

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: ORDER/AK/RK/2025-26/ 32161-32170)**

**U/S 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 R/W
RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR
HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995**

Noticee No.	Name of the Noticees	PAN
1	Coffee Day Enterprises Limited	AADCC3995L
2	Malavika Hegde	ABFPH9207C
3	S V Ranganath	AAPPR8156D
4	K R Mohan	AJJPK1049F
5	Albert Hieronimus	ABIPH5990D
6	C.H.Vasundhara Devi	ABCPV8147N
7	I R Ravish	AFMPR3820G
8	Giri Devnur	ABGPD2472E
9	Ram Mohan	AAXPR7822A
10	Sadananda Poojary	AAOPP0042R

In the matter of financial mis-statements of Coffee Day Enterprises Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (“**SEBI**”) conducted an investigation in the matter of alleged mis-statements in Financial results and Financial statements of Coffee Day Enterprises Limited (hereinafter referred to as the “**Company/ Noticee 1/ CDEL**”), a company listed on the Bombay Stock Exchange (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”), to ascertain possible violation of provisions of SEBI Act, 1992 (hereinafter referred to as the “**SEBI Act**”) and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “**LODR Regulations**”) by Noticee 1 and its officials. The investigation period

covered the Financial Statements for the FY 2019-20 to FY 2023-24 (Five Financial Years) and Financial Results for the FY 2019-20 to FY 2024-25 (till September 30, 2024) (i.e. 22 quarters) (hereinafter referred to as the “**Investigation Period/ IP**”).

2. During the investigation, it was observed that Noticee 1 and its officials viz, Malavika Hegde (WTD & CEO and Audit Committee Member) (**Noticee 2**), S V Ranganath (Independent Director, Interim Chairman & Audit Committee Member) (**Noticee 3**), K R Mohan (Independent Director & Audit Committee Member) (**Noticee 4**), Albert Hieronimus (Independent Director & Audit Committee Member) (**Noticee 5**), C.H.Vasundhara Devi (Independent Director) (**Noticee 6**), I R Ravish (Non-Executive Director) (**Noticee 7**), Giri Devnur (Independent Director) (**Noticee 8**), Ram Mohan (Chief Financial Officer) (**Noticee 9**), Sadananda Poojary (Company Secretary & Compliance Officer) (**Noticee 10**) (hereinafter all of them are collectively referred to as the “**Noticees/You**”) allegedly failed to comply with various provisions of SEBI Act and LODR Regulations. Hence, it was decided to initiate adjudication proceedings against the Noticees, in terms of Section 15-I of the SEBI Act.

APPOINTMENT OF ADJUDICATING OFFICER

3. Upon being satisfied that there were sufficient grounds to inquire into and adjudicate upon the violations by the Noticees, SEBI appointed the undersigned as the Adjudicating Officer (**AO**) u/s 15-I(1) of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the “**SEBI Adjudication Rules**”), to inquire into and adjudge u/s 15HB of SEBI Act, the alleged violations by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A common Show Cause Notice dated April 24, 2025 (hereinafter referred to as “**SCN**”) was issued to the Noticees in terms of the provisions of Rule 4(1) of the SEBI Adjudication Rules r/w Section 15-I of the SEBI Act, requiring the Noticees to show cause as to why an inquiry should not be held against them and why penalty, if any, should not be imposed u/s 15HB of the SEBI Act upon them for violations, as stated in the SCN.
5. Vide email dated April 25, 2025, Noticee 10 requested to be provided with Annexure F of the SCN. The said Annexure was duly provided to all the Noticees, vide email

dated April 25, 2025. Noticee 5 vide email dated May 06, 2025 and Noticee 3, 4, 6, 7, 8, and 9, vide email dated May 07, 2025 requested to be provided with inspection of documents in the matter. A similar request was raised by Noticee 1, 2 and 10, vide email dated May 08, 2025. Noticees were provided with an opportunity to inspect all the relevant and relied upon documents in the matter on May 19, 2025, vide email dated May 16, 2025. The Authorized Representative(AR) of the Noticees requested to reschedule the inspection to a later date, vide email dated May 17, 2025. Hence, inspection of documents was rescheduled to May 27, 2025. The opportunity of inspection of documents was duly availed by their AR on the said date.

6. Noticees were granted time till June 03, 2025 to file reply in the matter. However, AR of the Noticees sought an extension of time to file reply in the matter. The said request was acceded to and Noticees were given another opportunity to file reply within four weeks from May 27, 2025. Vide email dated June 13, 2025, AR of the Noticees intimated about filing of Settlement Application in terms of SEBI (Settlement Proceedings) Regulations, 2018. AR of the Noticee vide email dated June 24, 2025 requested to be granted some more time to file reply in the matter. The said request of the AR was acceded to, and Noticees were given time of two weeks from June 24, 2025 to submit reply in the matter. AR of the Noticees filed a common reply on behalf of them, vide email dated July 22, 2025.

7. Following were the observations, basis which allegation were made against the Noticees

7.1 Brief Background

7.1.1 It was observed during the investigation that there were certain audit qualifications in the auditors' report for the period FY 2022-23 & 2023-24. The said audit qualifications and Noticee1's/ Management's response as given in the Annual Reports is as follows:

#	Auditor Qualification	Management Response, if any
	FY 2022-23 and 2023-24	
1.	<u>Default in debt and breach in debt covenants Non-compliance with debt covenants and no confirmation of balance for borrowings:</u>	FY 2023-24: Due to default in repayment of interest and principal to the lenders, the lenders have sent "loan recall" notices to the

<p>Instances of non-compliance with certain debt covenants including interest & principal repayment defaults have been described. The Company has not obtained the balance confirmations on loans from lenders. During the year certain lenders have exercised their right to recall the loan and some lenders have initiated legal action to recover dues. However, in the absence of adequate evidence, we are unable to comment on the consequential adjustments that might impact the Consolidated Financial Statements on account of non-compliance with debt covenants.</p> <p>Further, in view of the loan recall notices, legal disputes and pending one-time settlement with the lenders of the group, the parent company, one subsidiary and one step down subsidiary have not recognized interest on the loans outstanding as of March 31,2023 and March 31, 2024 aggregated to Rs.59.97 crores and Rs.54.32 crores respectively. As the loan recall letters provided by the lenders requires payment of interest, penal interest, non-provision of such interest is not in line with the accrual concept of accounting. Further, we have issued a disclaimer of opinion due to non-provision of interest in the parent company, 1 subsidiary and 1 stepdown subsidiary.</p>	<p>Company as well as initiated legal disputes. In view of the loan recall notices, legal disputes and pending onetime settlement with the lenders, company has not recognized interest of Rs.54.32 crores during the financial year.</p> <p><u>FY2022-23:</u> Management is following up with lenders to get the balance confirmations. This will be taken care of during the one-time settlement process. There have been certain covenant breaches with respect to borrowings taken by the company from various lenders. Such covenant breaches entitle the lenders to recall the loan. Some of the lenders have exercised their right to recall the loan and one of the lenders has initiated the legal process to recover the dues.</p>
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7.2 In this regard, it was observed that the Finance Cost of Rs 114.3 crores on borrowings of Rs 1,289 crore was not accounted by Noticee 1 and the following was mentioned in the statutory audit qualification of the annual report for FY 2023-24:

1. *The group has borrowings amounting to Rs.1,289 crore as at March 31,2024. There have been certain covenant breaches with respect to certain borrowings taken by the group from various lenders. Such breaches entitle the lenders to recall the loan.*
2. *There have been defaults in repayment of principal and interest of the loans and certain lenders have exercised their rights including recalling the loans.*
3. *In view of the loan recall notices, legal disputes and pending one-time settlement with the lenders of the group, the group has not recognized interest.*

Non-recognition of finance cost:

7.3 With regard to the above-mentioned qualification, SEBI had issued summons dated January 16, 2025 to Noticee 1, in response to which, Noticee 1, vide its reply dated January 23, 2025 submitted as follows:

7.3.1 *The Company and its subsidiaries have provided interest till FY 2020-21 except one material subsidiary Coffee Day Global Limited (CDGL) where for two lenders, interest was not provided for FY 2020-21, the reasons for which was separately elaborated in the notes given in the financial statement as detailed below:*

Note in the financial statement for FY 2020-21:

“Non-provision of interest by CDGL in two cases in FY 2020-21

One of the lenders of Coffee Day Global Limited (subsidiary) has made an application as financial creditor before National Company Law Tribunal (NCLT) for recovery of the dues. However, the application is yet to be admitted by the NCLT. Another lender has initiated legal action for recovery of the dues. Under these circumstances, the Coffee Day Global Limited (subsidiary) has not provided for interest of Rs.16.13 crores during FY 2020-21 in respect of these lenders. The management was in the process of negotiating with them in respect of settlement of their dues.”

7.3.2 *From FY 2021-22, interest on certain borrowings had not been provided by the Company and its subsidiaries.*

7.3.3 *The lenders have sent notices to the company and its subsidiaries as well as initiated legal disputes. The company and its subsidiaries had discussions with lenders. In view of the loan recall notices, legal disputes, discussions with the lenders and pending onetime settlement, interest was not recognised. The company and its subsidiaries were confident of getting interest waiver.*

7.3.4 *The break-up of interest expenditure not provided by CDEL group viz., financial year wise including lender name, borrower name, interest amount was furnished by CDEL.*

7.3.5 *Non provision of interest had been disclosed by the management in annual reports and in the quarterly results published to the stock exchanges. The non-provision of interest will not impact the standalone and consolidated financial statements as the company and its subsidiaries have negotiated and got waiver of interest from most of the lenders and in case of few lenders negotiations are still going on with a positive note.*

7.3.6 *Non provision of interest was included in Explanatory Notes to the Statement of Consolidated as well as Standalone Financial Results for the year as well as quarterly results from FY 2020-21 to till date, duly signed by Chairman of the Board and that had*

been reported to stock exchanges on the same day when quarterly/annual financial results were approved by the board

7.3.7 In the annual financial report, which was approved by shareholders, non-provision of interest was disclosed and circulated to various stakeholders including shareholders, stock exchanges, other statutory agencies banks etc.

