BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. EAD/ AO-NP/ JR/ 42 /2017]

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

In respect of:

Jamsheed M Panday [PAN AACPP7417J]

Arma Financial Services Limited [PAN AAACA7464K]

Amoha Traders Private Limited [PAN AAACA4859Q]

In the matter of Trading activities in shares of Agnite Education Limited (formerly known as Teledata Informatics Ltd.)

FACTS OF THE CASE IN BRIEF

1. Based on the reference letters dated December 18, 2012 received from Office of Brihan Mumbai Police, Economic Offences Wing, Securities and Exchange Board of India (hereinafter referred to as "**SEBI"**), conducted investigation in the scrip of Agnite Education Limited (hereinafter referred to as "Company") (formerly known as Teledata Informatics Limited) and into the possible violation of the provisions of the Securities and Exchange Board of India Act 1992 (hereinafter referred to as the **"SEBI Act**") and various Rules and Regulations made thereunder during the period from March 1, 2007 to December 31, 2007 (hereinafter referred to as " **Investigation Period " / IP**). The shares of the company are listed at The Bombay Stock Exchange Ltd. (hereinafter

referred to as "**BSE**") and National Stock Exchange Ltd. (hereinafter referred to as "**NSE**").

2. The brief observation of the Economic Offences Wing, Brihan Mumbai Police is as under:

   a) Jamsheed M Panday (also known as Jimmy Pande (is an authorised representative of Amoha Financial Services Limited and Arma Traders Pvt. Ltd. Mr. Sanjay Talati is known to Jimmy Pande for the last 10 years.
   b) Mr Sanjay Talati introduced Madhu Jhunjhunwala and Sudhir Jhunjhunwala (related as Wife-Husband) as experts in securities market. Madhu and Sudhir Jhunjhunwala promised Jimmy Pande minimum 20% returns on investments with them within a period of 6 months.
   c) Jimmy Pande transferred Rs. 6 crores through his companies in the account of Madhu Jhunjhunwala in March 2007.
   d) After considerable time when Madhu and Sudhir Jhunjhunwala failed to return the amount, Jimmy Pande lodged complaint with EOW, Brihan Mumbai Police.
   e) During the course of investigation by EOW, Sudhir Jhunjhunwala stated that Sanjay Talati had started visiting his office since December 2006. He started trading through the accounts of Madhu and Sudhir Jhunjhunwala until September 2007.
   f) Sudhir Jhunjhunwala also stated that Rs. 6 crore was deposited in Madhu jhunjhunwala account by the management of Teledata Informatics Ltd. And Jimmy Pande is their office bearer. Further, he also stated that Sanjay Talati indulged in insider trading while trading through his account.

3. Investigation observed from the bank statements as under:

Sl. No.	Date	Source Account name	Target Account Name	Amount (in Rs.)
1	09/03/2007	Arma Financial Services Limited	Madhu Jhunjhunwala/ Sudhir Jhunjhunwala	1,00,00,000
2	10/03/2007	Teledata Informatics Limited	Arma Financial Services Limited	5,00,00,000
3	10/03/2007	Arma Financial Services Limited	Amoha Traders Pvt. Ltd.	4,00,00,000
4	14/03/2007	Arma Financial Services Limited	Madhu Jhunjhunwala/ Sudhir Jhunjhunwala	1,00,00,000
5	29/03/2007	Amoha Traders Pvt. Ltd.	Madhu Jhunjhunwala/ Sudhir Jhunjhunwala	3,99,99,895

4. In order to obtain information from the abovementioned entities regarding their rationale for trading in the scrip, bank account details, connection, if any, with promoters/ directors of Teledata Informatics Ltd., and receipt of any unpublished price sensitive information, the Investigating Authority of SEBI (hereinafter referred to as "IA") issued summonses dated September 26, 2014, October 9, 2014 and October 21, 2014 to Jamsheed M Panday (Noticee 1), Arma Financial Services Ltd. (Noticee 2) and Amoha Traders Pvt. Ltd. (Noticee 3) (collectively known as "Noticees") to provide certain information pertaining to their dealing in the shares of the company. It was alleged that the Noticee had not complied with the summonses issued by SEBI under section 11C (3) read with 11(2)(ia) of SEBI Act and consequently, liable for monetary penalty under section 15A (a) of the SEBI Act.

APPOINTMENT OF ADJUDICATING OFFICER

5. Mr. Prasad Jagdale was appointed as Adjudicating Officer vide order dated April 24, 2015 under section 15 I of SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Rules'**) to inquire into and adjudge the alleged violations of SEBI Act committed by the Noticee.

