LANDSMILL GREEN LIMITED

(Formerly Known as EXCEL REALTY N INFRA LIMITED)

CIN: L41001MH2003PLC138568

Date: February 20, 2026

To,
Bombay Stock Exchange Limited
Listing Department,
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Scrip Code : 533090
Scrip ID : EXCEL

Fax No : 2272 3121 / 2272 2037

To,
National Stock Exchange of India Limited
Listing & Compliance Department,
Exchange Plaza, Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051
Trading Symbol : EXCEL

Fax No : 2659 8348 / 2659 8237 / 38

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.

Ref: Securities Appellate Tribunal Order on Appeal No. 763 of 2023 with Appeal No. 20 of 2024 and Misc. Application No. 417 of 2024.

Dear Sir/Madam,

This is to inform you that company has received Final Order on Appeal No. 763 of 2023 with Appeal No. 20 of 2024 and Misc. Application No. 417 of 2024 from Securities Appellate Tribunal on 19th February, 2026.

The company had filed an appeal against the order passed by SEBI vide WTM/AB/CFID/CFID-SEC1/28292/2023-24 dated 28th July, 2023.

The SAT order states as follows:

"i. Appeal No. 763 of 2023 and Appeal No. 20 of 2024 are partly allowed.

ii. In ***Appeal No. 763 of 2023***,-

(A) penalty imposed under Section 15HA is set aside qua all appellants.

(B) Penalty under Section 15HB is reduced in case of appellant Nos. 1, 3, 4 and 5 to Rs. 2 lakh each and in case of appellant No. 2 to Rs. 5 Lakhs.

(C) Directions issued in sub-para (ii) to (v) of Para 18 are quashed.

iii. In ***Appeal No. 20 of 2024***

(A) Penalty under Section 15HB in case of appellant Nos. 1 and 2 both, is reduced to Rs. 1 lakh each.

iv. The impugned orders dated July 28, 2023 and August 23, 2023 are set aside.

v. All interlocutory application(s) stand disposed of.

vi. No costs. "

The Monetary Penalty is as under:

Appellant No.	Name of the Appellant	Provisions under which penalty is imposed	Penalty Amount (In Rupees)
1	Excel Realty N Infra Limited	Section 15HB of the SEBI Act, 1992.	2 lakh (Two Lakh)
2	Lakhmendra Khurana	Section 15HB of the SEBI Act, 1992.	5 lakh (Five Lakh)
3	Ranjana Khurana	Section 15HB of the SEBI Act, 1992.	2 lakh (Two Lakh)
4	Arpit Khurana	Section 15HB of the SEBI Act, 1992.	2 lakh (Two Lakh)
5	Pramod Kokate	Section 15HB of the SEBI Act, 1992.	2 lakh (Two Lakh)

Penalty on past Independent Directors, Mr. Binoy Gupta and Subrata Dey is Rs. 1 lakh each under Section 15HB of SEBI Act, 1992.

This is for the information of Shareholders of the Company and public at large.

The Copy of the Order is hereby attached.

Thanking you,
Yours faithfully,

For Landsmill Green Limited
(Formely Known as Excel Realty N Infra Limited)

LAKHMENDRA CHAMANLAL KHURANA
Digitally signed by LAKHMENDRA CHAMANLAL KHURANA
Date: 2026.02.20 17:38:52 +05'30'

Lakhmendra Khurana
Director
DIN No.: 00623015
Place: Mumbai

IN THE SECURITIES APPELLATE TRIBUNAL AT MUMBAI

DATED THIS THE 19TH DAY OF FEBRUARY 2026

CORAM : Justice P. S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member

Appeal No. 763 of 2023

Between

1. Excel Realty N Infra Ltd.
   31-A, Laxmi Industrial Estate,
   New Link Road, Andheri (West),
   Mumbai – 400 053.

2. Lakhmendra Chamanlal Khurana
   2303, B-30, Edenwoods Tower,
   Shastri Nagar, Near Lokhandwala
   Complex, Andheri (W),
   Mumbai – 400 053.

3. Ranajana Khurana
   2303, B-30, Edenwoods Tower,
   Shastri Nagar, Near Lokhandwala
   Complex, Andheri (W),
   Mumbai – 400 053.

4. Arpit Lakhmendra Khurana
   2303, B-30, Edenwoods Tower,
   Shastri Nagar, Near Lokhandwala
   Complex, Andheri (W),
   Mumbai – 400 053.

5. Pramod Yeshwant Kokate
   31-A, Laxmi Industrial Estate,
   New Link Road, Andheri (West),
   Mumbai – 400 053. …. Appellants

By Mr. Pesi Modi, Senior Advocate with Ms. Kalpana Desai, Advocate i/b Dr. S. K Jain, PCS for the Appellants.

And

Securities & Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051. …. Respondent

By Mr. Akash Rebello, Advocate with Ms. Prapti Kedia, Mr. Ankit Ujjwal, Advocates i/b Agama Law Associates for the Respondent.

With
Appeal No. 20 of 2024
And
Misc. Application No. 417 of 2024

Between

1. Binoy Gupta
   1101, Shiromani Tower,
   Raj Kamal Lane, Parel,
   Mumbai – 400012.

2. Subrata Kumar Dey
   A205, Renaissance Aero,
   103, Jakkuru Main Road,
   Byatarayanapura,
   Bengaluru – 560 092. …. Appellants

By Mr. Pesi Modi, Senior Advocate with Ms. Kalpana Desai, Advocate i/b Dr. S. K Jain, PCS for the Appellants.

And

Securities & Exchange Board of India
SEBI Bhavan, Plot No. C-4A, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051. …. Respondent

By Mr. Akash Rebello, Advocate with Ms. Prapti Kedia, Mr. Ankit Ujjwal, Advocates i/b Agama Law Associates for the Respondent.

THESE APPEALS ARE FILED UNDER SECTION 15T OF SEBI ACT, 1992 TO SET ASIDE ORDERS DATED JULY 28, 2023 (EX-A) PASSED BY WTM, SEBI AND AUGUST 24, 2023 PASSED BY AO, SEBI.

THESE APPEALS HAVING BEEN HEARD AND RESERVED FOR ORDERS ON JANUARY 8, 2026, COMING ON FOR PRONOUCEMENT OF ORDER THIS 19TH DAY OF FEBRUARY 2026, THE TRIBUNAL MADE THE FOLLOWING :

O R D E R

Per : Dr. Dheeraj Bhatnagar, Technical Member

The appeal No. 763 of 2023 is filed by M/s. Excel Infra private ltd and its promoters and the CFO, against the order dated July 28, 2023 passed by the WTM[1], SEBI[2], by which certain directions were issued and penalty under Section 15HA and 15HB of SEBI Act, 1992[3] ('the Act' for short) was imposed.

The appeal No. 20 of 2024 is filed by the two Independent Directors of the Company, against the order dated August 24, 2023, passed by the AO[4], SEBI, by which monetary penalty of Rs. 2 Lakhs under Section 15HB of the Act has been imposed.

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[1] Whole Time Member
[2] Securities and Exchange Board of India
[3] Securities and Exchange Board of India Act, 1992
[4] Adjudicating Officer

Since both impugned orders are in respect of the same matter, these appeals are being disposed of by way of this common order.

2. Brief facts of the case are:

a. The Appellant No.1 Company is engaged in various business activities, *inter alia,* operation of BPOs, investment in real estate and financing.

b. Appellant No. 2 is the Chairman and Managing Director of the company, Appellant No. 3 is Whole-Time Director of the company and wife of appellant No. 2. Appellant No. 4 is their daughter, who was appointed as an Executive Director on August 11, 2011. Appellant No. 5 was appointed as the CFO[5] of the company on August 13, 2015. In Appeal No. 20 of 2024, the appellant No. 1 and No. 2 are Members of the Audit Committee of the company.

c. On receipt of a complaint dated 29 March, 2021, SEBI commenced investigation, which revealed that the new statutory auditors of the Company appointed in FY 2017-18, had observed in the notes to accounts that in respect of outstanding balances in the nature of advances given for investment in properties and loans, the company made no provision for impairment in its financial statements. Since no such observations were made by the erstwhile statutory auditors, Investigation Period was limited to the period from April 1, 2016 to March 31, 2021.

[5] Chief Financial Officer

d. Based on the findings of the investigation, SEBI issued SCN[6] dated September 12, 2022 to the appellants, alleging misrepresentation of financial statements by (i) failure to make provision for *impairment* in respect of long-outstanding loans, and advances for real estate investments, in companies that were struck-off from MCA register or were defaulter companies; (ii) failure to disclose balances in respect of related parties; and (iii) failure to make provision in respect of interest-free loan given to its wholly-owned subsidiary based in Dubai, namely Excel Infra FZE.

e. The appellants were given opportunity to represent and inspect the documents. After hearing, impugned order was passed issuing certain directions to the appellant no. 1 (the Company) inter alia, to take steps to bring back the outstanding loans from its wholly owned subsidiary within one year; barring the company and the appellant No. 2 from accessing the securities market for six months and two years respectively; and similarly barring appellant Nos. 3, 4 and 5 for one year. Further, penalty under Section 15HA of Rs. 5 Lakhs, Rs. 90 Lakhs, Rs. 20 Lakhs, Rs. 20 Lakhs and Rs. 10 Lakhs is imposed on appellant Nos. 1, 2, 3, 4 and 5, respectively. Furthermore, for failure to disclose RPT, penalty of Rs. 10 Lakhs is imposed on appellant No. 2, while penalty of Rs. 5 Lakhs is imposed on appellant Nos. 1, 3, 4 and 5 each under Section 15HB of the Act. In respect of the same violation, penalty of Rs. 2 Lakhs is imposed on

[6] Show Cause Notice

appellant Nos. 1 and 2 each in appeal No. 20 of 2024, under Section 15HB of the Act.

3. We have heard Mr. Pesi Modi, learned senior advocate accompanied by Ms. Kalpana Desai, learned advocate for the appellants in both the appeals and Mr. Akash Rebello, learned advocate along with Ms. Prapti Kedia and Mr. Ankit Ujjwal, learned advocates for the respondent.

Re: <u>Delay of 11 year</u>.

3.1 Mr. Pesi Modi, learned Senior Advocate for the appellants submitted that the SEBI initiated investigation in FY 2021-22 in respect of the amounts that were advanced by the company during 2008 to 2011, and duly disclosed in its financial statements. This was regularly disclosed in company's filing before the Exchanges post-listing since 2009 and no adverse view thereof was taken. The SCN was issued as late as in September 12, 2022, which shows inordinate delay of 11 years. Further, even though the transactions pertain to 2008-2011, the investigation period is restricted to 2016 to 2021. He also submitted that some of the investments were made even prior to 2009 before the company got listed.

3.2 In response, Mr. Rebello, learned advocate for SEBI submitted that the SEBI started investigation after a complaint was received on March 29, 2021. While admittedly most advances/ loans were made prior to 2016-17, even subsequently in FY 2020-21, an amount of Rs. 7.13 Crores was advanced to one TBMTPL[7]. Further, in respect of

[7] Twin Best Multi Trade Pvt. Ltd.

advances for investment in real estate, cancellation deeds of agreement for sale were executed as late as in 2020. He submitted that there was no delay in issuing the SCN or passing the order from the time of receipt of complaint. Further, the issue of limitation or delay was never raised before the WTM.

Allegation Nos. 1 & 2

4. The *Allegations 1 & 2* pertain to advances made to 26 companies, which included (a) loans advanced to 8 companies; and (b) advances to 18 other companies for investment in immoveable properties. The first category of 8 loanees included 7 companies which were later struck-off from the MCA register. However, these loans/advances were carried forward for 8 to 9 financial years without making any provision for *impairment*/write off as per Ind AS[8] 109 and, hence, allegedly there was misrepresentation in the financial statements to that extent.

4.1 The Ld. Senior advocate Mr. Pesi Modi submitted that the Appellant Company was engaged in providing IT-enabled BPO services, and it required acquisition of large spaces equipped with computers and phone connections for business expansion. For this purpose, it entered into multiple agreements to purchase properties across various cities. This was prior to 2009, when the company was not listed. Due to downturn in the BPO sector, the company faced funds crunch for further payments. However, it hoped for recovery and convinced sellers to hold the agreements for valid sale. Later, the COVID pandemic prompted the company to acquire some

[8] Accounting Standard

properties and resolving to cancel other Agreements to sell and seek refunds of advances. As a result, substantial amounts were received as refund, which demonstrates that the appellant was correct in its assessment that such advances were collectible and hence its decision for not making provision for *impairment* in its financials was justified.

4.2 Learned Senior advocate submitted that in terms of the **Ind AS-109,** any impairment or write-offs by a company depends on the *expected probability* of recovery based on its own assessment. Since the company was hopeful of recovery, and considering that repayments had continued, the company correctly did not make any provisions for impairment. Significant recovery made subsequently justifies company's initial assessment that such amounts were recoverable.

4.3 Mr. Modi contended that these advances were made for genuine business purposes to unrelated parties and it is not even the case of the SEBI that there was any siphoning off or misappropriation of funds.

4.4 With regard to specific facts pertaining to *allegation-1* regarding loans to certain companies that were later struck-off by MCA, Mr. Modi further submitted that, at the time of giving loan, 7 entities were not actually struck-off. In this regard, he furnished details of ongoing repayments and near full recovery from eight companies. He submitted that there was no bad faith or wrongdoing in advancing the loan and in not making any provision for impairment. He submitted that the same is supported by consistent accounting treatment, which was accepted by previous statutory auditors and approved by the audit committee, which comprised of

independent directors, and of which appellants Nos. 2 to 5 were not members.

4.5 He submitted that the impugned order is based on the observations of the new statutory auditors appointed in 2017 in hindsight. In their report dated May 21, 2022, the new auditors also made note of the fact that the company had made 10% provision for outstanding dues of Rs. 21.75 crore from certain borrower companies that were facing NCLT proceedings. This shows that the company made a considered assessment on a case to case basis, based on prospects of recovery. Even the impugned order acknowledges the fact of ultimate recoveries, but it unjustly takes an arbitrary view that subsequent recovery does not justify prior incorrect accounting. The order also ignores the fact of balance verification by certain borrowers through ledger confirmation. Mr. Modi also submitted that as per Section 132 of the Companies Act, 2013, such accounting matters fall within the jurisdiction of the National Financial Reporting Authority's (NFRA) and not SEBI.

4.6 In response, Mr. Rebello submitted that the appellant Company advanced approximately Rs. 121 Crores to 26 entities between 2008 and 2011 for property purchases, representing 66% of its total assets. Many of these advances remained outstanding for 9-10 years or more without any impairment or provisioning. Out of these, 7 entities were struck off and one was a defaulter to whom advances of Rs. 35.34 Crores were given, while Rs. 7.13 Crores was given to another struck-off entity (TBMTPL) in 2020-21. For some entities with whom investment in immovable properties was made, no proper agreements existed, while in some cases, agreements lacked essential details like property descriptions

or timelines. Out of 18 such entities, only in case of two properties, sale deeds were executed. These facts were noted by the new auditors in 2016-2017, who were of the opinion that the company should have created impairment provision for long-pending advances under Ind AS 109.

4.7 On facts, Mr. Rebello further submitted that as on the date of the impugned order, Rs. 103.175 Crores still remained outstanding, while the appellants claim that as of now, only an amount of Rs. 45.006 Crores is outstanding, which is without any supporting evidence. The failure to make provision misled investors by overstating assets and profits in financial statements from 2016-17 to 2020-21, which could potentially impact share prices. SEBI has jurisdiction under PFUTP and LODR Regulations to address such financial mis-statements, and even the ouster clause does not exist under Section 132 of the Companies Act, as SEBI protects investor interests in securities market while NAFRA oversees auditing and accounting compliance.

Allegation 3

5. It is alleged that the Company failed to disclose the balance outstanding in two RPTs i.e. RCPL[9] and TIPL[10].

5.1 Mr. Modi submitted that non- disclosure of the 'related party transactions' in the nature of loans during FY 2017-18 to FY 2019-20 was inadvertent and unintentional and that full recovery has since been made from the related parties, and there was no violation of Ind AS 24 read with AS 18.

[9] Ranjana Construction Pvt. Ltd.
[10] Tista Impex Pvt. Ltd.

5.2 In response, Mr. Rebello submitted that although the appellants admit the charge, they describe the non-disclosure of RPTs as a mere technical violation. However, this is a serious lapse that may mislead investors about the company's financial dealings.

Allegation 4

6. It is alleged that the company gave interest-free loans to the tune of Rs. 22.91 Crore to its Wholly Owned Subsidiary ('WOS') namely; Excel Infra FZE incorporated in Dubai. The WOS had negligible turnover and recovery of advance from it was doubtful. Hence, the Company ought to have made provision for the same or written off the debts.

6.1 Mr. Modi submitted that the appellant Company lent funds to its 100% owned WOS for business purposes. Admittedly, there is no allegation of siphoning off, misuse, or diversion of money to promoters. The WOS has since repaid a much higher amount of Rs. 41.51 Crores to the appellant company, which shows a significantly high return on investment, which meets shareholders' interests. Moreover, as the subsidiary is wholly owned by the company, there was no risk to the investors, which renders the direction to recover as meaningless and unnecessary.

6.2 Mr. Modi submitted that a company may decide to conduct different business activities either itself or through its subsidiaries, due to strategic reasons. Hence, directing the company to bring back its funds from a WOS, tantamounts to interfering in its business activities. The accounting treatment was consistent with AS109 and consistently approved over the years by erstwhile statutory auditors, and audit

committee of the company. Moreover, being a 100% owned subsidiary, in terms of Companies Act accounts of WOS get consolidated with the holding company, which requires cancelation of their inter-se transactions.

6.3 In reply, Mr. Rebello submitted that the WOS of the appellant company had nearly equal trade receivables and trade payables, which raised suspicions about the genuineness of the transactions. Further, the loans given to it were interest-free. He admitted that the original advance of USD 49,78,000 has been fully recovered. He submitted that the statutory auditors had flagged the loan to the WOS under the "Emphasis of Matter" paragraphs, and that the classification of the long-outstanding amounts as *current assets* was incorrect under the accounting standards, since amounts pending for over 10 years should not be treated as *current asset* as per paragraph No. 66 of AS 1.

7. ***Violation of PFUTP Regulation***

7.1 Mr. Modi submitted that admittedly, there is no allegation of siphoning off any funds, or appellants having derived any wrongful gains, or caused loss to any investor. In terms of AS 109, company made independent assessment of recoverability of loans and advances given for business purposes and hence, based on the same, it did not create provision for impairment. This was as per AS-109 and cannot be held as *fraud* in terms of PFUTP regulations. He submitted that the company has always taken good care of investors' interests, and issued bonus shares twice in the ratio of 1:2. The company also pays dividend to shareholders, which evidences the company's concerns for the investors. The company has more than 4 lakh shareholders and barring one

solitary complaint, which was the basis of SEBI's action, no concerns were raised by other shareholders. Further, price manipulation was not even alleged.

7.2 In response, Mr. Rebello submitted that misrepresenting financial statements and misleading investors constitutes fraudulent conduct.

8. We have carefully considered the facts of the case in the light of the rival submissions and the documents placed before us. In order to decide the appeal, we frame the following questions:

I. Whether in terms of the Accounting Standard 109, the appellant company was mandatorily required to make provision for impairment/bad debt in its accounts in respect of outstanding balance of loans given to 8 companies that were struck off by the MCA and advances given for investment in immovable properties to 18 entities?

8.1 In substance, allegation no. 1 and 2 both deal with the issue of not making provision for *impairment* in the financials for FY 2016-17 and subsequent years, in respect of loans given to 8 companies whose names were struck off by MCA/defaulter companies (**allegation-1**) and advances given to 18 companies for investment in immoveable properties **(allegation-2)**. It is held that being in violation of AS 109, this amounts to misrepresentation in annual financial statements, which is fraudulent under PFUTP. Admittedly, there is no allegation of direct or indirect diversion of such loans and advances to related concerns or promoters for siphoning off the funds nor is there any allegation of due diligence failure at the time of extending

such loans/advances in 2008-2011. No violation has been alleged for FYs 2008-2011 to 2016-17, even though these loans remained outstanding beyond 36 months in that period too.

8.2 The Ld. WTM has relied on Clause 5.5.9 of the Ind-AS 109, which reads as under:-

> ***"AS 109 - Determining significant increase in credit risk***
>
> *At each reporting date, an entity* ***shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition****. When making the assessment, an entity shall use the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, an entity shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition."*
>
> *[****Emphasis supplied****]*

8.3 In our considered view, the AS 109 puts the onus of assessing '*whether the credit risk of a financial instrument has increased significantly since initial recognition'* upon the entity concerned. Mr. Modi submitted that the appellant company based on its assessment, treated such loans and advances as recoverable, and hence did not make provision for *impairment* in its accounts. The assessment of the company was ultimately proved correct by significant recovery in respect of such loans and advances, which justifies that its assessment was based on proper evaluation

of risk. Company's assessment was accepted by the audit committee (having 2/3rd members being independent directors) and by the statutory auditors year after year over 8 years; i.e. from FY 2008-11 till FY 2016-17. Based on the same, the company had prepared its financial statements. In our view, by not making provision, appellant company has not breached any law and the treatment given by it, as approved by the audit committee and auditors, meets AS-109. We note that, on same facts, even the SEBI has taken no adverse view in the matter from 2008 to 2016 for 8 years.

8.4 We also note that, wherever the company made assessment of a higher risk, it made appropriate provision for impairment. For example, in the FY 2021-22, in respect of outstanding loans/advances of Rs. 21.75 Crores from certain companies that were facing NCLT proceedings, the company took a conservative approach and made 10% provision of Rs. 2,17,55,000/- as Expected Credit Loss (ECL), considering uncertainties in realising its claim. This fact was duly acknowledged by the new statutory auditors in the financial statements for FY 2021-22(Note No. 17 of), as reproduced in the impugned order.

8.5 In terms of AS-109, it is the duty cast on the company to make risk assessment of recoverability of loans/advances at different points of time, which it exercised based on its risk assessment. To a pointed query, Mr. Rebello admitted that the company is not mandated to follow the advice of the statutory auditors and the Board has full discretion to take a decision based on own risk assessment. In view of this, in our considered view, there is no violation of AS-109 or any law in not making provision for impairment in respect of loans and advances impugned in the order.

8.6 In our view, the finding by the WTM of misleading and luring the investors is rather hypothetical, and based on unfounded presumption. It is neither supported by any price rise nor by any unjust benefit to the company or its promoters. Thus, the allegation of fraud does not get established. In view of this, allegation Nos. 1 and 2 are untenable.

8.7 Both sides have argued at length on facts about the recovery against these loans and advances. We were informed that as on date, almost entire loans and advances from struck-off companies have been recovered except some minor amount pending with one company. Secondly, even in case of advances towards immovable properties, successful conclusion of deal has taken place in respect of two agreements for sale, and only an amount of Rs. 45 Crore is outstanding. Since we have already held that there is no violation by the company of AS-109 or law in not making provisions for impairment, these rival factual arguments regarding recovery have no bearing in the matter.

8.8 In our view, artificially carving out a category of companies that were stuck-off by MCA in their register is arbitrary with regard to assessment of recoverability under AS-109. Admittedly, appellant had advanced loans much earlier to MCA's action in case of 7 out of such 8 companies. The fact of subsequent striking off MCA would not have been known to the appellant at the time of advancing loans. In respect of one company TBMTPL, which was already a stuck-off company at the time of advancing loan, we find merit in the argument of Mr. Modi that while taking financing

decisions, a lender will make decision based on its assessment of recoverability based on risk profiling only. No law stipulates mandatory prior verification of MCA register in this regard.

8.9 In any case, the provisions of Companies Act, 2013 do not forebear recovery or discharge of liability, by a company that has been struck-off by MCA. The express provisions of proviso to Section 248(6) clearly hold so, as under:

> ***"248 Power of Registrar to remove name of company from register of companies.***
>
> *"(1) ...*
>
> *…*
> *(6) The Registrar, before passing an order under sub-section (5), shall satisfy himself that sufficient provision has been made for the realisation of all amount due to the company and for the payment or discharge of its liabilities and obligations by the company within a reasonable time and, if necessary, obtain necessary undertakings from the managing director, director or other persons in charge of the management of the company:*
>
> *Provided that notwithstanding the undertakings referred to in this sub-section,* ***the assets of the company shall be made available for the payment or discharge of all its liabilities and obligations even after the date of the order removing the name of the company from the register of companies.***
>
> ***[Emphasis supplied]***

9. With regard to the **allegation-2** in respect of advances given to 18 companies for purchase of immovable properties, learned WTM has noted that most of the agreements for sale were not compulsorily registered. Further, allegedly, though some of the transactions could not conclude due to company's

financial condition, the appellant did not inform the shareholders about this.

9.1 In our considered view, in terms of Section 17(1)(b) of the Indian Registration Act, 1908, it is not compulsory to register an Agreement to sale. Eventually, two sale transactions were successfully effectuated while others were cancelled and a substantial amount of such advances except for an amount of Rs. 45 Crore has been recovered too. Moreover, a 'for-profit' entity is bound to take business risks, and no business can yield only profit in respect of each transaction. We have already held that none of these observations have bearing on deciding whether there was violation of AS 109 or not, and considering that no allegations of failure in making due diligence or malafide diversion of funds have been made.

In view of the above, the Question-I is answered in ***Negative.***

II. (a) Whether there was any diversion and misuse of funds by the company by providing interest-free loans to its Wholly-Owned Subsidiary (WOS)?

10. We note that the appellant provided interest-free loan of Rs. 22.91 Crores to its wholly owned subsidiary, namely, Excel Infra FZE, based in Dubai, during FY 2009-10 to 2012-13 for business purposes. The learned AO has noted that on March 31, 2021, the current outstanding has reached Rs. 34.90 Crores and no interest has been charged from the 100% subsidiary. We were informed by Mr. Modi during the hearing that the entire amount of the loans has since been

repaid by the said subsidiary, along with additional profits aggregating to Rs. 41 crores.

10.1 Mr. Modi also submitted that it is surprising as to how transactions between a wholly owned subsidiary and its holding company can be treated as an attempt to misrepresent the financials. In terms of provisions of Section 129(3) of the Companies Act 2013, the financial statements of a wholly owned subsidiary are mandatorily consolidated with that of the holding company, which result in cancellation of inter-se transactions. Since the shareholders remain the same, transaction between a holding company and its WOS cannot be held to violate Regulation 33(1)(c) of the LODR Regulations.

10.2 We are in agreement with Mr. Modi that a loan given to a wholly owned subsidiary is as secured as cash maintained in the holding company's own books. We also fail to find any basis in the finding of the WTM that the '*consolidated statements of the appellant were misrepresented',* since such a consolidation would *per se* have cancelled all transactions between a Holding company and its 100% subsidiary.

10.3 At the cost of repetition, we are persuaded to reiterate that a regulator cannot step in the shoes of a business person and mandate him to take business decisions in a particular way, least directing a holding company to direct its WOS to return the loan. The WOS of the appellant company functions in Dubai and funds were transferred to it for expanding business in different activities after obtaining due approval by the Board and upon approval by the sectoral regulator RBI, which allowed forex remittance for this purpose. Under the circumstances, SEBI could not question the business

prudence of such a decision to expand the business through its subsidiary. In our considered view, the directions by the SEBI to the holding company to get the loans back from its WOS is arbitrary and untenable, even though the appellant has subsequently made full compliance with the same.

In view of this, Question-II(a) is answered in ***Negative.***

II-(b) Whether the classification of such loan to WOS by the appellant as current loans for FY 2017-18 to FY 2021-21 amounts to non-compliance with Ind AS 1 (Para 66)?

10.4 We note that the Ld. WTM has not accepted the explanation of the appellant that the since the amount due from its own WOS was fully recoverable, the same was classified as '*current asset'*. Relying upon reasoning given in the impugned order regarding allegation 1 & 2, the Ld. WTM has held that since the appellant company could not have recovered the outstanding amount from its WOS, its classification as *current asset* was in violation of Para 66 of AS-1.

10.5 The relevant Para 66 of AS-1 reads as under:

> *"Current Assets*
>
> *66. An entity shall classify its asset as current when:*
>
> *(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;*
>
> *(b) It holds the asset primarily for the purpose of trading;*
>
> *(c) It expects to realise the asset within twelve months after the reporting period; or*

> *(d) The asset is cash or a cash equivalent (as defined in AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.*
>
> *An entity shall classify all other assets as non-current".*

10.6 In our considered view, the WTM failed to appreciate that a Holding company and its WOS are in essence one and the same, in terms of financial accounting and risks and rewards to shareholders. Moreover, due to consolidation for financial statements, their inter-se transactions get cancelled. A holding company exercises full control over the WOS, and hence, there cannot be any risk to it with regard to funds advanced to its 100% owned subsidiary. In view of this, the classification of loan given to its WOS by the appellant as '*current asset'* is justified.

In view of this, we answer the question II-(b) in ***Negative*****.**

III. Whether the appellant was in violation of LODR regulations by not making disclosure of balance outstanding from related parties in FY 2018-19 and 2019-20?

11. RCPL[11] and TIPL[12] were two related parties of appellant with whom there were outstanding balances. The company failed to disclose the above RPTs in the notes to accounts of the financial statements for FY 2018-19 and FY 2019-20 as per Ind AS 24. The appellant has acknowledged the default before the learned AO and, accordingly, penalty under

[11] Ranjana Construciton Pvt. Ltd.
[12] Tista Impex Pvt. Ltd.

Section 15HB has been levied on the 5 appellants in appeal No. 763 of 2023 and in respect of both appellants in appeal No. 20 of 2024. In view of this, the charge is upheld. Accordingly, the question is answered in ***affirmative***.

11.1 We note that with respect to non-disclosure of RPT resulting in violation of Section 48 of LODR Regulations penalty of Rs. 5 Lakh has been levied on appellant Nos. 1, 3, 4 and 5 each under Section 15HB of the SEBI Act, while on appellant No. 2, penalty of Rs. 10 Lakhs has been imposed. Penalty under Section 15HB is not specific to a particular violation. In our considered view, the amount of penalty is excessive considering that no such violation has been noticed in the past. In view of this, ends of justice would meet if penalty under Section 15HB is reduced to Rs. 2 Lakh on appellant Nos. 1, 3, 4 and 5. Penalty in case of appellant no. 2 is reduced to Rs. 5 lakhs.

11.2 On the same ground, Appeal No. 20 of 2024 is filed by Mr. Binoy Gupta and Mr. Subrata Kumar Dey, independent directors of the company against the order of the learned AO dated August 23, 2023 imposing penalty of Rs. 2 Lakhs under Section 15HB. It was submitted that the onus of burden of disclosure of RPTs before the Board of directors is on Managing Director, Whole Time Director and CFO and cannot be alleged against the independent directors. It was also submitted that only these two appellants have been charged while other independent directors of the company have been spared. In view of this, it was pleaded to reduce the penalty, being harsh and disproportionate.

11.3 We note that both the appellants were independent directors in the company and as members of audit committee

are required to approve the accounts and financial statements and thus, in the facts of the case, penalty is justified. However, considering that no such violation was noted in the past, penalty in their case is also reduced to Rs. 1 lakh each.

12. The appellants have taken a specific ground of inordinate delay discussed in Para 3.1 and 3.2 above. We find the delay by SEBI in initiating investigation in 2021-22 in respect of loans and advances given between 2008-2011, as inexplicable. We also note that the company was listed in 2009 only, while some of the loans and advances were given prior to listing, which would have been duly disclosed in the Prospectus too, and thus, need not have been subject-matter of investigation after 13 years. SEBI did not examine this and started investigation based on one complaint received in 2021. In our view, SEBI cannot remain complacent and awake only on receipt of a complaint. The regulator should have its own profiling mechanism for examination of financial statements, which are filed by listed companies with the Exchanges on quarterly and annual basis. However, since we have decided the appeal on merit, we are not considering the issue of delay in deciding the appeal.

13. In view of the above, the following: -

ORDER

i. Appeal No. 763 of 2023 and Appeal No. 20 of 2024 are partly allowed.

ii. In ***Appeal No. 763 of 2023***,-

(A) penalty imposed under Section 15HA is set aside qua all appellants.

(B) Penalty under Section 15HB is reduced in case of appellant Nos. 1, 3, 4 and 5 to Rs. 2 lakh each and in case of appellant No. 2 to Rs. 5 Lakhs.

(C) Directions issued in sub-para (ii) to (v) of Para 18 are quashed.

iii. In ***Appeal No. 20 of 2024***

(A) Penalty under Section 15HB in case of appellant Nos. 1 and 2 both, is reduced to Rs. 1 lakh each.

iv. The impugned orders dated July 28, 2023 and August 23, 2023 are set aside.

v. All interlocutory application(s) stand disposed of.

vi. No costs.

Justice P. S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

19.02.2026
PTM

MRS PRAMILA
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