

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. Order/GG/VV/2022-23/ 17476-17478

UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

S. No.	Name of Noticee	PAN No.
1	M/s. Williamson Financial Services Limited	AAACW4504A
2	M/s. United Machine Co. Ltd.	AAACU3228P
3	M/s. Ichamati Investments Ltd.	AAACI5431J

in the matter of Williamson Financial Services Limited.

A. BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') has initiated adjudication proceedings in the matter of Williamson Financial Services Limited (hereinafter referred to as "**WFSL**" or "**Company**") in respect of three entities viz. M/s. Williamson Financial Services Limited (**Noticee No.1**), M/s. United Machine Company Limited (**Noticee No. 2**) and M/s. Ichamati Investments Limited (**Noticee No. 3**), (hereinafter collectively referred to as "**Noticees**") under Section 23E of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCR Act**") read with Clause 2 of the Listing Agreement for Noticee No.1 and Section

15A(b) of SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) for Noticee No.2 and Noticee No.3. The alleged violation by Noticee No.1 is of Regulation 31(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**LODR Regulations**”) read with SEBI circular no. CIR/CFD/CMD/13/2015 dated November 30, 2015; Section 21 of SCRA, 1956 read with Clause 35b of the Listing Agreement and Regulation 8(3) of SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as “**SAST Regulations**”). The alleged violation by Noticee No.2 and Noticee No.3 is of Regulation 8(2) of SEBI(SAST) Regulations, 1997; Regulation 30(2) of SEBI (SAST) Regulations, 2011; Regulation 13 (2A) of SEBI (Prohibition of Insider Trading) Regulations 1992 (hereinafter referred to as “**PIT Regulations**”) and Regulation 7(1)(a) of SEBI (PIT) Regulations 2015.

2. WFSL is an Investment Company, an NBFC registered with the Reserve Bank of India under the provisions of Reserve Bank of India Act, 1934. It is part of the Williamson Major Group of Companies having origins in the tea business. Consequent to the amalgamation and transfer of tea estates, Makum Tea Co. (India) Limited, was renamed as Williamson Financial Services Limited, with effect from December 20, 1994. The shares of the company WFSL is listed on BSE since 08-07-1993. The original and revised shareholding pattern of promoter & promoter group entities for the quarter ended Dec 31, 2020 are as given below in Table No.1:

Table No.1-Shareholding Pattern of WFSL (Source: BSE Shareholding pattern (SHP) and email from BSE)

Sr. No	Name of the Promoter/ promoter Group entities	SHP as on Dec 31, 2020		*Revised SHP as on Dec 31, 2020	
		No. of Shares	Shareholding %	No. of Shares	Shareholding %
1	Mr. B M Khaitan	349	0.00	349	0.00
2	Mr. Amritanshu Khaitan	36,219	0.43	36,219	0.43
3	Ms. Yashodhara Khaitan	205	0.00	205	0.00
4	Ms. Vanya Khaitan	05	0.00	05	0.00
5	Mcleod Russel India Limited	16,66,953	19.94	16,66,953	19.94
6	Williamson Magor & Co. Limited	25,87,750	30.96	25,87,750	30.96
7	Bishnauth Investments Limited	8,57,498	10.26	8,57,498	10.26
8	United Machine Co. Limited (UMCL)	- (Shown under public holding)		60,372	0.72
9	Ichamati Investments Limited (IIL)			24,996	0.30
	Total	51,48,979	61.60	52,34,347	62.62

* The Company has revised its shareholding pattern retrospectively from quarter ended Dec 31, 2015 till Dec 2020 and classified both UMCL and IIL as promoter and promoter group.

3. **Financial Results:** The Analysis of financial results during the examination period is as given below:

Annual Returns (Rs. in millions)

Particular	2020-21	2019-20	2018-19
Revenue	28.96	1.25	374.21
Other Income	3.61	66.88	13.65
Total Income	32.57	68.13	387.86
Expenditure	228.89	300.00	-2302.38
Net Profit	-196.32	-231.87	-1923.79

Source: BSE

During the above period it was observed that WFSL had made losses in all the financial years.

