BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO: Order/SBM/VS/2021-22/14386

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

In respect of:

Mr. Jamuna Prasad S/o. Mr. Kalpanath Prasad

Village-Barar, PO-Bhudakuda,

District-Chandauli, Uttar Pradesh-231304

In the matter of

Camson Bio Technologies Ltd.

FACTS OF THE CASE

1. Securities and Exchange Board of India ('**SEBI**') had conducted an investigation in the scrip of M/s Camson Bio Technologies Limited (hereinafter referred to as '**Camson'/ 'Company**') in connection with the funding by the company in connivance with its promoter entities for conversion of warrants (allotted on July 25, 2007) to shares (which were allotted to eighteen entities on January 24, 2009). A shareholder resolution was passed at the Extra Ordinary General Meeting ('EGM') of the shareholders of the company held on July 13, 2007, authorizing the Board of Directors of the Company to issue warrants convertible to equity shares within a period of eighteen months from the date of allotment of such warrants. Accordingly, the Board of Directors of the company had allotted convertible warrants on July 25, 2007. Thereafter, on January 24, 2009, the Board of Directors of the company had approved the preferential allotment of 39,00,000 equity shares (through the conversion of the aforementioned convertible warrants), to eighteen entities/preferential allottees. It was observed that out of the above shares, 32,16,370 shares were allotted to non-promoters and 6,83,630 shares were allotted to entities belonging to the promoter category of the company. Pursuant to the conversion of the warrants, the equity shares were listed on the Bangalore Stock Exchange ('**BGSE**') and was permitted to trade at Bombay Stock Exchange ('BSE') w.e.f March 25, 2009.

2. The investigation was conducted by SEBI based on an anonymous complaint dated January 12, 2011 that was received by SEBI in which the complainant *inter-alia* alleged that the company allotted shares on January 24, 2009 on conversion of the warrants mostly to employees and persons who

were not having the Permanent Account Number (PAN), bank account or any address proof. It was further alleged in the complaint that the funding in respect of the equity shares upon the conversion of warrants to shares was made from the account of the company and its promoter entities.

3. Pursuant to the investigation, it was observed that the consideration for the above issue of shares and the allotment of shares by the company of 38.13 lakh equity shares (out of 39 lakh equity shares) on January 24, 2009, was paid through rotation of funds amongst the company and the promoter connected companies. In this context, it is alleged that the company, its directors who were the signatories to the Annual Report of the company along with the preferential allottees of the company had connived with each other and adopted a fraudulent device and artifice to defraud other shareholders of the company. It is alleged that the allotment of shares pursuant to the conversion of the warrants was made by the company along with other promoter entities without any infusion of funds/consideration from the preferential allottees. It is further alleged that the preferential allottees were also persons/entities connected to the company.

4. It is alleged that Mr. Jamuna Prasad (hereinafter referred to as '**Noticee**'), who was one of the preferential allottee had connived with the company and its promoters and other entities, including the other preferential allottees in the alleged rotation of funds and adopted a fraudulent artifice/device in respect of the above mentioned preferential allotment of the company and in the process, the shareholders of the company were defrauded. From the investigations, it is also observed that the company had allotted shares to the Noticee in the said preferential allotment without obtaining his PAN details.

5. In view of the above observations/ findings brought out during the course of investigations, SEBI initiated adjudication proceedings against the Noticee under the provisions of section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for the alleged violation of the provisions of sections 12A(a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c), (d) and 4 (1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**') by the Noticee.

<u>APPOINTMENT OF ADJUDICATING OFFICER</u>

6. The undersigned was initially appointed as the Adjudicating Officer ('**AO**') in the matter vide *communique* dated August 31, 2017 to conduct the adjudication proceedings in the manner specified under rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating

Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') and impose such penalty, as deemed fit, upon the Noticee, in terms of rule 5 of the Adjudication Rules and section 15HA of the SEBI Act. Pursuant to the transfer of the undersigned to another department of SEBI, Dr. Anitha Anoop was appointed as the AO in the matter, vide order dated March 25, 2019. Subsequently, due to the transfer of Dr. Anitha Anoop, the undersigned was appointed as the AO in the matter, vide *communique* dated November 3, 2020.

SHOW CAUSE NOTICE, REPLY AND HEARING

7. Show Cause Notice ref. SEBI/HO/EAD/2544/2018 dated January 24, 2018 (hereinafter referred to as '**SCN**') was issued to the Noticee under the provisions of rule 4(1) of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against the Noticee and penalty be not imposed on him under the provisions of section 15HA of the SEBI Act for his alleged violation of the provisions of sections 12A(a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c), (d) and 4 (1) of the PFUTP Regulations The details in respect of the violation committed/ non-compliance by the Noticee in the aforesaid matter and as observed from the SCN are as under:
   a. *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.*
   b. *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*

S. No.	Name of the entity	PAN No.	Shares allotted	Amount received on subscription of warrants	Amount received on conversion of warrants
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**

c. *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.*

d. *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:*
   i. *A/c No: CBCA/01/930052, Corporation Bank.*
   ii. *A/c No: 114010200007047, Axis Bank.*

e. *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. It was observed from reply of BgSE that amount received on conversion of warrants was also credited to Company's bank account with Bank of Baroda.*

f. *It is observed that Ms. Geeta Singh (wife of Mr. Dhirendra Kumar, Director of the Company) and Mr. Karan Singh (son of Mr. Dhirendra Kumar) were holding 99.93% and 0.07% stake in M/s. Camson Farm Produce Pvt. Ltd. ('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 M/s. Sanatan Herbals and Naturals Ltd. ('Sanatan') for the financial year ending 2008-09. Hence, it was concluded that Camson Farm and Noticee were connected to Mr. Dhirendra Kumar.*

g. *On perusal of information received from BGSE and banks, it is observed that –*
   i. *M/s. Camson Farm Produce Pvt. Ltd. ('**Camson Farm**'), through its bank account no: CBCA/01/990012 maintained with Corporation bank, had transferred a total amount of*

₹2.50 crore on January 28, 2009 to bank account no: CBCA/01/930052 of the 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 ₹28.86 lakhs, ₹1.23 crore and ₹98 lakhs respectively.

ii. *On the same day i.e. January 28, 2009, the Company transferred the amount of ₹2.5 crore from its Corporation bank account to bank account no: 06650200000181 of Sanatan, maintained with Bank of Baroda.*

iii. *Out of ₹2.5 crore received from the Camson Farm, Sanatan purchased demand drafts aggregating to total amount of ₹2.47 crore on January 28, 2009 itself, from its Bank of Baroda account. The said demand drafts were deposited with the Company'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 ('**Noticee**') for amounts ₹100.92 lakhs, ₹74 lakhs, ₹44.84 lakhs, ₹18 lakhs and ₹9.4 lakhs respectively. Further, Sanatan had paid an amount of ₹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 the Noticee.*

iv. *Out of ₹2.47 crore received by the Company, on January 29 & 30, 2009, had transferred to Sanatan (Bank of Baroda a/c 06650200000181) amounting to ₹2.47 crore and ₹5.19 lakhs to Camson Farm's corporation bank account on February 05, 2009.*

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

h. *With regard to source of ₹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 ₹1 crore and ₹1.5 crore which were created on May 30, 2008 and June 03, 2008 respectively.*

i. *From the above, it is alleged that Camson Farm had transferred an amount of ₹2.5 crore to Sanatan, which were in turn used by Sanatan to fund the preferential allottees. The funds were ultimately transferred back by the Company to Camson Farm through Sanatan. It is further alleged that by virtue of such transactions, ₹2.50 crore was round tripped twice through Camson Farm and Sanatan to show that an amount of ₹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 ₹2.5 Crore, was shown as received against the shares allotted by way of round tripping transactions.*

Allegations regarding Fraudulent and Unfair Trade Practices

j. *It is further alleged that Camson, two of its directors, 8 preferential allottees, including the Noticee and the promoter connected* entities *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 has violated the provisions of sections 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.*

8. In response to the SCN, Mr. Santosh Nair (on behalf of the Noticee) vide his email dated February 27, 2018, *inter alia,* submitted the following:
    a. *The Noticee reside in Uttar Pradesh in a village called Baruat, which is very close to where Mr. Dhiren Kumar, the MD of Camson lived.*
    b. *Mr. Dhiren Kumar got in him to work with Camson in Bangalore as a labor looking after the cattle at the farm house.*
    c. *The Noticee and his wife was employed with the Company since 2004 and paid a salary of ₹1,500/- per month.*
    d. *The Noticee is in receipt of this SCN at his hometown in UP and he is completely unaware and clueless about the contents written in the SCN, which eventually he got someone to explain to him.*
    e. *On checking the same with few of his ex-colleagues at Camson, the Noticee understand that the Mr. Dhiren Kumar, MD, has used a similar modus operandi with many junior and gullible staff as well.*
    f. *The Noticee ungather that Mr. Dhiren Kumar has eventually get the junior officer to sign on a few documents and transferred the shares as well to his family accounts.*
    g. *The Noticee is a poor man, living on daily wages and have no idea about this whole episode and he is thoroughly surprised as to how Mr. Dhiren Kumar has done this in his name without his knowledge as he has not signed any document nor routed any money through his personal accounts.*
    h. *The Noticee submit that Mr. Dhiren Kumar has forged his signature and ended up doing tis fraudulent exercise and putting him and his family in deep trouble.*

9. In the interest of natural justice and in terms of the Adjudication Rules, the Noticee was provided with an opportunity of personal hearing in the matter on October 05, 2021, through the online webex platform, which was communicated to him vide notice of hearing dated September 01, 2021. On the scheduled date of hearing, neither the Noticee nor his Authorized Representative appeared on behalf of the Noticee. However, an email dated September 18, 2021 was received from the email ID of the Noticee (jamunaprasad0691@gmail.com) wherein Noticee reiterated the submissions made vide his reply dated February 27, 2018.

CONSIDERATION OF ISSUES AND FINDINGS

10. I have carefully perused the SCN, the submissions of the Noticee and also the documents on record. It is alleged that Noticee has connived with the Company, two of its directors, 7 other preferential

allottees and 2 promoter connected entities in the preferential allotment of the company by falsely showing to have received proper consideration from the allottees, which has defrauded the genuine shareholders of the company. It is therefore alleged that Noticee has violated the provisions of sections 12A (a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c), (d) & 4(1) of the PFUTP Regulations.

11. The Noticee has mentioned that he was employed with the company since 2004 as a daily wager, on a monthly salary of ₹1,500/- per month. The Noticee also mentioned that, in 2016, he quit the company due to non-payment of salaries by the company.

12. From the SCN, I note that the Noticee was allotted 2,40,940 shares on January 24, 2009 on conversion of the warrants. However, at the time of allotment, the PAN details of the Noticee was not obtained from him by the company and in this regard, the company had in its disclosure filed with BGSE, vide email dated November 28, 2011 stated that the Noticee is a farmer, hence does not have PAN card. In this regard, I note that the Company and its 2 directors were alleged to have violated the provisions of clause 13.1C of the Disclosure and Investor Protection Guidelines, 2000 and separate proceedings have been initiated by SEBI against the company and its two directors for allotting shares to the Noticee without obtaining PAN details.

13. I further note that, in the context of the present proceeding, an Order dated June 22, 2021 was also passed by WTM- SEBI under sections 11(1), 11(4), 11A and section 11B of the SEBI Act against the company and various persons/entities, including the Noticee for their violation of the provisions of SEBI Act and PFUTP Regulations. In the said order, I find that WTM-SEBI had disposed of the allegations levelled against the Noticee. On the issue of the violation of PFUTP Regulations and SEBI Act by the Noticee, which is also the alleged violation against the Noticee in the present proceedings, the relevant observation/findings of WTM-SEBI in his Order dated June 22, 2021 are as follows:

*"... 1.3 Pursuant to completion of investigation, a Show Cause Notice dated February 9, 2017 (and a Supplementary SCN dated April 10, 2017) (Collectively referred to as "**SCN**"), was issued to the following entities/Noticees:*

i. to x ......
*xi. Jamuna Prasad ("**Noticee no. 11**");*
...

3.13 I have also perused the bank account statement submitted by Noticee no. 11 to SEBI vide his reply dated October 18, 2017 i.e. State Bank of India Account no. 30725983629, which clearly indicates that during the period January 2009 onwards, he was earning a salary of around ₹6000. Further, it is also noted that Noticee no. 11 did not have a valid PAN.

3.14 Having regard to the aforementioned, I am inclined to extend the benefit of doubt to Noticee nos. 9, 10 and 11, in respect of the alleged violations of the SEBI Act and PFUTP Regulations, 2003.

...
ORDER:
10. I, in exercise of the powers conferred on me under Sections 11(1), 11(4), 11A and Section 11B of the SEBI Act and in the interest of investors, hereby direct as under:

I to iv ...

v. I hereby also dispose of the SCN dated February 9, 2017, against Sudha K., K. Ramaswamy, Jamuna Prasad and Sanatan Herbals and Naturals Limited without any further directions..."

14. I note that Noticee no. 11, which has been mentioned in the aforementioned Order of WTM-SEBI is also the Noticee in the context of the present proceeding. Therefore, on the basis of independent assessment of the facts and circumstances of the case, the material on record, and the allegations levelled against the Noticee in the SCN dated January 24, 2018, I am also in agreement with the conclusions drawn by WTM- SEBI against the Noticee in the aforementioned order. In view of the same, I am inclined to extend the benefit of doubt to the Noticee in respect of his alleged violation of the provisions of SEBI Act and PFUTP Regulations. In view of above, the adjudication proceedings initiated against the Noticee vide SCN dated January 24, 2018 is disposed of without any penalty.

ORDER

15. Therefore, from the above observations/findings and in exercise of the powers conferred upon me under section 15I of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby dispose of the Adjudication Proceedings initiated against the Noticee viz. Mr. Jamuna Prasad vide SCN dated January 24, 2018.

16. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to Securities and Exchange Board of India.

Date: November 26, 2021
Place: Mumbai

SURESH B MENON
ADJUDICATING OFFICER