



[ORDER/BS/CE/2026-27/32386]

**SECURITIES AND EXCHANGE BOARD OF INDIA
FINAL ORDER**

Under Sections 15-I of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995.

IN RESPECT OF:

NOTICEE	PAN
Arun Panchariya	AEVPP6125N

In the matter of GDR Issue by Winsome Yarns Ltd.

A. BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had passed an order dated October 29, 2020 (hereinafter referred to as “**SEBI Order dated October 29, 2020**”) against Arun Panchariya (hereinafter referred to as “**Noticee**”) in respect of Global Depository Receipts (GDRs) issued by Winsome Yarns Ltd. (hereinafter referred to as “**the Company/ Winsome Yarns**”). The SEBI Order had imposed a penalty of INR 25 Crore on the Noticee.
2. The Noticee challenged the Order of SEBI dated October 29, 2020 before the Hon’ble Securities Appellate Tribunal (hereinafter referred to as “**SAT**”) in Appeal No. 745 of 2021. Hon’ble SAT vide order dated November 29, 2023 (“**SAT Order dated November 29, 2023**”) partly allowed the appeal preferred by the Noticee by upholding the SEBI order in so far as it related to the first leg of the GDR transaction and remanded the matter to SEBI for passing a fresh order by re-examining the role of the Noticee in the second leg of the GDR transaction and decide on the quantum of fine to be imposed on the Noticee. The relevant excerpts from the said SAT order is reproduced below:



“ ...

35. *In view of the aforesaid, we are of the view that the finding of the AO with regard to the violation committed by the appellant in the first leg of the transaction does not suffer from any error of law and the same is affirmed by us for the reasons stated in the earlier part of our order. The connection of the appellant with the entities in the second leg of the transaction is not proved and the relevant documents have not been considered nor supplied to the appellant and, therefore, to that extent the impugned order cannot be sustained.*

36. *On account of the aforesaid, the imposition of penalty to the extent of Rs. 25 crore also cannot be sustained. We are also of the view that in view of the fact that the GDR proceeds eventually came back to the company, the finding that the Vintage acquired certain GDR free of cost cannot be sustained and, therefore, the question of quantum of penalty is required to be reconsidered.*

37. *In view of the aforesaid, the appeal is partly allowed. The impugned order in so far as it relates to the first leg of the transaction is affirmed. The impugned order relating to the second leg of the transaction is set aside. The matter is remitted to the AO to redecide the matter in the light of the observations made above after giving due opportunity of hearing and after supplying the necessary documents contained in annexure 29 to the show cause notice.*

...”

[Emphasis Supplied]

3. Pursuant to the directions of Hon'ble SAT, SEBI vide Adjudication Order dated May 07, 2024 (hereinafter referred to as “**SEBI Order dated May 07, 2024**”) observed that the Noticee was also involved in the second leg of GDR transaction and acted as conduit in defrauding Indian investors. Therefore, a penalty of INR 15 Crore was imposed on the Noticee.
4. The Noticee again challenged the said SEBI order dated May 07, 2024 before the Hon'ble SAT in Appeal No. 508 of 2024. Hon'ble SAT vide order dated December 10, 2025 (“**SAT Order dated December 10, 2025**”) again partly allowed the appeal preferred by the Noticee by upholding the SEBI order in so far as it related to the role of the Noticee in the second leg of the GDR transaction and remanded the matter to SEBI for passing a fresh order by recomputing the quantum of fine to be imposed on the Noticee. The relevant excerpts from the said SAT order is reproduced below:



“Shri Sandeep Wadhwan, learned advocate for the appellant submitted that the matter was remanded vide order dated November 29, 2023 in Appeal No. 745 of 2021. Thereafter, the AO has passed the present impugned order imposing a penalty of Rs. 15 Crore. He submitted that the GDR amount in this case is USD 13.24 million. Even in cases where the GDR amount is much higher, SEBI has imposed a lesser penalty. To support his contention, he cited following cases:

S. No	Cause List	Appeal No.	Scrip Name	GDR amount	SEBI Order date (AO/WTM)	Penalty Amount	Debarment Period	Date when debarment period will end	Disgorgement amount	Remarks
2	7	871 of 2023	Zenith Birla (India) Ltd.	USD 22.99 Million	26.07.2023 (AO)	2000000	NIL	NIL	NIL	Para 65, Appeal pg.100
7	10	869 of 203	Rainbow Papers Ltd.	USD 27.02 Million	26.07.2023 (AO)	20,00,000	NIL	NIL	NIL	
9	11	872 of 2023	Edserve Softsystems Ltd	USD 23.888 Million	26.07.2023 (AO)	20,00,000	NIL	NIL	NIL	

2. ...

3. Shri Sumit Rai, learned advocate for the SEBI submitted that the penalty has been imposed considering various aspects and there cannot be a straight jacket formula. We have considered similar cases and three cases cited by Shri Wadhwan were also considered in Appeal No. 21 of 2023 decided on October 15, 2025. We note that where the GDR's are more than USD 20 million, the penalty imposed is Rs. 20 Lakh. At the first instance, SEBI had imposed a penalty of Rs. 25 Crore and after first remand by the present impugned order it is reduced to Rs. 15 Crore. Considering the aforementioned cases, in our opinion, the matter requires a second look by the SEBI in the light of the various orders passed by this Tribunal.

3. Accordingly, this appeal is allowed. The matter is remitted to the SEBI for re-computation of the quantum of penalty. The remaining portion of the impugned order remains undisturbed.

...”

[Emphasis supplied]

5. As per the directions of Hon'ble SAT, Notice of Hearing dated January 29, 2026 was sent to the Noticee and his Authorized Representative (“AR”) affording an opportunity of personal hearing on February 11, 2026 and to submit written submissions, if any. The AR of the Noticee vide email dated February 04, 2026 submitted his reply and the Noticee availed the opportunity of personal hearing through his AR on February 11, 2026. On the date of hearing, the AR reiterated the earlier submissions. The AR was also advised to submit additional written



submissions addressing the issue as to why the instant case may not be distinguished from the Winsome Textiles Ltd., as in the instant case SEBI has noted in its earlier order dated May 07, 2024 that the Noticee benefitted from the fraudulent scheme and was also involved in the second leg of the GDR transaction.

6. The Noticee vide email dated February 22, 2026 submitted his additional submissions and also requested for another opportunity of hearing. The said request was acceded to and another opportunity of hearing was granted on March 11, 2026 which was availed by the Noticee. The Noticee reiterated its submissions made vide letter dated February 22, 2026 and also contended that the Noticee was not involved in the second leg of the GDR transaction.
7. The contentions raised in the Noticee's written submissions and during the personal hearings are summarized below:
 - a. The Noticee submitted that the Adjudicating Officer ("**AO**") did not take into consideration the earlier order dated November 29, 2023 of Hon'ble SAT wherein the tribunal had categorically held that the Appellant had no connection with Aspire Emerging Fund (**ASPIRE**) or Highblue Sky Emerging Market Fund (**HSEMF**) etc. and passed the order dated May 08, 2024 imposing a penalty of INR 15 Crore.
 - b. The Noticee submitted that the instant case is squarely covered by the order of Hon'ble SAT dated September 13, 2023 (rendered in various appeals viz. Appeal Nos. 348 of 2022, 251 of 2022, 342 of 2022, 343 of 2022 and 345 of 2022) with regard to the SEBI Order dated December 15, 2021 wherein it was held that Noticee's involvement is limited to the first leg of the GDR transaction and not connected to the fraud committed in the second leg of the GDR transaction.
 - c. The Noticee submitted that SEBI has imposed excessive quantum of penalty on him and completely ignored the doctrine of proportionality. He submitted that similar entities who are alleged to have been similarly involved have been charged with



lower penalties and different penalties have been imposed by SEBI for similar/identical offences.

d. The Noticee submitted that despite holding that the Noticee, the issuer company as well as its directors had acted in connivance and indulged in fraudulent transactions, excessive penalty was imposed on him only. Therefore, the Noticee argued that SEBI failed to maintain proportionality in imposition of penalty.

e. The Noticee has relied on the order of Hon'ble SAT dated July 19, 2023 in Appeal No. 716 of 2021 which was rendered in the present matter of Winsome Yarns Limited and submitted that the penalty imposed against the Company and the Directors have been reduced to INR 25 Lakhs and INR 10 Lakhs respectively.

f. The Noticee has also relied on various other orders of Hon'ble SAT (order dated September 13, 2023 in Appeal No. 348 of 2022 and order dated February 21, 2023 in Appeal No. 554 of 2021) wherein the penalty imposed on the companies as well its directors have been reduced significantly.

g. The Noticee also referred to SEBI orders in various other matters pertaining to issue of GDR and submitted that SEBI has imposed much lesser penalties for similar/identical offence with respect to GDR issues and different entities involving larger or almost equal sizes of the GDRs. In view of the same, the Noticee argued that the penalty imposed in the instant case is disproportionately high and arbitrary.

h. The Noticee submitted that it has been repeatedly held by the Hon'ble SAT in several cases that the Noticee is not involved with the entities of second leg of transaction and there is no iota of evidence to connect Noticee with the said entities.

i. The Noticee submitted that Hon'ble SAT vide order dated September 13, 2023 (*passed in Appeal No.348 of 2022 and Appeal No.251 of 2022 filed by Winsome Textiles and Aspire Emerging Fund respectively*) has already held that Aspire Emerging Fund and Highblue Sky Emerging Fund had no connection with the Noticee.



j. The Noticee submitted that Hon'ble SAT vide order dated November 29, 2023 (passed in the present matter) had clearly set aside the findings with respect to the involvement of the Noticee in the second leg of the transaction and the AO vide its order dated May 07, 2024 committed an error in law by holding that the Noticee was involved in the second leg of the transaction.

k. The Noticee submitted that the AO order reducing the penalty from INR 25 Crore to INR 15 Crore is not leading to any conclusion as money flow has not been established and the exact flow of money from sub-accounts to the Noticee is not fully elucidated in the order.

l. The Noticee relied on the SEBI order dated February 05, 2026 in the matter of Winsome Textiles Ltd. and submitted that the instant case being similar in nature and facts, is squarely applicable to the present case. He therefore prayed that the penalty to be imposed in the present case may be reduced on the same lines to Rs. 20 Lakhs in the instant case also.

m. The Noticee further alleged bias in preparation of the investigation report and prayed for the penalty to be dropped and set aside.

B. CONSIDERATION OF ISSUES AND FINDINGS

8. I have perused the reply of the Noticee and other material available on record. It is pertinent to mention that as per the order of Hon'ble SAT dated December 10, 2025, the limited issue which I am directed to address is the quantum of penalty to be levied on the Noticee.

9. Before advertng to the said issues, it is essential to make a brief reference to the SEBI orders arising out of the matter pertaining to GDR issue by Winsome Yarns Limited and the related litigation before Hon'ble SAT prior to the passing of the impugned SEBI order dated May 07, 2024.



I. SEBI ORDER DATED OCTOBER 26, 2021

10. The Whole-Time Member (WTM) SEBI vide order dated October 26, 2021 had *inter-alia* passed various directions against the Noticee, Winsome Yarns and its directors etc. SEBI's order held that the Noticee had connived with the Company to structure the fraudulent issue of GDRs wherein the shareholder of Winsome Yarns suffered a loss to the tune of USD 6.05 million. Therefore, the Noticee was also directed to jointly disgorge the illegal gains made by way of sale of equity shares (after conversion of GDRs) of Winsome along with interest.
11. The Noticee had challenged the said order before the Hon'ble SAT vide Appeal No. 206 of 2024. Hon'ble SAT vide order dated December 10, 2025 allowed the appeal and set aside the disgorgement directions issued against the Noticee. The relevant excerpt from the said order are reproduced below:

“ ...

2. Shri Sumit Rai, learned advocate for the SEBI submitted that there is a delay of 778 days in approaching this Tribunal. To a pointed query, as to whether on facts and principle of law the matter is covered by the decision of this Tribunal in Appeal No. 21 of 2023, he fairly answered in the affirmative.

3. We have perused the application for condonation of delay and also considered the merits of the matter. In view of the admitted position that this appeal also involves disgorgement based on the second leg of the transaction which has not been proved and which is in line with the consistent view taken by this Tribunal in some cases, the delay in filing this appeal is condoned. The disgorgement direction in Paragraph No. 58(g) is set aside. The remaining portion of the impugned order shall remain undisturbed.

...”

[Emphasis supplied]

12. It is relevant to note that Appeal No. 21 of 2023 which was referred to by the Hon'ble SAT in the aforesaid order December 10, 2025 was preferred by the Noticee in the matter of GDR issue by Winsome Textile Industries Limited. The Hon'ble SAT vide order dated October 15, 2025 held that the Noticee was involved only in the first stage of the GDR scheme and was not connected with the second stage of the GDR



issue which involved conversion of GDR into shares and selling it in the Indian market. The relevant excerpt of the said order is reproduced below:

“...

13. *There are three directions against the appellant. First is restraining the appellant from accessing the securities market for three years and it has worked for itself. The second is to disgorge a sum of Rs.1.11 Crores. Shri Wadhawan is right in his submission that this Tribunal, while considering the appeal against the impugned order challenged by the Company has held thus:*

“23. The above clearly indicates that the Company had received the balance amount towards GDR proceeds and the same has been utilized for the purpose the issue was made.”

14. *It is held in paragraph No.44 as follows:*

“44. At the outset, we are of the opinion that the second stage of fraud as alleged in the impugned order and in the show cause notice is different and distinct from the first stage of the alleged fraud. We are of the opinion that the entities involved in the second stage of the alleged fraud have nothing to do with the alleged fraud involved in the first stage as there is no material to suggest any connection of noticee nos. 4, 14, 15 and 17 with noticee no. 1 and its directors and noticee no. 3. The first stage of the fraud is with regard to the issuance of the GDR issue in connivance with the Company Winsome and its directors with Arun Panchariya and Vintage. The second stage of the alleged fraud is the conversion of GDR into shares by noticee nos. 4, 14, 15 and 17 and selling it in the Indian market. We find that noticee nos. 4, 14, 15 and 17 has no connection with the Company Winsome or its directors. Further, the alleged connection with Arun Panchariya is too remote and there is no evidence to suggest that Vintage passed on the GDR or sold the GDR to noticee nos. 4, 14, 15 and 17. Thus, first stage of the alleged fraud are distinct and different and the entities involved in the alleged second stage are not involved in the first stage.”

15. *It is held in paragraph No.45 that “once the GDR has been received for valuable consideration we are of the opinion that the finding given by the WTM that noticee no.4 had received the GDR without consideration is not based on any evidence.” It is further held in paragraph No.47 that “there is no finding that the proceeds of shares sold by noticee No.4 was eventually received by Arun Panchariya or by Vintage.”*

16. *This Tribunal, following the decision in KII Ltd. v. SEBI (Appeal No.317 of 2017 decided on June 8, 2018) has held that Mr. Arun Panchariya has committed fraud in the first part i.e. subscription of GDR by Vintage by using the proceeds of GDR as*



security to get a loan to subscribe to GDR. Thus, in view of the finding rendered by this Tribunal that Mr. Arun Panchariya was involved in first stage of the fraud only, the order of disgorgement is not sustainable for the appellant. What remains for consideration is the penalty of Rs.67 Crores.”

[Emphasis supplied]

13. It is also relevant to note that another Noticee in the SEBI order dated October 26, 2021 viz. *Aspire Emerging Fund* (who was also directed to disgorge illegal gains jointly with the Noticee) had also preferred an Appeal No. 248 of 2022 before the Hon’ble SAT. Vide order dated September 15, 2023, Hon’ble SAT referred to its earlier decision dated September 13, 2023 in *Appeal No. 251 of 2022 (Aspire Emerging Fund vs. SEBI)* and quashed the direction of disgorgement issued against the Appellant.

II. SEBI ORDER DATED OCTOBER 29, 2020

14. The AO vide order dated October 29, 2020 held that the Noticee devised GDR scheme along with the Company wherein the Company misled the Indian investors by concealing the information of entering into Pledge Agreement and informing GDR related news in a distorted manner to stock exchanges which made investors believe that GDRs were genuinely subscribed. The AO noted that through this scheme, the Noticee obtained GDRs worth USD 6.05 million/ INR 27 crore free of cost and subsequently, 60% of the GDRs were converted into equity shares, 47% of the converted equity was sold by Noticee related entities i.e. HSEMF and ASPIRE in Indian market for Rs.69.21 lakhs. Therefore, the AO imposed a penalty of INR 25 Crore on the Noticee.

15. As previously mentioned at paragraph 2 above, the Noticee preferred an Appeal No. 745 of 2021 before the Hon’ble SAT. The Hon’ble SAT vide order dated November 29, 2023 partly allowed the appeal and remanded the matter back to SEBI to re-decide the matter after giving due opportunity of hearing and supplying the necessary documents contained in Annexure 29 to the show cause notice. Hon’ble SAT noted that the Noticee was clearly involved in the first leg of the GDR transaction and total fraud was played by the Noticee. It was further observed that



the AO had decided on the connection between the Noticee and the entities who were involved in the second leg of GDR transaction without supplying the relevant document. Therefore, Hon'ble SAT observed that the connection between the Noticee and such entities was not proved and findings are in violation of natural justice.

16. The direction of Hon'ble SAT to provide Annexure 29 of the SCN (i.e. the connection of the appellant with other entities) to the Noticee, makes it clear that Hon'ble SAT had directed SEBI to decide both on the role of the Noticee in the second leg of GDR transaction and the quantum of penalty to be imposed on the Noticee. Therefore, the contention of the Noticee that the Hon'ble SAT had set aside the findings with respect to second leg of GDR transaction and the AO could not have re-examined the role of Noticee in the second leg of GDR is misconceived and without any merit.

III. SEBI ORDER DATED MAY 07, 2024

17. Pursuant to directions of Hon'ble SAT, the role of the Noticee in the second leg of GDR transaction was re-examined and the quantum of penalty was recomputed in the SEBI Order dated May 07, 2024. The AO concluded that the Noticee was also involved in the second leg of the GDR transaction and imposed a penalty of INR 15,00,00,000 /- (Rupees Fifteen Crore only) on the Noticee. The relevant excerpts from the said SEBI order is reproduced below:

“17. A fraudulent scheme was orchestrated by a key individual, referred to as the Noticee, in collaboration with connected entities and Winsome. Winsome issued a significant number of GDRs, and the Noticee, along with his connected entities, played a central role in structuring the GDR issue. The Noticee's connected entities were involved in various stages of the GDR issue, including subscribing to GDRs through loans and subsequently selling converted equity shares in the Indian securities market. The scheme involved misleading Indian investors by concealing crucial information and distorting GDR-related news. The Noticee and his connected entities acted as conduits in defrauding Indian investors by subscribing to GDRs and selling converted equity shares in the market. Despite the connection between the Noticee and sub accounts viz, HBSF and Aspire, the exact flow of money from sub-accounts to the Noticee is not fully elucidated in the available records. However, it is evident that the Noticee benefitted from the fraudulent scheme.”



...

18. There are two legs to this convoluted transaction. First leg is issuance of the GDR in such a fraudulent manner and the second leg is the liquidation of the GDRs. It is undeniable that the Noticee had a role in both the legs. It is clear from the above that the entities have indulged in issuance of GDRs in a fraudulent scheme, involving misleading investors, concealing crucial information and distorting GDR related information away from the investing public. This has also been confirmed by the Hon'ble SAT in its order. This itself forms a large part of the manipulative enterprise of convoluted transactions. Whether the Noticee has benefited from the device when the GDRs were sold or not is a question of level of evidence available on records. As per the preponderance of probabilities for which there is enough material on records, the Noticee had no other incentive than to enter into such convoluted transactions with the prime objective to cash in on GDRS when they are sold. However, as now determined by SAT that the material available for the second leg is required to be beyond reasonable doubt and the trail of the money flow needs to be established to determine the complicity of the Noticee in the second leg of these transactions.

...”

[Emphasis Supplied]

18. The AO while acknowledging SAT's observation that the direct money trail for the liquidation phase required strict proof, on the preponderance of probabilities held that the Noticee would have had no incentive to structure the fraudulent GDR transaction unless the ultimate objective was to cash in on when the converted equity shares were liquidated in the Indian market. The AO concluded that the Noticee and his connected entities acted as direct conduits in the fraud, making it evident that he benefited substantially from the overarching manipulative enterprise and was involved in both legs of the GDR transaction. Based on the finding that the Noticee was involved in both the legs of transaction, the AO imposed a penalty of INR 15 Crore on the Noticee.

a. Role of Noticee in the First Leg of Fraudulent GDR Issue

19. In the instant case, it was alleged that Winsome in connivance with the Noticee and his connected entities had devised a fraudulent scheme by issuing GDRs amounting to USD 13.24 million. In the first stage of transaction, Noticee in connivance with Company and its directors subscribed to the GDRs through its wholly owned entity. Thus, the investors in India were falsely made to believe that the issue was



subscribed by foreign investors when in fact the issue was subscribed by one entity owned by the Noticee. The second stage of the fraudulent scheme is when the GDR were transferred to connected FII sub accounts and thereafter converted the GDR into shares which were sold to Indian investors.

20. The Hon'ble SAT vide its order dated November 29, 2023 has already upheld the role of the Noticee in first leg of the transaction. Once the role of the Noticee in the fraudulent scheme of GDR issue has already been upheld by Hon'ble SAT, the submissions of the Noticee with regards to bias in preparing the investigation report and prayer to set aside the penalty altogether do not merit any consideration.

b. Role of Noticee in the Second Leg of Fraudulent GDR Transaction

21. Hon'ble SAT vide order dated December 10, 2025 (*which has been reproduced at paragraph 4 above*) while remanding the matter back to SEBI observed that "the remaining portion of the impugned order remains undisturbed." The said observation of Hon'ble SAT when read with the AO order dated May 07, 2024 *prima-facie* leads to the conclusion that the Hon'ble SAT has upheld the finding that the Noticee was connected with the entities involved in second leg of the GDR transaction.

22. However, I note that the Hon'ble SAT in Appeal No. 348 of 2022 (which was passed in the matter pertaining to Winsome Textile Ltd.) has taken a view that the first leg of GDR transaction is distinct from the second leg of GDR transaction and owing to the fact that the connection between the Noticee and the entities is too remote and not established, the Noticee cannot be said to have been involved in the second leg of the transaction.

23. I further note that the Hon'ble SAT has relied on the aforesaid decision while setting aside the disgorgement directions issued against the Noticee in the matter of Winsome Yarns. Given that the rationale establishing the Noticee's connection to the entities in the second leg of the GDR transaction is identical in both Winsome Textiles Limited and Winsome Yarns, the issues have to be looked into in the context of the observations of the Hon'ble Tribunal in the matter of Winsome Yarns Limited.



24. It is also pertinent to note that the Hon'ble SAT, vide its order dated September 15, 2023 (Appeal No. 248 of 2022 pertaining to the GDR issue of Winsome Yarns), explicitly held that the appellant therein, ASPIRE, had no nexus with the Noticee. In the present proceedings, ASPIRE has been identified as one of the entities that sold the converted GDRs as shares in the Indian securities market. Given the Hon'ble SAT's finding that the Noticee connection with ASPIRE was not established coupled with the AO's observation regarding the absence of a money trail, arriving at a contrary conclusion in the present matter would directly negate the settled position laid down by the Hon'ble SAT.
25. The AO in the present case has held that the Noticee was involved in the second leg of the GDR transaction based on 'preponderance of probability'. However, Hon'ble SAT in several orders pertaining to GDR issues including the one involving the Noticee, has repeatedly held that without an established money trail to the Noticee, the entities involved in the second leg of GDR transaction cannot be held to have any connection with the Noticee, and the Noticee cannot be considered involved in the second leg of the GDR transaction. This has also been stated in the SEBI Order dated May 07, 2024.
26. Therefore, in the absence of any clear evidence demonstrating that the proceeds from the sale of shares by HSEMF and ASPIRE were eventually received by the Noticee, coupled with the fact that the Hon'ble SAT was repeatedly of the view that clear connection between the Noticee and the entities involved in the second leg of the GDR transaction is not seen, it cannot be conclusively held on the basis of the material brought before me that the Noticee participated in the second leg of the said transaction.

IV. QUANTUM OF PENALTY TO BE IMPOSED

27. While adjudging the quantum of penalty under section 15HA, due regard has to be given to the factors provided in section 15J of the SEBI Act. The provision is reproduced below:



Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.*

28. Hon'ble SAT in the order dated December 10, 2025 has observed that the imposition of INR 15 Crore needs to be reconsidered because SEBI has imposed a penalty of INR 20 Lakh in cases where the GDR amount is more than double the amount involved in this case. Therefore, I am required to determine the quantum of penalty taking into consideration the specific observations made by Hon'ble SAT, the quantum of penalty imposed by SEBI in similar GDR matters and the fact that the money trail to the Noticee was not established.

29. The following facts need to be taken into account while re-computing the quantum of penalty to be imposed on the Noticee:

- a. The Noticee cannot be said to have been conclusively involved in the second leg of the GDR transaction in view of the earlier orders of Hon'ble SAT and findings of the AO that money trail could not be established in the present case and there is nothing on record to establish that the proceeds from the sale of securities were eventually received by the Noticee.
- b. The Hon'ble SAT in its order dated November 29, 2023 has observed that in the present case, the GDR proceeds eventually came back to the Company and therefore held that the finding that Vintage (an entity controlled by the Noticee) acquired certain GDR free of cost cannot be sustained and the



question of penalty has to be reconsidered. The relevant excerpt of the said order is reproduced below:

“36. On account of the aforesaid, the imposition of penalty to the extent of Rs. 25 crore also cannot be sustained. We are also of the view that in view of the fact that the GDR proceeds eventually came back to the company, the finding that the Vintage acquired certain GDR free of cost cannot be sustained and, therefore, the question of quantum of penalty is required to be reconsidered.”

- c. The Hon’ble SAT in its order dated December 15, 2025 has referred to three matters (*viz. Rainbow Papers Ltd, Edserv Softsystems Ltd. and Zenith Steel Pipes and Industries Ltd.*) wherein penalty of INR 20 Lakh has been imposed by SEBI in GDR matters where the amount was much higher.
- d. The Hon’ble SAT vide order dated July 19, 2022 (rendered in Appeal No. 716 of 2021 pertaining to the GDR issue by Winsome Yarns) has reduced the penalty imposed on the Company from INR 11 Crore to INR 25 Lakh and the penalty qua one of the director of Company has also been reduced from INR 1 Crore to INR 10 Lakh.
- e. In the matter concerning the GDR issue of Winsome Textiles Limited (a case involving similar facts to the present proceedings), as per the directions of Hon’ble SAT, the quantum of penalty was recomputed vide order dated February 05, 2026, resulting in the imposition of INR 20 Lakh penalty on the Noticee.

30. I note that the role of Noticee in multiple fraudulent GDR issues has been upheld and the findings of SEBI in respect of modus operandi adopted by the Noticee has also been affirmed by the Hon’ble Supreme Court. I also note from the SAT Order, that it was argued by the counsel on behalf of SEBI that penalty is imposed based on considering various aspects and there cannot be a straight jacket formula to impose penalty. However, the Hon’ble SAT has relied on other AO orders of SEBI where penalty of INR 20 Lakh was imposed, despite the GDR amount involved being significantly more than the amount involved in the present case.



31. Section 15HA of SEBI Act, 1992 provides the quantum of penalty to be imposed on any person indulging in fraudulent and unfair trade practices. The relevant excerpt of the same is reproduced below:

Penalty for fraudulent and unfair trade practices.

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty [which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

32. Considering the benchmark set by Hon'ble SAT, the fact that money trail to the Noticee was not established and taking into account the penalties imposed by SEBI in similar matters, I am of the considered view that the penalty may be reduced.

C. ORDER

33. In view of the foregoing observations of Hon'ble SAT in its order dated October 15, 2025 and in exercise of powers conferred upon me under Sections 11(4A) and 11B (2) of the SEBI Act, I hereby impose following penalty under section 15HA of the SEBI Act, 1992 on the Noticee:

Name of the Noticee	Penalty Provisions	Penalty (Rs.)
Arun Panchariya (Noticee)	Section 15HA of SEBI Act, 1992	INR 20,00,000/- (Rupees Twenty Lakh Only)

34. Noticee shall remit/ pay the amount of penalty mentioned above, 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



www.sebi.gov.in/ENFORCEMENT -> Orders -> Orders of EDs/CGMs -> PAY NOW. In case of any difficulty in online payment of penalty, the Noticee(s) may contact the support of portalhelp@sebi.gov.in.

35. This Order shall always be read along with SEBI order dated May 07, 2024 and shall come into force with immediate effect.

Date: April 28, 2026

Place: Mumbai

**Sd/-
BIJU S
QUASI JUDICIAL AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA**