

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

Serial No.	Settlement Application No.	Name of applicant	PAN
1	6652/2021	Mr. Malcolm Mehta	AFWPM8643Q
2	6648/2021	Mr. R. Ramraj	AAFPR5454C
3	6704/2022	Mr. Bin Cheng	Not Available
4	6742/2022	Mr. Amba Preetham Parigi	AAQPP5318J

In the matter of Accel Frontline Limited

1. Mr. Malcolm Mehta ("Applicant no. 1"), Mr. R. Ramraj ("Applicant no. 2"), Mr. Bin Cheng ("Applicant no. 3") and Mr. Amba Preetham Parigi ("Applicant no. 4") had filed applications in terms of the SEBI (Settlement Proceedings) Regulations, 2018 ("**Settlement Regulations**") proposing to settle, through a Settlement Order, without admitting or denying the findings of fact and conclusions of law, the pending enforcement proceedings under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B (2) of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") initiated vide Show Cause Notice (in short "**SCN**") bearing no. SEBI/HO/CFID-5/OW/P/2021/25637/1 dated September 24, 2021. The alleged violations are tabulated as follows:

Sl. No.	Name of the Director	Alleged violations
1.	Mr. Malcolm Mehta (Managing Director)	Regulation 3(c), 3(d), 4(2)(f) and 4(2)(k) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations") read with Section 12A(a), (b), (c) of SEBI Act, 1992; Clause 41 of the Equity Listing Agreement read with Section 21 of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "SCRA"); and Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR Regulations") read with Section 21 of SCRA.

2.	Mr. R. Ramraj (Independent Director)	Clause 49(III)(D) of Equity Listing Agreement read with Section 21 of SCRA
3.	Mr. Bin Cheng (Non-Executive Director)	Clause 49(III)(D) of Equity Listing Agreement read with Section 21 of SCRA
4.	Mr. Amba Preetham Parigi (Non-Independent Non-Executive Director)	Clause 49(III)(D) of Equity Listing Agreement read with Section 21 of SCRA

2. The brief facts of the case are as follows:

- (i) SEBI received complaints against Accel Frontline Ltd. (now known as "Inspirisys Solutions Limited") (hereinafter referred to as "Accel"/ "Inspirisys" / "AFL" / "Company") from some investors alleging duping of investors in Offer for Sale (hereinafter referred to as "OFS") by the ex-promoters of the Company on account of misstatements in the financial statements of Accel Frontline Ltd. The complainants, inter alia, alleged that they had invested in shares of the Company based on publicly available financial statements which were later proven to be fraudulent.
- (ii) SEBI conducted an investigation in the matter to ascertain whether there was a manipulation in the books of accounts of AFL, in contravention of the provisions of the Securities and Exchange Board of India Act, 1992 read with the PFUTP Regulations, LODR Regulations and SCRA read with the Listing Agreement.
- (iii) Thereafter, SEBI appointed Ernst & Young LLP (hereinafter referred to as "E&Y" / "Forensic Auditor") to conduct forensic audit of AFL with respect to the Financial Statements for financial years (FY) ending March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016. The period of investigation is from FY 2012-13 to FY 2015-16 (hereinafter referred to as "Investigation Period"). The findings of the forensic audit report of E&Y are as below:
 - a. Irregularities such as misstatement in the books of accounts of AFL to an extent of Rs. 100.03 crore were identified during the investigation period and the same were rectified/ restated as on March 31, 2016 i.e. total amount of Rs. 100.03 crore was written off for FY 2015-16 by AFL.

- b. Misrepresentations were identified in the areas of sales inflation, debtors, unbilled revenue, purchases and fixed assets.
 - c. Approximately Rs. 74 crore was written off against prior period and exceptional items
 - d. Additionally, approximately Rs. 26 crore was also written off.
3. Subsequently, enforcement proceedings were initiated against the applicants in respect of the alleged violations. The applicants have filed the present settlement applications in respect of the violations as stated in paragraph 1.
4. The authorized representatives of the applicants had a meeting with the Internal Committee of SEBI on March 22, 2022 and deliberated on the terms of settlement. Thereafter, the applicants proposed the Revised Settlement Terms to settle the proceedings initiated against them.
5. The applications along with the revised settlement terms were considered by the High Powered Advisory Committee (HPAC) in its meetings held on May 10, 2022 and July 21, 2022, which recommended the case for settlement on the following terms of settlement:

Name of Applicant	Settlement Terms formulated as per SEBI (Settlement Proceedings) Regulations, 2018
Mr. Malcolm Mehta	₹81,90,000/- (Rupees Eighty One Lakh Ninety Thousand Only) as settlement amount
Mr. R. Ramraj	₹13,00,000/- (Rupees Thirteen Lakh Only) as settlement amount
Mr. Bin Cheng	₹11,37,500/- (Rupees Eleven Lakh Thirty Seven Thousand Five Hundred Only)
Mr. Amba Preetham Parigi	₹8,12,500/- (Rupees Eight Lakh Twelve Thousand Five Hundred Only)

6. Upon acceptance of the aforesaid recommendations by the Panel of Whole Time Members in terms of Regulation 15(2) of the Settlement Regulations, Notices of Demand were issued to the applicants on September 08, 2022.
7. The applicants vide emails dated September 19, 2022 and October 13, 2022, informed about the remittance of the respective settlement amounts and SEBI has confirmed credit of the same.

8. In view of the above, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act and under Section 23JA of the SCR Act and in terms of Regulation 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the pending enforcement proceedings for the alleged defaults as mentioned at paragraph 1 are settled *qua* the applicants on the following terms:
- i. this Order disposes of the enforcement proceedings initiated by SEBI for the defaults as mentioned earlier in respect of the applicants; and
 - ii. SEBI shall not initiate any other enforcement action against the applicants for the said defaults.
9. The passing of this Order is without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to take enforcement actions including continuing proceedings against the applicants, if SEBI finds that:
- a) any representation made by the applicants in the present settlement proceedings is subsequently found to be untrue;
 - b) the applicants have breached any of the clauses/ conditions of Undertakings/Waivers filed during the present settlement proceedings; and
 - c) there was a discrepancy while arriving at the settlement terms.
10. This Settlement Order is passed on this 16th day of November, 2022 and shall come into force with immediate effect.
11. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the applicants and also be published on the website of SEBI.

Sd/-

**ASHWANI BHATIA
WHOLE TIME MEMBER**

Sd/-

**S.K. MOHANTY
WHOLE TIME MEMBER**