

**THE BOARD OF DISCIPLINE
THE INSTITUTE OF COMPANY SECRETARIES OF INDIA
IN THE MATTER OF COMPLAINT OF PROFESSIONAL OR OTHER MISCONDUCT
UNDER THE COMPANY SECRETARIES ACT, 1980**

ICSI/DC/450/2018

Order reserved on: 30th August, 2019

Order issued on: 30th August, 2019

M/s. Montana Developers Pvt. Ltd
Through Shri Rajesh Jugraj Madhani

....Complainant

Vs.

Shri Shailesh K Bhaskar, ACS - 36475

.....Respondent

CORAM:

Shri Deepak Kumar Khaitan, Presiding Officer
Shri Manish Gupta, Member
Shri Ashok Kumar Dixit, Member

Present:

Shri Vikash Kumar Srivastava, Deputy Director, Disciplinary Directorate

ORDER

1. A Complaint dated 6th August, 2018 in Form-'I' has been filed by M/s Montana Developers Pvt Ltd. hereinafter referred to as 'the Complainant') through Shri Rajesh Jugraj Madhani (against Shri Shailesh K Bhaskar, ACS-36475, (hereinafter referred to as 'the Respondent') under Section 21 of the Company Secretaries Act, 1980, (hereinafter referred to as 'the Act' read with sub-rule (1) of Rule 3 of the Company Secretaries (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, (hereinafter referred to as 'the Rules').
2. The Complainant has inter-alia alleged that the Respondent as Company Secretary of M/s Prince Pipes & Fittings Limited (hereinafter referred to as 'the Company') failed to ensure correct disclosures regarding pending litigation against the promoters of the Company thereby contravened Item (5), (6), (7), (8) and (9) of the Second Schedule to the Act.
3. The Respondent in his written statement dated 24th October, 2018 has inter-alia stated that the Company has received several letters from and on behalf of M/s. Montana Developers Private Limited regarding non-disclosure of the litigation involving Shri Jayant Shamji Chheda and Ms Heena Parag Chheda and M/s Aditya Developers, a partnership firm which forms part of the promoter group of the Company, as identified in the Draft Red Herring Prospectus. The Company is not a party to the litigation in the letter and hence, there shall not be liability attributable to the Company pursuant to the litigation mentioned therein. The information



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

regarding pending litigation against the promoters Shri Jayant Shamji Chedda and Ms Heena Parag Chedda in their capacity as partners of M/S Aditya Developers was given in the Draft Red Herring Prospectus on the confirmation provided by the each of them.

4. The Respondent has further stated that the Company has provided suitable disclosures in the Draft Red Herring Prospectus to be registered by Company in relation to litigation involving Montana Developers Private Limited, M/s Aditya Developers, Shri Jayant Shamji Chhedda and Ms Heena Parag Chhedda. The omission of the litigation in this regard in the Draft Red Herring Prospectus issued on 26th September, 2017 was inadvertent error on the part of promoters and Directors. The Company has withdrawn Draft Red herring Prospectus issued on 26th September, 2017 and issued a fresh Draft Red Herring Prospectus on 15th October, 2018 with SEBI, BSE Limited and NSE Limited which includes relevant details of outstanding litigations referred in the Complaint.
5. The Complainant in his rejoinder dated 14th November, 2018 has inter alia stated that the submission of the Respondent that disclosures in relation to Shri Jayant Shamji Chedda and Ms Heena Parag Chedda, promoters of the Company were made on the basis of information and confirmation provided by them but is not supported by any document to this effect which shows that the Respondent along with the promoters of the Company have hand in gloves in keeping the public in dark about several litigations pending against them as the claim under said litigations exceed the value of entire IPO of the Company and bringing fresh DRHP will not in any way absolve the Respondent of his wrong doings.
6. The Board of Discipline in its meeting held on 30th August, 2019 considered the *prima-facie* opinion dated 19th August, 2019 of the Director (Discipline) that the Respondent is not guilty of professional or other misconduct for the contravention of Items (5),(6), (7) and (8) of Part 1 of the Second to the Act as alleged by the Complainant which are applicable on the Company Secretary in Practice.
7. The Board of Discipline further observed that the Respondent is working as Company Secretary of the Company and the Company has issued Draft Red Herring Prospectus on 26th September, 2017. The Complainant has pointed out that litigation pending against the promoters of the Company has not been disclosed in the Draft Red Herring Prospectus. The Company has issued revised draft herring prospectus on 15th October, 2018 in which pending litigation against the promoters of the Company has been disclosed. Draft Red Herring Prosecutes dated 15th October, 2018 and 26th September, 2017 as available on the website of the SEBI are signed by the Chairman and Managing Director, Executive Directors, Independent Directors and Chief Financial Officer of the Company. It is pertinent to note that the Respondents is not a signatory to the same.
8. The Board of Discipline further observed the Complainant has alleged that the Respondent has contravened Items (5), (6), (7) and (8) of Part I of the Second Schedule to the Act, which are applicable to Company Secretary in practice. However, in the instant Complaint, the Respondent is in employment and the provision invoked by the Complainant for the alleged professional misconduct against the Respondent are not applicable to the Respondent.



AS

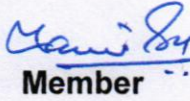
Grand Jury

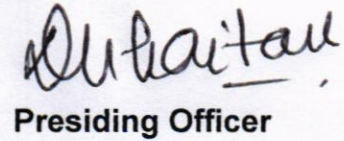
Page 2 of 3
Arjunan

9. The Board of Discipline after considering the materials on record, *prima-facie* opinion of the Director (Discipline), all the facts and circumstances of the case, the nature of issues involved and given the totality of the circumstances of the case agreed with the *prima-facie* opinion of the Director (Discipline), that the Respondent cannot be held Guilty of Professional or other misconduct under the Company Secretaries Act, 1980.

Accordingly, the Complaint is closed and stands disposed-off.


Member


Member


Presiding Officer

