

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/65544	Date: December 11, 2024
Circular Ref. No: 419/2024	

To All NSE Members,

Sub: SEBI Confirmatory Order in the matter of Debock Industries Limited

This is with reference to NSE circular no. NSE/INVG/63551 dated August 23, 2024 in respect of SEBI Order no. WTM/AB/CFID/CFID-SEC4/30708/2024-25 dated August 23, 2024, wherein SEBI has restrained following entities from buying, selling or dealing in securities, or accessing capital market either directly or indirectly, in any manner whatsoever until further orders.

Noticee Nos.	Name of Entity	PAN
1	Debock Industries Limited	AACCD9561G
2	Mukesh Manveer Singh	AMHPM1429Q
3	Sunil Kalot	BLHPK0027J
4	Priyanka Sharma	AZQPS4804F

Further, SEBI vide order no. WTM/AB/CFID/CFID-SEC4/31035/2024-25 dated December 11, 2024 has confirmed the directions issued vide SEBI order dated August 23, 2024.

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.

National Stock Exchange of India

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 Confirmatory Order in the matter of Debock Industries Limited

SECURITIES AND EXCHANGE BOARD OF INDIA

CONFIRMATORY ORDER

UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SECURITIES AND
EXCHANGE BOARD OF INDIA ACT, 1992

In respect of:

No.	Name of the Noticee	PAN
1.	Debock Industries Limited	AACCD9561G
2.	Mukesh Manveer Singh	AMHPM1429Q
3.	Sunil Kalot	BLHPK0027J
4.	Priyanka Sharma	AZQPS4804F

(The aforesaid entities are hereinafter individually referred to by their respective names/Noticee No. and collectively as "Noticees" unless the context specifies otherwise).

1. Securities and Exchange Board of India (SEBI) passed an Interim Order dated August 23, 2024 (Interim Order) against Debock Industries Limited. (Debock/Company), a company listed on National Stock Exchange of India Ltd. (NSE), and three other Noticees.
2. It was, *prima facie*, found in the Interim Order that Debock, *inter alia*, manipulated its financial statements, submitted false bank statements, migrated to the Main Board of the stock exchange through fictitious preferential issues, and siphoned off the rights issue proceeds.
3. Vide the Interim Order, it was *inter alia* directed that:
 - a) Noticee 2 is restrained from holding the position of a director or a Key Managerial Personnel in any listed company, other than Debock, or any SEBI registered intermediary until further orders.

Confirmatory Order in the matter of Debock Industries Limited

- b) *Noticees 1 to 4 are restrained from buying, selling or dealing in securities, or accessing capital market either directly or indirectly, in any manner whatsoever until further orders. If the said Noticees have any open position in any exchange-traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The said Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.*
- c) *An amount of Rs. 89,24,39,132 being the alleged total unlawful gain earned from the alleged fraudulent activities carried out by the Noticees 2, 3 and 4 is impounded.*
4. Pursuant to passing of the Interim Order, the Noticees vide email dated September 12, 2023, sought inspection of documents. The request made by the Noticees was acceded to and the Noticees inspected the records on September 19, 2024.
5. It is, however, noted from the records that despite availing the opportunity to inspect records, the Noticees failed to file any reply to the *prima facie* findings contained in the Interim Order. SEBI, therefore, vide email dated October 10, 2024, advised the Noticees to submit their response to the findings in the Interim Order. The Noticees responded by filing representations seeking additional time for giving their reply. The said request was accepted.
6. Subsequently, an opportunity of personal hearing was granted to the Noticees on November 12, 2024. Noticees 1, 2 and 4 vide email dated November 11, 2024, sought an adjournment and requested that the hearing be scheduled after November 20, 2024. The adjournment request was accepted, and another opportunity of hearing was granted on November 26, 2024.
7. On the said date, Mr. Kunal Katariya, Advocate, appeared on behalf of Noticee 1 and 2. Mr. Saurabh Bachhawat, Advocate, appeared on behalf of Noticee 3, and Mr. Deepak Dhane, Advocate, appeared on behalf of Noticee 4. The authorized representatives uniformly submitted that they were not pressing any arguments on merits at this point and are limiting their submissions to the

manner in which the impounding amount was calculated in the Interim Order. Given the same, I am proceedings to consider the arguments raised in this respect.

8. The Interim Order directed Noticees 2 and 3 to impound Rs, 37,57,83,920 and Rs. 37,66,55,212, respectively. The details regarding the manner in which the said amounts were computed is provided in the Table below:

Name of the promoter	Off market sale value	Market sale value	Total Sale Value (Amt. in Rs)	Cost Price (Amt. in Rs)	Profit (Amt. in Rs)
Mukesh Manveer Singh	34,08,37,558	12,67,59,052	46,75,96,610	9,18,12,690	37,57,83,920
Sunil Kalot	-	38,97,96,580	38,97,96,580	1,31,41,368	37,66,55,212

9. It is noted that Noticee 2 has disputed the computation of the cost of acquisition adopted in the Interim Order, the details of which is given in the Table below:

Particulars	No. of shares	Average Price-cost (Amt. in Rs.)	Total Value (Amt. in Rs.)
No of shares held at the time of IPO	48,07,624	26.93	12,94,69,314
Allotment of Shares – 1 st pref.	44,92,000	0	0
Allotment of shares – 2 nd pref.	39,07,900	0	0
Bonus Shares	1,05,00,000	0	0
Total shares	2,37,07,524	0	0
Average cost of shares		5.4611 (12,94,69,314 / 2,37,07,524)	

10. Noticee 2 submitted that he had not participated in the 2nd preferential allotment listed in the Table above and submitted that he was allotted shares in two tranches (44,92,000 and 60,08,000) pursuant to the 1st preferential allotment. It was accordingly submitted that the average cost of acquisition per share, even as per the formula adopted by SEBI, should be Rs. 5.0167.
11. Having considered the contention of the Noticee 2, I note that if the said contention is accepted, it would reduce the cost of acquisition and consequently lead to an increase in the impounding amount. Given the same, I am not considering the said arguments at this stage.

12. It was further submitted that Noticee 2 transferred 47,48,024 shares of the Company to Gaurav Jain as a gift and did not receive any consideration for the said shares. Noticee 2 has not submitted any information showing the context in which the said gift was made. It was also noted that Gaurav Jain is the Managing Director of Naturo IndiaBull Limited which appears to have received Rs. 25.07 Crore from the proceeds of right issue undertaken by the Company and his role is under investigation. Given the same, this contention cannot be considered at this stage.
13. Noticee 3, it is noted, submitted that he had not participated in any of the corporate actions (preferential allotment, rights issue etc.) undertaken by the Company. It was stated that the Noticee was in the business of lending money, and he had advanced loans to few people connected with Debock. The money that was borrowed from him was used by these connected persons for acquiring the shares of Debock. Subsequently, the connected persons defaulted on repaying the loans and *in lieu* transferred the shares of Debock to his account.
14. It was accordingly contended that the loans advanced by him should be taken as part of his cost of acquisition. The impounding amount factoring the loans advanced by him, as per the formula adopted by SEBI in the Interim Order, would only work out to Rs. 7,57,07,467.
15. Having considered the above argument, I note that the same is without merit. It has already been noted in paragraphs 28 to 30 of the Interim Order, based on analysis of bank statements, that an amount of Rs.30 lakh received by the Company from Noticee 4 was repeatedly circulated between the Company, Sunil Kalot and the allottees to show payments for shares allotted. The argument put forward by Noticee 3 that the he lent money for purchase of shares of Debock is contrary to the facts on record and, therefore, cannot be accepted.
16. The second argument raised by Noticee 3 was that the cost of acquisition of shares allotted to the Noticee prior to the IPO of the Company was not taken into consideration. In this respect, having reviewed the basis of calculation adopted in the Interim Order, I note that the said amount was taken into consideration and, therefore, even this contention cannot be accepted.

DIRECTIONS

17. In view of the foregoing, I, in exercise of the powers conferred upon me under sections 11 (1), 11(4) and 11B (1) read with section 19 of the SEBI Act, 1992, hereby confirm the directions issued vide the Interim Order dated August 23, 2024, without any modifications.
18. A copy of this Order shall be served upon the Noticees, recognised Stock Exchanges, Depositories, Banks and Registrar and Share Transfer Agents to ensure compliance with the above direction

DATE: DECEMBER 11, 2024
PLACE: MUMBAI

ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA