

BEFORE THE APPELLATE AUTHORITY
(Under the Right to Information Act, 2005)
SECURITIES AND EXCHANGE BOARD OF INDIA

Appeal No. 5601 of 2023

Mehul	:	Appellant
	Vs	
CPIO, SEBI, Mumbai	:	Respondent

ORDER

1. The appellant had filed an application dated January 05, 2023 (received by the respondent through RTI MIS Portal) under the Right to Information Act, 2005 (“**RTI Act**”). The respondent, by a letter dated February 03, 2023, responded to the application filed by the appellant. The appellant filed an appeal (Reg. No. SEBIH/A/E/23/00039) dated February 15, 2023. I have carefully considered the application, the response and the appeal and find that the matter can be decided based on the material available on record.
2. **Ground of appeal-** The appellant has filed the appeal on the ground that the information provided was incomplete, misleading or false. On perusal of the appeal, it appears that the appellant is not satisfied with the response provided by the respondent with respect to query numbers 1, 2 and 3. In view of the submissions made by the appellant in his appeal, I am only dealing with the said queries and the response provided thereto, in this order.
3. **Query numbers 1 and 2-** The appellant, vide his application dated January 05, 2023, sought the following information:
 1. *Please provide me directions on how Forensic Audits of listed companies are selected ?*
 2. *Please provide me instructions on deciding the scope of Forensic Audits of listed companies ?*
4. The respondent, in response to the aforesaid queries, informed that the requested information is exempt from disclosure under section 8(1)(a) of the RTI Act as the same pertains to the internal functioning of SEBI and relates to the systems and procedures followed by SEBI. The respondent also informed that the information is strategic in nature, disclosure of which may hamper the decision-making by SEBI in its supervisory and regulatory role. Further, the disclosure of such strategic and confidential information

may also affect and compromise the interest of the securities market in specific and may impact the economic interests of the country. However, the respondent informed that the scope of forensic audit depends on case to case basis and generally, the scope of the forensic audit includes verifying the following-

1. Manipulation of Books of Accounts;
 2. Misrepresentation including of financials and/or business operations;
 3. Wrongful diversion/siphoning of company funds by promoters/directors/key managerial persons.
5. The appellant, in is appeal, *inter alia*, submitted that he does not agree with the answer provided by the respondent. The appellant also stated that it is important to have well-defined procedures to select audits, define a criteria based scope and have a pre-decided fixed timelines.
6. I have perused the queries and the response provided thereto. On consideration, I agree with the response of the respondent that the requested information pertains to internal functioning of SEBI and the same is strategic in nature. Further, the information also pertains to the systems and procedures followed by SEBI. In my opinion, the disclosure of the requested information would affect and compromise the regulatory functions and roles of SEBI. The same may also hamper decision making by SEBI. In light of the same, non– disclosure of information, which is internal to the functioning of SEBI and of strategic interest, will fall within the exemption offered under section 8(1)(a) of the RTI Act. Notwithstanding the same, I note that the respondent has provided information pertaining to the scope of forensic audits. Accordingly, I find that the respondent has adequately addressed the queries and I do not find any deficiency in the response.
7. **Query number 3-** The appellant, vide query number 3, sought the following information-
- “3. Please provide me instructions on timelines with respect to completion of forensic audits.”*
8. The respondent, in response to the aforesaid query, informed that the timeline of forensic audit depends upon factors such as size of the company, the number of years of the forensic audit, cooperation of the entities, etc.

9. I have perused the query and the response provided thereto. On consideration, I find that the respondent has adequately addressed the query by providing the information available with him. Accordingly, no further intervention is warranted at this stage.
10. In view of the above observations, I find that there is no need to interfere with the decision of the respondent. The appeal is accordingly dismissed.

Place: Mumbai

Date: March 03, 2023

ANAND BAIWAR

**APPELLATE AUTHORITY UNDER THE RTI ACT
SECURITIES AND EXCHANGE BOARD OF INDIA**