6. Subsequent to the transfer of Mr. Prasad Jagdale, the undersigned was appointed as the Adjudicating Officer vide order dated December 14, 2016.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

7. Show Cause Notice/s dated February 9, 2016 (hereinafter referred to as "SCN") were issued to the Noticees through hand delivery under rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 to show cause as to why an inquiry should not be initiated against him and penalty be not imposed under section 15A(a) of SEBI Act for his failure to comply with the provisions of sections 11C (3) of SEBI Act.

8. Vide separate letters dated February 25, 2016, the Noticees sought an extension of two weeks' time to submit a reply to the SCN. In the interest of natural justice and in order to conduct an inquiry in terms of rule 4(3) of the Rules, the Noticee was granted an opportunity of personal hearing on March 8, 2016 vide notice dated February 29, 2016. Subsequently, vide letter dated March 2, 2016, the Noticees were informed that their request of extension of time for submitting the reply has been acceded to and they can file their reply by March 15, 2016. A further opportunity of personal hearing were given to them on March 16, 2016. The Noticees appeared through their Authorised Representative, Mr. Vinay Chauhan, Advocate (**AR**) and Mr. K. C. Jacob, Advocate from Corporate Law Chamber India and submitted that additional written submissions shall be filed latest by March 18, 2016

Submissions by Noticee no. 1

9. Noticee No. 1, vide letter dated March 14, 2016 made the following submissions:
   Charges in the Notice are based on the assumption that I have not cooperated with the Investigating Authority during the course of investigation. Same is incorrect and completely contrary to factual position on record. Record will amply bear out that at the relevant time I

had fully cooperated with the Investigating Authority and had provided information, as available with me, from time to time. Significantly, it may be noted that the investigation by SEBI in the year 2014 was based on the complaint made by me to the Economic Offences Wing, Mumbai on December 20, 2007 against the fraudulent conduct of Jhunjhunwala who had defrauded me and my companies. It may be noted that pursuant to my complaint EOW has filed charge sheet against Mrs Madhu Sudhir Jhunjhunwala and Sudhir Santkumar Jhunjhunwala under section 4200, 506(II), 34 of IPC. The matter is pending as on date. The relevant part of the Charge Sheet is annexed as Annexure A . I may also point out that Amoha Traders Pvt Ltd & Arma Financial Company Ltd had also filed case against Mrs Madhu Sudhir Jhunjhunwala and Sudhir Santkumar Jhunjhunwala u/s 138 of the Negotiable instruments Act 1881. The matter is pending as on date.

With regard to the alleged not cooperation with the Investigating Authority during the course of investigation , I would like to refer to the following letters exchanged with Investigating Authority, as tabulated below, which will amply demonstrate my bonafides and the cooperation extended by me from time to time to the Investigating Authority:

Date	***Particulars***
January 27, 2014	*The Noticee received e-mail from Investigation Department referring to the Complaint to the EOW asking details regarding relationship with Jhunjhunwala and Mr. Sanjay Tilati and trading in the scrip of Teledata*
January 28, 2014	*Reply sent by the Noticee giving the information. Vide the said letter Noticeee had inter alia stated that the information is 6 years old and he will have to trace it*
January 29, 2014	*Investigation Department inter alia sought certain information regarding trading in the scnp of Teledata Informatic s Ltd ("the Company") pertaining to period March 1, 2007 to December 31, 2007 and also call records for the said period*

February 3, 2014	*The Noticee sent email to Vodafone seeking call record s for the period-March 01, 2007 to December 31, 2007 can be obtained (marked to Mr. Abhishek Rozatkar)*
February 5, 2014	*The Noticee sent an Email to Investigation Department with providing the information available at his end. Vide the said letter the Noticee also informed that he was Consultant / Advisor to the Company , that he had not dealt in the shares of Teleldata and had provided his demat account statement*
February 13, 2014	*The Noticee sent an Email to Investigation Department inter alia providing bank statement for the calendar year 2007-08*
September 26, 2014	*Summons issued by Investigating Authority to furnish information*
September 30, 2014	*Noticee gave Reply to the Summons and provided partial information*
October 09, 2014	*Summons issued by Investigating Authority to furnish information*
October 13, 2014	*Noticee gave Reply to the Summons and provided the information*
October 21, 2014	*Summons issued by Investigating Authority to furnish information.*
October 27, 2014	*Noticee responded to the summons inter alia seeking time to provide information. It may be noted the details sought pertained to 7 year old information. Further, most of the information sought was already provided vide earlier letters .*

Submissions by Noticee no. 2 and 3

10. Noticee 2, vide letter dated March 12, 2016 and Noticee 3 vide letter dated March 12, 2016 filed similar replies and relied upon submissions made by Noticee 1. However, Noticee 2 and 3 have not furnished the information as required vide various summons dated September 26, 2014, October 9, 2014 and October 21, 2014.

11. In the interest of natural justice, another opportunity of personal hearing was given to the Noticees on May 4, 2017. The AR appeared on the scheduled date and stated the following:

For Noticee no.1	The Noticee had replied to the emails exchanged between him and SEBI and the information sought through the summons was already provided in the emails. Since the subject matter of the information sought through the summons pertains to 2007, the Noticee sought further time to submit his reply. However, no further reply was submitted by him. The investigation was initiated based on the complaint filed by the Noticee and there was no reason for him to not provide the relevant information to SEBI.
For Noticee 2 and 3	Mr. Jamsheed M Panday was person in charge of the affairs of the Noticees. Since the information sought pertained to 2007, time was taken to file replies to the summonses. However, no reply was submitted by the Noticee 2 and 3.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

12. I have carefully perused the charges levelled against the Noticees in their respective SCNs, their respective Replies and the material / documents available on record. In the instant matter, the following issues arise for consideration and determination:-

(a) Whether the Noticees have violated the provisions of section 11C(3) of SEBI Act,1992;

(b) Do the violations, if any, on the part of the Noticees attract monetary penalty under Section 15A(a) for the alleged violation by the said noticees?; and,

(c) If so, what would be the quantum of monetary penalty that can be imposed on the Noticees after taking into consideration the factors mentioned in Section 15J of the SEBI Act,1992?

13. Before proceeding further, I would like to refer to the relevant provisions of the SEBI Act.

SEBI Act,1992 *:*

Sec. 11C

(3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purpose of its investigation.

FINDINGS:

14. The details of summons issued to Noticee 1 vis-à-vis status of its compliance by Noticee 1 are as under:

Date of Summons	Mode of Delivery	Proof of delivery	Status of Compliance
26.09.2014	Through Hand Delivery	Received, signed and acknowledged	Partly replied. Sought additional time to file reply

09.10.2014	Through Hand Delivery	Received, signed and acknowledged	Partly replied
21.10.2014	Through Hand Delivery	Received, signed and acknowledged	Sought additional time to file reply but did not file any reply

15. The details of information sought by the IA from the Noticee 1 through the aforesaid summons included rationale for buying, selling the shares of the company, details of all transactions in the scrip, mode and source of payment to brokers/ sub brokers for purchase in the securities market and off-market, relationship with the company and other entities, details of all bank accounts etc. It is observed from the records that the Noticee 1 acknowledged the receipt of the summons but failed to submit all relevant details as asked by the IA. The Noticee had submitted that he had cooperated with the IA and the information could not be provided due to bonafide and genuine reasons as the information sought pertained to exceedingly old period (7 years old). Whatever was readily available or traceable was immediately provided. Noticee 1 sought further time to submit the information but failed to do so.

16. The details of summonses issued to Noticee no. 2 and 3 vis-à-vis status of its compliance by Noticee no. 2 and 3 are as under:

Date of Summons	**Mode of Delivery**	**Proof of delivery**	**Status of Compliance**
26.09.2014	Through Hand Delivery	Received, signed and acknowledged	Sought additional time to file reply
09.10.2014	Through Hand Delivery	Received, signed and acknowledged	Sought additional time to file reply

21.10.2014	Through Hand Delivery	Received, signed and acknowledged	Sought additional time to file reply

17. The details of information sought by the IA from the Noticee 2 and 3 through the aforesaid summons included details of all its promoters and directors, rationale for buying, selling the shares of the company, details of all transactions in the scrip, mode and source of payment to brokers/ sub brokers for purchase in the securities market and off-market, details of all its bank accounts, relationship with the company and other entities, details of all bank accounts etc. No information as sought by the summons were received from Noticee no. 2 and 3. During the personal hearing conducted on May 4, 2017, the AR had confirmed the same. Noticee 1 stated that he used to look after the day to day affairs of Noticee 2 and 3.

18. The Honorable Securities Appellate Tribunal (hereinafter referred to as **"SAT"**) in Appeal No.95/04 in Mayfair Paper & Board Pvt. Ltd. V SEBI held that *"failure to furnish information to the Investigating Authority of SEBI shall attract the penalty prescribed under section 15A of the SEBI Act". "*. Further, SAT in M/s. Bubna Stock Broking Services Limited v. SEBI, Appeal No.41/2009 held that "*.............All these details had been asked for which were necessary for carrying out further investigations. Incomplete information furnished by the appellant amounts to non-furnishing of information within the meaning of section 15A(a) of the Act and it thwarted the investigations. This is, indeed, a serious matter.........*"

19. The Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund* [2006] 68 SCL 216(SC) held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant...".*

20. Thus, the aforesaid violation of Section 11C(3) of the SEBI Act by the Noticees make them liable for penalty under Section 15A (a) of SEBI Act, 1992 which read as follows:

Penalty for failure to furnish information, return, etc.

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

(a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;

21. While determining the quantum of penalty under Section 15A(a) of the SEBI Act, it is important to consider the factors relevantly as stipulated in Section 15J of the SEBI Act which read as under:-

> ***Section 15J*** *- Factors to be taken into account by the adjudicating officer While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*
>
> *(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.*

22. I find that the Noticees were given adequate opportunity by the IA to comply with the summonses. I am also of the view that it is the duty, responsibility and obligation of every person from whom information is sought to fully co-operate with IA and promptly produce all documents, records, information, etc., to the IA. If persons are allowed to flout the summonses issued to them during the course of the investigation, SEBI will not be able to discharge its statutory obligations in protecting the interests of the investors and safeguarding the integrity of the securities market. Thus, as the Noticee did not provide the information, the same thwarted the attempts of SEBI to effectively gather vital evidence for the timely conclusion of the investigation proceedings.

23. I find that the investigation in the matter was initiated pursuant to the complaint filed by Noticee 1. The information sought through the summons were more than 7 years old. No disproportionate gain or unfair advantages appear to have been made by not submitting the information. There was no loss to any investor as the alleged fraud had been committed against the Noticees themselves. However, Noticees were issued summons on multiple occasion and failed to provide the complete information. The investigation report did not establish any charge of manipulation while trading in shares of the company. Noticee 1 in its reply had submitted that he had not traded in shares of the company and in support of his contention had submitted copy of his demat account statement for the relevant period to the IA. Noticee 1 had partially submitted information as required under the summons issued by the IA. In case of Noticee 2 and 3, no details as required by the IA had been submitted.

ORDER

24. In view of the above, after considering all the facts and circumstances of the case and the factors mentioned in the provisions of Section 15-J of the SEBI Act, I, in exercise of the powers conferred upon me under Section 15-I(2) of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules, conclude that the proceedings against the noticees viz. Jamsheed M Panday, Arma Financial Services Limited and Amoha Traders Private Limited stand established in terms of the provisions of the SEBI Act. Hence, in view of the charges established under the provisions of the SEBI Act, I, hereby impose monetary penalty on the said three Noticees as per the following Table:-

Name of the Noticee	Penalty imposed
Jamsheed M Panday	₹1,00,000/- (Rupees One Lakh only)
Arma Financial Services Limited	₹2,00,000/- (Rupees Two Lakh only)
Amoha Traders Private Limited	₹2,00,000/- (Rupees Two Lakh only)

25. The Noticees shall remit / pay the said amounts of penalties **separately** within 45 (forty five) days of receipt of this order either by way of Demand Draft (DD) in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai and 1) the said DD should be forwarded to the Division Chief, Enforcement Department (EFD), Division of Regulatory Action - IV [**EFD-DRA-IV**] SEBI Bhavan, Plot No.C4-A,' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai – 400 051 OR 2) through e-payment facility into Bank Account, the details whereof are given as below :-

Account No. for remittance of penalty(ies) levied by Adjudication Officer :-

Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No.	31465271959

26. The Noticees shall forward the said Demand Drafts or the details / confirmation of penalty so paid through e-payment to the Chief General Manager of the aforesaid Enforcement Department (EFD) of SEBI.

27. The Format for forwarding details / confirmations of e-payments made to SEBI shall be in the Form as provided at Annexure `A' of Press Release No. 131/2016 dated August 09, 2016 shown at the SEBI Website which is reproduced as under:-

1. Case Name :	
2. Name of Payee:	
3. Date of Payment :	
4. Amount Paid :	
5. Transaction No :	
6. Bank Details in which payment is made:	
7. Payment is made for : (like penalties / disgorgement / recovery/Settlement amount and	

legal charges along with order details)	

28. In terms of Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees and also to the Securities and Exchange Board of India.

Date : May 26, 2017
Place : Mumbai

NAGENDRAA PARAKH
CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER