BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/MC/DS/2019-20/ 6953]

UNDER SECTION 15-I (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995.

In respect of –

1. **M/s Helios and Matheson Information Technology Ltd.** having address at - 9, Adware Towers, South Boag Road, T Nagar Chennai 600017.

In the matter of M/s Helios and Matheson Information Technology Ltd.

BACKGROUND

1. Securities and Exchange Board of India (hereinafter be referred to as, "**SEBI**") initiated adjudication proceedings under Sections 23A(a) and 23E of Securities Contracts (Regulation) Act, 1956 (hereinafter be referred to as, the **"SCRA**") against M/s Helios and Matheson Information Technology Ltd (hereinafter be referred to as, the **"Noticee / Company**") for the alleged violations of clauses 36 and 54 of the Listing Agreement read with Section 21 of the SCRA, 1956 by the Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

2. Shri S V Krishnamohan was appointed as Adjudicating Officer (hereinafter referred to as "**AO**") vide order dated June 30, 2015 to inquire into and adjudge under section 23A(a) and 23E of the SCRA, the aforesaid alleged violations against the Noticee.

3. Vide Order dated November 27, 2019, the undersigned was appointed as Adjudicating Officer in the instant matter and the appointment of the AO was communicated vide communique dated December 2, 2019.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice No. EAD-5/ADJ/SVKM/DS/OW/829/2016 dated January 8, 2016 (hereinafter be referred to as, the "**SCN**") was served upon the Noticee under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed against it under Section 23A(a) and 23E of the SCRA for the alleged violations of clauses 36 and 54 of the Equity Listing Agreement read with Section 21 of the SCRA.

5. The allegations levelled against the Noticee in the SCN are summarized as below:

6. CRISIL, a credit Rating Agency, in its Press Report dated October 17, 2014 downgraded the ratings of the company on the following parameters:
   a) Fundamental grade of the company from 3/5 to 2/5 as a result of deteriorating liquidity;
   b) Valuation grade of the company from 4/5 to 1/5 indicating that the current market price has strong downside.

7. Noticee neither disclosed the revised ratings of CRISIL to the stock exchanges where the shares of the company are listed nor disseminated the revised ratings through its website.

8. Three top executives of the company including the Former Chaiman V Ramchandran, Company's Chief Executive and Managing Director Shri G K Murlikrishna and the Director Shri Diwakar Sai Yerra were arrested by the Economic Offences Wing (EOW) as the company failed to repay public deposit and interest to several depositors. They were behind the bars since April 01,

2015 as the court denied them bail. It was alleged that Noticee failed to disclose this crucial information to the stock exchanges.

9. Noticee failed to disclose to the stock exchanges, the winding up petitions lodged by the depositors against the Noticee before the Hon'ble High Court of Madras.

10. On September 04, 2008, Noticee made a public announcement that the Sessions Court has passed an order quashing the complaint filed by one Shri Rajeev Sawhney. But thereafter, an order was passed on May 06, 2011 by Hon'ble Bombay High Court setting aside the order passed by the Sessions Court and restoring the order passed by the Additional Chief Metropolitan Magistrate (ACMM) to restart proceedings against the promoters of the company. Subsequently, Hon'ble Supreme Court in its order ([2011] 16 (ADDL) S.C.R. 410) dismissed the Special Leave Petition (SLP) filed by the Noticee which challenged the aforesaid HC order. However, it was alleged that the Noticee suppressed the orders passed against it by the Hon'ble High Court and Supreme Court from the shareholders of the company.

11. As per Clause 36 of the Equity Listing Agreement, Noticee was required to immediately inform the Stock Exchanges of all the events, which will have bearing on the performance/ operations of the company as well as price sensitive information. Further as per Clause 54 of the Equity Listing Agreement Noticee was required to maintain a functional website containing basic information about the company. Although Noticee had provided the positive credit ratings on its website in the past, the downgrading in ratings was not disclosed on its website. Therefore, it was alleged that Noticee had violated Clauses 36 and 54 of the Equity Listing Agreement read with Section 21 of the SCRA.

12. The said Section and clauses are reproduced below:

SCRA

Conditions for listing.

21. Where securities are listed on the application of any person in any recognized stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.

