METROPOLITAN STOCK EXCHANGE

| Department: Investigation | Segment: All |
|---|---|
| Circular No: MSE/ID/19917/2026 | Date: October 15, 2026 |

**Subject: Confirmatory order in the matter of Rajesh Exports Limited**

To All Members,

This is with reference to exchange Circular no MSE/ID/19139/2026, dated June 04, 2026 has reference to SEBI order no. WTM/KV/CFID/CFID-SEC6/32431/2026-27 dated June 03, 2026, where in SEBI has restrained following entity from buying, selling or dealing in securities of Rajesh Exports Limited, either directly or indirectly, in any manner whatsoever, until further orders

| Sr. No. | Entity Name | PAN |
|---|---|---|
| 1. | Rajesh Mehta | ADKPM0172C |

SEBI now vide confirmatory order no. WTM/KV/CFID/CFID-SEC6/32770/2026-27 dated October 14, 2026, has stated that Mr. Rajesh Mehta, shall continue to be restrained from buying, selling or otherwise dealing, directly or indirectly, in the securities of Rajesh Exports Limited, in any manner whatsoever, until further orders.

The detailed order is available on SEBI website - http://www.sebi.gov.in

This order shall come into force with immediate effect.

Members are advised to take note of the above and ensure compliance.

**For and on behalf of**
**Metropolitan Stock Exchange of India Limited**

**Shweta Mhatre**
**Assistant Vice President**

WTM/KV/CFID/CFID-SEC6/32770/2026-27

# SECURITIES AND EXCHANGE BOARD OF INDIA

## CONFIRMATORY ORDER

## UNDER SECTIONS 11 (1), 11 (4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF RAJESH EXPORTS LIMITED

**In respect of:**

| Sr. No. | Name of *Noticees* | PAN |
|---|---|---|
| 1. | Rajesh Exports Limited (REL) | AAACR8642N |
| 2. | Rajesh Mehta | ADKPM0172C |

*(The above entities are individually referred to by their corresponding names/numbers and collectively referred to as "Noticees", unless the context requires otherwise)*

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## A. BACKGROUND

1. Rajesh Exports Limited (hereinafter referred to as "**Company**"/"**REL**") is a public limited company listed on National Stock Exchange of India Limited and BSE Limited incorporated on February 01, 1995 under CIN L36911KA1995PLC017077 having its Registered office at #4, Batavia Chambers, Kumara Krupa Road, Kumara Park East, Bangalore-560001. The Company is a gold refiner and manufacturer of gold products. The Company claims to exports its products to various countries around the world and also sells its products in wholesale and retail in India and through its own retail showrooms under the brand name 'SHUBH Jewelers'.

2. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") had passed an ex-parte interim order dated June 03, 2026 ("hereinafter referred to as "**Interim Order**") against *Noticees* for possible contravention of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred as "**SEBI Act**"), the Securities Contracts (Regulation) Act, 1956 (hereinafter referred as "**SCRA**"), the Securities and Exchange Board of India (listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "**LODR Regulations**"), 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 other applicable provisions of securities laws.

3. The observations and the *prima facie* findings of examination by SEBI recorded in the Interim Order are summarized in subsequent paragraphs.

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

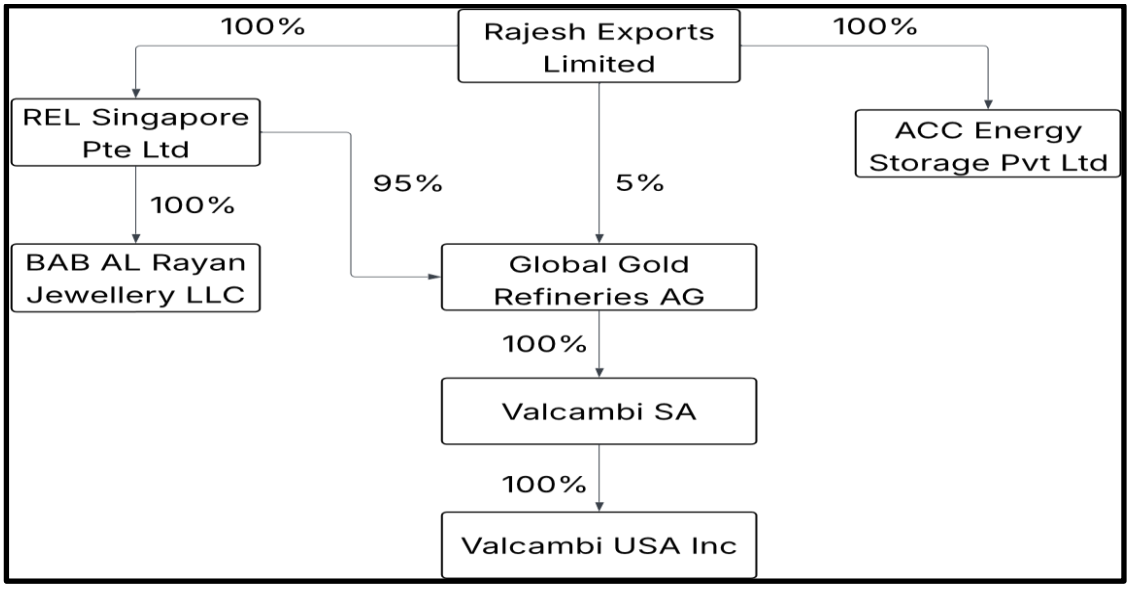
4. SEBI had received a complaint alleging potential financial misrepresentation in the books of REL with respect to large sums of trade receivables remained outstanding for more than two years. Subsequently, an investigation was initiated by the SEBI from the period between April 01, 2020 to March 31, 2024 involving *Noticees*. A Forensic Auditor viz. BDO India Services Pvt. Ltd. (hereinafter referred

to as "**Forensic Auditor"/ "BDO"**) was also appointed in the matter on December 03, 2024.

5. During the course of investigation, the Investigating Authority (hereinafter referred to as the "**IA**") issued various summons to *Noticees* for personal appearance and for production of documents. The *Noticees* submitted information and documents in multiple tranches, which were found to be incomplete in many aspects even after providing sufficient time to furnish the same. The *Noticees* also did not cooperate with the Forensic Auditor and resultantly, finalization of the Forensic Audit Report (hereinafter referred to as "**FAR**") and investigation by SEBI was hampered.

6. Considering the preliminary findings of the investigation, the ex-parte Interim Order was passed wherein, it was observed that despite the statutory requirements, REL failed to provide the financial statements of its subsidiaries and step-down subsidiaries. REL, *inter alia*, did not furnish requisite information of details of consolidated operations, specifically party-wise data for sales, purchases, debtors, creditors, and inventory citing confidentiality agreements and restrictive nature of Swiss Law. The Interim Order further *prima facie* records that REL disclosed substantially higher consolidated revenues by including revenues attributable to its overseas subsidiaries and step-down subsidiaries and that there were inconsistencies in the consolidation process.

7. The interim Order records that as per the Annual Reports and submissions of REL, REL has a multi-layered corporate structure comprising domestic operations and multiple overseas subsidiaries/ step-down subsidiaries, with a substantial portion of consolidated operations originating outside India. The corporate structure of REL is illustrated below.




*Note: During FY 2024-25 REL's shareholding in ACC Energy Storage Pvt Ltd was reduced from 100% to 51.05%.*

8. The details regarding the aforesaid corporate entities is as follows:

   I. Rajesh Exports Limited, India: A listed public limited company engaged in the import and sale of gold bullion, manufacture of gold products, and export, wholesale and retail sale (including under the brand 'Shubh Jewellers') of gold products.

   II. REL Singapore Pte Ltd, Singapore (hereinafter referred to as '**REL Singapore**'): A wholly owned subsidiary of REL, stated to be a holding Company and not engaged in any day to day business activity.

   III. Global Gold Refineries AG, Switzerland (hereinafter referred to as '**GGR**'): An entity in which REL Singapore Pte Ltd holds 95% and REL holds 5%. It is stated to be a holding company of Valcambi SA and not engaged in day to day business activities.

   IV. Valcambi SA, Switzerland (hereinafter referred to as '**Valcambi**'): A wholly owned subsidiary of GGR engaged in refining precious metals and sale of branded precious metal bars including gold bullion bars to various entities including bullion banks, international banks, central banks, bullion exchanges and bullion dealers, receives precious metals under arrangements such as purchase, loan and safekeeping.

V. Valcambi USA Inc, USA (dissolved in December 2023): A wholly owned subsidiary of Valcambi SA engaged in marketing Valcambi brand in North America.

VI. Bab AL Rayan Jewellery LLC, UAE: A wholly owned subsidiary of REL Singapore Pte Ltd, stated to be engaged in procuring scrap gold/ gold dore bars and refining/ manufacturing gold products for sale/export.

VII. ACC Energy Storage Pvt Ltd, India: A wholly owned subsidiary of REL, stated to be a start-up engaged in the research of Advanced Energy Storage Devices with operations yet to begin.

9. The Interim Order *prima facie* found that the standalone revenues of Valcambi SA constituted only a negligible fraction of the consolidated revenues reported by GGR and REL. This was inconsistent with REL's claim that Valcambi SA was the principal operating entity driving the group's revenues and the fact that GGR was merely a holding company without any day to day operations. Instances of incorrect consolidation in REL's Financial statements were also *prima facie* found and discrepancies were observed in relation to investments, trade payables and trade receivables of REL in its books.

10. It was *prima facie* found that there were material discrepancies and inconsistencies in the sales figures furnished by REL through various submissions made by them. The Interim Order also *prima facie* found material misrepresentation of REL's financial statements in relation to its transactions with Affluence Shares and Stocks Private Limited (hereinafter referred to as "**Affluence**"). Affluence's records and bank statements *prima facie* revealed substantial transaction involving Mr. Rajesh Mehta. REL could not furnish any documentary evidence, which established Mr. Rajesh Mehta as an authorized conduit or nominee for REL in respect of the impugned trades. Further, REL in its standalone Financial statement during FY 2020-21 to FY 2023-24 included foreign exchange fluctuations arising from revaluation of foreign currency debtors and interest income on Fixed Deposits/Mutual Funds as part of Revenue from Operations without requisite disclosures. The Interim Order *prima facie* found that records relating to purchases made by REL from Harshil Enterprise (hereinafter referred to as "**Harshil**") and Vienna Multiventures Private Limited (hereinafter

referred to as "**Vienna**") had discrepancies and that REL failed to furnish supporting documentation to the IA in respect of the alleged purchase transaction with Harshil and Vienna.

11. The Interim Order further *prima facie* found Misrepresentation of Financial Statements in relation to its claim of "Investment in Gold Mines in Africa" amounting to INR 1,035.27 crore as disclosed by REL on a consolidated basis in its Annual Reports. The purported "investment in gold mines in Africa" was found unsubstantiated and unverifiable based on information available on record.

12. Interim Order also *prima facie* found instances of incorrect adjustment of Trade Receivables against Trade Payables, with such adjustments accounting to approximately 98%-99% of REL's standalone trade receivables during FY 2021-22 to FY 2023-24 in respect of four overseas entities. No formal agreements governing such adjustments were furnished.

13. The Interim Order, based on examination of bank statements of REL, *prima facie* found substantial undisclosed transactions with related parties, particularly Mr. Rajesh Mehta and Mr. Siddharth Mehta (who is son of Mr. Rajesh Mehta). Analysis of the banking transactions revealed multiple instances of routing and exchange of funds between REL and Mr. Rajesh Mehta / Mr. Sidharth Mehta through their personal bank accounts, which has also been admitted by REL. Further, substantial fund transfers were observed between REL and Elest Pvt. Ltd (hereinafter referred to as "**Elest**"), an entity substantially owned and controlled by Rajesh Mehta which were not disclosed as related party transactions in Annual Reports and were not found to be approved by the board of REL. The investigation also focused on ACC Energy Storage Pvt. Ltd. (hereinafter referred to as "**ACC**"), incorporated by REL and investment of INR 262 crore by ACC in Elest during FY 2024-25. The details relating to valuation, percentage stake acquired and underlying terms of such investment were not available on record.

14. In view of the foregoing, the Interim Order *prima facie* found that the *Noticees* have *prima facie* violated
    I. Sections 11(2)(ia), 11C(3) 12A(a), 12A(b), and 12A(c) of the SEBI Act, 1992;

II. Regulations 3(b), 3(c), 3(d), 4(1), 4(2)(e), 4(2)(f), 4(2)(k) and 4(2)(r) of the PFUTP Regulations;

III. Regulations 4(1)(a), 4(1)(b), 4(1)(c), 4(1)(e), 4(1)(g), 4(1)(h), 4(1)(j), 4(2)(e)(i), 23(2), 33(1)(a), 33(1)(c), 34(3) read with Clause 1 of Para A of Schedule V, 46(2)(s) and 48 of the LODR Regulations;

IV. Section 136(1) of the Companies Act, 2013.

15. In view of the same, in terms of paragraph 231 of the Interim Order, following directions were issued by SEBI:

*"231. Keeping in view the aforesaid discussions and after analysing prima facie evidence available on record about the violations committed by Noticees, I hold that this is a fit case to exercise powers of passing an interim order, pending conclusion of investigation, so as to protect the interest of the investors. Accordingly, I, in exercise of powers conferred upon me under sections 11 (1), 11(4) and 11B read with section 19 of the SEBI Act, hereby by way of the present interim ex-parte order, issue the following directions, which shall remain in force until further orders:*

*I. The Noticees are directed to cooperate with the Investigating Authority and provide the documents and explanations as sought by Investigating Authority including documents mentioned in* ***Annexure-B*** *to this order, within 30 days of this order;*

*II. Noticee no. 2 is hereby restrained from buying, selling or dealing in securities of Rajesh Exports Limited, either directly or indirectly, in any manner whatsoever, until further orders;*

*III. Noticee No. 1 shall make true and fair disclosures of their financial statements, related party transactions and other disclosures in terms of LODR Regulations."*

16. Further, a detailed investigation into the matter was directed and *Noticees* were 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. REPLIES TO INTERIM ORDER AND PERSONAL HEARING

17. Pursuant to the passage of Interim Order, *Noticees* filed their written submissions vide letters dated June 16, 2026. The *Noticees* requested for a personal hearing and the same was scheduled on August 11, 2026.

18. On August 11, 2026, the *Noticee no.* 2 appeared in person and sought an adjournment on behalf of both *Noticees* on the ground that they intend to avail the services of a legal representative in the present proceedings. The request for adjournment was acceded to and the matter was listed for hearing on August 25, 2026.

19. On the aforesaid date of the personal hearing, the *Noticee no.* 2 appeared in person on behalf of both *Noticees* along with his authorized representatives. During the course of the personal hearing, *Noticees* made submissions in line with the written submissions filed prior to hearing. During the hearing, *Noticees* were asked to provide certain clarifications and documents to substantiate their submissions. Pursuant thereto, *Noticees* filed further written submissions dated August 26, 2026 along with some additional documents/annexures. The submissions made by *Noticees*, including the aforesaid further clarifications and documents, are considered hereinafter.

## D. CONSIDERATION OF ISSUES AND FINDINGS

20. 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 *Noticees* has been able to effectively rebut the *prima facie* findings recorded in the Interim Order and whether on account of the same, the

directions passed vide the Interim Order need to be modified, revoked or confirmed. Keeping the same in mind, I now proceed to consider all the issues individually as laid down in the Interim Order.

**D.1. Non-cooperation by the *Noticees***

21. The Interim Order *prima facie* found that the *Noticees* had not substantially cooperated with the investigation and the forensic audit. In particular, the Forensic Auditor had reported instances relating to non-availability of access to the Enterprise Resource Planning (**ERP**) systems and books of account, non-furnishing of the Journal Dump containing the underlying accounting entries, non-furnishing of requisite data and supporting information in respect of foreign subsidiaries, and deficiencies in the ledgers furnished, including incomplete visibility into the underlying transactions. The Interim Order accordingly recorded that the extent of data and document pendency raised serious concerns regarding the completeness and reliability of the financial information and disclosures made by REL.

22. In this regard, *Noticees* have submitted that REL has furnished all data and documents sought and has fully cooperated with SEBI and the Forensic Auditor. It has been submitted that the non-furnishing of certain auditor working papers and customer/supplier information was on account of confidentiality, data-protection and foreign-law restrictions. The *Noticees* have further submitted that REL had furnished the financial statements and other information relating to its foreign subsidiaries through emails and that copies of the relevant communications were annexed to their submissions. The *Noticees* have also submitted that the Forensic Auditor were provided access to the relevant records and computer systems and that the FAR did not record any instance of non-cooperation with the investigating officers of SEBI. It has further been submitted that several observations in the FAR related to the working procedures or contractual arrangements of the Forensic Auditor, or matters which were not applicable to REL. The *Noticees* have also disputed the observation relating to

non-cooperation on the ground that the Forensic Auditor had not informed REL of any pending requirement.

23. I have considered the *prima facie* findings recorded in the Interim Order and the submissions made by *Noticees* in their replies and during the personal hearing, including the material subsequently furnished by them. The *Noticees* have submitted that they furnished all the data and documents and fully cooperated with the investigation and the forensic audit. However, upon examination of the item-wise statement furnished by *Noticees* pursuant to the personal hearing against the information sought by SEBI and/or the Forensic Auditor, it is observed that certain information and records remained outstanding or were not furnished in the form sought. A comparative table of the information sought, the responses furnished by the *Noticees* and the position emerging from the post-hearing submissions is provided in **Annexure-A** to this order.

24. I have also taken note of the submission that certain information was not furnished on account of confidentiality obligations, data-protection requirements or restrictions under foreign law. These explanations have been considered in detail in next part of the order. However, I note that mere furnishing of some information or documents does not establish complete cooperation in respect of all the information sought by SEBI and the Forensic Auditor. The issue at this stage is whether the information necessary for carrying out the forensic examination was made available in a complete and usable form to enable independent examination and verification. In this regard, the Forensic Audit Report records instances where the requisite records and information were not made available, including information relating to the books of account, underlying accounting data and records pertaining to foreign subsidiaries. The *Noticees* have disputed certain observations contained in the Forensic Audit Report and have explained the reasons for not furnishing of particular categories of information. I have taken these explanations into consideration. However, the material presently available on record does not demonstrate that all the information identified in Annexure-B of the Interim Order was subsequently furnished in a complete and usable form.

25. I also note that the *Noticees* have furnished additional information subsequent to the Interim Order and during the course of the present proceedings. Such subsequent furnishing of information has been taken into consideration while assessing whether the *prima facie* finding of non-cooperation as recorded in the Interim Order has been effectively rebutted. However, the fact that additional information has subsequently been furnished does not address the instances where information sought earlier was not furnished or was furnished in a form which did not enable independent examination. Further, as seen from **Annexure-A** of this Order, considerable information has still not been furnished by the *Noticees* pursuant to the personal hearing.

26. To illustrate the extent of non-furnishing of information, screenshots of information/response submitted by the Noticees are reproduced below:

    I. In response to query of top 20 purchase parties on consolidated basis, the Noticees have submitted incomplete details without mentioning name and addresses of the purchase parties. The relevant screenshot is provided below:

**Answer:** All the Top 20 Purchase parties are from Global Gold Refineries (GGR). GGR is the holding Company of Valcambi S.A which is the World's largest precious metal refinery located at Switzerland and has been incorporated under Swiss law. GGR supplies precious metals to several Global entities including large bullion Banks, Central Banks, Governments etc. GGR is bound by Swiss confidentiality laws with regard to the names of it's counter parts. As per Swiss Law, GGR is not allowed to furnish the names of it's counter parts. As per the confidentiality agreements signed between the global parties and Valcambi S.A Valcambi S.A is barred from disclosing the names and other details of it's counter parties and the same is covered under the Swiss confidentiality laws therefore the Top 20 Purchases for the F.Y 2022-23, HY ended September 2023 and FY 2023-24 have been listed hereunder but without the names of the counter parts.

**Top 20 Purchase Parties for the F.Y.2022-23**

| Party Name | Address | GSTIN | Purchases during the year In Rs. Crores | Payments made for the Purchases during the period In Rs. Crores | Relationship if any with the company |
|---|---|---|---|---|---|
| 1. | N.A | N.A | 83,440.4 | 82340.6 | No Relationship |
| 2. | N.A | N.A | 46,539.2 | 46293.2 | No Relationship |
| 3. | N.A | N.A | 28,504.6 | 26312.8 | No Relationship |
| 4. | N.A | N.A | 20,096.6 | 20096.6 | No Relationship |
| 5. | N.A | N.A | 18,736.9 | 17772.2 | No Relationship |
| 6. | N.A | N.A | 18,120.1 | [illegible] | No Relationship |

II. In response to query of top 20 customers on consolidated basis, the Noticees have submitted incomplete details without mentioning name and addresses of the customers. The relevant screenshot is provided below:

All the Top 20 Customers on a consolidated basis are from Global Gold Refineries (GGR). GGR is the holding Company of Valcambi S.A which is the World's largest precious metal refinery located at Switzerland and has been incorporated under Swiss law. GGR supplies precious metals to several Global entities including large bullion Banks, Central Banks, Governments etc. GGR is bound by Swiss confidentiality with regard to the names of it's counter parts. As per Swiss Law, GGR is not allowed to furnish the names of it's counter parts. As per the confidentiality agreements signed between the global parties and Valcambi S.A Valcambi S.A is barred from disclosing the names and other details of it's counter parties and the same is covered under the Swiss confidentiality laws therefore, the Top 20 Customers have been listed hereunder but without the names of the counter parts.

**Top 20 Customers on Consolidated Basis for FY 2021-22**

| Party Name | Address | GSTIN | Sales during the year | Relationship if any with the company |
|---|---|---|---|---|
| 1. | N.A | N.A | 70,955.5 | No Realtionship |
| 2. | N.A | N.A | 30,374.9 | No Realtionship |
| 3. | N.A | N.A | 20,046.5 | No Realtionship |
| 4. | N.A | N.A | 19,257.0 | No Realtionship |
| 5. | N.A | N.A | 11,750.6 | No Realtionship |
| 6. | N.A | N.A | 11,091.7 | No Realtionship |
| 7. | N.A | N.A | 8,914.2 | No Realtionship |
| 8. | N.A | N.A | 8,263.4 | No Realtionship |

III. In response to query for submission of data on customer master, vendor master and employee master, the Noticees have submitted that *"Has been replied by Email dated 25.07.2025"* However, upon perusal of the email dated July 25, 2025, referred to by REL, wherein it has stated that *"REL does not maintain the three masters; only vendor/customer KYC maintained."*. The relevant screenshot is provided below*:*

**Annexure-B**

**Data/ Information not received from *Noticees***

| S. No: | Information Required |
|---|---|
| 1 | Vendor Master, Customer Master, Employee Master data. |

RAJESH EXPORTS LIMITED
Mfrs & Exporters of Gold and Diamond Jewellery
# 4, BATAVIA CHAMBERS, KUMARAKRUPA ROAD
KUMARA PARK EAST, BENGALURU - 1 INDIA
PH : 22266735, 22260443, 22282215, 41623638, 41529154
FAX : +91-80-2225 9503 Email : corpcomm@rajeshindia.com
CIN No. : L36911KA1995PLC017077
Website : www.rajeshindia.com

Table for Data/Information Sought in Annexure B

| Info No | Details of Submission |
|---|---|
| 1 | This Data/Information has been submitted vide Email dated 25.07.2025 |

Fri 25/07/2025 22:38

[redacted]

Submission of documents for Point NO.3 of the Information Requirement

To [redacted]

Cc [redacted]

Point No:3, We do not maintain Vendor Master, Customer Master and Employee Master. We only maintain KYC of the Vendors and Customers, which has been enclosed in the other queries.

Regards,

Rajesh Mehta

*(Note: The e-mail addresses in the aforesaid screenshot have been masked)*

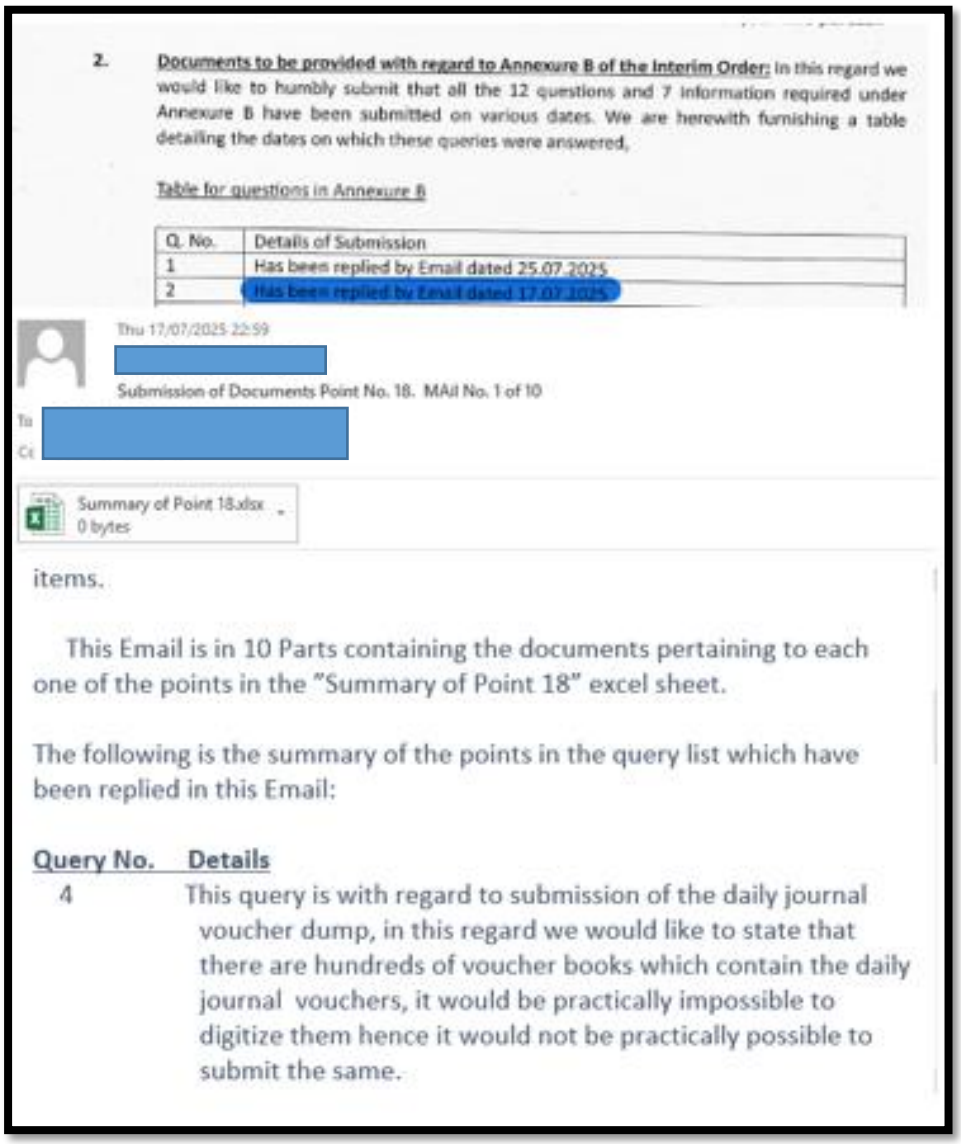
IV. In response to query raised during the hearing regarding details of fund flow between REL and counterparties through Rajesh Mehta as conduit, the *Noticees* have submitted incomplete information where the transactions between Rajesh Mehta and REL are provided. However, details of

transactions between Rajesh Mehta and counterparties have not been provided. The relevant screenshot is provided below:

| Details of all the money sent through and received through Mr. Rajesh Mehta's Bank Account | | | |
|---|---|---|---|
| Date | Credit | Debit | Explanation |
| 05-06-2020 | | 694049 | Payment of Property Tax of Whitefield Property was made by Rajesh Mehta, so Reimbursed |
| 05-03-2021 | 20000000 | | Interest free loan received from Rajesh Mehta |
| 10-03-2021 | 65000000 | | Interest free loan received from Rajesh Mehta |
| 23-03-2021 | | 60000000 | Outstanding Interest Free Loan from Rajesh Mehta paid back |
| 26-03-2021 | | 20000000 | Outstanding Interest Free Loan from Rajesh Mehta paid back |
| 03-04-2021 | | 5000000 | Outstanding Interest Free Loan from Rajesh Mehta paid back |
| 25-06-2021 | | 21089141 | REL required to transfer funds to other source without revealing it's Bank details so sent through Rajesh Mehta's account |
| 25-06-2021 | 21089141 | | REL required to transfer funds to other source without revealing it's Bank details so received through Rajesh Mehta's account |
| 28-06-2021 | | 21087119 | REL required to transfer funds to other source without revealing it's Bank details so sent through Rajesh Mehta's account |
| 28-06-2021 | | 21310546 | REL required to transfer funds to other source without revealing it's Bank details so sent through Rajesh Mehta's account |
| 28-06-2021 | 17000000 | | REL required to transfer funds to other source without revealing it's Bank details so received through Rajesh Mehta's account |
| 29-06-2021 | | 21259236 | REL required to transfer funds to other source without revealing it's Bank details so sent through Rajesh Mehta's account |
| 29-06-2021 | | 19074062 | REL required to transfer funds to other source without revealing it's Bank details so sent through Rajesh Mehta's account |
| 05-07-2021 | 21700000 | | REL required to transfer funds to other source without revealing it's Bank details so received through Rajesh Mehta's account |
| 06-07-2021 | 18000000 | | REL required to transfer funds to other source without revealing it's Bank details so received through Rajesh Mehta's account |
| 07-07-2021 | 18000000 | | REL required to transfer funds to other source without revealing it's Bank details so received through Rajesh Mehta's account |
| 08-07-2021 | 8030963 | | REL required to transfer funds to other source without revealing it's Bank details so received through Rajesh Mehta's account |
| 20-07-2021 | | 18502899 | REL required to transfer funds to other source without revealing it's Bank details so sent through Rajesh Mehta's account |

V. In response to query pertaining to Journal voucher dump containing all the journal entries posted during the investigation period, the Noticees stated that "*Has been replied by Email dated 17.07.2025".* However, upon perusal

of e-mail dated July 17, 2025, it was found that REL had stated that "*This query is with regard to submission of the daily journal voucher dump, in this regard we would like to state that there are hundreds of voucher books which contain the daily journal vouchers, it would be practically impossible to digitize them hence it would not be practically possible to submit the same.*" The relevant screenshot is provided below:



2. **Documents to be provided with regard to Annexure B of the Interim Order:** In this regard we would like to humbly submit that all the 12 questions and 7 information required under Annexure B have been submitted on various dates. We are herewith furnishing a table detailing the dates on which these queries were answered,

Table for questions in Annexure B

| Q. No. | Details of Submission |
|---|---|
| 1 | Has been replied by Email dated 25.07.2025 |
| 2 | Has been replied by Email dated 17.07.2025 |

Thu 17/07/2025 22:59

[redacted]

Submission of Documents Point No. 18. MAil No. 1 of 10

To [redacted]

Cc

Summary of Point 18.xlsx
0 bytes

items.

This Email is in 10 Parts containing the documents pertaining to each one of the points in the "Summary of Point 18" excel sheet.

The following is the summary of the points in the query list which have been replied in this Email:

| Query No. | Details |
|---|---|
| 4 | This query is with regard to submission of the daily journal voucher dump, in this regard we would like to state that there are hundreds of voucher books which contain the daily journal vouchers, it would be practically impossible to digitize them hence it would not be practically possible to submit the same. |

27. I note that the relevant question for present purposes is whether the explanations, taken together with the subsequent material furnished by the *Noticees*, sufficiently address the specific instances of non-furnishing of information identified in the Interim Order. Based on the material presently available and as detailed in **Annexure-A** to this order, I do not find that the aforesaid instances of non-

furnishing have been addressed. In view of the foregoing, I find that although the *Noticees* have furnished additional information and documents during the course of the proceedings, they have not satisfactorily addressed all the specific instances of non-furnishing of information and documents identified in the Interim Order and reflected in the material placed on record.

28. Accordingly, the submissions and documents furnished by the *Noticees* do not, at this stage, effectively rebut the *prima facie* finding regarding non-cooperation recorded in the Interim Order. Therefore, I find that Noticee has also not complied with the directions issued in Para 231(1) of the Interim Order.

**D.2. Non-disclosure of material consolidated financial information**

29. In the Interim Order, it was found that, despite the statutory requirements under Section 128(1) and Section 136(1) of the Companies Act, 2013 and Regulation 46(2)(s) of the LODR Regulations, REL had not uploaded the financial statements of its subsidiaries and step-down subsidiaries on its website and further failed to furnish the same upon being sought during the investigation. It was further observed that REL's consolidated financial performance was significantly dependent upon its overseas subsidiaries, particularly Valcambi SA, and that the non-furnishing of the underlying financial and operational information constrained the ability of SEBI to assess and verify the consolidated financial position of REL.

30. The Interim Order further records that, despite multiple requisitions and summons made through various communications, REL did not furnish certain underlying information relating to its consolidated operations, including party-wise information concerning sales, purchases, debtors, creditors and inventory, citing confidentiality arrangements and restrictions under Swiss law. Accordingly, the Interim Order *prima facie* found that the non-furnishing of the information sought, despite repeated requisitions and summons, had impaired SEBI's ability to independently verify the consolidated financial information and underlying operations of REL's foreign subsidiaries. The issue presently before me is whether

the subsequent material and explanations furnished by the *Noticees* sufficiently address the deficiencies forming the basis of the aforesaid *prima facie* finding.

31. In this regard, the brief of submissions made by *Noticees* is as under:

    I. REL has maintained all books of account and financial statements which, according to the *Noticees*, reflect a true and fair view of the state of affairs of the company. REL has uploaded its consolidated financial statements and audited standalone financial statements on its website for every quarter. The *Noticees* have furnished a tabulated statement indicating the dates on which the information sought under Annexure B to the Interim Order was submitted and have enclosed the relevant emails/documents.

    II. REL has submitted the financial statements of its foreign subsidiaries, as audited by KPMG and contain the relevant consolidated figures relating to sales, purchases, creditors, debtors and inventory. It has further been submitted that the foreign subsidiaries of REL are governed by their respective applicable laws and accounting standards and the subsidiaries are adhering to the same.

    III. The *Noticees* have relied upon the provisions of the Swiss Federal Act on Data Protection ("**FADP**") and, in particular, Article 17 thereof, in relation to the disclosure of information concerning the foreign subsidiaries. It has been submitted that Article 17 provides exceptions in circumstances involving, *inter alia*, an overriding public interest or the establishment, exercise or enforcement of legal rights before a competent foreign authority. The *Noticees* have submitted that a request to the Federal Data Protection and Information Commissioner ("**FDPIC**") was required to be made before the relevant information could be furnished. It has further been submitted that audited financial information of the foreign subsidiaries had otherwise been furnished, from which the consolidated figures could be derived.

IV. Auditors of REL did not have access to the working papers of the foreign subsidiaries and, consequently, such papers could not be furnished.

V. The customer-wise and supplier-wise information could not be compiled or furnished on account of confidentiality obligations applicable to Valcambi under Swiss law and non-disclosure arrangements with its customers and suppliers. Reliance has also been placed upon an email dated 27.08.2024, whereby information sought in respect of sales, purchases, debtors, creditors and inventory of GGR was furnished to SEBI with the names of customers and suppliers redacted.

32. I have considered the *prima facie* findings recorded in the Interim Order and the submissions made by *Noticees*. I have also considered the documents and information subsequently furnished by the *Noticees*. At the outset, I note that the *Noticees* have claimed that they have furnished substantial financial information, including audited financial statements of foreign subsidiaries, consolidated financial statements and correspondence exchanged with SEBI. However, I note that the consolidated financial statements of GGR, as submitted by the *Noticees*, contain the following caveat:

*"This Consolidated Financial Statements was voluntarily prepared by the Board of Directors. Our opinion has been prepared at the request of the Board of Directors and does not represent a statutory audit opinion on the Consolidated Financial Statements for the purposes of Swiss law. As a result, this Consolidated Financial Statements may not be suitable for another purpose. We refer to note 2 of the notes to the Consolidated Financial Statements, which describes the accounting criteria applied."*

33. A snapshot of the relevant page from Consolidated Financial Statement (2023) of GGR is reproduced below:

**GLOBAL GOLD REFINERIES AG, Lucerne**

Report of the Independent Auditor to the Board of Directors on the

Consolidated Financial Statements 2023

**Report of the Independent Auditor to the Board of Directors on the Audit of the Consolidated Financial Statements of GLOBAL GOLD REFINERIES AG, Lucerne**

**Opinion**
We have audited the consolidated financial statements of GLOBAL GOLD REFINERIES AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements comply with Swiss law.

**Basis for Opinion**
We conducted our audit in accordance with Swiss Standards on Auditing (SA-CH). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Accounting criteria**
This Consolidated Financial Statements was voluntarily prepared by the Board of Directors. Our opinion has been prepared at the request of the Board of Directors and does not represent a statutory audit opinion on the Consolidated Financial Statements for the purposes of Swiss law. As a result, this Consolidated Financial Statements may not be suitable for another purpose. We refer to note 2 of the notes to the Consolidated Financial Statements, which describes the accounting criteria applied.

34. The aforesaid document makes it clear that it does not represent a statutory audit opinion on the Consolidated Financial Statements for the purposes of Swiss law. Thus, it cannot form basis for independent verification of the consolidated financial position and underlying operations of REL.

35. Further, the question is not merely whether financial statements or some information were furnished, but whether the specific information sought by SEBI was furnished in sufficient detail and in a form enabling independent verification of the consolidated financial position and underlying operations of REL. While the

*Noticees* furnished a tabulated statement setting out the dates on which, according to them, the information sought under Annexure B to the Interim Order was provided, there are material deficiencies in the correspondences referred to by the *Noticees*. The specific deficiencies emerging from the material available on record are provided in **Annexure-A** to this Order.

36. Even assuming *Noticees*' submission that the financial statements of the foreign subsidiaries contain the relevant aggregate figures relating to sales, purchases, debtors, creditors and inventory, it still does not address the non-furnishing of underlying and supporting information, including transaction-wise, customer-wise and supplier-wise details and other records necessary to verify the consolidated financial information. Accordingly, I find that despite furnishing of unaudited financial statements, specific deficiencies identified in the Interim Order have not been duly addressed.

37. I have also considered the *Noticees*' reliance upon confidentiality arrangements and non-disclosure agreements entered into by the foreign subsidiaries with customers and suppliers. The existence of such arrangements does not, by itself, establish that the information could not be furnished to SEBI in any permissible form, including by adopting such other safeguards as may be available under the applicable law. Further, it is an established position of law that statutory provisions override private contractual agreements. In ***SEBI v. Rajkumar Nagpal and Others, Civil Appeal No.5247 of 2022*** the Hon'ble Supreme Court as follows:

> "85. Even assuming that debenture holders were vested with the right to sanction a compromise or arrangement in terms of the special majority in Clause 23 to the Fifth Schedule of the Debenture Trust Deed, they were divested of such a right upon the issuance of the SEBI Circular. Clause 59 of the Debenture Trust Deed stipulates that any provision in the Debenture Trust Deed which is in conflict with the 1993 Regulations is null and void. In so doing, it lays down a trigger for the divestment of rights under the Debenture Trust Deed. <u>A contractually vested right may be taken away by the operation of a statutory instrument. A fortiori, in the present case, the SEBI Circular owes its existence to statutory powers conferred by a special</u>

legislation enacted with a view to protect the interests of investors and to ensure the stable and orderly growth and development of the market for securities." (emphasis supplied)

38. Hence, contractual arrangements cannot determine the scope of the regulatory requirements that may be required by SEBI in discharge of its statutory functions and thus cannot be relied upon by the *Noticees* to bypass the regulatory obligations. If such a defense were to be accepted, all listed companies could circumvent regulatory disclosures in the garb of private confidentiality arrangements and investors' interest could be seriously undermined. I have also taken note of the submission that *Noticees* have furnished certain sample documents with the names of customers and suppliers redacted. However, in absence of complete information the relevant fact finding cannot be completed and the plea of Noticees in this regard is not tenable. Further, the matter is still pending for investigation and the extent to which such redacted information satisfies the specific requisitions made during the investigation would have to be assessed having regard to the purpose for which the information was sought.

39. The *Noticees* have further relied upon restrictions under Swiss law, including the FADP, to explain the non-furnishing of certain information. I have considered this submission. The FADP is concerned with the protection of the personality and fundamental rights of natural persons whose personal data is processed. "Personal data" under the FADP means information relating to an identified or identifiable natural person. Information relating solely to a legal person, such as a company, is therefore outside the definition of personal data under the revised FADP. Accordingly, to the extent that the information sought by SEBI concerns the corporate entities, the *Noticees* have not demonstrated how such information, merely by virtue of relating to a Swiss-incorporated entity, falls within the scope of personal data protected under the FADP. Instead *Noticees* have tried to justify that information relating to corporate entities is also protected under FADP without citing any legal provisions to support the same.

40. I recognize that certain underlying records may contain information relating to identified or identifiable natural persons. In such circumstances, the applicability

of the FADP would have to be assessed with reference to the nature of the particular information sought and the circumstances of its disclosure. However, the existence of such personal data does not establish that the entirety of the information sought by SEBI could not be furnished. I have also considered the *Noticees*' reliance upon Article 17 of the FADP. Article 17 provides specified exceptions to the general requirements governing disclosure of personal data abroad, including where disclosure is necessary to safeguard an overriding public interest or to establish, exercise or enforce legal rights before a court or another competent foreign authority. The *Noticees* have submitted that a request to the FDPIC was required before the relevant information could be furnished. However, the material presently available does not demonstrate that *Noticees* took any steps to cause Valcambi SA to request FDPIC for permission to provide information to SEBI. The *Noticees* have also not demonstrated how the specific information sought by SEBI could not be furnished in any legally permissible manner. In the Interim Order it has been noted that confidentiality provisions under Swiss law does not apply to information sought by SEBI. Even during the personal hearing, the Noticees were specifically asked to respond to that. However, no response on this specific query has been provided pursuant to the hearing.

41. I therefore find that the *Noticees*' reliance upon the FADP and foreign-law restrictions does not, on the material presently available, establish that the information sought by SEBI could not be furnished in its entirety or that the *Noticees* were legally incapable of taking further steps to facilitate its furnishing.

42. The *Noticees* have also submitted that the auditors of REL did not possess the working papers of the foreign subsidiaries. I have considered the submission. However, the relevant question is whether the particular records sought were within the possession, custody or control of the *Noticees* or the relevant subsidiaries, or could reasonably have been obtained by them from the entities concerned. The fact that REL's auditors did not themselves possess such working papers does not establish that the *Noticees* were not in a position to obtain or furnish the underlying information.

43. In view of the foregoing, I find that the information and explanations furnished by the *Noticees* do not address the specific deficiencies identified in the Interim Order and therefore, the *Noticees* have failed to rebut the *prima facie* finding recorded in the Interim Order.

