

November 10, 2022

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
**BSE Scrip Code: 500020**

**National Stock Exchange of India Ltd.**  
Exchange Plaza, 5th floor,  
Plot No.C/1, 'G' Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai – 400 051  
**NSE Symbol: BOMDYEING**

Dear Sir/Madam,

**SUB: INTIMATION UNDER REGULATION 30 OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

**REF: SECURITIES AND EXCHANGE BOARD OF INDIA ORDER DATED OCTOBER 21, 2022**

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We refer to your query based on news reports about the proceedings before the Hon'ble Securities Appellate Tribunal today in appeal against the SEBI Order No. WTM/AB/CFID/CFID\_1/20686/2022-23 dated 21 October, 2022 ("**SEBI Order**").

Vide our earlier intimation dated 22 October, 2022 we had informed you about the aforesaid SEBI Order.

We are pleased to confirm that the Hon'ble SAT dictated in open court today that the effect and operation of the SEBI Order shall stand stayed. A copy of the detailed reasoned order is attached along with **Annexure "A"**.

The detailed disclosure as required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as **Annexure "A"**.

This is for your information and record.

Thanking you,

Yours faithfully,  
For **The Bombay Dyeing and Manufacturing Company Limited**

**Sanjive Arora**  
**Company Secretary**  
Encl: as above



CC: National Securities Depository Ltd.,  
Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound,  
S. Bapat Marg, Lower Parel,  
Mumbai - 400 013

Central Depository Services (India) Ltd.,  
Marathon Futurex, A Wing, 25<sup>th</sup> Floor  
N. M. Joshi Marg, Lower Parel  
Mumbai - 400 013

Bourse de Luxembourg,  
Societe de La Bourse de Luxembourg,  
Societe Anonyme, R. C. 36222,  
BP 165, L- 2011,  
LUXEMBOURG.

Citibank N.A.,  
DR Account Management,  
Citigroup Corporate & Investment Bank,  
14th Floor, 388, Greenwich Street,  
NEWYORK, NY (USA) 10013.

M/s KFin Technologies Limited  
Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad  
Telangana - 500032

**Annexure “A”**  
**Disclosures as required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Regulatory action(s) with impact		
Sr. No.	Particulars	Details
1.	The details of any change in the status and / or any development in relation to such proceedings.	<p>On October 21, 2022, the Company received an Order (“<b>WTM Order</b>”) passed by the Whole Time Member, SEBI, on the Show Cause Notice (bearing no. SEBI/HO/CFID/CFID1/OW/P/2021/12045/1 to 12045/10) dated June 11, 2021 to the Company (“<b>BDMCL</b>”) and Mr. Nusli Neville Wadia, Mr. Ness Nusli Wadia, Mr. Jehangir Nusli Wadia and Mr. Durgesh Mehta (in their capacity as promoters, directors, ex-managing director or ex-joint managing director of the Company; the four individuals are hereafter called, “<b>BDMCL Noticees</b>”), and to SCAL Services Limited, Mr. D. S. Gagrat, Mr. N. H. Datanwala, Mr. Shailesh Karnik and Mr. R. Chandrasekharan (in their capacity as directors or ex-directors of SCAL) (“<b>SCAL Noticees</b>”), under Sections 11(1), 11(2)(e), 11(4), 11(4-A) and 11-B, of the SEBI Act, 1992, imposing both monetary and non-monetary penalties [including restraints on accessing securities markets and buying, selling or otherwise dealing in securities for a period of two years (BDMCL and BDMCL Noticees) and one year (SCAL Noticees), respectively; and associating with the securities markets, including as a director or Key Managerial Personnel in a listed company or registered intermediary for one year (BDMCL Noticees)], in respect of violations of the SEBI Act, Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market Regulations, 2003, SEBI Listing Regulations and/or Listing Agreement).</p> <p>The Company impugned the WTM order by filing an appeal before the Hon’ble Securities Appellate Tribunal (SAT) on 4th November 2022.</p> <p>SAT, has today i.e. on 10th November 2022 stayed the effect and operation of the said WTM order.</p>

2.	In the case of litigation against key management personnel or its promoter or ultimate person in control, regularly provide details of any change in the status and /or any development in relation to such proceedings.	Refer point no. 1 above.
3.	In the event of settlement of the proceedings, details of such settlement including - terms of the settlement, compensation/penalty paid (if any) and impact of such settlement on the financial position of the listed entity.	Not Applicable.

BEFORE THE SECURITIES APPELLATE TRIBUNAL  
MUMBAI

**Date : 10.11.2022**

**Misc. Application No. 1353 of 2022**  
**And**  
**Misc. Application No. 1354 of 2022**  
**And**  
**Appeal No. 838 of 2022**

The Bombay Dyeing and Manufacturing  
Company Limited & Anr. ...Appellants

Versus

Securities and Exchange Board of India ...Respondent

Mr. Somasekhar Sundaresan, Advocate with Mr. Rohan Kelkar,  
Mr. Abhay Jadeja, Mr. Varun Satiya and Mr. Arun  
Unnikrishnan, Advocates i/b Jadeja & Satiya for the Appellants.

Mr. Gaurav Joshi, Senior Advocate with Mr. Feroze Patel,  
Mr. Mihir Mody, Mr. Arnav Misra and Mr. Mayur Jaisingh,  
Advocates i/b. K Ashar & Co. for the Respondent.

**WITH**  
**Misc. Application No. 1355 of 2022**  
**And**  
**Misc. Application No. 1356 of 2022**  
**And**  
**Appeal No. 839 of 2022**

Nusli Neville Wadia & Ors. ...Appellants

Versus

Securities and Exchange Board of India ...Respondent

Mr. Darius Khambata, Senior Advocate with Mr. J.P. Sen, Senior Advocate, Mr. Tushar Hathiramani, Mr. Abhay Jadeja, Mr. Varun Satiya and Mr. Arun Unnikrishnan, Advocates i/b Jadeja & Satiya for the Appellants.

Mr. Gaurav Joshi, Senior Advocate with Mr. Feroze Patel, Mr. Mihir Mody, Mr. Arnav Misra and Mr. Mayur Jaisingh, Advocates i/b. K Ashar & Co. for the Respondent.

**AND**  
**Misc. Application No. 1373 of 2022**  
**And**  
**Misc. Application No. 1374 of 2022**  
**And**  
**Appeal No. 840 of 2022**

SCAL Services Ltd. & Ors. ...Appellants

Versus

Securities and Exchange Board of India ...Respondent

Mr. Navroz Seervai, Senior Advocate with Mr. Abhisek Venkataraman, Ms. Arti Raghavan, Mr. Alhan Kayser and Mr. Aniket Worlikar, Advocates i/b Sujit Lahoti & Associates for the Appellants.

Mr. Sumit Rai, Advocate with Mr. Mihir Mody, Mr. Arnav Misra and Mr. Mayur Jaisingh, Advocates i/b. K Ashar & Co. for the Respondent.

**ORDER:**

1. All these appeals are against a common order and are being taken up together. Since the appeals have been taken up for consideration, the urgency applications are disposed of.

2. We have heard Shri Darius Khambata, Shri J.P. Sen, the learned senior counsel, Shri Somasekhar Sundaresan, the learned counsel, Shri Navroz Seervai, the learned senior counsel for the appellants and Shri Gaurav Joshi, the learned senior counsel and Shri Sumit Rai, the learned counsel for the respondent.

3. The show cause notice alleges that the appellants and other noticees were involved in a fraudulent scheme of misrepresentation of financial statements of The Bombay Dyeing and Manufacturing Company Limited ('Bombay Dyeing' for short) by inflating sales of Rs. 2492.94 crores and profits of Rs. 1302.20 crores arising from the alleged sale of flats by Bombay Dyeing to SCAL Services Ltd. ('SCAL' for short) over a period from financial year 2011-12 to 2017-18. The show cause notice alleges that the shareholding structure of SCAL was deliberately designed in such a manner that even though Bombay Dyeing directly held only 19% in the share capital of SCAL, but through its indirect holdings, Bombay Dyeing was able to exercise complete control over the entire share capital of SCAL. The show cause notice alleged that the direct shareholding of Bombay Dyeing in SCAL was deliberately designed to keep it at 19% so as to ensure that the

definition of Associate Company was not attracted and therefore the financial statements of SCAL was not consolidated with the financial statements of Bombay Dyeing. It was alleged that if the financial statements of SCAL had been consolidated with Bombay Dyeing the aforesaid sales and profits of Bombay Dyeing from transaction with SCAL would not have been reflected in the consolidated financial statements.

4. The Whole Time Member ('WTM' for short) of the Securities and Exchange Board of India ('SEBI' for short) found that the consolidation of financial statements of SCAL with Bombay Dyeing was not mandatory and even though there was a deliberate design to directly hold 19% in the share capital of SCAL yet by *de facto* means controlled the entire share capital of SCAL and Bombay Dyeing was able to eschew from the compliance of consolidation of financial statements, thereby hatched a grand scheme of fraudulent misrepresentation of the financial statements by inflating sales and profits of Bombay Dyeing.

5. The question which arises for consideration is, whether the financial statements of SCAL was required to be consolidated with the financials of Bombay Dyeing. Admittedly, SCAL was



not a subsidiary and the question is whether SCAL is an associate of Bombay Dyeing within the meaning of Section 129 read with Section 2(6) of the Companies Act, 2013. Section 2(6) provides that an associate company means control of at least 20% of total share capital under an agreement. Section 129(3) required consolidation of the financial statement of the Company and its subsidiaries. Associate companies was added with effect from 07.05.2018. Further consideration is, whether non-consolidation of financials amounts to fraud under Regulation 3 and 4 of PFUTP Regulations.

6. Admittedly, SCAL was an associate company and whether its financial statements were required to be consolidated with the financial statements of company Bombay Dyeing is to be considered in the present appeal.

7. We find that admittedly Bombay Dyeing had 19% of the share capital of SCAL and this was continuing since the financial year 2011-12 whereas Section 129 of the Companies Act, 2013 came into effect from 01.04.2014.

8. Further in the absence of any inducement, prima facie case of fraud is not made out especially when there was no bar for consolidation of financials.

9. In view of the aforesaid, let a reply be filed by the respondent within three weeks from today. Rejoinder may be filed within three weeks thereafter. The matter would be listed for admission and for final disposal on January 10, 2023.

10. Considering the fact as to whether the company Bombay Dyeing was obligated to consolidate the financials of its Associate Company SCAL in view of Section 2(6) of the Companies Act, 2013 read with Section 129(3) of the Companies Act coupled with the fact that there was no diversion of funds nor there is any finding of any disproportionate gains or loss caused to any investor nor we find that there was any market impact regarding the financials of the company Bombay Dyeing, we consequently direct that the effect and operation of the impugned order shall remain stayed during the pendency of the appeal. The stay applications are disposed of.

11. This order will be digitally signed by the Private Secretary on behalf of the bench and all concerned parties are directed to act on the digitally signed copy of this order. Certified copy of

this order is also available from the Registry on payment of usual charges.

Justice Tarun Agarwala  
Presiding Officer

Ms. Meera Swarup  
Technical Member

10.11.2022  
msb

RAJALAKS Digitally signed  
by  
HMI RAJALAKSHMI  
HARISH NAIR  
N AIR Date: 2022.11.10  
18:20:29 +05'30'