BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/PB/UR/2023-24/28401-28400]

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

In respect of:

Jyoti Munver

(PAN: ALSPM2060P)

In the matter of *Aadhaar Ventures India Ltd.*

BACKGROUND OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted investigation in the scrip of Aadhaar Ventures India Limited (hereinafter referred to as "**AVIL**" or "**the Company**"), for the period July 1, 2014 to September 30, 2014 (hereinafter referred to as "**investigation period/ IP**").

2. During the course of investigation in the matter for alleged price manipulation in the scrip of AVIL, it was observed that various corporate announcements were made on BSE website during July - August 2014 by AVIL regarding acquisition of a company by AVIL in Africa and setting up an overseas subsidiary in Singapore. Therefore, a separate investigation was initiated to ascertain the possible violations of provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as "**PIT Regulations**") during the period of investigation July 1, 2014 to September 30, 2014. In this regards Investigation Authority (hereinafter referred to as "**IA**") appointed by SEBI sought information from Ms. Jyoti Munver (hereinafter referred to as "**Noticee/ you**") and

to examine on oath vide summons dated July 30, 2021 under Section 11 C (3) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**"), however no reply was received from the Noticee.

3. Based on the findings of the investigation, it was alleged that Noticee had violated section 11(2)(i) and section 11C(3) read with section 11C(2) of the SEBI Act.

4. Pursuant to the investigation, an Adjudication Order [Adjudication Order No. Order/JS/N./2022-23/18699-18702] dated August 29, 2022 was passed against 4 entities including the Noticee for violation of SEBI Act, erstwhile Listing agreement and PIT Regulations and accordingly penalty was imposed under the relevant provisions of the SEBI Act and Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCRA**").

5. Noticee preferred an appeal against the aforementioned adjudication order dated August 29, 2022 and the Hon'ble Securities Appellate Tribunal ("**SAT**"), vide its Order dated April 26, 2023, in appeal no. 311 of 2023, held:

"…3…..The ground urged is that the appellant was never served with a show cause notice. In this regard, a reply has been filed and, from a perusal of the reply, we find that no proof has been submitted by the respondent to show that the show cause notice was served. The proof that has been filed is an affixation notice regarding the notice for hearing.
4. In our opinion, this is not sufficient proof of service. Until and unless the show cause notice is served the entire proceedings is violative of the principles of natural justice. On this ground the impugned order insofar as it relates to the appellants is quashed. The appeal is allowed. The matter is remitted to the AO to pass a fresh order in accordance with law after serving the show cause notice and after providing an opportunity of hearing.
5. In this regard, the appellant shall appear before the AO on 10th May, 2023 on which date the appellant will be served with the show cause notice and the matter will proceed thereafter in accordance with law. Misc. application no.346 of 2023 is accordingly disposed of."

6. Thus, Hon'ble SAT, remitted and remanded back the matter on the grounds that Noticee was not served with the SCN and further Hon'ble SAT directed that the Noticee shall be served with SCN on 10^{th} May 2023.

APPOINTMENT OF ADJUDICATING OFFICER

7. Subsequent to the aforesaid Hon'ble SAT order, the undersigned was appointed as Adjudicating Officer (hereinafter referred to as "**AO"**) under sub-section 1 of section 15-I of the SEBI Act read with section 19 of SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and imposing penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') conveyed vide communique dated May 03, 2022 to inquire into and adjudge under the aforesaid alleged violations against the Noticee, and if satisfied that the Noticee is liable, impose such penalty as deemed fit in terms of rule 5 of Adjudication Rules and section 15A(a) of the SEBI Act.

SHOW CAUSE NOTICE

8. A common show cause notice dated October 28, 2021 (hereinafter referred to as "**SCN**") was issued to the Noticee and 3 other entities under rule 4 of the Adjudication Rules read with sub-sections (1) and (2) of section 15-I of the SEBI Act and rule 4 of the Securities Contracts (Regulation) (Procedure For Holding inquiry And Imposing Penalties) Rules, 2005 (hereinafter referred to as "**SC(R) Rules**") read with sub-sections (1) and (2) of section 23-I of the SCRA to show cause as to why an inquiry should not be initiated against them and why penalty should not be imposed under the relevant provisions of the SEBI Act and SCRA for the alleged violations.

9. In the said SCN, it was alleged that AVIL made the following major corporate announcements to the Bombay Stock Exchange (hereinafter referred to as "**BSE**"), during the period of investigation:

Sr.No.	Date and Time	Announcement/News
1.	26/07/2014 15:04:08 (BSE)	AVIL informed BSE that a meeting of the Board of Directors of the company will be held on August 01, 2014, to consider the proposal of overseas acquisition by the company in Africa.
2.	01/08/2014 13:18:49 (BSE)	AVIL informed BSE that Board of Directors of the company at its meeting held on August 01, 2014, had approved the following: 1. To acquire an ongoing agriculture company in Zambia (Africa), subject to shareholders' approval and Legal Due Diligence.

Sr.No.	Date and Time	Announcement/News
		2. To appoint a leading Global Management Consultancy firm for Due Diligence.
3.	08/08/2014 13:22:35(BSE)	AVIL informed BSE that a meeting of the Board of Directors of the company will be held on August 14, 2014, to consider the setting up of a wholly owned subsidiary company in Singapore, subject to all legal permissions.
4.	14/08/2014 13:21:54(BSE)	AVIL informed BSE that the Board of Directors of the company at its meeting held on August 14, 2014, had decided to form a company based in Singapore as a wholly owned subsidiary company subject to all prevailing legal provisions and sanctions.

10. The SCN also noted that in order to ascertain the timeline of events related to corporate announcements, information was sought from the company/its directors and the promoters with regard to the aforementioned announcements made in the stock exchange. The details of correspondence held with the Noticee during the period of investigation is as follows:

Sl.	Letter/ Summon Date	Last date to submit reply	Details sought	Proof of Delivery	Reply Received
1	03/09/2018	14/09/2018	Enclosed copies of letter dated 07/08/2018	Letter returned undelivered with remark "left"	No
2	07/06/2019	20/06/2019	Enclosed copies of letter dated 07/08/2018 and 03/09/2018	Letter returned undelivered.	No
3	28/02/2020	06/03/2020	Summons dated 28/02/2020 issued seeking information on corporate announcement dated 26/07/2014 with regard to proposal of overseas acquisition by AVIL in Africa.	Duly signed Acknowledgment card for delivery received back and India post acknowledgment-track consignment Item delivered.	No.

Sl.	Letter/ Summon Date	Last date to submit reply	Details sought	Proof of Delivery	Reply Received
			Chronology of events starting from the BOD meeting to be held on 01/08/2014. Corporate announcement dated 08/08/2014 BOD to be held on 14/08/2014 with respect to approval of setting up of wholly owned subsidiary company in Singapore. It's chronology of events. Details of person including promoter/ directors/ employees and or any other person who are having access to and or in possession of the said information.		
4	06/03/2020	13/03/2020	Reminder to the summons dated 28/02/2020	Speed Post AD- Not available.	No
5	13/03/2020	13/03/2020	Reminder to the summons dated 28/02/2020 and 06/03/2020	Duly signed Acknowledgment card for delivery received	No

Sl.	Letter/ Summon Date	Last date to submit reply	Details sought	Proof of Delivery	Reply Received
6	13/01/2021	20/01/2021	Last and Final Reminder Summons.	Speed post/AD. Letter returned undelivered with stated reason "Refused"	No

11. As explained above, from the period September 2018 to January 2021, several letters, summons, reminder summons, were, *inter alia,* issued to the Noticee as per the available correspondence' addresses. However, even after granting several opportunities, Noticee failed to provide the required information to proceed further in the matter to analyze the potential insider trading violations in the scrip of AVIL during the period of investigation.

12. Thus, it was alleged that, Noticee failed to provide the requisite information sought by the IA vide various summons explained above which hampered the investigation in the matter resulting in the violation of the section 11 (2)(i) and section 11C (3) read with section 11C (2) of the SEBI Act.

DELIVERY OF THE SCN, REPLY, HEARING AND SUBMISSIONS:

13. It is noted that Hon'ble SAT vide its order dated April 26, 2023 remitted the matter and further directed to serve the SCN on 10th May 2023 and proceed therefore in accordance with law. In this regard, vide email dated 10 May 2023, Noticee was called upon to serve the SCN dated October 28, 2021. Vide email dated May 10, 2023, Authorized Representative (hereinafter referred to as "**AR**") of the Noticee, R V Legal requested the SCN to be served on a new address, the hard copy of which was delivered on May 13, 2023.

14. Vide email dated June 22, 2023, Noticee submitted her reply to the SCN. The submissions made by the Noticee are summarized as below:

    a) Noticee submitted that she was a Non-Executive, Independent Director in AVIL, formerly known as Prraneta Industries Ltd and therefore prima facie liability to provide the information sought for does not lie qua the Noticee as she was not involved in day-to-day activities of AVIL and she was not equipped with such information which was sought by way of summons. In this regard, Noticee relied upon the order of Hon'ble SAT in the matter of of Pravin N. Gala V. SEBI (Appeal No. 368 of 2018, decided on 10.10.2019).

b) Noticee submitted that the present SCN is issued pursuant to Hon'ble SAT Order dated 26.04.2023. The Noticee stated that SCN in present matter has been issued with an inordinate and unreasonable delay of 9 years, it standalone is a sufficient ground to set aside the impugned SCN. In this regard, Noticee relied upon the orders of Hon'ble Supreme Court and Hon'ble SAT in the matters of Libord Finance Ltd. vs. SEBI (2008 86 SCL 72 SAT), Ashlesh Gunvantbhai Shah vs. SEBI (Appeal No. 169 of 2019, dated 31.01.2020) and Rakesh Kathotia vs. SEBI (Appeal No. 7 of 2016, dated 27.05.2019). In light of aforementioned orders, Noticee contended that SCN has been issued with an unreasonable, unjustifiable and inordinate delay of more than 9 years and therefore the SCN qua the Noticee is liable to be quashed.

c) Noticee submitted that the only document which was received by her was reminder of Summons dated 13th March 2020. Noticee further submitted that when she received the aforesaid reminder, immediately she tried to contact officers of the company and asked for the details sought for by the SEBI. Thereafter, strict lockdown during the COVID pandemic was imposed and the summons inadvertently remained unanswered and it was misplaced due to shifting to new house.

d) Noticee submitted that the captioned SCN does not spell out any role or involvement or knowledge on the part of Noticee and therefore the Noticee cannot be subjected to section 27 of the SEBI Act and for this reason the allegation made in the SCN has no leg to stand. In this regard, Noticee relied upon the order of Hon'ble SAT in the matter of Adesh Jain v. SEBI (Appeal No. 217 of 2020, decided on 19.11.2020).

e) Noticee submitted that there was no substantial movement in the price of the scrip owing to the corporate announcement dated August 1, 2014 and August 14, 2014 and same was observed by the SEBI in earlier order dated August 29, 2022. However, said order has been set aside qua the Noticee.

f) Noticee submitted that no trade was executed by her in the scrip during the investigation period and therefore she did not get any profit out of alleged corporate announcements.

g) Noticee submitted that accounts of AVIL were prepared and audited on a going concern basis and therefore all the material records are publicly available in public domain. Thus, to now put allegation on an Independent Director for not replying the summons are not justifiable and out of place.

h) Noticee submitted that the responsibility to make disclosure lies on AVIL and its key managerial person, the reply in this matter was filed by AVIL and if SEBI is not satisfied with reply, in that case it would be AVIL against whom any proceeding could be initiated and hence proceeding against the Noticee be dropped. In this regard, Noticee relied upon Section 25 (5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which states that;

"....(5) An independent director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his/her knowledge, attributable through processes of board of directors, and with his/ her consent or connivance or where he/she had not acted diligently with respect to the provisions contained in these regulations."

i) Noticee submitted that she has not made any disproportionate gain or gained any unfair advantage, whether quantifiable or otherwise. Further, no loss has been caused to any investor or group of investors as a result of the alleged wrong.

j) Noticee submitted that the alleged violation has not resulted in any harm or loss to the securities market. In this regard, she relied upon the order of the Hon'ble Supreme Court in the matter of M/s Hindustan Steel Ltd. v. State of Orissa, wherein the Apex court has held that a penalty should not be imposed for the sake of it and should be utilized to achieve a specific purpose, rather than as an end in itself and therefore she submitted that she should be discharged in totality.

15. Pursuant to delivery of the SCN, Noticee was granted an opportunity of hearing on June 22, 2023, however the AR of the Noticee did not appear for the said hearing and sought adjournment. In the interest of principles of natural justice, Noticee was granted another opportunity of hearing on June 23, 2023. The AR of the Noticee appeared for the hearing scheduled on June 23, 2023 on the scheduled time and the minutes in this regard are on record.

16. During the course of the hearing, the AR reiterated the submissions made vide email dated June 22, 2023 and submitted that only summons dated March 13, 2020 was received by her, however it was pointed out during the course of hearing that summons dated February 28, 2020 was also received by the Noticee, the veracity of which was confirmed by the

delivery status as received from Indian Post. The AR also sought time till June 26, 2023 to file additional submissions. Vide letter dated June 27, 2023, Noticee submitted her additional submissions, which are summarized as below:

i) Noticee submitted that, the summon dated 13th March 2020, is the only document which was received by her. On receiving the aforesaid reminder, the Noticee immediately tried to contact officers of the company and asked for the details sought by SEBI. Thereafter, strict lockdown during the COVID pandemic was imposed and inadvertently the summons remained unanswered and it was misplaced due to shifting to new house.

ii) Noticee submitted that summons dated 28th February 2020 was never received by her. Further, she submitted that she did not refuse to receive any summons, and at that time Noticee and her family members were residing at her new address and no one was residing at the address where summons were served.

iii) Noticee submitted that even if the summons were delivered to her, she was not in a position to answer the information sought by SEBI since, she was not equipped with such information and she had taken all the necessary steps to collect the information from AVIL, she asked for the information from the officers of AVIL. However, the Noticee did not receive any information from AVIL.

CONSIDERATION OF ISSUES AND FINDINGS

17. I have carefully perused the charges levelled against the Noticee in the SCN, her replies and the documents available on record. The issues that arise for consideration in the instant matter are:

Issue no. 1: Whether Noticee has violated the provisions of sections 11 (2)(i) and 11C (3) read with section 11C (2) of SEBI Act by non-compliance of summons issued by the IA, SEBI?

Issue no. 2: Does the violation, if any, on the part of the Noticee attract penalty under section 15A(a) of the SEBI Act?

Issue no. 3: If so, what would be the monetary penalty that can be imposed against the Noticee taking into consideration the factors mentioned in section 15J of the SEBI Act?

18. Before moving forward, the relevant provisions of law allegedly violated by the Noticee and as mentioned in the SCN are reproduced below :-

SEBI Act
"Functions of Board.
11. *(1) …*
(2) …
(i) calling for information from, undertaking inspection, conducting inquiries and audits of the stock exchanges, mutual funds, other persons associated with the securities market,
intermediaries and self-regulatory organisations in the securities market;

…"

"Investigation.
11C. *(1) …*

(2) Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.
(3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.
…"

Preliminary Objections –:

Delay:

19. Before proceeding with the matter on merits, I would first deal with the contention of delay in issuance of the SCN which was raised by the Noticee. Noticee submitted that SCN in present matter has been issued with an inordinate and unreasonable delay of 9 years. In this regard, I note that the present proceedings were initiated pursuant to the order of Hon'ble SAT, whereby the learned tribunal remanded back the matter to pass a fresh order in accordance with law. The captioned matter was remitted on the grounds of non-delivery of the SCN dated October 28, 2021. The investigation and further investigation in the scrip of AVIL for the period July 01, 2014 to September 30, 2014 was initiated in the third quarter

of 2017. The IA was then appointed on November 28, 2017. The investigation in the matter was initiated pursuant to reference received from the Principal Director of the Income Tax vide letter dated February 10, 2015, alleging certain entities including AVIL generating Long Term Capital Gains. The IA for the purposes of investigation sought the information from exchanges (regarding trade/order log and UCC data) and from depositories (regarding off-market data). Further, the IA sought information from AVIL and other entities suspected to be involved in insider trading including the Noticee. Several reminders were sent to the respective entities to gather the information which is a time consuming process. Subsequent to receiving the said information, analysis of all the data, investigation was done which is a cumbersome process. Pursuant to that, action was approved on July 12, 2021 and the AO was appointed on August 08, 2021. As has been seen above, from the point of approval of investigation in the matter till the approval of action and appointment of AO, the time of 4 years elapsed in the investigation due to collating of data from Market Infrastructure Institutions and other entities including the Noticee. Several reminders were sent to many entities relating to AVIL, however the information, data sought was not provided by all the entities including the Noticee which hampered the process of investigation and thus delayed the process of investigation. Data was also sought from other market enablers/constituents which is a time consuming process. Further, detailed examination of data was done, pursuant to which investigation report was prepared in the matter. Thereafter the SCN was issued on October 28, 2021. Considering the time taken for examination and analysis of documents from large number of entities and to complete the investigation, I do not find that there is inordinate delay in issuance of the SCN. In this regard, I am inclined to rely upon the decision of Hon'ble SAT in the matter of **Bipin R Vora vs SEBI**, dated 22 March, 2006, which held that,

"As regards the plea of delay and latches and submission that the show cause notice is barred by limitation, I do not find any merit in these contentions as the time and efforts involved in an investigation though may vary from case to case, generally investigations per-se is a time consuming process which invariably involve collection, scrutiny and careful examination of voluminous records/ order-trade details of all the concerned including the exchanges/recording of statements etc. and therefore no time limit can be fixed in this regard to enable a regulator to take appropriate disciplinary action for the safeguard and improvement of the system/market".

The Hon'ble SAT in the matter of **M/s Adamina Traders P. Ltd**(Appeal No. 331/2020) decided on December 15, 2021 held that

"We find that the trades in question are of the year 2013. The show cause notice was issued on September 28, 2017 by the WTM and January 18, 2018 by the AO. We do not find any evidence to hold that there was an inordinate delay in the issuance of the show cause notice. This contention is accordingly rejected."

Thus, I conclude that there is no merit in the preliminary objections made by Noticee regarding the delay in issuance of SCN in the instant proceedings.

20. Now I shall proceed to deal with the allegations levelled against the Noticee in the SCN, the submissions made by the Noticee and record my observations/findings in the following paragraphs.

Issue no. 1: Whether Noticee has violated the provisions of sections 11 (2)(i) and 11C (3) read with section 11C (2) of SEBI Act by non-compliance of summons issued by the IA, SEBI?

21. SEBI conducted an investigation in the matter after it received reference from Principal Director of Income Tax, Ahmedabad and after SCORES complaints were received against AVIL. In this regard, investigation for the alleged price manipulation in the scrip of AVIL was initiated. It was observed that various corporate announcements were made by AVIL on BSE website during July - August 2014 regarding acquisition of a company by AVIL in Africa and setting up an overseas subsidiary in Singapore. Therefore, a separate investigation was initiated to ascertain the possible violations of provisions of PIT Regulations.

22. It was observed that after the announcement on July 26, 2014 at 15:04:08 that a meeting of the Board of Directors of the company will be held on August 01, 2014 to consider the proposal of overseas acquisition by the company in Africa, on the next working day i.e. July 28, 2014, the scrip opened and closed at Rs. 0.55, as against the previous day's close of Rs. 0.53, i.e. an increase by 3.77% on close to close basis. Again on August 01, 2014, after AVIL made an announcement at 13:18:49, inter alia, that the Board of Directors has decided to acquire an ongoing agricultural company in Zambia (Africa), the price of the

scrip closed at Rs. 0.61 as against previous day's close of Rs. 0.59, i.e. an increase by 3.39% on close to close basis. Further, on the next day, the scrip opened at Rs. 0.63 and closed at Rs. 0.64, thus further increase of 4.92% on close to close basis.

23. Further, it was observed that after the announcement made on August 08, 2014 at 13:22:35 that a meeting of the Board of Directors of the company will be held on August 14, 2014 to consider the setting up of a wholly owned subsidiary company in Singapore, the scrip closed at Rs. 0.74 as against the previous day's close price of Rs. 0.71, i.e. an increase by 4.23% on a close to close basis. Further, on the next day, the scrip opened and closed at Rs. 0.77, thus further increase of 4.05% on a close to close basis. Again on August 14, 2014 after AVIL made an announcement at 13:21:54, inter alia, that the company has decided to form a company based in Singapore as a wholly owned subsidiary company, the price of the scrip closed at Rs. 0.88 as against previous day's close of Rs. 0.84, i.e. an increase by 4.76% on a close to close basis. Further, on the next day, the scrip opened and closed at Rs. 0.92, thus further increase of 4.55% on a close to close basis.

24. However, AVIL failed to provide any information on the said corporate announcements. It is observed from the Annual Report for the years 2014-15 and 2015-16, that there were no major announcements/ update with regard to any overseas acquisition and the Company does not have any subsidiaries, joint ventures and associate companies. It is also observed from the recent annual report for the year 2019-20 that AVIL does not have any holding, subsidiary or associate company. Further, it is observed that no subsequent update regarding acquisition of company in Africa by AVIL i.e. name of the company they are acquiring, mode of acquisition/ material development and setting up an overseas subsidiary in Singapore was observed under the corporate announcements of BSE in the subsequent years.

25. If the acquisition of a company by AVIL in Africa and setting up an overseas subsidiary in Singapore by AVIL did not materialise, it would have an impact on the performance/ operations of the company and such price sensitive information should have been given by AVIL to the stock exchange and disseminated on a continuous and immediate basis. However, the Company did not make any such disclosures pertaining to withdrawal or cancellation of these announcements.

26. Investigation was done into the non-compliances as seen above and into fraudulent, manipulative practices and insider trading employed by the entities. Vide summons under Section 11C(3), information was sought from the Noticee by the IA, on the following:

    a) On corporate announcement dated July 26, 2014 with regard to proposal of overseas acquisition by AVIL in Africa.

    b) Chronology of events starting from the Board of Directors meeting to be held on August 01, 2014.

    c) Corporate announcement dated August 08, 2014 that the Board of Directors meeting to be held on August 14, 2014 with respect to approval of setting up of wholly owned subsidiary company in Singapore and its chronology of events.

    d) Details of persons including promoters/ directors/employees and or any other persons who are having access to and or in possession of the said information.

    e) Details of entities who were privy to the Unpublished Price Sensitive Information (hereinafter referred to as "**UPSI**"), the details of persons who had access to and/or in possession of the UPSI. All the above information were necessary for the investigation, to analyse whether such corporate announcements had been done so as to mislead the investors about the market depth in the scrip of AVIL by adding significantly to the liquidity displayed and any violation of the provisions of the PIT Regulations.

27. The details and delivery of summons seeking the information above, sent to the Noticee is tabulated below:

Sl.	Letter/ Summon Date	Last date to submit reply	Details sought	Proof of Delivery	Reply Received
1	03/09/2018	14/09/2018	Enclosed copies of letter dated 07/08/2018	Letter returned undelivered with remark "left"	No
2	07/06/2019	20/06/2019	Enclosed copies of letter dated 07/08/2018 and 03/09/2018	Letter returned undelivered.	No
3	28/02/2020	06/03/2020	Summons dated 28/02/2020 issued seeking information on corporate announcement dated 26/07/2014 with regard to proposal of overseas acquisition by AVIL in Africa. Chronology of events starting from the BOD meeting to be held on dated 01/08/2014. Corporate announcement dated 08/08/2014 BOD to be held on 14/08/2014 with respect to approval of setting up of wholly owned subsidiary company in Singapore. It's Chronology of events. Details of person including promoter/ directors/ employees and or any other persons who are having access to and or in	Duly signed Acknowledgment card for delivery received back and India post acknowledgment-track consignment Item delivered.	No.

Sl.	Letter/ Summon Date	Last date to submit reply	Details sought	Proof of Delivery	Reply Received
			possession of the said information.		
4	06/03/2020	13/03/2020	Reminder to the summons dated 28/02/2020	Speed Post AD-Not available.	No
5	13/03/2020	13/03/2020	Reminder to the summons dated 28/02/2020 and 06/03/2020	Duly signed Acknowledgment card for delivery received	No
6	13/01/2021	20/01/2021	Last and Final Reminder Summons.	Speed post/AD. Letter returned undelivered with stated reason "Refused"	No

28. From the above, I note that out of 6 instances, wherein Summons/reminders were sent, in 3 instances summons/reminders were either delivered or the delivery was refused.

29. Section 11(2)(i) read with section 11C(3) of SEBI Act, inter alia, empowers the IA to require any person associated with securities market in any manner to furnish such information as it may consider necessary if furnishing of such information is relevant or necessary for the purposes of its investigation. Further, section 11C(2) of SEBI Act, inter alia, provides that it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.

30. As explained above, the Noticee was issued summons seeking information with regard to chronology of events related to the corporate announcements, details of entities who were privy to the UPSI, the details of persons who had access to and/or in possession of the UPSI. The nature of the information suggests that this information was available only with the Noticee and that such information could not have been procured from any other source. Non-receipt of the information by the IA has delayed the investigation and its subsequent process which was detrimental to the investigation in general.

31. Non submission of the requisite information has adversely affected the investigation process. In this context, it is also important to refer to the judgment of the Hon'ble SAT in the matter of **Mr. Jalaj Batra vs. SEBI** (Appeal no. 184 of 2010, date of decision dated December 06, 2010) wherein it observed:

"......We have observed time and again that it is of utmost importance that market players like the appellant should fully cooperate with the investigations that are carried out by the Board, the watchdog of the securities market. If market players and intermediaries avoid appearing before the investigating officer or furnish the necessary information sought from them, the Board as a market regulator will not be able to carry out its statutory functions and duties of protecting the integrity of the securities market and the investigations would be grossly hampered. Non co-operation with the market regulator has to be viewed seriously. We do not know what else would have come to light if the appellant had appeared before the investigating officer or if he had furnished the requisite information that was sought from him."

32. Further, the Hon'ble SAT in Appeal No.95/04 in **Mayfair Paper & Board Pvt. Ltd. vs SEBI** dated August 09, 2004, observed that failure to furnish information to the Investigating Authority of SEBI shall attract the penalty prescribed under section 15A of the SEBI Act 1992.

33. Hon'ble Supreme Court in **SEBI vs. Bhavesh Pabari** (Civil Appeal No(S).11311 Of 2013) dated February 28, 2019, held that:

"……Adjudicating Officer had, therefore, rightly recorded that non-compliance of summons had hampered the further course of investigation. The failure was without any justification. Agreeing with the said findings, the Appellate Tribunal has observed that details were withheld with a view to delay the investigation being conducted by SEBI to the detriment of investors from whom funds were collected by the appellants in contravention of CIS Regulations.

We do not find any fault with the reasoning given. We are of the opinion that the fault squarely lied with the appellants and, thus, penalty of Rs.1,00,00,000/- (Rupees one crore only) for violation of Section 11C(3) under Section 15A(a) of the SEBI Act does not call for any interference"

34. Hon'ble SAT in **Concord Realty Private Limited Vs. SEBI** (Appeal No. 22 of 2016) dated July 14, 2016, observed:

"….9. As regards the penalty of Rs. 2,00,000 imposed for violating section 11C(3) and Rs. 2,00,000 for violating section 11C(5) of the SEBI Act it is not in dispute that the appellant had failed to furnish all particulars sought in the summons issued against the appellant and that the appellant had failed to appear inspite of receiving the summons. Counsel for the appellant, however, submitted that in the present case, inadvertently the date of summoning was mistaken to be the date before which the letters, documents were to be filed with SEBI and accordingly it is submitted that it is not a fit case for imposing penalty on the ground the appellant has violated section 11C(3) and section 11C(5) of the SEBI Act. 10. Once it is established that there is failure to furnish requisite particulars called for and there is failure to appear before the concerned officer of SEBI as per the summons issued to the appellant, it obviously means that there is violation of section 11C(3) and section 11C(5) of SEBI Act. Penalty for such violations under section 15A(b) of the SEBI Act is Rs. 1 lakh per day subject to a maximum of Rs. 1 crore. Thus as against the penalty

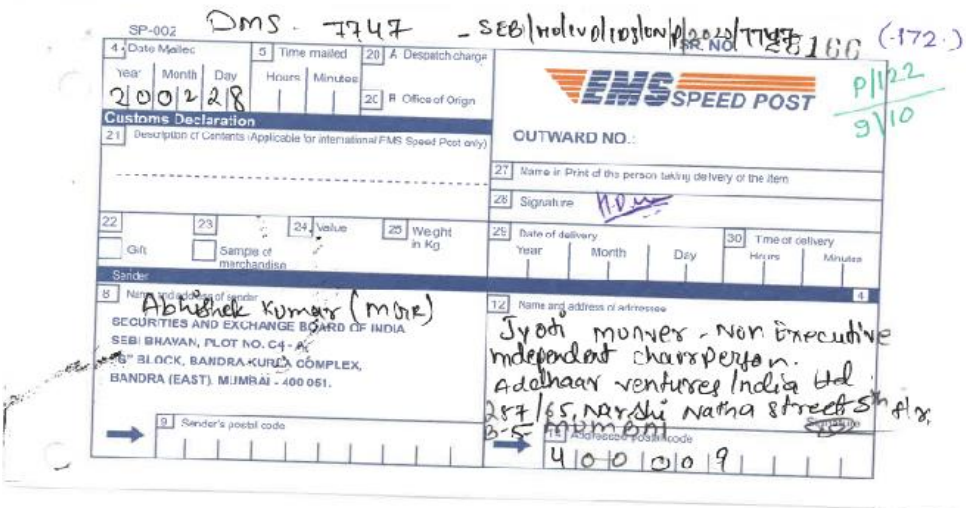
of Rs. 1 crore imposable for violating section 11C(3) and penalty of Rs. 1 crore imposable for violating section 11C(5), the AO of SEBI after considering all mitigating factors has imposed penalty of Rs. 2 lakh for violating section 11C(3) and Rs. 2 lakh for violating section 11C(5) of SEBI Act which cannot be said to be unreasonable and excessive. Accordingly, the penalty imposed for violating section 11C(3) and 11C(5) is upheld."

35. Noticee submitted that she was a Non-Executive, Independent Director in AVIL, formerly known as Prraneta Industries Ltd and therefore prima facie liability to provide the information sought for does not lie qua the Noticee as she was not involved in day-to-day activities of AVIL and she was not equipped with such information which was sought by way of summons. In this regard, I would like to rely upon the order of Hon'ble SAT in the matter of **Ravindra Deshpande V/s SEBI** (Appeal No. 553 of 2021, dated 31.08.2021), wherein if was held as follows:

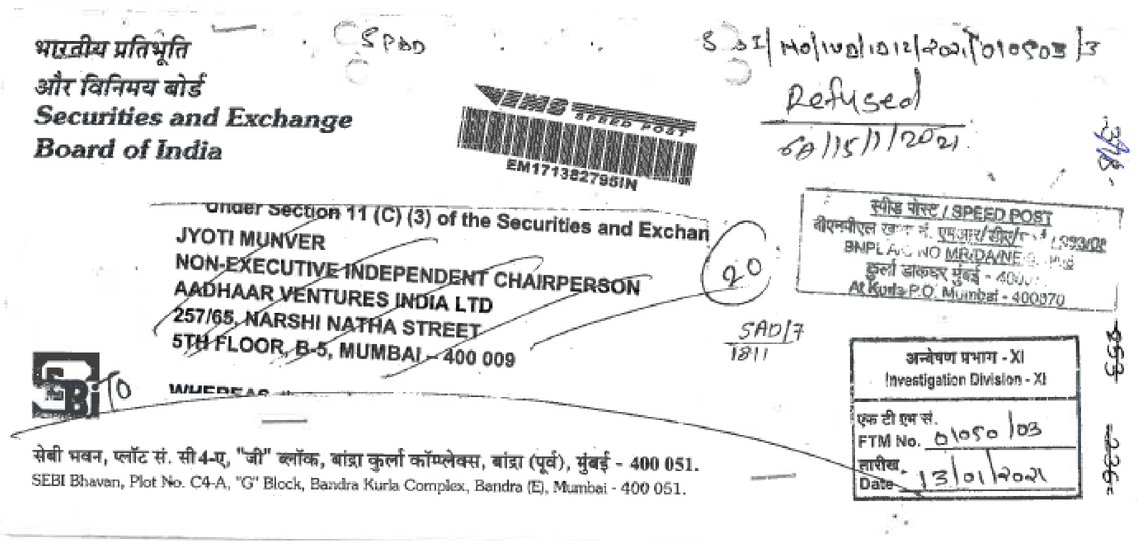
"....8. Before us the learned counsel also did not give any explanation as to why such information could not be furnished to the investigating authority. The only ground urged was that he was an independent director for a short period of six and half months and during this period no major announcement was made by the Company. The learned counsel contended that with regard to the off market transactions separate proceedings were initiated by the AO in which a penalty has been imposed upon him and therefore no further penalty could be imposed by the AO in these proceedings. Having heard the learned counsel for the appellant we find that charge in the present proceedings relates to non-furnishing of information as desired by the investigating authority which having not been furnished was violative of the provisions of Section 11C(2) and 11C(3) of SEBI Act. Admittedly, the information sought with regard to the transactions made by the appellant and the disclosures which was required to be made to the Company and to the Stock Exchange and the names of the counter parties before the transactions were not provided. Since the desired information was not supplied by the appellant, the AO was justified in imposing a penalty of Rs. 2 lakh for violation of Section 11C(2) and 11C(3) of the SEBI Act.

36. Noticee submitted that summons dated 28th February 2020 was never received by her. Further, she submitted that she did not refuse to receive any summons, and at that time Noticee and her family members were residing at her new address and no one was residing

at the address where summons were served. In this regard I note from the tracking acknowledgement as attached below that the summons dated 28th February 2020 were delivered to the Noticee.


SP-002 DMS - 7747 - SEBI/HO/EVD/EO/SWPD/2020/7747 PR NO 28166 (172)
4 Date Mailed: Year Month Day 2 0 0 2 2 8 | 5 Time mailed: Hours Minutes | 20 A Despatch charge | 20 B Office of Origin
EMS SPEED POST
P/1/22 9/10
Customs Declaration
21 Description of Contents (Applicable for international EMS Speed Post only)
OUTWARD NO.:
27 Name in Print of the person taking delivery of the item
28 Signature
22 Gift | 23 Sample of merchandise | 24 Value | 25 Weight in Kg
29 Date of delivery: Year Month Day | 30 Time of delivery: Hours Minutes
Sender
8 Name and address of sender: Abhishek Kumar (MGR)
SECURITIES AND EXCHANGE BOARD OF INDIA
SEBI BHAVAN, PLOT NO. C4-A
"G" BLOCK, BANDRA-KURLA COMPLEX,
BANDRA (EAST), MUMBAI - 400 051.
9 Sender's postal code
12 Name and address of addressee: Jyoti Munver - Non Executive Independent Chairperson. Adhaar ventures India Ltd. 257/65, Narshi Natha street 5th flr, B-5, Mumbai
13 Addressee's postal code 4 0 0 0 0 9

Further, I note that not only did Noticee receive the summons dated February 28, 2020, she also refused to take the delivery of the last and final reminder of the summons dated January 13, 2021. The details of which is annexed below:


भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India
SPAD
EMS SPEED POST
EM171382795IN
Refused
Under Section 11 (C) (3) of the Securities and Exchan
JYOTI MUNVER
NON-EXECUTIVE INDEPENDENT CHAIRPERSON
AADHAAR VENTURES INDIA LTD
257/65, NARSHI NATHA STREET
5TH FLOOR, B-5, MUMBAI - 400 009
स्पीड पोस्ट / SPEED POST
BNPL A/C NO MR/DA/NE
At Kurla P.O. Mumbai - 400070
अन्वेषण प्रभाग - XI
Investigation Division - XI
एफ टी एम सं. FTM No. 01050/03
तारीख Date 13/01/2021
सेबी भवन, प्लॉट सं. सी4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

Thus, the aforesaid contention of Noticee is without merits.

37. Noticee submitted that, the summon dated 13th March 2020, is the only document which was received by her. On receiving the aforesaid reminder, the Noticee immediately tried to contact officers of the company and asked for the details sought by SEBI. Thereafter, strict lockdown during the COVID pandemic was imposed and inadvertently the summons remained unanswered and it was misplaced due to shifting to new house. In this regard, I note that the letters/summons seeking information from the Noticee were sent on 6 instances, out of which in 3 instances it was delivered or refused. The summons dated February 28, 2020 and reminder to summons dated March 13, 2020 were sent to Noticee before the start of Covid-19 lockdown i.e. March 25, 2020. It was clearly intimated to the Noticee that under section 11C (3) of the SEBI Act, failure to furnish information may make Noticee liable for proceedings in terms of section 15I of the SEBI Act. Noticee had further submitted that she immediately tried to contact officers of AVIL and asked for the details sought by SEBI, however no documentary evidence has been produced by the Noticee to substantiate her claims. I note that Noticee has attributed her non submission of documents to the Covid-19 pandemic, however I find the explanation provided by the Noticee is unsatisfactory and further Noticee herself has accepted the receipt of summons dated March 13, 2020. Thus, I do not find merits in the aforesaid contention of the Noticee.

38. Given the above, there is no hesitation to hold that the Noticee has violated the provisions of section 11 (2)(i) and section 11C (3) read with section 11C (2) of the SEBI Act by not complying with the summonses issued thereunder.

Issue No. II: If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15A(a) of the SEBI Act, 1992?

39. The aforesaid violation of sections 11 (2)(i) and 11C (3) read with 11C (2) of SEBI Act by the Noticee attracts penalty under section 15A(a) of SEBI Act and the relevant extract of section 15A reads as under:

*"**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,-

(a) to furnish any document, return or report to the Board, fails to furnish the same, 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."

40. The Hon'ble Supreme Court of India in the matter of **SEBI vs. Shri Ram Mutual Fund** (68 SCL 216(SC)**)** dated May 23, 2006, *interalia* held "*once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established then the penalty is to follow."*

41. I am convinced that it is a fit case for imposition of monetary penalty on the Noticee under the provisions of section 15A(a) of the SEBI Act.

Issue No. III: If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act?

42. While determining the quantum of penalty under section 15A(a) of SEBI Act, it is important to consider the factors as stipulated in section 15J of the SEBI Act which reads as under:

15J. *While adjudging quantum of penalty under [15-I or section 11 or section 11B, the Board or 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 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*.]

43. I find that the investigation did not bring out the disproportionate gain or unfair advantages made by the Noticee and loss caused to investors as a result of the failure on the part of the Noticee to honour the summonses. The failure on the part of the Noticee to furnish the required information to the IA reflects the Noticee's disregard for the investigation process of SEBI and the same needs to be viewed seriously. From the available records it is noted that penalty was imposed or directions were issued against the Noticee in the following cases:

Cases	Violations/Directions
PG Electroplast Ltd (IPO Case)	Interim Order (prohibited from buying, selling or dealing in the securities market)
Funding of Preferential Allottees by the company Aadhaar Ventures India Ltd.	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the securities market) Regulations, 2003 (penalty of ₹ 6 lakh was imposed jointly and severally with 3 other entities)

ORDER

44. Having considered the facts and circumstances of the case, the material available on record, the factors mentioned in section 15J of the SEBI Act, taking note of section 15A (a) of the SEBI Act and in exercise of power conferred upon me under section 15-I of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, 1995, I hereby impose the following penalty under section 15A(a) of the SEBI Act on the Noticee:

Name of the Noticee	Provisions violated	Penalty
Jyoti Munver **PAN**: ALSPM2060P	sections 11 (2)(i) and 11C (3) read with section 11C (2) of SEBI Act	₹ 5,00, 000/- (Rupees five lakh only)

45. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

46. 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.

47. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee and also to the Securities and Exchange Board of India.

Date: July 31, 2023 **Parag Basu**

Place: Mumbai **ADJUDICATING OFFICER**