan Singh is not a director in Lakshmiji Sugar Mills Private Limited.
- e. CAPL has no relationship of any kind with Flawless Traders Private Limited, Venus Pesticides Private Limited, Camelot Exports Private Limited and Rana Infrastructures Private Limited, Lakshmiji Sugar Mills Company Private Limited and Rana Sugars & Private Limited. Mr.Chitranjan Singh and Mr. Jiwan Singh are not directors of Rana Infrastructures Private Limited and Lakshmiji Sugar Mills Company Private Limited. Even if Mr.Chitranjan Singh and Mr. Jiwan Singh are director of these companies, they were only acting in their independent capacity and nothing more. They cannot in anyway control operations of CAPL by being director of such companies. Further, Mr. Balraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakuzhil Verghese Mohan, the past of directors of CAPL, being employees of RSL were also acting independently and in no way they could control operations of CAPL.

- f. Head office of CAPL was situated at SCO 80-81, 3rd Floor, Sector 17-C, Chandigarh, India-160017 and not at SCO 49-50, Sector 49-50, Sector 8C, Chandigarh.
 - g. Incurring and reporting of losses and having negative net-worth are part of business and not yardstick to measure legitimacy of business operations of a company.
19. Noticee No.13 vide reply dated February 23, 2024 denied allegations made in the SCN and made submissions which are summarized hereunder:-
- a. RSL extended Rs.583.01 Lacs as business advance to JABPL/Noticee No.13 for supply of sugarcane seeds during FY 2015 to 2017. Due to unforeseen circumstances, purpose for which advances were provided could not be materialized, accordingly, these advances were fully returned by JABPL to RSL. As on date of reply, JABPL has NIL outstanding advance with respect to RSL.
 - b. JABPL had business and was involved in trading of commodities not only with RSL but with other companies as well.
 - c. The reported revenue of Rs.1,87,50,000/- is accurate. Though there is no connection between JABPL and FTPL/Noticee No.11 but it is not unusual for two companies to have exact same sales figures. Further, reporting losses over time and having substantial negative net-worth is not uncommon. Many companies face losses and have negative net-worth but still continue their business operations.
 - d. Situation of JABPL aiding and abetting RSL in diverting funds of RSL for benefits of promoter and promoter group entities would have only arisen if the advances were not returned by individual promoters of RSL to JABPL and by JABPL to RSL.
 - e. The directors of JABPL are Mr. Ajit Singh and Mr. Sukhjit Singh and Mr. Mahipal Singh was one of the past director. Mr. Ajit Singh and Mr. Sukhjit

Singh, present directors of JBPL, are not connected in any way with RSL. There is no relation between JABPL and RGSTPL or other entities. Even if Mr. Ajit Singh and Mr. Sukhjit Singh were are/were directors of RGSTPL/Noticee No.15 or other entities, they were acting in their independent capacity and no relation whatsoever it had with JABPL.

20. Noticee No.14 vide reply dated February 22, 2024 denied allegations made in the SCN and made submissions which are summarized hereunder:-

- a. RJTPL was engaged in trading of various commodities. It generated total sales volume of more than Rs.200 crores from FY 2013-14 to 2017-18 which is tabulated hereunder: -

Table No.6

Financial Year	Revenue (In Rs.)
2013-14	3,90,35,826
2014-15	20,38,84,800
2015-16	103,81,20,031
2016-17	76,05,24,845
2017-18	21,67,55,458

- b. RSL approached RJTPL for providing sugar cane seeds. During FY 2014-15 to 2016-17, RJTPL received business advance amounting to Rs.33.47 Cr from RSL for supply of sugar cane seeds.
- c. RJPL knew that persons mentioned in Table -14 of the SCN are agriculturists and actively deal in business of supply of high quality sugar cane seeds. RJPL paid advance money to them to purchase sugar cane seeds so that RJPL can supply seeds to RSL. But RJPL did not receive supply of seeds from such individuals. RJPL also paid advance to entities like National Collateral management Services Limited, The Nakodar Cooperative Sugar Mills, The Ajnala Cooperative Sugar Mills, The Fazilka Cooperative Sugar Mills, The Nawashahar Cooperative Sugar Mills, Superior Food Grains Private Limited, Lakshmiji Sugar Mills Co. Limited, RR Industrial Corporation, Rana Polycot Limited for purchase of sugar, molasses, textile, etc.,

- d. Consequent to failure of such individual entities to supply seeds, RJPL failed to supply sugar cane seeds to RJPL. Such individual entities refunded majority of the amount to RJPL. In view of non-supply of sugarcane seeds due to unforeseen circumstances, RJTPL refunded back full amount of business advance to RSL.
 - e. Money received by RJTPL from RSL was by way of business advances, therefore, no interest was paid to RSL at the time of refund of money.
 - f. As per applicable laws, RJTPL was/is not related party of RSL. It is a fact that Mr. Balraj Singh and Mr. Amit Bahadur were employees of RSL but that does not make RJTPL part of RSL. Mr. Balraj Singh and Mr. Amit Bahadur are still directors of RJTPL.
 - g. RJTPL had business in more than two financial years i.e. FY 2016-17 and 2017-18. RJTPL was involved in business of trading of several commodities including textile, sugar and sugar cane seeds.
21. Noticee No.15 vide reply dated March 12, 2024 denied allegations made in the SCN and made submissions which are summarized hereunder:-
- a. RGSTPL had been regularly dealing into buying and selling of sugar with known companies. From FY 2013-14 to 2022-23, RGSTPL had total sales of Rs.267.39 Cr. RGSTPL was buying and selling sugar to RSL and total purchase and sale of sugar made by RGSTPL to RSL during FY 2013-14 to 2022-23 was more than Rs.150 Cr.
 - b. RSL had provided business advances to RGSTPL for supply of sugar. Out of business advances received from RSL, RGSTPL supplied sugar worth Rs.138.19 Cr to RSL. As on March 31, 2023, RGSTPL has trade payable of Rs.11.75 Cr to RSL against purchase of sugar.
 - c. RGSTPL had provided advances to individual promoters of RSL for normal business activities which have been repaid by such individual promoters to RGSTPL. There is no outstanding on their part.

- d. Since money received by RGSTPL from RSL were business advances and not loans, thus, no interest was paid on such advances.
- e. Directors of RSL had no control over past directors of RSTPL. Section 2(76)(vi) and (vii) of the Companies Act, 2013 specifies about current board of directors, managing director, etc., who is accustomed to act in accordance with the advice, directions or instructions of a director or manager or any present person on whose advice, directions or instructions a director or manager is accustomed to act and not the past directors, etc., Current directors of RSTPL have no association with RSL and were never in employment of RSL.
- f. RGSTPL is a separate company and had only business relations with RSL for supply of sugar. Present directors of RSTPL being directors of Noticee No.13, 14 and Venus Pesticides Private Limited, have no relation with RSL. A person can be directors in other companies as well.
- g. RSTPL provided advances to individual promoters of RSL for normal business activities. Such individuals have already repaid advances to RSTPL and there is nothing outstanding on their part. There is no correlation between funds received from RSL and funds given to individual promoters of RSL as both were separate business transactions.
- h. As business advances received by RSTPL from RSL and given by RSTPL to individual promoters of RSL have been repaid, thus, there is no siphoning off of funds of RSL through RSTPL to individual promoters of RSL.

CONSIDERATION

- 22. I have considered the SCN, reply of the Noticee(s), submissions made by the Noticee(s) and post hearing submissions filed by the Noticee(s). Before proceeding further, it is relevant to refer to relevant provisions of law which are reproduced hereunder: -

Securities and Exchange Board of India Act

Investigation

Section 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.

(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.

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

12A. No person shall directly or indirectly—

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

PFUTP Regulations:

Prohibition of certain dealings in securities

Regulation 3. No person shall directly or indirectly—

(a)

(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.

Prohibition of manipulative, fraudulent and unfair trade practices

Regulation 4.

- (1) *Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*
- (2) *Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:*
 - (f) *publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;*
 - (k) *an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors.*

SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) 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) *.....xxxx.....*
- (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) *.....xxxx.....*
- (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)xxxxx.....

(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.

(ii)xxxxxxxxxxxxx.....

General obligation of compliance.

Regulation 5.

The listed entity shall ensure that key managerial personnel, directors, promoters or any other person dealing with the listed entity, complies with responsibilities or obligations, if any, assigned to them under these regulations.

Board of Directors.

17. (1).....

(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.

Related party transactions.

23. (1)

(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 149[no related party shall vote to approve] such resolutions whether the entity is a related party to the particular transaction or not:

(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.

¹⁴⁹Substituted for the words “the related parties shall abstain from voting on” by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

Provided that a ‘high value debt listed entity’ shall submit such disclosures along with its standalone financial results for the half year;”

Disclosure of events or information.

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.

30(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.

33. *(1) While preparing financial results, the listed entity shall comply with the following:*

(c) The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India:

Provided that in addition to the above, the listed entity may also submit the financial results, as per the International Financial Reporting Standards notified by the International Accounting Standards Board.

(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.

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.*

Accounting Standards.

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

SCHEDULE II: CORPORATE GOVERNANCE

PART B: COMPLIANCE CERTIFICATE

[See Regulation 17(8)]

The following compliance certificate shall be furnished by chief executive officer and chief financial officer:

A.

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

SCHEDULE V: ANNUAL REPORT

[See Regulation 34(3) and 53(f)]

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".*

2. *The disclosure requirements shall be as follows*

<i>Sr. no.</i>	<i>In the accounts of</i>	<i>Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.</i>
<i>1</i>	<i>Holding Company</i>	• <i>Loans and advances in the nature of loans to subsidiaries by name and amount.</i> • <i>Loans and advances in the nature of loans to associates by name and amount.</i>

		• <i>Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount</i>
2	<i>Subsidiary</i>	<i>Same disclosures as applicable to the parent company in the accounts of subsidiary company.</i>
3	<i>Holding Company</i>	<i>Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.</i>

For the purpose of above disclosures directors' interest shall have the same meaning as given in Section 184 of Companies Act, 2013.

⁵¹⁸*[(2A) Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results.]*

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.

Failure to furnish information and non-compliance of summons

23. I note that SEBI issued summon dated June 24, 2022 to RSL (Noticee No.1), thereby, SEBI required RSL (Noticee No.1) to produce information detailed therein by July 04, 2022. In response thereto, RSL (Noticee No.1) vide letter dated July 4, 2022 sought time to reply. SEBI issued another summon dated July 5, 2022 requiring RSL (Noticee No.1) to produce information/documents, sought vide summon dated June 24, 2022, by July 19, 2022. RSL (Noticee No.1) vide letter dated July 21, 2022 replied to point no. B (i), B(viii), B(xi), C(i), C(ii) and C(v) of summon dated July 5, 2022 and June 24, 2022 but failed to reply to point B (ii) to B (vii), B(ix) to B(xii) and C(iii) and C(iv).

