National Stock Exchange of India Limited

Circular

Department: Investigation	
Download Ref No: NSE/INVG/70502	Date: September 29, 2025
Circular Ref. No: 511/2025	

To All NSE Members,

Sub: SEBI order in the matter of M/s. MAN Industries (India) Limited

This has reference to SEBI order QJA/MN/CFID/CFID/31692/2025-26 dated September 29, 2025 wherein SEBI has restrained following entities from accessing the securities market and further has prohibited the entities from buying, selling or otherwise dealing in securities (including units of mutual funds), directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 2 years from the date of the order:

Sr. No.	Name	PAN
1	M/s. Man Industries (India) Limited	AAACM2675G
2	Mr. Ramesh Mansukhani	AACPM2146H
3	Mr. Nikhil Mansukhani	AACPM2145E
4	Mr. Ashok Gupta	ACBPG6935F

Further, SEBI has also directed that if the Noticees have any open position in the F&O segment of the recognized stock exchange(s) are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order. The Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the date of this order.

The detailed order is available on SEBI website - http://www.sebi.gov.in

Further, the consolidated list of such entities is available on the Exchange website

http://www.nseindia.com home page at the below mentioned link:

National Stock Exchange of India Limited

https://www.nseindia.com/regulations/member-sebi-debarred-entities

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to email us at dl-invsg-all@nse.co.in

For and on behalf of
National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

Annexure: SEBI order in the matter of M/s. MAN Industries (India) Limited

QJA/MN/CFID/CFID/31692/2025-26

BEFORE SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 11 (1), 11(4), 11(4A), 11B(1), 11B (2) READ WITH SECTION 15HA AND 15HB OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

In respect of:

Noticee No.	Noticee's Name	PAN
1	**M/s. Man Industries (India) Limited**	**AAACM2675G**
2	**Mr. Ramesh Mansukhani**	**AACPM2146H**
3	**Mr. Nikhil Mansukhani**	**AACPM2145E**
4	**Mr. Ashok Gupta**	**ACBPG6935F**

(The aforesaid entities are hereinafter individually referred to by their respective names/ Noticee numbers and collectively as "Noticees", unless the context specifies otherwise).

Background:

1. Securities and Exchange Board of India ("**SEBI**") was in receipt of a complaint against Man Industries (India) Limited (hereinafter referred to as '**MIIL/ Noticee No.1'**) inter alia alleging diversion of funds to subsidiaries and not consolidating financial results of subsidiary company to hide losses. Based on the said complaint, an examination including forensic audit into the affairs of MIIL was taken up for detailed investigation by SEBI. Accordingly, the forensic auditor was appointed on November 22, 2021, to assist SEBI for conducting forensic examination of books of accounts of MIIL for FY 2014-15 to FY 2020-21 (hereinafter referred to as '**Investigation Period/IP'**).

2. The Forensic Audit Report ('**FAR**') dated March 23, 2022 brought out that MIIL had misrepresented the financials by not consolidating financials of its subsidiary, non-

disclosure /partial disclosure of related party transactions and material events and by indulging in rotation of funds. Pursuant to which, the matter was taken up for detailed investigation to examine the misrepresentation of financial statements and diversion/misutilisation of funds on the possible violations under the provisions of the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**'), SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (**PFUTP Regulations**) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (**LODR Regulations**).

Show Cause Notice, Reply and Hearing:

3. Pursuant to SEBI's examination, a common SCN No. SEBI/HO/CFID/CFID-SEC1/P/OW/2022/33841/1-4 dated August 03, 2022 (hereinafter referred to as "**SCN**"), was issued to the Noticees i.e. 1) MIIL, 2) Mr. Ramesh Mansukhani [Noticee No.2/ Chairman of MIIL], 3) Mr. Nikhil Mansukhani [Noticee No.3/ Executive Director of MIIL] and 4) Mr. Ashok Gupta [Noticee No.4/Former Executive Director and Current CFO of MIIL], by SPAD and was duly delivered. In the said SCN the following were observed and alleged;
    i. The consolidated Profit and Loss statements forming part of the consolidated financial statements of MIIL for the FY 2015-16 to FY 2020-21, were misrepresented due to non-consolidation of financial statements of MSPL with MIIL.
    ii. Misutilization of funds and non- disclosure of related party transactions/material transactions in the financials by MIIL
        a) MIIL has not recognized the interest on income on the loans given to MSPL for the year ended March 31, 2021, failing to comply with Section 186 (7) of the Companies Act, 2013.
        b) Loan of Rs. 5,641.38 Lakhs, advanced by MIIL to MSPL has been converted to capital advance during FY 2017-18, without prior approval from the Audit Committee of MIIL or disclosure as a Related Party Transaction in the Financial Statements of MIIL, giving the appearance of disguised transaction in the nature of interest free loan.

c) MIIL has extended loans to a related party, LCPL during the financial year 2018-19, without that approval for grant of loan from the Audit Committee of MIIL

d) Intra-year movement of funds between the related parties have been disclosed on net basis contrary to the principles of IND AS 24.

e) MIIL was giving loan to its wholly owned subsidiary MSPL primarily and as and when the funds were received from MIIL, MSPL was further extending these loans to other group companies, like Limitless Contracting Private Limited (LCPL) and MAN Reality Limited (MRL). However, the purpose for which the loan was utilized by the group companies has not been disclosed in the financial statements in contravention of section 186(4) of the Companies Act, 2013.

f) In the years 2016 and 2017, MIIL reduced the outstanding balance of MSPL and MRL, in the books by way of through round tripping of funds. This involved overdraft facility availed by related party against a lien created on the fixed deposits of MIIL, for which relevant disclosure was not done as required under IND AS 107.

g) Equity shares of MSPL held by MIIL has been pledged for the credit facilities of MIIL Pledge of company assets as collateral but were not disclosed in the financial statements of MIIL of FY 2019-20 and FY 2020-21 as required under IND AS 107.

h) ICDs /advances amounting to Rs. 4,000 Lakhs given by MIIL to certain parties in the year 2017-18 have been written off during FY 2019-20 and FY 2020-21. Accordingly, the disclosure requirements and compliance of Section 186 of the Companies Act 2013 are not complied with by MIIL.

4. Vide the said SCN the Noticees were called upon to show cause as to why suitable directions should not be issued against them under Sections 11(1), 11B(1) and 11(4) of the SEBI Act and/or penalty be not imposed as deemed fit under Section 11(4A) and 11B(2) read with Section 15HA and 15HB of SEBI Act, 1992 and Rule 5 of SEBI (Procedure for holding Inquiry and Imposing Penalties) Rules, 1995 for violations of

Section 12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3(b), (c), (d), 4(1), 4(2)(f), 4(2)(k) and 4(2)(r) of PFUTP) Regulations, Regulations 4(1)(a),(b),(c),(e),(g),(h), 4(2)(f)(ii)(6),(7) and (8), 4(2)(f)(iii)(3),(6) and (12), 17(8), 23(2), 33(1)(c), 33(2)(a), 33(2)(d), 33(3)(b), 33(3)(d), 34(3) and 48 of the LODR Regulations read with Section 27 of the SEBI Act.

5. Pursuant to the receipt of the abovementioned SCN, the Authorized Representative (AR) of the Noticees had sought for inspection of documents vide e-mail dated August 24, 2022. Inspection in the matter was scheduled on September 01, 2022 and later rescheduled to September 06, 2022, upon the request of the Noticees' AR. Thus, the inspection of documents was conducted on September 06, 2022 during which a copy of the Investigation report in the matter was sought by the AR, which was provided vide e-mail dated September 07, 2022. Thereafter, on September 21, 2022, the AR of the Noticees once again sought inspection of a list of documents, the second inspection was granted on September 28, 2022, wherein copies of documents inspected were provided to the AR. Further, vide letter dated August 24, 2022, the AR had sought for eight weeks post the grant of inspection to file its reply in the matter. The request of the AR was considered and 21 days' time from September 28, 2022 (the date of the second inspection) was granted to file the reply on or before October 19, 2022. Next, vide e-mail dated October 17, 2022, the AR sought for inspection of the responses to the summons dated August 17, 2021 and September 17, 2021, along with six weeks' time pursuant to that for submission of its reply in the matter. After that, vide e-mail dated October 21, 2022, the AR was advised to file its reply in the matter on or before November 11, 2022 with the disclaimer that no further time will be granted in the matter. Later, vide e-mail dated November 10, 2022, the AR sought for additional time of 3 weeks to file the reply in the matter, however, time was granted only till November 11, 2022. Accordingly, the inspection of responses to the summons was provided to AR on November 15, 2022.

6. Subsequently, the Noticees filed settlement applications registered on October 07, 2022, in the matter, all of said settlement applications were rejected pursuant to consideration of HPAC and the panel of WTMs, in the years 2023 & 2024.

7. Meanwhile since no reply in the matter was filed, personal hearing was scheduled in the matter on 8 instances (i.e. January 18, 2023, June 21, 2023, July 12, 2023, August 01, 2023, August 24, 2023, October 25, 2023, November 03, 2023, November 09, 2023) however the Noticees had sought adjournment of the all the 8 opportunities and finally, the personal hearing was conducted on November 21, 2023 and was concluded. In the meanwhile the Noticees had submitted a common reply in the matter vide a letter dated August 04, 2023. During the personal hearing, vide letter dated November 21, 2023, additional written submissions were submitted on behalf of the Noticees.

8. Thereafter, the Noticees had filed a Writ petition in the High Court of Bombay challenging the rejection of their settlement applications in respect of Show Cause Notice dated 03.08.2022, which was later withdrawn. Accordingly, the Hon’ble High Court had disposed of the petition as withdrawn vide order dated July 09, 2025. Pursuant to the said withdrawal opportunities for hearing was scheduled in the matter on 3 instances (i.e. July 17, 2025, August 01, 2025, and August 11, 2025) however the Noticees had sought adjournment of the all the 3 opportunities and finally, the personal hearing was conducted on August 20, 2025 and was concluded. During the said personal hearing the Noticees submitted a common supplementary reply dated August 20, 2025 and had sought time till August 28, 2025, to file a short written submission in the matter and the same was submitted vide letter dated August 28, 2025.

9. The summary of the above mentioned replies with respect to the Noticees are as under;
    - As regards the allegation of non-consolidation of financials, the Noticees submitted that, there is an ongoing dispute between JC Mansukhani (erstwhile

promoter) and RC Mansukhani (existing promoter) Group in relation to the control of MSPL, wherein the Interim Application (St) no. 3492 of 2020 filed by MIPL seeking a restraint on MIlL and its directors/officers from taking any steps in pursuance to the record date, the Hon'ble Bombay High Court vide order dated September 25, 2020 has also confirmed that the record date will depend on the outcome of Company Application no. 999 of 2015. Therefore, in the absence of any conclusion to the said proceeding and based on the legal opinion in the matter, the Noticees felt that consolidation of the financials of MSPL as a subsidiary of MIIL would have not only led to an incorrect disclosure but would have also resulted in contempt of the order of the Hon'ble Bombay High Court dated September 25, 2020. Further, the Noticees also submitted that a relevant disclosure to this effect has been made in the Director's Report and Notes to of the Audited Financial Statements.

- As regards the allegation of the audited financial statements of MSPL have not been placed on the website of MIlL nor disclosed the salient features of the financial statements of MSPL in its financial for the financial years 2015-16 to 2020-21, the Noticees contended that on account of the facts mentioned above, it is clear that MSPL cannot be considered as a subsidiary of MIIL, till the final disposal of the aforementioned ongoing litigation and there is no requirement to either place the financials of MSPL on the website of MIIL or disclose the salient features of the financial statements of MSPL in its financial statements, till such time.
- As regards the allegation of MIIL not explained or commented regarding the non-consolidation of financial statements of MSPL in the Director' s Report for the Financial Years 2015-16 to 2020-21, the Noticees contended that the Board of Directors of MIIL has expressly recorded in the Director's Report, forming part of Annual Report of F.Y. 2015-16 to 2020-21, that the implementation of the scheme of demerger is still pending and as such, the consolidation of financial statements of MSPL has not been given effect and also the Board of Directors of MIlL has commented on non-consolidation of financials of MSPL in the audited financials, by way of statement of impact of non-consolidation, which is

signed by CFO, Chairman of audit committee and statutory auditors and uploaded on NSE & BSE with annual audited accounts.

- As regards the allegation that MIIL has not recognized interest income on loans given to MSPL for the year ended March 31 2021, resulting in violation of Section 186 of the Companies Act, the Noticees contended that the said provision of law is not applicable to MIIL as it is involved in the business of infrastructural facilities as Section 186(11)(a) expressly states that nothing contained in Section 186 except sub-section (l) shall be applicable to a loan provided by a company involved in infrastructural facilities. Further, the Noticees also contended that the loan by MIIL to MSPL will not be an inter-corporate loan within the provision of Section 186 and therefore there was no requirement to comply with Section 186(7) as alleged in the SCN.
- As regards the allegation of loan advanced by MIIL to MSPL being converted to capital advance, without the approval of the audit committee which resulted in the violation of Regulation 23(2) of the LODR Regulations, the Noticees submitted the minutes of the board meeting dated January 12, 2018, wherein the Audit Committee of MIIL during the quarter ending March 2018 comprised of Noticee No. 3, Mr. Pramod Tandon and Mr. Kirit Navnitlal Damania and both Noticee No. 2 and Mr. Pramod Tandon assented to the conversion of the loans given to MSPL to capital advances, which is sufficiently compliant. Further, the Noticees also stated that in the financial statement of FY 2017-18 in note no. 42 the transaction of conversion of loan to MSPL to capital advance was duly disclosed in accordance with Ind AS — 24 and since this amount has been paid towards purchase of property the same is recoverable only in the form of commercial property and is not reported as outstanding balances in the related party disclosure for the financial statement of F.Y 2018-19 to F.Y 2020-21.
- As regards the charge of loan granted by MIIL to LCPL in the Financial Year 2018-19, which was a related party to MDL, approval for the grant of the loan to LCPL had not been obtained from the Audit Committee of MIIL as the same was not recorded in minutes, resulting in the violation of Section 177(4) of the Companies Act and Regulation 23(2) of the LODR Regulations and not

obtaining the shareholder’s approval, resulting in the violation of Section 185 of the companies Act, the Noticees submitted that the said loan along with interest calculated on arm's length basis has already been repaid on September 25, 2019 and further, all the transactions were reported to the Audit Committee and the Board in each quarterly meetings till the loan got repaid in full, which was not objected by the audit committee or the shareholders when the loan was ongoing.

- As regards the charge of movement of funds between the related parties only disclosed only on a net basis not compliant with requirements under Ind AS 24, the Noticee submitted that there is no mandate under the law to make disclosure on a gross basis. In this regard, the Noticee stated that Para 18 of Ind AS 24 only states that the entity shall disclose the amount of transactions entered in the relevant FY and the outstanding balances at the year end with related parties and as per the requirement of Ind AS 24, the Noticees have disclosed (a) the amount of transactions by MIIL in the FY 2020-21 and (b) the outstanding balances as on March 31, 2021 with its subsidiaries.
- As regards the allegation of MIIL advancing loans to various group companies and purpose for which the loan was utilized has not been disclosed in the financial statements resulting in the violation of Section 186(40 of the Companies Act and also not disclosing the said details in the director’s report has resulted in the violation of Section 134(3)(g) of the Companies Act and Regulation 4(l)(g) of the LODR Regulations, the Noticees contended that the provision of Section 186 of the Companies Act will not be applicable to MIIL as it is involved in the business of infrastructural facilities and further Section 186(11)(a) expressly states that nothing contained in Section 186 except sub-section (1) shall be applicable to a loan provided by a company involved in infrastructural facilities.
- As regards the allegation that there was a round tripping of funds which led to reduction of outstanding balance of MSPL in the books of MIIL and disclosure regarding creation of lien on the fixed deposits of MIIL for overdraft facility of the group company i.e. Man Realty Limited ("MRL") was not made as per the

requirement laid under Para 14 of IND AS 107 for the financial year 2016-17 resulting in the violation of Regulation 48 of the LODR Regulations, the Noticee submitted that a statement of no charge issued by DNBS bank clarifies that no such disclosure was necessary and since the FD has matured, the said amount has been received in the account of MIIL.

- As regards the allegation of creation of a pledge of shares of MSPL in favour of the lenders, not disclosed in the financial statements of MIIL for the FYs 2019-20 and 2020-21, the Noticees submitted that disclosure was made regarding the primary charge created and no disclosure was made where secondary charge was created. Furthermore, the Noticees submitted that the company has disclosed the fact of pledge of shares of MSPL in their filing with ROC. i.e. Form No. CHG-I which has been submitted to SEBI and the Annual Report of the Company for the year ended 2022 alludes to pledge of shares of MSPL in favour of the lender.
- As regards the allegation with respect to cheque no. 387925 issued by MSPL against the interest receivable of Rs.1,150.49 lakhs and bank overdraft appeared in the books of MSPL, the Noticees submitted that the said cheque was never realized and subsequently reversed, therefore there is no misrepresentation and MSPL had remitted the said amount via NEFT/banking.
- As regards the allegation certain advances like ICDs given and written off in the books of the Company in addition to not disclosing the particulars of loans along with the purpose for which the said ICDs are to be utilized by the recipient in its financial statements, in violation of Section 186 of the Companies Act and Regulation 4 (1) (g) of the LODR Regulations, the Noticees submitted that the provision of Section 186 of the Companies Act will not be applicable to MIIL as it is involved in the business of infrastructural facilities and further Section 186(11)(a) expressly states that nothing contained in Section 186 except sub-section (1) shall be applicable to a loan provided by a company involved in infrastructural facilities. Further, they also stated that the loan by MIIL to certain parties will not be an inter-corporate loan within the provision of Section 186 of the Companies Act.

10. Considering the above, I am of the view that the principles of Natural Justice have been adhered to as the SCN and Hearing Notices were duly served upon the Noticees and thereafter, sufficient opportunities were granted to them to reply to the SCN and appear for the personal hearing.

Consideration of Issues and Findings:

11. I have carefully perused the submissions made by the Noticees, documents available on record and the following issue requires consideration:

    Whether the acts of the Noticees as imputed in the SCN, have resulted in the violation of the provisions of SEBI Act, PFUTP Regulations and LODR Regulations?

12. Before I further proceed in the matter, it is pertinent to refer to the relevant provisions of the SEBI Act, PFUTP Regulations and LODR Regulations, alleged to have been violated by the Noticees, as per the SCN. The same are reproduced herein below:

SEBI Act

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

12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(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;

(d) ……"

[***Contravention by companies**.]*

"27. (1) Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention 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 contravention 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 contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such contravention.

(2) 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.

Explanation : For the purposes of this section,—

(a) "company" means any body corporate and includes a firm or other association of individuals; and

(b) "director", in relation to a firm, means a partner in the firm."

<u>LODR Regulations</u>

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:

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

(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.

(e) 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.

(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.

(b) Timely information: The listed entity shall provide adequate and timely information to shareholders, including but not limited to the following:

(i)sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be discussed at the meeting.

(ii)Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership.

(iii)rights attached to all series and classes of shares, which shall be disclosed to investors before they acquire shares

(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.

…

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

(ii)Key functions of the board of directors-

(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:

(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."

"17. Board of Directors

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."

"23. Related party transactions

(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.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice."

"33. Financial results.

(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:

Provided that in addition to the above, the listed entity may also submit the financial results, as per the International Financial Reporting Standards notified by the International Accounting Standards Board.

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.

(d)The annual audited financial results shall be approved by the board of directors of the listed entity and shall be signed in the manner specified in clause (b) of sub-regulation (2)

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

(b)In case the listed entity has subsidiaries, in addition to the requirement at clause (a) of sub-regulation (3), the listed entity shall also submit quarterly/year-to-date consolidated financial results.

(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 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."

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."*

Website

***46. (2)** The listed entity shall disseminate the following information under a separate section on its website:*

(l) financial information including:

(ii) financial results, on conclusion of the meeting of the board of directors where the financial results were approved;

Accounting Standards.

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

<u>PFUTP Regulations</u>

"3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

(a)…

(b) useoremploy,inconnectionwithissue,purchaseorsaleofanysecuritylistedor proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employanydevice,schemeorartificetodefraudinconnectionwithdealinginor issue of securities which are listed or proposed to be listed on a recognized stock exchange

(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 there under."

"4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

Explanation.–For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are *listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market*

(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"

13. I now proceed to consider the matter on merits.

14. I note that MIIL has been listed on NSE and BSE since 2005 and is presently engaged in the business of manufacturing Line Pipes and Coating Systems. It caters mainly to oil & gas, petrochemicals, water, dredging and fertilizers industries. MIIL was promoted in 1994, by Mr. Jhamak Lal Mansukhani and his two sons, Mr. Ramesh Chandra Mansukhani (RCM) and Mr. Jagdish Chandra Mansukhani (JCM).

15. Its Shareholding is as follows:-

List of shareholding of promoters of MIIL is as follows: (Quarter ending March 2021)

Name Of The Promoter / Promoter Group Company	No. Of Fully Paid Up Equity Shares Held	% Of Holding to total shares

Mr. Ramesh Mansukhani	1,37,54,992	24.09
Mr. Nikhil Mansukhani	35,86,285	6.28
M/s. Man Finance Private Limited	32,43,476	5.68
M/s. Man Global Limited	18,45,012	3.23
Ms. Deepadevi Mansukhani	18,05,604	3.16
M/s. Rameshchandra Mansukhani (HUF)	72,200	0.13
Mr. Jagdishchandra Mansukhani	25,623	0.04
Ms. Anita Jagdish Mansukhani	5,000	0.01
Total		

List of shareholding of promoters of MIIL is as follows: (Quarter ending March 2021)

Name of the Shareholders of MSPL	**No. of fully paid up equity shares held**	**Shareholding as a % of total no. of shares**
Man Industries (India) Limited	**18,789**	**100**

16. **Relationship between Group Companies**

Sr. No.	**Name of the Reporting Entity**	**Name of the Group Company**	**Description of Relationship as per IND AS 24 "Related Party Disclosures"**
1.	Man Industries (India) Limited (MIIL)	Merino Shelters Pvt. Ltd (MSPL)	MSPL is a wholly owned subsidiary of MIIL.
2.	Man Industries (India) Limited (MIIL)	Limitless Contracting Pvt. Ltd. (LCPL)	Nikhil Mansukhani (NRM) holds directorship in MIIL and LCPL (upto 29th September, 2021) Heena Vinay Kalantri (Daughter of Ramesh Mansukhani) holds directorship in MIIL and LCPL along with shareholding of 95% in LCPL.

Sr. No.	Name of the Reporting Entity	Name of the Group Company	Description of Relationship as per IND AS 24 "Related Party Disclosures"
3.	Merino Shelters Pvt. Ltd (MSPL)	Limitless Contracting Pvt. Ltd. (LCPL)	Nikhil Mansukhani holds directorship in MSPL (upto 12th March, 2020) and LCPL (upto 29th September, 2021). Heena Vinay Kalantri is a majority shareholder (95%) of LCPL and holds directorship in MIIL as well as LCPL. Hence, controlled by same person/ entity.
4.	Merino Shelters Pvt. Ltd (MSPL)	Man Reality Limited (MRL)	Deepa Mansukhani (Wife of RCM) and Chanpreet Nikhil Mansukhani (Wife of NRM), relative of directors of MIIL are the directors and 100% shareholders of MRL. Hence, controlled by same person/ entity.
5.	Merino Shelters Pvt. Ltd (MSPL)	Man Global Limited (MGL)	Nikhil Mansukhani holds directorship in MSPL and MGL along with shareholding of 51% in MGL. Hence, controlled by same person/ entity.
6.	Limitless Contracting Pvt. Ltd. (LCPL)	Man Finance Ltd. (MFPL)	LCPL is controlled by MIIL and RCM is a majority shareholder (90%) of MFPL. Hence, controlled by same person/ entity.
7.	Man Finance Pvt. Ltd. (MFPL)	Man Global Limited (MGL)	MFPL and MGL are controlled by RCM and NRM respectively by way of majority shareholding. Hence, controlled by same person/ entity.

17. On Jurisdiction: Before going into allegations, I would like to address the issue of Jurisdiction raised by the Noticees in their supplementary reply dated August 20, 2025.

Reply: As regards the issue of jurisdiction, the Noticees' have submitted that SEBI is not vested with the authority to examine an entity's compliance with Indian Accounting Standard and/or the Company's Act, especially since there already exists specialized statutory authority such as the Ministry of Corporate Affairs (MCA)/National Financial reporting Authority (NFRA) vested with the Jurisdiction in this regard. Thereafter, the Noticees have submitted vide their supplementary reply dated August 20, 2025, that the MCA has in fact issued a SCN dated October 30, 2024 to MIIL pursuant to comprehensive examination on the same or similar issues and describing them, to which MIIL has filed its response dated December 10, 2024, therein refuting every allegation of the MCA. Further, the Noticees have also submitted that the allegations of MCA SCN substantially overlap with those raised in the SCN of this proceeding. Thus the present proceedings are vitiated for want of jurisdiction and accordingly, the SCN is liable to be quashed on this ground.

Finding:

i. It is relevant to note that the Companies Act, 2013 itself prescribes requirements on the preparation of financial statements. Section 129 of the Companies Act, 2013 provides that the financial statements shall give a true and fair view, shall comply with the Accounting Standards, and shall be in the form provided under Schedule III. Section 133 of the Companies Act, 2013 empowers the Central Government to prescribe Accounting Standards, which have binding force on companies. Section 134(5) of the Companies Act, 2013 requires directors to confirm in their responsibility statement that the financial statements comply with the applicable laws and Accounting Standards.

ii. The Accounting Standards provides for the substantive principles of recognition and measurement. For example, Accounting Standard (AS) 9 on “Revenue Recognition” requires revenue, including interest income, to be recognised. Similarly, AS 1 on “Disclosure of Accounting Policies” obliges companies to disclose significant policies consistently so that investors have a clear basis for understanding the numbers presented. Its purpose is to ensure that listed companies prepare their financial statements and disclosures in a consistent, transparent, and accurate manner, using the prescribed standards to protect investor interests and promote fair market practices

iii. ICDR Regulations bring these different requirements together by mandating that listed companies not only comply with the requirements of the Companies Act but also adhere to the Accounting Standards while preparing their financials. This ensures that investors are presented with comprehensive information that is consistent, comparable, and capable of supporting rational decision-making in the securities market.

iv. The importance of this comprehensive framework of interaction between the Companies Act and Accounting standards is evident when one considers a specific case such as recognition of interest income by an infrastructure company. How such interest is recognisable is determined by AS 9 and while exception to charge interest to the infrastructure companies are stipulated in the Section 129 of the Companies Act.

v. At this stage, it is important to recognise the principle of law of incorporation into securities regulation. The LODR Regulations expressly incorporate the requirements of the Companies Act and the Accounting Standards into the securities law framework by mandating that listed companies prepare their financials in accordance with these provisions. Therefore, in a proceeding before SEBI, the issue is not whether there has been an independent violation of the Companies Act or the Accounting Standards, but whether the company has violated the LODR provisions that incorporate those requirements. Regulation 48 of the LODR Regulations mandates that listed entities must comply with all applicable Accounting Standards notified by the Securities and Exchange Board of India from time to time. Regulation 34 of the LODR Regulations mandates that the annual report of the listed entity shall contain disclosures as specified in Companies Act, 2015. Regulation 4(1) of LODR Regulations mandate that listed companies abide by the applicable laws which include the provisions of the companies Act. Regulation 15 (3) of LODR Regulations further to the provisions of Companies Act, 2013 shall continue to apply, wherever applicable when it comes to applicability under obligations of a listed entity which has listed its specific securities and non-convertible debt securities, empowering SEBI to ensure that investors' interest does not get affected and that fairness prevails in the securities market. The misrepresentation in financials, once it contravenes provisions of the LODR, squarely attracts SEBI's jurisdiction, because the breach is of securities law obligations whose purpose is to protect investors and ensure integrity in the securities market.

vi. In the instant case, the SCN alleges that the non-compliance of IND AS and Companies Act, 2013, has resulted in the violation of LODR Regulations and PFUTP Regulations. Therefore, what is enquired into in the current proceedings are violation of the securities laws enshrined in the LODR Regulations and PFUTP Regulations. In view of the above, the Noticee's argument that MCA is parallely looking into the matter is not relevant for the adjudication of issues in the instant matter.

vii. Further, in the matter of **Oasis securities Ltd. & Ors. V. SEBI** dated March 17, 2020, the Hon'ble Securities Appellate Tribunal (SAT) affirmed SEBI's jurisdiction that with the following observation "*we do not find any merit in the appellants' submission that SEBI does not have any mandate / jurisdiction on ensuring that accounting standards are followed in compliance with the listing obligations*." On these lines, I reject the Noticees' submissions made in this regard as they are without any merit. I find that the SEBI has jurisdiction to render findings on the allegations leveled against the Noticees in the SCN.

18. The charges levelled against the Noticees, the reply of the Noticees and my findings are as under;

A. <u>**Non consolidation of financials of Merino Shelters Private Limited (MSPL) with MIIL leading to misrepresentation of books of MIIL**</u>

i. The question that arises for consideration is whether MSPL was a subsidiary of MIIL during the financial years 2015-16 to 2020-21.

ii. I note that the Noticees have contended that there is an ongoing dispute between JC Mansukhani (erstwhile promoter) and RC Mansukhani (current promoter) groups with respect to control of MSPL. It has been submitted that MIPL filed Interim Application (St) No. 3492 of 2020 before the Hon'ble Bombay High Court seeking a restraint on MIIL and its directors/officers from taking any steps in pursuance of the record date. By order dated September 25, 2020, the Hon'ble High Court observed that the record date will depend on the outcome of Company Application No. 999 of 2015. Relying upon the said order and on a legal opinion dated December 18, 2015, the Noticees have claimed that consolidation of MSPL with MIIL would have led to an incorrect disclosure and may have even resulted in contempt of court.

iii. In this regard, I note that the Hon'ble High Court of Bombay, vide its order dated March 20, 2015, had already approved the Scheme of Arrangement between MIIL and MIPL and its shareholders. Pursuant to this scheme, MSPL became a 100% subsidiary of MIIL with effect from April 1, 2013. The legal effect of this merger has already come into force from the effective date. In my respectful view, the subsequent order dated September 25, 2020 does not dilute or undo the legal effect of the earlier order approving the scheme. The said order only observed that the fixation of record date would depend on the outcome of the pending company application, but it did not stay or suspend the merger itself.

iv. I further note that the Noticees have not produced any order of any court that specifically stays the operation of the merger or that restrains the consolidation of the financials. In the absence of any such specific restraint or stay, the merger in law has taken effect. Accordingly, MSPL stood as a subsidiary of MIIL for the FYs 2015-16 to 2020-21.

v. The contention that consolidation would have amounted to contempt is therefore untenable, as no court order directing that consolidation should not be undertaken was brought to the notice in the instant proceedings. It also does not stand to reason if Noticees believed the consolidation would result in contempt of court, why MIIL has consolidated the accounts of MSPL in the filing for H1FY24 (i.e. six months ending September 2023). A copy of the consolidated accounts was also annexed as Exhibit “5” in its reply dated November 21, 2023**.** In view of this, I find that applicable post-merger legal consequences under the securities laws gets triggered.

Non-consolidation of the financial statements of MSPL

vi. The first aspect that arises for determination is whether MIIL failed to consolidate the financial statements of its subsidiary MSPL for FYs 2015-16 to 2020-21, as per AS 21 and IND AS 110. It is an admitted fact that the Noticees did not consolidate the financials of MSPL as part of the consolidated financial statements of MIIL during the aforesaid period.

vii. The objective of AS 21 is to lay down principles and procedures for the preparation and presentation of consolidated financial statements. Consolidated financial statements are intended to present financial information about a parent and its subsidiary(ies) as a single economic entity, showing the economic resources controlled by the group, the obligations of the group, and the results achieved with those resources. Similarly, IND AS 110 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It is also the case of the Noticee that MIIL has not complied with the requirements of AS 21 and IND AS 110.

viii. The contention of the Noticees that, based on a legal opinion dated December 18, 2015, consolidation should not be undertaken until disposal of the legal proceedings, cannot be accepted. A legal opinion obtained by the Noticees cannot override the mandate of the Indian Accounting Standards, which unequivocally required MIIL to consolidate the financials of its subsidiary MSPL.

ix. Further, Regulation 48 of the LODR Regulations mandates listed entities to comply with all applicable and notified Accounting Standards. Regulation 33(3)(b) of the LODR Regulations requires listed entities to submit quarterly/year-to-date consolidated financial results. The second proviso to Regulation 33(3)(d) of the LODR Regulations requires a listed entity having subsidiaries, while submitting annual audited standalone financial results, to also submit annual audited consolidated financial results along with the audit report and statement on the impact of audit qualifications or the audit report with modified opinion, as the case may be.

x. In view of the above discussion, and having found that MIIL failed to consolidate the financial statements of its subsidiary MSPL, I find that Regulation 48 of the LODR Regulations, Regulation 33(3)(b) and Regulation 33(3)(d) of the SEBI LODR Regulations stands violated.

Not providing the Audited Financial Statements of MSPL in the website of MIIL

xi. The second aspect that arises for determination is whether the Audited Financial Statements of MSPL have not been placed in the website of MIIL. It is an admitted fact the same has not been done by MIIL. Fourth proviso to Section 136 of the Companies Act, 2013 and Regulation 46(2)(l)(ii) of LODR Regulations, requires the consolidated financials to be placed in the website of the listed parent company. Therefore, in view of not placing the consolidated financials of MSPL, MIIL is not as per fourth Proviso to Section 136 of the Companies Act, 2013. Failure to place so in the website, I find, has resulted in violating Regulation 46(2)(l)(ii) of the LODR Regulations.

Disclosure of Reasons for non-consolidation

xii. It was argued that MIIL had disclosed reasons for non-consolidation of MSPL in the Annual Report for FY 2017-18, both in the Director’s Report and in Notes 53 and 54 to the Accounts. Noticees contended that the Director's Report "expressly recorded" the non-consolidation, and that Notes 53 and 54 explained that non-consolidation is on account of the pending full implementation of the Scheme.

xiii. On perusal of the Director's Report for FY 2017-18, I find that no reason has been stated for the non-consolidation of MSPL. Likewise, Notes 53 and 54 to the financial statements do not disclose any reason for non-consolidation. Para 54 merely records that "MIPL has made frivolous claims on the company and also challenged the valuation of assets which had already been approved by the Hon'ble Bombay High Court." This statement is argued to be reason for non-consolidation of MSPL. I note this statement does not state that because of the pendency of the litigation the consolidation was not done. Therefore, the explanation offered by the Noticee does not support their case.

xiv. Further, similar is the position in the subsequent Annual Reports. For FYs 2018-19, 2019-20 and 2020-21, while references are made to the pendency of disputes or the Scheme, however, no clear or specific reason for non-consolidation has been stated either in the Director's Report or in the Notes to Accounts. The disclosure requirement under Para 20 of Ind AS 1, which mandates entities to disclose the basis of preparation of financial statements and the reasons for not complying with an Ind AS requirement, has not been followed.

xv. Therefore, I find that across the impugned financial years (2015-16 to 2020-21), MIIL has failed to provide in its financial statements a disclosure of reasons for non-consolidation of MSPL, thereby rendering the financial statements inconsistent with the disclosure standards envisaged under Ind AS 1 and misleading to investors who rely on these statements for decision-making.

Non-disclosure of the salient features of the financial statements of MSPL

xvi. The next aspect that arises for determination is whether MIIL has disclosed the salient features of the financial statements of MSPL in its own financial statements for the Financial Years 2015-16 to 2020-21.

xvii. The Noticees have contended that since MSPL continued to be a subsidiary of MIPL pending the implementation of the Scheme, it would have been incorrect on their part to disclose the salient features of the financials of MSPL in the financials of MIIL.

xviii. I note that the Company has admitted that the salient features of the financials of MSPL in the financials of MIIL were not provided. The requirement to disclose the salient features of the financial statements of subsidiaries is distinct from the requirement of consolidation. While in the case of consolidation, non-consolidation may be explained by providing reasons as permitted under the accounting standards, there is no exemption under law which was brought to the notice in this proceeding, for not disclosing the salient features of the financials of a subsidiary.

xix. The First Proviso to Section 129(3) of the Companies Act, 2013 mandates that a company shall also attach, along with its financial statements, a separate statement containing the salient features of the financial statements of its subsidiary or subsidiaries and associate company or companies, in such form as may be prescribed.

xx. In view of the admitted non-disclosure of the salient features of the financial statements of MSPL in the financial statements of MIIL, the failure in this regard is not as per First Proviso to Section 129(3) of the Companies Act, 2013, resulting in the violation of Regulation 33 of the LODR Regulations.

Comments of the Board on the adverse remarks of the Auditor

xxi. The next issue that arises for consideration is whether the Board of Directors of MIIL have explained or commented in their Director's Report on the auditor's remark regarding the non-consolidation of the financial statements of MSPL for FY 2015-16 to FY 2020-21.

xxii. The Noticees have contended that the Board of Directors in their report expressly recorded that the implementation of the scheme of demerger was still pending and, as such, the consolidation of the financial statements of MSPL had not been given effect to. Further, it has been submitted that the Board of Directors of MIIL had commented on the non-consolidation in their disclosures to the exchanges at the time of the respective Board meetings, which were signed by the CFO, the Chairman of the Audit Committee and the statutory auditors. A copy of such disclosure has been annexed as Annexure I to the Brief Written Submissions dated August 04, 2023.

xxiii. On perusal of Annexure I, titled "Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results-(Consolidated)", I note that the audit qualification relating to non-consolidation has indeed been mentioned. Further, the management's estimation on the impact of such audit qualification has also been recorded.

xxiv. A similar position is found for the other financial years under consideration, where the "Statement on Impact of Audit Qualifications" has been submitted along with the audited financial results, containing the auditor's adverse remark and the management's response thereto.

xxv. I note that Section 134(3)(f) of the Companies Act, 2013 mandates that the Board's Report shall contain explanations or comments on every qualification, reservation or adverse remark made by the auditor in his report. Further, Regulation 4(1)(g) of LODR Regulations requires that the listed entity shall abide by all the provisions of applicable laws which includes the provisions of the Companies Act. Since MIIL has provided comments on the auditor's adverse remark on non-consolidation in the prescribed format, signed by the CFO, the Chairman of the Audit Committee, and the statutory auditors, I find that no violation can be established on this head.

Impact of Non-consolidation

xxvi. I note that the Noticees have contended that the allegation in the SCN that consolidation was avoided in order to conceal the losses of MSPL is unsustainable. It has been argued that an examination of the financials themselves would show that such a motive cannot be attributed, since out of the six years under review, profits of MIIL were understated in two years and overstated in four years.

xxvii. On perusal of the data, I find that MSPL had indeed incurred losses in some years, namely FY 2015-16, FY 2016-17, FY 2019-20 and FY 2020-21, while it had recorded profits in FY 2017-18 and FY 2018-19. In FY19-20 the over reporting is 3.76 percent. The total consolidated profit of MIIL for the period FY 2015-16 to FY 2020-21 stood at ₹52,298 lakhs, whereas the cumulative net loss of MSPL during the same period amounted to only ₹473.17 lakhs. The profit of MIIL for the relevant years i.e. FY 2015-16, FY 2016-17, FY 2019-20 and FY 2020-21 are 1.15%, 1.58%, 3.76% and 0.85%, respectively. I note, in quantitative terms, therefore, the effect of non-consolidation is less and cannot support the view that there was a deliberate design to withhold losses from the financial statements, if all the impugned financial years are taken together.

xxviii. At the same time, it is also observed that the statutory auditors of MSPL had qualified their reports on account of certain accounting practices such as capitalisation of administrative and interest costs in contravention of AS-2/Ind AS-2 and Ind AS-23, and non-provision of municipal cess in contravention of AS-29. If these were not wrongly capitalised, this would have resulted in increase in loss for MSPL. These are reductions which should have been made to MSPLs profits, which would impact the consolidated financials. If these figures are added together for the FYs, about Rs. 515 lakhs are over reported. These qualifications, when factored into the analysis, do show distortions in the consolidated profits of MIIL.

xxix. It is next to be examined whether the argument that the impact of non-consolidation is less absolves the Noticees from the allegation of misrepresentation. At the outset, I note that the fact of misrepresentation and the impact of misrepresentation are two distinct matters. Anti-fraud provisions enshrined in the scheme of the SEBI Act and the PFUTP Regulations proceeds on the principle that integrity and truthfulness of disclosures are the bedrock of investor protection and fair market conduct. Once disclosures made to the investors and the market are established as untrue or misleading, the act of misrepresentation stands established.

xxx. The quantum of impact can be factor for assessment of consequential penalty but does not negate the underlying misrepresentation. Therefore, the impact is not a prerequisite to establish misrepresentation. The misrepresentation lies in the act of publishing financial statements which did not present a true and fair view by excluding MSPL's accounts

xxxi. Therefore, the contention that the effect of non-consolidation was quantitatively insignificant cannot dilute the charge. Misrepresentation under PFUTP attaches to the nature of the disclosure and not to the impact of financial distortion. Therefore, I find that the failure to consolidate the financials of MSPL and the consequent failure of disclosure requirement as found above constitutes a false picture of MIIL's financial position.

B. Misutilisation of funds by MIIL and relevant non – disclosures

1. The details of loans from MIIL to MSPL are as tabled below:

(Rs. In lakhs)

Financial Year	Opening Balance	Loans Given	Loans Received Back	Conversion of Loans to Advance for Property	Closing Balance
2014-15	1,007.00	11,827.33*	6,152.14	-	6,682.19
2015-16	6,682.19	18,275.00	16,148.89	-	8,808.31
2016-17	8,808.31	16,884.00	11,882.64	-	13,809.66
2017-18	13,809.66	14,331.00	21,641.65	5,641.38	857.63
2018-19	857.63	0.52	-	-	858.15
2019-20	858.15	-	2.04	-	856.11
2020-21	856.11	-	9.51	-	846.59
Total		**61,317.85**	**55,836.87**		

*includes loans amounting to Rs. 7,935.82 lakhs given by MIPL to MSPL transferred to MIIL as per Scheme of Amalgamation

2. Non-Recognition of Interest Income in the books of MIIL

i. Allegation: It is alleged that MIIL has not recognized any interest income on loans given to its subsidiary MSPL for the year ended March 31, 2021, where the loan balance stood at ₹846.59 lakhs. The Statutory Auditors have also recorded an adverse comment regarding such non-recognition of interest in their audit report, as alleged in the SCN. Accordingly, it is alleged that their failure was not as per the provisions of Section 186(7) of the Companies Act, 2013, thereby violating Regulation 4(1)(g) of SEBI LODR Regulations.

ii. Contention: The Noticees have contended that Section 186 of the Companies Act, 2013 is not applicable to MIIL as the company is engaged in the business of infrastructural facilities and hence falls under the exemption provided in Section 186(11) (a) of Companies Act. It has been argued that, except for sub-section (1), the provisions of Section 186 do not apply to a company engaged in the business of providing infrastructural facilities. The Noticees have further submitted that the loan extended by MIIL to certain parties would not constitute an inter-corporate loan within the meaning of Section 186 and, therefore, there was no requirement to comply with Section 186(7) in the matter of charging interest.

iii. Consideration: The issue, therefore, is whether MIIL can legitimately claim exemption under Section 186(11) of the Companies Act, 2013 by virtue of its claim of being engaged in the business of providing infrastructural facilities, and consequently whether the failure to recognise interest income on loans advanced to MSPL would arise or not.

iv. In order to appreciate the contention of the Noticees, it is necessary to examine the provisions of Section 186(7) and 186(11) of the Companies Act, 2013 which is reproduced below:-

v. Section 186. Loan and investment by company

(1)…..

………

(7) No loan shall be given under this section at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan.

Provided that nothing contained in this sub-section shall apply to a company in which twenty-six per cent. or more of the paid-up share capital is held by the Central Government or one or more State Governments or both, in respect of loans provided by such company for funding Industrial Research and

Development projects in furtherance objects as stated in its memorandum of association,

……….

(11) Nothing contained in this section, except sub-section (1), shall apply—

(a) to a loan made, guarantee given or security provided by a banking company or an insurance company or a housing finance company in the ordinary course of its business or a company engaged in the business of financing of companies or of providing infrastructural facilities;

(b) to any acquisition—

(i) made by a non-banking financial company registered under Chapter IIIB of the Reserve Bank of India Act, 1934 and whose principal business is acquisition of securities:

Provided that exemption to non-banking financial company shall be in respect of its investment and lending activities;

(ii) made by a company whose principal business is the acquisition of securities;

(iii) of shares allotted in pursuance of clause (a) of sub-section (1) of section 62

(iv) made by a banking company or an insurance company or a housing finance company, making acquisition of securities in the ordinary course of its business.

vi. Section 186(7) mandates that no loan shall be given at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan. Section 186(11) carves out exemptions to this requirement, inter alia, for companies engaged in the business of providing infrastructural facilities. The object of Section 186 is to regulate the manner in which companies extend loans, guarantees, securities and investments so as to promote transparency and prevent misuse of corporate funds, while allowing specific exemptions mentioned therein.

vii. The Noticees have claimed that MIIL falls within the category of companies engaged in the business of providing infrastructural facilities, and therefore the requirement of charging interest under Section 186(7) does not apply to them. In support, MIIL placed reliance on Schedule VI of the Companies Act, 2013, particularly entry 9(c), which refers to manufacturing of components and materials required by the infrastructure sector such as energy saving devices and metering devices. On a careful consideration, I find that this entry cannot be read to cover every component or material supplied to infrastructure companies. The scope of the entry is narrowed by the specific reference to “energy saving devices and metering devices”, which are clearly identifiable narrow categories of infrastructure. MIIL is engaged in manufacturing and supply of pipes, but the documents submitted, including contracts and purchase orders with IOCL, BPCL, HPCL, GAIL, BHEL, Adani Infra and Reliance Infra, do not establish that the pipes are components of such energy saving or metering devices. Hence, I note that the exemption under this head cannot be extended to MIIL.

viii. The Noticees also claimed exemption in their reply dated August 28, 2025 apparently under a different heads of Infrastructure facilities, on the ground that it primarily manufacture of pipes for the transmission networks and distribution networks for petrochemicals and water supply or distribution such as IOCL, OCL, BPCL, HPCL, GIAL, BHEL, Adani Infra, Reliance Infra. In this regard, perusal of entry 7(e) of Schedule VI, shows that it recognises transmission and distribution networks, including city gas distribution infrastructure, as infrastructure facilities. This provision, however, is intended to cover entities that are directly engaged in creating or operating such transmission and distribution networks. A supplier of raw material, such as pipes, cannot be equated with a company that is itself in the business of providing the transmission or distribution network. Similarly, perusal of entry 3(a) of Schedule

VI, shows that it covers water supply projects. The business of providing water supply is distinct from the business of supplying materials to such projects. A company engaged in manufacturing pipes cannot be said to be in the business of providing water supply infrastructure.

ix. Therefore, the claim of MIIL that it is covered under multiple heads of Schedule VI as a provider of infrastructural facilities is unsustainable. Even otherwise, it is noted that the exemption under Section 186(11) was introduced by way of amendment effective from May 07, 2018, whereas a large portion of the loans extended to MSPL were during FY 2014-15 to FY 2017-18, prior to the amendment. Therefore, on this ground also the reliance on the exemption is misplaced.

x. It is relevant to note here, the statutory auditors of MIIL have also recorded an adverse remark on the failure to charge interest, which is consistent with understanding of the Schedule VI. In these circumstances, I find that MIIL was under a statutory obligation to recognise interest on the loans advanced to MSPL in terms of Section 186(7) of the Companies Act, 2013, which it did not do. I find that, its failure to do so leads to the violation of Regulation 4(1)(g) of the SEBI LODR Regulations.

3. Loan given by MIIL to MSPL converted to Capital Advance

i. Allegation: SCN alleges that MIIL had advanced a sum of ₹5,641.38 lakhs to its subsidiary MSPL during FY 2017-18, which was subsequently converted into a capital advance towards purchase of office space in an IT Building. The said conversion was allegedly undertaken without obtaining the prior approval of the Audit Committee as required under Regulation 23(2) of the LODR Regulations. Further, it is alleged that MIIL failed to disclose the aforesaid related party transaction in the notes to accounts of its financial statements for FYs 2018-19, 2019-20 and 2020-21, which is not as per Ind AS 24 and Regulation 48 of LODR Regulations, and also failed to disclose the same in its Board's Report in Form AOC-2 as mandated under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014. It is further alleged that by not invoking the refund clause of the allotment letter and foregoing interest, MIIL suffered a notional loss of interest amounting to approximately ₹2,032.75 lakhs.

ii. Contention: MIIL contented that the allegation of conversion of the loan to capital advance was without Audit Committee approval is incorrect. During the relevant quarter, the Audit Committee comprised Mr. Pramod Tandon and Mr. Kirit Damania. In the board meeting of January 12, 2018, both Noticee No. 2 and Mr. Tandon assented to the conversion, as recorded in the minutes (copy submitted as Annexure J of reply dated November 21, 2023). MIIL submitted that with quorum being satisfied, the requirement of Section 177(4) stood complied. It also submitted that the Audit Committee in its meeting of November 8, 2023 ratified the decision annexed as Exhibit 7 of its reply dated November 21, 2023. Thus, it argued that by applying the doctrine of substantial compliance, the allegation of non-approval is wholly unsustainable.

iii. It further submitted that the allegation that the conversion was to "disguise" an interest-free loan is also untenable. Section 186(7) is inapplicable to MIIL. The conversion was justified since MIIL required office space and MSPL, its 100% subsidiary, was developing the same. Construction had commenced and a term sheet with a developer has since been executed, supporting document for which was given as Exhibit 8 to the reply dated November 21, 2023.

iv. Regarding, the allegation on non-disclosure, MIIL states that Note 49 of the accounts records "advance for property" under related party transactions. It submitted that the omission to disclose in Form AOC-2 was inadvertent. It contended that the SCN's calculation of ₹20 crore loss at 12% is incorrect since the allotment letter provided only 9% of interest.

v. Consideration: In view of the above allegations the question that arises for consideration is whether MIIL, has converted the loan advanced to MSPL into a capital advance without prior Audit Committee approval and further by failing to disclose this related party transaction in its financial statements and Board's Report not accordance with Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 and has violated the provisions of Regulations 23(2) and 48 of the LODR Regulations, and consequently caused financial prejudice by loss of potential interest income.

vi. It is an admitted position that no explicit approval of the Audit Committee was obtained for conversion of the loan granted by MIIL to MSPL into a capital advance. The Audit Committee is a distinct statutory body with independent decision-making powers. The fact that common directors sit on both the Board and the Audit Committee does not dilute the requirement of a separate and express approval from the Audit committee. I note, that the consent recorded in a Board meeting cannot be equated with approval of the Audit Committee. Further, the subsequent ratification of the transaction on 08.11.2023 does not cure the defect, as the law requires prior approval. The submission that as a matter of practice all transactions are placed before the Audit Committee was not substantiated by MIIL.

vii. On the disclosure aspect, I note that the Notes to Accounts for FY 2017-18 (Annexure K) did record the item as "advance for property" under related party transactions. Hence, I find that the allegation of total non-disclosure in the notes to Accounts cannot be sustained. However, the disclosure was incomplete, as the terms and conditions required under para 18 of IND AS 24 were not provided. Further, the Noticees have admitted that disclosure in Board's Report in Form AOC-2 was not made.

viii. On the disclosure aspect, I note that the Notes to Accounts for FY 2017-18 (Annexure K) did record the item as "advance for property" under related party transactions. Hence, I find that the allegation of total non-disclosure in the notes to Accounts cannot be sustained. However, the disclosure was incomplete, as the terms and conditions required under para 18 of IND AS 24 were not provided. Further, the Noticees have admitted that disclosure in Board's Report in Form AOC-2 was inadvertent non-compliance.

ix. On the allegation of financial loss of Rs. 2,032.75 lakhs on account of loss of interest, the explanation that the conversion was in furtherance of acquiring larger premises for MIIL/MSPL cannot justify the evasion of mandatory requirements for conversion under as stated above. Though it was stated that despite the conversion, interest was charged, no cogent proof has been furnished to establish receipt of interest, notwithstanding the CA certificate produced. The said CA certificate does not certify that the interest has been received post conversion. Further, since there are no details as to where the interest is being received from, it cannot prove that interest was collected with respect to the loan given in this regard. Thus, the document provided in support does not support their claim. On the contrary, the materials lead to the conclusion that the conversion of loan into advance was structured to avoid charging of interest. In that context, the contention that Section 186(7) of the Companies Act does not apply to MIIL is irrelevant, as the issue in hand is not of exemption under Section 186, following of the provisions of Section 177 of Companies Act, 2013 and violation of Regulation 23(2) of LODR. In any case, I have already held the non-applicability of Section 186(11) of Companies Act to the facts of this case.

x. I note Section 177(4) of the Companies Act, 2013 and Regulation 23(2) of the LODR Regulations mandate that all related party transactions, including inter-corporate loans and conversions thereof, require prior approval of the Audit Committee. Regulation 48 of the LODR Regulations obligates listed entities to comply with applicable accounting standards, while Section 134(3)(h) of the Companies Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 requires disclosure of particulars of related party transactions in the Board's Report in Form AOC-2 with all terms and conditions. In the present case, MIIL converted loans given to MSPL into capital advances without obtaining prior approval of the Audit Committee, and made only partial disclosure in the Notes to Accounts without terms and conditions mandated by IND AS 24, and itself admitted non-compliance in its Board's Report. Accordingly, I hold that MIIL has violated Regulation 23(2) and Regulation 48 of the LODR Regulations.

4. Loans given by MIIL to LCPL in contravention of Section 185 of the Companies Act, 2013

i. Allegations: The allegation is that during FY 2018-19, MIIL advanced ₹4,825 lakhs to LCPL, a related party where Mr. Nikhil Rameshchandra Mansukhani, director of MIIL, was also a director. Section 185 of the Companies Act prohibits companies from granting loans to entities in which their directors are interested, unless a special resolution is passed. No such approval was obtained in MIIL's AGM/EGM.

ii. It was further alleged while 3,744.62 lakhs was repaid in FY 2018-19, a balance of ₹1,080.38 lakhs remained outstanding and was finally repaid in FY 2019-20. The statutory auditors pointed this out as a violation of Section 185.

iii. Further, the allegation is under Section 177(4) of the Companies Act and Regulation 23(2) of LODR Regulations, all related party transactions require prior approval of the Audit Committee. No such approval for the loan to LCPL is recorded in the minutes. Accordingly, MIIL did not follow Section 185 of the Companies Act, 2013 and violated Regulation 23(2) of LODR Regulations.

iv. Contentions: The company contended that the allegations are unfounded and without merit. MIIL extended loans to LCPL, a related party, as part of its business operations. The loan transaction was disclosed as a RPT in the annual reports of FY 2018-19 and 2019-20 (Exhibit "10" to reply dated November 21, 2023).

v. The audit committee at the relevant time comprised of Mr. Kirit Damania, Mr. Pramod Tandon, and Mr. Nikhil Mansukhani. Both Mr. Kirit Damania and Mr. Pramod Tandon were present at the board meeting and audit committee meeting dated May 24, 2018, which approved the Related Party Transaction to LCPL (Exhibit "11" to reply dated November 21, 2023). Therefore, there was effective compliance.

vi. The loan transactions with LCPL were reported to the Audit Committee and the Board in each quarterly meeting till the loan got repaid in full with interest @10% on September 25, 2019. Furthermore, no objection has been raised by the members of the audit committee throughout this period.

vii. Consideration: I note that there is no dispute on the factum of issuance of the loan of ₹4,825 lakhs by MIIL to LCPL in FY 2018–19. There is also no dispute on LCPL being a related party. Noticee No. 3, who was the Executive Director of MIIL, was also a director of LCPL up to September 29, 2021, and MIIL itself has classified LCPL as a related party. In this background, I examine the requirement of approvals and disclosures in respect of this transaction.

viii. As regards the requirement of shareholder approval, Section 185 of the Companies Act, 2013 clearly stipulates that a company may advance loans to an entity in which a director is interested only subject to fulfilment of two conditions, namely that a special resolution is passed in the general meeting prior to such transaction and that the loan is utilized for the principal business activities of the borrower. The annexure in the reply dated November 21, 2023, of the Noticee at page 212A clearly records that no such special resolution of the shareholders was obtained before the loan was advanced, and instead, the loan was merely ratified by the Board through a resolution. Such post facto ratification cannot substitute the mandatory requirement of obtaining prior shareholder approval by way of special resolution. I therefore find that advancing the loan to LCPL was not as per Section 185 of the Companies Act, 2013.

ix. As regards the requirement of Audit Committee approval, the Noticee has relied on Exhibit 11 at page 198 of the reply, being the minutes of the Audit Committee meeting dated May 24, 2018. On perusal of the same, I find that there is no reference to the grant of loan to LCPL. This document therefore does not evidence the approval of the Audit Committee for the impugned transaction. Accordingly, I find that MIIL also did not obtain the mandatory Audit Committee approval before advancing the loan to LCPL which is in violation of Regulation 23(2) of LODR Regulations.

x. It has been contended by the Noticee that the loan transaction was disclosed in the Annual Reports of FY 2018–19 and 2019–20 as a related party transaction. Exhibit 10 of the reply dated November 21, 2023 has been placed on record in support. On examination of the said disclosures, I find that they mention only an amount of ₹1,080.38 lakhs as a loan given to LCPL. This represents the net figure, and not the gross loan of ₹4,825 lakhs actually advanced in FY 2018–19. Similarly, in the Annual Report of FY 2019–20, while the repayment of ₹1,080.38 lakhs is recorded, the underlying fact that ₹4,825 lakhs had been advanced in the previous year is not disclosed. The disclosures thus fail to present the true quantum of loan transactions, and instead reflect only a partial, net position that suppresses the actual exposure of the company.

xi. In view of the foregoing, I find that MIIL advanced a loan of ₹4,825 lakhs to LCPL, a related party, without obtaining the prior approval of the shareholders by special resolution. Further, I find that Regulation 23(2) of the LODR Regulations is not complied with as Audit Committee approval as required was not obtained. The allegations in the SCN on this count therefore stand established.

5. Non-disclosure of Loans given and received back to related parties as per IND AS/ AS

i. Allegation: The allegation is that there were significant intra-year movements of funds between MIIL and its related parties. As per para 18 read with para 24 and 24A of IND AS 24, "Related Party Disclosures", an entity shall disclose the amount of the transaction entered into with a related party. However, the same is not mentioned. The disclosure of these loan transactions by MIIL is on a net basis. The same is not as per the requirement of the Indian Accounting Standards.

ii. Contention: It was contented that the relevant requirement under Ind AS 24, as per para 18, is to disclose the amount of transactions entered into with a related party in the relevant FY and the outstanding balances at the year end. The Noticees have complied with this requirement by disclosing (a) the amount of transactions by MIIL in the FY 2020-21 and (b) the outstanding balances as on March 31, 2021 with its subsidiaries. This disclosure is in accordance with the principles outlined in para 18 of Ind AS 24.

iii. Noticee further contented that it is not a requirement that the disclosure of loan transactions be made on a gross basis. The largest corporate groups in India i.e. Tata Steel Limited and Reliance Industries Limited, have disclosed similar transactions with related parties on a net basis. The relevant extracts from their financial statements for FY 2018-19, 2019-20, and 2020-21 were attached.

iv. Consideration: There is no dispute on the factum of related nature of the entities as related parties. As per IND AS 24 that, para 18, if an entity has a related party transaction during the relevant period covered in the financial statements, then it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statement.

v. I note the purpose of potential effect of the relationship on the financial statements can be understood by the investor reading the financial statements only when the transitions with the related parties are disclosed on gross basis. Further another objective of disclosure of the related party transactions is the disclosure of extent of the exposure to/from the related parties. The netted figures will hide the actual exposure to the related parties. Therefore, I note the disclosures as alleged should have been on gross basis.

vi. Though Para 18 of Ind AS 24 requires the disclosure of the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, the minimum information should include the amount of the transactions, the amount of outstanding balances including commitments. However, I note the allegation is limited to the related party loans. The allegation is further limited that the loans were disclosed on net basis and the amount of loan and amount of repayment are not disclosed. The correct disclosure should have been loan given, outstanding balances and loan repaid.

vii. On perusal of the Annual Reports from FY 2017-18 to FY 2020-21, and from the undisputed facts on the quantum of loan/repayment as alleged in the SCN, I note the following table depicts the Gross flows and Net figures as disclosed in the Annual report.

Entity & Year	**Gross flows as per undisputed facts of SCN**	**Net figure disclosed in Annual Report (loans given / repaid / closing)**
MSPL – FY 2016-17	Loan advanced: ₹16,884 lakhs; Repayment: ₹11,882.64 lakhs; Closing: ₹13,809.66 lakhs	Closing balance ₹13,809.66 lakhs
MSPL – FY 2017-18	Loan advanced: ₹14,331 lakhs; Repayment: ₹21,641.65 lakhs; Conversion: ₹5,641.38 lakhs; Closing: ₹857.63 lakhs	Closing loan ₹857.63 lakhs + 'Capital Advance' ₹5,641.38 lakhs
MSPL – FY 2018-19	Loan advanced: ₹0.52 lakhs; Closing: ₹858.15 lakhs	Loan given ₹0.52 lakhs; Closing balance ₹858.15 lakhs
MSPL – FY 2019-20	Repayment: ₹2.04 lakhs; Closing: ₹856.11 lakhs	Repayment ₹2.04 lakhs; Closing balance ₹856.11 lakhs

Entity & Year	Gross flows as per undisputed facts of SCN	Net figure disclosed in Annual Report (loans given / repaid / closing)
MSPL – FY 2020-21	Repayment: ₹9.51 lakhs; Closing: ₹846.59 lakhs	Repayment ₹9.51 lakhs; Closing balance ₹846.59 lakhs
LCPL – FY 2018-19	Loan advanced: ₹4,825 lakhs; Repayment: ₹3,744.62 lakhs; Closing: ₹1,080.38 lakhs	Closing balance ₹1,080.38 lakhs
LCPL – FY 2019-20	Opening: ₹1,080.38 lakhs; Repayment: full ₹1,080.38 lakhs; Closing: Nil	Repayment ₹1,080.38 lakhs; Nil closing balance
Man Overseas Metal – FY 2017-18	Repayment: ₹5,252.66 lakhs; Closing: ₹627 lakhs	Closing balance ₹627 lakhs
Man Overseas Metal – FY 2018-19	Repayment: ₹45.22 lakhs; Closing: ₹672.22 lakhs	Closing balance ₹672.22 lakhs
Man Overseas Metal – FY 2019-20	Outstanding balance: ₹758.33 lakhs	Closing balance ₹758.33 lakhs

viii. I find, from the above table that MIIL has in several cases suppressed the gross magnitude of related-party loans and repayments and has disclosed only the net outstanding balances. This created a misleading impression of limited exposure, whereas the materials establish that huge fund flows were routed through MSPL, LCPL and Man Overseas Metal. It is important to note the loan figures and fund flows as set out in the SCN have not been disputed by the Noticees.

ix. For instance, in FY 2016–17, MIIL advanced ₹16,884 lakhs to MSPL and received back ₹11,882.64 lakhs, leaving a closing balance of ₹13,809.66 lakhs. However, the Annual Report disclosed only the closing balance of ₹13,809.66 lakhs. The investors therefore saw only a small loan position, whereas the gross inflow and outflow aggregated to ₹28,766.64 lakhs.

x. In FY 2017–18, MIIL advanced ₹14,331 lakhs and received back ₹21,641.65 lakhs from MSPL, apart from converting ₹5,641.38 lakhs into "capital advance." The Annual Report disclosed only ₹857.63 lakhs as loan balance with the reclassified capital advance, whereas the true financing exposure was around ₹36,000 lakhs.

xi. Similarly, with LCPL in FY 2018–19, MIIL advanced ₹4,825 lakhs and received back ₹3,744.62 lakhs, leaving a balance of ₹1,080.38 lakhs. Only this net figure was disclosed, suppressing gross flows of over ₹8,500 lakhs. In FY 2019–20, the repayment of ₹1,080.38 lakhs was shown and the closing balance was nil. However, the gross scale of lending and repayment remained undisclosed.

xii. Man Overseas Metal also shows a similar understatement. In FY 2017–18 a repayment of ₹5,252.66 lakhs was recorded, however, the Annual Report disclosed only the closing balance of ₹627 lakhs. In FYs 2018–19 and 2019–20, only the closing balances of ₹672.22 lakhs and ₹758.33 lakhs were shown, without reference to gross repayments.

xiii. It is also relevant to note that in some instances MIIL has made proper gross disclosures in its Annual Reports. For example, certain loan disbursements in FY 2016–17 are set out as “loan given” and “loan repaid” separately. However, this practice was not followed consistently. The selective disclosure of gross figures in some years, while reverting to net balances in others, leads to the fact that the company was conscious of the net figure presentation which resulted in suppression of material information

xiv. Thus, while the huge amounts of funds were moved annually between MIIL and its group entities, the Annual Reports disclosed only closing net figures or, at best, partial flows. By this inconsistent and selective representation, MIIL misrepresented its financial exposure, downplayed its related-party exposure, and deprived investors of a true and fair view of its financing exposures.

xv. Further, the Noticee’s submitted similar such practice is followed in two other companies and annexed the relevant portion of those two companies. I note the allegation is against the Noticees in the current proceedings and the other entities are not party in the current proceedings. Therefore, I it is beyond the scope of this proceedings to make any observation.

xvi. Since the Noticee has not made proper disclosure as per para 18 read with para 24 and 24A of IND AS 24, "Related Party Disclosures" Therefore, there is no merit in the submission of the Noticees in this regard and this consequentially is in violation of Regulation 23 of the LODR Regulation, 2015.

6. Non-disclosure for end use of loans given to its group companies

i. Allegation: The SCN alleges that MIIL was giving loan to its wholly owned subsidiary MSPL, which was further extending these loans to other group companies, like LCPL and MAN Realty Limited (MRL) as and when the funds were received from MIIL. In this regard it was also alleged that the particulars of loans, guarantees or investments have not been disclosed in the Directors' Report in contravention of Section 134(3)(g) of the Companies Act, 2013 and the purpose for which the loan was utilized by the group companies was not disclosed in the financial statements, in contravention of Section 186(4) of the Companies Act, 2013.

ii. Contention: The Noticees contended that the provision of Section 186 of the Companies Act will not be applicable to MIIL as the company is involved in the business of infrastructural facilities and further Section 186(11)(a) expressly states that nothing contained in Section 186 except sub-section (1) shall be applicable to a loan provided by a company involved in infrastructural facilities. Further, the Noticees also submitted that the loan by MIIL to certain parties will not be an inter-corporate loan within the provision of Section 186 of the Companies Act and therefore there was no requirement to comply with Section 186(7).

iii. Consideration: With respect to the Noticees' claiming exemption under Section 186 (11) of the Companies Act, 2013, as already demonstrated at the finding for Allegation 2 above, MIIL is a company that manufactures Pipe and therefore is not an infrastructure company. Consequentially, MIIL cannot claim the exemption under Section 186 (11) of Companies Act, 2013.

iv. On facts, there is no case by the Noticee that the purpose of the loan was disclosed nor full particulars of the loan was disclosed. I note that MIIL has not disclosed the purpose for which the recipient MSPL has taken the loan as per Section 134 (3) (g) of the Companies Act, 2013 nor disclose to the members in the financial statement the full particulars of the loans given, as required under Section 186 (4) of the Company's Act, 2013. Consequently, the shareholders of MIIL were not aware about purpose of the funds passed to other group companies, through its subsidiary company, i.e. MSPL and use of funds by these group companies which is not as per Sections 134(3)(g) and 186 of the Companies Act, 2013. I note that as a result of this, Noticees have violated the provisions of Regulation 4 (1) (g) of the LODR Regulations, 2015.

7. Reduction of outstanding balance of MSPL in the books of MIIL through round tripping of funds

i. Allegation: It is alleged that MIIL had extended loan of ₹9,990 Lakhs to MRL through MSPL, which was repaid by MRL (on availing overdraft from HDFC Bank) to MIIL through MSPL, in March 31, 2016. In April 2016, MIIL again lent ₹11,019 Lakhs to MSPL, which was passed on to MRL. It is alleged that the repayment was arranged only to reduce MIIL's receivables on 31st March 2016, thereby distorting its financial statements for FY 2015-16.

ii. In FY 2016-17, MIIL extended another loan to MRL through MSPL, which was repaid by MRL by obtaining an overdraft of ₹7,552.67 Lakhs from DNSB, secured by creating a lien against MIIL's fixed deposits of ₹8,300 Lakhs. This loan was repaid to MIIL on March 31, 2017 through MSPL, lowering MIIL's receivables by

₹5,278 Lakhs. MIIL failed to disclose this lien in its financials as required under Para 14 of IND AS 107, which resulted in violation of Regulation 48 of SEBI (LODR) Regulations. Mrs. Deepadevi Mansukhani and Mrs. Chanpreet Nikhil Mansukhani, relatives of directors of MIIL, are the directors and 100% shareholders of MRL. In April 2017, loans were again re-extended down the chain. It is alleged that year end payments were structured to reduce the outstanding balance of MSPL in the books of MIIL to misrepresent MIIL's financial position.

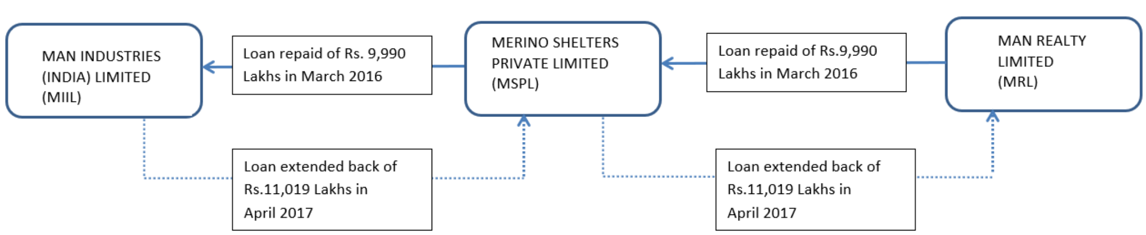
iii. It is alleged that year end payments were structured to reduce the outstanding balance of MSPL in the books of MIIL to misrepresent MIIL's financial position.

iv. Contention: The Noticees submitted that MIIL had a regular practice of extending short-term loans to MSPL, which were periodically repaid. In one such instance, repayment of ₹99.9 Crores fell due on 31st March 2016. MSPL discharged this liability by obtaining funds from MRL, which in turn availed an overdraft facility from HDFC Bank. Subsequently, at the request of MSPL, MIIL extended a fresh loan of over ₹110 Crores in April 2016. According to the Noticees, this sequence of repayment followed by re-extension is not illegal or barred by law and is a common occurrence in transactions among group companies, particularly between a holding company and its wholly-owned subsidiary.

v. It was further contended that MSPL was and continues to remain a 100% subsidiary of MIIL, directly or indirectly, and that there was no ulterior motive in these arrangements. The Noticees emphasized that the loans were short-term in nature and that the repayment within the group companies was duly completed. They contended that MRL has since repaid its borrowings to MSPL, and MSPL in turn has repaid MIIL, resulting in no outstanding receivable from MRL as on 30th September 2023. A company ledger for the last three years reflecting the transactions between MRL and MIIL was furnished as Exhibit "12" to reply dated November 21, 2023.

vi. Consideration: I note the contention of the Noticees that there was a regular practice of MIIL extending loans to MSPL and MSPL repaying them has not been established. No loan-wise details, dates of disbursement, or repayment details have been produced to substantiate the claim. Instead, reliance has been placed on Exhibit 12 of reply dated November 21, 2023, titled as "Confirmation of Accounts" meant for confirmation of balance. On closer scrutiny, I find that Exhibit 12 fails to prove the case. At page 213 of the reply dated November 21, 2023, the so-called confirmation merely records a TDS payment and does not reflect any balance of loans due from MRL to MSPL. At page 214 of the reply dated November 21, 2023, while a balance confirmation is claimed, the relevant particulars of debit, credit, and closing balance are conspicuously absent, leaving only an empty space. Similarly, page 215 of the said reply, again submitted as evidence and does not contain any figures except the blank space.

vii. In effect, no documentary evidence has been furnished to support the contention that MSPL regularly repaid loans received from MIIL. Therefore, I find that there is no contrary evidence submitted by MIIL. I find that on 31st March 2016, MSPL repaid ₹9,990 Lakhs to MIIL, funded from MRL, which availed overdraft from HDFC Bank. In April 2016, MIIL again lent ₹11,019 Lakhs to MSPL, which was passed on to MRL. I further find that year end payments were structured to reduce the outstanding balance of MSPL in the books of MIIL to misrepresent MIIL's financial position. The above findings are represented in the following picture.



viii. Regarding the allegation on failure to disclose the creation of lien on the fixed deposits of MIIL for overdraft facility, MIIL contended that MIIL had specifically obtained a balance confirmation certificate dated May 11, 2017 from DNBS Bank, which expressly stated that there was no lien on the account, and have placed reliance on the said certificate attached as Exhibit "13" to reply dated November 21, 2023.

ix. Therefore, the question that arises for consideration is whether MIIL failed to disclose the creation of a lien on its fixed deposits of ₹8,300 Lakhs for securing overdraft facility availed by its group company MRL from DNS Bank during FY 2016-17, thereby not following Para 14 of Ind AS 107 and consequently violating Regulation 48 of LODR Regulations.

x. The allegation is that MIIL had created a pledge on its fixed deposits for availing overdraft facility by MRL in FY ending 2017, and that MIIL failed to disclose this lien in its financial statements. On a closer look at the records, I note that this allegation cannot not sustain. The FAR shows that MIIL had resolved on 12th February 2016 to keep fixed deposits of ₹85 Crores with DNS Bank as lien. Further, the letter of pledge signed by both the Bank and MIIL is itself dated 25th April 2017. This document, by its very date, establishes that the pledge was created only after the close of FY 2016-17 and therefore cannot be treated as existing on 31st March 2017.

xi. In addition, the balance confirmation certificate issued by DNS Bank on 11th May 2017, certifying the position as on 31st March 2017, clearly states that there was no lien on the account. When such certificate specifically records absence of lien, it directly contradicts the allegation that MIIL failed to disclose an existing pledge as of 31st March 2017.

xii. In view of the above, the allegation of non-disclosure of lien in MIIL's financial statements for FY 2016-17 is unsustainable. Consequently, no violation Regulation 48 of LODR Regulations is made out.

xiii. However, I note there is no dispute to the facts of MRL repaying the loans obtained from MSPL on 31st March 2017 as alleged in the SCN. MSPL, in turn, paying the loans obtained from MIIL on the same date. There is also no dispute in the subsequent month i.e. April 2017, MIIL has issued the loans to MSPL, which had further issued the loans to MRL. The flow of these transactions indicate that they were undertaken not as fresh loans, as contented by MIIL, but to reduce the loan balances as at 31st March, 2017 within the group companies. Consequently, the balance receivable from MSPL in the books of MIIL was reduced by Rs. 5,278 Lakhs as on 31st March, 2017, thereby leading to misrepresentation of the financial statements of MIIL as on March 31, 2017.

xiv. The subsequent position that MSPL had no outstanding receivable from MRL as on 30 September 2023, in my view, is of no consequence to the allegation. The issue under examination is not the present status of balances but whether the repayments shown at the close of FY 2015-16 and FY 2016-17 were structured transactions aimed at reducing the reported outstanding balances of MSPL to MIIL. I find such artificial reduction directly leads to the untrue and unfair presentation of MIIL's accounts for those years.

xv. In view of the above, I find that these transactions were undertaken to reduce the loan balances as on the financial year end resulting misrepresentation of financial statements of FY 2015-16 and FY 2016-17 by MIIL.

8. Non-disclosure of pledge of Equity Shares of MSPL

i. Allegation: It is alleged that MIIL has failed to disclose the pledge of equity shares of MSPL created in favour of South Indian Bank Limited for renewal of its credit facilities, as recorded in the sanction letter dated April 03, 2019. This is not as per Para 14 of IND AS 107. However, the pledge of MSPL shares has not been disclosed in the financial statements of MIIL for FY 2019-20 and FY 2020-21, this is not as per the disclosure requirements of IND AS 107.

ii. Contention: MILL submitted that the primary security for the credit facilities availed from South Indian Bank was valued at ₹1077.32 crores, which by itself was far in excess of the exposure. The pledge of shares of MSPL was only taken as an additional measure and invocation of such collateral was never a possibility. On the basis of materiality also, the pledge of MSPL shares had no impact on the financials of the Company and was irrelevant for users of the financial statements. The sanction letter issued by South Indian Bank evidencing the value of primary security is enclosed in reply dated November 21, 2023 as Exhibit “14”.

iii. Further, MIIL submitted that adequate disclosures were already made in Note No. 25 of the financial statements, which expressly records that the working capital facilities of the Company are secured by a first pari passu charge on the entire current assets and a second pari passu charge on the immovable properties of the Company. The pledge of equity shares of MSPL, forming merely 5.71% of the total value of assets, was immaterial and therefore not specifically reported. Accordingly, the allegation of non-disclosure under Para 14 of Ind AS 107 does not sustain.

iv. Consideration: I note that there is no dispute on the fact of pledge as alleged in the SCN. Para 14 of Ind AS 107 expressly requires disclosure of the carrying amount of financial assets pledged as collateral for liabilities or contingent liabilities, together with the terms and conditions relating to such pledge.

v. It is observed that no such disclosure was made in the financial statements of MIIL for FY 2019-20 and FY 2020-21. The submission of the Noticees that the pledge was immaterial in view of the value of primary security and, therefore, need not be disclosed, cannot be accepted. The standard itself makes no exception on the basis of materiality. The requirement under Para 14 is absolute and does not carve out exemption from disclosure merely on the ground that the value of the pledged asset is relatively small or that invocation is practically unlikely. Further Note No.

25 of the financial statements does not mention any pledge. Therefore, I find that MIIL has not complied with the disclosure requirements mandated under Para 14 of Ind AS 107 for FY 2019-20 and FY 2020-21 by failing to disclose the pledge of MSPL shares in the financial statements and has violated the provisions of Regulation 4(1)(g) of the LODR Regulations.

9. Misrepresentation of Balances between MIIL and MSPL

i. Allegation: The allegation is that MIIL had recorded a cheque on hand as on 31st March 2020 against interest receivable of ₹1,150.49 lakhs, based on cheque no. 387925 issued by MSPL and bank overdraft in the books of MSPL. However, the cheque was never realized and was subsequently reversed in the books on 30th June 2020. Thereafter, fresh payments were made by MSPL only between 20th June 2020 and 24th July 2020.

ii. On these facts, it is alleged that the cheque on hand was booked with the sole intent of offsetting the interest receivable in the books of MIIL and the corresponding liability in the books of MSPL as on 31st March 2020. The issuance of the cheque, without any intention of realization, amounted to a device to misrepresent the true financial position of both MIIL and MSPL as on the balance sheet date.

iii. Contention: MIIL submitted that although cheque no. 387925 issued by MSPL for ₹1,150.49 lakhs was not realized and subsequently reversed on June 30, 2020, there was no misrepresentation as alleged in the SCN. It is their case that the cheque was issued in March 2020 and MIIL did not immediately present the cheque for encashment since MSPL was expecting inflows in April 2020. When the anticipated funds did not materialize, the cheque was not encashed. MIIL submits that the full liability was, however, discharged by MSPL through NEFT/banking transfers aggregating to ₹1,150.49 lakhs between June 20, 2020 and July 24, 2020 which according to MIIL evidences its bona fides. On this basis, the Noticees contend that the allegation of misrepresentation is unfounded.

iv. Consideration: It is admitted that MSPL later paid ₹1,150.49 lakhs through banking channels in June to July 2020. However, the issue in question is the relevant position as on March 31, 2020. By recording cheque no. 387925 as “cheque on hand” in MIIL’s books and as overdraft in MSPL’s books, the receivable and payable balances stood offset on the balance sheet date. The claim of “anticipated inflows” in April 2020 remains unsubstantiated, as MIIL gave no evidence of details of such cash flows expected with certainty

v. Thus, I observe that the cheque was issued without being backed by actual funds or any material on record which indicate credible basis for realization. Later payments do not alter the misstatement made as on March 31, 2020. I therefore find that the issuance of the cheque resulted in misrepresentation of balances between MIIL and MSPL.

10. Advances given and written off in the books of MIIL

i. Allegation: The allegation is that in FY 2017-18, MIIL advanced a total of ₹4,000 lakhs as inter-corporate deposits and advances to six entities, all within a short span of January 20 to 22, 2018. These included Basant Marketing Limited, Artlink Vintrade Limited, Glowingstar Trading Private Limited, Sorority Traders Private Limited, Aneri Fincap Limited, and VRB Capital Services India Private Limited. Out of the total loan advanced, ₹1,950 lakhs were written off in FY 2019-20 and ₹2,050 lakhs in FY 2020-21. MIIL had no prior dealings with these parties, and the entities were inter-related through common directors, shareholders, and offices. Their businesses, were trading in fabrics, yarn, steel, vegetables, animal feed, and financial services were unconnected to MIIL’s line of business, raising doubts on the commercial rationale of such large advances.

ii. I note Section186(4) of the Companies Act requires disclosure in the financial statements of particulars of loans/advances and their intended purpose, while Section 186(7) requires charging of interest not lower than the prevailing yield of

Government securities. MIIL failed to disclose the particulars and granted the advances on a non-interest-bearing basis, thereby breaching these provisions. Accordingly, this result in violation of Regulation 4(1)(g) of LODR Regulations.

iii. Contention: The Noticees contended that the provision of Section 186 of the Companies Act will not be applicable to MIIL as the company is involved in the business of infrastructural facilities and further Section 186 (11) (a) expressly states that nothing contained in Section 186 except sub-section (1) shall be applicable to a loan provided by a company involved in infrastructural facilities. Further, the Noticees also submitted that the loan by MIIL to certain parties will not be an inter-corporate loan within the provision of Section 186 of the Companies Act and therefore there was no requirement to comply with Section 186(7).

iv. Consideration: I have considered MIIL's reply. In this regard, I note that MIIL has given ICDs/Advances as mentioned below which not in dispute.

Name of the Party	**Registered Office**	**Nature of Business**	**Nature of Advance**	**Date of Payment**	**Date of Written off**	**Amount (In Rs. Lakhs)**
Basant Marketing Limited	Imax Lohia Square Fl-4/B,23 Gangadhar Babulane Kolkata-700012	Trading in Fabrics	Advances	20-01-2018	31-12-2020	800
Artlink Vintrade Limited		Trading in Yarn	Advances	20-01-2018	31-03-2021	800
Glowingstar Trading Private Limited	205 2nd Floor, Cescent Business Park Andheri, Mumbai 400072	Trading in Steels, Vegetables and Animal Feedings	Advances	20-01-2018	31-12-2020	450
Sorority Traders Private Limited		Trading in Vegetables and Animal Feedings	Advances	20-01-2018	30-06-2019	450
Aneri Fincap Limited	Unit No.310, B2B Centre Co-operative premises Society Ltd., Kanchpada,	Financial Service Activities	Inter-Corporate Deposit	22-01-2018	31-03-2020	750

Name of the Party	Registered Office	Nature of Business	Nature of Advance	Date of Payment	Date of Written off	Amount (In Rs. Lakhs)
	off Link road, Malad-West Mumbai 400064					
VRB Capital Services India Private Limited	Flat No.101, Vasu Villa, Amar Jyoti S. V. Road, Kandivali (West) Mumbai 400067	Trading in Yarn	Inter-Corporate Deposit	22-01-2018	31-03-2020	750
					Total	**4,000**

v. It is also not in dispute that MIIL has not disclosed the particulars of loans worth Rs. 4,000 given to certain parties in the year 2017-18, including the purpose for which the said ICDs to be utilised by the recipient in its financial statements. Further these ICDs were non-interest bearing. Further, I note that all the money/ loan given to the 6 parties (mentioned above) by MIIL were "written off". With respect to the Noticees' claiming exemption under Section 186 (11) of the Companies Act, 2013, as already explained at the finding for **Allegation 2 above**, MIIL is a company that manufactures Pipe and therefore is not an infrastructure company. Consequentially, MIIL cannot claim the exemption under Section 186 (11) of Companies Act, 2013. Therefore, I find that MIIL has, not disclosed the particulars of loans given to 6 entities with whom it has not had any previous transactions and has also not stated the purpose for which the said ICDs to be utilised by the recipient in MIIL's financial statements. Consequently, the disclosure requirements and compliance of Section 186(4) and (7) of the Companies Act, 2013 have not been followed by MIIL, resulting in the violation the provisions of Regulation 4 (1) (g) of the LODR Regulations.

19. In this context, the role of the Noticee Nos. 2, 3 and 4 are examined as under;

i. **Role of Mr. Ramesh Mansukhani (Noticee No.2)**

a. Notice No. 2, Mr. Ramesh Mansukhani, was Chairman and CEO of MIIL throughout the period FY 2014-15 to FY 2020-21. He was central to strategic oversight and day-to-day management. He attended every meeting during this period, where the annual financial statements were considered and approved. Each of these meetings involved decisions on consolidation of subsidiaries, disclosures of related party transactions, and review of auditor remarks. It is therefore evident that Noticee No. 2 had direct exposure to the financial information and decisions.

b. In addition to his role at Board meetings, Noticee No. 2 furnished the CEO certification mandated under Regulation 17(8) of the LODR Regulations for every year of the investigation period. These certifications, annexed to the annual reports, require the CEO to affirm that the financial statements contain no untrue statement or omission, present a true and fair view of the company's affairs, and comply with applicable accounting standards and laws. This presupposes that the CEO has examined the financial results, satisfied himself of their accuracy, and has responsibility for their correctness.

c. The auditor qualifications placed before the Board further corroborates his knowledge. For instance, the remarks on non-recognition of interest income from loans to MSPL and on expense capitalization contrary to Ind AS were reflected in the financial statements considered by the Board. Section 134(3)(f) of the Companies Act required the Board, chaired by Noticee No. 2, to provide explanations in the Director's Report to address such qualifications, but no such explanations were provided. His decision to nonetheless certify the accounts confirms that he was aware of the auditor's reservations and nevertheless permitted the financials to be presented as compliant.

d. The expectation placed by law on a CEO is not only to be aware of what is placed before him but assume responsibility for its correctness. This duty was particularly evident in the case of the cheque-on-hand entry of ₹1,150.49 lakhs booked in FY

2019-20 against interest receivable from MSPL. The cheque was never presented for encashment and was reversed in June 2020. As CEO, Noticee No. 2 was expected to satisfy himself whether the cheque was actually deposited and cleared. His failure to perform this basic verification, while certifying the accounts, shows not a lack of knowledge but a conscious disregard of facts that were readily available to him.

e. Accordingly, Noticee No. 2's knowledge is established not merely by inference from his position but by clear evidence of his attendance and chairing of Board meetings, his personal certifications under Regulation 17(8) of LODR Regulations, his awareness of auditor qualifications placed before the Board, and his failure to verify available materials such as cheque encashment records. These factors taken together demonstrate that he had continuous knowledge of MIIL's financial position and of the irregularities embedded in the statements he approved.

f. The role of Noticee No. 2 in the operational transactions of MIIL further demonstrates that he had knowledge of the financial irregularities. The forensic audit records that during FY 2015-16 and FY 2016-17, the group executed circular fund movements at the financial year-end. On 31 st March, loans were repaid by MRL to MSPL and by MSPL to MIIL, thereby reducing the receivable balances as on the balance sheet date. In April, the same funds were re-advanced, restoring the group exposure. This year end round-tripping had the direct effect of artificially improving MIIL's reported financial position. These were not routine flows but structured transactions executed on reporting dates. As Chairman and CEO, Noticee No. 2 has the responsibility to examine the repayments and to question why the loans were immediately re-advanced. The absence of any such scrutiny, coupled with his certification of the accounts, establishes that he was aware of these transactions and their Impact.

g. Further evidence of his knowledge arises from the encumbrance of MIIL's own assets. The Board, under his chairmanship, resolved on 12th February 2016 to place fixed deposits of ₹85 crores with DNSB. These deposits were subsequently liened to secure overdraft facilities of MRL. The overdraft was then used by MRL to repay MSPL, which in turn repaid MIIL on the balance sheet date. The lien confirmation of April 2017 makes this arrangement explicit. Noticee No. 2, as Chairman and CEO, was expected to ensure that the implications of encumbering MIIL's funds for the benefit of a group entity were transparently disclosed under Ind AS 107. His failure to verify whether such disclosures appeared in the financials demonstrates knowledge of the arrangement and conscious disregard of its concealment.

h. Similarly, in April 2019, MIIL pledged its equity shares in MSPL to South Indian Bank as collateral for its own borrowings. This was a material event affecting both MIIL and its wholly owned subsidiary. Yet no disclosure of the pledge was made in the financial statements for FY 2019-20 and FY 2020-21. As CEO, Noticee No. 2 was duty-bound to confirm their disclosure in the accounts. His certification of financials that omitted this fact establishes that he was aware of the pledge but failed to act on that knowledge.

i. Thus, Noticee No. 2's knowledge is clearly evidenced from his involvement in round-tripping of funds, the lien of MIIL's fixed deposits for group company borrowings, and the pledge of MSPL shares as collateral. His responsibility was not only to be aware of them but also to verify that their financial impact was properly disclosed. His failure to do so confirms that he had knowledge of these irregularities and permitted their concealment in MIIL's financial statements.

j. Apart from his involvement at the Board and operational levels, Noticee No. 2's knowledge is further demonstrated by other decisions under his chairmanship. The first such decision relates to the non-consolidation of MSPL from FY 2015-16 onwards. In FY 2014-15, MIIL consolidated MSPL as required under AS 21 and Ind AS 110, but in subsequent years it stopped doing so, while continuing to consolidate other subsidiaries. No explanation for this reversal was provided in MIIL's accounts, despite Ind AS 1 expressly requiring disclosure of reasons. As CEO certifying these financials, Noticee No. 2 was duty-bound to check why MSPL had been excluded and to ensure the reasons were placed on record. His approval of financials without such disclosure demonstrates his knowledge of the omission and the inflation of profits that ensued.

k. The other instance is the reclassification of loans to MSPL into "capital advance." In FY 2017-18, ₹5,641.38 lakhs given as loans to MSPL were shown as advance for purchase of office space, even though only plinth work was completed and the allotment letter itself required refund with 9% interest if construction did not start within a year. I note despite construction not having commenced, the advance continued to appear in the books for years without recovery. This was a conscious reclassification that bypassed Audit Committee approval required under Section 177(4) of the Companies Act and Regulation 23(2) of SEBI LODR. Noticee No. 2, as CEO, was under a duty to check the allotment terms and ensure proper disclosure in Form AOC-2. His silence, while certifying the accounts, establishes his knowledge of this irregular reclassification.

l. One more instance is the grant of loans to LCPL in FY 2018-19, a related party in which Noticee No. 3 was a director. Section 185 of the Companies Act, 2013 expressly prohibits such loans without shareholder approval by special resolution. No such resolution was passed, however, loans of ₹1,080.38 lakhs were advanced. The statutory auditors flagged this contravention in their report, which was part of the annual accounts certified by Noticee No. 2. His duty was to verify whether shareholder approval had been obtained. By certifying the accounts in its absence, he knowingly permitted a violation of law.

m. Finally, MIIL's disclosures relating to related party transactions were also inadequate. The company reported only net loan balances, rather than gross movements, contrary to Ind AS 24. It also failed to disclose the end-use of loans as required by Section 186(4) and did not include particulars of such loans in the Directors' Report under Section 134(3)(g) of the Companies Act. These are primary disclosures central to financial transparency. Noticee No. 2 was duty-bound to ensure they were made. His continued approval of financial statements without these particulars shows that he was aware of the omissions and allowed them to remain concealed.

n. All these facts taken together, the conclusion is that Noticee No. 2' has knowledge and has participated in the misrepresentation found in this order.

ii. **Role of Mr. Nikhil Mansukhani (Noticee No.3)**

a. Noticee No. 3 was the Executive Director of MIIL throughout the Investigation Period. Except for one meeting in FY 2019–20, he attended every Board meeting from FY 2014–15 to FY 2020–21, and most importantly, he was a member of the Audit Committee, as a result he attended every Audit Committee meeting from FY 2016–17 to FY 2020–21. Simultaneously, he exercised executive control over MSPL, the subsidiary at the very center of the diversion of funds.

b. The bank mandates demonstrate that Noticee No. 3 had signatory control over the very accounts through which the year-end fund rotations were executed. He was a joint signatory on MIIL's ICICI Bank account (A/c No. 451000358) with Noticee Nos. 2 and 4, and a singly authorised signatory on MSPL's accounts at IDBI Bank, Corporation Bank, and HDFC Bank. These were the same accounts through which, on 31 March 2016 and 31 March 2017, loans were routed from MRL to MSPL to MIIL and re-advanced in April, reducing MIIL's receivable from MSPL by ₹9,990 lakhs and ₹5,278 lakhs at the year-end. Such structured, date-specific transactions, executed through accounts directly under his mandate, could not have occurred without his knowledge and participation.

c. The materials on record shows that MIIL's loan of ₹5,641.38 lakhs to MSPL was converted into "capital advance" in FY 2017–18 without Audit Committee approval, even though the underlying project had stalled and refund with interest was contractually due. Similarly, loans of ₹4,825 lakhs were extended to LCPL in FY 2018–19 without Audit Committee approval or the shareholder resolution mandated by Section 185. These contraventions were expressly flagged by the statutory auditors. Noticee No. 3, who attended every meeting where these transactions were considered, cannot disown knowledge. His silence amounts to acquiescence in clear breaches of law.

d. Further, MSPL was a 100% subsidiary but was excluded from MIIL's consolidated accounts from FY 2015–16 to FY 2020–21 without any reasons disclosed, in violation of Ind AS 110, and Ind AS 1. MSPL's audited financials were not placed on MIIL's website, and the Board failed to explain repeated auditor qualifications in the Directors' Reports. As the executive director in charge of MSPL, Noticee No. 3 was uniquely placed to insist on consolidation and disclosure. His failure to do so, while actively participating in approvals, demonstrates conscious knowledge of the profit inflation that resulted.

e. The material on record shows that MIIL's fixed deposits of ₹8,300 lakhs were placed under lien to secure MRL's overdraft, which in turn was used for year-end repayments. Likewise, MSPL's shares were pledged to South Indian Bank in April 2019 for MIIL's credit facilities. These were material encumbrances requiring disclosure under Ind AS 107. As the executive director of MSPL whose shares were pledged, Noticee No. 3 had actual knowledge of these encumbrances. His failure to ensure disclosure demonstrates complicity.

f. On 31 March 2020, MIIL booked a cheque-on-hand of ₹1,150.49 lakhs from MSPL against interest receivable. The cheque was never presented for encashment and was reversed in June 2020, after which staggered payments were made. As executive director Noticee No. 3 was duty-bound to question why such a cheque was not presented for clearance before approving the financials. His failure to do so, despite being aware of the transaction, evidences knowledge and acquiescence in misrepresentation.

g. Related party transactions were disclosed on a net basis, contrary to Ind AS 24, and no end-use of loans was disclosed as required under Section 186(4) of the Companies Act. The Directors' Reports also failed to set out particulars under Section 134(3)(g). Noticee No. 3, as MSPL's executive head was fully aware of the flows and disclosures, yet permitted the omissions. Further, in FY 2018–19, while acting as director of LCPL, he allowed MIIL to advance ₹4,825 lakhs to LCPL, squarely attracting Section 185 prohibitions.

h. The role of Noticee No. 3 cannot be viewed in isolation or reduced to mere attendance at meetings. His consistent presence at the Board and Audit Committee ensured that he was privy to every financial statement, every auditor's qualification, and every related party transaction brought to the table. Further, as an authorised signatory on the bank accounts of MIIL and MSPL, he was directly involved in the very accounts through which the round-tripping of funds was executed. In addition, his executive control over MSPL, the entity at the center of the diversion, reclassification, and non- consolidation places him squarely within the decision-making chain that enabled the misrepresentation.

i. When all these facts are viewed together with his silence, it is evident that Noticee No. 3 was not an unwitting participant. By his position, participation, and control, he acted in concert with Noticee No. 2 perpetuating the fraudulent misrepresentation of MIIL's financial statements for FY 2015–16 to FY 2020–21.

iii. **Role of CFO** (Noticee No. 4)

a. Noticee No. 4 held dual capacities during the Investigation Period first as the Director and the CFO of MIIL (till August 2016) and thereafter only as the CFO until FY 2020–21. As such, he was the senior-most executive in charge of finance, responsible for internal and external reporting, statutory compliance, and ensuring accuracy of financial statements. He attended all Board meetings from FY 2014–15 to FY 2020–21 and all Audit Committee meetings during his tenure.

b. Under Regulation 17(8) of LODR Regulations, the CFO must certify that financial results (i) are free from untrue or misleading statements, (ii) present a true and fair view, and (iii) comply with applicable accounting standards and laws. Noticee No. 4 gave those certifications every year from FY 2014–15 to FY 2020–21. However, the statements he certified were tainted by irregularities, to quote a few, non-consolidation of MSPL, non-recognition of interest income, misclassification of loans as capital advances, non-disclosure of encumbrances, and repeated round-tripping of funds at year-ends. His act of signing, despite these defects being flagged by auditors, establishes actual knowledge rather than mere negligence.

c. The material on record further shows Noticee No. 4 was also an authorized signatory on MIIL's bank accounts. These accounts were the very instruments used for the year-end repayment and re-advance cycle from MRL to MSPL to MIIL from MIIL to MRL that reduced receivables of MIIL. By virtue of his authority and signatory control, Noticee No. 4 had direct visibility into the timing and structuring of these fund flows, which were subsequently reflected in the financials he certified.

d. In FY 2017–18, loans to MSPL were converted into "capital advance" despite the project was stuck at plinth stage, when contractual terms required refund with 9% interest. Added that no Audit Committee approval or disclosure in AOC-2 was made. In FY 2018–19, MIIL advanced ₹4,825 lakh to LCPL when Noticee No. 3 was a director there which was not as per Sec. 185 of the Companies Act. The auditor flagged this contravention. However, as the CFO, Noticee 4 certified compliance. In FY 2019–20, a cheque of ₹1,150.49 lakh was booked on 31 March to offset interest receivable which was never presented for clearance. As the CFO he was duty-bound to question non-encashment before certification.

e. As the CFO and certifying officer, Noticee No. 4 has responsibility for ensuring that disclosures mandated under the Companies Act, Ind AS, and LODR Regulations were truthfully made. He certified, to quote a few illustrative instances,

- Non-consolidation of MSPL: Consolidated in FY 2014–15 but excluded from FY 2015–16 onwards without explanation, inflating MIIL's profits
- Directors' Report omissions: Auditor qualifications regarding cess, expense capitalization, and interest non-recognition were never explained.
- Website disclosure failure (Sec. 136(4) proviso, Reg. 48 LODR): MSPL's audited accounts were not uploaded on MIIL's website.
- Concealment of Encumbrances: Lien of ₹8,300 lakh FDs for MRL overdraft and pledge of MSPL shares to South Indian Bank were not disclosed.
- Netted Related-party flows: MIIL disclosed loans on a net basis, suppressing gross transactions.
- Non-disclosure of End-use: Purpose and utilisation of loans to group entities were not stated.

f. I note each omission represented a misrepresentation to investors, and as CFO, Noticee No. 4 had both the duty and the opportunity to correct them but failed to act. I find that Noticee No. 4 actively participated in and facilitated the misrepresentation of MIIL's financial statements from FY 2015–16 to FY 2020–21.

20. **Finding on MILL and other Noticees**

i. I note Regulations 4(1)(a), (b), (c), (e), (g), (h) of LODR Regulations cast an overarching duty on every listed entity to uphold high standards of integrity, fairness, and ethical conduct, to recognize and protect the rights of shareholders to ensure timely and adequate disclosure to treat all shareholders fairly, and to maintain transparency in disclosures. Under these provisions, the listed entity is mandated to refrain from misrepresentation and further mandates the financial statements are prepared in accordance with the accounting standards. Regulation 4(1)(g) of LODR Regulations for instance mandates all the provisions of the applicable laws including the securities laws to be complied with. By this general principles, the listed entities are mandated to follow the statutory enactments such as Companies Act as applicable. By preparing the impugned financial statements not in accordance with the Accounting standards, and making misrepresentation in the said financials statements as found above, MIIL is in violation of Regulations 4(1)(a), (b), (c), (e), (g), (h) of LODR Regulations and Regulation 48 of the LODR Regulations. By virtue of their knowledge and participating the omissions and commissions Noticee Nos. 2 - 4 are also liable for these violations along with the Company under Section 27(2) of the SEBI Act. Therefore, I hold them liable for violation of Regulations 4(1)(a), (b), (c), (e), (g), (h) of LODR Regulations and Regulation 48 of the LODR Regulations.

ii. As discussed earlier, Regulation 23(2) of LODR regulations require all related party transactions to obtain prior approval of the audit committee. As discussed earlier, several related party transactions were not subjected to the audit committee approval thereby MIIL has failed to comply with Regulation 23(2). Further by not including the MSPL in the consolidated financial statements for the impugned years, MIIL has violated Regulation 33(1)(c) and Regulation 33(3)(b) of LODR Regulations. As per the above findings in certain instances MIIL has not given the Statement on Impact of Audit Qualifications, in the consolidated financial statements of the impugned years, there by violating the Regulation 33(3)(d) of the LODR Regulations. Further, as discussed above, MIIL has breached Regulation 34(3) by not following in the annual report disclosures specified in Companies Act, 2013 and other requirements as specified in Schedule V of LODR Regulations.

iii. Regulations 4(2)(f)(ii)(6),(7),(8) of LODR Regulations impose responsibilities on the board of directors. Under these regulations the Board of directors, have the responsibility to monitor misuse of corporate assets and abuse in related party transactions; ensuring the integrity of the listed entity’s accounting and financial reporting systems and compliance with the law and relevant standards. They are also required specifically to oversee the process of disclosure.

iv. By virtue of participating in the violations, the Noticee Nos. 2 - 4 have disabled themselves by failure to discharge the responsibility imposed on them. Therefore, I observe that Noticee Nos. 2 - 4 are in violation of Regulation 4(2)(f)(ii)(6),(7),(8) of LODR Regulations. Further their participation in the omissions and commissions, they failed to act in the best interest of the shareholders. Accordingly Noticee Nos. 2 - 4 are liable for failure to discharge their duty imposed on them under Regulation 4(2)(f)(iii)(3),(6),(12) of the LODR Regulations.

v. As discussed earlier, several related party transactions were not subjected to the audit committee approval thereby MIIL has failed to comply with Regulation 23(2) of LODR Regulations. As discussed earlier, MIIL has failed to observe the relevant accounting standards on various occasions in violation of Regulations 33(1)(c) and 48 of LODR Regulations. By virtue of their knowledge and participating the omissions and commissions Noticee Nos. 2 - 4 are also liable for these violations along with the Company under Section 27(2) of the SEBI Act

vi. Regulation 33(2)(d) alleged against Noticee Nos. 2 - 4, mandates that the annual audited financial results shall be approved by the board of directors of the listed entity and shall be signed in the manner specified in clause (b) of sub-regulation (2). The said sub regulation stipulates that financial results shall be signed by the chairperson or managing director, or a whole time director or in the absence of all of them, it shall be signed by any other director of the listed entity who is duly authorized by the board of directors to sign the financial results. There are no facts in the SCN supporting the manner of signature has been contravened. Therefore, I hold violation of this regulation cannot be established.

vii. Regulation 33(2)(a) of LODR mandates that 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.

However, Noticee 4 has certified the financial statements with knowledge of its falsity, omissions and non-compliances. By virtue of their knowledge and participating the omissions and commissions Noticee 4 is also liable for these violations along with the Company under Section 27(2) of the SEBI Act. Therefore, I hold that Noticee 4 is in violation of the requirement imposed under Regulation 33(2)(a) of LODR Regulations.

viii. Regulation 17(8) mandates that 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 of LODR Regulations. Part B mandates them to ensure they review the financial statements for prevention of material untrue statement, omission of material facts, misleading statements and they are required to certify that in addition to the above that the financial statements contain a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations. However, Noticee 4 certification is not as per the above requirements. Therefore, I find that Noticee 4 is in breach of Regulation 17(8) of LODR Regulations.

ix. **PFUTP Regulations**: Given the context of the above findings, the next question that arises for consideration is whether the facts found against the Noticees amount to violations of PFUTP Regulations alleged against them.

x. In this regard, I find that the financial statements of MIIL for the financial years 2015–16 to 2020–21 were deliberately misstated and that the misrepresentations, omissions, and concealments contained therein were themselves the scheme or artifice by which investors were deprived of the true financial picture of MIIL.

xi. I note that MSPL, though a wholly-owned subsidiary, was excluded from consolidation after FY 2014–15 without any reason being disclosed. This concealment suppressed group-level losses and liabilities and artificially inflated MIIL's profits. I further note that loans aggregating ₹5,641.38 lakhs to MSPL were reclassified as “capital advances” for office space even though construction had stalled at the plinth stage and refund with interest was contractually due. By continuing to present them as capital assets, MIIL disguised the loan as capital assets.

xii. I find that at successive year-ends, circular flows of funds were executed on 31 March, whereby repayments moved from MRL to MSPL to MIIL, thereby reducing receivable balances as on the reporting date, only for the same funds to be re-advanced in April. These structured, date-specific transactions were executed solely to create a misleading balance sheet position. Similarly, in FY 2019–20, a cheque-on-hand of ₹1,150.49 lakhs was recorded against MSPL interest receivable though it was never encashed and was reversed in June 2020. This again amounted to a misrepresentation of receivables.

xiii. I also note that MIIL’s assets were encumbered for group benefit without disclosure. In April 2019, MIIL’s shares in MSPL were pledged to a bank for borrowings. Their omission from the financial statements concealed the extent of group entanglements.

xiv. I further find that MIIL advanced ₹4,825 lakhs to LCPL, a related entity, without required approval. Though the auditors flagged this contravention, it was neither corrected nor explained misleading investors. Across the investigation period, related party transactions were disclosed only on a net basis, suppressing gross inflows and outflows giving investors the false impression of limited exposures to related parties.

xv. I note that these actions were carried out notwithstanding repeated auditor qualifications on non-recognition of income, improper capitalisation of expenses, and disclosure failures. Noticee No. 2, and with the participation of Noticee Nos. 3 and 4, certified the financial statements and approved year after year as compliant and true and fair.

xvi. From the cumulative facts, I therefore conclude that the financial statements of MIIL for FY 2015–16 to FY 2020–21 were misrepresented as part of a artifice, the effect of which was to present to investors a false picture of profitability, liquidity, and exposure group risks. Such conduct constitutes a fraudulent and unfair practice by Noticees falling within the prohibition of Section12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3(b), (c), (d), Reg. 4(1), 4(2)(f) and 4(2)(r) of SEBI (PFUTP) Regulations, 2003

21. In this regard, I place reliance on the judgment of Hon'ble Supreme Court of India the matter of Chairman, **SEBI Vs Shriram Mutual Fund** {[2006]5 SCC 361} wherein Hon'ble Supreme Court held that "*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention made by the defaulter with guilty intention or not*.''

22. In view of the above, I find that this is a fit case to issue directions under Sections 11(1), 11(4), 11B (1) and 11 B (2) of the SEBI Act, 1992 and also the Noticees are liable to be imposed with of penalty under Sections 15HA and 15HB of the SEBI Act, 1992. The relevant provisions of the SEBI Act are reproduced as under: -

> "***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."*

23. I note that Section 15J of the SEBI Act provide for factors which are required to be considered for adjudging quantum of penalty. Section 15J of the SEBI Act reads as follows: -

"Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.

Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

24. It is noted that the company's financial statements for FY 2015-16 to FY 2020-21 contained misrepresentations on multiple counts. The Annual Reports placed before shareholders and disclosed to the public for each of these years suffered from falsity in material particulars.

25. The falsity of disclosure assumes significance because the financial statements of a listed company are relied upon by investors and the market at large in assessing the

financial health of the company. Such misrepresentations are likely to influence the prices of the securities once the results are disseminated in the public domain.

26. Having regard to the factors under Section 15J of the SEBI Act, including the repetitive nature of the misconduct, the potential impact on investors, and the absence of demonstrated unlawful gain, the penalty amount has been arrived at. I have noted in some of the instances, the alleged violations have not been established. The quantum of impact regarding the failure on consolidation as discussed in previous paras is taken into account as mitigating factor.

27. The Noticees' have referred to Hindustan Steel Ltd. vs. State of Orissa (1969 (2) SCC 627) to state that penalty is not be imposed for every venial breach but only where the default is deliberate or contumacious, SEBI Adjudication order dated February 20, 2019 in respect to Utsav Pathak in the matter of Crisil Ltd., where a warning was deemed sufficient and in the AstraZeneca Pharma India Ltd. order passed by WTM, SEBI, where it was observed that the violations were technical, a warning meets the ends of justice.

28. In this regard, I rely upon SAT order in the matter of Reliance Industries Ltd. and Others Vs. SEBI dated May 02, 2025, wherein it was stated by the Hon'ble Tribunal that *" in our view, it was the responsibility of the RIL to have made prompt disclosure to make information generally available…..*". Unless the companies have any valid reasons or justification, the companies may not get the relief and therefore the companies need to ensure absolute timely compliance in order to avoid any penal proceeding by the regulatory authorities. Especially the listed companies need to act diligently since the substantial public are interested in these listed companies.

29. I further find that financial misstatement is not an isolated lapse but a category of overall fraudulent conduct that undermines the very basis on which investors participate in the securities market. This deception is not confined to one transaction or one set of financials but represents a conduct which disregard transparency and

accountability. This conduct erodes investor confidence in disclosures and strikes at the root of market integrity. Therefore, I find that the Noticees' conduct warrants debarment from accessing or dealing in the securities market in any manner, so as to protect investors at large for an appropriate period.

30. Accordingly, in the present case, I find that not only the imposition of monetary penalty but also the regulatory directions under Sections 11(1), 11(4) and 11B(1) of SEBI Act, 1992, are called for.

Directions:

31. In view of the foregoing, I, in exercise of the powers conferred upon me in terms Sections 11(1),11(4), 11(4A), 11B(1) and 11B(2) read with of Section 19 of the SEBI Act, and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995, hereby issue the following directions:

a) Noticee no. 1 to 4 are restrained from accessing the securities market and further are prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds), directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of 2 years from the date of this Order.

b) During the period of restraint, as directed in para 31 (a) above, the existing holding of securities including the units of mutual funds, of the concerned Noticees, shall remain under freeze.

c) If the Noticees have any open position in the F&O segment of the recognized stock exchange(s) are permitted to be squared off, irrespective of the restraint/prohibition imposed by this Order. The Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the date of this order.

d) The Noticees are hereby imposed with following monetary penalty as specified;

Noticee. Nos.	Noticee	Provision under which penalty imposed	Penalty (in Rs.)
1	MAN Industries (India) Ltd.	Section 15HA of SEBI Act, 1992	Rs.15,00,000/- (Rupees Fifteen Lakhs)
		Section 15HB of SEBI Act, 1992	Rs.10,00,000/- (Rupees Ten Lakhs)
2	Mr.Ramesh Mansukhani	Section 15HA of SEBI Act, 1992	Rs.15,00,000/- (Rupees Fifteen Lakhs)
		Section 15HB of SEBI Act, 1992	Rs.10,00,000/- (Rupees Ten Lakhs)
3	Mr. Nikhil Mansukhani	Section 15HA of SEBI Act, 1992	Rs.15,00,000/- (Rupees Fifteen Lakhs)
		Section 15HB of SEBI Act, 1992	Rs.10,00,000/- (Rupees Ten Lakhs)
4	Mr. Ashok Gupta	Section 15HA of SEBI Act, 1992	Rs.15,00,000/- (Rupees Fifteen Lakhs)
		Section 15HB of SEBI Act, 1992	Rs.10,00,000/- (Rupees Ten Lakhs)

e) The Noticees shall remit/pay the said amount of penalty within 45 days of receipt of this order either by way of 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→PAYNOW. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

32. This order comes into force with immediate effect.

33. A copy of this order shall be sent to the Noticees, all the recognized Stock Exchanges, Depositories, Registrar and Transfer Agents of Mutual Funds and BSE Administration and Supervision Ltd., to ensure that the directions given above are strictly complied with.

Date: September 29, 2025 **N. MURUGAN**

CHIEF GENERAL MANAGER

Place: Mumbai **SECURITIES AND EXCHANGE BOARD OF INDIA**