7.4 In addition to the above, Noticee 1 furnished extracts from Annual reports w.r.t disclosure of non-provision of interest related to FY 20-21, 21-22, 22-23 and 23-24, made in Consolidated and Standalone Financial Statements. Further, it had also furnished the progress of one-time settlements with its lenders as follows:

Borrower	Lender	Interest not provided(Rs in crores)	Date when OTS initiated	Present status	Additional information if any
CDEL	Aditya Birla Finance Limited(assigned to Rare ARC Private Limited from March 2023)	47.53		Company is in negotiation with ARC	The loan was transferred to ARC secured by shares of CDGL.
CDEL	Axis Bank Limited	45.24	26-Mar-24	Interest waived by the lender	The Company's borrowing from Axis Bank has been guaranteed by our subsidiary Coffee Day Global Ltd (CDGL). Pursuant to invoking of the guarantee the loan has devolved on CDGL. This has been factored in the Proposed Restructuring Plan of CDGL. The interest from 1-04-2021 till 31-12-2023 is waived by Axis Bank Limited , as per the in-principle approval of the Axis Bank. CDGL has paid Rs.5.13 crores until 30th September 2024 to Axis Bank as per the proposed restructuring plan.
CDEL	Credit Opportunities II Pte Ltd	52.64		Company is in negotiation with the lender and based on the past experience of settling with the lenders, company is confident that will get waiver of interest from the lender	
CDEL	India Special Situations trust	49.62			
CDEL	Kemfin Services Private Limited	13.14			
CDGL	The Hongkong and Shanghai Banking Corporation Ltd (HSBC)	-	12-Jan-23	Interest waived by the lender and loan repaid	

Borrower	Lender	Interest not provided(Rs in crores)	Date when OTS initiated	Present status	Additional information if any
CDGL	Kotak Mahindra Bank Ltd.,	24.73		Loan Repaid	
CDGL	Cooperative Rabobank U A (Rabo)	52.15		Interest waived by the lender	The Board of Directors of Coffee Day Global (subsidiary) in its meeting held on 11th February 2023, decided to initiate a resolution process under the Prudential Framework for Resolution of Stressed Assets issued by RBI on June 07,2019 for loan/borrowings. As per the proposed restructuring plan, the interest from Jan 01, 2024 is payable at 8.50% and the outstanding debt and interest liabilities as proposed in the plan has been given effect to on March 31, 2024. The interest from 1-04-2021 till 31-12-2023 is waived by the lenders, as per the in principle approval of the lenders for waiver of interest. During the financial year 2023-24, after the 'in-principle' approval by the lenders on the proposed Restructuring Plan (for CDGL) the entire applicable interest in respect of CDGL for all the earlier years, has been provided in FY 2023-24.
CDGL	DEG Deutsche Investitions Und Entwicklungsges Ellschaft MbH (DEG)	21.82	28-Mar-24	Interest waived by the lender	
CDGL	Impact HD., Japan (formerly Media Flag) assigned to A G Dynamic Funds Ltd, Mauritius in 2023-24	9.87	28-Mar-24	Interest waived by the lender	
CDGL	IndusInd Bank Ltd., (assigned to Asrec (India) Ltd., since September 2023)	21.76	27-Mar-24	Interest waived by the lender	
CDGL	Nederlandse Financierings - Maatschappij Voor	8.77	28-Mar-24	Interest waived by the lender	
CDGL	Ontwikkelingslanden N. V. (FMO) assigned to A G Dynamic Funds Ltd, Mauritius in 2023-24	4.15	28-Mar-24	Interest waived by the lender	
CDGL	RBL Limited (assigned to Rare Asset Reconstruction Ltd., since Aug 2023)	10.05	27-Mar-24	Interest waived by the lender	
CDGL		15.84	27-Mar-24	Interest waived by the lender	
CDGL		13.54	27-Mar-24	Interest waived by the lender	
CDGL	The Karnataka Bank Ltd., (assigned to Rare Asset Reconstruction Ltd., since Oct 2023)	9.46	27-Mar-24	Interest waived by the lender	
CDGL		25.34	27-Mar-24	Interest waived by the lender	
CDGL	Yes Bank Ltd (assigned to J.C. Flowers Asset	44.89	22-Mar-24	Interest waived by the lender	

Borrower	Lender	Interest not provided(Rs in crores)	Date when OTS initiated	Present status	Additional information if any
	Reconstruction Private Limited since Dec 2022)				
CDHRPL	Clix Capital Services Private Limited(assigned to Phoenix ARC Private Limited since Sep-2021)	29.23	27-Apr-23	Interest waived by the lender	On 27.04.2023, Coffee Day Hotels and Resorts Private Limited (subsidiary) has entered into "Full and Final Restructuring Agreement" with Phoenix ARC Private Limited and Clix Capital services Private Limited to settle the entire dues of Rs.112 crores (Rs.100 crores(principal) and Rs.12 crores for interest) for a sum of Rs.95 Crores. Out of which i) Rs.45 crores has to be paid on or before 22.05.2023 and ii) Balance Rs.50 Crores on or before 31.12.2025. As on the date of this statement, Coffee Day Hotels and Resorts Private Limited (subsidiary) has paid Rs.69.4 Crores towards the dues payable and balance is due only on 31.12.2025. This in other words reflect interest has been waived.
TDL	Bajaj Finance Limited	4.31	27-Jun-23	Interest waived by the lender	Settled the loan at principal outstanding as on 31-03-2020 and lenders have waived of the interest. The loan is repaid in full
TDL	IndusInd Bank	2.59	27-Jun-23	Interest waived by the lender	
TDL	Yes Bank Ltd (assigned to JCF ARC Private Limited from Dec 2021)	6.91	04-Aug-23	Interest waived by the lender	
TRRDPL	Adicorp Enterprises Private Limited	4.81			Company is in negotiation with the lender and based on the past experience of settling with the lenders, company is confident that will get waiver of interest from the lender.
TRRDPL	Mile Stone Trade links private Limited	1.68			Company is in negotiation with the lender and based on the past experience of settling with the lenders, company is confident that will get waiver of interest from the lender.

7.5 Based on the above, it was observed that Noticee 1 had not recognised the interest even before the OTS had been initiated, i.e., when Noticee 1 was still in negotiation with lenders, based on the in-principle approval or even based on its experience of settling with the lenders and the reason stated was that it was confident that it would get a waiver of interest from the lenders.

- 7.6 Thus, from the replies of the Noticee 1, it was observed that Noticee 1 and its subsidiaries did not recognise the interest on borrowings starting from Quarter ending March 31, 2021.
- 7.7 It was observed that Noticee 1 had justified the decision of not booking interest expense by citing its ongoing negotiations with lenders for a one-time settlement (OTS) and its past experience in securing waivers for interest obligations during similar settlements.
- 7.8 In view of the above, it was observed that the Noticee 1 & its subsidiaries failed to recognize interest expenses on their borrowings in consolidated and standalone financial statements for the four financial years viz., FY 2020-21, 2021-22, 2022-23 and 2023-24. Similarly, the interest was also not provided for in the quarterly consolidated and standalone financial results for the said four financial years and as well as quarterly results starting from quarter ending March 31, 2021 (Q4 of FY 2020-21) and till Quarter ending September 30, 2024 (Q2 of FY 2024-25) i.e., 15 quarters. It was further observed that while the interest not recognised by Noticee 1 had impacted both the standalone and consolidated financial statements & results, the interest not recognised by subsidiaries of Noticee 1 had impacted consolidated Financial Statements & Results.
- 7.9 It was observed that the unrecognized interest understated the Noticee 1's reported losses to the extent of interest not provided.
- 7.10 In view of the above, non-recognition of interest cost on borrowings by Noticee 1 in its standalone and consolidated financial statements for the four financial years viz., FY 2020-21, 2021-22, 2022-23 and 2023-24 and quarterly consolidated and standalone financial results for the said four financial years and as well as quarterly results starting from quarter ending March 31, 2021 (Q4 of FY 2020-21) and till quarter ending September 30, 2024 (Q2 of FY 2024-25) (i.e., 15 quarters) allegedly led them being non-compliant with the applicable accounting standards viz., Indian Accounting Standard (Ind AS) 1, 23, 32 and 109 and Section 129(1) of the Companies Act, 2013, which provides that the financial statements shall give a true and fair view of the state of affairs of the company and comply with the accounting standards notified u/s 133.

7.11 It was thus observed that the Noticee 1 did not comply with Ind AS 1, 23, 32 and 109 in the preparation and presentation of standalone as well as consolidated financial statements and quarterly financial results.

7.12 In view of the above, it was observed that Noticee 1's alleged non-compliance involved two components: first, the failure to adhere to the requirements of Ind AS in the preparation and presentation of its financial statements; and second, the failure to fulfil the disclosure obligations regarding its decision to deviate from compliance.

Based on the above, it was alleged in the SCN that Noticee 1 has violated Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e)(i), 33(1)(c), 34(3) r/w Clause B(2) of Schedule V & 48 of LODR Regulations.

Role of Directors and KMPs and their replies:

7.13 It was observed that the Board of Directors of Noticee 1 viz., Noticee 2-10 furnished nearly identical replies in respect of the non-recognition of Interest Cost and the same is mentioned as below:

- a) *Interest has not been provided by the company and its subsidiaries from April 2021 till September 2024. Out of the interest not provided, waiver has already been obtained on settlement of loans/restructuring of loans in a majority of the cases, for which supporting documents from the lenders are available with the company. Consequent to settlements with lenders, the interest waiver letters already have been obtained from the majority of the lenders. Interest waiver negotiations for remaining lenders are in progress, and are confident of obtaining interest waiver from the lenders.*
- b) *The company has been transparent in making detailed disclosures of non-recognition of interest in every quarter and in the year-end financial results of standalone as well as its consolidated financial results:*
 - i. *In the financial statements circulated to shareholders, stock exchanges, bankers, and other associates.*
 - ii. *The company's board of directors, after discussions, made disclosures of non-recognition of interest in:*

- (a) *Explanatory notes to standalone and consolidated financial results of the company uploaded every quarter and at the end of the year in websites of stock exchanges.*
- (b) *In the CFO and CEO certificates provided every quarter to the Board of Directors of the company, non-recognition of interest was brought to the attention of the Board of Directors.*
- (c) *Section 134(5) of the Companies Act, 2013, mandates that the Directors' Responsibility Statements shall state among others the following:*
- *134(5)(a): In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.*
 - *134(5)(b): The Directors had selected such accounting policies and applied them consistently with proper explanation relating to departures and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.*
- (d) *It may please be noted that as per section 134(5)(a), the CDEL Directors' responsibility statement contains the following:*
- "In Compliance with section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirms the following:*
- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to departures."*
- iii. *Under 134(5)(b), a judgment was made by Directors with high confidence of getting a waiver of interest. Any provision of interest may be misleading and affect the true and fair view. The subsequent developments go on to prove that in the majority of cases, interest waiver is already obtained. For the remaining cases, interest waiver is in progress, and the company is confident of getting the same. Till now, no lender has refused to waive the interest.*
- iv. *In the Annual General Meetings, approval of accounts by shareholders has been included in the agenda, and the approval of shareholders has been obtained where*

non-recognition of interest, along with the quantum, has been specifically brought out in the financial statements.

- v. *As per Ind AS -1, Para 19 and Para 20, the departure from the requirement of Ind AS, where an entity departs from the requirement, it shall make disclosure. Departures are permitted with necessary disclosure, which has been exercised by our Board of Directors.*
- vi. *They were aware of NFRA circular dated October 20, 2022. The company has not recognised interest effective April 1, 2021 and NFRA circular was issued much after that i.e., October 2022. However, the departures from accounting standards were fully reported as required by Companies Act and Ind AS.*

Role of Whole-Time Director:

7.14 Noticee 2, Non-Executive Director of the Noticee 1 was appointed as its Whole-time Director and the CEO by the Shareholders in their 12th AGM held on 31st December 2020. As a WTD and CEO, she was responsible for management of the day to day affairs of Noticee 1 and was responsible for the conduct of its business. Being a board member, she was also responsible to ensure the integrity of the Noticee1's accounting and financial reporting systems, and overseeing the disclosure and communication process. Further, as a member of Audit Committee, she has been alleged to have failed to discharge the roles relating to financial statements and financial reporting.