24. SEBI issued summon dated August 23, 2022 to RSL (Noticee No.1) informing that RSL has not provided the complete information/documents. Further, RSL (Noticee No.1) was called upon to produce complete documents/information, as detailed in summon dated June 24, 2022 and July 5, 2022, by August 23, 2022. In this connection, RSL (Noticee No.1) vide letter dated August 31, 2022 provided (only the ledger) .to point no. B (ii), B(iii), B(viii) and C(iii) but failed to reply to point no. B(i), B(iv) to B(vii) and C(i) and C(ii) and D. Thereafter, SEBI issued summon dated September 6, 2022 to RSL(Noticee No.1) requiring it to produce documents/information, as detailed therein, by September 13, 2022. In this regard, RSL (Noticee No.1) vide letter dated September 15, 2022 provided reply/information in respect of point no. 1 but failed to reply to point no.2.
25. SEBI issued summon dated September 16, 2022 to RSL (Noticee No.1) requiring RSL (Noticee No.1) to produce documents/information by September 26, 2022. But, RSL (Noticee No.1) did not reply to summon dated September 16, 2022. Thus, SEBI issued summon dated November 3, 2022 to RSL(Noticee No.1) detailing all the documents/information sought by SEBI till that date and the document/information/reply provided by Noticee No.1. Further, SEBI advised RSL (Noticee No.1) to provide by November 14, 2022 reply/information in respect of the queries/information not replied/provided. In response thereto, RSL (Noticee No.1) vide letter dated November 30, 2022 provided reply but failed to reply to point no. 1. 1) to 3), 2. 1) to 4), 3. 1) & 2), 4 B. i, second part of ii, v, 4. C. i and ii and 4 D, 5 B. i,vi, 5 C. iii, iv, v, reply to point no. 6 (all queries) and point no. 7.
26. I note that SEBI issued summon dated July 6, 2021 to Inder Pratap Singh Rana (Noticee No.2) which required him to appear before the IA on July 20, 2022. In this regard, Inder Pratap Singh Rana (Noticee No.2) vide email dated July 19, 2022 sought additional time to appear before the IA. Accordingly, SEBI issued another summon dated August 25, 2022 to him to appear before the IA on September 6, 2022. In the meantime, SEBI issued summon dated July 8, 2022 to Inder Pratap Singh Rana (Noticee No.2) requiring Noticee No.2 to produce document/information, as detailed therein, before the IA by July 22, 2022. However, he neither responded to summon dated July 8, 2022 nor appeared

before the IA on September 6, 2022, as required vide summon dated August 25, 2022. SEBI again issued summon dated September 12, 2022 which required Inder Pratap Singh Rana (Noticee No.2) to appear before the IA on September 19, 2022.

27. Pursuant to summon dated September 12, 2022, Inder Pratap Singh Rana (Noticee No.2) appeared before the IA on September 21, 2022 on behalf of himself as well as for Noticee No.3 to 9 and Ms. Manminder Kaur. Statement of Inder Pratap Singh Rana (Noticee No.2) was recorded by the IA, wherein, he submitted that the money received by him and his family members and relatives were on account of business advances for supply of sugarcane seeds. Inder Pratap Singh Rana (Noticee No.2) did not provide reply to most of the questions. Further, Inder Pratap Singh Rana (Noticee No.2) stated in respect of some questions that he would provide the details by September 26, 2022 and in respect of the others by October 5, 2022. Further, Inder Pratap Singh Rana (Noticee No.2) submitted that the details of the repayment shall be provided by October 5, 2022.
28. SEBI vide email dated September 22, 2022 emailed list of questions which Inder Pratap Singh Rana (Noticee No.2) did not reply during statement recording and he undertook to reply by October 05, 2022. However, no reply was received from Inder Pratap Singh Rana (Noticee No.2). Consequently, SEBI issued reminder emails dated September 28, 2022 and October 4, 2022 to Inder Pratap Singh Rana (Noticee No.2), however, no reply was received. Thereafter, SEBI issued summon dated November 9, 2022 and January 11, 2023 to Inder Pratap Singh Rana (Noticee No.2). However, no reply was received from him.
29. I note that Inder Pratap Singh Rana (Noticee No.2) failed to submit documents or information post his statement recording with respect to his involvement in various committees of RSL, details of unsecured loans and advances to and from RSL and to and from conduit entities, GST records, information regarding his employees who were directors in the conduit entities, details of promoter and promoter group entities etc.

30. I note that SEBI issued summon dated July 6, 2022 to Ranjit Singh Rana (Noticee No. 3), thereby, requiring him to appear before the IA on July 20, 2022. However, no response was received from him. But, Inder Pratap Singh Rana (Noticee No.2) vide email dated July 19, 2022, on behalf of himself as well as Noticee No.3 to 9, sought additional time to appear before the IA. Accordingly, SEBI issued summon dated August 25, 2022 to Ranjit Singh Rana (Noticee No.3) requiring him to appear before the IA on September 6, 2022, however, he failed to respond to the said summon. Thereafter, SEBI issued another summon dated September 12, 2022 to Ranjit Singh Rana (Noticee No.3) requiring him to appear before the IA on September 19, 2022. However, he did not appear on the scheduled date. Subsequently, SEBI issued summon dated January 16, 2023 requiring Ranjit Singh Rana (Noticee No.3) to produce documents/information by January 23, 2023 but he failed to produce documents/information sought vide said summons.

31. I note that SEBI also issued following summons to following Noticee(s): -

Table No.7.

Noticee No	Summon dated	Reply received or not
3, 4, and 6	July 6, 2022	No reply
5, 7	July 8, 2022	No reply
3, 4, 6, 7	August 25, 2022	No reply
3, 4, 5, 6	September 12, 2022	No reply
5, 6, 7	November 10, 2022	No reply
5, 6, 7	January 11, 2023	No reply
3, 4	January 16, 2023	No reply

32. In response to allegation of failure of Noticee No.1 to 7 to comply with summons, as mentioned in para 28(a) to (p) of the SCN, Noticee No. 1 to 7 have vide their common reply dated November 16, 2023 submitted that information sought by the IA was old and spanning over period of 7 years which took considerable time to pull out and submit to the IA. Further, it has been submitted that Noticee No.2 appeared before the IA on their behalf and fully cooperated with the IA except for few instances owing to unintentional delays owing to old records.

33. In view of the above, I find that Noticee No.1 to 7 have failed to provide any justifiable reason or explanation for not appearing before the IA on the scheduled date. Further, no reason has been provided by Noticee No.1 to 7 for their failure to furnish information/document sought by the IA vide above mentioned summons. During the course of statement recording on September 21, 2022, Inder Pratap Singh Rana (Noticee No.2) avoided most of the question by stating that he will provide information by September 26, 2022 or October 05, 2022. Subsequently, neither the information was provided nor summons issued to the respective Noticee(s) were responded. Accordingly, I find no merit in submission of Noticee No.1 to 7 that they complied with the summons by furnishing information to the IA and Inder Pratap Singh Rana (Noticee No.2) appeared before the IA on their behalf. Due to failure of Noticee No.1 to 7 to provide information or appear before the IA, investigation was hampered. Accordingly, I find that Noticee No.1 to 7 by failing to appear before the IA on the scheduled date, mentioned in the above summons, and to provide information, detailed in the said summons, have violated Section 11C(2) and 11C(3) of the SEBI Act.

Allegation of diversion of funds of RSL

34. In response to allegation of diversion of funds from RSL to its promoters and their family members through conduit entities(Noticee No. 11 to 15), Noticee No.1 to 9 have submitted that transactions between RSL and conduit entities occurred for purposes of procurement of new varieties of sugarcane seeds/sugar against which business advances were provided by RSL to conduit entities except for CAPL. Directors of conduit entities had extensive previous experience in the field of sugarcane farming. As such transactions of RSL and conduit entities except CAPL were in nature of business advances, therefore, no written agreement was entered between parties.
35. RSL had taken interest free unsecured loans from Camelot vide credit facility letter dated December 15, 2014. As on March 24, 2021, outstanding loan amount payable by RSL was Rs.8,70,71,534/-. As per terms and conditions of credit facility letter, Camelot was entitled to assign loan given to RSL. On March

24, 2021, Camelot assigned unsecured loan due from RSL aggregating to Rs.8,70,71,534/- to CAPL through assignment letter dated March 24, 2021. As it was legally binding obligation of RSL to honour assignment of loan by Camelot in favour of CAPL, RSL paid said outstanding amount to CAPL. Transaction between RSL and CAPL was of grant of unsecured interest free loan by CAPL to RSL and it was not an advance like other conduit entities. The said advances have been returned by conduit entities except for FTPL as business did not materialize. As on March 31, 2023, Rs.1,15,06,402/- is remaining as an advance to be received by RSL from FTPL.

36. Noticee No. 11 in para 1 of reply dated March 1, 2024 has submitted that *“We entered into a business arrangement with Rana Sugars Limited for supply of sugarcane seeds and in view of that our company was planning to enter into trading of high quality Sugar cane seeds & other commodities for which our company had an arrangement with individual farmers, who had vast experience of cultivating and producing high quality sugar cane seeds. After entering into arrangements with Rana Sugars Limited for providing sugar cane seeds, our company has given advances to some of the individual farmers engaged in sugar cane cultivation and production. After entering into business arrangements Rana Sugars Limited informed us that they do not want to take seed from us as the same checked by them in the catchment area of their sugar mills was not accepted by the cultivators of sugar cane. As a result of this the intended business purposes between the company and Rana Sugars Limited as well as between Company and the individual farmers did not materialize, these individual farmers refunded the majority of the amounts to the company. Accordingly in view of that our company has refunded the entire advances of Rs.3745.43 lakhs given by Rana Sugars Limited towards purchase of sugar cane seeds.”* As amount received by Noticee No.11 from RSL was business advance, thus, no interest was required to be paid by Noticee No.11 to RSL.
37. CAPL (Noticee No.12) has submitted that it is engaged in business of commodity trading which included trading of sugar, textile, husk and allied products. From time to time, CAPL had given unsecured loans to RSL for its business purposes. CAPL provided unsecured loan for amount of Rs.2265.67 Lacs (including

opening receivable of Rs.701.15 as on 01.04.14) to RSL. Out of aforesaid loan amount, Rs.870.71 Lacs was received by CAPL from RSL as a result of assignment of receivable by Camelot in favour of CAPL vide assignment letter dated 24.03.2021. CAPL had an amount of Rs.945 lacs receivable in its books from Camelot. Directors of Camelot approached CAPL and stated that they want to assign Camelot's right to receive Rs.870.71 from RSL in favour of CAPL. CAPL accepted such assignment vide letter dated 24.03.2021. After acceptance of such assignment, outstanding amount receivable by CAPL from Camelot was Rs.73 Lacs. As on date of reply, nothing is outstanding which is to be repaid by RSL to CAPL.

38. Similar to submissions of Noticee No.11, JABPL (Noticee No.13) submitted that it is engaged in trading of sugar and allied products. It entered into business transaction with RSL for supply of sugarcane seeds. RSL extended Rs.583.01 lakh as business advance to Noticee No.13. However, due to unforeseen circumstances, the purpose for which advances were provided could not be materialized and such advances were returned fully by Noticee No.13 to RSL. No interest was required to be paid to RSL on such advances as they were business advances.
39. Similarly, RJPL (Noticee No.14) submitted that it received business advance amounting to Rs.33.47 Cr from RSL for supply of sugar cane seeds. Noticee No.14 knew that persons mentioned in Table -14 of the SCN are agriculturists and actively deal in business of supply of high quality sugar cane seeds. Noticee No.14 paid advance money to them to purchase sugar cane seeds so that Noticee No.14 can supply seeds to RSL. But RJPL did not receive supply of seeds from such individuals. Noticee No.14 also paid advance to entities like National Collateral management Services Limited, The Nakodar Cooperative Sugar Mills, The Ajnala Cooperative Sugar Mills, The Fazilka Cooperative Sugar Mills, The Nawashahar Cooperative Sugar Mills, Superior Food Grains Private Limited, Lakshmiji Sugar Mills Co. Limited, RR Industrial Corporation, Rana Polycot Limited for purchase of sugar, molasses, textile, etc., Consequent to failure of such individual entities to supply seeds, Noticee No.14 failed to supply sugar cane seeds to RJPL. Such individual entities refunded majority of the

amount to Noticee No.14. Business advances received by Noticee No.14 from RSL was refunded to RSL.

40. RGSTPL (Noticee No.15) has submitted that RSL had provided business advances to RGSTPL (Noticee No.15) for supply of sugar. Out of business advances received from RSL, RGSTPL (Noticee No.15) supplied sugar worth Rs.138.19 Cr to RSL. As on March 31, 2023, RGSTPL (Noticee No.15) has not supplied sugar for business advance Rs.11.75 Cr, thus, Noticee No.15 has shown Rs.11.75 Cr as trade payable. Amount given by RSL to RGSTPL (Noticee No.15) was business advance, thus, no interest was required to be provided by RGSTPL (Noticee No.15) to RSL. RGSTPL (Noticee No.15) had provided advances to individual promoters of RSL for normal business activities which have been repaid by such individual promoters to RGSTPL(Noticee No.15). There is no outstanding on their part.
41. I note that, as per Table No.1 above, RSL during 2014 to 2021 paid Rs.218,34,16,929/- to Noticee No.11 to 15, who in turn transferred Rs.52,98,25,000/- to promoters of RSL and their family members. From bank statements of Noticee No. 11 to 15, I note that RSL transferred money to bank account of such Noticee(s) who transferred the received amount to promoters of RSL and their family members on the same day. Such pattern of transfer of funds was consistent during the period of 2014 to 2021. As per submissions of Noticee No. 11, 13 to 14, I note that such funds were received by them from RSL as business advance for supply of sugar cane seeds. However, neither Noticee No. 11, 13 to 14 nor RSL have furnished any agreement detailing purpose of transfer of funds, quantity and quality of seeds to be supplied. But, RSL has stated that such funds were transferred pursuant to verbal agreement. In view of the above, I find such argument to be meritless as it cannot be believed that listed entity transferred crores of rupees to third parties without any written agreement. Even otherwise, such transfer of funds from RSL to Noticee No. 11, 13 to 14 was not one time transfer but numerous transfer of funds from RSL to Noticee No. 11, 13 to 14 and further transfer from such Noticee(s) to promoters of RSL and their family members is noted.

42. I find that submissions of Noticee(s) are inconsistent and contrary to each other. Noticee No.1 to 9 have submitted in paragraph 13 of their reply that RSL gave business advances to conduit entities except CAPL for supply of sugar cane seeds as “directors of the Alleged Conduit Entities had extensive previous experience in field of sugarcane farming.” In order to explain transfer of funds from Noticee No.11 to promoters of RSL and their family members, Noticee No.11 has submitted, as noted above, it had an arrangement with individual farmers, who had vast experience of cultivating and producing high quality sugar cane seeds. Accordingly, Noticee No.11 gave business advances to promoters of RSL and their family members for supply of sugarcane seeds. Similarly, Noticee No.14 have submitted, as noted above, that ‘persons mentioned in Table -14 of the SCN are agriculturists and actively deal in business of supply of high quality sugar cane seeds’. Accordingly, business advances were given by Noticee No.14 to promoters of RSL and their family members for supply of sugar cane seeds. Noticee No.15 has submitted that advances were given to individual promoters of RSL for normal business activities. As per submissions of RSL, Noticee No.11, 13 and 14 were experienced in sugarcane family. However, as per submissions of Noticee No.11, 13 and 14 promoters of RSL and their family members were experienced in cultivation of high quality sugarcane seeds. I find that such assertion of RSL, Noticee No.11, 13 and 14 are merely an afterthought aimed at disguising diversion of funds as genuine business advance.
43. I note that Noticee No.12 has submitted that it provided unsecured loan for amount of Rs.2265.67 Lacs to RSL. However, Noticee No.1 as well as Noticee No.12 have denied having any direct close relationship with each other. But, I fail to understand the reason as to why Noticee No.12 provided such huge amount of money as unsecured loan to a stranger. No written agreement detailing amount of loan, applicable rate of interest, if any, and period of loan has been furnished by Noticee No.1 or Noticee No.12. Further, Noticee No.12 has made submissions on receipt of funds from RSL but no explanation has been furnished for transfer of funds of Rs.3,40,00,000/- from Noticee No.12 to promoters of RSL and their family members.

44. For the foregoing reasons, I do not find merit in submissions of Noticee No. 11, 13 to 15 that money received by them from RSL was towards business advance. I find no merit in submission of Noticee(s) that funds were transferred to promoters of RSL and their family members as business advance. I also do not find any merit in submission of Noticee No.12 that funds received by it from RSL was towards repayment of unsecured loan.

Non- disclosure of related party transactions with certain entities

45. I note that the SCN has alleged that RSL vide letter dated September 30, 2021 submitted the following details regarding related party transaction for the financial year 2016-17:-

Table No.8

Details of related party transactions for FY 2016-17		Purchase during the year	Sales During the Year	(INR in Lakhs)		
Particulars	Opening Balance			Net Paid/ (Received)	Fund	Closing Balance
Superior Foods Grains Private Limited	(186.30)	-	-	59.03		(127.27)
Rana Informatics Private Limited	-	-	-	37.95		37.95
Lakshmiji Sugar Mills Company Limited	111.71	-	-	(111.71)		-

46. Superior Foods Grains Private Limited, Rana Informatics Private Limited and Lakshmiji Sugar Mills Company Limited were reported as associates by RSL in its Annual Report for the financial year 2016-17. However, RSL did not disclose the transaction with those entities as related party transaction in the Annual Report for the FY 2016-17 as required under Regulation 34(3) r/w disclosures specified in Schedule IV of LODR Regulations.
47. Further, the SCN has alleged that Noticee No. 11 to 15 were related party of RSL as RSL exercised control over Noticee No.11 to 15 through its past employees, who were directors of Noticee No.11 to 15. But, RSL has neither disclosed Noticee No. 11 to 15 as related party nor disclosed transactions / fund transfers with them as related party transactions.

48. In respect of the above, it has been submitted by the Noticee No. 1 to 9 that conduit entities are not related parties of RSL by virtue of past employment/association of their directors with RSL as such relationship is not covered in definition of term 'related party' provided in Section 2(76) of the Companies Act, 2013 read with Section 2(zb) of LODR Regulations. None of promoters or directors or members of RSL were/are directors or shareholders of conduit entities. Further, Noticee No.1 is not covered within meaning of 'relative' defined in Section 2(77) of the Companies Act, 2013.
49. Further, it has been submitted that as Noticee No.1 and conduit entities were not related to each other, thus, transactions entered between them do not fall under definition of 'related party transactions, covered under Section 188 of the Companies Act, 2013. Thus, they were/are not required to comply with provisions of the Companies Act, 2013 and Regulations made thereunder, SEBI Act and LODR Regulations so far as they relate to related parties.
50. From extracts of Annual Report of RSL for FY 2010-11 to 2020-21, annexure 25 to the SCN, I note that RSL in its Annual Report for FY 2016-17 has disclosed Superior Foods Grains Private Limited and Rana Informatics Private Limited as associate companies under the head 'related party disclosures' at Part A of serial no. 22.10. Part B of Serial No. 22.10 contains details of transactions with related parties. During 2016-17, RSL has shown NIL transaction with associate companies. However, Lakshmiiji Sugar Mills Company Limited is not shown either as associate company or related party. In the Annual Report for FY 2017-18, RSL has shown transactions with Laxmiji Sugars Mills Company Limited as related party transactions at serial no. 26. I find that RSL failed to disclose in the Annual Report for FY 2016-17 transactions, submitted by RSL vide letter dated September 30, 2021, entered into by RSL with related parties viz., Superior Foods Grains Private Limited and Rana Informatics Private Limited.
51. In order to examine whether Laxmiji Sugars Mills Company Limited and conduit entities were related party of RSL or not, it is pertinent to refer to Regulation 2(1) (za) of LODR Regulations, which came into force w.e.f September 2, 2015, which defined related party as follows: -

Table No.9

prior to 01.04.2022	Post 01.04.2022.
<i>“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:</i>	<i>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:</i>
<i>Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party</i>	<i>Provided that: (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or (b) any person or any entity, holding equity shares: (i) of twenty per cent or more; or (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party:</i>
<i>Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)</i>	<i>Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)</i>

52. Section 2 (76) of Companies Act 2013 which defined “related party” reads as follows:-

“related party”, with reference to a company, means--

- i. a director or his relative;*
- ii. a key managerial personnel or his relative;*
- iii. a firm, in which a director, manager or his relative is a partner;*
- iv. a private company in which a director or manager is a member or director;***
- v. a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;*
- vi. anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;***

vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

1[(viii) any body corporate which is--

(A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

(C) an investing company or the venture of the company;

Explanation.-- For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]

viii. such other person as may be prescribed;

1. Substituted by the Companies (Amendment) Act, 2017 w.e.f. 09.02.2018 vide Notification No. I/I/2018-CL-I dated 09.02.2018 for the following :-

"(viii) any company which is--

(A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

53. As per Regulation 2(1)(zb) of LODR Regulations, related party in reference to a company means, inter-alia, a private company in which a director or manager or his relative is a member or director. Rana Ranjit Singh (Noticee No.2) became director of Lakshmiji Sugar Mills Company Limited on September 30, 2015. I note that reply of Noticee No.1 to 9 is also silent on the allegations made in the SCN in this regard. Accordingly, I find that RSL failed to disclose Lakshmiji Sugars Mills Company Limited as related party in FY 2016-17 even though it was related party. Further, RSL also failed to disclose in the Annual Report for FY 2016-17 transactions, submitted by RSL vide letter dated September 30, 2021, entered into by RSL with Lakshmiji Sugar Mills Company Limited in the year 2016-17.

