QJA/MN/CFID/CFID-SEC6/32818/2026-27

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Section 11(1), 11(4), 11(4A), 11B(1) and 11B(2) of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995.

In respect of:

Noticee No.	Noticee Name	PAN
1.	M/s. EKI Energy Services Ltd.	AACCE6986E
2.	Mr. Manish Kumar Dabkara	AMPPD4048N
3.	Mr. Naveen Sharma	BHPPS2657J
4.	Ms. Sonali Sheikh	CXMPS1805G
5.	Mr. Mohit Kumar Agarwal	AMAPK8905E
6.	Ms. Itisha Sahu	KCZPS1660D
7.	Mr. Ritesh Gupta	AHTPG7835M
8.	Mr. Burhanuddin Ali Husain Maksi Wala	BTCPA1791E

In the matter of EKI Energy Services Limited

(The aforesaid entities are referred to by their corresponding names/numbers and collectively referred to as "Noticees")

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted an investigation into the financials of EKI Energy Services Limited (hereinafter referred to as "**EKI**" or "**the Company**") to ascertain *inter alia* potential misrepresentation in financial statements of EKI and/or diversion of funds by management of EKI and to *inter-alia* ascertain whether there was any violation of the provisions of the SEBI Act, 1992 ("**SEBI Act**"), Securities Contract (Regulation) Act, 1956 ("**SCRA**"), SEBI (Prohibition of Fraudulent and Unfair Trade Practices)

Regulations, 2003 ("**PFUTP Regulations**") and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("**LODR Regulations**") or any other Rules or Regulations made or directions issued by SEBI there under. The period of Investigation was Financial Years ("FY") 2020-21, 2021-22, 2022-23 (hereafter referred to as "**IP**"). However, whenever deemed necessary, references have been made to the events/timeframes outside this period.

2. EKI was incorporated in 2011 and it is engaged in trading of carbon credits globally. The Company, inter-alia, operates in the field of climate change, carbon offset solutions and carbon asset management. It got listed on BSE SME platform on April 07, 2021 and subsequently got migrated to the mainboard on July 04, 2022.

3. Following table shows the Consolidated Profit & Loss account of the Company for the following FYs:

Consolidated Profit & Loss account of the Company **(Figures in Rs. Crore)**

Financial Year	2020-21	2021-22	2022-23	2023-24
Revenue from Operations	190.79	1800.12	1286.45	263.39
Other Income	0.23	1.31	12.87	10.76
Total Income	191.02	1801.43	1299.32	274.15
Profit (Loss) Before Tax	**24.92**	**515.41**	**165.60**	**-129.19**

Source: Annual reports of the Company

4. It was observed that there was increase in revenue of the Company for FY 2021-22; however, it started declining during FY 2022-23. Comparison of q-o-q and y-o-y change in consolidated revenue of the Company is shown below:

Comparison of q-o-q revenue from operations of the Company **(Figures in Rs. Crore)**

Financial Year	2021-22				2022-23			
Period	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue (Consolidated)	193.34	443.47	687.82	475.49	509.71	460.36	413.62	99.80
Incremental revenue (q-o-q)	NA	NA	NA	NA	316.37	16.89	-274.20	-375.69
Total Revenue (Consolidated)	1800.12				1483.49			

5. Then statutory auditor of the Company, Walker Chandiok & Co. LLP ('**WCC**') had raised objections to the above reporting of revenue by the company and in their very first limited review report for quarter and nine months ending December 31, 2022, inter alia, qualified the financial statements of the Company on grounds of

violation of Ind-AS 115 (revenue from contracts with customers). WCC also vide letter dated July 10, 2023, addressed to the Audit Committee of EKI, reported fraud under Section 143(12) of the Companies Act, 2013 r/w Rule 13(2)(a) of the Companies (Audit and Auditors) Rules, 2014 ('***WCC Fraud Report***'), by its officers and employees.

SHOW CAUSE NOTICE

6. With the above mentioned background Show Cause Notice dated September 18, 2025, (hereinafter referred to as "**SCN**") was issued to the Noticees wherein the following was alleged:-

A. The Company is engaged in trading of carbon credits globally and is also engaged in community-based projects like green cooking for efficient cook stoves in rural homes. In this regard, the company entered into cook stove agreement with several domestic and foreign entities. Under these contracts, the company was required not only to manufacture and distribute cook-stoves but also to deliver verified carbon credits ("**VCUs**") to respective buyers over a period of time.

B. It was alleged that the company booked revenues upfront as soon as cook-stoves were distributed without fulfilment of *performance obligations* i.e. delivery of VCUs. Hence, it was alleged that the company did not comply with Indian Accounting Standard – 115 ('Ind AS-115') while reporting its revenue and misrepresented its books of accounts for the quarter ended on June 30, 2022, September 30, 2022 and December 31, 2022 and 9 months' ended December 31, 2022.

C. Although the company, by itself, revised downward the annual revenue from operations while announcing financial results for the quarter and financial year ended on March 31, 2023 (announcement dated September 23, 2023). The revision indicated the premature recognition of Rs. 197.04 crores in revenue. However, the company failed to revise the quarterly financial statements for the quarters ended on June 30, 2022 and September 30, 2022.

D. The revised figures for Q1 and Q2 of 2022 were only traceable from comparative columns in the subsequent quarterly results, specifically those filed for the quarter ending June 30, 2023 and September 30, 2023 (published on September 23, 2023 and November 09, 2023 respectively on the stock exchange websites). By omission of these corrections in the financial results, it was alleged that the investors were deprived of timely information, thereby undermining transparency in periodic disclosures and eroding confidence in the integrity and accuracy of financial reporting.

E. The effect of the misrepresentation on revenue, cost and profit (as per the revised figures subsequently disclosed by the Company) for the said three quarters (Q1, Q2 and Q3 of 2022) is depicted in tabular format below:

	Figures in Rs. Crore								
Particulars	Q1 FY 2022-23			Q2 FY 2022-23			Q3 FY 2022-23		
	Original	Premature booking of revenue	Revised	Original	Premature booking of revenue	Revised	Original	Premature booking of revenue	Revised
Revenue from Operations	**509.71**	**-74.06**	**435.65**	**460.36**	**-104.80**	**355.56**	**413.62**	**-18.18**	**395.44**
Total Income	510.20	-74.06	436.14	461.15	-104.80	356.35	421.24	-18.18	403.06
Purchase of stock in trade	**300.45**	**-6.16**	**294.29**	**209.83**	**-41.41**	**168.42**	**417.29**	**-5.12**	**412.17**
Change in inventories of stock in trade	9.61	-	9.61	38.94	-	38.94	-122.57	-	-122.57
Total Expenses	**365.35**	**-6.16**	**359.19**	**320.91**	**-41.41**	**279.50**	**359.05**	**-7.09**	**351.96**
Profit before Tax	**144.85**	**-67.91**	**76.94**	**140.24**	**-63.39**	**76.85**	**62.19**	**-11.09**	**51.10**

F. The above financial misstatement by the Company was considered as to be done systematically since the said corrections in the figures of revenue, cost and profit was undertaken by the Company only after auditor intervention.

G. It was alleged that misrepresentation of quarterly financial statements for the period ended June 30, 2022, September 30, 2022 and December 31, 2022 induced investors to trade in the scrip of EKI, as decline in revenue coupled with

qualified opinion by WCC dated February 10, 2023 (appointed as Statutory Auditor of the Company w.e.f. December 07, 2022), triggered a drop in share price of the Company and ultimately led to the scrip hitting its lower circuit limit on February 13, 2023 i.e. post announcement of manipulated financial statements of the Company.

H. It was further alleged that the Company diverted funds to the tune of Rs. 23.58 crore and Rs. 24.42 crore during the FY 2021-22 and FY 2022-23, respectively through misrepresentation of its financials by overstating expenses viz. commission, legal & professional and consultancy charges.

I. During FY 2021-22 and FY 2022-23, the following expenses were recorded by the Company:

Amount in Rs. *Crore*

Nature of Expense	FY 2021-22	FY 2022-23
Commission Expenses	24.77	43.52
Lead Generation Expenses	-	7.02
Consultancy Expenses	5.21	1.88
Legal and Professional Expenses	0.76	1.01
Total	**30.74**	**53.43**

J. However, certain discrepancies were observed such as missing certified copies of invoices issued by the service provider, missing information on the mode of receiving vendor invoices to determine the reliability of the arrangement and the transaction, missing evidence regarding receipt of underlying services for which payments were made by the Company, non-availability of relevant background information in public domain about activities and relevant experience of the selected vendors, etc., for the aforementioned expenses recorded by the Company.

K. Since the Company failed to provide supporting documents to substantiate the above recorded expenses for the said FYs, it was alleged that the Company diverted funds to the tune of Rs. 23.58 crore by misrepresentation of various expenses (Rs.17.61 Crore as 'Commission expense', Rs.0.76 Crore as 'Legal and Professional Expenses' and Rs.5.21 crore as 'Consultancy Charges') during FY 2021-22. Further, during FY 2022-23, it diverted funds by

misrepresenting expenses to the tune of Rs.24.42 crore (Rs.21.53 crore as 'Commission Expenses', Rs.0.76 Crore as 'Legal and Professional Expenses' and Rs.1.88 crore as 'Consultancy Charges').

L. Hence, it was alleged that the Company diverted Rs.48 crore by overstating expenses during FY 2021-22 and FY 2022-23. Consequently, it was also alleged that profits and financial statements during this period did not reflect true and fair view. The above act operated as a device /scheme/artifice to deceive and defraud the investors/shareholders dealing in the shares of EKI.

M. It was observed that Mr. Manish Kumar Dabkara (Managing Director of EKI) incorporated the Company in 2011 and was one of the two shareholders alongwith his mother. Mr. Naveen Sharma and Ms. Sonali Sheikh, Whole Time Directors of EKI, and Mr. Mohit Kumar Agarwal (Chief Financial Officer 'CFO' of EKI) were reporting to Mr. Manish Kumar Dabkara, hence it was alleged that he was in a position to decide on financial matters.

N. Mr. Manish Kumar Dabkara is also a member of the Audit Committee since November 28, 2020 and has attended all its meetings. Hence, it was alleged that as the member of the said committee he failed to discharge his duties as a member of Audit Committee.

O. The CEO/CFO certificate signed by Mr. Manish Kumar Dabkara along with Mr. Mohit Kumar Agarwal in the Annual Reports of company for FY 2021-22 and FY 2022-23 *inter-alia* stating that "*these statements together present a true & fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations*", were alleged to be grossly misleading.

P. It was also alleged that Mr. Manish Kumar Dabkara was involved in overstatement of expenses which operated as a device/ scheme/ artifice to deceit and defraud the investors/ shareholders dealing in the equity shares of the Company and thereby diverted funds from the Company to the tune of

Rs.23.58 crore and Rs.24.42 crore during the FY 2021-22 and FY 2022-23, respectively which also resulted in reduction of profits for the corresponding period.

Q. Ms. Sonali Sheikh was CFO for the period of 11 months (i.e. from November 01, 2020 to September 30, 2021) and was reporting to Mr. Manish Kumar Dabkara. She was also a WTD for the period of 2 years (i.e. FY 2021-22, FY 2022-23). Mr. Naveen Sharma also held the position of WTD for the period of 2 years (FY2021-22 to FY 2022-23). Hence, it was alleged that all the financial related discussion of EKI fall within the domain of their role as WTD. They were alleged to have overstated expenses and thereby diverted funds from the Company, to the tune of Rs.23.58 crore and Rs.24.42 crore during the FY 2021-22 and FY 2022-23, respectively which resulted in reduction of profits for the corresponding period and their act also operated as device and defraud the investors/shareholders of EKI while dealing in its securities.

R. Mr. Mohit Kumar Agarwal worked as a consultant with the Company from January 19, 2021 to September 30, 2021. Thereafter, he was appointed as CFO of the Company from October 01, 2021 and accounts team/GM of accounts department report to him. This shows that he was in a positon to decide on financial matters.

S. In view of the above observations and the positions held by Noticee No. 2 to 5 it was alleged that they were involved alongwith Noticee No. 1 in misrepresentation of financial statements of the Company by overstating revenue for QE June 2022, September 2022 and December 2022 by Rs.74.06 crore, Rs.104.80 crore and Rs.18.18 crore, respectively. It is also alleged that the financial statements were not prepared in accordance with the applicable and notified accounting standards.

T. Further, Noticee No. 2 to 5 along with Noticee No. 1 were involved in overstatement of expenses which operated as a device/ scheme/ artifice to deceit and defraud the investors/ shareholders dealing in the equity shares of

the Company and thereby diverted funds from the Company to the tune of Rs.23.58 crore and Rs.24.42 crore during the FY 2021-22 and FY 2022-23, respectively which also resulted in reduction of profits for the corresponding period.

U. Mr. Mohit Kumar Agarwal and Ms. Itisha Sahu (Noticee No.6, Compliance Officer of the Company) failed to comply with SEBI's Summons dated August 07, 2023, by not providing response w.r.t. unexplained expenses recorded by the Company during FY 2021-22 or supporting documents for FY 2022-23. As a result, the investigation got hampered.

V. Mr. Ritesh Gupta (Independent Director and Chairman of Audit Committee) and Mr. Burhanuddin Ali Husain Maksi Wala (Independent Director and Member of Audit Committee) failed to verify the financial statements independently and relied on information placed before them by the management and the auditors.

W. Hence, Noticee No. 7 and 8 failed to carry out adequate due diligence and exercise independent judgement and also failed to discharge their duties as members of the Audit Committee.

7. Based on the above, the Noticees were alleged to have violated following provisions of law:

I.EKI (Noticee No.1): Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of PFUTP Regulations and Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115.

II.Manish Kumar Dabkara (Noticee No.2): Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), 3(c), 3(d), 4(1), 4(2)(f), (k), (r) of PFUTP Regulations r/w Section 27 of SEBI Act, 1992. Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1)(3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115. Regulation 17(8) r/w Part B of Schedule II of LODR Regulations and Regulation 18(3) read with Clause

1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of LODR Regulations.

III. Mr. Naveen Sharma (Noticee No.3) and Ms. Sonali Sheikh (Noticee No.4): Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), 3(c), 3(d), 4(1), 4(2)(f), 4(2)(k), 4(2)(r) of PFUTP Regulations r/w Section 27 of the SEBI Act. Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1)(3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115.

IV. Mr. Mohit Kumar Agarwal (Noticee No.5): Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), 3(c), 3(d), 4(1), 4(2)(f), (k), (r) of PFUTP Regulations r/w Section 27 of SEBI Act, 1992. Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1)(3), (6), (12), Regulation 17(8) r/w Part B of Schedule II, Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115.

V. Mr. Mohit Kumar Agarwal (Noticee No.5) and Ms. Itisha Sahu (Noticee No.6): Section 11(2), 11C (2), and 11C(3) of the SEBI Act, 1992.

VI. Mr. Ritesh Gupta (Noticee No.7) and Mr. Burhanuddin Ali Husain Maksi Wala (Noticee No.8): Regulation 18(3) read with Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of LODR Regulations.

SERVICE OF SCN, INSPECTION OF DOCUMENTS, REPLIES AND PERSONAL HEARING

8. The above allegations were communicated to the Noticees through the SCN and they were called upon to show cause as to why suitable directions, for the above violations, including directions under Sections 11(1), 11(4) and 11B(1) of the SEBI Act, 1992 including any incidental directions thereto, for a prohibition on them for an appropriate period from buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, directions not to be associated with any registered intermediary/listed entity in the securities market, in any manner whatsoever for an appropriate period. Further, they were required to

show cause why appropriate penalties under respective provisions of SEBI Act read with Section 11(4A), 11B(2) of SEBI Act, 1992 should not be imposed.

9. The SCN along with annexures were served on the Noticees through speed post acknowledgment due (SPAD) and vide email dated September 19, 2025. It was duly delivered to all the Noticees. Thereafter, vide email dated October 10, 2025, the Noticees sought additional time of one month for submitting their reply to the SCN. Upon considering the request, the Noticees were provided 15 days' additional time for submitting reply. Since, the Noticees failed to submit reply of the SCN, Hearing Notices dated November 10, 2025 (HNs) were served vide email dated November 12, 2025, and opportunity of personal hearing was granted to all the Noticees on December 03, 2025. They were also advised to submit their replies before appearing for the personal hearing.

10. The Noticees, vide email dated December 02, 2025, sought inspection of documents and requested for adjournment of the personal hearing scheduled on December 03, 2025. Vide, email dated December 04, 2025, the Noticees were advised to provide list of specific documents to be made available for the purpose of inspection. Since, the Noticees failed to provide specific list of documents, vide email dated December 10, 2025, they were reminded to provide the same.

11. In this regard, the Noticees, vide email dated December 12, 2025, informed that they wish to inspect all the original documents, which are relied upon by SEBI for issuing of the SCN and any material relied, un-relied, referred to, or forming the basis of allegations be made available to the Noticees. Further, they mentioned certain specific documents in the same email.

12. Inspection of documents, was scheduled, as per the above request, on January 16, 2026. However, vide email dated January 15, 2026, the Noticees requested to adjourn the said inspection of documents citing work related exigencies. Upon considering the said request, the inspection of documents was rescheduled to February 02, 2026, and the new date was conveyed to the Noticees vide email dated January 19, 2026. On February 02, 2026, the authorised representatives of the Noticees, visited SEBI office and inspected the documents. Thereafter, vide

email dated February 09, 2026, the authorised representatives, sought additional documents *inter alia* Investigation Report and its annexures. The additional documents, were accordingly shared with the authorised representatives of the Noticees. The Noticees also applied for settlement under Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018.

13. The Noticees were thereafter given another opportunity of personal hearing on May 06, 2026, which was adjourned upon request of the authorised representatives of the Noticees. The Noticees were then advised to appear for personal hearing on June 25, 2026. On the said date, the authorised representatives of the Noticees appeared and made their submissions and also requested time till July 20, 2026 for filing detailed submissions which was accepted. However, vide email dated June 20, 2026, the Noticees requested additional time of three weeks for filing written submissions, the same was provided.

14. Meanwhile, the settlement applications of the Noticees were rejected, and the Noticees were once again provided an opportunity for personal hearing on September 16, 2026. However, vide a common letter received by SEBI on September 15, 2026, Noticee No. 1 and 2 sought adjournment and requested to schedule the personal hearing in the first week of October. Since the Noticees have a common authorised representative, the request was considered and the personal hearing for all the Noticees was rescheduled to October 12, 2026. Further, they were advised to submit their written submissions before appearing for the said hearing. The Noticees submitted their respective written replies vide emails dated October 05, 2026.

15. On October 12, 2026, the authorised representatives of the Noticees appeared for personal hearing and reiterated the written submissions filed by Noticee No.1. The authorised representatives sought another opportunity for personal hearing for making additional submissions. The said request was considered and another opportunity of personal hearing was provided on October 16, 2026. On the said date, the authorised representatives appeared and upon hearing the submissions, the hearing in the matter was concluded. The authorised representative requested time till October 26, 2026 for filing additional reply and the same was granted.

However, no communication was received from the Noticees or their authorised representatives thereafter.

16. The Noticees have submitted their written replies and additional replies prior to their personal hearings. The summary of the replies submitted by the Noticees are as follows:

A. **Summary of reply of Noticee No. 1 and 2 (Common Submissions)**

The Noticee's overarching case is that the SCN substantially proceeds from the fraud report dated 10 July 2023 of Walker Chandiok & Co. LLP ("WCC").The reliability of that report was challenged by the Noticee on the following grounds:

- WCC allegedly submitted the fraud report only after the Audit Committee had resolved to remove WCC as statutory auditor.
- WCC allegedly did not comply with the timeline under Rule 13(2)(a) of the Companies (Audit and Auditors) Rules, 2014, which requires reporting of suspected fraud within the prescribed period.
- The Noticee relies upon the legal opinion dated August 21, 2023 of Justice Deepak Verma, former Supreme Court Judge ('**Legal Opinion**'), which allegedly concluded that the allegations did not meet the statutory threshold of fraud.
- MCA subsequently conducted a formal inspection under Section 206(5) of the Companies Act, 2013 in relation to the same WCC report and, according to the Noticee, directed "NO PENAL ACTION" on the fraud allegations.

i No promoter/promoter-group shares were sold during the relevant investigation period. Promoter holding remained approximately 73.4–73.5%.

ii Three independent expert/legal/forensic opinions allegedly found no evidence of fraud. MCA's inspection resulted in no penal action for the fraud allegations. Income-tax scrutiny assessments for FY 2021-22 and FY 2022-23 allegedly resulted in no disallowance of the disputed expenses.

iii EKI voluntarily restated its financials after obtaining professional advice. Further, SEBI's own investigation allegedly found:

- CBL Markets transactions genuine;
- 1,013 carbon-credit projects genuine and existing;
- No beneficial relationship between KMPs/relatives and vendors;
- No diversion of funds for personal benefit.

On the allegation of Misrepresentation / Premature Recognition of Revenue:

iv It was alleged that EKI prematurely recognized revenue during Q1, Q2 and Q3 of FY 2022-23, resulting in alleged overstatement of:

Period	Revenue allegedly overstated
Q1 FY 2022-23	Rs. 74.06 crore
Q2 FY 2022-23	Rs. 104.80 crore
Q3 FY 2022-23	Rs. 18.18 crore

v It was submitted that this was not fraudulent revenue recognition but a bona fide interpretation of Ind AS-115 in the context of a novel contractual structure in the carbon-credit industry.

vi EKI's Improved Cook Stove ("ICS") business was a relatively novel business model. During the relevant period, there was allegedly no specific SEBI circular, ICAI guidance note or MCA notification dealing with revenue recognition for carbon-credit project developers under Ind AS 115. The accounting treatment therefore required significant professional judgment.

vii The contracts with entities such as Vitol, Shell and Renew involved:
   a. manufacture/procurement of cook-stoves;
   b. distribution of cook-stoves to rural households;
   c. registration of projects with carbon-credit registries;
   d. validation, verification and monitoring;
   e. eventual generation/delivery of VCUs/carbon credits.

viii The deployment and registration of the project effectively transferred the underlying carbon-generating asset to the customer/project proponent.

ix Performance obligation was satisfied on deployment. Project deployment and implementation constituted a separate performance obligation. Once the cook-stoves had been deployed and the project registered in the customer's name, the principal performance obligation was substantially satisfied. Subsequent VCU issuance was characterized as an administrative consequence of the completed project, rather than an event that necessarily postponed all revenue recognition.

x EKI disputed the suggestion that it booked the entire contractual consideration as revenue upfront. It submitted that the contractual structure contemplated:
   a. Upfront revenue relating to project implementation/deployment; and
   b. Phased revenue corresponding to EKI's share of VCUs upon issuance. The Noticee says it allocated transaction consideration between separate performance obligations on the basis of relative standalone selling prices.

xi It was submitted that for recognition of revenue in the books, EKI relied heavily on physical execution of the projects:

1. Approximately Rs. 200 crores were received as advance consideration during FY 2022-23.
2. Approximately 8 lakh cook-stoves were required to be distributed under the relevant contracts.
3. EKI states that it actually manufactured/distributed the relevant cook-stoves.
4. It established a manufacturing facility at Nashik. Approximately 18 lakh cook-stoves were manufactured, including those for customers and for EKI's own generation segment.

xii Approximate manufacturing/distribution cost was Rs. 1,100 per stove, while customer consideration was approximately Rs. 2,500–Rs. 3,000 per stove.

xiii EKI also had arrangements for sharing of carbon credits with certain customers. Accordingly, the Noticee argued that the underlying transactions were real, commercially substantive and physically performed, and the dispute was only regarding the accounting point at which revenue should be recognized.

xiv Regarding allegation of 'Fraud', following was submitted:
1. *Difference of professional opinion*: Management initially adopted one interpretation of Ind AS 115. WCC adopted a more conservative interpretation.
2. EKI sought external professional advice and consulted its new statutory auditors. It ultimately accepted the conservative approach and the financial statements were voluntarily restated which demonstrates good faith
3. Hence, it was contended that a party deliberately intending to misrepresent its financial statements would not voluntarily accept the auditor's more conservative position and restate its financials.
4. Therefore, according to EKI, the restatement is evidence against fraudulent intent, rather than evidence of fraud.

xv Subsequent filings: The Noticee submitted that under Ind AS 8, corrections relating to prior periods are reflected in the earliest comparative period presented. Revised Q1 FY 2022-23 figures were reflected in Q1 FY 2023-24 comparative figures. Revised Q2 FY 2022-23 figures were reflected in Q2 FY 2023-24 comparative figures. Annual FY 2022-23 financial statements disclosed the restatement. Restated information was also made available on the Company's website. There was therefore no concealment from investors.

xvi Absence of Promoter Share Sales / Fraudulent Motive: The Noticee pointed out that promoter/promoter-group holding remained broadly constant:

Date	30.06.2022	30.09.2022	31.12.2022	31.03.2023
Promoter holding	73.47%	73.47%	73.44%	73.42%

xviiThe minor percentage reduction was on account of ESOPs issued/exercised by employees, rather than promoter sales.

xviii The submission is that there was no promoter sale of shares, no fresh capital was raised, no insider trading by directors/officers was alleged, there was no demonstrated personal monetary benefit, consequently, the alleged motive of inflating revenue to facilitate promoter share sales is absent.

xix EKI submitted that the PFUTP provisions require something more than an accounting error or interpretational difference. It refers to the expressions: "device, scheme or artifice to defraud";
"manipulative or deceptive device or contrivance"; and conduct operating as fraud or deceit" and submitted that none of these elements are established because:

a. underlying transactions were genuine;
b. revenue recognition was based on professional judgment;
c. the approach was disclosed;
d. the Company voluntarily corrected the treatment.

xx Regarding allegation for the violations of LODR Regulations, it was submitted that:

a. EKI's financial statements were prepared on an accrual basis;
b. EKI applied Ind AS 115 according to its understanding at the relevant time;
c. Regulation 48 of LODR Regulations required compliance with accounting standards, but the dispute was about interpretation;
d. Subsequent restatement does not automatically establish violation of disclosure requirements.

xxi Thus, an accounting interpretation subsequently changed or corrected cannot, by itself, be converted into fraudulent disclosure.

Regarding Diversion of Funds Through Commission, Legal/Professional and Consultancy Expenses

xxii It was submitted that the ICS business required numerous local agents/facilitators across: Bihar; Uttar Pradesh; Madhya Pradesh; Rajasthan; and other States. These agents assisted in rural distribution and project implementation. The Company also used international intermediaries / facilitation agents who introduced EKI to global buyers, assisted in carbon-credit transactions and facilitated contracts with international entities such as Vitol and Shell.

xxiii Consultants were engaged for: project development; carbon advisory; technical work; carbon-credit procurement; project-specific services.

xxiv It was argued that approximately Rs. 39 crore of commission was paid across FY 2021-22 and FY 2022-23, whereas revenues were approximately Rs. 1,800 crore and Rs. 1,258 crore respectively. The commissions were therefore not commercially extraordinary in a high-volume, intermediary-driven global carbon-credit business.

xxvIt was submitted that the SCN relied upon matters such as, missing certified copies of invoices; missing original invoices; missing information regarding how invoices were received; missing agreements; insufficient information concerning services actually rendered; insufficient vendor background information; lack of publicly available information concerning vendors; one-off transactions with vendors; commission agreements allegedly entered into after the principal transaction.

xxvi It was argued that that these matters establish, at most, documentation/record-keeping deficiencies and not fictitious transactions. However, the following details should be considered:

a. Major invoices, including invoices exceeding Rs. 25 lakhs, were furnished.
b. Invoices were maintained electronically.
c. Vendors supplied invoices through customary modes including hand delivery, courier and email.
d. Invoices were internally verified before payment.
e. Vendor engagements generated actual business leads/contracts.
f. Payments were made against services/deliverables or agreed contractual milestones.
g. A vendor's limited public-domain presence does not establish that the vendor is fictitious.

xxvii There is no legal requirement for a company to repeatedly use the same vendor. One-off engagements are commercially normal in a developing market. Absence of a document or administrative irregularity cannot, without independent corroboration, establish fraud.

Category-wise submissions on allegation of Inflated Expenses

1. Commission expenses — FY 2021-22: Rs. 17.61 crore

xxviii The Noticee submitted that the amount was paid to 36 entities comprising facilitation agents, business-development contacts and intermediaries. Small/local firms and individuals were engaged for project-specific facilitation. The fact that certain vendors issued invoices bearing "001" is explained as their being first-time vendors. One-time transactions are said to be natural for project-specific engagements.

xxix In respect of Metyor Global FZE and Mr. Ravi Ranjan, it was submitted that Mr. Ravi Ranjan initially provided services personally, he subsequently incorporated Metyor Global FZE hence subsequent invoices were raised by the corporate entity.

Payments to both therefore represented the transition from individual to corporate contracting and not duplicate payments.

2. Legal & professional expenses — FY 2021-22: Rs. 0.76 crore

xxxThe Noticee states that these payments were made to legal advisors; attestation service providers and other professional service providers. It further argued that the individual amounts were relatively small and the services were actually rendered. Any missing certified copies/documents only represent documentation deficiencies rather than fictitious expenditure.

3. Consultancy expenses — FY 2021-22: Rs. 5.21 crore

xxxi The Noticee submitted that these payments were made to carbon advisory consultants, project-development experts; and technical service providers. It stated that the expenses were genuine and incurred for the expanding project-development business which was also reviewed by D.N. Jhamb & Co. and accepted by the Income Tax Department.

4. Commission expenses — FY 2022-23: Rs. 21.53 crore

xxxii It was further submitted that 18 entities received approximately Rs.154.74 lakh in aggregate, with individual payments ranging from approximately Rs. 0.15 lakh to Rs. 23.10 lakh. EKI argued that it would be commercially implausible for a sophisticated Rs. 48-crore diversion scheme to be structured through numerous small intermediaries receiving comparatively small amounts. Hence, these were genuine facilitation/commission payments.

xxxiii Its submission is that diversion of funds requires proof that the money left the Company for a purpose other than genuine business purposes. Therefore, SEBI would need to establish that the vendors did not exist or did not render services; or the services were fictitious; or payments were made for some non-business/personal purpose. However, none of these have been established.

xxxiv To substantiate its claim, EKI relied upon statutory auditor's reports; MCA inspection; Income Tax scrutiny; independent forensic review; and legal opinions as evidence that the transactions were genuine.

<u>For the alleged Non-Cooperation With SEBI</u>

xxxv EKI submitted that it responded to SEBI summons/communications and furnished invoices, contracts, vendor communications and KYC documents. It provided documents covering more than 80% by value of the disputed FY 2022-23

expenses. It also provided legal opinions and the forensic review and provided access to company databases and project records.

xxxvi Non-furnishing of certain FY 2021-22 documents was attributed to a good-faith misunderstanding of the scope of the summons, rather than deliberate concealment. EKI characterizes this as an error of judgment, not intentional non-cooperation.

B. **Summary of Reply of Noticee No.2, Mr. Manish Kumar Dabkara (MD of EKI and Member of Audit Committee)**

On Misrepresentation/Overstatement of Revenue for quarters Jun-22, Sep-22, Dec-22

i It was submitted that the revenue recognition for ICS/cook-stove projects was a genuine, reasoned application of Ind AS 115 to a novel contractual structure; *performance obligation* was treated as substantially satisfied upon deployment, with VCU issuance as a consequential step. The difference arose from a professional accounting opinion between the Company's management and the newly appointed statutory auditor (WCC), not from fabrication.

ii It was submitted that no personal benefit accrued to the Noticee or his family and promoter shareholding remained static during the investigation period.

iii The overstatement was self-identified and voluntarily corrected by the Company within the same financial year, with full transparent disclosure in subsequent quarterly results.

iv A genuine, voluntarily corrected accounting interpretation difference, without personal gain or investor loss, does not meet the threshold for intentional deception required under Section 12A of the SEBI Act and PFUTP Regulations.

v The Noticee relied on the Hon'ble Supreme Court's judgment in ***SEBI v. Kishore R. Ajmera***, (2016) 6 SCC 368, which emphasised that intent and purpose are indispensable elements for a finding under Section 12A of the SEBI Act and Regulations 3 and 4 of the PFUTP Regulations.

vi On diversion of funds through misrepresentation of expenses (alleged fictitious expenses of Rs.23.58 Cr. in FY 21-22 & Rs.24.42 Cr. FY 22-23), it was submitted that the claim rests principally on the WCC fraud letter, whose credibility is undermined by its belated filing (after the Audit Committee had resolved to remove WCC) and breach of the two-day reporting timeline under Rule 13(2)(a) of the Companies (Audit and Auditors) Rules, 2014.

vii Any inconsistencies are merely procedural lapses and not fraudulent diversion. Vendor confirmations filed with SEBI establish genuineness of transactions. Independent forensic review by M/s M. Borar & Co. in its report dated August 21, 2023 ("**The Borar Report**") found no evidence of fraud on FY 22-23 expense transactions. The Ministry of Corporate Affairs, exercising its statutory mandate under Section 206(5) of the Companies Act, 2013, examined the identical WCC fraud report and directed that no penal action be taken (Letter No. CL-II-01/81/2025-O/o DGCoA-MCA dated 02.04.2026). Subsequent adjudication orders by Registrar of Companies (ROC) Gwalior under Section 454 imposed only nominal penalties for procedural defaults, rejecting all fraud allegations. Income-Tax scrutiny assessments for FY 21-22 and FY 22-23 were completed without disallowance of the alleged expenses, confirming them as genuine business deductions.

viii Approval of vendor payments followed the Company's standard internal hierarchy and there is no evidence that Noticee No.2 personally directed, approved or benefited from any specific allegedly fictitious payment.

ix On signing the misleading CEO/CFO Compliance Certificate for FY 21-22 & FY 22-23, it was submitted that the certificate was signed jointly with the CFO based on a genuine, contemporaneous belief that the financial statements complied with applicable accounting standards as interpreted by the Company's management in good faith.

x A subsequent voluntary restatement does not retrospectively render the certification "*grossly misleading*"; the test under Regulation 17(8) of LODR Regulations is the good faith and diligence of the signatory at the time of signing, not the benefit of hindsight. The Company itself identified the need for revision and corrected it voluntarily, demonstrating absence of fraudulent intent.

xi The underlying invoices and records were never concealed from auditors and remained available for verification; independent experts (Justice Deepak Verma, M/s M. Borar & Co.) confirmed no fraud. Income-Tax and MCA findings accepting the expenses as genuine further corroborate the bona fide nature of the certification.

xii On failure to discharge duties as Audit Committee (AC) member of EKI during the investigation period, it was submitted that as an Audit Committee member, the Noticee acted reasonably and in good faith by ensuring that, upon WCC raising concerns, the AC commissioned two independent external experts – Justice Deepak Verma (former Supreme Court Judge) for legal opinion and Mr. Bijju Mattam/M/s M. Borar & Co. for financial review – to specifically examine WCC's allegations.

xiii Reliance on the considered views of such independent, qualified experts constitutes the diligence ordinarily expected of a director/AC member and cannot be equated with a failure of duty.

xiv The revenue-recognition treatment was a genuine, disclosed and voluntarily corrected accounting position, not a fraudulent device. Section 27 of the SEBI Act excludes liability of an officer who proves the contravention occurred without his knowledge or that he exercised all due diligence to prevent it – both established on the facts.

C. **Summary of reply of Noticee No. 3, Mr. Naveen Sharma (Whole Time Director)**

i On the allegation of Misrepresentation/Overstatement of Revenue (Ind AS 115), the Noticee submitted that as head of Trading & Business Development, relied on the CFO, Audit Committee and statutory auditors for correct application of accounting standards; when auditors diverged, the Company obtained independent expert opinions and voluntarily restated the financials – evidence of good corporate governance, not fraud.

ii The revenue reversal stemmed from a bona-fide interpretation issue concerning Ind AS 115 for EPC-type contracts of the Improved Cook-stove project, not a fraudulent scheme. Fraud under PFUTP requires a "manipulative or deceptive device" or "artifice to defraud". It was submitted that the Noticee was engaged in no such artifice, did not trade shares or induced investors during the investigation period.

iii On the allegation of 'Overstatement of Expenses/Diversion of Funds' in the name of Commission, Consultancy, Legal/Professional it was submitted that all invoices and agreements underlying the alleged expenses are genuine and verifiable. The MCA's Section 206(5) inspection concluded "NO PENAL ACTION TO BE TAKEN" regarding the suspected fraud of INR 324 crore (FY 22-23) and INR 34 crore (FY 21-22).

iv Income-Tax scrutiny assessments for AY 2022-23 and AY 2023-24 accepted these expenses as genuine business expenditures, with no disallowance. Transactions with CBL Markets were legitimate bank transfers. Sale credits were similarly received and are verifiable via bank statements and FIRCs.

v An independent forensic assessment by M/s M. Borar & Co. found no positive evidence of fraud or fund diversion and the MCA's closure of the fraud investigation further substantiates the submission.

vi Noticee's functional domain was strictly restricted to Trading & Business Development; he had no involvement in financial statements, statutory audits, accounting standards or approval of the alleged expense payments.

vii No invoice, payment voucher or approval bearing Noticee's signature or authorisation is referenced in the SCN in connection with the alleged Rs. 48 crore of fictitious

expenses. The Noticee did not purchase or sell any Company shares during the relevant period, negating any theory of personal benefit; besides fixed remuneration he received there were no other perquisites, ESOPs or rent-free accommodation.

viii Under Section 27 of the SEBI Act, an 'officer' is liable only if the contravention occurred with their knowledge, consent, connivance or failure to exercise due diligence. Given Noticee's explicit and documented role confined to Trading & Business Development, the Noticee exercised due diligence within that domain and cannot be held vicariously liable for financial/accounting matters managed by the Finance Department.

ix The essential elements of *mens rea* and factual participation on part of the Noticee are absent; therefore, a charge of misrepresentation under Section 12A of the SEBI Act and PFUTP cannot be sustained.

x It was argued that the SCN erroneously assumes that a WTD is equally responsible for all aspects of the Company's affairs. The Noticee's responsibilities were limited to Trading & Business Development; the Company had a separate CFO, finance team and the Managing Director for overall strategy.

xi The organisational structure shows the Noticee was a functional specialist, not a general manager with overall responsibility hence holding him liable for financial/accounting matters is inconsistent with this reality.

xii No document, invoice, approval, signature or communication attributable to Noticee appears in the SCN evidencing participation in the impugned revenue-recognition or expense transactions. No promoter or director, including the Noticee, sold any Company shares during the investigation period, negating any personal-benefit theory.

xiii The underlying fraud allegations have not been sustained by the MCA [Section 206(5) inspection] or the Income-Tax Department (completed scrutiny assessments).

D. **Summary of reply of Noticee No. 4 Ms. Sonali Sheikh, Whole Time Director and Chief Financial Officer**

i The Noticee submitted that as a HR/Admin/IT head, she relied on the CFO, Audit Committee and statutory auditors for correct application of accounting standards; when auditors differed, the Company obtained independent expert opinions and voluntarily restated financials – showing good governance, not fraud.

ii The reversal of revenue stemmed from a bona fide interpretation issue concerning Ind AS 115 for EPC type cook stove contracts, not a fraudulent scheme. No

"manipulative or deceptive device" or artifice to defraud was employed; the Noticee did not trade shares or induce investors during the relevant period.

iii Regarding the allegation of overstatement of Expenses/Diversion of funds it was submitted that all invoices and agreements underlying the alleged commission, consultancy and legal/professional expenses are genuine and verifiable.

iv Following the MCA's exhaustive Section 206(5) inspection, the Ministry issued a direction (Letter No. CL 11 01/81/2025 O/o DGCoA MCA dated 2 April, 2026) approving "NO PENAL ACTION" under Sections 447/448 of the Companies Act, 20131.12.

v The ROC, Gwalior, issued four adjudication orders (29 June, 2026) under Section 454 of the Companies Act, 2013, imposing only nominal penalties for procedural/administrative defaults while completely rejecting all fraud, misrepresentation or siphoning allegations. Income Tax scrutiny assessments for FY 2021 22 and FY 2022 23 accepted these expenses as genuine business expenditures, with no disallowance.

vi Transactions with CBL Markets were legitimate bank transfers, verifiable via bank statements and FIRCs. Further, an independent forensic assessment by M/s M. Borar & Co. found no positive evidence of fraud or fund diversion.

vii Noticee's day to day responsibilities were strictly restricted to HR/Admin/IT and she was not involved in preparation of financial statements, statutory audits or application of accounting standards.

viii Not a single invoice, payment voucher or approval bearing her signature or authorisation is referenced in the SCN in connection with the alleged Rs. 48 crore of fictitious expenses. Further, the Noticee did not purchase/sell any Company shares during the relevant period, negating any theory of personal benefit.

ix Under Section 27 of the SEBI Act, an officer is liable only if the contravention occurred with her knowledge, consent, connivance or failure to exercise due diligence. Given Noticee's role being confined to HR/Admin/IT role, she exercised due diligence within that domain and cannot be held vicariously liable for finance department matters.

x The essential elements of *mens rea* and factual participation are absent; silence or lack of involvement cannot be recast as misrepresentation merely because she was a Whole Time Director. Moreover, her tenure as CFO of EKI was limited to 11 months (i.e. November 2020 to September 2021) and ended before the FY 2022-23 revenue recognition issue.

xi The SCN's allegation that "all financial related discussion and decisions fall within the domain of the role of the Noticee" is factually incorrect; the Company had a separate CFO, finance team and the Managing Director responsible for overall strategy and management.

xii The Noticee's organisational role was that of a functional specialist (HR/Admin/IT), not a general manager with overall Company responsibility.

xiii The CFO tenure of Noticee was limited (11 months) and ended before the relevant financial issues arose; her primary role was HR/Admin/IT, not finance.

xiv In view of the above, no violation of Section 12A of the SEBI Act, Regulations 3 and 4 of the PFUTP Regulations, or the LODR Regulations can be, or ought to be, held against the Noticee.

E. **Summary of reply of Noticee No. 5 Mr. Mohit Kumar Agarwal, Chief Financial Officer**

i It was submitted that revenue recognition for cook-stove projects was a genuine application of Ind AS 115 to a novel contractual structure; performance obligation treated as satisfied on deployment, VCU issuance as a consequential step.

ii Any difference to a bona fide accounting-interpretational was attributed to disagreement with the new statutory auditor (WCC) and the same was voluntarily corrected in the same financial year with full disclosure. Further, emphasises no personal benefit from share-price rise.

iii Regarding overstatement of expenses, it was submitted that the allegation rests on the WCC "fraud letter" (10 July 2023) whose credibility is undermined by its filing after the Audit Committee's decision to remove WCC and by non-compliance with the two-day reporting timeline under Rule 13(2)(a) of the Companies (Audit and Auditors) Rules, 2014. It was submitted that there were minor process/documentation inconsistencies but overall all the expenses were genuine business expenditures.

iv The independent forensic review by M/s M. Borar & Co. found no fraud. Ministry of Corporate Affairs' Section 206(5) inspection (Report RD(NWR)/Insp./206(5)/171/2025/2804, 07-09-2025) also concluded "NO PENAL ACTION" under Sections 447/448 of the Companies Act.

v Income-Tax scrutiny assessments for FY 2021-22 and FY 2022-23 that did not disallow the alleged expenses. Procedural/documentation inconsistencies cannot be equated with fictitious expenses or diversion of funds.

vi Regarding signing the CEO/CFO Compliance Certificate (for FY 2021-22 and FY 2022-23), it was submitted that the certificate was signed jointly with the MD based on a genuine, contemporaneous belief that the financial statements complied with applicable accounting standards. The test under Regulation 17(8) of LODR Regulations is the good faith and diligence of the signatory at the time of signing, not the benefit of hindsight after a voluntary restatement. It was further argued that the company's voluntary revision and lack of investor grievance is a proof of bonafide intent.

vii Regarding non-submission of information for FY 2021-22 sought by SEBI, the Noticee denies any refusal to produce documents; states the investigation authority never sent a summons for specific documents that he failed to submit.

viii The Noticee submitted that he gave his undertaking during statement-recording to furnish any further documents, which were subsequently provided.

ix FY 2021-22 accounts were audited by M/s D. N. Jhamb & Co. without adverse findings on the relevant expense heads, and that the company prioritised FY 2022-23 documents due to the WCC fraud report.

x Lastly, it was submitted that the Non-production of one category of historical documents (for FY 2021-22), despite willingness to comply, does not constitute wilful non-compliance under Sections 11(2), 11C(2) and 11C(3) of the SEBI Act, 1992.

F. **Summary of reply of Noticee No. 6 Ms. Itisha Sahu, Compliance Officer**

i It was submitted that as Compliance Officer of EKI under the LODR Regulations, her primary responsibility was to ensure regulatory compliance, facilitate board processes, and act as a liaison between the Company and regulators.

ii The Noticee was not responsible for preparing financial statements, maintaining books of accounts, or day to day financial operations. Those functions belong to the CFO and finance team. Any documents she submitted were based solely on records provided by the respective functional departments.

iii The Noticee consistently cooperated with SEBI, formally submitting voluminous documents and detailed responses on 14 August, 2023, 26 August, 2023, and 31 August, 2023 (including ledger accounts of top 20 customers/vendors, contracts, FIRCs, revenue recognition policies, and independent legal/forensic opinions obtained by the Audit Committee).

iv In response to the Summon dated August 7, 2023, she coordinated with management and filed exhaustive replies on August 14, 2023 and August 26, 2023, providing the aforementioned documents.

v The non-submission of FY 2021 22 documents arose from a bona fide belief held by the Company's management and finance team (based on legal advice) that FY 2021-22 was a completed year already audited by the previous statutory auditor (M/s D N Jhamb & Co.) and that SEBI's inquiry was focused on FY 2022-23 (the period covered by the current statutory auditor, WCC). This was a collective management interpretation, not a willful suppression of facts on the Noticee's part.

vi The Noticee acted on the instructions of management and the CFO and as Compliance Officer she had no independent access to or control over financial documents.

vii It was argued that Sections 11(2), 11C(2), and 11C(3) of SEBI Act, 1992, require a willful and deliberate failure to attract penalty under Section 15A(a) read with Sections 11(4A) and 11B(2) SEBI Act, 1992. The Noticee never refused to produce any document in her possession; extensive email trails and signed cover letters (dated August 14, August 26 and August 31, 2023) evidence her submission of physical document boxes and database links to SEBI and the statutory auditors.

viii Further, the Noticee derived no personal benefit from the financial matters under investigation; her actions were strictly within the ordinary course of her duties as a communicating bridge between SEBI and the Company. The Noticee cannot be held liable for "hampering" an investigation when the underlying data generation was beyond her functional control and she persistently chased the respective departments to provide the answers SEBI sought.

ix The law in this regard is clear that the Compliance Officer works under the direction of the Board of Directors and is only an employee of the Company, acting on the dictates of management. The Securities Appellate Tribunal (SAT), in ***V. Shankar v. SEBI*** (Appeal No. 283 of 2025, order dated 5 May 2025), held that the role of a Company Secretary/Compliance Officer is ministerial and procedural, not managerial.

G. **Summary of reply of Noticee No. 7 Mr. Ritesh Gupta, Independent Director (Chairman of Audit Committee)**

i The Noticee has been included in the proceedings solely because of his position as an Independent Director and Chairman of the Audit Committee of EKI Energy Services Ltd. The Noticee was appointed as independent director on November 5, 2020, and continues in that role.

ii The Noticee avers that he acted bona fide and in good faith, attended all Audit Committee and Board meetings, reviewed financial statements, raised queries, and sought clarifications from management and statutory auditors.

iii The Noticee holds no shareholding in the Company and derived no personal monetary or non-monetary benefit from any alleged transactions. Throughout his career he has maintained a clean professional record, with no prior regulatory action, litigation, or disciplinary proceedings

iv Noticee's statement recorded by SEBI on December 26, 2023 confirms his appointment via professional reference, attendance at almost all Audit Committee meetings, reliance on management's representations, and agreement with the statutory auditor's opinion on revenue recognition under Ind AS 115.

v The Noticee asserts he was not involved in day to day operations, financial management, or accounting decisions; his role was limited to oversight and governance, consistent with the position of an independent non-executive director.

vi It was argued that there is no liability for Independent Directors without knowledge/connivance. Noticee further argues that an independent director can be held liable only for acts/omissions occurring with his knowledge, attributable through Board processes, and with his consent or connivance, or where he has not acted diligently. For this the Noticee refers Section 149(12) of the Companies Act, 2013 and Regulation 25(5) of the LODR Regulations.

vii The Noticee relies on the Ministry of Corporate Affairs circular dated March 02, 2020, which clarifies that liability of independent/non-executive directors arises only when acts/omissions occur with their knowledge, consent, connivance, or lack of diligence.

viii The Audit Committee, upon receipt of the statutory auditor's fraud report (WCC, July 10, 2023), independently appointed eminent experts (Hon'ble Justice Deepak Verma, Mr. Biju Mattam, M/s M. Borar & Co.) to investigate the allegations, demonstrating independent judgment and due diligence.

ix The scope of information given to the experts was a considered joint decision; FY 2021-22 data had already been audited by the statutory auditor, while FY 2022-23 data was placed before the experts for review where independent scrutiny was actually warranted.

x Hence the Noticee carried out due diligence to the best of his ability, attended meetings, reviewed statements, sought clarifications, and relied on professional opinions of statutory auditors and independent experts.

xi Following an exhaustive Section 206(5) inspection by the Ministry of Corporate Affairs, the MCA issued Letter No. CL II 01/81/2025 O/o DGCoA MCA dated April 02, 2026, conveying approval of the Competent Authority and directing "NO PENAL ACTION" under the fraud provisions (Sections 447/448).

xii The Registrar of Companies (ROC), Gwalior, issued four Adjudication Orders dated June 29, 2026 under Section 454 of the Companies Act, 2013, imposing nominal penalties solely for procedural/administrative defaults and completely rejecting all fraud, misrepresentation, or siphoning allegations.

xiii The Income Tax Department accepted the commission, consultancy, and legal/professional expenses as genuine business expenditures in scrutiny assessments for FY 2021-22 and FY 2022-23, with no disallowance under Section 37(1) of the Income Tax Act, confirming the underlying transactions were genuine.

xiv Lastly, it was submitted that the independent experts (Justice Deepak Verma, Biju Mattam, M/s Borar & Co.) concluded there was no evidence of fraud, consistent with the MCA's finding

xv Case Law referred by the Noticee to contend absence of liability:

a) ***Nanjundiah (H.) v. Govindan, Registrar of Companies*** [(1986) 59 Comp Cas 356(Bom)] – a director not involved in day to day affairs cannot be an "officer in default".

b) ***Price Waterhouse & Co. v SEBI*** (Appeal 6 of 2018) – even a statutory auditor (let alone an audit committee member) cannot unearth a complex fraud1.12.

c) ***SEBI's WTM Order No. WTM SM/IVD/ID3/22230/2022 23*** in the matter of Geodesic Ltd. – dropped charges against Audit Committee Chairman/Member following the Supreme Court's observation that non-executive directors are not in charge of or responsible for the conduct of the business.

d) ***Adi Cooper v. SEBI*** (Appeal No. 124 of 2019) – in the said order, the SEBI WTM's finding against the appellant was held misconceived and farfetched. The appellant's resolution did not evidence fraudulent intent.

e) ***Prafull Anubhai Shah v SEBI*** (Appeal No. 389/2021) – cogent evidence must show that a non-executive non promoter independent director was aware of the fraud or involved in the GDR issuance with connivance; mere board resolution participation does not create liability.

f) ***Chromatic India Ltd. v SEBI*** (Appeal No. 393 of 2020) – the resolution by itself does not create suspicion or a fraudulent act, being a signatory does not violate SEBI Act or PFUTP Regulations.

g) ***Pritha Bag v SEBI*** (Appeal No. 291 of 2017) – in the absence of a finding that the appellant was entrusted to discharge functions under Section 73 of the Companies Act or as an officer in default, no penalty under Section 73(2) could be imposed.

h) ***Zylog Systems Ltd.*** (SEBI Order dated June 20, 2017) – SEBI dropped proceedings against independent directors, noting their limited role in guiding management and protecting minority shareholders' interests.

H. **Summary of reply of Noticee No. 8 Mr. Burhanuddin Ali Husain Maksi Wala, Independent Director (Member of Audit Committee)**

i The Noticee took similar legal arguments as Noticee No. 7 and referred same case laws to substantiate his case of limited liability of independent directors.

ii The Noticee further submitted that he acted with due diligence; relied on management & statutory auditor representations; attended all AC meetings; sought clarifications; appointed independent experts (Justice Deepak Verma, Biju Mattam, M/s M. Borar & Co.) to investigate WCC fraud report – demonstrating independent judgment.

iii It was also submitted that he was not required to independently verify thousands of vendor invoices or conduct forensic audit. The Noticee's duty is to exercise independent judgment on information presented, which he did. There is no evidence on blind approvals given by the Noticee.

iv On the allegation of failure to ensure that experts appointed by AC i.e. Justice Deepak Verma, Biju Mattam, M/s M. Borar & Co., did not contain FY 2021-22 data in their report, it was submitted that the scope of information furnished to experts was a joint decision. Since FY 2021-22 was already audited by statutory auditor there was independent assurance. The experts reviewed only FY 2022-23 since additional scrutiny was warranted. However, their report found no fraud.

v The Noticee submitted that he relied on management & auditor representations in good faith and there was revenue increase attributed to global demand (Paris Agreement, Kyoto Protocol) and decrease in revenue due to regulatory changes & oil-gas price changes. The Noticee agreed with statutory auditor's qualified opinion on Ind AS 115, which demonstrates independent judgment.

vi On the allegation that the Noticee was unaware of "Internal Control Failures" raised by internal auditors (M/s Protiviti) until statutory auditors' presentation in July 2023, thus failed to act independently, it was submitted that AC took appropriate steps and reliance was placed on management's explanation that inconsistencies were "clerical/human" and would be rectified. There is no evidence of internal control failure prior to July 2023, which the Noticee ignored.

17. From the above, I note that the SCN were duly served to the Noticees and sufficient time was provided to submit their replies. Further, an opportunity of personal hearing was also given to the Noticees, which was availed by them.

ISSUES FOR CONSIDERATION

18. On a perusal of the observations and allegations brought out in the SCN, the replies filed by the Noticees, oral/written submissions and other material available on record, the following issues arise for consideration in the present matter:

I. ***Whether there is misrepresentation by overstatement of revenue for quarters ending June 2022, September 2022 and December 2022 in the financial statements of the Company and the same operated as a devise/scheme/artifice to deceive and defraud the investors/shareholders dealing in the shares of EKI?***

II. ***Whether the funds of the company were diverted by overstating expenses in FY 2021-22 and FY 2022-23 and the same operated as a devise/scheme/artifice to deceive and defraud the investors/shareholders dealing in the shares of EKI?***

III. ***Whether Noticee No. 2, being Managing Director of EKI, Noticee No. 3, being Whole Time Director (WTD) of EKI and 4, being WTD of EKI and Chief Financial Officer ('CFO') of EKI and Noticee No. 5, being CFO of EKI during FY 2021-22 and FY 2022-23, are also responsible for the violations discussed in previous issues, alongwith the Company, as alleged in the SCN?***

IV. ***Whether Noticee No. 2 and 5 provided false certification under Regulation 17(8) of LODR Regulations for FY 2021-22 & 2022-23?***

V. ***Whether Noticee No. 2, 7 and 8 being the members of Audit Committee of EKI during FY 2021-22 & 2022-23, failed to carry out adequate due diligence and failed to discharge their responsibilities as member of Audit Committee of the listed company?***

VI. ***Whether Noticee No. 5 and 6 failed to comply with the requirements of SEBI Summons?***

VII. ***If the above issues are determined in the affirmative what directions, if any, including the amount of monetary penalty, is required to be imposed on the Noticee(s)?***

CONSIDERATION

I. ***Whether there is misrepresentation by overstatement of revenue for quarters ending June 2022, September 2022 and December 2022 in the financial statements of the Company and the same operated as a devise/scheme/artifice to deceive and defraud the investors/shareholders dealing in the shares of EKI?***

19. I note that the issue for consideration is whether EKI misrepresented its financial performance through the revenues disclosed in its quarterly results. Since those results are required to be prepared in accordance with applicable accounting standards, the correctness of the revenue disclosed must be tested against the governing principles of revenue recognition. Ind AS 115 is therefore relevant to determine whether the disputed amounts represented revenue earned through performance of the contractual promises. For this purpose, it is necessary to examine the agreements and EKI's explanation that cookstove deployment and project registration justified recognition of those amounts.

20. I note that EKI has contended that the substance of the arrangements was development and implementation of carbon credit eligible projects. According to EKI, deployment and registration in the customers' names transferred the underlying carbon generating asset and satisfied its primary performance obligation. Subsequent VCU issuance was, therefore, only administrative. EKI has also described deployment and VCU delivery as separate performance obligations under a phased contractual structure, stating that it recognised only the deployment consideration and would recognise future VCU income subsequently. It maintains that this treatment reflected *bona fide* judgment in a nascent market, particularly in the absence of a dedicated accounting standard for carbon credits.

21. In this regard, I note that the company entered with cook stove agreements with several entities. Details of the sample agreements, as given by the Company vide email dated December 21, 2023, are given below:

Details of agreements entered into by the Company

S. N.	Date of Agreement	Name of entity with whom agreement was entered into
1	April 08, 2022	Vitol Asia PTE Ltd (Singapore) – ('**Vitol**')
2	Undated	Shell Eastern Trading PTE Ltd (Singapore)
3	February 01, 2022	Aarav Investment & Consultant
4	October 31, 2022	Pinkcity Tourist Village Complex Pvt. Ltd.
5	September 26, 2022	BSAS Infotech Ltd
6	April 29, 2022	Renew Foundation ('**Renew**')

22. Against the explanation of the Company, I note that clause 5.1(a) of the Shell Eastern Trading PTE Ltd ('Shell') agreement identifies what Shell obtained against its payments:

"In consideration of the payments made or to be made by SIETCO under Clause 4.1, Clause 4.2 and Clause 4.3, SIETCO shall be entitled to offtake and retain for itself eighty percent (80%) of all issued volumes of VERs generated from the Project. For the avoidance of doubt, no further payments shall be required to be made by SIETCO for the offtake of such VERs."

23. Shell's payments, including the upfront payments, thus secure its entitlement to carbon credits. Their character must be assessed together with the obligation to generate and deliver those credits.

24. I further note that clause 4.1(c) requires EKI to apply the upfront payments towards cookstoves, working capital, approvals, household induction and subsequent milestones. Schedule B releases US$400,000 against an advance purchase order for 40,000 cookstoves, before distribution. These provisions show that payments finance the work required to produce the credits. A milestone permitting release of funds does not itself establish that the amount has been earned through completed performance.

25. The distribution financed through those payments is also linked to carbon rights. I note that clause 5.3(b) requires a signed and verified carbon rights transfer agreement from each household receiving and using a cookstove. Deployment therefore establishes the activity and secures the rights through which the promised credits are to be generated.

26. EKI's work does not end at that stage. I note that clause 3.1(f) requires EKI to:
"do all things necessary to ensure that VERs in respect of the Project are issued by the Registry"

27. Schedule C of the Shell agreement requires monitoring surveys, reports, verification, database checks and resolution of corrective action requests and issuance comments. These are substantive activities necessary to obtain the credits. They contradict EKI's description of subsequent issuance as merely administrative.

28. I also note that the "Shell agreement" continues by reference to credit generation and delivery. Schedule A contemplates a seven-year crediting period, while clause 2.1(a) permits extension where the applicable cumulative indicative credit volume has not been generated and delivered. Deployment starts the credit-generating activity. It does not complete the undertaking for which Shell has paid.

29. Registration must be understood within this continuing undertaking. I note that clause 5.2(a) provides for issuance into Shell's registry account following registration and first verification. Clause 5.2(b) then provides for transfer of EKI's 20% share. The agreement distinguishes registration from verification, issuance and receipt of credits. Registration in the customer's name therefore does not establish that the promised credits have been generated and received.

30. Similar clauses are also contained in the agreement between EKI and Vitol Asia Pte Ltd. ('Vitol') Recital (B) records that EKI seeks to sell carbon credits to be generated from the project and Vitol seeks to purchase those credits. Clause 6.1 expressly requires EKI to deliver the Project VCUs forming the Contract Quantity. These provisions identify carbon credits as the output contracted for by Vitol.

31. Although clause 3.1 provides advances for manufacture, distribution and installation of cookstoves, clause 1.2 defines an "Advance" as an advance payment "against Project VCUs to be Delivered under this Agreement". Part 2 of Annex 7 requires evidence of installation of the preceding batch of stoves before

subsequent advances are released. It also requires evidence of project registration for Advance Four. Deployment and registration thus determine when further funding becomes available. Their completion does not establish delivery of the contracted output.

32. The adjustment mechanism confirms this distinction. Clause 5.1 provides for reduction of outstanding advances through deductions against amounts payable for delivered Project VCUs. Clause 9.1.1 links such adjustment to the Unit Price of those credits. The advances are therefore settled against delivery of carbon credits, rather than treated as consideration earned merely upon deployment or registration.

33. Annex 4 further states that carbon-credit revenue has been factored in to cover manufacturing, distribution and maintenance costs throughout the project's lifetime. Its prescribed ownership agreement provides the stove free of cost to the user on a right-to-use basis, while the carbon credits arising from its use belong to EKI. Deployment therefore establishes the activity from which EKI obtains the credits promised to Vitol.

34. EKI's responsibilities also continue after registration. Clauses 13, 16 and 17 require project operation, monitoring, verification, certification and steps towards issuance. Significantly, clause 8.1.1 provides that issuance into Vitol's registry account constitutes delivery, but EKI's delivery obligation is discharged only after assignment of the associated environmental benefits under clause 8.5.

35. Therefore, I find that deployment and registration are activities directed towards fulfilling the promise to supply carbon credits. Read with paragraphs 27(b) and 29 of AS115, the contractual provisions demonstrate that deployment and registration are inputs into the contracted output. Their completion cannot, by itself, support recognition of the project advances as revenue from separately completed performance obligations.

36. The other agreements provide additional support. I note that the Aarav Investment & Consultant ('Aarav') agreement requires registration, verification and issuance, followed by supply of the credits issued. The BSAS Infotech Ltd ('BSAS') and Pinkcity Tourist Village Complex Pvt. Ltd. ('Pinkcity') provisions similarly require continuing project supervision and credit supply. The Vitol agreement expressly states:

"The Seller seeks to sell certain VCUs to be generated from the Grouped Project to the Buyer, and the Buyer seeks to purchase the same from the Seller as described in this Agreement."

37. These provisions identify credits as the contracted output to which the project activities contribute.

38. Read together, the provisions require EKI to deploy cookstoves, secure carbon rights, monitor performance, obtain verification and ensure issuance and delivery. I note that paragraphs 27–30 of Ind AS 115 require examination of whether these activities provide distinct outputs or are integrated to fulfil the contractual promise. Paragraph 31 of Ind AS 115 connects recognition with transfer of the promised good or service. The absence of a dedicated carbon credit standard does not negate these requirements for revenue from customer contracts.

39. I further note that EKI's phased-payment explanation does not establish a separate deployment transaction. EKI must identify a distinct completed promise and the consideration attributable to its satisfaction. A separately payable instalment establishes neither.

40. There is also an inconsistency in EKI's explanation. I note that it characterises the subsequent VCU stage as administrative, while relying upon VCU delivery as a separate performance obligation to justify phased recognition. The latter acknowledges the substantive obligation that the former seeks to dismiss. The agreements resolve the issue by linking deployment, registration and continuing project activities to generation and delivery of the credits.

41. I accordingly find that the performance obligation under the Shell arrangement is the promise to generate and deliver the agreed carbon credits. Deployment, registration and subsequent technical activities are integrated components of fulfilling that promise. EKI's claim that a separate deployment obligation had been completed does not justify recognition of the disputed amounts as revenue earned at that stage.

42. Accordingly, I find that the following amounts have been recognised prematurely as stated in the following table

Effect of misrepresentation of revenue, cost and profit

	Figures in Rs. Crore								
	Q1 FY 2022-23			Q2 FY 2022-23			Q3 FY 2022-23		
Particulars*	Original	Premature booking of revenue	Revised	Original	Premature booking of revenue	Revised	Original	Premature booking of revenue	Revised
Revenue from Operations	**509.71**	**-74.06**	**435.65**	**460.36**	**-104.80**	**355.56**	**413.62**	**-18.18**	**395.44**
Total Income	510.20	-74.06	436.14	461.15	-104.80	356.35	421.24	-18.18	403.06
Purchase of stock in trade	**300.45**	**-6.16**	**294.29**	**209.83**	**-41.41**	**168.42**	**417.29**	**-5.12**	**412.17**
Change in inventories of stock in trade	9.61	-	9.61	38.94	-	38.94	-122.57	-	-122.57
Total Expenses	**365.35**	**-6.16**	**359.19**	**320.91**	**-41.41**	**279.50**	**359.05**	**-7.09**	**351.96**
Profit before Tax	**144.85**	**-67.91**	**76.94**	**140.24**	**-63.39**	**76.85**	**62.19**	**-11.09**	**51.10**

43. The examination of contracts establishes why the recognition was incorrect. The comparison with the revised figures establishes its quarter-wise financial effect. On this combined basis, I find premature recognition of Rs.197.04 crore.

44. I note that this overstatement changed the financial picture presented to investors. Revenue in the preceding quarter was Rs.475.49 crore. Originally disclosed Q1 revenue of Rs.509.71 crore presented an increase, whereas revised revenue of Rs.435.65 crore reflected a decline. Actual receipt of funds, or the possibility of earning revenue later, does not correct that representation of performance during the reported quarter.

45. In view of the above, I find that EKI prematurely recognised revenue aggregating to Rs.197.04 crore during the first three quarters of FY 2022–23 and thereby misrepresented its financial performance. The misrepresentation is showing investors the disputed amounts as revenue already earned during those quarters.

Whether EKI's publication of the overstated revenues constituted fraudulent conduct under the securities laws?

46. I now examine the circumstances in which EKI published the overstated revenues and continued to maintain those figures. The issue is whether its presentation of the disputed receipts as earned revenue constituted fraudulent financial disclosure.

47. I note that EKI was responsible for performing the continuing contractual obligations. It knew that monitoring, verification, issuance and delivery remained to be undertaken. Its knowledge of that outstanding work must be considered when assessing its representation that the upfront amounts had already been earned through completed deployment.

48. I further note that this treatment was repeated across three quarters. The resulting figures were published through stock exchange filings dated July 29, 2022, November 04, 2022 and February 10, 2023. The company thus repeatedly presented receipts against the continuing undertaking as revenue earned from a separate deployment obligation, without establishing the contractual basis for that separation.

49. The qualification dated February 10, 2023 expressly identified the issue and quantified its financial effect. I note that EKI's clarification dated February 15, 2023 nevertheless maintained the deployment and registration explanation. That explanation is not clearly supported by any of the clauses as discussed above. Publication of the qualification made the disagreement public, but EKI's clarification neither corrected the revenue figures nor established the claimed completion of a separate obligation.

50. I also note that the original figures were revised only on September 23, 2023. The Q1 figures remained unrevised for more than a year, Q2 for more than ten months and Q3 for more than seven months. It is important when the revenue figures are included without reasonable basis, the relevant figures have to be immediately revised and the Company had opportunity to do the same on September 23, 2023.However the quarterly figures were not revised on September 23, 2023. The overstated amounts therefore continued as the company's reported revenues for over seven months after the quantified qualification. This subsequent conduct must be assessed together with EKI's knowledge of its contractual commitments and its repeated recognition of the amounts.

51. EKI's challenge to WCC fraud report does not answer these circumstances. The February 10, 2023 qualification by WCC preceded the July 05, 2023 decision concerning WCC's removal as statutory auditor. The allegation of retaliation concerning the WCC Fraud report therefore does not explain the earlier qualification or displace the agreement clauses supporting the revenue allegation.

52. Taking these circumstances together, I find that the claim of a bona fide interpretation does not explain the recognition and continued disclosure. EKI knew the substantive performance that remained outstanding, yet represented the receipts as earned against a completed deployment obligation without establishing a contractual basis for that treatment. Repetition across three quarters without any basis support the inference that the representations were made recklessly and without reasonable grounds.

53. I note that these representations appeared in official quarterly results disseminated to the securities market. They presented the company's earnings performance for investors to assess when deciding whether to deal in its shares. By publishing materially overstated revenue through those results, EKI supplied a misleading basis for those decisions. The financial misrepresentation was thus directly connected with investment decisions concerning its listed securities.

54. I note that Regulation 2(1)(c) (5) of the PFUTP Regulations includes within fraud: *"a representation made in a reckless and careless manner whether it be true or false".*

55. Clause (8) of the above provision also covers untrue statements unsupported by reasonable grounds for belief. The definition does not make wrongful gain or avoidance of loss necessary. EKI's conduct must therefore be assessed by the basis for its representations and their connection with inducing securities dealings.

56. It was observed that the scrip of EKI saw significant increase in price and volume during the period when the quarterly results of first three quarters of FY 2022-23 were declared with inflated revenue. The price-volume analysis during Q1, Q2 and Q3 of FY 2022-23 is as following:

Period	**Q1 (FY22-23)**			
Date of Publication of Financial Results	**July 29, 2022**			
July 28, 2022	O:2069.70	H:2113.90	L:2009.00	C:2035.65
	Volume: 46,005			
July 29, 2022	O:2068.00	H:2108.00	L:2001.00	C:2041.50
	Volume: 36,560			
August 01, 2022	O:2143.55	H:2143.55	L:2106.60	C:2143.55
	Volume: 30,775			
No. of public shareholders as on June 30, 2022 – 3,826				
No. of public shareholders as on September 30, 2022 – 34,588*				
Period	**Q2 (FY22-23)**			
Date of Publication of Financial Results	**November 04, 2022**			
November 03, 2022	O:1759.95	H:1859.00	L:1740.00	C:1793.40
	Volume: 69,610			
November 04, 2022	O:1805.00	H:1822.00	L:1730.00	C:1739.25
	Volume: 43,280			
November 07, 2022	O:1700.00	H:1700.00	L:1603.30	C:1619.55
	Volume: 1,15,004			
No. of public shareholders as on September 30, 2022 – 34,588				
No. of public shareholders as on December 31, 2022 – 44,399				
Period	**Q3 (FY22-23)**			

Date of Publication of Financial Results	February 10, 2023			
February 09, 2023	O:1130.00	H:1144.00	L:1091.70	C:1098.80
	Volume: 54,594			
February 10, 2023	O:1110.00	H:1110.00	L:1094.00	C:1097.15
	Volume: 26,884			
February 13, 2023	O:877.75	H:877.75	L:877.75	C:877.75
	Volume: 65,522			
No. of public shareholders as on December 31, 2022 – 44,399				
No. of public shareholders as on March 31, 2023 – 52,061				

57. From the above table I note that the volume in the scrip increased from 30,775 to 65,522 i.e. during the period the misstatement in the financial results continued by the Company. Further, the decline in revenue of EKI coupled with qualified opinion by WCC dated February 10, 2023 triggered a drop in share price of the Company and ultimately led to the scrip hitting its lower circuit limit on February 13, 2023.

58. The established misstatement also attracts the financial-disclosure requirements. I note that Regulations 4(1)(a), 4(1)(c) and 4(1)(e) of the LODR Regulations require compliance with accounting standards, prohibit misleading disclosures and require accurate dissemination. Regulations 33(1)(b) and 33(1)(c) of LODR Regulations prescribe the applicable recognition, measurement and accounting requirements for the results. I find that the premature recognition and consequent publication of overstated revenue contravened these requirements.

59. I further note that the financial disclosures disclosed by the Company in Q1, Q2 and Q3 of FY 2022-23 were not accurate and were not in compliance with the requisite accounting standards.

60. I accordingly find that EKI's publication and continued disclosure of revenues prematurely recognised by Rs.197.04 crore constituted reckless financial misrepresentation connected with investor decisions concerning its listed shares. This falls within Regulation 2(1) (c), particularly clauses (5) and (8) of PFUTP Regulations, and contravenes Section 12A (c) of the SEBI Act, 1992 read with Regulations 3(d) and 4(1) and 4(2) (f), (k) and (r) of the PFUTP Regulations and consequently the Company is liable for penalty under Section 15HA of SEBI Act, 1992 r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act.

61. The Company has also violated Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115 and consequently is liable for penalty under Section 15HB of SEBI Act, 1992 r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act, 1992.

II. Whether the funds of the company were diverted by overstating expenses in FY 2021-22 and FY 2022-23 and operated as a devise/scheme/artifice to deceive and defraud the investors/shareholders dealing in the shares of EKI?

62. It was alleged that EKI diverted Rs.48 Cr. by overstating expenses during FY 2021–22 and FY 2022–23. The alleged overstatement in FY 2021–22 was Rs.23.58 crore, comprising commission of Rs.17.61 crore, consultancy expenses of Rs. 5.21 crore and legal and professional expenses of Rs.0.76 crore. In FY 2022–23, the alleged overstatement was Rs.24.42 crore, comprising commission of Rs.21.53 crore, consultancy expenses of Rs.1.88 crore and legal and professional expenses of Rs.1.01 crore. It was further alleged that the above misrepresentation resulted in misstatement of profits and that EKI's financial statements for these years did not reflect a true and fair view.

63. The Company disputed the allegation that it had diverted Rs.48 Cr. by overstating commission, consultancy and legal and professional expenses during FY 2021–22 and FY 2022–23. It submitted that these expenses were incurred for genuine business purposes and furnished invoices, agreements with service providers, corresponding carbon-credit purchase and sale agreements, vendor confirmations, payment approvals and ledger records.

64. The Company further relied on the Borar Report and the Legal Opinion. It submitted that these reports examined the disputed payments against the supporting agreements, invoices and transaction records and did not find positive evidence of fraud or diversion. It relied on the favourable findings recorded for several vendors to contest the allegation that the expenses were fictitious.

65. The Company also relied on the Income-tax scrutiny assessments for AY 2022–23 and AY 2023–24, corresponding to the financial years under examination. It submitted that the expenses had been allowed without disallowance in those assessments and contended that this supported its case that the expenditure was genuine.

66. The Borar Report examines the transactions identified by the statutory auditor against eight hypotheses, including whether the company received the underlying services. It considers agreements, corresponding projects, invoices, payment approvals, vendor details and transaction confirmations. The question is whether its findings establish that the services for which payments were made actually rendered.

67. This deficiency is evident, as an illustration, in the case of Jenus Corp FZCO, where the Report records "Disprove" regarding non-receipt of services, while finding that the commission agreement concerned purchase commission, whereas the underlying transaction was a sale. Similarly, as an illustration, in the case of Encotech Limited, it identifies contradictory provisions concerning purchase and sale commission but reaches the same conclusion. When the transaction concluded does not correspond with the services contemplated, its execution cannot itself establish the agent's performance. The report does not explain how these inconsistencies were resolved.

68. Similarly, the Borar Report identifies missing critical clauses in some agreements, yet records "Disprove" regarding non-receipt of services. These deficiencies require other evidence connecting the agent with the transaction concluded by EKI. The Report does not identify such evidence supporting its conclusions.

69. In contrast, in the cases of Trance Nirvana Management Consultancy LLC and Dee Piping Systems (Thailand) Co. Ltd, the Report notes that the agreements with project owners preceded the commission agreements and that supporting documentation was insufficient. It consequently records "Not Proved".

70. Further, in cases of Pink City Tourist Village Complex, Sonarth Trading LLP, Ecosmart Climate Solutions, MPCON Limited, Ecofinace Negocios Eireli and Sigma Broking Limited, the report records the negative hypothesis of "the services were not rendered for which payments were made" as "Disproved" without identifying the documents or circumstances establishing the agents' involvement. Though it records favourable findings regarding agreements, invoices and projects, it does not explain how these establish that the agents facilitated the transactions.

71. Similarly, in the cases of Tullet Prebon Americas Corp and Renewable Energy Hub, the Borar Report records the negative hypothesis of "the services were not rendered for which payments were made" as "Disproved" despite acknowledging that agreements were unavailable and only transaction confirmation receipts were produced. Such receipts may establish the underlying transactions but not necessarily the agents' involvement.

72. I am cognisant to the fact that the agents' involvement need not always be established through direct evidence and may be inferred on the preponderance of probabilities. However, the circumstances must make their involvement more probable than non-involvement. Where purchase commission is claimed against a sale transaction, the concluded transaction differs from the services contemplated. Defective or absent agreements further weaken the contractual connection. These circumstances cannot themselves support an inference that the agents facilitated the transactions. Therefore, other circumstances must establish that such involvement was more probable. The Borar Report neither consistently identifies these circumstances nor evaluates the contrary indications. Consequently, even applying the preponderance of probabilities, its conclusion of 'Disprove' does not follow from the evidence identified.

73. On further aspect needs recording here. The Borar Report identifies 34 vendors supported only by invoices, including 18 commission vendors which are alleged in the SCN. The Borar Report classifies negative hypothesis of "the services were not rendered for which payments were made" as 'Proved' in these cases, thereby recognising that *invoices alone do not substantiate receipt of services.*

74. In view of the above discussion, I therefore find that the Borar Report cannot be accepted to support the case of the Company in its entirety as establishing receipt of services from commission agents. It does not consistently distinguish between the underlying carbon-credit transaction and the agent's role in facilitating it. Several favourable conclusions lack identified evidence of involvement, while others coexist with contradictory contractual terms, defective agreements or insufficient documentation. Even on the preponderance of probabilities, these deficiencies require examination of other supporting circumstances, which the Borar Report does not consistently demonstrate. Consequently, the classification of non-receipt of services as 'Disproved' cannot, by itself, establish the genuineness of the alleged fictitious expenses incurred during FY 2022-23. EKI's reliance on the Borar report as conclusive evidence for all disputed expense payments is therefore not acceptable.

75. EKI has also relied on the legal opinions dated August 21, 2023 and August 23, 2023 to contend that WCC's allegations were not supported by sufficient evidence of fraud. The legal opinion specifically states that the opinion is based on the documents submitted for the opinion. The Company has failed in the reply to substantiate whether the same documents it submitted before these proceedings were submitted for the legal opinion. This is significant in view of the abovementioned remark in the legal opinion which identifies the documents submitted for seeking the legal opinion. In view of failure on the part of the Company, I consider the Company was not able to substantiate its case in this regard.

76. As regards the MCA decision relied upon by EKI, the fact that no penal action was initiated is relevant. However, that decision, by itself, does not establish that every disputed vendor rendered the services claimed. Its evidentiary value depends on the issues examined, the material considered and the reasons recorded. The Company has not substantiated in the reply that what specific documents were submitted and what issues were considered in the MCA matter based on those documents. The reply on this score is conspicuous by its absence in this regard.

77. The reliance on non-disallowance of the disputed expenses in the Income Tax scrutiny assessments for FY 2021–22 and FY 2022–23 has a similar limitation. The absence of a disallowance does not, without the Company demonstrating the basis of that assessment and further the Company establishing that each disputed service was verified and found to have been rendered in the proceedings cannot advance the case of the Company. Any finding supported by relevant evidence would require consideration. However, the Company failed to substantiate the same. Therefore, the scrutiny assessment does not assist the case of the Company.

78. I agree that the absence of an original or certified invoice, limited publicly available information about a vendor, or a one-off engagement does not, individually, establish that an expense was fictitious. These circumstances have to be considered with the remaining evidence. A vendor may exist and yet not have rendered the particular service for which payment was made. Equally, a service may be established through consistent corroborative evidence despite a deficiency in a particular document. The adverse findings are therefore confined to the transactions in which the cumulative evidence supports the inference that the services claimed were not rendered. Mere inadequacy of documentation is not treated as conclusive proof of that inference.

79. EKI has further relied on the fact mentioned in the Borar Report of examination of 37 bank statements of key managerial personnel and their relatives to contend that no beneficial relationship with the vendors was found. Even accepting that submission, it does not establish that the vendors rendered the services for which the company paid them. The absence of a demonstrated flow to promoters, directors or their relatives does not make that expenditure genuine.

80. I have considered EKI's reply and the documents relied upon in support of the disputed expenses transaction wise. The issue is whether the vendors rendered the services for which the expenses were booked and payments were made. The genuineness of those services determines whether the payments represented business expenditure or diversion of the company's funds under the description of

such expenditure. The reply along with the documents submitted has, therefore, needs to be examined with reference to the evidence relating to each disputed payment.

81. EKI has submitted that its business depended on intermediaries and that the engagement of vendors was a commercial decision. The use of intermediaries in the carbon market can explain the need for commission expenditure. It does not establish that a particular intermediary facilitated the transaction for which commission was paid. Similarly, the management's discretion to select a vendor does not establish performance by that vendor. The explanation must, therefore, be supported by evidence connecting the payment with services actually rendered.

82. I note that an invoice establishes the claim made by the commission agent and the payment made by EKI. It does not establish the agreed service or its performance. Therefore, I note that the cases supported only by invoices are not accepted unless the preponderance of probability leads to finding on the acceptance of services in view of the evidentiary value of the contents mentioned in the invoice. In respect of the cases supported by invoices and an agreement with the commission agent are also not accepted as the agreement establishes the scope and terms of the proposed service. It does not establish that the service was actually rendered unless on preponderance of probability the same can be accepted on the cumulative analysis of the evidence.

83. In respect of the category, the invoice and commission agreement are supported by the agreement between EKI and the counterparty claimed to have been facilitated, along with other documents, the said documents are examined cumulatively to determine whether they corroborate the rendering of the claimed service. The relevant details in the invoice and agreement and other documents submitted have been considered for their consistency and their connection with the service claimed. A consistent and corroborative chain has been accepted on a preponderance of probabilities.

84. Accordingly, an amount of Rs. 26.34 Cr. was diverted by the Company since the claim of the Noticee is not supported by sufficient documents. The detailed findings for the said amount are placed as ***Annexure*** of the order.

85. Accordingly, EKI's contention that the entire disputed expenses were genuine and involved no diversion cannot be accepted in view of the above examination. On a preponderance of probabilities, I hold that, to the extent identified in the transaction-wise findings, EKI booked fictitious expenses against services not rendered. The payments made against those expenses consequently constituted diversion of EKI's funds. This finding is limited to the transactions and amounts so identified and does not extend to expenditure accepted on the supporting evidence.

86. In view of the above finding, I note that the Company diverted Rs. 26.34 crore by overstating expenses during FY 2021-22 and FY 2022-23. Hence, the profits and financial statements during this period of EKI did not reflect its true and fair view.

87. The above act of the Company of booking factious expenses in its financials and disclosing the same to its stakeholders and investors during the FY 2021-22 and FY 2022-23 I note that Regulation 2(1)(c) (5) of the PFUTP Regulations includes within fraud:
"a representation made in a reckless and careless manner whether it be true or false".

88. Further, by booking fictitious expenses, the Company misrepresented its financial position and failed to ensure that information provided to investors is not misleading. It also failed to ensure that accurate information reached to investors in timely manner.

89. I accordingly find that EKI's publication and disclosure of fictitious expenses by Rs. Rs. 26.34 Cr. which resulted in incorrect disclosure of profit and financial statements and hence constituted financial misrepresentation connected with investor decisions concerning its listed shares. This falls within Regulation 2(1) (c), particularly clauses (5) and (8) of PFUTP Regulations, and contravenes Section 12A (c) of the SEBI Act, 1992 read with Regulations 3(d) and 4(1) and 4(2) (f), (k)

and (r) of the PFUTP Regulations and consequently the Company is liable for penalty under Section 15HA of SEBI Act, 1992 r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act, 1992.

90. The Company has also violated Regulations 4(1) (b), (c), (e), (g), (h) and (j) of LODR Regulations and consequently is liable for penalty under Section 15HB of SEBI Act, 1992 r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act, 1992.

III. Whether Noticee No. 2, being Managing Director of EKI, Noticee No. 3, being Whole Time Director (WTD) of EKI and 4, being WTD of EKI and Chief Financial Officer ('CFO') of EKI and Noticee No. 5, being CFO of EKI during FY 2021-22 and FY 2022-23, are also responsible for the violations discussed in previous issues, alongwith the Company, as alleged in the SCN?

- Noticee No. 2, Mr. Manish Kumar Dabkara, MD of EKI

91. I have considered Mr. Manish Kumar Dabkara's submission that his functions were confined to Trading and Business Development and that he relied on the CFO, Audit Committee and statutory auditors. I note that he was the Managing Director overseeing day-to-day operations and that the CFO reported to him. Allocation of accounting work to the finance team did not remove his own responsibility when approving financial information or dealing with matters within his managerial oversight.

92. That responsibility existed before WCC raised its objection. Regulations 4(2)(f)(iii)(3) and 4(2)(f)(iii)(7) of the LODR Regulations require informed decisions, diligence and care, and objective independent judgment. Regulation 4(2)(f)(ii)(7) of LODR Regulations places responsibility on the Board for the integrity of accounting and financial-reporting systems and appropriate compliance controls. These duties supplement the obligation of care and independent judgment under Section 166(3) of the Companies Act, 2013.

93. Regulations 4(1)(a)(b)(c) of LODR regulations require compliance with accounting standards and reliable, non-misleading financial disclosure. Regulation 33 additionally requires Board approval of quarterly results and certification by the CEO and CFO. For annual financial statements, Section 134 of the Companies Act requires Board approval and the Directors' Responsibility Statement concerning accounting compliance. Reliance on the CFO could assist the Noticee's examination. It could not replace his judgment on whether the explanation supported the recognition proposed.

94. The Company disclosed the disputed revenue in quarterly results regarding the Q1 to Q3 of FY 2022-23. The correction approved on September 23, 2023 reduced revenue for the first three quarters of FY 2022–23 by Rs. 197.04 crore.

95. As established in the previous findings, the agreement with Vitol Asia PTE Ltd dated April 8, 2022 contemplated supply of VCUs. Agreements with Aarav Investment & Consultant dated February 1, 2022 and BSAS Infotech Ltd dated September 26, 2022 also contained obligations concerning implementation, registration, verification, issuance and supply of credits. Deployment and registration were activities towards delivering the promised credits. Their completion did not, by itself, establish satisfaction of the performance against which the disputed revenue was recognised.

96. I note that management's difference of opinion with WCC demonstrates application of mind. It indicates that an accounting view had already been taken prior to WCC Report. The relevant question, however, pertains to the basis of the original approval. There is no material demonstrating that the Noticee satisfied himself then that the relevant performance obligation had been completed. If deployment and registration were considered separately completed obligations, the explanation had to establish the distinct service transferred to the customer and the consideration attributable to it. Describing VCU issuance as administrative, while also treating delivery as a separate obligation for future revenue, did not establish that basis.

97. These were material contractual and operational facts within the field he oversaw. He accepted recognition without a demonstrated basis connecting the amounts reported with the performance completed. The resulting quarterly information for the quarter ended on June 30, 2022, September 30, 2022 and December 31, 2022 presented as earned revenue amounts for which the relevant contractual performance remained unfulfilled. Considered with his operational responsibilities and participation in the reporting decisions, this establishes reckless financial representation, rather than merely a technical accounting error. Under clauses (5) and (8) of Regulation 2(1)(c) of PFUTP Regulations, such recklessness and absence of reasonable grounds are relevant to fraud under the substantive provisions charged. I find that at the original approval of quarterly financials stage, reckless fraud committed by the Noticee. I do not attribute deliberate falsification merely from the later objection or reversal.

98. WCC's limited review dated February 10, 2023 expressly questioned the recognition and the evidence relating to satisfaction of the performance obligation for delivery of verified carbon units. The Company nevertheless continued to defend the treatment in its clarification dated February 15, 2023. At that stage, the specific deficiency had been directly brought to the Noticee's attention. His operational knowledge, the contractual findings and his continued defence without resolving that deficiency support the inference of conscious continuation of the misrepresentation. However, the deliberate element attaches to that subsequent conduct. It is not retrospectively applied to the earlier quarterly approvals merely because WCC later objected.

99. No examination of independent judgement establishing fulfilment of the relevant obligation or reconciling the disputed treatment with the contractual promises has been demonstrated by the Noticee. I note the deficiency was approval without establishing reasonable grounds for recognition.

100. I nevertheless note that the FY 2022–23 annual financial statements approved on September 23, 2023 incorporated revised revenue figures. Consequently, those annual statements do not carry the impugned revenue recognition

misrepresentation on this count. However, the correction does not erase the earlier quarterly misstatements. The findings of recklessness and subsequent deliberate continuation remain limited to the earlier disclosures and conduct identified above.

101. I now move to consider responsibility for the fictitious expenses. From the documents submitted by the Company, I note that Noticee No.2 signed several carbon-credit trade/consultation/commission agreements, which were produced to substantiate those expenses. Those agreements connected him directly with the underlying commercial dealings. As explained in the transaction-wise findings, the concluded purchase or sale did not, by itself, establish that the commission agent facilitated it. His familiarity with the trades was directly relevant to examining the agent's claimed contribution and the basis of commission entitlement.

102. The Noticee being an audit committee member of EKI participated in the Audit Committee's consideration of WCC's concerns and fraud report, the Legal Opinion and the Borar Report. These materials were available before the board meeting of September 23, 2023, which he attended and which cleared the financial statements.

103. The Borar Report contained clear red flags as discussed previously. No further verification curing the identified deficiencies has been shown by the Noticee No.2. His reliance on the report's favourable conclusions does not explain his failure to address the contrary findings within it.

104. The Legal Opinion proceeded on the facts, documents and explanations placed before it. Noticee No.2 was required to form his individual judgement whether that all the documents necessary for the factual conclusion in the report was submitted for seeking the legal opinion as was done in the present proceedings. That independent judgement has not been demonstrated. The Legal Opinion could not supply missing evidence of performance or replace independent judgment before approval. Insofar as it addressed Section 447 of the Companies Act, its conclusion did not, by itself, help the determination of distinct securities-law requirements charged.

105. His knowledge of the reported deficiencies is thus founded on his actual consideration of them. In respect of the identified fictitious commission expenses for FY 2021–22 and FY 2022–23, the financial misrepresentation remained despite the concerns brought before the Noticee. His direct commercial involvement, oversight of finance and knowledge of the unresolved deficiencies, considered with the established non-receipt of the claimed services, support the finding that he permitted false expense claims to continue to be presented as legitimate business expenditure. This is fraudulent misrepresentation. Unlike the revenue figures corrected in the FY 2022–23 annual statements, the established expense misstatements were not cured by that revenue restatement.

106. I further note that for a finding of diversion, the finding that company funds were actually disbursed against the claims established as fictitious, is sufficient. Such disbursement placed company money outside the Company under the stated purpose of obtaining services which, on the transaction-wise findings, were not rendered. The basis of the finding is the actual payment under the fictitious claim, rather than a documentary deficiency alone. I therefore find fraud and diversion in respect of those identified payments connected with the Noticee's conduct. This does not require an inference that the money returned to him personally, and no such personal receipt is to be proved.

107. Absence of his signature on each invoice, voucher or payment approval does not answer his own role in permitting the impugned expenses and their continued reporting. His signatures on trade agreements do not independently establish approval of every commission. They form part of the cumulative evidence of his involvement, together with his managerial oversight and actual consideration of the adverse reports. His plea of complete functional separation from the disputed reporting is therefore not acceptable.

108. I have considered the stated MCA outcome of no penal action under the Section 206(5) inspection concerning suspected fraud of Rs. 324 crore for FY 2022–23 and Rs. 34 crore for FY 2021–22, and the Income-Tax scrutiny assessments for AY 2022–23 and AY 2023–24 allowing the expenses. However, the said decisions do

not, by themselves, establish resolution of the particular deficiencies found here. Section 32 of the SEBI Act permits its operation alongside other laws. The submission that these outcomes conclusively exclude the securities law findings is not acceptable.

109. Absence of share trading by the Noticee or other promoters and directors, receipt of fixed remuneration and absence of perquisites, ESOPs or rent-free accommodation do not exclude liability. Wrongful gain or avoidance of loss is not indispensable under the PFUTP definition. The market connection is fructified when dissemination of the materially misleading financial information happens to investors. It does not depend on personal trading or individual solicitation by the Noticee. Likewise, the absence of personal receipt is not required for diversion of company funds under the fictitious service claims established above.

110. I note under Section 27(1) of SEBI Act, 1992, the Noticee's actual day-to-day oversight and the CFO's reporting relationship connect him with the conduct of the Company's business. His consideration of the adverse material and failure to cure the established deficiencies counter any claim of lack of knowledge and diligence in respect of that conduct. The Noticee himself was the Managing Director and participated in the Audit Committee. The conclusions rendered here are based on his conduct and also under Section 27(1) of SEBI Act, 1992 rather than designation alone.

111. Accordingly, I find the original quarterly revenue misrepresentation attributable to Noticee No.2 to constitute reckless fraud. The deliberate character arises in the conscious continuation identified after WCC Fraud report, not from retrospectively treating the earlier approvals as knowing falsification. The revised FY 2022–23 annual revenue figures approved on September 23, 2023 do not constitute the impugned revenue misrepresentation. However, I note the fictitious expenses established for FY 2021–22 and FY 2022–23 involve fraudulent financial reporting and, for the identified sums actually paid, diversion of company funds connected with his conduct.

112. In view of the discussion in foregoing paragraphs, I accordingly find that Noticee No.2 was involved in EKI's publication and continued disclosure of revenues prematurely recognised by Rs.197.04 crore and the reporting of fictitious expenses amounting Rs. 26.34 Cr. during the FY 2021-22 and FY 2022-23. This falls within Regulation 2(1) (c), particularly clauses (5) and (8) of PFUTP Regulations, and contravenes Section 12A (c) of the SEBI Act, 1992 read with Regulations 3(d) and 4(1), 4(2) (f), (k) and (r) of the PFUTP Regulations r/w Section 27 (1) of SEBI Act, 1992 and consequently Noticee No.2 is liable for penalty under Section 15HA of SEBI Act, 1992 r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act, 1992.

113. Further, in view of the above findings, Noticee No. 2 being the Managing Director of EKI during the IP and at the helm of the affairs of the Company, I note that Noticee No.2 failed to act with due diligence and care and in the best interest of the Company and its shareholders. He further failed in proper monitoring the effectiveness of the governance practices of the Company, failed in ensuring the integrity of the Company's accounting and financial and reporting systems and its compliance with the relevant standards.

114. Hence he has violated Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1)(3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115 and Section 27(1) of SEBI Act, 1992 and is consequently liable for penalty under Section 15HB of the SEBI Act r/w Section 11(4A), 11B (2) of SEBI Act, 1992.

- Noticee No.3, Mr. Naveen Sharma (Whole Time Director of EKI)

115. I have separately considered Mr. Naveen Sharma's submission that his functions were confined to Trading and Business Development. The fictitious commissions relate to facilitation of carbon-credit transactions within that commercial field. His role placed him in a position to seek explanations concerning the agent's contribution. Further, when participating in approval of financial information and

signing the annual financial results, he had the independent duty discussed above. The existence of a CFO and finance team did not transfer that responsibility.

116. For the original quarterly results in whose approval he participated, the performance obligation and the work completed had to support the amounts presented as earned revenue. No examination by him establishing that basis has been demonstrated by way any material. His adoption of the disputed recognition without reasonable grounds for treating the relevant performance as completed rendered the resulting financial representation by him as reckless misrepresentation. I further note that this finding relates to the original quarterly approvals attributable to him.

117. The financial misrepresentation through fictitious expenses for FY 2021–22 and FY 2022–23 are also connected with his own reporting decisions. For expenses retained in the statements approved on September 23, 2023, his concurrence after material deficiencies were brought to his attention is relevant. The commercial connection of his functions and the failure to obtain an adequate basis for accepting the established fictitious expenses support reckless financial misrepresentation where that knowledge is established. Absence of his signature on individual vouchers does not answer his participation in approval of the financial information. The common defence of professional reliance, documentary, MCA, tax, personal-benefit and Section 27 defences stands answered on the grounds discussed above.

118. On the preponderance of probabilities, I find the quarterly revenue misrepresentations arising from Mr. Sharma's impugned approvals to constitute reckless fraud, rather than deliberate falsification merely from his office. I further note his commission-related financial misrepresentation for FY 2021–22 and FY 2022–23 is likewise reckless fraud in respect of the established transactions.

119. In view of the discussion in foregoing paragraphs, I accordingly find that Noticee No.3 was involved and had knowledge of EKI's publication and continued disclosure of revenues prematurely recognised by Rs.197.04 crore and the reporting of fictitious expenses amounting Rs. Rs. 26.34 Cr. during the FY 2021-

22 and FY 2022-23, constitute reckless financial misrepresentation. This falls within Regulation 2(1) (c), particularly clauses (5) and (8) of PFUTP Regulations, and contravenes Section 12A (c) of the SEBI Act, 1992 read with Regulations 3(d) and 4(1) and 4(2) (f), (k) and (r) of the PFUTP Regulations r/w Section 27(1) of SEBI Act, 1992 and consequently Noticee No.3 is liable for penalty under Section 15HA of SEBI Act, 1992 r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act, 1992.

120. Further, in view of the above findings, Noticee No. 3 being the Whole Time Director of EKI during the IP and being signatory of the financial results of the Company, I note that Noticee No.3 failed to act with due diligence and care and in the best interest of the Company and its shareholders. He further failed in proper monitoring the effectiveness of the governance practices of the Company, failed in ensuring the integrity of the Company's accounting and financial and reporting systems, its compliance with the relevant standards.

121. Hence Noticee No.3 has violated Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1)(3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115 r/w Section 27(1) of SEBI Act, 1992 and is consequently liable for penalty under Section 15HB of the SEBI Act r/w Section 11(4A), 11B (2) of SEBI Act, 1992.

- Noticee No. 4, Ms. Sonali Sheikh {Whole Time Director and CFO (till September 2021) of EKI}

122. Ms. Sonali Sheikh held office as CFO from November 1, 2020 to September 30, 2021 and became a Whole-Time Director on November 5, 2020. The revenue-recognition issue arose after her CFO tenure. The SCN does not allege her participation as Whole-Time Director in the impugned revenue-recognition decisions or her signature on the financial statements for FY 2021–22 and FY 2022–23.

123. The general obligation of care and independent judgment does not overcome this absence of an alleged and established connection. Nor does attendance at the September 23, 2023 meeting establish responsibility for earlier quarterly recognition, particularly when the annual revenue figures approved at that meeting had been corrected. I therefore do not extend any adverse finding on the quarterly revenue overstatement.

124. Her principal work in HR, Administration and IT did not eliminate the responsibilities of the CFO office she concurrently held. A separate finance team or Managing Director did not remove her own financial responsibilities.

125. However, the expense transactions connected with her CFO tenure should be tested separately. Accordingly, for the particular transactions within her CFO tenure, she is responsible for as CFO for the fictitious commission expenses established during her CFO tenure. I further note that the Noticee has not signed the financials of FY 2021–22 and FY 2022–23.

126. I therefore do not hold Noticee No.4 liable for the quarterly revenue recognition misrepresentation or the broader expense misrepresentation throughout her continuing directorship. Her fictitious expense-related liability is confined to the contraventions established against her as CFO during November 1, 2020 to September 30, 2021. The subsequent quarterly revenue disclosures and fictitious expenses falling outside her CFO tenure cannot be attributed to her in view of lack of any evidence on this score.

127. In view of the discussion in foregoing paragraphs, I accordingly find that Noticee No.4 is responsible for reckless misrepresentation of reporting of expenses during the FY 2021-22 (till September 2021). This falls within Regulation 2(1) (c), particularly clauses (5) and (8) of PFUTP Regulations, and contravenes Section 12A (c) of the SEBI Act, 1992 read with Regulations 3(d) and 4(1) and 4(2) (f) and (r) of the PFUTP Regulations r/w Section 27(2) of SEBI Act, 1992 and consequently Noticee No.4 is liable for penalty under Section 15HA of SEBI Act, 1992 r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act, 1992.

128. Further, in view of the above findings, Noticee No. 4 being the Chief Financial Officer during the IP (November 1, 2020 to September 30, 2021) of EKI and hence being the authority of the financial affairs of the Company during the said period, I note that Noticee No.4 failed to act with due diligence and care and in the best interest of the Company and its shareholders. She further failed in proper monitoring the effectiveness of the governance practices of the Company, failed in ensuring the integrity of the Company's accounting and financial and reporting systems, its compliance with the relevant standards.

129. Hence Noticee No. 4 has violated Regulations 4(1)(c),(e) (g), (h) and (j) r/w Section 27(2) of SEBI Act, 1992, and is consequently liable for penalty under Section 15HB of the SEBI Act r/w Section 11(4A), 11B (2) of SEBI Act, 1992.

- Noticee No.5, Mr. Mohit Kumar Agarwal, Chief Financial Officer

130. I have considered the submissions of Mr. Mohit Kumar Agarwal. The common submissions concerning the accounting interpretation, the Borar Report, the MCA and Income-Tax outcomes and absence of personal benefit have been dealt with above. I deal with here his responsibility as CFO and the explanation offered for the certificates signed by him.

131. The Noticee's function pertains to the finance function itself. Regulation 33(2)(a) of LODR Regulations requires CEO/CFO certification of quarterly results placed before the Board, while Regulation 17(8) of LODR Regulations, read with Part B of Schedule II of LODR, pertains to the review of the annual statements and responsibility for financial reporting controls. His responsibility was therefore distinct from that of a director who gets the benefit of relying on the finance function for technical assistance. Joint signing with the Managing Director did not dispense with his own review or provide the factual basis for his certification.

132. His submission that deployment satisfied the performance obligation shows that application of mind on accounting view. However, for the reasons already recorded, that view did not establish satisfaction of the obligation supporting the disputed revenue. As CFO applying Ind AS 115, he was required to satisfy himself

the contractual promise against the performance completed before accepting the amounts as earned. No such material that he satisfied himself establishing that connection has been demonstrated by him.

133. I note his belief must be determined when he signed, rather than solely by reference to a subsequent restatement. That assessment nevertheless requires reasonable grounds for the belief claimed. His defence identifies the interpretation adopted but does not establish the factual examination supporting its application. The presence of such belief cannot, by itself, answer that deficiency. Equally, absence of an investor grievance does not establish that the review required before certification was undertaken by him.

134. The scope of the revenue finding is clear. The FY 2022–23 annual statements approved on September 23, 2023 incorporated the revised revenue. His certification of those corrected statements is therefore not treated as certification of the earlier premature revenue. The Noticee's responsibility for the original quarterly disclosures rests separately on his participation in preparing, reviewing or certifying those results.

135. Regarding the fictitious expenses, the CFO's review required a reasonable basis for accepting that the claimed services had been received. He was not required to personally witness every service. He was required to ensure that the financial reporting process provided reliable verification and that material deficiencies were addressed. Added to that the deficiencies already identified in the Borar Report required that examination before its conclusions could support his certification. No verification resolving those deficiencies has been demonstrated by Noticee No.5.

136. The certificate for FY 2021–22 cannot be considered to have been given with any reasonable basis for his belief. The reliance on the Borar Report for the review of FY 2022–23 does not establish verification of the earlier year's fictitious expenses. His responsibility for FY 2022–23 is more given the WCC Fraud Report and the inadequacies which cannot establish the case of reasonable basis. The certificate

for FY 2022–23 cannot be considered to have been given with any reasonable basis for his belief as regard the expenses.

137. I have further considered his objection that WCC's Fraud Report dated July 10, 2023 followed the decision to remove the auditor and did not comply with Rule 13(2)(a) Companies (Audit and Auditors) Rules, 2014. The delayed report does not establish that its observations were false. Even an established reporting delay is concerned about the auditor's compliance and would not establish receipt of the disputed services. The findings on the fictitious expenses is based on the evidence on transaction independently examined above. The objection therefore does not answer those findings.

138. Accordingly, on the preponderance of probabilities, I find that his plea of bona fide interpretation does not answer the reckless misrepresentation in the original quarterly results attributable to his preparation, review or certification. His plea of good-faith certification likewise does not answer the identified fictitious expenses for FY 2021–22 and FY 2022–23 connected with his conduct. I therefore hold him responsible for the pre mature revenue recognition and the established fraudulent expense reporting to the extent of identified fictitious expenses during FY 2021–22 and FY 2022–23 and the resultant fund diversion.

139. In view of the discussion in foregoing paragraphs, I accordingly find that Noticee No.5 for reckless fraudulent disclosure of revenues prematurely by Rs.197.04 crore and the reporting of fictitious expenses amounting Rs. 26.34 Cr. during the FY 2021-22 and FY 2022-23. This falls within Regulation 2(1) (c), particularly clauses (5) and (8) of PFUTP Regulations, and contravenes Section 12A (c) of the SEBI Act, 1992 read with Regulations 3(d) and 4(1) and 4(2) (f), (k) and (r) of the PFUTP Regulations r/w Section 27(2) of SEBI Act, 1992 and consequently Noticee No.5 is liable for penalty under Section 15HA of SEBI Act, 1992 r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act.

140. Further, in view of the above findings, Noticee No. 5 being the Chief Financial Officer during the IP (October 2021 onwards) of EKI and being the authority of the financial affairs of the Company during the said period, I note that Noticee No.5 failed to act with due diligence and care and in the best interest of the Company and its shareholders. He further failed in proper monitoring the effectiveness of the governance practices of the Company, failed in ensuring the integrity of the Company's accounting and financial and reporting systems, its compliance with the relevant standards.

141. Hence Noticee No. 5 has violated Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115 r/w Section 27(2) of SEBI Act, 1992 and is consequently liable for penalty under Section 15HB of the SEBI Act r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act.

IV. Whether Noticee No. 2 and 5 provided false certification under Regulation 17(8) of LODR Regulations for FY 2021-22 & 2022-23?

142. In view of the misrepresentation in the financials of EKI during FY 2021-22 and FY 2022-23, on account of overstating expenses and revenues which were fictitious in nature, it was alleged that the CEO/CFO certificate signed by Mr. Manish Kumar Dabkara along with CFO (Mr. Mohit Kumar Agarwal) in the Annual Reports of company for FY 2021-22 and FY 2022-23 inter-alia stating that "*these statements together present a true & fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations*", were grossly misleading.

143. In this regards, it was submitted by the said Noticees that the same was signed based on a genuine, contemporaneous belief that the financial statements complied with applicable accounting standards. The test under Regulation 17(8) of LODR Regulations is the good faith and diligence of the signatory at the time of signing, not the benefit of hindsight after a voluntary restatement. It was further

argued that the company's voluntary revision and lack of investor grievance is a proof of *bonafide* intent.

144. Noticee No.2 further submitted that The underlying invoices and records were never concealed from auditors and remained available for verification; independent experts confirmed no fraud. Income-Tax and MCA findings accepting the expenses as genuine further corroborate the bona fide nature of the certification.

145. I note that the role of Noticee No. 2 and 5 who signed the CEO/CFO certificate for FY 2021-22 and FY 2022-23 has already been discussed in the preceding paragraphs of this Order. The Compliance Certificate under Regulation 17(8) of LODR regulations is a crucial document and provides sanctity to the financial statement of a Company. Since, the reporting of fictitious expenses was in knowledge of Noticee No.2 and 5 due to their position in the Company and in view of the WCC Fraud Report and the red flags in the Borar Report, the statement made by the said Noticees in the certificate i.e. "*these statements together present a true & fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations*", was grossly misleading.

146. Hence, Noticee No. 2 and 5 have violated Regulation 17(8) r/w Part B of Schedule II of LODR regulations and consequently are liable for penalty under Section 15HB of the SEBI Act, 1992 r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act.

V. *Whether Noticee No. 2, 7 and 8 being the members of Audit Committee of EKI during FY 2021-22 & 2022-23, failed to carry out adequate due diligence and failed to discharge their responsibilities as member of Audit Committee of the listed company?*

147. It was alleged that Mr. Manish Kumar Dabkara (Noticee No.2) while serving as member of Audit Committee and Mr. Ritesh Gupta (Noticee No.7) and Mr. Burhanuddin Ali Hussain Maksi Wala (Noticee No.8) (collectively referred to as 'Audit Committee'), while serving as independent directors and members of the

Audit Committee of the Company, failed to exercise adequate due diligence and independent judgment. They allegedly relied on the views of the management and auditors without independently examining the financial statements.

148. It was further alleged that, although the Audit Committee appointed experts for legal opinion and M/s M. Borar & Co., to examine the concerns raised by WCC, the Noticee No. 2,3 and 8 failed to ensure that information relating to FY 2021–22 was covered in their examination.

149. The SCN also questions the statement of Noticee No. 7, Mr. Ritesh Gupta that revenue from cookstove projects was recognised only in the quarter ended December 2022, when such revenue had been recognised in earlier quarters. It further questions the claim of Noticee No. 7 that the internal control failures identified by M/s Protiviti India Member Private Limited became known only through the statutory auditors' presentation in July 2023.

150. I have considered the allegations and the abovementioned Noticees' contentions. Their diligence has to be determined against the red flags before them and the steps taken to examine those red flags. The enquiry reasonably expected of them would depend on the nature and seriousness of the reflags, the information available and their role as independent directors. Their responsibility was to scrutinise the material, seek clarification where required and obtain a reasonable basis for their decision apart from invoking powers vested with the Audit committee.

151. I note that WCC submitted its initial findings on July 5, 2023, followed by WCC Fraud Report under Section 143(12) of Companies Act, 2013 on July 10, 2023 to the Audit Committee. These were red flags requiring examination. The Audit Committee caused the concerns to be examined by outside experts. When it considered the financial statements for FY 2022–23 on September 23, 2023, the Borar Report and the legal opinion referred to in the minutes of the Audit Committee meeting held on August 24, 2023 were available for its consideration. The financial statements had also been audited by the newly appointed statutory auditor, M/s Dassani & Associates and available for the Audit Committee.

152. Thus, the Audit Committee's recommendation did not rest solely on the management's explanation. The concerns raised by WCC were subjected to external examination, and the resulting reports were considered along with the statutory audit. These were concrete steps taken to before taking decision on informed basis and this shows diligence at that stage. However, their duty of diligence also required the Audit Committee to examine whether the reports disclosed any concern calling for further enquiry.

153. In this regard, I note that information relating to FY 2021–22 was not provided to the experts for examination/opinion. Though furnishing the information was primarily the responsibility of the executive management, the Audit Committee retained its oversight responsibility. Section 177(6) of the Companies Act, 2013 empowers the Audit Committee to investigate matters within its remit and gives it full access to information contained in the company's records for that purpose. There is no evidence that the Audit Committee questioned the non-furnishing of this information or sought to address the resulting limitation before relying on the reports. I, therefore, find a failure of due diligence on this count.

154. However, the earlier quarterly approvals must be determined against the information available at the respective times. The subsequent WCC reports cannot, by themselves, establish a failure of diligence during those earlier reviews as far as Noticee 7 and 8 are concerned. There is no material to show that the relevant red flags were apparent to the Noticee 7 and 8 at those stages. However, the position of Noticee 2 stands on a different footing in view of his role as managing director and his operational involvement in the affairs of the company. Therefore, as regards him as established previously he was involved in the reckless disclosure of premature revenue recognition and the fraudulent disclosure of expenses. In view of this, the question of red flag is not relevant for Noticee 2 in view of the knowledge possessed by Noticee 2. Therefore, Noticee 2's lack due diligence is established regarding the premature recognition and expense approval by the Audit Committee.

155. Considering these circumstances, I find that the said Noticees took steps to examine the concerns raised by WCC and did their due diligence at that stage but failed to pursue an apparent red flag of limitations in the external examination. Their failure lies in not questioning and addressing the non-furnishing of information relating to FY 2021–22 before recommending the audited financial statements for FY 2022–23 to the Board on September 23, 2023. Accordingly, the allegation of failure to exercise due diligence is established to this extent.

156. Hence, it is established that Noticee No. 2, 7 and 8 have violated Regulation 18(3) r/w Clause 1,4,5,11,12,13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of LODR Regulations. Consequently, they are liable for penalty under Section 15HB of SEBI Act, 1992 r/w Section 11(4A), 11B (2) of SEBI Act, 1992 and appropriate directions under Sections 11(1), 11(4) and 11B (1) of SEBI Act, 1992.

VI. Whether Mr. Mohit Kumar Agarwal, CFO of EKI, and Ms. Itisha Sahu, Compliance Officer of EKI, failed to comply with the summons dated August 07, 2023 by not furnishing information relating to the expenses identified in Annexure B to the WCC Fraud Report, and thereby hampered the investigation?

157. I note that the allegation against Mr. Mohit Kumar Agarwal and Ms. Itisha Sahu pertains to their failure to furnish information sought through two summons dated August 07, 2023. Though the summons sought information on several matters, the present allegation is confined to the failure to furnish clarifications and supporting documents concerning the expenses identified in Annexure B to the WCC Fraud Report. Annexure B contained the impugned transactions relating to commission, lead generation, consultancy and legal and professional expenses recorded during FY 2021-22 and FY 2022-23. The allegation is that, while information concerning FY 2022-23 was furnished, the corresponding information concerning FY 2021-22 was not provided, thereby hampering the investigation.

158. Mr. Mohit Kumar Agarwal has submitted that he never refused to furnish any information sought by SEBI. According to him, the summons did not specify the particular documents which remained to be given. He has further submitted that

the management prioritised the production of documents concerning FY 2022-23, as that was the period primarily covered by the WCC Fraud Report. The accounts for FY 2021-22 had already been audited by M/s D.N. Jhamb & Co. without adverse observations. Therefore, the decision to prioritise FY 2022-23 was bona fide and did not involve any intention to withhold information.

159. He has also submitted that he expressly undertook to furnish additional information during the recording of his statement and that the Investigating Authority had access to the relevant records. According to him, the non-production of historical documents, despite his willingness to furnish them, cannot constitute wilful non-compliance or obstruction of the investigation.

160. Ms. Itisha Sahu has similarly relied upon the prior statutory audit and the management's decision, stated to be based on legal advice, to prioritise FY 2022-23. She has submitted that the financial records were maintained by the finance department and that she had no independent access to or control over them. It was contented that her responsibility was confined to communicating with SEBI and coordinating the production of information under the instructions of the management and CFO.

161. She has further relied upon the emails and covering letters dated August 14, 26 and 31, 2023, through which physical documents and database links were furnished. According to her, she persistently followed up with the concerned departments for the required information. She has also relied upon the decision of the Hon'ble SAT in ***V. Shankar v. SEBI*** dated May 05, 2025, to contend that the functions of a Compliance Officer are ministerial and procedural and that she cannot be held responsible for the failure of the finance department to produce records.

162. Both Noticees have contended that Sections 11(2), 11C(2) and 11C(3) of the SEBI Act pertains to the production of information and that penalty under Section 15A(a), read with Sections 11(4A) and 11B(2), requires wilful and deliberate non-

compliance. According to them, neither an intention to obstruct the investigation nor a deliberate refusal to furnish information has been established.

163. I note that the first question is whether the summons required information concerning FY 2021-22. The summons expressly referred to Annexure B to the WCC Fraud Report and required point-wise clarifications along with supporting documents. Annexure B contained transactions for both FY 2021-22 and FY 2022-23. Therefore, the requirement was not confined to FY 2022-23. The contention that the summons did not separately identify every document is not acceptable, as the transactions requiring explanation were specifically identified and the Noticees were required to furnish documents supporting those transactions.

164. The contention that FY 2021-22 had already been audited without adverse observations cannot be defence not to comply with the obligation arising out of the summons. The purpose of the summons was to examine the genuineness of the expenses identified in Annexure B. The completion of a statutory audit does not dispense with the obligation to furnish information sought by the Investigating Authority. Further, the absence of an audit qualification does not establish the genuineness of every underlying transaction. Therefore, the prior audit cannot justify the non-production of the records.

165. The explanation that priority was given to FY 2022-23 also does not discharge the duty to comply with the summons. Prioritisation may explain the sequence in which information was furnished. It does not explain why information concerning FY 2021-22 remained unsubmitted. No communication from SEBI restricting the summons to FY 2022-23 has been identified. Nor has any specific difficulty in obtaining the FY 2021-22 records or request for additional time been demonstrated. The claim that such prioritisation was based on legal advice does not alter the express requirement of the summons.

166. I also note that Mr. Mohit Kumar Agarwal undertook during his statement recording on December 12, 2023 to furnish a detailed response. However, the subsequent response dated December 19, 2023 did not contain the required clarifications and

supporting documents concerning FY 2021-22. Thus, the undertaking demonstrates his awareness of the outstanding requirement, but not its fulfilment. The contention that he never expressly refused to furnish information is therefore immaterial to determining whether the requirement was complied with.

167. The Noticees have also relied upon the documents and database links furnished through communications dated August 14, 26 and 31, 2023. However, it is their own case that the particular information sought concerning FY 2021-22 was not given. Therefore, the argument based on database like is irrelevant.

168. Thus, the evidence establishes that certain information was furnished by the Company. However, it does not establish that the information concerning FY 2021-22, which was specifically sought under the summons, was furnished. The allegation is not that the Noticees failed to respond to the summons altogether. It is that the responses did not contain the required information.

169. I have considered the contention that liability requires wilful and deliberate non-compliance. Section 11C(3) requires production of the information and records sought by the Investigating Authority. Section 15A(a) addresses failure to furnish information required under the Act. An express refusal or intention to obstruct is not an essential requirement for establishing every such default. The circumstances explaining the failure may be relevant to determining the appropriate consequence. However, the obligation to furnish the information is not discharged merely by expressing willingness to comply.

Mr. Mohit Kumar Agarwal

170. I now examine the responsibility of Mr. Mohit Kumar Agarwal. He was the CFO of EKI and was individually summoned to produce or cause to produce the required information. The information concerned financial transactions and expenses recorded by the Company, matters directly connected with his responsibilities. Further, during his statement recording, he personally undertook to furnish a detailed response. Despite this, the required information concerning FY 2021-22

was not furnished. His contention that the management prioritised FY 2022-23 does not explain the continued non-production of the remaining information. Neither any evidence to that effect was submitted to support his contention. Similarly, the prior statutory audit does not dispense with the requirement to produce the records. His willingness to furnish additional documents cannot substitute for their actual production. I therefore find that the failure to comply with the summons is established against Mr. Mohit Kumar Agarwal.

Ms. Itisha Sahu

171. I now examine the responsibility of Ms. Itisha Sahu. She has contended that she acted under the instructions of the management and CFO and had no independent control over the financial records. However, the absence of independent custody of records does not necessarily establish an inability to obtain or cause their production. The summons was individually addressed to her and required her to produce or cause to produce the information.

172. In this regard, I note that there is no evidence demonstrating that the management prevented her from furnishing the information sought by SEBI. There is also no material identified in her submissions showing that she specifically took steps to get the outstanding FY 2021-22 information or that that such a request was refused. Her general assertion that she acted under the instructions of the management does not establish that the management prohibited her from complying with the summons. She has also submitted that she persistently followed up with the concerned departments. However, the claim of persistent follow-up has no documentary support.

173. I have also considered her reliance on ***V. Shankar v. SEBI*** *(supra)*. The contention that the functions of a Compliance Officer are ministerial and procedural does not confer any exemption from complying with an individually addressed summons. Accordingly, I find that the allegation is established against Ms. Itisha Sahu.

174. In the present case, the information sought concerned the genuineness of expenses recorded during FY 2021-22. The underlying invoices, agreements and evidence of receipt of services were relevant to examining whether the expenses represented genuine transactions. Their non-production prevented the Investigating Authority from independently examining those transactions to that extent. It is relevant to note the information provided for the said financial year was not provided to the Investigating authority. Therefore, the non-production of the required information hampered the investigation concerning the impugned FY 2021-22 expenses.

175. In view of the foregoing, I find that Mr. Mohit Kumar Agarwal and Ms. Itisha Sahu failed to comply with the summons dated August 07, 2023 by not furnishing the required clarifications and supporting documents concerning FY 2021-22, thereby hampering the investigation to that extent. Accordingly, the contravention of Section 11C(2) and 11C(3) of the SEBI Act, 1992 is established against them.

176. In view of the above, Noticee No. 5 and 6 have violated Section 11C(2) and 11C(3) of the SEBI Act, 1992 and consequently they are liable for penalty under Section 15A(a) of SEBI Act, 1992 r/w Section 11(4A) and 11B (2) of SEBI Act, 1992.

VII. *If the above issues are determined in the affirmative what directions, if any, including the amount of monetary penalty, is required to be imposed on the Noticee(s)?*

177. The details of the penal provisions, the Noticees mentioned in preceding paragraph, are liable for the violations observed in this order are discussed in subsequent paragraphs.

178. Section 15A(a) of SEBI Act, 1992, provides for penalty for failing to furnish information to SEBI, which shall not be less than one lakh rupees and may extend to one lakh rupees for each day during which the failure continues subject to the maximum of one crores rupees.

179. Section 15HA of the SEBI Act, 1992, provides for penalty for fraudulent and unfair trade practices which shall not be less than Rs.5 Lakhs but which may extend to Rs.25 Crores or 3 times the amount of profits made out of such practices, whichever is higher.

180. Section 15HB of SEBI Act, 1992, provides for penalty where no separate penalty has been provided, which shall not be less than Rs.1 Lakhs but which may extend to Rs.one crores rupees.

181. While determining the quantum of penalty under the SEBI Act, it is important to consider the factors stipulated in section 15J of the SEBI Act which are as follows:

(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.

182. I have considered the provisions of Section 15J of the SEBI Act, which mandate that while adjudging the quantum of penalty under Section 15-I or Sections 11 or 11B, due regard shall be had to the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default; the amount of loss caused to investors; and the repetitive nature of the default.

183. In the present matter, I note that no quantifiable loss/gain has been arrived and hence constituents of Section 15J(a) is not present.

184. With regard to the second factor under Section 15J, though there is no material on record to demonstrate a directly quantifiable loss suffered by any specific investor or group of investors, it cannot be ignored that diversion or misuse of the Company's funds is inherently detrimental to the interests of shareholders. Such diversion notionally diminishes the value of the Company and thereby affects investor interest. Nevertheless, in the absence of cogent material enabling computation of an apportioned or quantifiable loss to identifiable investors, the factor under Section 15J (b) cannot be applied in precise monetary terms.

185. As regards the repetitive nature of the default under Section 15J (c), no material has been placed on record to show that the Noticees have engaged in similar violations on earlier occasions so as to establish a pattern of repeated non-compliance. Accordingly, the element of repetition does not aggravate the quantum of penalty in the present case.

186. Accordingly, having taken into account (i) the absence of quantifiable disproportionate gain or specifically ascertainable investor loss on record, (ii) the lack of material indicating repetitive default, and (iii) the mitigating circumstances that the financials of the Company, in particular the revenue for first three quarters of FY 2022-23 were revised by the Company while announcing audited financial results for the quarter and financial year ended March 31, 2023.

187. In view of the above, I find that necessary directions are required to be issued and appropriate penalty is required to be imposed on the Noticees.

DIRECTIONS

188. Accordingly, in exercise of powers conferred upon me under Sections 11(1), 11(4), 11(4A),11B(1),11B(2) read with Section 19 of SEBI Act and Rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules,1995 do hereby pass the following directions, in the interest of investors and market integrity:

a. Noticee No.2 is directed to take immediate steps to recoup EKI Energy Services Ltd. the amount diverted from the Company.

b. Following Noticees are restrained from accessing the securities market and further 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 the following period, from the date of this order:

Name of Noticee	PAN	Period of Debarment
M/s. EKI Energy Services Ltd.	AACCE6986E	**2 months**
Mr. Manish Kumar Dabkara	AMPPD4048N	**12 months**

Name of Noticee	PAN	Period of Debarment
Mr. Naveen Sharma	BHPPS2657J	**5 months**
Ms. Sonali Sheikh	CXMPS1805G	**1 month**
Mr. Mohit Kumar Agarwal	AMAPK8905E	**8 months**

c. If the above Noticees have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The above Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

d. In addition, in exercise of powers conferred upon me under sections 11(4A) and 11B(2) of SEBI Act, 1992, the following Noticees are hereby imposed with the penalties as provided below:

Name of the Noticee	Violations	Penal Provision	Amount (in Rupees)
M/s. EKI Energy Services Ltd.	Section 12A(c) of the SEBI Act, 1992 and Regulations 3(d), 4(1), 4(2)(f), (k), (r) of PFUTP Regulations.	Section 15HA of SEBI Act, 1992	**Rs. 7 Lakhs (Seven Lakhs)**
	Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115.	Section 15HB of SEBI Act, 1992	**Rs. 5 Lakhs (Five Lakhs)**
Mr. Manish Kumar Dabkara	Section 12A(c) of the SEBI Act, 1992 and Regulations 3(d), 4(1), 4(2)(f), (k), (r) of PFUTP Regulations.	Section 15HA of SEBI Act, 1992	**Rs. 15 Lakhs (Fifteen Lakhs)**
	Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1)(3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115.	Section 15HB of SEBI Act, 1992	**Rs. 5 Lakhs (Five Lakhs)**
	Regulation 17(8) r/w Part B of Schedule II of LODR Regulations.	Section 15HB of SEBI Act, 1992	**Rs. 4 Lakhs (Four Lakhs)**
	Regulation 18(3) read with Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of LODR Regulations.	Section 15HB of SEBI Act, 1992	**Rs. 4 Lakhs (Four Lakhs)**

Name of the Noticee	Violations	Penal Provision	Amount (in Rupees)
Mr. Naveen Sharma	Section 12A(c) of the SEBI Act, 1992 and Regulations 3(d), 4(1), 4(2)(f), 4(2)(k), 4(2)(r) of PFUTP Regulations.	Section 15HA of SEBI Act, 1992	**Rs. 8 Lakhs (Eight Lakhs)**
	Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1)(3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115.	Section 15HB of SEBI Act, 1992	**Rs. 5 Lakhs (Five Lakhs)**
Ms. Sonali Sheikh	Section 12A(c) of the SEBI Act, 1992 and Regulations 3(d), 4(1), 4(2)(f) and 4(2)(r) of PFUTP Regulations.	Section 15HA of SEBI Act, 1992	**Rs. 5 Lakhs (Five Lakhs)**
	Regulations 4(1) (c), (e) (g), (h) and (j) of LODR Regulations.	Section 15HB of SEBI Act, 1992	**Rs. 1 Lakh (One Lakh)**
Mr. Mohit Kumar Agarwal	Section 12A(c) of the SEBI Act, 1992 and Regulations 3(d) and Regulation 4(1), 4(2) (f), (k) and (r) of PFUTP Regulations.	Section 15HA of SEBI Act, 1992	**Rs. 8 Lakhs (Eight Lakhs)**
	Regulations 4(1)(a), (b), (c), (e) (g), (h) and (j) r/w Regulation 33 (1) (a), (c) and Regulation 48 of LODR Regulations r/w Ind AS 115.	Section 15HB of SEBI Act, 1992	**Rs. 5 Lakhs (Five Lakhs)**
	Regulation 17(8) r/w Part B of Schedule II of LODR Regulations.	Section 15HB of SEBI Act, 1992	**Rs. 4 Lakhs (Four Lakhs)**
	Section 11 C(2) and 11C(3) of the SEBI Act, 1992.	Section 15A(a) of SEBI Act, 1992	**Rs. 2 Lakhs (Two Lakhs)**
Ms. Itisha Sahu	Section 11 C(2) and 11C(3) of the SEBI Act, 1992.	Section 15A(a) of SEBI Act, 1992	**Rs. 2 Lakhs (Two Lakhs)**
Mr. Ritesh Gupta	Regulation 18(3) r/w Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of LODR Regulations.	Section 15HB of SEBI Act, 1992	**Rs. 4 Lakhs (Four Lakhs)**
Mr. Burhanuddin Ali Husain Maksi Wala	Regulation 18(3) r/w Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of LODR Regulations.	Section 15HB of SEBI Act, 1992	**Rs. 4 Lakhs (Four Lakhs)**

189. The Noticees shall remit / pay the said amount of penalty, within a period of forty-five (45) days from the date of receipt of this order, through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of EDs/CGMs -> PAY NOW. In case of any difficulty in online payment of penalty, the Noticee(s) may contact the support at portalhelp@sebi.gov.in.

190. The Noticee(s) shall forward details of the online payment made in compliance with the directions contained in this Order to the Division Chief, CFID SEC-3, SEBI, SEBI Bhavan II, Plot no. C -7, "G" Block, Bandra Kurla Complex, Bandra(E), Mumbai-400 051" and also to e -mail id: tad@sebi.gov.in in the format as given in table:

Case Name	
Name of the Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Bank details in which payment is made	
Payment is made for: Penalty or Disgorgement	

191. This order shall come into force with immediate effect.

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

Date: October 30, 2026
Place: Mumbai

N. MURUGAN
QUASI-JUDICIAL AUTHORITY
SECURITIES AND EXCHANGE BOARD OF INDIA

ANNEXURE

FY 2021-22

Diversion of Funds by Overstating "Legal & Professional Expenses" in FY 2021-22

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
1	No Detail were provided	0.20	Except the emails no details provided
2	S S Print Solutions	0.005	**EKI's case:** EKI says the payment was for purchase of stamps in the ordinary course of business. **Reasons:** Insufficiency of material
Grand Total		**0.205**	

Diversion of funds by overstating 'Commission expenses' in FY2021-22

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
1	Baba Badrinath Overseas, Patna	0.85	**EKI's case:** EKI states that invoice numbering and records are the vendor's responsibility; it verified genuine tax invoices and paid only after services under its internal controls. It says the vendor facilitated purchase/procurement and that EKI executed corresponding purchase contracts. **Reasons** : The only document describes generic 'commission charges'. No commission agreement, underlying project-owner contract, correspondence is supplied. The material establishes neither the alleged facilitation nor a connection between the payment and a carbon-credit transaction.
2	Ganesh Traders, Bihar (Basant Bahadur)	0.85	**EKI's case:** EKI states that invoice numbering and records are the vendor's responsibility; it verified genuine tax invoices and paid only after services under its internal controls. It says the vendor facilitated purchase/procurement and that EKI executed corresponding purchase contracts. **Reasons** : The ₹85 lakh invoice describes generic 'commission charges'. No agreement or consequential purchase contract names Ganesh Traders, and no communication shows facilitation. The tax invoice alone does not corroborate the claimed service.
3	Vayu Dev International (Pawan Kumar)	0.85	**EKI's case:** EKI states that invoice numbering and records are the vendor's responsibility; it verified genuine tax invoices and paid only after services under its internal controls. It says the vendor facilitated purchase/procurement and that EKI executed corresponding purchase contracts. **Reasons** : The only document is a generic invoice for 'commission charges'. No underlying purchase contract or correspondence links Vayu Dev to an EKI transaction. The invoice remains an uncorroborated assertion by the payee.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
4	Maa Annapurna Overseas (Bikker Singh), Patna, Bihar	0.80	**EKI's case:** EKI states that invoice numbering and records are the vendor's responsibility; it verified genuine tax invoices and paid only after services under its internal controls. It says the vendor facilitated purchase/procurement and that EKI executed corresponding purchase contracts. **Reasons** : The document is a generic invoice dated 14 October 2021 for 'commission charges'. EKI claims purchase/procurement facilitation and corresponding project-owner contracts, but none is supplied for this payee. The invoice is the payee's assertion and does not independently establish performance or a linked transaction.
5	Papia Chakraborty	0.08	**EKI's case:** EKI states that Papia was engaged as a freelance carbon-project adviser, rendered consultancy services on various projects, and was paid accordingly. It also says the signature variation is explained by her signing only the surname once and the full name elsewhere. **Reasons** : The contract makes compensation depend on credit issuance/trading at USD 0.10 per credit. The invoices state quantities underlying buyer contract, or other independent evidence which establishes that the payment trigger or services occurred.
6	Metyor Global FZE	4.47	**EKI's case:** EKI states that Metyor is owned by Ravi Ranjan and was engaged for lead generation. After incorporating Metyor, Ravi routed the transactions through the company. EKI says both transactions relate to the same corresponding purchase contract and involved procurement from a project proponent. **Reasons** : EKI describes purchase/procurement facilitation, whereas Metyor's agreements and invoices concern export sales through Metyor. The corresponding contracts supplied are EKI's purchases from ReNew entities and identify neither Metyor nor an overseas buyer or export sale.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
7	Ravi Ranjan	0.89	**EKI's case:** EKI's comment for Metyor and Ravi is common: Metyor is owned by Ravi, who was engaged for lead generation; after incorporating Metyor, the transactions were routed through it. EKI says both relate to the same corresponding purchase contract and procurement from a project proponent. **Reasons :** The only corresponding agreement is an EKI purchase from the project owner, not an export sale through Ravi. No overseas buyer contract, or communication proves Ravi's role.
8	Sonarth Trading LLP	2.48	**EKI's case:** EKI makes no specific response to the observation. It states that Sonarth facilitated purchase/procurement of carbon credits from project proponents and that EKI executed corresponding purchase contracts. **Reasons :** The invoices merely state 'commission on sales'. The supplied Genting/Enking purchase papers show EKI's direct transaction and do not name Sonarth or independently confirm its facilitation.
9	Vertex Medi (S) Pte. Ltd, Singapore	1.86	**EKI's case:** EKI makes no specific response to the observation. It states that Vertex facilitated purchase/procurement of carbon credits from project proponents and that EKI executed corresponding purchase contracts. **Reasons :** EKI describes purchase/procurement facilitation, whereas all three Vertex agreements and invoices concern export sales through Vertex. The corresponding documents are EKI's purchase contracts with project owners and identify neither Vertex nor an overseas buyer.
10	BBC Tech Associates	0.90	**EKI's case:** EKI states that BBC performed field studies for cookstove projects and later assisted in closing a purchase of carbon credits. It says the work included field studies for EKI's own projects and field facilitation for client projects; the gains were unquantifiable. **Reasons :** The only quotation is dated 5 Jan 2022 for ₹70 lakh of electrical-audit/carbon-offsetting consultancy, while the four invoices total ₹90 lakh and include an invoice dated 21 Dec 2021. Thus ₹20 lakh is outside the quotation and part was billed before it. Generic consultancy invoices do not prove completion of the claimed field work or deal closure.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
11	Akanksha Gupta	0.30	**EKI's case:** EKI states that Akanksha facilitated purchase/procurement of carbon credits from a project proponent and that EKI executed the corresponding purchase contract. **Reasons :** invoice claims identification of prospective buyers, but the supplied 26 Jul 2021 order identifies EKI itself as the buyer purchasing CERs from Khandke Wind Energy. It does not name Akanksha and contradicts the buyer-identification description. No commission agreement, rate, introduction correspondence, or independent confirmation shows that Akanksha procured the Khandke transaction. GST registration and an invoice establish identity/tax status, not performance.
12	Mr. Siraj M Somji	0.30	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons :** The claim is for ₹30 lakh as carbon-credit trade facilitation, but the three ₹10 lakh annexure invoices are for legal retainership and advice on legal/foreign transactions. They do not evidence commission or trade facilitation.
13	Ajay Contractor & Enterprises Services	0.20	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons :** The only agreement is dated 10 Mar 2023 and signed on 27-28 Mar 2023 for ₹5 lakh . It cannot support the ₹20 lakh invoice issued about 15 months earlier, and no buyer/sale evidence is supplied.
14	Jai Jagdish Enterprises	0.19	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons :** The invoice refers only to identification of prospective buyers and names no buyer or project. No agreement, corresponding contract or communication establishes performance.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
15	David Freire da Costa	0.16	**EKI's case:** EKI states that David was an on-roll employee who also received commission for deals closed with his involvement in the LATAM region. It describes the gains as unquantifiable. **Reasons** : EKI's explanation concerning commission paid to an on-roll employee is unsupported by a buyer contract. Most invoices use only generic descriptions such as 'commission fee/payment'.
16	Universal Climate Change Services (Bharathi Kannan Venkatachalam)	0.10	**EKI's case:** EKI states that UCC acted as facilitator for various I-REC deals and that EKI executed purchase contracts with the respective project owners. It describes the gains as unquantifiable. **Reasons** : The master agreement requires facilitation of signed client trade agreements and client documents, but no client agreement is supplied. One payment approval expressly says a revised addendum was awaited and 'there is no agreement'. The supporting records alternate among 'purchase of IRECs', 'sale of duty credit script', and 'other support services', using repeated copies of the same master agreement. The ledger confirms payments, but not performance of each identified deal.
17	Arvind Bagdi	0.10	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The invoice refers to facilitating credit sales but identifies no deal, buyer, project, quantity, rate or contractual basis. No agreement, corresponding sale contract or correspondence establishes the claimed facilitation.
18	Abhishek Kumar Chaurasia	0.09	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The sole invoice refers to 'commission for the reference of project' but identifies no project, buyer/seller, credit quantity, commission rate or agreement. No underlying contract, communication corroborates that Abhishek introduced or closed a transaction. The invoice alone does not establish the service.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
19	ACME Agencies (Neha Suman Arya)	0.09	**EKI's case**: EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The two invoices total ₹9 lakh but merely state 'commission', without identifying a project, counterparty, credit quantity, rate or defined service. No commission agreement, underlying purchase/sale contract or correspondence is supplied.
20	Anita Singh Parmar	0.09	**EKI's case**: EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The invoices refer generally to prospective buyers. No underlying sale contract or correspondence establishes facilitation.
21	Abhay Pandey	0.07	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The invoice refers to 'commission for reference of CDM project' but gives no project number, counterparty, quantity, rate or agreed scope. No agreement, underlying transaction or evidence of performance is supplied.
22	Anita Jain	0.07	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The invoice describes ₹7 lakh as commission on a carbon-credit trading deal but identifies neither the deal nor the parties or project. No agreement, underlying contract or communication corroborates that Anita Jain performed the claimed service.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
23	Adhir Agrawal	0.06	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The invoices contain only the word 'commission'. No agreement, identified deal, commission rate or buyer/seller confirmation establishes the claimed service.
24	Atul Samaiya	0.06	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The invoice describes as commission on carbon-credit trading but identifies no deal, buyer/seller or project. No agreement, underlying contract or communication independently corroborates the claimed service.
25	Sandip Gawai	0.05	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The only document is a generic invoice for 'commission charges'. No agreement, underlying transaction or correspondence is provided. Another payee's invoice has the same number, date, amount and template, reinforcing the absence of transaction-specific evidence.
26	Kishor G. Surwade	0.05	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The only document is a generic invoice for 'commission charges'. No agreement or independent transaction/performance evidence is supplied. Sandip Gawai's invoice uses the same number, date, amount and template, further weakening its transaction-specific probative value.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
27	Ajay Kumar Singh	0.05	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : invoice is generic and uses HSN/SAC 4907 rather than a service code explaining the alleged commission. No agreement, identified transaction, buyer/seller contract, correspondence, or payment evidence connects Ajay Kumar Singh to carbon-credit trade facilitation.
28	Ammbra (Rubal Tyagi)	0.05	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The only substantive document is an invoice that merely states 'commission' and identifies no project. No agreement, underlying transaction or correspondence is supplied. The invoice and identity document do not establish facilitation.
29	Anish Rajkumar Saraf HUF	0.04	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The invoice refers to 'arrangement of sales of carbon credit' but identifies no buyer or project. No corresponding sale contract or correspondence independently confirms that the HUF arranged an EKI transaction.
30	Alberto Morales Arana	0.02	**EKI's case:** EKI states that Alberto was an on-roll employee who also received commission for deals closed with his involvement in the LATAM region. It describes the gains as unquantifiable. **Reasons** : EKI describes Alberto as an on-roll employee paid commission for closed deals. One invoice is wholly generic and the other only mentions GS 4822. No buyer contract, sales record or correspondence links his activity to the invoiced amounts. Employee status and self-issued invoices do not establish performance of the deals.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
31	Archana Jain (Indore)	0.02	**EKI's case:** EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The invoice claims ₹2.20 lakh for arranging carbon-credit sales but provides no buyer, project, quantity or commission agreement. No corresponding sale contract or communication independently links Archana Jain to a completed EKI transaction.
32	Archana Verma	0.02	**EKI's case**: EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The invoice a goods heading, rather than identifying a commission or facilitation service. No agreement, identified carbon-credit transaction, buyer/seller confirmation or correspondence connects Archana Verma with the claimed facilitation.
33	Akshat Jain	0.02	**EKI's case**: EKI describes the payment as a business expense related to carbon-credit trade facilitation. It cites no corresponding contract and states that the gains are unquantifiable. **Reasons** : The annexure contains two different invoice forms for the same ₹2 lakh claim: one is dated 15 Mar 2021 and the other is undated. Neither identifies a project, party, quantity, rate, or distinct transaction. No agreement, underlying contract, correspondence, ledger, or payment proof corroborates the generic commission assertion.
34	Ecofinance Negocios Eireli	0.02	**EKI's case**: EKI states that Ecofinance facilitated certain transactions relating to sale of carbon credits from a project proponent and that EKI made sales of the credits to the respective buyers. **Reasons** : The signed agreement concerns facilitation of EKI's purchase of CERs from CDM project 6042, whereas EKI describes facilitation of a sale and relies on its sales to buyers. No buyer-sale document reconciles that difference in transaction direction. No project-owner purchase agreement establishes the condition referred to in the source reason or Ecofinance's performance.
	Total	**16.26**	

Diversion of funds by overstating 'Commission expenses' in FY2021-22

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
1	Enen Green Services Pvt Ltd	0.28	**EKI's case:** EKI says Enen facilitated and advised on procurement from Sterling Agro Industries and provided complete carbon-credit consultation. **Reasons** : The invoice and 7 January 2022 commission agreement identify Sterling Agro/VCS 663 and the fee, but no executed agreement between EKI and Sterling Agro or independent project-owner confirmation is furnished.
2	GK Energy Marketers Pvt Ltd	2.16	**EKI's case:** EKI says GK Energy facilitated and advised EKI on carbon-credit procurement. **Reasons** : The underlying agreements position GK Energy as project owner/client and EKI as service provider or buyer; the ₹2 crore document is an advance for credits, not an agent-commission mandate.
3	NK Traders	1.13	**EKI's case:** EKI says NK Traders facilitated and advised on carbon-credit procurement. **Reasons** : Both supplied agreements are expressly for commission on EKI's export sales, whereas EKI's case is procurement facilitation. The ₹70 lakh invoice is dated 25 January 2022 before the 2 February commission agreement, and no consequential buyer/seller contract proves NK Traders' role in either claimed service.
4	Advent Engineers	1.15	**EKI's case:** EKI says Advent facilitated and advised on procurement of carbon credits. **Reasons** : Advent's invoice describes generic 'consultancy services for carbon credits'. No report or correspondence is furnished. The MSPL agreement identifies EKI, rather than Advent, as the service provider and contains no term connecting Advent with MSPL or the claimed procurement facilitation.
5	HB Muralidhar	0.04	**EKI's case:** EKI says the freelancer is a carbon-methodology expert who assessed project eligibility and was paid for that expertise. **Reasons** : The evidence comprises generic monthly 'consultancy fees' invoices without an engagement or identification of the projects.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
6	Krutika Electrical Services	0.35	**EKI's case:** EKI says Krutika executed electrical-safety-audit contracts from which EKI earned revenue. **Reasons** : The supplied empanelment letters are dated May/July 2022, after the FY 2022 period and after the March invoices relied upon.
7	DS Mural	0.08	**EKI's case:** EKI says D S Mural facilitated and advised on carbon-credit procurement. **Reasons** : The only evidence is a self-generated invoice stating "consultancy charges linked to carbon credits," without an agreement, project or counterparty. No purchase contract, correspondence, or independent confirmation links the vendor to an actual procurement transaction.
Grand Total		**5.19**	

FY 2022-23

Diversion of funds by overstating 'Legal & Professional expenses' in FY 2022-23

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
1	JACGK Trust Enterprise	0.02	**EKI's case:** EKI says the African consultant performed mandatory stakeholder consultation for cookstove-project development. **Reasons** : The invoice requests 'pre-finance of stakeholder consultation', while the line item states 'Manufacturing of Clean Cook Stove'. No consultation report is supplied.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
2	Arvind Singh Chawla	0.01	**EKI's case:** EKI says the chartered accountant/lawyer provided GST advisory and consultation.
3	SS Print Solutions	0.01	**EKI's case:** EKI says the payment was for purchase of stamps in the ordinary course. **Reasons :**
Grand Total		**0.04**	

Diversion of funds by overstating 'Consultancy charges' in FY 2022-23

S. N.	Name of the Vendor	Expenses Recorded (₹ Crore)	EKI's case and reasons
1	G K Energy Marketers Pvt Ltd	0.17	**EKI's case:** EKI says GK Energy facilitated and advised on carbon-credit procurement. **Reasons :** The invoices expressly describe 'SALE OF VER', identifying GK Energy as the direct seller of credits rather than a procurement consultant or commission agent. No commission agreement supports the advisory-services claim. Payment of purchase invoices does not substantiate the asserted expense classification.
2	C S Mangala	0.11	**EKI's case:** EKI says the vendor and his wife are freelance carbon-methodology experts who assessed project eligibility. **Reasons :** The bills state only monthly "consultancy fees" and contain no engagement, named projects, methodology analyses or assessment reports. Invoice numbers are reused for different months (including 02-22 and 08-22), undermining the invoice sequence and reliability of the claimed service trail.

S. N.	Name of the Vendor	Expenses Recorded (₹ Crore)	EKI's case and reasons
3	H B Muralidhar	0.15	**EKI's case:** EKI says the freelancer is a carbon-methodology expert who assessed project eligibility and was paid for that expertise. **Reasons** : The documents are generic monthly consultancy invoices without an agreement.
4	Ledm Consultoria Em Projectos Ambientais Ltda	0.41	**EKI's case:** EKI says Mauricio, formerly an employee, rendered carbon-consultancy/transaction services through LEDM and was paid monthly for deals and work handled with his involvement. **Reasons** : The consulting agreement and monthly invoices establish an annual retainer and broad legal, technical and market scope in Brazil, but no deal-specific agreement evidences actual performance. The Brazilian tax-residency certificate supports the payee's tax status and gross receipt, rather than performance of the claimed transaction/facilitation services.
5	Ashwini Mahesh Chavan	0.15	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons** : The invoices are generic and were issued during January–March 2023 for broad services said to have been rendered during April–December 2022. No contemporaneous agreement or procurement contract establishes the nature or performance of the claimed facilitation.
6	D S Mural	0.13	**EKI's case:** EKI says D S Mural facilitated and advised on carbon-credit procurement. **Reasons** : The only evidence is a single invoice for "consultancy charges linked to carbon credits," with no project, counterparty. No agreement, corresponding purchase, correspondence, links the vendor to an actual procurement.
7	Pinkesh Doshi	0.11	**EKI's case:** EKI says Pinkesh was a freelance accountant who provided accounting services and was later hired as an employee. **Reasons** : The invoices state only monthly 'consultancy fees', without an engagement. The later-employment explanation is unsupported by appointment/payroll records. Billing alone does not establish the claimed services.

S. N.	Name of the Vendor	Expenses Recorded (₹ Crore)	EKI's case and reasons
8	D K Saklecha & Co	0.11	**EKI's case:** EKI says the chartered-accountant firm was paid for arranging finance for EKI. **Reasons** : The ₹11 lakh includes a ₹10 lakh financial-services bill. Details of the claimed loan are not provided.
9	SC Jambagi	0.10	**EKI's case:** EKI says SC Jambagi facilitated and advised on carbon-credit procurement. **Reasons** : The sole invoice states only "consultancy charges linked to carbon credits," without a project, counterparty. No agreement, consequential purchase contract, correspondence, proves procurement facilitation.
	Grand Total	**1.44**	

Diversion of funds by overstating 'Commission expenses' in FY 2022-23

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
1	Trance Nirvana Management Consultancy LLC	11.47	**EKI's case:** EKI says Trance facilitated procurement from several project proponents. It says the Indian PAN on invoices was the director's inadvertent disclosure, the company has a TRC, and formal commission contracts merely recorded work already begun before them. **Reasons** : Several underlying project/purchase documents date from 2021, before the April/May/July 2022 commission agreements. Two invoices bear the same number, "TNM/12", for different dates.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
2	Jenus Corp FZCO	2.46	**EKI's case:** EKI says the agreements were cyclostyled as "Purchase Commission" although the commercial understanding covered purchase/sale; Jenus confirmed and assisted the transactions. **Reasons:** Two project-specific commission ERPAs identify CDM 1116 and CDM 6571, the credit volumes, commission rates/tranches and payment triggers; the three invoices track those agreed tranches. Corresponding purchase and sale invoices, transaction correspondence, corporate/No-PE records and payment approvals trace identifiable credits through actual transactions rather than relying on payment alone.
3	Dee Piping Systems (Thailand) Co. Ltd.	2.45	**EKI's case:** EKI says the project-owner ERPA preceded the commission contract because work had begun earlier; delivery occurred after the commission agreement and the timing difference was clerical. **Reasons** : The seller relationship dates to August 2021, almost a year before the July 2022 consultancy agreement; the later agreement does not demonstrate that Dee Piping originated or facilitated the already-existing procurement.
4	Sense Enviro Pvt. Ltd.	1.75	**EKI's case:** EKI says the same signatory supplied the agreement and invoice despite a minor signature variation, and that "Sales Commission" was a cyclostyled label although the understanding covered purchase/sale. **Reasons** : EKI's internal payment record describes 'commission on export sales GS 7/26', whereas EKI describes procurement services. The evidence therefore contradicts the transaction type claimed.
5	BST Tercume Danismanlik Ltd.	1.07	**EKI's case:** EKI says the undertaking followed the project-owner ERPA because work began earlier; the later project delivery confirms the service and any timing issue was clerical. **Reasons** : The first commission/pro-forma invoice is dated March 2022, months before either August/October undertaking, so no contemporaneous mandate supports the initial charge.

S. N.	Name of the Vendor	Expenses Recorded (in ₹ crore)	EKI's case and reasons
7	New Stone Americas	0.03	**EKI's case:** EKI says the brokerage contract was signed after the invoice inadvertently, but payment followed the contract and the error was clerical. **Reasons** : The August invoice covers April/May transactions but the brokerage agreement was executed only on 13 September 2022; The underlying trade contracts prove EKI purchased credits, not that New Stone performed brokerage.
	Grand Total	**19.23**	

S. N.	Name of Vendor	Expenses Recorded (In ₹ Lacs)	EKI's case and reasons
1	Sandip Gawai	3.50	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons** : The sole invoice refers to commission against sale of CDM project 0571, whereas EKI describes procurement facilitation. No agreement or sale/purchase document is supplied.
2	Kishor G. Surwade	3.00	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons** : The sole invoice states commission against sale of CDM project 0571, not procurement, and is unsupported by an agreement or consequential trade contract.
3	Olyx B.V	1.67	**EKI's case:** EKI says Olyx facilitated carbon-credit trades that generated about ₹4.50 lakh of profit. **Reasons** : One bill is for a direct purchase of verified carbon units and the other is a brokerage fee, so the annexure mixes transaction character and lacks the agreement/settlement documents needed to isolate the claimed expense.

S. N.	Name of Vendor	Expenses Recorded (In ₹ Lacs)	EKI's case and reasons
4	Archana Verma	1.20	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons :** The evidence is only a generic "commission charges" invoice, with no project. No commission agreement, underlying purchase, correspondence, proves that Archana performed the alleged facilitation.
5	Himangni Enterprises	0.50	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons :** The supplied ₹50,000 invoice describes a one-half share of rent ("Rent 100000/2"), not carbon-credit commission or procurement services. No agent agreement, project transaction or carbon-related work product supports EKI's stated case.
6	Holborn Trading Ltd	0.37	**EKI's case:** EKI says Holborn was paid for facilitating a carbon-credit trade. **Reasons :** The brokerage invoice is transaction-specific but no commission agreement defines Holborn's mandate. No EKI-ECOHZ trade agreement, correspondence or independent confirmation connects Holborn to the transaction; the invoice alone cannot prove facilitation.
7	Sourcing & Solutions (Vinay Vinayak Moghe)	0.15	**EKI's case:** EKI says the vendor was paid for facilitating carbon-credit trades. **Reasons :** The two invoices merely state 'Commission'. No agreement, project/counterparty identification or evidence of performance corroborates the service.
8	David Freire da Costa	23.10	**EKI's case:** EKI says David was an on-roll employee who separately earned commission for LATAM deals closed with his involvement. **Reasons :** No policy, commission policy, approval or identified LATAM transaction establishes a separate entitlement. Most invoices state only 'commission payment/deal'.
9	Mr. Siraj M Somji	22.00	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons :** The invoices expressly claim commission for arranging sales of carbon credits, contradicting EKI's procurement-facilitation description. No commission agreement, named buyer/project, sale contract, correspondence or independently proves the vendor's role in the alleged transactions.

S. N.	Name of Vendor	Expenses Recorded (In ₹ Lacs)	EKI's case and reasons
10	Rocio Rodriguez	14.59	**EKI's case:** EKI says Rocio was an on-roll employee who separately earned commission for LATAM deals closed with her involvement. **Reasons** : No proof of employment, commission policy, approval or identified LATAM transaction establishes a separate entitlement. Most invoices state only 'commission payment/deal'.
11	Jai Jagdish Enterprises	13.50	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons** : The invoice concerns identification of prospective buyers, a sales activity, whereas EKI describes procurement from a vendor. It identifies no buyer, project or completed transaction, and no agreement substantiates performance.
12	Chirag Nagrani	12.49	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons** : The invoice states 'Commission Carbon Credit sale deal', contrary to the procurement description, and gives no buyer or project particulars. No sale contract or correspondence establishes Chirag's role in an actual transaction.
13	Prabhawati Enterprises (Prabhawati Jain)	10.01	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons** : The broad references to raising carbon credits, identifying prospective buyers and ancillary activities identify no deal and are unsupported by an agreement or consequential transaction document.
14	Ajay Contractor & Enterprises Services	10.00	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons** : The two ₹5 lakh invoices are generic "Commission Charges," issued about ten months apart, without project, counterparty, quantity, rate or service description. No agreement, purchase contract, correspondence or independent confirmation proves procurement facilitation.
15	Rajendra Prasad Jain	10.00	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons** : The only support is invoice for execution of a carbon-credit deal; it contains no project, counterparty, credit quantity or fee basis. No agreement, consequential trade contract, correspondence or independent confirmation proves the vendor's performance.

S. N.	Name of Vendor	Expenses Recorded (In ₹ Lacs)	EKI's case and reasons
16	Vijay Energy Services (Prop Vijay Singh)	10.00	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons** : The invoices describe generic commission charges and are unsupported by an agreement or identified procurement transaction.
17	Sambhav Patni	9.99	**EKI's case:** EKI says the vendor facilitated and advised on carbon-credit procurement. **Reasons** : The sole digital invoice says only "commission on deal for trading of carbon credit," without a project, buyer/seller, quantity, price or commission rate. No agreement, underlying contract, correspondence independently corroborates the alleged facilitation.
18	Cartel Roots Global Private Limited	8.64	**EKI's case:** EKI says the CA-managed company advised EKI on execution of MOUs and supplied business services. **Reasons** : Details of the MOU on whose execution the vendor is said to have advised are not provided.
Grand Total		**154.71**	