**D.3. Misrepresentation of financial Statements - Consolidated basis**

44. As recorded in the Interim Order, REL disclosed substantially higher consolidated revenues by including overstated revenues attributable to its overseas subsidiaries and step-down subsidiaries. During the investigation, however, REL did not furnish party-wise break-ups, sales registers, purchase registers, invoices, purchase orders or other supporting documentary records sought in relation to such revenues. The absence of such underlying records was considered material for examining the basis and verifiability of the revenue figures reflected in the consolidated financial statements. The Interim Order also noted certain features of the consolidation structure which warranted examination. REL Singapore prepared standalone financial statements and was exempted from preparing consolidated financial statements on the ground that REL prepared consolidated financial statements. The standalone financial statements of Valcambi SA were audited under Swiss law by KPMG SA, whereas the consolidated financial statements of GGR were stated to have been prepared voluntarily under a "Group Accounting Manual" and were not subjected to statutory audit under Swiss law. These aspects were considered in examining the basis on which the revenues of the overseas entities were ultimately reflected in the consolidated financial statements of REL.

45. The Interim Order further recorded that REL Singapore reported nil revenue from operations during the relevant period and that REL had represented during the investigation that the consolidated revenues of the group, other than the standalone revenues of REL, substantially emanated from Valcambi SA, which was stated to be the principal operating entity of the group. The standalone revenues of Valcambi SA were thereafter compared with the consolidated revenues reported by GGR and, subsequently, with those reported by REL. A

substantial disparity was observed between the standalone audited revenues of Valcambi SA and the much higher revenues reflected at the consolidated levels of GGR (unaudited) and REL (audited but based on unaudited revenues of GGR without any underlying documents). The *Noticees* explained the difference by submitting that Valcambi recognised the value addition/processing component of the transactions as revenue, whereas GGR recognised the gross value of the gold transactions together with processing charges. The Interim Order observed that the higher revenues disclosed at the consolidated level of GGR were not adequately supported, on the material then available, by the audited standalone financial statements of Valcambi SA or by verifiable underlying transaction records. The issue, therefore, was not merely the difference between standalone and consolidated revenue figures, but whether the substantial difference could be reconciled and independently verified with reference to the underlying financial and transactional records.

46. In view of the aforesaid circumstances, the Interim Order *prima facie* found that the manner in which the consolidated financial information was presented raised concerns regarding the accuracy, completeness and verifiability of the financial information disseminated by REL to the stock exchanges and investors. The Interim Order further recorded a *prima facie* concern that the consolidated financial statements did not, on the material then available, provide a sufficiently verifiable basis for assessing the actual operational scale and financial position of the group.

47. In this regard, the *Noticees* have submitted, *inter alia*, as follows:

    I. The allegation of misrepresentation of the consolidated financial statements arises from an erroneous appreciation of the consolidation methodology adopted by REL and does not involve any suppression, inflation or misrepresentation by REL. The revenue figures considered in the Interim Order do not appropriately distinguish between standalone revenue and consolidated revenue. The overseas subsidiaries maintain their accounts in accordance with applicable laws and accounting standards and, upon consolidation, their revenues are incorporated into

the consolidated financial statements of REL in accordance with the applicable Ind-AS requirements, including the treatment applicable to principal/agent transactions.

II. The consolidated revenue was arrived at through successive consolidation of the financials of REL, REL Singapore, GGR and Valcambi in accordance with the applicable accounting standards. The standalone and consolidated financial statements serve different purposes and that differences in reporting periods and consolidation methodology must be taken into account before comparing the figures.

III. The financial statements of GGR and Valcambi were audited by KPMG and that the consolidated financial statements were prepared in accordance with the Group Accounting Manual and on a "true and fair" basis. According to *Noticees*, the consolidated figures incorporate the underlying metal value of sales and purchases and do not contain hidden reserves or accelerated depreciation.

IV. The revenues from sales of goods and services, including metal sales, refining and value-added services, were recognised in accordance with the stated accounting criteria and applicable revenue-recognition policies, and that the revenues of GGR reflected in the audited consolidated financial statements constituted the revenues considered for consolidation with the Indian parent entity.

V. *Noticees* disputed the computation of Valcambi's revenue and the inference that the entire value of transactions undertaken by Valcambi should be attributed to REL. It has submitted that the relevant financial statements and revenue details were audited and furnished to SEBI. Valcambi follows an accounting system under which its revenue reflects value addition arising from refining and processing of gold, whereas GGR recognises the gross value of gold transactions together with processing charges. Valcambi's financial statements were consolidated into those of GGR and thereafter into the consolidated financial statements of REL.

VI. There was no inflation or misstatement of revenue and even assuming a higher revenue figure, such higher revenue would correspondingly result in a lower profit margin and therefore would not, by itself, make the financial position more attractive to investors. It has also been submitted that the corresponding assets and liabilities of the foreign subsidiaries were reflected in the financial statements.

48. I have considered the *prima facie* findings recorded in the Interim Order and the submissions made by *Noticees*. At the outset, I note that the issue is not merely one of comparing standalone and consolidated financial statements. The relevant question is whether the revenues attributable to the overseas entities, particularly GGR and Valcambi SA, and ultimately reflected in the consolidated financial statements of REL, are adequately supported and capable of being independently verified with reference to the underlying financial and transactional records. The *Noticees* have submitted that the consolidated revenue of REL was arrived at through successive consolidation of the financials of REL, REL Singapore, GGR and Valcambi in accordance with the applicable accounting standards. They have also relied upon the distinction between standalone and consolidated financial statements and the differing reporting periods of the Indian and overseas entities. I note that these submissions explain the general basis of consolidation, but do not, by themselves, reconcile the specific and substantial disparity observed between the standalone revenue of Valcambi SA and the revenue reflected at the consolidated levels of GGR and REL.

49. I further note that REL has submitted that the consolidated revenues of the group, other than the standalone revenues of REL, substantially emanated from Valcambi and that Valcambi constituted the principal operating entity of the group. Thus Noticee has acknowledged that there is no operation at the level of GGR and any difference is only on account of different accounting methodology. In these circumstances, the substantial difference between the revenue reported in Valcambi's standalone financial statements and the revenue reflected at the consolidated levels assumes particular significance and requires reconciliation with reference to the underlying records to give clear picture and financials of the company. The *Noticees* have explained the difference by submitting that Valcambi

recognised the value addition/processing component of the relevant transactions as revenue, whereas GGR recognised the gross value of gold transactions together with processing charges. During personal hearing also, the *Noticees* submitted that Valcambi SA reported revenue on both value added basis as well as gross value basis. Upon being asked to produce the audited account of Valcambi SA on gross value basis, *Noticees* could not produce any document to this effect. Even otherwise, it is highly doubtful that an entity who only processes gold and does not buy or sell the underlying gold could account for the gross value in its revenues. Hence, the material furnished does not, at this stage, provide a complete reconciliation demonstrating how the difference between the revenue reflected in Valcambi's audited standalone financial statements and the substantially higher revenue reflected at the consolidated levels arose.

50. The *Noticees* have also relied upon the audit of the financial statements by KPMG and upon the Group Accounting Manual and the "true and fair" basis adopted for preparation of the consolidated financial statements. It has already been discussed at earlier paragraphs that with respect to GGR, there is no statutory audit opinion by KPMG. The fact that financial statements of GGR as submitted by *Noticees* do not represent a statutory audit opinion on the Consolidated Financial Statements for the purposes of Swiss law, the same cannot be relied upon to examine the basis and verifiability of the revenue figures reported by REL. Further, the requisite party-wise break-ups, sales and purchase registers, invoices, purchase orders and other supporting records have not been furnished in a manner sufficient to independently examine whether the revenue reflected in the consolidated financial statements corresponds to identifiable underlying transactions.

51. The submission that a higher revenue figure may correspondingly result in a lower profit margin does not address the specific concern arising in the present case. It is not necessary that valuation of a company will solely depend on profit margin. It is a routine case that even loss making companies are valued based on their overall revenue. Hence, the issue at this stage is not whether higher revenue necessarily results in higher profitability, but whether the basis on which such revenue has been recognised and disclosed, is adequately supported and

verifiable. If not, whether investors have been misled due to higher revenue. Similarly, the submission that the corresponding assets and liabilities of the foreign subsidiaries were reflected in the financial statements does not address the concern regarding the basis and quantum of the revenue recognised at the consolidated level.

52. I have also considered the submission regarding differences in reporting periods followed by the Indian and overseas entities. Such differences may explain certain period-wise variations and may require appropriate consolidation adjustments. However, the *Noticees* have not, by reference to the underlying records, demonstrated at this stage how the difference in reporting periods accounts for the magnitude of the disparity observed in the revenue attributable to Valcambi and the revenue reflected in the consolidated financial statements. Further, difference due to reporting period gets minimised when we take consolidated revenue figures for five years (FY 2020-21 to FY 2024-25/ CY 2020 to CY 2024) together. In this case, discrepancy between consolidated revenue of REL (INR 15,44,898.77 crore) and standalone revenue of Valcambi SA (INR 3,027.38 crore) is approximately 99% which cannot be explained on the basis of difference in reporting period.

53. I therefore find that the justification given by Noticees with regard to this is not tenable. This continues to raise a *prima facie* concern regarding the verifiability and reliability of the consolidated revenue figures disclosed by REL. In view of the above, I find that the *Noticees* have failed to rebut the *prima facie* finding recorded in the Interim Order and the *prima facie* concern regarding the accuracy, completeness and verifiability of the relevant consolidated financial disclosures continues to subsist.

**D.4. Discrepancies in submissions made by REL**

54. The Interim Order had also noted material discrepancies and inconsistencies in the sales figures furnished by REL through different submissions made during the course of investigation. The relevant question is whether the inconsistencies in the customer-wise sales information can be satisfactorily explained and

reconciled so as to establish the reliability and verifiability of the information furnished by REL.

55. The *Noticees* have submitted that there was no discrepancy in the overall revenue reported by REL and the differences related to customer-wise sales information. They have submitted that the differences arose on account of variations in the volume of data extracted, inadvertent software or data compilation issues and inclusion of information pertaining to different financial years. The *Noticees* have further submitted that final customer-wise details were furnished in a pen drive received by SEBI on August 06, 2025.

56. The submission of the *Noticees* that the overall revenue figure has not changed does not, by itself, address the allegation that there were material differences in customer-wise information furnished at different stages. The explanation that the differences arose from software, extraction or compilation errors is taken on record. However, I find that the Noticees have failed to rebut the findings recorded in the Interim Order in this regard.

**D.5. Misrepresentation of Financial Statements -Standalone basis**

57. The Interim Order had, *inter alia*, considered transactions between REL and Affluence. It was observed that purchases and sales relating to Affluence constituted a substantial proportion of the corresponding figures of REL, while the GSTR-2A records for the relevant financial years did not reflect the purchase transactions in the manner expected. Deficiencies were also noted in the ledger information furnished. Further, records and bank statements of Affluence indicated substantial transactions involving Mr. Rajesh Mehta. It was further noted that Affluence had stated that REL was not its client and that its dealings were with Mr. Rajesh Mehta. While REL asserted that these transactions were corporate gold trades routed through Mehta's personal account using company funds, it failed to provide any formal board approvals or legal documentation validating this authorization. Consequently, routing corporate funds for derivative

trading without related-party disclosures or board oversight raised strong concerns over the integrity of REL's financial reporting.

58. Additionally, the Interim Order questioned REL's inclusion of non-operational items such as foreign exchange fluctuations and interest income from fixed deposits or mutual funds under “Revenue from Operations” noting that this approach conflicted with standard accounting frameworks. Finally, unverified purchase entries involving Harshil Enterprise and Vienna Multiventures lacked sufficient supporting documentation. In view of the aforesaid circumstances, the Interim Order *prima facie* found that the transactions and accounting treatments reflected in REL’s standalone financial statements raised concerns regarding the accuracy, completeness and transparency of the information disseminated by REL to the stock exchanges and investors, particularly in relation to its operational revenue, purchases and financial performance.

59. In this regard, *Noticees* have submitted, *inter alia*, as follows:

    I. In relation to Affluence, REL had entered the digital gold business and, since it did not wish to open a direct account with MCX on account of earlier litigation, the transactions were routed through the account of Mr. Rajesh Mehta pursuant to a formal arrangement. According to the *Noticees*, Mr. Rajesh Mehta acted only as a conduit and the transactions were undertaken for and on behalf of REL, the funds were provided by REL and the amounts received were routed back to REL. The transactions were duly recorded in REL’s books, with applicable charges and taxes accounted for, and the arrangement did not result in any undisclosed benefit or loss to REL.

    II. The transactions resulted in losses, which were duly accounted for in REL’s consolidated financial statements, and that details of the relevant profit and loss account were furnished in the submissions made after the personal hearing.

    III. With regard to foreign exchange fluctuations, the *Noticees* have submitted that the accounting treatment represented the true and fair

position of the export receivables at the relevant year-end and that changes in the INR value of foreign-currency receivables were required to be accounted for with reference to the exchange rate prevailing at the reporting date.

IV. With regard to interest earned on fixed deposits and mutual funds, the *Noticees* have submitted that the funds were connected with REL's business and were utilised, *inter alia*, for establishing letters of credit for import of gold. Reliance has been placed on the judgment of the Hon'ble Karnataka High Court dated October 14, 2014 in *Commissioner of Income Tax v. Rajesh Exports Ltd. ITA No.1/2009,* in support of the treatment of such interest income as business income.

V. In respect of Vienna Multiventures Private Limited and Harshil Enterprise, the *Noticees* have submitted that the transactions did not represent fictitious or improper sales/purchases and were genuine business transactions supported by relevant purchase/sale documents and accounting entries.

60. I have considered the *prima facie* findings recorded in the Interim Order and the submissions made by the *Noticees* in their replies and during the personal hearing. I note that the *Noticees* have explained that Mr. Rajesh Mehta acted as a conduit for REL and that the transactions were undertaken for and on behalf of REL pursuant to a formal arrangement. The Noticees have furnished a document titled "Agreement for nominee facilitation of MCX trading and banking transactions" which authorises Mr. Rajesh Mehta to act as facilitator, conduit and nominee for the purpose of transactions pertaining to the business operations of REL including for trading on MCX. Upon perusal of the said document, I note that Mr. Prashant Mehta (MD) has signed the document on behalf of REL on plain paper. Further, SEBI has received a communication from Mr. Prashant Mehta stating therein that his signatures on various documents have been forged. SEBI has also received a communication from Enforcement Directorate containing the statement of Mr. Prashant Mehta wherein he has categorically denied signing the said document. The aforesaid facts raise *prima facie* suspicion on the authenticity

of the said document. However, I note that investigation in the matter is going on and this aspect needs to be examined in detail. Further, no board authorisation has been produced and no explanation has been furnished as to why these transactions were not reported as related party transactions and disclosed to the stock exchanges.

