
QJA/AA/CFD/CFD-SEC-2/30532/2024-25
SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER

Under Section 11(1), 11B(1) and 11B(2) read with Section 15HB of the Securities and Exchange Board of India Act, 1992 read with Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and Section 12A and Section 23H of Securities Contracts (Regulation) Act, 1956 read with Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005

In respect of

Noticee	Name of Noticee	PAN
1	Kemp & Company Ltd.	AAACK2249L
2	Vibhuti Investments Company Ltd.	AAACV1258N
3	DGP Securities Ltd.	AABCS4946F
4	Alcon Finance & Investments Ltd.	AAACA3962A
5	Mr. Dilip G. Piramal	AEAPP7149H

In the matter of Kemp & Company Limited

A. BACKGROUND

1. SEBI's examination of the shareholding pattern of Kemp & Company Ltd. (hereinafter referred to as Noticee 1/KCL) suggested that certain entities who should have been classified as promoters of KCL were classified as public shareholders of Noticee 1. These entities were 'DGP Capital Management Limited' (hereinafter referred to as DGPCML), DGP Enterprise Private Ltd. (hereinafter referred to as DGPEPL), Mr. Dilip G. Piramal and VIP Industries Limited.

2. Therefore, SEBI conducted further examination of KCL and its promoter/promoter group entities for the period January 01, 2013 to March 31, 2023 (hereinafter referred to as 'examination period/ EP') to ascertain whether DGPCML, DGPEPL and Mr. Dilip G. Piramal are part of promoter group of KCL, thus leading to wrongful disclosure of shareholding under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the LODR Regulations). Further, the examination also focused on ascertaining whether KCL was, prima-facie, in non-compliance with the Minimum Public Shareholding (MPS) norms of Securities Contracts (Regulations) Rules, 1957 (hereinafter referred to as SCRR) if seen in light of consolidation of the shareholding of entities that should have been classified as promoters of KCL.
3. KCL was incorporated as a public limited company on June 27, 1882 under the Indian Companies' Act, VI of 1882. The Company was issued a fresh Certificate of Incorporation dated 30th August 1948 by the Registrar of Companies, Bombay, Maharashtra after Independence. The company's shares are listed on the Bombay Stock Exchange ('BSE') since February 09, 1959.
4. The shareholding pattern of promoter and promoter group entities of KCL for the quarter ended June 30, 2023 was as under:

Table 1

Category of shareholder	No. of Shareholders	Total Shares	Percentage
Promoter & Promoter Group	03	7,59,480	70.31
Public	532	3,20,720	29.69
Total	535	10,80,200	100.00

Table 2

Sl. No	Name of the Promoter/ Promoter Group entities Categorised as Promoters	No. of Shares	Shareholding %
1	M/s. Vibhuti Investments Company Limited (hereinafter referred to as Vibhuti/Noticee 2)	7,35,870	68.13

Sl. No	Name of the Promoter/ Promoter Group entities Categorised as Promoters	No. of Shares	Shareholding %
2	M/s. DGP Securities Limited (hereinafter referred to as Noticee 3/DGPSL)	23,260	2.15
3	M/s. Alcon Finance & Investments Ltd (hereinafter referred to as Noticee 4/Alcon)	350	0.03
	Total	7,59,480	70.31*

*Rounded off

B. SHOW CAUSE NOTICE

5. Consequent to the completion of examination, a Show Cause Notice (SCN) dated April 01, 2024 was issued to KCL, its promoter entities – Noticees 2, 3 and 4 and Mr. Dilip G. Piramal (hereinafter referred to as Noticee 5). The Noticees 1 to 5 have been collectively referred to as Noticees.
6. The SCN has, *inter alia*, made the following allegations:
 - 6.1. DGPCML and VIP Industries Limited were disclosed as public shareholders of KCL from March 2013 to March 2023 even though they should have been disclosed as part of promoter group of KCL.
 - 6.2. Noticee 5 was not disclosed as promoter of KCL when he was having controlling shareholding in the companies classified as promoter entities of KCL.
 - 6.3. DGPEPL was disclosed as public shareholder of KCL during March 2013 – September 2017 even though it should have been disclosed as part of promoter group.
 - 6.4. The Noticees failed to comply with the Minimum Public Shareholding (MPS) requirements of Securities Contracts (Regulations) Rules, 1957 (hereinafter referred to as SCRR) during March 2013 to September 2017 when seen in light of the consolidation of holdings of entities that should have been classified as part of promoter/promoter group.
7. In the light of the above, the Noticee 1 is alleged to have failed to comply with regulation 31(1)(b) of the LODR Regulations read with SEBI circular

CIR/CFD/CMD/13/2015 dated November 30, 2015 and Clause 35b of the Listing Agreement for incorrect classification of promoter/promoter group under public shareholders category and thereby filing wrong disclosure of shareholding. Further, all the Noticees, i.e. the company and its promoters, are alleged to have violated Rule 19A(1) of SCRR read with regulation 38 of the LODR Regulations read with provision of 2(II) on “Amendments to Clause 40A – Minimum Public Shareholding” of SEBI circular CIR/CFD/DIL/10/2010 dated December 16, 2010 and circular CIR/CFD/CMD/14/2015 dated November 30, 2015 by not complying with the MPS requirement.

8. In view of the allegations made, the Noticees were called upon to show cause as to why suitable directions/penalty under Sections 11(1), 11B(1) and 11B(2) read with Section 12A of SCRA, 1956, including freezing of voting rights with respect to excess shareholdings, prohibition on buying, selling or otherwise dealing in securities market, either directly or indirectly, in any manner whatsoever, for a particular period and directions not to be associated with any registered intermediary/ listed company and any public company which intends to raise money from public in the securities market, in any manner whatsoever and penalty under section 15HB of the SEBI Act, 1992 read with Section 23H of SCRA, 1956 read with SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and Securities Contracts (Regulation) (Procedure For Holding Inquiry And Imposing Penalties) Rules, 2005, should not be issued against them.

