



WTM/KV/CFID/CFID-SEC2/31565/2025-26

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**CONFIRMATORY ORDER**

**Under sub-sections (1) and (4) of section 11 and under section 11B of the Securities and Exchange Board of India Act, 1992**

**In the matter of Gensol Engineering Limited**

**In respect of:**

Noticee No.	Name of Noticee	PAN
1.	Gensol Engineering Limited	AAECG9092M
2.	Anmol Singh Jaggi	AGNPJ4504B
3.	Puneet Singh Jaggi	AHRPJ5583B

*(The aforesaid entities are hereinafter individually referred to by their respective names / Noticee no. and collectively as “Noticees”, unless the context specifies otherwise)*

**TABLE OF CONTENTS**

A.	BACKGROUND.....	1
B.	OBSERVATIONS AND PRIMA FACIE FINDINGS IN THE INTERIM ORDER .....	2
C.	APPEALS BEFORE HON’BLE SAT, REPLIES TO INTERIM ORDER & PERSONAL HEARING .....	13
D.	SUBMISSIONS OF NOTICEES .....	14
E.	CONSIDERATION OF ISSUES AND FINDINGS.....	22
F.	SUMMARY OF FINDINGS.....	30
G.	DIRECTIONS .....	32

**A. BACKGROUND**

1. Pursuant to receipt of a complaint in June 2024 relating to alleged manipulation of share price and diversion of funds, Securities and Exchange Board of India



("SEBI") initiated an examination into the affairs of Gensol Engineering Limited (Gensol / Company), a listed company engaged in providing solar consulting services, Engineering, Procurement and Construction (EPC) services, leasing of Electric Vehicles (EVs), etc.

2. Based on the preliminary findings of the examination, SEBI issued an interim order dated April 15, 2025 ("**Interim Order**") against Gensol and its two directors, viz., Anmol Singh Jaggi and Puneet Singh Jaggi. The observations and the *prima facie* findings of examination by SEBI recorded in the Interim Order are summarized in subsequent paragraphs.

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

3. Credit Rating Agencies (CRAs), CARE Rating Limited (CARE) and ICRA Limited (ICRA) on March 03, 2025, and March 04, 2025, respectively, downgraded the ratings assigned by them for fund-based and non-fund based credit facilities availed by Gensol to "D". While the rationale cited by ICRA in its press release was the feedback received by ICRA from lenders about ongoing delays in debt servicing by Gensol, it was also disclosed that "certain documents shared by GEL with ICRA, on its debt servicing track record, were apparently falsified, which raises concerns on its corporate governance practices, including its liquidity position."
4. While Gensol denied "*any involvement in falsification claims*" made by the rating agency, the CRAs *inter alia* submitted to SEBI that Gensol provided to them Conduct Letters purportedly issued by the lenders Indian Renewable Energy Development Agency Ltd. (IREDA) and Power Finance Corporation (PFC), which stated that Gensol was regular in its debt servicing.
5. CARE submitted that Gensol requested withdrawal of the ratings assigned to it and, in support of this request, submitted a No Objection Certificate (NOC) purportedly issued by its lenders. However, upon seeking confirmation from IREDA and PFC regarding the issuance of the Conduct Letters and NOCs, both the lenders categorically denied having issued such letters.



6. Further, on examining the information submitted by IREDA and PFC regarding the debt servicing status of loans sanctioned to Gensol, multiple instances of default by the Company in servicing its loans were observed. While the first instance of default occurred on December 31, 2024, Gensol continued to submit statements to the CRAs certifying that there was no delay or default in servicing any loans (No Default Statements). The same was in apparent violation of the provisions of para 4.1 of Section V-B of the SEBI Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024.
7. The individual term loans availed by Gensol from IREDA and PFC during the period FY 2021-22 to FY2023-24 were examined. The details are as under:

Sl. No.	FY	Lender Name	Amount as per Annual Report (INR In Crores)	Purpose of loan
1.	2021-22	IREDA	35.70	Procurement of Electric Vehicles (EVs)
2.	2022-23	IREDA	35.70	
3.	2022-23	IREDA	71.41	
4.	2022-23	IREDA	71.41	
5.	2022-23	IREDA	53.56	
6.	2022-23	IREDA	43.69	
7.	2022-23	PFC	117.47	
8.	2023-24	PFC	117.47	
9.	2023-24	PFC	117.47	
10.	2023-24	IREDA	192.87	For carrying out EPC works
11.	2023-24	IREDA	121.00	
Total			<b>977.75</b>	

8. It was noted that out of INR 977.75 Crore availed by the Company from IREDA and PFC as term loans, INR 663.89 Crore was for purchasing 6,400 Electric Vehicles (EVs). As per the loan terms, Gensol was required to provide an additional equity (margin) contribution of 20%, bringing the total expected deployment of approximately INR 829.86 Crore, for purchase of 6,400 EVs. As per the submissions made by Gensol, EVs were procured by the Company and subsequently leased to BluSmart, a related party.
9. Gensol, vide its response dated February 14, 2025, acknowledged that it had procured only 4,704 electric vehicles (EVs) till date, as against the 6,400 EVs for which it had secured funding. This position is corroborated by Go-Auto



Private Limited (Go-Auto), the stated supplier of the EVs, which confirmed that it sold 4,704 EVs to the Company for a total consideration of INR 567.73 Crore.

10. Based on the abovementioned figures, an amount of INR 262.13 Crore (INR 829.86 Crore – INR 567.73 Crore) remained unaccounted, even though more than a year had passed since the Company availed the last tranche of the above mentioned financing.
11. Given the above, to understand the end-use of funds, bank statements of both the Company and the dealer, Go-Auto, were examined. The analysis showed that once the funds were transferred from Gensol to Go-Auto, ostensibly for the purchase of EVs, they were allegedly, in most of the instances, either transferred back to the Company itself or routed to entities that were directly or indirectly related to Anmol Singh Jaggi and Puneet Singh Jaggi, promoters and directors of Gensol. Some of these funds were then apparently used for personal expenses of the promoter, including purchase of high-end real estate and benefit to the private promoter entities / transfer of funds to promoters' close relatives; etc.
12. The alleged diversions / misutilization of funds were demonstrated by the flow of funds in respect of loans mentioned at serial numbers 3, 6 and 8 in the Table under para 7 above, on sample basis, which are discussed below.

***Loan for INR 71.41 Crore from IREDA (Serial No. 3 in the Table under Para 7)***

13. On September 30, 2022, Gensol received a disbursement of INR 71.39 Crore from IREDA in its “*GEL Trust and Retention Account IREDA Limited*”. On the same day, the Company transferred promoter contribution of INR 26.06 Crore from another internal account into the above Trust and Retention Account.
14. On October 03, 2022, INR 93.88 Crore was transferred from the Trust and Retention Account to Go-Auto, which immediately thereafter on the same day, transferred INR 50 Crore to Capbridge Ventures LLP (Capbridge), a disclosed related party of Gensol. On October 06, 2022, Capbridge transferred INR 42.94 Crore to DLF Limited (DLF). As per information provided by DLF, the above



payment was made towards consideration for the purchase of an apartment in the project *The Camellias*.

15. DLF submitted that on September 29, 2022, a sum of INR 5 Crore was paid to it by Jasminder Kaur, as advance for booking an apartment in the project *The Camellias*. Thereafter, On October 06, 2022, it received INR 42.94 Crore from Capbridge as part of the consideration for the above apartment booked by Jasminder Kaur. Subsequently, on request, the allotment was substituted in favour of Capbridge. The advance of INR 5 Crore was returned to Jasminder Kaur by DLF on November 21, 2022.
16. It was noted from the above that funds availed by Gensol as loans for procuring EVs were partly utilised allegedly for buying a high-end apartment in the name of a firm where Noticee nos. 2 and 3 are designated partners.
17. It was also noted that INR 5 Crore initially paid as booking advance by Jasminder Kaur, mother of Noticee nos. 2 and 3, was also sourced from Gensol. Further, the advance of INR 5 Crore returned by DLF to Jasminder Kaur did not go back to the Company but was routed to another related party of Gensol viz. Matrix Gas and Renewables Ltd. (Matrix).
18. Bank statements of Capbridge showed that it received INR 50 Crore on October 03, 2022 from Go-Auto which was partly used for acquiring the apartment in *The Camellias*. Capbridge repaid INR 47.50 Crore to Go-Auto on March 31, 2023 out of funds provided by M/s Param Care Pvt. Ltd. (a disclosed related party of Gensol) from an overdraft account backed by an FD of INR 50 Crore subscribed by Blu-Smart Mobility Pvt. Ltd. (Blu-Smart"). The source of these funds and transactions needed further examination.
19. Further, Capbridge had received another INR 20 Crore on December 31, 2022 from Go-Auto which appeared to be diverted from funds transferred to Go-Auto from another loan of INR 71.41 Crore availed by Gensol from IREDA.



***Loan for INR 43.69 Crore from IREDA (Serial No. 6 in the Table under Para 7)***

20. On February 01, 2023, Gensol received a loan disbursement of INR 43.68 Crore from IREDA in its bank account "GEL Trust and Retention Account IREDA Limited". On the same day, Gensol transferred INR 13.13 Crore to the said account. Subsequently, on the same day, Gensol transferred INR 54.62 Crore to Go-Auto. On the next day (February 02, 2023), Go-Auto transferred INR 40 Crore to Wellray Solar Industries Pvt. Ltd. (Wellray) Thereafter, on the same day, Wellray made outward transfers of INR 39.50 Crore, out of which INR 29.50 Crore was transferred back to Gensol while INR 5.60 Crore and INR 3.90 Crore were transferred to Matrix and Prescinto Technologies Pvt. Ltd. (Prescinto), respectively, which are related parties of Gensol. Further, INR 50 Lakh was transferred to stock broker Sharekhan Limited (Sharekhan), which was subsequently deployed to trade in the scrip of Gensol.
21. Further, it was noted that Wellray had transferred funds back to Go-Auto through circular movement of funds which originated from Go-Auto itself. It was noted that an amount of  $\geq$  INR 8.5 Crore was circulated four times by Go-Auto, itself through Gensol on 28/11/2023 and 29/11/2023.

***Loan for INR 117.47 Crore from PFC (Serial No. 8 in the Table under Para 7)***

22. On September 27, 2023, Gensol was disbursed a loan of INR 117.47 Crore from PFC into its designated "Gensol Engineering Limited–PFC–Construction Fund Account". This was supplemented by INR 29.37 Crore transferred from another internal account of the Company. On September 29, 2023, Gensol transferred INR 134.14 Crore from the said account to another bank account of Gensol. On the same day, Gensol from the said bank account transferred funds of INR 134.14 Crore to Go-Auto. Immediately thereafter, Go-Auto transferred INR 46.65 Crore to Gensol Consultant Pvt. Ltd. (Gensol Consultant) and INR 50.04 Crore to Capbridge. On the same date, Capbridge transferred INR 40 Crore to Gensol Ventures Pvt. Ltd.



23. From the trail of funds, it was *prima facie* observed that INR 96.69 Crore (i.e. INR 46.65 Crore + INR 50.04 Crore) was diverted to promoter and promoter-linked entities, bypassing the stated end-use of the PFC loan.
24. Further, it was noted that Capbridge had transferred funds back to Go-Auto, through circular movement of funds which originated from Go-Auto, itself. It was noted that an amount of INR 10 Crore was circulated four times by Go-Auto itself through Gensol EV Lease Pvt. Ltd. (Gensol EV Lease) and Go-Solar Venture Pvt. Ltd., which are disclosed related parties of Gensol. On January 04, 2024, Capbridge transferred back additional INR 10 Crore using funds which it had received, from Gensol EV Lease / Blu-Smart.
25. Further, it was noted that Gensol Consultant transferred back funds amounting to INR 46.65 Crore to Go-Auto, using funds taken from Gensol EV Lease. The amount transferred by Gensol EV Lease was out of a loan of INR 171.30 Crore received by it from IREDA. It was also noted that out of the said loan of INR 171.30 Crore taken by Gensol EV Lease (a subsidiary of Gensol), INR 37.5 Crore was ultimately transferred to Anmol Singh Jaggi.
26. From the analysis of the utilization of loans received by Gensol from IREDA and PFC, it prima-facie appeared that the Company allegedly mis-utilized funds and also diverted certain funds to the promoter/promoter-related entities. While the Company was to have spent an amount of INR 829.86 Crore (including promoter contribution) for buying EVs, bank statement analysis showed that it had transferred INR 775 Crore to Go-Auto against which it had obtained delivery of 4,704 EVs costing INR 567.73 Crore.
27. Ajay Agarwal, Managing Director of Go-Auto, in his statement recorded before SEBI on March 24, 2025, deposed that around INR 50 Crore was due from Gensol and therefore, Go-Auto would not be delivering anymore EVs to Gensol. However, Gensol submitted to SEBI on April 05, 2025 that Go-Auto owed Gensol INR 21.25 Crore as interest for which it raised a debit note on the dealer. In the same letter, Gensol noted that, on a consolidated basis, Gensol had a payable of INR 5.37 Crore to Go-Auto.



28. From the preliminary findings of examination by SEBI, it prima facie emerged that even after transferring INR 207.27 Crore (INR 775 Crore – INR 567.73 Crore) over and above the cost price of the 4,704 EVs that were delivered to Gensol, Gensol still had a payable of about INR 50 Crore to Go-Auto, as per the claim of MD of Go-Auto. This shortfall *prima facie* appeared to be alleged diversion of funds by Gensol to connected entities using Go-Auto as a conduit, which needed detailed investigation.

***Diversion of funds through a connected entity, Wellray Solar Industries Pvt. Ltd.***

29. As stated above, Wellray was also one of the recipients of funds out of money borrowed by Gensol from IREDA and PFC, which was routed through Go-Auto. Wellray was found to be connected to Gensol, both through historical promoter positions and current key managerial associations.
30. When the ledgers of Wellray in the books of Gensol were examined, it was noted that significant sales and purchases were recorded between both companies in FY2022- 23 and FY2023-24. Further, Wellray had made an investment in Gensol and was a disclosed public shareholder of Gensol. It was observed that during FYs 2021-22 and 2022-23, Sales to Gensol by Wellray stood at INR 13.07 Crore and INR 59.46 Crore, respectively, which accounted for 55% and 91% of total sales of Wellray during the said FYs, respectively. However, an analysis of bank statements of Gensol and Wellray revealed that the actual transactions (payments and receipts) between Gensol and Wellray were much higher than the figures recorded in the ledgers of Wellray in the books of Gensol, which allegedly did not correspond to the quantum of underlying commercial transactions. The details are given in the Table below:

***Payments and Receipts reflected in the bank statement of Gensol***

Particulars	FY2022-23 (INR In	FY2023-24 (INR In	Total (INR In Crores)
Funds transferred by Gensol to Wellray Solar	215.89	208.25	424.14
Funds received back by Gensol from Wellray	166.94	143.25	310.19

31. Upon review of the bank statements of Wellray, it was observed that out of the amount of INR 424.14 Crore received from Gensol, as mentioned in the Table above, INR 382.84 Crore was transferred by Wellray to various other entities,





which included related / linked parties of Gensol. It was prima facie found that out of the said amount, Wellray had transferred a total of INR 25.76 Crore and INR 13.55 Crore to Anmol Singh Jaggi and Puneet Singh Jaggi, respectively, during FYs FYs 2022-23 and 2023. The details of further utilization of funds by the said promoters are given below:

***Utilization of funds by Anmol Singh Jaggi***

32. From the analysis of the bank statements of Anmol Singh Jaggi, it was *prima-facie* observed that out of INR 25.76 Crore received from Wellray, the following transfers were made:

Name of The Party	Amount (INR)	Remarks
Gensol Ventures Pvt. Ltd.	10,63,91,890	Promoter of Gensol
Jasminder Kaur	6,20,22,500	Mother of Anmol Singh Jaggi
Mugdha Kaur Jaggi	2,98,50,000	Spouse of Anmol Singh Jaggi
Foreign Currency Purchased - AED	1,86,35,600	Appears to be for personal use
Batx Energies Private Limited	1,35,19,600	Anmol Singh Jaggi is a shareholder in Batx Energies Private Limited (holding 681 shares as of 31-03-2024)
Third Unicorn Private Limited	50,00,000	Anmol Singh Jaggi is a shareholder in Third Unicorn Private Limited (holding 2000 shares as of 31-03-2024).
TaylorMade	26,00,000	Appears to be related to purchase of golf set
Capbridge Venture LLP	25,00,000	Designated Partners are Anmol Singh Jaggi and Puneet Singh Jaggi
ICICI Securities	23,00,000	Appears to be for personal use
Jabir Mahendi M	20,00,000	Jabir Mahendi M worked as CFO of GEL from 2019- to 2024
Titan Company	17,28,350	Appears to be for personal use
DLF Homes	11,75,000	Appears to be for personal use
Kamco Chew Food Pvt Ltd Spa	10,36,860	Appears to be for personal use
ICICI Bank Credit Card	9,95,266	Credit Card payment. Appears to be for personal use.
Mayo Design	8,00,000	Appears to be for personal use
Shalmali Kaur Jaggi	6,00,000	Former Director of GEL and Gensol Consultants Private Limited and current director of Param Seva Foundation (disclosed related party by GEL).
Make my trip	3,00,000	Appears to be for personal use
Ali Imran Naqvi	1,50,000	Executive Director at GEL
<b>Total</b>	<b>25,16,05,066</b>	



#### ***Utilization of funds by Puneet Singh Jaggi***

33. From the analysis of bank statements of Puneet Singh Jaggi, it was *prima facie* observed that out of INR 13.55 Crore received from Wellray, the following transfers were made:

<b>Name of The Party</b>	<b>Amount (INR)</b>	<b>Remarks</b>
Gensol Ventures Pvt. Ltd.	10,03,31,624	Promoter of Gensol
Shalmali Kaur Jaggi	1,13,00,000	Spouse of Puneet Singh Jaggi.
Jasminder Kaur	87,52,500	Mother of Puneet Singh Jaggi
Foreign Currency Purchase - AED	66,35,599	Appears to be for personal use
Americian Express Card	36,00,000	Appears to be for personal use
Amex Card	13,00,000	Appears to be for personal use
BIL/INFT/000671661789/PSJCC/Self	11,40,000	Appears to be for personal use
Psjcc1008/Self	4,00,000	Appears to be for personal use
Lease Deed Regi	3,00,000	Appears to be for personal use
Mugdha Kaur Jaggi	3,00,000	Spouse of Anmol Singh Jaggi
Ali Imran Naqvi	2,61,843	Executive Director at Gensol
<b>Total</b>	<b>13,43,21,567</b>	

#### ***Preferential Issue by Gensol Engineering Limited***

34. In September 2022, Gensol made a preferential issue of 12,81,993 equity shares at a price of INR 1,036.25/- per share to investors which included promoter group entities. Under the promoter/promoter group category, 'Gensol Ventures Private Limited invested INR 10.09 Crore in the above preferential allotment on September 26, 2022. It was thus *prima facie* found that Gensol had allegedly provided funds, through layered transactions, to Gensol Ventures Private Limited (promoter of Gensol) for subscribing to 97,445 equity shares of Gensol.

#### ***Trading in the scrip of Gensol Engineering Limited by Wellray***

35. As stated earlier, Wellray utilised funds received from Gensol for trading in the Company's scrip. The details of the trades executed by Wellray for the period April 2022 to December 2024, as obtained from Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd. (NSE) showed that Wellray predominately traded in the scrip of Gensol (99% of total trade value) during the said period.



36. Analysis of Wellray's bank statements showed that out of the INR 137.57 Crore cumulatively transferred by Wellray to the stockbroker Sharekhan till March 2024, INR 101.35 Crore was received from Gensol and its related parties. It thus *prima facie* emerged that Gensol and its promoters/promoter related entities allegedly funded Wellray for trading in the scrip of Gensol in violation of the provisions of section 67 of the Companies Act, 2013.

***Disclosures made by the Company***

37. It was noted that Gensol made a disclosure dated January 28, 2025, to the exchanges that it had received pre-orders for 30,000 of its newly launched electric vehicles unveiled at the Bharat Mobility Global Expo 2025. However, examination of documents received from Gensol showed that the Orders in question were Memorandum of Understandings (MOUs) entered with 9 entities for 29,000 cars, which were in the nature of an expression of willingness with no reference to the price of the vehicle or delivery schedules. Therefore, the disclosure *prima facie* appeared to be misleading.
38. Further, a visit by representative of NSE to the plant site of Gensol Electric Vehicle Pvt. Ltd. located at Chakan, Pune, apparently showed that there was no manufacturing activity at the plant with only 2-3 labourers present there. Further, electricity bills of the unit during last 12 months did not indicate any ongoing manufacturing activity.
39. The Interim Order also made certain observations in respect of disclosures made by Gensol regarding strategic tie-up with Refex Green Mobility Limited and signing of a non-binding term sheet involving sale of Gensol's US subsidiary, viz., Scorpius Trackers Inc., respectively. However, no inference was drawn regarding the genuineness of these disclosures.

***Pledge of shares made by Promoters to IREDA***

40. The shareholding of the promoters of Gensol had come down to 35.125% as of March 31, 2025. It was informed by IREDA vide email dated April 11, 2025 that promoters had created pledges for 75.74 Lakh shares of Gensol. Further, the



latest pledge invocation data available on the BSE website, indicated that more pledges were invoked during April 2025. There was a possibility that promoter shareholding in Gensol would become even lower, may be negligible, if IREDA were to invoke the pledge created by the promoters.

***Prima facie violations alleged against Noticees***

41. The prima facie findings of examination recorded above showed alleged mis-utilization and diversion of funds of the Company in a fraudulent manner by its promoter directors, Anmol Singh Jaggi and Puneet Singh Jaggi, who were also the direct beneficiaries of the diverted funds. The Company attempted to allegedly mislead SEBI, the CRAs, the lenders and the investors by submitting forged Conduct Letters purportedly issued by its lenders. In view of these *prima facie* findings, the Interim Order alleged that Noticee Nos. 1, 2 and 3 violated the provisions of sub-sections (a), (b) and (c) of section 12A of the SEBI Act, 1992 and sub-regulations (b), (c) and (d) of regulation 3, sub-regulation (1) of regulation 4 and clauses (f), (k) and (r) of sub-regulation (2) of regulation 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (**PFUTP Regulations, 2003**).
42. Further, the Interim Order also alleged that since the promoters and their related parties / relatives benefitted from the funds of Gensol, a listed company, through layered transactions, such transactions qualified to be related party transactions in terms of sub-regulation (zc) of regulation 2 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**LODR Regulations, 2015**). Accordingly, such transactions were required to be disclosed as per provisions of Regulation 4 and 48 of the LODR Regulations, 2015 read with applicable accounting standards, which Gensol has allegedly failed to do.

***Directions issued in the Interim Order***

43. The Interim Order restrained Noticee Nos. 2 and 3 from holding the position of a director or a Key Managerial Personnel in Gensol, until further orders. Further,



Noticee Nos. 1, 2 and 3 were restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders. Additionally, Gensol was directed to put on hold the stock split announced by it. The Interim Order also directed for appointment of a forensic auditor to examine the books of accounts of Gensol and its related parties, with a timeline of six months from the date of appointment to submit the report.

**C. APPEALS BEFORE HON'BLE SAT, REPLIES TO INTERIM ORDER & PERSONAL HEARING**

44. Gensol filed an appeal against the Interim Order before the Hon'ble Securities Appellate Tribunal (SAT). The Hon'ble SAT disposed of the said appeal vide its order dated May 07, 2025 and *inter alia* granted time of two weeks to Gensol to file its reply to the Interim Order. The Hon'ble SAT further directed SEBI to hear Gensol within two weeks thereafter and, upon completion of hearing, to pass an appropriate order within four weeks therefrom.
45. Puneet Singh Jaggi also filed an appeal against the Interim Order before the Hon'ble SAT. The Hon'ble SAT disposed of the said appeal and issued directions on similar lines as in the appeal filed by Gensol.
46. Gensol failed to file any reply within the timeline set by the Hon'ble SAT. Further, Anmol Singh Jaggi also failed to file any reply to the Interim Order. Puneet Singh Jaggi vide letter dated May 25, 2025 *inter alia* submitted that pursuant to the direction in the Interim Order, he resigned from the position as a director of Gensol on May 12, 2025. He further submitted that due to mass resignations in Gensol, he was unable to obtain necessary documents from Gensol to prepare an effective response to the Interim Order. He further requested SEBI for inspect and copies of various documents.
47. Subsequently, Puneet Singh Jaggi was provided opportunity to inspect documents on May 29, 2025 and June 04, 2025 which he availed.
48. As Noticees failed to file their replies to Interim Order within due time, a reminder email was sent to them on June 06, 2025 advising them to file their



replies by June 20, 2025. Thereafter, Anmol Singh Jaggi and Puneet Singh Jaggi filed their replies dated June 20, 2025 to the Interim Order. However, Gensol failed to file any reply.

49. Noticees were granted an opportunity of personal hearing on July 01, 2025 intimation for which was sent vide hearing notice dated June 26, 2025. In response to the same, Puneet Singh Jaggi, vide email dated June 29, 2025 and Anmol Singh Jaggi vide email dated July 01, 2025 sought adjournment of the hearing by two weeks. In respect of Gensol, an email dated July 01, 2025 was received from Keshav Khaneja, Insolvency Resolution Professional in the matter of Gensol Engineering Limited. Keshav Khaneja expressed his inability to attend the hearing on July 01, 2025 and sought 15 days' time to file reply to the Interim Order on behalf of Gensol.
50. As the personal hearing in the matter had to be completed on or before July 04, 2025 in term of the directions issued by the Hon'ble SAT, Noticees were once again granted an opportunity of personal hearing on July 03, 2025.
51. On July 03, 2025, Anmol Singh Jaggi and Puneet Singh Jaggi appeared through video conference and made a request for adjourning the hearing to July 04, 2025. Their request was accepted. As regards Gensol, it failed to attend the hearing or send any further communication in this regard.
52. On July 04, 2025, Anmol Singh Jaggi appeared at the hearing through video conferencing while Puneet Singh Jaggi appeared in person. They were also represented by their advocate Kunal Kataria who made oral submissions. The said Noticees were granted time till July 07, 2025 to file their oral submissions in writing. Subsequently, Anmol Singh Jaggi and Puneet Singh Jaggi filed additional written submissions dated July 08, 2025.

#### **D. SUBMISSIONS OF NOTICEES**

53. The common submissions made by Anmol Singh Jaggi and Puneet Singh Jaggi are summarized below:



- (a) Pursuant to the admission of C.P. (IB)/195/AHM/2025 filed by IREDA under section 7 of the Insolvency and Bankruptcy Code, 2016 ("**IBC, 2016**"), the Hon'ble National Company Law Tribunal ("NCLT"), Ahmedabad, vide order dated 13.06.2025, has initiated the Corporate Insolvency Resolution Process ("CIRP") against Gensol Engineering Limited.
- (b) The findings in the Interim Order against Noticees are unfounded, vague and devoid of merit. SEBI has drawn conclusions without any concrete evidence and the very premise on which the Interim Order is based against Noticees, is faulty.
- (c) SEBI has failed to adhere to the basic tenets of natural justice in the proceedings culminating in the issuance of the Interim Order. Specifically, SEBI did not provide the Company or the Noticee with a copy of the complaint received in June 2024, which formed the basis of its action. As a result, the Noticee was denied the opportunity to offer its explanation or make any representation against the said complaint prior to passing of the Interim Order. The investigation conducted by SEBI appears to be directionless, having drawn conclusions by attempting to connect facts and transactions that bear no rational or factual relation to each other. The findings are speculative and lack evidentiary coherence, resulting in arbitrary conclusions that do not stand up to scrutiny. This has triggered widespread confusion and concern in the market, affecting the reputation, financial stability, and business continuity of the entities and the Noticees.
- (d) Gensol transferred monies to Go Auto Pvt Ltd for purchase of EVs and those transfers made to Go Auto were in ordinary course of business. From the limited documents available with Noticees which were submitted by Gensol to SEBI, it is evident that the calculations of the monies owed to Go Auto is reconcilable and insofar as the Gensol and its subsidiaries, only a sum of INR 5.37 Crores is owed to Go Auto. Therefore, the allegation made in the Interim Order is unsustainable and denied. Pursuant to the Interim Order,



SEBI has already initiated a forensic audit into the relevant transactions, and the findings of the said audit are expected to corroborate the submissions made by the Company and Noticees and provide greater clarity on the matters currently under examination.

- (e) The conclusion drawn in the Interim Order regarding the loan of INR 71.41 Crore from IREDA is unfounded and contrary to the evidence on record. The Interim Order alleges that a portion of the funds availed by Gensol was utilized to purchase a high-end apartment in The Camellias, DLF Gurgaon, in the name of Capbridge LLP, wherein Noticees are designated partners. However, the Interim Order itself acknowledges that Capbridge LLP repaid INR 47.50 crore to Go-Auto on March 31, 2023. Thus, it is SEBI's own admitted position that the amount allegedly siphoned through Go-Auto was repaid in full by the said entity over a year ago. In light of this, the allegation of fund siphoning is untenable and devoid of merit.
- (f) The conclusions in the Interim Order in relation to the loan for INR 43.69 crore from IREDA are baseless and devoid of merits. The amounts transferred by Gensol to Go Auto were pursuant to the purchase of EVs and were in the ordinary course of business and through banking channels from TRA Account that were initiated by IREDA and PFC.
- (g) The conclusions in relation to the loan for INR 117.47 crore from PFC are baseless. It is stated in the Interim Order that the Gensol transferred INR 134.14 Crore to its another account Gensol PFC Construction Contract Expense Account and from the said account the amounts were transferred to Go Auto. It is denied that funds amounting to INR 96.69 crores were diverted from the listed entity by the Noticee. It is submitted that the amounts transferred by Gensol to Go Auto were pursuant to the purchase of EVs and in the ordinary course of business and through banking channels from TRA Account that were initiated by IREDA and PFC. Further, Gensol only owes a sum of INR 5.37 Crores to Go Auto including the sums owed by its subsidiary as indicated above. A forensic audit has already been initiated





into the relevant transactions by SEBI pursuant to the Interim Order, and the findings of the said audit will serve to corroborate the factual position and provide greater clarity on the matters under scrutiny.

(h) The numerous allegations of fund transfers to Wellray and then onward alleged usage of funds by the promoters are denied. Noticees were not directors or connected with Wellray after April 2020. Therefore, the allegation of using Wellray as a conduit by the promoters is wholly unsustainable and far-fetched.

(i) The SEBI has failed to appreciate the fact that promoter shareholding had reduced in Gensol because of invocation of pledge by lenders and such shares were not dumped in the market by the promoter.

54. Anmol Singh Jaggi has made additional submissions which are summarized below:

(a) Pursuant to the issuance of the Interim Order, the Noticee tendered his resignation and is no longer associated with the Company. Consequently, he does not have access to the Company's records or documents. The present reply is being filed based on the limited information and documents currently available to the Noticee.

(b) With respect to the disclosure dated January 28, 2025 relating to the pre-orders received by Gensol for 30,000 of its newly launched electric vehicles, the Interim Order fails to consider the reply submitted by Gensol to SEBI on April 11, 2025 by which the Company had clearly intimated SEBI that as on date all core machines were installed and only storage trolleys and other manufacturing fixtures were yet to be delivered. Further, all relevant details were provided to SEBI. The Interim Order incorrectly presumes that manufacturing businesses can be set up, commence commercial operations, commence and finish manufacturing on an instantaneous or turn-key basis, whereas in fact, manufacturing of engineered items (such as EVs) require several intermediate steps to be undertaken including the set-



up of the factory and ancillary manufacturing operations. As a result of the Interim Order, complete business of Gensol has come to a grinding halt ultimately resulting in admission to CIRP by the order of the Hon'ble NCLT. It is a general part of business to sign MOUs and receive pre-orders before starting a manufacturing unit in order to sustain the business. The finding is therefore unsustainable.

- (c) The finding in the Interim Order that the Company failed to submit any explanation / rationale for the transaction relating to Scorpius is denied. SEBI has ignored the fact that it was a deal negotiated based on IP and International Rights.
- (d) The Interim Order is in the nature of an ex parte interim order, which has the effect of eroding public confidence in the listed entity i.e., Gensol. The Interim Order does not find any instance of non-cooperation from the Noticee. In fact, the Noticee has extended utmost cooperation to SEBI, and has been forthcoming and responsive to summon, requests for information and emails from various departments of SEBI as well as the stock exchanges. Therefore, the Interim Order has been unnecessarily issued in an ex parte interim manner without considering the immediate deleterious effects of its directions and without noting that the matter is not infused with the urgency that would require such an order.
- (e) The Noticee categorically denies any involvement in the alleged falsification of documents as claimed by the rating agencies. This allegation was previously refuted by the Noticee on March 5, 2025. However, without conducting any thorough investigation, SEBI has reiterated this baseless claim in its Interim Order.
- (f) The Interim Order relates to the investigation in the affairs of the company for which a complaint was received by SEBI in June 2024 i.e., nearly 10 months prior to the passing of the Interim Order. However, the Interim Order does not explain as to when its preliminary examination commenced and



when it was concluded. Neither does the Interim Order provide any reason as to why there was an emergent need and urgency to pass the Interim Order for transactions which were initiated way back in FY 2022. There was no need for interim directions.

- (g) The interpretation made in the interim order that funds transferred to “Kamco Chew Foods Pvt Ltd Spa” were for personal use, specifically for a “spa” is wholly erroneous and misleading. The abbreviation “Spa” in this context stands for “Share Purchase Agreement” indicating an investment in a startup venture “Kamco Chew Foods Pvt Ltd”. The mischaracterization has led to severe media misreporting, inflicting reputational damage to the Noticee No. 2.
- (h) The transaction involving payment to TaylorMade was similarly misconstrued as an expense towards the purchase of a golf set. In reality, the payment constituted an investment arrangement. Drawing conclusions without adequate inquiry or evidentiary foundation has unfairly prejudiced the Noticee No. 2 as severe media reporting have criticized Noticee No. 2.
- (i) The Interim Order’s portrayal of the Chakan, Pune facility as lacking credibility is incorrect and damaging. SEBI was provided by NSE with a site visit report dated April 09, 2025. SEBI’s observation in the Interim Order are not supported by the site visit report.
- (j) The disclosure concerning a prospective transaction with Refex was made in good faith, and was later withdrawn upon the deal’s non-materialisation. This does not in any way amount to a false or misleading disclosure.
- (k) The impugned Interim Order has been orchestrated in the manner to create an impression that Noticees have done transactions which are not in ordinary course of the business with various parties including Go-Auto (who actually is the supplier of EVs of Noticee No.1) without actually understanding the nature of the transactions. For example, the crux of Para 38 of the impugned Interim Order in simple terms shall mean that all the



amount between Capbridge Ventures LLP and GoAuto was actually paid back however it has been presented in the manner to show that huge amount towards GoAuto is pending.

55. Puneet Singh Jaggi has made additional submissions which are summarized below:

- (a) The Noticee has reviewed the documents provided by SEBI pursuant to his request for disclosure of materials forming the basis of the alleged Interim Order. Upon such review, the Noticee notes that there is no document indicating his involvement in any of the acts alleged in the Interim Order.
- (b) The Noticee holds a B.Tech degree in Chemical Engineering from the Indian Institute of Technology (IIT) Roorkee, having graduated in 2010. He was one of the initial directors of Gensol at the time of its incorporation as a private limited company in 2012. However, he was not involved in the day-to-day operations of the company, which were entirely managed by his elder brother, Mr. Anmol Singh Jaggi. The said fact has not been taken into consideration while passing the Interim Order.
- (c) In September 2021, the Noticee successfully secured seed funding for Prescinto Technologies Pvt. Ltd. ("Prescinto"). Thereafter, he assumed full-time responsibility for overseeing Prescinto's business operations, dedicating his complete time, energy, and focus to its growth and expansion, which also led him to relocate to Bangalore. As a result, the Noticee's involvement in other ventures including Gensol, which was already minimal due to the affairs being managed by his elder brother became effectively non-existent, with his professional efforts solely concentrated on Prescinto.
- (d) SEBI has not summoned the Noticee even once to assess his involvement in the day-to-day affairs of Gensol. Had SEBI undertaken a proper inquiry into the Noticee's role prior to hastily issuing the Interim Order, it would have become evident that he had no material involvement in the company's



operations. Consequently, the issuance of an urgent order against the Noticee could have been avoided.

- (e) The Interim Order fails to consider that Noticee was based in Bangalore and Gensol's primary offices were situated in Gurgaon and Ahmedabad. The Noticee had neither control over nor spent time at these offices. The Noticee's role was largely that of a nominal director, limited to reviewing documents which were flagged and to sign them for compliance.
- (f) The Noticee, to the best of his knowledge, never signed any cheques on behalf of Gensol, nor was he involved in any financial decision-making. Noticee's role was limited to administrative functions and he exercised no direct control over the operational or financial affairs of Gensol. Furthermore, any documents presented to the Noticee for signature were flagged and executed solely upon the specific instructions of his elder brother, Mr. Anmol Singh Jaggi.
- (g) The Interim Order ignores the organization chart submitted by Mr Anmol Jaggi to SEBI which clearly indicates that the Noticee was not even an integral part of the listed entity, and his name does not even appear in the organization chart. In absence of Noticee's involvement in the day-to-day affairs of Gensol, stringent direction against the Noticee ought not to be issued without adequate investigation and should have been avoided.
- (h) The proceedings under Section 11 & 11B of the SEBI Act, 1992 are not punitive proceedings but are remedial proceedings, and accordingly an order against the Noticee and the directions in the nature of those sought in the Interim Order are not warranted. These provisions are meant to safeguard the interests of investors in the securities market. However, the direction contained in the Interim Order are ultra vires of Section 11 & 11B of the SEBI Act and cannot be said to serve any regulatory object.
- (i) The Interim Order has severely impacted the Noticee's fundamental right to carry on trade or business, as guaranteed under Article 19(1)(g) of the



Constitution of India. Furthermore, the Interim Order is wholly arbitrary and infringes upon the Noticee's fundamental rights under Article 14 of the Constitution, which guarantees equality before the law and protection against arbitrary State action.

- (j) The Hon'ble SAT in *Cameo Corporate Services Limited Vs SEBI* [2019 SCC OnLine SAT 249] has held that an ex-parte interim order passed sans any actual urgency cannot be sustained in the eyes of law as same is violative of Article 14 of the Constitution of India.

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

56. At the outset, I note that the scope of the present proceedings before me at this stage, when detailed investigations and forensic audit are yet to be concluded, is limited to considering whether Noticees have been able to effectively rebut the *prima facie* findings recorded in the Interim Order so that the interim directions can be confirmed, vacated or modified after due consideration of the submissions. With these fetters in mind, I now proceed to consider the issues.
57. I have considered the *prima facie* findings recorded in the Interim Order and the submissions made by Noticee nos. 2 and 3 in their replies and during personal hearing.
58. I note that the *prima facie* findings of examination by SEBI have given rise to allegations against Noticees which are listed below:
- (a) Submissions of falsified Conduct Letters purportedly issued by IREDA and PFC.
  - (b) Failure to report defaults in terms of Para 4.1 of Section V-B of the SEBI Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024
  - (c) Diversion / mis-utilization of funds of Gensol by its promoters / promoter related entities
  - (d) Misleading Corporate disclosures
  - (e) Violation of provisions of LODR Regulations, 2015 pertaining to related party transactions.



59. I now proceed to deal with the issues one by one.

***Submissions of falsified Conduct Letters purportedly issued by IREDA and PFC.***

60. It is alleged in the Interim Order that Gensol submitted to CARE falsified Conduct Letters purportedly issued by its lenders. Viz., IREDA and PFC. The Interim Order also records that IREDA and PFC categorically denied having issued such letter. The Interim Order also contains images of such letters.

61. Noticee 2 has denied the abovementioned allegation. He has submitted that though this allegation was previously refuted by the Noticee on March 5, 2025, SEBI, without conducting any thorough investigation, has reiterated this allegation in the Interim Order.

62. I note that Noticee 2, except for denying the allegation in general terms, has not provided any credible evidence in support of its assertion. A bare denial of allegation without any supportive evidence / documents cannot be accepted as a credible explanation and accordingly, I find that the prima facie finding recorded in the Interim Order holds its ground.

***Failure to report defaults in terms of Para 4.1 of Section V-B of the SEBI Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024***

63. I note that the Interim Order records six instances of default by Gensol in servicing its debts. In terms of Para 4.1 of Section V-B of SEBI Master Circular dated November 11, 2024, such defaults, which continued beyond 30 days, had to be disclosed promptly, but not later than 24 hours from the 30<sup>th</sup> date of such default. Gensol allegedly failed to do so.

64. I note that Noticees in their replies have not made any submission in this regard. Considering the same, I find that Noticees have not made out a case for differing with the prima facie findings of Interim Order in this regard.



***Diversion / mis-utilization of funds of Gensol by its promoters / promoter related entities***

65. As per the preliminary findings in the Interim Order, Gensol had availed loans from IREDA and PFC amounting to INR663.89 Crore in nine tranches for purchasing 6,400 EVs. As part of the loan terms, Gensol was to provide an additional equity (margin) contribution of 20%, as a result of which the total funds which was to be spent for purchasing 6,400 EVs stood at INR 829.86 Crore.
66. The Interim Order observes that as per Gensol's own response dated February 14, 2025, Gensol procured only 4,704 EVs, as against 6,400 EVs for which it secured funding. Go-Auto, the stated supplier of EVs, confirmed that it sold 4,704 EVs to Gensol for a total consideration of INR567.73 Crore.
67. The Interim Order has observed that since Gensol had availed the last tranche of the abovementioned financing more than a year ago, the procurement of only 4,704 EVs valued at INR567.73 Crore as against 6,400 EVs indicated that an amount of INR262.13 Crore (INR 826.86 Crore – INR 567.73 Crore) remained unaccounted for.
68. The Interim Order has pointed out various inconsistencies which have emerged regarding Gensol's procurement of EVs from Go-Auto. While Gensol reportedly had to pay INR 829.86 Crore to Go-Auto for 6,400 EVs, the preliminary findings of examination showed that Gensol transferred a total of INR 775 Crore to Go-Auto against which it received delivery of 4,704 EVs. Considering that the cost of 4,704 EVs was only INR 563.63 Crore, as mentioned in para 9 above, it becomes apparent that Gensol transferred a total of INR 207,27 Crore (INR 775 Crore – INR 563.63 Crore) over and above the cost of 4,704 EVs delivered to Gensol by Go-Auto.
69. The Interim Order also notes that Ajay Agarwal, Managing Director of Go-Auto, in his statement recorded before SEBI on March 24, 2025, deposed that an amount of around INR 50 Crore was due from Gensol and therefore, Go-Auto





would not be delivering anymore EVs to Gensol. However, Gensol submitted to SEBI in its communication dated April 05, 2025 that Go-Auto owed the Company an amount of INR 21.25 Crore as interest for which it raised a debit note on the dealer. In the same letter, Gensol noted that, on a consolidated basis, Gensol had a payable of INR 5.37 Crore to Go-Auto.

