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ADJUDICATING OFFICER

SEBI/HO/EAD/ 2544 /2018
January 24, 2018

Camson Bio Technologies Ltd. Sy. No. 132, Madhure Hobli, Madagondanahalli, Doddaballapur, Banglore-561203	**Mr. Dhirendra Kumar** 55, Golden Enclave, Emrald Block, Airport Road, Banglore-560017
Mr. A N Singh 55, Golden Enclave, Emrald Block, Airport Road, Banglore-560017	**Veerendra Kumar Singh** 135, Krishi Appts, D Block, Vikaspuri, Delhi-110018 S/o Shri Raj Bahadur Singh, Govindpur Village, Post Baghahian, District-Mirzapur, Uttar Pradesh
Mr. Karan Singh 55, Golden Enclave, Emrald Block, Airport Road, Banglore-560017	**Mr. Shivanand Singh** Village-Nekrampur, Post-Baburi, District- Chandauli, Uttar Pradesh-232102
Ms. Sangeeta Kshetry RF-608, Pirva Riviera, Airport Road, Marathahalli, Banglore-560037	**Mr. Ram Yadav** H. No. 8-5-266, Sanjeevani, Syndicate Bank Colony, Old Bowenpally, Secunderabad-500011
Ms. Sudha K 143/1, Rainbow Drive (RBD), Sarjapur Road, Carmelaram, Banglore-560035	**Mr. K Ramaswamy** 96, I main, Versova Layout, CV Raman Nagar, Banglore-560093
Mr. Jamuna Prasad S/o Shri Kalpanath Prasad, Village-Barar, PO-Bhudakuda, District-Chandauli,	**M/s Camson Farm Produce Pvt. Ltd.** Shop No. 4, 2nd Floor, Shri Bhawani Complex, BM Sri Road, D Cross Road,

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M/s Sanatan Herbals and Naturals Ltd.

Shop No. 4, 2nd Floor,
Shri Bhawani Complex,
BM Sri Road, D Cross Road,
Doddaballapur, Banglore-561203

Notice under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') vide Order dated August 31, 2017 (**Annexure-I**) appointed the undersigned as Adjudicating Officer (hereinafter referred to as '**AO**') under Section 19 of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') read with Section 15-I of SEBI Act and Rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 to inquire into and adjudge under the provision of Sections 15HA, 15HB and 15A(b) of the SEBI Act with respect to alleged violations committed by M/s Camson Bio Technologies Ltd. (hereinafter referred as '**Noticee 1/Company/Camson**'), Mr. Dhirendra Kumar (hereinafter referred to as '**Noticee 2**'), Mr. A.N. Singh (hereinafter referred to as '**Noticee 3**'), Veerendra Kumar Singh (hereinafter referred to as '**Noticee 4**'), Mr. Karan Singh (hereinafter referred to as '**Noticee 5**'), Mr. Shivanand Singh (hereinafter referred to as '**Noticee 6**'), Ms. Sangeeta Kshetry (hereinafter referred to as '**Noticee 7**'), Mr. Ram Yadav (hereinafter referred to as '**Noticee 8**'), Ms. Sudha K (hereinafter referred to as '**Noticee 9**'), Mr. K Ramaswamy (hereinafter referred to as '**Noticee 10**'), Mr. Jamuna Prasad (hereinafter referred to as '**Noticee 11**'), M/s Camson Farm Produce Pvt. Ltd. (hereinafter referred to as '**Noticee**

12/Camson Farm') and M/s Sanatan Herbals and Naturals Ltd. (hereinafter referred to as '**Noticee 13/Sanatan**' and hereinafter collectively referred to as "**Noticees**").

2. The scrip of Camson was listed at Bangalore Stock Exchange Ltd. (hereinafter referred to as "**BGSE**") and was permitted to trade at Bombay Stock Exchange (hereinafter referred to as '**BSE**') during the relevant period. However, it is observed that the scrip was not traded during the period January 01, 2009 to June 30, 2009. There was no trading in the scrip at BGSE since March 31, 2002.

3. It is observed that Camson issued warrants convertible to equity shares within a period of 18 months form the date of allotment of warrants on July 25, 2007. Further, on January 24, 2009, the Board of the Company had approved allotment of 39 lakhs shares on conversion of warrants to 18 entities. Pursuant to which 39 Lakhs shares were allotted to 18 entities on conversion of warrants and these shares were listed at BGSE on May 25, 2009. Of these shares of Camson, 32,16,370 shares were allotted to non-promoters and 6,83,630 shares allotted to entities belonging to the promoter category.

4. SEBI received an anonymous complaint on January 12, 2011 in which the complainant inter-alia alleged that Camson allotted shares on January 24, 2009 on conversion of warrants mostly to employees and persons who were not having the PAN, bank account or any address proof. It was further alleged that the funding for conversion of warrants to shares was made from the account of Camson and its promoters. SEBI observed that the company allotted shares on conversion of warrants to the persons who are connected with the company. Therefore, investigation was conducted to examine whether funding was made by the company and its promoters for conversion of warrants to shares and the compliance by the

allottees with disclosure requirements, to ascertain any violation of provisions of Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as **'DIP Guidelines')** and disclosures under SEBI (Substantial Acquisition of Shares & Takeovers) Regulation 1997 (hereinafter referred to as **'Takeover Regulations')** and SEBI (Prohibition of Inside Trading) Regulations hereinafter referred to as **'PIT Regulations')**.

5. Further, examination of trading pattern in the scrip during the period January 01, 2009 to June 30, 2009 (herein after referred to as "**Investigation period/IP**") was also conducted to ascertain any violation of the provisions under SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. (hereinafter referred to as "**PFUTP Regulations**"). The investigation report containing detailed observations and allegations is enclosed as **Annexure II**. The summary of allegations against the Noticees are discussed in following paragraphs:

6. It is observed that a shareholders resolution was passed at Extra Ordinary General Meeting (**EGM**) of Camson held on July 13, 2007 authorizing the Board of Directors (herein after referred to as **'Board'**) of Camson for issue of warrants convertible to equity shares within a period of 18 months form the date of allotment of warrants. Pursuant to shareholders resolution at EGM held on July 13, 2007, Board of Camson had allotted warrants on July 25, 2007. Further, on January 24, 2009, the Board had approved allotment of 39 lakhs shares on conversion of warrants to 18 entities.

7. Thereafter, on January 24, 2009, 39 Lakhs shares were allotted to 18 entities on conversion of warrants and these shares were listed at BGSE on May 25, 2009. It is observed that, of the 39 lakh allotted shares to 18 entities, 32,16,370 shares were allotted to non-promoters and 6,83,630

shares allotted in the promoter category. Details, as submitted by the company vide its letter dated July 30, 2013, with regard to issue of warrants in the year 2007 and amount received on conversion of warrants on January 24, 2009 is tabulated as under-

S. No.	Name of the entity	PAN No.	Shares allotted	Amount received on subscription of warrants	Amount received on conversion of warrants
1.	Mr. Karan Singh	AMKPK4001D	6,83,630	19,96,000	1,16,76,600
2.	Mr. Shivanand Singh	BLQPS8451M	6,83,630	19,00,000	1,17,72,600
3.	Ms. Sangeeta K Shetry	AJAPK9355M	6,69,600	19,00,000	1,14,92,000
4.	Mr. Ram Yadav	ACBPY5998A	6,00,000	19,00,000	1,01,00,000
5.	Ms. Sudha K	AHOPK1Q18K	5,00,000	10,00,000	90,00,000
6.	Mr. Veerendra Kumar Singh	AODPS6092K	3,35,200	19,20,000	47,84,000
7.	Mr. Jamuna Prasad	NA	2,40,940	19,60,000	28,58,800
8.	Mr. K Ramaswamy	ATLPK1495D	1,00,000	2,00,000	18,00,000
9.	Mr. Veerendra Kumar Singh	AAQPS9639F	20,000	40,000	3,60,000
10.	Ms. Sheela VK	AEBPK3874M	15,000	50,000	2,50,000
11.	Mr. S R Mate	ABEPM6502C	10,000	20,000	1,80,000
12.	Mr. Riayz Ahmed	ACFPR1981C	10,000	50,000	1,50,000
13.	Mr. Nelson James	ADOPJ0654N	10,000	20,000	1,80,000
14.	Mr. Yogesh Singh	BILPS3255B	5,000	10,000	90,000
15.	Mr. Pawan Kumar Rana	AHFPR0959R	5,000	10,000	90,000
16.	Mr. Sandhya Madapa	AHEPM4334J	5,000	1,00,000	0
17.	Mr. Sanjay Gorh	AJRPG9522H	5,000	10,000	90,000
18.	Mr. Sudhanshu Pandey	BACPP8375C	2,000	4,000	36,000
Total			**39,00,000**	**1,30,90,000**	**6,49,10,000**

8. The company was advised to provide the details of consideration received upon issue of warrants and allotment of shares along with copy of bank account statements to which the amount was received on allotment of warrants/conversion of warrants to shares was credited. The company, in its reply dated July 30, 2013, provided the amount of consideration received on conversion of warrants but failed to provide evidence of receipt of consideration stating that a fire at their registered office in the

year 2012 had caused destruction of various old files, records, stored data etc., and hence it was not in a position to provide the old bank statements as sought.

9. Further, the company vide letter dated November 25, 2013, informed that the amount received upon conversion of warrants to shares were credited to the following bank accounts namely:

    a. A/c No: CBCA/01/930052, Corporation Bank.
    b. A/c No: 114010200007047, Axis Bank.

10. Thereafter, SEBI sought the details of the receipt of consideration on conversion of warrants from BGSE. BGSE, vide its letter dated January 08, 2016, had provided the bank accounts statements submitted by the company at the time of application for listing of 39 lakhs equity shares (**Annexure III**). It is observed from BGSE reply that amount received on conversion of warrants was also credited to Company's bank account with Bank of Baroda.

11. It is observed that Ms. Geeta Singh (wife of Noticee 2) and Mr. Karan Singh (son of Noticee 2) were holding 99.93% and 0.07% stake in Noticee no. 12/Camson Farm for the financial year ending 2008-09. It was further observed that Ms. Geeta Singh and Mr. Karan Singh were also holding 98% and 2% stake in Noticee no. 13/Sanatan for the financial year ending 2008-09. Hence, it was concluded that Noticee no. 12/Camson Farm and Noticee no. 13/Sanatan were connected to Noticee 2.

Allegations regarding improper funding of conversion of warrants

12. On perusal of information received from BGSE and banks, it is observed that –

a. Noticee no. 12/Camson Farm, through its bank account no: CBCA/01/990012 maintained with Corporation bank, had transferred a total amount of Rs. 2.50 crore on January 28, 2009 to bank account no: CBCA/01/930052 of Noticee no. 1/Camson, maintained with Corporation Bank, towards consideration of conversion on warrants in the names of Mr. Karan Singh, Mr. Shivanand Singh and Mr. Ram Yadav for amounts of Rs. 28.86 lakhs, Rs. 1.23 crore and Rs. 98 lakhs respectively.

b. On the same day i.e. January 28, 2009, Camson transferred the amount of Rs. 2.5 crore from its Corporation bank account to bank account no: 06650200000181 of Noticee no. 13/ Sanatan, maintained with Bank of Baroda.

c. Out of Rs. 2.5 crore received from Camson, Sanatan purchased demand drafts aggregating to total amount of Rs. 2.47 crore on January 28, 2009 itself, from its Bank of Baroda account. The said demand drafts were deposited with Camson's bank account with Bank of Baroda, a/c no: 06650200000342, which was shown to have received as allotment amount in the names of Ms. Sangeeta Kshetry, Ms. Sudha K, Mr. Veerendra Kumar Singh (Director), Mr. K Ramaswamy and Mr. Jamuna Prasad for amounts Rs. 100.92 lakhs, Rs. 74 lakhs, Rs. 44.84 lakhs, Rs. 18 lakhs and Rs. 9.4 lakhs respectively. Further, Sanatan had paid an amount of Rs. 5.19 lakhs from its Bank of Baroda account to company on January 30, 2009 through demand draft towards allotment amount in the name of Jamuna Prasad.

d. Out of Rs. 2.47 crore received by Camson, the company on January 29 & 30, 2009, had transferred to Sanatan (Bank of Baroda a/c

06650200000181) amounting to Rs. 2.47 crore and Rs. 5.19 lakhs to Camson Farm's corporation bank account on February 05, 2009.

e. Thereafter, Sanatan had transferred total amount of Rs. 2.41 crore to Camson Farm's Corporation bank account on February 02, 03 & 05, 2009.

13. With regard to source of Rs. 2.5 crore paid by Camson Farm to the company on January 28, 2009, it is observed that the said amount was out of liquidation of fixed deposits of Camson Farm for Rs. 1 crore and Rs. 1.5 crore which were created on May 30, 2008 and June 03, 2008 respectively.

14. From the above, it is alleged that Camson Farm had transferred an amount of Rs. 2.5 crore to the Company which was ultimately transferred back by Company to Camson Farm through Sanatan. It is further alleged that by virtue of such transactions, Rs. 2.50 crore was round tripped twice through Camson Farm and Sanatan to show that an amount of Rs. 5.03 crore was received towards conversion of warrants to shares to the extent of 38,13,000 shares out of 39 lakhs shares allotted. Thus, it is alleged that there was no genuine infusion of funds and the money, to the extent of Rs. 2.5 Crore, was shown as received against the shares allotted by way of round tripping transactions.

15. As per Clause 13.1.2.3 (b) of DIP Guidelines, the amount paid on allotment of warrants shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option for the purpose. From the above transactions, it is alleged that the company allotted shares for Rs. 5.03 crore on conversion of warrants without receiving proper consideration, which is in violation of Clause 13.1.2.3 (b) of DIP Guidelines The text of the provision is given below-

13.1.2 Pricing of shares arising out of warrants, etc.

13.1.2.3.(a) *An amount equivalent to at least ten percent of the price fixed in terms of Clause 13.1.1.1 above shall become payable for the warrants on the date of their allotment.*

13.1.2.3 (b) *The amount referred to in sub-clause (a), shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option for the purpose.*

16. Further, it is observed that the Company, in its annual report for the financial year 2009-10 submitted that proper consideration was received on conversion of warrants issued in 2007. The said Annual Report was signed by Noticee 2 and Noticee 3. In light of the above allegations, it is alleged that by giving wrong information in Company's annual report, Noticee 2 and Noticee 3 have also violated Clause 13.1.2.3(b) of DIP Guidelines.

Allegations regarding allotment of shares to the entity not having PAN

17. It is observed from table 1 that Mr. Jamuna Prasad i.e. Noticee 11 was allotted 2,40,940 shares on January 24, 2009 on conversion of warrants. However, PAN of Noticee 11 was not given in the disclosures filed to BGSE. Vide email dated November 28, 2011, Camson was requested to provide PAN of Jamuna Prasad and the company, vide email dated Nov 28, 2011, had stated that Jamuna Prasad is a farmer, hence does not have PAN card.

18. In this regard, it is noted that, according to Clause 13.1C of DIP Guidelines, a financial instrument cannot be allotted by way of preferential

allotment to an allottee before obtaining his PAN. It is, therefore, alleged that Camson, by allotting shares to Noticee 11, without obtaining his PAN, has violated the abovementioned provision of law. The text of the provision is reproduced below-

DIP Guidelines

13.1C *A listed company shall not make any preferential allotment of equity shares, FCDs, PCDs or any other financial instrument which may be converted into or exchanged with equity shares at a later date unless it has obtained the Permanent Account Number of the proposed allottees.*

19. Further, it may be noted that, with the enactment of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as **"ICDR Regulations"**), the DIP Guidelines have been repealed. However, Regulation 111 of the ICDR Regulations gives validity to the action under DIP Guidelines, as if it has not been repealed. The text of said provision is as under-

111. Repeal and Savings

(2) Notwithstanding such rescission:

(a) anything done or any action taken or purported to have been done or taken including observation made in respect of any draft offer document, any enquiry or investigation commenced or show cause notice issued in respect of the said Guidelines shall be deemed to have been done or taken under the corresponding provisions of these regulations;

20. In view of the alleged violations of the aforementioned provisions of law by the Noticee 1 and its directors viz, Noticee 2 and Noticee 3, if proved, Notice 1 to 3 are liable for penalty under Section 15HB of the SEBI Act, 1992. The text of the said provision is 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 may extend to one crore rupees.*

Allegations regarding Fraudulent and Unfair Trade Practices

21. It is further alleged that Noticees 1 to 13, which include the Company, 2 of its directors viz Noticee no. 2 and 3, 8 preferential allottees viz Noticee no. 4 to 11, and promoter connected entities viz, Noticee no. 12/Camson Farm and Noticee no. 13/Sanatan had connived with each other by showing to have received proper consideration from the allottees to defraud the genuine shareholders of the company. In light of this, it is alleged that Noticee 1 to 13 have violated section 12A (a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c), (d) & 4(1) of PFUTP Regulations.

SEBI Act, 1992

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control

12A *No person shall directly or indirectly—*

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognized stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations, 2003

Prohibition of certain dealings in securities

3. *No person shall directly or indirectly—*

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

Prohibition of manipulative, fraudulent and unfair trade practices

4. *(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*

22. In light of above allegations, if proved, Noticee 1 to 13 will be liable for a penalty under Section 15 HA of SEBI Act. The text of the said provision is as below-

SEBI Act, 1992

Penalty for fraudulent and unfair trade practices.

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher.*

Allegation regarding disclosure violations

23. In terms of the requirements specified under Regulation 13(4) of the PIT Regulations, Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. In terms of Regulation 13(5) of the PIT Regulations, these disclosures are required to be made by the acquirer to the Company and Stock Exchanges within two working days of the acquisition/disposal of the shares by the acquirer.

Dhirendra Kumar (Noticee 2)

24. It is observed that Mr. Dhirendra Kumar i.e. Noticee 2 was promoter and Managing Director of Camson during the Investigation Period. He was holding 8,96,480 shares (i.e. 6.54% of total no. of shares) for the quarter ended March 2009. Thereafter, he acquired 30,100 shares of Camson on June 16, 2009.

25. I note that transaction, entered by Noticee 2, crossed the threshold limit of 25,000 shares of the Company. In light of this, Noticee 2 was required to make disclosure under Regulation 13(4) of PIT Regulations to the Company and to both the stock exchanges i.e. BGSE and BSE. However,

from the reply of BGSE dated September 03, 2014, it is observed that no disclosure was filed by Noticee 2 to BGSE or the Company. Therefore, it is alleged that Noticee 2 has failed to make proper and timely disclosures, under Regulation 13(4) of PIT Regulations, to the Company and BGSE for the abovementioned transaction. Thereby, it is alleged that Noticee 2 has violated the abovementioned provision of PIT Regulations.

Veerendra Kumar Singh (Noticee 4)

26. It is observed that Mr. Veerendra Kumar Singh i.e. Noticee 4 was a director of Camson during the Investigation Period. From his shareholding statement, it is observed that Noticee 4 was holding 1,10,000 shares of Camson for the quarter ended December 2008 which amounts to 1.12% of total shareholding of the Company. Thereafter, on January 24, 2009 he was allotted 3,35,000 shares of Camson on conversion of warrants which amounts to 2.45% of total shareholding of the Company. Thereafter, Noticee 4 transferred 3,35,000 shares of Camson to Sanatan on July 16, 2009 which amount to 2.45% of total shareholding of the Company.

27. I note that both these transaction, entered by Noticee 4, crossed the threshold limit of 25,000 shares as well as 1% of total shareholding of the Company. In light of this, Noticee 4 was required to make disclosure under Regulation 13(4) of PIT Regulation to the Company and both the stock exchanges i.e. BGSE and BSE. However, from the reply of BGSE dated September 03, 2014, it is observed that no disclosure was filed by Noticee 4 to BGSE or the Company. Therefore, it is alleged that Noticee 4 has failed to make proper and timely disclosures, under Regulation 13(4) of PIT Regulations, to the Company and BGSE on both occasions. Thereby, it is alleged that Noticee 4 has violated the abovementioned provision of PIT Regulations.

Ram Yadav (Noticee 8)

28. It is observed from the disclosure made by company to BSE dated Jan 30, 2009 that Ram Yadav i.e. Noticee 8 was an officer of Company under PIT Regulations. From his holding statement, it is observed that Noticee 8 was allotted 6,00,000 shares of Camson on January 24, 2009 on conversion of warrants which amount to 4.38% of total shareholding of Company. Thereafter, he transferred 5,90,000 shares (4.31% of total shareholding of Company) of Camson to Sanatan on July 16, 2009 in physical form.

29. I note that both these transaction, entered by Noticee 8, crossed the threshold limit of 25,000 shares as well as 1% of total shareholding of the Company. In light of this, Noticee 8 was required to make disclosure under Regulation 13(4) of PIT Regulation to the Company and both the stock exchanges i.e. BGSE and BSE. However, from the reply of BgSE dated September 03, 2014, it is observed that no disclosure was filed by Noticee 8 to BGSE or the Company. Therefore, it is alleged that Noticee 8 has failed to make proper and timely disclosures, under Regulation 13(4) of PIT Regulations, to the Company and BGSE on both occasions. Thereby, it is alleged that Noticee 8 has violated the abovementioned provision of PIT Regulations.

30. The text of Regulation 13(4) and Regulation 13(5) is reproduced below-

PIT Regulations

13 (4) Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under

this subregulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

(5) The disclosure mentioned in sub-regulations (3) and (4) shall be made within two working days of:

(a) the receipts of intimation of allotment of shares, or

(b) the acquisition or sale of shares or voting rights, as the case may be.

31. Further, it may be noted that, with the enactment of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "**PIT Regulations, 2015**"), the PIT Regulations have been repealed. However, Regulation 12(2) of the PIT Regulations, 2015 gives validity to the action under PIT Regulations, as if it has not been repealed. The text of said provision is as under-

SEBI (Prohibition of Insider Trading) Regulations, 2015

Repeal and Savings.

12 (2) *Notwithstanding such repeal,—*

(a) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations had never been repealed;

32. In light of abovementioned allegation of violation of Regulation 13(4) read with Regulation 13(5) of PIT Regulations read with Regulation 12(2)(a) of PIT Regulations 2015 , if proved, Noticee 2, Noticee 4 and Noticee 8 will be liable for penalty under Section 15A(b) of SEBI Act. The text of the provision is being reproduced below-

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, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less

33. It is further observed that Noticee 4 and Noticee 8 entered in reverse transaction i.e. sold the shares within 6 months of acquisition of shares by way of allotment on conversion of warrants. It is noted that, as per clause 4.2 of Model Code of Conduct as given in Schedule I read with Regulation 12(1) of PIT Regulations, directors/officers/designated employees of a listed company cannot enter in an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. Therefore, it is alleged that, by entering in reverse transaction within 6 months, Noticee 4 and Noticee 8 have violated Clause 4.2 of Model Code of Conduct as given in Schedule I read with Regulation 12(1) of PIT Regulations. The text of above provision is mentioned below-

PIT Regulations, 1992

Code of internal procedures and conduct for listed companies and other entities.

12.(1) All listed companies and organisations associated with securities markets including :

(a) the intermediaries as mentioned in section 12 of the Act, asset management company and trustees of mutual funds;

(b) the self-regulatory organisations recognised or authorised by the Board;

(c) the recognised stock exchanges and clearing house or corporations;

(d) the public financial institutions as defined in section 4A of the Companies Act, 1956; and

(e) the professional firms such as auditors, accountancy firms, law firms, analysts, consultants, etc., assisting or advising listed companies,

shall frame a code of internal procedures and conduct as near thereto the Model Code specified in Schedule I of these Regulations without diluting it in any manner and ensure compliance of the same.

Schedule I

Model Code of Conduct for Prevention of Insider Trading for Listed Companies

4.2 All directors/ officers/ designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/ officers/ designated employees shall also not take positions in derivative transactions in the shares of the company at any time.

34. In light of abovementioned allegation of violation of Clause 4.2 of Model code of conduct as given in Schedule I read with Regulation 12(1) of PIT Regulations read with Regulation 12(2)(a) of PIT Regulations, 2015, if proved, Noticee 4 and Noticee 8 will be liable for penalty under Section 15HB of SEBI Act. The text of the provision has already been reproduced in pre-paragraphs.

Shivanand Singh (Noticee 6)

35. In terms of the requirements specified under Regulation 7(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as "SAST Regulations"), any person who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, has to disclose the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the company are listed. In terms of Regulation 7(2) of the SAST Regulations, these disclosures are required to be made by the acquirer to the Company and Stock Exchanges within two working days of the acquisition/disposal of the shares by the acquirer.

36. I note that similarly the person is also required to disclose his shareholding, in the company, both to the company and stock exchange when his shareholding in the company crosses the threshold of 5% of total shareholding of the Company.

37. Further, in terms of Regulation 13(3) of PIT Regulations, any person holding 5% or more shares of the company has to disclose, to the company and stock exchange, a change in his shareholding if such change exceeds 2% of total shareholding of Company, since the last disclosure. In terms of Regulation 13(5) of PIT Regulations, such change has to be disclosed within 2 working days of acquisition/disposal of shares by the acquirer.

38. It is observed that Mr. Shivanand Singh i.e. Noticee 6 is one of the preferential allottees who was allotted warrants which were later converted into shares. It is further observed that he was holding 3,50,875

shares of Camson prior to January 24, 2009 which amounts to 3.58% of total shareholding of Company. Thereafter, he was allotted 6,83,630 shares of which increased his shareholding to 10,34,505 shares i.e. 7.55% of total shareholding of the Company. In light of Regulation 7(1) read with 7(2) of SAST Regulations and Regulation 13(1) of PIT Regulation, Noticee 6 was required to make disclosures to company & BGSE on or before Jan 27, 2009 as his shareholding crossed the threshold of 5% of total shareholding of the Company. However, it is observed that Noticee 6 has not made disclosure with respect to above transactions. Therefore, it is alleged that Noticee 6 has violated Regulation 7(1) read with Regulation 7(2) of SAST Regulations and Regulation 13(1) of PIT Regulations.

39. Further, by way of sale of shares, shareholding of Noticee 6 was reduced from 7.55% to 5.31% of total shareholding as on November 19, 2009. Similarly, there is a change in holding by more than 2% of total number of shares on September 20, 2010 on account of further sale by Noticee 6. In light of Regulation 13(3) read with Regulation 13(5) of PIT Regulations, Noticee 6 was required to disclose, to the Company, the change in his shareholding in the Company. However, it is observed that Noticee 6 did not make any disclosure w.r.to both the transactions. Therefore, it is alleged that the Noticee 6 has violated Regulation 13(3) read with Regulation 13(5) of PIT Regulations.

Camson Farm Produce P. Ltd. (Noticee 12)

40. It is observed that Camson Farm i.e. Noticee 12, was holding 11,74,700 shares of the Company as on July 15, 2009 which amounts to 8.57% of total shareholding of the Company. Thereafter, on July 16, 2009, Camson farm received shares from preferential allottees, namely, Ms. Sangeeta Kshetry (5,69,600 shares) and Mr. Jamuna Prasad (2,40,940 shares) in

physical from. In view of acquisition of shares, shareholding of Camson farm increased from 8.57% to 14.49% of total shareholding of the Company on July 16, 2009. As shareholding of Camson farm had crossed 14% of total shareholding, it was required to make disclosure under Regulation 7(1) read with Regulation 7(2) of SAST Regulations to Company and BGSE on or before July 20, 2009. It is observed that Camson Farm has not made disclosure to the company & BGSE w.r.to this transaction. It is, therefore, alleged that Camson farm has violated Regulation 7(1) read with Regulation 7(2) of SAST Regulations.

41. Further, this acquisition of shares has led to change in shareholding of Camson Farm amounting to more than 2% change. As shareholding of Camson Farm in the Company changed by more than 2%, it was required to make disclosure to the Company under Regulation 13(3) read with 13(5) of PIT Regulation within two working days. It is observed that Camson farm has not made the disclosures to the Company w.r.to this transaction. It is, therefore, alleged that Camson Farm has also violated Regulation 13(3) read with Regulation 13(5) of PIT Regulations.

Sanatan Herbals & Naturals Ltd. (Noticee 13)

42. It is observed that Sanatan i.e. Noticee 13 was holding 9,64,500 shares of Camson as on July 15, 2009 which amounts to 7.04% of total shareholding of the Company. Thereafter, on July 16, 2009, Sanatan had received shares from preferential allottees namely Mr. Ram Yadav (5,90,000 shares) and Mr. Veerendra Kumar Singh (3,35,200 shares) in physical form. In view of acquisition of shares, shareholding of Sanatan increased from 7.04% to 13.79% of total shareholding of the Company as on July 16, 2009. As shareholding of Sanatan had crossed 10% of total shareholding, it was required to make disclosure under Regulation 7(1) read with Regulation 7(2) of SAST Regulations to Company and BGSE on

or before July 20, 2009. It is observed that Sanatan has not made disclosure to the company & BGSE w.r.t. this transaction. It is, therefore, alleged that Sanatan has violated Regulation 7(1) read with Regulation 7(2) of SAST Regulations.

43. Further, this acquisition of shares has led to change in shareholding of Sanatan amounting to more than 2% change. As shareholding of Sanatan in the Company changed by more than 2%, it was required to make disclosure to the Company under Regulation 13(3) read with 13(5) of PIT Regulation within two working days. It is observed that Sanatan has not made the disclosures to the Company w.r.to this transaction. It is, therefore, alleged that Sanatan has also violated Regulation 13(3) read with Regulation 13(5) of PIT Regulations.

44. In light of abovementioned allegation of violation of Regulation 7(1) read with Regulation 7(2) of SAST Regulations and Regulation 13(1), Regulation 13(3) read with Regulation 13(5) of PIT Regulations read with Regulation 12(2) of PIT Regulations, 2015, if proved, Noticee 6, Noticee 12 and Noticee 13 will be liable for penalty under Section 15A(b) of SEBI Act. The text of the provision is being reproduced below-

SAST Regulations

Acquisition of 5% and more shares of a company

7(1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen percent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed.

(2) The disclosures mentioned in sub-regulations (1) and (1A) shall be made within two days-

(a) the receipt of intimation of allotment of shares; or

(b) the acquisition of shares or voting rights, as the case may be.

PIT Regulations

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

13(1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :—

(a) the receipt of intimation of allotment of shares; or

(b) the acquisition of shares or voting rights, as the case may be.

Continual disclosure

(3) Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company in Form C the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company.

45. With the enactment of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "**SAST Regulations, 2015**"), the SAST Regulations have been repealed. However, Regulation 35 of the SAST Regulations, 2011 gives validity to

the action under SAST Regulations, as if it has not been repealed. The text of said provision is as under-

SAST Regulations, 2011

Repeal and Savings.

35. (2) Notwithstanding such repeal,—

(b) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations has never been repealed;

46. Therefore, the Noticees are required to show cause as to why an inquiry should not be held against them in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15-I of the SEBI Act, 1992 and why penalty, if any, should not be imposed on them under the provisions of Section 15A(b) of the SEBI Act, 1992.

47. Your reply, along with supporting enclosures and documents, should reach the undersigned at the address mentioned below as well as through email at sureshm@sebi.gov.in within 15 (fifteen) days from the date of receipt of this Notice, failing which it shall be presumed that you have no submissions to make, in which case, the matter shall be proceeded with on the basis of material / facts on record. You may also indicate in your reply if you desire a personal hearing in the matter. You are also required to submit a copy of your PAN Card and your contact details (contact person, phone number, email details, fax etc.) for our records. Further, in

case there is any change in your address or contact details during the period of the current Adjudication Proceedings, the same may be brought to the notice of the Adjudicating Officer immediately.

Suresh B. Menon

Enclosures:

Annexure I- Communiqué dated August 31, 2017 for appointment of AO in the matter

Annexure II- Investigation Report.

Annexure III - BGSE letter dated January 08, 2016