

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/65737	Date: December 23, 2024
Circular Ref. No: 423/2024	

To All NSE Members,

Sub: SEBI interim order in the matter of Bharat Global Developers Ltd.

This has reference to SEBI Order no. WTM/AB/CFID/CFID-TPD/31067/2024-25 dated December 23, 2024 wherein, SEBI has issued following directions:

1. Noticees 1 to 5 and 7 to 19 (mentioned in table below) are hereby 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 7 days 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.
2. Noticees 1 to 47 (mentioned in above SEBI order) are directed to not deal in shares of BGDL in any manner whatsoever.

Sr. no.	Name of Entity	PAN
1	Bharat Global Developers Limited	AAACP9354K
2	Ashok Kumar Sewda	BQAPS9919R
3	Mohsin Shaikh	FQQPS1725B
4	Dinesh Kumar Sharma	CLDPS4790M
5	Nirali Prabhatbhai Karetha	EAPPK9315D
6	Mahadev Manubhai Makvana	EXFPM7561C
7	Arjun Kishorbhai Bhut	CSEPB1036P

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8	Chandan Chaurasiya	CKWPC0798P
9	Dhruv Ganji	DQMPG0411E
10	Nikhil Rajesh Singh	OKOPS4711J
11	Prashant Sevantikar	IAEPS3604G
12	Ghanshyam Babubhai Mistry	ANGPM7549B
13	Jignesh Prajapati	ECDPP8855D
14	Bhupinder Duchaina	BMRPD0696M
15	Arun Mohanbhai Kordia	AVFPK4671H
16	Kavit Bharat Sanghavi	APXPS7070L
17	Sheetal Mithilesh Jhala	AFSPJ9385E
18	Minal Ghanshyamsinh Gohil	BADPG9432L

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 interim order in the matter of Bharat Global Developers Ltd

SECURITIES AND EXCHANGE BOARD OF INDIA
INTERIM ORDER

**Under Sections 11(1), 11(4) and 11B(1) of the Securities and Exchange Board
of India Act, 1992**

In respect of:

Sr. No.	Name of the Noticee	PAN
1.	Bharat Global Developers Limited	AAACP9354K
2.	Ashok Kumar Sewda	BQAPS9919R
3.	Mohsin Shaikh	FQQPS1725B
4.	Dinesh Kumar Sharma	CLDPS4790M
5.	Nirali Prabhatbhai Karetha	EAPPK9315D
6.	Dhruvi Kothari	ITQPK8962N
7.	Mahadev Manubhai Makvana	EXFPM7561C
8.	Arjun Kishorbhai Bhut	CSEPB1036P
9.	Chandan Chaurasiya	CKWPC0798P
10.	Dhruv Ganji	DQMPG0411E
11.	Nikhil Rajesh Singh	OKOPS4711J
12.	Prashant Sevantikar	IAEPS3604G
13.	Ghanshyam Babubhai Mistry	ANGPM7549B
14.	Jignesh Prajapati	ECDPP8855D
15.	Bhupinder Duchaina	BMRPD0696M
16.	Arun Mohanbhai Kordia	AVFPK4671H
17.	Kavit Bharat Sanghavi	APXPS7070L
18.	Sheetal Mithilesh Jhala	AFSPJ9385E
19.	Minal Ghanshyamsinh Gohil	BADPG9432L
20.	Hiren Maheshbhai Sadhu	BZWPS8338F
21.	Dhaval Manubhai Jadav	AUPPJ7997N

22.	Nishitaben Chandrakant Bharvad	DKPPB6133M
23.	Manubhai Sendhabhai Bharwad	ACTPB5034E
24.	Neel Kamleshbhai Sanandiya	KCXPS8377B
25.	Kevinkumar Mansukhlal Saparia	BZSPS6586F
26.	Jayeshbhai Kanjibhai Parmar	BZOPP7070B
27.	Praful Guptakaushal	BIDPG6011M
28.	Mahammadfaruk Hajibhai Mir	GQOPM9131C
29.	Pujababen Barot	FRCPB9855E
30.	Ranjitsinh Ishwarsinh Rajput	AJIPR3232L
31.	Vikrambhai Gokalbhai Chaudhari	AVVPC7479F
32.	Pradipkumar Lakhani	ALFPL4585R
33.	Theshiya Kajalben	BWUPT8126K
34.	Veer Vikas Sorathiya	OZXPS8175L
35.	Danabhai Gandabhai Parmar	ACOPP8027G
36.	Ayush Patel	DCPPP0147D
37.	Prasad Shirke	CLAPS1465A
38.	Dhruv Pradipkumar Shah	MHBPS3319C
39.	Bhargavsinh Nandkishorsinh Chauhan	AIXPC1296M
40.	Alkaben Pradipkumar Shah	DHCPS5135L
41.	Pragneshkumar Girishchandra Dave	AKWPD6894K
42.	Pooja Pragnesh Dave	APRPD8679L
43.	Dhaval Shankarbhai Rabari	EVPPD9687A
44.	Ankush Rajkumar Dabhane	GQUPD7299N
45.	Govindsingh Bhavnathsingh Rajbhar	EGYPR9301B
46.	Kuldeep Ranvirsingh Tomar	CETPT8942M
47.	Rahul Ratansingh Sikarwar	NEBPS1895R

In the matter of Bharat Global Developers Ltd.