4. SEBI received a complaint from the public shareholders of WFSL viz. M/s. Parasramka Projects Pvt. Ltd., vide letter dated February 24, 2021 on “False representation of public & promoter shareholding”, against Williamson Financial Services Ltd. (WFSL). In continuation, vide letter dated April 05, 2021 the complainant has further alleged that WFSL has violated the provisions of certain SEBI Regulations.
5. SEBI conducted an examination to ascertain whether the entities belong to the promoter/promoter group and if there were any consequent disclosure violation of the provisions of SEBI (Substantial acquisition and Takeovers) Regulations 2011, SEBI (Prohibition of Insider Trading) Regulations 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, by the promoter &

promoter group entities of WFSL during the period June 30, 2010 to May 21, 2021 (hereinafter referred to as '**Examination period**').

6. SEBI vide its email communications with WFSL sought its comments on the complaints dated February 24, 2021 and April 05, 2021. WFSL was also advised to submit its comments on compliance by WFSL, IIL & UMCL (promoter group entities) with the following regulations in relation with the acquisition of shares by IIL and UMCL in WFSL and consequent disclosures of shareholding of promoter/promoter group entities:
 - i. Regulation 31(1)(b) of SEBI (LODR) Regulations 2015;
 - ii. Regulation 8(2) of SEBI(SAST) Regulations, 1997;
 - iii. Regulation 8(3) of SEBI(SAST) Regulations, 1997
 - iv. Regulation 30(2) of SEBI (SAST), 2011;
 - v. Regulation 13 (2A) of SEBI (PIT) Regulations, 1992; and
 - vi. Regulation 7(1)(a) of SEBI (PIT) Regulations 2015.
7. WFSL vide emails/letter dated March 09, 2021, March 30, 2021, April 15, 2021 and July 06, 2021, Sep 07, 2021 had inter-alia stated the following:
 - i. *WFSL inadvertently treated UMCL under the 'Public Shareholder' category, instead of 'Promoter & promoter group' category.*
 - ii. *WFSL has done an internal assessment on the entire shareholding pattern of WFSL and it was found that similar issue persists with IIL, holding 0.299% of the share capital of WFSL (24,996 Equity Shares), has also been incorrectly classified under the 'public category'*
 - iii. *The above error was a bona fide mistake and made inadvertently without any intent to mislead anyone.*

- iv. *The Company has filed the shareholding pattern for the quarter ended March 31, 2021 with the stock exchange and had disseminated the requisite details that UMCL and IIL were part of 'Promoter and Promoter Group'.*
 - v. *The cumulative shares held by UMCL and IIL are significantly less than 1 % of the total share capital of WFSL, WFSL is of the view that Regulation 8(3) of the erstwhile SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 was not applicable in the instant case; and since both the entities hold negligible amount of shares in the Company i.e. less than 1.1% of the total share capital of the Company, the Company was under the bona fide impression that such shareholding need not be classified as a part of the Promoter Group of the Company. The company further submitted that considering that classification of Ichamati and United as public shareholders was an inadvertent error on the part of the Company, there was no requirement to make continual disclosures of such shareholding as Promoter Group”.*
8. SEBI on examination found that WFSL had admitted to wrongful classification of certain promoter group entities as public shareholders, in the shareholding pattern filed with the stock exchange on a continuous basis. SEBI observed that,
- i. IIL and UMCL, are the promoter group entities of WFSL, but wrongfully disclosed under public category in the shareholding pattern since 2010. Therefore, due to wrongful disclosure of promoter & promoter group holding to BSE, WFSL failed to comply with Clause 35b of the Listing Agreement and Regulation 31(1)(b) of SEBI (LODR) Regulations 2015 read with SEBI circular no. CIR/CFD/CMD/13/2015 dated November 30, 2015.
 - ii. No disclosures under Regulation 8 of SEBI (SAST) Regulations, 1997 and Regulation 30 of SEBI (SAST) Regulations 2011 were made to WFSL by IIL and UMCL, for their shareholding in WFSL since 2010 and consequently by

WFSL to the stock exchange. Considering the non-disclosure by afore-mentioned entities, it was observed that the above two entities (IIL and UMCL) had failed to comply with Regulation 8(2) of SEBI (SAST) Regulations, 1997 and 30(2) of SEBI (SAST) Regulations 2011. Further, WFSL had failed to comply with Regulation 8(3) of SEBI (SAST) Regulations, 1997.