C. SERVICE OF SCN, INSPECTION OF DOCUMENTS AND PERSONAL HEARING

9. The SCN dated April 01, 2024 was sent to the Noticees at the address available on record. Pursuant to the issuance of SCN, replies were received from the Noticees. The details with respect to the replies received from the Noticees are as under:

Table 3

Noticee	Noticee Name	Date of Replies
1	Kemp & Company Ltd.	April 18, 2024, April 29, 2024
2	Vibhuti Investments Company Ltd.	April 18, 2024, April 26, 2024

Noticee	Noticee Name	Date of Replies
3	DGP Securities Ltd.	April 18, 2024, April 26, 2024
4	Alcon Finance & Investments Ltd.	April 26, 2024
5	Mr. Dilip G. Piramal	April 26, 2024

10. The Noticees availed opportunity of hearing through their Authorized Representative (Juris Matrix Partners LLP) provided on May 16, 2024 and made additional submissions vide separate letters dated May 23, 2024. The submissions made by the Noticees in their replies and during the personal hearing are dealt with in detail at the relevant paragraphs below while considering the issues in the matter.

D. CONSIDERATION OF ISSUES AND FINDINGS

11. Having carefully examined the information available on record, viz., the SCN, written and oral submissions put forth by the Noticees during the course of personal hearing, the issues under consideration before me are as under:

- 1.1. **Issue 1:** Whether or not DGPCML, Noticee 5, VIP Industries Limited and DGPEPL (during March 2013 to September 2017) were part of promoter group of KCL?
- 1.2. **Issue 2:** Whether or not there was wrongful disclosure of promoter shareholding of KCL?
- 1.3. **Issue 3:** Whether or not there was non-compliance with the Minimum Public Shareholding (MPS) norms during March 2013 to September 2017?

12. Before dealing with the key issues in this matter, I deem it apposite to refer to the relevant provisions of law which are alleged to have been violated and relevant extract thereof is reproduced hereunder:

Companies Act 2013

“2...

(69)

- a. *who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92; or*

- b. who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or
- c. in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act:
Provided that nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity;

90(1) Every individual, who acting alone or together, or through one or more persons or trust, including a trust and persons resident outside India, holds beneficial interests, of not less than twenty-five per cent or such other percentage as may be prescribed, in shares of a company or the right to exercise, or the actual exercising of significant influence or control as defined in clause (27) of section 2, over the company (herein referred to as "significant beneficial owner"), shall make a declaration to the company, specifying the nature of his interest and other particulars, in such manner and within such period of acquisition of the beneficial interest or rights and any change thereof, as may be prescribed:

SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009

"2 (1)

(za) "**promoter**" includes:

- i. the person or persons who are in control of the issuer;
- ii. the person or persons who are instrumental in the formulation of a plan or programme pursuant to which specified securities are offered to public;
- iii. the person or persons named in the offer document as promoters:

Provided that a director or officer of the issuer or a person, if acting as such merely in his professional capacity, shall not be deemed as a promoter:

Provided further that a financial institution, scheduled bank, foreign institutional investor and mutual fund shall not be deemed to be a promoter merely by virtue of the fact that ten per cent or more of the equity share capital of the issuer is held by such person;

Provided further that such financial institution, scheduled bank and foreign institutional investor shall be treated as promoter for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them;

2 (1) ...

(zb) "**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); and

(iii) in case promoter is a body corporate:

(A) a subsidiary or holding company of such body corporate;

(B) anybody corporate in which the promoter holds ten per cent or more of the equity share capital or which holds ten per cent or more of the equity share capital of the promoter;

(C) anybody corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent or more of the equity share capital in that body corporate also holds twenty per cent or more of the equity share capital of the issuer; and

(iv) in case the promoter is an individual:

(A) anybody corporate in which ten per cent or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;

(B) anybody corporate in which a body corporate as provided in (A) above holds ten per cent. or more, of the equity share capital;

(C) any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten per cent. of the total; and

(v) all persons whose shareholding is aggregated for the purpose of disclosing in the prospectus under the heading "shareholding of the promoter group":

SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018

2 (1)

(oo) "**promoter**" shall include a person:

- i. who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or
- ii. who has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or
- iii. in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act:

Provided that nothing in sub clause shall apply to a person who is acting merely in a professional capacity;

2 (1)

(pp) **“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); and
- iii. in case promoter is a body corporate:
 - A) a subsidiary or holding company of such body corporate;
 - B) any body corporate in which the promoter holds twenty per cent or more of the equity share capital; and/or any body corporate which holds twenty per cent or more of the equity share capital of the promoter
- iv. in case the promoter is an individual:
 - A) any body corporate in which twenty per cent or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member;
 - B) any body corporate in which a body corporate as provided in (A) above holds twenty per cent or more, of the equity share capital; and
 - C) any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent of the total capital;
- v. all persons whose shareholding is aggregated under the heading shareholding of the promoter group

Securities Contracts (Regulation) Rules, 1957

“19A.

- 1) Every listed company [other than public sector company] shall maintain public shareholding of at least twenty-five per cent.

Provided that every listed public sector company which has public shareholding below twenty-five per cent. on the commencement of the Securities Contracts (Regulation)(Second Amendment) Rules, 2018, shall increase its public shareholding to at least twenty-five per cent, within a period of three years from the date of such commencement, in the manner specified by the Securities and Exchange Board of India.”

Listing Obligations and Disclosure Requirements, 2015

“38. The listed entity shall comply with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in the manner as specified by the Board from time to time:

Provided that provisions of this regulation shall not apply to entities listed on institutional trading platform without making a public issue.

Point 2(II) on “Amendments to Clause 40A – Minimum Public Shareholding” of SEBI circular CIR/CFD/DIL/10/2010 dated December 16, 2010 read with circular CIR/CFD/CMD/14/2015 dated November 30, 2015, provides the manner of achieving the minimum public shareholding through the following ways –

“

- a) *issuance of shares to public through prospectus; or*
- b) *offer for sale of shares held by promoters to public through prospectus;*
- c) *sale of shares held by promoters through the secondary market.*
- d) *Institutional Placement Programme (IPP) in terms of Chapter VIIIA of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.*
- e) *Rights Issue to public shareholders, with promoter/promoter group shareholders forgoing their entitlement to equity shares, that may arise from such issue;*
- f) *Bonus Issues to public shareholders, with promoter/promoter group shareholders forgoing their entitlement to equity shares, that may arise from such issue;*
- g) *Any other method as may be approved by SEBI on a case to case basis. For this purpose, the listed entities may approach SEBI with appropriate details. SEBI would endeavor to communicate its decision within 30 days from the date of receipt of the proposal or the date of receipt of additional information as sought from the company.”*

Listing Agreement

Clause 35 b

“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, in compliance with the following timelines, namely:

a.....

b. On a quarterly basis, within 21 days from the end of each quarter...

*(I)(a) **Statement showing Shareholding Pattern**”*

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Regulation 31(1) (b)

“Holding of specified securities and shareholding pattern.

31. (1) The listed entity shall submit to the stock exchange(s) a statement showing holding of securities and shareholding pattern separately for each class of securities, in the format specified by the Board from time to time within the following timelines -

(a)

(b) on a quarterly basis, within twenty-one days from the end of each quarter; and...

SEBI circular CIR/CFD/CMD/13/2015 dated November 30, 2015

Manner of representation of holding of specified securities

“a. The holding of specified securities shall be divided into the following 3 categories viz.

Promoter and Promoter Group, Public and Non Promoter Non Public

***Formats:** The format for disclosure of holding of specified securities is placed at Annexure I. b. Statement showing holding of specified securities of the Promoter and Promoter Group is given as per Table-I...*”

SEBI (SAST) Regulations 2011

“control” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder’s agreements or voting agreements or in any other manner:

Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position.

13. Now, I proceed to examine as to whether the Noticees have violated the aforesaid provisions of law as alleged in the SCN in the facts of the present matter.

Issue 1: Whether or not DGPCML, Noticee 5, VIP Industries Limited and DGPEPL (during March 2013 to September 2017) were part of promoter group of KCL?

DGPCML

14. The SCN has stated that as per the list of shareholders of DGPCML filed with MCA, as on November 2022 and as per the financial statements of DGPCML for 2014-15 and 2021-22, it was observed that DGPSL owned 100% shares of DGPCML. The SCN has further stated that DGPSL has been stated as the Holding Company of DGPCML in the financial statement of DGPCML for 2014-15 and 2021-22. In light of the same, it has been alleged that as per the definition of promoter group in ICDR Regulations 2009 and 2018, DGPCML should have been

disclosed as part of promoter group of KCL. While alleging that DGPCML should have been classified as promoter of Noticee 1, the SCN has also stated that DGPCML shared common address with Noticee 3 as per forms filed with MCA (Annual Report for FY 2021-22 of Noticee 3 and form MGT-7 of DGPCML for FY 2021-22). Further, it has been stated that DGPCML and Noticee 2, 3 and 4, i.e. Vibhuti, DGPSL and Alcon, had common directors, viz., Mr. Mahendra Kumar Arora, Noticee 5 and Ms. Shalini Dilip Piramal. I also note that the financial statements of 2021-22 of DGPCML have been signed by Mr. Dilip G. Piramal and his wife Ms. Shalini D Piramal.

15. With respect to the said allegations, KCL and DGPSL have stated that in the year 2005, neither DGPSL nor DGPCML, were ever included as promoter of KCL as none of the companies was a subsidiary or holding company of Vibhuti which was a part of KCL's promoters. Further, KCL and DGPSL have stated that Vibhuti was not holding more than 26% shares of either of the companies. However, KCL and DGPSL have stated that in 2006, there was an amendment to SEBI (Substantial Acquisition of Shares and Takeover) Regulations (hereinafter referred to as the SAST Regulations) which specified that if a promoter is a body corporate, then any company in which the promoter holds 10% or more of the equity capital has to be disclosed as a promoter. Thereby, DGPSL and KCL have stated that since Vibhuti held more than 10% of DGPSL, DGPSL was disclosed as a Promoter of KCL but as Vibhuti never held any shares of DGPCML, it was never included as a Promoter of KCL. Further, KCL and DGPSL have stated that DGPCML never held any share of Vibhuti and neither did Vibhuti hold any shares of DGPCML and hence DGPCML was never required to be included as Promoter of KCL. Additionally, KCL and DGPSL have stated that in December 2017, RBI (in response to application of DGPCML for registration as an NBFC-ND) had directed that DGPCML be amalgamated with DGPSL. Thereby, the procedure for amalgamation of DGPSL and DGPCML began in 2017 and the allegation of violation of LODR Regulations of 2018 is erroneous. Also, KCL has submitted that as DGPCML has now been amalgamated with DGPSL, there remains no promoter holding of DGPCML which has not been included as Promoter holding of KCL. Additionally, DGPSL has submitted that Mr. Mahendra Kumar Arora was never a

Director in DGPSL and no adverse inference can be drawn solely on the basis of common directors.

16. In this respect, it is noticed that the term promoter and promoter group have been defined under ICDR Regulations 2009 and 2018. The ICDR Regulations, 2009, *inter alia*, provide that “promoter” includes the person or persons who are in control of the issuer and in case promoter is a body corporate, promoter group includes anybody corporate in which the promoter holds ten per cent or more of the equity share capital. Further, the ICDR Regulations 2018, *inter alia*, provide that “promoter” shall include a person who has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise and in case promoter is a body corporate, promoter group includes any body corporate in which the promoter holds twenty per cent. or more of the equity share capital. Further, I note that post the 2006 amendment in SAST Regulations referred to by KCL and DGPSL, the SAST Regulations defined promoter/promoter group as follows:

“2 (1) (h) Promoter’ means -

(a) any person who is in control of the target company;
(b) any person named as promoter in any offer document of the target company or any shareholding pattern filed by the target company with the stock exchanges pursuant to the Listing Agreement, whichever is later;
and includes any person belonging to the promoter group as mentioned in Explanation I:

Provided that a director or officer of the target company or any other person shall not be a promoter, if he is acting as such merely in his professional capacity.

Explanation I: For the purpose of this clause, 'promoter group' shall include:

(a) in case promoter is a body corporate -
(i) a subsidiary or holding company of that body corporate;
(ii) any company in which the promoter holds 10% or more of the equity capital or which holds 10% or more of the equity capital of the promoter;

(iii) any company in which a group of individuals or companies or combinations thereof who holds 20% or more of the equity capital in that company also holds 20% or more of the equity capital of the target company;...”

Hence, I find that as per the said definition of promoter/promoter group as per 2006 amendment in SAST Regulations, if a promoter company holds 10% or more of the equity capital in a company, such company has to be included as a promoter. In this regard, KCL and DGPSL have acknowledged that it was due to this amendment that DGPSL was included as a promoter of KCL because Vibhuti held more than 10% of equity capital of DGPSL. I find that by this very logic, DGPCML should also have been included as part of promoter group because DGPSL (classified as promoter in 2006) held 100% shares of DGPCML. Therefore, whether or not Vibhuti and DGPCML held any share of each other is not relevant to the current proceedings. Further, with respect to the Noticee's contention that the amalgamation process of DGPCML with DGPSL began in 2017, I note that the amalgamation process was concluded only in 2023. KCL has itself stated that the amalgamation got executed on April 27, 2023. Therefore, the contention of KCL and DGPSL that the allegation of violation of LODR Regulations of 2018 is erroneous, does not hold good. Additionally, I am of the opinion that the facts with respect to common address and directors as discussed at paragraph 14 above in the SCN bring about the connection between Noticees 2, 3, 4 and DGPCML. Hence, the Noticee's contention with respect to not drawing any adverse inference based on common address/directors among Noticees 2, 3 and 4 do not require any deliberation as DGPCML squarely fell under the definition of promoter group under ICDR Regulation 2009 and 2018 as well as SAST Regulations amended in 2006.

Noticee 5 – Mr. Dilip G. Piramal

17. The SCN has alleged that Noticee 5 was not disclosed as promoter of KCL when he was having controlling shareholding in the companies classified as promoter entities of KCL. Further, the SCN has stated that Noticee 5 has held directorship in KCL since February 12, 2021 and his wife Ms. Shalini D Piramal has held directorship in KCL since March 26, 2015. It has also been stated in the SCN that

both Noticee 5 and his wife were directors in promoter entities of KCL, i.e., Noticees 2 to 4. Additionally, the SCN has stated that Noticee 5 is director in DGPCML since December 08, 1997 and that the Notice of the merger of DGPCML with DGPSL inviting objections or suggestions was signed by Noticee 5 in his capacity as director of DGPCML on March 20, 2020. Further, the signature of the authorised representative of the Transferor and transferee company in the amalgamation scheme was found to be signed by Noticee 5.

18. With respect to the allegation that Noticee 5 controlled Vibhuti, the SCN has stated that as per Board resolution dated September 08, 2014, Noticee 5, as adviser of Noticee 2, had been authorised to give donation to any bona fide charitable fund up to an amount of Rs. 1 crore. Further, the SCN has stated that as per Board resolution dated September 08, 2014, Noticee 5, as adviser of Noticee 2, had been authorised to invest or acquire securities of body corporate, Mutual Funds or to give loan to any other body corporate as deemed fit up to an amount of Rs. 150 crore. Additionally, the SCN has stated that as per Board resolution dated April 17, 2018, Noticee 5 had been singly authorized to execute loan facility of an amount not exceeding Rs. 20 crore from Bajaj Finance for short-term requirements of Vibhuti. Also, the SCN has stated that Noticee 5 is a director of Vibhuti since September 01, 2020 and Ms. Shalini Piramal (wife of Noticee 5) is the Managing Director of Vibhuti since September 01, 2020. Further, the SCN has drawn reference to the cross-holding between Noticees 2 to 4 as summarised below:

Table 4

Shareholding of three promoter entities (%) as at the end of November 2022					
	Shareholders				
Company	Vibhuti	DGPSL	Alcon	Mr. Dilip G Piramal	Total
Vibhuti		49.49	49.16	-	98.65
DGPSL	48.99		-	48.91*	97.90
Alcon	25.00	37.50		37.50	100.00

**Mr. Dilip Piramal is directly holding 31.21% and 8.9% & 8.8% through his daughters (31.21%+8.9%+8.8%=48.91%)*

Additionally, the SCN has brought out the following details of holding of Noticee 5 in Noticees 2, 3 and 4 to indicate that Noticee 5 held significant beneficial interest in Noticees 2, 3 and 4:

Table 5

	Alcon
Direct Holding of Mr. Dilip Piramal	37.50%
Indirect holding (Proportionate basis) of Mr. Dilip Piramal in Alcon through DGPSL (As DGPSL is holding 37.5 % in Alcon and Mr. Dilip G Piramal is holding 48.91% in DGPSL)	$(48.91 \times 37.5) / 100 = 18.34\%$
Total	55.84%
	Vibhuti
Direct Holding of Mr. Dilip Piramal	0.003
Indirect holding (Proportionate basis) of Mr. Dilip Piramal in VICL through DGPSL and Alcon <u>DGPSL</u> (As DGPSL is holding 49.49% in Vibhuti and Vibhuti in turn holding 48.99% in DGPSL) <u>Alcon</u> (As Alcon is holding 49.16% in Vibhuti and Vibhuti in turn holding 55.84% (37.5%+ 18.34%) in Alcon as calculated above)	$(48.91 \times 49.49) / 100 = 24.20$ $(55.84 \times 49.16) / 100 = 27.45$
Total	51.65%
	DGPSL
Direct Holding of Mr. Dilip Piramal	48.91%
Indirect holding (Proportionate basis) of Mr. Dilip Piramal in DGPSL through Vibhuti (As Vibhuti is holding 48.99 % in DGPSL and Mr. Dilip G Piramal is holding 51.65% in Vibhuti)	$(51.65 \times 48.99) / 100 = 25.30\%$
Total	74.21%

Further, it has been alleged that Noticee 5 had controlling shareholdings in DGPCML. The SCN has also drawn reference to the disclosure to Stock Exchange by Noticee 5 under regulation 31(4) of the SAST Regulations to state that the said disclosure applies to promoters and had been made by Noticee 5 for FY 2022 and

2023. I note that regulation 31(4) of the SAST Regulations requires the promoter of every target company to declare on a yearly basis that he along with persons acting in concert has not made any encumbrance, directly or indirectly, other than those disclosed during the financial year.

19. In his defence, Noticee 5 has contended that owing to his miniscule shareholding in KCL (330 shares or 0.03% of total shares), he believed that his name was not required to be included as promoter of KCL and that the said lapse was unintentional. Further, Noticee 5 has drawn reference to disclosures under regulation 31(4) of the SAST Regulations to contend that the details of all holdings were always in public domain and there was no ulterior motive behind non-disclosure of Noticee 5 as promoter. Further, the Noticee has contended that he was unaware that due to his being a director in other promoter companies of KCL, he ought to have been classified as promoter. Additionally, the Noticee has referred to his period of directorships in Noticee 2 (September 01, 2020 onwards), Noticee 3 (December 19, 1981 onwards) and Noticee 4 (June 01, 2018 onwards) to contend that he could not be alleged to have violated the provisions for the entire examination period. Further, Noticee 5 has submitted that DGPCML has since been amalgamated with DGPSL. Additionally, Noticee 5 has stated that DGPSL and erstwhile DGPCML are separate legal entities having an independent Board of Directors to manage the affairs of the companies and he could not exert any influence individually on the affairs of the company.

20. With respect to the allegation that Noticee 5 controlled Vibhuti, Vibhuti has contended that Noticee 5 was appointed as director of Vibhuti from September 01, 2020, prior to which he was acting in fiduciary capacity as an advisor to Vibhuti. Additionally, Vibhuti has stated that it is a separate legal entity and by no means could Noticee 5 be termed as "*natural person*" behind the company. Further, Vibhuti has stated that the term natural person has not been defined under SEBI Regulations or guidelines and that the affairs and management of corporate body are under the decisions of the Board of Directors and no individual could decide on the affairs and management.

21. Additionally, both Vibhuti and Noticee 5 have placed reliance on following case laws:

21.1. *Sudhir Gopi vs. Indira Gandhi National Open University (Hon'ble Delhi High Court judgement dated May 16, 2017)* to contend that merely because an individual controls significant interest in the company and oversees running the company's business, it does not thereby render such individual personally bound by all agreements entered into by the company. Hence, the Noticee has contended that corporate veil can be pierced only in rare cases where the Court comes to the conclusion that the conduct of the shareholder is abusive and the corporate facade is used for an improper purpose, for perpetuating a fraud, or for circumventing a statute. Thus, the Noticee has contended that non-compliance to file disclosures or incomplete disclosures by KCL could not lead to a liability on the promoters of KCL.

21.2. *Salomon vs. Salomon (English courts)* to contend that the corporate form is to be respected, and that it may only be disregarded/ pierced upon satisfaction of a periodically fine-tuned list of exceptions. Further, although sham, fraud and colourable device (an unacceptable form of avoidance that is not within the framework of the law) – all accomplish a disregarding of the corporate form, the SCN does not allege fraud or agency.

21.3. *Vodafone International Holdings Vs. Union of India (Hon'ble Supreme Court judgement dated January 20, 2012)* to contend that the parent company of a Wholly Owned Subsidiary is not responsible legally for the unlawful activities of the subsidiary save in exceptional circumstances, such as a company is a sham or the agent of the shareholder.

21.4. *Balwant Rai Saluja vs. Air India (Hon'ble Supreme Court judgement dated August 25, 2014)* to contend that the veil should be allowed only when it is evident that the company was a mere camouflage or sham deliberately created by the persons exercising control over the said company for the purpose of avoiding liability'.

21.5. *Prest vs. Petrodel (UK Courts)* to contend that corporate veil should be lifted when a person is under an existing legal obligation or liability or subject to an existing legal restriction which he deliberately evades or whose enforcement he deliberately frustrates by interposing a company under his

control.

22. In view of the above case laws, KCL and Vibhuti have contended that there is no case to pierce the corporate veil in the current matter.

23. In this regard, I find that the Noticee 5 has stated that he believed he was not required to be included as promoter of KCL. However, as postulated by legal maxim "*ignorantia juris non excusat*", ignorance of law is no excuse and everyone is presumed to know the law of the land. A person cannot defend violations by stating that he was not aware his actions were violative of the law, even if he honestly believed that they were in compliance with the law. Therefore, I do not find any merit in this contention of Noticee 5. With respect to the contention of Noticee 5 that disclosures were made under regulation 31(4) of the SAST Regulations, I note that the said disclosures were referred to in the SCN to allege that even though Noticee 5 is making such disclosures as applicable to promoters, he has not been disclosed as a promoter of KCL. I also note that the SCN has referred to the email dated June 13, 2023 of KCL to SEBI wherein KCL had stated that the disclosure made by Mr. Dilip Piramal under regulation 31(4) of the SAST Regulations on April 01, 2023 was on behalf of all the Promoters and the word "*myself*" mentioned in the said disclosure was a typographical error. Hence, I find that the current contention of Noticee 5 that disclosures were made under the said regulation is only an afterthought.

24. With respect to the Noticees' contention that companies DGPCML and DGPSL are separate legal entities, I find that while a company is a juristic person, it has been acknowledged by courts in numerous instances that it does not have a brain of its own. Therefore, the group of persons leading the company become important. Knowing the promoters of a company is also essential for all shareholders. Hence, SEBI has imposed numerous obligations on the promoters including various disclosure obligations so that the public shareholders and investors are continuously apprised of position of such promoters in the company. All these provisions become meaningless if a company fails to make

disclosure of any of its promoters and consequently, avoids all the disclosure obligations imposed by law upon such promoters.

25. Therefore, in a scenario like the present matter, wherein a majority of shares of KCL are held by corporate promoters, it becomes necessary to identify the actual persons who are hiding behind the veils of such corporate entities and exercising de facto control of KCL. Further, in this connection, it is relevant to refer to the observation of Hon'ble SAT in its order dated July 28, 2017 in the matter of *Sahara Asset Management Company P. Ltd. and Ors. vs. SEBI* as below:

*“In the securities market, SEBI Act empowers SEBI to take actions in the interest of protecting the interests of the investors and hence **lifting the corporate veil to the extent to identify who controls a regulated entity cannot be faulted**. Without such a power SEBI will be a mute spectator to many of the corporate misdeeds which may jeopardize the interests of investors. Given the mandate of SEBI to protect the interests of the investors in the securities market SEBI is statutorily empowered to lift the corporate veil and find out the truth whenever interests of the investors are affected or likely to be affected.”*

26. Further, whether an entity or a group of entities are in control over the affairs of a company can generally be gauged through the rights that accrue to such entity/group of entities through their shareholding/voting rights in the company and such shareholding/voting rights accrual is direct and obvious. In this regard, I draw reference to the observation made by the Hon'ble Supreme Court of India in their judgment in the matter of *Vodafone International Holdings B.V. vs. Union of India* (2012)6 SCC 613:

““Control” is a mixed question of law and fact. Ownership of shares may, in certain situations, result in the assumption of an interest which has the character of a controlling interest in the management of the company. A controlling interest is an incident of ownership of shares in a company, something which flows out of the holding of shares.”

27. As held above by the Hon'ble Apex Court, the question of control is a mixed question of law and fact. Therefore, in cases of complex web of shareholding, the question of identification of entity(ies) in control of a company becomes more complex. Hence, in the cases involving cross-holding of shares amongst the entities wherein on the face of shareholding pattern, the individual exercising control over the company cannot be identified, there is a gap in the information available to public as to who the actual promoter of a company is. For example, in the present case, Noticee 2, 3 and 4 have been disclosed as promoters of Noticee 1. However, Noticee 5 is directly or indirectly holding more than 50% shares of each of Noticee 2, 3 and 4 as is evident from Table 5. Further, the Noticees 2, 3 and 4 have cross-holdings in each other as is evident from Table 4. Yet, Noticee 5 has not been disclosed as a promoter of KCL.

28. In this regard, I note that Hon'ble Supreme Court of India in its judgment in the matter of *Vodafone International Holdings (supra)*, made the following observations:

"The control of a company resides in the voting power of its shareholders and shares represent an interest of a shareholder which is made up of various rights contained in the contract embedded in the Articles of Association. The right of a shareholder may assume the character of a controlling interest where the extent of the shareholding enables the shareholder to control the management."

29. Thus, shareholding is one of the test of control by an entity or a group of entities over a company as shares denote a bundle of rights in the hands of the shareholder. Thus, the group of shareholders having larger shareholding is called the group in control of the affairs of the company. Accordingly, any person, who desires to enter into a company by subscribing to its share capital, desires to know the identity of shareholder group who control the affairs of the company.

30. Control comes in the hand of a shareholder or a group of shareholders as soon as their voting rights in the company cross the threshold of 50% of total shareholding and voting rights. The same has also been accepted by the Hon'ble Apex Court in *Vodafone International Holding case (supra)* wherein, it has been,

inter alia, observed that “Controlling interest of CGP over Array is an incident of holding majority shares and the control of Company vests in the voting power of its shareholders.” Hence, Noticee 5 by virtue of his control of promoter entities (by directly or indirectly holding 51.65% of Noticee 2, 74.21% of Noticee 3 and 55.84% of Noticee 4), squarely falls within the definition of ‘Promoter’ under ICDR Regulations 2009 and 2018 and should have been disclosed as such.

31. Further, appointment of the Board of Directors of a company is done by the shareholders. In fact, as the appointment of directors is done by simple majority voting system, the group of shareholders holding majority of the shares of the company become the identified entities who can be stated to be in control of the company.

32. In view of the above, SEBI is justified in lifting the corporate veil to identify the actual persons/entities behind KCL in the present matter. In light of these facts, I am of the view that Noticee 5 should have been disclosed as a promoter of KCL irrespective of his period of directorships in promoter entities as he controlled the affairs of KCL. Further, the usage of the term ‘*natural person*’ in the SCN is to allege that Noticee 5 was the individual who was in control of the promoter entities of KCL, which has been discussed in detail in the foregoing paragraphs. Thus, I find that the Noticee’s contention that the term ‘*natural person*’ is not defined under SEBI Regulations and guidelines does not require further deliberation.

DGPEPL

33. The SCN has stated that Noticee 5 held almost 100% shares of DGPEPL. The list of shareholders of DGPEPL is presented in the following table:

Table 6

List of Shareholders in DGP Enterprise Private Ltd.		
Name of Shareholder	No. of Shares	%
Dilip G Piramal	9,990	99.90
Kamal J. Tibrewala	10	00.10
Total	10,000	100

34. In this regard, the SCN has alleged that as Noticee 5 should have been classified as a promoter of KCL, DGPEPL (where Noticee 5 holds almost 100% shares) should also have been classified as part of promoter group of KCL during March 2013 to September 2017 instead of public shareholder. Further, the SCN has noted that based on the transaction statement of DGPEPL, it was observed that on October 31, 2017, the entire shareholding of DGPEPL was transferred to Ms. Gita Piramal (Ex-wife of Noticee 5) through off market transaction and from December 2017, DGPEPL ceased to exist as a public shareholder of KCL.

35. In this regard, KCL and DGPSL have stated that in the year 2005, neither DGPSL nor DGPEPL, were ever included as promoter of KCL as none of the companies was a subsidiary or holding company of Vibhuti which was a part of KCL's promoters. Further, KCL and DGPSL have stated that Vibhuti was not holding more than 26% shares of either of the companies. Further, KCL and DGPSL have stated that in 2006, there was an amendment to the SAST Regulations which specified that if a promoter is a body corporate, then any company in which the promoter holds 10% or more of the equity capital has to be disclosed as a promoter. Thereby, as Vibhuti admittedly held more than 10% of DGPSL, DGPSL was disclosed as a Promoter of KCL. However, as Vibhuti never held any shares of DGPEPL, it was never included as a Promoter of KCL. Also, KCL has stated that DGPEPL never held any share of Vibhuti and neither did Vibhuti hold any shares of DGPEPL and hence, DGPEPL was never required to be included as Promoter of KCL. Furthermore, KCL and DGPSL have stated that in 2017, DGPEPL had transferred its entire shareholding to another public shareholder, vide an off market transfer.

36. I note that the allegation in the SCN to disclose DGPEPL as part of the promoter group is based on the fact that Noticee 5 held almost 100% shares of DGPEPL during March 2013 to September 2017. However, KCL has not addressed the said issue in its reply and has harped on the irrelevant fact that Vibhuti and DGPEPL never held any share of each other. It has already been held that Noticee 5 was a promoter of KCL and he should have been disclosed as a promoter of KCL. Accordingly, I find that it is only logical that under the definition of promoter group

under ICDR Regulations 2009 (which required that in case the promoter is an individual, promoter group includes *any body corporate in which ten percent or more of the equity share capital is held by the promoter*), DGPEPL should have been classified as part of promoter group of KCL from March 2013 to September 2017. As DGPEPL had transferred its entire shareholding to another public shareholder in 2017, I find that there is no violation post September 2017.

VIP Industries Limited

37. The SCN has alleged that VIP Industries Limited should have been classified as promoter of KCL as DGPSL and Vibhuti held more than 10% of the shares of VIP Industries Limited. Further, it has been stated in the SCN that it is observed from the disclosure of related party transactions (hereinafter referred to as RPT) reported by VIP Industries Limited as on September 30, 2022 that there is a transaction of Rs. 1 crore between VIP Industries Limited and KCL and VIP Industries Limited in its RPT disclosure has reported the relationship of KCL with VIP Industries Limited as that of 'Promoter Company'. Thus, VIP Industries Limited disclosed KCL as part of its promoter group but KCL did not disclose VIP Industries Limited as part of its promoter group.

38. With respect to the said allegation, I note that the promoter shareholding pattern of VIP Industries Limited as on March 31, 2013 and March 31, 2023 was as follows:

Table 7

Sl. No.	Category of Shareholder	Entity Type	March 2023		March 2013	
			Shares held	% Shareholding	Shares held	% Shareholding
1	Dilip Piramal G	Promoter	4,42,020	0.31	3,020	0.00
2	Shalini Piramal D	Promoter	3,33,500	0.24	33,500	0.02
3	Aparna Piramal Raje	Promoter	1,44,750	0.10	1,44,750	0.10
4	Radhika Piramal	Foreign Promoter	2,22,487	0.16	2,22,000	0.16
5	DGPSL	Promoter Group	3,66,22,755	25.85	3,65,81,765	25.89
6	Vibhuti	Promoter Group	2,23,22,585	15.76	2,17,83,300	15.41

7	KCL	Promoter Group	33,53,280	2.37	32,99,980	2.34
8	Kiddy Plast Ltd.	Promoter Group	28,92,724	2.04	47,49,340	3.36
9	Alcon	Promoter Group	28,07,175	1.98	27,43,355	1.94
10	DGPEPL	Promoter Group	17,99,264	1.27	23,88,500	1.69
11	DGPCML	Promoter Group	17,34,665	1.22	16,67,665	1.18
			7,26,75,205	51.30	7,36,17,175	52.09

39. From the said shareholding pattern, I note that Vibhuti and DGPSL held approximately 15% and 26% shares of VIP Industries Limited. Hence, as per the definition of promoter/promoter group under ICDR Regulations 2009 and 2018, VIP Industries Limited should have been disclosed as a promoter/promoter group of KCL. Further, I note that no submissions have been made by the Noticees in this regard. Further, Hon'ble SAT in the matter of *Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006)*, has, *inter alia*, observed that "...the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them". In line with this judgement, I am inclined to presume that the charges alleged against KCL in the SCN with respect to non-disclosure of VIP Industries Limited as part of promoter group of KCL has been admitted by the Noticees. Hence, I find that VIP Industries Limited should have been classified as part of promoter group of KCL.

40. Keeping this in perspective, I now proceed to deal with the other issues under consideration in the present matter.

Issue 2: Whether or not there was wrongful disclosure of promoter shareholding of KCL?

41. Having concluded above that DGPCML, Dilip G. Piramal, VIP Industries Limited and DGPEPL should have been disclosed as promoters of KCL, I find that there was wrongful disclosure of promoter shareholding of KCL. Hence, I find that KCL has violated regulation 31(1)(b) of the LODR Regulations read with SEBI circular

CIR/CFD/CMD/13/2015 dated November 30, 2015 and Clause 35b of the Listing Agreement.

Issue 3: Whether or not there was non-compliance with the Minimum Public Shareholding (MPS) norms during March 2013 to September 2017?

42. The SCN has alleged that if correct disclosure of promoter shareholding would have been done by KCL, the promoter shareholding would have crossed 75% and would have breached the MPS norms during June 2013 to December 2018.
43. In this regard, KCL has stated that Noticee 5 or other promoter companies never influenced decisions of KCL and the alleged non-inclusion of Noticee 5 as promoter was a lapse on account of interpretation. Further, Noticees 2 to 5 have stated that the liability to comply with MPS norms is on the company and not the promoters. In this regard, all the Noticees have relied on case laws stated at paragraph 21 of this Order to contend that corporate veil should be lifted only in exceptional circumstances.
44. I note that Rule 19A was inserted in SCRR to introduce the requirement for all the listed companies to achieve and maintain the MPS of at least twenty-five per cent of total shareholding of the company. In furtherance of the same, various circulars have been issued by SEBI from time to time, specifying the methods that can be adopted for complying with the MPS requirements. The said requirement has also been incorporated under Regulation 38 of the LODR Regulations which specifies that every listed company is required to comply with the MPS requirements as specified under Rule 19(2) and Rule 19A of SCRR.
45. One of the objectives behind introduction of MPS Requirement was to ensure availability of a minimum portion/number of shares (also called 'floating stock' in common parlance) of the listed securities with the public shareholders to facilitate reasonable depth and liquidity in the market. Another objective behind introduction of MPS Requirement was to provide meaningful voice to the public shareholders

of the listed companies, as excessive control of promoters/promoter group over the company may lead to misuse of their position.

46. However, contrary to the above intention of existing law, it is established in the light of the facts of the extant matter and discussions made above that the promoters of KCL, viz., Noticees 2 to 5 along with DGPCML, VIP Industries and DGPEPL were together holding more than 75% of the shares of the company during March 2013 to December 2018 in disregard to MPS requirement stipulated in the afore-cited provisions of SCRR and LODR Regulations. However, I note that the total promoter shareholding has been brought below 75% after December 2018 (even though such reduction was incidental and on account of transfer of shares for personal reasons) as is evident from the following table:

Table 8

Promoter Shareholding	From March 2013-Sep 2017		Dec 2017-Dec 2018		March 2019-Dec 2021		March 2022 to March 2023	
	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares
Vibhuti	68.12	7,35,870	68.12	7,35,870	68.12	7,35,870	68.12	7,35,870
Alcon	0.03	350	0.03	350	0.03	350	0.03	350
DGP Securities	3.36	36,260	3.36	36,260	2.15	23,260	2.15	23,260
DGPCML	4.07	44,000	3.84	41,500	3.84	41,500	4.40	47,513
DGPEPL	4.91	53,000	0	0	0	0	0	0
VIP Industries	0.17	1,909	0.17	1,909	0.17	1,909	0.17	1,909
Dilip G Piramal	0.00	50	0.00	50	0.03	330	0.03	300
Total	80.66		75.52		74.34		74.9	

47. Therefore, I hold that the Noticees have violated the aforementioned provisions of law during March 2013 to December 2018. Further, I am of the considered opinion that the persons forming part of the promoter/promoter group of such non-compliant companies are responsible for the non-compliance with the MPS

requirements within specified timelines. It is the duty of the promoters/promoter group of such companies to ensure that the company complies with MPS requirements by using any of the methods prescribed by SEBI or by approaching SEBI to allow them to adopt any other method that may be legally permissible to follow to comply with the MPS norms. Due to their controlling stake, the promoters are rightly placed to dictate the Board of Directors to comply with MPS requirements. The significance and influence of controlling shareholders on a company has been discussed in detail at paragraphs 24 to 30 of this Order. Therefore, directions are required to be issued to both KCL and Noticee 2 to 5 for failing to comply with MPS Requirements during March 2013 to December 2018.

48. In view of the aforesaid findings which clearly establish that Noticee 1 has violated the provisions of the LODR Regulations, SEBI circular CIR/CFD/CMD/13/2015 dated November 30, 2015 as well as provisions of Listing Agreement, the Noticee 1 is liable for the failure to make true and fair disclosure. Further, all the Noticees are found to have failed to comply with MPS requirement, as mandated under SCRR, LODR Regulations and SEBI circular CIR/CFD/DIL/10/2010 dated December 16, 2010 and circular CIR/CFD/CMD/14/2015 dated November 30, 2015. Accordingly, I find that the Noticees are liable for issuance of appropriate directions under Sections 11(1), 11B(1) of SEBI Act, 1992 and Section 12A of SCRA, 1956 as well as for imposition of appropriate penalty under Sections 11B(2) read with Section 15HB of SEBI Act and Section 23H of SCRA, 1956.

49. In this regard, I find that Section 15J of SEBI Act and Section 23J of SCRA, 1956 provide factors to be considered while imposing the penalties. The said factors that are common under both of the aforesaid provisions are reproduced below:

- (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.

50. At the same time, it is a well settled position of law that the above listed three factors are not exhaustive in nature and the adjudicating authority, while deciding

levy of penalty in a matter, may take into account any other relevant factors for consideration beyond the aforementioned factors.

51. In this regard, I find that there is no allegation of any unfair gain made by any of the Noticees in the present matter. However, KCL has repeatedly disclosed patently false shareholding pattern on 11 occasions in annual disclosure for FY 2012-13 to FY 2022-23. Also, KCL has made wrong disclosure in the quarterly shareholding pattern, disclosed on the stock exchange, wherein it has disclosed Noticees 5, DGPCML, VIP Industries Limited and DGPEPL as its public shareholders. The said violation has been committed by the Company on 40 occasions (every quarterly disclosure from March 2013 to March 2023). Hence, the omissions clearly establish that the violations in the present matter have been repetitive in nature and have been acts of deliberate non-compliance by KCL and Noticees 2 to 5. With respect to the violation of MPS norms, I note that the company has been in compliance with MPS norms since March 2019. Further, I note that Noticee 5 by virtue of holding majority shareholding in Noticees 2 to 4 was the controlling entity behind Noticees 2 to 4. Therefore, I have given due consideration to all these relevant factors in deciding and determining the directions to be issued and penalty to be levied on the Noticees in the present matter.

E. ORDER AND DIRECTIONS

52. In exercise of the powers conferred upon me under Section 11(1), 11(4), 11(4A), 11B(1), 11B(2) read with Sections 15HA and 15HB of the SEBI Act, 1992 read with Section 19 of SEBI Act and Rule 5 of the SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I hereby issue the following directions:

- 52.1. The Noticees are directed to make proper and complete disclosures under various provisions of law declaring DGPCML, VIP Industries Limited, Noticee 5 and DGPEPL as promoters of KCL.
- 52.2. Noticee 1 is imposed with monetary penalty in terms of provisions of Section 11B(2) and Section 15HB of the SEBI Act due to violation of relevant provisions of law during March 2013 to March 2023 as specified hereunder:

Table 9

Provisions of law violated	Penal Provision	Penalty
Regulation 31(1)(b) of the LODR Regulations read with SEBI circular CIR/CFD/CMD/13/2015 dated November 30, 2015 and Clause 35b of the Listing Agreement	Section 15HB of the SEBI Act	Rupees 1 crore
Rule 19A(1) of SCRR, 1957 read with Regulation 38 of the LODR Regulations read with SEBI circular CIR/CFD/DIL/10/2010 dated December 16, 2010 and circular CIR/CFD/CMD/14/2015 dated November 30, 2015	Section 23H of SCRA and Section 15HB of the SEBI Act	Rupees 1 crore

52.3. Further, following penalties are imposed on Noticees 2 to 5 for violation of Rule 19A(1) of SCRR read with regulation 38 of the LODR Regulations read with SEBI circular CIR/CFD/DIL/10/2010 dated December 16, 2010 and circular CIR/CFD/CMD/14/2015 dated November 30, 2015 under Section 23H of SCRA and Section 15HB of the SEBI Act:

Table 10

Noticee	Name of Noticee	Penalty
2	Vibhuti Investments Company Ltd.	Rupees 20 lakh
3	DGP Securities Ltd.	Rupees 20 lakh
4	Alcon Finance & Investments Ltd.	Rupees 20 lakh
5	Mr. Dilip G. Piramal	Rupees 20 lakh

52.4. The Noticees shall remit/pay the said amount of penalties within 45 days from the date of receipt of this order. The Noticees shall remit / pay the said amount of penalties 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 website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of ED/CGM (Quasi-judicial Authorities) -> PAY NOW. In case of any difficulty in online payment of penalties, the said Noticees may contact the support at portalhelp@sebi.gov.in. The demand draft or the details/ confirmation of e-payment should be sent to "The Securities and Exchange Board of India, SEBI Bhavan II, Plot no. C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in in the format as given in table below:

Table 11

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction No.	
Payment is made for: (like penalties/disgorgement/recovery/settlement amount/legal charges along with order details)	

53. This Order shall come into force with immediate effect.

54. This Order shall be served on all the Noticees, Recognized Stock Exchanges, Depositories and Registrar and Share Transfer Agents to ensure necessary compliance.

-Sd-

Dr. Anitha Anoop

Chief General Manager

Date: June 26, 2024

Place: Mumbai

Securities and Exchange Board of India