

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER No. Order/SM/RG/2022-23/24181**

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

**In respect of:
Assetz Premium Holdings Pvt. Ltd.
(PAN: AANCA3473H)
Assetz House, No. 30,
3rd Floor, Crescent Road,
Bangalore, Karnataka - 560001**

In the matter of Non-submission of bank details by issuers to Debenture Trustees

A. FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) issued a Circular, SEBI/HO/DDHS/CIR/P/103/2020 dated June 23, 2020 on the operational framework for transactions in defaulted debt securities post maturity date. As per para 3.2 of Annexure A of aforementioned circular, at the time of executing Debenture Trust Deed, issuers are mandated to provide their bank details (from - which it proposes to pay the redemption amount) and pre-authorize Debenture Trustee(s) to seek debt redemption payment related information from the Issuer's bank. It was also mentioned in the circular that for existing debt securities, the issuer should provide pre-authorization to Debenture Trustee(s), within 60 days from the date of this Circular. Further para 4 of the circular casts responsibility on the issuers/ listed entities to comply with the obligations/ provisions laid down in this circular, which came into effect from July 01, 2020. Subsequently, SEBI observed that **Assetz Premium Holdings Pvt. Ltd.**
-

(hereinafter referred to as the “**Noticee**”) had failed to comply with the provisions of the aforementioned Circular even after repeated reminders from the Bombay Stock Exchange Ltd. (hereinafter referred to as “**BSE**”) and the Advisory Letter issued by SEBI on June 03, 2022. The SEBI Circular SEBI/HO/DDHS/CIR/P/103/2020 dated June 23, 2020 was superseded by SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

B. APPOINTMENT OF ADJUDICATING OFFICER

2. In view of the above, SEBI had appointed the undersigned as the Adjudicating Officer under Section 15I of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and Rule 3 of SEBI (Procedure for Holding Enquiry and Imposing Penalties, 1995 (hereinafter referred as “SEBI Adjudication Rules”), vide communique dated December 13, 2022 to enquire into and adjudge under Section 15HB of SEBI Act by the Noticee.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

3. The show cause notice (hereinafter referred to as “**SCN**”) bearing no. SEBI/EAD-1/SM/RG/63415/1/2022, dated December 22, 2022, was served upon the Noticee under Rule 4(1) of the SEBI Adjudication Rules to show cause as to why an inquiry should not be held and penalty not be imposed against the Noticee under Section 15HB of the SEBI Act for the aforesaid alleged violation. The said SCN was served upon the Noticee through Speed Post Acknowledgement Due and e-mail.

Date	Remark
December 22, 2022	SCN sent through e-mail.
December 27, 2022	Physical delivery of SCN.
January 10, 2023	Hearing Notice sent through e-mail and hearing scheduled for January 20, 2023.
January 17, 2023	Physical delivery of the Hearing Notice.
January 18, 2023	The Noticee requested postponement of hearing to February 23, 2023.

January 20, 2023	SEBI, vide an e-mail rescheduled the hearing to February 03, 2023 and the Noticee was advised to submit the reply to the SCN before the date of hearing. The Noticee, vide an e-mail requested postponement of hearing to February 23, 2023.
January 30, 2023	The Noticee's request was acceded to and the hearing was rescheduled to February 23, 2023.
February 23, 2023	The Noticee appeared for the hearing where it submitted the reply to the SCN and reiterated the submission during hearing proceedings.
February 27, 2023	The Noticee made additional submissions in response to the SCN.

4. The allegations levelled against the Noticee in the SCN:

As per Clause 3.2 of SEBI Circular SEBI/HO/DDHS/CIR/P/103/2020 dated June 23, 2020 read with Clause 4.1 of Chapter XI of SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, issuers are mandated to provide their bank details (from - which it proposes to pay the redemption amount) and pre-authorize Debenture Trustee(s) to seek debt redemption payment related information from the Issuer's bank. However, in the instant case it was observed that the Noticee had not complied with the aforesaid Clauses of aforementioned Circulars. In this regards, information was sought from the Debenture Trustee of the issuer ("Vistra ITCL Ltd." in this case), wherein the Debenture Trustee, vide its email dated 08 August, 2022 confirmed that the issuer has not submitted the bank details (from which, issuer proposes to pay the redemption amount) and also failed to pre authorize Debenture trustees to seek debt redemption payment related information from the Issuer's bank. Hence a delay of 820 days (22 August 2020 to 20 November 2022) had been observed. Also, BSE vide its emails dated 20.01.2021, 23.09.2021 and 20.01.2022, had sought the information on compliance of the aforesaid provisions by the Noticee, but did not elicit any response from the Noticee. Later, SEBI also issued the Advisory Letter on June 03, 2022 to the Noticee asking it to submit the required information to the Debenture Trustee within 30 days of the receipt of the aforesaid Advisory Letter,

but the Noticee failed to act promptly even after receiving the aforesaid Advisory Letter from SEBI. Hence, the Noticee is found to be in contravention of Clause 3.2 of SEBI Circular SEBI/HO/DDHS/CIR/P/103/2020 dated June 23, 2020 read with Clause 4.1 of Chapter XI of SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 read with Regulation 8 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**LODR Regulations**”).

5. On receipt of SCN, the Noticee vide its e-mail dated 17 January, 2023, claimed that it has intimated the bank details and also authorisation letter from the bank in favour of debenture trustee, and is in the process of locating the intimation to the debenture trustee and letter from the bank. Additionally, the Notice replied to the allegations levelled in the SCN as follows:

- i. *SEBI issued circular dated 23 June, 2020 required compliance by 21 August, 2020.*
- ii. *The timely compliance i.e. within 60 days could not be ensured because of the hardships caused by Covid-19*
- iii. *By the time things got normalised, SEBI issued new Circular vide SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 by which SEBI Circular SEBI/HO/DDHS/CIR/P/103/2020 dated June 23, 2020 was repealed.*
- iv. *The Noticee did not require compliance under SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 as Clause 4.1 of Chapter XI of this Circular required compliance by issuers at the time of executing the Debenture Trust Deed and does not require compliance for existing debt issuers, unlike SEBI Circular SEBI/HO/DDHS/CIR/P/103/2020 dated June 23, 2020 which requires compliance for existing debt issuers.*
- v. *Hon'ble Supreme Court through Order dated March 23, 2020, various extension orders and last Order dated April 27, 2021 has directed to extend the period of limitation under various general laws, special laws in respect of all judicial and quasi-judicial proceedings before various courts and authorities till further order.*

- vi. *The SCN stated that the Company is in default for 820 days i.e. from 22nd August 2020 to 20th November 2022. However, June 2020 circular required compliance within 60 days from the date of issue of this circular. The last date for the submission of this was 21st August 2020. Subsequently, vide circular issued on 10th August 2021, the June 2020 circular was repealed and this requirement is omitted. Therefore, the non-compliance could be from 22nd August 2020 till 9th August 2021.*
- vii. *Issued pre-authorisation consent letter dated 24th January 2023 to the Debenture Trustee*

D. CONSIDERATION OF ISSUES AND EVIDENCE

6. I have considered the allegations levelled in the SCN, the relevant material brought on record, and replies/ submissions of the Noticee made during the instant proceedings before the undersigned. In the light of the aforesaid factual position, I proceed to adjudicate the matter, and find that essentially, the following issues arise for determination in the instant matter:
- i. *Issue 1: Whether the Noticee has failed to comply with Clause 3.2 of Annexure A of SEBI Circular no. SEBI/HO/DDHS/CIR/P/103/2020 dated June 23, 2020?*
 - ii. *Issue 2: If answer to the aforesaid question is in affirmative, whether the violations would attract monetary penalty on the Noticee under the provisions of Section 15HB of the SEBI Act?*
 - iii. *Issue 3: If answer to the aforesaid question is in affirmative, what should be the quantum of the monetary penalty?*

7. Before proceeding further, I would like to refer to the relevant regulations:

Clause 3.2 of SEBI Circular SEBI/HO/DDHS/CIR/P/103/2020 dated June 23, 2020

“At the time of executing Debenture Trust Deed, Issuer shall provide its bank details (from which it proposes to pay the redemption amount) and preauthorise Debenture Trustee(s) to seek debt redemption payment related information from the Issuer’s bank. Issuer shall also inform the Debenture Trustee(s) of any change in bank details within 1 working day of such change. For existing debt securities,

Issuer shall provide such pre-authorisation to Debenture Trustee(s), within 60 days from the date of this circular.”

Clause 4.1 of Chapter XI of SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

“At the time of executing debenture trust deed, issuer shall provide its bank details (from which it proposes to pay the redemption amount) and pre-authorise debenture trustee(s) to seek debt redemption payment related information from the issuer’s bank. Issuer shall also inform the debenture trustee(s) of any change in bank details within one working day of such change.”

LODR Regulations

8. Co-operation with intermediaries registered with the Board

“The listed entity, wherever applicable, shall co-operate with and submit correct and adequate information to the intermediaries registered with the Board such as credit rating agencies, registrar to an issue and share transfer agents, debenture trustees etc, within timelines and procedures specified under the Act, regulations and circulars issued there under:

Provided that requirements of this regulation shall not be applicable to the units issued by mutual funds listed on a recognised stock exchange(s) for which the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 shall be applicable.”

8. The first issue to be addressed is as follows:

Whether the noticee has failed to comply with Clause 3.2 of Annexure A of SEBI Circular no. SEBI/HO/DDHS/CIR/P/103/2020 dated June 23, 2020?

8.1 The Noticee mentioned that SEBI Circular dated June 23, 2020 was repealed and superseded by SEBI Circular dated August 10, 2021 and that the SEBI Circular dated August 10, 2021 did not require compliance by the Noticee. In this regard, I note that the stipulation of 60 days for the existing debt issuers was not

mentioned in the SEBI Circular dated August 10, 2021 as it was expected that the issuers having existing debt issuance on the date of Circular would have already complied with the requirements of the SEBI Circular dated June 23, 2020, within 60 days.

8.2 I note that as the Noticee had existing debt issuance, it has to comply with the SEBI Circular dated June 23, 2020 by August 21, 2020 as a time period of 60 days was given to the existing debt issuers to ensure compliance with the Circular. The fact that the aforesaid circular was repealed in August 2021, implies that Noticee did not comply with the *SEBI Circular no. SEBI/HO/DDHS/CIR/P/103/2020* for almost a year even after the expiration of deadline.

8.3 The Noticee has responded by saying that the delay in compliance has happened on account of Covid-19 and other internal and external issues. I note from the material available on record that even throughout 2022, when Covid-19 was on decline, the company failed to respond to reminder of BSE and advisory letter of SEBI. Therefore, I am of the opinion that the Noticee could not ensure timely compliance because of its lax attitude and lack of diligent efforts. Therefore, I find no merit in the submissions of the Noticee and also find lack of diligent efforts on behalf of the Noticee to ensure compliance with the aforesaid Circular.

8.4 In this context, I would also like to rely on judgement of Hon'ble SAT in the matter of Premchand Shah and others vs. SEBI (Appeal No.192 of 2010 order dated February 21, 2011), where Hon'ble SAT observed that "*When law prescribes a manner in which a thing is to be done, it must be done only in that manner.*"

8.5 Also, the Noticee has submitted that the non-disclosure may be condoned in the light of order of Hon'ble Supreme Court of India, dated April 27, 2021, wherein Hon'ble SC had referred to its earlier orders extending the limitation period in filing petitions/applications/suits/ appeals / all other proceedings under the general and special laws. The said order has been perused, it is noted that Hon'ble SC had

granted the extension of the limitation period for filing and enforcement action in judicial forums in the light of the prevalent COVID-19 situation. However, the said limitation was not applicable in case of the regulatory compliances.

8.6 Further, the Noticee has objected to the delay of 820 days as alleged in the SCN as the Noticee states the compliance was required only within 60 days of the SEBI Circular dated June 23, 2020 and vide circular issued on 10th August 2021, the June 2020 circular was repealed and this requirement is omitted. Therefore, the non-compliance could be from 22nd August 2020 till 9th August 2021. In this regard, I would like to reiterate that in the SEBI Circular dated 9 August 2021, did not require compliance by existing debt issuers as it was expected that the issuers having existing debt issuance on the date of Circular would have already complied with the requirements of the SEBI Circular dated June 23, 2020, within 60 days but the Noticee continued to not comply with the Circular dated June 23, 2020 and did not even ensure compliance till 20 November, 2022 despite repeated reminder from BSE and advisory letter of SEBI.

9. The second issue to be addressed is as follows:

If answer to the aforesaid question in first issue is in affirmative, whether the violations would attract monetary penalty on the Noticee under the provisions of Section 15HB of the SEBI Act?

From the discussion in the first issue, it is noted that the violations were established as described above and accordingly, the Noticee is liable for imposition of penalty in terms of Section 15HB of SEBI Act.

Section 15HB of the SEBI Act is reproduced as under:

SEBI ACT

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.”

10. The third issue to be addressed is as follows:

If answer to the aforesaid question in second issue is in affirmative, what should be the quantum of the monetary penalty?

In this regard, while determining the quantum of penalty, it is important to consider the factors stipulated in Section 15J of the SEBI which is reproduced as under:

SEBI Act

15J -Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

11. In view of the aforesaid facts and circumstances of the case and the charges being established, the quantum of penalty would depend on the factors referred to under Section 15J 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. Also, there was no investor complaint against the Noticee. Also, no action has been taken against the Noticee in the past by SEBI.

E. ORDER

12. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticee and also the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15HB, I hereby impose monetary penalty of **Rs. 1,00,000/-** on the Noticee.

I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

13. The Noticee shall remit / pay the said amount of penalty 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 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

14. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to "The Division Chief, EFD1 – DRA - 4, Securities and Exchange Board of India, SEBI Bhavan, Plot no.C-7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051". The Noticee shall also provide the following details while forwarding DD / payment information:

Case Name:	
Name of Payee:	
Date of Payment:	
Amount Paid:	
Transaction No.:	
Bank Details in which payment is made:	
Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount etc.)	Penalty

15. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to

recovery proceedings under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

16. In terms of the provisions of Rule 6 of the SEBI Adjudication Rules, a copy of this order is being sent to Noticee viz. Assetz Premium Holdings Pvt. Ltd. and also to SEBI.

Date: February 28, 2023
Place: Mumbai

SAHIL MALIK
ADJUDICATING OFFICER