- iii. Similarly, no disclosures under Regulation 13 (2A) of SEBI (PIT) Regulations, 1992, and 7(1) (a) of SEBI (PIT) Regulations 2015 were made by IIL and UMCL to WFSL, for their shareholding in WFSL since 2010. Considering the above non-disclosure by afore-mentioned entities, it was observed that the above two entities had failed to comply with Regulation 13 (2A) of SEBI (PIT) Regulations, 1992 and 7(1)(a) of SEBI (PIT) Regulations 2015.

In view of the non-compliances by the Noticees, SEBI proposed adjudication action against the Noticees.

B. APPOINTMENT OF ADJUDICATING OFFICER

- 9. SEBI, in exercise of powers under section 23-I of the SC(R) Act, 1956 and Rule 3 of the SC(R)(Procedure for Holding Inquiry and Imposing Penalties by AO) Rules, 2005 ("**SCR Rules, 2005**") and under section 15-I of SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by AO) Rules, 1995 ("SEBI Rules, 1995") r/w Section 19 of the SEBI Act, 1992 appointed me as Adjudicating Officer vide order dated December 15, 2021 to inquire into and adjudge under Section 23E of SC(R) Act, 1956 and Section 15A(b) of SEBI Act, 1992 for the alleged violations by the three entities given above.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

10. A Show Cause Notice dated May 10, 2022 (hereinafter referred to as “**SCN**”) was served upon the Noticees, vide Speed post with acknowledgement due (hereinafter referred to as ‘**SPAD**’) and by email, under Rule 4(1) of the SEBI Adjudication Rules to show cause as to why an inquiry should not be initiated against the Noticee and thereafter penalty not be imposed against the Noticees under Section 23E of SC(R) Act, 1956 and Section 15A(b) of SEBI Act, 1992 for not complying with the requirement to disclose to the Exchange the shareholding/voting rights under the following regulations given below in Table no.2 by Noticee No.1 - WFSL, Noticee No.2 - UMCL and Noticee No.3 - IIL.

Table No.2: Non – compliance of SEBI Regulations by the three Noticees

Regulations	Relevant Provisions	Applicable to
A. Listing Requirements	<u>Disclosure of shareholding pattern to the stock exchange</u> Clause 35b of the Listing Agreement (for the period prior to 2015) Regulation 31(1)(b) of SEBI (LODR) Regulations 2015 read with SEBI circular no. CIR/CFD/CMD/13/2015 dated November 30, 2015	• WFSL
B. Takeover Regulations	<u>Continual Disclosure of aggregate shareholding & voting rights by promoter along with person acting in concert as on March 31 of every year</u> <u>By the company to the stock exchange</u> Regulation 8(3) of SEBI (SAST) Regulations, 1997 (for the period 2010-2011)	
	<u>Continual Disclosure of aggregate shareholding & voting rights by promoter along with person acting in concert as on March 31 of every year</u> <u>to the company</u> Regulation 8(2) of SEBI (SAST) Regulations, 1997 (for the period 2010- <u>2011</u>)	• IIL and UMCL

	<u>to the company and stock exchange</u> Regulation 30(2) of SEBI (SAST) Regulations 2011	
C. Insider Trading Regulations	<u>Initial Disclosure of holding by promoter/promoter group to the company</u> Regulation 13 (2A) of SEBI (PIT) Regulations, 1992 Regulation 7(1)(a) of SEBI (PIT) Regulations 2015	

11. In this context, the following provisions of SEBI Regulations become relevant for compliance by the Noticees:

SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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) one day prior to listing of its securities on the stock exchange(s);
 - (b) on a quarterly basis, within twenty-one days from the end of each quarter; and,
 - (c).....

