BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER: Order/MC/VS/2022-23/17497-17498]

UNDER SECTION 15I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 AND SECTION 23-I (2) OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 READ WITH RULE 5 OF SCRA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005

In respect of -

1. **Pradhin Limited** (PAN: AAACB1368B) having address at 54 (Old No 61) Sembudoss Street, 1st Floor Chennai – 600001
2. **Sachin Jayaprakash Jalan** (PAN - AAPPJ4213P) having addresses at 127, New Cloth Market, Ahmedabad – 380002 and 232, Jalan Palace, Behind Rani Seva Samiti, Nr Underbridge, Shahibaugh, Ahmedabad – 380004

In the matter of Pradhin Limited
(Earlier known as Bhagwandas Metals Ltd.)

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") initiated adjudication proceedings against (1) Pradhin Ltd. (hereinafter referred to as "**Noticee 1**"/ "**the Company**"/ "**Pradhin**") under Section 23E of Securities Contracts (Regulation) Act, 1956 **(SCRA)** for alleged violation of Clause 35 read with clause 52 (1)(b) of Listing Agreement and Regulation 31 (4) read with Regulation 4 (1)(c), Regulation 4 (1) (e), Regulation 4(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Regulation 2(pp)(ii) of the SEBI (Issue of Capital and Disclosure Requirements)

Regulations, 2018; and (2) Sachin Jalan (hereinafter referred to as "**Noticee 2**") under Section 15A (b) of the SEBI Act, 1992 (hereinafter referred to as, '**SEBI Act'**) for alleged violation of Regulation 13 (4A) r/w/ 13 (5) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 ("**PIT Regulations 1992**") and Regulation 29 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**SAST Regulations 2011**").

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as Adjudicating Officer (hereinafter referred to as "**AO**") under Section 23-I of the SCRA read with Rule 3 of the SCRA (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as the "**SCRA Adjudication Rules**") and Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ("**Adjudication Rules**"), vide order dated June 18, 2021, to inquire into, and adjudge under Section 23E of the SCRA and Section 15A (b) of the SEBI Act, the aforesaid alleged violations by the respective Noticees.

3. The appointment of the undersigned as AO was communicated vide order dated June 21, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice No. EAD5/MC/VS/27554/3,2,1/2021 dated 08.10.2021 (hereinafter referred to as "**SCN**") was issued to the Noticees, in terms of Rule 4 of the SCRA Adjudication Rules read with Section 23-I of the SCRA and Rule 4 of the Adjudication Rules read with Section 15-I of the SEBI Act to show cause as to why an inquiry should not be held and penalty not be imposed against the respective Noticees in terms of Section 23E of the SCRA and Section 15A (b) of the SEBI Act for the aforesaid alleged violations.

5. The allegations levelled against the Noticee in the SCN are summarized as follows:-

6. "Pradhin Limited" was incorporated on June 3, 1982 and the Company is primarily engaged in the business of Agro based products. The securities of the Company are listed at BSE since May 10, 1995.

7. The shareholding pattern as disclosed by the company on BSE is as follows:

Scrip Code : 530095			Quarter Ending :	**December 2019**	
Statement showing shareholding pattern of the Promoter and Promoter Group					
Category of shareholder	**Nos. of shareholders**	**No. of fully paid up equity shares held**	**Total nos. shares held**	**Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)**	**Number of equity shares held in dematerialized form**
SAROJ JAYPRAKASH JALAN	1	1,45,675	1,45,675	3.99	1,45,675
-	-	-	-	-	-
Total	3	5,56,079	5,56,079	15.24	5,56,079

Statement showing shareholding pattern of the Public Shareholder					
Category of shareholder	**Nos. of shareholders**	**No. of fully paid up equity shares held**	**Total nos. shares held**	**Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)**	**Number of equity shares held in dematerialized form**
SACHIN JAYPRAKASH JALAN	1	1,51,140	1,51,140	4.14	1,51,140
-	-	-	-	-	-
Total	2129	3092721	30,92,721	84.76	26,68,821

8. Notice 1 is listed on BSE. BSE informed Noticee 1 vide communication dated 18.12.2019 and e-mail dated 04.02.2020 regarding incorrect classification of Noticee 2 as public shareholder in the Company's Disclosure of Shareholding Pattern from March 2017 till December 2019. Shri Sachin Jayaprakash Jalan (Noticee 2) is a shareholder of Noticee 1 holding 4.14% of shares. He is immediate relative (Son) of Smt. Saroj Jayaprakash Jalan, a promoter of the company. Regulation 2 of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018 states that:

(pp) (ii) "promoter group" includes: i) the promoter; ii) an immediate relative of the promoter (i.e. any spouse of that person, or any parent, brother, sister or child of the person or of the spouse)

9. As per aforesaid definition, being an immediate relative of a promoter of company, Noticee 2 is a part of promoter group. However, the Company classified Noticee 2 as public shareholder in the shareholding pattern filed with BSE from quarter ended March 2017 till December 2019. He was not even shown as shareholder in the Shareholding Pattern filed by the company prior to quarter ended March 31, 2017. Noticee 2 holds shares of the company since August 24, 2005.

10. BSE issued Show Cause Notice over email dated April 30, 2020 to the Noticee 1 seeking response for incorrect filing as well as rectification of the shareholding pattern. BSE confirmed vide email dated May 11, 2020 (Annexure 5 to SCN) that the company had filed revised shareholding pattern for the period March 31, 2017 till December 31, 2019, disclosing the name of Noticee 2 in the Promoter and Promoter Group category.

11. Company vide letter dated May 7, 2020 (Annexure 6 to SCN) submitted that Noticee 2 is son of Promoter-Mrs. Saroj Jayaprakash Jalan. Company was not aware about shares held by Noticee 2 as the shares were held in physical form and the Company was not in receipt of any disclosure by him regarding acquisition of shares nor regarding him being a member of the promoter group. Hence, the company had shown him as public shareholder of the company. The

company had submitted the data, based on information received from Cameo Corporate Services Ltd.

12. From the submissions of Noticee 1, it is clear that it was aware that Noticee 2 was part of promoter group. Part of shareholding of Sachin Jalan was in dematerialized form since 2012. Further, as per Section 92 (e) of the Companies Act, 2013, the company is required to file its annual return in the prescribed form containing particulars regarding its promoters, directors, key managerial personnel along with changes therein since the close of the previous financial year. Further, as per Regulation 31 of the LODR Regulations, the listed entity is required to ensure "*that hundred percent of shareholding of promoter(s) and promoter group is in dematerialized form and the same is maintained on a continuous basis in the manner as specified by the Board*" and that "*all entities falling under promoter and promoter group shall be disclosed separately in the shareholding pattern appearing on the website of all stock exchanges having nationwide trading terminals where the specified securities of the entity are listed, in accordance with the formats specified by the Board*".

13. Noticee 1/the Company failed to include Noticee 2 as part of promoter group. The Company did not show Noticee 2 under promoter group category in shareholding pattern filed from September 30, 2005 till December 31, 2019. The Company, therefore, failed to make correct disclosure of shareholding pattern for the period September 30, 2005 till December 31, 2019. The company corrected the shareholding pattern for the period March 31, 2017 till December 31, 2019 only after it was pointed out by the BSE.

14. Clauses 35 and 52(1)(b) of the Listing Agreement state as follows:

> ***Clause 35*** *- The company agrees to file with the exchange the following details, separately for each class of equity shares/security in the formats specified in this clause*
>
> *1. Statement showing Shareholding Pattern*

2. Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group"
3. Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares

Listing Agreement

52. Corporate Filing and Dissemination System (CFDS), viz., www.corpfiling.co.in

(1) The Company agrees –

(b) that the Compliance Officer, appointed under clause 47(a) and the company shall be responsible for ensuring the correctness, authenticity and comprehensiveness of the information, statements and reports filed under this clause and also for ensuring that such information is in conformity with the applicable laws and the listing agreement.

15. Therefore, it was alleged that by filing incorrect shareholding pattern during the period September 30, 2005 till June 2015, Noticee 1 violated provision of Clause 35 read with clause 52 (1)(b) of Listing Agreement.

16. Regulation 31(4), 4(1)(c), 4(1)(e) and Reg 4(2)(e) of the LODR Regulations state as follows: -

31(4) - Holding of specified securities and shareholding pattern: All entities falling under promoter and promoter group shall be disclosed separately in the shareholding pattern appearing on the website of all stock exchanges having nationwide trading terminals where the specified securities of the entity are listed, in accordance with the formats specified by the Board.

Principles governing disclosures and obligations

4 (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:*

(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognized stock exchange(s) and investors is not misleading.

(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.

Regulation 4(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*

(e) Disclosure and transparency*: The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the listed entity,*

17. By failing to disclose promoter shareholding correctly and by failing to include the shareholding of Noticee 2 in the shareholding pattern during the period September 2015 - December 2019, Noticee 1 had provided inaccurate and misleading information to stock exchanges & shareholders in alleged violation of Regulation 31 (4) read with Regulation 4(1)(c), Regulation 4(1)(e), Regulation 4(2)(e) of SEBI (LODR) Regulations, 2015 read with Regulation 2(pp)(ii) of the ICDR Regulations.

18. Noticee 2 vide his letter dated January 31, 2020 to the company, had not disclosed himself as promoter group *suo-motu*. The acquisition & shareholding of Noticee 2 is summarized below

Date of Acquisition	No of shares acquired	% of Shareholding as on date	Disclosure under SEBI (SAST) Required	Disclosure under SEBI (PIT), 1992 Required	Disclosure under LODR in Shareholding Pattern (SHP) Required	Disclosure made
24/08/2005	500	0.01%	No	No	Yes	No. Noticee 2 was not shown in SHP filed by the company
15/04/2013	26290	1%	No	Yes. (Since the no of shares acquired is more than 25000 and cumulative holding of entity after transaction becoming 1% of total shares)	Yes	No. Disclosure was not made under SEBI (PIT). Noticee 2 was not shown in SHP filed by the company
04/01/2016	108250	4.11%	Yes	No.	Yes	Yes, but wrong Disclosure under SAST was made. Noticee 2 was not shown in SHP filed by the company
22/11/2016	1250	4.14%	No	No	Yes	No. Noticee 2 was not shown in SHP filed by the company. However, the Noticee 2 was shown in

Date of Acquisition	No of shares acquired	% of Shareholding as on date	Disclosure under SEBI (SAST) Required	Disclosure under SEBI (PIT), 1992 Required	Disclosure under LODR in Shareholding Pattern (SHP) Required	Disclosure made
						Public Category in the shareholding pattern filed from March 31, 2017 till December 31, 2019.

19. Noticee 2, being a part of promoter group, was required to make disclosure under Regulation 29(2) of the SAST Regulations, 2011 for the acquisition of shares on January 4, 2016, but he made disclosure under Regulation 29(1) of SAST Regulations, 2011 on January 13, 2016 (i.e. with a delay of 6 days). Therefore, it was alleged that Noticee 2 had made disclosure under Regulation 29 with a delay of 6 days and also made disclosure under the incorrect SAST Regulation in violation of Regulation 29(2) of SAST Regulations, 2011.

20. Noticee 2 had acquired 26,290 shares on April 15, 2013 thereby his shareholding became 1% of total shares. Since, the number of shares acquired was more than 25000, disclosure was required under PIT Regulations 1992 in terms of Regulation 13(4A) r/w 13 (5) of PIT Regulations, 1992. However, Noticee 2 did not make the required disclosure. In view of this, Noticee 2 allegedly violated Regulation 13 (4A) r/w 13 (5) of PIT Regulations, 1992 for the transaction carried out on April 15, 2013.

21. The aforesaid alleged violations, if established, make the Noticee 1 liable for monetary penalty Section 23E of SCRA and Noticee 2 under Section 15A(b) of the SEBI Act.

22. The SCN was served upon the Noticee 1 and 2 by e-mail on 08.10.2021 and by SPAD on 12.10.2021.

23. Vide reply dated 03.11.2021 the Noticee 1 stated the following: -

(a) There was a public announcement for an open offer in February to May 2018 and the open offer formalities were completed in the month of May 2018 and a new management has taken over the affairs of the Company during June to October 2018. The name of the Company has been changed to Pradhin Limited from Bhagwandas Metals Limited and hence Noticees were not aware of the wrong classification until the records were taken over by Noticee 1 and scrutinized by it.

(b) Mr. Sachin Jalan held the shares in physical form and the details of his holding were not captured by the Registrar who maintains the records of shareholders of Noticee 1 till the year 2017. Necessary steps were taken to correct this error immediately after the new management took over the Company.

(c) Noticee 1 corrected the mistake once it was pointed out to it and the shareholding pattern being filed by it with the stock exchange has since been corrected and Noticee 2 is now correctly shown as a part of the Promoter / Promoter Group. There was no *malafide* intention whatsoever in this regard and this was a genuine error of oversight.

(d) Noticees believe that they have not violated the regulations, as it was purely by oversight and with no *malafide* intention.

24. Vide a separate reply dated 03.11.2021 Noticee 2 submitted the following: -

(a) Noticee 2 did not know why the 1,51,140 shares held by him as per shareholding pattern of Noticee 1 filed with the stock exchange was classified as part of public holding by Noticee 1.

(b) It was submitted that the mother of Noticee 2 was only a promoter of Bhagwandas Metals Limited and was not involved in the day-to-day administration of the Company, and she did not sell her shares when the other promoters of Noticee 1 entered into a Share Purchase Agreement in February 2018 with the persons presently managing the

Company. Therefore, Noticee 2 was under the impression that his shares do not form part of the promoter holding and he did not make a *suo motu* correction of the same when the shareholding pattern was filed as such (his holding being shown as part of the Public) by the Company.

(c) When the same was pointed out that his holding was part of the Promoter Group, he took necessary steps to rectify the same and the corrected holding is now available on the BSE website.

(d) The responsibility to classify his holding as "Public" was with the Company and since his shares were classified as part of Public Holding in 2005 when he acquired 500 shares, he continued to believe that was the correct classification.

(e) Noticee 2 was not aware that he had to make disclosure under PIT Regulations when he acquired 26,290 shares on 15.04.2013 as he was only a public shareholder and hence did not make a disclosure

(f) Regarding his acquisition of 108250 shares from Mr. Vineet Agarwal on 04.01.2016, necessary disclosures were made by Noticee 2 as advised. He did not know that the disclosure had to be made under Regulation 29 (2) instead of 29 (1) of the SAST Regulations.

(g) Lapses pointed out in the SCN were purely due to oversight and lack of understanding of the Regulations and not with any *malafide* intention.

25. Vide Hearing Notices dated 10.03.2022 the Noticees were granted an opportunities of hearing by video conferencing through WebEx on 07.04.2022. During the hearing, Ms. Shailashri Bhaskar, Advocate and Authorised Representative of both the Noticees ("AR"), reiterated the submissions made by the Noticees in their replies dated 03.11.2021.

26. In the light of the allegations contained in the SCN and relevant material available on record, I hereby proceed to decide the case on merits.

CONSIDERATION OF ISSUES AND FINDINGS

27. The issues arising for consideration in the instant proceedings before me are:-

I. Whether the following provisions were violated by the Noticees –

a) Clause 35 read with clause 52 (1)(b) of Listing Agreement, and Regulation 31 (4) read with Regulation 4(1)(c), Regulation 4(1)(e), Regulation 4(2)(e) of SEBI (LODR) Regulations, 2015 read with Regulation 2(pp)(ii) of the ICDR Regulations by Noticee 1

b) Regulation 29 of the SAST Regulations, 2011 and Regulation 13 (4A) r/w 13 (5) of PIT Regulations, 1992

II. If yes, whether the Noticee 1 is liable for imposition of monetary penalty under Section 23E of the SCRA read with Clause 2 (i) of the Listing Agreement, and Noticee 2 is liable for imposition of monetary penalty under Section 15A (b) of the SEBI Act?

III. If yes, what would be the monetary penalty that can be imposed upon the respective Noticees taking into consideration the factors stipulated in Section 23J of the SCRA read with Rule 5 (2) of the SCRA Adjudication Rules and Section 15J of the SEBI Act read with Rule 5 (2) of the Adjudication Rules?

I. Whether the provisions of Clause 35 read with clause 52 (1)(b) of Listing Agreement, and Regulation 31 (4) read with Regulation 4(1)(c), Regulation 4(1)(e), Regulation 4(2)(e) of SEBI (LODR) Regulations, 2015 read with Regulation 2(pp)(ii) of the ICDR Regulations by Noticee 1, and Regulation 29 of the SAST Regulations, 2011 and Regulation 13 (4A) r/w 13 (5) of PIT Regulations, 1992 by Noticee 2 were violated by the respective Noticees

28. It is alleged that despite being aware that Noticee 2 was the immediate relative of a promoter of the Company, Noticee 1 incorrectly classified Noticee 2 as a "Public Shareholder' in the shareholding pattern filed by the Company with BSE from Quarter Ended March 2017 till December 2019. Further, though Noticee 2 had acquired shares of Noticee 1 on 24.08.2005, he was not shown as

shareholder in the shareholding pattern filed by Noticee 1 with BSE between 24.08.2005 and QE March 2017. Therefore, Noticee 2 was not reflected as part of the promoter group in the shareholding pattern filed by Noticee 1 between 30.09.2005 to 31.12.2019.

29. Noticee 1 has submitted that its management changed in 2018, and upon getting to know of incorrect classification of Noticee 2 as public shareholder instead of shareholder belonging to the "promoter group" from BSE, it rectified the incorrect classification. Noticee 1 has also contended that it was unaware that Noticee 2 was a shareholder since the shares of the latter were held in physical form and the Registrar who maintained records of Noticee 1 till 2017 did not capture details of shareholding of Noticee 2. While taking note of the submission of Noticee 1 regarding change of management, I find that the after BSE's communication dated 18.12.2019, Noticee 1 did not immediately rectify the disclosures, and it was only by 07.05.2020 that they rectified the disclosure after issuance of a Show Cause Notice by BSE.

30. I note from the reply of Noticee 1 that there was a public announcement for an open offer in February to May 2018 and the open offer formalities were completed in the month of May 2018 and a new management has taken over the affairs of the Company during June to October 2018. It is expected as part of open offer process that the company perform adequate due diligence regarding ownership of the company including promoter shareholding and the Noticee 1 cannot take shelter of the plea that it was not aware of that Noticee 2 was also part of promoter group and hence made incorrect disclosure regarding promoter shareholding.

31. I also note from Annexure 8 to the SCN viz. letter dated 31.01.2020 written by Noticee 2 to Noticee 1, that the shares held by the former in the Company had started getting dematerialised in 2012 itself. Further, as per Regulation 31 (2) of the LODR Regulations Noticee 1 was required to "*ensure that hundred percent of shareholding of promoter(s) and promoter group is in dematerialized form*

and the same is maintained on a continuous basis in the manner as specified by the Board".

32. Therefore, I am unable to accept the contention of Noticee 1 that because of management change, it was unaware of the failure of the previous management to comply with the disclosure requirements in terms of the Listing Agreement LODR Regulations and, the ICDR Regulations before the new management took over in 2018. I am also unable to accept the contention that the details of Noticee 2's holding were not captured by the Registrar because they were held in physical form.

33. In view of the above, I find that the allegation that Noticee 1 violated Clause 35 read with clause 52 (1)(b) of Listing Agreement, as well as Regulation 31 (4) read with Regulation 4(1)(c), Regulation 4(1)(e), Regulation 4(2)(e) of SEBI (LODR) Regulations, 2015 read with Regulation 2(pp)(ii) of the ICDR Regulations, stands established.

34. In respect of Noticee 2, it is alleged that as part of promoter group holding more than 5% shareholding, he made delayed disclosure of change in his shareholding upon acquisition of 108250 shares of the Company on 04.01.2016, with a delay of 6 days on 13.01.2016, and made disclosure under Regulation 29(1) of SAST Regulations instead of Regulation 29 (2) of the SAST Regulations. In this regard, I note that between the required date of disclosure and actual date of disclosure, there are 5 working days which is minor and not material in nature and may have occurred due to procedural reasons. As regards disclosure under Regulation 29(1) instead of 29(2), I note that effective disclosure required was made, and stating it to be under an incorrect regulation does not make the disclosure invalid.

35. It is also alleged in respect of Noticee 2 that he failed to make a disclosure of acquisition of 26,290 shares on 13.04.2013 as required under Regulation 13(4) of PIT Regulations. Noticee 2 has contended that he was not aware that he was

required to make a disclosure under the PIT Regulations for his acquisitions on 15.04.2013. In this regard I note that *ignorantia legis neminem excusat* i.e. ignorance of the law cannot excuse Noticee 2 from the requirement of complying with the legal provisions applicable to him. Noticee 2 has further contended that since Noticee 1 did not classify him as promoter, he also did not consider himself as promoter. It is noteworthy that the obligation of the Company and the promoters to make disclosures of change in shareholding in accordance with the LODR Regulations (in the case of the Company) and PIT Regulations (in the case of Noticee 2) are independent of each other. Hence, Noticee 2 was required to disclose said acquisitions under the PIT Regulations which he failed to do.

36. Therefore, I find that the allegation levelled against Noticee 2 regarding violation of Regulation 13 (4A) of the PIT Regulations stands established.

II. If yes, whether the Noticee 1 is liable for imposition of monetary penalty under Section 23E of the SCRA read with Clause 2 (i) of the Listing Agreement, and Noticee 2 is liable for imposition of monetary penalty under Section 15A (b) of the SEBI Act?

III. If yes, what would be the monetary penalty that can be imposed upon the respective Noticees taking into consideration the factors stipulated in Section 23J of the SCRA read with Rule 5 (2) of the SCRA Adjudication Rules and Section 15J of the SEBI Act read with Rule 5 (2) of the Adjudication Rules?

37. As it has been established that the Noticee 1 has violated Clause 35 read with clause 52 (1)(b) of Listing Agreement, as well as Regulation 31 (4) read with Regulation 4(1)(c), Regulation 4(1)(e), Regulation 4(2)(e) of SEBI (LODR) Regulations, 2015 read with Regulation 2(pp)(ii) of the ICDR Regulations, and that Noticee 2 has violated Regulation 13 (4A) of the PIT Regulations, the Noticees 1 and 2 are liable for imposition of monetary penalty under Section

23E of the SCRA read with Clause 2 (i) of the Listing Agreement, and Section 15A (b) of the SEBI Act, respectively.

38. Section 23E of the SCRA and Section 15A (b) of the SEBI Act read as follows:-

SCRA

Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.

23E. *If a company or any person managing collective investment scheme or mutual fund [or real estate investment trust or infrastructure investment trust or alternative investment fund]*, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be [liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees]**.*

**Inserted by the Finance Act, 2018 w.e.f. 08-03-2019*

***Substituted for the words "liable to a penalty not exceeding twenty-five crore rupees" by the Securities Laws*
(Amendment) Act, 2014, w.e.f 08-09-2014.

SEBI Act

Penalty for failure to furnish information, return, etc.

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, 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;

39. While determining the quantum of penalty under Section 23E of the SCRA as well as Section 15A (b) of the SEBI Act, the following factors stipulated in Section 23J of the SCRA and Section 15J of the SEBI Act, have to be given due regard:

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.

40. I note that no disproportionate gain or unfair advantage is alleged to have accrued to the Noticees on account of failure to disclose the shareholding of Noticee 2 in the shareholding pattern of the Company by Noticee 1, or due to failure of Noticee 2 to make requisite disclosures under the PIT Regulations. Losses, if any, caused to investors who were deprived of information regarding the impugned transaction of the Noticee 2 have not been quantified either. I further take into account that while the violations by the Noticee 1 pertain to 2005-2020, there has since been change of management and the present management rectified disclosures after the matter was taken by BSE. As per the BSE website, Noticee 1 has made the requisite disclosures on 07.05.2020 after Show Cause Notice dated 30.04.2020 issued by the BSE. In respect of Noticee 2, I take note that the violation of PIT Regulations by Noticee 2 pertains to the year 2013.

41. Taking into account the above, I am of the view that a penalty of Rs. 5,00,000/- (five lakhs only) payable by Noticee 1 under Section 23E of the SCRA and a penalty of Rs. 1,00,000 (One lakh only) payable by Noticee 2 under Section 15A (b) of the SEBI Act will be commensurate with the violations committed by the Noticees.

ORDER

42. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 23I of the SCRA read with Rule 5 of the SCRA Adjudication Rules and Section 15 I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs. 5,00,000/- (Rupees five lakhs only) under Section 23E of the SCRA on Noticee 1 for violation of Clause 35 read with Clause 52 (1)(b) of Listing Agreement, as well as Regulation 31 (4) read with Regulation 4(1)(c), Regulation 4(1)(e), Regulation 4(2)(e) of SEBI (LODR) Regulations, 2015 read with Regulation 2(pp)(ii) of the ICDR Regulations, and a penalty of Rs. 1,00,000 (Rupees one lakh only) under Section 15A (b) of the SEBI Act payable by Noticee 2 for violation of Regulation 13 (4A) read with 13 (5) of the PIT Regulations.

43. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link –

ENFORCEMENT → Orders → Orders of AO → PAY NOW

44. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – 4 of SEBI.

45. The Noticees shall provide the following details while forwarding DD/ payment information:
    a) Name and PAN of the entity (Noticee)
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

46. Copies of this Adjudication Order are being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

DATE: JUNE 30, 2022

PLACE: MUMBAI

Cheema

MANINDER CHEEMA

ADJUDICATING OFFICER

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DER
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Digitally signed by MANINDER CHEEMA
Date: 2022.06.30 15:59:38 +05'30'