54. Following table summarises connection of RSL with Noticee No. 11 to 15:-

Table No.10

Name of the Company	Name of Directors	Nature of control	Period of employment with RSL as per EPFO letter dated 26.09.2022
Century Agros Private Limited (CAPL)	Past Directors Mr. Balaraj Singh (till 02.06.2017) Mr. Amit Bahadur (till 22.03.2017) Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (PV) Mohan Present Directors Mr. Chitaranjan Singh and Mr. Jiwan Singh	Past Directors of the company (Mr. Balaraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (P V Mohan) were employees of Rana Sugars as confirmed by Employees Provident Fund Organisation (EPFO) vide letter dated September 26, 2022 (Annexure 5). The above named past directors were also directors in Flawless Traders Private Limited where Mr. Chitaranjan Singh and Mr. Jiwan Singh are present directors. Mr. Chitaranjan Singh is also a director in Lakshmiji Sugar Mills Private Limited which has been reported as a related party by Rana Sugars Limited.	Balraj Singh – (From 01.12.1996 to 30.04.2017) Ajay Inder Majithia- (From 21.06.1995 to 31.10.2009) Mr. Palakajhil Verghese (PV) Mohan (01.04.1994- Date of Joining, Date of leaving not available). He had another employee code as per which period of employment with RSL was from 01.01.2012 to 15.07.2015. Dinesh Kumar Sharma (From 01.06.2006 to 30.11.2016)
Flawless Traders Private Limited (FTPL)	Past Directors Mr. Balaraj Singh (till 02.06.2017) Mr. Amit Bahadur (till 22.03.2017) Mr. Ajay Inder Majithia and	Past Directors of the company (Mr. Balaraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (P V Mohan) were employees of Rana Sugars as confirmed by Employees Provident	

	Mr. Palakajhil Verghese (PV) Mohan Present Directors Mr. Chitaranjan Singh and Mr. Jiwan Singh	Fund Organisation (EPFO) vide letter dated September 26, 2022. The above named past directors were also directors in Century Agros Private Limited where Mr. Chitaranjan Singh and Mr. Jiwan Singh are present directors. Mr. Chitaranjan Singh is also a director in Lakshmiji Sugar Mills Private Limited which has been reported as related party by Rana Sugars Limited.	
Jay Aar Builders Private Limited (JABPL)	Mr. Ajit Singh, Mr. Sukhjeet Singh and Mr. Mahipal Singh	It is noted that Mr. Ajeet Singh and Mr. Sukhjeet Singh are also directors in R G S Traders Private Limited wherein the promoters including Chairman and Managing Director of Rana Sugars Limited were directors until the year 2015.	
R J Texfab Private Limited (RJTPL)	Mr. Balraj Singh and Mr. Amit Bahadur	Both the present directors are/were employees of Rana Sugars Limited as confirmed by EPFO vide letter dated September 26, 2022. RJTPL, as per the CEIB letter dated 19.01.2021 vide which information was shared by the Income Tax Department, has its office address at SCO 49-50, sector 8 C, Chandigarh which is the same as that of RSL.	

Superior Food Grains Private Limited	Mr. Preet Inder Singh Rana and Mr. Karan Pratap Singh Rana.	Both are promoters and past directors of Rana Sugars Limited. Superior Food Grains Private Limited has also been reported as a related party of RSL.	
Venus Pesticides Private Limited	Past Directors Mr. Balaraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (PV) Mohan Present Directors Mr. Chitaranjan Singh and Mr. Jiwan Singh	Past Directors of the company [Mr. Balaraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese (PV) Mohan] were employees of Rana Sugars as confirmed by Employees Provident Fund Organisation (EPFO) vide letter dated 26/09/2022. The above named past directors were also directors in Flawless Traders Private Limited where Mr. Chitaranjan Singh and Mr. Jiwan Singh are present directors. Mr. Chitaranjan Singh is also a director in Lakshmiji Sugar Mills Private Limited which has been reported as related party by Rana Sugars Limited.	
Camelot Exports Private Limited	Mr. Chitaranjan Singh and Mr. Bhagwan Singh	Mr. Chitaranjan Singh is also a directors in Flawless Traders Private Limited. Mr. Chitaranjan Singh is also a director in Lakshmiji Sugar Mills Private Limited which has been reported as related party by Rana Sugars Limited.	

R G S Traders Private Limited (RGSTPL)	Mr. Ajit Singh and Mr. Sukhjeet Singh	Mr. Ajit Singh is also directors Jay Aar Builders Private Limited, Rana Infrastructures Private Limited and R J Texfab Private Limited. Mr. Sukhjeet Singh is also directors Jay Aar Builders Private Limited, Rana Sugar & Power Private Limited, Fortune Online Marketing Network Private Limited and Venus Pesticides Private Limited. Rana Infrastructure Private Limited has been shown as an associate company of Rana Sugars Limited and its directors are Inder Pratap Singh Rana and Veer Pratap Singh Rana. Past directors of R G S Traders Private Limited include Mr. Ajay Inder Majithia (employee of Rana Sugars Limited), Mr. Preet Inder Singh Rana and Mr. Ranjit Singh Rana, Mr. Inder Pratap Singh Rana (directors of Rana Sugars Limited). RGSTPL, as per the CEIB letter dated 19.01.2021 vide which information was shared by the Income Tax Department, has its office address at SCO 49-50, sector 8 C, Chandigarh which is the same as that of RSL.	
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55. I note that CEIB vide letter dated January 19, 2021, inter-alia, informed SEBI as follows: -
- a. In the mining scam, funds for allotment of sand mines flowed out of the account of M/s. Rajbir Enterprises. Funds amounting to Rs.6.05Cr were noticed to have been received in the bank account of M/s. Rajbir Enterprises from RGSTPL, RJTPL and JABPL.
 - b. In Income Tax Returns, RJTPL and RGSTPL have shown their registered address as SCO 49-50, Sector 8 C, Chandigarh, which is registered address of RSL.
 - c. Kansal Sigla & Associates (KSA) were doing audit of FTPL, RGSTPL and RJTPL. KSA submitted that all such concerns were being managed by RSL and its employees who bring books of accounts to their office for audit. S.K. Kansal, partner of KSA, provided name and contact details of employees of RSL who were maintaining books of such companies. Employees of RSL viz., Pradeep Singhal admitted that such entities were being managed by RSL and its MD- Mr. Rana Inder Pratap Singh. Another employee of RSL viz., Mr. Krishan Saini admitted that such companies were controlled by Rana group only.
 - d. Amit Bahadur and Balraj Singh held post of directorship in FTPL and CAPL till 22.03.2017 and 02.06.2017, respectively. However, requisite documents notifying MCA about their resignation were filed only on 29.05.2017 and 03.06.2017.
56. Noticee No. 1 to 9 have submitted that they sought cross-examination of Mr.Pradeep Singhal, Mr. Krishan Singh and then auditors of Noticee No.1 during various stages of assessments of Noticee(s) but ITD never provided the opportunity of cross examination to Noticee(s). In the instant proceedings, Noticee(s) have not furnished anything which evidences that Noticee(s) had sought such cross examination from ITD. The Noticee(s) have also not sought cross examination of employees of RSL viz., Mr. Pradeep Singhal and Mr.Krishan Saini, who stated that FTPL, RGSTPL and RJTPL were managed by RSL and Noticee No.2. Accordingly, I find that such statements, relied upon in CEIB letter dated January 19, 2021, remains unrebutted.
57. On September 21, 2022, Noticee No.2 in his statement to IA has admitted that Mr.Pradeep Singhal was ex-employee of RSL(almost during FY 2014 to 2018). Further, Noticee No.2 has stated that other persons viz., Mr. Amit Bahadur, Mr. Krishan Singh, Mr. Jiwan Singh, Mr. Chitranjan Singh, Mr. Balraj Singh, Mr. Ajit

Singh, Mr. Sukhjeet Singh and Mr. Bhagwan Singh were/are not employed with RSL. In view of employment details of such persons provided by EPFO vide letter dated September 26, 2022, I find that Noticee No.2 has falsely stated that such persons, who were directors of conduit entities, were not employed with RSL.

58. I note that Mr. Balaraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese Mohan, who were employees of RSL, were directors of Noticee No. 11 and 12- FTPL and CAPL. Mr. Balaraj Singh and Mr. Amit Bahadur were also directors of Noticee No.14. Subsequently, Mr. Chitaranjan Singh and Mr. Jiwan Singh became directors of Noticee No.11 and 12. At the same time, Mr. Chitaranjan Singh was also director of Lakshmiji Sugar Mills Private Limited, related party of RSL.
59. Noticee No.2, 3 and 8 are past directors of Noticee No.15. Mr. Ajit Singh and Mr. Sukhjeet Singh were directors of Noticee No.13 and 15. Mr. Ajit Singh was also director of company related to RSL viz., Rana Infrastructures Private Limited, who was shown as associate company of RSL. Further, Mr. Sukhjeet Singh was also director of companies related to RSL viz., Venus Pesticides Private Limited and Rana Sugar & Power Private Limited. In Venus Pesticides Private Limited, Mr. Balaraj Singh, Mr. Amit Bahadur, Mr. Ajay Inder Majithia and Mr. Palakajhil Verghese Mohan were also directors. Subsequently, Mr. Chitaranjan Singh and Mr. Jiwan Singh became directors of Venus Pesticides Private Limited.
60. Noticee No.12 as well as Noticee No. 1 to 9 have stated that from time to time Noticee No.12 had given unsecured loans to RSL. Amount of Rs.2265.67 Lac has been stated to have been given as unsecured loan by Noticee No.12 to RSL. On one hand, Noticee No.12 as well as Noticee No.1 to 9 have denied having any relation with each other. Contrary to said submission, on other hand, Noticee No.12 has stated to have extended unsecured loan to Noticee No.1.
61. Having regard to above relation of RSL with conduit entities, facts stated in CEIB letter and statement of Noticee No.2, I am of the view that Noticee No. 11 to 15 were under control of promoters and directors of RSL. Thus, Noticee No.11 to

15 were accustomed to act in accordance with advice, instructions or directions of directors of RSL. Accordingly, I find that Noticee No. 11 to 15 were related party of Noticee No.1 and it was required to comply, inter-alia, provisions of LODR Regulations.

62. I note that Regulation 4(1)(a) of LODR Regulations provides that listed entity shall prepare and disclose information in accordance with applicable standards of accounting and financial disclosure. Regulation 4(1)(b) of LODR Regulations provides that listed entity shall implement prescribed accounting standards in letter and spirit in preparation of financial statements. Regulation 4(1)(g) of LODR Regulations provides that listed entity shall abide by all provisions of applicable laws including securities laws and such other guidelines as may be issued by SEBI from time to time and the recognized stock exchange(s), as may be applicable. Regulation 4(1)(h) of LODR Regulations provides that listed entity shall make specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders. Regulation 4(1)(j) of LODR Regulations mandates that periodic filings, reports, statements, documents and information reports of listed entity shall contain information that shall enable investors to track its performance over regular intervals of time and shall provide sufficient information to enable investors to assess its current status. Regulation 4(2)(e)(i) of LODR Regulations mandates that listed entity shall make timely and accurate disclosure on all material matters including financial situation, performance, ownership and governance. Such disclosures should be prepared and made in accordance with prescribed standards of accounting. Regulation 48 of LODR Regulations provides that listed entity shall comply with all applicable and notified accounting standards. Regulation 33(1) of LODR Regulations mandate that financial results, standalone and consolidated, of listed entity shall be prepared as per generally accepted accounting principles. Regulation 34(3) of LODR Regulations provides that annual report shall contain disclosures specified in the Companies Act, 2013 along with other requirements as specified in Schedule V of LODR Regulations. Schedule V of LODR Regulations inter-alia requires that listed entity shall make disclosures in compliance with accounting standard on related party disclosures. Regulations 5 of LODR Regulations provides for general obligation of

compliance and provides that listed entity shall ensure that key managerial personnel, directors, promoters or any other person dealing with listed entity shall comply with responsibilities or obligations, if any, assigned to them under LODR Regulations.

