

MHCC020134782021



Presented on : 11.07.2021
Registered on : 28.10.2021
Decided on : 16.04.2026
Duration : Y M D
04 05 18

IN THE DESIGNATED SPECIAL COURT UNDER SEBI ACT, 1992

FOR MAHARASHTRA STATE

AT COURT ROOM NO.22, SESSIONS COURT, GREATER MUMBAI

(Presided over by R. M. Jadhav, SEBI Special Judge, Mumbai)

SEBI SPECIAL CASE NO. 1301 OF 2021

Exh. 99

Complainant	: Securities and Exchange Board of India having its Head Office at SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai
Represented by	: Ld. SPP Mr. Chetan Mali
Accused	: 1. Sunshine Housecon Ltd., Regd. Office - 1 Crooked Lane, 1 st Floor, Room No. 109, Kolkata – 700 069. 2. Chiranjit Mahanta Director of Sunshine Housecon Ltd., 147/1/17, Kantadanga Road, Fingapara, Bhatapara, North 24 Parganas, Kolkata 743129 (F/G2). 3. Sudip Nath Director of Sunshine Housecon Ltd., 17, Serampore Gobinada Chandra Bhattacharya Lane, Serampore -

:2:

SEBI Spl Case No. 1301/2021

	712201(F/G1)
	4. Rajlaksmi Bhattacharjee Director of Sunshine Housecon Ltd., A C Chatterjee By Lane, Chandan Nagar, Hooghly 712 137 (F/G3).
Represented by	: Advocate Mr. Ramesh Gogawat a/w Adv. Dhane for accused No. 2 to 4.
Date of offence	: --
Date of FIR	: --
Date of Charge-sheet	: --
Date of Framing of Charge	: 01.03.2024
Date of Commencement of Evidence	: 07.11.2025
Date on which judgment is reserved	: --
Date of the Judgment	: 16.04.2026
Date of the Sentencing Order, if any	: --

Accused details

Rank of the accused	Name of accused	Date of arrest	Date of release on bail	Offences charged with	Whether acquitted or convicted	Sentence imposed	Period of Detention undergone during Trial for purpose of Section 428 Cr.PC
1.	Sunshine Housecon Ltd.,	-		U/s. 24(2)	Accused No. 2 to 4 are	Accused No.2 Chiranjit Mahanta is sentence to pay the fine of Rs. 1,00,00,000/- (Rs. One Crore only), in default of payment of fine, he is directed to undergo	-
2.	Chiranjit Mahanta	-	20.04.2022	r/w S. 27 of SEBI Act, 1992	Convicted		
3.	Sudip Nath	-	20.04.2022				

4.	Rajlaksmi Bhattacharjee		20.04. 2022			simple imprisonment for six months. Accused No.3 Sudip Nath is sentence to pay the fine of Rs.50,00,000/- (Rs. Fifty Lakhs only), in default of payment of fine, he is directed to undergo simple imprisonment for six months. Accused No.4 Rajlaksmi Bhattacharjee is sentence to pay the fine of Rs.50,00,000/- (Rs. Fifty Lakhs only), in default of payment of fine, she is directed to undergo simple imprisonment for six months.	
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LIST OF PROSECUTION/DEFENCE/COURT WITNESSES

A. Prosecution :

RANK	NAME	NATURE OF EVIDENCE
C.W.1	Mr. Nishith Kumar	Complainant
C.W.2	Mr. Ashutosh Singh Rawat	Witness

B. Defence Witnesses, if any : Nil

C. Court Witnesses, if any : Nil

LIST OF PROSECUTION/DEFENCE/COURT EXHIBITS

A. Prosecution :

Sr.No.	Exhibit Number	Description
1	64	Authority letter of Siddharth Kumar
2	65	Authority Letter of Nishith Kumar

3	66	Certified copy of the SAT order dt. 15.12.2015 in appeal No. 38/15 and connected appeal.
4	67	Certified copy of Adjudication order
5	68 (colly)	Certified copy of the Appeal Memo, delay condonation application order.
6	69	Certified copy of the order dt. 05.03.2018
7	70	Certified copy of the SAT order dt. 19.06.2018
8	71 (colly)	Printed MCA record and 65(B) certificate
9	72	Copy of the email dated 01.03.2021
10	73	Copies of the information about the directors for the relevant period obtained from the MCA website.
11	77	Letter issued to the account No.1 company.

B. Defence : Nil**C. Court Exhibits :**

Sr.No.	Court Exhibits	Description
1	43	Charge
2	82	Statement of accused No. 2 to 4 u/s. 313 of Cr. P.C.

D. Material Objects: - NIL**J U D G M E N T****(Delivered on 16.04.2026)**

The accused No.1 company and accused No. 2 to 4 being the directors of accused No. 1 company are prosecuted for the offence punishable under Section 24(2) r/w Section 27 of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the “SEBI Act”) for failure to deposit the penalty amount of Rs.1,00,00,000/-

(Rs. One Crore only) imposed on accused No.1 company vide adjudication order dated 16.08.2017, communicated to it.

2. The abridged facts of the prosecution case are as under :-

The complainant Securities and Exchange Board of India (hereinafter referred as SEBI) has been established under the Securities and Exchange Board of India Act, 1992 for protection of the interest of investors in securities and to promote the development of, and to regulate the securities markets and for matters connected therewith or incidental thereto.

It is the contention of the complainant that as per Section 11C of the SEBI Act, the SEBI is empowered to investigate into the transactions in which SEBI has reasonable grounds to believe that Securities are dealt with in a manner detrimental to the interest of the investor securities or to Securities markets.

It is contended that the complainant preliminary conducted investigation several irregularities/fraudulent activities were found to have been committed by Brooks Laboratories Ltd., and its directors in Initial Public Offering (IPO) of Brooks Laboratories Ltd., during the period June 2011 to September 2011 and observed that there was created various fictitious and fraudulent transactions to siphon off funds to the tune of Rs.8,25,00,000/- (Rs. Eight Crores Twenty Five Lakh) from proceeds of IPO of Brooks Laboratories Ltd.

It is contention of the complainant that the accused No.1 company is concerned, Brooks Laboratories Ltd., had received of large amount of funds as Inter Corporate Deposits (ICD) from Shitalnath Buildcom Pvt. Ltd. This amount from Shitalnath Buildcom Pvt. Ltd., and some other fund, were transferred by Brooks Laboratories Ltd., to Suryamukhi Projects Pvt. Ltd., in order to eventually create fictitious ICD and round tripping of IPO proceeds of Brooks Laboratories Ltd.,

Suryamukhi Projects Pvt. Ltd., thereafter transferred, directly or through some other entities, the amount received from Brooks Laboratories Ltd., to accused No.1 and other entities. Suryamukhi Projects Pvt. Ltd. transferred in total Rs.1,00,00,000/- (Rs. One Crore) to accused No.1 company then transferred the entire amount of Rs.1,00,00,000/- (Rs. One Crore) received from Suryamukhi Projects Pvt. Ltd. to Brooks Laboratories Ltd., as ICD on 02nd June 2011 itself. As such, the accused along with others, indulged in fraudulent round tripping exercise by creating fictitious and fraudulent transaction of ICD to the tune of Rs.1,00,00,000/- (Rs. One Crore). This way about Rs.8,00,00,000/- (Rs. Eight Crore) were transferred to Brooks Laboratories Pvt. Ltd., through accused No.1 and other entities.

Further, complainant submits that when the proceeds of the IPO were received by Brooks Laboratories Ltd., the transactions mentioned in paragraph No. 8 were used to siphon off proceeds of this IPO in favour of accused No.1 towards made-up repayment of the ICD by transferring amount of Rs.1,00,00,000/- (Rs. One Crore) along with interest. Similar transaction were carried out for other entities that created fictitious ICD in favour of Brooks Laboratories Ltd. Accused No.1 along with other entities involved in the irregularities acted as layers/conduits for round tripping of total Rs.8,25,00,000/- (Rs. Eight Crores Twenty Five Lakhs) in guise of ICD made in favour of Brooks Laboratories Ltd. and for siphoning off funds from the proceeds of the IPO.

The SEBI initiated adjudication proceedings against accused. The Adjudicating Officer conducted the inquiry and found the accused No.1 company guilty and imposed penalty vide adjudication order dated 31.12.2013. The said adjudication order was challenged by the accused No.1 company before the SAT in appeal. The SAT, Mumbai set-aside the adjudication order and remanded back to the adjudication officer.

Thereafter, the adjudication officer conducted the inquiry and again hold the accused No.1 company guilty and imposed penalty of Rs.1,00,00,000/- (Rs. One Crore) upon the accused vide adjudication order dated 16.08.2017 holding the accused No.1 guilty for violation of the provisions of 12A (a), (b) and (c) and Regulation 3 (a), (b), (c) and (d) and regulation 4(1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as the PFUTP Regulations, 2003).

The adjudication order was served to the accused vide letter dated 22.08.2017 sent by RPAD calling upon the accused No.1 company to deposit the penalty as per the adjudication order. The accused has preferred an appeal No.18/2018 before the Hon'ble Securities Appellate Tribunal (SAT) against the adjudication order dated 16.12.2017 and the Hon'ble SAT vide order dated 05.03.2018 allowed withdrawal of the appeal and Misc. Application filed therein on condition of payment of cost of Rs.25,000/- to the complainant within two weeks from the order of SAT and with further condition that accused No.1 company shall file such fresh appeal within three weeks from the date of the order of SAT. It is submitted that the accused No. 1 company thereafter approached the SAT again by way of Misc. Application bearing No. 150/2018 filed in appeal No. 18/2018 praying for extension of time to comply with the order dated 05.03.2018. The SAT granted extension of time to comply the order on payment of cost of Rs.25,000/- and time of three weeks to file the appeal granted vide order dated 19.06.2018. The extension was granted on condition of payment of cost of Rs.5000/-.

It is submitted that the accused has not filed any fresh appeal as per the above order of SAT. As such the adjudication order dated 16.08.2017 has attained finality.

The accused had failed to deposit the penalty within the stipulated period and even after the order of the adjudication officer

having attained finality. The accused No.1 company and its directors i.e. accused No. 2 to 4 were issued noticed dated 01.03.2021 along with the adjudication order vide an email dated 01.03.2021 sent by the complainant to the accused No.1 company. The accused No.1 company and the accused No. 2 to 4 being its directors despite the above facts have failed to comply the adjudication order dated 16.08.2017. Hence, the complaint is being a filed by SEBI through Sidharth Kumar the Authorized person of SEBI.

3. Pursuant to process issued, the accused appeared and he was released on bail. My Ld. Predecessor framed charge below Exh.43 for the offence punishable under Section 24(2) r/w Section 27 of SEBI Act. The accused abjured the guilt and claimed trial. The defense of accused is of total denial and false implication.

4. Amid trial the SEBI examined C.W. 1 Mr. Nishith Kumar the complainant below Exh.63, C.W 2 Mr. Ashutosh Singh Rawat below Exh.76 and closed its evidence.

5. Apart from the oral evidence the complainant SEBI relied upon the following documentary evidence.

Sr.No.	Exhibit Number	Description
1	64	Authority letter of Siddharth Kumar
2	65	Authority Letter of Nishith Kumar
3	66	Certified copy of the SAT order dt. 15.12.2015 in appeal No. 38/15 and connected appeal.
4	67	Certified copy of Adjudication order
5	68 (colly)	Certified copy of the Appeal Memo, delay condonation application order.
6	69	Certified copy of the order dt. 05.03.2018
7	70	Certified copy of the SAT order dt. 19.06.2018

8	71 (colly)	Printed MCA record and 65(B) certificate
9	72	Copy of the email dated 01.03.2021
10	73	Copies of the information about the directors for the relevant period obtained from the MCA website.
11	77	Letter issued to the account No.1 company.

6. Towards the mandatory compliance of Section 313 (1) (b) of Cr. P.C. the incriminating circumstances appearing as evidence against the accused were explained to them and their responses to it were recorded. The defence of accused is of total denial and false implication. The defence of accused is of total denial and false implication. The accused No.2 to 4 took the defense that they were not the directors of the company but, are the peon/employees of the accused No.1 company and one Pramod Sharma on many documents which are in english obtained the signatures of the accused persons stating that those signatures are required for making them permanent in the job on the post of Peon and by stating that salary will be raised by those documents. Believing the words of the said Pramod Sharma they signed the documents.

7. Heard Mr. Chetan Mali, Ld. SPP for the complainant/SEBI and Ld. Advocate Mr. Ramesh Gogawat a/w Adv. Dahane for the accused.

8. It is argued by Ld. SPP Mr. Chetan Mali that the prosecution with the evidence of CW-01 and the CW-02 has established and proved the fact of passing of the adjudication order against the accused No.1 company vide Exh. 67 imposing penalty of Rs. 1 Crore. Further, the evidence on record goes to establish and prove that the letter communicating the adjudication order vide Exh.77 was issued by the CW-02. The certified copy of the appeal filed below Exh. 68 collectively

and the certified copy of the SAT order below Exh. 69 and Exh. 70 goes to establish and prove that the accused No.1 company has preferred the appeal before the SAT challenging the adjudication order and the said appeal came to be withdrawn with a liberty to file fresh appeal. But, no fresh appeal appears to have been filed by the accused No.1 company therefore, the adjudication order has attained the finality. It is further argued that the fact that the accused No.1 company has preferred the appeal before the SAT imputes knowledge of the passing of the adjudication order against the accused No.1 company. Further, the recitals of the appeal memo goes to show that the adjudication order is also came to be served upon the accused No.1 company. It is further argued that the accused No.2 he is the accused in SEBI Special Case No. 1174 of 2021 and 1172 of 2021 and he had filed appeal before the SAT in this matter for non-compliance of the adjudication order. The above attending circumstances imputes knowledge of the adjudication order to the accused directors as well as the communication of the adjudication order upon the accused No.1 company.

He argued that the prosecution has placed on record the MCA record below Exh. 71 collectively which is downloaded from the official website and for which the certificate under Section 65(B) of the Indian Evidence Act has been given by the CW-1 who downloaded the MCA Record and placed on record the printout of the said MCA record. As such the MCA Record below Exh.71 being secondary evidence is admissible in evidence. The Exh.71 collectively goes to establish and prove the status of the tried accused to be the directors of the accused No.1 company.

It is further argued by Ld. SPP that the accused persons filed discharge application wherein they have not disputed their status to be that of the director of accused No.1 company. Further, the accused have not disputed their status to be the directors of the accused No.1

company during cross-examination of the witnesses of the prosecution. The accused No.2 for the first time during the course of recording his statement under Section 313 of the Cr.P.C. took the defense that they were not the directors of the company but, are the peon/employees of the accused No.1 company and one Pramod Sharma on many documents which are in english obtained the signatures of the accused persons stating that those signatures are required for making them permanent in the job on the post of Peon. Likewise, the accused No. 4 took the defense her signature were obtained by Pramod Sharma on many documents by stating that his salary will be raised by those documents. Believing the words of the said Pramod Sharma they signed the documents which were misused by them. The accused No. 3 also took the identical defense during the course of his statement. The above defense taken by the accused in their statement under Section 313 of the Cr.P.C. goes to show that they knew the company and the fact that they are shown as the director of the accused No.1 company for which they never opposed. The above accused have not stepped into witness box to lead evidence in defense. Not only this they have not placed on record any documentary proof showing their status as Peon/ employees of the accused No.1 company. The accused thus in order to avoid criminal liability for non-compliance of the adjudication order are taking evasive defenses. The defense of the accused are not established and proved on the touch tone of the principle of preponderance of probability.

Lastly it is argued that the accused despite the liberty granted by the SAT have not preferred the appeal. As such the adjudication order has attained the finality. The accused have not deposited the penalty despite the communication of the adjudication order and liberty granted by the SAT. The ingredients of the offence are thus satisfied from the evidence on record. Hence, the accused requires to be convicted and

liable to be punished under Section 24(2) r/w Section 27 of SEBI Act
The Ld. SPP filed written notes of argument below as well as additional
written submission. He placed reliance upon following decisions :-

1. The Hon'ble Apex Court in HDFC Bank Limited Vs. State of Maharashtra & Anr reported in (2025) 9 Supreme Court Cases 653.
2. The Hon'ble Apex Court in Commercial Tax Officer & Ors Vs. Neeraja Pipes Pvt. Ltd., reported in (2023) 111 GSTR 226.
3. The Hon'ble Apex Court in Amina Bi Kaskar (D) Thr.Lr. Vs. Union of India & Ors. in Civil Appeal No.4252 of 2018, decided on 20.04. 2018.
4. The Hon'ble Apex Court in Aligarh Municipal Board & Ors. Vs. Ekka Tonga Mazdoor Union & Ors. reported in (1970) 3 SCC 98 (SC).
5. The Hon'ble Securities Appellate Tribunal in NEPC India Limited & Ors. Vs. SEBI reported in 2003 SCC OnLine SAT 11.
6. The Hon'ble Securities Appellate Tribunal in Eider Infotech Ltd. Vs. SEBI reported in 2008 SCC OnLine SAT 15.
7. The Hon'ble Securities Appellate Tribunal in Arun Panchariya Vs. SEBI in Appeal No. 134 of 2023, decided on 28.03.2023.

9. As against this Ld. Advocate Mr. Gogawat a/w Adv. Dhane for accused argued that there is no presumption in favour of the complainant about the commission of the act by the accused. The complainant i.e. prosecution has to prove its case on the strength of the cogent oral as well as documentary evidence. The complainant has not lead any evidence about proof of service of the letter sent to the accused company communicating the adjudication order. Further, the order dated 16.08.2017 was sent to the accused company vide email dated 01.03.2021 only to the accused No.1 company and not to the accused directors. Therefore, it can not be assumed that the tried accused directors had any knowledge of the adjudication order dated 16.08.2017. It is further argued even for the sake of the argument

without admitting it is assumed that the order was sent or served upon the accused No.1 company, it can not be assumed that the accused directors have received the said order or had any knowledge of the said order. The service of the adjudication order upon the accused is not in accordance with the rules 7(a) of the procedure for holding inquiry and imposing penalties by adjudication officers rules 1995. The prosecution was required to serve the adjudication order by delivering or tendering it to that person or his duly authorized agent. However, no such attempt was ever made by the SEBI.

It is further argued that the alleged email dated 01.03.2021 served upon the accused No.1 company along with the adjudication order was not digitally signed by the competent authority. Thus, it is not in accordance with the rules 7(b) of the adjudication rules. Further it is argued that as per rules 6 of the procedure for holding inquiry and imposing penalties by adjudication officers rules, the board or the adjudication officer shall send a copy of every order made under rules by it to the person concerned and to the board. The adjudication order indisputably was not sent to the accused directors therefore, there is non-compliance of the mandatory rules 6 of the procedure for holding inquiry and imposing penalties by adjudication officers rules 1995. Consequently, in absence of the evidence to establish and prove the communication of the adjudication order to the directors by issuing letter or email as the case may be like the accused No.1 company, the accused directors can not be blamed for non-compliance of the adjudication order dated 16.08.2017. Therefore, they can not be held liable for punishment under Section 24(2) of the SEBI Act.

It is argued that the accused directors are not educated and understand English to understand the fact that their name are shown in the MCA record as the directors of the accused No.1 company. The accused have specifically taken the defense during the course of

recording their statement under Section 313 of the Cr.PC. That one Mr. Pramod Sharma was running and managing the accused No.1 company and they were working in the accused company merely as Peon / office helper. The said Pramod Sharma by obtaining the signatures of the accused on several documents stating that those are required for making them permanent in the accused No.1 company. Consequently, the accused who are not the directors of the accused No.1 company can not be held liable. It is further argued that the accused directors were not associated of the accused No.1 company and were made directors in the accused No.1 company without their knowledge. Therefore, holding them liable for any punishment would be unfair and unwarranted.

It is further argued that the liability of the directors is not automatic it depends upon the specific circumstances particularly the interplay between the directors personal action and the companies responsibility. For making a director liable there must be specific averments against the directors showing as to how and in what manner he/she was responsible for the conduct of the business of the company. There is no evidence to show that the accused directors are the person incharge of and the responsible for the conduct of the business and affairs of the accused No.1 company. Therefore, the accused directors can not be held liable for non-compliance of the adjudication order in question. Consequently, the Ld. Adv. for accused prayed for acquittal of the accused. He placed reliance upon following decisions :-

1. The Hon'ble Securities Appellate Tribunal, Mumbai in Uma Karthikeyan Vs. SEBI in Misc. Application No. 549 of 2020 (Delay Application) and Appeal No. 513 of 2020, decided on 19.05.2021.
2. The Hon'ble Apex Court in Susela Padmavathy Amma Vs. M/s Bharti Airtel Limited in Criminal Appeal Nos... of 2024 (Arising out of Special Leave Petition (Criminal) No. 12390-12391 of 2022, decided on 15.03.2024.

3. The Hon'ble Apex Court in Sanjay Dutt & Anr. Vs. The State of Haryana & Anr. in Criminal Appeal No. 11 of 2025, decided on 02.01.2025.
4. Pooja Ravinder Devidasani Vs. State of Maharashtra reported in (2014) 16 SCC 1.
5. N. Harihara Krishnan Vs. J. Thomas reported in (2018) 13 SCC 663.
6. S.M.S. Pharmaceuticals Vs. Neeta Bhalla & Ors. reported in (2007) 4 SCC 70.
7. Saroj Kumar Poddar Vs. State (NCT of Delhi) reported in (2007) 3 SCC 693.
8. Central Bureau of Investigation Vs. Asian Global Ltd., reported in (2010) 11 SCC 203.
9. K. K. Ahuja Vs. V. K. Vora & Anr. reported in (2009) 10 SCC 48.
10. Bharat Mittal Vs. State of Rajasthan & Ors. reported in 2025 SCC Online SC 2856.
11. Gurudatta Sugars marketing Pvt. Ltd. Vs. Prithviraj Sayahirao Deshmukh reported in 2024 SCC Online SC 1800.
12. Gunmala Sales Private Limited Vs. Ann Mehta & Ors. reported in (2015) 1 SCC 103.
13. National Small Industries Corporation Limited Vs. Harmmet Singh Paintal & ors. reported in (2010) 3 SCC 330.
14. Ramraj Singh Vs. State of MP & Anr. reported in (2009) 6 SCC 729.
15. N. K. Wahi Vs. Shekhar Singh & Anr. reported in (2007) 9 SCC 481.
16. Sabitha Ramamurthy Vs. R.B.S. Chanabasavaradhya reported in (2006) 10 SCC 581.

10. In view of the adumbrated facts, evidence on record and rival submission, following points arise for my determination I have recorded my findings thereon for the reasons stated below:-

<u>Sr. No.</u>	<u>POINTS</u>	<u>FINDINGS</u>
1.	Does the complainant proves that accused No. 2 to 4 being the directors of the accused No.1 company despite of the communication of the adjudication order failed to pay the penalty amount of Rs. 1,00,00,000/- imposed on them by the adjudication officer vide order dated 16.08.2017 and thereby committed the offence punishable under Section 24(2) r/w Section 27 of SEBI Act, 1992.	... In the affirmative
2.	What Order ?	... Accused are convicted under Section 24(2) r/w Section 27 of SEBI Act as per the final Order.

: R E A S O N S :

11. Before I proceed to appreciate the evidence on record let me advert on record the Section 24 (2) of the SEBI Act, for which the accused is prosecuted. It reads as under ;

“If any person fails to pay the penalty imposed by the adjudicating officer or the board or fails to comply with any directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both”.

In view of the legal position reproduced above the imposition of penalty by the adjudication officer and failure of the accused to pay the penalty amount despite communication of the adjudication order are the essential ingredients of offence which are required to be proved by

the prosecution i.e. SEBI beyond all reasonable doubt to sustain the guilt of accused.

12. On traveling through the evidence of prosecution /complainant, it appears that the CW-01 is the substituted complainant. He deposed about the passing of the adjudication order vide Exh.67 and its communication to the accused No.1 company vide letter Exh.77. He further deposed about the fact of accused No.1 company preferring the appeal vide Exh.68 collectively and thereafter withdrawn the same and failed to file the fresh appeal despite the conditional liberty granted to the accused No.1 company. The CW-01 further deposed that the adjudication order has attained the finality and the accused No.1 company and the accused No. 2 to 4 being its directors have failed to deposit the penalty. The evidence of CW-02 is in respect of the communication of the adjudication order vide letter Exh. 77.

13. As can be gathered from the tenor of cross-examination, it appears that the accused have not disputed the fact of passing of the adjudication order on dated 16.08.2017 imposing penalty upon the accused No.1 company. The prosecution has placed on record the certified copy of the adjudication order below Exh.67. The same being secondary evidence of a public document is admissible in evidence. Not only this the fact that the accused No.1 company preferred the appeal challenging the adjudication order and withdrawn it and failed to file fresh appeal despite liberty granted by the SAT is also not disputed. As a result, I have the reason to hold that the prosecution evidence established and proved the fact of passing of adjudication order dated 16.08.2017 vide Exh.67 imposing penalty upon the accused No.1 company and the said adjudication order has attained finality.

14. The submission of the Ld. Adv for the accused that accused were not given an opportunity of hearing by the adjudication officer and they have not committed any illegality and made contravention of the securities law for which the adjudication officer was appointed and who on inquiry imposed penalty upon the accused No. 1 company and the period of contravention is not pertaining to the period of the present accused directors, is something which is touching to the legality and propriety of adjudication order. The SAT is the forum which is competent to decide the above aspect. Unfortunately the accused although approached the SAT but withdrawn the said appeal and did not preferred the fresh appeal despite of the conditional liberty granted by the SAT.

15. It would be relevant to mention here that this prosecution is for limited purpose i.e. for the non-payment of penalty within stipulated period as per the directions of the adjudication order. It would be beyond jurisdiction of this Court to decide the legality and propriety of the adjudication Order. Hence, I found no force in the submissions of the Ld. Adv for the accused to that effect.

16. The prosecution come with a case of non-compliance of the adjudication order. The CW-01 and CW-02 deposed about the communication of the adjudication order. The prosecution has proved the letter below Exh.77 with the evidence of CW-02 who issued it.

17. Indisputably the letter below Exh. 77 is issued to accused No.1 company only on the correct address of company. It was not issued to the accused directors Chiranjit Mahanta, Rajlaksmi Bhattacharjee and Sudjip Nath. It has brought on record in the cross-examination of CW-01 which reads as, *“the adjudication order was not served upon accused*

Chiranjit Mahanta, Sudip Nath and Rajlaksmi Bhattacharjee personally but upon the accused No.1 company.” The underlined circumstance came on record in the cross-examination of the CW-01 goes to show the communication of the adjudication order upon the accused No.1 company. It appears that the accused during the course of the cross-examination of the CW-01 has not disputed seriously the communication of the adjudication order upon the accused No.1 company. Consequently, I have the reason to believe that prosecution communicated the adjudication order to accused No.1 company.

18. It would be apposite to mention here that the accused No.1 has preferred an appeal before the SAT challenging the adjudication order through one Bajrang Sultaniya. The resolution of the said person is signed by the accused Chiranjit Mahanta as a chairman of the accused No.1 company. Further, it would be relevant to mention here that the accused Chiranjit Mahanta has challenged the adjudication order in the present matter before the SAT. It is averred in the appeal before the SAT that the appellant/accused No.1 come to know from the other noticee who received the certified copy of the adjudication order. A judicial notice of the fact is required to be taken that the other noticee as per the adjudication order i.e. Shardaraj Tradefin Limited and Blue Print Securities Limited also preferred appeal before SAT and they too made identical averments. It goes to indicate that the noticee as per the adjudication order were communicated with the adjudication order. In the given set of facts and circumstance, I found that the communication of the adjudication order upon the accused No.1 company is established. The fact of the not producing on record the postal booking receipt and the acknowledgment card will not brittle the case of the prosecution, in view of the attending circumstance came on record.

19. Significant to mention here that the accused during the course of cross-examination done to CW-01 has brought on record the email Exh. 72 issued to the accused No.1 company. The said email was sent by the complainant to the accused No.1 company on the email address of the company. The accused have not disputed the email address of the accused No.1 company on Exh. 72. It is the stand of the accused directors that no such email was sent to the accused director individually which is evident from the record. The accused by refereeing the email Exh. 72 to the CW-01 during the cross-examination prove the fact that email vide Exh. 72 was sent to the accused No.1 company before filing of the prosecution. The submission was made by the Ld. Adv for the accused that the said email is not digitally signed by person issuing therefore is invalid. Although it is so but I found that it will not affect the case of the prosecution as vide email Exh. 72 the notice before the filing of the prosecution was given to the accused No.1 company which is not mandatory to be given. The sending of email although defective for the submission that it is not digitally signed but the said sending of mail to the accused No.1 company is one of the fact which is consistent and in the line of the prosecution case which is required to be noted here.

20. According to rule 6 of the SEBI, (procedure for holding inquiry and imposing penalties by adjudication officer rules) 1995 the adjudication officer shall send a copy of every order made under rules by it to the person concerned and to the board. Admittedly, the adjudication order is passed against the accused No.1 company. Accordingly, the SEBI vide letter Exh.77 has communicated the adjudication order to the accused No.1 company which is the concerned person as contemplated to rule 6 as mentioned above. In the given set of facts and circumstance, I found that there is no non-compliance of

rules 6 by the SEBI in not sending the adjudication order to the accused directors. Therefore, I am not impressed with the above submissions of Ld. Adv for the accused.

21. The Ld. Adv for the accused has assailed the service of the adjudication order on the count that it is not in accordance with the rule 7(a) of the (procedure for holding inquiry and imposing penalties by adjudication officer rules) which is controverted by Ld. SPP. First up all let me advert on record the rule 7 which reads as under :-

Service of notices and orders- A notice or an order issued under these rules shall be served on the person in the following manner, that is to say –

a) by delivering or tendering it to that person or his duly authorized agent;

b) by sending it to the person by registered post with acknowledgment due to the address of his place of residence or his last known place of residence or the place where he carried on, or last carried on, business or personally works, or last worked, for gain; or

c) if it cannot be served under clause (a) or clause (b), by affixing it on the outer door of some other conspicuous part of the premises in which that person resides or is known to have last resided, or carried on business or personally works or last worked for gain and that written report thereof should be witnessed by two persons.

22. The rule 7 when read completely, it goes to show that the notice or adjudication order can be served by delivering or tendering it to that person or agent or by sending it through speed post with acknowledgment. Therefore, the fact that the prosecution without

attempting to deliver or tender the adjudication order as per rule 7(a) directly sent the adjudication order by RPAD will not affect the service of the adjudication order as per the above rule 7. Therefore, I am not impressed with the submission of the Ld. Adv for the accused to that effect and the order of SAT passed in the matter of **Uma Karthikeyan Vs. SEBI** as referred above on this point.

23. It is not disputed by the accused that accused No.1 company has preferred appeal before the SAT and the said appeal were withdrawn and subsequently the accused No.1 company despite the liberty granted by the SAT have not preferred the appeal. As a result, I have the reason to hold that the adjudication order in the present matter passed against the accused No.1 company has attained the finality. Consequently, I am not impressed with the submission of the Ld. Adv for the accused that in view of the order of the SAT passed in Brooks Laboratories Ltd pertaining to some other adjudication order the present adjudication order does not hold good. It is for the SAT to decide this aspect. Since, no appeal was preferred by the accused No.1 company despite liberty granted I hold that the accused have no right to raise the above ground before this Court which is not the competent forum to decide the legality and the propriety of the adjudication order in question.

24. As the adjudication order in question is not substituted by the SAT by any order, it was incumbent on the part of the accused No.1 company to deposit the penalty as per the adjudication order. Indisputably, till this date the penalty is not deposited by the accused No.1 company. As a result, I hold that there is non-compliance of the adjudication order imposing penalty upon the accused No.1 company.

25. It is worth to mention here that the prosecution is being filed

against the accused No. 2 to 4 being the directors of the accused No.1 company by virtue of the Section 27 of the SEBI Act. The prosecution led the oral evidence of CW-01 and CW-02 and placed on record the MCA record below Exh. 71 collectively alongwith the 65B certificate of CW-01. The said record below Exh. 71 goes to establish the fact that the accused Chiranjit Mahanta, Sudip Nath and Rajlaksmi Bhattacharjee are the directors of the accused No.1 company. The accused have not disputed their status as the director of the accused No.1 company during the course of cross-examination of CW-01. Further, they have not seriously disputed the MCA record showing their status as directors of accused No.1 company. In fact the accused have filed the discharge application which came to be rejected by my Ld. Predecessor, in that discharge application the accused stated their status as the directors of the accused No.1 company. Therefore, accused No. 2 to 4 are estopped from denying it, despite this for the first time the accused persons while recording their statements under Section 313 of the Cr.PC. stated that they were the peon and helper serving in the accused No.1 company and on the say of one Pramod Sharma they signed on many documents which were in English. It was stated that those signature required to make them permanent in job and for salary hike. Believing the words the accused signed those documents.

26. The accused although took the above defence but has not placed on record any material to show that they were the employees of accused No.1 company and receiving salary for the work. Except the bare words there is no material to substantiate the above defence on the touch tone of the principle of preponderance of probability. Consequently, I am not impressed above defence of the accused. As a result, I hold that the prosecution with the available evidence on record established and proved that fact that the accused No.2 to 4 are the directors of the

accused No.1 company. Since, the accused No. 2 to 4 are proved to be the directors of accused No.1 company, the communication of the adjudication order upon the accused No.1 company imputes the communication of the adjudication order upon the accused directors.

27. Significant to mention here that there are specific averments in the complaint that the accused directors are the incharge of and responsible person for the day to day affairs of the accused No.1 company. The accused have disputed this fact and it has relied upon catena of decision reproduce above and argued that the accused directors are not the person incharge of and responsible to the affairs of the accused No.1 company and therefore, are not liable to be proceeded.

28. The decisions in *Susela Padmavathy Amma Vs. M/s Bharti Airtel Limited*, *Pooja Ravinder Devidasani Vs. State of Maharashtra*, *N. Harihara Krishnan Vs. J. Thomas*, *S.M.S. Pharmaceuticals Vs. Neeta Bhalla & Ors.*, *Saroj Kumar Poddar Vs. State (NCT of Delhi)*, *Central Bureau of Investigation Vs. Asian Global Ltd.*, *K. K. Ahuja Vs. V. K. Vora & Anr.*, *Bharat Mittal Vs. State of Rajasthan & Ors.*, *Gurudatta Sugars marketing Pvt. Ltd. Vs. Prithviraj Sayahirao Deshmukh*, *Gunmala Sales Private Limited Vs. Ann Mehta & Ors.*, *National Small Industries Corporation Limited Vs. Harmmet Singh Paintal & ors.*, *Ramraj Singh Vs. State of MP & Anr.*, *N. K. Wahi Vs. Shekhar Singh & Anr.*, *Sabitha Ramamurthy Vs. R.B.S. Chanabasavaradhya* are on the point of liability of the directors in respect of the offence committed by the company.

29. The decision of Hon'ble Apex Court in **S.M.S Pharmaceuticals' case** is the authoritative pronouncement on the point of liability of the director in case of the offence against company. The S.M.S.

Pharmaceuticals covers the liability of the managing director of the accused No.1 company, the signatory of the cheque because of his incriminating act and the persons who are incharge of and responsible for the day to day affairs of the company. Almost all the decisions relied on by the accused persons are rendered under Section 138 of the NI Act. However, the present prosecution is under SEBI Act. The present prosecution is for contravention of the securities law and not in respect of imposing penalty for any financial debt.

30. Be that as it may, the applicant/accused Chiranjit Mahanta has preferred the appeal before the SAT challenging the adjudication order passed against the accused No.1 company and indisputably he has signed the resolution of authorized person filed in the SAT Appeal preferred against the adjudication order passed against the accused No.1 company and the noticee Shardaraj Tradefin Limited and Blue Print Securities Limited. Required to mention here that the SEBI has initiated the prosecution bearing No. 1172/2021 and 1174/2021 against the noticee/company Shardaraj Tradefin Limited and Blue Print Securities Limited respectively. In all the above prosecution the accused director Chiranjit Mahanta is one of the director. Further, the accused No.1 company and the above two noticee companies have the same address which is required to be noted here. There are incriminating acts attributing the role of the accused director Chiranjit Mahanta to be the in charge of and person responsible for the affairs of accused No.1 company. As such the accused director Chiranjit Mahanta against whom there is incriminating material to show that he was the person incharge of and responsible to the day to day affairs and business of the accused No.1 company, is covered by the decisions of the Hon'ble Apex Court in S.M.S. Pharmaceuticals Limited.

31. The decision in **Sanjay Dutt's case** is in respect of the violation of the Punjab Land preservation Act and there is no identical provision like 27 of the SEBI Act in respect of the vicarious liability of the directors in respect of the offence committed by the company. Therefore, the above said decision is not useful to the accused to claim exemption from the criminal liability for non-compliance of the adjudication order.

32. At the cost of repetition the present prosecution is for violation of the securities laws and provides punishment for that purpose. The SEBI as a regulatory is not suppose to know who actually amongst the director is the person responsible for the conduct of and day to day affairs of the company. The averments are made in the complaint that accused directors are the person incharge of and responsible for day to day affairs of the business of the accused No.1 company. Further, the oral evidence is also led to that effect. The MCA record is placed on record which goes to establish and prove the status of the accused No. 2 to 4 being the directors of the accused No.1 company. Thus, the foundational fact are being established and proved. According, to the proviso of Section 27(1) of the SEBI Act it was for the accused director to prove that the contravention was committed without their knowledge or that they exercise all due diligence to prevent the commission of such offence. There is absolutely no evidence or material in rebuttal to establish and prove that the offence was committed without the knowledge of the accused directors Chiranjit Mahanta, Sudip Nath and Rajlaksmi Bhattacharjee or the fact that they exercise all due diligence to prevent the commission of the offence. Therefore, in absence of the proof of the above fact the accused directors are liable for the criminal liability for non-compliance of adjudication order passed against the accused No.1 company.

33. The evidence on record especially the MCA record goes to established and proved the accused No. 2 to 4 to be the directors of the accused No.1 company. There is no material to show that Bajrang Sultaniya was the directors of the accused No.1 company. Therefore, non-prosecution of Bajrang Sultaniya is not fatal to the present prosecution which is in respect of the adjudication order passed against accused No.1 company. Relevant to mention here that the Bajrang Sultaniya is individually a noticee as per the adjudication order and SEBI has got right to prosecute him also in the event of non-compliance of the adjudication order passed against him.

34. Considering the above facts and circumstance, the evidence on record I hold that the prosecution has proved that the accused No. 1 company and the accused No. 2 to 4 being its directors have failed to deposit the penalty as per the adjudication order within stipulated period. The essential ingredients of the offence are satisfied with the evidence on record beyond all reasonable doubt, therefore, I have the reason to hold that the accused No. 2 to 4 are committed the offence punishable under Section 24(2) r/w Section 27 of the SEBI Act. Hence, I hold the accused No. 2 to 4 guilty for the same.

35. Since, I hold the accused guilty, I stopped here to hear accused No. 2 to 4 and complainant on the point of sentence.

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Date : 16.04.2026

(R. M. Jadhav)
SEBI Special Judge
City Civil & Sessions Court,
Gr. Bombay (C.R.No.22)

36. Accused No. 2 to 4 are absent. The Ld. Adv. Mr. Dhane h/f Adv. Mr. Ramesh Gogawat for accused No. 2 to 4 present. He submitted that the accused directors have not committed any violation of the securities law for which the adjudication officer was appointed to inquire and eventually imposed the penalty vide adjudication order in question. The only contravention proved against the accused directors is non-payment of the penalty. It is as good as a civil default committed by the accused directors in not depositing the said amount. Hence, the custodial incarceration as punishment may not be imposed and accused may be imposed with fine as per law.

37. As against this the Ld. SPP Mr. Chetan Mali submitted that the accused have not deposited the penalty amount, it speaks their intention. The penalty is huge. Some deterrent punishment is warranted therefore, minimum imprisonment with fine may be imposed upon the accused.

38. Considered the rival submission.

39. Indisputably the contraventions of securities law which were allegedly made and for which the adjudication officer was appointed to inquire into were not committed during the period of the accused director for which the adjudication officer imposed penalty as per the adjudication order. The adjudication order goes to show that there are other individual noticee who were the persons responsible for contravention of the securities law and against whom also the penalty is imposed by the adjudication officer. The accused directors are responsible only for the non-compliance of the adjudication order imposing penalty upon the accused No.1 company. There is no individual penalty imposed against the accused directors. Considering

the nature and gravity of the offence proved against the accused, I found that the custodial incarceration would not be the proper punishment to be imposed upon the accused directors for non-compliance of the adjudication order which imposed penalty upon the accused No.1 company. The Section 24(2) of the SEBI Act provides punishment with imprisonment or fine or with both. In the given set of facts and circumstance and looking to the default of the accused directors who are made liable under Section 24(2) of the SEBI Act by virtue of Section 27 (2) of the SEBI Act for the penalty imposed on accused No.1 company, I hold that the punishment of fine would be sufficient punishment.

40. I have hold that there is incriminating material to establish and prove the role of the accused directors Chiranjit Mahanta and both the accused have failed to prevent the commission of offence by depositing the penalty amount but, considering the overwhelming material against the accused director Chiranjit Mahanta it is necessary to impose the fine amount in proportionate to their respective role. Accordingly, in result I proceed to pass following order.

ORDER

1. Accused No. 2 Chiranjit Mahanta, accused No. 3 Sudip Nath and the accused No. 4 Rajlaxmi Bhattacharjee are convicted for the offence punishable under Section 24(2) r/w Section 27 of Securities Exchange Board of India, 1992 vide Section 235(2) of Cr.P.C.
2. Accused No.2 Chiranjit Mahanta is sentence to pay the fine of Rs. 1,00,00,000/- (Rs. One Crore only), in default of payment of fine, he is directed to undergo simple imprisonment for six months.

3. Accused No.3 Sudip Nath is sentence to pay the fine of Rs.50,00,000/- (Rs. Fifty Lakhs only), in default of payment of fine, he is directed to undergo simple imprisonment for six months.
4. Accused No.4 Rajlaksmi Bhattacharjee is sentence to pay the fine of Rs.50,00,000/- (Rs. Fifty Lakhs only), in default of payment of fine, she is directed to undergo simple imprisonment for six months.
5. Accused shall surrender their bail bonds.
6. Upon realization of fine amount, an amount of Rs. 1,00,00,000/- (Rs. One Crore only) be paid to the SEBI as compensation.
7. Copy of judgment be supplied to the accused No. 2 to 4 free of cost.
8. Since, the judgment is of imposing fine only, the same is pronounced in absence of the accused as per Section 353(6) of Cr.PC.
9. Accordingly, SEBI Special Case is disposed of by this judgment, the Record and Proceedings be sent to the Record Department.

(Judgment pronounced in the open Court)

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(R. M. Jadhav)

SEBI Special Judge,
City Civil & Sessions Court,
Gr. Bombay (C.R.No.22)

Date : 16.04.2026

Directly dictated on computer on : 16.04.2026
HHJ signed on : 16.04.2026

“CERTIFIED TO BE TRUE AND CORRECT COPY OF THE ORIGINAL SIGNED JUDGMENT/ORDER.”		
Upload Date	Upload Time	Name of Stenographer
16.04.2026	5.00 p.m.	Mrs. Manasi M. Kadam
Name of the Judge (With Court Room No.)		HHJ R. M. JADHAV (CR 22)
Date of Pronouncement of JUDGMENT /ORDER		16.04.2026
JUDGMENT /ORDER signed by PO. on		16.04.2026
JUDGMENT /ORDER uploaded on		16.04.2026