



[QJA/BS/IVD/ID4/32031/2025-26]

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

Under Sections 11(1), 11(4), 11(4A), 11B (1), 11B(2) and 15-I of the Securities and Exchange Board of India Act, 1992 and Sections 12A(2) and 23-I of Securities Contracts (Regulation) Act, 1956.

IN RESPECT OF:

NOTICEE	PAN
Arun Panchariya	AEVPP6125N

In the matter of GDR Issue by Winsome Textile Industries Ltd.

A. BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had passed an order dated December 15, 2021 (hereinafter referred to as “**SEBI Order**”) against Arun Panchariya (hereinafter referred to as “**Noticee**”) and 17 others in respect of Global Depository Receipts (GDRs) issued by Winsome Textiles Industries Ltd. (hereinafter referred to as “**the Company/ Winsome**”). The SEBI Order had *inter alia* imposed a penalty of INR 67,00,00,000/- (Rupees Sixty Seven Crore only) on the Noticee.
2. The Noticee challenged the SEBI Order before the Hon’ble Securities Appellate Tribunal (hereinafter referred to as “**SAT**”) vide Appeal No. 21 of 2023. Hon’ble SAT vide order dated October 15, 2025 (“**SAT Order**”) allowed the appeal preferred by the Noticee and remanded the matter to SEBI to re-examine the quantum of fine imposed on the Noticee and to pass a fresh order. The relevant excerpts from the said SAT order is reproduced below:



“ 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.

17. Shri Wadhawan has argued that in cases where the GDR amount is far more than the amount in this case, SEBI has not imposed any penalty and imposed lesser penalty in some cases. He referred to the following cases in support of this contention.

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	

18. Though it was argued by Shri Rai that penalty is imposed based on consideration of facts of a particular case, in our opinion a Regulator must deal with the cases with an even hand. The above tabular column shows that where the GDR amount is more than double the amount involved in this case SEBI has imposed a penalty of Rs.20 Lakhs. The amount involved in this case is USD 9.99 million. The appellant was not involved in the second leg of the fraud. Therefore, the imposition of Rs.67 Crores is not justified. Therefore, the same requires a second look in the hands of SEBI. Hence the following



ORDER

1. *Appeal is allowed. The directions in para No. 88(vii) to disgorge the amount specified in para 66 of the impugned order is set aside and the direction to pay penalty of Rs.67 Crores in para 88(ix) is set aside.*
2. *The matter is remitted to the SEBI to re-examine the quantum of fine imposed in para 88(ix) and to pass a fresh order in accordance with law.*
3. *..."*

[Emphasis supplied]

3. Pursuant to the directions of Hon'ble SAT, Notice of Hearing dated November 19, 2025 was sent to the Noticee and his Authorized Representative ("AR") affording an opportunity of personal hearing on December 09, 2025 and to submit written submissions, if any. The AR of the Noticee vide email dated December 04, 2025 requested for an adjournment which was acceded to and the hearing was rescheduled to January 07, 2026. Subsequently, the Noticee vide letter dated January 06, 2026 submitted his reply and availed the opportunity of personal hearing through his AR on January 07, 2026.
4. The contentions raised in the Noticee's written submission which were reiterated during the personal hearing are summarized below:
 - 4.1. 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 was involved only in the fraud committed in the first leg of the GDR transaction and not connected to the fraud committed in the second leg of the GDR transaction.
 - 4.2. 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 similarly involved have been charged with lowest penalties and different penalties have been imposed by the SEBI for similar/identical offences.

4.3. The Noticee submitted that although supplementary show cause notice dated July 10, 2020 was jointly issued against him, the issuer company as well as its directors and there were findings in the SEBI Order that they had acted in connivance and indulged in fraudulent transactions, excessive penalty was imposed on him. Therefore, the Noticee argued that SEBI failed to maintain proportionality in imposition of penalty.

4.4. The Noticee has referred to the order of Hon'ble SAT dated September 13, 2023 in Appeal No. 348 of 2022 which was rendered qua the SEBI Order dated December 15, 2021 and various other orders of Hon'ble SAT (order dated February 21, 2023 in Appeal No. 554 of 2021, order dated July 19, 2022 in Appeal No. 554 of 2021) wherein the penalty imposed on the companies as well its directors have been reduced significantly.

4.5. 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. Therefore, he argued that the penalty imposed in the instant case is disproportionately high and arbitrary.

4.6. The Noticee relied on the order dated December 10, 2025 of Hon'ble SAT in Appeal No. 508 of 2024 (in the matter of Winsome Yarns) and submitted that Hon'ble SAT has again remanded the matter to SEBI for imposing a penalty of INR 15 Crore on the Noticee and has directed for re-computation of penalty because SEBI has imposed penalty of INR 20 Lakh in other cases where the size of the GDR issue is more than the instant case. Therefore, he argued that recent Hon'ble Tribunal decisions in GDR matters has to be considered in the said context and penalty to be imposed in the present case should be reduced considerably.



4.7. 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

5. 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 October 15, 2025, the limited issue which I am directed to address is the quantum of penalty to be levied on the Noticee.

Role of Noticee in the fraudulent GDR issue

6. 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 9.99 million. In the first stage of transaction, Noticee in connivance with Winsome 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.

7. The Hon'ble SAT vide its order dated October 15, 2025 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 been upheld by Hon'ble SAT, only the quantum of penalty has to be decided and the submissions of the Noticee with regards to biasness in preparing the investigation report and prayer to set aside the penalty altogether are devoid of any merit and hence does not require any consideration.

Quantum of penalty to be imposed



8. 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.*

9. It is observed from the SEBI Order dated December 15, 2021 that while imposing the penalty of INR 67, 00, 00,000/- on the Noticee, SEBI had taken into account a host of factors including the key role played by the Noticee in devising the GDR transaction, the size of the GDR issue made by Winsome as on the date of the order and the illegal gains made by the Noticee as a result of such fraud. The relevant paragraph of the said SEBI Order dated December 15, 2021 is reproduced below:

“87. ... I find that Noticee no.1 along with Noticee no. 2 orchestrated the fraudulent scheme of GDR issue discussed in the previous paras in March 2011, the size of the issue as on the date of the issue was Rs. 44 crores (approx.). I find that Noticee no. 3, who was the sole subscriber to the GDR issue had taken a loan from EURAM Bank in order to subscribe to the GDR issue of Winsome. The security for this loan was provided by Winsome by pledging its GDR proceeds. I find that Noticee no. 3 had defaulted in the loan repayment to the tune of USD 9.014 million and therefore, an amount of USD 9.018 million (including interest) was adjusted from the GDR proceeds by EURAM Bank. Therefore, it is clear that Noticee no. 3, whose MD and holder of 100% shares through Alkarni Holdings Ltd. was Noticee no.2, received GDRs worth USD 9.018 million without payment of any consideration as a result of the fraudulent scheme of GDR issue of Winsome and thus, made illegal gains the value of which is presently Rs. 67.53 Crore and no material is available on record to show that this amount has been paid by Noticee no. 3 to the Company...”



10. However, Hon'ble SAT in its order dated October 15, 2025 while categorising the transaction pertaining to the issue of GDR as having two distinctive parts, has set aside the finding in the SEBI Order with respect to the involvement of the Noticee in the second leg of GDR transaction and has concluded that the Noticee was not involved in the second leg of the fraud. It has observed that Winsome had indeed received the balance amount towards GDR proceeds and the same has been used for the purpose of the issue was made. The Hon'ble Tribunal has concluded that there is no finding to show that the proceeds of share were eventually received by the Noticee.

11. Further, Hon'ble SAT has also observed that the imposition of INR 67 Crore is not justified 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. Hence, the factors to be taken into consideration and the quantum of penalty have to be reconsidered in light of the findings of the Hon'ble SAT.

12. I note that 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 same 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.*



13. The Hon'ble SAT vide order dated September 13, 2023 (rendered in the present matter) has reduced the penalty imposed on the Company from INR 4.40 Crore to INR 25 Lakh and the penalty qua one of the director of Company has also been reduced from INR 44 Lakh to INR 20 Lakh. Further, the Noticee has relied on three matters (*viz. Rainbow Papers Ltd, Edserv Softsystems Ltd. and Zenith Steel Pipes and Industries Ltd.*) to argue that similar penalty of INR 20 Lakh which has been imposed by SEBI in such cases should also be done in the instant case.
14. I note that the Noticee is involved in multiple fraudulent GDR issues and the findings of SEBI in respect of modus operandi adopted by the Noticee has also been upheld and affirmed by 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 consideration of facts of particular case. However, the Hon'ble SAT has cited 3 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.
15. Therefore, I am required to determine the quantum of penalty taking into consideration the specific observations made by Hon'ble SAT and the quantum of penalty imposed by SEBI in similar GDR matters.
16. Considering the benchmark set by Hon'ble SAT and taking into account the penalties imposed in similar matters, I am of the considered view that the penalty may be reduced.

C. ORDER

17. 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 in modification of SEBI Order dated December 15, 2021:



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)

18. 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](http://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.

19. This Order shall always be read along with SEBI order dated December 15, 2021 and shall come into force with immediate effect.

Date: February 05, 2026

Place: Mumbai

Sd/-

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QUASI JUDICIAL AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA