

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER Ref. No. ORDER/JS/RJ/2025-26/ 31748-31752]**

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

| Noticee No. | Name of the Noticee | PAN |
|--------------------|----------------------------|------------|
| 1. | Binny Limited | AAACB2529G |
| 2. | Mr. M. Nandagopal | AADPN2687L |
| 3. | Mr. Arvind Nandagopal | AAFP6259G |
| 4. | Mr. T. Krishnamurthy | AAAPK7442G |
| 5. | Mr. Rajeev Bakshi | AADPB4562D |

In the matter of Binny Limited

1. Binny Limited (hereinafter referred to as '**Noticee No. 1**') is a company listed on BSE Limited (hereinafter referred to as '**BSE**').
2. From the corporate governance reports filed with the BSE for the quarter ended June 2024, it was noted that the following individuals were the directors of Noticee No. 1 during the months of April and May 2024:

Table 1

| S. No. | Name | Category | Date of Appointment |
|---------------|---|--|----------------------------|
| 1. | M. Nandagopal (hereinafter referred to as ' Noticee No. 2 ') | Executive Director, Chairperson, MD | 23/03/1996 |
| 2. | Arvind Nandagopal (hereinafter referred to as ' Noticee No. 3 ') | Managing Director | 06/04/2024 |
| 3. | T. Krishnamurthy (hereinafter referred to as ' Noticee No. 4 ') | Executive Director | 04/09/2021 |
| 4. | Jamuna | Non-Executive - Independent Director | 05/02/2024 |
| 5. | Rajeev Bakshi (hereinafter referred to as ' Noticee No. 5 ') | Non-Executive - Independent Director | 05/02/2024 |
| 6. | Nate Nandha | Non-Executive - Non Independent Director | 30/04/2024 |
| 7. | Sumathi Rameshbabu | Non-Executive - Non Independent Director | 30/04/2024 |
| 8. | Mayilvaganan Ramakrishnan | Non-Executive - Independent Director | 14/05/2024 |
| 9. | Venkataramanan Jayaraman | Non-Executive - Independent Director | 14/05/2024 |

3. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') received various complaints against Noticee No. 1. Accordingly, SEBI conducted an examination *qua* Noticee No. 1 with respect to the allegations pertaining to violation of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**LODR Regulations**') and compliance with the corporate governance norms.
4. After considering the responses received from BSE, Noticee Nos. 2 and 3, SEBI prepared an examination report.
5. The following observations and allegations were, *inter alia*, made against Noticees in the said examination report.
 - (i) Noticee No. 1 was alleged to have violated:
 - (a) Regulations 27(2), 31(1)(b) and 33(d) of the LODR Regulations;
 - (b) Regulation 30(1) read with 30(2) and clause 7 of para A of part A of Schedule III of LODR Regulations and with SEBI Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 (hereinafter referred to as '**SEBI Circular dated July 13, 2023**');;
 - (c) Regulation 30(1) read with 30(2) and clauses 7 and 7A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023;
 - (d) Regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023;
 - (e) Regulation 30(6) read with clause 17(a) of para A of part A of Schedule III of LODR Regulations;
 - (f) Regulation 30(6) read with clause 5A of para A of part A of Schedule III of LODR Regulations and with SEBI Circular dated July 13, 2023;
 - (g) Regulations 4(1)(g) and 4(1)(e) of LODR Regulations; and
 - (h) Regulation 30(6) read with clause 7 of para A of part A of Schedule III of LODR Regulations and with SEBI Circular dated July 13, 2023.
 - (ii) Noticee Nos. 2 to 5 are alleged to have violated regulations 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations.
6. In view of the above, SEBI initiated the instant adjudication proceedings against the Noticees.

Appointment of Adjudicating Officer

7. The undersigned was appointed as Adjudicating Officer (hereinafter referred to as 'AO') in this matter vide communique dated July 09, 2025 under section 15-I of SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'Rules'), to inquire into and adjudge the aforesaid alleged violations committed by the Noticees.

Show Cause Notice, Reply and Hearing

8. Show Cause Notice Ref. No. SEBI/EAD/EAD2/JS/RJ/19407/2025 dated July 21, 2025 (hereinafter referred to as 'SCN'/'Notice') was issued to the Noticees in terms of rule 4(1) of the Rules read with section 15-I of the SEBI Act to show cause as to why an inquiry should not be held against the Noticees and why penalty, if any, should not be imposed on them in terms of the provisions of the sections 15A(b) and 15HB of the SEBI Act for the violations alleged to have been committed by the Noticees.
9. The SCN, *inter alia*, alleged the following:

Allegations against Noticee No.1

A. Non-disclosure of Hon'ble Supreme Court order dated August 04, 2023

- (a) *During the examination, it was observed that Noticee No.1 had not disclosed the order of Hon'ble Supreme Court dated August 04, 2023 wherein it had dismissed the appeal filed against the order of Hon'ble Bombay High Court dated July 04, 2023.*
- (b) *In terms of regulations 30(2) read with clause 20 of para A of part A of Schedule III of LODR Regulations and then applicable SEBI Circular dated September 09, 2015, a listed company shall make necessary disclosure to the stock exchange upon it becoming a party to any litigation. The said provisions also require the listed companies to provide updates until the litigation is concluded.*
- (c) *It was alleged in the examination report that Noticee No.1 did not disclose to the stock exchange the order of Hon'ble Supreme Court dated August 04, 2023.*
- (d) *Accordingly, it was alleged that Noticee No.1 violated regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations.*

B. Delayed disclosure for appointment of forensic auditor

- (e) *Noticee No.1 received an email from SEBI regarding the appointment of a forensic auditor on November 18, 2021. It was observed that Noticee No.1 had made the disclosure to the stock exchange regarding the appointment of a forensic auditor on November 20, 2021.*
- (f) *In terms of regulation 30(6) read with clause 17 of para A of part A of Schedule III of LODR Regulations, the initiation of forensic audit should be intimated to the stock exchange within 24 hours.*

- (g) It was alleged that despite receiving the email from SEBI regarding the appointment of a forensic auditor on November 18, 2021, Noticee No. 1 disclosed the same only on November 20, 2021. Hence, it was alleged that there was a delay of one (1) day in disclosing the initiation of a forensic audit.
- (h) Accordingly, it was alleged that Noticee No. 1 violated regulation 30(6) read with clause 17(a) of para A of part A of Schedule III of LODR Regulations.

C. Delayed disclosure regarding resignation of director, Ms. Nilima Sathya

C.1. Disclosure under LODR Regulations and SEBI Circular dated July 13, 2023

- (i) Ms. Nilima Sathya resigned as the independent director of Noticee No. 1 w.e.f. November 29, 2023. However, Noticee No. 1 disclosed the said information on January 23, 2024, i.e., after 55 days.
- (j) As per regulation 30(6) read with clause 7 of para A of part A of Schedule III of LODR Regulations and with SEBI Circular dated July 13, 2023, resignation of directors and key managerial personnel has to be intimated to stock exchange within 24 hours.
- (k) In this context, it was alleged that Noticee No. 1 had made a delayed disclosure regarding the resignation of Ms. Nilima Sathya.
- (l) Accordingly, it was alleged that Noticee No. 1 violated regulation 30(6) read with clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.

C.2. Failure to intimate Ministry of Corporate Affairs

- (m) During the course of the examination, it was observed that the details of directors of Noticee No. 1 as per the Ministry of Corporate Affairs (hereinafter referred to as 'MCA') database as of December 30, 2024 reflected as under:

Table 2

| Sr. No | DIN/PAN | Name | Designation | Date of Appointment |
|--------|----------|---------------------------|---------------------|---------------------|
| 1 | 00059009 | Nandagopal Arvind | Managing Director | 06/04/2024 |
| 2 | 00058710 | Masilamani Nandagopal | Managing Director | 23/03/1996 |
| 3 | 08066913 | Nilima Sathya | Director | 12/02/2018 |
| 4 | 02661966 | Thangavel Krishnamurthy | Whole-time director | 04/09/2021 |
| 5 | 02661966 | Thangavel Krishnamurthy | CFO | 13/10/2014 |
| 6 | 02775118 | Durai Raja | Director | 14/02/2022 |
| 7 | 02760990 | Venkataramanan Jayaraman | Director | 14/05/2024 |
| 8 | 10426913 | Mayilvaganan Ramakrishnan | Director | 14/05/2024 |
| 9 | 00032253 | Rajeev Bakshi | Additional Director | 05/02/2024 |
| 10 | 01711082 | Sumathi Rameshbabu | Additional Director | 30/04/2024 |
| 11 | 00058969 | Nate Nandha | Additional Director | 30/04/2024 |
| 12 | 10550658 | Jamuna | Additional Director | 05/02/2024 |

- (n) It was observed that despite the resignation of Ms. Nilima Sathya as director w.e.f. November 29, 2023, she was being shown as the director of Noticee No. 1 in the Ministry Of Corporate Affairs (MCA) database until December 30, 2024.
- (o) In this regard, it was alleged that Noticee No. 1 violated regulation 4(1)(g) of LODR Regulations on account of its failure to inform MCA about the resignation of Ms. Nilima Sathya.

D. Submission of contradictory disclosures to stock exchange

- (p) *It was observed that two different versions regarding the outcome of the meeting of the board of directors of Noticee No. 1 dated April 30, 2024, were filed with BSE.*
- (q) *The first version was signed by Noticee No. 2, wherein BSE was, inter alia, informed that Mr. Nate Nandha (son of Noticee No. 2) and Ms. Sumathi Rameshbabu (daughter of Noticee No. 2) were appointed as directors of Noticee No. 1. It was also informed that Noticee No. 5 (Independent Director) and Noticee No. 4 (Executive Director) were asked to step down from the board of directors of Noticee No. 1.*
- (r) *In the second version, Noticee Nos. 3 to 5 issued a clarification on the outcome of the board meeting. It, inter alia, stated that no such board meeting was held on April 30, 2024. Further, Noticee No. 3 submitted that the disclosure made by Noticee No. 2 in the first version was false.*
- (s) *Further, it was observed that Noticee No. 1, through its letter dated June 03, 2024 which was signed by Noticee No. 3, disclosed to BSE on June 05, 2024 that Noticee No. 2 had tendered his resignation as the whole time director of Noticee No. 1. A copy of the resignation letter signed by Noticee No. 2 was also enclosed in the said letter dated June 03, 2024.*
- (t) *Subsequently, a letter dated June 04 2024 signed by Noticee No. 2 was disclosed to BSE on June 05, 2024 wherein Noticee No. 2 stated that he did not recollect signing any resignation letter contrary to the claims made by Noticee No. 3 and he continued to remain as the chairman and managing director of Noticee No. 1.*
- (u) *As per regulation 4(1)(e) of LODR Regulations, a listed entity has to ensure that disseminations made under provisions of LODR Regulations and Circulars made thereunder, are accurate.*
- (v) *In this regard, it was alleged that Noticee No. 1 has submitted contradictory disclosures regarding the outcome of the board meeting dated April 30, 2024 and the resignation of Noticee No. 2.*
- (w) *Accordingly, it was alleged that Noticee No. 1 violated regulation 4(1)(e) of LODR Regulations.*

E. Non-submission of financial statement for the FY 24

- (x) *On perusal of the BSE website, it was noted that Noticee No. 1 had failed to submit its financial statement for the FY 24.*
- (y) *According to regulation 33(d) of LODR Regulations, a listed entity shall submit annual audited standalone financial results for the financial year, within sixty days from the end of the financial year.*
- (z) *In this context, it was alleged that Noticee No.1, by failing to submit its financial statement for the FY 24, violated regulation 33(d) of LODR Regulations.*

F. Non-submission of corporate governance report for the quarter ended September 2024

- (aa) *It was observed in the course of examination that Noticee No. 1 had failed to file the corporate governance report for the quarter ended September 2024.*
- (bb) *In terms of regulation 27(2) of LODR Regulations, a listed entity has to file a quarterly corporate governance report within 21 days from the end of the quarter.*
- (cc) *Accordingly, it was alleged that Noticee No. 1 had failed to file the Corporate Governance Report for the quarter ended September 2024 and thus violated regulation 27(2) of LODR Regulations.*

G. Non-submission of Shareholding pattern for the quarter ended September, 2024

- (dd) *It was found during the examination that Noticee No. 1 failed to submit shareholding pattern for the quarter ended September, 2024.*
- (ee) *It is stated in the examination report that regulation 31(1)(b) of LODR Regulations, inter alia, requires submission of quarterly shareholding pattern within 21 days from the end of the quarter.*
- (ff) *Accordingly, it was alleged that Noticee No. 1 violated regulation 31(1)(b) of LODR Regulations.*

H. Non-submission of disclosures for appointment of directors and CFO under regulation 30 of LODR Regulations

- (gg) *Regulation 30(1) read with 30(2) and clause 7 of Para A of Part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023 require a listed company to make disclosure for any change (appointment as well as resignation) in the director, key managerial personnel (managing director, chief executive officer, chief financial officer, company secretary), senior management, Auditor and Compliance Officer of the listed entity.*
- (hh) *It was observed that though Noticee No. 1 had disclosed the outcome of the board meeting approving the appointment of the directors and Chief Financial Officer, the mandatory disclosures under regulation 30(1) read with 30(2) and clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023 were not filed for the following appointments:*
 - i. *Appointment of Mr. Nate Nandha and Ms. Sumathi Rameshbabu as the directors as disclosed in the outcome of the board meeting dated April 30, 2024;*
 - ii. *Appointment of Mr. Raja Ganapathi as CFO and CS and Compliance Officer as disclosed in the outcome of the board meeting on May 14, 2024;*
 - iii. *Appointment of Mr. Venkataramana and Mr. Mayilvaganana as directors on May 14, 2024 as disclosed in the outcome of the board meeting of July 06, 2024;*
 - iv. *Appointment of Noticee No. 3 as managing director as disclosed on May 01, 2024.*
- (ii) *Accordingly, it was alleged that Noticee No. 1 violated regulation 30(1) read with 30(2) and clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.*

I. Delayed disclosure of agreement between Noticee No. 3 and Noticee No. 1

- (jj) *As per the agreement dated April 15, 2024 executed between Noticee No. 1 and Noticee No. 3, Noticee No. 3 was appointed as the Managing Director. It was observed that the said agreement dated April 15, 2024 was disclosed on May 01, 2024.*
- (kk) *In terms of regulation 30(6) read with clause 5A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023, an agreement where a listed entity is a party has to be disclosed by the listed entity within 12 hours.*
- (ll) *In this regard, it was alleged that there was a delay in the disclosure of the agreement entered between Noticee No. 1 and Noticee No. 3. Accordingly, it was alleged that Noticee No. 1 violated regulation 30(6) read with clause 5A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.*

J. Non-disclosure of orders of Hon'ble Madras High Court

- (mm) Noticee No. 1 was a party to the suit bearing C.S. No. 111 of 2024 before Hon'ble Madras High Court. In the said suit, an interim injunction dated May 16, 2024 was granted by Hon'ble Madras High Court. Thereafter, Hon'ble Madras High Court disposed of the said proceedings vide order dated July 03, 2024.
- (nn) As per regulation 30(1) read with 30(2), clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023, a listed company shall disclose to the stock exchange within 24 hours upon it becoming a party to any litigation. Further, disclosure has to include details of the impact on financial, operational or other activities of the listed entity, pertaining to the order passed. The said provisions also require listed companies to provide updates till the litigation is concluded.
- (oo) It was alleged that Noticee No. 1 did not make the necessary disclosure regarding the interim injunction dated May 16, 2024 of Hon'ble Madras High Court. Further, it was observed that though Noticee No. 1 vide its disclosure dated July 04, 2024 provided a copy of the order dated July 03, 2024 of Hon'ble Madras High Court to the stock exchange, the requisite details in terms of the abovementioned provisions of LODR Regulations and SEBI Circular dated July 13, 2023 were not disclosed to the stock exchange in the said disclosure.
- (pp) Accordingly, it was alleged that Noticee No. 1 failed to disclose the Order of Hon'ble Madras High Court order dated May 16, 2024 and failed to make complete disclosure regarding the order dated July 03, 2024 and thus, violated regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.

K. Non-submission of disclosure for change in statutory auditor

- (qq) Noticee No. 1 vide its disclosure dated February 05, 2024 provided the outcome of the board meeting held on February 05, 2024. In the said disclosure, it had, inter alia, informed about the approval of the resignation of the statutory auditor of Noticee No. 1, M/s Sagar and Associates and the appointment of a new auditor, M/s Venkatesh and Co. as the statutory auditor.
- (rr) Regulation 30(1) read with 30(2) and clause 7 of para A of part A of Schedule III of LODR Regulations requires disclosure for change in the statutory auditor of the company. Further, the SEBI Circular dated July 13, 2023, prescribes details to be disclosed in case of a change of auditor. Furthermore, clause 7A of para A of part A of Schedule III of LODR Regulations prescribed details to be disclosed in case of the resignation of the auditor.
- (ss) It was observed during the examination that no separate disclosure was filed by Noticee No. 1 pursuant to the appointment of a new auditor and resignation of the erstwhile auditor, as required under the aforesaid provision of LODR Regulations.
- (tt) Accordingly, it was alleged that Noticee No. 1 violated regulations 30(1) read with 30(2), clauses 7 and 7A of Para A of Part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.

Role of the Directors

Allegations against Noticee Nos. 2 to 4

- (uu) It was stated in the examination report that Noticee No. 1 violated various provisions of LODR Regulations, however, the major corporate governance issues, viz., filing of contradictory disclosure for the outcome of the board meeting and the resignation of Noticee No. 2 had transpired in the months of April and May, 2024. Further, Noticee No. 5, an independent director had also approached Hon'ble

Madras High Court to seek an interim injunction against the board resolution dated April 30, 2024 during the same period.

- (vv) Regulation 4(2)(f)(ii) specially casts the responsibilities on the board of directors. As per regulation 4(2)(f)(ii)(8) of LODR Regulations, the board of directors of a listed company is responsible for overseeing the process of disclosure and communications. Further, regulations 4(2)(f)(iii)(3) of LODR Regulations require that the board of directors shall act with care, and in the best interest of the listed entity and the shareholders.
- (ww) In this background, it was alleged that the members of the board of directors of Noticee No. 1 during the months of April and May, 2024 were responsible for the overall function of Noticee No. 1 including the compliance with LODR Regulations and corporate governance norms. As per Table 1, Noticee Nos. 2 to 4 were the executive directors of Noticee No. 1 in the months of April and May 2024.
- (xx) In this regard, it was alleged in the examination report that Noticee Nos. 2 to 4, in their capacity of directors of Noticee No.1, failed to ensure proper and fair disclosures with the stock exchange and act in the best interest of the company and its shareholders. Accordingly, Noticee Nos. 2 to 4 were alleged to have violated regulations 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations.

Allegations against Noticee No. 5

- (yy) Noticee No. 5 was appointed as the Non-Executive - Independent Director of Noticee No. 1 w.e.f. February 05, 2024.
- (zz) It has been observed in the examination report that Noticee No. 5 was actively engaged in the affairs of Noticee No. 1. In this regard, the following were observed in the examination report qua Noticee No. 5:
 - (i) Noticee No. 5 filed a complaint before SEBI in the matter;
 - (ii) Noticee No. 5 filed an application before the Hon'ble Madras High Court wherein he, inter alia, had sought a relief of interim injunction against Noticee No. 1, Noticee No. 2, Mr. Nate Nandha (son of Noticee No. 2) and Ms. Sumathi Rameshbabu (daughter of Noticee No. 2) to not act based on the board resolution dated April 30, 2024. Initially an interim injunction was granted by the Hon'ble Madras High Court vide order dated May 16, 2024. However, Hon'ble Madras High Court vide order dated July 03, 2024, vacated the said interim injunction and imposed a cost of Rs 5,00,000/- on Noticee No. 5 and also, ordered an investigation into the affairs of Noticee No. 1 by the Serious Fraud Investigation Office to enquire into the fraudulent activities of the directors, independent directors of Noticee No.1. In the said order, Hon'ble Madras High Court had observed that Noticee No. 5 had suppressed material facts before the court and his bona fide was questionable. In this regard, the Hon'ble High Court noted the following:

“...It has been held that the suit had been instituted suppressing material facts, is therefore fraudulent and moreover, there is active collusion between the plaintiff and the 5 defendant. The plaintiff cannot seek any relief when he has not come to court with clean hands. On this ground also, the relief of injunction will have to be denied to the plaintiff.”
 - (iii) Noticee No. 5 also failed to ensure that requisite disclosure for orders of Hon'ble Madras High Court dated May 16, 2024 and July 03, 2024 were filed with the stock exchange within the stipulated timelines as prescribed in regulation 30(1) read with regulation 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023 by Noticee No. 1.

(aaa) Accordingly, it was alleged in the examination report that Noticee No. 5 was involved in the corporate governance lapses in Noticee No. 1. Therefore, Noticee No. 5 was alleged to have violated regulation 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations.

10. The SCN was duly served upon the Noticees in consonance with the Rules. Noticees submitted their replies on dates as mentioned below:

Table 3

| Noticee No. | Date of Reply |
|--------------------|--|
| Noticee No. 1 | August 26, 2025 and September 12, 2025 |
| Noticee No. 2 | August 28, 2025 |
| Noticee No. 3 | August 29, 2025 |
| Noticee No. 4 | August 19, 2025 and September 08, 2025 |
| Noticee No. 5 | September 05, 2025 |

Subsequently, an opportunity of hearing was granted to Noticees. Mr. Ravi Ramaiya, Authorised Representative of Noticee No.1 to 3 attended the hearing on October 8, 2025 and reiterated the submissions in their replies. Noticee No.4 and Noticee No.5 attended the hearing on October 06, 2025 and October 09, 2025 respectively. Noticees were permitted to file additional replies in the personal hearing.

11. Accordingly, Noticee No. 4 submitted his additional reply on October 08, 2025 and Noticee No. 1 submitted an additional reply on October 16, 2025.

12. The relevant extract of the replies of the Noticees are reproduced as under:

Noticee No. 1:

Para A - Non disclosure of Hon'ble Supreme Court Order dated 04.08.2023

- (a) *The allegation is that the Order of the Supreme Court dismissing an SLP was not disclosed. It is submitted that the Supreme Court order was merely a dismissal of the SLP, which was filed challenging the Order of the Bombay High Court dated 04.07.2023. The Order of the Supreme Court merely confirmed the Order of the Bombay High Court dated 04.07.2023. Therefore, it is submitted that it is not a material litigation within the definition of regulation 30(2) read with para 20 of Para A of Part A of Schedule III of the LODR. The relevant portion if extracted below:*

"Action(s) taken or orders passed by any regulatory, Statutory enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following;

(a) suspension; (b) imposition of fine or penalty; (c) settlement of proceedings; (d) debarment; (e) disqualification; (f) closure of operations; (g) sanctions imposed; (h) warning or caution; or (i) any other similar action(s) by whatever name called;"

- (b) *Therefore, from the above, it is submitted that even as per the above, non-disclosure of dismissal of SLP does not amount to a violation of the above LODR. It was merely an affirmation of the Order of the Bombay High Court.*

Para B - Delayed disclosure for appointment of forensic auditor

- (c) The Company received SEBI's intimation regarding the appointment of a forensic auditor vide physical post, dated 19.11.2021 Immediately upon actual receipt of this physical communication, the company disclosed the appointment of the forensic auditor on 20.11.2021 (within 24 hours of receipt of physical communication).

Para C - Delayed disclosure regarding resignation of Ms. Nilima Sathya

- (d) The resignation of Independent Director Ms. Nilima Sathya was duly approved at the Board Meeting ("BM") held on 29.11.2023, and this was disclosed as part of the BM outcome submitted to the Bombay Stock Exchange ("BSE" or "Stock Exchange") within the prescribed timeline.

Part D - Submission of contradictory disclosures to Stock Exchange

- (e) It is submitted that from the year 2023 onwards, there were several disagreements and disputes between the M Nandagopal family members. These disputes culminated in a board meeting being conducted on 30.04.2024 which became the subject matter of a suit and subsequently an appeal now pending before the Hon'ble High Court. The suit was filed in the wake of a board resolution dated 30.04.2024 which was convened by Nate Nanda and Sumathi Ramesh Babu who are son and daughter of Mr. Nandagopal, the then chairman of the Noticee No. 1 Company.
- (f) The Nomination and Remuneration Committee(NRC) meeting of Noticee No. 1 Company was proposed to be held on 30.04.2024. In the NRC meeting held the following members were first present in the boardroom- The executive chairman M Nandagopal (Noticee number 2 herein), Mr. Arvind Nandagopal (Noticee No. 3 herein) Mr. Rajeev Bakshi (Noticee No. 5 herein), Mr. Krishnamurthy (Noticee No. 4 herein) and another independent director Mrs. Jamuna Sounderam.
- (g) The agenda for the meeting was for appointment of the family members of Noticee No. 2 as directors of the Company, namely Nate Nanda and Sumathi Ramesh Babu and consequent removal of Mr. Rajeev Bakshi and Krishnamurthy. However, since there was opposition from Noticee No.3, 4 and 5 and Mrs. Jamuna Sounderam for these appointments no appointment could have been made on such date. Furthermore, and Noticee No.3, 4 and 5 and Mrs. Jamuna Sounderam left the boardroom before the conclusion of the meeting and therefore requisite majority was not present at the meeting.
- (h) However, as later discovered through BSE, the following misstatements were made and reported to the BSE by Nate Nanda and Sumathi Rameshbabu,
- a) They had stated that Nate Nanda and Sumathi Rameshbabu were appointed as additional directors with majority consent;
 - b) That Mr. Arvind Nandagopal was removed as additional director and Managing director;
 - c) M Nandagopal would remain as managing Director and Executive Chairman;
 - d) Rajeev Bakshi was given a show cause notice and was asked to explain his status as an independent director, failing which he was asked to step down;
 - e) T Krishnamurthy was asked to step down from the Company.
- (i) The Noticee No. 2 then wrote to BSE clarifying the correct position.
- (j) It is this board resolution that was challenged under the provisions of the Companies Act as well as the LODR regulations by Noticee No. 5 Rajeev Bakshi. A suit bearing No. CS 111 of 2024 was filed before the High Court of Madras in May 2024 seeking the following reliefs;

- (i) To declare the board resolution dated 30.04.2024 as null and void and passed without quorum as mandated under the provisions of the Companies Act, 2013;
- (ii) To declare the appointment of Nate Nanda and Sumathi Rameshbabu as the directors of Noticee No. 1 Company as null and void as it is in violation of section 178 of the Companies Act 2013;
- (iii) To declare the board resolution dated 30.04.2024 authorising the M Nandagopal, Nate Nanda and Sumathi Rameshbabu to operate the bank accounts of Noticee no 1 Company as null and void;
- (iv) To declare all in any such undisclosed resolutions action transfers and decisions made based upon the board resolution 03 04.2024 by M Nandagopal, Nate Nanda and Sumathi Rameshbabu as null and void;
- (v) Grant decree of permanent injunction restraining Nate Nanda and Sumathi Rameshbabu from in any manner interfering with operations administration day to day affairs and banking operations of Noticee no 1 Company.

- (k) Noticee No. 5 had also filed for interim injunctions O.A Nos. 360 and 361 of 2024 seeking the following reliefs; The prayer in the said O.A 361 is as follows;

"It is therefore prayed that this Hon'ble Court may be pleased to grant an Order of interim injunction against the 2nd-4th Respondents that not to interfere in the day to day affairs, banking operations of the 1st Respondent, administration and management of the 1st Respondent during the pendency of the present suit and pass such further orders as I may deem fit and proper in the circumstances of the case and thus render justice."

- (l) Consequently, the Hon'ble High Court of Madras passed an order dated 16.05.2024, which reads as follows:

'It is the specific case of the applicant that the BR dated 30.04.2024 has been passed without proper quorum, more particularly, there are no two independent directors who do not have a direct interest in the 1st respondent. The said contention is based on Sections 174 (3) and 178 (2) of the Companies Act, which stipulates that the requisite quorum is necessary for passing resolutions in the Board meetings.

Further, a perusal of the materials on record reveal parts of the earlier BR dated 6.4.2024 has also been linked with in the present BR dated 30.4.2024. The allegations raised by the applicant against respondents 2 to 4 directly has a bearing on the day to-day_ functioning of the 1st respondent as also the welfare of the 1st respondent: in which the public have invested their money in the form of shares. Necessarily, the Directors of the company are bound to protect the interest of the shareholders and the appointment of independent directors is only to oversee that the interest of the public by their investment in the company is not taken for a ride. Non-adhering to the provisions of the Companies Act with regard to conduct of Board Meetings and passing Board Resolutions without adhering to the quorum: which is prescribed only for safeguarding the interest of the company, would have cascading effect on the health and welfare of the company and would direct/ affect the public at large. Any prejudice caused to the functioning of the 1st respondent: by vested interests, such as respondents 2 to 4 who are related to each other would directly affect the 1st respondent.

The issues flagged by the learned senior counsel for the applicant definitely tilts the scales in favour of the applicant and the balance of convenience is also in favour of the applicant. If interim orders are not granted, it would cause irreparable loss to the general public if any acts, detrimental to the interests of

the company are indulged into by respondents 2 to 4. . Therefore, in the interest of justice and balance of convenience also being in favour of the applicant, this Court is inclined to grant an order of interim injunction as prayed for in O.A. No-361/2024.

Accordingly, there shall be an order of interim injunction as against respondents 2 to 4 not to interfere in the day to day affairs, banking operations of the 1st respondent, administration and management of the 1st respondent company pending disposal of the suit. Notice to the respondents returnable in four weeks. Private notice is also permitted.'

- (m) Subsequent to this, a final order came to be passed by the High Court of Madras on 03.07.2024, dismissing the suit on the ground that it had been filed without jurisdiction. The Hon'ble Court further noted that the subject matter of the suit falls within the exclusive jurisdiction of the NCLT and therefore cannot be contested before the High Court. Furthermore, the Hon'ble High Court also directed the Serious Fraud Investigation Office ("SFIO") to investigate against Noticee No. 1,2,3,4 and 5.*
- (n) As against this, the Noticee No.1 Company preferred an appeal, OSA No. 116 of 2024. Several appeals filed by various parties to CS 111 of 2024 was numbered as OSA 115,116,117,118,119,120, 161,171 of 2024. In these appeals, application CMP No. 24465/2024 was made by the company seeking an appointment of a retired judge of the Madras High Court as chairman to supervise the EGM of the Noticee No.1 Company. Vide Order dated 11.11 9024, a division bench of the Hon'ble High Court of Madras noted as follows*

'Though several legal and factual issues have been raised including the maintainability of the suit and other issues, the learned Senior counsels appearing for the respective parties have submitted that the petitioner company is a listed company having more than 11,000 shareholders. It is also admitted that by virtue of the orders passed by the National Company Law Tribunal [NCLT], there is a vacuum and there is no one to administer the day-to-day affairs of the petitioner company. All the parties have no grievance, if a retired Judge is appointed as a chairman to convene and supervise the EGM in the interest of shareholders within a time frame. It is also highlighted by the learned Senior counsel for the petitioner company that the petitioner company should be properly represented in every legal proceedings.

(3) It is in the said circumstances, except the learned counsel appearing for the respondents 3 and 4, all others have no objection for appointment of a retired Judge of this Court as a Chairman for the purpose of convening EGM, so that the shareholders will be in a position to decide as to how and by whom the petitioner company should be administered and who should represent the petitioner company in all the legal proceedings.

(4) The learned counsel for the respondents 3 and 4 submitted that the suit itself is not maintainable as the Civil Court has no jurisdiction by virtue of Section 430 of Companies Act, 2013 and that the suit has become infructuous. Prima facie we are unable to agree with the said submission. This Court is inclined to preserve status quo and the rights and privileges of shareholders for the present.

5) Since the parties herein have requested this Court for appointment of a Chairman to protect the day-to-day affairs and the interest of the shareholders of the petitioner company, this Court is of the view that a retired Judge of this Court can be appointed as Chairman or an Administrator to convene and supervise the EGM of the shareholders of the petitioner company with a further

direction to the Chairman to administer important day-to-day affairs of the petitioner company without taking any policy decision.

- (o) *From the above, it becomes clear that Noticee No. 1 Company came within the control of the Retired Judge of the Madras High Court as Administrator from 11.11.2024 only. Until such time, the question of who constituted the board of directors of the Noticee No. 1 Company was sub-judice before the Hon'ble Madras High Court from May, 2024.*

Therefore, the filing of contrary disclosures was neither wanton nor willful and was solely owing to the difficulties faced by the Company during such period.

- (p) *In any event it is submitted that the said issue is pending before the division bench on the Madras High Court. It is prayed that in order to avoid duplicate finding on facts, the instant matter be kept in abeyance till the disposal of the said appeal before the Hon'ble High Court of Madras.*

Para E - Non- submission of financial statement for the Financial Year 2023-2024

- (q) *Towards the end of the financial year ("FY") 2023-24, many of the Company's Directors resigned, leaving only two Directors on the board, which is below the statutory minimum requirement, under the Companies Act, 2013. Without this minimum statutory requirement, the board was invalidly constituted and legally incapable of undertaking actions.*

- (r) *As stated in paragraph 4 above, owing to the difficulties in the constitution of the board from the month of April, 2024, there was no clarity on the members who constituted the board. As stated earlier, this is the subject matter of OSA 115,116,117,118,119,120, 161,171 of 2024 before the Madras High Court. Therefore, Noticee No. 1 Company was not in a position to submit the financial statements.*

Para F - Non-submission of corporate governance report for the quarter ended September 2024

- (s) *During the relevant period a majority of the Directors resigned, leaving only two Directors on the board, which is below the statutory minimum requirement, under the Companies Act, 2013. Consequently, the board was considered invalidly constituted in law and no valid corporate action could be authorised or approved until its reconstitution.*

- (t) *For this purpose, Noticee No. 1 company preferred an appeal, OSA No. 116 of 2024. Several appeals filed by various parties to CS 111 of 2024 was numbered as OSA 115,116,117,118,119,120, 161,171 of 2024. In these appeals, application CMP No.24465/2024 was made by the Company seeking an appointment of a retired judge of the Madras High Court as chairman to supervise the EGM of the Noticee No 1 Company. Vide Order dated 11.1.2024 a division bench of the Hon'ble High Court of Madras appointed Retd. Justice Sathynarayana as chairman to convene ECM to set up the new board.*

*At the material time of submitting the corporate governance report, the board was not only practically non-functional but legally incapable of passing any resolution or authorising any statutory filing. This falls squarely within the doctrine of *lex non cogit ad impossibilia* ("the law does not compel a person to do that which is impossible"), which has been recognised by Indian courts as a valid defence against penal action where compliance is rendered impossible by operation of law. The same was informed to the BSE over mail dated 13.11.2024 stating the reasons for the non-disclosure.*

- (u) *Given that there was no validly constituted board to authorise and file the Corporate Governance Report, and that this inability was subsequently remedied through court*

intervention, we respectfully submit that the non-filing was not a case of negligence or disregard, but of legal impossibility. Further, it is pertinent to note that the Corporate Governance Report has been duly filed for all previous and subsequent quarters. We therefore request a lenient and proportionate view from SEBI.

Para G -Non-submission of shareholding pattern for the quarter ended September 2024

- (v) During the relevant period, the Company did not have access to the log-in credentials to Bombay Stock Exchange listing center portal ("BSE Portal"). It is to be noted that the existing credentials which was last used to file announcement on 16.08.2024 was with Ex-Director Mrs. Sumati Rameshbabu who resigned on 07.09.2024 and did not share the log in credentials with the Company.
- (w) This was promptly communicated to BSE vide mail dated 13.11.2024. Despite repeated follow-ups, the credentials were only provided on 06.01.2025. During that time there was no board hence shareholding pattern for the quarter ended September 2024 could not be filed. The inability to file was purely due to lack of access, a factor beyond our control. It is also pertinent to note here that the Company had submitted the shareholding pattern for the previous and subsequent quarters. Therefore, we request SEBI to take this into consideration and take a lenient view of the same.

Para H - Non- submission of disclosures for appointment of Directors and CFO

- (x) The appointment of Mr. Nate Nanda and Mrs. Sumathi Ramesh Babu as Directors and Mr. Raja Ganapathi as CFO & CS and compliance officer vide BM dated 30.04.2024 was disclosed in the BM outcome filed thereafter. Further, the appointments of Mr. Venkataramanan & Mr. Mayilvaganan as Directors via the BM dated 14.5.2024 and 06.07.2024, respectively, were also disclosed in the respective BM outcomes that were filed with BSE.
- (y) However, during this period, multiple resignations of board members and internal conflicts rendered the board non-functional with no clear authority to undertake the filings. This directly impacted the ability to submit separate disclosures in the prescribed formats for the said appointments. Moreover, some of these appointees had extremely short tenure, i.e., Mr. Raja resigned on 13.06.2024, Mrs. Sumathi resigned on 07.09.2024, Mr. Nate resigned on 11.09.2024, Mr. Mayilvaganan resigned on 23.09.2024 and Mr. Venkataraman resigned on 23.09.2024.
- (z) As stated in paragraph 4, the pendency of the litigations before the Madras High Court pertaining to the constitution of the board and functioning of the Company, resulted in several difficulties in filing of the said disclosures, as it was uncertain as to which officer of the Company would have had login credentials and the authority to file. Since such a question was sub-judice before the Hon'ble High Court, the Noticee No 1 Company was unable to file.

Para I — Delayed disclosure of agreement between Noticee No. 1 & Noticee No. 3

- (aa) MC Arvind Nandagopal (Notice No. 3) was appointed as Managing Director during the BM held on 06.04.2024 and an agreement was entered into with him on 15.04.2024. The same was disclosed as a part of the BM outcome.
- (bb) The agreement was subsequently disclosed on 01.05.2024. The short delay was an inadvertent oversight, not a deliberate omission, particularly because it was already disclosed as part of the outcome.

Para J — Non-disclosure of orders of Hon'ble Madras High Court

- (cc) The interim order passed by the Madras High Court on 16.05.2024 was duly intimated to the BSE vide mail dated 20.05.2024, with a copy of the order attached. A copy of the said communication is enclosed in Annexure L. However, the same

could not be disclosed in the BSE portal because of not being able to access login credentials.

- (dd) *It is pertinent to note that a mail was sent to BSE on 22.05.2024 requesting a reset of the login credentials for the relevant disclosures to be uploaded. A copy of this request is enclosed as Annexure M. We received the login credentials from BSE vide mail dated 04.06.2024 and thereafter the final order was disclosed.*
 - (ee) *The inability to disclose the interim order earlier was solely due to the lack of access to the BSE portal and the non-functional state of the board at that time.*
- Para K - Non-submission of disclosure for change in statutory auditor*
- (ff) *At the BM dated 05.02.2024, the resignation of the statutory auditor's M/S Sagar and associates and the appointment of M/S Venkatesh and co. as the new statutory auditor was duly approved by the board and was disclosed in the BM outcome filed on the same day.*
 - (gg) *However, at the relevant time, the board was in an unsettled and uncertain state owing to internal differences, which adversely impacted its normal functioning. As a result, a separate disclosure could not be filed. This omission was purely inadvertent and was not intended to withhold or conceal any material information, as the change of auditors had already been publicly disclosed through the BM outcome.*
 - (hh) *In light of the foregoing, we respectfully request SEBI take into consideration the specific facts, extraordinary circumstances, and bona fide explanations provided herein, as well as the corrective measures already initiated by the Company to ensure strict future compliance with all applicable laws and regulations.*
 - (ii) *From the response to the SCN and the representation before the Hon'ble Adjudicating Officer it is evident beyond doubt that all that transpired and resulted in the SCN was pre-dominantly on account of dispute between two sects of the family.*
 - (jj) *We humbly submit that the Company did not do any substantial business during this period and the price of the security also remained range bound between Rs. 150 and Rs. 200.*
 - (kk) *The SCN does not record a single instance of act or violation that would have adversely affected the shareholders.*
 - (ll) *Further, the SCN does not even allege that either of the sects of the family were unjustly benefitted from any of their acts.*
 - (mm) *The instances were trivial and venial and had no impact on the shareholders.*
 - (nn) *From the allegations in the SCN and the response thereto, it can be observed that:*
 - (a) *The SCN does not allege nor have we, or the two sects of the promoter group have made may disproportionate gain or unfair advantage from the issues recorded in the SCN.*
 - (b) *The SCN does not allege nor any loss has been caused to an investor or group of investors because of the issues recorded the SCN.*
 - (c) *The dispute was a one-off case and is not a regular practice and therefore it can be said that the issue is not repetitive.*
 - (oo) *It may further be appreciated that we have a large number of investors in our company other than promoters and any penalty levied upon us would be detrimental to their interest.*

Noticee No. 2:

- (i) *With regards to allegations made in Para 55-58 of the SCN, I respectfully submit that there was no deliberate or wilful intent on my part to act in contravention of the said provisions or to act against the best interests of the Company. Any procedural lapses, including contradictory board meeting disclosures, which was made by me against the*

statements released by Mr. Arvind Nandagopal my younger son only due to the family dispute pressure at that time and the confusing state of the board due to court orders. Delays in filings, or non-disclosures, were purely inadvertent and occurred due to exceptional and challenging circumstances prevailing during the relevant period.

Noticee No. 3:

Para A - Non disclosure of Hon'ble Supreme Court Order dated 04.08.2023

- (a) The allegation is that the Order of the Supreme Court dismissing an SLP was not disclosed. It is submitted that the Supreme Court order was merely a dismissal of the SLP, which was filed challenging the Order of the Bombay High Court dated 04.07.2023. The Order of the Supreme Court merely confirmed the Order of the Bombay High Court dated 04.07.2023. Therefore, it is submitted that it is not a material litigation within the definition of regulation 30(2) read with para 20 of Para A of Part A of Schedule III of the LODR. The relevant portion is extracted below;

"Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- (a) suspension; (b) imposition of fine or penalty; (c) settlement of proceedings; (d) debarment; (e) disqualification; (f) closure of operations; (g) sanctions imposed; (h) warning or caution; or (i) any other similar action(s) by whatever name called;"
- (b) Therefore, from the above, I humbly submit that even as per the above, non-disclosure of dismissal of SLP does not amount to a violation of the above LODR. It was merely an affirmation of the Order of the Bombay High Court dated 04.07.2023, i.e, which is before the SEBI notification.

Para B - Delayed disclosure for appointment of forensic auditor

- (c) The Company informed that they have received SEBI's intimation regarding the appointment of a forensic auditor vide physical post, dated 19.11.2021 and Immediately upon actual receipt of the physical communication, the company disclosed the appointment of the forensic auditor on 20.11.2021 (within 24 hours of receipt of physical communication).

Para C - Delayed disclosure regarding resignation of Ms. Nilima Sathya on 29.11.2023

- (d) I humbly informed you that on 27.11.2023, I have submitted my letter of intention to opting out from the Board of Binny Limited along with a request to relieve me from my position as Director in the Board. So I was not actively participating in the matters of the Company at that time.
- (e) The resignation of Independent Director Ms. Nilima Sathya and my letter of intention of opting out of the Board were duly approved at the Board Meeting ("BM") held on 29.11.2023, and this was disclosed as part of the BM outcome submitted to the Bombay Stock Exchange ("BSE" or "Stock Exchange").

Part D - Submission of contradictory disclosures to Stock Exchange

- (f) It is submitted that from the year 2023 onwards, there were several disagreements and disputes between our family members. These disputes culminated in a board meeting being conducted on 30.04.2024, which became the subject matter of a suit and subsequently an appeal now pending before the Hon'ble High Court. The suit was filed in the wake of a board resolution dated 30.04.2024 which was convened by Mr. Nate Nanda and Mrs. Sumathi Ramesh Babu who are my brother and sister respectively. After that unfortunately due to various court orders some contradictory disclosures filed in the name of my father Shri. M. Nandagopal, who was the Executive

Chairman at that time. The contradictory disclosures were filed by him is purely due to the pressure of my family disputes and all the contradictory statements made by him had been filed with the BSE by Mr. Nate Nanda and Mrs. Sumathi Rameshbabu.

- (g) After the SEBI order dated 30.07.2025, Mr. Nate Nanda and Mrs. Sumathi Rameshbabu both were resigned from the Board of the Company.
- (h) It is pertinent to inform you that after this event my father realised the consequences of the family disputes and to come out of that he willingly transferred all his shares of the Binny Limited to me at the interest of the Company.
- (i) I therefore request a lenient view on this from SEBI.

Para E - Non- submission of financial statement for the Financial Year 2023-2024

- (j) Towards the end of the financial year ("FY") 2023-24, many of the Company's Directors resigned, leaving only two Directors on the board, which is below the statutory minimum requirement, under the Companies Act, 2013. Without this minimum statutory requirement, the board was invalidly constituted and legally incapable of undertaking actions.
- (k) Owing to the difficulties in the constitution of the board from the month of April, 2024, there was no clarity on the members who constituted the board. As stated earlier, this is the subject matter of OSA 115,116,117,118,119,120, 161,171 of 2024 before the Madras High Court. Therefore, the Company was not in a position to submit the financial statements.
- (l) Immediately after getting the SEBI Order dated 31.07.2024, I have submitted my resignation letter to the Board of Binny Limited.

Para F - Non-submission of corporate governance report for the quarter ended September 2024

- (m) As stated above I was not involved with the Company in any capacity during this period and was therefore not in a position to ensure timely filing of the shareholding pattern for the quarter ending September, 2024.

Para G - Non-submission of shareholding pattern for the quarter ended September 2024

- (n) As stated in the introductory paragraphs, I was not involved with the Company in any capacity during the period and was therefore not in a position to ensure timely filing of the shareholding pattern for the quarter ending September, 2024.

Para H - Non- submission of disclosures for appointment of Directors and CFO

- (o) The appointment of Mr. Nate Nanda and Mrs. Sumathi Ramesh Babu as Directors and Mr. Raja Ganapathi as CFO & CS and compliance officer vide BM dated 30.04.2024 was disclosed in the BM outcome filed thereafter. Further, the appointments of Mr. Venkataramanan & Mr. Mayilvaganan as Directors via the BM dated 14.5.2024 and 06.07.2024, respectively, were also disclosed in the respective BM outcomes that were filed with BSE.
- (p) However, during this period, multiple resignations of board members and internal conflicts rendered the board non-functional with no clear authority to undertake the filings. This directly impacted the ability to submit separate disclosures in the prescribed formats for the said appointments.
- (q) As stated in paragraph 4, the pendency of the litigations before the Madras High Court pertaining to the constitution of the board and functioning of the Company, resulted in several difficulties in filing of the said disclosures, as it was uncertain as to which officer of the Company would have had login credentials and the authority to file. Since such a question was sub-judice before the Hon'ble High Court, the Noticee No.1 Company was unable to file.
- (r) I therefore request a lenient and proportionate view from SEBI.

Para I — Delayed disclosure of agreement between Noticee No.1 & Noticee No. 3

- (s) I was appointed as Managing Director during the BM held on 06.04.2024 and an agreement was entered between me and the company on 15.04.2024. The same was disclosed as a part of the BM outcome on that day.
- (t) The agreement was subsequently disclosed on 01.05.2024. The short delay was an inadvertent oversight, not a deliberate omission, particularly because it was already disclosed as part of the outcome.

Para J — Non-disclosure of orders of Hon'ble Madras High Court

- (u) The interim order passed by the Madras High Court on 16.05.2024 was duly intimated to the BSE vide mail dated 20.05.2024, with a copy of the order attached. However, the same could not be disclosed in the BSE portal because of not being able to access login credentials.
- (v) It is pertinent to note that a mail was sent to BSE on 22.05.2024 requesting a reset of the login credentials for the relevant disclosures to be uploaded. We received the login credentials from BSE vide mail dated 04.06.2024 and thereafter the final order was disclosed.
- (w) The inability to disclose the interim order earlier was solely due to the lack of access to the BSE portal and the non-functional state of the board at that time.

Para K - Non-submission of disclosure for change in statutory auditor

- (x) As stated above I was not involved with the Company in any capacity during 28.12.2023 to 05.04.2024 and was therefore not in a position to ensure timely filing of the disclosures for change in the statutory auditors.

Noticee No. 4:

- (a) At the outset it is submitted that I was the CFO and director finance between the period 04.09.2021 to 30.04.2025. The events capturing my removal from the board of Binny Ltd. with effect from 30.04.2025 have been enumerated in the subsequent paragraphs.
- (b) As captured by SEBI in the examination report in para 37, 38 and 39;
It is noted that Binny Limited, a company listed on BSE was being operated as a family run enterprise and the dispute among family members especially those serving on the board of directors have led to a complete disregard for corporate governance norms and provisions of LODR regulations. This is evident from the fact that the KMP's/directors of the company have filed complaints against each other before the SEBI.
- (c) Mr Rajeev Bakshi an independent director of the company has even alleged threat and physical intimidation by a family member during the course of a board meeting dated April 30th 2024 and interference and control of family members from outside.
- (d) Mr.Rajeev Bakshi has also submitted that power tussle is going on between 2 factions of the company divided between M: M Nandagopal and family on one side and Mr. Arvind Nandagopal (son of Mr Nandagopal) on another side.
- (e) From the above therefore it is clear that even the SEBI examination report as well as the show cause notice identifies Notice No 1 company as a family run enterprise. I am not part of the Nandagopal family. I was hired in my professional capacity as a CFO to manage the finances of the Company. Infact, owing to the power tussle between the two factions, I was also removed as a director with effect from 30.04.2024.
- (f) It is submitted that the disputes culminated in a board meeting being conducted on 30.04.2024, which became the subject matter of a suit and subsequently an appeal now pending before the Hon'ble High Court. The suit was filed in the wake of a board

resolution dated 30.04.2024 which was convened by Mr. Nandagopal, the then chairman of the Noticee No. 1 Company.

- (g) The NRC meeting of Noticee No. 1 Company was proposed to be held on 30.04.2024. In the NRC meeting held, the following members were first present in the boardroom- The executive chairman Mr. M Nandagopal (Noticee No. 2 herein), Mr Arvind Nandagopal (Noticee No.3 herein) Mr. Rajeev Bakshi (Noticee No. 5 herein), Mr Krishnamurthy (Noticee No. 4 herein) and another independent director Mrs Jamuna Sounderam.
- (h) The agenda for the meeting was for appointment of the family members of Noticee No. 2 as directors of the Company, namely Mr. Nate Nanda and Mrs. Sumathi Ramesh Babu and consequent removal of Mr. Arvind Nandagopal, Mr. Rajeev Bakshi and Mr. T. Krishnamurthy. However, since there was opposition from Noticee No.3, 4 and 5 and Mrs. Jamuna Sounderam for these appointments, no appointment could have been made on such date. Furthermore, and Noticee No.3, 4 and 5 and Mrs. Jamuna Sounderam left the boardroom before the conclusion of the meeting and therefore requisite majority was not present at the meeting.
- (i) However, as later discovered through BSE, the following mis-statements were made and reported to the BSE by Nate Nanda and Sumathi Rameshbabu;
 - (a) They had stated that Mr.Nate Nanda and Mrs.Sumathi Rameshbabu were appointed as additional directors with majority consent;
 - (b) That Mr. Arvind Nandagopal was removed as additional director and Managing director;
 - (c) Mr. M Nandagopal would remain as managing Director and Executive Chairman;
 - (d) Rajeev Bakshi was given a show cause notice and was asked to explain his status as an independent director, failing which he was asked to step down;
 - (e) T Krishnamurthy was asked to step down from the Company.
- (j) It is this board resolution that was challenged under the provisions of the Companies Act as well as the LODR Regulations by Noticee No. 5 Rajeev Bakshi. A suit bearing No. CS III of 2024 was filed before the High Court of Madras in May 2024 seeking the following reliefs;
 - (a) To declare the board resolution dated 30.04.2024 as null and void and passed without quorum as mandated under the provisions of the Companies Act 2013;
 - (b) To declare the appointment of Mr. Nate Nanda and Mrs. Sumathi Rameshbabu as the directors of Noticee no 1 Company as null and void as it is in violation of section 178 of the Companies Act 2013;
 - (c) To declare the board resolution dated 30.04.2024 authorising the M Nandagopal, Nate Nanda and Sumathi Rameshbabu to operate the bank accounts of Noticee no 1 Company as null and void;
 - (d) To declare all in any such undisclosed resolutions action transfers and decisions made based upon the board resolution 03.04.2024 by Mr. M Nandagopal, Mr. Nate Nanda and Mrs. Sumathi Rameshbabu as null and void;
 - (e) Grant decree of permanent injunction restraining Mr. Nate Nanda and Mrs. Sumathi Rameshbabu from in any manner interfering with operations administration day to day affairs and banking operations of Noticee No. 1 Company.

- (k) Noticee No. 5 had also filed for interim injunctions OA Nos. 360 and 361 of 2024 seeking the following reliefs; The prayer in the said O.A 361 is as follows;
"It is therefore prayed that this Hon'ble Court may be pleased to grant an Order of interim injunction against the 2nd-4th Respondents that not to interfere in the day-to-day affairs, banking operations of the Respondent, administration and management of the 1st Respondent during the pendency of the present suit and pass such further orders as I may deem fit and proper in the circumstances of the case and thus render justice."
- (l) Consequently, the Hon'ble High Court of Madras passed an order dated 16.05.2024, which reads as follows;
'It is the specific case of the applicant that the BR dated 30.04.2024 has been passed without proper quorum, more particularly, there are no two independent directors who do not have a direct interest in the 1st respondent. The said contention is based on Sections 174 (3) and 178 (2) of the Companies Act, which stipulates that the requisite quorum is necessary for passing resolutions in the Board meetings. Il. 11. Further, a perusal of the materials on record reveal parts of the earlier BR dated 6.4.2024 has also been linked with in the present BR dated 30.4.2024. The allegations raised by the applicant against respondents 2 to 4 directly has a bearing on the day-to-day functioning of the 1st respondent as also the welfare of the 1st respondent, in which the public have invested their money in the form of shares. Necessarily, the Directors of the company are bound to protect the interest of the shareholders and the appointment of independent directors is only to oversee that the interest of the public by their investment in the company is not taken or a ride. Non-adhering to the provisions of the Companies Act with regard to conduct of Board Meetings and passing Board Resolutions without adhering to the quorum which is prescribed only for safeguarding the interest of the company, would have cascading effect on the health and welfare of the company and would directly affect the public at large. Any prejudice caused to the functioning of the 1st respondent, by vested interests, such as respondents 2 to 4, who are related to each other would directly affect the 1st respondent.
12. The issues flagged by the learned senior counsel for the applicant definitely tilts the scales in favour of the applicant and the balance of convenience is also in favour of the applicant. If interim orders are not granted, it would cause irreparable loss to the general public if any acts, detrimental to the interests of the company are indulged into by respondents 2 to 4. Therefore, in the interest of justice and balance of convenience also being in favour of the applicant, this Court is inclined to grant an order of interim injunction as prayed for in O.A. No. 361/2024.
13. Accordingly, there shall be an order of interim injunction as against respondents 2 to 4 not to interfere in the day to day affairs, banking operations of the 1st respondent, administration and management of the 1st respondent company pending disposal of the suit. Notice to the respondents returnable in four weeks. Private notice is also permitted.
- (m) Therefore, while the Hon'ble High Court stayed the interference of Mr. Nate Nanda and Mrs. Sumathi Rameshbabu in the day-to-day affairs of the Company, there was no express stay on my removal as a director pursuant to the board meeting dated 30.04.2024.

- (n) Subsequent to this, a final order came to be passed by the High Court of Madras on 03.07.2024, dismissing the suit on the ground that it had been filed without jurisdiction. The Hon'ble Court further noted that the subject matter of the suit falls within the exclusive jurisdiction of the NCLT and therefore cannot be contested before the High Court. Furthermore, the Hon'ble High Court also directed the Serious Fraud Investigation Office to investigate against Noticee No. 1,2,3,4 and 5.
- (o) 13. As against this a limited appeal was preferred by me before the division bench of Madras in OSA 161 of 2024, wherein I only challenged the direction of the Ld. Single Judge calling upon the SFIO to investigate me. It is crucial to note that my removal from the board of Noticee No.1 pursuant to the board resolution dated 30.04.2024 was not challenged. Vide Order dated 09.09.2024, the Hon'ble High Court passed the following order CMP 19716 of 2024 in OSA 161 of 2024;
- ‘It is the grievance of the appellant, who is the 6th defendant, that his name has also been referred to, even though there is no allegation as against the 6th defendant/appellant in the whole proceedings. The appellant has not only expressed his grievance, but also has an apprehension that this may be reason why he will be implicated as if this Court has found a prima facie case involving the appellant in the alleged misappropriation.
- 4.Hence, this Court grants an order of stay of operation of Para No. 168 of the impugned order, dated 03.07.2024, strictly as regards the appellant/6th defendant.’
- (p) It is further crucial to mention that SEBI had passed an Order dated 31.07.2024, by way of which the following directions were passed against Mr. T Krishnamurthy.
- (a) “A penalty amount of Rs. 6,00,00,000/- under Section 15HA and 15HB of the SEBI Act.
- (b) Noticees 1, 2, 3 and 6 are debarred from accessing the securities market and are also prohibited from buying, selling and otherwise dealing in the securities market, directly or indirectly, in any manner whatsoever, for a period of three years from the date of this order.
- (c) Noticees 2, 3 and 6 are further restrained from being associated with any listed company or a SEBI registered intermediary, in any capacity.
- (q) I challenged the above order, for the limited purpose of staying directions (i) and (ii) above. Therefore, even as per the SEBI Order, I am not permitted to act as a director or CFO or in any other capacity with the Noticee No. 1 Company.
- (r) In light of the above, it is submitted that I was not involved with the Company from 30.04.2024 till date in any capacity.
- (s) At the outset, it is clarified that although most of the allegations are directly against Noticee No. 1, I have provided answers to the same.

Para A: Non-disclosure of Supreme Court Order:

- (t) The allegation is that the Order of the Supreme Court dismissing an SLP was not disclosed. It is submitted that the Supreme Court order was merely a dismissal of the SLP, which was filed challenging the Order of the Bombay High Court dated 04.07.2023. The Order of the Supreme Court merely confirmed the Order of the Bombay High Court dated 04.07.2023. Therefore, it is submitted that it is not a material litigation within the definition of regulation 30(2) read with para 20 of Para A of Part A of Schedule III of the LODR. The relevant portion if extracted below;
- "Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

(a) suspension; (b) imposition of fine or penalty; (c) settlement of proceedings; (d) debarment; (e) disqualification; (f) closure of operations; (g) sanctions imposed; (h) warning or caution; or (i) any other similar action(s) by whatever name called;"

- (u) Therefore, from the above, it is submitted that even as per the above, non-disclosure of dismissal of SLP does not amount to a violation of the above LODR. It was merely an affirmation of the Order of the Bombay High Court.

Para B- Delayed disclosure of appointment of Forensic auditor:

- (v) The Company received SEBI's intimation regarding the appointment of a forensic auditor vide physical post, dated 19.11.2021. Immediately upon actual receipt of this physical communication, the company disclosed the appointment of the forensic auditor on 20.11.2021 (within 24 hours of the receipt of the physical communication).

Para C - Delayed disclosure regarding resignation of Ms. Nilima Sathya

- (w) The resignation of Independent Director Ms. Nilima Sathya was duly approved at the Board Meeting held on 29.11.2023, and this was disclosed as part of the BM outcome submitted to the Bombay Stock Exchange ("BSE" or "Stock Exchange") within the prescribed timeline.
- (x) The intimation regarding the resignation to the Ministry of Corporate Affairs ("MCA") via Form DIR-12 could not be filed within the prescribed time due to various administrative reasons which have been explained to BSE and the Registrar of companies.

Part D - Submission of contradictory disclosures to Stock Exchange

- (y) The allegation of contrary findings and disclosures to the Stock Exchange are owing to the series of events following the board meeting dated 30.04.2024. These have been elaborated in the introductory paragraphs and the I seek to adopt the same. In any event, during the period I was not involved with the Company in any capacity.

Para E - Non- submission of financial statement for the Financial Year 2023-2024

- (z) As stated in the introductory paragraphs, I was not involved with the Company in any capacity during the period and was therefore not in a position to ensure timely filing of financial statements. The last date for filing of the financial statements is 30.05.2024. My removal from the board was further re-confirmed by way of the board meeting dated 14.05.2024.

Para F - Non-submission of corporate governance report for the quarter ended September 2024.

- (aa) As stated in the introductory paragraphs, I was not involved with the Company in any capacity during the period and was therefore not in a position to ensure timely filing of the corporate governance report.
- (bb) Due to the internal conflicts persisting in the board during this period, the Company filed an application before the Hon'ble Madras High Court (OSA.No.116/2024) seeking judicial intervention to appoint an administrator to convene the extraordinary general meeting ("EGM") and facilitate the re-constitution of the board. The Court, vide its order dated 11.11.2024, appointed Mr. Satyanarayana as Chairman, authorized to convene and supervise the EGM and oversee the formation of the new board.
- (cc) At the material time of submitting the corporate governance report, the board was not only practically non-functional but legally incapable of passing any resolution or authorizing any statutory filing.
- (dd) Given that there was no validly constituted board to authorize and file the Corporate Governance Report, and that this inability was subsequently remedied through court intervention, we respectfully submit that the non-filing was not a case of negligence

or disregard, but of legal impossibility. Further it is pertinent to note that the Corporate Governance Report has been duly filed for all previous and subsequent quarters.

Para G - Non-submission of shareholding pattern for the quarter ended September 2024

- (ee) As stated in the introductory paragraphs, I was not involved with the Company in any capacity during the period and was therefore not in a position to ensure timely filing of the shareholding pattern for the quarter ending September, 2024.

Para H: Non submission of disclosures for appointment of directors and CFO under regulation 30 of LODR:

- (ff) As stated in the introductory paragraphs, I was not involved with the Company in any capacity during the period and was therefore not in a position to submit disclosures during this period.

Para I -Delayed disclosure of agreement between Noticee No.1 & Noticee No. 3

- (gg) As stated in the introductory paragraphs, I was not involved with the Company in any capacity during the period and was therefore not in a position to submit disclosures during this period.

Para J — Non-disclosure of orders of Hon'ble Madras High Court

- (hh) As stated in the introductory paragraphs, I was not involved with the Company in any capacity during the period and was therefore not in a position to submit disclosures during this period.

Para K - Non-submission of disclosure for change in statutory auditor

- (ii) At the BIM dated 05.02.2024, the resignation of the statutory auditor's M/S Sagar and associates and the appointment of M/s Venkatesh and co. as the new statutory auditor was duly approved by the board and was disclosed in the BM outcome filed on the same day.
- (jj) However, at the relevant time, the board was in an unsettled and uncertain state owing to internal differences, which adversely impacted its normal functioning. As a result, a separate disclosure could not be filed. This omission was purely inadvertent and was not intended to withhold or conceal any material information, as the change of auditors had already been publicly disclosed through the BM outcome. In light of the above, we request SEBI to consider these circumstances and take a lenient view of the matter.
- (kk) As stated in paragraphs 55-58 of the show cause notice, it is only the board of directors who are responsible for the functioning of the Company in the month of April and May. However, as stated, I was removed as a director and CFO pursuant to the meeting dated 30.04.2024 and was therefore not responsible in any way for the internal conflicts of the Company.
- (ll) Mr. Ananda Narayan Prabhudesai was appointed as President Finance in the year 2023. And I was sidelined and kept away from functioning as CFO. Only on paper I remained as CFO and the newly appointed person Mr. Anand Narayan Prabhudesai was put in charge of entire finance department.
- (mm) Mr. Ananda Narayan Prabhudesai was made to report directly to CMD and CEO of the company, please see paragraph four of his appointment order dated 23.03.2025. And copy of the said appointment order is attached.
- (nn) Therefore, it is only the Board of Directors and the newly appointed President Finance Mr. Ananda Narayan Prabhudesai are only responsible for the affairs of the company, and the omission is attributable to them only.
- (oo) In light of the above it is most humbly submitted that the I was in no position involved with the Company and therefore should not be held liable under regulations 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of the LODR.

Noticee No.5:

- (a) *I was appointed as a Non-Executive Independent Director of Binny Limited (the Company/Noticee No. 1) on February 5, 2024, since then I continue to fight for the corporate governance and for upholding the interest of minority in the listed Company Binny Ltd.*
- (b) *I categorically deny all allegations levelled against me in the SCN, particularly in Paragraphs 59-67, which attribute violations of LODR Regulations 30(1) read with 30(2) and Clause 20 of Para A of Part A of Schedule III; Regulation 30(1) read with 30(2) and Clause 7 & 7A of Para A of Part A of Schedule III; and other related provisions for me being an Independent Director.*
- (c) *I say with respect that these allegations against me are misconceived, baseless, and arise from a selective interpretation of facts, ignoring my role as a whistle blower and victim of the very mismanagement cited in the SCN.*
- (d) *As detailed below, I am myself aggrieved by the conduct of the other Noticees (the wrongdoers), including M. Nandagopal (Noticee No. 2), Arvind Nandagopal (Noticee No. 3), T. Krishnamurthy (Noticee No. 4), and associated entities like SPR Construction Private Limited (SPR) and its Managing Director, Mr. Hitesh P. Kawad. Their actions have involved fraud, oppression, mismanagement, and violations of securities laws, prejudicing minority shareholders (holding approximately 25.32% stake in the Company). To seek redressal of the ongoing fraud of these persons, I have approached the Division Bench of the Madras High Court in O.S.A. No. 116 of 2024 (along with connected matters like C.M.P. No. 24472 of 2024 and O.A. No. 360 of 2024), where I have filed appeals, affidavits, and petitions alleging serious irregularities by the Company's management. These proceedings echo parallel petitions filed by other minority shareholders, such as Atul Gulati and 102 others, before the National Company Law Tribunal (NCLT), Chennai Bench, under Sections 241-242, 245, and 213 read with 244 of the Companies Act, 2013.*
- (e) *In these filings, it is sought there must be an appointment of an administrator to supersede the unlawfully constituted board, declaration of invalid board resolutions (e.g., dated April 30, 2024), and interim injunctions against prejudicial actions. The SCN's focus on procedural non-disclosures during April-May 2024 overlooks the systemic fraud perpetrated by the wrongdoers, which I actively opposed during my tenure.*
- (f) *Rather than penalizing me, SEBI should expand its investigation into the other Noticees under the SEBI Act, 1992, and related regulations, as substantiated by SEBI's own forensic audit and court records. Below, I outline the summary, key grounds for such an investigation, and my defense against the SCN's allegations.*
- (g) *There is clear evidence of large-scale fraud, diversion of funds, insider trading, gross mismanagement, and oppression of minority shareholders in Binny Limited, with the Company's assets and funds allegedly siphoned off via collusion between promoter-family members (e.g., Noticees Nos. 2-3), SPR, and complicit board members (e.g., Noticee No. 4). SEBI's earlier forensic audit (final order dated July 31, 2024) already found fund diversion of over Rs. 706.03 crores, and subsequent events including board composition changes orchestrated through procedural violations further reinforce the need for urgent and comprehensive SEBI investigation, including action under the Companies Act, 2013, SEBI Act, 1992, and regulations like SAST, PIT, LODR, and PFUTP.*
- (h) *As an Independent Director, I have been prejudiced by these actions, leading to my court filings for protection of public interest. The SCN's allegations against me stem*

from the wrongdoers' suppression of information, which I could not rectify due to my limited access.

Defense Against Allegations in Paragraphs 59-67 of the SCN

- (i) *Paragraphs 59-67 of the SCN allege that, during my tenure as Independent Director (February 5, 2024 onwards), I failed to ensure compliance with LODR Regulations concerning disclosures to the stock exchange (BSE) about the Hon'ble Supreme Court order dated August 4, 2023 (dismissing an appeal against the Bombay High Court order of July 4, 2023), and related board resolutions/actions. Specifically:*
- Non-Disclosure of Supreme Court Order (Regulation 30(1) read with 30(2) and Clause 20 of Para A of Schedule III): The SCN claims the Company did not disclose the August 4, 2023, order, which pertained to non-disclosure of a prior Bombay High Court order.*
 - Violation of Disclosure Requirements (Clauses 7 & 7A of Para A of Schedule III): Alleged failure to disclose board changes and resolutions promptly.*
- I submit that:*
- (j) *My appointment on February 5, 2024, post-dated the Supreme Court order by nearly six months. As an Independent Director under Schedule IV of the Companies Act, 2013, I was not privy to prior non-disclosures and relied on management certifications (provided by Noticees Nos. 2-3) that all compliances were in order. Upon discovering irregularities, I raised objections in board meetings on April 30, 2024, citing conflicts and mismanagement.*
- (k) *During April-May 2024, the board was unlawfully reconstituted through a flawed EGM process (November 19-20, 2024), violating Sections 160, 149(4), and 173(3) of the Companies Act, 2013, and LODR Regulations 19 and 25. Resolutions passed (e.g., authorizing bank operations) were null and void due to lack of quorum and SEBI directive violations, as affirmed in my High Court affidavit. I had no control over disclosures, as my communications were blocked (e.g., emails bounced).*
- (l) *The non-disclosures were deliberate acts by the wrongdoers to conceal fund diversions and asset dilution, not attributable to me. SEBI's forensic audit confirms Rs. 706.03 crores diverted to fictitious vendors and related parties like Mohan Breweries and Distilleries Ltd. (MBDL), without my involvement.*
- (m) *I acted diligently to safeguard stakeholders, including by filing court petitions for transparency. Penalizing me would discourage whistle blowers and ignore the root cause: the wrongdoers' fraud.*

Issues

13. After careful perusal of the material on record, I note that the issues that arise for consideration in the present case are as follows:

- I. Whether Noticee No. 1 failed to disclose the order of Hon'ble Supreme Court dated August 04, 2023 to the stock exchange and thereby, violated regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations?
- II. Whether Noticee No. 1 made delayed disclosure for appointment of forensic auditor to the stock exchange and thereby, violated regulation 30(6) read with clause 17(a) of para A of part A of Schedule III of LODR Regulations?

- III. Whether Noticee No. 1 made delayed disclosure regarding resignation of its director, Ms. Nilima Sathya to the stock exchange and thereby, violated regulation 30(6) read with clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023?
- IV. Whether Noticee No. 1 failed to intimate the MCA regarding the resignation of its director, Ms. Nilima Sathya and thereby, violated regulation 4(1)(g) of LODR Regulations?
- V. Whether Noticee No. 1 submitted contradictory disclosures to the stock exchange and thereby, violated regulation 4(1)(e) of LODR Regulations?
- VI. Whether Noticee No. 1 failed to submit financial statement for FY 24, corporate governance report for the quarter ended September 2024 and shareholding pattern for the quarter ended September, 2024 and thereby, violated regulation 27(2), 33(d) and 31(1)(b) of LODR Regulations?
- VII. Whether Noticee No. 1 failed to submit disclosures for appointment of directors and CFO to the stock exchange and thereby, regulations 30(1) read with 30(2) and clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023?
- VIII. Whether Noticee No. 1 made delayed disclosure of agreement between Noticee No. 3 and Noticee No. 1 to the stock exchange and thereby, violated regulation 30(6) read with clause 5A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023?
- IX. Whether Noticee No. 1 failed to disclose orders of Hon'ble Madras High Court to the stock exchange and thereby, violated regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023?
- X. Whether Noticee No. 1 failed to disclose change in statutory auditor to the stock exchange and thereby, violated regulations 30(1) read with 30(2), clauses 7 and 7A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023?
- XI. Whether Noticee Nos. 2 to 4, in their capacity of directors of Noticee No.1, failed to ensure proper and fair disclosures with the stock exchange and act in the best interest of the company and its shareholders and thereby, violated regulations 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations?

- XII. Whether Noticee No. 5, in his capacity of director of Noticee No.1, is liable for the corporate governance lapses in Noticee No. 1 and thereby, violated regulations 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations?
- XIII. Does the violation, if any, on the part of Noticees attract a monetary penalty under sections 15A(b) and 15HB of the SEBI Act?
- XIV. If so, what would be the monetary penalty that can be imposed upon Noticees taking into consideration the factors stipulated in section 15J of the SEBI Act?

14. The relevant extracts of the provisions of law, allegedly violated by Noticee, are mentioned under:

Regulation 4: Principles governing disclosures and obligations.

“(1) The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:

.....

(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.

.....

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable....

(2) The listed entity which has listed its specified securities shall comply with the corporate governance provisions as specified in chapter IV which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below.

...

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

...

(ii) Key functions of the board of directors:

...

(8) Overseeing the process of disclosure and communications.

...

(iii) Other responsibilities:

...

(3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders....”

Regulation 27: Other corporate governance requirements.

“...

(2) (a) The listed entity shall submit a quarterly compliance report on corporate governance in the format as specified by the Board from time to time to the recognised stock exchange(s) within twenty one days from the end of each quarter...”

Regulation 30: Disclosure of events or information

“(1) Every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.

(2) Events specified in Para A of Part A of Schedule III are deemed to be material events and listed entity shall make disclosure of such events.

....

(6) The listed entity shall first disclose to the stock exchange(s) all events or information which are material in terms of the provisions of this regulation as soon as reasonably possible and in any case not later than the following:

(i) thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken;

(ii) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity;

(iii) twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity...”

Regulation 31: Holding of specified securities and shareholding pattern.

“(1) The listed entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, in the format specified by the Board from time to time within the following timelines –

(a) one day prior to listing of its securities on the stock exchange(s);

(b) on a quarterly basis, within twenty one days from the end of each quarter...”

Regulation 33: Financial Results

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

.....

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

Schedule III Part A: Disclosures Of Events Or Information: Specified Securities

“A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):

.....

5A. Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:

Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these regulations.

....

7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer.

(7A) In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.

.....

(7C) In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect....

(17) Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:

a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;

b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any....

(20) Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity....”

SEBI Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 on Disclosure of material events / information by listed entities under Regulations 30 and 30A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

“Table I: Timeline for disclosure of events specified in Part A of Schedule III of the LODR Regulations

| <u>Para/sub-para</u> | <u>Events</u> | <u>Timeline for disclosure</u> |
|----------------------|---|---|
| A. | Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30): | |
| | | |
| 7. | Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer. | Within 12 hours (except in case resignation); Within 24 hours (in case of resignation) |

.....”

.....

Consideration

I. Whether Noticee No. 1 failed to disclose the order of Hon'ble Supreme Court dated August 04, 2023 to the stock exchange and thereby, violated regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations?

15. It was alleged in the SCN that Noticee No.1 failed to disclose the order of the Hon'ble Supreme Court dated August 04, 2023 to the stock exchange as required under regulations 30(2) read with clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated September 09, 2015.

16. It is admitted that Noticee No.1 did not disclose the order of Hon'ble Supreme Court dated August 04, 2023 to the stock exchange wherein the appeal was filed against the Hon'ble Bombay High Court's order dated July 04, 2023 which was dismissed. The said appeal challenged the order upholding the rejection of the settlement applications by SEBI.

17. Noticee No. 1 contended that the said order of Hon'ble Supreme Court was a mere dismissal of the Special Leave Petition which was filed against the order dated July 04, 2023 of the Hon'ble Bombay High Court and hence, it was not a material litigation. In this regard, I note that regulation 30(2) of LODR Regulations provides that events specified in para A of part A of Schedule III are deemed to be material events and the listed entity shall make disclosure of such events. Under the extant scheme of LODR Regulations, it is not open for the entity to determine the materiality of events falling under para A of part A of Schedule III. In this context, I note that clause 20 of paragraph A of part A of Schedule III, *inter alia*, includes orders passed by a judicial body in relation to the listed entity or its directors in respect of the settlement of proceedings. It is not in dispute that the order of the Hon'ble Supreme Court dated August 04, 2023 was in relation to the rejection of settlement applications by SEBI. Therefore, irrespective of the nature of the order, it was incumbent on the Noticee No. 1 to disclose the order of Hon'ble Supreme Court dated August 04, 2023 in terms of clause 20 of para A of part A of Schedule III of LODR Regulations which admittedly was not done. Consequently, this contention of the Noticees is bereft of merit and is accordingly rejected.

18. In light of the foregoing, I conclude that Noticee No.1 violated regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations.

II. Whether Noticee No. 1 made delayed disclosure regarding the initiation of forensic audit to the stock exchange and thereby, violated regulation 30(6) read with clause 17(a) of para A of part A of Schedule III of LODR Regulations?

19. It was alleged that Noticee No.1 received an email from SEBI regarding the appointment of a forensic auditor on November 18, 2021. However, Noticee No.1 disclosed the appointment of a forensic auditor to the stock exchange only on November 20, 2021, which was beyond the timelines stipulated under the LODR Regulations.

20. Noticee No. 1 contended that the letter regarding the appointment of a forensic auditor was received on November 19, 2021 and the disclosure was made on November 20, 2021. In this regard, I note that the initiation of a forensic audit constitutes a material development in terms of regulation 30(6) read with clause 17 of A of Part A of Schedule III of the LODR Regulations. The LODR Regulations further mandate that the initiation of a forensic audit has to be disseminated to the stock exchanges within 24 hours. In this regard, I note that SEBI had sent an email dated November 18, 2021 to Noticee No. 1 regarding the initiation of forensic audit. I further note that the receipt of the email dated November 18, 2021 of SEBI, which contained information regarding the initiation of a forensic audit, has not been disputed by Noticee No. 1. As a natural corollary, it is evident that Noticee No. 1 had information regarding the initiation of a forensic audit on November 18, 2021. Consequently, Noticee No. 1 was under an obligation to inform the stock exchange about the initiation of a forensic audit within 24 hours, i.e., by November 19, 2021. However, Noticee No. 1 made the necessary disclosure *qua* the initiation of a forensic audit only on November 20, 2021, beyond the prescribed statutory threshold.

21. Accordingly, Noticee No. 1 violated regulation 30(6) read with clause 17(a) of para A of part A of Schedule III of LODR Regulations.

III. Whether Noticee No. 1 made delayed disclosure regarding resignation of its director, Ms. Nilima Sathya and thereby, violated regulation 30(6) read with

clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023?

22. Ms. Nilima Sathya resigned as the independent director of Noticee No. 1, effective from November 29, 2023. It was alleged in the SCN that Noticee No. 1 made a delayed disclosure regarding her resignation, as this information was only disclosed on January 23, 2024, i.e., 55 days after the effective date.
23. Noticee No. 1 has contended that disclosure regarding the resignation of Ms. Nilima Sathya was duly made on the date resignation was approved by the board of Noticee No. 1, i.e., on November 29, 2023. In support of its assertion, Noticee No. 1 provided a copy of the letter dated November 29, 2023 containing the 'Outcome Of The Board Meeting Held On 29th November 2023'. I note that the said letter dated November 29, 2023 merely communicates about the resignation of Ms. Nilima Sathya without providing the reasons thereof, as required under regulation 30(6) read with clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023. Therefore, the disclosure dated November 29, 2023 cannot be considered as compliance with the mandate of LODR Regulations, as it lacked material information regarding the reason for the resignation of the said director.
24. Further, it is a fact that Noticee No. 1 subsequently made an additional disclosure dated January 23, 2024, which contained reasons for the resignation of Ms. Nilima Sathya. This subsequent disclosure implicitly demonstrates that Noticee No. 1 was aware that the initial disclosure was incomplete and non-compliant with the mandate of regulation 30(6) read with clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023. Had the first disclosure been complete and proper, there would have been no necessity on the part of Noticee No. 1 to make the second disclosure. This clearly undermines the argument of the Noticee No. 1 that the necessary disclosure was made on November 29, 2023. Thus, this submission of Noticee No. 1 appears to be an afterthought and hence, rejected.
25. In view of the above, I find that Noticee No. 1 had violated regulation 30(6) read with clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.

IV. Whether Noticee No. 1 failed to intimate the MCA regarding the resignation of its director, Ms. Nilima Sathya and thereby, violated regulation 4(1)(g) of LODR Regulations?

26. It was alleged in the SCN that despite the resignation of Ms. Nilima Sathya as director with effect from November 29, 2023, she was shown as a director of Noticee No. 1 in the MCA database until December 30, 2024.

27. I note that Noticee No. 1 admitted that it failed to intimate the MCA *qua* the resignation of Ms. Nilima Sathya promptly. Although Noticee No. 1 stated that it subsequently took corrective actions, it is noted that the subsequent compliance, if any, can in no manner exonerate the Noticee No. 1 from the present violations.

28. Therefore, I conclude that Noticee No. 1 failed to inform the MCA about the resignation of its director, Ms. Nilima Sathya, in a timely manner. Consequently, Noticee No. 1 had violated regulation 4(1)(g) of LODR Regulations.

V. Whether Noticee No. 1 submitted contradictory disclosures to the stock exchange and thereby, violated regulation 4(1)(e) of LODR Regulations?

29. It was alleged that two conflicting versions regarding the outcome of the board meeting of Noticee No. 1 dated April 30, 2024, were filed with BSE. The first version was signed by Noticee No. 2, wherein BSE was, *inter alia*, informed that Mr. Nate Nandha and Ms. Sumathi Rameshbabu were appointed as directors of Noticee No. 1. It was also informed that Noticee No. 4 and Noticee No. 5 were asked to step down from the board of Noticee No. 1. While in the second version, Noticee Nos. 3 to 5 issued a clarification on the outcome of the board meeting. It, *inter alia*, stated that no such board meeting was held on April 30, 2024. Further, Noticee No. 1, through its letter dated June 03, 2024 which was signed by Noticee No. 3, disclosed to BSE on June 05, 2024 that Noticee No. 2 had tendered his resignation as the whole time director of Noticee No. 1. Subsequently, a letter dated June 04 2024 signed by Noticee No. 2 was disclosed to BSE on June 05, 2024 wherein Noticee No. 2 denied signing any resignation letter and stated that he shall continue to remain as the chairman and managing director of Noticee No. 1.

30. Noticee No. 1 has admitted that inconsistent disclosures were made regarding the board meeting held on April 30, 2024 and the resignation of Noticee No. 2 on June 05, 2023.

31. Noticee No. 1 has attributed the contrary disclosures to disputes amongst the family members of promoters. Noticee No. 1 has further contended that Mr. Nate Nandha and Ms. Sumathi Rameshbabu were responsible for the misstatements. Noticee No. 1 has also stated that the issue of the composition of the board of Noticee No. 1 is *sub judice* before the Hon'ble High Court from May 2024. Furthermore, it has asserted that Noticee No. 2 had written to BSE clarifying the correct position.

32. At the outset, I note that the moot issue here pertains to contradictory disclosures made by Noticee No. 1 on the stock exchange. Regardless of the matters pending before the Hon'ble Madras High Court, the fact remains that contradictory disclosures were made by Noticee No. 1. As per regulation 4(1)(e) of LODR Regulations, a listed entity has to ensure that disseminations made under provisions of LODR Regulations and Circulars made thereunder are accurate and not misleading. Thus, the primary responsibility for ensuring the accuracy and veracity of disclosures made under LODR Regulations lies solely on the listed entity, i.e., Noticee No. 1, irrespective of any internal disputes or fault of individuals. Even if the contention of the Noticee No. 1 that efforts were undertaken to clarify the position is accepted, it remains that the initial dissemination of contradictory information itself constituted a breach of accuracy and integrity standards obligated under regulation 4(1)(e) of LODR Regulations. Thus, the reasoning advanced by Noticee No. 1 can in no manner shield it from breach of its responsibility under the LODR Regulations.

33. Accordingly, it is established that Noticee No. 1 had violated regulation 4(1)(e) of LODR Regulations.

VI. Whether Noticee No. 1 failed to submit financial statement for FY 24, corporate governance report for the quarter ended September 2024 and shareholding pattern for the quarter ended September 2024 and thereby, violated regulation 27(2), 33(d) and 31(1)(b) of LODR Regulations?

34. It was alleged in the SCN that Noticee No. 1 did not submit its financial statement for the FY 24. It was further alleged in the SCN that Noticee No. 1 failed to file its corporate

governance report for the quarter ended September 2024 and shareholding pattern for the quarter ended September 2024.

35. Noticee No. 1 has admitted that its financial statement for FY24 was not submitted within sixty days from the end of the financial year, as required under regulation 33(d) of LODR Regulations. It has also acknowledged that corporate governance report for the quarter ended September 2024 and shareholding pattern for the quarter ended September 2024 were also not submitted within the statutory timelines.

36. Noticee No. 1 asserted that towards the end of FY24 the resignation of many of its directors resulted in board having two directors, below the statutory requirement. Noticee No. 1 claimed that this impeded its ability to submit financial statement for FY 24 and corporate governance report for the quarter ended September 2024. Here, I note that the responsibility to ensure compliance with the said mandate of the LODR Regulations rests solely on the listed entity, i.e., Noticee No. 1. In this regard, I further note that in terms of regulation 17 of LODR Regulations read with section 149 of the Companies Act, 2013 place an ongoing and continuous responsibility on the listed entity to maintain the prescribed board composition. The inability of the listed entity to comply with the said mandate regarding the board composition does not exonerate or exempt it from its statutory obligation under LODR Regulations including the filing of financial statement and corporate governance report. Thus, this contention of the Noticee No. 1 is bereft of merit and hence cannot be accepted as a ground for non-compliance.

37. Noticee No. 1 has also attributed the lapse regarding filing of shareholding pattern for the quarter ended September 2024 to lack of access to the log-in credential of BSE listing portal. Here, it is reiterated that the obligation to ensure adherence to the said mandate of the LODR Regulations lies exclusively with the listed entity, specifically Noticee No. 1. I note that the shareholding pattern for the quarter ended September, 2024 was to be filed within 21 days from the end of the quarter. As per Noticee No. 1's own admission, the email to reset log in credential was sent only on November 13, 2024 which lies in a period subsequent to the period envisaged for submitting shareholding pattern for the quarter ended September, 2024. Consequently, this contention of the Noticee No. 1 lacks merit and hence cannot be accepted.

38. In this context, I find that Noticee No.1, by failing to submit its financial statement for the FY 24, corporate governance report for the quarter ended September 2024 and shareholding pattern for the quarter ended September, 2024, had violated regulations 27(2), 33(d) and 31(1)(b) of LODR Regulations.

VII. Whether Noticee No. 1 failed to submit disclosures for appointment of directors and CFO to the stock exchange and thereby violated regulations 30(1) read with 30(2) and clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023?

39. It was alleged in the SCN that though Noticee No. 1 had disclosed the outcome of the board meeting approving the appointment of the directors and CFO, the mandatory disclosures under regulations 30(1) read with 30(2) and clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023 were not filed for the following appointments:

- (a) Appointment of Mr. Nate Nandha and Ms. Sumathi Rameshbabu as directors as disclosed in the outcome of the board meeting dated April 30, 2024;
- (b) Appointment of Mr. Raja Ganapathi as CFO and CS and Compliance Officer as disclosed in the outcome of the board meeting on May 14, 2024;
- (c) Appointment of Mr. Venkataramana and Mr. Mayilvaganana as directors on May 14, 2024 as disclosed in the outcome of the board meeting of July 06, 2024; and
- (d) Appointment of Noticee No. 3 as managing director as disclosed on May 01, 2024.

40. It is noted that Noticee No. 1 has admitted its omission to make necessary disclosure for the abovementioned appointments.

41. Noticee No. 1 has attributed the non-compliance to multiple resignations of directors and internal conflicts, which rendered its board non-functional and resulted in ambiguity regarding who had the authority to undertake filing. Further, Noticee No. 1 submitted that the tenure of some of the appointees was very short. In this regard, it is reiterated that LODR Regulations spell out specific requirements mandating Noticee No. 1 to make necessary disclosure for the appointment of the directors and CFO, notwithstanding their tenure of appointment. In this background, it is emphasized that the obligation to comply with the LODR Regulations rests with the listed entity. Thus, the liability for non-compliance with the said provisions of LODR Regulations is

attributable to the listed entity regardless of resignations of directors and internal conflicts. Here, it is important to mention that the directors are the face of a company and the transactions of the public with a company are generally influenced by the persons occupying the post of directorship and CFO in that company. Therefore, it becomes imperative for any listed entity to make timely and complete disclosure of any change in its board of directors and CFO. Therefore, instant contention of the Noticee No. 1 cannot be accepted.

42. Noticee No. 1 contended that the constitution and functioning of the board of its board was a matter *sub judice* before the Hon'ble Madras High Court and hence, there was uncertainty as to which officer would have the authority to file the necessary disclosure. I note that Noticee No. 1 had made the necessary disclosure on the stock exchange regarding the resolution of the board meeting wherein the said appointments were made. Had the board of Noticee No. 1 been genuinely unsettled, it would not have been possible for the Noticee No. 1 to make any disclosure regarding the board resolution or even make appointments. Therefore, it is not appropriate on the part of Noticee No. 1 to attribute the instant lapses to the matter pending before the Hon'ble Madras High Court. Consequently, instant contention of the Noticee No. 1 cannot be accepted.

43. Accordingly, I find that Noticee No. 1 has violated regulations 30(1) read with 30(2) and clause 7 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.

VIII. Whether Noticee No. 1 made delayed disclosure of agreement between Noticee No. 3 and Noticee No. 1 to the stock exchange and thereby, violated regulation 30(6) read with clause 5A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023?

44. It was observed that as per the agreement dated April 15, 2024 executed between Noticee No. 1 and Noticee No. 3, Noticee No. 3 was appointed as the managing director of Noticee No. 1. In this regard, it was alleged that the said agreement dated April 15, 2024 was disclosed to the stock exchange on May 01, 2024, which was beyond the statutory timeframe.

45. In terms of regulation 30(6) read with clause 5A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023, an agreement where a listed entity is a party has to be disclosed by the listed entity within 12 hours.

46. Noticee No. 1 has admitted that there was a delay in the disclosure of the said agreement. Noticee No. 1 has attributed the delay to inadvertent oversight. In this regard, I take note of the decision of the Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT') in the matter of *Virendrakumar Jayantilal Patel v. SEBI*¹, wherein it was held as under:

“Similarly, argument that the failure to make disclosures within the stipulated time, was unintentional, technical or inadvertent and that no gain or unfair advantage has accrued to the appellant, is also without any merit, because, all these factors are mitigating factors and these factors do not obliterate the obligation to make disclosures.” (Emphasis supplied)

47. In this background, I note that the non-adherence on the part of the Noticee to the applicable laws cannot be dismissed as an inadvertent omission. Accordingly, I find the instant contention of the Noticee No. 1 an afterthought and hence cannot be accepted.

48. Therefore, I find that there was a delay in the disclosure of the said agreement dated April 15, 2024 entered into between Noticee No. 1 and Noticee No. 3. Accordingly, Noticee No. 1 is found to have violated regulation 30(6) read with clause 5A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.

IX. Whether Noticee No. 1 failed to disclose of orders of Hon'ble Madras High Court to the stock exchange and thereby, violated regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023?

49. Noticee No. 1 was a party to the suit bearing C.S. No. 111 of 2024 before Hon'ble Madras High Court. In the said suit, an interim injunction was granted by Hon'ble Madras High Court on May 16, 2024 as referred to in para 12(xii) above. Thereafter, Hon'ble Madras High Court disposed of the said proceedings vide order dated July 03,

¹ Appeal No. 299 of 2014.

2024. In this regard, it was alleged that Noticee No. 1 did not make the necessary disclosure regarding the interim injunction dated May 16, 2024 of Hon'ble Madras High Court. Further, it was alleged that though Noticee No. 1 vide its disclosure dated July 04, 2024 provided a copy of the order dated July 03, 2024 of Hon'ble Madras High Court to the stock exchange, it failed to disclose the requisite details in terms of the abovementioned provisions of LODR Regulations and SEBI Circular dated July 13, 2023 in the said disclosure.

50. Noticee No. 1 has admitted that there were lapses in the disclosure of the said orders of Hon'ble Madras High Court. Further, Noticee No. 1 did not dispute that its disclosure dated July 04, 2024 was without the essential details in terms of the abovementioned provisions of LODR Regulations and SEBI Circular dated July 13, 2023.

51. Noticee No. 1 has stated that it had intimated to BSE regarding the said interim order of the Hon'ble Madras High Court vide a mail dated May 20, 2024. However, the relevant information pertaining to the said order was not disclosed on the BSE website as it lacked the login credentials. In this regard, Noticee No. 1 has attributed the lapses to lack of login credentials and non-functional board. I note that in terms of regulation 30 of LODR Regulations, it is the duty of a listed entity to make a disclosure to the stock exchange within 24 hours upon it becoming a party to any litigation. Accordingly, it is not proper on the part of Noticee No. 1 to justify the instant on the pretext of lack of access to BSE portal. Adding to that, I note that email intimation the stock exchange was sent only on May 20, 2024 which anyways was beyond the statutory period provided for making the said disclosure. Thus, as per Noticee No.1's own admission, steps to make the relevant disclosure were undertaken only after the culmination of the statutory timeframe. Therefore, the instant contention of the Noticee No. 1 cannot be accepted.

52. Accordingly, I find that Noticee No. 1 did not disclose Hon'ble Madras High Court's order dated May 16, 2024 and failed to make a complete disclosure regarding the order dated July 03, 2024. Consequently, Noticee No. 1 had violated regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.

X. Whether Noticee No. 1 failed to disclose change in statutory auditor to the stock exchange and thereby, regulations 30(1) read with 30(2), clauses 7 and 7A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023?

53. It was observed that Noticee No. 1, in the resolution of the board meeting dated February 05, 2024, had, *inter alia*, informed about the approval of the resignation of the statutory auditor of Noticee No. 1, Sagar and Associates and the appointment of a new auditor, Venkatesh and Co., as the statutory auditor. In this regard, it was alleged in the SCN that no separate disclosure was filed by Noticee No. 1 pursuant to the appointment of a new auditor and resignation of the erstwhile auditor, as required under regulations 30(1) read with 30(2), clauses 7 and 7A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.

54. Noticee No. 1 has stated that the change of the statutory auditor was already informed vide the said board meeting resolution. However, Noticee No. 1 has not disputed that no separate disclosure was filed by it under regulations 30(1) read with 30(2), clauses 7 and 7A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023 pursuant to the appointment of a new auditor and resignation of the erstwhile auditor. I note that as per the said LODR Regulations, the auditor is required to give detailed reasons for his resignation, a declaration that there are no other material reasons and the efforts made by him (to approach the Audit Committee) on any concerns. Therefore, the disclosure of the change of statutory auditor in the minutes of the board meeting resolution cannot be considered as due compliance with the obligations under LODR Regulations.

55. Noticee No. 1 has further attributed the lapses to an impasse in its board and contended that the omission was inadvertent. In this regard, I note that there is nothing on record to show that there was any impasse or internal dispute in the board of Noticee No. 1 prior to April 30, 2024. Even assuming there was an impasse or internal dispute in the board of Noticee No. 1, it does not in any manner discharge the Noticee No. 1 from complying with the said mandate of LODR Regulations. Accordingly, I find the instant contention of the Noticee No. 1 to be an afterthought and hence, cannot be accepted.

56. Accordingly, I find that Noticee No. 1 violated regulations 30(1) read with 30(2), clauses 7 and 7A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023.

XI. Whether Noticee Nos. 2 to 4, in their capacity of directors of Noticee No.1, failed to ensure proper and fair disclosures with the stock exchange and act in the best interest of the company and its shareholders and thereby, violated regulations 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations?

57. It was alleged in the SCN that Noticee No. 1 was involved in the violations of LODR Regulations and major corporate governance issues, viz., filing of contradictory disclosures for the outcome of the board meeting and the resignation of Noticee No. 2. Noticee No. 5, an independent director had also approached Hon'ble Madras High Court to seek an interim injunction against the board resolution dated April 30, 2024. In this regard, it was stated in the SCN that a company, being an artificial entity, acts through its directors and key management personnel and therefore, it was alleged that Noticee Nos. 2 to 4, being executive directors of Noticee No. 1, were responsible for the aforesaid violations by Noticee No. 1.

58. In this background, it becomes important to consider the acts of commission/omission by the Noticee Nos. 2 to 4 during the period when the contraventions were observed.

59. With respect to the contradictory disclosures, I note the following with regard to the disclosures made by Noticee No. 1 on April 30, 2024 and June 05, 2024:

Table 5

| Date of disclosure | Subject of the disclosure | Signatory |
|--------------------|---|-------------------------|
| April 30, 2024 | Outcome of board held on April 30, 2024 | Noticee No. 2 |
| April 30, 2024 | Clarification on Outcome published on April 30, 2024 | Noticee Nos. 3, 4 and 5 |
| June 05, 2024 | Resignation of Mr. M. Nandagopal as Whole Time Director (Executive Chairman) of the Company | Noticee No. 3 |
| June 05, 2024 | Clarification by Mr. M. Nandagopal with respect to his resignation | Noticee No. 2 |

60. From the above table, it is apparent that Noticee Nos. 2, 3 and 4 were signatories to the said contradictory disclosures made by Noticee No. 1. It is not in dispute that Noticee Nos. 2 to 4 were executive directors of Noticee No. 1 on April 30, 2024. Further, Noticee Nos. 2 and 3 continued to remain as the executive director when the

disclosures dated June 05, 2024 were disseminated. Moreover, Noticee Nos. 2 to 4 have not feigned ignorance regarding the relevant disclosures where they have affixed their signatures. Given the same, even if for the sake of argument, it is assumed that the contradictory disclosures or omissions were due to a family dispute, the fact remains that the said Noticees were executive directors of the company and had affixed their signatures on the relevant disclosures and hence, they cannot escape the liability for the contradictory disclosures which undermined the interest of the company and its shareholders.

61. Noticee No. 3 stated that he had opted out of reappointment to the board of Noticee No. 1 as reflected in the board resolution dated November 29, 2023. Noticee No. 3 further submitted that he was not actively participating in the affairs of Noticee No. 1 after November 29, 2023 and as such, no liability can be imposed on him for the delayed disclosure by Noticee No. 1 of the resignation of Ms. Nilima Sathya. From the board resolution dated November 29, 2023 and the Corporate Governance report for the Quarter ending December 2023, it is noted that Noticee No. 3 ceased to be director of Noticee No. 1 only on December 28, 2023. It is a fact that Noticee No. 3 was part of the board meeting that approved the resignation of Ms. Nilima Sathya. Moreover, apart from vaguely asserting that he was not actively participating in the affairs of the Noticee No. 1, no material has been adduced by the Noticee No. 3 to substantiate the contention that he was not actively involved in the affairs of Noticee No. 1 in the period from November 29, 2023 to December 28, 2023. In this context, I find the instant contention of the Noticee No. 3 to be an afterthought and hence, rejected.

62. Noticee No. 3 has stated that he was not involved with Noticee No. 1 in any capacity during December 28, 2023 to April 05, 2024 and hence, he cannot be held liable for non-disclosure of change in statutory auditor by Noticee No. 1. It is noted that violation pertaining to non-disclosure of change in statutory auditor by Noticee No. 1 emanates from the board resolution of Noticee No. 1 dated February 05, 2024. In this regard, it is observed that Noticee No. 3 was not part of the board of Noticee No. 1 on February 05, 2024. Consequently, no liability can be fastened on Noticee No. 3 for the aforesaid violation regarding the non-disclosure of the appointment of a statutory auditor by Noticee No. 1.

63. Noticee No. 4 contended that he was removed vide board resolution dated April 30, 2024 and thereafter he had no role to play in the affairs of Noticee No. 1. Further, he has stated that his removal was reconfirmed vide board resolution dated May 14, 2024. In this regard, I note that there lies no dispute regarding his appointment as executive director and the fact that he was a signatory to the resolution dated April 30, 2024. Therefore, it is not open to him to seek exoneration from all charges on the pretext that he was removed vide board resolution dated April 30, 2024.

64. Noticee No. 4 asserted that Mr. Ananda Narayan Prabhudesai was appointed as President Finance of Noticee No. 1 in the year 2023 and he was in charge of the finance department. Noticee No. 4 argued that after the appointment of Mr. Ananda Narayan Prabhudesai, he remained CFO on paper and was not responsible for the affairs of Noticee No. 1. I note that liability has been attributed to Noticee No. 4 in the capacity of executive director of Noticee No. 1. It is not the case of Noticee No. 4 that he ceased to be executive director of Noticee No. 1 post the appointment of Mr. Ananda Narayan Prabhudesai. Rather it remains undisputed that Noticee No. 4 continued to be the executive director and CFO of Noticee No. 1 even after the appointment of Mr. Ananda Narayan Prabhudesai. Therefore, this submission of the Noticee No. 4 cannot be accepted.

65. Noticee Nos. 2 to 4 contended that the lapses pertaining to omissions to make disclosure and contradictory disclosure by Noticee No. 1 was on account of internal disputes and resignations of directors. Here, it is reiterated that the obligation to adhere to the requirements set forth in the LODR Regulations rests entirely upon the listed entity, i.e., Noticee No. 1. In this regard, regulation 4(2)(f)(ii)(8) of LODR Regulations states that the board of directors of a listed company is responsible for overseeing the process of disclosure and communications. Further, regulation 4(2)(f)(iii)(3) of LODR Regulations requires that the board of directors shall act with care, and in the best interest of the listed entity and the shareholders. As noted from the previous paragraphs, Noticee Nos. 2 to 4 who were the executive director of Noticee No. 1 have failed to comply these responsibilities. Therefore, the instant contention of the Noticee Nos. 2 to 4 is not accepted.

66. In light of the discussions above, I am of the view that Noticee Nos. 2 to 4 have failed to provide any justifiable reasons to the allegations levelled against them in the SCN.

However, I note that Noticee Nos. 2 to 4 were restrained from holding position of director vide order of SEBI dated July 31, 2024. Therefore, no liability can be attributed on the Noticee Nos. 2 to 4 for the lapses by Noticee No. 1 post July 31, 2024.

67. Accordingly, I find Noticee No. 2, his capacity as executive director of Noticee No. 1, liable for the following act/omission of Noticee No. 1:

- (a) Failure to disclose to the stock exchange the orders of Hon'ble Supreme Court and Hon'ble Madras High Court;
- (b) Delayed disclosure regarding initiation of forensic audit;
- (c) Delayed disclosure regarding resignation of the director, Ms. Nilima Sathya;
- (d) Failure to intimate the MCA regarding the resignation of the director, Ms. Nilima Sathya;
- (e) Failure to submit financial statement for FY 24;
- (f) Submission of contradictory disclosures to the stock exchange;
- (g) Failure to submit disclosures for appointment of directors and CFO;
- (h) Delayed disclosure of agreement between Noticee No. 3 and Noticee No. 1; and
- (i) Failure to disclose change in statutory auditor.

68. Further, Noticee No. 3, in his capacity as executive director of Noticee No. 1, is liable for the following act/omission of Noticee No. 1:

- (a) Failure to disclose to the stock exchange the orders of Hon'ble Supreme Court;
- (b) Delayed disclosure regarding appointment of forensic auditor;
- (c) Delayed disclosure regarding resignation of its director, Ms. Nilima Sathya;
- (d) Failure to intimate the MCA regarding the resignation of its director, Ms. Nilima Sathya;
- (e) Submission of contradictory disclosures to the stock exchange;
- (f) Failure to submit disclosures for appointment of directors; and
- (g) Delayed disclosure of agreement between Noticee No. 3 and Noticee No. 1.

69. Furthermore, I find Noticee No. 4, his capacity as executive director of Noticee No. 1, liable for the following act/omission of Noticee No. 1:

- (a) Failure to disclose to the stock exchange the orders of Hon'ble Supreme Court;
- (b) Delayed disclosure regarding initiation of forensic audit;
- (c) Delayed disclosure regarding resignation of the director, Ms. Nilima Sathya;

- (d) Failure to intimate the MCA regarding the resignation of the director, Ms. Nilima Sathya;
- (e) Submission of contradictory disclosures to the stock exchange;
- (f) Failure to submit disclosures for appointment of directors; and
- (g) Failure to disclose change in statutory auditor.

70. Therefore, it is established that Noticee Nos. 2 to 4 have violated regulations 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations, as above.

XII. Whether Noticee No. 5, in his capacity of directors of Noticee No.1, is liable for the corporate governance lapses in Noticee No. 1 and thereby, violated regulations 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations?

71. It was alleged in the SCN that Noticee No. 5 was involved in the corporate governance lapses in Noticee No. 1.

72. Noticee No. 5 was appointed as the non-executive - independent director of Noticee No. 1 with effect from February 05, 2024.

73. In the examination report, Noticee No. 5 has been alleged to be involved in the corporate governance lapses of Noticee No. 1 based on the following:

- (i) Noticee No. 5 filed a complaint dated May 17, 2024 before SEBI.
- (ii) Noticee No. 5 filed an application before the Hon'ble Madras High Court wherein he, *inter alia*, had sought a relief of interim injunction against Noticee No. 1, Noticee No. 2, Mr. Nate Nandha (son of Noticee No. 2) and Ms. Sumathi Rameshbabu (daughter of Noticee No. 2) to not act based on the board resolution dated April 30, 2024. The High Court granted an interim injunction vide its order dated May 16, 2024 which was vacated vide its order dated July 03, 2024. In the said order, Hon'ble Madras High Court observed that Noticee No. 5 had suppressed material facts before the court and his *bona fide* was questionable. In this regard, the Hon'ble High Court noted the following:

"...It has been held that the suit had been instituted suppressing material facts, is therefore fraudulent and moreover, there is active collusion between the plaintiff and the 5 defendant. The plaintiff cannot seek any relief when he has not come to court with clean hands. On this ground also, the relief of injunction will have to be denied to the plaintiff."

(iii) Noticee No. 5 has also failed to ensure that requisite disclosure for orders of Hon'ble Madras High Court dated May 16, 2024 and July 03, 2024 were filed with the stock exchange within the stipulated timelines as prescribed in regulation 30(1) read with regulation 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023 by Noticee No. 1.

74. As noted above, Noticee No. 5 was a non-executive director of Noticee No. 1 and hence, was not involved in the day to day affairs of Noticee No. 1. In the present case, it is evident that Noticee No. 5 has been alleged to be actively involved in the corporate lapses of Noticee No. 1 based on the events mentioned in paragraph No. 73 above. Here, it is apt to take note of regulation 25(5) of LODR Regulations which states that an independent director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his knowledge, attributable through processes of board of directors, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in the LODR regulations. In this background, I take note of the events which had transpired over board meetings dated April 30, 2024 and May 14, 2024 of Noticee No. 1. The relevant extracts of the board resolution dated April 30, 2024 and May 14, 2024 are recited as under:

Board Resolution dated April 30, 2024

“...3) Mr Rajeev Bakshi, Independent Director and Chairman — Audit Committee was given show cause notice to explain his status as ‘Independent Director’ in accordance with the regulations applicable failing which Board asked him to step down from the Board of Directors of the company...”

Board Resolution dated May 14, 2024

“...7. Mr Rajeev Bakshi was removed as Director from the Board of the company.

8. Updated list of Directors on the Board:

| Sn | Name | Designation |
|----|---------------------------|--|
| 1. | Mr M Nandagopal | Managing Director & Executive Chairman |
| 2. | Mr Venkataraman Jayaraman | Independent Director |
| 3. | Mr Mayilvaganan R | Independent Director |
| 4. | Mrs Jamuna S | Independent Director |
| 5. | Mrs Sumathi Rameshbabu | Director |
| 6. | Mr Nate Nandha | Director |

...” (Emphasis supplied)

75. Here, it is crucial to accentuate that all the events referred to in paragraph No. 73 above had transpired after May 14, 2024. Thus, any attempt to attribute liability on Noticee No. 5 for the violations of Noticee No. 1 has to be examined in the backdrop of the said board resolutions dated April 30, 2024 and May 14, 2024. From the above, it appears that the position of Noticee No. 5 on the board of Noticee No. 1 had become uncertain and unsettled following the board meetings dated April 30, 2024 and May 14, 2024. Consequently, Noticee No. 5's position in the company was in a state of flux in this period. Further, it is noted that the observation regarding "*active collusion between the plaintiff and the 5 defendant*" was made specifically in the context of submissions advanced by the Noticee No. 5 before the Hon'ble High Court. In this regard, the Hon'ble High Court had observed that Noticee No. 5 had raised allegations of misappropriation by second, third and fourth defendants but failed to disclose that fifth defendant also had a share in the spoils. Furthermore, it is a fact that Noticee No. 5 had submitted a complaint to SEBI, *inter alia*, raising allegations of fund diversion and LODR Regulations violations. Under these circumstances, it will not be tenable to hold Noticee No. 5, whose position in the board of directors was uncertain, liable for the aforesaid lapses of Noticee No. 1 which, were in violation of the applicable provisions as already discussed.

76. Accordingly, Noticee No. 5 is not found to have violated regulations 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations.

XIII. Does the violation, if any, on the part of Noticees attract a monetary penalty under sections 15A(b) and 15HB of the SEBI Act?

XIV. If so, what would be the monetary penalty that can be imposed upon Noticees taking into consideration the factors stipulated in section 15J of the SEBI Act?

77. From the previous paragraphs, the following violations have established against the Noticee Nos. 1 to 4 as recited below:

Table 6

| Noticee No. | Violations established |
|---------------|---|
| Noticee No. 1 | <ul style="list-style-type: none"> Regulations 27(2), 31(1)(b) and 33(d) of the LODR Regulations; Regulation 30(1) read with 30(2) and clause 7 of para A of part A of Schedule III of LODR Regulations and with SEBI Circular dated July 13, 2023; Regulation 30(1) read with 30(2) and clauses 7 and 7A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023; |

| | |
|---------------|--|
| | <ul style="list-style-type: none"> • Regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023; • Regulation 30(6) read with clause 17(a) of para A of part A of Schedule III of LODR Regulations; • Regulation 30(6) read with clause 5A of para A of part A of Schedule III of LODR Regulations and with SEBI Circular dated July 13, 2023; • Regulations 4(1)(g) and 4(1)(e) of LODR Regulations; and • Regulation 30(6) read with clause 7 of para A of part A of Schedule III of LODR Regulations and with SEBI Circular dated July 13, 2023. |
| Noticee No. 2 | Regulation 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations |
| Noticee No. 3 | |
| Noticee No. 4 | |

78. Accordingly, Noticee Nos. 1 to 4 are liable for payment of a monetary penalty in terms of sections 15A(b) and 15HB of the SEBI Act. The relevant detail in this regard is mentioned below:

Table 7

| Noticee No. | Violations established | Charging Section |
|---------------|---|--------------------------------|
| Noticee No. 1 | <ul style="list-style-type: none"> • Regulations 27(2), 31(1)(b) and 33(d) of the LODR Regulations; • Regulation 30(1) read with 30(2) and clause 7 of para A of part A of Schedule III of LODR Regulations and with SEBI Circular dated July 13, 2023; • Regulation 30(1) read with 30(2) and clauses 7 and 7A of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023; • Regulation 30(1) read with 30(2) and clause 20 of para A of part A of Schedule III of LODR Regulations and SEBI Circular dated July 13, 2023; • Regulation 30(6) read with clause 17(a) of para A of part A of Schedule III of LODR Regulations; • Regulation 30(6) read with clause 5A of para A of part A of Schedule III of LODR Regulations and with SEBI Circular dated July 13, 2023; and • Regulation 30(6) read with clause 7 of para A of part A of Schedule III of LODR Regulations and with SEBI Circular dated July 13, 2023. | Section 15A(b) of the SEBI Act |
| | • Regulations 4(1)(g) and 4(1)(e) of LODR Regulations | Section 15HB of the SEBI Act |
| Noticee No. 2 | Regulation 4(2)(f)(ii)(8) and 4(2)(f)(iii)(3) of LODR Regulations | Section 15HB of the SEBI Act |
| Noticee No. 3 | | Section 15HB of the SEBI Act |
| Noticee No. 4 | | Section 15HB of the SEBI Act |

79. The text of the abovesaid sections 15A(b) and 15HB of the SEBI Act is reproduced below:

“15A. If any person, who is required under this Act or any rules or regulations made thereunder,

...

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

...

15HB. Penalty for contravention where no separate penalty has been provided.

Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.”

80. While determining the quantum of penalty under sections 15A(b) and 15HB of the SEBI Act, the following factors stipulated in section 15J of the SEBI Act have to be given due regard:

“15J. Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under Section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

81. The available records neither specify disproportionate gains/unfair advantage made by Noticee Nos. 1 to 4 nor the loss, if any, suffered by the investors due to such violations.

82. However, I take note of the fact that SEBI has imposed penalties on Noticee Nos. 1 to 4 earlier for violations, *inter alia*, of LODR Regulations and Listing Agreement vide SEBI order dated July 31, 2024.

83. I note that Hon'ble SAT in the matter of *Coimbatore Flavors & Fragrances Ltd. v. SEBI*² held that: *“True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to*

²Appeal No. 209 of 2014.

invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same." I also note of the observation of the Hon'ble SAT in the matter of *Milan Mahendra Securities Pvt Ltd. v. SEBI*³ wherein it was held that *"the purpose of these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market"*.

84. The aforementioned factors and orders have been taken into consideration while adjudging the penalty.

ORDER

85. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and in the exercise of powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the Adjudication Rules, I, hereby, impose the following penalty on Noticee Nos. 1 to 4:

Table 8

| Noticee Name | Charging Section | Penalty |
|-----------------------|----------------------------|--|
| Binny Limited | Section 15A(b) of SEBI Act | Rs. 10,00,000/- (Rupees Ten Lakh only) |
| | Section 15HB of SEBI Act | Rs. 5,00,000/- (Rupees Five Lakh only) |
| Mr. M. Nandagopal | Section 15HB of SEBI Act | Rs. 6,00,000/- (Rupees Six Lakh only) |
| Mr. Arvind Nandagopal | Section 15HB of SEBI Act | Rs. 5,00,000/- (Rupees Five Lakh only) |
| Mr. T. Krishnamurthy | Section 15HB of SEBI Act | Rs. 4,00,000/- (Rupees Four Lakh only) |

86. I am of the view that the said penalty is commensurate with the lapses/omissions on the part of Noticee Nos. 1 to 4.

87. Noticee Nos. 1 to 4 shall remit/pay the said amount of penalty within 45 days of receipt of this order through the online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT > Orders > Orders of AO > PAY NOW.

³Appeal No. 66 of 2003.

88. The adjudication proceeding initiated against Noticee No. 5 vide SCN dated July 21, 2025 is hereby disposed of without imposition of any penalty.

89. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticees and also to the Securities and Exchange Board of India.

Date: October 30, 2025

Place: Mumbai

**JAI SEBASTIAN
ADJUDICATING OFFICER**