BACKGROUND

1. Securities and Exchange Board of India (“**SEBI**”) took note of Social Media posts and a complaint dated 16th December 2024, regarding suspicious financials and disclosures by Bharat Global Developers Limited (“**BGDL**”/ “**Company**”), a company listed on the BSE Ltd. (“**BSE**”). The scrip saw a steep 105 times jump in its share price from INR 16.14 in November 2023 to INR 1702.95/- in November 2024.
2. The matter was examined by SEBI to ascertain whether there was any violation of the provisions of securities laws including the SEBI Act, 1992 (“**SEBI Act**”), SEBI (Prohibition of Fraudulent and Unfair Trade Practices in Securities Markets) Regulations, 2003 (“**PFUTP Regulations**”) and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”).
3. A snapshot of the relevant details of the Company is as follows:

Name of Company	Bharat Global Developers Limited
Date of incorporation and details of subsequent name change	Incorporated on June 15, 1992 as “Perfact Weavers Private Limited” Name changed to “Perfact Weavers Ltd.” w.e.f. August 8, 1993 Name changed to “Sequel e-Routers Ltd.” w.e.f. August 11, 2000 Name changed to “Kkrrafton Developers Ltd” (“Kkrrafton”) w.e.f. May 01, 2017 Name changed to “Bharat Global Developers Ltd.” as per approval from Ministry of Corporate Affairs and BSE (as per disclosure on BSE website dated October 4, 2024)
Registered address	The registered office address of the Company changed on December 4, 2023 and November 1, 2024. The current registered office address is G block, Uniza Corporate Office, Premchand Nagar Rd, opposite Krishna Complex, Satellite, Ahmedabad, Gujarat – 380015.
Business of the Company	As per its website, the Company is involved in the domains of Green Energy, Engineering and Infrastructure, Aerospace and Defense, and Agriculture. As per the Industry Classification available on the BSE website, the Company is involved in Computers Hardware and Equipment. The Objects Clause of the Memorandum of Association of the Company has been amended from time to time to expand the areas of business of the Company. During FY 2016-17, the object clause of the company was changed to purchase of land, plot (immovable properties), sale

	and resale of properties, construction and developments of buildings, roads, complex etc. A new object clause was approved on December 4, 2023 to add business areas of textile, diamond, agriculture, pharma, chemical as traders, exporter, importer, manufacturers or job work in India or overseas. Similarly, objects clause was amended on January 18, 2024 for carrying on business of Infrastructure & Civil Contracting & Construction Company, Mining and Exploration of Minerals, and Information Technology.
Listed on	BSE
Date of Listing on BSE	March 21, 1995
Paid-up equity capital (as at end of Sep 2024 quarter)	INR 101 crore
Shareholding pattern	Promoters: 0.00% Public: 100.00%
Market capitalization (as on December 20, 2024)	INR 12,520 crore
Closing price per share (as on December 20, 2024)	INR 1236.45 (Face value: INR 10/- per share)

SEBI's preliminary examination

4. Examination of complaints and reports in respect of BGD L revealed that the Company had five promoters holding 93,860 shares comprising 16.77% of total shareholding till June 2020. However, from the quarter ended September 2020, the Company disclosed NIL promoter shareholding and 100% public shareholding.
5. In December 2023, the management of the Company was overhauled. The Statutory Auditor, Chief Financial Officer (“**CFO**”) and director of the Company resigned on December 4, 2023, and five new directors were appointed.
6. After this, the Company made two preferential allotment of shares – 9.72 crore shares in April 2024 to 31 allottees and 35 lakh shares in August 2024 to 10 allottees. These large preferential allotments resulted in 99.5% of the shareholding being concentrated in the hands of these 41 allottees, who were classified as “public” shareholders. The first tranche of preferentially allotted shares was locked-in till October 31, 2024, and the second tranche is locked-in till June 21, 2025.

7. From October 2024, the Company also started making certain disclosures under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”).
8. On October 30, 2024, the Company disclosed establishment of six subsidiaries in diverse business areas such as aerospace and defense, agro-technology and gems and mining. Immediately thereafter, beginning November 4, 2024, the Company started disclosing to the BSE details of certain “prestigious” high-value orders secured from ostensibly marquee companies such as Reliance Industries Ltd., “TATA Agro & Consumer Products”, “McCain India Agro Pvt. Ltd.” and “UPL Agro Pvt. Ltd.”.
9. Earlier, the Company had also made claims in January 2024 about establishment of a wholly owned Dubai-based subsidiary. On November 21, 2024, the Company disclosed that high-value orders worth INR 251 crore had been secured by its wholly owned subsidiary based in Dubai for processing and supplying high-value precious stones, including diamonds, rubies, emeralds and sapphires to prominent wholesalers and bespoke designer jewellery boutiques. Additionally, the subsidiary had been entrusted with refining and supplying precious metals such as gold and palladium to global clients.
10. All the above announcements were accompanied by a steep hike in the price of the scrip from INR 642 on October 29, 2024, reaching its 52-week high of INR 1702.95/- on November 28, 2024.
11. Examination further revealed that between November 01, 2024 to December 20, 2024, thirteen preferential allottees offloaded a total of 21,17,582 shares amounting to approximately Rs. 271 crore which was around 2.09.% of the total shareholding of the Company to public shareholders. The sale of shares began immediately after lock-in was released on October 31, 2024. Since the shares were allotted at INR 10, and sales were made at market price which had shot up after the company’s disclosures, a total profit of approximately INR 269 crore was made by the thirteen preferential allottees from the first tranche.
12. The number of public shareholders correspondingly rose quickly and substantially for the first time, from 10,129 in Quarter Ended (“QE”) September 2024, to 44,976 as on December 5, 2024. This has been noted from the Company’s own disclosure filed with BSE regarding voting results in its EGM dated December 12, 2024.

13. The financial statements of the Company also appeared to misrepresent the true state of affairs of the Company and its business. The financial statements revealed that till FY23, the Company had negligible revenue, expenses, fixed assets and cash flows.
14. Suddenly, however, the financial results from QE March 2024 showed a steep spike in revenues and expenses. This was accompanied by negligible fixed assets, negative cash flows from operating activities and huge amounts of trade receivables and payables.
15. The abovementioned facts revealed during preliminary examination, and the corresponding violations of law noticed *prima facie*, are detailed below.

Sudden change in the management of BGD

16. BGD's touted business expansion, sizeable preferential allotment, claimed high-value deals with reputed companies, increase in size of balance sheet and runaway scrip price needs to be seen in the backdrop of a complete overhaul in its management in December 2023.
17. From disclosures made by BGD to BSE on December 4, 2023 it is seen that BGD's long-standing statutory auditor (M/s Gaurang Vora and Associates who was appointed in FY 2011-12, its director, Mr. Tushar Shashikant Shah, and its Chief Financial Officer, Mr. Bhadreshkumar Bhartkumar Shah resigned on the said date. On the same day, five new directors were appointed. It was observed that all the members of the present Board of Directors were either appointed on or after December 4, 2023. The details of the current management of the Company are as follows: -

Name	Designation	Date of appointment in current designation	Date of original appointment in Company
Ashok Kumar Sewda	Managing Director	18/04/2024	04/12/2023
Dinesh Kumar Sharma	Director	14/02/2024	04/12/2023
Nirali Prabhatbhai Karetha	Director	14/02/2024	04/12/2023
Mohsin Shaikh	CEO	16/10/2024	16/10/2024
Rakesh Rajkumar Dutta	Independent Director	14/02/2024	04/12/2023
Keyurkumar Pravinbhai Patel	Independent Director	29/11/2024	06/11/2024
Dhruvi Kothari	Company Secretary	01/05/2024	01/05/2024

Preferential allotment of shares

18. The change in management of the company initiated in December 2023 was quickly followed by fresh issue of shares resulting in allotment of 99.5% of the Company's equity to a total of 41 preferential allottees. The preferential allotments were made in two tranches in April 2024 and August 2024.

19. The details of the preferential allotments are tabulated below: -

Details of allotment	Number of Allotees	Amount in INR Crore
Allotment on March 09, 2024 – 9,72,00,000 equity shares of face value INR 10 each at an issue price of INR 10 per equity share	31	97.2
Allotment on August 19, 2024 – 35,00,000 equity shares of face value INR 10 each at an issue price of INR 210 per equity share	10	73.5
Total	41	170.7

20. Disclosures made by BGD L to BSE show that the preferential allotment of 9.72 crore equity shares to 31 non-promoter preferential allottees approved by BGD L's Board of Directors on March 9, 2024 exponentially increased BGD L's paid-up equity share capital from INR 0.56 crore to INR 97.76 crore. It was observed that the closing price of the scrip of BGD L was INR 120.10/- per equity share on March 7, 2024, the last trading day before the preferential allotment date of March 9, 2024. The preferential allotment was made at an issue price of INR 10/- per equity share.

21. Further, on August 19, 2024 the Board of Directors of BGD L approved the allotment of 35 Lakh equity shares to another 10 non-promoter preferential allottees which increased the paid-up equity share capital of BGD L from INR 97.76 crore to INR 101.26 crore. The allotment to these new allottees was made at a price of INR 210 per share.

22. The sizeable preferential allotment to a few select individuals meant that BGD L was funded almost entirely by 41 individuals, though it was a listed company, with 8963 shareholders and 9182 shareholders at the time of first and second preferential allotments respectively. The non-preferential allottee public shareholders held less than 1% of the company's total equity.

23. Preferential allottees have brought in more than half of the total authorised capital of the Company. In fact, the authorised capital was increased from INR 6 crore to INR 100 crore on December 4, 2023 and then from INR 100 crore to INR 200

crore on June 22, 2024 to enable the preferential allottees to buy a large chunk of shares.

24. Examination revealed that between November 01, 2024 to December 20, 2024, thirteen preferential allottees offloaded a total of 21,17,582 shares amounting to approximately Rs. 275 crore which was around 2.09 % of the total shareholding of the Company to public shareholders. The sale of shares began immediately after lock-in was released on October 31, 2024. Since the shares were allotted at INR 10, and sales were made at market price which had shot up after the company's disclosures, a total profit of approximately INR 272 crore was made by the thirteen preferential allottees from the first tranche.
25. One of the preferential allottees, namely Mahadev Manubhai Makvana who was allotted 37,82,000 shares in the first allotment, is also the Authorised Signatory in respect of two bank accounts of BGD L with Yes Bank and Axis Bank. The account opening date for Yes Bank was March 20, 2024. He offloaded 4,97,359 BGD L shares for INR 70,71,94,153 between November 01, 2024 and December 20, 2024, making a profit of approximately INR 70,22,20,563 against an investment of approximately INR 49,73,590. The cost of acquisition has been calculated using the price at which the first preferential allotment was made i.e. at INR 10 per share.
26. The six month lock-in on shares preferentially allotted in the first tranche expired on October 31, 2024. Between October and November 2024, the Company made a series of material disclosures to BSE under the LODR Regulations regarding business expansion and high-value orders secured from reputed companies. This evidently pushed up the scrip price of BGD L taking it to a high of INR 1702.95 on November 28, 2024.
27. Soon thereafter, thirteen preferential allottees offloaded 2.09% of total equity shareholding of BGD L in the market. The public shareholders correspondingly increased from 10,129 as on 30 September 2024 to 44,976 on December 5, 2024.

28. The profit made by the respective Noticees was as follows:-

Noticee	Name of Noticee	Profit (in INR)
Noticee 7	Mahadev Manubhai Makvana	70,22,20,563
Noticee 8	Arjun Kishorbhai Bhut	13,61,025
Noticee 9	Chandan Chaurasiya	43,79,01,544
Noticee 10	Dhruv Ganji	71,39,06,274
Noticee 11	Nikhil Rajesh Singh	72,41,05,400
Noticee 12	Prashant Sevantikar	2,23,51,370
Noticee 13	Ghanshyam Babubhai Mistry	16,17,945
Noticee 14	Jignesh Prajapati	10,54,24,376
Noticee 15	Bhupinder Duchaina	3,86,801
Noticee 16	Arun Mohanbhai Kordia	3,85,225
Noticee 17	Kavit Bharat Sanghavi	53,70,750
Noticee 18	Sheetal Mithilesh Jhala	3,85,225
Noticee 19	Minal Ghanshyamsinh Gohil	4,77,649
	Total	271,58,94,147

29. The remaining preferential allottees from the first tranche, i.e., Noticees 20 to 37, as well as the 10 preferential allottees from the second tranche, i.e., Noticees 38 to 47, who *prima facie* appear to be part of the scheme of selling preferentially allotted shares at inflated prices, have not offloaded any preferentially allotted shares as on date.

Misrepresentations made to Exchanges

30. BGDL reported negligible sales in the eleven financial years from 2012-13 to 2022-23. From the end of October 2024 onwards and in quick succession, the Company started making disclosures to BSE relating to business expansions undertaken by it, and several high-value orders secured from ostensibly renowned companies functioning across diverse sectors including engineering, gem, jewellery and precious metals and Agri-based products including potatoes and peanuts.

31. On October 30, 2024, a day before the lock-in on the first tranche of preferentially allotted shares expired, the Company filed an intimation regarding the establishment of six new wholly owned subsidiaries, viz. Bharat Global Green Energy Pvt. Ltd., Bharat Global AgroTech Pvt. Ltd., Bharat Global Aerospace &

Defense Pvt. Ltd., Bharat Global ImPex Pvt. Ltd., Bharat Global Gems & Mining Pvt. Ltd., Bharat Global Waste Management Pvt. Ltd.

32. On November 4, 2024, the Company filed intimation regarding an Order secured by AgriTech Division of Bharat Global Developers Ltd. worth INR 3 Billion (INR 300 crore) from “McCain India Agro Pvt. Ltd.” On November 7, 2024, the Company filed intimation regarding securing an Infrastructure Engineering order by Bharat Global Developers Ltd. worth INR 120 crore from Reliance Industries Ltd. which involved the design, engineering and construction of a full-fledged high-capacity Fluidised Catalytic Cracker Unit. On November 21, 2024, intimation was filed by the Company regarding significant orders worth Rs 251 Crores (AED 109 million) secured by Wholly-Owned Dubai Subsidiary, for processing and supplying high-value precious stones, including diamonds, rubies, emeralds, and sapphires, prominent wholesalers and bespoke designer jewellery boutiques.
33. On December 4, 2024, the Company issued a Clarification on Stock Price Movement and Assurance of Business Progress dated December 1, 2024 to BSE that it had *“no involvement in or influence over the movement of the Company’s stock price. Stock price fluctuations are driven by market dynamics, investor sentiments, and external factors beyond the Company’s control”*. Shortly afterwards, on December 11, 2024, the Company filed intimation that it had secured an order worth INR 650 crore from “TATA Agro & Consumer Products”, where *“BGDL will supply a range of premium agricultural commodities, including tea leaves, coffee beans, organic pulses, coconuts, groundnuts, mustard and sesame seeds, as well as premium dry fruits such as almonds, cashews, nutmeg, and walnuts*. On December 16, 2024, at 10:21 a.m. during market hours, the Company intimated successful completion of the RIL Order for INR 300 crore, and then corrected the value of the order to INR 120 crore at 6:01 p.m. after market hours.

34. The corporate announcements are tabulated below:-

Date of announcement	Type of Announcement	Details as per announcement
October 30, 2024	Establishment of six new subsidiaries , viz., <i>Bharat Global Green Energy Pvt Ltd, Bharat Global AgroTech Pvt Ltd, Bharat Global Aerospace & Defense Pvt Ltd, Bharat Global Impex Pvt Ltd, Bharat Global Gems & Mining Pvt Ltd, and Bharat Global Waste Management Pvt Ltd.</i>	The focus areas of these new subsidiaries as per the disclosure on BSE website include varied domains such as renewable energy projects, agriculture, aerospace and defense, textiles, gemstone mining and trading, and waste management.
November 4, 2024	Order secured by Agritech Division of BGD L from McCain India Agro Pvt. Ltd.	Order value of INR 300 crore for supply of 2,00,000 tonnes of Kufri Ashoka potatoes over a period of six months
November 7, 2024	Infrastructure Engineering order secured by BGD L from Reliance Industries Ltd.	Order value of INR 120 crore for design, engineering and construction of a full-fledged high Capacity Fluidised Catalytic Cracker (FCC) unit, to be executed within six months.
December 16, 2024 At 18:01:35	Successful completion of FCC project for Reliance Industries Ltd.	BGD L announced that the order of INR 300 crore was mistakenly mentioned in the previous announcement dated December 16, 2024 (at 10:21:49) and instead INR 120 crore was the correct value of the Fluidised Catalytic Cracker project order which was successfully completed for Reliance Industries Ltd.
November 21, 2024	Multiple orders secured by wholly owned subsidiary of BGD L based in Dubai	Cumulative order value of INR 251 crore for processing and supplying high-value precious stones, including diamonds, rubies, emeralds, and sapphires, to prominent wholesalers and bespoke designer jewellery boutiques.

November 26, 2024	Order secured by BGD L from UPL Agro Pvt. Ltd.	Order value of INR 156 crore for supply of 3,00,000 tonnes of oil-grade groundnuts to UPL Agro in a phased manner over a period of six months.
December 11, 2024	Annual supply contract secured by Agro Division of BGD L from TATA Agro & Consumer Products	Contract value of INR 650 crore to supply a range of premium agricultural commodities (such as tea leaves, coffee beans, organic pulses, almonds, cashews, nutmeg, walnuts, etc.) throughout the year, taking the order book of BGD L to more than INR 1500 crore.

35. With reference to the above disclosures, SEBI's preliminary examination found the following:-

- (a) *Announcement dated October 30, 2024 regarding establishment of six new subsidiaries* –BGDL in its announcement stated that it was in the process of incorporating these new subsidiaries. However, as on date, none of these six companies are reflected in the database of the Ministry of Corporate Affairs, suggesting that they have not been incorporated.
- (b) *Announcement dated November 4, 2024 regarding order worth INR 300 crore secured from McCain India Agro Pvt. Ltd. – In response to SEBI's query in respect of this corporate announcement, McCain Foods India Private Limited ("MFIPL") submitted that (date) there was no entity by the name of 'McCain India Agro Pvt Ltd' under or in connection with the McCain Group. MFIPL further submitted that it has not entered into any transaction with BGD L.*
- (c) *Announcement dated November 7, 2024 regarding order worth INR 120 crore secured from Reliance Industries Ltd. – On November 7, 2024, BGD L announced that it was awarded an Infrastructure Engineering order valued at INR 120 crore from Reliance Industries Ltd. (RIL), for the design, engineering, and construction of a full-fledged High Capacity Fluidised Catalytic Cracker (FCC) unit which is a pivotal component of Reliance*

Industries' refinery operations. As per the announcement, the said order was supposed to be executed within six months.

However, vide another corporate announcement dated December 16, 2024 (during market hours at 10:21 AM), i.e., **within just 40 days**, BGD L disclosed that the project worth INR 300 crore (as opposed to the project value of INR 120 crore as disclosed in the previous announcement of November 7, 2024) was completed and claimed that the project strengthened its *"longstanding relationship with Reliance Industries and reinforces BGD L's reputation as a reliable partner for executing high-value contracts in the industrial and infrastructure sectors."* BGD L also announced that the revenue from the project was **already accounted for in its financials**.

Further, vide another corporate announcement on the same day (December 16, 2024) after close of market hours, BGD L disclosed that the FCC project value was erroneously mentioned as INR 300 crore instead of INR 120 crore and the same was due to a human oversight.

In response to SEBI's query in this regard, RIL submitted vide e-mail dated December 19, 2024 that BGD L had not supplied any material for the FCC project of RIL's refinery. RIL further submitted that BGD L (formerly known as Kkrafton Developers Limited) had supplied only general construction materials to RIL for about INR 155 crore (including taxes) during the period from April 01, 2024 to September 30, 2024 which was not related to the FCC project.

As per RIL, the supply of general construction materials was during April 01, 2024 to September 30, 2024 for INR 155 crore approx. However, in its disclosure BGD L claimed to have bagged an order from RIL on November 7, 2024.

- (d) *BGD L's vendor ledger analysis in respect of the claimed FCC project contract with RIL* – Analysis of vendor ledger of BGD L and invoices generated in respect of the claimed FCC project with RIL show that invoices were raised for a total amount of INR 155.33 crore between April 4, 2024 and September 28, 2024. This corroborates RIL's submission that the contract for supply of construction materials by BGD L was worth about INR 155 crore from April 1, 2024 to September 30, 2024.

Further, data submitted by RIL shows that a payment of INR 57.22 crore was made to Kkrafton Developers Limited on March 16, 2024, another 8.07 crore on March 19, 2024 and a last payment of INR 28.04 crore on August 12, 2024. However, invoices were raised by Kkrafton Developers Limited between August 12, 2024 till September 28, 2024, and their series also changed suddenly. This suggested that while the contract for supply of general construction materials was executed between April and September 2024, a false disclosure regarding the nature as well as value of the contract was made by BGD L on November 7, 2024 much after the contract had been executed. This suggests that the false disclosure was contrived and timed to generate hype and prepare ground for sale of shares by preferential allottees at inflated prices.

- (e) *Announcement dated November 21, 2024 regarding receipt of order worth INR 251 crore by BGD L's wholly-owned subsidiary in Dubai* - It was observed that it was only on January 18, 2024 that BGD L took approval of its Board for setting up subsidiaries abroad, and proposed to acquire a Dubai-based Company named "*KDL Overseas Fze or any other names as may be approved*" at a price of 1000 AED in cash. It also informed that the said company, which was proposed to carry out business in the field of Diamond and Jewellery, was in the process of incorporation as on January 18, 2024.

Further, as per BGD L's Annual Report for FY 2023-24, there were no subsidiaries at the end of March 31, 2024. Further, the section pertaining to data on overseas investments on the website of Reserve Bank of India, did not show any details of fund transfer in the name of BGD L / Kkrafton Developers Ltd. during the period from December 2023 till November 2024. Thus, the genuineness of the existence of Dubai subsidiary of BGD L and orders received by it, as announced by BGD L, could not be ascertained.

- (f) *Announcement dated November 26, 2024 regarding order worth INR 156 crore secured from UPL Agro Pvt. Ltd.* - In response to SEBI's query, UPL Ltd. ("UPL") submitted vide e-mail dated December 20, 2024 that there was no entity by the name of '*UPL Agro Pvt. Ltd.*' in UPL group and thus, there was no question of UPL group companies entering into any order with BGD L and that the announcement was factually incorrect.

(g) *Announcement dated December 11, 2024 regarding order secured from TATA Agro & Consumer Products* - In response to SEBI's query in this regard, TATA Consumer Products Limited ("TCPL") submitted vide e-mail dated December 19, 2024 that '*TATA Agro & Consumer Products*' was not a subsidiary, associate or a joint venture of TCPL.

Further, SEBI also sought verification from TATA Sons in this regard and vide email dated December 19, 2024, TATA Sons also informed that no entity under the name '*Tata Agro & Consumer Products*' existed under the TATA group as claimed in the corporate announcement by BGD.

36. From the above, it is evident that BGD created a completely false narrative about "*design, engineering and construction*" and "*BGD's expertise in delivering advanced refining technologies*", and "*key projects within its robust order book, valued at over 1,500 crores (including) Tata Agro annual supply contract, the McCain India AgriTech project, and Dubai subsidiary orders for precious metals and stones*". BGD's supply of general construction material to RIL was unrelated to the refinery project and had nothing to do with technological expertise. The disclosures regarding RIL also deliberately drew attention to the effect of this high-value order on the Company's financial statement, stating that it had "*already been accounted for in the Company's financials contributing positively to our recent quarterly performance*". This shows that the Company was actively trying to induce investors to buy its shares based on false disclosures. All the other high-value orders claimed to have been secured from McCain India Agro Pvt. Ltd., Tata Agro & Consumer Products and UPL Agro Pvt. Ltd. were false as the stated entities did not exist.

37. The Company also claimed to have set up a Dubai-based wholly-owned subsidiary in January 2024. It is understood that this Dubai-based subsidiary was then disclosed to have secured an order worth INR 251 crore in November 2024. However, the Company's Annual Report for FY 2023-24 does not mention such a subsidiary. RBI's website also does not show any data regarding overseas investments by the Company. Further, the database of the Ministry of Corporate Affairs also reveals that no companies claimed to have been established as subsidiaries by BGD have been incorporated till date. Therefore, the existence of the Dubai subsidiary is questionable.

38. Each outrageously false disclosure contains detailed and intricate lies for making it seem credible. The motive behind the lies was clear – to make investors believe that the Company had good business prospects, even where historically, the Company had insignificant operations. It is thus *prima facie* concluded that the company has been continuously giving fake and fabricated announcements regarding the orders/ contracts meant to mislead and induce investors.
39. The abovementioned false and misleading statements strongly indicate *prima facie* that the Company has violated section 12A (a), (b), (c) of the SEBI Act, regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (f), (k), (r) of the PFUTP Regulations and regulation 30 of the LODR Regulations.

Misrepresentation/mis-statements in the Financial Statements of BGD

40. SEBI's examination found certain aberrations in the financial statements as disclosed by the Company from FY20 to FY25 (upto September 2024) and the same are summarized below:-
- (a) Profit and loss accounts - Sudden increase in revenue: From the profit and loss accounts for the said period, it was observed that total revenue was negligible before FY 2023-24. Revenues increased from INR 0.04 crore in FY 2022-23 to INR 25.78 crore in FY 2023-24. This was followed by a sharp rise of revenue to INR 283.54 crore in the six month period from April to September 2024.
 - (b) Similarly, total expenses which were nil in FY 2021-22 and 2022-23, rose to INR 21.11 crore in FY 2023-24 and then shot up to INR 266.87 crore in the six months from April to September 2024.
 - (c) The spike in revenue took place at a time when the preferential allotment was initiated by the Company.
 - (d) The revenue as of September 30, 2024 in FY 2024-25 was disclosed as comprising mostly of agricultural products (INR 145 crore) followed by textiles (INR 89.64 crore), gold (INR 27.32 crore) and construction material (INR 8 crore). Since the expansion of business and claimed award of contracts took place around November 2024, there appears to be no basis for the sudden spike in revenue of the Company in FY 2024-25. The significant increase in revenue in FY 2023-24 and first half of FY 2024-25

does not appear to be supported by any disclosures regarding significant business deals or arrangements. The disclosures regarding high value contracts with reputed companies made in November 2024 are not reflected in the results disclosed till date. Further, and more importantly, these disclosures are false and have been denied by the respective counterparties to the contracts.

- (e) Balance sheet - The Company's balance sheet also expanded post FY23 largely due to the preferential allotment of shares. However, remarkably, the surge in revenue of BGD L did not appear to affect the cash flows into the Company, as the cash flows from operating activities remained negative post FY23. It is to be noted that the Company had negligible fixed assets all along, suggesting that it was a trading entity.
- (f) Further, as per the vendor ledger of BGD L maintained with RIL, the invoice dates for the construction material supplied by BGD L were between April 4, 2024 and September 28, 2024 for a cumulative amount of approx. Rs. 155 crore. In this regard, from the bank statements of BGD L obtained from Indian Bank, it was observed that RIL made advance payments of Rs. 65.29 crore to BGD L in March 2024. This aspect needs further examination as BGD L did not raise any invoices on RIL in FY 24. This was not reflected in the cash flow statement of the Company.

41. The above misleading financial statements are *prima facie* in violation of section 12A (a), (b), (c) of the SEBI Act, regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (f), (k), (r) of the PFUTP Regulations.

Proposed bonus issue and stock split

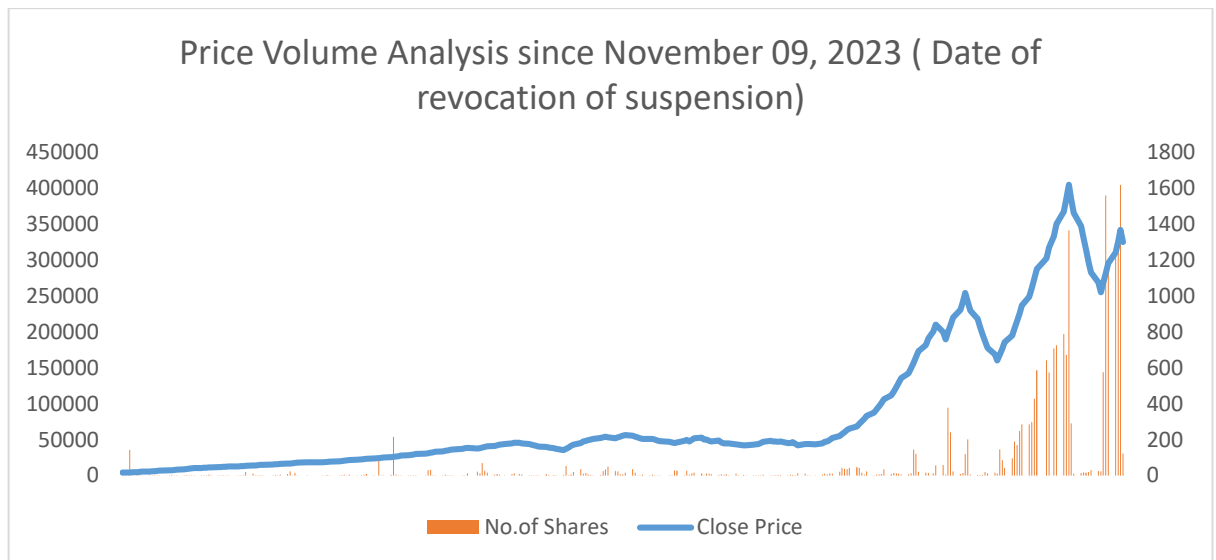
42. It is noted that on November 18, 2024 the Board of BGD L approved stock split in the ratio of 10:1 and issue of bonus shares in the ratio of 8:10. Once effected, this would translate into a shareholder getting 10 shares for every share held, followed by issuance of 8 shares for every 10 shares held. This would mean that shareholders on the record date of December 26, 2024 would be entitled to 18 shares for each share held.

