

LEGAL UPDATES

SAT: APPELLANT CAN NOT REFUSE TO ACCEPT THE ROLE OF COMPANY DIRECTOR WHEN THEIR NAME MENTIONED ON MCA PORTAL

The Securities and Exchange Board of India ordered and instructed the Company and its Directors, along with the Appellant, to refund a sum of Rs. 1.75 crores that were obtained through the offer and allotment of shares in conformity with Section 73(2) of the Companies Act and refrained the Appellant from the securities market until the said refund was made got dismissed by the Securities Appellate Tribunal (SAT).

SAT observed that MCA routed a complaint to SEBI to answer questions regarding chit fund companies, along with the Company where the appellant is a director; however, the appellant claimed she never signed any documents about the Company and that her signatures surfacing on various documents were forged by her husband, who was a director in the Company, thus disputing becoming a Director.

SAT further elucidated that *"Since no proof of the assertions made by the appellant was filed, the WTM did not accept her contention and found that since her name was registered as a Director in the filings before the MCA and was thus responsible for the refund of money as a Director and accordingly the impugned order was passed."*

The SAT also determined that the Appellant had merely made a straightforward declaration about the claim that her spouse had forged her signatures. Aside from this oral claim, the Appellant had not provided any supporting documentation to SEBI or even disclosed this Tribunal.

Given that no FIR was lodged nor was any proof submitted to support her contentions, SAT finally observed that the contested order is accurate since arguments cannot be taken into account, particularly given that her name may be located on the MCA Portal as a Director.