61. During the personal hearing, the *Noticee* was asked to produce transaction wise details accounting for pass through of each and every transaction undertaken by Rajesh Mehta supposedly on behalf of REL. However, no details were furnished by the *Noticees*.

62. The *Noticees* have explained that the accounting treatment represented the position of foreign-currency receivables at the relevant year-end and that the INR value was required to be adjusted with reference to the applicable exchange rate. During oral hearing, **the Noticees submitted that REL has no export-import operations since the year 2020**. Thus, even as per Noticees' own submission, these exchange fluctuations could not have been classified under revenue from operations since there is no direct nexus to active commercial operations.

63. With respect to the interest income earned on fixed deposits and mutual funds, the Noticees have submitted that the funds were connected with the business of REL. The judgement of Hon'ble Karnataka High Court dated October 14, 2014 in *Commissioner of Income Tax v. Rajesh Exports Ltd. ITA No.1/2009, which is relied upon by the parties is in the context of income tax laws* In the said judgement, the Hon'ble Karnataka High Court have relied on its earlier judgement dated December 11, 2013 in *Commissioner of Income Tax v. Motorola India Electronics (P) Ltd. ITA No.428 of 2007 c/w ITA No.447 of 2007.* I have considered the aforesaid judgments. I note that the issue considered by the Hon'ble Karnataka High Court in *Motorola India case (supra*) relates to the eligibility of interest income for deduction under Section 10B of the Income-tax Act with regard to the expression "profits of the business of the undertaking". This does not determine the presentation of such interest income as "Revenue from Operations" in financial statements prepared in accordance with the applicable accounting standards. There is difference between the treatment of income under the Income-tax Act for

determining tax liability and its classification and presentation in financial statements.

64. The issue in the present matter is whether the inclusion of interest income earned on fixed deposits and mutual funds under “Revenue from Operations” was consistent with the applicable accounting requirements. Under Ind AS, the inclusion of interest income from fixed deposits (FDs) and mutual fund gains under "Revenue from Operations" is strictly non-compliant for a non-financial entity. As per Ind AS 1 (Presentation of Financial Statements) and Schedule III (Division II) of the Companies Act, 2013, these items do not arise from the company's primary revenue-generating activities and must be disclosed separately. Hence, their submission in this regard is not tenable.

65. The *Noticees* have further submitted that the transactions with Harshil and Vienna were genuine business transactions supported by purchase/sale documents and accounting entries. However, the concern at this stage is whether sufficient underlying documentation has been furnished to enable independent verification of the relevant transactions. The mere recording of a transaction in the books of account does not, by itself, establish the underlying transaction where the supporting records sought during the investigation have not been adequately furnished.

66. I therefore find that, the explanations and material available do not address the evidentiary and verification concerns identified in the Interim Order and therefore, I find that the *Noticees* have failed to rebut the *prima facie* concerns arising from the transactions and accounting treatments reflected in REL’s standalone financial statements.

**D.6. Misrepresentation of Financial Statements - Incorrect Consolidation**

67. As per the Interim Order, there were also instances of incorrect consolidation in REL’s Financial statements. Discrepancies were observed in relation to investments, trade payables and trade receivables. REL had disclosed investments of about INR 7,745.42 crore in GGR but failed to furnish date-wise,

party-wise or instrument-wise details of the transactions. The Interim Order records that discrepancies were noted in large trade payables and receivables recorded against GGR and other group entities. As per the applicable consolidation requirements (Ind AS 110), intra group investments, trade payables and trade receivables are required to be eliminated while preparing consolidated financial statements. However, examination of the breakup furnished by REL revealed that intra-group investments and intra-group trade payables continued to appear in the consolidated balance sheet without elimination. This did not reflect REL's financial position accurately and amounted to misleading disclosure regarding company's financial position. Accordingly, the Interim Order *prima facie* found that by disseminating annual reports and consolidated financial statements containing the aforesaid balances to stock exchanges and investors, REL communicated misleading information regarding its consolidated financial position and balance sheet strength.

68. In this regard, the brief of submissions made by *Noticees* is as following:

I. The alleged discrepancy in the consolidated financial statements was substantially attributable to conversion of the financial figures of foreign subsidiaries from CHF/USD into INR and fluctuations in the exchange rate of the Indian Rupee during the relevant period. The financial statements of the foreign subsidiaries were prepared in their respective currencies and were required to be converted into INR for consolidation, resulting in corresponding variations in the reported figures.

II. The increase in investments and trade payables and decrease in trade receivables reflected the dynamic nature and scale of the business, and did not indicate any manipulation or misrepresentation. Reference was made to the consolidated figures of REL, ACC Energy and GGR and that the figures reported by REL were based on the relevant audited financial statements.

III. REL and ACC Energy followed the financial year ending 31 March, whereas GGR followed the calendar year ending 31 December. The figures had accordingly been considered for consolidation and that the

relevant audited financial statements of GGR and REL are furnished in support of their submissions.

69. I have considered the *prima facie* findings recorded in the Interim Order and the submissions made by the *Noticees*. The *Noticees* have attributed the alleged discrepancies substantially to the conversion of the financial statements of foreign subsidiaries from CHF/USD into INR and fluctuations in the exchange rate during the relevant period. They have also submitted that the increase in investments and trade payables and decrease in trade receivables reflected the dynamic nature and scale of the business and were based on audited financial statements. I have taken these submissions into consideration. However, the *prima facie* concern is not merely based upon movement in the INR value of the assets and liabilities of the foreign subsidiaries. Currency translation may explain changes in the reported INR values of assets and liabilities, but it does not, by itself, explain whether the corresponding intra-group investments, receivables and payables were correctly identified and appropriately dealt with at the consolidation stage. The *Noticees* have not furnished a satisfactory reconciliation demonstrating the manner in which the investments in GGR and the relevant trade receivables and payables were treated at the consolidation stage, including the basis on which the relevant intra-group balances were identified and eliminated, where applicable.

70. I have also considered the submission regarding the different financial year-ends followed by REL and GGR. Differences in reporting periods may require appropriate adjustments in the consolidation process. However, the *Noticees* have not demonstrated, with reference to the relevant underlying records, how the difference in reporting periods accounts for the specific balances identified in the Interim Order as continuing to be reflected in the consolidated financial statements. Further, the submission that the underlying financial statements were audited does not, by itself, establish that the specific intra-group balances identified during the investigation were appropriately reconciled and eliminated for consolidation purposes.

71. In the absence of a satisfactory reconciliation addressing the specific balances, the explanations based on foreign exchange fluctuations, business volumes and differing reporting periods do not address the specific discrepancies identified in the consolidated financial statements. In view of the above, I find that the *Noticees* have failed to rebut the *prima facie* findings contained in the Interim Order. Therefore, the *prima facie* concern regarding the accuracy and verifiability of the relevant consolidated financial disclosures continues to subsist.

**D.7. Misrepresentation of Financial Statements - Claim of "Investment in Gold Mines in Africa"**

72. The Interim Order records that there was Misrepresentation of Financial Statements in relation to its claim of "Investment in Gold Mines in Africa" amounting to INR 1,035.27 crore as disclosed by REL on a consolidated basis in its Annual Reports. The said investment was not reflected in the standalone financial statements of REL for FY 2022-23 or in the standalone financial statements of REL Singapore and consolidated financial statements of GGR. REL failed to furnish any entity-wise breakup, reconciliation statement, financial statement reference, valuation report or supporting documentation demonstrating the existence of the alleged investment in gold mines in Africa. Accordingly, the Interim Order *prima facie* found that REL's disclosure that "Other Non-Current Investments" included "investment in gold mines in Africa" remained unsubstantiated and unverifiable from the financial statements and information so far available on record. Disclosure of unverifiable investments of such magnitude in the consolidated financial statements without adequate supporting records or transparent disclosures resulted in dissemination of misleading information regarding the asset base and financial position of REL to stock exchanges and investors.

73. In this regard, the *Noticees* have*, inter alia*, submitted the following:

    I. The increase in the non-current investments reflected in REL's financial statements, including the investment relating to the gold mines in Africa, did not constitute misappropriation or manipulation of financial

statements. The investment figure had increased over the relevant period and a substantial portion of the investment formed part of the investments reflected in the consolidated books of GGR.

II. REL had never claimed that the investment in the mines was held directly by REL, but had consistently explained that the investment was held at the level of the foreign subsidiaries and that the investments of such subsidiaries could vary in accordance with their business requirements. There is no misappropriation or misrepresentation of the investment figures.

74. I have considered these submissions. The mere submission that an investment may have been held through a foreign subsidiary (without naming it) does not, by itself, establish the existence, nature, identity, ownership or valuation of the underlying investment. The relevant investment should be capable of being traced through the books and financial statements of the relevant subsidiary and supported by appropriate underlying records. The *Noticees* have not, at this stage, furnished any material enabling such verification of the purported "investment in gold mines in Africa", including the identity of the relevant entities, the nature of the investment and the basis of its valuation.

75. Accordingly, I find that the *Noticees* have failed to rebut the *prima facie* concern relating to the aforesaid investment. The submission that the investment was held through foreign subsidiaries does not, by itself, establish the correctness or verifiability of the amount of INR 1,035.27 crore disclosed in REL's consolidated financial statements. In the absence of material identifying and substantiating the underlying investment, the *prima facie* concern regarding the accuracy and verifiability of the disclosure continues to subsist.

**D.8. Incorrect Adjustment of Trade Receivables against Trade Payables**

76. The Interim order records that there were instances of incorrect Adjustment of Trade Receivables against Trade Payables, with such adjustments accounting to approximately 98%-99% of REL's standalone trade receivables during FY 2021-

22 to FY 2023-24 in respect of four overseas entities. No formal agreements governing such adjustments were furnished. However, the verification of the genuineness of the arrangement could not be independently corroborated by SEBI. Only with respect of one of the four entities, REL furnished a letter from Canara Bank evidencing adjustments stating that the decision to square-off was taken later due to Covid-related disruptions. Moreover, this offsetting of assets and liabilities is expressly prohibited by the provisions of Ind AS.

77. Accordingly, the Interim Order *prima facie* found that the aforesaid acts of REL constitute a device, scheme and artifice to mislead and defraud investors dealing in the shares of REL by portraying a misleading picture of its trade receivables, trade payables and overall financial position. Further, by publishing financial statements containing improperly adjusted trade receivables and trade payables without adequate disclosures explaining the nature and basis of such adjustments, it was observed that REL failed to ensure accuracy, completeness and transparency in disclosures made to stock exchanges and investors.

78. In this regard, the *Noticees* have, *inter alia*, submitted the following:

    I. REL's business model involved receiving payments from customers and using such funds for making payments to creditors, and that during COVID-19 this cycle was disrupted. Consequently, both receivables and payables remained outstanding. In some cases, the same parties were both debtors and creditors of REL. After discussions and negotiations, several creditors agreed to accept payments from REL's debtors against REL's outstanding liabilities.

    II. The process was mutually agreed upon by the three parties and was transparent. It obtained written confirmations from the relevant counterparties regarding execution of the transactions and stated that such confirmations had been furnished.

    III. The transactions did not involve any accounting write-off or artificial adjustment and amounts were actually recovered from debtors and corresponding amounts were paid to creditors. Therefore, the

transactions represented genuine recovery and settlement of outstanding balances.

IV. The differences in invoice dates, identities of counterparties and timing of payments referred to in the interim order were capable of arising naturally because the debtors and creditors were different parties and the transactions related to separate commercial obligations.

V. Formal agreements were not necessary for such recovery arrangements and that confirmations from debtors and creditors were sufficient evidence. Confirmations from substantially all counterparties had been furnished, including confirmations obtained subsequently at the investigating officer's request. As per IND AS 32, financial assets and financial liabilities may be set off where there is a legally enforceable right of set-off and an intention to settle on a net basis.

VI. REL did not reduce long-outstanding trade receivables through inadequate or unsupported netting arrangements. The transaction involved actual receipt of trade receivables and corresponding payment/reduction of trade payables, rather than merely reducing an asset.

79. I have considered the *prima facie* findings recorded in the Interim Order and the submissions made by the *Noticees*. I have also considered the explanation that the adjustments arose from arrangements for recovery of receivables and settlement of payables during the disruption caused by the COVID-19 pandemic. The issue that arises at this stage is whether *Noticees* have addressed the concerns raised in the Interim Order pertaining to alleged incorrect adjustments of trade receivables against trade payables.

80. The Interim Order recorded that REL furnished import invoices and related documents purportedly evidencing receipt of gold from various counterparties. However, upon examination of the documents submitted by REL, it was observed that:

I. several invoices pertained to periods substantially prior to the years in which the alleged realizations were accounted for;
II. certain invoices dated back as far as FY 2012-13;
III. the invoices pertained to counterparties different from the debtors whose receivables were purportedly settled; and
IV. the documents furnished did not substantiate actual physical receipt of gold during FY 2022-23 and FY 2023-24.

81. The *Noticees* have not submitted any documents to address these issues even at this stage. The *Noticees* have relied upon certain e-mail confirmations from the some counterparties. However, as noted in the Interim Order, the documents furnished by REL in respect of these transactions and counterparties are not verifiable. Even at this stage, REL has not furnished additional documents containing the identity of the receivable, the corresponding payable, the parties involved, the legal basis on which the receivable could be applied towards the payable to enable SEBI to ascertain the underlying commercial arrangements. Hence, I find that REL has failed to establish the existence of a presently enforceable right of set-off at the relevant reporting dates.

82. I have also considered the submission of the Noticees that formal agreements were not necessary and that confirmations were sufficient evidence. It does not seem plausible that such huge quantities of receivables and payables could be set off without a formal agreement. The confirmations and explanations furnished therefore do not address the *prima facie* concern recorded in the Interim Order.

83. In view of the above, I find that the *Noticees* have failed to rebut the *prima facie* finding concerning the adjustment of trade receivables against trade payables and the *prima facie* concern regarding the accuracy and completeness of the presentation of REL's standalone financial position continues to subsist.

**D.9. Misutilization of Funds by REL**

84. The Interim Order records that the examination of bank statements of REL revealed substantial undisclosed transactions with related parties, particularly Mr.

Rajesh Mehta and Mr. Siddharth Mehta. Analysis of the banking transactions revealed multiple instances of routing and exchange of funds between REL and Mr. Rajesh Mehta/ Mr. Siddharth Mehta through their personal bank accounts, which has also been admitted by REL. REL had disclosed only remuneration of INR 1.20 lakh per annum paid to Mr. Rajesh Mehta in its Annual Reports. However, REL has failed to furnish any documentary evidence such as loan agreements, escrow arrangements, contractual obligations, or Board/Audit Committee approvals supporting the basis and purpose of the aforesaid routing of funds through Mr. Rajesh Mehta's personal bank account.

85. As per the Interim Order, Mr. Siddharth Mehta, son of Mr. Rajesh Mehta, was also found to have received substantial amounts from REL despite having no role in REL which were not appropriately disclosed by REL as related-party transactions. It was found to be inconsistent with principles of transparency, governance and proper financial controls and in violation of mandates of Ind AS and LODR Regulations.

86. It was recorded in the Interim Order that there were substantial fund transfers between REL and Elest, an entity substantially owned and controlled by Rajesh Mehta. These fund transfers remain undisclosed as related party transactions in its Annual Reports and these were not approved by the board. Despite the opportunities being granted to REL to explain investment and related transactions, the requisite documents and explanations were not furnished. It requires detailed examination and independent verification, which remained ongoing.

87. The investigation also focused on ACC Energy Storage Pvt. Ltd., incorporated by REL. REL and Elest acquired shares of ACC Energy pursuant to which REL held 51.05% and Elest held 48.95% of the shares of ACC energy and investment of INR 262 crore by ACC in Elest during FY 2024-25. However, the details relating to valuation, percentage stake acquired and underlying terms of such investment were not available on record. The explanation furnished by the officials of REL regarding these transactions were insufficient. The aforesaid transactions involving REL, Elest and ACC Energy disclose serious concerns regarding diversion and routing of funds, non-transparent related party arrangements,

absence of adequate approvals and deficiencies in disclosures made to shareholders and investors.

88. Accordingly, the Interim Order *prima facie* found that by routing substantial amounts of company funds through the personal bank accounts of Mr. Rajesh Mehta and Siddharth Mehta in the aforesaid manner, REL mis-utilized funds of a listed company and employed devices and arrangements which were manipulative, fraudulent and deceptive in nature. Further, routing and utilization of company funds through opaque and inadequately disclosed arrangements involving promoter-controlled entities constitutes a device, scheme and artifice to mislead investors and amounts to fraudulent and unfair trade practice in the securities market.

89. In this regard, the *Noticees* have, *inter alia,* submitted the following:

    I. There is no evidence of any misutilisation. The issue essentially concerned disclosure of transactions involving Mr. Rajesh Mehta and Mr. Siddharth Mehta, rather than diversion or misuse of REL's funds.

    II. REL's transactions with Mr. Rajesh Mehta were principally in the nature of remuneration, dividend and repayment of an interest-free loan provided by Mr. Rajesh Mehta to REL, and that these transactions had been disclosed as related-party transactions. Mr. Rajesh Mehta did not receive any loan or other financial benefit from REL.

    III. REL had undertaken only a very small number of such transactions in comparison with the enormous volume of transactions carried out during the relevant period. The purpose was to enable REL to conduct transactions without disclosing its identity to third parties in circumstances where confidentiality was considered commercially necessary.

    IV. Before the Hon'ble Karnataka High Court against Canara Bank, REL was required to make a pre-deposit of approximately INR 77 crore. Since REL did not wish to disclose that the funds were being paid from its own account, it routed the amount through Mr. Rajesh Mehta's

account. The funds remained with Mr. Mehta only momentarily and were transferred for making the required court deposit. Because of earlier litigation with MCX, REL did not wish to open an account in its own name and therefore operated through an account opened in Mr. Rajesh Mehta's name. Margin funds were transferred through his account and excess margin was returned through the same route. There was no commercial consideration payable to Mr. Mehta and that he merely facilitated REL's transactions. Certain fixed deposits and banking transactions were routed through Mr. Mehta's account to maintain confidentiality regarding the identity of the bank or source/destination of funds.

V. No funds were retained by Mr. Rajesh Mehta, nor did he derive any benefit from these arrangements. The entries represented funds sent or received by REL for its own commercial purposes, and therefore, according to REL, they could not properly be characterised as related-party transactions requiring disclosure. The transaction-wise details are furnished as Annexure 5 to the post hearing submissions. Mr. Rajesh Mehta had himself provided interest-free funds to REL over several years. Details of such interest-free loans are furnished by the *Noticee* as Annexure 6 to the post hearing submissions.

VI. REL did not maintain a credit card in its own name and used Siddharth Mehta's credit card for legitimate business expenses such as electricity bills, flight/hotel bookings, online purchases, TDS and other payments. Mr. Siddharth Mehta initially made such payments and REL reimbursed him after verification. He received no benefit or remuneration from this arrangement and that the transactions were actually between REL and third-party vendors, with his credit card merely being used as a payment mechanism.

VII. Elest was promoted by Mr. Rajesh Mehta and that REL invested in Elest because of its potential in advanced technology, energy storage and electric vehicles. Elest had been allotted substantial land in Dharwad by

the Government of Karnataka and was developing manufacturing facilities for advanced technology products. Mr. Rajesh Mehta had initially subscribed to Elest's equity at face value and, considering Elest's future potential, REL subsequently proposed investment in the company. After obtaining the necessary approvals, REL agreed to acquire 1 crore equity shares of Elest at a premium, involving an investment of approximately INR 200 crore.

VIII. The investment was a genuine commercial/business decision based on Elest's expected future growth and technological potential, and not a transaction undertaken for diversion or misutilisation of REL's funds. REL's investment of INR 200 crore in Elest proved highly beneficial as within a short period, foreign funds invested approximately INR 990 crore in Elest at a premium, substantially increasing the value of REL's investment. REL therefore characterised the investment as beneficial to the company and its shareholders.

IX. Pursuant to the Government's PLI scheme, REL formed ACC as a subsidiary to manufacture advanced chemistry cells. ACC required substantial funding for its proposed manufacturing facility, and REL invested INR 153 crores in ACC at a premium. Subsequently, Elest invested approximately INR 147 crores in ACC.

X. ACC entered into an arrangement with Elest for acquiring advanced technology, know-how, machinery and turnkey infrastructure for a 5 GW manufacturing facility, with INR 655 crore being provided as a refundable deposit. This enabled ACC to obtain valuable technology and infrastructure at substantially lower cost. REL's Elest investment, the PLI benefits and ACC's acquisition of technology constituted significant commercial gains and were undertaken after obtaining necessary approvals and permissions.

XI. These transactions did not constitute diversion or mismanagement of funds merely because REL and Elest had a common promoter. Common shareholding/promoter status by itself did not establish wrongdoing and

that the records showed REL as the principal beneficiary of the transactions.

XII. Elest had been granted a loan of INR 75.15 crore by REL at 4.5% interest is incorrect. In fact, Elest had granted REL a loan of INR 75.15 crore at 4.5% for two years. ACC had not invested INR 262 crore in Elest's equity, rather, the amount represented a refundable deposit paid pursuant to the technology/turnkey arrangement.

XIII. The interim order incorrectly characterised the cross-holding between ACC and Elest as resulting in dilution of REL's approximately 48.95% stake in ACC. Elest had itself invested substantial funds in ACC at a premium and the arrangement was commercially advantageous.

XIV. There were only around 70–80 entries between REL, ACC and Elest over the relevant period, and that all relevant documents and bank statements had been supplied. No wrongdoing had been established. There is no opaque routing/utilisation of company funds, as the transactions were duly recorded, commercially justified and supported by documents. The investigation had not identified even a single instance of misappropriation or loss.

XV. REL's 200 crore investment in Elest had substantially appreciated, with the investment allegedly valued at around INR 3,000 crore, while ACC had obtained valuable technology, machinery and infrastructure at practically no additional cost. Thus, the transactions generated substantial gains for REL and its shareholders and that the allegations in the interim order were based on assumptions rather than evidence.

90. I have considered the *prima facie* findings recorded in the Interim Order and the submissions made by the *Noticees*. The *Noticees* have explained that amounts routed through Mr. Rajesh Mehta's personal bank accounts were ultimately utilised for REL's stated business purposes and that Mr. Mehta did not retain the funds or derive any benefit. However, this does not address the separate question of why substantial company funds were routed through a

promoter/director's personal bank account and whether each such arrangement was appropriately authorised, documented and disclosed. Undertaking such transactions without proper authorization shows that the Company is being run without adherence to corporate governance norms.

91. Under Section 2(76) read with Section 188 of the Companies Act, 2013, and Regulation 2(1)(zc) of the LODR Regulations, a Related Party Transaction includes a transfer of resources, services, or obligations between a listed entity and a related party, regardless of whether a price is charged. Hence, the moment funds moved from REL's corporate bank account into personal bank account of a related party, a "transfer of resources" occurred. The law does not state that the related party must keep or profit from the resources, the mere physical transfer triggers the definition. The contention that the funds were ultimately utilized for the business purposes of the listed entity is not tenable for regulatory compliance. The physical transit of corporate funds into a director's private account alters the legal character of those public funds into an unauthorized financial accommodation. A structural violation of disclosure norms and unapproved resource transfers cannot be retrospectively cured or justified by the ultimate destination of the funds. Hence, the submission of *Noticees* that Mr. Rajesh Mehta and Mr. Siddharth Mehta were merely acting as conduit without deriving any benefit from such transactions is not tenable.

92. It is also seen that in FY 2020-21, INR 50 lakhs was disclosed by REL as loan outstanding to be paid to Mr. Rajesh Mehta and categorised the same as balance outstanding with related party. However, the underlying transactions in the FY 2020-21 have not been disclosed as related party transactions. Further, except for the remuneration of INR 1.20 lakh per annum to Mr. Rajesh Mehta, no disclosures pertaining to related party transactions were made with respect to fund transfer from REL to Mr. Rajesh Mehta. Thus I find that the Noticees are subjectively applying the criteria of related party transaction in violation of the clear regulatory requirement.

93. The explanation furnished by the *Noticees* relating to requirement of deposit of funds as per orders of the Karnataka High Court raises serious questions on the

corporate governance mechanism employed by the *Noticees*. Admittedly, REL states that it did not wish to disclose that the funds were being paid from its own account and therefore it routed the amount through Mr. Rajesh Mehta's account. This in itself raises questions on the way REL is governed as it is knowingly hiding facts from the Hon'ble courts. During the personal hearing, Mr. Rajesh Mehta argued that by doing so they wished to maintain plausible deniability about liability of the actual judgement debtor. Such blatant admission of wrongdoing, that too in the context of directions issued by the Hon'ble High Court of Karnataka, does not repose confidence in the adherence to legitimate corporate governance practices by the *Noticees*.

94. In relation to REL's investment in Elest, the *Noticees* have submitted that the investment was a genuine commercial decision based on Elest's expected growth in advanced technology and energy storage and that the investment subsequently appreciated substantially. However, subsequent appreciation in the value of an investment does not establish that the transaction was appropriately authorised, valued, structured and disclosed at the time it was undertaken. The commercial success or subsequent valuation of an investment therefore doesnot address the concerns regarding the circumstances and documentation of the original transaction.

95. The *Noticees* have explained that ACC was established pursuant to the PLI scheme and that the transactions involving REL, Elest and ACC were undertaken for the purpose of establishing an advanced chemistry cell manufacturing facility. They have also explained the nature of the technology/turnkey arrangement and the refundable deposit. However, the asserted commercial purpose does not, by itself, address the concerns arising from the relationship between REL, Elest and ACC, the movement of funds between the entities, the terms and valuation of the relevant transactions and the manner in which those transactions were approved and disclosed.

96. I therefore find that, notwithstanding the explanations furnished by the *Noticees* regarding the commercial purpose and ultimate application of the funds, material questions remain regarding the authorisation, documentation, related-

party characterisation and disclosure of the relevant transactions. In view of the above, I find that the *Noticees* have failed to rebut the concerns regarding the routing of substantial amounts of REL's funds through personal accounts and promoter-controlled entities, the adequacy of documentation and approvals in respect of material transactions, and the corresponding disclosures. This finding is confined to the *prima facie* assessment relevant to the present confirmatory proceedings and is without prejudice to the further fact findings ongoing in the matter.

### D.10. General submissions of the *Noticees*

97. Apart from the specific submissions dealt with hereinabove, the *Noticees* have made certain general submissions in response to the Interim Order. It has been submitted that the essential requirement of *mens rea*, including any intention to derive benefit at the cost of investors, is absent. It has further been submitted that there is no evidence of any benefit having been received by the promoters or the company from the transactions under consideration that neither REL nor *Noticee no.* 2 purchased or sold shares of REL in the market or derived any monetary benefit therefrom and that, consequently, there was no question of market manipulation or benefit being derived at the expense of shareholders.

98. The *Noticees* have further submitted that an allegation of investor inducement cannot be sustained merely on the basis of an alleged accounting or disclosure deficiency. Reliance has been placed upon the judgment of the Hon'ble Supreme Court in ***Reliance Industries Limited vs. Securities and Exchange Board of India, Civil Appeal No. 4015 of 2020***. It has been submitted that injury, wrongful intention and the surrounding circumstances are relevant while determining an allegation of fraud. It has also been submitted that the present matter does not identify any particular investor who was deprived of material information, establish that such investor would have acted differently, or demonstrate any unlawful benefit obtained by REL.

99. I have considered the aforesaid submissions. At the outset, I note that the present proceedings are not proceedings for final adjudication of the allegations contained in the Interim Order. The investigation in the matter is still ongoing and the limited question presently before me is whether, upon consideration of the replies, documents, submissions made during the personal hearing and the subsequent submissions, the *prima facie* findings recorded in the Interim Order have been effectively rebutted and the direction issued vide Interim Order is required to be confirmed, modified or revoked.

100. In this context, the concerns recorded in the Interim Order do not rest solely upon an allegation that the *Noticees* derived a monetary benefit from the market. They arise, *inter alia*, from (i) the manner in which material financial information was maintained and furnished to SEBI; (ii) how information was consolidated and disclosed; (iii) the discrepancies and inconsistencies in information furnished to SEBI; (iv) the routing of substantial funds through personal accounts and promoter-controlled entities; (v) the deficiencies in supporting documentation; and (vi) approvals and the manner in which related-party and other material transactions were disclosed.

101. Similarly, the fact that the *Noticees* have stated that neither REL nor *Noticee no.* 2 traded in the securities of REL does not, by itself, rebut the *prima facie* concerns regarding the accuracy and completeness of the disclosures made by REL. Even in the absence of trading, when the information disseminated by REL to its shareholders and investors is not found to be accurate, complete and capable of being independently verified, it is a case of misinformation based on which many investors are dealing in securities of REL. Further, it is known fact that investors take this investment decision based on publically available information. In this regard, I deem it trite to refer the judgment of Hon'ble Supreme Court of India in the matter of ***N. Narayanan vs. Adjudicating Officer, SEBI (*MANU/SC/0426/2013*)***, wherein while dealing with the importance of disclosures, issue of market manipulation, following was inter alia, held by the Hon'ble Court:

*"35. .....Securities market is based on free and open access to information, the integrity of the market is predicated on the quality and the manner on which it is made available to market. 'Market abuse' impairs economic growth and erodes investor's confidence. Market abuse refers to the use of manipulative and deceptive devices, giving out incorrect or misleading information, so as to encourage investors to jump into conclusions, on wrong premises, which is known to be wrong to the abusers.....*

*43. SEBI, the market regulator, has to deal sternly with companies and their Directors indulging in manipulative and deceptive devices, insider trading etc. or else they will be failing in their duty to promote orderly and healthy growth of the Securities market. Economic offence, people of this country should know, is a serious crime which, if not properly dealt with, as it should be, will affect not only country's economic growth, but also slow the inflow of foreign investment by genuine investors and also casts a slur on India's securities market. Message should go that our country will not tolerate "market abuse" and that we are governed by the "Rule of Law". Fraud, deceit, artificiality, SEBI should ensure, have no place in the securities market of this country and 'market security' is our motto. People with power and money and in management of the companies, unfortunately often command more respect in our society than the subscribers and investors in their companies. Companies are thriving with investors' contributions but they are a divided lot. SEBI has, therefore, a duty to protect investors, individual and collective, against opportunistic behavior of Directors and Insiders of the listed companies so as to safeguard market's integrity."*

102. While dealing with the objects of disclosure related to the company, the Hon'ble Securities Appellate Tribunal in the matter of **Coimbatore Flavors & Fragrances Ltd. vs. Securities and Exchange Board of India *(MANU/SB/0051/2014)***, inter alia held the following:

*"7. .....Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly, investors*

*can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same."*

103. I have also considered the reliance placed by the *Noticees* on the judgment of the Hon'ble Supreme Court in ***Reliance Industries Limited vs. Securities and Exchange Board of India*** (*supra*). The Interim Order had also relied upon this decision and explained in detail how thresholds set by Hon'ble Supreme Court in this case are met. The Hon'ble Supreme Court has reconciled various judgements on this issue and laid down a clear guideline for classifying a violation as fraud. The relevant extract is as under:

> *"209. …… We find it apposite to purposively interpret Regulation 2(1)(c). In our considered view, both intention and act cannot be made into irrelevant factors for deciding fraud. Therefore, we may outline the following scenarios:*
>
> *i. in situations where injury due to wrongful act is established, i.e, inducement to deal in securities has caused the other person to be adversely affected and allowed the party accused of fraud to gain unlawful profits or avert ordinary losses at the former's expense, there would be no requirement on the respondent authority to prove deceitful intention. In other words, where injury is impossible to be proved, the requirement of wrongful intention becomes mandatory.*
>
> *ii. Secondly, similarly, in situations where deceitful or mala fide intention to defraud and manipulate the securities market is clear from the blatant misconduct or attending circumstances that cogently establish wrongful intention, then injury would not be required."*

104. The Interim Order noted that the threshold laid down in the aforesaid judgement to determine "fraud" has been tested in this case before holding *Noticees prima facie* liable for the alleged violations. The Interim Order further states that the instant case falls in the second scenario as mentioned in the aforesaid judgment

and that the blatant misconduct of *Noticees* is evident from the attending circumstances as *prima facie* noted in the Interim Order and reproduced below:

I. Deprived investors of access to material financial information relating to key entities contributing to the substantial majority of REL's consolidated revenues and assets by failing to upload the financial statements of any of its subsidiaries/ step-down subsidiaries on its website;

II. Falsely recorded derivative transactions executed by Mr. Rajesh Mehta in his personal capacity as its own sales (INR 11,487 crore) and purchases (INR 11,488 crore) with Affluence;

III. Falsely recorded exchange fluctuation amounting INR 867 crore & INR 716 crore as Revenue from operations & Purchases, respectively;

IV. Falsely recorded interest from Mutual Funds/ Fixed Deposits amounting INR 204 crore as Revenue from operations;

V. Misled and defrauded investors dealing in the shares of REL by portraying an inflated and misleading picture of its operational scale, balance sheet size and financial health;

VI. Misrepresented consolidated revenues aggregating to approximately INR 15,15,385 crore, representing 99.80% of the total consolidated revenue for the period FY 2020-21 to FY 2024-25;

VII. Misrepresented standalone revenues aggregating to approximately INR 12,557 crore, representing 64.53% of the total standalone revenue for the period FY 2020-21 to FY 2023-24;

VIII. Hampered SEBI's investigation by failing to provide consolidated level information and furnishing varying and inconsistent submissions w.r.t. standalone level information, at different stages of the investigation;

IX. Failed to present a true and fair view of its financial position by incorrectly including intra-group investments (INR 2,501 crore as on March 31, 2025) and intra-group trade payables (INR 1,457 crore as on March 31, 2025 & INR 1,379 crore as on March 31, 2024) in consolidated statements;

X. Artificially reduced long-outstanding receivables amounting INR 2,914 crore through opaque netting arrangements, without adequate disclosures explaining the nature and basis of such adjustments;

XI. Routed Company's funds through the personal bank accounts of Mr. Rajesh Mehta and Siddharth Mehta. Such transactions were neither disclosed as Related Party Transactions nor placed before or approved by the Board of Directors or the Audit Committee;

XII. Failed to comply with the applicable Accounting Standards;

XIII. Failed to ensure accuracy, completeness and transparency in its disclosures to stock exchanges and investors and failed to present a true and fair view of its consolidated and standalone financial statements during the period April 01, 2020 to March 31, 2025; and

XIV. Failed to provide true and complete information to the Forensic Auditor.

105. As discussed in this Order, above allegations have not been successfully rebutted by Noticees. Thus, the material available on record *prima facie* establishes wrongful intention of Noticees to induce the investors to deal in securities of the Company, by giving them a patently incorrect picture about the financial status of the Company. Therefore, the plea of the Noticees that the Interim Order does not meet the threshold laid down by the Hon'ble Supreme Court is not tenable.

106. In view of the above, I find that the Noticees have failed to rebut the *prima facie* findings recorded in the Interim Order.

## E. CONTINUATION OF INTERIM DIRECTIONS

107. Having considered the submissions of the *Noticees* on each of the issues forming the basis of the Interim Order, I now proceed to consider whether the directions issued qua Interim Order require to be continued.

108. The first direction in the Interim Order required the *Noticees* to cooperate with the Investigating Authority and provide the documents and explanations sought by it, including the documents specified in Annexure-B to the Interim Order. I have considered the subsequent material furnished by the *Noticees*, including the documents and explanations submitted pursuant to the personal hearing. I have also taken into account the fact that the *Noticees* have furnished some

information during the course of the investigation. However, as discussed hereinabove, certain deficiencies identified in the Interim Order have not been satisfactorily addressed. The material placed on record continues to indicate instances where information sought by SEBI and/or the forensic auditor has either not been furnished, furnished incompletely, or has not been furnished in a form which enables independent verification. The explanation that certain information could not be furnished on account of confidentiality obligations, data-protection requirements, foreign law or contractual arrangements has also been considered. Further, the material presently available does not establish that all reasonable steps were taken to obtain and furnish the information sought by SEBI, or that the information which remained outstanding could not, in any legally permissible manner, be made available to the Investigating Authority. In view thereof, continued cooperation of the *Noticees* remains necessary for enabling the Investigating Authority to complete the investigation and independently verify the matters under examination. Accordingly, the direction requiring the *Noticees* to cooperate with the Investigating Authority and to provide the documents and explanations sought by it is liable to be continued. Noticee is also required to furnish pending documents as detailed in **Annexure-A** to this Order.

109. The second direction in the Interim Order restrained *Noticee no.* 2 from buying, selling or otherwise dealing, directly or indirectly, in the securities of REL until further orders. The *Noticees* have submitted that there is no justification for continuing the restraint, *inter alia*, because *Noticee no.* 2 has not purchased or sold the securities of REL in the market and has not derived any monetary benefit therefrom. It has also been submitted that the transactions forming the subject matter of the Interim Order were undertaken for legitimate commercial purposes of REL and that *Noticee no.* 2 did not retain or personally benefit from the funds routed through his accounts. I have considered the aforesaid submissions. I note that *Noticee no.* 2 has submitted that there is no justification in restraining him from dealing in securities of REL because Noticees has not traded in securities of the Company. This cannot be the justification for vacation of the interim directions as one can always deal in securities in future which would be detrimental to the investor's interest. Considering the violations

detected in the Interim Order, it cannot be ruled out that Noticee would not deal in the securities of the Company and considering the large shareholding of the *Noticee* preventive directions are warranted at this stage. As discussed hereinabove, the material presently available on record indicates that substantial transactions of REL were routed through the personal accounts of *Noticee no.* 2 and that the *Noticees* have not satisfactorily demonstrated the contractual or legal basis, authority, approvals and documentation under which *Noticee no.* 2 acted on behalf of REL. The material also contains instances where third-party entities indicated that their dealings were with *Noticee no.* 2 rather than with REL. These circumstances remain relevant to the investigation. I have also considered the submission that *Noticee no.* 2 acted merely as a conduit and that the funds were ultimately utilised for REL's business purposes. Even assuming, for the purposes of the present proceedings, that the funds were ultimately applied for REL's stated commercial purposes, that circumstance does not address the concerns regarding the use of a personal account for substantial transactions of the company, the authority under which such transactions were undertaken, the applicable disclosure requirements and the completeness of the information made available to shareholders and investors. The restraint imposed upon *Noticee no.* 2 is preventive in nature. At this stage, its purpose is not to determine whether *Noticee no.* 2 has finally committed any violation or derived any unlawful gain from trading in REL securities. The purpose is to preserve the status quo and protect investors and the integrity of the securities market while the investigation into the financial affairs, transactions and disclosures of REL remains incomplete. In considering whether such preventive protection continues to be warranted, I take into account, *inter alia*, the position of *Noticee no.* 2 in relation to REL, his involvement in transactions presently under examination, the unresolved concerns concerning the financial information and disclosures of REL, and the fact that the investigation has not yet reached its conclusion. I am therefore of the view that the fact that no trading by *Noticee no.* 2 in REL securities has presently been identified does not, by itself, warrant lifting the restraint. On the material presently available, the circumstances which led to the imposition of the restraint have not been sufficiently dispelled so as to conclude that the

protective measure is no longer necessary. I accordingly find that the *prima facie* basis for continuing the restraint on *Noticee no.* 2 from buying, selling or otherwise dealing, directly or indirectly, in the securities of REL continues to subsist pending completion of the investigation.

110. The third direction in the Interim Order required REL to make true and fair disclosures of its financial statements, related-party transactions and other disclosures in terms of the LODR Regulations. The findings recorded hereinabove demonstrate that the *Noticees* have failed to rebut the concerns regarding, *inter alia*, the completeness and verifiability of consolidated financial information, discrepancies in sales and purchase figures furnished to SEBI, the manner of presentation of certain items in the standalone financial statements, incorrect or inadequately supported consolidation, and the disclosure of transactions involving *Noticee no.* 2 and other connected entities. I have taken into account the submissions of the *Noticees* that the financial statements were audited, that the relevant transactions were recorded in the books of account and that the transactions were undertaken for legitimate commercial purposes. However, audit or accounting treatment, by itself, does not answer the specific concerns arising from the underlying information and disclosures where the material furnished to the regulator remains insufficient for independent verification. At this stage, therefore, the material available on record continues to disclose *prima facie* concerns regarding the accuracy, completeness and transparency of the financial and other disclosures made by REL. These concerns have not been sufficiently dispelled by the material furnished after the Interim Order. I therefore find that the protective direction requiring REL to make true and fair disclosures in accordance with the applicable provisions of the LODR Regulations continues to be necessary.

111. I have also considered whether, in view of the subsequent submissions and material furnished by the *Noticees*, the interim directions require to be modified or vacated. I note that the *Noticees* have furnished some additional material after issuance of the Interim Order however majority of information required has not been provided even as on date. Hence, the material placed on record does not, at this stage, sufficiently eliminate the concerns which formed the basis of

the Interim Order. The continuation of the directions is also proportionate to the nature of the concerns presently under investigation. The directions are directed towards preserving the effectiveness of the ongoing regulatory process and protecting the interests of investors pending completion of the investigation.

112. I also make it clear that the findings recorded in the present order are confined to the question whether the *prima facie* findings in the Interim Order have been rebutted at this stage. Nothing contained herein shall be construed as a final determination of the allegations or as a final finding of violation against either of the *Noticees*. The final merits of the matter, including the applicability and ingredients of the statutory and regulatory provisions alleged to have been violated, shall be considered in accordance with law upon completion of the investigation and in the appropriate proceedings. It is therefore, in the interest of Noticees to cooperate fully with the investigation as well as forensic auditors and produce all documents/evidences to prove its point. However, at this stage, in view of the foregoing, I am satisfied that the circumstances which necessitated the interim directions continue to subsist and that the subsequent submissions of the *Noticees* do not warrant their vacation at this stage.

## F. ORDER

113. In exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B read with Section 19 of the Securities and Exchange Board of India Act, 1992, I hereby confirm and continue the directions issued vide the Interim Order and direct as follows:

I. The *Noticees* shall continue to cooperate with the Investigating Authority and shall provide such documents, information and explanations as may be sought by the Investigating Authority in connection with the investigation, including the documents and information referred to in Annexure-A to this Order, within such time as may be specified by the Investigating Authority.

II. *Noticee no.* 2, Mr. Rajesh Mehta, shall continue to be restrained from buying, selling or otherwise dealing, directly or indirectly, in the securities of Rajesh Exports Limited, in any manner whatsoever, until further orders.

III. *Noticee no.* 1, Rajesh Exports Limited, shall continue to make true, fair, accurate and complete disclosures of its financial statements, related-party transactions and other material disclosures in accordance with the applicable provisions of the SEBI Act, 1992 and the regulations framed thereunder, including the LODR Regulations.

114. The new forensic auditor appointed in the matter pursuant to the Interim Order shall complete its work expeditiously and the *Noticees* are directed to cooperate with the forensic auditor and provide all information/documents asked for by the forensic auditor. The Investigating Authority is also directed to expeditiously complete investigation in the matter without being influenced by the findings in this order.

115. The above directions shall come into force with immediate effect and shall remain in force until further orders.

116. This order shall be without prejudice to the completion of the investigation and to such further proceedings as may be warranted in accordance with law.

KAMLESH CHANDRA VARSHNEY
Digitally signed by KAMLESH CHANDRA VARSHNEY
Date: 2026.10.14 17:43:41 +05'30'

**PLACE: MUMBAI** **KAMLESH C. VARSHNEY**

**DATE: OCTOBER 14, 2026** **WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

## ANNEXURE-A

## TABLE INDICATING DETAILS OF INFORMATION FURNISHED BY NOTICEES

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| 1 | Vendor, customer and employee master data. | In response to Annexure B of the Interim Order, REL, post personal hearing (on August 25, 2026), vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>*"Has been replied by Email dated 25.07.2025"* | On perusal of the email dated July 25, 2025, referred to by REL, it is noted that REL has *inter alia* stated as under:<br><br>*"REL does not maintain the three masters; only vendor/customer KYC maintained."*<br><br>**Compliance Status: Not Received.** |
| 2 | Journal voucher dump containing all the journal entries posted during the investigation period. | In response to Annexure B of the Interim Order, REL, post personal hearing on August 25, 2026), vide letter dated August 26, 2026, *inter alia* stated as under: | On perusal of the email dated July 17, 2025, referred to by REL, it is noted that REL has *inter alia* stated as under:<br><br>"*This query is with regard to submission of the daily journal voucher dump, in this* |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | *"Has been replied by Email dated 17.07.2025"* | *regard we would like to state that there are hundreds of voucher books which contain the daily journal vouchers, it would be practically impossible to digitize them hence it would not be practically possible to submit the same."*<br><br>**Compliance Status: Not Received.** |
| 3 | List of transactions undertaken with or through, the Directors, Chairman and Managing Director, Key Managerial Personnel (KMPs), family members of KMPs, Elest Private Limited and related parties, including the nature of each transaction. | In response to Annexure B of the Interim Order, REL, post personal hearing on August 25, 2026), vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>*"Has been replied in 3 separate Emails dated 25.07.2025, 25.07.2025 & 17.03.2026"* | On perusal of the emails dated July 25, 2025, referred to by REL, it is noted that REL has *inter alia* provided the ledgers of Rajesh Mehta, Prashant Mehta, Siddharth Mehta, Elest Pvt Ltd, ACC Energy Storage Pvt Ltd, Laabh Housing Pvt Ltd, Valcambi SA and one entity named "LJGPL", where narrations were only partially visible. It |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | | is also noted these ledgers provided by REL were not for the entire investigation period sought.<br><br>On perusal of the email dated March 17, 2026, referred to by REL, it is noted that REL has commented only on the transactions of REL with i) Rajesh Mehta, ii) Siddharth Mehta and iii) Elest Pvt Ltd<br><br>Apart from the aforesaid information, REL has not provided the other requisite information pertaining to other entities.<br><br>**Compliance Status: Partially Received** |
| 4 | FD list with bank seal and signature for: Canara FY21–FY24; SIB | In response to Annexure B of the Interim Order, REL, post personal hearing | On perusal of the email dated July 25, 2025, referred to by REL, it is noted that REL has |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | FY21–FY23; Axis FY22–FY23. | on August 25, 2026), vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>"*Has been replied by Email dated 25.07.2025"* | shared the FD list with bank seal and signature for Axis Bank FY 21 and SIB FY 24. However, the FD list with bank seal and signature were not provided for Canara FY21–FY24; SIB FY21–FY23; Axis FY22–FY23.<br><br>**Compliance Status: Not Received** |
| 5 | Inventory movement register, on standalone basis and consolidated basis. | In response to Annexure B of the Interim Order, REL, post personal hearing on August 25, 2026), vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>"*Has been replied by Email dated 26.07.2025"* | On perusal of the email dated July 26, 2025, referred to by REL, it is noted that REL has *inter alia* stated as under:<br><br>*"We do not maintain an inventory movement register; the inventory if moved is by issue of Issue Voucher and Receipt voucher which are tallied on everyday basis and inventory is tallied every day"* |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | | **Compliance Status: Not Received** |
| 6 | Detailed workings of:<br>a) deemed supply Schedule I;<br>b) Adjustments in turnover due to Foreign Exchange Fluctuations;<br>c) Adjustments in turnover due to reasons not listed above as mentioned in Table 5 of GSTR 9C for all GST registrations of REL | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>"*Has been replied to the Forensic Auditors by Email dated 10.04.2025*" | On perusal of the email dated April 10, 2025, referred to by REL, the following is noted:<br><br>a) Total amount of deemed supply is shared year wise. However, detailed workings for deriving this amount are not shared.<br>(b) Total amount of foreign exchange fluctuations are shared year Wise. However, detailed workings for deriving this amount are not shared. (c) List of adjustments are shared year Wise. Ledgers Of the same are required for further verification<br><br>**Compliance Status: Partially Received** |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| 7 | Four knock-off agreements signed by all three parties (Aurofin/Aurofin; Valcambi/Al Jameelat; Al Sultan/Basma; Valcambi/Aurofin). | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>"*Has been replied by Email dated 17.07.2025"* | On perusal of the email dated July 17, 2025, referred to by REL, it is noted that REL has *inter alia* stated as under:<br><br>"There have been no agreements for the Knock Off's with the Parties, there have only been Email Confirmations which have been already furnished."<br><br>**Compliance Status: Existence of the agreements denied by REL** |
| 8 | Supporting documentation related to land and building disposal amounting to INR ₹2.32 crore during the year ended 31/03/2022. | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under: | On perusal of the email dated July 26, 2025, referred to by REL, it is noted that REL has *inter alia* stated as under:<br><br>"*… we would like to submit that the property* |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | *"Has been replied by Email dated 26.07.2025"* | *was purchased by us for Rs. 2.32 Crores hence the original value of the property was 2.32 Crores in our books, but the property was sold at 1,49,50,000. The difference in the amount was due to depreciation and the loss incurred which have been debited in our books of account. We are unable to find the sale deed executed by us for the sale of the property hence we are herewith enclosing the copy of the Bank Account statement which demonstrates the receipt of Rs. 1,49,49,000 which was received by us from the buyer of the property."* |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | | The sought documents i.e., supporting documentation related to land and building disposal amounting to INR ₹2.32 crore during the year ended 31/03/2022 has not been received.<br><br>**Compliance Status: Not Received** |
| 9 | Fixed Assets register of the consolidated financial statements including intangible assets | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>*"Has been replied by Email dated 17.07.2025"* | On perusal of the email dated July 26, 2025, referred to by REL, it is noted that REL has *inter alia* stated as under:<br><br>"The Fixed Assets Register for consolidated financials is not available as they not have access to the Swiss Company's Fixed Assets Register because of the laws of Switzerland." |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | | **Compliance Status: Not Received** |
| 10 | Access to ERP or books of accounts. | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>"*We have furnished almost all the documents with regard to the books of accounts of the Company. We are using a software which uses Visual Basic and Access as the data base. We are herewith furnishing the copies of all the databases of the books of accounts as Annexure 2.*" | REL, vide letter dated August 26, 2026, *inter alia* stated that it uses software developed using Visual Basic, with Microsoft Access as the database, and has claimed to have furnished copies of its books of accounts in the form of .mdb files.<br><br>**Compliance Status: The requisite information has not been provided in a extractable/ structured format.** |
| 11 | Data/information pertaining to the foreign subsidiaries of REL. | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under: | REL has provided the following Financial Statements pertaining to its foreign subsidiaries/ step-down subsidiaries: |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | "*All the required audited financials of the foreign subsidiaries have been diligently submitted, from which consolidated numbers can be derived in full. Various other information with regard to foreign subsidiaries have also been submitted. However granular information with regard to Valcambi, was not possible to be submitted due to the Swiss Data Protection Law, regarding which sufficient explanation has been provided.*" | 1. Standalone financial statements of REL Singapore Pte Ltd for FY 2020-21 to FY 2024-25<br>2. Standalone financial statements of GGR for FY 2020-21 to FY 2023-24<br>3. Standalone financial statements of Valcambi SA for CY 2020 to CY 2024<br>4. Standalone financial statements of Valcambi USA for CY 2020 to CY 2023<br>5. Consolidated Financial Statements of GGR for CY 2020 to CY 2025 (unaudited)<br><br>REL has not provided any financial statements of Bab Al Rayan Jewellery LLC |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | | Apart from the above financial statements, REL has provided the incomplete list of top 20 customers, vendors, creditors and debtors pertaining to its consolidated operations, without mentioning the names of the counterparties, citing data protection laws of its foreign subsidiaries.<br><br>**Compliance Status: Partially Received** |
| 12 | Relevant ledgers with visible/legible narration columns. | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>*"The narration columns of the ledgers are fairly visible. The software used, dates back to 1995 hence the current* | REL, vide letter dated August 26, 2026, *inter alia* stated that the software used by REL dates back to 1995 and the current printers support only the available (visible) narration. Further, REL has claimed to have furnished copies of its books of accounts in |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | *printers support only the available narration. It would have been more relevant if the particular required narration was quoted, we could have furnished all those narrations. However, we are herewith furnishing the copies of all the databases of the books of accounts as Annexure 2, wherein all the relevant narrations are available*." | the form of .mdb files, wherein all the relevant narrations are available.<br><br>**Compliance Status: The requisite information has not been provided in an extractable/ structured format.** |
| 13 | Ledger, KYC, Nature of transactions, Vendor/Customer onboarding documents of certain parties | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>"*This Data/Information has been submitted vide Email dated 25.07.2025"* | On perusal of the email dated July 26, 2025, referred to by REL, it is noted that REL has not provided KYC/ onboarding documents for 16 entities and ledger for one entity.<br><br>**Compliance Status: Partially Received** |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| 14 | Ledger of the Directors, Chairman, Managing Director, Key Managerial Personnel (KMPs), the family members of KMPs, Elest Private Limited and related parties for the available period | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>"*This Data/Information has been submitted vide Email dated 25.07.2025*" | On perusal of the emails dated July 25, 2025, referred to by REL, it is noted that REL has *inter alia* provided the ledgers of Rajesh Mehta, Prashant Mehta, Siddharth Mehta, Elest Pvt Ltd, ACC Energy Storage Pvt Ltd, Laabh Housing Pvt Ltd, Valcambi SA and one entity named "LJGPL", where narrations were only partially visible. It is also noted these ledgers provided by REL were not for the entire investigation period sought.<br><br>Apart from the aforesaid information, REL has not provided the other requisite information pertaining to other entities. |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | | **Compliance Status: Partially Received** |
| 15 | GSTR 2A- Detailed Excel sheet available in the GST Portal for all GST Registrations of REL | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>"*This Data/Information has been submitted vide Email dated 25.07.2025*" | On perusal of the email dated July 26, 2025, referred to by REL, it is noted that REL has not provided the GSTR 2A of Karnataka registration for the period April 2021 to September 2021 and February 2022.<br><br>**Compliance Status: Partially Received** |
| 16 | FCTR workings and the reason for the movements in FCTR | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>"*This Data/Information has been submitted vide Email dated 26.07.2025*" | On perusal of the email dated July 26, 2025, referred to by REL, it is noted that REL has provided the reason for FCTR movements. However, REL has not provided the FCTR workings as requested.<br><br>**Compliance Status: Partially Received** |
| 17 | Correspondence from AD Bank acknowledging | In response to Annexure B of the | On perusal of the email dated July 26, 2025, |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | the knocking of Import Invoices against Export Invoices for the following knock offs: (Aurofin/Aurofin; Valcambi/Al Jameelat; Al Sultan/Basma; Valcambi/Aurofin) | Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>"*This Data/Information has been submitted vide Email dated 26.07.2025*" | referred to by REL, it is noted that REL has provided correspondence received from AD bank only for Aurofin vs Aurofin knock off. Relevant correspondences for the other three knock offs were not shared.<br><br>**Compliance Status: Partially Received** |
| 18 | The Forensic Auditor selected INR 6,059.59 crore worth sales out of the total standalone sales of INR 19,458.98 crore from the period FY 2020-21 to FY 2023-24 and INR 6,157.56 crore worth sales from the period prior to FY 2020-21 as samples for performing transaction testing. Out of these sample sales selected, all documents pertaining | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under:<br><br>All the documents that were required by the forensic auditors were shown to them and the copies of the documents which were required by them were | The Noticees have made general submission without referring to any communication through which the requisite documents were submitted.<br><br>**Compliance Status: Not Received** |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | to the transaction were received for 30 sample sales covering 35.07% of the total sample sales. While for 116 sample sales covering 33.67% of the total sample sales documents were received partially, for the remaining 24 sample sales covering 31.26% of the total sample sales no documents pertaining to the transaction were received for testing. | submitted to them. The forensic auditors have never informed the Company with regard to any pending documents of sample purchases. After the forensic audit, all the purchase documents as required by the SEBI officials were again submitted by the Company to the officers and it may be appreciated that there have been no allegations with regard to the purchases hence it is clear that all the required information with regard to purchases have been received by the SEBI officials | |
| 19 | The Forensic Auditor selected INR 6,876.04 crore worth purchases out of the total standalone purchases of INR 18,903.46 crore | In response to Annexure B of the Interim Order, REL, vide letter dated August 26, 2026, *inter alia* stated as under: | The Noticees have made general submission without referring to any communication through which the requisite |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | from the period FY 2020-21 to FY 2023-24 and INR 145.32 crore worth purchases from the period prior to FY 2020-21 as samples for performing transaction testing. Out of these sample purchases selected, all documents pertaining to the transaction were received only for four sample purchases covering 2.03% of the total sample purchases. While for 64 sample purchases covering 21.30% of the total sample purchases documents were received partially, for the remaining 16 sample purchases covering 76.67% of the total sample purchases no documents pertaining to the transaction were received for testing. | All the documents as required by the forensic auditors were provided to them, in fact the forensic auditors have checked each and every sale invoice while at our office and had expressed complete satisfaction with regard to having seen and checked the documents. The forensic auditors had asked for the copies of certain sales documents to be provided to them and all the copies were provided to them. The forensic auditors have not informed the Company with regard to any sales documents which were not provided to them. In any case after the forensic audit all the | documents were submitted.<br><br>**Compliance Status: Not Received** |

| Sr. No. | Information sought as per Interim Order | Response of the Noticees | Analysis and Compliance Status |
|---|---|---|---|
| | | required sales documents as demanded by the SEBI officials were provided to them and there is no allegation from the SEBI officers about not providing any sales documents | |