Interim dividend

43. As per the disclosure made to BSE on November 12, 2024, BGD, stated that proposal for interim dividend will be considered in the upcoming board meeting on November 18, 2024.
44. However, as per the disclosure made to BSE on November 18, 2024, BGD, stated that the *“The funds raised and allocated will be utilized to support the Company’s ongoing and future projects, particularly in high-potential sectors such as AgriTech, Defense, and Green Energy. The Board will actively consider the declaration of a dividend in upcoming quarters, subject to financial performance and operational requirements.”* Therefore, interim dividend was not approved as announced earlier.

Movement in the price of the scrip of BGD

45. The scheme described in the paragraphs above culminated in the sharp rise of the share price of BGD based on false disclosures made to public through the exchanges. The sequence of events leading up to the steep and sudden spike in scrip price in 2024 deserves attention.
46. BGD was earlier suspended for non-payment of listing fees by BSE. Upon revocation of suspension on November 9, 2023, trading in the scrip resumed. The scrip price started increasing from November 9, 2023, i.e., date of revocation of suspension from INR 16.14 and touched an all-time high of INR 1702.95 on November 28, 2024.
47. The price of the scrip increased from INR 674.30 on October 30, 2024 just before lock-in on the first tranche of preferentially allotted shares was released, to INR 1236.45 on December 20, 2024.



48. Based on scrip price variation and trading volume concentration in a few clients' accounts, the Company is currently placed under Stage IV of the Long-Term Additional Surveillance Measures framework of BSE – which involves a 5% price band, 100% margin on all clients and settlement on gross basis.
49. The facts before me *prima facie* show that the unexplained and unfettered price rise in the scrip was the result of wrong disclosures and misrepresented financials. Further, the price rise was timed to benefit certain preferential allottees who offloaded shares to unsuspecting investors and made large gains. Therefore, the price rise is symptomatic of a premeditated scheme involving violation of section 12A (a), (b), (c) of the SEBI Act, regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (f), (k), (r) of the PFUTP Regulations and regulation 30 of the LODR Regulations. For these violations committed by the Company (Noticee 1), its managing director (Noticee 2), its CEO (Noticee 3) and its directors (Noticees 4 and 5) are also liable under section 27 of SEBI Act. Further, as Compliance Officer of BGD, Noticee 6 is also liable for *prima facie* misstatements under LODR Regulations.

Need for Interim Order

50. The facts before me *prima facie* reveal misuse of the visibility, credibility and liquidity afforded by listing on stock exchanges for inducement and defrauding of investors. A listed company which solicits and depends on investors' money based on information served to the public, is expected to be compliant and truthful to preserve good faith dealings in the securities market. The shocking

falsities peddled by the Company as legally mandated disclosures to the exchange lay bare a *prima facie* devious artifice involving systematic execution of a well-planned fraudulent scheme.

51. The scheme set in motion by the Company involved replacement of the management of the Company, approval of preferential allotment to select 41 allottees, portrayal of expansion of business involving claimed association with reputed companies, false disclosures regarding high-value orders with non-existent companies, and showcasing non-existent technological and engineering expertise. These fraudulent and premeditated acts culminated in the desired end of price manipulation, followed by sale at artificially raised prices by entities including preferential allottees.
52. This insidious fraud is being executed at the cost of the public which believe in the sanctity of disclosures made to the exchange by the Company under applicable law. While additional surveillance measures implemented by BSE against the company have tried to control the range of price movement and speculation, the share prices have remained extremely volatile within the permitted range. Further, the scrip prices have no correlation with the true state of the affairs of the Company.
53. Notably, a rather large bonus issue and share split with December 26, 2024 as the record date was approved by the Board of Directors of the Company on November 12, 2024 and in an Extraordinary General Meeting of shareholders on December 12, 2024. There has been significant interest generated in the media around the “free shares” being offered to shareholders of a Company with diverse business interest and ostensibly reputable contracts under its belt. The scrip is being widely reported in the media and perceived as a multibagger stock with diverse business interests and excellent prospects. The bonus issue and stock split needs to be stopped so that further increase in number of public shareholders does not take place. Already, between September 2024 and now the number of shareholders has increased from 10,129 to 44,976.
54. The Company’s non-preferential allottee public shareholders which comprise more than 99.9% of the shareholders of the Company by number, actually held less than 1% of equity shareholding of the Company.
55. If, as preliminary facts indicate, the certain preferential allottees have availed preferential allotment as part of a fraudulent scheme designed to manipulate

- scrip price and dump shares, the said allottees exercise disproportionate control over the shareholding available for trading by retail investors.
56. Consequently, there is imminent risk that unsuspecting investors will get saddled with worthless shares foisted on them based on dubious claims of the Company. Some of this risk has already materialised, as 2.09 % shares of the Company have been dumped on investors at inflated prices during November 01, 2024 to December 20, 2024 by thirteen preferential allottees.
57. Material disclosures of the Company and the actions of the preferential allottees appear to have been planned towards sale of shares to make huge profits. The fact that certain preferential allottees have already recovered their initial investment by selling a small percentage of their allotment speaks volumes of a well-designed scheme to pump up the share price and make huge gains.
58. The sheer scale of the apparent fraud is staggering, as well as the way it has been achieved in about twelve months. Clearly the intent of the management appears to have been to mislead investors.
59. True price discovery, the hallmark of free and fair securities markets, has been obfuscated by the smoke and mirrors effect of financial misstatements and brazen false disclosures/claims of awards/completion of business deals/engineering projects.
60. In a disclosure-based regime, that relies on true disclosures for information symmetry and enables working of a fair market, sunlight is understood to be the best disinfectant. Under the glare of mandated disclosure requirements, corporate accountability and transparency is sought to be ensured.
61. However, false disclosures that induce investors to trade on their basis constitute the worst kind of fraud-on-the-market and unfair trade practice.
62. The unmistakable signs of a fraudulent artifice are visible behind the corporate veil of the Company. The brazen impunity with which the fraudulent scheme appears to have taken off should serve to shake up the ecosystem, including market infrastructure institutions which are expected to be first responders in such situations. Infiltration of the securities markets by rogue companies which expect to get away with false statements reduces the credibility of the markets. Unless dealt with promptly, there is a risk of markets turning into the market for “lemons” which George Akerlof had warned against. In such a market, investors’

apprehensions about quality of disclosures in the market will lead to inefficient pricing of all listed companies.

