

Dubai Financial Services Authority (DFSA)

Administrative Fine Statement

Satish Panchariya (Licensed Director) DFSA Number: I002972

1. The DFSA has fined Satish Panchariya (Licensed Director) pursuant to Article 90 of the *Regulatory Law (DIFC Law No 1 of 2004)* (Regulatory Law) for committing the contraventions set out below:
 - 1.1. **Article 66** of the Regulatory Law, which states that a person shall not provide information which is false, misleading or deceptive to the DFSA, or conceal information where the concealment of such information is likely to mislead or deceive the DFSA; and
 - 1.2. **Rule 4.4.4** of the *DFSA Rulebook, General Module (GEN)* which states that an Authorised Individual must deal with the DFSA in an open and co-operative manner and must disclose appropriately any information of which the DFSA would reasonably be expected to be notified.

Fine

2. For the contraventions set out above, the DFSA imposed a fine on Satish Panchariya in the amount of USD12,000. The particulars of the facts giving rise to these contraventions are set out below.

Findings

3. The facts and matters in paragraph 7 to 18 below lead the DFSA to find that Satish Panchariya has contravened Article 66 of the Regulatory Law by submitting an inaccurate and/or incomplete AUT-IND1 Form to the DFSA on 18 February 2009. The Form was inaccurate and/or incomplete because it did not disclose:
 - 3.1 All of his director/controller positions;
 - 3.2 The disciplinary action by the Securities and Exchange Board of India (SEBI) relating to Magan Industries Finance Limited (Magan) in 1999; and
 - 3.3 The ongoing investigation by SEBI into Alka India Limited (Alka).
4. The facts and matters in paragraph 19 to 26 below lead the DFSA to find that Satish Panchariya contravened GEN 4.4.4 - Principle 4 for Authorised Individuals (Dealing with DFSA) for the period from 25 November 2009 to 11 January 2011. He did so by failing to disclose to the DSFA the material



events in the SEBI investigation and disciplinary actions; namely, the imposition of financial penalties, two appeals against SEBI's orders and the results of the appeals.

Background

5. On 25 November 2009, the DFSA authorised Satish Panchariya as a Licensed Director of an Authorised Firm (the Firm) in the Dubai International Financial Centre (DIFC).
6. On 18 May 2011, the DFSA received notification that Satish Panchariya had resigned as a Licensed Director of the Firm. Pursuant to Article 63 of the Regulatory Law, the DFSA may exercise any power in relation to an Authorised Individual for a period of two years after the date on which the Authorised Individual status is withdrawn.

Facts and Matters

Undisclosed Director/Controller Positions

7. On 18 February 2009, Satish Panchariya submitted an AUT-IND1 Form (the Form) to the DFSA as part of his application to be an Authorised Individual of the Firm.
8. In section 7 of the Form, Satish Panchariya was required to provide a summary of any controller, director and partner positions which he held or had held in the past 10 years.
9. Satish Panchariya disclosed that he held positions with the following companies:
 - 9.1 Alka; and
 - 9.2 Vinayak Sahakari Co-Operative Bank.
10. Satish Panchariya failed to disclose in the Form that he either held or had held director and/or controller positions in the following companies within the time period prescribed in section 7 of the Form:
 - 10.1 Panchariya Textiles Industries Limited; and
 - 10.2 Gujarat Texind Limited.
11. Further, the companies mentioned in paragraph 10 above were companies that were the subject of disciplinary action by SEBI in 1999.



The SEBI Disciplinary Action regarding trading in Magan in 1999

12. On 30 June 1999, SEBI took disciplinary action in relation to trading in Magan against Satish Panchariya and the following companies with which he was associated:
 - 12.1 Alka;
 - 12.2 Panchariya Textiles Industries Limited; and
 - 12.3 Gujarat Texind Limited.
13. SEBI prohibited Satish Panchariya and the 3 companies mentioned in paragraph 12 above from dealing in the securities markets for a period of 2 years.
14. Question 9.1 of the Form requires disclosure where an individual has:
 - 14.1 Been the subject of disciplinary procedures by a government body or any self regulatory organization or other professional body (9.1(ii));
 - 14.2 Contravened any provision of Financial Services legislation or of the Rules, Regulations, statements or principles or codes of practice made under or by a Financial Services Regulator or other supervisory body (9.1(iii));
 - 14.3 Been concerned with the management of a body corporate which has been or is the subject of an investigation into an allegation of misconduct or malpractice (9.1(vi)); and
 - 14.4 Been censured, disciplined, publically criticised by or the subject of a court order at the instigation of a Financial Services Regulator or any officially appointed inquiry (9.1(xii)).
15. Satish Panchariya failed to disclose in the Form that he and the 3 companies mentioned in paragraph 12 above were the subject of disciplinary action by SEBI in 1999.

Investigation by SEBI in relation to Alka

16. SEBI conducted an investigation into the trading of Alka's shares on the Bombay Stock Exchange for the period between 14 August 2003 and 26 March 2004. SEBI investigated allegations that certain corporate announcements by Alka were misleading, and had been made with the intent of attracting investors so as to create liquidity in the shares of Alka and to allow Alka's directors to sell their shares in the market.
17. The investigation by SEBI into Alka commenced prior to Satish Panchariya's submission of the Form to the DFSA on 18 February 2009.
18. Section 9 of the Form requires disclosure where an individual has been concerned with the management of a body corporate which has been or is the subject of an investigation into an allegation of misconduct or malpractice



- (9.1(vi)). Satish Panchariya failed to disclose SEBI's investigation into Alka in section 9 of the Form.
19. The investigation by SEBI into Alka was completed in November 2009. SEBI:
 - 19.1 Prohibited Alka from accessing the securities market for a period of 6 months;
 - 19.2 Fined Satish Panchariya Rs800,000 (approximately USD18,000) for improper conduct; and
 - 19.3 Fined Satish Panchariya a further Rs200,000 (approximately USD4,500) for failing to respond to SEBI notices.
 20. On or about 5 January 2010, Satish Panchariya appealed against SEBI's orders to the SEBI Securities Appellate Tribunal.
 21. On or about 6 May 2010, the SEBI Securities Appellate Tribunal rescinded the fine of Rs200,000 referred to in 19.3 and upheld the fine of Rs800,000 referred to in 19.2 above.
 22. On or about 18 September 2010, Satish Panchariya appealed to the Supreme Court of India.
 23. On or about 12 November 2010, the Supreme Court of India upheld the decision of the SEBI Securities Appellate Tribunal.
 24. On 3 January 2011, Satish Panchariya made a self-declaration to the board of directors of the Firm and its parent company that:
 - 24.1 SEBI had imposed a financial penalty of Rs800,000 upon him;
 - 24.2 He appealed against the financial penalty to the SEBI Securities Appellate Tribunal and the Supreme Court of India, and that the appeals had been dismissed; and
 - 24.3 He paid the financial penalty on 31 December 2010.
 25. On 11 January 2011, the Firm notified the DFSA of the matters referred to in paragraph 24 above.
 26. For the period between the date of his Authorisation as a Licensed Director of the Firm (i.e. 25 November 2009) to 11 January 2011, Satish Panchariya did not notify the DFSA about SEBI's investigation into Alka.

