

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
[ADJUDICATION ORDER NO. ORDER/AK/JR/2025-26/31412 – 31413]**

**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992, READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 AND SECTION 23-I OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 AND RULE 5 OF SECURITIES CONTRACT (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005, IN RESPECT OF;**

**CHETAN SUKHDEV PANDIT (PAN: AGJPP0477F)  
&  
PRAHLAD VITHALDAS PANCHAL (PAN: AADPP4559Q)**

**In the matter of Audit report of ACIL Cotton Industries Ltd., Universal Credit and Securities Ltd., Mindvision Capital Ltd. And RFL International Limited**

**BACKGROUND**

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) conducted an investigation in the matter of Audit report of ACIL Cotton Industries Ltd. (hereinafter referred to as “**ACIL**”), Universal Credit & Securities Ltd. (hereinafter referred to as “**UCSL**”), Mindvision Capital Ltd. (hereinafter referred to as “**MCL**”) and RFL International Ltd. (hereinafter referred to as “**RFL**”), during the period April 01, 2011 to March 31, 2018 (hereinafter referred to as “**investigation period/ IP**”). Investigation revealed, inter alia, that Chetan Sukhdev Pandit (hereinafter referred to as “**Noticee 1**”) in his capacity as Director of UCSL and Prahlad Vithaldas Panchal (hereinafter referred to as “**Noticee 2**”), in his capacity as Director of MCL (Noticee 1 and Noticee 2 shall hereinafter be collectively referred to as the “**Noticees**”) have misused the names of Chartered Accountants as statutory auditors in the financial statements and filed fraudulent audit reports and failed to publish fair and true audited financial statements and/ or non-filing of Annual Reports. They further failed to

provide information and failed to appear in person, as required under summons. Subsequently, an adjudication order (hereinafter referred to as “**AO**”) No. Order/GR/PU/2022-23/ 20625 – 20642 dated October 21, 2022 was passed against 18 entities for violation of provisions of section 12A(c) of SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) r/w Regulations 3(d), 4(2)(f), (k) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”), Regulations 4(1)(b), (c), (g), (j), 33(1)(d), 33(3)(d), (e), 34(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**LODR Regulations**”) and Section 21 of Securities Contract Regulation Act, 1956 (hereinafter referred to as “**SCRA**”) r/w clause 41(l)(d), (IV), (V) of the Equity Listing Agreement and section 11C(2), (3), (5), (6) of SEBI Act.

2. Aggrieved by the AO, Noticees appealed before the Hon’ble Securities Appellate Tribunal (hereinafter referred to as “**SAT**”). Hon’ble SAT, vide order dated October 22, 2024, in appeals no. 188 of 2024 and 189 of 2024, while remitting the AO stated that *“The appeals are allowed and the matter is remitted to SEBI to pass orders afresh after serving a SCN. In this regard, the Appellants shall appear before the Respondent on November 11, 2024 on which date the SCN will be served and the matter will proceed from there onwards in accordance with law”*.

### **Appointment of Adjudicating Officer**

3. In compliance with the above directions of the Hon’ble SAT, SEBI, vide communique dated October 29, 2024, appointed Shri. N Hariharan as the Adjudicating Officer to inquire into and adjudicate under sections 15HA, 15HB and 15A(a) of SEBI Act and section 23H of SCRA for the aforesaid violations alleged to have been committed by the Noticees. On transfer of the matter, the undersigned was appointed as the Adjudicating Officer vide communique dated December 6, 2024.

### **Personal Hearing & Reply**

4. As directed by Hon'ble SAT, the Noticees were called upon to appear before the Adjudicating Officer on November 11, 2024, vide notice dated November 4, 2024. The Authorised Representative (hereinafter referred to as "**AR**") of the Noticees appeared on the scheduled date and collected the copy of the Show Cause Notice (hereinafter referred to as "**SCN**") dated March 01, 2021 from SEBI. Vide email dated November 17, 2024, the AR sought inspection of documents. Accordingly, vide email dated November 21, 2024, the AR was given an opportunity of inspection of documents on November 27, 2024, which was availed by the AR. An opportunity of personal hearing was given to the Noticees on January 17, 2025, vide notice dated January 3, 2025. Vide email dated January 6, 2025, the AR sought further documents which was provided to him vide email dated January 9, 2025. Further, through the same email the AR sought another date of hearing. Acceding to his request the Noticee was given another opportunity of personal hearing on February 5, 2025.
5. Noticee 1 replied to the SCN, vide letter dated January 31, 2025, stating, inter alia, the following:

5.1. *The summary of summons alleged to be issued and delivered to the Noticee is provided below:*

<i>Name of Director</i>	<i>Date of summons to furnish info</i>	<i>Delivered</i>	<i>Date of summons to appear in person</i>	<i>Delivered</i>	<i>Date of Summons to appear in person</i>	<i>Delivered</i>
<i>Chetan Pandit</i>	<i>16-08-2019</i>	<i>No</i>	<i>-</i>	<i>-</i>	<i>12-02-2020</i>	<i>Yes</i>

5.2. *The Noticee submits that in Para 12 of SCN it is alleged that the Summons to furnish information dated 16-08-2019 was not delivered to the Noticee whereas the Summons to appear in person dated 12-02-2020 was delivered to the Noticee. It is pertinent to note that SEBI has provided SPAD Cards for both the above-mentioned Summons, however, no recipient signature has been provided on both the SPAD Cards.*

- 5.3. *On perusal of the Summons dated 16-08-2019 which was undelivered to the Noticee, it is observed that the said Summons has been sent to the following address: "B-1, Sagar Vaibhav CHS, Navgaon, Dahisar (w), Mumbai- 400068." The Noticee submits that the the said address is not in existence as the building went under Redevelopment in 2010 and thereafter no such building exist.*
- 5.4. *Similarly, upon reviewing the Summons dated 12-02-2020, which was purportedly delivered, it is observed that the Summons was sent to nine different addresses, with the delivery allegedly occurring at the address: '603, Kailash Darshan, New Link Road, Dahisar, Mumbai.' The Noticee submits that this was a rented property used by the Noticee approximately 20 years ago. However, in the past 20 years, the Noticee has not resided at or used this address, and therefore, the service of the Summons at this address is not applicable.*
- 5.5. *Furthermore, SEBI has failed to provide any details regarding to whom the Summons was actually delivered. The SPAD card also lacks the recipient's signature, further casting doubt on the claim of delivery. In light of these discrepancies, it cannot be conclusively established that the Summons was served to the Noticee at this address, thereby rendering the allegation of service unproven.*
- 5.6. *A comparative analysis of the SPAD Cards for the Summons dated 16-08-2019 (which was undelivered) and the Summons dated 12-02-2020 (alleged to be delivered), reveals no substantive difference except for the address of the Noticee and the description of the item. This, establishes that the Summons dated 12-02-2020 was, in fact, never delivered to the Noticee.*
- 5.7. *Furthermore, concerning the remaining 8 addresses mentioned on the Summons dated 12-02-2020 the Noticee submits that, SEBI has failed to provide any documentary evidence which substantiates that the said Summons was delivered to any of the remaining addresses. Despite of specific request by the Authorised Representative of the Noticee to provide for documents which substantiate that the addresses belong to the Noticee, SEBI has vehemently refused to furnish the same on the grounds that the said information is not material.*
- 5.8. *Considering the above, it is evidently clear that the Noticee was never served with the copies of the Summons dated 16-08-2019 and 12-02-2020. Therefore, the contention of*

*SEBI that the Noticee has violated the provisions of Section 11C(2), (3), (5), and (6) of the SEBI Act, 1992 is devoid of merits and lacks substantiation.*

*5.9. The Noticee submits that SEBI received the complaint from Mr. Dinesh S. Bang in April 2015, yet the SCN was only issued in March 2021. Given the serious nature of the allegations, SEBI's failure to take timely action, despite being aware of the matter since April 2015, allowed the fraudulent misuse of auditors to persist. This constitutes an inordinate delay in initiating the proceedings, which has prejudiced the Noticee's ability to mount an effective defense. How the Noticee could defend his case for the events which occurred 13 years before.*

*5.10. The Noticee submits that the matter pertains to event took place in the year 2012, and as such, the Noticee is unable to recollect most of the events that occurred 13 years ago. The significant delay in these proceedings has severely prejudiced the Noticee, limiting the ability to respond comprehensively and forcing the Noticee to rely on the limited documents and data currently available.*

*5.11. The Noticee further submits that on page 23 of the IR and in paragraph 17 of the SCN, it is stated that 'Summons could not be delivered to some of the directors, namely Abhishek Shah, Dolly Shah, Jitendra B. Patel, Naresh N. Shah, Praful N. Trivedi, and Vimala Sanjay Patel (refer to point 12(d) above). Hence, no adverse inference could be drawn against them.' In this context, the Noticee submits that, since the Summons could not be served to the Noticee, the proceedings against the Noticee should similarly be dropped, applying the same rationale.*

*5.12. It is particularly significant to note that the IA has applied a vague and inconsistent yardstick—one that is not defined under any law—while dismissing proceedings against an entity who, according to SEBI's own records, was the Chairman/Managing Director of UCCL during the 2012-13 period, when the auditors' names and details were fraudulently misused.*

*5.13. The Noticee further submits that he had resigned from the post of Director of UCSL w.e.f. 17-01-2013 whereas his name has been fraudulently shown in the Annual Report filed by the Company for the FY 2012-13 with the Bombay Stock Exchange. It is very pertinent to mention that the said Annual Report filed with BSE contains 32 pages which includes Balance Sheet, Profit & Loss Account and Cash Flow Statement along with the Notes*

*thereto, whereas the Annual Report filed with ROC for the same FY 2012-13 contains 13 pages and the Balance Sheet, Profit & Loss and Cash Flow Statement along with the Notes thereto filed by the Company in XBRL Format contains 44 pages.*

*5.14. On perusal of the said Annual Report filed with the Bombay Stock Exchange it is observed that the Noticee is alleged to have sign the Balance Sheet, Profit & Loss and Cash Flow Statement. However, on perusal of the Balance Sheet, Profit & Loss and Cash Flow Statement of the Company for the FY 2012-13 filed with the ROC (Refer Page 21), it is observed that the signatories to the Financials of the Company are Mr. Abhishek Shah and Mr. Narendra Shah. Further, it is pertinent to note that Mr. Abhishek Shah has signed the said Balance Sheet in his capacity as the Managing Director of the Company.*

*5.15. This further proves that Mr. Abhishek Shah in connivance with Mr. Narendra Shah has misused the name of the Noticee and have mislead the investors by submitting two different copies of the same document viz., the Annual Report and the Financial Statements with two different authorities.*

*5.16. The Noticee respectfully submits that he was appointed as an Additional Director (Non - Executive Director in the Independent Category) of UCSL on 20-04-2008 vide Form 32 dated 06-05-2008. Subsequently, the appointment of the Noticee was regularised and the Noticee was appointed as a Non-Executive Director (Independent Category) of UCSL on 29-09-2008 vide Form 32 dated 24-10-2008. The Noticee further submits that Noticee had tendered his resignation as the Director of the Company vide its resignation Letter dated 17-01-2013 and the same has been filed by the Company in Form 32 dated 19-01-2013. SEBI, in both the IR and the SCN, has exonerated those entities who were not independent directors. The same rationale should apply in the case of the Noticee. Therefore, the SCN against the Noticee is liable to be quashed, and no adverse order should be passed.*

*5.17. The Noticee further submits that, since his appointment to the Board of Directors of the Company, has not attended any of the Board Meetings held by the Company. As per the provisions of Section 283(1)(g) of the Companies Act, 1956, a director's office would become vacant if he absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board. Given that the*

*Noticee has failed to attend any Board Meetings and has not sought leave of absence, he is deemed to have vacated his office as a director in accordance with the aforementioned provisions of the Companies Act, 1956.*

*5.18. The Noticee further submits that the SCN alleges that the Company has misused the names of the Chartered Accountants as the Statutory Auditors of the UCSL for the FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 and FY 2017-18. The Noticee reiterates that, as stated in the foregoing paragraph, the Noticee had resigned from the Company on 17-01-2013 which falls within the FY 2012-13. Consequently, the Noticee cannot be held liable for any acts committed by the Company for the remainder of FY 2012-13 or any subsequent financial years thereafter.*

*5.19. In the present case the Noticee does not hold any of these positions. Moreover, the Noticee asserts that during the relevant period, the day-to-day affairs of the Company were managed exclusively by the Managing Director, Mr. Abhishek Shah. A conjoint reading of Sections 2(26) and Section 5 of the Companies Act, 1956 makes it evident that primary liability for the affairs of the Company rests upon the Managing Director, even before ascertaining the specific roles of other directors. However, despite this legal position, SEBI has failed to implead Mr. Abhishek Shah as a party to the SCN, despite him being the Managing Director during the relevant period.*

*5.20. In consideration of the above, the Noticee respectfully submits that his position as a Non-Executive Chairman does not, in itself justify the imposition of vicarious liability for the acts, omissions or responsibilities of the Company. Thus, the contention of SEBI that the Noticee has violated Regulations 4(1)(b), (c), (g), (j), 33(1)(d), 33(3)(d), (e), 34(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ("SEBI (LODR) Regulations")) and Section 21 of Securities Contract (Regulation) Act, 1956 (hereinafter referred to as "SCRA, 1956") read with Clause 41(1)(d), (IV), (V) of the erstwhile Equity Listing Agreement, Section 12A(c) of the SEBI Act, 1992 read with regulations 3(d), 4(2)(f), (k) of SEBI (PFUTP) Regulations, 2003 is devoid of any merits and lacks substantiation.*

*5.21. Upon examination of the above it is evident that the Audit Committee is entrusted with the responsibility of recommending the appointment of the auditor, determining the audit fee, and conducting pre and post audit discussions with the statutory auditors etc. In the*

*light of these obligations, the Audit Committee bears direct accountability for any misrepresentation or misuse of auditors' names in the Annual Report. Accordingly, it is incumbent upon the Audit Committee to ensure that all disclosures pertaining to auditors are accurate, transparent, and in strict compliance with applicable regulatory requirements.*

*5.22. The Noticee further submits that not only has his name been fraudulently misused, but the names of other entities, including Chartered Accountants, have also been misused by the Company to falsely designate directors, auditors, and other positions.*

*5.23. The Noticee further submits that Mr. Dinesh S. Bang and Mr. Bhadresh B. Sanghvi, the alleged statutory auditors of MCL, should be permitted to be cross-examined by the Noticee, as SEBI has relied upon their complaint and/or statements made in their respective replies to SEBI's queries. The cross-examination of these individuals is vital, as it will establish that they have had no interaction with the Noticee, who has never met any of the aforementioned Chartered Accountants. The opportunity for cross-examination is not only essential for a just and thorough investigation but is also a fundamental right of the Noticee to ensure a fair and transparent adjudication process, as enshrined in the principles of natural justice. The failure to allow this cross-examination would undermine the integrity of these proceedings and deny the Noticee a fair opportunity to defend themselves.*

6. Noticee 2, vide letter dated January 31, 2025 replied to the SCN stating, inter alia, the following:

6.1. *The summary of summons alleged to be issued and delivered to the Noticee is provided below:*

<b><i>Name of Director</i></b>	<b><i>Date of summons to furnish info</i></b>	<b><i>Delivered</i></b>	<b><i>Date of summons to appear in person</i></b>	<b><i>Delivered</i></b>	<b><i>Date of Summons to appear in person</i></b>	<b><i>Delivered</i></b>
<i>Prahalad Panchal</i>	<i>16-08-2019</i>	<i>Yes</i>	<i>07-01-2020</i>	<i>Yes</i>	<i>12-02-2020</i>	<i>Yes</i>



- 6.2. Furthermore, the Noticee has never provided his consent or approval for his appointment as a Director in any Company including MCL. The Noticee has never applied for Digital Signature Certificate (DSC) and Director Identification Number (DIN).
- 6.3. The Noticee further submits that his name and personal documents have been wrongfully and fraudulently misused to appoint him as the Director of MCL. The Noticee's family consists of himself, his wife and his college going son. Further the Noticee and his wife are both suffering from various age-related ailments. The Noticee is the sole earner for his family and is struggling to meet the day-to-day expenses of his household.
- 6.4. In Para 12 of SCN it is alleged that the Summons to furnish information dated 16-08-2019 was delivered to the Noticee. On perusal of the Summons dated 16-08-2019 it is observed that the said Summons has been sent to the following addresses: "16, Sindhi Chawl, Room No. 6, Dolat Nagar, Borivali (east) Mumbai- 400066" and "8892, Laxmidas Bhuvan, V V Chandan Street, Office No. 15, Masjid Bunder, Mumbai- 400009.
- 6.5. First of all, during the course of inspection, no details have been provided regarding service of the said Summons. Further, the Noticee was not given access to the original of the documents as supplied vide email dated 09-01-2025. Thus, the documents as supplied vide email dated 09-01-2025 cannot be relied.
- 6.6. Without prejudice to the aforesaid, with the regards to the address "16, Sindhi Chawl, Room No. 6, Dolat Nagar, Borivali (east) Mumbai- 400066" the Noticee submits that the previous residential address i.e., Sindhi Chawl underwent redevelopment about the year 2014 and the Noticee gained possession of new premises in the year 2017. The name of the premises has also been changed from Sindhi Chawl to Sai Leela Apartment. Consequently, SEBI did not have the Noticee's new address and therefore the Noticee has not received the copies of the Summons, SCN, NOH and Impugned Order.
- 6.7. Further, the Hand Delivery Acknowledgment Letter Slip for Summons addressed to the above Borivali address bears a signature that does not align with the actual signature of the Noticee and the same appears to have been forged. Additionally, the contact number mentioned on the said acknowledge slip which apparently belongs to the Noticee has also been misused. Therefore, it cannot be reasonably concluded that the Summons dated 16-08-2019 was delivered to the Noticee.

- 6.8. Further, with respect to the Summons dated 16-08-2019 addressed to '8892, Laxmidas Bhuvan, V.V. Chandan Street, Office No. 15, Masjid Bunder, Mumbai-400009', the Hand Delivery Acknowledgement Slip does not provide the name, signature, or contact details of the recipient, and therefore, it cannot be considered as having been delivered to the Noticee. Additionally, it is submitted that the Noticee has never had any such address. SEBI has also failed to produce any document supporting the claim that the Noticee's address was recorded as such.
- 6.9. With respect to the Postal Track Consignment of the Summons dated 07-01-2020, as provided by SEBI, it is stated that the item was delivered at Borivali. However, it is critical to observe that the Postal Track Consignment specifies the delivery location as 'Malabar Hill' and the destination Pincode as 400006, which corresponds to Malabar Hill. The distance between the Malabar Hill and Borivali is 34 Kilometres. The Noticee unequivocally asserts that he has never resided at Malabar Hill at any point in time. In light of this, it is legally untenable to conclude that the Summons was delivered to the Noticee, as the address indicated in the consignment does not match the Noticee's actual residence. Moreover, the tracking report provided is unreliable due to these contradictory details. Additionally, no postal acknowledgment has been furnished, which is a mandatory requirement alongside the Postal Tracking Report.
- 6.10. With regard to the delivery of the Summons dated 12-02-2020, the Noticee submits that SEBI has failed to provide any proof of delivery, including the Postal Track Consignment and/or Hand Delivery Acknowledgement Slip, in relation to the said Summons. In the absence of such documentation, the Noticee has no further comments to make, other than to deny the delivery of the Summons.
- 6.11. The Noticee submits that Para 13 of the SCN alleges that the Noticee has responded to the Summons dated 16-08-2019 vide his Letter dated 26-08-2019. However, as stated earlier, the Summons dated 16-08-2019 was never delivered to the Noticee. Consequently, the question of the Noticee responding to such correspondence does not arise. Upon perusal of the purported Letter dated 26-08-2019 allegedly sent by the Noticee No.12, it is observed that the address mentioned therein corresponds to the same premises that underwent redevelopment in the year 2014 of which the Noticee regained possession of in the year 2017. Thus, if the Noticee had indeed responded, it is illogical

*for the Noticee to use an outdated address. Further it is also observed that, the signature of the Noticee appearing on the said purported letter dated 26-08-2019 does not align with the actual signature of the Noticee. The signature appearing on the said Letter spells the name of the Noticee as “Prahalal” instead of “Prahalad” which further highlights forgery.*

*6.12.The Noticee repeats and reiterates that that he was neither appointed as a Director of MCL, nor has he provided any consent to hold the position of Director in the Company. Additionally, it is also submitted that the Noticee’s name and documents have been misused and his signature has been forged to falsely appoint him as the Director of the Company.*

*6.13.The Noticee says and submits that the Noticee became aware of his purported appointment as the Director of the Company only upon receipt of Notice of Attachment of the Noticee’s Bank Account and Demat Account around the last week of October or the first week of November 2023, consequently, the Noticee became aware of the SEBI Order dated 21st October 2022 passed against him. Until then, he had no knowledge of his fraudulent appointment as Director of MCL, which only came to light following SEBI’s actions.*

*6.14.The Noticee further submits that following SEBI’s actions, the Noticee conducted a search of the Company through the ‘View Public Documents’ facility provided on the Ministry of Corporate Affairs (hereinafter referred to as “MCA”) Portal. Upon perusal of Director Details on MCA V3 Portal it came to the notice of the Noticee that he has been fraudulently shown as the Director and/ or Managing Director of MCL since 10th May, 2004 up until 12th July, 2016. The Noticee further discovered various documents filed by MCL over time with MCA, including the Form 32 dated 29th October, 2004, which was filed by MCL in accordance with Section 303 (2) of the Companies Act, 1956, for Appointment of Directors and records changes in the designation of three Directors from Additional Director to Director, including the Noticee’s alleged Appointment. The said Form 32 was purportedly filed for Regularization as Director from Additional Director of three Directors including the Noticee’s alleged Appointment. Additionally, the signature on the Form does not align with the Noticee’s signature. The Noticee once*

*again repeats and reiterates that the Form 32, Annual Returns and other forms are forged and fabricated Documents as he has never signed any of the Documents.*

*6.15. Furthermore, the Form MR-1 (i.e., Return of Appointment of Key Managerial Personnel) purportedly filed with Registrar of Companies as per Section 196 read with Section 197 and Schedule V of the Companies Act, 2013 and Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 provided for the Noticee's alleged appointment as the Managing Director of the Company from 01-09-2015. The consent letter attached to this form has fraudulently shown to be signed in the name of the Noticee, and the Noticee once again reiterates that the Noticee has never consented to act as a Director and/ or Managing Director of the Company nor has signed such documents.*

*6.16. The Noticee further submits that Mr. Dinesh S. Bang, Mr. Mukesh M. Chokshi, and Mr. Bhadrash B. Sanghvi, the alleged statutory auditors of MCL, should be permitted to be cross-examined by the Noticee, as SEBI has relied upon their complaint and/or statements made in their respective replies to SEBI's queries.*

*6.17. The Noticee further submits that he has also filed complaint against MCL for the fraudulent appointment of the Noticee as Director, misutilisation of his name and documents and forging his signatures, with the Registrar of Companies through Serious Complaint Form.*

*6.18. The Noticee submits that SEBI received the complaint from Mr. Dinesh S. Bang in April 2015, yet the SCN was only issued in March 2021. Given the serious nature of the allegations, SEBI's failure to take timely action, despite being aware of the matter since April 2015, allowed the fraudulent misuse of auditors to persist. This constitutes an inordinate delay in initiating the proceedings, which has prejudiced the Noticee's ability to mount an effective defense.*

7. The AR appeared on the scheduled date of personal hearing and reiterated the submissions made vide letter/s dated January 31, 2025. Vide email dated February 14, 2025, Noticee 1 made, inter alia, the following submissions:

*7.1. The Noticee further submits that SEBI, in both the IR and the SCN, has exonerated those entities who were Independent Directors as they don't have involvement in the day-to-*

*day affairs of the Company. The same rationale should apply in the case of the Noticee herein. Therefore, the SCN against the Noticee is liable to be quashed, and no adverse order should be passed.*

*7.2. Furthermore, the Noticee submits that at page 23 of the IR and in paragraph 17 of the SCN, it is stated that “Summons could not be delivered to some of the directors, namely Abhishek Shah, Dolly Shah, Jitendra B. Patel, Naresh N. Shah, Praful N. Trivedi, and Vimala Sanjay Patel (refer to point 12(d) above). Hence, no adverse inference could be drawn against them.” In this context, the Noticee submits that, since the Summons could not be served to the Noticee, the proceedings against the Noticee should similarly be dropped, applying the same rationale.*

*7.3. Noticee has filed a police complaint with the Officer in Charge, Borivali Police Station, against the entities including M/s Universal Credit and Securities Limited and has also filed a Complaint before the Registrar of Companies, for fraudulently misusing the name of the Noticee.*

8. Vide email dated February 14, 2025, Noticee 2 made, inter alia, the following submissions:

*8.1. The Noticee submits that SEBI has relied upon the Annual Report of Mindvision Capital Limited, to substantiate its claim that the Noticee was a Director of the Company. However, the Noticee contends that the said Annual Report of the Company itself contains falsified information as the names of Chartered Accountants have been misused as the Statutory Auditors of the Company. Further, as the Noticee has consistently denied holding the position of Director in the Company from the very outset, the information in the Annual Report, which itself is tainted by forgery cannot be deemed conclusive evidence. Accordingly, no reliance can be placed on a document that inherently unreliable and lacks evidentiary value. Furthermore, SEBI has not produced any document apart from the Annual Report to establish that the Noticee was a Director of the Company.*

*8.2. The Noticee, in his previous submissions, has raised a serious issue concerning the fraudulent use of his signature on various forms filed with the Registrar of Companies (ROC). The Noticee has consistently asserted that his purported signatures on these forms*

*do not align with his authentic signature. This contention has been reiterated by the Noticee during the course of the hearing as well.*

- 8.3. *To substantiate this claim, the Noticee has presented further evidence, including his Bank KYC documents from 2012 and his PAN Card, which is already part of the record. These documents clearly demonstrate that the Noticee has consistently used the same signature from as far back as 2012 when he filed his KYC with the bank. The Noticee emphasizes that the purported signatures on the forms submitted to ROC are starkly different from his verified and original signature, which raises substantial concerns about the authenticity of these documents.*
- 8.4. *Noticee has provided the KYC Form document pertaining the year 2012, specimen signature of the Noticee for a comparative analysis of the signature appearing on various documents and have also lodged a complaint with the Police and Registrar of Companies for the forgery and illegal appointment of the Noticee as the Director of the Company.*
- 8.5. *The Noticee reiterates that Mr. Dinesh S. Bang, Chartered Accountant, who lodged a Complaint dated 13-04-2015, had also filed a Police Complaint on 15-01-2015 before the Borivali Police Station. In his complaint, Mr. Bang specifically stated that he had provided his details to Mr. Narendra Shah and Mr. Abhishek Shah in the ordinary course of business, as they had expressed an intention to appoint his firm as the Auditor. He further indicated that there was a possibility that this information had been shared with the Company. Mr. Bang also asserted that despite his attempts to contact both Mr. Narendra Shah and Mr. Abhishek Shah, he did not receive any satisfactory response from either of them.*

## **CONSIDERATION OF ISSUES AND FINDINGS**

9. I have taken into consideration the submissions of the Noticee, facts, and material available on record. The issues that arise for consideration in the present case are as follows:

**ISSUE No. I:** Whether the Noticee violated regulations 3(d), 4(2)(f), (k) of PFUTP Regulations, Regulations 4(1)(b), (c), (g), (j), 33(1)(d), 33(3)(d), (e), 34(2)(a) of LODR Regulations and Section 21 of SCRA r/w clause 41(l)(d), (IV), (V) of the Equity Listing Agreement and Section 11C(2), (3), (5), (6) of SEBI Act?

**ISSUE No. II:** Do the violations, if any, attract monetary penalty u/s 15HA, 15HB, 15A(a) of SEBI Act and 23H of SCRA?

**ISSUE No. III:** If so, what should be the monetary penalty that should be imposed upon the Noticee, after taking into consideration the factors stipulated in Section 15J of the SEBI Act and 23J of SCRA?

10. Before moving forward, it is pertinent to refer to the relevant provisions which are alleged to have been violated by the Noticees.

**Relevant provisions of SEBI Act**

***Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.***

***12A. No person shall directly or indirectly—***

*(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;*

***Investigation.***

**11C. (2)** *Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.*

**11C. (3)** *The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of*

*such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation*

**11C. (5)** *Any person, directed to make an investigation under sub-section (1), may examine on oath, any manager, managing director, officer and other employee of any intermediary or any person associated with securities market in any manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before it personally.*

**11C. (6)** *If any person fails without reasonable cause or refuses—*

*(a) to produce to the Investigating Authority or any person authorised by it in this behalf any book, register, other document and record which is his duty under sub-section (2) or sub-section (3) to produce; or*

*(b) to furnish any information which is his duty under sub-section (3) to furnish; or*

*(c) to appear before the Investigating Authority personally when required to do so under sub-section (5) or to answer any question which is put to him by the Investigating Authority in pursuance of that sub-section; or*

*(d) to sign the notes of any examination referred to in sub-section (7),*

*he shall be punishable with imprisonment for a term which may extend to one year, or with fine, which may extend to one crore rupees, or with both, and also with a further fine which may extend to five lakh rupees for every day after the first during which the failure or refusal continues.*

***Relevant provisions of PFUTP Regulations:***

***3. No person shall directly or indirectly—***

*(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.*

***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 and which is designed or likely to influence the decision of investors dealing in securities*

**Relevant provisions of 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:*

*(b) 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.*

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

*(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 recognized stock exchange(s) in this regard and as may be applicable.*

*(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*

**Financial results.**

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

*(d) The listed entity shall ensure that the limited review or audit reports submitted to the stock exchange(s) on a quarterly or annual basis are to be given only by an auditor who has subjected himself to the peer review process of Institute of Chartered Accountants of India and holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India*

**33.(3)** *The listed entity shall submit the financial results in the following manner:*

*(d) the listed entity shall submit annual audited standalone financial results for the financial year, within sixty days from the end of the financial year along with the audit report and Statement on Impact of Audit Qualifications (applicable only for audit report with modified opinion):*

*Provided that if the listed entity has subsidiaries, it shall, while submitting annual audited standalone financial results also submit annual audited consolidated financial results along with the audit report and [Statement on Impact of Audit Qualifications (applicable only)]<sup>72</sup>for audit report with modified opinion)*

*Provided further that, in case of audit reports with unmodified opinion(s), the listed entity shall furnish a declaration to that effect to the Stock Exchange(s) while publishing the annual audited financial results.*

*(e)The listed entity shall also submit the audited <sup>75</sup>[or limited reviewed] financial results in respect of the last quarter along-with the results for the entire financial year, with a note stating that the figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year.*

### ***Annual Report***

**34(2)** *The annual report shall contain the following:*

*(a) audited financial statements i.e. balance sheets, profit and loss accounts etc and Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d), if applicable*

### **Relevant provisions of SCRA**

#### ***Conditions of Listing***

21. Where securities are listed on the application of any person in any recognized Stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.

### **Relevant provisions of Equity Listing Agreement**

#### **Clause 41(I): Preparation and Submission of Financial Results**

(d) The company shall submit audited financial results for the entire financial year, within sixty days of the end of the financial year. The company shall also submit the audited financial results in respect of the last quarter along with the results for the entire financial year, with a note that the figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.

#### **Clause 41(IV): Other requirements as to financial results**

(a) Where there is a variation between the unaudited quarterly or year to date financial results and the results amended pursuant to limited review for the same period, and –

(i) the variation in net profit or net loss after tax is in excess of 10% or Rs.10 lakhs, whichever is higher; or

(ii) the variation in exceptional or extraordinary items is in excess of 10% or Rs.10 lakhs, whichever is higher –

the company shall submit to the stock exchange an explanation of the reasons for variations, while submitting the limited review report. The explanation of variations so submitted shall be approved by the Board of Directors:

Provided that in case of results for the last quarter, the above sub-clause shall apply in respect of variation, if any, between the year to date figures contained in the unaudited results and the figures contained in the annual audited results.

b) If the auditor has expressed any qualification or other reservation in respect of audited financial results submitted or published under this clause, the company shall disclose such qualification or other reservation and impact of the same on the profit or loss, while publishing or submitting such results.

*c) If the auditor has expressed any qualification or other reservation in his audit report or limited review report in respect of the financial results of any previous financial year or quarter which has an impact on the profit or loss of the reportable period, the company shall include as a note to the financial results –*

*(i) how the qualification or other reservation has been resolved; or*

*(ii) if it has not been resolved, the reason therefor and the steps which the company intends to take in the matter.*

*d) If the company has changed its name suggesting any new line of business, it shall disclose the net sales or income, expenditure and net profit or loss after tax figures pertaining to the said new line of business separately in the financial results and shall continue to make such disclosures for the three years succeeding the date of change in name.*

*Provided that tax expense shall be allocated between the said new line of business and other business of the company in the ratio of the respective figures of net profit before tax, subject to any exemption, deduction or concession available under the tax laws.*

*e) If the company had not commenced commercial production or commercial operations during the reportable period, the company shall, instead of submitting financial results, disclose the details of amount raised, the portions thereof which is utilized and that remaining unutilized, the details of investment made pending utilisation, brief description of the project which is pending completion, status of the project and expected date of commencement of commercial production or commercial operations.*

*Explanation: For the purposes of this item –*

*(i) the details mentioned above, shall be approved by the Board or a Committee thereof, based on certification by the Chief Executive Officer and Chief Financial Officer, in compliance with sub-clause (II);*

*(ii) the expression “amounts raised” shall mean the proceeds of any issue of shares or debentures made by the company.*

*f) The quarterly and year to date results shall be prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 (AS 25 – Interim Financial Reporting) issued by the Institute of Chartered Accountants of India (ICAI) / Company (Accounting Standards) Rules, 2006, whichever is applicable.*

*g) All items of income and expenditure arising out of transactions of exceptional nature shall be disclosed.*

*h) Extraordinary items, if any, shall be disclosed in accordance with Accounting Standard 5 (AS 5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies) issued by ICAI / Company (Accounting Standards) Rules, 2006, whichever is applicable.*

*i) Changes in accounting policies, if any, shall be disclosed in accordance with Accounting Standard 5 (AS 5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies) issued by ICAI / Company (Accounting Standards) Rules, 2006, whichever is applicable.*

*j) Companies, whose revenues are subject to material seasonal variations, shall disclose the seasonal nature of their activities. In addition, they may supplement their financial results with information for the 12 months period ending on the last day of the quarter for the current and preceding years on a rolling basis.*

*k) The company shall disclose any event or transaction which occurred during or before the quarter that is material to an understanding of the results for the quarter including but not limited to completion of expansion and diversification programmes, strikes and lock-outs, change in management and change in capital structure. The company shall also disclose similar material events or transactions that take place subsequent to the end of the quarter.*

*l) The company shall disclose the following in respect of dividends paid or recommended for the year, including interim dividends:*

*(i) amount of dividend distributed or proposed for distribution per share; the amounts in respect of different classes of shares shall be distinguished and the nominal values of shares shall also be indicated;*

*(ii) where dividend is paid or proposed to be paid pro-rata for shares allotted during the year, the date of allotment and number of shares allotted, pro-rata amount of dividend per share and the aggregate amount of dividend paid or proposed to be paid on pro-rata basis.*

*m) The company shall disclose the effect on the financial results of material changes in the composition of the company, if any, including but not limited to business combinations,*

*acquisitions or disposal of subsidiaries and long term investments, any other form of restructuring and discontinuance of operations.*

*n) The company shall also disclose the number of investor complaints pending at the beginning of the quarter, those received and disposed of during the quarter and those remaining unresolved at the end of the quarter.*

**Clause 41(IV): Formats**

*a) The quarterly financial results shall be in the format given in Annexure I for companies other than banks and that given in Annexure II for banks.*

*b) Manufacturing, trading and service companies, which have followed functional (secondary) classification of expenditure in the annual profit and loss account published in the most recent annual report or which proposed to follow such classification for the current financial year, may furnish quarterly financial results in the alternative format given in Annexure III. The alternative format can be used only if such format is used consistently from the first quarter of the financial year.*

*c) Consolidated financial results shall be in the same format as is applicable to stand-alone financial results. Additionally, details relating to minority interest, share of associates and other related items shall be separately given as additional row items.*

*d) Annual audited financial results shall be in the format as is applicable to quarterly financial results. However, columns and figures relating to the last quarter, year to date results and corresponding three months in previous year need not be given.*

*e) If the company has more than one reportable primary segment in terms of Accounting Standard 17 (AS 17 – Segment Reporting) issued by ICAI / Company (Accounting Standards) Rules, 2006, it shall also submit quarterly or annual segment information as part of financial results in the format given in Annexure IV.*

*f) Limited review reports shall be given by auditors in the format given in Annexure V for companies other than banks (including those using the alternative format of financial results) and in the format given in Annexure VI for banks.*

*g) In case of audited financial reports, the audit report shall be given in the format given in Annexure VII for companies other than banks including those using the alternative format of financial results) and in the format given in Annexure VIII for banks.*

*h) Disclosure of Balance Sheet items as per items (ea) shall be in the format specified in Annexure IX drawn from Schedule VI of the Companies Act, or its equivalent formats in other statutes, as applicable.*

## **FINDINGS**

11. Before going into the merits, I would like to first deal with the preliminary objection raised by the Noticees with regard to delay in initiation of proceedings. I note that Noticees have submitted that there was inordinate delay in initiation of proceedings. Noticees submitted that complaint from Mr. Dinesh Bang was received in April 2015 yet the SCN in the matter was issued on March 1, 2021.
12. I note that SEBI received complaint from Mr. Dinesh S Bang dated April 13, 2015 alleging fraudulent usage of his firm's name by four entities, viz., ACIL, UCSL, MCL and RFL. After examining, SEBI issued letters to all the 4 companies. Further, looking at the seriousness of the allegations, a formal investigation was initiated and an Investigating Authority (hereinafter referred to as "IA") was appointed in the matter on October 5, 2016. A detailed investigation was carried out in the matter wherein summons were issued to various entities. Detailed fact finding was carried out in the matter. I also note that due to transfer of the IA, new IAs were appointed. Finally, investigation in the matter was completed on October 6, 2020 and based on findings, adjudication was approved against 4 companies and 14 directors. Subsequently Adjudicating Officer was appointed and the SCN dated March 1, 2021 was issued.
13. Looking at complexity of the matter and number of entities involved, I do not find that there is an unexplained inordinate delay in the matter. Further, while sufficient time elapsed after the occurrence of the alleged fraud, Noticees were able to produce evidence in support of their submission as can be seen from the subsequent paras. Therefore, the contention of Noticees that delay in initiating proceedings has prejudiced the Noticees' ability to mount an effective defense is not accepted.

14. Further Noticees also submitted that they may be allowed to cross-examine the statutory auditors of UCSL and MCL, i.e., Dinesh S Bang, Mukesh M Chokshi and Bhadresh Sanghvi. I note that although the case originated on receipt of the complaint, SEBI had conducted an independent investigation in the matter and on conclusion of the same, based on the findings initiated the adjudication proceedings against the Noticees. I also note that no action is initiated against Noticees based on the specific statements of the aforesaid auditors. In view of the same, I do not find any reason to give an opportunity of cross-examination to the Noticees. Therefore, it is incorrect to say that without cross-examination, Noticees are being denied a fair opportunity to defend themselves.

**ISSUE No. I: Whether the Noticee violated regulations 3(d), 4(2)(f), (k) of PFUTP Regulations, regulations 4(1)(b), (c), (g), (j), 33(1)(d), 33(3)(d), (e), 34(2)(a) of LODR Regulations and Section 21 of SCRA read with clause 41(l)(d), (IV), (V) of the Equity Listing Agreement and Section 11C(2), (3), (5), (6) of SEBI Act?**

15. From the documents available on record, I note that the directors of UCSL and MCL have misused the names of the Chartered Accountants (hereinafter referred to as “CAs”) as statutory auditors in the financial statements and filed fraudulent audit reports. To get more information in this regard, summons were issued to the Noticees and the status of the summons is as under:

Sr. No.	Name of Director	Date of Summons to furnish Info	Deliv-ered?	Date of Summons to furnish Info	Deliv-ered?	Date of Summons to appear in person	Deliv-ered?	Date of Summons to appear in person	Deliv-ered?
1	Chetan Pandit	16-Aug-19	No					12-Feb-20	Yes
2	Prahalad Panchal	16-Aug-19	Yes			7-Jan-20	Yes	12-Feb-20	Yes

16. With regard to summons issued to Noticee 1, I note that the only proof of the delivery of summons was the unsigned SPAD card. In the absence of the signature of the



recipient on the SPAD card, it cannot be presumed that Noticee 1 was in receipt of the Summons. As there is no proof of delivery of summons to Noticee 1, there is no question of him not complying with the summons. In view of the above, I find that the allegation of violation of Section 11C(2), (3), (5) and (6) of SEBI Act by Noticee 1 does not stand established.

17. With regard to the summons dated August 16, 2019 issued to Noticee 2, I note that the hand delivery acknowledgement slip sent to “16, Sindhi Chawl, Room No. 6, Dolat Nagar, Borivali (east) Mumbai- 400066” was apparently signed by the Noticee. It also mentioned the contact number of Noticee 2. Noticee 2 submitted that the building had undergone renovation and subsequently, its name has been changed to “Sai Leela Apartment” and therefore, he did not receive the summons. I find merit in the submission of Noticee 2. Once the building was under redeveloped and subsequently renamed as Sai Leela Apartment, there is a genuine possibility that the summons was delivered to someone else. Further from the documents available on record, I note that a reply was received apparently from Noticee 2 pursuant to the delivery of summons. In this regard, Noticee 2 has submitted that, *“The Noticee submits that Para 13 of the SCN alleges that the Noticee has responded to the Summons dated 16-08-2019 vide his Letter dated 26-08-2019. However, as stated earlier, the Summons dated 16-08-2019 was never delivered to the Noticee. Consequently, the question of the Noticee responding to such correspondence does not arise. Upon perusal of the purported Letter dated 26-08-2019 allegedly sent by the Noticee No.12, it is observed that the address mentioned therein corresponds to the same premises that underwent redevelopment in the year 2014 of which the Noticee regained possession of in the year 2017. Thus, if the Noticee had indeed responded, it is illogical for the Noticee to use an outdated address. Further it is also observed that, the signature of the Noticee appearing on the said purported letter dated 26-08-2019 does not align with the actual signature of the Noticee. The signature appearing on the said Letter spells the name of the Noticee as “Prahahal” instead of “Prahadal” which further highlights forgery.”* I do not find any reason as to why any person shall mention the old address once his address was changed after redevelopment of the building.

Further, in light of submissions of Noticee 2, I am inclined to take a lenient stand on this issue and give benefit of doubt to Noticee 2 regarding non-delivery of summons to him. Further, with regard to summons dated January 7, 2020 issued to Noticee 2, I note that there is a discrepancy in the postal track consignment. Therefore, I am inclined to accept the submission of Noticee 2 that he did not receive the summons. With regard to summons dated February 12, 2020, I note that there is no proof of delivery of summons available on record. In view of the above, I find that the allegation of violation of section 11C(2), (3), (5) and (6) of SEBI Act by Noticee 2 does not stand established.

18. Vide SCN, it was alleged that the names of CAs as statutory auditors were misused and untrue financial statements were published by UCSL and MCL. Noticee 1 and Noticee 2 being Non-Independent Directors of UCSL and MCL respectively, were alleged to be responsible for filing fraudulent audit reports and publishing misstated and untrue financial statements.
19. I note that the Noticees have submitted that their names have been fraudulently used by the companies. Noticee 1 further submitted a copy of the police complaint filed by him at Dahisar Police Station. I also note that Noticee 1 submitted that he was appointed as the non-executive director of UCSL on September 29, 2008 and he resigned as Director, vide letter dated January 17, 2013. I note that UCSL has allegedly misused the names of the CAs for the FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 and FY 2017-18. I note that Noticee 1 was involved with UCSL for the first two financial years. However, there is nothing on record to show that Noticee 1 was actively involved in the day-to day affairs of UCSL and was involved in misuse of the names of Chartered Accountants as statutory auditors in the financial statements and filed fraudulent audit reports and failed to publish fair and true audited financial statements and/ or non-filing of Annual Reports. Reference is drawn to the order of Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**") dated December 4, 2023 in the matter of Mukesh D Ambani v SEBI wherein it is stated, "*The law is well settled that the mere fact that a person holds a designation of Managing Director*

*does not suffice for imputing a vicarious liability to such person. It has been repeatedly held that the proof of “active role” in the alleged contravention in issue must be demonstrated by clear and concrete evidence of his active role coupled with criminal intent as a necessary precondition for affixing vicarious liability.”* In view of the above I find that there is not enough evidence to support that Noticee 1 has violated section 12A(c) of the SEBI Act r/w Regulations 3(d), 4(2)(f), (k) of PFUTP Regulations, Regulations 4(1)(b), (c), (g), (j), 33(1)(d), 33(3)(d), (e), 34(2)(a) of LODR Regulations and Section 21 of SCRA r/w clause 41(l)(d), (IV), (V) of the erstwhile Equity Listing Agreement.

20. With regard to Noticee 2, I note that he submitted that he became aware that he is appointed as a director of MCL only after receipt of notice of attachment. He further submitted that his name and documents have been misused and his signature has been forged to appoint him as director of the company. Upon perusal of the director details on MCA portal, I note that his name is shown as the director of MCL from May 14, 2004 to July 16, 2016. Further all public documents including various forms/ documents/ attachments filed with Registrar of Companies shows his name as the director of MCL. Noticee 2 has completely denied his involvement in the matter.
21. I note that although Noticee 2 vehemently denied his role as the director of MCL and submitted that all documents containing his name and signature are forged, he has taken no step to correct the same. However, it is noted that the investigation has not brought out the role of Noticee 2 in appointment of CAs fraudulently. There is nothing on record to show that he was actively involved in misusing the names of CAs as statutory auditors in the financial statements, filed fraudulent audit reports and published misstated and untrue financial statements. In the absence of the same and in light of the order of Hon'ble SAT (as stated above), I hold that the allegation of violation of Section 12A(c) of the SEBI Act r/w regulations 3(d), 4(2)(f), (k) of PFUTP Regulations, Regulations 4(1)(b), (c), (g), (j), 33(1)(d), 33(3)(d), (e), 34(2)(a) of LODR Regulations and section 21 of SCRA r/w clause 41(l)(d), (IV), (V) of the erstwhile Equity Listing Agreement by Noticee 2 does not stand established.

**ISSUE No. II:** Do the violations, if any, attract monetary penalty u/s section 15A(a), 15HA and 15HB of SEBI Act and 23H of SCRA, as applicable?

**ISSUE No. III** - If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act and Section 23J of SCRA ?

22. As the violation is not established, Issue no II and III do not require any deliberations.

**ORDER**

23. Accordingly, taking into account the aforesaid findings, the adjudication proceedings against the Noticees i.e., Chetan Sukhdev Pandit and Prahlad Vithaldas Panchal is disposed of without any penalty.

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

**Date: May 23, 2025**

**Place: Mumbai**

**AMIT KAPOOR  
ADJUDICATING OFFICER**