63. The object of BGDL's actions/disclosures, that coincided with the end of the lock-in period of the first tranche of preferential allotment of shares, clearly appeared to be to create a positive sentiment of the operations of BGDL in the mind of investors so that liquidation of shares by certain preferential allottees was made possible. No wonder that this led to the number of public shareholders increasing from 10,129 as of September 30, 2024 to 44,976 as of December 12, 2024.
64. Misstatements regarding its business, financials and prospects as disseminated by BGDL show an effort to drum up the Company's share price. In light of the facts and findings detailed above, I find that in the garb of a compliant company, BGDL has created paper wealth now with a market cap of above INR 12000 crore, which is not founded on any genuine economic activity or production of any goods or services. In fact, such wealth has arisen from misrepresentation of the Company's business and financials to general investors and shareholders.
65. The fact that the record date for a generous bonus allotment of shares in the ratio of 8:10 and a share split of 10:1 is 26 December 2024, would lead to investors holding 18 shares for 1 share held today. The simultaneous corporate action will significantly increase liquidity of shares and their trading volumes. This needs to be stopped. It can be safely assumed that the numbers of shareholders will rise sharply when such large liquidity is injected. There is, therefore, a need to act promptly before large scale distribution (sale) of shares is allowed to happen.
66. This Interim Order is warranted to curb the ongoing mischief and restore the faith of investors in the securities markets. There is imminent risk of liquidation of shares and siphoning of illegal gains by the preferential allottees with the full involvement of BGDL's management that appears to be involved in the apparent fraud. If allowed to materialise, this could irreparably harm innocent investors.
67. The directions proposed in this Order may appear harsh and will inconvenience Noticees through the debarment of trading or freeze of related bank accounts involved in the apparent fraud or due to their being heard only after issuance of directions. Such actions restore credibility of markets. The scale of this apparent fraud, by any measure, is large.
68. The disclosures and all events that have happened in a well-orchestrated manner could not have happened serendipitously; there was a design to it. Once

seized of the *prime facie* fraud being effected by the Noticees, SEBI cannot be a mute spectator while the preferential allottees offload their stakes to a very large number of shareholders who invest in markets based on the supposed true disclosures by companies. Time and opportunity cannot be given to preferential allottees/Noticees to offload their stakes to a very large number of shareholders who invest in markets based on the supposed true disclosures by companies.

69. In the meantime, investors are advised to exercise a certain level of due diligence while investing in such companies and take informed investment decisions.

Order

70. Keeping in view the foregoing, I, in exercise of the powers conferred upon me under sections 11, 11(4) and 11B(1) read with section 19 of the SEBI Act, hereby issue the following directions, which shall be in force until further orders:

- a. Trading in the scrip of Bharat Global Developers Ltd. is suspended till further orders.
- b. Noticees 1 to 5 and 7 to 19 are hereby 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 7 days 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. The Compliance Officer, i.e., Noticee 6 is restrained from associating herself with any intermediaries registered with SEBI, any listed public company or any company that intends to raise money from the public, until further orders.
- d. The alleged unlawful gains as detailed in para. 28 above, accrued to Noticees 7 to 19 from sale of preferentially allotted shares as part of a *prima facie* fraudulent scheme, are impounded.

- e. Banks where the Noticees 7 to 19 are holding bank accounts, including joint accounts, are directed that no debits in their accounts shall be made without permission of SEBI. Further, the Depositories are also directed that no debit shall be made without permission of SEBI in respect of the demat accounts held by the aforesaid persons. However, credits, if any, into the accounts maybe allowed. Further, debits in the bank accounts may be allowed for amounts available in the account in excess of the amount to be impounded. Banks are allowed to debit the accounts for the purpose of complying with this Order. Banks and the Depositories are directed to ensure that all the aforesaid directions are strictly enforced.
- f. Noticees 1 to 47 are further directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in any of such assets, including property, details of all their bank accounts, demat accounts, holdings of shares/securities if held in physical form and mutual fund investments and details of companies in which they hold substantial or controlling interest immediately but not later than fifteen (15) working days from the date of service of this order.
- g. Noticees 1 to 47 are directed to not deal in shares of BGDH in any manner whatsoever.
- h. Noticees are directed to co-operate with SEBI's investigation by furnishing all relevant information regarding the Company's commercial transactions, Income Tax returns, minutes of meetings of the Company's Board of Directors, employees, EPFO, GST registration and payments, communications with TATA Agro & Consumer Products, Reliance Industries Ltd., UPL Agro Pvt. Ltd., Mc Cain India Agro Pvt. Ltd. regarding the business contracts disclosed to investors.

71. A detailed investigation by SEBI in the matter is hereby directed, and may be completed expeditiously by the end of this financial year, i.e., March 31, 2025.

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

73. The findings contained in this Order are made on the basis of the material available on record. The Noticees may, within 21 days from the date of receipt of

this Order, file its reply/ objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed in that regard.

74. This order is without prejudice to the right of SEBI to take any other action that may be initiated against the Noticees in accordance with law.

75. A copy of this order shall be served upon the Noticees for necessary action and compliance with the above directions.

DATE: DECEMBER 23, 2024

PLACE: MUMBAI

ASHWANI BHATIA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA