BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. ORDER/SM/S./2023-24/28338]

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

In respect of
Andhra Pradesh Power Finance Corporation Limited
[PAN: AADCA0857D**; CIN:** U40109AP2000SGC107482**]**

In the matter of Andhra Pradesh Power Finance Corporation Limited

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FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) was in receipt of references dated November 21, 2022 and January 03, 2023 from SBICAP Trustee Company Limited, Debenture Trustee (hereinafter referred to as "**DT/SBICAP/by name**") in respect of unsecured and redeemable Non-Convertible Debentures (hereinafter referred to as '**NCDs**') issued by Andhra Pradesh Power Finance Corporation Ltd. (hereinafter referred to as '**Noticee/Company/APPFCL/issuer**'), with respect to default in payment of debt securities i.e. NCDs bearing ISIN INE847E09029, INE847E08DO8, INE847E08DP5, INE847E08DQ3 ("hereinafter referred to as "**listed NCDs**") issued by APPFCL.

2. Thereafter, SEBI conducted an examination to ascertain Noticee's compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations**") and SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 w.r.t creation and maintenance of Recovery Expense Fund (REF) in respect of aforesaid NCDs issued by

APPFCL. The period of examination was from April 01, 2022 to January 31, 2023 ("**examination period**"). Pursuant to examination, SEBI found certain provisions of the aforesaid laws allegedly violated by the Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

3. Vide order dated April 21, 2023, SEBI appointed the undersigned as the Adjudicating Officer under Section 15(I) of Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') read with Section 19 of SEBI Act to inquire into and adjudge under–

    3.1. Section 15A(b) of SEBI Act, the alleged violation of Regulations 51(1), 51(2), read with clause A(1) of Part B of Schedule-III of LODR Regulations, Second proviso to Regulations 52(1), Regulation 56(1)(a), 56(1)(b), 56(1)(c)(i), 56(1)(c)(iii), 56(1)(c)(iv), 56(1A), 56(2) read with Regulation 56(3), and Regulation 56(1)(c)(ii) of the LODR Regulations and;

    3.2. Section 15HB of SEBI Act, the alleged violation of Regulation 51(3) of the LODR Regulations by Noticee,
    in respect of the NCDs issued by it.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. A Show Cause Notice dated June 08, 2023 (hereinafter referred to as '**SCN**') was issued to Noticee under Rule 4 of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticee and penalty, if any, not be imposed upon it under the provisions of Section 15A(b) and Section 15HB of SEBI Act, as applicable, for the aforesaid violations alleged to have been committed by it.

5. The SCN was despatched to the Noticee by Speed Post Acknowledgement Due ('**SPAD**'), and through Digitally Signed Email dated June 27, 2023 sent to the email ID of the aforesaid Noticee. Noticee submitted its reply to the SCN vide email dated June 27, 2023 enclosing letter dated June 27, 2023. Noticee was granted an opportunity of hearing in the matter on July 20, 2023, vide Hearing Notice dated July 03, 2023 which was despatched

to the Noticee by SPAD and Digitally Signed Email dated July 03, 2023. Subsequently, Noticee appeared for the hearing held on July 20, 2023 and reiterated its submissions made in its reply vide letter dated June 27, 2023. The relevant extracts of the submissions made by Noticee vide letter dated June 27, 2023 are given hereunder:-

a) *"Pursuant to the bifurcation of the State of Unified Andhra Pradesh i.e., the State of Andhra Pradesh and the State of Telangana, an expert committee headed by Ms. Sheila Bhedi referred to as "Sheila Bhedi Committee" was instituted to segregate the assets and liabilities of the State of unified Andhra Pradesh to both the states and the committee submitted a detailed report clearly specifying the segregation of the Assets and the Liabilities in the ratio of <u>59.54%</u> towards the Telangana State Power Finance Corporation Limited (hereinafter referred to as "TSPFCL") and <u>40.46%</u> towards APPFCL. Further, it is to be noted that the decision of the Sheila Bhedi Committee was declined by the State of Telangana and the dispute regarding the segregation of the assets and the liabilities of the state of unified Andhra Pradesh continues to date... and hence to that effect there has been a delay in payment of NCDs bearing ISIN INE847E09029, INE847E08DO8, INE847E08DP5 and INE847E08DQ3 issued by APPFCL of the state of unified Andhra Pradesh."*
b) *"APPFCL has been keen on ensuring timely disclosures with the National Stock Exchange at all times. However, due to unavailability of the concerned officer during the month of June 2022 (as stated earlier), filing the required disclosure pursuant to Regulation 51(1) and 51(2) for ISIN INE847E08DP5 went unnoticed, the payment of which was due on 18th July 2022. We request your good office to note that the Company had filed the required disclosure soon as it was brought to the notice of the Company. We request your good office to condone the delay as specified in Paragraph 9 on Page 10 of the show cause notice as it owes only to the unforeseen administrative delay."*
c) *"APPFCL has been intimating the office of the debenture trustee w.r.t interest/principal payments that were/are made on regular basis. However, APPFCL humbly submits before your good office that the non-submission of financial results was unintentional. However, the information was made available to all the stakeholders of the Company with the information being made available*

on the website of the Stock Exchange and there was no act of omission of the price-sensitive information bv the Company."

d) *"APPFCL has had in place, a website providing information on the activities of the Company, at all times. To bring in line with the disclosure norms of SEBI (LODR) Regulations, 2015, APPFCL revamped the website to include all the required disclosures to be made available on the website as per the norms applicable for a debt-listed Company. When called for the status of the updation of website by the office of the National Stock Exchange, factual information stating that the "website is under maintenance" prevalent at that point in time was provided and also since the management of the Company comprising of senior secretaries of the state in the finance department were held up with the budget assembly related activities which was scheduled for the month of March 2023, the website was launched on 31st March 2023 with the approval of the board members."*

e) *"We request your good office to make a special note that the Company's website provides all the required information and are available to all the stakeholders of the Company."*

