

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: ORDER/AK/RK/2025-26/31449-31460)**

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995, IN RESPECT OF:

Noticee No	Name of the Noticees	PAN
1	Family Care Hospitals Limited	AAACP2883M
2	Pandoo Prabhakar Naig	ACNPN2800J
3	Sowmya Gautam Deshpande	AHAPD5607K
4	Gautam Mohan Deshpande	AFVPD7782E
5	Amit Satishchand Tyagi	AGRPT0973A
6	Rajnish Kumar Pandey	AIHPP3515E
7	Pratibha Walinjkar	AACPW0451B
8	Gaurav Goyal	AFJPG2468N
9	Vaishali Sood Sharma	BFYPS1209F
10	Rahul Sathe	ARSPS6001N
11	Dhananjay Parikh	ACTPP2402L
12	Lucy Maqbul Massey	AMBPM4077E

In the matter of Family Care Hospitals Limited

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (“**SEBI**”) conducted an investigation in the matter of Family Care Hospitals Limited (“**FCHL/Noticee 1/Company**”), on receipt of a complaint against Noticee 1, to ascertain any misrepresentation/ misstatement in the financial statements of FCHL, in violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**LODR Regulations**” r/w SEBI Act, 1992 (hereinafter referred to as “**SEBI**

Act”). The investigation was done for the period April 01, 2020 to March 31, 2023 (hereinafter referred to as “**Investigation period**” or “**IP**”).

2. It was found that Noticee 1 and its officials, viz, Pandoo Prabhakar Naig, MD and part of Promoter Group (**Noticee 2**), Sowmya Gautam Deshpande, Ex-Whole Time Director, Audit Committee member and part of Promoter group (**Noticee 3**), Gautam Mohan Deshpande, ex-MD, Audit Committee member, CEO and Promoter (**Noticee 4**), Amit Satishchand Tyagi, Chief Financial Officer (CFO) (**Noticee 5**), Rajnish Kumar Pandey, Chairman and member of Audit Committee (**Noticee 6**), Pratibha Walinjkar (**Noticee 7**), Gaurav Goyal (**Noticee 8**), Vaishali Sood Sharma (**Noticee 9**), Rahul Sathe (**Noticee 10**), Dhananjay Parikh (**Noticee 11**) and Lucy Maqbul Massey (**Noticee 12**), (hereinafter jointly referred to as “**Noticees**”) had, prima facie, not complied with various provisions of SEBI Act, PFUTP Regulations and LODR Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

3. Upon being satisfied that there were sufficient grounds to inquire into and adjudicate upon the violations of provisions of SEBI Act, PFUTP Regulations and LODR Regulations by the Noticees, SEBI appointed Shri Amar Navlani as the Adjudicating Officer (**AO**) u/s 19 r/w Sub-Section (1) of Section 15-I of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the “**SEBI Adjudication Rules**”), vide order dated May 03, 2024, to inquire into and adjudge u/s 15 A(b), 15HA and 15HB of the SEBI Act, as applicable, the alleged violations by the Noticees. Pursuant to the transfer of matter, undersigned was appointed as AO, vide order dated November 22, 2024.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A common Show Cause Notice dated July 08, 2024 (hereinafter referred to as “**SCN**”) was issued to the Noticees in terms of the provisions of Rule 4(1) of the SEBI Adjudication Rules r/w Section 15-I of the SEBI Act requiring the Noticees to show cause as to why an inquiry should not be held against them and why penalty, if any, should not be imposed under the provisions of Sections 15A(b), 15HA and

15HB of SEBI Act, as applicable, on the Noticees for the alleged violations as stated in the SCN. The SCN was delivered to the Noticees through SPAD and digitally signed email.

5. Vide email dated August 02, 2024, Noticees 1, 2, 4, 6, 8, 9 and 11 requested for inspection of relevant and relied upon documents in the matter. Accordingly, vide email dated August 23, 2024, an opportunity of inspection of documents was provided on August 28, 2024, which was duly availed by their Authorized Representatives (ARs). Noticees 1, 2, 4, 6, 8, 9 and 11, vide email dated August 29, 2024 claimed to have not been provided all the Annexures to the Investigation Report (IR) during the course of inspection of documents and requested to provided the same. Vide email dated September 06, 2024, relevant Annexures and documents were provided to them. On non- receipt of any reply and in the interest of natural justice, an opportunity of personal hearing was granted to the Noticees on September 20, 2024, vide hearing notice dated September 12, 2024. However, vide email dated September 18, 2024, Noticees 1, 2, 4, 6, 8, 9 and 11 submitted that they were unable to reply in the matter as the requisite documents had not been provided to them and again requested to provide all the Annexures to the IR. Vide email dated September 19, 2024, Noticees 1, 2, 4, 6, 8, 9 and 11 requested to reschedule the hearing after being provided with all the documents in the matter.
6. Vide email dated Septmeber 27, 2024, Noticees 1, 2, 4, 6, 8, 9 and 11 were informed that relied upon documents in the instant proceedings regarding the alleged violations in respect of them had already been provided along with the SCN and during the course of inspection of documents. Further, vide the said email, the Noticees were granted another opportunity of hearing on October 03, 2024. In response, vide emails dated October 01, 2024 and October 03, 2024, Noticees 1, 2, 4, 6, 8, 9 and 11 reiterated the request for providing the documents, which they claimed to have not been provided, even though they were provided at various stages as mentioned above. Further, they also did not avail the hearing opportunity on October 03, 2024. In response to the continuous requests of the Noticees 1, 2, 4, 6, 8, 9 and 11, vide email dated October 09, 2024, they were informed that all

the relevant and relied upon documents had already been provided. Vide letters dated October 11, 2024 and October 14, 2024, Noticees 1-5, Noticees 7-12 (except Noticee 10) respectively submitted their reply in the matter, which inter-alia mentioned about non-receipt of complete annexures and also that the instant SCN was violative of principle of Res-judicata owing to the Adjudication order dated March 21, 2024, passed in respect of Noticee 1. Vide email dated October 11, 2024 and March 04, 2025, Noticees 6 and 10 respectively submitted their replies in the matter.

7. Prior to and pursuant to the transfer of case to the undersigned and in the interest of natural justice, opportunities of personal hearings were granted to the Noticees on various dates, vide hearing notices as under;

Names of the Noticee	Hearing Notice Date	Hearing Date
Family Care Hospitals Limited	September 12, 2024, January 16, 2025, February 03, 2025	September 20, 2024, February 04, 2025, February 10, 2025
Pandoo Prabhakar Naig	September 12, 2024, January 16, 2025, February 03, 2025	September 20, 2024, February 04, 2025, February 10, 2025
Sowmya Gautam Deshpande	September 12, 2024, January 16, 2025, February 03, 2025	September 20, 2024, February 04, 2025, February 10, 2025
Gautam Mohan Deshpande	September 12, 2024, January 16, 2025, February 03, 2025	September 20, 2024, February 04, 2025, February 10, 2025
Amit Satishchand Tyagi	September 12, 2024, February 04, 2025	September 20, 2024, February 06, 2025
Rajnish Kumar Pandey	September 12, 2024, February 03, 2025	September 20, 2024, February 10, 2025
Pratibha Walinjar	September 12, 2024, January 16, 2025, February 03, 2025	September 20, 2024, February 04, 2025, February 10, 2025
Gaurav Goyal	September 12, 2024, January 16, 2025, February 03, 2025	September 20, 2024, February 04, 2025, February 10, 2025
Vaishali Sood Sharma	September 12, 2024, January 16, 2025, February 03, 2025	September 20, 2024, February 04, 2025, February 10, 2025
Rahul Sathe	September 12, 2024, January 16, 2025, February 27, 2025	September 20, 2024, February 04, 2025, March 11, 2025
Dhananjay Parikh	September 12, 2024, January 16, 2025, February 03, 2025	September 20, 2024, February 04, 2025, February 10, 2025

Names of the Noticee	Hearing Notice Date	Hearing Date
Lucy Maqbul Massey	September 12, 2024, January 16, 2025, February 03, 2025	September 20, 2024, February 04, 2025, February 10, 2025

8. The hearings in the matter were attended by the AR of Noticees 1, 2, 3, 4, 6, 7, 8, 9, 11 and 12 wherein AR reiterated the submission already made by the Noticees, vide their letters dated October 11, 2024 and October 14, 2024, as applicable. Noticee 10 attended the hearing on March 11, 2025, wherein he reiterated the submissions already made by him, vide his letter dated March 04, 2025. Regarding Noticee 5, the material available on record shows that, vide email dated February 04, 2025, he was given an opportunity to submit additional reply in the matter along with an opportunity to opt for hearing in the matter, despite the same being concluded before the erstwhile AO. However, vide email dated February 10, 2025, Noticee 5 confirmed to have submitted his reply in the matter and did not seek another opportunity of hearing.

CONSIDERATION OF ISSUES AND FINDINGS

9. I have gone through the submissions of the Noticees, facts, and material available on record. The issues that arise for consideration in the present case are:
- ISSUE No. I:** Whether the Noticees have violated provisions of SEBI Act, PFUTP Regulations and LODR Regulations, as alleged in the SCN?
- ISSUE No. II:** Do the violations, if any, attract monetary penalty u/s 15A(b), 15HA and 15HB of SEBI Act, as applicable?
- ISSUE No. III:** If so, what should be the monetary penalty, after taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the SEBI Adjudication Rules?
10. Before moving forward, it is pertinent to look at relevant provisions, which are alleged to have been violated by the Noticees. The same are reproduced hereunder:

Relevant provisions of Section 27 of the Securities And Exchange Board Of India, Act, 1992

Contravention by Companies

27(1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly: Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

PFUTP Regulations

2. (1) In these regulations, unless the context otherwise requires,—

(b) “dealing in securities” includes

(i) an act of buying, selling or subscribing pursuant to any issue of any security or agreeing to buy, sell or subscribe to any issue of any security or otherwise transacting in any way in any security by any persons including as principal, agent, or intermediary referred to in section 12 of the Act, either by themselves or through mule accounts;

(ii) such acts which may be knowingly designed to influence the decision of investors in securities; and

(iii) any act of providing assistance to carry out the aforementioned acts.

(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

4. Prohibition of manipulative, fraudulent and unfair trade practices

(2) Dealing in securities shall be deemed to be a manipulative fraudulent or an unfair trade practice if it involves any of the following:—

(f) knowingly publishing or causing to publish or reporting or causing to report by a person dealing in securities any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading in a reckless or careless manner and which is designed to, or likely to influence the decision of investors dealing in securities.

(r) knowingly planting false or misleading news which may induce sale or purchase of securities.

LODR Regulations

Principles governing disclosures and obligations.

4. (1) *The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:*

Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(a) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

(b) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.

(c) The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.

(d) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.

(h) The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.

(i) Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.

(j) Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity.

(2) The listed entity which has listed its specified securities shall comply with the corporate governance provisions as specified in chapter IV which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below.

*(e) **Disclosure and transparency:** The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the listed entity, in the following manner:*

(i) Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.

*(f) **Responsibilities of the board of directors:** The board of directors of the listed entity shall have the following responsibilities:*

(i) Disclosure of information:

(2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the board of directors

(2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.

(6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

(7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

(8) Overseeing the process of disclosure and communications.

(iii) Other responsibilities

(1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.

- (3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.*
- (6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.*
- (12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.*

Board of Directors.

17(8) The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II.

SCHEDULE II

PART B: COMPLIANCE CERTIFICATE

The following compliance certificate shall be furnished by chief executive officer and chief financial officer:

- A.** *They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:*
- (1)** *these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;*
- these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.*
- B.** *There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.*
- They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.*
- C.** *They have indicated to the auditors and the Audit committee*
- (1)** *significant changes in internal control over financial reporting during the year;*
- (2)** *significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and*

- (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Audit Committee.

18(3) The role of the audit committee and the information to be reviewed by the audit committee shall be as specified in Part C of Schedule II.

**PART C: ROLE OF THE AUDIT COMMITTEE AND REVIEW OF
INFORMATION BY AUDIT COMMITTEE**

See Regulation 18(3) and Regulation 62F

A. The role of the audit committee shall include the following:

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;

Related party transactions.

23(2) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity:

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. Provided further that:

- (a) the audit committee of a listed entity shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

- (b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;*
- (c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;*
- (d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.*
- (e) remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.*
- (f) The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:*
- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;*
 - (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;*
 - (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;*
 - (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;*

(v) any other condition as specified by the audit committee:

(4) All material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation (2) shall require prior approval of the shareholders through resolution and no related party shall vote to approve] such resolutions whether the entity is a related party to the particular transaction or not: Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

(9) The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:

Disclosure of events or information.

30(2) Events specified in Para A of Part A of Schedule III are deemed to be material events and listed entity shall make disclosure of such events.

Financial results

33(1) While preparing financial results, the listed entity shall comply with the following:

(c) The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India:

(2) The approval and authentication of the financial results shall be done by listed entity in the following manner:

(a) The quarterly financial results submitted shall be approved by the board of directors:

Provided that while placing the financial results before the board of directors, the chief executive officer and chief financial officer of the listed entity shall certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

Annual Report.

34(3) The annual report shall contain any other disclosures specified in Companies Act, 2013 along with other requirements as specified in Schedule V of these regulations.

Accounting Standards.

48. The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.

SCHEDULE III
PART A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED
SECURITIES

The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange(s):

A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):

I. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity, sale of stake in associate company of the listed entity or any other restructuring.

Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean-

- (i) acquiring control, whether directly or indirectly; or*
- (ii) acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, whether directly or indirectly, such that –*
 - (a) the listed entity holds shares or voting rights aggregating to twenty per cent or more of the shares or voting rights in the said company; or*
 - (b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-paragraph and such change exceeds five per cent of the total shareholding or voting rights in the said company; or*
 - (c) the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of subregulation (4) of regulation 30*

Provided that acquisition of shares or voting rights aggregating to five percent or more of the shares or voting rights in an unlisted company and any change in holding from the last disclosure made under this proviso exceeding two per cent of the total shareholding or voting rights in the said unlisted company shall be disclosed on a quarterly basis in the format as may be specified.]

Explanation (2) - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-

- (i) *an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or*
 - (ii) *an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.*
- Explanation (3)- For the purpose of this sub-paragraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.]*

2. *Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.*
3. *New Rating(s) or Revision in Rating(s).*
4. *Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s) [the outcome of meetings of the board of directors] held to consider the following:*
 - a) *dividends recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;*
 - b) *any cancellation of dividend with reasons thereof;*
 - c) *the decision on buyback of securities;*
 - d) *the decision with respect to fund raising proposed to be undertaken⁶⁰³[including by way of issue of securities (excluding security receipts, securitized debt instruments or money market instruments regulated by the Reserve Bank of India), through further public offer, rights issue, American Depository Receipts/ Global Depository Receipts/ Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method;]*
 - e) *increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;*
 - f) *reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;*
 - g) *short particulars of any other alterations of capital, including calls;*
 - h) *financial results;*

- i) decision on voluntary delisting by the listed entity from stock exchange(s):*
- 5.** *Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.*
- 5A** *Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:*
- Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these regulations.*
- Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that listed entity shall or shall not act in a particular manner.]*
- 6.** *Fraud or defaults by a listed entity, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad:*

For the purpose of this sub-paragraph:

- (i)** *‘Fraud’ shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.*
- (ii)** *‘Default’ shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.*

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in ‘default’ if the outstanding balance remains continuously in

excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.]

7. *Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer.*

7A *In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor*

(7B) *Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:*

i. The letter of resignation along with] detailed reasons for the resignation as given by the said director.

(ia). Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.]

ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.

iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii)] above.]

(7C) *In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect.*

(7D) *In case the Managing Director or Chief Executive Officer of the listed entity was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the*

reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).]

- 8.** *Appointment or discontinuation of share transfer agent.*
- 9.** *Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:*
 - (i)** *Decision to initiate resolution of loans/borrowings;*
 - (ii)** *Signing of Inter-Creditors Agreement (ICA) by lenders;*
 - (iii)** *Finalization of Resolution Plan;*
 - (iv)** *Implementation of Resolution Plan;*
 - (v)** *Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.].*
- 10.** *One time settlement with a bank.*
- 11.** *winding-up petition filed by any party / creditors.*
- 12.** *Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.*
- 13.** *Proceedings of Annual and extraordinary general meetings of the listed entity.*
- 14.** *Amendments to memorandum and articles of association of listed entity, in brief.*
- 15 (a)** *(i) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet)*
 - (ii)** *Presentations prepared by the listed entity for analysts or institutional investors meet, post earnings or quarterly calls shall be disclosed to the recognized stock exchanges prior to beginning of such events.*
- (b)** *Audio recordings, video recordings, if any, and transcripts of post earnings or quarterly calls, by whatever name called, conducted physically or through digital means, in the following manner:*
 - (i)** *The audio recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;*
 - (ii)** *the video recordings, if any, shall be made available on the website within forty-eight hours from the conclusion of such calls;*
 - (iii)** *the transcripts of such calls shall be made available on the website along with simultaneous submission to recognized stock exchanges within five working days of the conclusion of such calls.*

16. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:

- a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;*
- b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;*
- c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable ;*
- d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;*
- e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;*
- f) Appointment/ Replacement of the Resolution Professional;*
- g) Prior or post-facto intimation of the meetings of Committee of Creditors;*
- h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;*
- i) Number of resolution plans received by Resolution Professional;*
- j) Filing of resolution plan with the Tribunal;*
- k) Approval of resolution plan by the Tribunal or rejection, if applicable;*
- l) Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:*
 - (i) Pre and Post net-worth of the company;*
 - (ii) Details of assets of the company post CIRP;*
 - (iii) Details of securities continuing to be imposed on the companies' assets;*
 - (iv) Other material liabilities imposed on the company;*
 - (v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;*
 - (vi) Details of funds infused in the company, creditors paid-off;*
 - (vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;*

- (viii) *Impact on the investor – revised P/E, RONW ratios etc.;*
- (ix) *Names of the new promoterskey managerial personnel, if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;*
- (x) *Brief description of business strategy.*

- m) Any other material information not involving commercial secrets.}*
- n) Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;*
- o) Quarterly disclosure of the status of achieving the MPS;*
- p) The details as to the delisting plans, if any approved in the resolution plan.*

17. Initiation of Forensic audit: *In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:*

- a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;*
- b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.*

18. Announcement or communication through social media intermediaries or mainstream media *by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity.*

19. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- (a) search or seizure; or*
- (b) re-opening of accounts under section 130 of the Companies Act, 2013; or*
- (c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed:*
 - i.name of the authority;*
 - ii.nature and details of the action(s) taken, initiated or order(s) passed;*

- iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;*
- iv. details of the violation(s)/contravention(s) committed or alleged to be committed;*
- v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.*

20. *Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:*

- (a) suspension;*
- (b) imposition of fine or penalty;*
- (c) settlement of proceedings;*
- (d) debarment;*
- (e) disqualification;*
- (f) closure of operations;*
- (g) sanctions imposed;*
- (h) warning or caution; or*
- (i) any other similar action(s) by whatever name called; along with the following details pertaining to the actions(s) taken or orders passed:*
 - i. name of the authority;*
 - ii. nature and details of the action(s) taken or order(s) passed;*
 - iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;*
 - iv. details of the violation(s)/contravention(s) committed or alleged to be committed;*
 - v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.*

Explanation – Imposition of fine or penalty shall be disclosed in the following manner along with the details pertaining to the action(s) taken or orders passed as mentioned in the sub-paragraph:

- (i) disclosure of fine or penalty of rupees one lakh or more imposed by sectoral regulator or enforcement agency and fine or penalty of rupees ten*

lakhs or more imposed by other authority or judicial body shall be disclosed within twenty four hours.

(ii) disclosure of fine or penalty imposed which are lower than the monetary thresholds specified in the clause (i) above on a quarterly basis in the format as may be specified.]

21. Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013.]

B. Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30):

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.

2. Any of the following events pertaining to the listed entity:

(a) arrangements for strategic, technical, manufacturing, or marketing tieup; or

(b) adoption of new line(s) of business; or

(c) closure of operation of any unit, division or subsidiary (in entirety or in piecemeal).]

3. Capacity addition or product launch.

4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.

3. Agreements (viz. loan agreement(s) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.

4. Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.

5. Effect(s) arising out of change in the regulatory framework applicable to the listed entity.

6. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.

Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity.

7. Options to purchase securities including any ESOP/ESPS Scheme.

8. *Giving of guarantees or indemnity or becoming a surety, by whatever named called,for any third party.*
 9. *Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.*
 10. *Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.*
- C. *Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.*
- D. *Without prejudice to the generality of para (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.*

SCHEDULE V: ANNUAL REPORT

The annual report shall contain the following additional disclosures:

A. Related Party Disclosure:

1. *The listed entity which has listed its non-convertible securities shall make disclosures in compliance with the Accounting Standard on “Related Party Disclosures”.*
2. *The disclosure requirements shall be as follows:*

<i>Sr. no.</i>	<i>In the accounts of</i>	<i>Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.</i>
<i>1</i>	<i>Holding Company</i>	<i>Loans and advances in the nature of loans to subsidiaries by name and amount.</i> <i>Loans and advances in the nature of loans to associates by name and amount.</i> <i>Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.</i>
<i>2</i>	<i>Subsidiary</i>	<i>Same disclosures as applicable to the parent company in the accounts of subsidiary company.</i>

3	Holding Company	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.
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For the purpose of above disclosures directors' interest shall have the same meaning as given in Section 184 of Companies Act, 2013.

2A Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results.

3. The above disclosures shall not be applicable to listed banks.

FINDINGS

- 11.** Before I proceed to deal with the issues on merits, I would like to first address the preliminary issue raised by the Noticees that they had requested for all the annexures to the IR but some of the annexures had not been provided to them despite repeated requests and that during the inspection of documents, entire IR was shown to them, however, only a redacted version was provided. In this regard, I note that, pursuant to the transfer of matter, vide email dated January 16, 2025 and February 27, 2025, Noticees were once again provided with all the relevant documents along with the Annexures in the matter. Further, Noticees were also given an opportunity to provide the details of any other Annexures required by them, however, barring Noticee 6 and 10, other Noticees did not respond, which indicates that they got all requisite documents, basis which they submitted their reply in the matter. Further, had there been any requirement of the documents at the Noticees' end, the same could have been raised by them at the time of hearing, however, no such request was raised. Therefore, I find that all the relevant documents were provided in line with the principles laid by Hon'ble Supreme Court in **T. Takano Vs SEBI** matter i.e. "*all information that is relevant to the proceedings must be disclosed in adjudication proceedings*".
- 12.** The second issue raised by the Noticees is that an SCN dated October 10, 2023 (1st SCN) had been issued to Noticee 1, which was prior to the instant SCN and adjudication order dated March 21, 2024 had already been passed in the matter and

on this very ground, the instant SCN is not sustainable and is violative of *res-judicata*. In this regard, I note that, vide the said order, Noticee 1 was penalized by SEBI for violation of the provisions of LODR Regulations for non-disclosure of complete details regarding the assignment of debt to the promoter, violation of the prescribed RPT approval norms, incorrect disclosure of interest of Directors/KMPs in the explanatory statement for the RPT resolutions proposed in its AGM, voting by the related parties in the shareholder resolution approving RPTs, not providing the requisite information to shareholders while seeking approval for RPTs at the AGM, etc, and further the allegations made vide SCN dated July 08, 2024 were different from the allegations made vide 1st SCN. Further, in the instant matter, Directors of Noticee 1 along with the audit committee members are also being adjudged for alleged misrepresentation of the financial statements, and other allegations mentioned in the SCN. Thus, the instant matter has different cause of action, which has not been dealt in the said order. Therefore, the issue raised by the Noticees in this regard is bereft of merits.

13. I now proceed to deal with the issues on merits as under;

ISSUE No. I: Whether Noticees have violated the provisions of SEBI Act, PFUTP Regulations and LODR Regulations, as alleged in the SCN?

14. Related Party Transactions (RPTs) without prior approval of Audit committee and/or shareholders and Non-disclosures of RPTs:

14.1 It was found by SEBI that Noticee 1 had transactions with Dealmoney Securities Pvt. Ltd. (DSPL) and Dealmoney Commodities Pvt. Ltd. (DCPL) during the FY 2022-23 and with the subsidiary of DSPL viz, Dealmoney Distribution E-Marketing Pvt. Ltd. (DDEPL) during the FY 2020-21, 2021-22 and 2022-23, wherein it was found that DSPL, DDEPL and DCPL were related parties of Noticee 1, in terms of Regulation 2(1)(zb) of LODR Regulations and transactions of Noticee 1 with DSPL, DDEPL and DCPL were RPTs in terms of regulation 2(1)(zc) of LODR Regulations.

14.2 Following are the relevant observations, which showed the link between the related parties:

- 14.2.1 Noticee 2 who was a Non-Executive, Non-Independent Director during 15/09/2020 to 25/04/2021, Managing Director (Executive) of Noticee 1 w.e.f. 26/04/2021 and was also brother of Noticee 3, who was Whole Time Director-Executive of Noticee 1 during 30/09/2015 to 26/04/2021), was also a director in DSPL and DCPL.
- 14.2.2 DDEPL is a wholly owned subsidiary of DSPL.
- 14.2.3 As per the minutes of the Audit Committee, Noticee 1 had taken approvals of the Audit Committee for the transactions done with DSPL, DDEPL and DCPL as RPTs.
- 14.2.4 Noticee 1 had shown DSPL as a related party in the annual report for the FY 2020-21.
- 14.2.5 Noticee had shown DDEPL as a related party in its half-yearly RPT disclosures filed with the stock exchange for half year ending March 2021.
- 14.3 It was observed from the half-yearly RPT disclosure made for March 2023 by the Noticee 1 to stock exchange that it had disclosed an advance of Rs. 121.9 million (Rs. 12.19 crores) to DSPL. However, no RPT disclosures regarding the transactions with DSPL were found in its Annual Report for the FY 2022-23. In this regard, SEBI, vide summons dated November 30, 2023 had sought information from the Noticee 1 for the transaction done by it with DSPL, and its subsidiary DDEPL, vide email dated December 18, 2023, and summons dated December 21, 2023. Further, during statements recorded on December 12, 2023, transaction details of Noticee 1 with DSPL, were also sought from Noticee 2, who was its MD.
- 14.4 Noticee 1, vide email/letter dated December 11, 2023, December 21, 2023 and January 23, 2024 submitted the details of the transactions done with DSPL and DDEPL during the FY 2020-21, 2021-22 and 2022-23. Further, Noticee 2, MD of the Noticee 1 provided the details of the transaction done with DSPL and its subsidiary DDEPL, vide email dated December 15, 2023, which were analyzed by SEBI and are mentioned in the subsequent paras.
- 14.5 Transactions of Noticee 1 with DSPL**
- 14.5.1 As per the details submitted by the Noticee 1, purchases made by Noticee 1 from DSPL are as under:

Date	Particulars	Amount (Rs. In crores)
10/06/2022	Purchase	5.22
15/09/2022	Purchase	2.75
30/12/2022	Purchase	2.11
Total		10.08

14.5.2 Noticee 2, who was MD of Noticee 1, vide email/letter dated December 15, 2023 had inter-alia submitted to SEBI as mentioned below:

“FCHL purchases discount coupon from the supplier of the coupons. These discount coupons provide the customer with access to various offers. The customer can avail the access to such offers number of times both limited and unlimited depending upon the goods or services. These bundles of discount coupons include benefits in the form of discount in restaurants on food and beverages, Hotel on room booking, Pub, Bar and Restaurants, Health, Beauty, Fitness, Spa treatment, Gym packages, Hospitals and Clinics, Hair treatment, Optics on framed glasses, Apparels and Jewelry, Furniture, Décor, Electronic item of different range, Florist – Discount on bill, etc. DSPL also shares knowledge to create relevant financial solutions and financial advisory cards. We also offer to the customers sound and timely financial advice, convenience and choice to be invested in the financial market. Company sells the product after buying the above discount coupon with various features; sell after adding the health packages with different tenure ranging from one to two years for an individual or a family of four that includes free OPD Unlimited times in the tenure. Audio/ Video free consultation, discount on medicines both generic and patent. Discount on the enquiries and medical tests, Free IPD treatment to some extent (limited by amount) during the currency of the health card. IPD includes surgery, bed charges, doctor consultation, medicine and consumables, pathology tests, tariff rates etc. Company has made monetary profits from these transactions and has gained more than what it has paid over the period of time.”

14.5.3 The details of transactions between FCHL and DSPL and its analysis are as under:

Rs. in crores	
Particulars	2022-23
Total sales made by FCHL to DSPL	-
Total purchases made by FCHL from DSPL	10.08
Total purchases of FCHL	14.87
% of purchases made from DSPL as compared to total purchase of FCHL	67.78%
% of purchases made from DSPL as compared to total revenue of FCHL of the previous FY (Rs. 42.38 crore)	23.78%

14.5.4 From the above, it was observed that Noticee 1 had made 67.78% of its purchases from DSPL during the FY 2022-23, which was 23.78% of its total revenue of the previous FY. Thus, the purchase of Rs.10.08 crores made by Noticee 1 from DSPL during the FY 2022-23 was a material transaction, which was more than 10% of its total turnover for the previous FY (which was Rs.42.38 crores) and prior approval of audit committee was required for all RPTs in terms of Regulation 23(2) of LODR Regulations, and prior approval of shareholders through resolution was also required for the material RPTs in terms of Regulation 23(4) of LODR Regulations.

14.5.5 Noticee 1, vide email/letter dated December 15, 2023 and January 23, 2024 had provided copies of Audit committee and Board resolutions for the transactions done with DSPL. On perusal of the same, it was observed that Noticee 1 had made a purchase transaction of Rs. 5.22 crores with DSPL on June 10, 2022 and had taken approval of the Audit Committee on June 29, 2023 for the transactions done with DSPL during the FY 2022-23. However, it was observed that Noticee 1 had taken prior approval of Audit committee for the purchase transactions made with DSPL on September 15, 2022 and December 30, 2022, amounting to Rs. 2.75 crores and Rs. 2.11 crore respectively, but had not taken prior approval of Audit committee for the purchase transaction Rs. 5.22 crores, done with DSPL on June 10, 2022.

- 14.5.6 Noticee 1 had not provided copies of the shareholders' approval for the material RPTs done with DSPL during the FY 2022-23 despite being sought by SEBI, several times. Further, w.r.t. the queries of shareholders' approval for the transactions made with DSPL, DDEPL and DCPL during the FY 2020-21, 2021-22 and 2022-23, vide email dated March 26, 2024, Noticee 1 had inter-alia submitted as mentioned *"It seems that the shareholder's approval for the FY 2020-21 and 2021-22 were missed inadvertently; however approval for 2022-23 was taken"*.
- 14.5.7 Further, in the said email, Noticee 1 had also submitted as mentioned *"DSPL transactions have been shown regularly in the RPT disclosures except for the FY 2022-23. This was done since there was no outstanding balance for the said transaction as on 31st March 2023. We have now taken the legal advice pertaining to the same and in order to ensure that we have requisite approvals, an EOGM is in process of being conducted and ratification of these transactions are being proposed. In the event we fail to obtain the ratification, the Company shall reverse the entirety of these transactions on the books of the accounts"*.
- 14.5.8 Further, it was observed that, vide email dated March 26, 2024, Noticee 1 had provided the copy of shareholders' resolution passed on AGM on July 28, 2022. On perusal of the same, it was observed that in the said AGM, Noticee 1 had taken general approval for entering into RPTs for amounting to Rs. 100 crores. In the said resolution, the name of the related party DSPL and specific transaction details to be entered with DSPL was not mentioned.
- 14.5.9 Thus, Noticee 1 had not taken shareholders' approval for the material RPTs done with DSPL during the FY 2022-23.
- 14.5.10 Further, upon perusal of the annual report of the Noticee 1 for the FY 2022-23, it was observed that it had not shown DSPL as a related party and transactions with DSPL during the FY 2022-23 as RPTs in the annual report for the FY 2022-23. Thus, non-disclosures of RPTs by the Noticee 1 with DSPL, in its annual reports for the FY 2022-23 were alleged to be not in accordance with Ind AS 24 (Related Party Disclosures).

14.5.11 Noticee 1 had also not disclosed the purchase transaction done with DSPL on June 10, 2022, amounting to Rs. 5.22 crore in its half-yearly RPT disclosures for September 2022 filed with the stock exchange.

14.5.12 Further, it was observed that Noticee 1 had disclosed the purchase transactions done with DSPL on September 15, 2022 and December 30, 2022, amounting to Rs. 2.75 crores and Rs. 2.11 crore respectively, as an advance of Rs.12.19 crores in its half-yearly RPT disclosures for March 2023. Thus, Noticee 1 had disclosed wrong details of amount as well as nature of transaction done with DSPL in its half-yearly RPT disclosures for March 2023 filed with the stock exchange.

14.5.13 Upon perusal of the copies of invoices issued by DSPL submitted by Noticee 1, vide email/letter dated January 23, 2024, it was observed that DSPL had not collected any GST amount from Noticee 1 for the sale made to it. It was also observed from the GST returns of DSPL that it had also not reported the sales made to Noticee 1 under exempted sales in its GST returns filed with GST authorities. Further, from the audited financial statements of DSPL for the FY 2022-23 submitted by Noticee 1, it was observed that DSPL had not shown the transaction with Noticee 1 under the related party disclosures in its financial statement.

14.6 Transactions of Noticee 1 with DDEPL

14.6.1 As per the details submitted by Noticee 1, the sales and purchases made by Noticee 1 to/from DDEPL are mentioned in the table below:

Date	Amount of sales (Rs. in crores)	Amount of purchase (Rs. in Cr.)	FY	Total sales for the respective FY	Total purchase for the respective FY
16/05/2020	-0.40	-	2020-21	3.75	-
17/12/2020	1.80	-			
15/03/2021	2.35	-			
11/06/2021	-	2.30	2021-22	19.60	12.45
15/06/2021	2.70	-			
31/08/2021	-	3.15			
02/09/2021	5.50	-			
15/12/2021	7.50	-			
20/12/2021	-	4.70			

17/03/2022	3.90	-			
21/03/2022	-	2.30			
23/06/2022	7.30	-	2022-23	23.17	2.50
22/09/2022	4.65	-			
28/12/2022	5.87	-			
22/03/2023	5.35	-			
25/03/2023	-	2.50			
Total				46.52	14.95

14.6.2 The details of transactions between Noticee 1 and DDEPL and its analysis are as under:

Rs. in crores			
Particulars	2020-21	2021-22	2022-23
Total purchases made by FCHL from DDEPL	-	12.45	2.50
Total purchases of FCHL	3.73	14.50	14.86
% of purchases made from DDEPL as compared to total purchase of FCHL	NA	85.86%	16.82%
% of purchases made from DSPL as compared to total revenue of FCHL of the previous FY	NA	35.19%	5.90%
Total sales made by FCHL to DDEPL	3.75	19.60	23.17
Total revenue of FCHL	35.37	42.38	48.28
% of sales made to DDEPL as compared to total revenue of FCHL	10.60%	46.25%	47.99%
% of sales made to DDEPL as compared to total revenue of FCHL of the previous FY	28.28%	55.41%	54.67%

14.6.3 From the above table, it was observed that Noticee 1 had made 85.86% and 16.82% of its purchases from DDPEL during the FY 2021-22 and 2022-23 respectively, which was 35.20% and 5.90% of its total revenue of the previous FY respectively. Thus, the purchase of Rs. 12.45 crores made by Noticee 1 from DDEPL during the FY 2021-22 was a material transaction, which was more than 10% of the total turnover of the Noticee 1 for the previous FY (which was Rs. 35.37 crores).

14.6.4 Further, it was observed that Noticee 1 had made 10.60%, 46.25% and 47.99% of its sales to DDPEL during the FY 2020-21, 2021-22 and 2022-23 respectively, which was 28.28%, 55.41% and 54.67% of its total revenue of

the previous FYs respectively. Thus, the sales of Rs. 3.75 crores, 19.60 crores and Rs. 23.17 crores made by Noticee 1 to DDEPL during the FY 2020-21, 2021-22 and 2022-23 respectively were material transactions i.e. more than 10% of its total turnover for the previous FY (which was Rs. 13.26 crores, Rs. 35.37 crores and Rs. 42.38 crores for FY 2019-20, 2020-21 and 2021-22 respectively).

14.6.5 Noticee 1, vide email/letter dated December 15, 2023 and January 23, 2024 had provided copies of Audit committee and board resolutions for the transactions done with DSPL and DDEPL. From the same, it was observed that Noticee 1 had taken approval of Audit Committee on July 31, 2020, June 29, 2021 and June 29, 2022, for the transactions done with DDEPL during the FY 2020-21, 2021-22 and 2022-23 respectively. On perusal of the audit committee approval for the FY 2021-22, it was observed that the Noticee 1 had taken the approval on June 29, 2021, however, it had not taken prior approval of Audit committee for the purchase transaction of Rs. 2.30 crores made with DDEPL on June 11, 2021.

14.6.6 It was observed that the Noticee 1 had not provided copies of the shareholders' approval for the material RPTs done with DDEPL during the FY 2020-21, 2021-22 and 2022-23 despite being sought by SEBI, several times.

14.6.7 Further, vide email dated March 26, 2024, Noticee 1 had provided the copy of shareholders' resolution passed on AGM on July 28, 2022 and upon perusal of the same, it was observed that in the said AGM, it had taken general approval for entering into RPTs amounting to Rs.100 crores. In the said resolution, the name of the related party DDEPL and specific transaction details to be entered with DDEPL was not mentioned.

14.6.8 Thus, Noticee 1 had not taken shareholders' approval for the material RPTs done with DDEPL during the FY 2020-21, 2021-22 and 2022-23.

14.6.9 Further, upon perusal of the annual report of the Noticee 1 for the FY 2020-21, 2021-22 and 2022-23, it was observed it had not shown DDEPL as a related party and transactions with DDEPL during the FY 2020-21, 2021-22 and 2022-23 as RPTs in the annual report for the FY 2020-21, 2021-22 and

2022-23. Thus, the said non-disclosures of RPTs by the Noticee 1 with DDEPL, in its annual reports for the FY 2020-21, 2021-22 and 2022-23 were allegedly not in accordance with Ind AS 24 on related party disclosures.

14.6.10 It was further observed that Noticee 1 had not disclosed the purchase transactions done with DDEPL on June 11, 2022 and August 31, 2021, amounting to Rs. 2.30 crore and Rs. 3.15 crores respectively, in its half-yearly RPT disclosures for September 2021, filed with the exchange.

14.6.11 Further, Noticee 1 had also not disclosed the sales transactions done with DDEPL on December 15, 2021 and March 17, 2022, amounting to Rs. 7.50 crore and Rs. 3.90 crore respectively and purchase transactions done with DDEPL on December 20, 2021 and March 21, 2022, amounting to Rs. 4.70 crore and Rs. 2.30 crore respectively, in its half-yearly RPT disclosures for March 2022 filed with the exchange.

14.6.12 Noticee 1 had not disclosed the sales transactions done with DDEPL on June 23, 2022 and September 22, 2022 amounting to Rs. 7.30 crore and Rs. 4.65 crore respectively, in its half-yearly RPT disclosures for September 2022 filed with the exchange.

14.6.13 It was also observed that Noticee 1 had not disclosed the sales transactions done with DDEPL on December 28, 2022 and March 22, 2023, amounting to Rs. 5.87 crore and Rs. 5.35 crore respectively and purchase transactions done with DDEPL on March 25, 2023, amounting to Rs. 2.50 crore, in its half-yearly RPT disclosures for March 2023 filed with the exchange.

14.6.14 Further, upon perusal of the copies of invoices issued by Noticee 1 to DDEPL, submitted by it to SEBI, vide email/letter dated January 23, 2024, it was observed that it had not collected any GST amount from DDEPL for the sale made to DDEPL. Further, it was observed from the GST returns of Noticee 1, that it had also reported the sales under exempted sales in its GST returns filed with GST authorities.

14.6.15 Upon perusal of the copies of invoices issued by DDEPL to Noticee 1, it was observed that DDEPL had not collected any GST amount from Noticee 1 for the sale made to it. It was also observed from the GST returns of DDEPL that it had also not reported the sales made to Noticee 1 under exempted

sales in its GST returns filed with GST authorities. Further, from the audited financial statements of DDEPL for the FY 2020-21 and 2021-22 submitted by Noticee 1, it was observed that DDEPL had not shown the entire transactions with Noticee 1 under the related party disclosures in its financials.

14.7 Transactions of Noticee 1 with DCPL

14.7.1 From the audit committee minutes dated March 29, 2023, submitted by Noticee 1 to SEBI, vide email dated March 04, 2024, it was observed that it had entered into a leave/license agreement with its related party DCPL under which Noticee 1 had to pay Rs. 7 crores as a security deposit. The details of transactions between Noticee 1 and DCPL are as under:

Rs. in crores	
Particulars	2022-23
Total amount paid as security deposit by FCHL to DCPL	7.00
% of amount paid to DCPL as compared to total revenue of FCHL of the previous FY (Rs. 42.38 crore)	16.52%

14.7.2 From the above, it was observed that Noticee 1 had paid Rs. 7 crores to DCPL during FY 2022-23 as security deposit, which was 16.52% of its total revenue of the previous FY. Thus, the amount paid by Noticee 1 to DCPL as security deposit during the FY 2022-23 was a material transaction, which was more than 10% of its total turnover for the previous FY (which was Rs. 42.38 crore).

14.7.3 Noticee 1 vide email dated March 04, 2023 had provided copies of minutes of Audit committee meeting held during the FY 2020-21, 2021-22 and 2022-23 and upon perusal of the said audit committee minutes held on March 29, 2023, it was observed that Noticee 1 had taken the approval of Audit committee for paying Rs. 7 crores to DCPL and entering into lease transaction with DCPL.

14.7.4 However, Noticee 1 had not provided copies of the shareholders' approval for the material RPTs done with DCPL during the FY 2022-23 despite being sought by SEBI, several times and w.r.t the queries of shareholders' approval

for the transactions made with DSPL, DDEPL and DCPL during the FY 2020-21, 2021-22 and 2022-23, Noticee 1 submitted that, *“It seems that the shareholder's approval for the FY 2020-21 and 2021-22 were missed inadvertently; however approval for 2022-23 was taken”*.

14.7.5 Further, vide email dated March 26, 2024, Noticee 1 had provided the copy of shareholders' resolution passed on AGM on July 28, 2022 and upon perusal of the same, it was observed that in the said AGM, Noticee 1 had taken general approval for entering into RPTs amounting to Rs.100 crores. In the said resolution, name of the related party DCPL and specific transaction details to be entered with DCPL was not mentioned. Thus, Noticee 1 had not taken shareholders' approval for the material RPTs done with DCPL during the FY 2022-23.

14.7.6 Further, upon perusal of the annual report of the Noticee 1 for the FY 2022-23, it was observed that Noticee 1 had not shown DCPL as a related party and transactions with DCPL during the FY 2022-23 as RPTs in the annual report for the FY 2022-23. Thus, non-disclosures of RPTs by Noticee 1 with DCPL, in its annual reports for the FY 2022-23 were allegedly not in accordance with Ind AS 24.

14.7.7 Noticee 1 had also not disclosed the transactions done with DCPL on March 29, 2023 amounting to Rs. 7 crores in its half-yearly RPT disclosures for March 2023 filed with the exchange.

14.7.8 Further, from the audited financial statements of DCPL for the FY 2022-23, submitted by Noticee 1, it was observed that DCPL had not shown the transaction with FCHL under the related party disclosures in its financials.

In view of the above, it was alleged that Noticee 1 has violated Regulation 23(2), 23(4) and 23(9) of the LODR Regulations.

15. Misrepresentations/ misstatements in Financial Statements of FCHL.

15.1 As mentioned in the previous paras, Noticee 1 had RPTs with its related parties DSPL and DCPL during the FY 2022-23 and with DDEPL during the FY 2020-21, 2021-22 and 2022-23. However, it was observed that Noticee 1 had not

shown DSPL and DCPL as related parties and transactions with them during the FY 2022-23 were also not shown as RPTs by Noticee 1 in its annual report for the FY 2022-23. Thus, non-disclosures of RPTs by Noticee 1 with DSPL and DCPL, in its annual reports for the FY 2022-23 was allegedly not in accordance with Ind AS 24.

15.2 Further, Noticee 1 had not shown DDEPL as a related party and transactions with DDEPL during the FY 2020-21, 2021-22 and 2022-23 as RPTs in its annual report for the FY 2020-21, 2021-22 and 2022-23. Thus, non-disclosure of RPTs by Noticee 1 with DDEPL, in its annual reports for the FY 2020-21, 2021-22 and 2022-23 was allegedly not in accordance with Ind AS 24.

In view of the above, it was alleged that Noticee 1 had violated Regulations 4(1)(a), 4(1)(b), 4(2)(e)(i), 33(1)(c), 34(3) r/w Part A of Schedule V and 48 of LODR Regulations.

15.3 Further, Noticee 2, MD of Noticee 1, vide email/letter dated December 15, 2023 w.r.t. non disclosures of RPTs with DSPL in the Annual Report for the FY 2022-23, had submitted as mentioned: *“The same was not disclosed in the Annual Report since there was no outstanding balance for the said transaction at the Year Ended 31st March 2023”*.

15.4 As discussed in the previous paras, Noticee 1 had not taken approval of the shareholders for the material RPTs done with DSPL, DDEPL and DCPL. It had also not disclosed the RPTs done with them under the related party disclosure in its Annual report for the FY 2020-21, 2021-22 and 2022-23. Further, Noticee 1 had also not disclosed all the RPTs with them in its half-yearly RPT disclosures filed with the Stock exchange and wrongly disclosed the purchase transaction made with DSPL as an advance in the half-yearly disclosures made for March 2023. Thus, it was observed that the shareholders were not aware of the RPTs done by Noticee 1 with DSPL, DDEPL and DCPL.

15.5 It was further observed that prior to the FY 2020-21, revenue of Noticee 1 was around Rs. 20 crores and from FY 2020-21 onwards, its revenue had increased significantly. Table showing the Noticee 1's previous three years' revenue and its

revenue from FY 2020-21 onward along with the sales made to DDEPL are as under:

FY/Particulars	17-18	18-19	19-20	20-21	21-22	22-23
Revenue of the company	5.43	14.23	13.26	35.37	42.38	48.28
Sales made to DDEPL	-	-	3.29	3.75	19.60	23.17
% Revenue from sales made to DDEPL	-	-	24.81%	10.60%	46.25%	47.99%

- 15.6 From the above, it was observed that revenue of Noticee 1 had significantly increased and more than 24%, 10%, 46% and 47% revenue during the FY 2019-20, 2020-21, 2021-22 and 2022-23 respectively, were from the sales made by it to DDEPL.
- 15.7 However, Noticee 1 had neither taken shareholders' approval for the RPTs done with DDEPL nor disclosed the RPTs done with DDEPL in its annual reports during the FY 2020-21, 2021-22 and 2022-23 or half-yearly filings made with the exchange. Thus, shareholders were deprived of information that its significant revenue during the FY 2020-21, 2021-22 and 2022-23 were from the RPTs done with DDEPL.
- 15.8 Similarly, purchase transactions of Noticee 1 with DSPL during the FY 2022-23, with DDEPL during the FY 2021-22 and 2022-23 and its security deposit transactions with DCPL during the FY 2022-23, were material transactions as compared to its total revenue of the respective previous FY. However, Noticee 1 had neither taken shareholders' approval for material RPTs done with DSPL, DDEPL and DCPL nor disclosed those material RPTs in its annual reports for respective FY.
- 15.9 Noticee 1 during the course of investigation, had submitted the audit committee approval taken for the RPTs done with DSPL, DDEPL and DCPL. Thus, Noticee 1 had itself admitted that transactions with DSPL, DDEPL and DCPL were RPTs. However, it had not shown those transactions under RPT in the annual reports and half-yearly disclosures filed with the stock exchange as discussed in previous paras. Thus, it was alleged that Noticee 1 had intentionally not shown those transactions under RPT disclosures and kept the shareholders unaware

regarding those RPTs. Had the information been available to the shareholders, they would have taken better informed decisions.

15.10 Thus, it was observed from the above that Noticee 1 had avoided shareholders' approval and disclosure of its RPTs, and thereby allegedly mis-represented its financial statements for FY 2020-21, 2021-22 and 2022-23.

15.11 The above non-disclosures of entities as related parties and their respective transactions as RPTs in the financial statements had also led to the financial statements of Noticee 1, not presenting true and fair view of its affairs as they were allegedly not in compliance with accounting standard Ind-AS 24, as required under LODR Regulations. Further, it was observed that the entire transactions of sales, purchase and security deposits with the related parties viz. DSPL, DDEPL and DCPL were deliberately concealed by Noticee 1, by not disclosing the same as RPTs in its annual reports of respective FY. Thus, by doing this, Noticee 1 was observed to have under-reported its RPTs.

In view of the above, it was alleged that Noticee 1 had violated Regulations 4(2)(f), (k) & (r) r/w 2(1)(b) & (c)(1) of PFUTP Regulations and Regulations 4(1)(c),(d),(e),(h),(i),(g)&(j) of LODR Regulations.

16. Non-provisioning/ non-disclosures of arrears of rent as contingent liability after the direction of court.

16.1 It was observed from BSE website that Noticee 1 had made disclosure of the order of Hon'ble Small Causes Court, Bombay on September 29, 2021, as material event under Regulation 30 of LODR Regulations and upon examination of its Annual Report (AR) for the FY 2021-22 and 2022-23, it was observed that the statutory auditor had stated the following under "*emphasis of matter*" :

FY2021-22 (page no.99 of AR)

"..... An eviction suite is filed against the company due to non-payment of lease rent in respect of the Mahim Division. As per Order dated 27th September, 2021 of the Small Causes Court Mumbai has directed the company to deposit arrears of rent. The total amount under the said order approximately accumulated to Rs 386 lakhs.

However, the company has preferred an appeal against the aforesaid order. Pending the outcome, no provision for the said amount has been made.”

FY2022-23 (page no.98 of AR)

“.....An eviction suit is filed against the company due to non-payment of lease rent in respect of the Mahim Division. As per Order dated 27th September, 2021 of the Small Causes Court Mumbai has directed the company to deposit arrears of rent. The total amount under the said order approximately accumulated to Rs 386 lakhs. However, the company has preferred an appeal against the aforesaid order. Pending the outcome, no provision for the said amount has been made.”

16.2 From the above, it was observed that Hon'ble Small Causes Court, Bombay vide its order dated September 27, 2021, inter-alia had directed the Noticee 1 to deposit arrears of rent approximately accumulated to Rs. 3.86 crore. In this regard, it was observed that Noticee 1 had neither made any provision for the same in its books, citing that it had preferred an appeal against the said order nor shown the above under the contingent liability in its annual report for the FY 2021-22.

16.3 Noticee 1 had thus understated the expenses/losses and overstated the profit during FY 2021-22. The details of understatement of expenses/losses and overstatement of profit by not making provision for the arrear of rent even after the direction of the Court (excluding the tax effects) are as under:

Particulars	FY 2021-22
Amount of arrear of rent (A)	3.86
Profit / (loss) for the year (B)	5.20
Profit / (loss) for the year after adjustment of provision for arrear of rent: (C=B-A)	1.34
Percentage of understating of loss/ overstating of profit {(B-C)/C}x100	288%

16.4 Thus, it was observed that Noticee 1 had understated the expenses and overstated the profit during FY 2021-22 to the extent of Rs. 3.86 crore, which allegedly resulted in misrepresentation/misstatement of its financial statements for the FY 2021-22.

16.5 Further, w.r.t explanation of Noticee 1 for not making provisions for arrears of rent after the Court order was observed to be not correct. Even the Statutory auditor had mentioned the same under the Emphasis of Matter. Hence, it was observed that the non-provisioning of the arrear of rent or non-disclosure of the same under contingent liability in the FY 2021-22, even after the court order, was not in accordance with the applicable and notified Accounting Standards.

In view of the above, it was alleged that Noticee 1 had violated Regulations 4(1)(a), 4(1)(b), 4(2)(e)(i), 33(1)(c), 34(3) and 48 of LODR Regulations.

16.6 Further, non-provisioning of the arrear of rent after the Court order in the financial statements had altered the declared profit position of Noticee 1 in a significant way. It was observed that by failing to make provisions for the arrear of rent, Noticee 1 had underreported the quantum of expenses appearing in its profit and loss account in the FY 2021-22. Had the provision been made, the profit would have been significantly lower. Thus, it was observed that the published financial statements/results of the Noticee 1 did not give a true and fair view of its financial performance and position.

In view of the above, it was alleged that Noticee 1 had violated Regulations 4(2)(f)&(k) r/w 2(1)(b) & (c)(1) of PFUTP Regulations.

17. Delay in filing disclosures with the stock exchange

17.1 Upon perusal of the Secretarial Audit Report for the financial year ended March 31, 2023, attached with the annual report for the FY 2022-23 of Noticee 1, it was observed that the Secretarial Auditor of Noticee 1 had inter-alia mentioned following non-compliance:

“There is delay in filing disclosures within 24 hours Regulation 30 and Schedule III Para A of Securities and India (Listing Obligations and Disclosure Requirements) the details of which are as under:

Sr. No.	Particulars	Disclosure to Stock Exchange	Number of days delayed
1.	<i>Resignation of Ms. Vaishali Sood Sharma as Independent Director w.e.f. 29.06.2022</i>	06.07.2022	6 days
2.	<i>Resignation of Mr. Rajeev Singh as Director w.e.f. 29.06.2022</i>	12.07.2022	13 days
3.	<i>Appointment of Mr. Aneish Kumaran Kumar as Additional Independent Director w.e.f 16.08.2022</i>	27.10.2022	7 days
4.	<i>Appointment of Mr. Suryakant Laxman Khare as Additional Director w.e.f. 20.08.2022</i>	27.10.2022	67 days
5.	<i>Appointment of Aneish Kumaran Kumar as Independent Director w.e.f 18.11.2022</i>	22.11.2022	3 days
6.	<i>Regularisation of Mr. Suryakant Laxman Khare as Director w.e.f 18.11.2022</i>	22.11.2022	3 days
7.	<i>Resignation of CS Sapna Vaishnav w.e.f. 14.12.2022</i>	16.12.2022	1 day

17.2 From the above, it was observed that Noticee 1 had made delays ranging from 1 day to 67 days in making disclosures to the stock exchange w.r.t. the appointment/ regularisation/ resignation of director/ company secretary.

In view of the above, it was alleged that Noticee 1 had violated Regulation 30(2) r/w Part A of Schedule III of LODR Regulations.

18. Misrepresentation in the CEO and CFO Certifications

18.1 It was observed from the Annual Reports (ARs) for the FY 2020-21 (page no. 81), 2021-22 (page no. 97) and 2022-23 (page no. 96) that names of Noticee 4 and 5 were mentioned in the signatories details, who had certified /given CEO and CFO certification in terms of Regulation 17(8) of LODR Regulations.

18.2 Further, it was observed from the CEO and CFO certification attached with the Annual Report for the FY 2021-22, that the same had been certified by Noticee 2 and 5. However, in signatory details the name of Noticee 4 and 5 were mentioned. Therefore, clarification along-with the copy of CEO and CFO certifications for the FY 2020-21, 2021-22 and 2022-23 was sought from Noticee 1.

18.3 Noticee 1, vide email dated March 20, 2024 had provided certified copies of CEO and CFO certification for the FY 2020-21, 2021-22 and 2022-23 and inter-alia submitted as mentioned *“After the resignation of Dr. Gautam Deshpande and appointment of Mr. Pandoo Naig as Managing Director, all CEO AND CFO certifications were duly signed by Mr. Pandoo Naig. As we have come to notice, there has been an inadvertent error in the signatory details in the said certifications provided in the copies of Annual Reports.”*

18.4 Thus, Noticee 1 had mentioned the wrong names of the signatories in the CEO and CFO certification attached with the Annual Report for the FY 2020-21, 2021-22 and 2022-23.

Based on the above, it had been alleged that Noticee 1 had violated Regulations 4(1)(c) & (e) of LODR Regulations.

19. Outflow of funds from Noticee 1 to Onelife Capital Advisors Limited (OCAL) without prior approval of Audit committee

19.1 It was observed that the complainant had inter-alia alleged as mentioned:

“a web of complex transactions are being used to first transfer large sums of money out of FCHL into Onelife and then onwards to various entities and individuals where the ultimate beneficiary is Mr. Pandoo Naig. It is stated that this arrangement of funneling monies out of FCHL has been ongoing for a substantial period of time as large scale related party transactions have been ongoing even in the past financial years, however, it is evident that a larger scheme is afoot considering the specific steps being taken by both FCHL and Onelife, in consonance with each other, both entities being controlled by Mr. Pandoo Naig, in view of impending liabilities on FCHL”.

19.2 Information on loan given by Noticee 1 to OCAL, a related party of Noticee 1 during FY 2021-22, was sought from it. Noticee 1 had provided the information, vide letter dated May 25, 2023, received vide email dated May 31, 2023. Noticee 1 had also provided a copy of minutes of board meeting and a certified copy of resolution passed at the Audit Committee meeting held on June 29, 2021 and a certified copy of resolution passed at the AGM held on July 28, 2022. It was thus observed that in the annual report for the FY 2021-22, Noticee 1 had shown Rs.9.69 crores as a loan given to OCAL. However, from the submission made by Noticee 1, it was observed that it had paid Rs.1.71 crores to OCAL during the period April 01, 2021 to June 21, 2021, which was before the approval by Audit committee on June 29, 2021. Thus, Noticee 1 had not taken prior approval of Audit committee for the loan transactions done with OCAL for the period from April 01, 2021 to June 21, 2021.

In view of the above, it was alleged that Noticee 1 had violated Regulation 23(2) of LODR Regulations.

20. Submission of Noticee 1

- 20.1 *the complainants namely, Dr Hemant Pikale and Ms Sangeeta Pikale had made complaints against it with a mala fide intention and added that the said complainants are its landlord, of a premise where Noticee 1 has its office.*
- 20.2 *the said complainants are having dispute with it w.r.t the tenanted premise and the proceedings are currently pending in the court of Small causes. It further submitted that the said complainants with a malafide intention had also filed a frivolous and*

unsustainable petition against it before the NCLT alleging management and oppression.

- 20.3 *That the SCN has wrongly alleged the violation of Regulation 23(2) and 23(4) for transactions prior to April 01, 2022 as the Regulations in this respect were enforced w.e.f April 01, 2022 and therefore, the violations cannot be alleged for transactions prior to April 01, 2022 and the same are unsustainable.*
- 20.4 *That SCN wrongly seeks to allege violation of Regulation 23(9) for the Half Yearly RPT disclosures for September 2021, December 2021, and March 2022 as Regulation 23(9) was added by 6th amendment to LODR Regulation, which was to be enforced w.e.f April 01, 2022 and therefore, HY disclosures before April 01, 2022 i.e. for HY September 2021, December 2021 and March 2022 do not fall under the purview of Regulation 23(9).*
- 20.5 *That DSPL transactions had been shown regularly in the RPT disclosure except for FY 2022-23 as there was no outstanding balance in the said year for transactions as on March 31, 2022.*
- 20.6 *That shareholders' approval for transactions with DSPL, DDEPL and DCPL during the FY 2022-23 had been taken and the SCN has made a blanket allegation that shareholder's approval was not taken for the FY 2021-22 to FY 2022-23.*
- 20.7 *That DDEPL is not a related party as per the definition under IND AS 24 and Companies Act.*
- 20.8 *Noticee I w.r.t allegation of non-provisioning/non-disclosure of contingent liability of the arrears of rent after the direction of small causes court, submitted that the necessary disclosure about the order of the Hon'ble Small Causes court was made not only to BSE but also in its Annual Reports.*
- 20.9 *As it had filed an appeal, there was no requirement for it to make provision in its books.*
- 20.10 *That since the order mandated deposit in court and not to the opposing party, the same could be treated as deposit and not an expense.*
- 20.11 *Since the payment was not paid due to the pending appeal i.e. the payment in effect had not taken place, it cannot be calculated as the expense/loss.*
- 20.12 *That there was no understatement of expenses and overstatement of profits in FY 2021-22.*

20.13 *That in the first SCN, after investigating into the complaints which alleged inter-alia, fraud, there was no element of fraud found by SEBI and therefore, the present SCN cannot allege the violation of PFUTP Regulations.*

21. Findings w.r.t Noticee 1

Regarding RPTs with DSPL, DCPL, DDEPL, loan Transaction with OCAL & Delay in filing disclosures with stock exchange

21.1 W.r.t submission of Noticee 1 at para 20.3 and 20.4 above, I find pertinent to refer to Regulation 23(2) and 23(4) of the LODR Regulations, which read as under:

23(2) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity.

23(4) All material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation of (2) shall require prior approval of the shareholders through resolution and no related party shall vote to approve] such resolutions whether the entity is a related party to the particular transaction or not.

21.2 I note that all RPTs required prior approval of the audit committee, even prior to the amendment of the LODR Regulations, and the amendment to the said Regulation which came into effect from April 01, 2022, was only in respect of “subsequent material modifications” in the RPTs. Thus, the requirement to take prior approval of RPTs existed even before the amendment to the LODR Regulation.

21.3 Similarly, w.r.t Regulation 23(4) of LODR regulations, I note that the said regulation prior to amendment, provided for approval of the shareholders through resolution irrespective of the fact that whether the entity was a related party or not and subsequent to amendment, the said requirement was supplemented by a condition that “any subsequent material modifications as defined by the audit committee under sub-regulation (2)” shall require “prior” approval of the shareholders through resolution. From the above provision, I note that although the requirement to take prior approval of the shareholders was added after the amendment. However, there was no exemption from taking shareholders’

approval for RPTs. Thus, the requirement to take shareholders' approval existed even prior to the amendment, which the Noticee 1 did not take. Thus, the submission of Noticee 1, that SCN had wrongly alleged the violation of the said Regulations, is devoid of merits.

- 21.4 As regards submission of Noticee 1 mentioned at para 20.5 above, I note from the material available on record that Noticee 1 had taken approval of the Audit Committee on June 29, 2023 for the transactions done with DSPL during the FY 2022-23. However, prior approval of Audit committee for a purchase transaction of Rs. 5.22 crores with DSPL on June 10, 2022 was not taken, and the same resulted in non-compliance with Regulation 23(2) of LODR Regulations by Noticee 1. It had also not taken shareholders' approval for the transactions with DSPL. Thus, there was a transaction with DSPL in the FY 2022-23 for which no prior approval of Audit committee and shareholders was taken and therefore submission of the Noticee 1 is devoid of merits that the transaction was not disclosed owing to the absence of outstanding balance in the said year.
- 21.5 Further w.r.t the submission of the Noticee 1 at para 20.6 above, I note that Noticee 1 in its submission to SEBI, had admittedly not taken the shareholder's approval for the transaction with DSPL, DDEPL and DCPL for FY 2020-21 and 2021-22 and the reason stated by it was that it had missed it inadvertently. As regards its submission that for FY 2022-23, approval was taken, I note from the copy of shareholders' resolution passed in AGM on July 28, 2022, that Noticee 1 had taken general approval for entering into RPTs, amounting to Rs. 100 crores and in the said resolution the name of the related parties viz, DSPL, DDEPL and DCPL and specific transaction details to be entered with them were not mentioned.
- 21.6 In view of the foregoing, I note that Noticee 1 had not taken prior approval of Audit committee for the purchase transaction done with DSPL and DDEPL. It had also not taken the approval of the shareholders for the material RPTs done with DSPL, DDEPL and DCPL. Thus, submission of the Noticee 1 is bereft of merits.
- 21.7 Further, it is noted that Noticee 1 had also not taken the prior approval of audit committee for loan transaction done with OCAL to the tune of Rs 1.71 Crores, for which Noticee1 has not submitted anything in its reply.

21.8 I also note that Noticee 1 had not disclosed the purchase transaction done with DSPL on June 10, 2022 amounting to Rs. 5.22 crore in its half-yearly RPT disclosures for September 2022 filed with the exchange, it had not disclosed the purchase transaction with DDEPL on June 11, 2022 and August 31, 2021, amounting to Rs. 2.30 crore and Rs. 3.15 crores in its half-yearly RPT disclosures for September 2021 filed with the stock exchange.

21.9 I further note that Noticee 1 had not disclosed sales transactions done with DDEPL on June 23, 2022 and September 22, 2022, amounting to Rs. 7.30 crore and Rs. 4.65 crore respectively, in its half-yearly RPT disclosures for September 2022 filed with the stock exchange. Further, it had not disclosed the transactions done with DCPL on March 29, 2023 amounting to Rs. 7 crores in its half-yearly RPT disclosures for March 2023 filed with the stock exchange.

21.10 As regards submission of Noticee 1 at para 20.7 that DDEPL is not a related party under Ind AS 24 and Companies Act, I find pertinent to refer to the relevant provisions of LODR Regulations, Companies Act, 2013 and Ind AS 24, which read as mentioned below:

Related party definitions:

- *Regulation 2(1) (zb) of SEBI (LODR) Regulations, 2015 define related party as: “related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:*
- *Section 2(76) (iv) of companies Act 2013 define related party as: “related party”, with reference to a company, means a private company in which a director or manager or his relative is a member or director;*
- *Para 9 of Ind AS 24 defined related party as:*
 - (a) A person or a close member of that person’s family is related to a reporting entity if that person:*
 - (i) has control or joint control of the reporting entity;*
 - (ii) has significant influence over the reporting entity; or*
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.*

(b) An entity is related to a reporting entity if any of the following conditions applies:

.....

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

21.11 I note from the material available on record that DDEPL is a wholly owned subsidiary of DSPL and Noticee 2, who was a Director of DSPL, was also an MD of Noticee 1. Further, I note from the minutes of the Audit Committee that Noticee 1 had taken approvals of the said committee for the transactions done with DSPL, DDEPL and DCPL as RPTs and it had also shown DDEPL as a related party in its half-yearly RPT disclosures filed with the stock exchange for half year ending March 2021. Thus, in terms of Regulation 2(1) (zb) of LODR Regulations, Section 2(76) (iv) of Companies Act and para 9 of Ind AS 24, DDEPL was a related party of Noticee 1. Hence, submission of the Noticee 1 is devoid of merits.

21.12 I note that Noticee 1 has not given any submissions w.r.t the delays ranging from 1 day to 67 days in making disclosures to the stock exchange w.r.t. the appointment/ regularisation/ resignation of director/ company secretary and thus, the violation of delayed disclosure in respect of Noticee 1 stands established.

21.13 In view of the foregoing, it stands established that Noticee 1 has violated Regulation 23(2), 23(4), 23(9) and 30(2) read with Part A of Schedule III of LODR Regulations.

Misrepresentation/misstatements in Financial statements of FCHL, misrepresentation in CEO & CFO Certifications & Non-provisioning/non-disclosures of arrears of rent as Contingent liability after the directions of court

21.14 I note that Noticee 1 was required to comply with all the applicable and notified accounting standards in terms of Regulations 4(1)(a), 4(1)(b), 4(2)(e)(i), 33(1)(c), 34(3) and 48 of the LODR Regulations. Further, as established in pre-paragraphs, non-disclosures of entities as related parties and their respective transactions as RPTs in the financial statements had also led to the financial

statements of Noticee 1, not presenting true and fair view of its affairs as they were not in compliance with accounting standard Ind-AS 24, as required under LODR Regulations. Further, transactions of sales, purchase and security deposits with the related parties viz. DSPL, DDEPL and DCPL were deliberately concealed by Noticee 1, by not disclosing the same as RPTs in its annual reports of respective FY. Thus, Noticee 1 had under-reported its RPTs.

21.15 As regards allegation of misrepresentation in the CEO and CFO Certifications, I note that Noticee 1 had already admitted the error on its part during the course of investigation and therefore, the same stands established.

21.16 Wr.t. submission of Noticee 1 from para 20.8 to para 20.11 above, I note that the new accounting standards i.e. Ind AS was applicable to Noticee 1 during the IP and in terms of para 10 and para 14 of Ind AS 37 on Provisions, Contingent Liabilities and Contingent Assets, Noticee 1 was dutybound to make provision for the arrears of rent to the tune of Rs 3.86 crores or should have shown the same as contingent liability. I also note that mere disclosure with BSE and Annual report regarding the non-provisioning/non-disclosure of contingent liability of the arrears of rent did not take away the obligation of Noticee 1 to make provisions of the same. The relevant extracts of the Ind AS with respect to provisions and its recognition are reproduced below:

Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets):

10. The following terms are used in this Standard with the meanings specified:

A provision is a liability of uncertain timing or amount.

A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

An obligating event is an event that creates a legal or constructive obligation that results in an entity having no realistic alternative to settling that obligation.

A legal obligation is an obligation that derives from:

(a) a contract (through its explicit or implicit terms);

(b) legislation; or

(c) other operation of law.

.....

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

.....

14. A provision shall be recognised when:

(a) an entity has a present obligation (legal or constructive) as a result of a past event;

(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

21.17 Thus, in terms of the above provisions, Noticee 1 was required to make provisions for the arrear of rent and non-disclosure of the same under contingent liability in the FY 2021-22 even after the court order was not in accordance with the applicable and notified Accounting Standards. Thus, the submission of Noticee 1 is bereft of merits.

21.18 In view of the foregoing, I note that the Noticee 1 had understated the expenses/losses and overstated the profit during FY 2021-22 to the tune of Rs 3.86 crores, which resulted in misrepresentation/ misstatement of the company's financial statements for the FY 2021-22. Thus, Noticee 1 failed to publish its financial statements as per the applicable accounting standards and provisions of the Companies Act 2013, which led to misrepresentation/ misstatement of its financial statements for FY 2020-21, 2021-22 and 2022-23 and the published financial statements did not present a true and fair view of its affairs, which is a fraud in terms of Regulation 2(1)(c) of PFUTP Regulations.

21.19 Financial statement frauds in listed company result in the loss of confidence of domestic and international investors not only in the listed company in question but also the entire industry to which that listed company belongs. Thus, there is a need for SEBI to take direct action against perpetrators of such financial fraud

since it not only has an adverse impact on the shareholders of the company but also impacts the confidence of investors in the securities markets. Artificially misrepresenting a company's financials, impacts the price of the shares of the company and also influence the investment/ disinvestment decisions of the investors. In cases relating to misrepresentations in financial statements by a listed company and its management, the intention of the perpetrators is to reap the benefit of such misrepresentations which has a direct bearing on the interest of the investors as they remain invested or deal in securities without having any information of such misrepresentations. Therefore, such misrepresentations in financial statements is an unfair trade practices.

21.20 In view of the foregoing, it stands established that Noticee 1 has violated Regulations 4(2)(f),(k)&(r) r/w 2(1)(b) & (c)(1) of PFUTP Regulations and Regulations 4(1)(a),(b),(c),(d),(e),(g),(h),(i) & (j), 4(2)(e)(i), 23(2), 23(4), 23(9), 30(2) r/w Part A of Schedule III, 33(1)(c), 34(3) r/w Part A of Schedule V and 48 of LODR Regulations.

22. Role of Noticees 2, 3 and 4:

22.1 Role of non-independent and Executive Directors of the Noticee 1, viz Noticees 2, 3 and 4

The details of the board meetings attended by each of the non-independent/ executive Directors during the FY 2020-21 to 2022-23 is placed in the table below.

Name of the Director	Designation	Particulars of Attendance of Board Meeting.		
		FY 2020-21	FY 2021-22	FY 2022-23
Mentioned in Annual Report at page no.		59	73	70
Gautam Mohan Deshpande	Managing Director	3	-	-
Sowmya Gautam Deshpande	Whole Time Director	4	-	-
Pandoo Prabhakar Naig*	Managing Director	-	5	7

22.1.1 Role of Noticee 2

22.1.1.1 It was observed from reply dated March 05, 2024 of Noticee 1 to SEBI that Noticee 2 had joined its Board on September 15, 2020 as a Non-Executive, Non Independent director and his designation was changed to Managing Director w.e.f. April 26, 2021. Further, it was observed that during the period from September 15, 2020 to April 25, 2021, Noticee 2 was Non-Executive, Non-Independent director in Noticee 1, however during this period, his sister, Noticee 3 and brother-in-law, Noticee 4, were the executive directors of Noticee 1. Further, Noticee 2 was also a part of Promoter group entity of Noticee 1.

22.1.1.2 Noticee 2 had attended all the board meetings during the FY 2021-22 and 2022-23 and was also the director of DSPL, DCPL. Thus, due to his common directorship, DSPL its subsidiary, DDEPL and DCPL were related parties of Noticee 1. Noticee 2 was one of the signatories to the financial statements of Noticee 1 for the FY 2020-21, 2021-22 and 2022-23 in which the RPT disclosures w.r.t. transactions of DSPL, DDEPL and DCPL were not disclosed and the provision for arrears of rent was not made or disclosed as a contingent liability after the Court order.

22.1.1.3 Noticee 2, Managing Director and part of promoter group entity of Noticee 1 was observed to have not performed his duties and obligations, which resulted in publication of misrepresented/ misstated financial statements of Noticee 1 for financial years 2020-21, 2021-22 and 2022-23 and he being in-charge of operations and decision making process, was held responsible for the violations committed by the Noticee 1.

Based on the above, it had been alleged that the Noticee 2 had violated Regulations 4(2)(f),(k)&(r) r/w 2(1)(b) & (c)(1) of PFUTP Regulations, and Regulations 4(1)(a),(b),(c),(d),(e),(g),(h),(i)&(j), 4(2)(e)(i), 23(2), 23(4), 23(9), 30(2) r/w Part A of Schedule III, 33(1)(c), 34(3) r/w Part A of Schedule V and

48 of LODR Regulations and Regulations 4(2)(f)(i)(2), 4(2)(f)(ii)(2),(6),(7)&(8), 4(2)(f)(iii)(1)(3),(6)&(12) of LODR Regulations r/w Section 27 of SEBI Act.

22.1.1.4 Further, it was observed that from the CEO and CFO certification provided by Noticee 1, vide email dated March 20, 2024 that Noticee 2 and 5 had certified /given CEO and CFO certification in terms of Regulation 17(8) of LODR Regulations and he was also one of the signatories to the financial statements for the FY 2020-21, 2021-22 and 2022-23 in which RPT disclosures w.r.t. transactions of DSPL, DDEPL and DCPL were not disclosed and the provision for arrear of rent was not made or disclosed as contingent liability after the court order.

Based on the above, it had been alleged that Noticee 2 had violated Regulations 17(8) r/w Part B of Schedule II and 33(2)(a) of LODR Regulations.

22.1.2 Role of Noticee 3

22.1.2.1 Noticee 3 was Whole Time Director of the Noticee 1 for the period from 30/09/2015 to 26/04/2021 and she had attended all the four board meetings and one audit committee meeting during the FY 2020-21. Noticee 3 is a sister of Noticee 2, who was a director of DSPL (parent company of DDEPL) and as per the MCA filings of form MGT-7, she held 22.47% of class "A" Equity shares and 38.51% of class "B" Equity Shares of DSPL and her husband Noticee 4 held 22.47% of class "A" Equity shares and 38.51% of class "B" Equity Shares of DSPL as on March 31, 2020.

22.1.2.2 Noticee 3, Whole Time Director and part of Promoter group entity of the Noticee 1 was observed to have not performed her duties and obligations, which resulted in publication of misrepresented/ misstated financial statements of Noticee 1 for financial years 2020-21 and being in-charge of operations and decision making process, was held responsible for the violations committed by Noticee 1.

Based on the above, it had been alleged that Noticee 3 had violated Regulations 4(2)(f),(k)&(r) r/w 2(1)(b) & (c)(1) of PFUTP Regulations and Regulations 4(1)(a),(b),(c),(d),(e),(g),(h),(i)&(j), 4(2)(e)(i), 23(4), 23(9), 33(1)(c), 34(3) r/w Part A of Schedule V and 48 of LODR Regulations and Regulations 4(2)(f)(i)(2), 4(2)(f)(ii)(2),(6),(7)&(8), 4(2)(f)(iii)(1)(3),(6)&(12) of LODR Regulations r/w Section 27 of SEBI Act.

22.1.2.3 Further, Noticee 3 was also an Audit Committee member, had attended one audit committee meeting during the FY 2020-21 as was observed from the annual reports of the Noticee 1 and had failed to exercise oversight of the Noticee 1's financial reporting process and disclosure of its financial information ensuring that the financial statements were correct, sufficient and credible.

Based on the above, it had been alleged that Noticee 3 had violated Regulation 18(3) r/w Clauses A (1), (4) under Part C of Schedule II of the LODR Regulations r/w Section 27 of SEBI Act.

22.1.3 Role of Noticee 4

22.1.3.1 Noticee 4 was MD of the Noticee 1 for the period from 01/02/2013 to 31/01/2021 and CEO of the Noticee 1 since 26/04/2021 and he had attended three out of four board meetings and two audit committee meetings during the FY 2020-21. Noticee 4 is brother in law of Noticee 2, who was a director of DSPL (parent company of DDEPL) and as per the MCA filings of form MGT-7, he held 22.47% of class "A" Equity shares and 38.51% of class "B" Equity Shares of DSPL and his wife, Noticee 3 held 22.47% of class "A" Equity shares and 38.51% of class "B" Equity Shares of DSPL as on March 31, 2020. He was one of the signatories to the financial statements of Noticee 1 for the FY 2021-22 and 2022-23 in which the RPT disclosures w.r.t. transactions of DSPL, DDEPL and DCPL were not disclosed and the provision for arrear of rent was not made or disclosed as a contingent liability after the court order.

22.1.3.2 Noticee 4, ex-Managing Director, CEO and Promoter of Noticee 1 was observed to have not performed his duties and obligations, which resulted in publication of misrepresented/ misstated financial statements of Noticee 1 for financial years 2020-21, 2021-22 and 2022-23 and being in-charge of operations and decision making process, was held responsible for the violations committed by Noticee 1.

Based on the above, it had been alleged that Noticee 4 had violated Regulations 4(2)(f),(k)&(r) r/w 2(1)(b) & (c)(1) of PFUTP Regulations and Regulations 4(1)(a),(b),(c),(d),(e),(g),(h),(i)&(j), 4(2)(e)(i), 23(2), 23(4), 23(9), 30(2) r/w Part A of Schedule III, 33(1)(c), 33(2)(a), 34(3) r/w Part A of Schedule V and 48 of LODR Regulations and Regulations 4(2)(f)(i)(2), 4(2)(f)(ii)(2),(6),(7)&(8), 4(2)(f)(iii)(1)(3),(6)&(12) of LODR Regulations r/w Section 27 of SEBI Act.

22.1.3.3 Further, Noticee 4 was also an Audit Committee member, had attended one audit committee meeting during the FY 2020-21 as was observed from the annual reports of the Noticee 1 and had failed to exercise oversight of the Noticee 1's financial reporting process and disclosure of its financial information ensuring that the financial statement were correct, sufficient and credible.

Based on the above, it had been alleged that Noticee 4 had violated Regulation 18(3) r/w clauses A (1), (4) under Part C of Schedule II of the LODR Regulations r/w Section 27 of SEBI Act.

22.2 Role of Noticee 5

22.2.1 It was observed by SEBI that Noticee 5 was CFO of Noticee 1 throughout the IP and was its KMP by virtue of his designation as the CFO in terms of the Companies Act, 2013. He was in-charge of financial functions/operations and decision-making process and therefore, responsible for the violation committed by it. Thus, it was observed that he had failed to perform his duties and obligations, which resulted in publication of misrepresented/misstated financial statements of Noticee 1.

Based on the above, it had been alleged that Noticee 5 had violated Regulations 4(2)(f),(k)&(r) r/w 2(1)(b) & (c)(1) of PFUTP Regulations and Regulations 4(1)(a),(b),(c),(d),(e),(g),(h), (i)&(j), 4(2)(e)(i), 23(2), 23(4), 23(9), 30(2) r/w Part A of Schedule III, 33(1)(c), 34(3) r/w Part A of Schedule V and 48 of LODR Regulations r/w Section 27 of SEBI Act.

22.2.2 Further, in terms of Regulation 17(8) of LODR Regulations, the CEO and the CFO are required to provide the compliance certificate to the board of directors as specified in Part B of Schedule II. Further, under Regulation 33(2)(a) of LODR Regulations, it is the duty of the CEO and CFO of the listed entity to certify that the published financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading while placing the financial results.

22.2.3 In this regard, as per the CEO and CFO certification provided by Noticee 1, vide email dated March 20, 2024, Noticee 2, MD, Noticee 5, CFO and Noticee 4, CEO of Noticee 1 had certified CEO and CFO certification as required under Regulation 17(8) of LODR Regulations and were also one of the signatories to the Financial statements for the FY 2020-21, 2021-22 and 2022-23 in which the RPT disclosures w.r.t. transactions of DSPL, DDEPL and DCPL had not been disclosed and the provision for arrear of rent was not made or disclosed as contingent liability after the court order.

Based on the above, it had been alleged that Noticee 5 had violated Regulation 17(8) r/w Part B of Schedule II and 33(2)(a) of LODR Regulation.

22.2.4 Submissions of Noticee 2-5

22.2.4.1 That the Directors and officers of the Noticee 1 cannot be held liable for the violations by the Noitcee 1 as it is an entity separate from its officers and the corporate veil cannot be pierced for mere technical violations.

22.2.4.2 That Noticee 1 in the present case has already been penalised and therefore, Noticees cannot be held liable for purported contraventions by Noticee 1.

22.2.4.3 That Noticee 3 and 4 were not in-charge of the day to day affairs of Noticee 1 post their cessation as Directors of Noticee 1 w.e.f April 26, 2021 and January 31, 2021 respectively.

22.2.4.4 That Noticee 3 was looking after the medical side of the certain activities of the Noticee 1 and Noticee 4 was appointed as the CEO of the dental division of Noticee 1 on April 26, 2021 and was not the CEO of the Noticee 1's entire operations.

22.2.4.5 That on becoming aware of certain inadvertent technical errors, Noticee 1 had taken immediate steps to rectify the same and the breaches of LODR Regulations are venial in nature.

22.2.5 Findings with respect to Noticees 2-5

22.2.5.6 With respect to the submission of Noticee 2-5 above, I note from the preceding paragraphs and as established above that Noticee 1 had misrepresented the financials and the said financials did not present true and fair view of its affairs. As regards roles of Noticee 2-5, it is pertinent to note that Noticee 1 being a legal entity acted through the human mind represented by the Board of Directors, viz Noticee 2-4, who were responsible for all the acts of omission and commission by the Noticee 1. The directors are expected to take utmost care in dealing with the affairs of the Company and to ensure that all applicable laws are being complied with. It is the duty and responsibility of the directors to ensure that proper systems and controls are in place for financial reporting and monitor the efficacy of such systems and controls. The directors of the listed companies have greater responsibility as they have access to inside information such as the financial position of the company, annual accounts, etc., and they take major decisions on behalf of the company, which affects the investors. Further, in terms of extant provisions of LODR Regulations, the Board of Directors are required to conduct themselves so as to meet the expectations of operational transparency, and also ensure the integrity of the listed company's accounting and financial systems, they are also required to monitor the effectiveness of

the listed entity's governance practices and make changes as needed and exercise objective independent judgement on corporate affairs. In this regard, I find pertinent to refer to the provisions of Section 27 of the SEBI Act, which casts responsibility on the Directors. The same reads as below:

Section 27 of the SEBI Act

(1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly: Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Explanation : For the purposes of this section,—

(a) —company¹¹ means anybody corporate and includes a firm or other association of individuals; and

(b) —director¹¹, in relation to a firm, means a partner in the firm.

22.2.5.7 Further, Section 27(2) of SEBI Act stipulates that -

" Notwithstanding anything contained in sub-Section (1), where an contravention under this Act has been committed by a company and it is proved that the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or

other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly."

22.2.5.8 In this respect, I also note that the Hon'ble Supreme Court, in the matter of N Narayanan v. Adjudicating Officer, SEBI (Civil Appeals No. 4112-4113 of 2013) has observed as under:

*"33. Company though a legal entity cannot act by itself, it can act only through its Directors. They are expected to exercise their power on behalf of the company with utmost care, skill and diligence. This Court while describing what is the duty of a Director of a company held in **Official Liquidator v. P.A. Tendolkar (1973) 1 SCC 602** that a Director may be shown to be placed and to have been so closely and so long associated personally with the management of the company that he will be deemed to be not merely cognizant of but liable for fraud in the conduct of business of the company even though no specific act of dishonesty is provided against him personally. He cannot shut his eyes to what must be obvious to everyone who examines the affairs of the company even superficially."*

22.2.5.9 As regards role of Noticee 2, it is noted that he had attended all the board meetings in all the FYs, had given compliance certificate along with Noticee 5 (who being CFO was heading and discharging the finance function of Noticee 1) in terms of Regulations 17 (8) of LODR Regulations, whereby CEO and CFO are required to provide compliance certificate to the board of directors as specified in Part B of Schedule II, thereby certifying that the financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading and that the statements together present a true and fair view of the listed entity's affairs, which Noticees 2 and 5 both had failed in the instant case as they had certified that the financial statements represented true and fair view of the affairs of Noticee 1, despite the misrepresentation in financials by Noticee 1, as

already established above. Further, a CEO and CFO certifying financial health of a company are expected to have knowledge of the relevant transactions and therefore, their submission at this stage that they were not involved in day to day affairs cannot be accepted.

22.2.5.10 Being a signatory to the financial statements, Noticee 2 was expected to exercise the powers in bona fide manner and in the interest of all stakeholders of Noticees 1 and Noticee 5 being CFO was expected to exercise due care and diligence in ensuring that the transactions are genuine and that they were in the best interests of the Noticee 1, including the minority shareholders of the company, which in the instant case, Noticees 2 and 5 failed to do. Thus, Noticees 2 and 5 failed to discharge their duties in ensuring that the published financial statements were in accordance with the applicable and notified Accounting Standards (IND AS) and that the financial statements presented a true and fair view of the Noticee 1's affairs.

22.2.5.11 Further, as regards submission of Noticee 3 and 4 at para 22.2.4, I note that Noticee 3 and 4 have not provided any documentary evidence to substantiate the said claim. Further, from the material available on record, it is clear that Noticee 3 being the Whole time Director, part of promoter group and Noticee 4 being MD and then CEO had attended 4 and 3 board meetings respectively during the FY 2020-21 and thus, were responsible for the misrepresentation of the Financials by Noticee 1. Being executive directors, they were responsible for the day-to-day affairs of the Noticee 1. They were in-charge of operations and decision making process and by virtue of their position on the Noticee 1's Board, they were responsible for the violations committed by Noticee 1. A whole Time Director and CEO are vested with the immense responsibility of the management of a company and are answerable to the board. Therefore, their submission that they were not involved in day to day affairs is not tenable.

22.2.6 In view of the above, the following stands established:

- 22.2.6.1 Noticee 2 has violated Regulations 4(2)(f),(k)&(r) r/w 2(1)(b) & (c)(1) of PFUTP Regulations, and Regulations 4(1)(a), (b), (c), (d), (e), (g), (h), (i) & (j), 4(2)(e)(i), 23(2), 23(4), 23(9), 30(2) r/w Part A of Schedule III, 33(1)(c), 34(3) r/w Part A of Schedule V, 48, Regulations 17(8) r/w Part B of Schedule II and 33(2)(a) and Regulations 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7) & (8), 4(2)(f)(iii) (1)(3), (6) & (12) of LODR Regulations r/w Section 27 of SEBI Act, and;
- 22.2.6.2 Noticee 3 has violated Regulations 4(2)(f),(k)&(r) r/w 2(1)(b) & (c)(1) of PFUTP Regulations and Regulations 4(1)(a),(b),(c),(d),(e),(g),(h),(i)&(j), 4(2)(e)(i), 23(4), 23(9), 33(1)(c), 34(3) r/w Part A of Schedule V and 48 of LODR Regulations and Regulations 4(2)(f)(i)(2), 4(2)(f)(ii)(2),(6), (7)&(8), 4(2)(f)(iii)(1)(3),(6)&(12) of LODR Regulations r/w Section 27 of SEBI Act, and;
- 22.2.6.3 Noticee 4 has violated Regulations 4(2)(f),(k)&(r) r/w 2(1)(b) & (c)(1) of PFUTP Regulations and Regulations 4(1)(a),(b),(c),(d),(e),(g),(h),(i)&(j), 4(2)(e)(i), 23(2), 23(4), 23(9), 30(2) r/w Part A of Schedule III, 33(1)(c), 33(2)(a), 34(3) r/w Part A of Schedule V and 48 of LODR Regulations and Regulations 4(2)(f)(i)(2), 4(2)(f)(ii)(2),(6),(7)&(8), 4(2)(f)(iii)(1)(3), (6)&(12) of LODR Regulations r/w Section 27 of SEBI Act, and;
- 22.2.6.4 Further, Noticee 5 has violated Regulations 4(2)(f),(k)&(r) r/w 2(1)(b) & (c)(1) of PFUTP Regulations and Regulations 4(1)(a),(b),(c),(d),(e),(g), (h), (i)&(j), 4(2)(e)(i), 23(2), 23(4), 23(9), 30(2) r/w Part A of Schedule III, 33(1)(c), 34(3) r/w Part A of Schedule V and 48 of LODR Regulations and Regulation 17(8) r/w Part B of Schedule II and 33(2)(a) of LODR Regulation r/w Section 27 of SEBI Act.

22.3 Role of Audit Committee members (Noticees 3, 4 and 6-12)

- 22.3.1 The details of the attendance of Audit committee members of Noticee 1 in the audit committee meetings during the FY 2020-21 to 2022-23 as per its Annual reports of are mentioned in the table below:

Name of the Director	Designation	Category & Status	Particulars of Attendance of Board Meeting.		
			2020-21	2021-22	2022-23
Mentioned in Annual Report: page no.			65	79	79
Rajnish Kumar Pandey	Chairman	Non Executive & Independent Director	4	3	6
Gautam Mohan Deshpande	Member	Managing Director	3	-	-
Pratibha Walinjar	Member	Non Executive & Independent Director	2	-	-
Gaurav Goyal	Member	Non Executive & Independent Director	3	-	-
Sowmya Gautam Deshpande	Member	Whole Time Director	1	-	-
Vaishali Sood Sharma	Member	Non Executive & Independent Director	-	3	-
Rahul Sathe	Member	Non Executive & Independent Director	-	2	-
Dhananjay Parikh	Member	Non Executive & Independent Director	-	3	6
Lucy Maqbul Massey	Member	Non Executive & Non Independent Director	-	-	5

(Source: Annual Report)

22.3.2 It was observed that even though the audit committee had approved the RPTs with DSPL, DDEPL and DCPL, the same was not disclosed as RPT disclosures in the annual report for the FY 2020-21, 2021-22 and 2022-23. Further, the same was not disclosed/wrongly disclosed in the half yearly RPT filings with stock exchange. Thus, it was observed that the Audit Committee had failed to ensure that the published financial statements were in accordance with the applicable accounting standards and presented a true and fair view of the Noticee 1's affairs, during the IP. Thus, it was observed that Noticees 3, 4 and 6-12 had failed to exercise oversight of Noticee 1's financial reporting process and the disclosure of its financial information ensuring that the financial statements were correct, sufficient and credible and hence, had failed to discharge their duties as Audit Committee members.

Based on the above, it had been alleged that Noticees 3, 4 and 6-12 had violated Regulation 18(3) r/w clauses A (1), (4) under Part C of Schedule II of the LODR Regulations r/w Section 27 of SEBI Act.

22.3.3 It was observed that Noticee 6 was the Chairman and member of the Audit Committee. He had attended four, three and six audit committee meetings during the FY 2020-21, 2021-22 and 2022-23 respectively. He was one of the signatories to the financial statements of Noticee 1 for the FY 2020-21, 2021-22 and 2022-23 in which the RPT disclosures w.r.t. transactions of DSPL, DDEPL and DCPL were not disclosed and the provision for arrear of rent was not made or disclosed as a contingent liability after the court order. Further, he had provided wrong information in his statements recorded on March 11, 2024 w.r.t the queries regarding his association with related parties of Noticee. However, it was observed from the MCA website that he was a director in DSPL and DCPL.

Based on the above, it had been alleged that Noticee 6 had violated Regulation 18(3) r/w clauses A (1), (4) under Part C of Schedule II of the LODR Regulations r/w Section 27 of SEBI Act.

23. Submission of Noticees 6-12

Submissions of Noticee 6

- 23.1 *That he was only a non-executive independent director of the Noticee 1 and had resigned from it on July 15, 2023 and, therefore, was not associated with it.*
- 23.2 *That at any point of time during his association as non-executive independent director of Noticee 1, he was not involved in its day-to-day affairs, business, executive functions and management.*
- 23.3 *That he was not related to any of the directors/shareholders of the Noticee 1 and was not involved in any misrepresentation, misstatement, fraudulent and unfair trade practices as alleged.*
- 23.4 *That, as he was never involved in day-to-day affairs, business, executive functions and management thereof and not associated with the Noticee 1 anymore, he finds himself unable to offer any comments with respect to compliances/disclosures/violations made/done or to be made/done in the matter and submitted that Noticee 1 and/or its executives should be in a better position to address such issues raised in your captioned letter/notice/show cause notice.*

23.5 That he had not given any misstatement before SEBI in his statement dated March 11, 2024, recorded in SEBI and that in response to the query, “Are you related with any other group companies?”, he had answered that he had resigned from FCHL and not related with any other companies. The said fact stands correct even today as he had resigned well before the date of recording statement dated March 11, 2024.

23.6 That he had resigned from Dealmoney Securities Private Limited (“DSPL”) on or around February 27, 2020 and Dealmoney Commodities Private Limited (“DCPL”) on or around February 27, 2020.

23.7 That the period of investigation in the instant matter is from April 1, 2020 to March 31, 2023 whereas he had resigned from the said companies (DSPL and DCPL) well before the IP (Financial Years 2020-21, 2021-22 and 2022-23). Therefore, on this ground, observation of SEBI that he had given wrong information in his statement recorded on March 11, 2024, with respect to the queries regarding his association with related parties of FCHL is grossly misconceived, misconstrued and incorrect.

23.8 That the learned Investigating Authority (“IA”) was prima facie biased, prejudiced in the matter and framed the purported story without application of mind. The IA simply included all the directors without having paid any attention to their roles, duties, responsibilities, etc and even assuming just for the sake of argument only that the allegations made in the letter/notice/show cause notice are correct, there is no mens-rea from his end in the alleged wrongdoing.

23.9 That the accounts of the Noticee 1 were duly audited (independent statutory audits, internal audits and secretarial audits were conducted in due course) and the same is a matter of record and the financial accounts were produced before the audit committee and approved by members in due course. Audit committee had no reason to disbelieve the audits done by the qualified professionals.

Submission of Noticee 7-12

23.10 That Noticee 7-12 were members of the audit committee and not responsible for day-to-day affairs of the Noticee 1 and merely because they were part of the audit committee cannot mean that they were aware of any purported misrepresentation by Noticee 1.

23.11 That the liability under Section 27 of the SEBI Act cannot be imposed upon individuals, who are not in charge of and/or responsible for day-to-day affairs of Noticee 1.

23.12 That by the very nature of the role of an audit committee member, it can be inferred that the members do not have knowledge of everyday affairs of Noticee 1.

Submission of Noticee 10

23.13 That he was on the board of Noticee 1 as a Non-Executive Non-Independent Director between 29th June 2021 to 15th September 2021 and during the covid pandemic, he was not keeping well owing to which he could not give time for this new post. So, he had resigned from the Noticee 1 on September 13, 2021, which also reflects in the ROC of the Noticee 1 for the FY 21 -22.

23.14 That he had received an email from Noticee 1 on 29/6/2021, seeking his consent to act as its director, for which he had positively replied and shown his interest to act as its director.

23.15 That he was appointed as a non executive and non independent director of Scandent Imaging Ltd, after obtaining his consent on 16/7/2021 and the said consent letter was sent to him as an attachment to the email dated 16/7/2021 at 1:42 p.m. In the declaration, his consent had been obtained for his appointment as non executive and non independent director of Noticee 1 from 29/6/2021 and had provided a copy of the email 29/6/2021, received by him.

23.16 He also provided with a copy of the email dated 16/7/2021, copy of the declaration attached with email dated 16/7/2021 and consent letter to act as director alongwith a copy of Form DIR-2.

23.17 That he was a director of Noticee 1 only for a limited period upto 13/9/2021 and during the said period there was outbreak of covid-19 pandemic due to which it was not possible for him to physically attend any meetings of the Noticee 1 and its meetings were held online as there were travel restrictions.

23.18 That during his tenure as director, a meeting of the audit committee was held on 13/8/2021, which he had attended online and barring the said meeting he had not attended any other meeting of Noticee 1.

23.19 As he had serious health issues at that time, he had voluntarily resigned from the post of director on 13/9/2021, which was reflected on 15/9/2021, on the website of ROC and provided a copy of his resignation letter.

- 23.20 *W.r.t the non-compliance of Regulation 23(2) of SEBI as contained in para 4.1.1.25 of SCN, he submitted that the same was not during the period when he had held the post of director.*
- 23.21 *That his consent was obtained only on 16/7/2021 and therefore he had not attended any audit committee meeting held on 29/6/2021 and therefore, any transaction, which had taken place after his resignation or prior to his appointment as director was not within his knowledge or consent for, which he could not be held liable.*
- 23.22 *That the court order relating to arrears of rent was passed only after he had resigned from Noticee 1 as director i.e. after 15/9/2021 and therefore he cannot be held liable for the non disclosure of arrears of rent as he did not continue to be a member of the audit committee after 15/9/2021.*
- 23.23 *That none of the non-disclosures relate to the period during which he was director of Noticee 1. As he was director of the Noticee 1 for a very limited period of less than 3 months, he was not provided with any information relating to its financial statement.*

24. Findings with respect to Noticees 3, 4 and 6-12

- 24.1 With respect to the submission of Noticees 3, 4, 6-9, 11 and 12 above, I note that they being the members of Audit committee had a monumental role to play by monitoring the transactions and flag the irregularities observed by them.
- 24.2 As regards their roles, I note from the material available on record that out of 4 Audit committee meetings in the FY 2020-21, Noticees 3, 4, 6, 7 and 8 had attended 1, 3, 4, 2 and 3 audit committee meetings respectively. Further, out of the 4 audit committee meetings held during the FY 2021-22, Noticees 6, 9-11 had attended 3, 3, 2 and 3 board meetings respectively and similarly, out of total 6 audit committee meetings held during the FY 2022-23, Noticees 6, 11 and 12 had attended 6, 6 and 5 audit committee meetings respectively.
- 24.3 Further, I note from the agenda of audit committee meeting held on July 31, 2020 for the FY 20-21, one of the agenda was approval of RPT, taking note of disclosure of RPTs pursuant to Regulation 23(9) of the LODR Regulations for the half year ended March 31, 2020 and considering and recommending to the board of Directors, the Audited Financial Statements i.e Balance Sheet, Statement of Profit & Loss along with its notes and the Cash Flow Statement

for the Financial Year ending on 31st March, 2020. The attendance register shows that Noticees 4, 6 and 7 had attended the said meeting.

- 24.4 Similarly, from the agenda of audit committee meeting held on November 12, 2020 for the FY 2020-21, it is noted that one of the agenda of the audit committee was taking note of disclosure of RPTs pursuant to Regulation 23(9) of the LODR Regulations, for the half year ended 30th September, 2020 and the attendance register shows that Noticees 4 and 6 had attended the said meeting.
- 24.5 An audit committee meeting was also held on February 12, 2021 during the FY 2020-21, wherein audit committee had approved Un-audited Financial Results for the Third Quarter ended 31st December, 2020 along with the Limited Review Report and the said meeting was attended by Noticees 3, 6 and 8.
- 24.6 Another audit committee meeting was held on June 29, 2021 during the FY 2021-22, wherein audit committee had approved RPT, took note of note of disclosure of RPTs pursuant to Regulation 23(9) of the LODR Regulations for the half year ended March 31, 2022, considered and recommended to the Board of Directors, the Audited Financial Statements i.e Balance Sheet, Statement of Profit & Loss along with its notes and the Cash Flow Statement for the Financial Year and Quarter ending on 31st March, 2021. It is noted that Noticees 6, 9 and 10 had attended the said meeting.
- 24.7 Further, from the agenda of audit committee meeting held on May 28, 2022 during the FY 2022-23, I note that audit committee had approved Audited Annual Financial Statements, i.e., Balance Sheet, Statement of Profit & Loss along with its notes and the Cash Flow Statement for the financial year/quarter ending on 31st March, 2022 and took note of disclosure of RPTs pursuant to Regulation 23(9) of the LODR Regulations for the half year ended March 31, 2022 and the said meeting was attended by Noticees 6, 9 and 11.
- 24.8 With respect to the audit committee meeting held on June 29, 2022 during the FY 2022-23, I note that the audit committee had approved RPT, borrowing, etc and finally another audit committee meeting was concluded on March 29,

2023 during the FY 2022-23, wherein audit committee had approved RPT, etc. The said meetings were attended by Noticees 6, 11 and 12.

- 24.9 With regard to the above observations, I note that in terms of the provisions of LODR Regulations, an audit committee member is liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his knowledge, attributable through processes of board of directors, and with his consent or connivance, which in the instant case, Noticees 3, 4, 6-9 and 11 and 12 were fully aware but failed in their duties. Further, as per Regulation 18(3) r/w Para A of Part C of Schedule II of LODR Regulations, Audit Committee is expected to, inter-alia, perform various functions. Some of the functions relevant, in the instant case, as specified in Part C of Schedule II of LODR Regulations are as under:

A(1): Oversight of the listed entity's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

A(4)(e): Reviewing with the management, the annual financial statements and auditor's report thereon, before submission to the board for approval, with particular reference to compliance with listing and other legal requirements relating to the financial statements.

A(5): Reviewing with the management, the quarterly financial statements before submission to the board for approval.

A(11): Evaluation of internal financial controls and risk management systems.

A(12): Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

- 24.10 Further, it is pertinent to note that the Audit Committee members are expected to be independent of the management and act as gatekeepers/ trustees of shareholders. Commonly dissent and confrontation are perceived to be signs of independence. Audit Committee members have to look beyond what is presented by the management, raise questions without any fear or favour on the proposals placed before them, consider the impact of proposals from the perspective of minority investors and provide objective inputs and advice,

wherever required, which in the instant case, Noticees 3, 4, 6-9, 11 and 12 failed to do or question the figures reported in the financial statements of the Noticee 1 or review the integrity of internal controls of Noticee 1 despite having attended the meetings as mentioned above. Thus, their submission is bereft of merits.

24.11 As regards submission of Noticee 10 above, I note that Noticee 10 with his reply dated March 04, 2025, had provided copies of emails dated June 29, 2021 and July 16, 2021, that were received by him from Noticee 1 and he also provided his resignation letter dated September 13, 2021, addressed to Noticee 2. Upon perusal of email dated June 29, 2021, it is observed that Noticee 10 had been directed by Noticee 1 to provide his consent to act as its Director w.e.f June 29, 2021 and vide email dated July 16, 2021, he had been supplied a consent letter by Noticee 1 to be signed by him.

24.12 Further, Noticee 10 in his reply has claimed to have resigned from Noticee 1 w.e.f September 13, 2021 based on the said resignation letter. Thus, it appears that Noticee 10 had given his consent to act as the Director of Noticee 1 on July 29, 2021 w.e.f from June 29, 2021 i.e. a back dated consent was given by him at the direction of Noticee 1. Further, as per submission of Noticee 10, he was not even present in the audit committee meeting held on June 29, 2021 and claimed to have attended only 1 meeting on August 13, 2021 during his brief tenure of association with Noticee 1. Thus, material available on record is not sufficient to ascertain whether Noticee 10 was actually involved in the alleged misrepresentation by Noticee 1. In view of the above, benefit of doubt is being given to Noticee 10 based on his submission, copies of emails provided by him, vis-a-vis material available on record.

24.13 In view of the foregoing and provisions mentioned hereinabove, it is conspicuous that Noticees 3, 4, 6-9, 11 and 12 had not complied with the provisions of LODR Regulations.

24.14 Thus, from the above, it stands established that the Noticees 3, 4, 6-9, 11 and 12 have violated Regulation 18(3) r/w clauses A (1), (4) under Part C of Schedule II of the LODR Regulations r/w Section 27 of SEBI Act.

ISSUE No. II: Do the violations, if any, attract monetary penalty u/s 15A(b), 15HA and 15HB of SEBI Act, as applicable upon the Noticees?

25. The provisions of Sections 15A(b), 15HA and 15HB of the SEBI Act read as under:

Penalty for failure to furnish information, return, etc.

15A. If any person, who is required under this Act or any rules or regulations made thereunder,—

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;

Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

Penalty for contravention where no separate penalty has been provided

15HB Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

26. In view of the findings given above, I am convinced that the Noticees 1-9, 11 and 12 are liable for monetary penalty u/s 15A(b), 15HA and 15HB of the SEBI Act for violations of the provisions of SEBI Act, PFUTP Regulations and LODR Regulations, as established above.

ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticees 1-9, 11 and 12, after taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the SEBI Adjudication Rules?

27. While determining the quantum of penalty u/s 15A(b), 15HA and 15HB of SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:-

SEBI Act

“15J. Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under Section 23-I, the adjudicating officer shall have due regard to the following factors, namely:-

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

28. I observe, that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticees 1-9, 11 and 12 and the losses, if any, suffered by the investors due to such violations on the part of the Noticee 1. From the document available on record, I note that barring Noticee 1, that was penalized by SEBI vide AO order dated March 21, 2024, violations by Noticees 2-9, 11 and 12 are not repetitive in nature. However, as established in the preceeding paragraphs, Noticees 1-9, 11 and 12 had not complied with the provisions of SEBI Act, PFUTP Regulations and LODR Regulations during the IP and the same in my assessment cannot be taken leniently and such violations deserve to be adequately penalized. The very purpose of the said provisions is to deter wrong doing and promote ethical conduct in the securities market. I cannot ignore the fact that Noticees 1-9, 11 and 12 were under a statutory obligation to abide by the provisions of the SEBI Act, PFUTP Regulations and LODR Regulations, which they failed to do during the IP.

ORDER

29. After taking into consideration the facts and circumstances of the case, in exercise of powers conferred upon me u/s 15-I of the SEBI Act r/w Rule 5 of the SEBI Adjudication Rules, I hereby impose following penalty upon Noticees 1-9, 11 and 12 under applicable Sections of the SEBI Act as mentioned against their names in the table below. I find that the said penalty is commensurate with the violations committed by them.

Sr No.	Name of the Noticees	Provisions under which penalty imposed	Penalty Amount (in rupees)
1	Family Care Hospitals Limited	Section 15A(b) of the SEBI Act	Rs.2,00,000 (Rs. Two Lakhs Only)
		Section 15HA of the SEBI Act	Rs.5,00,000 (Rs. Five Lakhs Only)
		Section 15HB of the SEBI Act	Rs.2,00,000 (Rs. Two Lakhs Only)
2	Pandoo Prabhakar Naig	Section 15A(b) of the SEBI Act	Rs.4,00,000 (Rs. Two Lakhs Only)
3	Sowmya Gautam Deshpande	Section 15HA of the SEBI Act	Rs.5,00,000 (Rs. Five Lakhs Only)
4	Gautam Mohan Deshpande	Section 15HB of the SEBI Act	Rs.4,00,000 (Rs. Two Lakhs Only)
5	Amit Satishchand Tyagi		The above penalty is imposed jointly and severally
6	Rajnish Kumar Pandey	Section 15HB of the SEBI Act	Rs.2,00,000 (Rs. Two Lakhs Only)
7	Pratibha Walinjkar		Rs.2,00,000 (Rs. Two Lakhs Only)

8	Gaurav Goyal		Rs.2,00,000 (Rs. Two Lakhs Only)
9	Vaishali Sood		Rs.2,00,000 (Rs. Two Lakhs Only)
11	Dhananjay Parikh		Rs.2,00,000 (Rs. Two Lakhs Only)
12	Lucy Maqbul Massey		Rs.2,00,000 (Rs. Two Lakhs Only)

30. The penalty shall be paid within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

31. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

32. In terms of Rule 6 of the SEBI Adjudication Rules, a copy of this order is sent to the Noticees and also to SEBI.

Place: Mumbai

Date: June 03, 2025

AMIT KAPOOR
ADJUDICATING OFFICER