63. The reporting requirement for disclosures of related party and related party transactions by listed entities arise from provisions of Accounting Standard 18(AS 18), issued by Institute of Chartered Accountants of India (ICAI). The provisions of AS 18 were applicable until FY 2017-18. Thereafter, provisions of Ind AS 24 became applicable from FY 2018-19. Clause 21 of AS 18 required listed entities to disclose names of related party and nature of related party relationship irrespective of whether there has been transaction with related party. Clause 23 further illustrated/mentioned disclosure requirements in case where there was a transaction with related party.
64. As noted above, RSL failed to disclose Laxmiji Sugars Mills Company Limited as related party in FY 2016-17 even though it was related party. In the Annual Report for FY 2016-17, RSL also failed to disclose transactions, submitted by RSL vide letter dated September 30, 2021, entered into by RSL with related party viz., Superior Foods Grains Private Limited, Lakshmiji Sugar Mills Company Limited and Rana Informatics Private Limited. Further, RSL failed to disclose Noticee No.11 to 15 as related parties and also failed to disclose transactions with Noticee No.11 to 15.
65. In this connection, it is pertinent to mention that company is an artificial legal person which is run by its board of directors, key managerial persons and directors. Accordingly, board of directors, key managerial persons and directors of a company are responsible for acts of company. Hence, I note that at the relevant time Noticee No.2 was MD of Noticee No.1, Noticee No.3 and 4 were director of Noticee No.1. Further, Noticee No. 2, 3 and 4 are promoters of RSL. Thus, I find that Noticee No.2, 3 and 4 were persons in charge of and responsible for the affairs of Noticee No.1.

- a. In view of the above, I find that Noticee No.1 violated Regulation 4(1)(a), (b), (c), (e), (g), (h), (j), 4(2)(e)(i), 5, 33(1)(c), 34(3) and 48 of LODR Regulations and Noticee No.2 violated Regulation 4(1)(a), (b), (c), (e), (g), (h), (j), 4(2)(e)(i), 33(1)(c) and 48 of LODR Regulations read with Section 27(1) and (2) of SEBI Act. I also find that Noticee No. 3 and 4 violated Regulation 4(1)(c), 4(1)(e) of LODR Regulations.

Role of Noticee No.10

66. During the relevant period, Manoj Gupta (Noticee No.10) was acting as CFO of RSL. He worked with RSL for about 26 years and resigned from RSL on April 2, 2019. Being CFO of RSL, he was responsible for approval of all financial transactions of RSL. As per Annual Report of RSL for financial year (FY) 2010-11 to FY 2017-18, Manoj Gupta (Noticee No.10) was CFO of RSL and has certified /given CEO/CFO certification as required under Regulation 17(8) of LODR Regulations and he was also a signatory to the financial statements for the investigation period until FY 2017-18 that are misstated in view of the diversion of funds from RSL.
67. From Annual Report of RSL for FY 2016-17, I note that Clause I of 'Report on Corporate Governance, reads as *"In terms of clause 49 of the Listing Agreement the certification of Managing Director and Chief Financial Officer on the Financial Statements and Internal controls relating to financial reporting has been obtained"*. Further, balance sheet in the annual Report for FY 2016-17 also mentions name of Noticee No.10. Similarly, Annual Report of RSL for FY 2017-18 in Clause J of Report on Corporate Governance mentions that certification of Managing Director and Chief Financial Officer on the financial statements and internal controls relating to financial reporting has been obtained. Further, balance sheet in the annual Report for FY 2017-18 also mentions name of Manoj Gupta (Noticee No.10). Accordingly, I do not find any merit in submission of Manoj Gupta (Noticee No.10) that he did not sign CFO certification.
68. Being CFO of RSL, Manoj Gupta (Noticee No.10) was responsible for approval of all financial transaction of RSL. A CFO is responsible for the entire finances

of the company. Further, it can be stated that when he certifies that the financial statements are free from misstatements and misrepresentation, he provides an assurance with regard to the financial affairs of the company to the investors and other stakeholders.

69. Regulation 17(8) of LODR Regulations requires CFO to provide compliance certificate to the board of directors as specified in Part B of Schedule II. Regulation 33(2)(a) of LODR Regulations casts duty on 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. Regulation 23 (2) of LODR Regulations provides that all related party transactions shall require prior approval of the audit committee. Regulation 23(4) provides that all material related party transactions shall require approval of shareholders through resolutions. Regulation 23(9) LODR Regulations require listed entity to submit to the stock exchanges disclosures of related party transactions in the specified format and publish the same on its website. Regulation 30(2) of LODR Regulations provides that events specified in Part A of Part A of Schedule III shall be deemed to be material events and listed entity shall make disclosure of such events. Further, Regulation 30(3) require listed entity to make disclosure of events specified in Para B of Part A of Schedule III. Part A of Schedule III of LODR Regulations require disclosure, inter-alia, fraud/defaults by promoter or key managerial personnel or by listed entity. Part B of Part A of Schedule III of LODR require disclosure of fraud/default etc., by directors of listed entity. Regulation 33(1)(c) of LODR Regulations require that standalone financial results and consolidated financial results shall be prepared as per generally accepted accounting principles in India. Regulation 33(2)(a) provides that quarterly financial results shall be approved by board of directors. While placing financial results before the board of directors, the chief executive officer and chief financial officer shall certify that financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make statements or figures contained therein misleading. Regulation 34(3) of LODR Regulations provides that annual report shall contain other disclosures specified in Companies Act, 2013 along with

other requirements as specified in Schedule V. Clause (2)(b) and 3(c) of Part C of Schedule V of LODR Regulations provides that listed entity shall disclose under section corporate governance of the annual report attendance of each director at the meeting of the board of directors and last annual general meeting and audit committee meetings and attendance during the year. Further, Regulation 48 of LODR Regulations provides that listed entity shall comply with applicable and notified accounting standards from time to time.

70. Manoj Gupta (Noticee No.10) has submitted that he was not involved in the day to day finances of the company and that he was only looking after the availing of credit facility by the company. Further he has stated that he was not aware of financial transactions with conduit entities.
71. As noted above, RSL failed to disclose Laxmiji Sugars Mills Company Limited as related party in FY 2016-17 even though it was related party. In the Annual Report for FY 2016-17, RSL failed to disclose transactions, submitted by RSL vide letter dated September 30, 2021, entered into by RSL with related party viz., Superior Foods Grains Private Limited, Lakshmiji Sugar Mills Company Limited and Rana Informatics Private Limited. Further, RSL failed to disclose Noticee No.11 to 15 as related parties and also failed to disclose transactions with Noticee No.11 to 15. Nothing has been placed on record to show that such related parties were approved by Audit Committee and shareholders. In view of the above, I find that Manoj Gupta (Noticee No.10) has failed to ensure that 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. Accordingly, I find that Manoj Gupta(Noticee No.10) has violated Regulation 17(8) read with Part B of Schedule II, Regulation 23(2), 23(4), 23(9), 30(2), 30(3), 33(1)(c), 33(2)(a), 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 LODR Regulations.

Allegation of violation of PFUTP Regulations

72. I note that Noticee No.1 to 9 in their written submissions have sought to place reliance on the decision of SEBI in the matter of V. B. Industries Ltd, decided on July 8, 2021, wherein reference was made to order passed by the Hon`ble Supreme Court of India in the matter of SEBI & Ors Vs. Kanaiyalal baldevbhai Patel and Ors (2017) 15 SCC 753. Further, Noticee(s) have submitted that the Hon`ble Supreme Court and SEBI in the said orders have held that inducement is a pre-requisite to constitute fraud and such inducement must be made while dealing in securities and must be made for the purpose 'to induce others to deal in securities'. Further, it has been submitted that the SCN in the present case without any basis has alleged non- compliance of Section 12A of SEBI Act read with Regulation 3 and 4 of the PFUTP Regulations.

73. In this regard, I note that orders relied upon by the Noticee(s) are distinguishable on facts. Order in the matter of V.B. Industries Limited emanated from an enquiry which was instituted by SEBI, into the affairs of a suspected group of shell companies. SEBI had directed the stock exchanges to appoint forensic auditor and the terms of reference was to examine whether there was any possible violation of LODR Regulations by these suspected group of shell companies and not violation of PFUTP Regulations. Thus, the forensic report was only confined to violations of LODR Regulations. After receipt of forensic audit report, SEBI had included the allegations of violation of PFUTP Regulations without any commensurate findings by the forensic auditor on violation of PFUTP Regulations. Para 32 of the said order in V.B. Industries Limited matter also held that *"I note that Forensic Audit Report does not allege any diversion/mis-utilisation of funds which as per the aforesaid explanation can be termed as manipulative, fraudulent and an unfair trade practice in the securities market without there being any direct or indirect manipulation of the price of the securities of the Company."* However, in the present case the SCN has alleged that funds of RSL were diverted as business advance to promoters and their relatives through conduit entities. Thus, I find that no parity can be claimed with facts in the matter of V.B. Industries Limited. Accordingly, I find that the said order in the matter of V.B. Industries Limited is not applicable to the present case.

74. I note that Hon`ble Supreme court in the matter of SEBI & Ors Vs. Kanaiyalal baldevbhai Patel dealt with the question whether 'front running by non-intermediary' is a prohibited practice under Regulations 3(a),(b), (c) and 4(1) of PFUTP. Thus, I find that reliance placed by the Noticee(s) on the judgment of the Hon`ble Supreme Court in the matter of the SEBI & Ors Vs. Kanaiyalal baldevbhai Patel is misplaced.
75. I note that the Hon`ble Supreme Court in the matter of N Narayanan Vs. SEBI, decided on April 26, 2013, upheld the invocation of PFUTP Regulations in the context of manipulation of accounts and misleading disclosures made by the company. The Hon`ble Supreme Court held as follows: -
- “ 26.Books of accounts should be so kept as to give true and fair view of the state of the company's affairs and explain transactions.....Companies whose securities are traded on a public market, it is trite law that the disclosure of information about the company is crucial for the correct and accurate pricing of the company's securities and for the official operation of the market....*
- 28. We notice in this case that the directors of the company had clearly violated provisions of 12 A of SEBI Act read with Regulations 3 and 4 of 2003 Regulations. Companies whose securities are traded on a public market, disclosure of information about the company is crucial for the accurate pricing of the company's securities and also for the efficient operation of the market.*
- 32. Responsibility is cast on the Directors to prepare the annual records and reports and those accounts should reflect 'a true and fair view'. The over-riding obligation of the Directors is to approve the accounts only if they are satisfied that they give true and fair view of the profits or loss for the relevant period and the correct financial position of the company.*
- 35. Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law. Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve 'market integrity' and to prevent 'Market abuse'. 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 rise 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.

38. The Companies Act casts an obligation on the company registered under the Companies Act to keep the Books of accounts to achieve transparency. Previously, it was thought that the production of the annual accounts and its preparation is that of the Accounting Professional engaged by the company where two groups who were vitally interested were the shareholders and the creditors. But the scenario has drastically changed, especially with regard to the company whose securities are traded in public market. Disclosure of information about the company is, therefore, crucial for the accurate pricing of the company’s securities and for market integrity. Records maintained by the company should show and explain the company’s transactions, it should disclose with reasonable accuracy the financial position, at any time, and to enable the Directors to ensure that the balance-sheet and profit and loss accounts will comply with the statutory expectations that accounts give a true and fair view....”

76. I note that investors as well as other stakeholders come to know about financial health of the company through financial statements of the company. Financial statements and figures stated therein have direct impact on price of securities of such company. Thus, financial statements of a company form an important basis for investor’s decision to invest or divest the securities of such company. For the foregoing reasons, I find no merit in submission of Noticee No.1 to 9 that the SCN in the present case without any basis has alleged non-compliance of Section 12A of SEBI Act read with Regulation 3 and 4 of the PFUTP Regulations. Accordingly, I find that Noticee No.1 to 9, who are promoters of RSL and beneficiaries of such diversion of funds from RSL, have violated Section 12A(b) and (c) of the SEBI Act read with Regulations 3(c), 3(d), 4(1), 4(2)(f) and 4(2)(k) of PFUTP Regulations. I also find that Noticee No.10, who was CFO and signed and certified such manipulated financial statements of RSL, aided and abetted such diversion of funds from RSL to its promoters and their family members violated Section 12A(b) and (c) of the SEBI Act read with Regulations 3(c), 3(d), 4(1), 4(2)(f) and 4(2)(k) of PFUTP Regulations.

77. With respect to the movement of funds between RSL (Noticee No.1) and Noticee No. 11 to 15, I note that such movement of funds were not towards business advance for purchase of sugar cane seeds and repayment of unsecured loan. Funds were transferred by RSL to Noticee No.11 to 15 and such Noticee(s) transferred such funds on the same day to promoters of RSL and their family members. From the pattern of such movement of funds, failure of Noticee(s) to produce agreement towards claim of purchase of sugar cane seeds by RSL and proximity of past directors of Noticee No.11 to 15 with RSL shows that such movement of funds were actually diversion or siphoning of the funds of RSL for the benefit of promoters of RSL and their family members. Further, such finding of diversion gets fortified by the fact that no interest was charged or paid on alleged business advances given by RSL to Noticee No. 11, 13 to 15. Accordingly, I find that Noticee No.11 to 15 aided and abetted Noticee No.1 and its promoters and directors to divert funds from RSL for the benefit of promoters and directors of RSL and their family members. In view thereof, I find that Noticee No. 11 to 15 have violated Section 12A(b) and (c) of the SEBI Act, Regulation 3(c), 3(d), 4(1), 4(2)(f), 4(2)(k) of PFUTP Regulations.

Siphoning/diversion of funds of RSL and Borrowing of loans by RSL

78. In this regard, para 37 of the SCN reads *“It is noteworthy to reiterate that RSL was borrowing funds from banks and paying interest on those borrowed funds and simultaneously, the funds were diverted as business advances and further siphoned off by the promoter entities. ...”*
79. In this connection, Noticee No.1 to 9 have submitted that borrowings taken from banks were not utilized for providing business advances to conduit entities. Borrowings from banks were utilized towards meeting working capital and other business requirement. During investigation period, Rs.104 Cr was taken by RSL (Notice No.1) as loan from various banks. Out of such loan, Rs.13 Cr loan was taken by RSL (Noticee No.1) for purchasing machinery. Remaining amount of Rs.91 Cr was taken as loan by RSL (Noticee No.1) for making payment to farmers towards supply of sugar cane to RSL (Noticee No.1).Certificates issued

by the cane commissioner and State Bank of India (“SBI”) letter dated February 6, 2016 have been furnished in support of such claim of utilization of loan for payment to farmers who supplied sugar cane.

80. I note that certificates issued by the respective Cane Commissioners, furnished by the Noticee(s), certify that funds were disbursed to RSL under the “Scheme for Extending Financial Assistance to Sugar Undertaking-2014” and was utilized by RSL for payment of cane price of the sugar season mentioned therein as well as for clearance of cane price arrears of previous sugar seasons. Certificates issued by Cane Commissioner is limited to certification of utilization of loan disbursed under Scheme for Extending Financial Assistance to Sugar Undertaking-2014.
81. In respect of the above submission of the Noticee(s), in my view, the SCN has not alleged that money which was siphoned/diverted by RSL(Noticee No.1) to conduit entities in the name of ‘business advance’ was same money which was borrowed by RSL(Noticee No.1) from the banks. The funds given by RSL to conduit entities in the name of ‘business advance’ were interest free. If such funds had not been diverted to the conduit entities in the name of business advances and repayment of unsecured loans then such funds could have been utilized by RSL for other business purposes which would have benefitted investors of RSL. Considering that no interest was charged by RSL from the conduit entities and the conduit entities transferred such funds on the same day to promoters of RSL and their family members and such funds were not received back for long period of time, I find that promoters of RSL and their family members enjoyed such funds of RSL at the cost of RSL and its shareholders. Diversion of funds to conduit entities has resulted in unjust enrichment of promoters of RSL and their family members. At the same time, such diversion of funds has resulted in loss to investors or shareholders of RSL. For the foregoing reasons, I find that submission of Noticee No.1 to 9 that funds borrowed by RSL from banks was utilized for payment to farmers is devoid of merit.

Regarding claim of repayment by conduit entities to RSL(Noticee No.1)

82. I note that RSL(Noticee No.1) has submitted that amounts paid as business advance to conduit entities except CAPL have been repaid by them to RSL. As on 31.03.2022, RSL had NIL balance receivable from Noticee No.13, 14 and 15. Further, amount payable by RSL to Noticee No.12 towards unsecured interest free loans was also NIL. As on 31.03.2023, RSL had receivable of Rs.1,15,06,204/- from Noticee No.11 which has been repaid during 2023-24. Noticee No.11 to 15 have also submitted that amount received from RSL as business advance has been repaid to RSL. In support of the said submission, Noticee No.11 to 15 have furnished their respective bank statements and certificates from common auditor viz., Akhil Raman & Associates.
83. In the foregoing paragraphs, I have rejected the contention of the Noticee No.11 to 15 that funds given by RSL to conduit entities except CAPL were business advance. I have found that such fund movement from RSL to conduit entities and from conduit entities to promoters of RSL and their family members was diversion of funds of RSL for benefit of promoters of RSL and their family members. Accordingly, I proceed to assess loss caused to RSL and its investors owing to such diversion of funds.
84. As per Noticee No. 1 to 9's written submission, following are differences in amounts received by RSL from Noticee No. 11: -

Table No. 11

F.Y.	Amount Received as per SCN (INR) (A)	Amount Received by the Noticee No. 1 (INR) (B)	Difference (INR) (A-B = C)
2014-15	28,100,000	28,100,000	-
2015-16	6,000,000	6,000,000	-
2016-17	-	-	-
2017-18	-	-	-
2018-19	37,829,000	37,829,000	-
2019-20	-	1,000,000	1,000,000
2020-21	60,500,000	67,907,000	7,407,000
2021-22	246,241,000	253,301,000	7,060,000
2022-23	3,000,000	3,000,000	-
2023-24	-	11,506,402	11,506,402

85. As per Noticee No.1, it has received additional amount of Rs.2,69,73,402/- from Noticee No.11 which is in excess of the amount shown to have been received by RSL in the SCN. Further, Noticee No.1 has furnished its bank statements stated to be showing such receipt of money from Noticee No.11. Noticee No.1 has claimed to have received following amount from Noticee No.11:-

Table No.12

F.Y.	Date	Bank Name	Bank A/c No.	Amount (INR)	Page No. of Annexure – 2 (Colly.)
2019-20	24-Apr-19	UCO Bank Ltd.	02360500012345	1,000,000	4

86. However, I note that the narration for the aforesaid transaction in the bank statement reads “RTGS/M.L. ENTERPRISES”. Screenshot of said transaction is as follows: -

Table No. 13

24-04-2019	RTGS/M.L. ENTERPRISES			1000000.00	14224127.79 CR
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Accordingly, I don't find any merit in the aforesaid submission of Noticee No.1 that an amount of Rs.10,00,000/- was received by Noticee No.1 from Noticee No.11 on 24.04.2019.

87. Similarly, Noticee No.1 has submitted that following is difference in actual amount received from Noticee No. 14 and amount shown in the SCN:-

Table No.14

F.Y.	Amount Received as per SCN (INR) (A)	Amount Received by the Noticee No. 1 (INR) (B)	Difference (INR) (A-B = C)
2014-15	14,800,000	14,800,000	-
2015-16	87,825,000	87,825,000	-
2016-17	11,250,057	10,750,000	(500,057)
2017-18	-	-	-
2018-19	42,545,000	42,545,000	-
2019-20	133,428	23,113,428	22,980,000
2020-21	-	178,668,000	178,668,000
2021-22	-	28,707,742	28,707,742

88. However, I note that no bank statement was furnished by Noticee No.1 showing the following transactions, which is part of the amount mentioned in above table:

Table No. 15

2020-21	30-May-20	Bank of Baroda	Transfer	2,000,000	Transfer
2020-21	1-Jun-20	SBI	55061258225	3,940,000	Transfer

Accordingly, I don't find any merit in the aforesaid submission of Noticee No.1 that aforesaid amounts were received by Noticee No.1 from Noticee No.14.

89. Further, Noticee No.1 has submitted that following is difference in actual amount received from Noticee No. 15 and amount shown to have been received by RSL in the SCN:-

Table No. 16

F.Y.	Amount Received as per SCN (INR) (A)	Amount Received by the Noticee No. 1 (INR) (B)	Difference (INR) (A-B = C)
2014-15	178,876,571	184,177,260	5,300,689
2015-16	72,488,350	107,572,975	35,084,625
2016-17	43,760,000	74,569,005	30,809,005
2017-18	11,500,000	11,500,000	-
2018-19	336,916,061	386,783,061	49,867,000
2019-20	157,290,000	161,984,946	4,694,946
2020-21	-	92,949,000	92,949,000
2021-22	-	277,702,000	277,702,000

90. However, I note that the narration of the following transactions, which is part of amount mentioned in above table, shows name of 'MOTILAL & SONS' instead of Noticee No. 15:

Table No. 17

F.Y.	Date	Bank Name	Bank A/c No.	Amount (INR)	Page No. of Annexure – 2 (Colly.)
2014-15	31-Oct-14	Axis Bank Ltd.	910020046913065	1,101,704	41
2014-15	31-Oct-14	Axis Bank Ltd.	910020046913065	1,300,000	41
2014-15	31-Oct-14	Axis Bank Ltd.	910020046913065	1,984,705	41
2014-15	21-Nov-14	Axis Bank Ltd.	910020046913065	914,280	42

Further, I also note that name of 'GOYAL TRADERS' instead of Noticee no.15 is mentioned in the narration of following transaction: -

Table No. 18

2015-16	24-Jun-15	SBI	31478382553	441,000	43
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91. I also note that no proof of repayment in support thereof has been furnished for the amounts mentioned in following transactions which was claimed to be received by Noticee No.1 from Noticee No.15:

Table No. 19

F.Y.	Date	Bank Name	Bank A/c No.	Amount (INR)	Page No. of Annexure – 2 (Colly.)
2015-16	6-Jun-15	Transfer	Transfer	2,713,800	Transfer
2016-17	16-Aug-16	CASH	CASH	1,000,000	Cash
2016-17	31-Aug-16	CASH	CASH	1,000,000	Cash
2016-17	15-Sep-16	CASH	CASH	1,709,000	Cash
2015-16	14-Aug-15	CASH	CASH	10,000	Cash
2015-16	31-Aug-15	Transfer	Transfer	31,258,894	Transfer
2015-16	30-Sep-15	Transfer	Transfer	129,000	Transfer
2015-16	30-Sep-15	Transfer	Transfer	516,000	Transfer
2015-16	31-Oct-15	Transfer	Transfer	15,931	Transfer
2016-17	24-Jan-17	CASH	CASH	50,000	Cash
2016-17	30-Mar-17	TRF	TRF	1,000,000	Transfer
2016-17	30-Mar-17	TRF	TRF	3,000,000	Transfer
2016-17	30-Mar-17	TRF	TRF	5,000,000	Transfer
2016-17	30-Mar-17	TRF	TRF	5,000,000	Transfer
2020-21	4-Aug-20	TRF	TRF	7,000,000	Transfer

92. In view of the aforesaid findings, I reject the said contention of Noticee No.1.

93. I note that RSL (Noticee No.1) and Noticee No.12 have submitted that RSL had received amount of Rs.2265.67 Lacs in the form of unsecured loan from Noticee No.12 during FY 2014-15 to 2021-22. Out of the said loan amount, Noticee No.12 received repayment of Rs.87071534 from RSL as a result of assignment of receivable by Camelot from RSL in favour of Noticee No.12. From time to time, RSL had taken interest free unsecured loan from Camelot vide credit facility dated 15.12.2014. As on 24.03.2021, outstanding loan amount payable by RSL to Camelot was Rs.870.71 lacs which Camelot assigned to Noticee No.12 vide assignment letter dated 24.03.2021. Consequent thereto, RSL paid Rs.87071534 to Noticee No.12.

94. I note that RSL has not furnished document evidencing receipt of Rs.87071534 from Camelot. No document showing details such as amount, time period and terms of credit facility allegedly given by Camelot to RSL has been furnished. Thus, I find no merit in the submission of RSL and Noticee No.12 that amount of Rs.87071534 lacs were given by RSL to Noticee No.12 as a result of assignment of credit facility by Camelot in favour of Noticee No.12.

95. In view of above findings, I find that loss of interest @ 12% p.a. caused to RSL (Noticee No.1) and its shareholders by the conduit entities is as follows: -

FTPL/Noticee No.11

Table No. 20

Financial Year	FTPL to RSL	RSL to FTPL	Balance including interest of PY	Interest
			4,32,00,000.00	-
2014-15	2,81,00,000.00	29,87,38,000.00	31,38,38,000.00	3,76,60,560.00
2015-16	60,00,000.00	2,29,00,000.00	36,83,98,560.00	4,42,07,827.20
2016-17	-	4,37,92,002.00	45,63,98,389.20	5,47,67,806.70
2017-18	-	13,400.00	51,11,79,595.90	6,13,41,551.51
2018-19	3,78,29,000.00	-	53,46,92,147.41	6,41,63,057.69
2019-20*	-	-	59,88,55,205.10	7,18,62,624.61
2020-21	6,79,07,000.00	-	60,28,10,829.71	7,23,37,299.57
2021-22	25,33,01,000.00	-	42,18,47,129.28	5,06,21,655.51
2022-23	30,00,000.00	-	46,94,68,784.79	5,63,36,254.18
2023-24#	1,15,06,402.00	-	51,42,98,636.97	2,05,71,945.48
			53,48,70,582.45	
Total	40,76,43,402.00	36,54,43,402.00		53,38,70,582.45

Amount mentioned as aforesaid are as per the claim of Noticee(s) and wherever the amount was not reflecting in the bank account of the Noticee(s) or shown under different names claim for such amount has been considered.

* Not accepted because of above findings.

Interest has been calculated on outstanding balance at the end of the year. Interest has been calculated until the month of July 2023 i.e. the last completed month prior to the date of issuance of SCN i.e. August 10, 2023.

CAPL/Noticee No.12-

Table No. 21

Financial Year	Amount repaid by CAPL	Amount paid by RSL	Balance including interest of PY	Interest
			-7,01,15,388.00	
2014-15	-	3,40,00,000.00	-3,61,15,388.00	-
2015-16	6,70,00,000.00	6,82,11,055.00	-3,49,04,333.00	-
2016-17	20,00,000.00	1,50,46,749.00	-2,18,57,584.00	-
2017-18	-	1,00,000.00	-2,17,57,584.00	-
2018-19	-	20,00,000.00	-1,97,57,584.00	-
2019-20	3,80,000.00	1,01,85,866.00	-99,51,718.00	-
2020-21*	-	7,04,51,718.00	6,05,00,000.00	72,60,000.00
2021-22	-	2,65,72,000.00	9,43,32,000.00	1,13,19,840.00
2022-23	466.00	-	10,56,51,374.00	1,26,78,164.88
2022-23	0	0	11,83,29,538.88	1,41,99,544.67
2023-24#		-	13,25,29,083.55	53,01,163.34
			13,78,30,246.89	
Total	6,93,80,466.00	22,65,67,388.00		5,07,58,712.89

* Not accepted because of above findings.

Interest has been calculated until the month of July 2023 i.e. the last completed month prior to the date of issuance of SCN i.e. August 10, 2023.

JABPL/Noticee No.13-**Table No. 22**

Financial Year	Amount repaid by JABPL	Amount paid by RSL	Balance including interest of PY	Interest
Opening Balance				-
2014-15	-		-	-
2015-16		2,20,00,000.00	2,20,00,000.00	2,64,000.00
2016-17	-	3,62,93,065.00	5,85,57,065.00	70,26,847.80
2017-18		7,993.00	6,55,91,905.80	78,71,028.70
2018-19	3,35,40,000.00	-	3,99,22,934.50	47,90,752.14
2019-20	2,23,973.00	-	4,44,89,713.64	53,38,765.64
2020-21	2,45,37,085.00	-	2,52,91,394.27	30,34,967.31
2021-22		-	2,83,26,361.58	33,99,163.39
2022-23		-	3,17,25,524.97	38,07,063.00
2023-24#	-	-	3,55,32,587.97	14,21,303.52
			3,69,53,891.49	
Total	5,83,01,058.00	5,83,01,058.00		3,69,53,891.49

#Interest has been calculated until the month of July 2023 i.e. the last completed month prior to the date of issuance of SCN i.e. August 10, 2023

RJPL/Noticee No.14-**Table No. 23**

Financial Year	Amount repaid by RJTPL	Amount paid by RSL	Balance including interest of PY	Interest
Opening Balance as claimed by RJTPL				-
			5,07,94,170.00	60,95,300.40
2014-15	1,48,00,000.00	24,75,35,000.00	28,96,24,470.40	3,47,54,936.45
2015-16	8,78,25,000.00	7,29,00,000.00	30,94,54,406.85	3,71,34,528.82
2016-17	1,07,50,000.00	1,42,95,000.00	35,01,33,935.67	4,20,16,072.28
2017-18	-	-	39,21,50,007.95	4,70,58,000.95
2018-19	4,25,45,000.00	8,85,000.00	39,75,48,008.90	4,77,05,761.07
2019-20	2,31,13,428.00	-	42,21,40,341.97	5,06,56,841.04
2020-21	17,86,68,000.00		29,41,29,183.01	3,52,95,501.96
2021-22	2,87,07,742.00	-	30,07,16,942.97	3,60,86,033.16
2022-23		-	33,68,02,976.13	4,04,16,357.14
2023-24#	-	-	37,72,19,333.26	1,50,88,773.33
			39,23,08,106.59	
Total	38,64,09,170.00	33,56,15,000.00		39,23,08,106.59

#Interest has been calculated until the month of July 2023 i.e. the last completed month prior to the date of issuance of SCN i.e. August 10, 2023

96. I note that Noticee No.15 in his reply dated March 12, 2024 has furnished auditor certificate, inter-alia, stating the amount for which Noticee No. 15 allegedly supplied sugar to RSL and amount for which Noticee No.15 allegedly purchased

sugar from RSL. I note that Noticee No.15 has claimed that in FY 2016-17 it purchased as well as sold sugar to RSL, however Noticee No.15 has not mentioned the circumstances under which it purchased as well as sold sugar from/to RSL. I find that such claim of purchase and sale of sugar is an afterthought to explain or justify repayment of business advances. Accordingly, I have not considered the amounts for which Noticee No.15 has claimed to have sold and purchased sugar from RSL. Loss of interest caused to Noticee No.1 and its shareholders by Noticee No.15 is as follows: -

RGSTPL/Noticee No.15

Table No. 24

Financial Year	Amount stated to be repaid by Noticee to RSL	Rejection of claim of repayment by RGSPIL for want of proof	Amount claimed to repay by RGSPIL after deduction of rejected amount	Amount paid by RSL	Balance including interest of PY	Interest
					-	-
2014-15	18,41,77,260.00	53,00,689.00	17,88,76,571.00	29,64,61,277.00	11,75,84,706.00	1,41,10,164.72
2015-16	10,75,72,975.00	3,50,84,625.00	7,24,88,350.00	76,26,81,488.00	82,18,88,008.72	9,86,26,561.05
2016-17	7,45,69,005.00	1,77,59,000.00	5,68,10,005.00	70,84,20,029.62	1,57,21,24,594.39	18,86,54,951.33
2017-18	1,15,00,000.00	-	1,15,00,000.00	1,03,55,000.00	1,75,96,34,545.71	21,11,56,145.49
2018-19	38,67,83,061.00	-	38,67,83,061.00	7,43,76,774.00	1,65,83,84,404.20	19,90,06,128.50
2019-20	16,19,84,946.00	24,94,946.00	15,94,90,000.00	-	1,69,79,00,532.70	20,37,48,063.92
2020-21	9,29,49,000.00	70,00,000.00	8,59,49,000.00	-	1,81,56,99,596.63	21,78,83,951.60
2021-22	27,77,02,000.00	-	27,77,02,000.00	-	1,75,58,81,548.22	21,07,05,785.79
2022-23	-	-	-	-	1,96,65,87,334.01	23,59,90,480.08
2023-24	-	-	-	-	2,20,25,77,814.09	8,81,03,112.56
Total Interest			-		2,29,06,80,926.65	
			-			1,66,79,85,345.03

#Interest has been calculated until the month of July 2023 i.e. the last completed month prior to the date of issuance of SCN i.e. August 10, 2023.

97. I find that during the investigation period total loss of interest caused to Noticee No.1 and its shareholders due to diversion of funds from RSL to Noticee No.11 to 15 is as follows: -

Table No. 25

Particulars	Noticee No	In Rupees
FTPL	11	53,38,70,582.45
CAPL	12	5,07,58,712.89
JAPL	13	3,69,53,891.49
RJPL	14	39,23,08,106.59
RGSPIL	15	1,66,79,85,345.03
Total		2,68,18,76,638.45

98. I find that RSL (Noticee No.1) has following outstanding amount which is yet to be received by it from the following entities: -

Table No. 26

Particulars	Noticee No.	Amount to be received by RSL (In Rs.)
FTPL	11	53,48,70,582
CAPL	12	13,78,30,247
JAPL	13	3,69,53,891
RJPL	14	39,23,08,107
RGSP	15	2,29,06,80,927
Total		3,39,26,43,754

99. In view of the above, I find the following:
- Noticee No.1 violated Section 12A(b) and (c) of SEBI Act, Regulation 3(c), 3(d), 4(1), 4(2)(f) & (k) of PFUTP Regulations and read with Regulation 4(1)(a), (b), (c), (e), (g), (h), (j), 4(2)(e)(i), 5, 33(1)(c), 34(3) and 48 of LODR Regulations;
 - Noticee No.2 violated Section 12A(b), (c) of SEBI Act, Regulations 3(c) & (d), 4(1), 4(2)(f) & (k) of PFUTP Regulations and Regulation 4(1)(a), (b), (c), (e), (g), (h), (j), 4(2)(e)(i), 33(1)(c) and 48 of LODR Regulations read with Section 27 (1) and (2) of SEBI Act;
 - Noticee No.3 and 4 violated Section 12A(b), (c) of SEBI Act, Regulation 3(c) & (d), 4(1), 4(2)(f) & (k) of PFUTP Regulations read with Regulation 4(1)(c), 4 (1)(e) of LODR Regulations read with Section 27 (2) of SEBI Act;
 - Noticee No.5 to 9 violated Section 12A(b), (c) of SEBI Act, Regulations 3(c) & (d), 4(1), 4(2)(f) & (k) of PFUTP Regulations;
 - Noticee No. 10 violated Section 12A(b)&(c) of SEBI Act, Regulation 3(c)&(d), 4(1), 4(2)(f) & (k) of PFUTP Regulations, Regulation 17(8) read with Part B of Schedule II, 23(2), 23(4), 23(9), 30(2), 30(3), 33(1)(c), 33(2)(a), 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 LODR Regulations;

- f. Noticee No.11 to 15 violated Section 12A(b) and (c) of SEBI Act and Regulation 3(c) & (d) read with 4(1), 4(2)(f) & (k) of PFUTP Regulations;
- g. Noticee No.1 to 7 violated Section 11 C (2), 11 C (3) read with section 11 (2) of the SEBI Act.

100. In view of the aforesaid violations committed by Noticee No.1 to 15, I find that appropriate directions under Sections 11(1), 11(4), 11(4A) and 11B(1) and 11B(2) of the SEBI Act needs to be issued.

101. The SCN called upon Noticee No. 1 to 7 to show cause as to why appropriate penalty under Section 15A(a) of the SEBI Act should not be imposed. Noticee No.1 to 15 were called upon to show cause as to why appropriate penalty under Section 15HA of the SEBI Act should not be imposed. Noticee No. 1 to 4 and 10 were called upon to show cause as to why appropriate penalty under Section 15 HB of the SEBI Act should not be imposed. Extract of these penalty provisions, as existing at the relevant time is as under:

Extract of Section 15A(a), 15HA and 15HB of SEBI Act, 1992:

“Penalty for failure to furnish information, return, etc.

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

(a) 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.

.....

Penalty for fraudulent and unfair trade practices.

15HA. 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.

Penalty for contravention where no separate penalty has been provided.

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

102. I note that Section 15J of the SEBI Act provides the factors i.e. (a) amount of disproportionate gain or unfair advantage made as a result of default; (b) the amount of loss caused to an investor or group of investors as a result of the default; (c) the repetitive nature of the default, which are required to be considered while adjudging quantum of penalty. I also note that the Hon`ble Supreme Court of India in its judgment dated February 28, 2019, in the matter of Adjudicating Officer, SEBI Versus Bhavesh Pabari, C.A. No. 1824/2014, having citation 2019 (5) SCC 90, observed as follows: -

“8..... Having dealt with the submissions advanced by the rival parties, (both parties have actually canvassed for a wider and more expansive interpretation of Section 15-J), we are inclined to take the view that the provisions of clauses(a), (b) and (c) of Section 15-J are illustrative in nature and have to be taken into account whenever such circumstances exist. But this is not to say that there can be no other circumstance(s) beyond those enumerated in clauses (a), (b) and (c) of Section 15-J that the Adjudicating Officer is precluded in law from considering while deciding on the quantum of penalty to be imposed

.....

*11. Therefore, to understand the conditions stipulated in clauses (a), (b) and (c) of Section 15-J to be exhaustive and admitting of no exception or vesting any discretion in the Adjudicating Officer would be virtually to admit/concede that in adjudications involving penalties under Sections 15-A, 15-B and 15-C, Section 15-J will have no application. Such a result could not have been intended by the legislature. **We, therefore, hold and take the view that conditions stipulated in clauses (a), (b) and (c) of Section 15-J are not exhaustive and in the given facts of a case, there can be circumstances beyond those enumerated by clauses (a), (b)***

and (c) of Section 15-J which can be taken note of by the Adjudicating Officer while determining the quantum of penalty.”

103. Having considered the facts and circumstances of the case including number of opportunities given by the investigating authority to the Noticee No. 1 to 7 to produce the required documents and appear before the investigating authority, failure of Noticee No. 1 to 7 to cooperate in the investigation, benefit accrued to Noticee No. 1 to 9 due to such diversion of funds of RSL and loss of interest caused to RSL and its shareholders, duration over which such diversion of funds continued, I find that appropriate direction needs to be issued and suitable penalty needs to be imposed on the Noticee(s).

Directions and quantification of monetary penalties:

104. In view of the aforesaid findings and having regard to the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11(4A), 11B(1), 11B(2) and 19 of the SEBI Act, 1992 and in the interest of investors, direct as under:
- a. Noticee No.1 shall take all necessary steps for recovery of dues, as mentioned in Table No. 25 and 26 above, from Noticee No.11 to 15;
 - b. Noticee No.1, in consultation with the NSE, shall appoint an independent law firm, of standing and repute, to take effective steps for recovery of the outstanding dues, as directed in sub-para (a) above, within 60 days from the date of receipt of this order. The law firm, so appointed, shall act independent of the Board of Noticee No.1 for this matter, under the oversight of the NSE, on behalf of Noticee No.1;
 - c. Noticee No.1 and its Board shall extend all necessary assistance and authorization to the law firm, appointed in terms of direction at sub-para (b), as directed above. The valid expenses incurred by the law firm in discharge of its obligations shall be borne by Noticee No.1;

- d. The law firm so appointed under sub-para (b) above shall file a quarterly report with Board of Noticee No.1, detailing the progress in the recovery process;
- e. Noticee No.1 shall place in every annual general meeting an updated detailed report on the recovery process undertaken by Noticee No.1, as submitted by the law firm appointed in terms of direction at sub-para (b) above, for the information of its shareholders;
- f. The tenure of the law firm appointed in terms of sub-para (b) above shall be until the lapse of three months from the date of conclusion of three annual general meetings of Noticee No.1, held after passing of this order or till the dues are recovered, whichever is earlier. If the dues still remain to be recovered at the time of conclusion of three annual general meetings, the shareholders of Noticee No.1 shall decide the appropriate way forward, including whether the management should run the Company;
- g. Noticee No. 2 to 15 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of two (2) years, from the date of coming into force of this order;
- h. Noticee No. 2 to 9 are prohibited from holding any position as Director or Key Managerial Person of any other listed company for a period of two (2) years.
- i. Noticee No. 1 to 15 are, hereby, imposed with the following penalties: -

Noticee No.	Name of Noticee	Provision under which penalty imposed	Amount of Penalty (In Rs.)
1.	Rana Sugars Limited	15A(a) of SEBI Act	1,00,00,000/-
		15HA of SEBI Act	5,00,00,000/-
		15HB of SEBI Act	1,00,00,000/-

Noticee No.	Name of Noticee	Provision under which penalty imposed	Amount of Penalty (In Rs.)
2.	Inder Pratap Singh Rana (Promoter and Managing Director)	15A(a) of SEBI Act	1,00,00,000/-
		15HA of SEBI Act	7,00,00,000/-
		15HB of SEBI Act	1,00,00,000/-
3.	Ranjit Singh Rana (Promoter and Chairman)	15A(a) of SEBI Act	1,00,00,000/-
		15HA of SEBI Act	3,00,00,000/-
		15HB of SEBI Act	1,00,00,000/-
4.	Veer Pratap Singh Rana (Promoter and Director)	15A(a) of SEBI Act	1,00,00,000/-
		15HA of SEBI Act	3,00,00,000/-
		15HB of SEBI Act	1,00,00,000/-
5.	Gurjeet Singh Rana	15A(a) of SEBI Act	1,00,00,000/-
		15HA of SEBI Act	3,00,00,000/-
6.	Karan Pratap Singh Rana	15A(a) of SEBI Act	1,00,00,000/-
		15HA of SEBI Act	3,00,00,000/-
7.	Rajbans Kaur	15A(a) of SEBI Act	1,00,00,000/-
		15HA of SEBI Act	3,00,00,000/-
8.	Preet Inder Singh Rana	15HA of SEBI Act	3,00,00,000/-
9.	Sukhjinder Kaur	15HA of SEBI Act	3,00,00,000/-
10.	Manoj Gupta	15HA of SEBI Act	3,00,00,000/-
		15HB of SEBI Act	1,00,00,000/-
11.	Flawless Traders Private Limited	15HA of SEBI Act	3,00,00,000/-
12.	Century Agros Private Limited	15HA of SEBI Act	3,00,00,000/-
13.	Jay Aar Builders Private Limited	15HA of SEBI Act	3,00,00,000/-
14.	R J Texfab Private Limited	15HA of SEBI Act	3,00,00,000/-
15.	R G S Traders Private Limited	15HA of SEBI Act	3,00,00,000/-

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

105. The above directions shall come into force with immediate effect.

106. A copy of this order shall be sent to the Noticee(s), recognized Stock Exchanges, Depositories, Registrar and Transfer Agents for information and compliance.

Date: August 27, 2024
Place: Mumbai

G RAMAR
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA