



WTM/KV/CFID/CFID-SEC4/32246/2025-26

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**CONFIRMATORY ORDER**

**UNDER SUB-SECTION (1) OF SECTION 11, SUB-SECTION (4) OF SECTION 11, SECTION 11B AND SECTION 11D OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF PAR DRUGS AND CHEMICALS LIMITED**

**In respect of:**

<b>Noticee</b>	<b>PAN</b>
<b>Par Drugs and Chemicals Limited (Noticee)</b>	<b>AABCP6547M</b>

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## **A. BACKGROUND**

1. Par Drugs and Chemicals Limited (hereinafter referred to as “**Noticee**”/ “**PDCL**”) is a company listed on National Stock Exchange of India Limited (hereinafter referred to as “**NSE**”) having its registered office at 815, Nilamber Triumph, Gotri Vasna Road, Vadodara-390007, Gujarat, India. The Company is engaged in the business of development and manufacturing of active pharma ingredients or antacid raw materials and fine chemicals.
2. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had passed an ex-parte interim order dated September 15, 2025 (“hereinafter referred to as “**Interim Order**”) against the Noticee for alleged contravention of provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred as “**SEBI Act**”) and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred as “**PFUTP Regulations**”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(hereinafter referred as “**LODR Regulations**”).
3. The observations and the *prima facie* findings of examination by SEBI recorded in the Interim Order are summarized in subsequent paragraphs.

## **B. OBSERVATIONS AND PRIMA FACIE FINDINGS IN THE INTERIM ORDER**

4. SEBI had received a complaint alleging that slump sale of business proposed to be undertaken by PDCL was not compliant with the applicable laws and is prejudicial to the interest of the public shareholders. It was alleged that vide the proposed transaction the core profit making business of the Company is being sold to promoter related entity i.e. Phal-Jig Fine Chemicals Private Limited (hereinafter referred to as “**PJFCPL**”) on a going concern basis at erroneous and reduced



valuation and that the proposed transaction had already resulted in erosion of around 70% of the share value of the Company since the decision was made public. It was further alleged that the promoter and management of PDCL are acting in an arbitrary manner to play fraud upon public shareholders through the proposed slump sale.

5. From the data available at NSE website, it was found that the Noticee had made an announcement on December 02, 2024 at 17:45 hours regarding the outcome of its board meeting. Details of the proposed slump sale as required to be disclosed under Paragraph A of Part A of Schedule III of LODR Regulations were provided in the Annexure to the said announcement.
6. Subsequently, Noticee issued a Notice dated December 06, 2024 for convening Extraordinary General Meeting (hereinafter referred to as “**EGM**”) to be held on December 31, 2024 for the purpose of approval of proposed slump sale as described above and to approve amendment to Memorandum of Association (hereinafter referred to as “**MoA**”) of the Company to enable Noticee to carry out the new ventures.
7. Noticee disclosed the voting results of the EGM to the stock exchange on January 01, 2025 at 18:04 hours and as per the said results, the resolutions were not approved with the requisite majority. Subsequently, another EGM was held on February 12, 2025 for the purpose of approval of slump sale at revised terms and to approve amendment to MoA of the Company enabling the company to carry out the new ventures. The Voting Results of the EGM were disclosed to stock exchange on February 13, 2025 at 14:56 hours wherein both the resolutions were passed with 77.84% votes in favour i.e. more than 2.84% of the requisite majority.
8. Thereafter, vide announcement dated February 14, 2025, Noticee informed that it had entered into a Business Transfer Agreement dated February 14, 2025 with PJFCPL (hereinafter referred to as “**BTA**”) for Slump Sale of the existing



establishment (Land, Building, Plant and Machinery, Specific Current Assets and Current Liabilities).

**Valuation of Slump Sale:** From the examination of the EGM notice dated January 20, 2025 for the purpose of approval of slump sale at revised terms, it was found that the consideration for the proposed slump sale of the existing establishment (Land, Building, Plant and Machinery, specific current assets and current liabilities) as recommended by the Board of Directors of Noticee and its Audit Committee was based on the valuation done by M/s. Nihir Dave and Associates, Registered Valuer and Mr. Nimesh Raval, Government Approved Valuer. From perusal of the engagement letter and valuation reports, it was observed that the engagement letters did not specify the purpose of valuation or the fact that the valuation was to sell the business through slump sale as a going concern.

9. In the EGM Notice dated January 20, 2025, the fair values arrived of the aforesaid properties had been aggregated to arrive at total fair value as per the valuation reports by two valuers and the higher of these two had been taken as arm's length value of the assets. To such arm's length value, the book value of other assets of the unit (such as furniture and fixtures, water storage tank, laboratory equipments, vehicles, etc.) as well as book values of current assets had been added and book values of the current liabilities had been deducted to arrive at the total net value of slump sale of unit which was INR 92.88 Crores. The total consideration for slump sale was proposed at INR 95 crores and the difference of INR 2.12 crores had been shown as additional value as per revised offer given by the PJFCPL.

10. From perusal of the BTA dated February 14, 2025 entered into between Noticee and PJFPCCL for sale of business as going concern, it was seen that recital (d) of the BTA states as follows:

*"The Parties desire that the Seller has agreed to sell / transfer / convey to the Purchaser, and the Purchaser purchase and acquire the Business Undertaking from the Seller, on a going concern basis by means of a "slump sale" (as*



*defined in Section 2 (42C) of the Income Tax Act, 1961), for a lump sum consideration and subject to the other terms and conditions specified in this Agreement.”*

11. From the contents of the BTA, it was found that what is intended to be transferred was not a mere aggregation of land, building, plant and machinery, and current assets, but the entire business undertaking of Noticee on a going concern basis by means of slump sale. Further, in sub-clause (viii) of clause 1 of the BTA, the “Business Undertaking” had been expressly defined as follow:

*“Business Undertaking” or “Undertaking”, means the undertaking of the Seller named 'Par Drugs and Chemicals' engaged in the Business, consisting of the following:*

- a) Immovable and movable assets/ property and Business Assets of the Business Undertaking as set forth in Part 1 of Schedule 1 of this Agreement;*
- b) Book debts, advances, deposits, credits (including indirect taxes Input tax credits, withholding tax credits, prepaid taxes), receivables, (including, without limitation, accounts receivables) of the Business Undertaking as set forth in Part 1 of Schedule 1 of this Agreement;*
- c) Liabilities of the Seller which pertain to the Business Undertaking as set forth in Part 2 of Schedule 1 of this Agreement;*
- d) Assumed Contracts, including all purchase orders, rights under the Assumed Contracts, claims and demands of any nature available to the Seller, and all liabilities and obligations in this regard;*
- e) Intellectual Property;*
- f) Employees, listed in as per records of HR Department as on the Closing Date, on the same terms and conditions of service (including social security obligations) as they are employed by the Seller, including as to length and continuity of service*
- g) Technical or other information if any used primarily in connection with (a) to (f) above and as agreed between the Parties on or prior to the Closing Date,*



*such as management information systems, customer contacts, drawings, sketches and blueprints, maps and manuals (the "Technical Information")."*

12. It was observed that the BTA intended to transfer the whole business undertaking as a going concern which includes Immovable and movable assets, assumed contracts, Intellectual Property, Employees and Technical or other information. However, the valuation reports were confined to fair market valuation of individual six physical assets (industrial open plot, non-agriculture open land, industrial land and building, two office premises and plant and machinery), with book values of other assets (such as furniture and fixtures, water storage tank, laboratory equipments, vehicles, etc.), book values of current assets and liabilities adjusted to arrive at the net figure.
13. Thus it was *prima facie* observed that no value had been attributed to intangibles, employees, goodwill, brand and technical information. The valuation method adopted by Noticee implicitly assumed that the transfer of business undertaking includes only the tangible assets which was not consistent with the valuation standards applicable for valuation of profitable business undertaking on a going concern basis by way of slump sale. The exclusion of these core business components *prima facie* resulted in understatement of true value of business being transferred.
14. Further, the engagement letters and the valuation reports did not mention that the valuation was for slump sale of a profitable going concern. The valuation approach adopted by valuers treated the transaction as if it were a mere sale of six separate assets and not revenue-generating going concern. In order to understand the financial metrics of Noticee, the data for the last five financial years and five quarters was examined and it was observed that Noticee had recorded a positive operating profit and net profit consistently over the past five years and quarters. As per standard industry practise and applicable valuation guidelines, valuation of a business which demonstrates consistent positive operating profit and net profit



should also take into account the value of business as a going concern. However, the said valuation methodology had not been applied by registered valuers in the instant matter, as it appeared that they were not asked to do valuation of a profitable going concern.

15. The Interim Order notes that despite the underlying BTA identifying the transaction a sale of business undertaking as a going concern by way of slump sale, neither the valuation reports nor the engagement letters mentioned that the business was to be valued as a going concern and therefore the applicable valuation methodologies, which take into account value of intangibles, employees, value of enterprise as a going concern, did not find any mention in the valuation reports. The assets had been valued based on their individual worth which *prima facie* did not capture the valuation of the business as a going concern thereby depriving the realization of true value of business proposed to be sold via slump sale.
16. The Interim Order records that since the buyer i.e. PJFCPL was a promoter related entity, to ensure that no prejudice is caused to the public shareholders, it needed to be independently ascertained whether the valuation arrived at by Noticee in the instant matter was fair or not. In absence of such valuation, to let the slump sale proceed would have caused grave injustice to the public shareholders since once the business was transferred to the buyer at significantly lower valuation, the transaction would have become irreversible.
17. It was further noted that in the explanatory statement in the EGM notice dated January 20, 2025, Noticee had explicitly stated that a fairness opinion had been provided by a valuer (though not enclosed), certifying that the valuation of the undertaking was "fair." A fairness opinion is distinct from a valuation report since a valuation report provides the methodology and valuation whereas a fairness opinion independently assesses whether the transaction consideration is fair from the perspective of minority shareholders. However, Noticee could not produce the said fairness opinion before the investigating authority upon being called to do so.



Noticee's response was that the valuation reports and the minutes of the board meetings of Noticee provided the requisite assurance regarding the fairness and objectivity of the valuation process. Hence, it was *prima facie* observed that no such independent fairness opinion existed and the same *prima facie* amounted to a material misstatement in shareholder communication.

18. **Voting concerns and erosion of shareholder value:** A preliminary examination of voting data was carried out to examine the voting pattern in detail since the initial resolution was defeated with only 44.94% votes in favour, but was subsequently approved with 77.84% votes following a marginal revision in the purchase price by merely INR 2 crores within a short period of one-and-half months. Considering preliminary evidence suggesting possible connection between promoters and voters, the issue needed to be further investigated.

19. The Price Volume Chart in the scrip of Noticee for the period November 01, 2024 to September 11, 2025 was examined and it was observed that the closing price of the scrip of Noticee initially saw a steep fall after the outcome of board meeting announced on December 02, 2024 and the closing share price of scrip continued to fall over a period of time. Prior to announcement of decision of slump sale on December 02, 2024, the market capitalisation of Noticee stood at INR 428.76 crores which had fallen to INR 139.74 crores as on September 11, 2025.

20. The Interim Order observed that considering the price movement of scrip of Noticee in correlation to the slump sale announcement and the possible undervaluation of the core business of Noticee, there seemed to be a high likelihood that the disclosures regarding valuation were not correct and therefore the consequent voting by the eligible shareholders was also based on incorrect information.

21. The LODR Regulations also mandate listed entity to include a statement that the valuation report relied upon by the listed entity in relation to the proposed



transaction will be made available through the registered email address of the shareholders. However, no such statement was found in the EGM notice. Hence, the public shareholders did not have the option to access the valuation reports in violation of the provisions of the LODR Regulations to take informed decision while voting for approval of proposed slump sale transaction.

22. Thus, in a nutshell, the Interim Order records following *prima facie* observations based on the facts presented therein, namely:

- I. Despite Noticee categorically identifying the transaction as slump sale of business undertaking as a going concern, the valuation reports did not capture the valuation of the business undertaking as a going concern since assets had been valued based on their individual worth. Even while valuing the individual parts of the business, the valuation report did not ascribe any value to intangibles like intellectual property, employees, goodwill, etc.
- II. Just prior to the announcement of the slump sale, the market capitalisation of Noticee was more than INR 400 crores which had fallen by around 70% thereafter which was at huge variance with the valuation of core business undertaking of Noticee at INR 93 crores. This had essentially led to erosion of shareholder value since *prima facie* a profit making business was being transferred to a private entity owner by the promoters at a reduced valuation.
- III. The voting process through which the slump sale was approved by the public shareholders was also questionable since the voting pattern in the two EGMs and *prima facie* finding of common IP addresses of various voters and promoters points to some relation between the buyer promoters and voters in which case such voters would be ineligible as per the provisions of LODR Regulations.



23. In view of the same, in terms of paragraph 46 of the Interim Order, following directions were issued by SEBI:

*“46. In view of the foregoing, in order to protect the interest of the investors and the integrity of the securities market, I, in exercise of the powers conferred upon me in terms of section 19 read with sub-sections (1) and (4) of section 11, section 11B and section 11D of the SEBI Act, 1992, hereby issue the following directions: –*

*I. PDCL is restrained from effecting the transactions agreed upon in the BTA dated February 14, 2025 for Slump Sale of its business undertaking to PJFCPL.*

*II. The stock exchange (NSE) is directed to appoint a registered valuer to independently carry-out the valuation of the business undertaking proposed to be transferred through the BTA following appropriate valuation methodology as per recognised valuation standards. The registered valuer shall submit a report to NSE within three months from the date of this Order. Further, a fairness opinion shall also be obtained by Stock Exchange (NSE) from a merchant banker regarding the aforesaid valuation within one month from the date of submission of valuation report.*

*III. PDCL, its management and all the signatories to the BTA dated February 14, 2025 are directed to cease and desist from entering into any transaction which may directly or indirectly result in alienation of any assets forming subject matter of the BTA until further directions in this matter and they shall extend necessary cooperation to the valuer appointed and to furnish all information/documents sought from them from time to time.*



*IV. The Stock Exchange (NSE) is directed to submit the valuation report, fairness opinion along with its recommendation within 15 days from the date of receipt of fairness opinion.”*

24. Further, Noticee was allowed to file their reply/objections, if any, within 21 days from the date of receipt of Interim Order and to also indicate whether they desire to avail an opportunity of personal hearing.

### **C. REPLY TO INTERIM ORDER AND PERSONAL HEARING**

25. Noticee sought inspection of documents in the matter which was granted and thereafter filed its written submissions vide letter dated December 18, 2025. The Noticee sought opportunity of personal hearing which was granted on December 23, 2025 which was subsequently rescheduled to January 13, 2026. The Noticee, through its authorized representative, appeared before me through video conferencing on January 13, 2026 and made oral submissions in line with the written reply filed by it.

26. The submissions made by Noticee in response to the Interim Order are summarized below:

- I. SEBI has failed to provide a pre-decisional hearing to the Noticee and interim order has been issued in violation of the principles of natural justice. The Noticee placed reliance on some judgements passed by Hon'ble courts to support its argument that pre-decisional hearing is required where serious civil consequences follow and that post-decisional hearing cannot cure a breach of natural justice.
- II. The Interim Order is an overreach of powers of SEBI to issue interim directions as such powers must be exercised sparingly and only in cases of real and demonstrable urgency. The stated timeline for transaction completion did not create urgency, particularly when statutory approvals



were already in place. The Interim Order is alleged to be based on presumptions rather than evidence.

- III. SEBI ought to have never passed an order which is in the nature of a final order at an ex parte ad interim stage. The directions (including revaluation) are in substance final findings disguised as interim relief. SEBI recorded firm conclusions on merits rather than *prima facie* observations. Such an approach forecloses meaningful defense and renders subsequent hearing illusory.
- IV. SEBI has failed to provide relevant documents during the inspection proceedings namely, approval for investigation, appointment of investigating authority, combined analysis of IP addresses, internal approval notes, fresh valuation report directed under the Interim Order. Non-disclosure of documents violates settled law that all relevant material relied upon—or having nexus to adjudication—must be disclosed.
- V. The Impugned transaction has been valued correctly since the consideration was derived through the Discounted Cash Flow (DCF) method. SEBI's objection regarding methodology is alleged to be misconceived, as DCF was in fact applied. Reliance was placed on order passed by Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**") *Linde India Limited v. SEBI*, affirming DCF as a valid valuation method. Noticee has submitted that the purpose of the slump sale was not to sell off the business of the Company but to generate capital to venture into and explore various other business opportunities. Unless valuation is ex facie unreasonable or perverse, it should not be interfered with. The statutory auditors reviewed and accepted the transaction disclosures without qualification. Valuation involves expert judgment and multiple acceptable methodologies. Courts have consistently held that different experts may reach different, yet valid, conclusions.



- VI. SEBI has failed to consider that bona fide transactions are protected by the business judgement rule. The transaction was undertaken after due deliberation and approved by informed shareholders. All material documents, including valuation reports, were made available for inspection. SEBI cannot substitute its view for the commercial wisdom of management and shareholders.
- VII. The allegation and purported analysis of SEBI pertaining to e-voting is perfunctory and without application of mind. The Interim Order alleges common IP address usage without furnishing the underlying analysis. No material particulars or evidentiary basis were supplied. The Noticee submits that use of a static IP address in office infrastructure explains the overlap. The allegation is perfunctory and lacks evidentiary foundation.
- VIII. A grave charge of fraud cannot be alleged on surmises and conjectures. The Interim Order does not disclose any concrete material or foundational facts to substantiate the serious allegation of fraud. The allegation under the PFUTP Regulations is premised primarily on inferences drawn from a decline in share price and the nature of the transaction, without demonstrating diversion, siphoning, manipulation, or any fraudulent device. A bona fide, shareholder-approved commercial transaction cannot, by itself, be equated with fraud. It is settled law that fraud, being a stigmatic and serious charge, must be supported by cogent, convincing evidence and cannot rest on speculation or conjecture. In the absence of proof of causation, wrongful gain, unlawful intent, or manipulative conduct, the allegation of fraud is legally unsustainable.
- IX. The Interim Order fails to meet the preponderance of probabilities standard to establish a violation of the PFUTP Regulations. Even under civil regulatory proceedings, findings of fraud or unfair trade practices must meet



the standard of “preponderance of probabilities” supported by credible material. The Interim Order does not establish foundational facts necessary to raise any presumption of manipulation or fraudulent intent. The mere occurrence of a price fluctuation, without demonstrable nexus to any wrongful act of the Noticee, cannot satisfy the evidentiary threshold required under the PFUTP framework. Serious findings of market manipulation or fraud cannot be sustained on incomplete circumstantial evidence or inferential reasoning alone. In the absence of reliable and probative evidence establishing probability of wrongdoing, the statutory threshold for holding a violation under the PFUTP Regulations remains unmet.

- X. The Noticee has complied with all statutory and regulatory provisions. The Noticee obtained requisite approvals of the Board, Audit Committee, and shareholders prior to undertaking the transaction. The transaction was treated as a related party transaction and processed in compliance with applicable laws. Valuation was undertaken by duly registered independent valuers in accordance with statutory requirements. All material disclosures were made on the stock exchange platform in a timely and transparent manner. The Interim Order does not identify any specific breach of a statutory or regulatory provision.

27. The Noticee has placed reliance on various case laws in support of its submissions which are dealt with in the subsequent part of this order.

#### **D. CONSIDERATION OF ISSUES AND FINDINGS**

28. At the outset, I note that the scope of the present proceedings before me at this stage, when detailed investigation in the matter is yet to be concluded, is limited to considering whether Noticee has been able to effectively rebut the *prima facie* findings recorded in the Interim Order. Keeping the same in mind, I now proceed to consider the issues.



29. In respect of the abovementioned *prima facie* findings and allegations, Noticee has made various submissions as summarised in the preceding part of this order. I have considered the submissions of the Noticee and the documents submitted to support such submissions. In light of the *prima facie* findings recorded in the Interim Order, I note that the explanations offered by the Noticee in respect of the *prima facie* findings suffer from the following infirmities:

- I. Part D of the Interim Order categorically records the need and urgency in passing of the Interim Order in the present matter which, *inter alia*, include irreversible nature of the slump sale transaction to promoter related entity within a short timeline. In cases like *Anand Rathi v. SEBI (2001 SCC OnLine Bom 381)*, *Liberty Oil Mills v. Union of India ((1984) 3 SCC 465)*, *North End Foods Marketing v. SEBI (SAT Appeal No. 80 of 2019)*, *Pine Animation Ltd. (2016 SCC OnLine SEBI 329)* various Hon'ble courts have ruled that principles of natural justice would be satisfied if the affected party is given a post decisional hearing. The Hon'ble courts have also held that where urgent action is warranted, pre-decisional hearing is not necessary when *ex-parte ad-interim* orders need to be passed pending investigation or enquiry. In the instant matter, post decisional hearing has been granted to the Noticee. Hence, the contention of the Noticee that Interim Order has been issued in violation of the principles of natural justice does not hold ground.
- II. The Interim Order records that the balance of convenience lied in favour of passing the order as against abstaining from doing the same due to irreparable injury that would be caused to the public shareholders if the slump sale, which *prima facie* appears to be in violation of securities laws, was allowed to be executed. The contention of Noticee that power to pass Interim Order is to be exercised sparingly is well established in law. However, in the instant matter real and demonstrable urgency is clearly demonstrated in the Interim Order. The issue at hand is not whether



statutory approvals for slump sale were in place but whether the underlying valuation methodology employed by the Noticee while getting necessary approvals for selling core business undertaking to a promoter related entity was correct in law and whether the real transaction of “slump sale” was valued by the two valuers.

- III. Further, reliance placed by Noticee on order passed in *Udayant Malhoutra v. SEBI (SAT Appeal No. 145 of 2020)* is also misplaced since in that case Hon'ble SAT categorically held that interim directions can be passed to safeguard the interest of the investors if the evidence on record indicates any attempt on the part of the Noticee to defeat the realization of the final order. In the present matter, since slump sale would have become irreversible upon execution, material non-disclosures to shareholders pertaining to valuation methodology of slump sale as well as improper terms of reference for valuers by not telling them about slump sale, satisfies the test of urgency laid down in *Udayant Malhoutra* and other orders of appellate courts. Hence, the ground raised by Noticee is not tenable.
- IV. The Noticee has contended that SEBI ought to have never passed an order which is in the nature of a final order at an ex parte ad interim stage. However, this contention is not tenable since Interim Order records that the findings and directions are based on *prima facie* observations made on the basis of the material available on record. The slump sale has only been stayed until SEBI completes investigation. Hence, no conclusive findings have been recorded. Reliance placed by Noticee on the order passed in *Bhoruka Finance Limited v. SEBI (2006 SCC OnLine SAT 163)* is also misplaced since findings in the interim orders are *prima facie* in nature and not conclusive.
- V. All the documents sought by the Noticee which are relied upon in the Interim Order and relevant to these proceedings have been provided to the Noticee.



However, Noticee has submitted that some documents have not been provided to him and has sought reliance on order passed by Hon'ble Supreme Court in *T. Takano vs. SEBI ((2022) 8 SCC 162)* for the same. I note that at the time of inspection of documents, the Noticee did not specifically request for copies of documents containing approval for investigation, appointment of investigating authority and internal approval notes and the same have only been sought at the time of filing final reply in the matter. Had Noticee sought these documents at the stage of inspection, these documents would have been considered in the light of extant law. With respect to the "combined analysis of IP addresses", the underlying material i.e. BENPOS data, e-voting records and attendance records were provided to the Noticee during inspection.

- VI. During the oral submissions, Noticee specifically requested for "fresh valuation report and fairness opinion directed under the Interim Order" and it was informed to the Noticee that the said investigation was still in progress and these documents are also not relevant to the current proceedings since their analysis will be contained in the final investigation report. However, I note that subsequent to the hearing, the valuation report and fairness opinion, which values the proposed slump sale at INR 387.20 crores, has been received from NSE and the Investigating Authority has provided it to the Noticee for comments. Since the investigating is ongoing, the aforesaid valuation is not being relied upon for the purpose of this confirmatory order. The independent valuation report alongwith response of the Noticee and other evidences will be examined in the final investigation report and all relevant documents will be provided to the Noticee in due course if any enforcement proceeding is initiated upon conclusion of investigation. In this regard I also note that in the matter of *Arun Khurana vs. SEBI (Appeal No.569 of 2025)*, the Hon'ble Securities Appellate Tribunal has held that where investigation is still ongoing and a formal Show-Cause Notice (SCN) has not been issued, the requirement for full disclosure as per *T. Takano vs. SEBI ((2022) 8 SCC 162)* will only arise at adjudication stage



and not after passage of interim order. At the stage of Interim Order, only relied upon documents are required to be provided. Hence, the contention of Noticee that relevant documents have not been provided is not tenable.

VII. With respect to correctness of valuation, Noticee has submitted that the purpose of the slump sale was not to sell off the business of the Company but only to sell assets to generate capital to venture into and explore various other business opportunities. This submission appears to be contrary to the evidence on record since the BTA clearly stipulates that the business of Noticee was proposed to be sold as a going concern. In light of stated contradiction in the terms of BTA and submission made by the Noticee, I find this submission untenable. Noticee further submitted that impugned transaction has been valued correctly since the consideration was derived through the Discounted Cash Flow (DCF) method and reliance has been placed on *Linde India Limited v. SEBI (SAT Appeal No. 527 of 2024)* in support of the same. I note that the focus of the Interim Order is not on a particular valuation method but on the fact that while Noticee intended to transfer the whole business undertaking as a going concern, valuation reports were confined to fair market valuation of individual six physical assets without value being attributed to intangibles, employees, goodwill, brand and technical information. On this count Noticee has submitted that it could not have dictated methodology to be followed to independent and registered valuers. This submission is untenable since valuation exercise would depend on the inputs provided to the valuers by the Noticee. There is nothing on record to show that the registered valuers were informed about the sale of business as a “going concern” and therefore I am not inclined to accept the submission of Noticee in this regard.

VIII. Noticee has submitted that SEBI has failed to consider that bona fide transactions are protected by the business judgement rule. To the contrary, the Interim Order explicitly deals with the business judgement rule in Part D



of the Interim Order and reliance has been placed on judgement of Hon'ble Supreme Court in *MK Rajgopalachari v. Dr Periasamy Gounder (Civil appeal nos. 1682-1683 of 2022)* wherein it was held that commercial wisdom principle is not absolute and decisions of corporates will be subject to judicial review if it violates any law. Hence, this argument of Noticee also is not tenable.

- IX. The Noticee has submitted that allegation and purported analysis of SEBI pertaining to e-voting is perfunctory since the Interim Order alleges common IP address usage without furnishing the underlying analysis whereas the use of a static IP address in office infrastructure explains the overlap. Noticee's contention is pre-mature since the findings of e-voting is *prima facie* and analysis of more data is required by the Investigating Authority to make a conclusive finding in that regard. It may be pointed out that e-voting issue was flagged as one of the concerns on which the investigation was still ongoing. The directions in the interim order was based on other factors including valuation report not considering value of transaction as slump sale, thereby undervaluing the business.
- X. The remaining submission of the Noticee largely state that charge of fraud is grave and Interim Order fails to meet the preponderance of probabilities standard to establish a violation of the PFUTP Regulations and that allegations are premised on inferences drawn from a decline in share price and the nature of the transaction, without demonstrating diversion, siphoning, manipulation, or any fraudulent device. In this regard, I note that in *SEBI v. Kishore R. Ajmera (2016 (6) SCC 368)*, the Hon'ble Supreme Court has affirmed that SEBI can rely on circumstantial evidence or on a preponderance of probability to establish a charge by logical process of reasoning from the totality of the attending facts and circumstances. In the present matter, the *prima facie* findings are very grave. The Noticee is allegedly executing sale of a profit generating business to promoter related



entity at undervalued price in stark deviation from its market capitalisation without disclosing the valuation methodology and also not disclosing the nature of transaction as slump sale to valuers. As recorded in the Interim Order, the impugned slump sale would erode the value for public shareholders and cause irreparable injury if it was allowed to be executed. Hence, the contentions of Noticee in this regard do not hold merit.

30. Pursuant to the personal hearing, Noticee, vide e-mail dated January 14, 2026 requested that passing of the confirmatory order be deferred until the valuation report and fairness opinion prepared by the valuer and merchant banker appointed by NSE are provided to the Noticee, and the Company is afforded an opportunity to make submissions thereon. In this regard, I note that at this stage of the proceedings, the investigation is ongoing and the ambit of present order is only to confirm, modify or reverse the directions issued vide the Interim Order based on the material produced by the Noticee. The valuation report and other evidences will be examined by the Investigating Authority based on which final order will be passed in the matter. Accordingly, for the purpose of proceedings related to Interim Order, I do not see it fit to keep this confirmatory order in abeyance till investigation is concluded.

31. In view of the above observations, I find that Noticee has failed to rebut *prima facie* findings recorded in the Interim Order. The detailed investigation in the matter is in progress and a comprehensive picture is expected to emerge after final findings. Hence, I am not inclined to modify the directions as stated in the Interim Order.

#### **E. ORDER**

32. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of section 19 read with sub-sections (1) and (4) of section 11, section 11B and section 11D of the SEBI Act, 1992, hereby confirm the directions issued vide the Interim Order dated September 15, 2025.



33. The observations made in the present Order are tentative in nature, pending detailed investigation. The detailed investigation shall be carried out without being influenced by any of the directions passed or any observation made either in the Interim Order or in the present Order.

34. Based on the outcome of the detailed investigation, appropriate action shall be taken in accordance with law.

35. This Order shall take effect immediately and shall be in force until further orders.

36. A copy of this order shall be served upon Noticee, Exchanges, Depositories, RTAs and Banks to ensure necessary compliance.

**PLACE: MUMBAI**

**DATE: MARCH 25, 2026**

**KAMLESH CHANDRA VARSHNEY**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**