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...
- (l)(a) Statement showing Shareholding Pattern....”

SEBI circular no. 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...”

SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997

Continual disclosures

8. (1) Every person, including a person mentioned in Regulation 6 who holds more than [fifteen]percent shares or voting rights in any company, shall, within 21 days from the financial year ending March 31, make yearly disclosures to the company, in respect of his holdings as on 31st March.
- (2) A promoter or every person having control over a company shall, within 21 days from the financial year ending March 31, as well as the record date of the company for the purposes of declaration of dividend, disclose the number and percentage of shares or voting rights held by him and by persons acting in concert with him, in that company to the company.
- (3) Every company whose shares are listed on a stock exchange, shall within 30 days from the financial year ending March 31, as well as the record date of the company for the purposes of declaration of dividend, make yearly disclosures to all the stock exchanges on which the shares of the company are listed, the changes, if any, in respect of the holdings of the persons referred to under sub regulation (1) and also holdings of promoters or person(s) having control over the company as on 31st March.

SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011

“Continual disclosures.

30(1)

- (2) The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company in such form as may be specified.

SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING) REGULATIONS, 1992

Disclosure of interest or holding in listed companies by certain persons - Initial Disclosure

13. (1) ...

(2A) Any person who is a promoter or part of promoter group of a listed company shall disclose to the company in Form B the number of shares or voting rights held by such person, within two working days of becoming such promoter or person belonging to promoter group

Disclosures by certain persons.

7.(1) Initial Disclosures.

(a). “Every promoter, member of the promoter group, key managerial personnel and director of every company whose securities are listed on any recognised stock exchange shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within thirty days of these regulations taking effect;”

12. In view of the above details, it was alleged that the Noticees, were in violation of Regulations as given in Table No.2 at para 11, for wrongful classification of certain promoter group entities as public shareholders, in the shareholding pattern filed with the stock exchange on a continuous basis and for failure to disclose shareholding/voting rights as stipulated under requisite provisions of the SEBI (LODR) Regulations, SEBI (SAST) Regulations and SEBI(PIT) Regulations.
13. The aforesaid alleged violations, if established, made the Noticee liable for monetary penalty under Section 23E of SCRA Act, 1956 and Section 15A(b) of the SEBI Act,1992 which are reproduced below for reference: -

SECURITIES CONTRACTS (REGULATION) ACT, 1956

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, 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 not exceeding twenty-five crore rupees.*

SEBI Act,1992

Sections 15A(b) of the SEBI Act, 1992

“ Penalty for failure to furnish information, return, etc.

15A. If any person, who is required under this Act or any rules or regulations made there under,—

a)

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 ⁶⁶[or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to ⁶⁷[a penalty ⁶⁸ [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]];

c)

14. The Noticee had not submitted a reply to the aforesaid SCN, despite grant of sufficient time. However, in the interest of natural justice vide Hearing Notice dated June 01, 2022, an opportunity of hearing was granted to the Noticee on June 10, 2022. The Hearing Notice was served upon the Noticee by SPAD and by email.
15. The Authorized Representatives (AR) of the Noticee Mr. Tomu Francis and Ms. Zarnaab Aswad from Khaitan & Co. Advocates vide email dated June 08, 2022 submitted that there were recently appointed to act on behalf of the Noticees and requested for inspection of documents; additional time to submit a reply to the SCN and for the hearing to be kept at abeyance. The AR of the Noticees vide email dated June 10, 2022, were advised to appear for the hearing scheduled and to make submissions including those with respect to inspection etc. The AR of the Noticees attended the hearing as scheduled and made the following submissions:
 - i. The AR of the Noticee made a request for inspection of documents wherein the primary requirement was to see the examination report in the matter.
 - ii. The AR of the Noticee requested for additional time to reply to the SCN in the matter and to appear for the Hearing.

16. The AR of the Noticee as requested was provided with a copy of the examination report in soft form by email on the same day of the hearing and was also informed that a second opportunity of hearing was granted to the Noticee on June 20, 2022.
17. The AR of the Noticee attended hearing scheduled on June 20, 2022 and made submissions on merits of the matter and had stated that a written reply to the SCN on the grounds of the submissions made during the hearing would be submitted shortly. Accordingly, the AR of the Noticee vide email dated June 28, 2022, submitted individual replies on behalf of the three Noticees vide letters dated June 27, 2022.
18. The submissions made by the Noticees had a common ground that are given below in verbatim in the submissions made by Noticee No. 1 (WFSL) and apart from the common submissions, the other specific submissions made by Noticee No.2 (UMCL) and Noticee No.3 (IIL), inter alia are accordingly given below:

Submissions by Noticee No. 1:

- i. The Noticee was incorporated on December 17, 1971 under the provisions of Companies Act, 1956 and is a Non-Banking Financial Company registered with the Reserve Bank of India. The shares of the Noticee are listed on the platform of BSE Limited ("BSE"). It is understood that basis a manifestly motivated complaint from one M/s Parasramka Projects Private Limited (which only became shareholders of the Noticee in September 2020), SEBI conducted an examination for the period June 30, 2010 to May 21, 2021 ("Examination Period") to ascertain whether, inter alia, United Machine Company Limited ("UMCL") the Noticee No. 2 and Ichamati Investment Limited ("IIL") the Noticee No. 3 which held and continue to hold a miniscule 0.72% and 0.30% shares, respectively in the Noticee, ought to have been classified as promoter group entities in the Noticee's shareholding pattern were wrongly classified under the "public" category. While it is pertinent to note that the shareholding pattern of the Noticee has already been duly rectified by the Noticee to classify*

the said entities as members of the promoter group (with the revised filing of quarterly shareholding pattern(s) starting from the quarter ended December 31, 2015.

- ii. In spite of the same, SEBI has proceeded to allege that the Noticee has made incorrect disclosures by wrongly classifying certain promoter group entities as public shareholders in the shareholding pattern filed with the stock exchange on a continuous basis.*
- iii. Given this excessive delay, the Noticee is no longer in possession of the precise particulars pertaining to such disclosure and therefore, is not in a position to effectively defend itself in the present proceedings. On such ground alone, the SCN is liable to be quashed and set aside, and no penalty be imposed on the Noticee*
- iv. Given that the shareholding of both UMCL and IIL in the Noticee is and has from the beginning been negligible, there has been no adverse impact on the Company, its control as well as the management. The promoter / promoter group has already held majority shareholding in the Noticee, the said position has remained the same. Thus, the Company's public shareholders have not been given a wrong or misleading impression of the promoter / promoter group's control over the Company, as a consequence of which, penalty could not be contemplated to be imposed on the Noticee.*
- v. It is submitted that as UMCL and IIL's shareholding in the Noticee has been consistent through the years, no gain has been made, either by other entities of the promoter / promoter group or UMCL and IIL, or the Noticee itself as a consequence of the incorrect classification. As a result, no reason to penalize the Noticee exists.*
- vi. In light of the above, it is submitted that SEBI in similar matters concerning incorrect disclosures under Clause 35 of the Listing Agreement has imposed nominal to no penalty under Section 23A of the SCR Act*
- vii. Similarly, in the Adjudication Order in the matter of M/s 20 Micron Limited and the Adjudication Order In the matter of M/s Alchemist Realty Limited, the Ld. AO considered the non-disclosure of promoter shareholding and applied Section 23A(a) of SCR Act. In light of the above decisions and in view of the misapplication of the charging provision, the SCN deserves to be set aside.*
- viii. In light of the submission made hereinabove, it is thus prayed that the SCN be revoked with immediate effect. It is prayed that SEBI should take a lenient view in the matter and no penalty under Section 15A(b) of the SEBI Act / 23E of SCR Act be imposed on the Noticee, as a consequence of the alleged defaults.*

- ix. *However, without prejudice to anything stated hereinabove, it is submitted that in case SEBI decides to levy any penalty on the Noticee, SEBI while deciding the same is bound to take into account factors specified in section 15J of the SEBI Act. It is submitted that the findings in the SCN do not allege that the Noticee made any disproportionate gain or gained any unfair advantage. It is submitted that there is nothing on record to suggest that any loss whatsoever has been caused to any investor as a result of the bona fide transaction entered into by the Noticee. Further, the same has also not been alleged in the SCN. It is submitted that the alleged default was wholly inadvertent and a consequence of bona fide belief of the Noticee as detailed above.*

Submissions by Noticee No. 2:

- i. *The Noticee holds 60,372 shares constituting 0.72% of the share capital of Williamson Financial Services Limited ("WFSL" / "Company"). Inadvertently and purely out of mistake, initial disclosure under Regulation 13(2A) of PIT 1992 Regulations / Regulation 7(1)(a) of PIT 2015 Regulations, on becoming a promoter group entity of the Company was missed from being filed by the Noticee at the relevant time in June 2010. However, it is significant that ever since the initial acquisition of shares, the Noticee's shareholding in the Company has been consistent. On this account, in the annual disclosure(s) filed by the promoter / promoter group of the Company under Regulation 8(2) of SAST 1997 Regulations / Regulation 30(2) of SAST 2011 Regulations, the Noticee's name was inadvertently missed. At the outset, it is pertinent to note that as Regulation 30(2) has been removed from the SAST 2011 Regulations. Consequently, the said alleged violation is non est.*
- ii. *It is submitted that Regulations 8(2) of the SAST 1997 Regulations (for the period 2010-2011) / Regulation 30(2) of the SAST 2011 Regulations have been repealed / omitted and are no longer part of the statute book. Notably, Regulation 8(2) of the SAST 1997 Regulations had been repealed with the enforcement of SAST 2011 Regulations, as also the corresponding provision to Regulation 8(2) in the SAST 1997 Regulations, namely Regulation 30(2) of the SAST 2011 Regulations has also been omitted vide the SEBI (SAST) (Second Amendment) Regulations, 2021 w.e.f. April 01, 2022. It is further submitted that the BSE Limited, wherein the shares of WFSL are listed, does not provide for any mechanism for filing rectified disclosures under the erstwhile Regulation 30 of the SAST 2011 Regulations. Given the same, it is submitted that initiation of action against the Noticee for non-compliance with a provision that is now repealed is misplaced and bad in law. Further, it is*

not out of place to mention that the annual disclosure of the shareholding of promoter / promoter group in a given listed entity is now required to be filed under Regulation 31(4) of the SAST 2011 Regulations. In this regard, it must be noted that the correct annual disclosure under Regulation 31(4) of the SAST 2011 Regulations, incorporating the Noticee's shareholding in the promoter / promoter group has already been filed.

- iii. It is reiterated that the correct disclosure under Regulation 31(4) of SAST 2011 Regulations has already been filed, further, the Company's quarterly statement of shareholding pattern (starting from December 2015) as available on stock exchange platform has also been rectified.*

Submissions by Noticee No. 3:

- i. The Noticee holds 24,996 shares constituting 0.30% of the share capital of Williamson Financial Services Limited ("WFSL" / "Company"). Inadvertently and purely out of mistake, initial disclosure under Regulation 13(2A) of PIT 1992 Regulations / Regulation 7(1)(a) of PIT 2015 Regulations, on becoming a promoter group entity of the Company was missed from being filed by the Noticee at the relevant time in August 2010. However, it is significant that ever since the initial acquisition of shares, the Noticee's shareholding in the Company has been consistent. On this account, in the annual disclosure(s) filed by the promoter / promoter group of the Company under Regulation 8(2) of SAST 1997 Regulations / Regulation 30(2) of SAST 2011 Regulations, the Noticee's name was inadvertently missed. At the outset, it is pertinent to note that as Regulation 30(2) has been removed from the SAST 2011 Regulations. Consequently, the said alleged violation is non est.*
- ii. It is reiterated that the correct disclosure under Regulation 31(4) of SAST 2011 Regulations has already been filed, further, the Company's quarterly statement of shareholding pattern (starting from December 2015) as available on stock exchange platform has also been rectified.*

C. CONSIDERATION OF ISSUES

19. I have taken into consideration the facts of the case, the reply submitted by the Noticees and the material available on record. The issues that arise for consideration in this case are the following:

- (1) Whether the Noticees are in violation of disclosure requirements. In other words, the issue is whether Noticee No.1 can be stated to have made

incorrect classification of its promoter/promoter group entities viz. IIL and UMCL under “public” category, by filing wrong disclosures of Shareholding pattern to the exchange since 2010 and thereby failed to comply with SEBI (LODR) Regulations and the Listing Agreement read with SEBI Circular no. CIR/CFD/CMD/13/2015 dated November 30, 2015.

- (2) Whether Noticee Nos.2 and 3 had failed to make requisite disclosures to WFSL about their shareholding in WFSL under SEBI (SAST) Regulations and SEBI (PIT) Regulations as alleged in the SCN against the Noticees.
- (3) Whether there is a liability for monetary penalty, against the three Noticees?

- 20. I note that SEBI received complaints dated February 24, 2021 and April 05, 2021 regarding the wrongful disclosure made by Noticee No.1 to the Exchange on the Shareholding pattern of the company since 2010.
- 21. I note that Noticee No.1, had admitted that it had made incorrect disclosures of its Shareholding pattern to the exchange by classifying its promoter/promoter group entities viz. IIL and UMCL under “public” category since 2010. WFSL, had stated in its reply that the shareholding pattern of the Noticee had been duly rectified in 2021 with effect from quarter ended December 31, 2015. I see from the disclosure made in the BSE website for the quarter ended December 31, 2015, that a revised disclosure on the shareholding pattern of the company had been submitted by WFSL wherein UMCL and IIL (i.e. Noticee Nos.2 and 3 respectively) had been classified as promoter/promoter group entities.
- 22. I also note that Noticee Nos.2 and 3, are forming part of promoter group by virtue of their association of being directors/promoters of the promoter group entities viz. UMCL and IIL and were required to make disclosures to WFSL in 2010 when they had become promoter group entities of WFSL.

23. I note that the Noticee No. 1 had submitted that the alleged default was wholly inadvertent and a consequence of bona fide belief of the Noticee, that as the shareholding of both UMCL and IIL being negligible, (i.e. less than 1% of the total share capital of the company), the disclosure under 8(3) of SAST Regulations, 1997 were not applicable in the instant case. The Noticee further submitted that there has been no adverse impact on the Company, its control as well as the management due to the incorrect disclosure of the shareholding pattern of the company. Likewise, the Noticee Nos.2 and 3 had also pleaded that there was an inadvertent error/omission in filing disclosures.
24. I note from the shareholding pattern of WFSL, that the total promoter holding, post inclusion of the two promoter group entities (UMCL and IIL) was 62.62%. I also note that the Noticees have rectified their incorrect disclosure when it was informed to them with effect from December 31, 2015 as seen from the BSE website. Considering the circumstances of this case holistically, even though there is a violation of disclosures for a long duration, I am inclined to take a lenient view with respect to the quantum of penalty.

D. ORDER

25. Therefore, in exercise of powers conferred upon me under Section 15-I (1) of the SEBI Act read with Rule 3 of the Adjudication Rules, for the violations held against the Noticees, I hereby impose a penalty of Rs.5,00,000/- (Rupees Five Lakhs only) on Noticee No. 1 and a penalty of Rs.1,00,000/- (Rupees One Lakh only) each on Noticee No.2 and Noticee No.3.

26. 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 favor 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

In case further assistance would be required in payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in.

27. The Noticees shall forward the said demand draft or the details / confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department-I, DRA-II, SEBI, in the format given in table below:

Case name		
Name of payee		
Date of payment		
Amount paid		
Transaction no		
Bank details in which payment is made		
Payment is made for		Penalty

28. In terms of rule 6 of the SEBI Adjudication Rules, copies of this order are sent to the Noticees and also to SEBI.

Date: June 30, 2022

Place: Mumbai

GEETHA G

ADJUDICATING OFFICER