f) *"For the Financial year 2021-22, the audit of the Company's accounts was carried out by M/s Seshachalam & Co, Chartered Accountants, Hyderabad, and statutory auditors appointed by Comptroller and Auditor General of India (C&AG). The completion of the audit was delayed beyond the set timelines in turn delaying the approval of financial statements by the Board of Directors of the Company i.e., on the 21st day of July 2022. Also, the audit report on the financial statements approved by the Board of Directors as aforementioned was provided to APPFCL on the 22nd day of August 2022, though the report was dated 22nd July 2022 considering the validity of UDIN to be 60 days. A copy of the email received by the Company together with the financial statement and audit report has been enclosed for your reference and record as "Annexure - II". Subsequently, various deliberations were held with the statutory auditor and thereafter the required disclosure was submitted to the stock exchange...................However, APPFCL humbly submits before your good office that the non-submission of financial results was unintentional. However, the information was made available to all the stakeholders of the Company with the information being made available on the website of the Stock Exchange and there was no act of omission of the price-sensitive information bv the Company."*

g) *"…the office of C&AG provided its comments in the month of March 2023 for the financial statement pertaining to the financial year ended 31st March 2022. Accordingly, the annual report was approved in the meeting of the Board of Directors dated 31st March 2023. APPFCL shared a copy of the annual report with the office of the National Stock Exchange and updated on its website for the availability of the report to all the stakeholders of the Company... Though published on the website of the Company, APPFCL had not forwarded a copy of the annual report for the financial year 2021-22 approved on 31st March 2023 pursuant to Regulation 56(1)(a) read along with Regulation 56(3) of SEBI (LODR) Regulations, 2015, to the Debenture Trustee which was unintentional."*

h) *"APPFCL has not issued any new non-convertible debt securities or has held any meetings of the holders of non-convertible debt securities or has advertised in any media including those related to the proceedings of the meetings. Hence, there was no requirement for compliance with Regulation 56(1)(b)."*

i) *"We wish to bring to your kind notice that due to the delay in the payment of Telangana share considering the existing dispute between the two states, as was mentioned earlier in our statement here, the credit rating remained "D" as was informed to the Debenture Trustee initially. There was no change in the rating whatsoever during the year under review. Also, as the debt issued is unsecured, there was no requirement to create a charge on the assets of the Company. Further, w.r.t regulation 56(1)(c)(ii), intimations have been promptly sent to the debenture trustee as and when the payments are made by APPFCL. Accordingly, we request your good office to note that APPFCL was required to comply only with clause (ii) of regulation 56(1)(c) read along with regulation 56(1A) of SEBI (LODR) Regulations, 2015 and the same has been complied with."*

j) *"APPFCL has always maintained records in proper order and has shared information called for by any stakeholders at the earliest opportunity. Your good office may please note that APPFCL has promptly shared all such information sought by the debenture trustee and there was no such occasion when access to relevant books of accounts was called for by the debenture trustee. It may please be noted that APPFCL has complied with regulation 56(2) of SEBI (LODR) Regulations, 2015."*

k) *"APPFCL has been intimating the office of the debenture trustee w.r.t interest/principal payments that were/are made on regular basis. However,* *APPFCL humbly submits before your good office that the non-submission of financial results was unintentional. However, the information was made available to all the stakeholders of the Company with the information being made available on the website of the Stock Exchange and there was no act of omission of the price-sensitive information bv the Company.... APPFCL upon approval of the Director's Report by the Board on 31st March 2023, updated the website of the Company with the latest report which was made available to all the stakeholders of the Company. Though published on the website of the Company, APPFCL had not forwarded a copy of the annual report for the financial year 2021-22 approved on 31st March 2023 pursuant to Regulation 56(1)(a) read along with Regulation 56(3) of SEBI (LODR) Regulations, 2015, to the Debenture Trustee."*

l) "APPFCL has always maintained records in proper order and has shared information called for by any stakeholders at the earliest opportunity. Your good office may please note that APPFCL has promptly shared all such information sought by the debenture trustee and there was no such occasion when access to relevant books of accounts was called for by the debenture trustee. It may please be noted that APPFCL has complied with regulation 56(2) of SEBI (LODR) Regulations, 2015."

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

6. I have carefully perused the charges levelled against the Noticee, reply filed by Noticee and other documents/evidence available on record. The issues that arise for consideration in the present case are:

I) Whether Noticee has violated Regulation 51(3), Regulation 51(1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations, second proviso to Regulation 52(1), and Regulations 56(1)(a), 56(1)(b), 56(1)(c)(i), 56(1)(c)(iii), 56(1)(c)(iv), 56(1A), 56(2) read with Regulation 56(3), and Regulation 56(1)(c)(ii) of LODR Regulations?

II) Do the violations, if any, attract a monetary penalty under Section 15A(b) and Section 15HB of SEBI Act, as applicable, for the violations mentioned at para 3?

III) If the answer to the aforesaid issues is in the affirmative, then what should be the quantum of monetary penalty?

7. The relevant applicable provisions of LODR Regulations are reproduced as under:

Relevant provisions of LODR Regulations:

"Disclosure of information having bearing on performance/operation of listed entity and/or price sensitive information.
51. (1) *The listed entity shall promptly inform the stock exchange(s) of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend [245] [or redemption of non-convertible securities].*
Explanation - The expression 'promptly inform', shall imply that the stock exchange shall be informed as soon as reasonably possible but not later than twenty-four hours from the date of occurrence of the event or receipt of information. In case the disclosure is made after twenty-four hours of the date of occurrence of the event or receipt of information, the listed entity shall, along with such disclosures provide an explanation for the delay

(2) *Without prejudice to the generality of sub-regulation (1), the listed entity who has listed non-convertible securities shall make disclosures as specified in Part B of Schedule III****.***

(3) *The listed entity shall disclose on its website, all such events or information which have been disclosed to the stock exchange(s) under this regulation and such disclosures shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website.*

…
PART B: DISCLOSURE OF INFORMATION HAVING BEARING ON PERFORMANCE/OPERATION OF LISTED ENTITY AND/OR PRICE SENSITIVE INFORMATION: NON-CONVERTIBLE SECURITIES
[See Regulation 51(2)]

A. *The listed entity shall promptly inform the stock exchange(s) of all information which shall have bearing on performance/operation of the listed entity or is price sensitive or shall affect payment of interest or dividend or redemption payment of non-convertible securities including:*

(1) *expected default in the timely payment of interest, dividend or redemption payment or both in respect of the non-convertible securities and also default in the creation of security for non-convertible debt securities as soon as the same becomes apparent****;***

Financial Results.
52. (1) *The listed entity shall prepare and submit un-audited or audited quarterly and year to date standalone financial results on a quarterly basis in the format as specified by the Board within forty- five days from the end of the quarter, other than last quarter, to the recognised stock exchange(s):*

Provided that in case of entities which have listed their debt securities, a copy of the financial results submitted to stock exchanges shall also be provided to Debenture Trustees on the same day the information is submitted to stock exchanges.

Documents and Intimation to Debenture Trustees.
56. (1) *The listed entity shall forward the following to the debenture trustee promptly:*
(a) *a copy of the annual report at the same time as it is issued along with a copy of certificate from the listed entity's auditors in respect of utilisation of funds during the implementation period of the project for which the funds have been raised: Provided that in the case of debentures or preference shares issued for financing working capital or general corporate purposes or for capital raising purposes the copy of the auditor's certificate may be submitted at the end of each financial year till the funds have been fully utilised or the purpose for which these funds were intended has been achieved**.***
(b) *a copy of all notices, resolutions and circulars relating to**-***
(i) *new issue of non convertible debt securities at the same time as they are sent to shareholders/ holders of non convertible debt securities**;***
(ii) *the meetings of holders of non-convertible debt securities at the same time as they are sent to the holders of non convertible debt securities or advertised in the media including those relating to proceedings of the meetings**;***
(c) *intimations regarding:*
(i) *any revision in the rating;*
(ii) *any default in timely payment of interest or redemption or both in respect of the non convertible debt securities;*
(iii) *failure to create charge on the assets;*
(iv) *all covenants of the issue (including side letters, accelerated payment clause, etc.)"*

(1A) *The listed entity shall also disclose to the Debenture Trustee at the same time as it has intimated to the stock exchange, all material events and/or information as disclosed under regulation 51 of these regulations in so far as it relates to the interest, principal, issue and terms of non-convertible debt securities, rating, creation of charge on the assets, notices, resolutions and meetings of holders of non-convertible debt securities*.
(2) *The listed entity shall forward to the debenture trustee any such information sought and provide access to relevant books of accounts as required by the debenture trustee.*
(3) *The listed entity may, subject to the consent of the debenture trustee, send the information stipulated in sub-regulation (1), in electronic form/fax."*

Issue No. 6(I) - Whether Noticee has violated Regulation 51(3), Regulation 51(1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations, second proviso to Regulation 52(1), and Regulations 56(1)(a), 56(1)(b), 56(1)(c)(i), 56(1)(c)(iii), 56(1)(c)(iv), 56(1A), 56(2) read with 56(3), and Regulation 56(1)(c)(ii) of LODR Regulations?

8. I note from the Ministry of Corporate Affairs ("**MCA**") website that APPFCL was incorporated on July 12, 2000 and it is registered with Registrar of Companies, Vijayawada. I also note from records available at National Securities Depository Limited

(“**NSDL**”) website and information submitted by National Stock Exchange of India Limited (“**NSE**”) vide its email to SEBI dated January 30, 2023 that the Noticee had issued the following listed NCDs:

Sr. No.	ISIN	Name of the Instrument	Issue Date/Date of Allotment	Redemption	Coupon Rate
1	INE847E08DP5	9.75% UNSECURED GOVERNMENT GUARANTEED TAXABLE BONDS.SERIES - 2/2012 LETTER OF ALLOTMENT. DATE OF MATURITY 18.07.2022	18/07/2012	18/07/2022	9.75%
2	INE847E08DQ3	9.75% UNSECURED GOVERNMENT GURANTEED TAXABLE BONDS. SERIES 3/2012. LETTER OF ALLOTMENT. DATE OF MATURITY 09.11.2022	11/09/2012	11/09/2022	9.75%
3	INE847E09029	8.74% UNSECURED NON-CONVERTIBLE, TAXABLE BOND. LETTER OF ALLOTMENT DATE OF MATURITY 14/11/2022	15/11/2010	14/11/2022	8.74%
4	INE847E08DO8	9.64% UNSECURED GOVERNMENT GUARANTEED TAXABLE BONDS SERIES- 1/2012. LETTER OF	06/08/2012	06/08/2024	9.64%

Sr. No.	ISIN	Name of the Instrument	Issue Date/Date of Allotment	Redemption	Coupon Rate
		ALLOTMENT. DATE OF MATURITY 08.06.2024			

9. I note that in terms of Regulation 51(1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations, Noticee is required to promptly inform the stock exchange(s) of all information having a bearing on its performance/operation, price sensitive information or any action that shall affect payment of interest or dividend or redemption of non-convertible securities, not later than twenty-four hours from the date of occurrence of the event or receipt of information and such disclosures are required to be made as per the format specified in Part B of Schedule III of LODR Regulations. I further note from the information submitted by NSE vide its email to SEBI dated January 30, 2023 that there were defaults in respect of the aforesaid NCDs which were listed at NSE. I further note from the DT's letters to SEBI dated January 03, 2023 and November 21, 2022 that the obligations towards interest and redemption of the said NCDs were guaranteed by Government of Andhra Pradesh (hereinafter referred to as '**GAP/by name**') and Government of Telangana (hereinafter referred to as '**GT/by name**'). The details pertaining to the disclosure of the aforesaid default as submitted by NSE vide its email to SEBI dated January 30, 2023 are stated as under:

TABLE - A

Sr. No.	ISIN	Dates of Default	Disclosure w.r.t Regulation 51 of SEBI (LODR) Regulations read with Clause A(1) of Part B of Schedule III i.e., prompt disclosure in case of default by the company.
1	INE847E09029	15-11-2022	Intimation to Exchange made on 16-11-2022.
2	INE847E08DO8	01-01-2023	Intimation to Exchange made on 31-12-2022.
3	INE847E08DP5	18-07-2022	Intimation to Exchange made on 08-08-2022.
4	INE847E08DQ3	01-09-2022 and 09-11-2022	Intimation to the Exchange made on 02-09-2022 and 10-11-2022 respectively.

10. From the above table, I note that during Financial Year ('**FY**') 2022-23, Noticee had defaulted in the payment of interest w.r.t. NCD bearing ISIN INE847E08DP5 on July 18,

2022 (“**aforesaid default**”), and Noticee made disclosure in respect of the aforesaid default on August 08, 2022, i.e. after a delay of 20 days. As noted above, in terms of Regulation 51(1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations, Noticee was under an obligation to disclose the aforesaid default within twenty-four hours the date of occurrence of the aforesaid default. However, I observe that Noticee made disclosures in respect of the aforesaid default 20 days after the date of occurrence of the same. Therefore, I observe that such delayed disclosure of the aforesaid default by the Noticee was not in compliance with Regulation 51(1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations. In its reply, Noticee has admitted that it had made disclosures in respect of the aforesaid default 20 days after the date of occurrence of the same. Noticee has further stated that the aforesaid delay in the disclosure was on account of an administrative lapse on its part. In this regard, I note that as an issuer of listed NCDs, the Noticee was under a mandatory obligation to make disclosures under LODR Regulations and whether Noticee’s failure to comply with the said mandatory obligation was intentional or inadvertent is of no relevance in the matter. In this regard, I find it pertinent to refer to the judgement of Hon’ble Securities Appellate Tribunal (“**Hon’ble SAT**”) in the matter of Coimbatore Flavors & Fragrances Ltd vs. SEBI (Decided on August 11, 2014) in which it was held that, “…*the contention of the appellants that the lapses / delay in compliance with the disclosures norms were due to inadvertence or they were unintentional… cannot be accepted. Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies.*” Therefore, based on the foregoing observations and Noticee’s admission and placing reliance upon the aforesaid judgement of Hon’ble SAT, I find that Noticee had failed to comply with Regulation 51(1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations. Therefore, I find that the allegation that Noticee violated Regulation 51(1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations stands established.

11. I note that in terms of Regulation 56(1)(a) of LODR Regulations read with Regulation 56(3) of LODR Regulations, Noticee was under an obligation to promptly submit to the Debenture Trustee, a copy of the annual report and copy of the auditor's certificate in respect of utilisation of funds raised by the Noticee in the manner provided under Regulation 56(3) of LODR Regulations. I also note that in terms of second proviso to Regulation 52(1) of LODR Regulations, the Noticee was required to provide the un-audited

or audited quarterly and year to date standalone financial results pertaining to the examination period (hereinafter referred to as "**financial results**") on a quarterly basis in the format as specified by SEBI within 45 days from the end of the quarter, other than last quarter, to its Debenture Trustee. I also note that in terms of Regulation 56(1A) of LODR Regulations, the financial results, annual report and audit report constitute material information and Noticee was under an obligation to disclose the same to the DT at the same time when said information is disclosed to the stock exchange(s). I note from the information submitted by the DT to SEBI vide email dated January 28, 2023 that Noticee had provided the following information in respect of the listed NCDs during the examination period:

TABLE - 1

Sr. No.	ISIN	Listed/ Unlisted	Name of the Debenture Trustee	Secured/ Unsecured	Date of defaults, if any
1	INE847E08CY9	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	fully redeemed, no default
2	INE847E08CZ6	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	fully redeemed, no default
3	INE847E09011	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	fully redeemed, no default
4	INE847E09029	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	AP Share - Fully Paid TS Share - Telangana Govt default partial amount of Rs. 400 Crs towards principal & interest due on dated 15.11.2022
5	INE847E08DJ8	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	fully redeemed, no default
6	INE847E08DK6	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	live ISIN - no default
7	INE847E08DL4	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	fully redeemed, no default
8	INE847E08DM2	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	live ISIN - no default
9	INE847E08DN0	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	fully redeemed - no default
10	INE847E08DO8	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	AP Share - Fully Paid TS Share - Telangana Govt not paid of its share of Rs. 6,96,01,600 towards interest payment due on 01.01.2023

Sr. No.	ISIN	Listed/ Unlisted	Name of the Debenture Trustee	Secured/ Unsecured	Date of defaults, if any
11	INE847E08DP5	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	AP Share - Fully Paid TS Share - Telangana Govt is still pending an amount of Rs. 199.99 Crs towards principal & interest payment due on 18-07-2022
12	INE847E08DQ3	Listed	SBICAP TRUSTEE COMPANY LTD	Unsecured	AP Share - Fully Paid TS Share - Telagana Govt default interest of Rs. 51.88 Crs & principal/interest of Rs. 1083.91Crs towards interest payment due on 01.09.2022 & redemption due on 09.11.2022

TABLE - 2

ISIN	Series	Maturity Dated	Regulation 51(3) – Disclosure of events/ information on the website of the listed entity	Second proviso to Regulation 52(1) – Financial Results	Regulation 54(1) – 100% Security Cover	Regulation 55 – Mandatory review of Credit Rating by the issuer	Regulation 56 (for each sub-regulation separately) – Information to Debenture Trustee	Regulation 61 – Declaration of Dividend by the defaulted company
INE847E08CY9	1/2005 Option A	29.03.2020	The Issuer has not disclosed the required information on their website. STCL has vide several communications sought for the information, but the Issuer never provided the required information. On 27.01.2023, STCL has again asked the Issuer to provide the confirmation about the disclosures wherein they informed that	The Issuer has not submitted any information to STCL under the said Regulation 52 (1).	The provision is not applicable as the NCDs issued by the Issuer wherein STCL is acting as Debenture Trustee are unsecured and the same are backed by Government Guarantee of the State of Andhra Pradesh	STCL vide various communications for quarterly compliance reporting has called for information on credit ratings from the Issuer, however the Issuer have never submitted the same.	Except information under Regulation 56(C)(2) [Regulation 56(1)(c)(ii)], the Issuer has not disclosed any other information to STCL..	Vide email dated 27.01.2023, Issuer has informed that they have not declared dividend
INE847E08CZ6	1/2005 Option B	03.04.2020						
INE847E09011	1/2010 Option A	15.11.2020						
INE847E09029	1/2010 Option B	15/11/2022						
INE847E08DJ8	1/2011 Option A	15.12.2021						
INE847E08DK6	1/2011 Option B	15/12/2023						
INE847E08DL4	2/2011 Option A	30/01/2022						
INE847E08DM2	2/2011 Option B	30/01/2024						
INE847E08DN0	1/2012 Option A	08/06/2022						
INE847E08DO8	1/2012 Option B	08/06/2024						
INE847E08DP5	Feb-12	18/07/2022						

ISIN	Series	Maturity Dated	Regulation 51(3) – Disclosure of events/ information on the website of the listed entity	Second proviso to Regulation 52(1) – Financial Results	Regulation 54(1) – 100% Security Cover	Regulation 55 – Mandatory review of Credit Rating by the issuer	Regulation 56 (for each sub-regulation separately) – Information to Debenture Trustee	Regulation 61 – Declaration of Dividend by the defaulted company
INE847E08DQ3	Mar-12	09/11/2022	all the disclosures are available on their website, however, their website is presently under maintenance and will be soon made available to the stakeholders.					

12. Therefore, I note that the DT has informed that Noticee had disclosed information only under Regulation 56(1)(c)(ii) of LODR Regulations and did not disclose any other information to the DT under Regulation 56 and Regulation 56(1A) of LODR Regulations as well as the financial results pertaining to the examination period to the DT as required in terms of Regulation 52(1) of LODR Regulations. I also note that in terms of Regulation 56(1A) of LODR Regulations, the financial results, annual report and audit report constitute material information and Noticee was under an obligation to disclose the same to the DT at the same time when said information is disclosed to the stock exchange(s). In its reply, Noticee has admitted that it had failed to furnish copy of the annual report and copy of the auditor's certificate to the DT as well as financial results as required in terms of Regulations 56(1)(a), 52(1) and 56(1A) of LODR Regulations because Noticee was waiting for comments from Comptroller and Auditor General of India ("**C&AG**") in respect of the financial statement pertaining to the financial year ended 31st March 2022. Noticee has also submitted that subsequent to the receipt of comments from C&AG, the Annual Report of the Noticee was approved by its board and disclosure of the Annual Report was made to the NSE as well as on Noticee's website. Noticee has submitted that failure to forward the copy of the annual report for the financial year 2021-22 approved on 31st March 2023 to the Debenture Trustee was unintentional and was not with an intention to defraud or to omit disclosing any price-sensitive information. Noticee has also stated that the completion of the audit was delayed beyond the set timelines in turn delaying the approval of financial

statements by the Board of Directors of the Company. Noticee has also submitted that the audit report on the financial statements as aforementioned was provided to Noticee vide email dated August 23, 2022 and was subsequently approved by the Board of Directors. Thus, Noticee has stated that the non-submission of financial results and audit report was unintentional on its part. In this regard, I note that as an issuer of listed NCDs, the Noticee was under a mandatory obligation to make disclosures under LODR Regulations and whether Noticee's failure to comply with the said mandatory obligation was intentional or inadvertent is of no relevance in the matter. In this regard, I find it pertinent to refer to the judgement of Hon'ble Securities Appellate Tribunal ("**Hon'ble SAT**") in the matter of Coimbatore Flavors & Fragrances Ltd vs. SEBI (Decided on August 11, 2014) in which it was held that, "*the contention of the appellants that the lapses / delay in compliance with the disclosures norms were due to inadvertence or they were unintentional… cannot be accepted. Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies.*" Therefore, based on the foregoing observations and Noticee's admission, I find that Noticee had failed to comply with Regulation 52(1), 56(1)(a) and Regulation 56(1A) of LODR Regulations. Therefore, I find that the allegation that Noticee violated Regulation 52(1), Regulation 56(1)(a) and Regulation 56(1A) read with Regulation 56(3) of LODR Regulations stands established.

13. I further note that in terms of Regulation 56(1)(b) of LODR Regulations read with Regulation 56(3) of LODR Regulations, Noticee was under an obligation to promptly submit to the DT copy of all notices, resolutions and circulars relating to new issue of non-convertible debt securities at the same time as they are sent to shareholders/ holders of non-convertible debt securities or advertised in the media including those relating to proceedings of the meetings. I also note that in terms of Regulation 56(1A) of LODR Regulations, the information pertaining to notices, resolutions and meetings of holders of non-convertible debt securities constitute material information and Noticee was under an obligation to disclose the same to the DT at the same time when said information is disclosed to the stock exchange(s). I note that the requirement to furnish to the DT copy of all notices, resolutions and circulars relating to new issue of non-convertible debt securities as stipulated under Regulation 56(1)(b) of LODR Regulations arises only in the event of fresh issue and listing of new debt securities are issued and listed in the stock exchange. I further note that the aforesaid requirement arises in the event, meetings of the bondholders are held at the instance of the issuer of the non-convertible debt securities.

As per the information submitted by the DT to SEBI vide email dated January 28, 2023, Noticee had not provided the documents as stated under Regulation 56(1)(b) of LODR Regulations to the DT for the period January 2022-December 2022. On perusal of the information submitted by DT, I note that the DT has not stated whether the obligation to disclose documents under Regulation 56(1)(b) of LODR Regulations was attracted in respect of the Noticee for the period of January 2022-December 2022. In this regard, Noticee has contended in its reply that Regulation 56(1)(b) of LODR Regulations was not applicable to it because it had not issued any new non-convertible debt securities and had not held any meetings of the holders of non-convertible debt securities. I further note that the records of examination do not establish that Noticee had issued any new NCDs and also that any meetings of the holders of NCDs were held at the instance of the Noticee during the examination period. Thus, it is not clearly established that the obligation under Regulation 56(1)(b) and Regulation 56(1A) of LODR Regulations were attracted in respect of the Noticee during the examination period. Accordingly, I am inclined to accept the aforesaid contention of the Noticee. Therefore, based on the foregoing observations, I find that the allegation that the Noticee violated Regulation 56(1)(b) and Regulation 56(1A) of LODR Regulations read with Regulation 56(3) of LODR Regulations does not stand established.

14. I note that in terms of Regulation 56(1)(c)(ii) of LODR Regulations read with Regulation 56(3) of LODR Regulations, Noticee was under an obligation to promptly intimate to the DT, any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities. I also note that in terms of Regulation 56(1A) of LODR Regulations, the information pertaining to any any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities constituted material information and Noticee was under an obligation to disclose the same to the DT at the same time when said information is disclosed to the stock exchange(s). I note that as per the information submitted by the DT to SEBI vide email dated January 28, 2023, Noticee had provided the documents stated under Regulation 56(1)(c)(ii) of LODR Regulations for the period of January 2022-December 2022. On perusal of the information submitted by DT, I note that Noticee had informed the DT that Government of Telangana had defaulted in payment of its share in the interest payments while Government of Andhra Pradesh had fully paid its share in the interest payments in respect of the listed NCDs. I note that this intimation was made in relation to the payments by the aforesaid state governments which

were due towards interest payments in respect of the listed NCDs. From perusal of the DT's email dated January 28, 2023, I note that the DT has not stated whether the Noticee had promptly disclosed the Noticee's default in timely payment of interest in respect of its listed NCDs as on the respective dates of default. Noticee has contended in its reply that Noticee had been regularly intimating the office of the debenture trustee w.r.t interest/principal payments due in respect of the listed NCDs in terms of Regulation 56(1)(c)(ii) of LODR Regulations. In support of its contention, Noticee has placed reliance upon the Noticee's emails to the DT dated April 08, 2022, July 04, 2022, July 18, 2022, July 27, 2022, August 12, 2022, August 16, 2022, August 26, 2022, September 02, 2022, October 03, 2022, October 28, 2022, November 09, 2022, November 15, 2022, November 17, 2022, December 31, 2022, January 05, 2023, January 27, 2023, and DT's email to Noticee dated July 23, 2022. On a perusal of the emails furnished by the Noticee, I note that Noticee had regularly provided updated information to DT in respect of interest payments due towards the listed NCDs by providing details pertaining to the Noticee's defaults w.r.t. the interest payments, in advance of the occurrence of defaults by the Noticee, as well as the reason for such defaults, i.e., the apparent non-payment of Government of Telangana's share in such interest payments. I also note from the said emails that Noticee had followed up with Government of Telangana regarding non-payment of GT's share in the interest payments in respect of the listed NCDs and the Noticee's efforts regarding such follow-ups with GT were also acknowledged by the DT in its email to the Noticee dated July 23, 2022. Thus, in view of the foregoing observations, I am inclined to the view that no fault can be found with the Noticee as regards its compliance with Regulation 56(1)(c)(ii) and Regulation 56(1A) of LODR Regulations is concerned. Accordingly, I am inclined to accept the aforesaid contention of the Noticee. Therefore, based on the foregoing observations, I find that the allegation that the Noticee violated Regulation 56(1)(c)(ii) and Regulation 56(1A) read with Regulation 56(3) of LODR Regulations does not stand established.

15. I note that in terms of Regulation 56(1)(c)(i) of LODR Regulations read with Regulation 56(3) of LODR Regulations, Noticee was under an obligation to promptly intimate the DT regarding any revision in the credit rating of the listed NCDs. I also note that in terms of Regulation 56(1A) of LODR Regulations, the information pertaining to any revision in the credit rating of the listed NCDs constituted material information and Noticee was under an obligation to disclose the same to the DT at the same time when said information is

disclosed to the stock exchange(s). I note that the requirement to promptly intimate the DT regarding any revision in the credit rating of the listed NCDs arises in the event of revision of rating of the listed NCDs. On perusal of the information submitted by SEBI to DT, I note that DT has stated that the intimation under Regulation 56(1)(c)(i) of LODR Regulations was not submitted to the DT by the Noticee for the period January 2022-December 2022. In this regard, I note that Noticee has contended in its reply that Regulation 56(1)(c)(i) of LODR Regulations was not applicable to it because there was no revision of the credit rating of the listed NCDs during the examination period. Noticee has contended that the credit rating of the listed NCDs had remained "D" and the same was not revised by the credit rating agencies in their periodic review during the examination period. In support of the aforesaid contention, Noticee has furnished the Credit Rating reports of the listed NCDs, as received from ICRA Limited ("**ICRA**") and CRISIL Ratings Limited ("**CRISIL**") during the examination period. I have perused the aforesaid Credit Rating reports and the Noticee's Annual Reports for FY 2020-21 and FY 2021-22. On perusal of the aforesaid reports, I note that the credit ratings assigned to the listed NCDs issued by the Noticee were as follows:

TABLE – B: NCDs rated during FY 2020-2021

ICRA & CRISIL						
ISIN No	**Instrument Name**	**Date of Issuance / Sanction**	**Coupon Rate**	**Maturity Date**	**Amount Rated (Rs. crore)**	**Current Rating and Outlook**
INE847E09011	NCD programme	Nov 15, 2010	8.49%	Nov 15, 2020	42	D
INE847E09029	NCD programme	Nov 15, 2010	8.74%	Nov 15, 2022	1,011.30	D
INE847E08DK6	NCD programme	Dec 15, 2011	9.60%	Dec 15, 2023	149.2	D
INE847E08DJ8	NCD programme	Dec 15, 2011	9.10%	Dec 15, 2021	5	D
INE847E08DM2	NCD programme	Jan 30, 2012	9.97%	Jan 30, 2024	586.9	D
INE847E08DL4	NCD programme	Jan 30, 2012	9.85%	Jan 30, 2022	157.2	D
INE847E08DO8	NCD programme	Jun 08, 2012	9.64%	Jun 08, 2024	249.4	D
INE847E08DN0	NCD programme	Jun 08, 2012	9.50%	Jun 08, 2022	64.7	D
INE847E08DP5	Bond Series II/2012	18-Jul-12	9.75%	18-Jun-22	1000	CRISIL D

INE847E08DQ3	NCD programme	Nov 09, 2012	9.75%	Nov 09, 2022	1,787.60	ICRA D

TABLE – C: NCDs rated on FY 2021-2022

ICRA & CRISIL						
ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE847E09011	NCD programme	Nov 15, 2010	8.49%	Nov 15, 2020	42	D
INE847E09029	NCD programme	Nov 15, 2010	8.74%	Nov 15, 2022	1,011.30	D
INE847E08DK6	NCD programme	Dec 15, 2011	9.60%	Dec 15, 2023	149.2	D
INE847E08DJ8	NCD programme	Dec 15, 2011	9.10%	Dec 15, 2021	5	D
INE847E08DM2	NCD programme	Jan 30, 2012	9.97%	Jan 30, 2024	586.9	D
INE847E08DL4	NCD programme	Jan 30, 2012	9.85%	Jan 30, 2022	157.2	D
INE847E08DO8	NCD programme	Jun 08, 2012	9.64%	Jun 08, 2024	249.4	D
INE847E08DN0	NCD programme	Jun 08, 2012	9.50%	Jun 08, 2022	64.7	D
INE847E08DP5	Bond Series II/2012	18-Jul-2012	9.75%	18-Jun-2022	1000.00	CRISIL D
INE847E08DQ3	NCD programme	Nov 09, 2012	9.75%	Nov 09, 2022	1,787.6	ICRA D

16. From a perusal of the aforesaid data as contained in the Annual Reports for FY 2020-21 and FY 2021-22, I find that there was no revision of the credit rating of the listed NCDs of the Noticee during the examination period. I further note that the records of examination do not establish that there was any revision of the credit rating of the listed NCDs during the examination period. As per Regulation 56(1)(c)(i) and Regulation 56(1A) of LODR Regulations, the Noticee's obligation to promptly intimate the DT regarding any revision in the credit rating of the listed NCDs only arises in the event of revision of rating of the listed NCDs. Accordingly, I am inclined to accept the aforesaid contention of the Noticee. Therefore, based on the foregoing observations, I find that the allegation that the Noticee has violated Regulation 56(1)(c)(i) and Regulation 56(1A) read with Regulation 56(3) of LODR Regulations does not stand established.

17. I note that in terms of Regulation 56(1)(c)(iii) of LODR Regulations read with Regulation 56(3) of LODR Regulations, Noticee was under an obligation to promptly intimate to the DT regarding failure to create charge on the assets. I also note that in terms of Regulation 56(1A) of LODR Regulations the information regarding failure to create charge on the assets constituted material information and Noticee was under an obligation to disclose the same to the DT at the same time when said information is disclosed to the stock exchange(s). In this regard, I note that Noticee has contended in its reply that there was no requirement to create a charge on the assets of the Noticee in relation to the NCDs issued by it because the obligations towards interest and redemption of the said NCDs were guaranteed by GAP and GT. Noticee has further contended that since the debt securities were unsecured and backed by guarantees from GAP and GT, Regulation 56(1)(c)(iii) of LODR Regulations was not applicable to it. I further note from a perusal of the information submitted by DT to SEBI vide DT's letters to SEBI dated January 03, 2023 and November 21, 2022 and DT's email to SEBI dated January 28, 2023 that the listed NCDs issued by the Noticee were unsecured NCDs wherein the obligations towards interest and redemption of the said NCDs were guaranteed by GAP and GT. Since the impugned NCDs issued by the Noticee were unsecured and backed by guarantees from GAP and GT, the requirement to intimate to the DT regarding failure to create charge on the assets in terms of Regulation 56(1)(c)(iii) and Regulation 56(1A) of LODR Regulations were not attracted in the instant matter as the requirement to intimate to the DT regarding failure to create charge on the assets can only arise in case of issuances of secured NCDs. I further note that the records of examination do not establish that Noticee had issued any secured NCDs during the examination period. Accordingly, I am inclined to accept the aforesaid contention of the Noticee. Therefore, based on the foregoing observations, I find that the allegation that the Noticee violated Regulation 56(1)(c)(iii) and Regulation 56(1A) read with Regulation 56(3) of LODR Regulations does not stand established.

18. I note that in terms of Regulation 56(1)(c)(iv) of LODR Regulations read with Regulation 56(3) of LODR Regulations, Noticee was under an obligation to intimate to the DT regarding all covenants of the issue of NCDs (including side letters, accelerated payment clause, etc.). I also note that in terms of Regulation 56(1A) of LODR Regulations, the covenants of the issue of NCDs constituted material information and Noticee was under an obligation to disclose the same to the DT at the same time when said information is disclosed to the stock exchange(s). I note that as per the information submitted by the DT

to SEBI vide email dated January 28, 2023, Noticee had not provided the documents stated under Regulation 56(1)(c)(iv) of LODR Regulations for the period of January 2022-December 2022 to the DT. In this regard, I note that the DT vide its letter to SEBI dated November 21, 2022 has stated as follows, *"We refer to the various Modification-Cum-Accession Deed dated 13th July 2017 entered between the Company, State Bank of India, and SBICAP Trustee Company Limited ("STCL" / "Debenture Trustee") and Modification-Cum-Accession Agreement dated 24th November 2017 entered between Company, State Bank of India, The Governor of Andhra Pradesh and STCL vide which the Company has issued Listed, Unsecured, Non-convertible, Taxable Bond ("NCDs") aggregating to Rs. 5650.50 crores bearing ISIN INE847E09029, INE847E08DK6, INE847E08DM2, INE847E08DNO, INE847E08D08, INE847E08DPS, INE847E08DQ3*". On a perusal of the aforesaid letter, I note that the DT was already in possession of the requisite documents and covenants referred to in Regulation 56(1)(c)(iv) of LODR Regulations. In this regard, I note that Noticee has contended in its reply that it has complied with the requirement of Regulation 56(1)(c)(iv) and 56(1A) of LODR Regulations. Noticee has further contended that it has always maintained records in proper order and has shared information at the earliest opportunity as and when sought by the debenture trustee. I further note that the records of examination do not establish that there were any change in the covenants to the issue of the listed NCDs by the Noticee which could merit an intimation to the DT in terms of Regulation 56(1)(c)(iv) and Regulation 56(1A) read with Regulation 56(3) of LODR Regulations and that Noticee had deliberately withheld any covenants to issue of NCDs or had failed to produce any such covenants if/when sought by the DT. I further note that records of examination do not establish that the DT had requested for any additional covenants to the issue of NCDs. Therefore, based on the foregoing observations, I am inclined to accept the aforesaid contention of the Noticee and I find that the allegation that the Noticee violated Regulation 56(1)(c)(iv) and Regulation 56(1A) read with Regulation 56(3) of LODR Regulations does not stand established.

19. I note that in terms of Regulation 51(3) of LODR Regulations, the Noticee is required to disclose on its website, all such events or information which have been disclosed to the stock exchange(s) under Regulation 51 and such disclosures shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website. I note that as per the information submitted by the DT to SEBI vide email dated January 28, 2023, Noticee had

not disclosed the required information in terms of Regulation 51(3) of LODR Regulations on the Noticee's website and despite the DT seeking the information, the information was not forthcoming from the Noticee. Noticee had informed the DT that all the disclosures are available on their website, but since their website was under maintenance, it would be soon made available to the stakeholders. I also note from NSE's email to SEBI dated January 27, 2023 that an Advisory letter dated December 05, 2022 was issued by the NSE to the Noticee for not maintaining a functional website. Thus, I note that Noticee had not maintained its website in proper order during the examination period and had thereby failed to make disclosures on its website as required under Regulation 51(3) of LODR Regulations. In its reply, Noticee has admitted that Noticee's website was not functional during the examination period. Although in its submissions, Noticee has sought to explain the aforesaid infraction by stating that the website was under revamp and its functionality was impacted by other unavoidable circumstances, I am of the view that as an issuer of listed NCDs, the Noticee was under a mandatory obligation to adhere to the relevant regulatory provisions stipulated under LODR Regulations. Therefore, I observe that by failing to maintain a functional website, Noticee had failed to comply with Regulation 51(3) of LODR Regulations. Therefore, based on the foregoing observations and Noticee's admission, I find that the allegation that Noticee violated Regulation 51(3) of LODR Regulations stands established.

20. I note that in terms of Regulation 56(2) of LODR Regulations read with Regulation 56(3) of LODR Regulations, Noticee was under an obligation to promptly submit to the DT any information sought by the debenture trustee and relevant books of accounts as required by the DT. I further note that the obligation under Regulation 56(2) of LODR Regulations arises when the DT makes a specific request for information or documents to the issuer of NCDs, i.e. the Noticee and the Noticee is required to mandatorily provide information/documents as requested by the DT. From the perusal of the DT's email dated January 28, 2023, I note that the DT has not stated any specific instances wherein the DT requested for documents/information from the Noticee, and which the Noticee failed to provide. In this regard, Noticee has contended in its reply that Noticee has always maintained records in proper order and has shared information at the earliest opportunity as and when sought by the debenture trustee. I further note that the records of examination do not establish that Noticee had deliberately withheld any documents or information despite requests by the DT. Accordingly, I am inclined to accept the aforesaid contention

of the Noticee. Therefore, based on the foregoing observations, I find that the allegation that the Noticee violated Regulation 56(2) read with Regulation 56(3) of LODR Regulations does not stand established.

<u>Issue No. II- Does the violation, if any, attract a monetary penalty under Section 15A(b) and Section 15HB of SEBI Act?</u>

21. It has been established in the foregoing paragraphs that the Noticee violated Regulation 51(1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations, and Regulation 51(3), Regulation 52(1), Regulation 56(1)(a), Regulation 56(1A) read with Regulation 56(3) of LODR Regulations. In the context of the above, I refer to the observations of Hon'ble Supreme Court in the matter of Chairman, SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361} wherein the Hon'ble Court had 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..…..*"

22. In its reply, Noticee has submitted that the delay in disclosures may be condoned without levying any penalty as there has been no complete omission of disclosure of price-sensitive information.

23. At this juncture, I find it relevant to rely upon the judgement of the Hon'ble Supreme Court in the matter of SEBI vs. Sandip Ray (Decided on February 13, 2023) wherein it had ruled that once a finding of violation of provisions of SEBI Act has been reached by SEBI, there is no justification for SEBI to refrain from imposing penalty stipulated under SEBI Act. The Hon'ble Supreme Court held as follows:

"The grievance of the appellant is that once a finding of violation of Section 15HB of SEBI Act, 1992 has been recorded, there appears no justification for the Tribunal to reduce the penalty below Rs. 1,00,000/- which is the minimum as permissible under Section 15HB of SEBI Act, 1992... Taking into consideration the facts and circumstances of this case, there appears no justification in calling upon the respondent and we modify the order impugned dated 29.07.2022 and the penalty of Rs.75,000/- as inflicted upon noticee no.5 (Mr. Sandip Ray) and noticee no.6 (Mr. Rajkumar Sharma), as referred to in para no. 13 of the order impugned, is modified and substituted to Rs.1,00,000/- in terms of Section 15HB of SEBI Act, 1992 and with this modification the present appeals stand disposed of."

24. Therefore, in view of the foregoing findings and placing reliance on the above judgments of Hon’ble Supreme Court, I find that the aforesaid violations of provisions of LODR Regulations will attract monetary penalty under:-

a) Section 15A(b) of SEBI Act for the violation of Regulation 51(1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations, Regulation 52(1), Regulation 56(1)(a) and Regulation 56(1A) read with Regulation 56(3) of LODR Regulations.

b) Section 15HB of SEBI Act for the violation of Regulation 51(3) of the LODR Regulations by Noticee.

25. The respective provisions as applicable at the time of the violations are reproduced as under:

*“**Penalty for contravention where no separate penalty has been provided.***

***15HB.** Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

Penalty for failure to furnish information, return, etc.

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

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, 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;”

Issue No. III - What should be the quantum of monetary penalty?

26. While determining the quantum of penalty under Section 15A(b) and Section 15HB of SEBI Act, it is important to consider the factors as stipulated in Section 15J of SEBI Act, which reads as under:-

SEBI Act

Factors to be taken into account by the adjudicating officer.

Section 15J *- 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.

27. In view of the charges as established, the facts and circumstances of the case, the quantum of penalty would depend on the factors listed in Section 15J of SEBI Act. In the instant case, having regard to the factors listed in Section 15J of SEBI Act, it is noted that the material available on record does not demonstrate any quantifiable gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of the default. I observe that there are no other records to show repetitive defaults of a similar nature by Noticee. It has been established that the Noticee had failed to adhere to the regulatory provisions stipulated under LODR Regulations. I am of the view that timely disclosure of information is essential for maintaining the integrity of the securities market. At this juncture, I find it pertinent to draw reference to the Hon'ble SAT's judgement in the matter of Coimbatore Flavors & Fragrances Ltd vs. SEBI (*Supra*) wherein it was held as follows:
"Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same."

28. In view of the foregoing findings and placing reliance upon the aforesaid judgement, I find that an appropriate penalty should be imposed on the Noticee, considering the interest of investors and integrity of securities market.

ORDER

29. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticee, and also the factors mentioned in Section 15J of SEBI Act, as enumerated above, I, in the exercise of the powers conferred upon me under Section 15-I of SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose the following penalties on Noticee under Section 15A(b) and Section 15HB of SEBI Act for the violations as specified hereunder:

Name of Noticee	**Penalty under Section 15A(b)**	**Penalty under Section 15HB**
Andhra Pradesh Power Finance Corporation Limited	Rs. 1,00,000 /- (Rupees One Lakh only)	Rs. 1,00,000 /- (Rupees One Lakh only)

30. Noticee shall remit/pay the said amount of penalty within 45 days of receipt of this order 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 AO -> PAY NOW. In case of any difficulties in payment of penalties, said Noticee may contact the support at portalhelp@sebi.gov.in.

31. The Noticee shall forward the said confirmation of e-payment made in the format as given in the table below which should be sent to "The Division Chief, EFD – DRA - 4, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051” and also to e-mail id:- tad@sebi.gov.in

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)	

32. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of SEBI Act for the realisation of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.

33. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticee and also to SEBI.

Place: Mumbai **SOMA MAJUMDER**

Date: July 27, 2023 **ADJUDICATING OFFICER**