<u>Equity Listing Agreement</u>

36……

(5) Litigation/ dispute with a material impact The Company will promptly after the event inform the Exchange of the developments with respect to any dispute in conciliation proceedings, litigations, assessment, adjudication or arbitration to which it is a party or the outcome of which can reasonably be expected to have a material impact on its present or future operations or its profitability or financials.

(6) Revision in Ratings: The Company will promptly notify the Exchange, the details of any rating or revision in rating assigned to any debt or equity instrument of the company involving mobilization of funds whether in India or abroad provided the rating so assigned has been quoted, referred to, reported, relied upon or otherwise used by or on behalf of the Company.

(7) Any other information having bearing on the operation/ performance of the company as well as price sensitive information, which includes but not restricted to………..

The above information should be made public immediately.

54. *The issuer company agrees to maintain a functional website containing basic information about the company e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances, details of agreements entered into with the media companies and / or their associates, etc. The company also agrees to ensure that the contents of the said website are updated at any given point of time".*

13. It was stated in the SCN that the aforesaid alleged violations, if established, would make the Noticee liable for monetary penalty under Section 23A(a) and 23E of SCRA.

SCRA

23A. ***Any person, who is required under this Act or any rules made thereunder,--*** *(a) to furnish any information, document, books, returns or report to a recognized stock exchange, fails to furnish the same within the time specified therefor in the listing agreement or conditions or bye-laws of the recognized stock exchange, shall be liable to a penalty which shall no 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 for each such failure;*

Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.

23E. If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees."

14. The aforesaid SCN was issued through Speed Post Acknowledgement Due (SPAD) to the Noticee at the address – Helios and Matheson Information Technology Ltd, Ascendas International Tech Park, 02-01, Cybervale Mahindra World City, Chennai – 603003.

15. An opportunity of hearing was provided to the Noticee on December 20, 2019 vide notice dated December 6, 2019. Noticee vide letter dated December 18,

2019 submitted its reply to the said SCN and requested for another date of hearing. Accordingly, another opportunity of hearing was provided to the Noticee on January 13, 2020 vide notice dated December 27, 2019 which was served to the Noticee on January 2, 2020 through vide SPAD at its address - Helios and Matheson Information Technology Ltd., 9, Adware Towers, South Boag Road T Nagar Chennai 600017. However, no one appeared on behalf of the Noticee on the date of hearing i.e. January 13, 2020.

16. The key submissions made by the Noticee in its reply are summarized as below:

a) Noticee's operations have come to a standstill in April 2015 and the offices have since been shut for the past 4 plus years. Noticee had no employees on its rolls and could not carry on any business during this period. All the hard work of 25 years has come to nought because of extraneous reasons that were beyond it's control.

b) The Companies Act 2013 introduced with effect from April 1, 2014 brought in its wake certain new regulations governing acceptance, renewal and repayment of public deposits under Section 73 of the Companies Act, 2013. The new Act introduced these changes without any time for transition, bringing to an abrupt stop all activities relating to acceptance and renewal of deposits.

c) Further, the Companies Act 2013 provided an impractical window of just 12 months to repay all the deposits in full in the event of non-compliance with the new regulations. The regulators realised the folly in this provision and subsequently amended the regulation retrospectively providing a window of 36 months. But by then an irreparable damage was done to companies like it.

d) On 01.04.2015 Economic Offences Wing (EOW), Chennai registered an FIR against Helios and Matheson Information Technology Ltd and its Directors for alleged non repayment of deposits and arrested three top executives of the company. By the time it secured release of the three executives, a company of nearly 3000 employees was reduced to just 5, grinding the business to a halt.

e) In April 2015, soon after the arrest of the top management, EOW attached all its bank accounts including individual accounts of the promoters and directors, crippling it financially from all ends despite its earnest attempts at repayment of monies.

f) There after EOW seized all the company's records, account books, computer servers, discs and other storage devices such as backups during a search and seizure operation conducted at the company's offices on 07.08.2015. It approached the Hon'ble Madras High Court who issued directions to the EOW on 22.09.2016 and again on 10.11.2016 to provide it with copies of the documents required by it. Noticee submitted that it regretfully, it had not received any response from EOW till date on this matter. Noticee continues to suffer in satisfying its compliance needs for want of essential financial records and data. Copies of the directions issued by the Hon'ble Madras High Court were enclosed.

g) Last 4 years have been spent by fighting litigation in various courts. With no staff to assist, no access to its old records/data and no financial resources at its disposal, it has become an uphill task for it to provide meaningful information with appropriate supporting documents to various regulators.

h) Regarding rating downgrade by CRISIL, Noticee believes that it had made appropriate disclosures regarding developments at various stages. However, it is unable to confirm with evidence as its website has been pulled down due to its inability to maintain the site. Further, it does not have access to old records which have been taken away by EOW in April and August 2015 as explained in the earlier section of this letter.

i) Noticee’s counsel issued a detailed note regarding the unlawful arrest of three top executives and various steps taken by it to defend this illegal detention in May 2015. The counsel also explained in detail why they consider these actions are in violation of the then prevailing laws and regulations. This note has been circulated widely to all the stake holders including the Stock Exchanges where the company's shares are listed. Copies of the clarificatory notes dated 17.05.2015 and 04.06.2015 issued by the company's counsel and stock exchange update dated 10.06.2015 were enclsoed. Noticee submitted that the company made disclosures to the stock exchanges as soon as it was possible and practicable, given the excruciating circumstances prevailing then.

j) Division Bench of the Hon'ble Madras High Court granted a stay of the winding up order passed by the single judge of the High Court within a few weeks of the winding up order. The company has updated the stock exchanges about these developments vide its letter dated 22.02.2016 a copy of which was enclosed.

k) The matter relating to acquisition of 100% equity interest in vMoksha Technologies and its subsidiaries was under Arbitration by a retired Judge of the Supreme Court since 2006. The Noticee has been periodically updating the Stock Exchanges regarding the status of arbitration proceedings. Further, the Noticee has been making disclosures in its annual reports and such other filings in this regard.

l) While so, Rajeev Sawhney, one of the promoters of vMoksha has filed a frivolous complaint in the 23rd Additional Chief Metropolitan Magistrate

Court, Esplanade, Mumbai just to distract attention from the main subject. Following the arbitration award Rajeev Sawhney has withdrawn the complaint filed before the Metropolitan Magistrate Court.

m) Noticee believes that it had made appropriate disclosures regarding developments in the main subject matter relating to acquisition of vMoksha companies at various stages. Lapse, if any, in making disclosures regarding the frivolous complaint by Rajeev Sawhney - not being the main subject matter- may kindly be condoned.

n) Noticee was listed way back in 1999 and till 2014 when the company was hit by headwinds explained above, Noticee had an exemplary record of corporate governance and compliance with listing conditions. Noticee requests to kindly take into account its long track record in terms of compliance for well over 15 years.

o) Noticee also submitted that most of the information that was required to be disclosed were available in the public domain on a real time basis. There was certainly no intention to hold back or not disclose as the information was available in the public domain any ways.

p) Considering the difficult circumstances of the company and its track record in the past, Noticee requested to take a lenient view and condone inadvertent lapses, if any, which could only be due to extraneous factors beyond its control and were certainly not intentional.

17. In light of the allegations made in the SCN and the submissions made by the Noticee in its reply dated December 18, 2019, I now proceed to decide the case on merits.

CONSIDERATION OF ISSUES AND FINDINGS

18. The issues that arise for consideration in the instant matter are:

Issue No. I Whether the information as shown in the SCN (viz. regarding downgrading in ratings by CRISIL, arrest of three top executives of the Noticee by EOW for failure to repay public deposit and interest, winding up petitions lodged by the depositors against the Noticee before the Hon'ble High Court of Madras and orders passed against it by the Hon'ble High Court and Supreme Court) was information likely to have material impact on the performance / operation of the Noticee and required disclosure under clause 36 and whether the company failed to maintain updated contents on its website as required under Clause 54 of the Listing Agreement read with Section 21 of the SCRA as alleged in the SCN?

Issue No. II If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 23A(a) and 23E of the SCRA?

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 23J of the SCRA read with Rule 5(2) of the SCRA Adjudication Rules?

Issue No. I **Whether the information as shown in the SCN (viz. regarding downgrading in ratings by CRISIL, arrest of three top executives of the Noticee by EOW for failure to repay public deposit and interest, winding up petitions lodged by the depositors against the Noticee before the Hon'ble High Court of Madras and orders passed against it by the Hon'ble High Court and Supreme Court) was information likely to have material impact on the performance / operation of the Noticee and required disclosure under clause 36 and whether the company failed to maintain updated contents on its website as required under Clause 54 of the Listing Agreement read with Section 21 of the SCRA as alleged in the SCN?**

19. There are four major developments which are alleged to have a material impact on the performance / operations of the company viz. (i) that CRISIL, a credit rating agency, downgraded the ratings of the Noticee, (ii) that three top executives of the Noticee were arrested by EOW for failure to repay public deposit and interest, (iii) that winding up petitions were lodged by the depositors against the Noticee before the Hon'ble High Court of Madras and (iv) that adverse orders were passed against it by the Hon'ble Bombay High Court and Supreme Court regarding restarting proceedings againt promoters of the company. The Noticee has not disputed the aforesaid information and has submitted in its reply that most of the information that was required to be disclosed was available in the public domain on a real time basis.

20. Clause 36 of the Listing Agreement clearly states that-

……. The Company will also immediately inform the Exchange of all the events, ***which will have bearing on the performance/operations of the company as well as price sensitive information****. The material events* ***may be*** *events such as:*

(1)……….

(2)……….

(3)……….

(4)……….

(5) Litigation/dispute with a material impact.

The Company will promptly after the event inform the Exchange of the developments with respect to any dispute in conciliation proceedings, litigation, assessment, adjudication or arbitration to which it is a party or the outcome of which can reasonably be expected to have a material impact on its present or future operations or its profitability or financials.

(6) Revision in Ratings.

The Company will promptly notify the Exchange, the details of any rating or revision in rating assigned to any debt or equity instrument of the company involving mobilization of funds whether in India or abroad provided the rating *so assigned has been quoted, referred to, reported, relied upon or otherwise used by or on behalf of the Company.*

(7) ***<u>Any other information</u>*** *<u>having bearing on the operation/performance of the company as well as price sensitive information,</u>* ***<u>which includes but not restricted to;</u>***

i. ………………………..

viii……………………..

The above information should be made public ***immediately.***

21. With regard to downgrading of ratings by CRISL, Noticee has stated in reply that it had made appropriate disclosures regarding developments at various stages and it does not have the access to old records which have been taken away by EOW. I note from the BSE website that there was no disclosure regarding the ratings downgraded by CRISIL. On perusal of the CRISIL press report dated October 17, 2014, report stated that, "*the revision in Helios' fundamental grade is a result of its deteriorating liquidity. Two major factors are responsible for the liquidity crisis: a) the company's working capital days have increased in the last couple of quarters and b) it could not secure sufficient funds to honour its payment obligations on time…………..The company has been delaying the payment of principal in several public deposits matured/getting matured ..*".

22. The observation by CRISIL directly relates to performance and operations of the company, raising questions about the ability of the company to honour its payment obligations, and falls squarely within the purview of Clause 36(6) of listing agreement which requires disclosure of *revision in rating assigned to any debt or equity instrument of the company involving mobilization of funds…provided the rating so assigned has been quoted, referred to, reported, relied upon or otherwise used by the company.* I also note that the previous rating was displayed on the website of the company, indicating that it was being reported by the company. By failing to provide the revised and downgraded ratings on its website, the Noticee violated provsions of Clause 36(6) of the

Listing Agreement. Submission of the Noticee that the information was available in the public domain does not absolve the Noticee from the statutory obligation placed upon it under Clause 36 of the Listing Agreement.

23. Further as per Clause 54 of the Listing Agreement Noticee was required to maintain a functional website containing basic information about the company. Although Noticee had provided the positive credit ratings on its website in the past, the downgrading in ratings was not disclosed on its website. By failing to disclose the downgraded ratings on its website, the Noticee failed to ensure that the contents of the website were updated, thereby violating Clauses 54 of the Listing Agreement.

24. With regard to the information on arrest of the three top executives of the Noticee including the former Chaiman V Ramchandran, Company's Chief Executive and Managing Director Shri G K Murlikrishna and the Director Shri Diwakar Sai Yerra by the EOW on account of failure by the company to repay public deposit and interest to several depositors, this information falls within Clause 36(5) of the Listing Agreement. Clause 36(5) requires the Company to promptly *inform the Exchange of the developments with respect to any dispute in conciliation proceedings, litigation, assessment, adjudication or arbitration to which it is a party or the outcome of which can reasonably be expected to have a material impact on its present or future operations or its profitability or financials.* I note that the executives were in jail since April 01, 2015 as the court denied them bail. However, no disclosure regarding their arrest was made by the Noticee. Noticee in its reply submitted that the information was updated to BSE on June 10, 2015. However, on perusal of the disclosure made on BSE website on June 10, 2015, I note that this was a clarification to BSE with respect to news article appearing on Moneylife website titled *"Former chairman of Helios and Matheson among three top executives arrested".* Hence, Noticee failed to disclose the said development when it took place.

25. The nature of event and information was crucial with material impact on the operation / performance of the Noticee. Noticee has itself submitted that the operations of the company came to a standstill in April 2015, indicating thereby, the significant impact of the event on the operations of the company. Therefore, by failing to disclose the arrest of its top executives, the Noticee violated provisions of Clause 36(5) of the Listing Agreement.

26. Noticee also failed to disclose to the stock exchanges, the winding up petitions lodged by the depositors against the Noticee before the Hon'ble High Court of Madras. In its reply, Noticee has submitted that these developments have been informed to the stock exchanges vide letter dated February 22, 2016. On perusal of website of BSE I note that the appointment of provisional liquidator was disseminated of BSE website on February 18, 2016 and stay of winding up proceedings was disseminated on February 23, 2016. Material on record shows that winding up petitions were filed in the High Court of Madras on February 19, 2015. Material available in public domain indicates that this was followed by several hearing in the High Court of Madras where the Noticee was a party. As per reply of Noticee, a winding up order was passed by a single judge of the High Court of Madras. I note that no information pertaining to such serious litigation which started in Febraury 2015, was disclosed by the Noticee as required under Clause 36(5) of the Listing Agreement. The Noticee disclosed information favourable to itself when it obtained a stay on the winding order in February 2016. Hence, I note that the Noticee violated provsions of Clause 36(5) of the Listing Agreement by failing to disclose details of litigation on winding up petitions.

27. It was also alleged in the SCN that in an order passed on May 6, 2011, the Bombay High Court (HC) had restored an order passed by the Additional Chief Metropolitan Magistrate (ACMM) to restart proceedings against the promoters of the company. Subsequently, Hon'ble Supreme Court in its order ([2011] 16 (ADDL) S.C.R. 410) has dismissed the Special Leave Petition (SLP) filed by the Noticee which has challenged the aforesaid HC order. However, it was

alleged that Noticee has suppressed the orders passed against it by the Hon'ble High Court and Supreme Court from the shareholders of the company, and failed to disclose the same to the exchange. In this regard, Noticee stated that the matter relating to acquisition of 100% equity interest in vMoksha Technologies and its subsidiaries was under Arbitration by a retired Judge of the Supreme Court since 2006. The Noticee has been periodically updating the Stock Exchanges regarding the status of arbitration proceedings. Further, the Noticee has been making disclosures in its annual reports and such other filings in this regard. A perusal of the BSE website shows disclosures made on vMoksha acquisition on May 12, 2005, followed by disclosures on arbitration made on February 13, 2006. In this regard, I note that a penalty has been levied on the Noticee by SEBI and partly upheld by SAT for making incomplete disclosures regarding the said acquisition.

28. Noticee has submitted in its reply that Rajeev Sawhney, one of the promoters of vMoksha has filed a frivolous complaint in the 23rd Additional Chief Metropolitan Magistrate Court, Esplanade, Mumbai just to distract attention from the main subject. Following the arbitration award, Rajeev Sawhney has withdrawn the complaint filed before the Metropolitan Magistrate Court. Noticee in its reply has not provided dates of arbitration award or of withdrawl of complaint by Rajeev Sawhney. However, it is clear from a perusal of the BSE website that the information regarding orders passed by Bombay High Court in 2011 on restarting proceedings on the complaint filed by Rajeev Sawhney or the dismissal of the SLP filed by Noticee challenging the Bombay High Court order were not informed to the exchange. I note that this was a fairly prolonged litigation relating to a significant acquisition by the Noticee and relevant information pertaining to this litigation was required to be disclosed under Clause 36(5) of the Listing Agreement. However, Noticee failed to do so, thereby violating Clause 36(5) of the Listing Agreement.

29. From the above, I note that Noticee has failed to disclose information on 4 significant developments which directly impacted the 'performance' / 'operations' of the Noticee. Consequent to these developments, the company is fully shut down for last 4 years. I also note that the closing price of the Company was Rs.140.15/- on October 17, 2014, when the CRISIL has downgraded the rating of the Noticee. Closing price was Rs. 42.35/- when the three directors were arrested on April 1, 2015 and closing price was Rs. 10.99/- on January 25, 2016 as per the data available on BSE website, and the company was suspended with effect from February 29, 2016. Noticee was compulsorily delisted from BSE with effect from May 11, 2018.

30. In view of the above, it is established that Noticee failed comply with clause 36 and 54 of the Listing Agreement read with Section 21 of the SCRA.

Issue No. II **If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 23A(a) and 23E of the SCRA?**

&

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 23J of the SCRA read with Rule 5(2) of the SCRA Adjudication Rules?**

31. Since it is established that the Noticee violated clause 36 and 54 of Listing Agreement read with Section 21 of the SCRA, the Noticee is liable for imposition of monetary penalty under Section 23A(a) and 23E of the SCRA, which reads as under;

SCRA

23A. ***Any person, who is required under this Act or any rules made thereunder,--*** *(a) to furnish any information, document, books, returns or report to a recognized stock exchange, fails to furnish the same within the time* *specified therefor in the listing agreement or conditions or bye-laws of the recognized stock exchange, shall be liable to a penalty which shall no 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 for each such failure;*

Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.

23E. If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees."

32. While determining the quantum of penalty under Section 23A(a) of the SEBI Act, the following factors stipulated in Section 23J of the SCRA, have to be given due regard:

    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.

33. From the material available on record, it is not possible to ascertain disproportionate gains or unfair advantage made by the Noticee nor the loss caused to the investors due to aforesaid non-disclosures. However, I note that the information which was not disclosed was significant for the future developments of the company and failure to disclose the same deprived investors of crucial information which may have enabled them to take appropriate decision regarding staying invested in the company.

34. I cannot ignore the gravity of violations committed by the Noticee by suppressing information on the four major developments which directly

impacted the 'performance' / 'operations' of the Noticee. I also note that the Noticee closing price was Rs.140.15/- on October 17, 2014, when the CRISIL has downgraded the rating of the Noticee. Closing price was Rs. 42.35/- when the three directors were arrested on April 1, 2015 and closing price was Rs. 10.99/- on January 25, 2016 prior to suspension of trading in the company scrip. Therefore, I am of the view that the lapses by the Noticee were serious in nature and caused loss to investors.

35. Therefore, taking into account the facts and circumstances of this matter, I am of the view that a penalty of ₹5 lakhs for each instance of non-disclosure under Section 23A(a), and ₹10 lakhs for each instance of violation of Listing Condition (Clause 36) under Section 23E, amounting to a total of ₹60 lakhs, and ₹5 lakhs for violation of Clause 54 under Section 23E, i.e. total penalty of ₹65 lakhs will be commensurate with the violations committed by the Noticee.

ORDER

36. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15I (2) of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose the following penalty of upon the Noticee, i.e. M/s Helios and Matheson Information Technology Ltd, under Section 23A(a) and 23E of the SCRA.

Name of the Noticee	Violations	Penalty Amount
M/s Helios and Matheson Information Technology Ltd	Under Section 23A(a) for violation of Clause 36 of Listing Agreement read with Section 21 of the SCRA	₹20,00,000/- (Rupees Twenty Lakh only)
	Under Section 23E for violation of Clause 36 of Listing Agreement read with Section 21 of the SCRA	₹40,00,000/- (Rupees Fourty Lakh only)
	Under Section 23E for violation of Clause 54 of Listing Agreement read with Section 21 of the SCRA	₹5,00,000/- (Rupees Five Lakh only)
Total Penalty		₹65,00,000/- (Rupees Sixty Five Lakh only)

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

ENFORCEMENT → Orders → Orders of AO → PAY NOW

38. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – III of SEBI. The Noticee shall provide the following details while forwarding DD/ payment information:

    a) Name and PAN of the entity (Noticee)
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

39. Copies of this Adjudication Order is being sent to the Noticee and also to SEBI in terms of Rule 6 of the Adjudication Rules.

DATE: FEBRUARY 27, 2020	**MANINDER CHEEMA**
PLACE: MUMBAI	**ADJUDICATING OFFICER**