BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/VV/NK/2022-23/21282]

UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 ("SEBI ACT") 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:

Transmission Corporation of Andhra Pradesh Limited

(PAN: AABCT0088P)

In the matter of Transmission Corporation of Andhra Pradesh Limited

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FACTS OF THE CASE IN BRIEF:

1. Securities and Exchange Board of India Act (hereinafter referred to as "SEBI") received a reference dated May 18, 2022 from Axis Trustee Services Limited (Axis DT/ DT) for the listed non-convertible debentures (NCDs) of Transmission Corporation of Andhra Pradesh Limited (AP Transco/the company/the issuer). Vide the said reference, Axis DT, *inter-alia,* informed non-compliances by the Transmission Corporation of Andhra Pradesh Limited (APTRANSCO/ Company) with certain specific Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR Regulations") and a SEBI circular no. SEBI/HO/MIRS/CRADT/CIR/P/2020/207 dated October 22, 2020.

2. In this regard, SEBI carried out an examination to ascertain compliance status of Transmission Corporation of Andhra Pradesh Limited (hereinafter referred to as "AP Transco/the company/the issuer/Noticee") with relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR Regulations") for the period from FY 2016-17 to FY

2021-22 (hereinafter referred to as “examination period”),whose non-convertible debentures (hereinafter referred to as “NCDs”) are listed on Bombay Stock Exchange (hereinafter referred to as “BSE”). Under the scope of examination, APTRANSCO has one ISIN i.e., INE947F09073 which is active and listed at BSE which is due for maturity on March 07, 2024 and Another ISIN i.e., INE947F09024 which is referred by Axis DT to SEBI and has been matured on September 09, 2021 and same has also been suspended by the exchange due to non-submission of requisite documents to the exchange w.r.t formalities pertaining to delisting of the ISIN.

3. During the examination, SEBI observed that Noticee did not make requisite disclosures under the provisions of Regulation 51 (1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of SEBI (LODR) Regulations, Regulation 52(1), Regulation 53(2), Regulation 56(1)(a), Regulation 56(1)(c)(ii), Regulation 57(5)(b), Regulation 62(1)(h)(i) of SEBI (LODR) Regulations, 2015 and SEBI circular no. SEBI/HO/MIRS/CRADT/CIR/P/2020/207 dated October 22, 2020 with respect to ISIN INE947F09073 and INE947F09024.

APPOINTMENT OF ADJUDICATING OFFICER

4. SEBI vide order dated September 23,2022 appointed the undersigned as Adjudicating Officer under Section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the “SEBI Act”), read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as “Adjudication Rules”) to inquire into and adjudge under Section 15A (b) and 15HB of the SEBI Act, the alleged violations of provisions of LODR Regulations and a SEBI circular by the Noticee as detailed in subsequent paras.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A show-cause notice (hereinafter referred to as ‘**SCN**’) dated October 07, 2022 was issued to the Noticee alongwith relevant annexures under rule 4 of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against the Noticee and penalty not be imposed upon him under section 15A (b) and 15HB of the SEBI Act for the violations alleged

to have been committed by the Noticee. The Noticee was given 14 days' time to make its submission in respect of the allegations made in the SCN.

6. The following violations were alleged in the SCN, to have been committed by the Noticee:

*a) SEBI received a reference dated May 18, 2022 from Axis Trustee Services Limited (Axis DT/ DT) for the listed non-convertible debentures (NCDs) of Transmission Corporation of Andhra Pradesh Limited (AP Transco/the company/the issuer). Vide the said reference, Axis DT, inter-alia, informed non-compliances by the Transmission Corporation of Andhra Pradesh Limited (APTRANSCO/ Company) with certain specific LODR Regulations and a SEBI circular since FY 2016-17. The debt securities issued by APTRANSCO are listed on BSE. Copy of the letter is placed at **Annexure II**.*

*b) In this regard, an examination has been carried out to ascertain compliance status by APTRANSCO with regulations and circular as referred by the Axis DT in its letter dated May 18, 2022 for the period from FY 2016-17 to FY 2021-22 (hereinafter referred to as "**Examination Period**").*

c) It is observed that Transmission Corporation of Andhra Pradesh Limited was incorporated on December 29, 1998 and is registered with RoC-Vijayawada. The registered office of the Company is - #48-12-16, Vidyut Soudha, Gunadala Vijayawada Krishna AP 520004 IN. Company is listed at debt segment of BSE.

*d) The compliance status of relevant regulations by the APTRANSCO was sought from BSE vide email dated June 15, 2022 as referred by the Axis DT in its letter dated May 18, 2022. BSE vide its email dated June 17, 2022 (**Annexure III**) and August 23, 2022 **(Annexure III)** submitted the compliance status of APTRANSCO.*

e) Under the scope of examination, APTRANSCO has one ISIN i.e., INE947F09073 which is active and listed at BSE which is due for maturity on March 07, 2024. Another ISIN i.e., INE947F09024 which is referred by Axis DT has been matured on September 09, 2021 and same has also been suspended by the exchange due to non-submission of requisite documents to the exchange w.r.t formalities pertaining to delisting of the ISIN.

f) Axis DT, vide its email dated August 17, 2022 also informed that the ISIN i.e., INE947F09024 issued by APTRANSCO was a privately placed issue with 37 investors. Although, the company defaulted in payment of interest and redemption amount due on September 09, 2021 but subsequently on December 27, 2021, March 02, 2022 and July 01, 2022 it paid the amount of interest and redemption to all investors and provided the payment details to the Axis DT.

*g) In case of the active and listed ISIN where the IDBI DT is the Debenture Trustee, information was also sought from it w.r.t compliance by the company with the concerned LODR Regulations and SEBI circular as referred by the Axis DT. Further, based on the information received from BSE and DTs, comments were also sought from APTRANSCO vide email dated June 20, 2022 by providing it time upto June 22, 2022 for submission of its comments. However, in the absence of any response from company, a reminder was also sent vide email dated June 27, 2022 (**Annexure IV)** for submission of its reply till June 28, 2022. In the absence of any response from the company, a letter dated July 04, 2022 (**Annexure IV)**, was also sent to the company and time upto July 11, 2022 was provided to submit its reply. The scanned copy of this letter was also mailed on July 04, 2022 to the email id of the company. However, no response is received from the company to SEBI during examination.*

h) Therefore, Considering the compliance status received from the BSE, Axis DT and IDBI DT, SEBI observed the following non-compliances of LODR Regulations by APTRANSCO w.r.t its two ISINs:

Sl. No.	***Regulation/ Circular***	***Comment from BSE/ Axis DT/ IDBI DT***	***Compliance Status based on information received***

<table>
<tr>
<td>1.</td>
<td>Regulation 51 (1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III
Disclosure of information having bearing on performance/operation of listed entity and/or price sensitive information.</td>
<td>BSE, vide its email dated June 17, 2022 and August 23, 2022 has submitted that no submission has been made by the Company related to default in payment of interest/ redemption by the company which was due on September 09, 2021 and interest due on August 01, 2022.</td>
<td>Based on the submission of BSE, Company has not complied with Regulation 51 (1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of SEBI (LODR) Regulations during FY 2021-22
Status – Not Complied</td>
</tr>
<tr>
<td>2.</td>
<td>Regulation 52(1)
Submission of the financial results within the period prescribed under this regulation and compliance with preparation, approval, authentication and publication of financial results</td>
<td>BSE, vide its email dated June 17, 2022 and August 23, 2022 has submitted the following status w.r.t compliance with this regulations by APTRANSCO:
<table>
<tr><th>Half year ended</th><th>Due Date</th><th>Actual Submission date</th></tr>
<tr><td>HY ended Sep, 2016</td><td>15/11/2016</td><td>Not submitted</td></tr>
<tr><td>FY ended Mar, 2017</td><td>30/05/2017</td><td>Not submitted</td></tr>
<tr><td>HY ended Sep, 2017</td><td>15/11/2017</td><td>Not submitted</td></tr>
<tr><td>FY ended Mar, 2018</td><td>30/05/2018</td><td>Not submitted</td></tr>
<tr><td>HY ended Sep, 2018</td><td>15/11/2018</td><td>Not submitted</td></tr>
<tr><td>FY ended Mar, 2019</td><td>30/05/2019</td><td>Not submitted</td></tr>
</table></td>
<td>Based on the submission of BSE, Company has not complied with Regulation 52(1) during following FYs
FY 2016-17
FY 2017-18*
FY 2018-19
FY 2019-20
FY 2020-21
FY 2021-22

*An Adjudication Order dated July 30, 2021 has been issued by SEBI wherein the non-compliance with Regulation 52(1) during FY 2017-18 has already been considered.

Status – Not Complied</td>
</tr>
</table>

<table>
<tr>
<td></td>
<td></td>
<td>
<table>
<tr><td>HY ended Sep, 2019</td><td>15/11/2019</td><td>Not submitted</td></tr>
<tr><td>FY ended Mar, 2020</td><td>31/07/2020</td><td>Not submitted</td></tr>
<tr><td>HY ended Sep, 2020</td><td>15/11/2020</td><td>Not submitted</td></tr>
<tr><td>FY ended Mar, 2021</td><td>30/06/2021</td><td>Not submitted</td></tr>
<tr><td>Qtr ended Sep, 2021</td><td>15/11/2021</td><td>Not submitted</td></tr>
<tr><td>Qtr ended Dec, 2021</td><td>15/02/2022</td><td>Not submitted</td></tr>
<tr><td>FY ended Mar, 2022</td><td>30/05/2022</td><td>Not submitted</td></tr>
</table>
</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Regulation 53(2)
Submission of Annual Report to the Stock Exchanges</td>
<td>BSE, vide its email dated June 17, 2022 and August 23, 2022 has submitted that the company has not submitted the Annual Report to exchange for the FY 2020-21 and FY 2021-22</td>
<td>Based on the submission of BSE, APTRANSCO has not complied with Regulation 53(2). Since, Regulation 53(2) has been inserted in SEBI (LODR) Regulations w.e.f September 07, 2021 company has not complied with it during FY 2020-21 (Annual Report for the FY 2020-21 was required to be submitted during FY 2021-22) and FY 2021-22
Status – Not Complied</td>
</tr>
<tr>
<td>4.</td>
<td>Regulation 56(1)(a)
Submission of Annual Report to Debenture Trustee</td>
<td>Debenture Trustee (Axis), vide its letter dated May 18, 2022 and email dated August 17, 2022 has submitted that APTRANSCO has failed to provide a copy of Annual</td>
<td>Based on the submission of DTs, APTRANSCO has not complied with Regulation 56(1)(a) during:
FY 2016-17
FY 2017-18*
FY 2018-19</td>
</tr>
</table>

		Report along with copy of certificate from the Auditors in respect of utilization of funds since FY 2016. *IDBI DT, vide its email dated August 18, 2022 has confirmed that the company has not complied with this Regulation*	*FY 2019-20* *FY 2020-21* *FY 2021-22* **An Adjudication Order dated July 30, 2021 has been issued by SEBI wherein the non-compliance with Regulation 56 during FY 2017-18 has already been considered* ***Status – Not complied***
5.	***Regulation 56(1)(c)(ii)*** *Intimation to DT regarding default in timely payment of interest and redemption*	*Debenture Trustee (Axis), vide its letter dated May 18, 2022 and email dated August 17, 2022 has submitted that APTRANSCO has failed to intimate the DT regarding default in payment of interested and redemption by the company during September 2021. Thus, it is non-compliant since September 09, 2021 onwards.* *IDBI DT, vide its email dated August 18, 2022 has submitted that it has not received payment confirmation of interest due on April 01, 2022 and the same was intimated to SEBI, Rating Agencies, Depositories and Stock Exchanges. DT has been following up with the company for clearance of payment.*	*Based on the submission of Axis DT, APTRANSCO has not complied with Regulation 56(1)(c)(ii) from September 09, 2021 onwards.* *Further, based on information received from IDBI DT, company has not intimated the DT for payment of interest due on April 01, 2022.* ***Status – Not complied***
6.	***Regulation 57 (5)(b)*** *Submission of detail of all unpaid interest/ principal obligations to stock exchanges*	*BSE, vide its email dated June 17, 2022 and August 23, 2022 has submitted that company has not submitted the details under Regulation 57(5)(b).* *Although, the Information as prescribed under this regulation is required to be submitted to the Stock Exchanges by the issuer, Axis DT vide its email dated August 17, 2022 has also confirmed that APTRANSCO has not compliant with this regulations from September 09, 2021 onwards.*	*Based on the submission of BSE and Axis DT, Company has not complied with Regulation 57(5)(b) since September 09, 2021.* *It may be noted that Regulation 57(5) is a newly inserted regulation which is effective from September 07, 2021.* ***Status- Not complied***
7.	***Regulation 62 (1)(h)(i)*** *Dissemination of information on company's website*	*DT, vide its letter dated May 18, 2022 and email dated August 17, 2022, has submitted that APTRANSCO has failed disseminate the information on its website*	*Based on the submission of DT, APTRANSCO has not complied with Regulation 62(1)(h)(i) since September 09, 2021.* ***Status- Not complied***

		regarding default in timely payment of interest/principal since September 09, 2021	
8.	***SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020*** *Creation of Recovery Expense Fund (REF) by already listed issuers of debt securities by March 31, 2021*	*Axis DT, vide its letter dated May 18, 2022 has submitted that APTRANSCO, being an existing issuer in terms of para 9 of the SEBI circular dated October 22, 2020, has failed to maintain the REF.* *IDBI DT, vide its email dated August 18, 2022 has submitted that no information has been received from the company in this regard.*	*In case of both the ISINs examined under this report, APTRANSCO was the existing issuer in terms of the SEBI Circular dated October 22, 2020. Based on the submission of both the DTs, APTRANSCO has not complied with the provisions of SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020* ***Status- Not complied***

i) Since, an adjudication order was passed against APTRANSCO on July 30, 2021 for certain non-compliances with SEBI (LODR) Regulations including Regulation 52(1), Regulation 56 and Regulation 62 during FY 2017-18.Therefore,in the instant SCN, it is alleged that, you have violated Regulation 52(1) and 56(1)(a) of LODR Regulations during FY 2016-17,FY 2018-19,FY 2019-20,FY 2020-21 and FY 2021-22 and also violated Regulation 51 (1) , 51(2) read with clause A(1) of Part B of Schedule-III, 53(2), 56(1)(c)(ii), 57(5)(b), 62(1)(h)(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations and SEBI circular no. SEBI/HO/MIRS/CRADT/CIR/P/2020/207 dated October 22, 2020 during the examination period.

j) The text of the said provisions of LODR Regulations are provided below:-

***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 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.*

PART B: DISCLOSURE OF INFORMATION HAVING BEARING ON PERFORMANCE/OPERATION OF LISTED ENTITY AND/OR PRICE SENSITIVE INFORMATION: NON-CONVERTIBLE SECURITIES

***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 financial results on a half yearly basis in the format as specified by the Board within forty five days from the end of the half year to the recognised stock exchange(s).*

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

Annual Report.
53. (2) *The listed entity shall submit to the stock exchange and the debenture trustee and publish on its website-*
(a) a copy of the annual report sent to the shareholders along with the notice of the annual general meeting, not later than the date of commencement of dispatch to its shareholders; and
(b) in the event of any changes to the annual report, the revised copy along with the details and explanation for the changes, not later than 48 hours after the annual general meeting.

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 utilization 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.

(c) *intimations regarding :*
(ii) *any default in timely payment of interest or redemption or both in respect of the non convertible debt securities;*

Intimations/Other submissions to stock exchange(s).
57. (5) *The listed entity shall within seven working days from the end of the quarter provide:*
(b) *the details of all unpaid interest/dividend/principal obligations in relation to nonconvertible securities at the end of the quarter.*

Website.
62.(1)*The listed entity shall maintain a functional website containing the following information about the listed entity:-*
(h) *Information with respect to the following:*
(i) *default by issuer to pay interest or redemption amount;*

k) The above mentioned alleged violations of Regulation 51 (1), 51(2) read with clause A(1) of Part B of Schedule-III, Regulation 52(1), Regulation 53(2), Regulation 56(1)(a), Regulation 56(1)(c)(ii), Regulation 57(5)(b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations and SEBI circular no. SEBI/HO/MIRS/CRADT/CIR/P/2020/207 dated October 22, 2020, if proved, makes you liable for monetary penalty under the provisions of Section 15A (b) of the SEBI Act. Further, the above mentioned alleged violation of Regulation 62(1) (h) (i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, if proved, makes you liable for monetary penalty under the provisions of Section 15HB of the SEBI Act.

7. The SCN was sent to the Noticee through Speed Post Acknowledgement due (hereinafter referred to as '**SPAD**') and Email. The SCN was duly served upon the Noticee. Noticee was given fourteen (14) days' time from the date of receipt of SCN to make its submissions in respect of the allegations made in the SCN.

8. Post receipt of SCN, Noticee dispatched a letter dated October 06, 2022 on October 10, 2022 to operational department of SEBI ("OD") in its reply to SEBI's OD letter dated July 04, 2022, which was provided to me by OD on October 18, 2022 and is taken on record.

Subsequently, Noticee has submitted its reply to the SCN vide email dated October 19, 2022 and its non-dated letter received by me on October 27, 2022. I note that the contents of the both the letters are identical.

9. Thereafter, in terms of rule 4(3) of the Adjudication Rules and in the interest of natural justice an opportunity of personal hearing was granted to the Noticee on November 03, 202 through video-conferencing on Webex platform. Hearing notice was delivered to the Noticee via SPAD.

10. Authorised Representatives ("ARs") of the Noticee appeared before me on scheduled date and time of Hearing on behalf of the Noticee. ARs reiterated the written submissions made on behalf of the Noticee in its reply to SCN and undertook to make additional submissions on same day with respect to non-compliances of LODR Regulations and SEBI Circular as alleged in the SCN.

11. Noticee has *inter-alia* stated the following in its reply to SCN :

APTRANSCO is a 100% Government of AP state owned corporation has raised funds through issue bonds which are 100% guaranteed by Government. However, APTRANSCO will accomplish the SEBI regulations. Further it is to bring to the kind notice that the Vidyut Bonds were issued in the United Andhra Pradesh and the liabilities were allocated between AP and Telangana with due issue of Govt GO.

It is to further submit that, APTRANSCO had mobilized funds from private placement of bonds in the year 2006, 2007 & 2008 on behalf of GoAP to meet the waiver of agricultural arrears due to DISCOMs for which APTRANSCO has to arrange half yearly interest due during 1st April & 1 st October every year duly obtaining funds from the GoAP. As per the trustee agreement, the payments are to be arranged through trustee banks i.e., Axis Bank & IDBI Bank to the Bond holders through RTGS. Since, the Bonds/No-lien accounts are in the name of APTRANSCO, TSTRANSCO is transferring the amounts on the due dates to APTRANSCO in turn the said amount are deposited into the No-lien account of the respective Bonds series.
The details of all ISIN are mentioned below:

Details	***Issued Amounts (Rs.In Crs.)***	***ISIN***	***Allocated to***
AP Transco Vidyut Bond Series I / 2006 - Option A	*30.50*	*INE947F09016*	*TSTRANSCO*
AP Transco Vidyut Bond Series I / 2006 - Option B	*159.50*	*INE947F09024*	*TSTRANSCO*
AP Transco Vidyut Bond Series II / 2006 - Option A	*166.70*	*INE947F09032*	*TSTRANSCO*
AP Transco Vidyut Bond Series II / 2006 - Option B	*133.30*	*INE947F09040*	*TSTRANSCO*
AP Transco Vidyut Bond Series I/ 2007	*125.00*	*INE947F09057*	*TSTRANSCO*
AP Transco Vidyut Bond Series I / 2008 -	*344.80*	*INE947F09065*	*APTRANSCO*

Option A			
AP Transco Vidyut Bond Series I / 2008 - Option B	*5.20*	*INE947F09073*	*APTRANSCO*

As on date all the payments related to Bonds has been made except against ISIN INE947F09073 which is due for maturity on March 07, 2024 and all the details of payment are enclosed as annexure I.
The detailed reply against the show caused notice issued in the reference 1st cited is herewith enclosed for kind consideration.

The query and replies as noted below

Sr. No	***Regulation/Circular***	***Clarification***
1	*Regulation 51(1) and Regulation 51(2) read with clause A(1) of part B of Schedule- III* *(Disclosure of information having bearing on performance, operation of listed entity and/or price sensitive information*	*Vidyut Bonds are 100% guaranteed by the Government with budgetary support. There is no such information which can be considered as price sensitive information. However Bonds are guaranteed by Government and full payment has been made against the matured ISIN including interest amount and the same been informed to trustees also. However onwards the Company will comply as per SEBI regulations.*
2	*Regulation 52(1)* *(Submission of the financial results within the period prescribed under this regulation and compliance with preparation, approval, authentication and publication off financial results)*	*Company has submitted its audited YOY financial results to Stock Exchange since FY2016-17 to FY2020-21.* *As financial results for FY2021-22 is yet not prepared and under C&AG audit. After getting the final comments from C&AG and Approval in AGM will submit the same on priority.* *However onwards the company will comply as per SEBI Regulations.*
3	*Regulation 53(2)* *(Submission of Annual Report to the Stock Exchange)*	*Company has submitted its annual report to Stock Exchange since FY2016-17 to FY2019-20.* *As annual report for FY 2020-21 is under printing and will submit the same on priority whereas annual report for FY 2021-22 is under process and will submit the same on priority. However onwards the company will comply as per SEBI Regulations*
4	*Regulation 56(1)(a)* *(Submission of annual report to Debenture Trustee)*	*Copy of annual report has been submitted to Debenture trustee whereas these bonds are 100% guaranteed by the government with budgetary support and got fully utilized in the year of listing itself. Hence no copy of certificate has been submitted to DT as funds got utilized in the year of bonds got listed.*

		However, onwards the company will submit the same to trustee on priority basis and comply the SEBI Regulations
5	*Regulation 56(1)(c)(ii)* *(Intimation to DT regarding default in timely payment of interest and redemption)*	*As per Re-organization Act, 2014 and Go.Ms.No. 26 dated 29.05.2014 the liability against Vidyut Bonds Series I/2006,SeriesII/2006,I/2007 were allocated to TRTRASNCO and on time representation has been made to TSTRANSCO for arranging funds on time to time basis and bonds liability is being serviced by the APTRANSCO as per the requirement. Whereas information has been submitted to DT once payment got released. However onwards the company will comply as per SEBI Regulations*
6	*Regulation 57(5)(b)* *(Submission of detail of all unpaid interest/principal obligation to stock exchanges)*	*Payment against all the matured ISIN has been made with interest and the same has been intimated to DT and Bondholders also. However onwards the company will comply as per SEBI Regulations*
7	*Regulation 62(1)(h)(i)* *(Dissemination of information on Company's Website)*	*Company has maintain a functional website which contains the information like* *1) Details of its business* *2)Financial Information including Annual Report* *Whereas on some another information have to add on as per the Regulation 62 which company will consider on priority basis and comply the SEBI Regulations* *However, onwards the company will disclose the same on website also on priority basis.*
8	*SEBI Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22,2020* *(Creation of Recovery Expense Fund (REF)by already listed issuers of debt securities by March 31,2021*	*As Vidyut Bonds are 100% guaranteed by Government with budgetary support and as on date all the payment against all the ISIN has been made except ISININE947F09073 which is due for maturity on March 07, 2024.* *However, onwards the company will create the Recovery Expense Fund against ISININE947F09073 and will intimate the same to Government also.*

Whereas in pursuant to the amendment brought out by the Companies (Amendment) Act, 2020 in Section 2(52) of the Companies Act, 2013 i.e. Definition of Listed Company, the Ministry of Corporate Affairs has inserted Rule 2A in the Companies (Specification of Definitions Details) Rules, 2014 to Specify the classes of Companies which are not considered as Listed Companies w.e.f.1st April 2021.

As per Rule 2A the Public companies which have not listed their equity shares on a recognized stock exchange but have listed their –
i. non-convertible debt securities issued on private placement basis in terms of SEBI(Issue and listing of Debt Securities)Regulations, 2008.
Therefore APTRANSCO (the Company) is not in the ambit of Listed Company Definition request you to consider the same.

In view of the above elaboration, I request that this reply may be treated as my submission to SEBI against the Show Caused Notice received on 7th October, 2022.

<u>CONSIDERATION OF ISSUES AND FINDINGS</u>

12. I have carefully perused the charges levelled against Noticee in the SCN, oral and written Replies of the Noticee and all the documents available on record. In the instant matter, the following issues arise for consideration and determination:

<u>Issue – I</u>:-. Whether Noticee has violated Regulation 51 (1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of SEBI (LODR) Regulations, 52(1), Regulation, 53(2), Regulation 56(1)(a), Regulation 56(1)(c)(ii), Regulation 57(5)(b), Regulation 62(1)(h)(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations (LODR Regulations) and SEBI circular no. SEBI/HO/MIRS/CRADT/CIR/P/2020/207 dated October 22, 2020?

<u>Issue – II</u>:- Does the violation, if any, on the part of Noticee attract monetary penalty under Section 15 A(b) and 15HB of the SEBI Act for the alleged violations by the Noticee?

<u>Issue – III</u>:- If so, what would be the quantum of monetary penalty that can be imposed on Noticee taking into consideration the factors mentioned in Section 15J of SEBI Act r/w rule 5(2) of the Adjudication Rules?

<u>Issue – I</u>:- <u>Whether Noticee has violated Regulation 51 (1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of SEBI (LODR) Regulations, 52(1), Regulation 53(2), Regulation 56(1)(a), Regulation 56(1)(c)(ii), Regulation 57(5)(b),</u>

Regulation 62(1)(h)(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations (LODR Regulations) and SEBI circular no. SEBI/HO/MIRS/CRADT/CIR/P/2020/207 dated October 22, 2020?

13. From the material available on records, I note that Noticee has one ISIN i.e., INE947F09073 which is active and listed at BSE which is due for maturity on March 07, 2024. Another ISIN i.e., INE947F09024 which is referred by Axis DT has been matured on September 09, 2021 and same has also been suspended by the exchange due to non-submission of requisite documents to the exchange w.r.t formalities pertaining to delisting of the ISIN. Since the DT has informed SEBI that the company has not complied with certain specific LODR Regulations and a SEBI Circular since FY 2016-17, Therefore, SEBI identified period from FY 2016-17 to FY 2021-22 as the examination period for examining LODR compliance status by the company. However, I note that, On July 30, 2021 an adjudication order was issued against APTRANSCO for non-compliances with Regulation 52(1), Regulation 56 and Regulation 62 of SEBI (LODR) Regulations during FY 2017-18. Since, the scope of extant examination covers the FY 2017-18 as well, the violation of those LODR regulation for which Noticee has been already adjudicated upon for the FY 2017-18 in the adjudication order dated July 30, 2021 is not dealt with, in the instant adjudication proceedings.

14. I note that Noticee has contended that it does not fall under the definition of Listed Company as per Rule 2A in the Companies (Specification of Definitions Details) Rules, 2014 w.e.f.1st April 2021. In this regard, I note from the Noticee's reply that, the said amendment has been carried out w.e.f.1st April 2021.Further, I note that no such amendment has been made in the definition of listed company in LODR Regulations as defined in Regulation 2 (p) read with 2(h) of LODR regulations.

15. Further, with respect to ISIN- INE947F09024 which has been matured on September 09, 2021, I note from the Noticee's reply to SEBI's OD letter dated July 04, 2022 that, As per Re-organization Act, 2014 and Go.Ms.No. 26 dated 29.05.2014 the liability against Vidyut Bonds Series I/2006 (ISIN INE947F09024), Series II/2006, I/2007 were allocated to Transmission Corporation of Telangana Limited (hereinafter referred to as "TS Transco"). Since, NCD with ISIN INE947F09024 was transferred to TS Transco, I don't find Noticee

liable for the applicability of relevant provisions of Chapter III and V of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 with respect to liabilities arising and compliance of LODR Regulations related to NCD having ISIN INE947F09024 during the examination period. I further note from material available on record that, ISIN i.e., INE947F09024 was a privately placed issue with 37 investors and though there was default in payment of interest and redemption amount due on September 09, 2021 but subsequently on December 27, 2021, March 02, 2022 and July 01, 2022 the amount of interest and redemption has been paid to all investors and the payment details has been provided to the Axis DT.

16. I note that, As per Regulation 3 of LODR Regulations, LODR Regulations are applicable to the listed entity that has listed any of the designated securities as specified under Regulation 3. Non-convertible debt securities are one such securities covered under Regulation 3 of LODR Regulations. Hence the Operational Department of SEBI has ascertained non-compliance by Noticee with certain post issue and continuous listing obligations as provided under Chapter III and V of LODR Regulations.

17. Chapter III of LODR Regulations enumerates obligations which are common to all listed entities. These include general obligation of compliance of listed entity, appointment of common compliance officer, filings on electronic platform, mandatory registration on SCORES, etc.

18. Moving on to the merits of the case, I note that Regulation 51 (1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations prescribes that, a listed entity shall disclose information to exchanges that have bearing on performance/operation of listed entity, price sensitive information or any action that shall affect the payment of interest or dividend and also disclose the expected default that affect adversely in timely payment of interests /preference dividend or redemption or repayment amount or both in respect of NCDs issued by it as soon as the same becomes apparent. In this regard, It is alleged in the SCN that, Noticee has not made submission as per Regulation 51 (1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR

Regulations in relation to default in payment of interest/ redemption by the company with respect to NCD bearing ISIN -INE947F09024 which was due on September 09, 2021 and interest due on August 01, 2022 and thus not complied with this regulation. I note that Noticee has *inter-alia* submitted that, "*Vidyut Bonds are 100% guaranteed by the Government with budgetary support. There is no such information which can be considered as price sensitive information. However Bonds are guaranteed by Government and full payment has been made against the matured ISIN including interest amount and the same been informed to trustees also. However onwards the Company will comply as per SEBI regulations."* As mentioned in pre paras, as liability against NCD with ISIN INE947F09024 was transferred to TS Transco as per Re-organization Act, 2014 and Go.Ms.No. 26 dated 29.05.2014, I don't find Noticee liable for alleged violation of Regulation 51 (1) and Regulation 51(2) read with clause A(1) of Part B of Schedule-III of LODR Regulations in respect of Failure to disclose information in relation to default in payment of interest/ redemption by the company with respect to NCD bearing ISIN -INE947F09024 during the examination period. In light of the foregoing observations and submission by Noticee, I find that allegation of Regulation 51(1) and Regulation 51 (2) read with clause A(1) of Part B of Schedule-III of LODR Regulation does not stand established against the Noticee.

19. Regulation 52 of LODR Regulations deals with financial results of the listed entity. The listed entity shall prepare and submit un-audited or audited financial results on a half yearly basis in the format as specified by SEBI within forty five days from the end of the half year to the recognized stock exchange. With regard to alleged violation of Regulation 52(1) of LODR regulations, I note that, BSE has informed that Noticee has not submitted the financial results and not complied with Regulation 52(1) during FY 2016-17, FY 2018-19, FY 2019-20, FY 2020-21, FY 2021-22. I note from the Noticee's reply that, it has admitted that it will comply the provisions mentioned in clause 1 of this regulation and has also stated that, its audited YOY financial results to Axis DT and IDBI DT from FY2018-19 to FY2020-21 post receipt of SCN on October 08, 2022 and also stated in the said email that it has uploaded the same on BSE portal and uploaded on Company website. It has further stated that, since financial results for FY2021-22 is yet not prepared and under C&AG audit, It will submit the same to exchange after getting the final comments from C&AG and Approval in

AGM on priority. It is important to note that disclosure of financial statements is important because they contain significant information about a company's financial health. They are the barometer of a company's operations. Investors depend on the truth and fairness in the financial statements in order to make informed decisions. Moreover, it is not only the investors, but a lot of stakeholders like operational creditors and lending institutions like banks that need to gauge the profitability and track record before opening up the lines of credit to a company. Therefore, timely disclosure of financial statements is vital from all angles. In view of the aforesaid, it is concluded that Noticee has violated the aforesaid provisions of Regulation 52(1) of LODR Regulations.

20. I note that, Regulation 53(2) has been inserted in SEBI (LODR) Regulations w.e.f September 07, 2021 and As per Regulation 53(2) of LODR Regulations, a listed entity shall submit to Stock exchange and DT and publish on its website, a copy of the annual report sent to the shareholders along with the notice of the annual general meeting, not later than the date of commencement of dispatch to its shareholders. I note that, Noticee has not complied with it during FY 2020-21 (Annual Report for the FY 2020-21 was required to be submitted during FY 2021-22) and FY 2021-22.In response to non-compliance of this regulation as alleged in SCN, Noticee has admitted the non-compliance with 53(2) of LODR Regulations and submitted the annual reports to DT Vide email dated October 08, 2022 for FY FY2016,18,19 post receipt of SCN and also stated in the said email that it has uploaded the same on BSE portal and uploaded on Company website. It has also stated that post printing of annual report for FY 2020-21, It will submit the same on priority and annual report for FY 2021-22 is under process and will submit the same on priority. In view of the same, I conclude that, Noticee has violated the aforesaid provisions of Regulation 53 (2) of LODR Regulations.

21. As per Regulation 56 of LODR Regulations, a listed entity has to submit certain document such as annual report, to debenture trustee promptly. I note that, Noticee in its reply has admitted the noncompliance and stated that it has submitted copy of annual report of FY 2016-17, FY 2018-19, FY 2019-20, post receipt of SCN and has further stated that, "*these bonds are 100% guaranteed by the government with budgetary support and got fully utilized*

in the year of listing itself. Hence no copy of certificate has been submitted to DT as funds got utilized in the year of bonds got listed." Therefore, by not making the required submission within the prescribed time as specified in the regulation, I find that Noticee has violated the provision of regulation 56(1)(a) of LODR Regulations

22. As per Regulation 56(1)(c)(ii)of LODR Regulations a listed entity shall Intimate DT regarding default in timely payment of interest and redemption. I note that, SCN has alleged that Noticee has failed to intimate the DT regarding default in payment of interest and redemption by the company with respect to its NCD bearing ISIN -INE947F09024 which was due on September 09, 2021 and interest due on August 01, 2022 and thus not complied with this regulation. Thus, it is alleged that it is non-compliant since September 09, 2021 onwards. Further, I also note that vide email dated August 18, 2022, IDBI DT has submitted that, it has not received payment confirmation of interest due on April 01, 2022 and the same was intimated to SEBI, Rating Agencies, Depositories and Stock Exchanges. DT has been following up with the company for clearance of payment. In this regard, I note that with respect to non-compliance with Regulation 56(1)(c)(ii) as alleged in SCN, Noticee in its submission has stated that, "*As per Re-organization Act, 2014 and Go.Ms.No. 26 dated 29.05.2014 the liability against Vidyut Bonds Series I/2006,SeriesII/2006,I/2007 were allocated to TRTRASNCO and on time representation has been made to TSTRANSCO for arranging funds on time to time basis and bonds liability is being serviced by the APTRANSCO as per the requirement. Whereas information has been submitted to DT once payment got released. However onwards the company will comply as per SEBI Regulations.* Thus, as also mentioned in pre paras that liability against NCD bearing ISIN INE947F09024 was transferred to TS Transco as per Re-organization Act, 2014 and Go.Ms.No. 26 dated 29.05.2014, I don't find Noticee liable for alleged violation of Regulation 56(1)(c)(ii) of LODR Regulations with respect to default in timely payment with respect to NCD having ISIN INE947F09024 during the examination period.

23. However, I also note from the reply of IDBI DT that, it has not received payment confirmation of interest due on April 01, 2022 with respect to its active and listed ISIN-INE947F09073. Thus, I conclude that, Noticee has violated Regulation 56(1)(c)(ii) for failure in intimating

IDBI DT regarding default in payment of interest due on April 01, 2022 with respect to its active and listed ISIN-INE947F09073.

24. Regulation 57(5) is a newly inserted regulation which is effective from September 07, 2021 and As per regulation 57 (5)(b) of LODR Regulations, The listed entity shall provide to stock exchange within seven working days from the end of the quarter provide the details of all unpaid interest/dividend/principal obligations in relation to non-convertible securities at the end of the quarter. It is alleged in the SCN that, Noticee has not complied with Regulation 57(5)(b) since September 09, 2021 and thus violated regulation 57 (5)(b) of LODR Regulations. In this regard, I note that, the scope of examination of compliance of LODR Regulations by Noticee covers the ISIN- INE947F09024 which has been matured on September 09, 2021 and ISIN-INE947F09073 which is active and listed on BSE. I note that there has been default in payment of interest/ redemption with respect to its NCD bearing ISIN -INE947F09024 which was due on September 09, 2021 and interest due on August 01, 2022, I also note that liability against NCD with ISIN INE947F09024 was transferred to TS Transco as per Re-organization Act, 2014 and Go.Ms.No. 26 dated 29.05.2014, Thus, in view of same I don't find Noticee liable for alleged violation of 57 (5)(b) of LODR Regulations with respect to NCD having ISIN INE947F09024 during the examination period which has defaulted in payment of its Principal on its due date i.e., September 09, 2021 and interest due on August 01, 2022.Thus, the violation of regulation 57 (5)(b) of LODR Regulations by Noticee does not stand established.

25. I also note from material available on record that, ISIN i.e., INE947F09024 was a privately placed issue with 37 investors. Although, there was default in payment of interest and redemption amount due on September 09, 2021 but subsequently on December 27, 2021, March 02, 2022 and July 01, 2022 the amount of interest and redemption was paid to all investors and payment details were provided to the Axis DT.

26. A listed entity is required to maintain functional website containing details of information regarding default by issuer to pay interest or redemption amount as prescribed under Regulation 62 (1)(h)(i)of the LODR Regulations. In this regard, it is alleged in the SCN that,

Noticee has not complied with this regulation as it has failed to disseminate information on website w.r.t default in payment of interest or redemption with respect to its NCD bearing ISIN -INE947F09024 which was due on September 09, 2021 and interest due on August 01, 2022. I note that, as liability against NCD with ISIN INE947F09024 was transferred to TS Transco as per Re-organization Act, 2014 and Go.Ms.No. 26 dated 29.05.2014, I don't find Noticee liable for alleged violation of Regulation 62 (1)(h)(i)of the LODR Regulations with respect to NCD having ISIN INE947F09024 during the examination period. I further note that, Noticee is maintaining a functional website: https://aptransco.co.in.

27. As per SEBI Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020, listed issuers of debt securities has to create Recovery Expense Fund (REF) by March 31, 2021. In this regard, I note that, it is alleged in the SCN that being an existing listed issuer in terms of para 9 of the SEBI circular dated October 22, 2020, it has failed to maintain the REF and has not complied with the Said circular. In this, Regard, Noticee has submitted that, *As Vidyut Bonds are 100% guaranteed by Government with budgetary support and as on date all the payment against all the ISIN has been made except ISININE947F09073 which is due for maturity on March 07, 2024.However, onwards the company will create the Recovery Expense Fund against ISININE947F09073 and will intimate the same to Government also.* Thus, I note that Noticee has admitted the non-compliance and has agreed to create the Recovery Expense Fund. In view of the aforesaid, I find that Noticee is in non-complaint with the SEBI Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22,2020

Issue – II: - Does the violation, if any, on the part of Noticee attract monetary penalty under Section 15 A(b) and 15HB of the SEBI Act for the alleged violations by the Noticee?

28. I note that timely disclosure of relevant information by listed companies is essential for maintaining transparency about the affairs of the Company which helps in eliminating information asymmetry. Moreover, correct and timely disclosures play an essential role in the proper functioning of the securities market and failure to do so results in depriving the investors from taking well informed investment decision.

29. As violation of Regulation 62 (1)(h)(i)of LODR regulations is not established against Noticee, thus, I don’t find Noticee liable for imposition of monetary penalty under Section 15HB of the SEBI Act for violation of Regulation 62 (1)(h)(i)of LODR regulation by Noticee. However, since it has been established in pre paras that the Noticee has violated following LODR regulations and SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020, Thus, Noticee is liable for imposition of monetary penalty under Section 15A(b) of the SEBI Act, which reads as below –

Violations	**Charging Provisions**
Regulations 52(1), 53(2), 56(1) (a), 56(1) (c) (ii) of LODR Regulations, SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020	Section 15A(b) of the SEBI Act

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 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 65[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]];

30. 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...”*

Issue – III: - If so, what would be the quantum of monetary penalty that can be imposed on Noticee taking into consideration the factors mentioned in Section 15J of SEBI Act r/w rule 5(2) of the Adjudication Rules?

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

    Explanation—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

32. In view of the charges as established, the facts and circumstances of the case, the quantum of penalty would depend on the factors referred in Section 15-J of the SEBI Act stated as above. No quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of such default by the Noticee. Further, from the material available on record, it may not be possible to ascertain the exact monetary loss, if any, to the investors on account of default by the Noticee. I also take into consideration the fact that corrective actions have been taken by Noticee and the same has been discussed at the appropriate sections. I also note that, NCD issue is guaranteed by sovereign guarantee of state government of Andhra Pradesh. Therefore, taking into account the aforesaid factors, and considering the facts and circumstances of the case, I am of the view that a penalty of 1,00,000/- (Rupees One Lakh Only) will be commensurate with the violations committed by the Noticee.

ORDER

33. After taking into consideration the facts and circumstances of the case, material/facts on record, the reply submitted by the Noticee and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I, hereby impose a penalty of Rs. 1,00,000/- (Rupees One Lakh Only) upon Noticee under Section 15A(b) of SEBI Act. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

PENALTY PAYMENT OPTIONS

34. The Noticee shall remit / pay the said amount of penalty (1,00,000/- (Rupees One Lakh Only)) within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link:-

ENFORCEMENT → Orders → Orders of AO → PAY NOW

35. The Noticee shall forward the said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – 6 of SEBI. The Noticee shall provide the following details while forwarding DD/ payment information:
    a) Name and PAN of the entity (Noticee)
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

36. Copy of this Adjudication Order is being sent to the Noticee and also to SEBI in terms of Rule 6 of the SEBI Adjudication Rules and Rule 6 of the SCR Adjudication Rules.

Date : November 17, 2022 **Vijayant Kumar Verma**

Place : Mumbai **Adjudicating Officer**