Based on the above detailed non-compliances by Noticee 1, it was alleged that Noticee 2 had violated Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e)(i), 33(1)(c), 34(3) r/w Clause B(2) of Schedule V & 48 of LODR Regulations r/w Section 27(1) of SEBI Act.

Role of Board of Directors:

7.15 It was observed that the Board of Directors report for each of the financial years included a Directors' Responsibility statement as required u/s 134(3)(c) r/w 134(5) of Companies Act, 2013, wherein all the Board of Directors confirmed that - in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures and the directors had selected such accounting policies and applied them consistently and

made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of Noticee 1 at the end of the financial year and of the profit and loss of the Noticee 1 for that period.

7.16 In this regard, it is observed that in terms of Regulation 4(2)(f)(ii) of LODR Regulations, the key functions of the Board of Directors include, ensuring the integrity of its accounting and financial reporting systems, and overseeing the disclosure and communication process. Given that Noticee 1's financial statements allegedly did not comply with accounting standards, its directors failed to fulfil these critical responsibilities.

7.17 It was observed that all the directors in their replies, *inter alia* stated that their roles as board members included the following:

- Approving Quarterly Results.
- any material default in financial obligations by the company.
- Non-Compliance of any statutory or listing requirements.

7.18 Further, from the replies of the Directors, the reservations made in the CEO-CFO certification and disclosures made in the financial statements and financial results, it was observed that the non-compliances by the listed entity i.e. Noticee 1 had occurred with the knowledge of the entire board, attributable through processes of board of directors, and with their explicit consent.

Based on the above, Directors of the Noticee 1 during the IP viz., Noticee 2 was alleged to have violated Regulations 4(2)(f) (ii)(7) & (8) of LODR Regulations and Noticee 3 to 8 being responsible for all the violations by the Noticee 1 were alleged to have violated Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e)(i), 33(1)(c), 34(3) r/w Clause B(2) of Schedule V & 48 of LODR Regulations r/w Section 27(2) of SEBI Act and Regulations 4(2)(f)(ii)(7) & (8) of LODR Regulations.

Role of Audit Committee members:

7.19 In terms of Regulation 18(3) r/w Part C of Schedule II of the SEBI (LODR) Regulations, 2015, the audit committee's role includes overseeing the listed entity's financial reporting process and ensuring the accuracy, sufficiency, and credibility of financial disclosures. They are responsible for reviewing the annual financial statements and auditor's report before submission to board, focusing on changes

in accounting policies and practices along with their rationale, major accounting entries requiring management's judgment, compliance with listing and legal requirements related to financial statements, and any modified opinions in the draft audit report. Additionally, the committee reviews the quarterly financial statements with management before submission to the board for approval.

7.20 In this regard, it was observed that the Audit Committee members of Noticee 1 in their replies had stated that their roles included:

- Oversight of the Noticee 1's financial reporting process and disclosure of its financial information;
- Reviewing, with the management, the quarterly, half-yearly, annual financial statements and auditor's report before submission to the Board for approval.

7.21 Further, under Regulation 18(2), the audit committee is empowered to investigate any activity within its terms of reference, seek information from any employee, obtain external legal or professional advice, and require the attendance of outsiders with relevant expertise, if deemed necessary. Despite its powers, audit committee of the Noticee 1 allegedly failed to ensure that Noticee 1's financial statements were prepared and presented in accordance with applicable accounting standards.

Based on the above and, in addition to non-compliances attributed to all the directors mentioned above, it was alleged that the members of the Audit Committee of Noticee 1 during the IP viz, Noticee 2-5 have violated Regulation 18(3) r/w Part C of Schedule II of the LODR Regulations.

Role of CFO

7.22 Noticee 9, the then CFO of Noticee 1 was the person heading and discharging the finance function, by virtue of Section 27(2) of SEBI Act 1992. Further, in his reply, he had stated that his role included reviewing financials with his team at regular intervals and more detailed review of quarterly and Annual Financials. Thus, he was responsible for all the non-compliances relating to the preparation and presentation of financial statements and financial results in accordance with the applicable accounting standards by the Noticee 1.

Based on the above, it was alleged that Noticee 9 has violated Regulations 4(1)(a), (b), 4(2)(e)(i), 33(1)(c), 34(3) r/w Clause B(2) of Schedule V & 48 of LODR Regulations r/w Section 27(2) of SEBI Act.

Role of Company Secretary and Compliance Officer:

7.23 It was observed that Noticee 10 was the Company Secretary and Compliance Officer of the Noticee 1 and was signatory to its annual financial statements for the financial years 2020-21, 2021-22, 2022-23 & 2023-24.

7.24 Further, National Financial Reporting Authority (NFRA), in its circular dated October 10, 2022, had specifically requested the Company Secretaries to bring the contents of the said circular to the notice of the Board of Directors. During the course of investigation, Noticee 10 had stated in his reply that all circulars/Developments during the respective period had been updated to all the directors during the meeting and on one to one discussion with the directors. He further, stated that the proof of the same was the notes to accounts where in detailed explanation had been provided regarding non provision of interest.

7.25 As already mentioned in the pre-paragraphs, while the preparation of financial statements is primary responsibility of the management of the company, the Company Secretary also has contributory responsibility to ensure the compliance with the applicable laws which includes compliance with accounting standards.

Based on the above, it was alleged that the Noticee 10 has violated Regulation 6(2) of LODR Regulations.

8 Submission of Noticee 1

8.1 *It is denied that the Noticee No. 1 has violated any provision of the LODR Regulations or Companies Act, 2013 or failed to adhere to any provisions of the Ind AS as alleged in the SCN or at all.*

8.2 *Mr. V. G. Siddhartha ("VGS") was the Founder, Promoter and Managing Director of Coffee Day Enterprises Limited, prior to his unfortunate demise on July 31, 2019. Mr. VCJS, known to be a visionary entrepreneur and a pioneer built and expanded India's well Known brand and one of the largest coffee chains Café Coffee Day business. Mr. VGS also diversified into other businesses like Logistics, Technology Investments, Special Economic Zones, Financial Services and Hospitality etc. Through his undertakings, Mr. VGS had provided employment to about 50,000 people across India and single handedly created India's biggest coffee empire. However, in July 2019, Mr. VGS's unfortunate demise came to the Noticee No. 1 as an utter shock.*

8.3 *It is stated that as a part of the regular business, Noticee No. 1 and its subsidiaries had availed loans from various lenders. However, due to the untimely demise of the CMD viz., Mr. VGS, certain lenders recalled the*

principal and interest of loans. There were also legal proceedings initiated in this regard. Immediately on the demise of Mr. VGS, rating agencies downgraded the rating of the Noticee No. 1. With downgrading of rating, the lenders stopped infusion of fresh funds and also collections from operations were applied by them towards outstanding loans, some of which were not even due. The steps taken by the lenders were under these unprecedented circumstances arising out of the unfortunate demise of the CMD of the group viz., Mr. VGS, which came as a shock and surprise to the world at large.

- 8.4 However, while these proceedings were underway, the management of Noticee No. 1 continued to have several rounds of discussions with the lenders, where these unique circumstances were placed before them. It was explained that the situation was unprecedented, far from the normal course of business and that the management was taking several steps to meet with all the obligations of Noticee No. 1 and that a business revival plan was in place. This was not loan restructuring or interest negotiation in the normal course of business but negotiations pursuant to the unprecedented circumstances following the demise of the CMD viz., Mr. VGS, which were undertaken by the Noticee No. 1. Pursuant thereto, the lenders were supportive and reposed confidence in the management and a series of in-principle approvals were received from lenders. A one-time settlement was being pursued with regard to the Noticee No. 1's debts.
- 8.5 It is submitted that borrowings of the Noticee No. 1 and its subsidiaries have been substantially reduced from Rs. 7,214 Crores as on March 31, 2019 to Rs. 1,014.47 Crores as on July 21, 2025. Pertinently, since the unfortunate demise of the CMD viz., Mr. VGS in July 2019, the Noticee No. 1 and its subsidiaries have not resorted to any fresh borrowings.
- 8.6 The lenders have recognised intentions and hard work of the management team and started supporting Noticee No. 1 by accepting the interest waiver requests. There was a favourable response in almost every case and the one-time settlement with the lenders has already resulted in an interest waiver of Rs. 461.27 Crores out of total interest of Rs. 528.43 Crores representing 87% of the amount. The Noticee No. 1 is confident in getting interest waiver for the balance lenders as well. It is submitted that till date, none of the lenders have refused to waive the interest on their respective borrowings.
- 8.7 Therefore, as on date, except for an amount of Rs. 67.16 Crores, letters in writing for waiver of interest of the remaining amounts towards interest have been received from the respective lenders and the balance is underway.
- 8.8 Accordingly, in view of what was consistently observed at every stage, which was vindicated by consistent results, interest was not recognised in the financial statements. It is submitted that any provision / recognition of interest in the financial statements would have been misleading and thereby affecting the true and fair view of the actual financial position of the Noticee No. 1. This would not have been in consonance with the regulatory intent. It was concluded that recognising interest in the present case would result in a misleading situation that would conflict with the objective of the financial statements set out in the framework issued by the Institute of Chartered Accountants of India ("ICAI").
- 8.9 Accordingly, the non-recognition of interest was with a view to present a true and fair view of the state of affairs of Noticee No. 1 which also is evident from the results where the interest was in fact waived. The overriding

consideration of the LODR Regulations and SEBI Regulations is to present a true and fair view which was the endeavour of the Noticee No. 1 and with this intent the said decision was taken.

- 8.10 *In fact, keeping in mind the true purpose and intent behind the Ind AS, to maintain complete transparency and to present a complete and true picture before the shareholders, the Noticee No. 1 made detailed disclosures pertaining to non-recognition of interest in every quarter and in the year-end financial results of standalone as well as consolidated financial results of the Noticee No. 1. Such detailed disclosures contained the particulars of the lender, the nature of the borrowing, amount as well as the terms and conditions of the same, the reason for not recognising interest and the quantum of interest was also elaborated in the annual financial statements.*
- 8.11 *The full disclosure of non-recognition of interest had been made in the Financial Results and the Annual Reports published on the stock exchanges. The disclosures included:*
- a. *Disclosures in the Explanatory Notes to the Consolidated as well as Standalone Financial Results of Noticee No. 1 for the F.Y. 2020-21 to F.Y. 2024-25 including for quarters during this period (i.e., throughout the period mentioned in the SCN);*
 - b. *Disclosures made in the Annual Reports w.r.t disclosure of non-provision of interest related to F.Y. 2020-21 to F.Y. 2023-24, made in Consolidated and Standalone Financial Statements as well as the progress of one-time settlements with its lenders and the management's response to the disclaimers / emphasis of matter / qualification given in the Auditor's Report for the respective years;*
 - c. *Even in the certificates issued by the Noticee Nos. 9 and 2 (CFO and CEO of the Noticee No. 1), the non-recognition of interest was specifically disclosed.*
- 8.12 *It is accordingly submitted that the Noticee No. 1 adhered to the principles of presenting a true and fair view of the Noticee No. 1's financial position in its Financial Statements as well as the Annual Reports.*
- 8.13 *It is pertinent to note that even in the Annual General Meetings of the Noticee No. 1 where financial statements were placed, the non-recognition of interest along with the quantum were approved by the shareholders of the Noticee No. 1.*
- 8.14 *Accordingly, it is submitted that the Noticee No. 1 has complied with the provisions of the LOI/R Regulations, Incl AS and Companies Act, 2013. The primary purpose of LODR Regulations is to ensure that the listed companies provide a true and fair view of their financials and the operational status to its shareholders and public. Keeping this intent in mind, the Noticee No. 1 decided to not recognise the interest in its financial results and all the disclosures were made in this regard. The Noticee No. 1 will rely on the documents referred hereinabove.*
- 8.15 *Without prejudice to the above, it is submitted that, paragraphs 19 and 20 of the Ind AS I provide for a departure from compliance with a requirement in an Ind AS in rare circumstances in which the management concludes that the said compliance would be so misleading that it would conflict with the objective of the financial statements set out in the Framework issued by ICAI*
- 8.16 *In view of the extraordinary circumstances highlighted above, the untimely demise of Mr. VGS had triggered the action from the lenders. However, with the recognition of the efforts of the management to stabilize the Noticee No. 1, the accounts with the lenders were settled. As detailed above, there was a favourable response*

in almost every case and the one-time settlement has already resulted in an interest waiver of Rs. 461.27 Crores out of total interest of Rs. 528.43 Crores. The Noticee No. 1 is confident in getting interest waiver for the balance lenders as well. Under the circumstances, recognition of interest would result in a misleading situation where the said recognition would conflict with the objective of the financial statements. In view of the consistent position highlighted above, the departure as permitted under the Ind AS was warranted in the present case. As detailed above, all the necessary disclosures in this regard were made in the standalone as well as consolidated financial statements of the Noticee No. 1. Such detailed disclosures contained the particulars of the lender, the nature of the borrowing, amount as well as the terms and conditions of the same, the reason for not recognising interest and the quantum of interest was also elaborated in the annual financial statements.

8.17 *Even Section 134(5) of the Companies Act, 2013 recognises departures from the applicable accounting standards. Under the circumstances highlighted above, a departure as contemplated under the Companies Act, 2013 was warranted in the present case. The Noticee No. 1 had selected such accounting policies and applied them consistently with proper explanation relating to departures and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Noticee No. 1 at the end of the financial year and of the profit and loss of the Noticee No. 1 for that period. Accordingly, in compliance with Section 134(5)(a) of the Companies Act, 2013 the Directors' Responsibility Statement which formed part of the Annual Reports stated as follows —*

"In Compliance with section 134(5) the Companies Act, 2013, the Board of Directors hereby confirms the following:

In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to departures;"

8.18 *Accordingly, in compliance with Section 134(5)(b) of the Companies Act, 2013, the directors of the Noticee No. 1 had made the appropriate judgement of getting the interest waived. The directors recognised that any recognition of interest in the said cases would have been misleading and affecting the true and fair view.*

8.19 *A perusal of the record will indicate that the Noticee No. 1 has acted in accordance with the spirit of the LODR Regulations. The substance and the intent of every provision of Ind AS as well as the LODR Regulations has been complied with. All the adequate and complete disclosures along with all the relevant details have been made by Noticee No. 1 in line with the requirements under the LODR Regulations, Companies Act, 2013 and the Ind AS. It is submitted that in view of the above-mentioned reasons, the Ld. Adjudicating Officer ought to see substance of the matter in the present case to appreciate the fact that the Noticee No. 1 had made all adequate and complete disclosures with the relevant details that are reasonable and prudent so as to give a true and fair view of the financial position of the Noticee No. 1.*

8.20 *It is denied that the non-recognition of interest by Noticee No. 1 and its subsidiaries impacted the standalone and consolidated financial statements and It is further denied that the unrecognised interest understated the Noticee No. 1 's reported losses and that the same was misleading as alleged or at all. On the other hand, any recognition of interest in the financial statements would have been misleading in as much as till date, none of the lenders have refused to waive the interest on their respective borrowings, It is further submitted that the*

negotiations by the management have already resulted in waiver of interest in 87% of the cases by the respective lenders.

- 8.21 In view of the same, it is submitted that the Noticee No. I has at all points of time disclosed the true and fair view of the actual financial position of the Noticee No. I. Any treatment otherwise would not have been in consonance with the regulatory intent. It is therefore denied that the Noticee No. I was not in compliance with the applicable accounting standards viz, Ind AS 1, 23, 32 and 109 and Section 129 of the Companies Act, 2013.
- 8.22 It is submitted that SEBI's reliance upon the NFRA Circular dated October 20, 2022 as well as the Expert Advisory Committee (EAC) of the ICAI is misplaced in as much as the same will not apply in the unique, extraordinary and exceptional circumstances as highlighted above in the present case following the untimely demise of Mr. VGS triggering action and the reposition of faith and confidence unanimously by the lenders.
- 8.23 In terms of paragraph 9 of Ind AS 1, Financial Statements are a structured representation of the financial position and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it. To meet this objective, financial statements provide information about an entity's assets, liabilities, equity, income and expenses, including gains and losses, contributions by and distributions to owners in their capacity as owners; and cash flows. The said paragraph further states that this information, along with other information in the notes, assists users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.
- 8.24 In this regard, it is submitted that in terms of paragraph 10 of Ind AS 1, the notes to the financial statements forms a part of the complete set of financial statement. The said paragraph 10 of Ind AS 1 is reproduced as follows:
- Complete set of financial statements
“”.....
10. A complete set of financial statements comprises:
- (a) a balance sheet as at the end of the period ,
 - (b) a statement of profit and loss for the period;
 - (c) Statement of changes in equity for the period;
 - (d) a statement of cash flows for the period;
 - (e) notes comprising material accounting policy information and other explanatory information.
- 8.25 Paragraph 7 of Ind AS 1 states that "Notes contain information in addition to that presented in the balance sheet), statement of profit and loss, statement of changes in equity and statement of cash flows. Notes provide narrative descriptions or disaggregation of items presented in those statements and information about items that do not qualify for recognition in those statements".
- 8.26 Even under Section 134(7) of the Companies Act, 2013, signed copy of every Financial Statement, including Consolidated Financial Statement, if any, shall be issued, circulated or published along with a copy each of any notes annexed to or forming part of such financial statement; the auditor's report; and the Board's report. It is

also settled law that in terms of Section 134(7) of the Companies Act, 2013, notes of account do form part of the balance sheet. In other words, the balance-sheets can only be understood by going into the factual narrations made in the explanatory notes of accounts. When one speaks about balance-sheet, it takes along with it the explanatory note.

8.27 In view of the above, the reference to paragraph 18 of Ind AS I in paragraph 20 of the SCN is misleading in as much as there is no rectification of any alleged inappropriate accounting policies as alleged or at all. The disclosures in the notes cannot be called rectification of any alleged inappropriate accounting policy.

8.28 Accordingly, the allegation that disclosure of non-compliances in financial statements did not absolve Noticee No. I from such non-compliances is misplaced.

9 Submissions of Noticees 2 to 10

9.1 The Noticee 2 to 10, in addition to the above, further stated as follows.

9.2 It is submitted that the non-recognition of interest on the borrowings made by the Noticee No. 1 and its subsidiaries from its lenders in the Standalone as well as Consolidated Financial Statements of Noticee No. 1 presents a true and fair view of the Noticee No. 1's financial position in its Financial Statements as well as the Annual Reports. This particularly, considering the fact that till date, none of the lenders have refused to waive the interest on their respective borrowings. On the other hand, any provision / recognition of interest in the financial statements would have been misleading.

9.3 It is further submitted that the negotiations by the Noticee No. 1 has already resulted in waiver of interest in 87% of the cases by the respective lenders.

9.4 In view of the same, it is submitted that the Noticees have at all points of time disclosed the true and fair view of the actual financial position of the Noticee No. 1. Any treatment otherwise would not have been in consonance with the regulatory intent.

9.5 It is submitted that the Noticee No. 2 in her capacity as the Whole Time Director and the CEO of the Noticee No. 1 adhered to the principles of the LODR Regulations by ensuring the integrity of the Noticee No. 1's accounting and financial reporting systems as well as overseeing the disclosure and communication process. Further, it is denied that the Noticee No. 2 as a member of the Audit Committee has failed to discharge the roles relating to financial statements and financial reporting.

9.6 It is submitted that in the preparation of financial accounts of the Noticee No. 1, the applicable accounting standards have been followed along with proper explanation relating to material departures.

9.7 Further, in terms of Section 134(5)(b) of the Companies Act, 2013, the directors of the Noticee No. 1 had selected such accounting policies and applied them consistently with proper explanation relating to departures and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of 'the state of affairs of the Noticee No. 1 at the end of the financial year and of the profit and loss of the Noticee No. 1 for that period.

9.8 Accordingly, in compliance with Section 134(5)(b) of the Companies Act, 2013, the directors of the Noticee No. 1 had made the appropriate judgement of getting the interest waived. The directors recognised that any recognition of interest in the said cases would have been misleading and affecting the true and fair view.

- 9.9 *It is further submitted that in the Annual General Meetings, approval of accounts by shareholders has been included in the agenda, and the approval of shareholders has been obtained where non-recognition of interest along with quantum has been specifically brought out in the financial statements.*
- 9.10 *It is further submitted that a perusal of the record will indicate that the Noticees have acted in accordance with the spirit of the LODR Regulations.*
- 9.11 *It is denied that the Noticee No. 2 has violated Regulations 4(1)(a), (b), (c), (d), (e), (g), (h), (i), (j), 4(2)(e)(i), 33(1)(c), 34(3) read with Clause 13(2) of Schedule V and 48 of LODR Regulations read with Section 1) of SEBI Act and Regulation 4(2)(f)(ii)(7) and (8) of LOLR Regulations.*
- 9.12 *It is denied that the Noticee Nos. 3 to 8 have violated Regulations (b), (c), (d),(e), (g), (h), (i), (j), 4(2)(e)(i), 33(1) 34(3) read with Clause 13(2) of Schedule V and 48 of LODR Regulations read with Section 27(2) and Regulation 4(2)(f)(ii)(7) and (8) of LODR Regulations.*
- 9.13 *It is further denied that the Noticee Nos. 2 to 5 have violated Regulation 18(3) read with Part C of Schedule II of the LODR Regulations.*
- 9.14 *Without prejudice to the submissions made hereinabove, it is submitted that the Noticee No. 5 resigned from the Noticee No. 1 on June 30, 2021 and the Noticee No. 5 is not aware of or involved in any decisions taken by the management of Noticee No. 1 after his resignation. Therefore, the Noticee No. 5 cannot be held responsible for any actions taken after his resignation from Noticee No. 1. Accordingly, the charges against the Noticee No. 5 may be dropped.*
- 9.15 *It is submitted that Noticee No. 9 being the CFO of Noticee No. 1 reviewed the financial results of the Noticee No. 1. It is submitted that in addition to the submissions in the preceding paragraphs, the non-recognition of interest was specifically disclosed by the 'Noticee No. 9 in the certificates issued by him. The said certificates were presented to the Board of Directors of the Noticee No. 1 in every quarter. Accordingly, it is submitted that the Noticee No. 9 has duly complied with all the compliances relating to the preparation and presentation of financial statements and financial results in accordance with the applicable standards by the Noticee No. 1. It is denied that there were any alleged non-compliances relating to the preparation and presentation of financial statements and financial results in accordance with the applicable accounting standards. It is further denied that the Noticee No. 9 has violated Regulations 4(1)(a), (b), 4(2)(e)(i), 33(1)(c), 34(3) read with Clause B(2) of Schedule V and 48 of the LODR Regulations read with Section 27(2) of SEBI Act.*
- 9.16 *With respect to Noticee No. 10 who is the Company Secretary and Compliance Officer of Noticee No. 1, it is submitted that the Noticee No. 10 did not have a role in the preparation of the financial statements and his authentication on the annual financial statements for the F.Y. 2020-21 to F.Y. 2023-24 is on behalf of the Board of Directors as the Company Secretary and Compliance Officer of Noticee No. 1 and not in his personal capacity. Therefore, the Noticee No. 10 cannot be held liable for the preparation and presentation of the financial results of the Noticee No. 1. Without prejudice to the above, it is submitted that considering the submissions in the preceding paragraphs, the standalone and consolidated financial statements as well as quarterly financial results of the Noticee No. 1 presented a true and fair view of the actual financial position of Noticee No. 1.*

- 9.17 *It is submitted that all circulars or developments during the concerned period had been updated to all the directors of the Noticee No. 1 during the meetings as well as in the e-to-one discussions with the directors.*
- 9.18 *It is accordingly denied that the Noticee No. 10 has violated the provisions of Regulation 6(2) of LODR Regulations.*
- 10 The material available on record shows that the settlement application filed by the Noticees in the matter was rejected, vide SEBI letter dated November 25, 2025.
- 11 In the interest of natural justice, an opportunity of personal hearing was granted to the Noticees on December 09, 2025, vide hearing Notice dated November 27, 2025. However, the said hearing was adjourned to December 19, 2025, as per the request of the AR of the Noticee, vide email dated December 04, 2025. The said hearing was attended to by the AR of the Noticees, wherein AR reiterated the submissions already made by the Noticees, vide their reply dated July 22, 2025. AR of the Noticees sought time to make further submissions in the matter, which was acceded to. Noticees made further submissions, vide email dated January 15, 2025 which reiterating their earlier submissions.
- 12 Before moving forward, it is pertinent to look at relevant provisions, which are alleged to have been violated by the Noticees. The same are reproduced hereunder:

Relevant Sections of SEBI Act

Contravention by companies.

27. (1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder] has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly

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

Relevant provisions of SEBI (Listing Obligation 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) *The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.*
- (e) *The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.*
- (f) *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.*
- (g) *The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.*
- (h) *Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.*
- (i) *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.*

4(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.*

(f) Responsibilities of the board of directors: *The board of directors of the listed entity shall have the following responsibilities:*

(ii) Key functions of the board of directors-

(7) *Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.*

(8) *Overseeing the process of disclosure and communications.*

Compliance Officer and his /her Obligations.

6(2) *The compliance officer of the listed entity shall be responsible for-*

(a) ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit.

(b) co-ordination with and reporting to the Board, recognised stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in manner as specified from time to time.

(c) ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the listed entity under these regulations. (d) monitoring email address of grievance redressal division as designated by the listed entity for the purpose of registering complaints by investors

Audit Committee.

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

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:

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 C: ROLE OF THE AUDIT COMMITTEE AND REVIEW OF
INFORMATION BY AUDIT COMMITTEE**

[See Regulation 18(3) [and Regulation 62F]]

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

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;

- (e) compliance with listing and other legal requirements relating to financial statements;*
- (f) disclosure of any related party transactions;*
- (g) modified opinion(s) in the draft audit report;*
 - (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;*
 - (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement], and making appropriate recommendations to the board to take up steps in this matter;*
 - (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;*
 - (8) approval or any subsequent modification of transactions of the listed entity with related parties;*
- (9) scrutiny of inter-corporate loans and investments;*
 - (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;*
 - (11) evaluation of internal financial controls and risk management systems;*
 - (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;*
 - (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;*
 - (14) discussion with internal auditors of any significant findings and follow up there on;*
 - (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;*
 - (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;*
 - (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;*
 - (18) to review the functioning of the whistle blower mechanism;*
 - (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;*
 - (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.*
 - (21) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.*
 - (22) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.*

B. The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

SCHEDULE V: ANNUAL REPORT

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

The annual report shall contain the following additional disclosures:

B. Management Discussion and Analysis:

Disclosure of Accounting Treatment:

- (2) *Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction*

CONSIDERATION OF ISSUES AND FINDINGS

13 I have gone through the submissions of the Noticees, facts, and material available on record. The issues that arise for consideration in the present case are:

ISSUE No. I: Whether Noticees have violated the provisions of SEBI Act and LODR Regulations, as alleged in the SCN?

ISSUE No. II: Do the violations, if any, attract monetary penalty u/s 15HB of SEBI Act upon Noticees?

ISSUE No. III: If so, what should be the monetary penalty, after taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the SEBI Adjudication Rules?

ISSUE No. I: Whether Noticees have violated provisions of SEBI Act and LODR Regulations, as alleged in the SCN?

14 Findings with respect to the alleged violations by Noticee 1

14.1 With respect to the submission of Noticee 1 at para 8.6, 8.7 above and its further submission at para 8.8 and 8.9 above, I find pertinent at this juncture to refer to

the interest expenses not provided in the Annual Financials statements and interest expense not provided in the Quarterly Financial Results, starting from quarter ending March 31, 2021 (Q4 of FY 2020-21) and till Quarter ending September 30, 2024 (Q2 of FY 2024-25) by Noticee in tables below:

Financial Year	Interest not provided by CDEL and its subsidiaries (Rs in crores)	Interest not provided by CDEL (Rs. in crores)
2020-21	16.13	16.13
2021-22	185.27	68.07
2022-23	167.60	59.38
2023-24	120.49	53.73

Financial Year	Interest not provided by CDEL and its subsidiaries (Rs. in crores)				Interest not provided by CDEL (Rs. in crores)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2020-21	-	-	-	16.13	-	-	-	-
2021-22	6.30	6.36	67.32	111.35	-	-	51.94	16.43
2022-23	42.31	43.31	43.54	39.96	15.08	15.09	15.09	14.71
2023-24	38.30	35.26	31.23	18.19	14.15	14.06	13.13	12.39
2024-25	14.59	14.28			12.98	13.12		

14.2 From the table above, I note that a total of Rs 489.49 crores of interest amount was not accounted by Noticee 1 and its subsidiaries and in this regard its submission that it was under negotiation with the lenders, and was optimistic of conclusion of the settlement with them ultimately leading to waiver of interest with most of them, I note that Indian Accounting Standard (Ind AS) 1, 23, 32 and 109, which governs the treatment of financial instruments, provides clear guidance on recognizing and derecognizing financial liabilities. Key provisions of these Ind AS relevant to the instant case are given below:

Ind AS 1: Presentation of Financial Statements

Paragraph 27: An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.

Paragraph 82: In addition to items required by other Ind ASs, the profit or loss section of the statement of profit and loss shall include line items that present the following amounts for the period:

(b) finance costs;

Ind AS 23: Borrowings Costs

Paragraph 8: An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognise other borrowing costs as an expense in the period in which it incurs them.

Ind AS 32 : Financial Instruments: Presentation

Paragraph 11: A financial liability is any liability that is:

(a) a contractual obligation:

(i) to deliver cash or another financial asset to another entity;

Paragraph 35: Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss.

Ind AS 109: Financial Instruments

Paragraph 3.3.1: An entity shall remove a financial liability (or a part of a financial liability) from its balance sheet when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires.

Paragraph B3.3.1 A financial liability (or part of it) is extinguished when the debtor either:

(a) discharges the liability (or part of it) by paying the creditor, normally with cash, other financial assets, goods or services; or

(b) is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor. (If the debtor has given a guarantee this condition may still be met.)

14.3 Further, I note that the National Financial Reporting Authority (NFRA), in its circular dated October 20, 2022 on the subject Non-Accrual of interest on borrowings by the companies in violation of Indian Accounting Standards circular clarified the following:

- b. *A listed company had discontinued accrual/ recognition of interest expense on its bank borrowings, which had been reportedly classified as Non-Performing Asset (NPA) by the lender banks and for which the company was negotiating One Time Settlement with the banks. This accounting treatment was in contravention of the provisions of applicable accounting standard, as these borrowings as well the interest payable thereon continued to be the financial liabilities of the company and were required to be accounted for as amortized cost in accordance with the requirements of Indian Accounting Standard (Ind AS) 109, Financial Instruments.*
- c. *The company's discontinuation of the recognition of accrual of interest while calculating the amortized cost of the borrowings was in violation of Effective Interest Method (EIM) and Effective Interest Rate (EIR) principles and concepts underpinning the Amortised Cost measurement.*

- d. *It is pertinent to bear in mind the prudent and stringent principles of Ind AS 109 for derecognition of any financial liability or part of it. Para 3.3.1 of Ind AS 109 explicitly requires that financial liability shall be removed from the Balance Sheet when, and only when, it is extinguished. Para B3.3.1 further states that a financial liability is extinguished only when the borrower is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor.*
- e. *Simply discontinuing interest expense accrual, that too unilaterally by the borrower company, is non-compliance with these specific prescriptions of Ind AS 109 resulting in erroneous measurement and presentation of Amortised Cost of a financial liability and the related interest expense in the Balance Sheet and Statement of Profit and Loss, respectively.*
- f. *Discontinuation of interest expense recognition on financial liability solely based on the borrowing company's expectations of loan/interest waiver/concession without evidence of the legally enforceable contractual documents results in major non-compliance with the applicable accounting standards, compliance with which is mandated by the Act.*
- g. *All companies which are required to follow Ind AS and their audit committees were advised not to discontinue recognition of the principal or interest merely because of the borrowings being declared NPA or the Management's expectation of a likely settlement with or without concessions from the banks.*

14.4 Thus, I note from the contents of the NFRA circular mentioned above that the NFRA did not introduce any new compliance requirements or modify existing Ind AS provisions. Instead, it reiterated the correct application of the accounting standards already in place. i.e. provided an interpretation of the extant accounting standards. Further, I note that this clarification was intended to ensure that companies do not deviate from established accounting practices under the guise of management judgments or expectations.

14.5 Further, I note that the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) in response to query raised by SEBI had replied vide email dated June 06, 2018, that as per the requirements of Ind AS 109 (which deals with recognition, measurement and de-recognition of financial

liability), a company can remove a financial liability from its balance sheet when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. The EAC also stated that a company cannot avoid its contractual liability in respect of interest payable on credit facilities availed by it, on the pretext that the same has not been recognised as income by the banks as whether the lenders recognise the same as income or not is of no consequence as far as borrower company is concerned. Further, till the ongoing settlement process is not finalised, liability of the company is not extinguished. In this regard, I note that the Ministry of Corporate affairs (MCA) vide its letter dated October 14, 2019 conveyed its agreement to EAC's reply.

14.6 Thus, I note that despite the NFRA's explicit guidance, Noticee 1's approach remained inconsistent with Ind AS requirements even after the circular had specifically warned against discontinuing interest recognition based on anticipated settlements without legal evidence of liability extinguishment. Thus, I do not find any merits in submission of the Noticee 1.

14.7 With respect to the submission of Noticee 1 that any provision/ recognition of interest in the financial statements would have been misleading and had affected the true and fair view of the actual financial position of Noticee 1 and the same would not have been in consonance with the regulatory intent, I note that non-recognition of interest on borrowings in anticipation of a settlement of the loans was misleading for the reason that if the anticipated settlement did not materialize, Noticee 1 would be required to recognize the entire interest that was not recorded in previous years in the year when the settlement fails. This would distort the financial statements by artificially suppressing expenses in earlier periods and inflating them in a later period, leading to a misleading representation of its financial health and performance. Recognizing interest as per the accrual concept in the years to which it pertains ensures that financial statements, with adequate explanation, if required and as may deem fit, reflect the true financial position and provide a fair view to stakeholders.

14.8 Further, I note that paragraph 15 of Ind AS -1 on presentation of financial statements provides that financial statements shall present a true and fair view of the financial position, financial performance and cash flows of an entity.

Presentation of true and fair view requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the framework. The application of Ind AS, with additional disclosure when necessary, is presumed to result in financial statements that present a true and fair view. Further, Regulations 4(1)(a) & (b), 4(2)(e), 33(1)(c), & 48 of LODR Regulations also require companies to comply with accounting standards, which Noticee 1 failed to do by not accounting for the interest expenses during the IP. Thus, submission of Noticee 1 is devoid of merits.

14.9 As regards submission of the Noticee 1 that it had disclosed in annual reports and in the quarterly results published to the stock exchanges, of having not accounted the interest expenses in the preparation and presentation of standalone as well as consolidated financial statements and quarterly financial results, I refer to the paragraph 18 of Ind AS-1, which reads as mentioned below:

An entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material.

14.10 Thus, I note that merely making the disclosure of non-compliances in the financial statements did not absolve Noticee 1 of the non-compliances with respect to the provisions of the extant accounting standards. Also, I note that Regulation 34(3) of LODR Regulations specifies that the annual report should contain any other disclosures specified in the Companies Act, 2013 along with other requirements as specified in Schedule V of the regulations. One of the disclosures specified in the said schedule deals with disclosure of accounting treatment. As per the same, where in the preparation of financial statements, a treatment different from that prescribed in an accounting standard has been followed, the fact is required to be disclosed in the financial statements, together with the management's explanation as to why it believed such alternative treatment was more representative of the true and fair view of the underlying business transaction. Similarly, I note that the Section 129(5) of the Companies Act 2013 provides- where the financial statements of a company do not comply with the accounting standards referred to in Section 129(1), the company should disclose in its financial statements, the deviation from the accounting standards, the reasons

for such deviation and the financial effects, if any, arising out of such deviation, which Noticee 1 failed to do. Thus, submission of the Noticee 1 is bereft of merits.

14.11 Additionally, I note that the paragraphs 19 & 20 of Ind AS-1 provide that in the extremely rare circumstances in which management concludes that compliance with a requirement in an Ind AS would be so misleading that it would conflict with the objective of financial statements, the entity shall depart from that requirement by disclosing the following:

(a) that management has concluded that the financial statements present a true and fair view of the entity's financial position, financial performance and cash flows;

(b) that it has complied with applicable Ind ASs, except that it has departed from a particular requirement to present a true and fair view;

(c) the title of the Ind AS from which the entity has departed, the nature of the departure, including the treatment that the Ind AS would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Framework, and the treatment adopted; and

(d) for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.

14.12 Further, as regards submission of Noticee 1 that it had made detailed disclosures pertaining to non-recognition of interest in every quarter and in the year-end financial results of standalone as well as consolidated financial, and such detailed disclosures contained the particulars of the lender, the nature of the borrowing, amount as well as the terms and conditions of the same, the reason for not recognising interest and the quantum of interest was also elaborated in the annual financial statements, I note that paragraph 21 of Ind AS-1 provides that when an entity has departed from a requirement of an Ind AS in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, it is required to make the disclosures set out in paragraph 20(c) and (d). However, in the instant case, Noticee 1 made a mention of not providing interest on certain loans including the quantum thereof in its financial statements, whereas, the disclosure requirements mandated by LODR Regulations, the Companies Act 2013, and the specific detailed disclosures as required under Ind AS-1 were not complied because of the following reasons:

- a) Management's explanation as to why it believed such alternative treatment was more representative of the true and fair view as required under Regulation 34(3) of LODR Regulations, was not included.
- b) reasons for such deviations as required u/s 129(5) i.e., the deviation from the accounting standards and the reasons for such deviation was not included.
- c) Loan restructuring and interest waiver negotiations are normal business events and Noticee 1 had not explained how they qualified to be extremely rare circumstances under Ind AS-1. Further, Noticee 1 had also not met the disclosures required under the said Ind AS in case of departure.

14.13 Hence, the disclosures made by Noticee 1 were not in line as were required to be made in terms of the provisions discussed above. Thus, submission of Noticee 1 is devoid of merits.

14.14 With respect to the submission of Noticee 1 that in the Annual General Meetings, where financial statements were placed, the non-recognition of interest along with the quantum were approved by its shareholders and thus, the same was in compliance with the provisions of Ind AS, LODR Regulations and Companies Act, I note that the shareholder approval did not override mandatory accounting standards, which were required to be followed by Noticee 1, which it did not follow. Further, I note that the Companies Act & LODR Regulations require listed companies to follow Ind AS when preparing financial statements, and shareholder consent cannot be used to justify the non-compliances. The fact that shareholders approved the accounts did not absolve Noticee 1 of its obligation to correctly apply Ind AS 109, which as brought out in the preceding paras above, Noticee 1 failed to do. Thus, submission of Noticee 1 appears to be an afterthought in a bid to escape the allegations levelled against it.

14.15 At this juncture, I would like to reply upon the judgement of Hon'ble Supreme Court in civil appeal no. 6071 of 2023 in the matter of **Independent Sugar Corporation Ltd Vs Girish Sriram Juneja & Ors**, wherein Apex court held as mentioned below:

"52 In the present interpretive exercise, one also needs to be mindful of the legal principle which says that where a statute requires one to do a certain thing in a certain manner, it must be done in that particular manner or not done at all. For this proposition,

it would be relevant to extract the following from the judgment in A. R. Antulay v. Ramdas Srinivas Nayak

“22..... It is unnecessary to refer to the long line of decisions commencing from Taylor v. Taylor [(1876) 1 Ch D 426]; Nazir Ahmad v. King-Emperor [AIR 1936 PC 253 (2) : 63 IA 372 : (1936) 37 Cri LJ 897] and ending with Chettiam Veetil Ammadv. Taluk Land Board [(1980) 1 SCC 499 : AIR 1979 SC 1573 : (1979) 3 SCR 839], laying down hitherto uncontroverted legal principle that where a statute requires to do a certain thing in a certain way, the thing must be done in that way or not at all. Other methods of performance are necessarily forbidden.”

14.16 Thus, from the above judgement, I note that the Noticee 1 was under obligation to make the disclosure in the manner required as per the extant provisions and not as per its own interpretations of law, which it misinterpreted and ultimately not accounted for the interest expenses during the IP

14.17 Therefore, in view of the aforementioned failure to adhere to the requirements of Ind AS in the preparation and presentation of its financial statements; and, the failure to fulfil the disclosure obligations regarding its decision to deviate from compliance, it stands established that Noticee 1 has violated regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e)(i), 33(1)(c), 34(3) r/w Clause B(2) of Schedule V & 48 of LODR regulations.

15 Findings with respect to the roles of Directors and KMPs (Noticees 2-10)

15.1 With respect to the submissions of Noticee 2-10 and violations in respect of Noticee 1 already established above, I find pertinent to tabulate the relevant details of the Directors and KMPs during the financial years 2020-21 to November 14, 2024, when the financial results for the quarter ending September 30, 2024 was approved on November 14, 2024. The same is as follows:

Name	Designation	Appointed on	Cessation date
Malavika Hegde	Non Executive Director till 07/12/2020 After 07/12/2020 WTD & CEO	20/06/2008	-
S V Ranganath	Independent Director and Interim Chairman	09/01/2015	-
C.H.Vasundhara Devi	Independent Director	07/12/2020	-
K R Mohan	Independent Director	07/12/2020	-
I R Ravish	Non Executive Director	12/11/2021	-

Name	Designation	Appointed on	Cessation date
Giri Devnur	Independent Director	07/12/2020	03/10/2024
Albert Hieronimus	Independent Director	09/01/2015	30/06/2021
Ram Mohan	CFO	09/01/2015	-
Sadananda Poojary	Company Secretary	01/04/2014	-

15.2 Further, attendance of Audit Committee members at the meetings of Audit Committee where the quarterly financial results for quarters ending March 31, 2021 to September 30, 2024 as well as the annual financial statements for the financial years 2020-21, 2021-22, 2022-23 & 2023-24 were approved are as follows:

S.No	Name of the Director	Designation	Q1	Q2	Q3	Q4	Annual Financial Statements
	Financial Year	2020-2021				30/06/2021	30/06/2021
1	Malavika Hegde	Member				Attended	Attended
2	S V Ranganath	Member				Attended	Attended
3	Albert Hieronimus	Member				Attended	Attended
4	K R Mohan	Chairman				Attended	Attended
	Financial Year	2021-2022	12/08/2021	12/11/2021	14/02/2022	30/05/2022	30/05/2022
1	Malavika Hegde	Member	Attended	Attended	Attended	Attended	Attended
2	S V Ranganath	Member	Attended	Attended	Attended	Attended	Attended
3	K R Mohan	Chairman	Attended	Attended	Attended	Attended	Attended
	Financial Year	2022-2023	12/08/2022	10/11/2022	11/02/2023	30/05/2023	30/05/2023
1	Malavika Hegde	Member	Attended	Attended	Attended	Attended	Attended
2	S V Ranganath	Member	Attended	Attended	Attended	Attended	Attended
3	K R Mohan	Chairman	Attended	Attended	Attended	Attended	Attended
	Financial Year	2023-2024	14/08/2023	09/11/2023	13/02/2024	24/05/2024	24/05/2024
1	Malavika Hegde	Member	Attended	Attended	Attended	Attended	Attended
2	S V Ranganath	Member	Attended	Attended	Attended	Attended	Attended
3	K R Mohan	Chairman	Attended	Attended	Attended	Attended	Attended
	Financial Year	2024-2025	14/08/2024	14/11/2024			
1	Malavika Hegde	Member	Attended	Attended			
2	S V Ranganath	Member	Attended	Attended			
3	K R Mohan	Chairman	Attended	Attended			

15.3 Attendance of Board of Directors at the meetings where the quarterly financial results for quarters ending March 31, 2021 to September 30, 2024 as well as the annual financial statements for the financial years 2020-21, 2021-22, 2022-23 & 2023-24 were approved are as follows:

S.No	Name of the Director	Q1	Q2	Q3	Q4	Annual Financial Statements
Financial Year:2020-2021					30/06/2021	30/06/2021
1	Malavika Hegde				Attended	Attended
2	S V Ranganath				Attended	Attended
3	Albert Hieronimus				Attended	Attended
4	K R Mohan				Attended	Attended
5	Giri Devnur				Attended	Attended
6	C.H.Vasundhara Devi				Attended	Attended
Financial Year:2021-2022		12/08/2021	12/11/2021	14/02/2022	30/05/2022	30/05/2022
1	Malavika Hegde	Attended	Attended	Attended	Attended	Attended
2	S V Ranganath	Attended	Attended	Attended	Attended	Attended
3	K R Mohan	Attended	Attended	Attended	Attended	Attended
4	Giri Devnur	Attended	Attended	Attended	Attended	Attended
5	C.H.Vasundhara Devi	Not Attended	Attended	Attended	Attended	Attended
6	I R Ravish	NA	NA	Attended	Attended	Attended
Financial Year:2022-2023		12/08/2022	10/11/2022	11/02/2023	30/05/2023	30/05/2023
1	Malavika Hegde	Attended	Attended	Attended	Attended	Attended
2	S V Ranganath	Attended	Attended	Attended	Attended	Attended
3	K R Mohan	Attended	Attended	Attended	Attended	Attended
4	Giri Devnur	Attended	Attended	Attended	Attended	Attended
5	C.H.Vasundhara Devi	Attended	Attended	Attended	Attended	Attended
6	I R Ravish	Attended	Attended	Attended	Attended	Attended
Financial Year:2023-2024		14/08/2023	09/11/2023	13/02/2024	24/05/2024	24/05/2024
1	Malavika Hegde	Attended	Attended	Attended	Attended	Attended
2	S V Ranganath	Attended	Attended	Attended	Attended	Attended
3	K R Mohan	Attended	Attended	Attended	Attended	Attended
4	Giri Devnur	Attended	Not Attended	Not Attended	Attended	Attended
5	C.H.Vasundhara Devi	Attended	Not Attended	Attended	Attended	Attended
6	I R Ravish	Attended	Attended	Attended	Attended	Attended
Financial Year:2024-2025		14/08/2024	14/11/2024			
1	Malavika Hegde	Attended	Attended			
2	S V Ranganath	Attended	Attended			
3	K R Mohan	Attended	Attended			
4	Giri Devnur	Attended	NA			
5	C.H.Vasundhara Devi	Not Attended	Attended			
6	I R Ravish	Attended	Attended			

15.4 Further, the details of signatories to the quarterly results for quarters ending March 31, 2021 to September 30, 2024, annual financial statements and CEO/CFO Certification are tabulated below:

Name of the Signatory	Designation	Quarterly Financial Results				Annual Financial Statements	CEO/CFO certification
		Q1	Q2	Q3	Q4		
Financial year 2020-21							
S V Ranganath	Independent Director and Interim Chairman					Yes	
Malavika Hegde	WTD & CEO					Yes	Yes
Sadananda Poojary	Company Secretary					Yes	
Ram Mohan	CFO					Yes	Yes
Financial year 2021-22							
S V Ranganath	Independent Director and Interim Chairman	Yes	Yes	Yes	Yes	Yes	
Malavika Hegde	WTD & CEO					Yes	Yes
Sadananda Poojary	Company Secretary					Yes	
Ram Mohan	CFO					Yes	Yes
Financial year 2022-23							
S V Ranganath	Independent Director and Interim Chairman	Yes	Yes	Yes	Yes	Yes	
Malavika Hegde	WTD & CEO					Yes	Yes
Sadananda Poojary	Company Secretary					Yes	
Ram Mohan	CFO					Yes	Yes
Financial year 2023-24							
S V Ranganath	Independent Director and Interim Chairman	Yes	Yes	Yes	Yes	Yes	
Malavika Hegde	WTD & CEO					Yes	Yes
Sadananda Poojary	Company Secretary					Yes	
Ram Mohan	CFO					Yes	Yes
Financial year 2024-25							
S V Ranganath	Independent Director and Interim Chairman	Yes	Yes				

15.5 Thus, from the above tables, I note that the Noticee 2 was associated with Noticee 1 since 2008 as Non-Executive Director (NED) till December 07, 2020 and served in the rank of WTD and CEO after December 07, 2020. Further, I note that Noticee 3 was appointed as the Independent Director (ID) and Interim Chairman since 2015, Noticee 4 as ID since 2020, Noticee 5 was associated with Noticee 1 as ID from 2015 to 2021. Noticee 6 was appointed as ID in 2020 and Noticee 7 as NED in 2021. Similarly, I note that Noticee 8 was associated from 2020 to 2024 as ID, Noticee 9 was CFO from 2015 and Noticee 10 as CS since 2014. Further, I note from the above that Noticee 2, 3, 4, 6, 7 and 8 had been the signatories to the annual financial statements of Noticee 1 from FYs 2021-2022, 2022-2023, 2023-2024. And that Noticee 2,3,4,5,6, and 8 were the signatories to the said statements

in the FY 2020-2021, i.e. Noticee 5 was only associated with Noticee 1 for a brief period, which also shows that Noticee 7 was not associated with Noticee 1 in the FY 2020-2021. With this background, I now proceed to deal with their submissions.

15.6 As regards submission of Noticee 2-10 that Noticee 1 had disclosed the non-recognition of interest in explanatory notes and financial statements, and had fulfilled its obligation under the law, I note that the explanation provided by them for not recognizing interest expenses from April 2021 to September 2024, did not meet the strict criteria for departure from standard accounting practices for the reasons already dealt with in detail in the pre-paras above. Further, I note that Ind AS 1, paragraphs 19 and 20, allow for a departure from accounting standards if adhering to them would result in misleading financial statements. However, Ind AS 1 does not allow departures from the recognition of financial liabilities unless there is an *"extremely rare circumstance"* that justifies it. I note that Ind AS 1 and Paragraph 18, explicitly provide that an entity cannot rectify inappropriate accounting policies merely through disclosure. Thus, even if the Noticee 1 had fully disclosed its non-recognition of interest, the same did not absolve it of the requirement to follow Ind AS 109.

15.7 Furthermore, Ind AS 1 and Paragraph 19, provide that departure from an accounting standard is only permissible in situations where compliance would be so misleading that it conflicts with the fundamental objectives of financial reporting. Also Ind AS 1 and Paragraph 20, specify that such departures must be accompanied by justification of why the standard was not followed and an explanation of the financial impact. However, I note that in the instant case, neither the Noticee 1 had expressly stated in its financial statements nor the Noticee 2-10 have demonstrated in their replies that recognizing interest would be misleading. In fact, the opposite is true as failure to recognize interest misrepresented Noticee 1's financial position. Thus, from the above, I note that submission of Noticee 2-10 is bereft of merits.

Role of Noticee 2-10

15.8 I note that Noticee 1 being a legal entity acted through the human mind represented by the Board of Directors, viz Noticee 2-10, who were responsible for

all the acts of omission and commission by the Noticee 1. The directors are expected to take utmost care in dealing with the affairs of the Company and to ensure that all applicable laws are being complied with. It is the duty and responsibility of the directors to ensure that proper systems and controls are in place for financial reporting and monitor the efficacy of such systems and controls. The directors of the listed companies have greater responsibility as they have access to inside information such as the financial position of the company, annual accounts, etc., and they take major decisions on behalf of the company, which affects the investors. Further, in terms of extant provisions of LODR Regulations, the Board of Directors are required to conduct themselves so as to meet the expectations of operational transparency, and also ensure the integrity of the listed company's accounting and financial systems, they are also required to monitor the effectiveness of the listed entity's governance practices and make changes as needed and exercise objective independent judgement on corporate affairs. In this regard, I find pertinent to refer to the provisions of Section 27 of the SEBI Act, which casts responsibility on the Directors. The same reads as below:

Section 27 of the SEBI Act

(1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly: Provided that nothing contained in this subsection shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

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

Explanation : For the purposes of this section,—

(a) —company means anybody corporate and includes a firm or other association of individuals; and

(b) —director, in relation to a firm, means a partner in the firm.

15.9 Further, Section 27(2) of SEBI Act stipulates that -

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

15.10 In this respect, I also note that the Hon'ble Supreme Court, in the matter of **N Narayanan v. Adjudicating Officer, SEBI** (Civil Appeals No. 4112-4113 of 2013) has observed as under:

*"33. Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. This Court while describing what is the duty of a Director of a company held in **Official Liquidator v. P.A. Tendolkar (1973) 1 SCC 602** that a Director may be shown to be placed and to have been so closely and so long associated personally with the management of the company that he will be deemed to be not merely cognizant of but liable for fraud in the conduct of business of the company even though no specific act of dishonesty is provided against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the company even superficially."*

15.11 I note that Noticee 2 being a WTD and CEO along with being the Audit Committee member was a KMP of Noticee 1, in terms of the provisions of Section 2(51) of the Companies Act, 2013 and was disclosed as such in the annual reports of Noticee 1. Further, I note that she was responsible for day to day management of Noticee 1 and was a signatory to the financial statements for the entire IP, and being a WTD and CEO of Noticee 1, she had also provided CEO certification with respect to financial statements for the IP, stating that the financial statements were true and fair. In addition to the aforementioned, I note that in any company, the directors have a duty and responsibility to ensure that proper systems and controls are in place for financial reporting and to monitor the efficacy of such systems and controls. They are the persons who take all decisions on behalf of the company, which Noticee 2 in the instant case failed to do. Thus, this shows that being a WTD and CEO of the Noticee 1, she failed to ensure integrity of Noticee 1's accounting and financial reporting systems, and oversee the disclosure and communication process. Thus, submission of Noticee 2 is untenable.

15.12 In view of the above, it stands established the Noticee 2 has violated Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e)(i), 33(1)(c), 34(3) r/w Clause B(2) of Schedule V & 48 of LODR Regulations r/w Section 27(1) of SEBI Act.

15.13 Further, in view of the above provisions and judgement of the Hon'ble Apex Court, I note that the submission of Noticee 2-10 is bereft of merits as they being responsible for the non-compliances by Noticee 1, and the said non-compliances occurred with the knowledge of the entire board, attributable through processes of Board of Directors, and with explicit consent of all the Directors and they also failed on their part to ensure integrity of Noticee 1's accounting and financial reporting systems, and oversee the disclosure and communication process.

15.14 As regards submission of Noticee 5 that he had resigned from the board of Noticee 1 on June 30, 2021, and was not involved or aware of the decisions taken by Noticee 1, I note that neither Noticee 1 nor Noticee 5 have provided any resignation letter from Noticee 5. Further, I note from the material available on record that Noticee 5 had attended the meeting of the Board of Directors and Audit committee meeting for the quarter ended on June 30, 2021. Thus, even though, he had resigned from Noticee 1, he was present in the Board meeting and Audit committee meeting as mentioned above. Therefore, submission of Noticee 5 that he was not involved in decision making of Noticee 1 is bereft of merits.

15.15 In view of the foregoing, it stands established that Noticee 3-8 have violated Regulations 4(1)(a), (b), (c), (d) (e), (g), (h), (i), (j), 4(2)(e)(i), 33(1)(c), 34(3) r/w Clause B(2) of Schedule V & 48 of LODR Regulations r/w Section 27(2) of SEBI Act and Noticee 2-8 have violated Regulations 4(2)(f)(ii)(7) & (8) of LODR Regulations.

Role of Audit Committee Members

15.16 As regards submission of the Audit Committee members i.e. Noticee 2-5 that they have not violated the provisions of LODR Regulations, I note from the table at para 15.2 above that Noticee 2 and 3 were Members and Noticee 4 was the Chairman of the Audit Committee for the FYs 2020-21, 21-22, 22-23 and 23-24 and they had attended all the meetings during the IP. Further, I note that Noticee 5 was a member of the Audit committee and had attended only 1 audit committee

meeting for the quarter ended on 30/06/2021, also mentioned in the pre-paras above.

15.17 In addition to the aforementioned, I refer to Regulation 18(3) r/w Part C of Schedule II of the LODR Regulations, which provides that the audit committee's role includes overseeing the listed entity's financial reporting process and ensuring the accuracy, sufficiency, and credibility of financial disclosures. They are responsible for reviewing the annual financial statements and auditor's report before submission to board, focusing on changes in accounting policies and practices along with their rationale, major accounting entries requiring management's judgment, compliance with listing and legal requirements related to financial statements, and any modified opinions in the draft audit report. Additionally, the committee reviews the quarterly financial statements with management before submission to the board for approval.

15.18 I note that the Audit Committee members are expected to be independent of the management and act as gatekeepers/ trustees of shareholders. Commonly dissent and confrontation are perceived to be signs of independence. Audit Committee members have to look beyond what is presented by the management, raise questions without any fear or favour on the proposals placed before them, consider the impact of proposals from the perspective of minority investors and provide objective inputs and advice, wherever required, which in the instant case, Noticee 2-4 failed to do despite having attended the meetings as mentioned above. Thus, their submission is bereft of merits

15.19 Hence, I find that Noticee 2-5 being the audit committee members failed to discharge the roles relating to financial statements and financial reporting and therefore, it stands established that Noticee 2-5 have violated Regulation 18(3) r/w Part C of Schedule II of the LODR Regulations.

Role of Noticee 9 (CFO)

15.20 I note that Noticee 9 being a CFO of Noticee 1, was very well within the ambit of definition of KMPs of the Noticee 1 and was responsible for discharging its finance function. As per Regulation 17(8) of LODR Regulations r/w Part II of Schedule B of the said regulations, CFO of a Company, inter-alia, is responsible for establishing and maintaining internal controls for financial reporting,

evaluating the effectiveness of internal control systems pertaining to financial reporting, disclosure of deficiencies in the design or operation of such internal controls, if any and steps taken to rectify such deficiencies. Thus, CFO of a Company is responsible for overseeing the financial activities of an entire company including financial planning and monitoring cash flows. Further, the CFO has a duty to ensure that financial results of the company are prepared in a fair manner, in accordance with the prescribed standards of accounting and present a true and fair view of financial statements, which Noticee 9 failed to do in the instant case. Thus, submission of Noticee 9 is bereft of merits.

15.21 Therefore, in view of the above, it stands established that Noticee 9 has violated Regulations 4(1)(a), (b), 4(2)(e)(i), 33(1)(c), 34(3) r/w Clause B(2) of Schedule V & 48 of LODR Regulations r/w Section 27(2) of SEBI Act.

Role of Noticee 10 (Company Secretary and Compliance Officer)

15.22 I note that Noticee 10 was a Company Secretary and Compliance officer of Noticee 1 during the IP and had attended the board meetings where the quarterly financial results for quarters ending March 31, 2021 to September 30, 2024, as well as annual financial statements of Noticee 1 for the FYs 2020-21, 2021-22, 2022-23 and 2023-24 were approved. Further, I note the Noticee 10 being a compliance officer, was vested with the responsibility as mentioned under Regulation 6(2) of LODR Regulations.

15.23 Thus, from the above provisions, it is conspicuous that the Noticee 10 was vested with an immense responsibility of the compliance of the provisions of extant laws in force. As violations in respect of the Noticee 1 and Noticee 2-9 have already been established above, which shows that Noticee 10 failed in his duty.

15.24 As regards submission of Noticee 10 that he did not have a role in the preparation of the financial statements and his authentication on the annual financial statements for the F.Y. 2020-21 to F.Y. 2023-24 is on behalf of the Board of Directors as the Company Secretary (CS) and Compliance Officer(CO) of Noticee 1 and not in his personal capacity, I note that admittedly Noticee 10 had signed the financials in the capacity of CS and CO on behalf of Board of Directors, showing that he was aware of the fact that the Noticee 1 had not recognized the interest expense in the preparation of financials resulting into non-

compliance with the relevant accounting standards and subsequent failure in making disclosure in financial statements regarding departure with the accounting standards. Thus, even though he may not have had a role in the preparation of the financial statements, the fact that Noticee 10 signed the financials in the capacity of CS and CO on behalf of Board of Directors indicates that he is aware of the discrepancies and in terms of Regulation 6(2) of LODR Regulations should have brought it to the notice of Board of Directors, which he failed to do. Hence submission of Noticee 10 is untenable.

15.25 In view of the above, I note that Noticee 10 failed to ensure that Noticee 1 confirmed with the regulatory provisions applicable to it relating to the preparation and presentation of financial statements/ results in accordance with the applicable accounting standards. Thus, it stands established that Noticee 10 has violated Regulation 6(2) of LODR Regulations.

Issue No. II: If yes, does the violation, on the part of the Noticees would attract monetary penalty u/s 15HB of the SEBI Act?

16 The provision of Section 15HB of the SEBI Act reads as under:

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.

17 In view of the findings as given above, I am convinced that the Noticees are liable for monetary penalty u/s 15HB of the SEBI Act, for violations of the provisions of SEBI Act and LODR Regulations, as established above.

Issue No. III: If so, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act

18 While determining the quantum of penalty u/s 15HB of the SEBI Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act, r/w Rule 5(2) of the SEBI Adjudication Rules, which reads as under:

SEBI Act, 1992

Factors to be taken into account by the adjudicating officer

15J While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the 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.

19 The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticees and the loss, if any, suffered by the investors as a result of their failure. As regard to the repetitive nature of the default, I note that barring Noticee 1, which was penalized by SEBI in the past, vide order dated June 28, 2022, and January 24, 2023, none of the other Noticees had been penalized.

20 I note that securities market is based on free and open access to information, and that protection of the interests of the investors is the prime objective of SEBI. Bringing about true and fair picture of the financials is essential, whereas misrepresentation of financials in respect of the vital information of any company forfeits the purpose of dissemination of information to the investors and acts detrimental to the interest of the investors, thereby hampering their ability to take suitable informed investment decisions. The objective behind such requirement is that the investing public shall not be deprived of any vital information in respect of their investments in the securities market. If any person, who is required to oversee/present true and fair picture of financials of a company, and is not able to do so and engages in manipulating/misrepresenting (directly or indirectly) financials of a company then such person is depriving the investing public the statutory rights available to them, then SEBI is duty bound to ensure that the investing public are not deprived of any statutory rights available to them. Thus, in the present matter, the facts of the case clearly bring out the default made by the Noticees and their failure in fulfilling their responsibility endowed upon them by virtue of them being the members of the board, audit committee members, etc. Hence, I note that the Noticees have violated the relevant provisions of SEBI Act and LODR Regulations, as established above.

ORDER

21 Having considered all these facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act, and in exercise of power conferred upon me u/s 15-I of the SEBI Act, r/w Rule 5 of the SEBI Adjudication Rules, I hereby impose following penalty u/s 15HB of the SEBI Act, on the Noticees for violation of the aforementioned provisions of SEBI Act and LODR Regulations:

S.No	Noticee (PAN)	Penal Provisions	Penalty (Rs)	
1.	Coffee Day Enterprises Limited (AADCC3995L)	Section 15HB of the SEBI Act	Rs. 10,00,000 (Rupees Ten Lakhs Only)	
2.	Malavika Hegde (ABFPH9207C)		Rs. 5,00,000 (Rupees Five Lakhs Only) each on Noticee 2, 3 and 4	
3.	S V Ranganath (AAPPR8156D)			
4.	K R Mohan (AJJPK1049F)			
5.	Albert Hieronimus (ABIPH5990D)		Rs. 1,00,000 (Rupees One Lakh Only)	
6.	C.H.Vasundhara Devi (ABCPV8147N)		Rs. 3,00,000 (Rupees Three Lakhs Only) each on Noticee 6, 7 and 8	
7.	I R Ravish (AFMPR3820G)			
8.	Giri Devnur (ABGPD2472E)			
9.	Ram Mohan (AAXPR7822A)		Rs. 2,00,000 (Rupees Two Lakhs Only)	
10.	Sadananda Poojary (AAOPP0042R)		Rs. 1,00,000 (Rupees One Lakh Only)	

22 Noticees shall remit / pay the said amount of penalty within 45 days 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 AO -> PAY NOW.

In case of any difficulties in payment of penalties, Noticees may contact the support at portalhelp@sebi.gov.in.

- 23 The said confirmation of e-payment made should be sent to "The Division Chief, EFD-I DRA -IV, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051" and also to e-mail id:- tad@sebi.gov.in
- 24 In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.
- 25 In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to SEBI.

Date: March 02, 2026
Place: Mumbai

AMIT
KAPOOR

Digitally signed
by AMIT KAPOOR
Date: 2026.03.02
16:02:26 +05'30'

AMIT KAPOOR
ADJUDICATING OFFICER