70. The preliminary findings, emerging from the examination of the bank statements of Gensol and Go-Auto, show that once the funds were transferred from Gensol to Go-Auto, ostensibly for purchase of EVs, they were, in most instances, either transferred back to Gensol itself or routed to entities connected to Noticees 2 and 3. For illustration purpose, the Interim Order has analysed three loan instalments availed by Gensol, where the funds transferred to Go-Auto were rerouted. Those are detailed in paras 15 to 36 of this Order.
71. I note that Noticees have denied the above-mentioned allegations. They have submitted that Gensol transferred monies to Go-Auto for purchase of EVs and those transfers made to Go-Auto were in ordinary course of business. They have further contended that from documents submitted by Gensol to SEBI, it is evident that the calculations of the monies owed to Go-Auto is reconcilable and insofar as the Gensol and its subsidiaries are concerned, only a sum of INR 5.37 Crores is owed to Go-Auto. Therefore, the allegation made in the Interim Order is unsustainable.
72. I note that similar to the previous allegations, Noticees have merely denied the allegations of fund diversion through Go-Auto. They have not made any specific submission with supporting documents which could justify the transactions with Go-Auto flagged in the Interim Order as allegedly being in the nature of diversion / mis-utilization of Gensol's funds. They have also not explained as to why INR 775 Crore was paid to Go-Auto whereas the total amount to be utilized for procurement of 6,400 EVs was INR 829.86 Crore. Further, they have also failed to explain as to why only 4,704 EVs valued at INR 567.73 Crore were procured as against a total payment of INR 775 Crore made to Go-Auto. Noticees, while claiming that Gensol and its subsidiaries owed Go-Auto only a



sum of INR 5.37 Crore, have failed to rebut the allegation in the Interim Order that Go-Auto paid INR 207.27 Crore to Go-Auto over and above the cost price of 4,704 EVs which were delivered by Go-Auto.

73. I note that Noticees have failed to address various discrepancies pointed out in the Interim Order regarding Gensol's transactions with Go-Auto.
74. The interim Order has analysed, on sample basis, the end use of funds from three loans to show the nature and structure of diversion / mis-utilization of funds. Noticees have denied the allegations made against them in this respect in the Interim Order, as detailed below.
75. As regards loan of INR 71.41 Crore availed from IREDA, Interim Order has alleged that after funds were transferred by Gensol to Go-Auto, INR50 Crore was transferred to Capbridge, a related party of Gensol. Out of the said funds, INR 47.50 Crore was then allegedly used by Capbridge to procure an apartment from DLF in the project The Camellias, for which an advance payment of INR 5 Crore was initially made by Jasminder Kaur, the mother of Noticees 2 and 3.
76. Noticees have contended that the Interim Order itself acknowledges that Capbridge repaid INR 47.50 Crore to Go-Auto on March 31, 2023. As per Noticees, it is SEBI's own admitted position that the amount allegedly siphoned through Go-Auto was repaid in full by the said entity over a year ago and accordingly, the allegation of fund siphoning is untenable and devoid of merit.
77. In this regard, I note that while Interim Order recorded that Capbridge repaid funds of INR 47.50 Crore to Go-Auto on March 31, 2023, it also noted that the source of these funds and transactions needed further examination. In any case, since Capbridge returned funds after a gap of about six months, it is apparent that Capbridge availed credit facilities for six months at the cost of Gensol's funds. Further, Noticees have not provided any explanation regarding the alleged diversion of INR 20 Crore which Capbridge received from Go-Auto after Gensol paid Go-Auto out of the loan amount of INR 71.41 Crore availed from IREDA, as referred to in para 38 of the Interim Order. Further, Noticees



have also not explained the alleged transfer of INR 5 Crore from Gensol to Jasminder Kaur which ultimately reached Matrix Gas and Renewables Ltd., as referred to in para 37 of the Interim Order.

78. As regards the prima facie findings pertaining to loan for INR 43.69 Crore from IREDA, as detailed in paras 20 and 21 of this order, Noticees have termed them as baseless and devoid of merits. As per Noticees, the amounts transferred by Gensol to Go Auto were pursuant to the purchase of EVs and were in the ordinary course of business and through banking channels from TRA Account that were initiated by IREDA and PFC.
79. I note that beyond a bare denial of the allegation in general terms, Noticees have not made any effort to explain the transactions with related parties of Gensol which were done after funds were transferred to Go-Auto.
80. Similarly, in respect of prima facie findings in relation to the loan for INR 117.47 Crore from PFC, Noticees have contended that the amounts transferred by Gensol to Go Auto were pursuant to the purchase of EVs and in the ordinary course of business and through banking channels from TRA Account that were initiated by IREDA and PFC. Here again, Noticees have not explained the transaction involving transfer of INR 46.65 Crore to Gensol Consultant Pvt. Ltd. and INR 50.04 Crore to Capbridge, after funds were transferred to Go-Auto out of the loan amount.
81. The Interim Order has observed that Gensol had booked both purchases and sales against Wellray, an entity connected to Gensol both through historical promoter positions and current key managerial associations. As per the prima facie findings arising out of analysis of bank statements of Gensol and Wellray, the actual transactions (payments and receipts) between Gensol and Wellray were much higher than the figures recorded in the ledger of Wellray in the books of Gensol. The funds transferred between Gensol and Wellray did not correspond to the quantum of underlying commercial transactions. Further, a review of Gensol's bank account statements showed that Wellray had transferred a total of INR39.31 Crore to Anmol Singh Jaggi and Puneet Singh



Jaggi during FYs 2022-23 and 2023-24. Further, there were transfers of funds to other related parties of Gensol.

82. Noticees have denied the abovementioned allegations. In their defence, they have merely stated that they were not director or connected with Wellray after April 2020 and that the allegation of using Wellray as a conduit by the promoters is wholly unsustainable and far-fetched. However, Noticees have not submitted any information / documents which could explain the transactions. In the absence of any credible explanation, the submissions of Noticees cannot be given any weightage at this stage.
83. The Interim Order has recorded a prima facie observation that majority of funds transferred by Wellray to Anmol Singh Jaggi and Puneet Singh Jaggi were utilized by them for transfer to other related parties, family members or for personal expenses. In this regard, while Noticees have not offered any explanation in respect of transfer of funds by Wellray to them, they have contended that certain transfers made by them have wrongly been described as “Appears to be for personal use”. They have pinpointed the transfers made to Kamco Chew Food Pvt. Ltd. Spa and TaylorMade. (*Refer to para 54(g) & 54(h) of this Order*).
84. In the above regard, I note that while the Interim Order is likely to have misconstrued the nature of certain expenses, the fact remains that the preliminary findings show that these expenses were made out of excess funds diverted from Gensol to Wellray a part of which ultimately reached Anmol Singh Jaggi and Puneet Singh Jaggi. When Noticees have failed to provide credible answers explaining the transfer of excess funds from Gensol to Wellray and then from Wellray to promoters and their related entities, the manner in which the beneficiaries have utilized such funds is immaterial.
85. Apart from the above, the Interim Order has also pointed out the prima facie finding that Gensol funded its own preferential allottee, a promoter entity, to the tune of INR10.07 Crore. Further, it is also alleged that Wellray had received INR101.35 Crore from Gensol and its related parties which was used by Wellray



to trade in the shares of Gensol. It is noted that Noticees have not made any submissions in this regard.

86. Having considered the submissions of Noticees in respect of all the above-mentioned allegations, I find that Noticees, except for denying the allegations in general terms, have failed to substantiate their submissions with credible explanations and supporting information / documents. I therefore find that their submissions lack merit and substance.

***Misleading Corporate disclosures***

87. The Interim Order observes that Gensol made a disclosure dated January 28, 2025, to the exchanges that it had received pre-orders for 30,000 of its newly launched electric vehicles unveiled at the Bharat Mobility Global Expo 2025. However, examination of documents received from Gensol showed that the Orders in question were Memorandum of Understandings (MOUs) entered with nine entities for 29,000 cars, which were in the nature of an expression of willingness with no reference to the price of the vehicle or delivery schedules. Therefore, the disclosure prima facie appeared to be misleading.
88. Further, a visit by representative of NSE to the plant site of Gensol Electric Vehicle Pvt. Ltd. located at Chakan, Pune apparently showed that there was no manufacturing activity at the plant with only 2-3 labourers present there. Also the record of electricity consumption at the site indicated that there was no manufacturing activity at the plant site which is on a leased property.
89. In this regard, Noticees have submitted that the manufacturing of engineered items (such as EVs) require several intermediate steps to be undertaken including the set-up of the factory and ancillary manufacturing operations. It is a general part of business to sign MOUs and receive pre-orders before starting a manufacturing unit in order to sustain the business. They have further submitted that the NSE site report had mentioned that prototypes had been dispatched to Government authorities for certification – a prerequisite before commencement of commercial operations. It has also been submitted that the



Interim Order failed to consider the reply dated April 11, 2025 in which it was intimated to SEBI that as on that date, all core machines were installed and only storage trolleys and other manufacturing fixtures were yet to be delivered.

90. I have considered the submissions of Noticees and the site report of NSE submitted in this regard. I am of the view that the Investigating Authority is required to examine this aspect in detail to ascertain the genuineness of the claim of Noticees. Till such time, I am not drawing any negative inference on alleged disclosure violations at this stage in respect of the disclosure made by the Company regarding pre-orders for EVs, as referred to above.
91. The Interim Order has also referred to certain disclosures made by Gensol regarding Reflex Green Mobility Limited and Scorpius Trackers Inc. I note that these references were in the nature of observations and Interim Order has not drawn any inference regarding the genuineness of these disclosures. Although Noticees have made submissions in this regard, in the absence of any negative inference, I do not find them to be having a bearing on this matter.

***Violation of LODR Regulations, 2015 pertaining to related party transactions***

92. The Interim Order has alleged that the promoters and their relatives and related parties benefitted from the funds of Gensol, through layered transactions, which qualified as related party transactions in terms of sub-regulation (zc) of regulation 2 of the LODR Regulations, 2015. However, such transactions were not disclosed in terms of the provisions of regulations 4 and 48 of the LODR Regulations, 2015 read with applicable accounting standards.
93. In this regard, Noticees, while denying the allegations in general terms, have not made any specific submission with supporting evidences. I therefore find that the prima facie findings in this regard sustain.

**F. SUMMARY OF FINDINGS**

94. In view of the observations and findings recorded in the above paragraphs, I find that Noticees have failed to effectively rebut the prima facie findings recorded in the Interim Order regarding falsification of Conduct Letters



submitted to CRAs and diversion / mis-utilization of funds of Gensol by promoters and promoter related entities. Accordingly, the prima facie findings alleging violation of the provisions of sub-sections (a), (b) and (c) of section 12A of the SEBI Act, 1992, sub-regulations (b), (c) and (d) of regulation 3 and sub-regulation (1) of regulation 4 of PFUTP Regulations, 2003 still hold ground. Further, the allegation of prima facie violation of the provisions of SEBI Master Circular dated November 11, 2024 and LODR Regulations, 2015 also sustains.

95. I note that Puneet Singh Jaggi, in his detailed submissions, has contended that he was not involved in the day to day functioning of Gensol, as he relocated to Bangalore to look after another venture. He has also submitted that he signed documents only for compliance purposes.
96. Having considered the above submissions, I am of the view that a director occupies a key position in a company and he cannot be expected to perform his duties in a perfunctory manner. As Puneet Singh Jaggi appears to also be a direct beneficiary of funds diverted from Gensol through Wellray, his contention that he was not involved in the affairs of Gensol cannot be taken at face value. Accordingly, I am not inclined to accept the submissions of Puneet Singh Jaggi at this stage. However, the Investigating Authority in this matter shall look into this aspect and examine whether Puneet Singh Jaggi had any active role in the violations or not.
97. I note that Noticees have made copious submissions contending that the Interim Order was not warranted in this matter as there was no urgency. They have also contended that the proceedings under sections 11 and 11B of the SEBI Act, 1992 are not punitive proceedings but are remedial proceedings, and that the Interim Order does not serve any regulatory object of investor protection. Noticees have also cited the order of the Hon'ble SAT in the matter of *Cameo Corporate Services Limited Vs SEBI* to contend that there was no urgency to pass interim directions. Noticees have also contended that the Interim Order have infringed their fundamental rights under Articles 14 and 19(1)(g) of the Constitution of India.



98. Having considered Noticees' submissions, I note that Interim Order has recorded reasons for issuing interim directions. It *inter alia* observes that allowing Noticees 2 and 3 to remain at the helm of affairs as directors or KMPs in Gensol was likely to be prejudicial to the interests of the Company. Accordingly, it was felt necessary to issue directions of restraint against Noticees in the Interim Order.
99. I find that the prima facie findings regarding diversion / mis-utilization of funds of Gensol have not been successfully rebutted by Noticees. I also note that a detailed investigation in this matter is being carried out. Further, a forensic auditor has already been appointed to examine the books of accounts of Gensol and its related parties. The concrete findings of investigation and the forensic auditor are yet to emerge. As has been submitted by Noticees themselves, the findings of the forensic audit will serve to corroborate the factual position and provide greater clarity on the matters under scrutiny.
100. I have also noted that the Company has been admitted to CIRP by the order of the Hon'ble NCLT and an Insolvency Resolution Professional has been appointed and the Company is no longer managed by Noticee nos. 2 and 3.
101. Considering all the above, I do not deem it fit to interfere with the interim directions at this stage.

#### **G. DIRECTIONS**

102. In view of the above, I, in exercise of the powers conferred upon me under sub-sections (1) and (4) of section 11 and sub-section (1) of section 11B read with section 19 of the SEBI Act, 1992, hereby confirm the directions issued vide the Interim Order dated April 15, 2025.
103. As mentioned above, since insolvency proceedings have been initiated against Gensol under IBC, 2016 and an Insolvency Resolution Professional has already been appointed in this matter, the directions contained in the Interim Order as regards Gensol shall be subject to any order passed by the Competent Tribunal / Court in the said matter.





104. The observations made in the present Order are tentative in nature and pending detailed investigation and forensic audit. The detailed investigation and forensic audit shall be carried out without being influenced by any of the directions passed or any observation made either in the Interim Order or in the present Order. Based on the outcome of the detailed investigation and forensic audit, appropriate action shall be taken in accordance with law.
105. A copy of this Order shall be served upon Noticees, recognised Stock Exchanges, Depositories and Registrar and Share Transfer Agents to ensure compliance with the above directions.
106. This Order shall come into force with immediate effect.

**DATE: JULY 30, 2025**

**PLACE: MUMBAI**

**KAMLESH C. VARSHNEY**

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