BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER Ref. No. ORDER/SBM/KL/2021-22/ 14695]

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
ISG Traders Limited
(PAN No: AABCI1355C)

No. 97, Park Street, 3rd Floor, Kolkata- 700016.

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI'**) received a letter dated August 21, 2019 from the office of Registrar of Companies - West Bengal (hereinafter referred to as 'RoC'), wherein, it was mentioned that RoC had conducted an inspection of the books of accounts and other relevant records of ISG Traders Limited (hereinafter referred to as '**ISG'/'Noticee'/ 'company'**), the shares of which are exclusively listed on the Calcutta Stock Exchange (hereinafter referred to as '**CSE'**). The letter of RoC inter alia mentioned about certain non-compliances with the provisions of the listing agreement by ISG. Subsequently, SEBI undertook an examination in the matter.
2. Pursuant to the examination by SEBI, it was alleged that during the period from January 2015 to February 2021 (hereinafter referred to as '**Examination Period'/'relevant period'**), ISG committed violations of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as **'LODR Regulations'**) in respect of :
   i. Not maintaining a functional website containing the basic details/information about the company.
   ii. Failure to disseminate the required information /failure to make necessary disclosures about the company on the website for the benefit of investors.
   iii. Failure to submit a compliance certificate to the stock exchange (CSE); and
   iv. Failure to ensure that the share transfer agent and/or the in-house share transfer facility submit a certificate from a practicing company secretary to the

stock exchange (CSE).

3. In view of the above observations, it is alleged that ISG/Noticee has violated the provisions of Regulations 7(3), 23(9), 30(4)(ii), 30(5), 30(8), 34(1), 36(4), 40(9), 46(1), 46(2), 46(3)(b), 47(1) r/w 46(2)(q) of the LODR Regulations. Therefore, adjudication proceedings have been initiated against the Noticee under the provisions of section 15HB of the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**).

APPOINTMENT OF ADJUDICATING OFFICER

4. The undersigned has been appointed as the Adjudicating Officer ('**AO**') in the matter vide communique dated March 03, 2021 under Section 19 of the SEBI Act read with Section 15-I of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**), to inquire into and adjudge under the provisions of section 15 HB of the SEBI Act, the aforementioned alleged violation of the provisions of law by the Noticee.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A show cause notice ('**SCN**') ref no. SEBI/EAD1/SBM/KL/10334/2021 dated May 14, 2021 was issued to the Noticee in terms of Rule 4 (1) of the Adjudication Rules read with Section 15-I of the SEBI Act to show cause as to why an inquiry should not be held against the Noticee and why penalty be not imposed on it in terms of the provisions of section 15 HB of the SEBI Act for the aforementioned alleged violation of the provisions of law by the Noticee. The SCN, *inter-alia,* alleged the following :-

   *A. An examination was conducted by SEBI to ascertain if the Company/Noticee no.1 has violated the provisions of LODR Regulations, for the period January 2015 to February 2021 (hereinafter referred to as **'Examination period'**). The following were observed during the course of examination:*

   I. Analysis of functional website of the Company for the period from 2015 to 2017.

   i. It is observed from the inspection report of RoC that Noticee no.1/Company did not have a functional website for the period between the years 2015 to 2017. It is also observed that the Company in its reply to the aforesaid observation submitted that "the company is in the process of setting up a new website". Therefore, it prima facie appeared that the Company has accepted that it did not have a functional website. Further, as the Company did not have a functional website, it also appeared that it had failed to disseminate the information as required under the aforementioned LODR Regulations through the functional website for the benefit of the investors.

Thus it alleged that the Company violated the provisions of Regulations 46(1), 46(2) and 46(3)(b) of LODR Regulations and Regulation 47(1) r/w 46(2)(q) of LODR Regulations (which came into effect from December 01, 2015) for the period from December 01, 2015 to December 31, 2017.

II. Analysis of functional website of the Company for the period from 2018 to 2021.

i. *Further, it is also observed that the Company's website contained specific sections for 'Investor' and 'Statutory Reports', but no information was provided under the said sections as accessed on February 04, 2020.*

ii. *In view of the above, it is alleged that during the period from January 2018 to June 2018, the Company/ Noticee no. 1 did not maintain a functional website, failed to disseminate the required information and therefore, violated the provisions of Regulations 46(1), 46(2) and 46(3)(b) of LODR Regulations and Regulation 47(1) r/w 46(2)(q) of LODR Regulations. It is noted that for the time period after June 2018 i.e from July 2018 to January 2020, CSE had levied penalty on the Company for the aforementioned violations, in accordance with the provisions under SEBI Circular dated May 03, 2018.*

III. Analysis of disclosures on the Company's website

i. *The website of the Company/Noticee no.1 was perused and it is observed that the details of Other sections as displayed on the Company's website (www.isgtraders.com) viz. 'About Us', 'Company Details', 'ISG Traders News' and 'Contact Us', were accessed on February 05, 2020, to check its compliance with the aforementioned other regulatory provisions pertaining to the disclosures on the website. In this regard, it appeared that the disclosures as stipulated in the said regulatory provisions were not found on the Company's website.*

ii. *Therefore, it is alleged that the company failed to disclose necessary details on its website during the examination period, which is in violation of the Regulations 23(9), 30(4)(ii), 30(5), 30(8), 34(1), and 36(4) of LODR Regulations.*

IV. Analysis of other non-compliances of the Company indicated by CSE

i. *SEBI sought comments from CSE in respect of submission of necessary statements/documents by the Company to CSE, since 2015, which are also required to be disclosed on the Company's website as per the provisions of LODR Regulations.*

ii. *In reply CSE vide emails dated September 14, 2020 and October 14, 2020 (Annexure 4), submitted the following additional non-compliances under LODR Regulations, by the Company from FY 2017-2018 till the quarter ending June, 2020:*

iii. *On perusal of the submissions of CSE, as mentioned above, it is observed that Noticee no.1/Company failed to submit a compliance certificate to the stock exchange* *i.e. CSE, for the half year ending March 2018 to the half year ending March 2020, and therefore, violated Regulation 7(3) of LODR Regulations*

iv. *Further, it is observed that Noticee no.1/Company failed to submit certificate from a practicing company secretary, certifying that all certificates have been issued within thirty days of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies for the half year ending September 2018 to the half year ending March 2020 and therefore, violated Regulation 40(9) of LODR Regulations.*

6. Vide letter dated September 30, 2021, Noticee made its submissions to the SCN and *inter-alia* mentioned the following:

   a. *We submit that we have already made effective and operational the website of the company as per Listing Regulations and Audited Financial Results for the year ended March 31, 2020 has been uploaded.*
   Website of company is https://isgtraders.co.in

   b. *We would like to mention that the Company is listed in Calcutta Stock Exchange only, The Exchange is non-functional, and no trading in the shares is taking place. Further in case of ISG Traders Limited, the Promoters are holding 93% of total Equity Capital and the shares of the Company are rarely traded. Please note that the shares were last traded in the year 1997. In the given circumstances, the non-compliances dealing with updation of Website etc., are merely technical in nature. We agree that such compliances also had to be ensured but practically these are not having significant effect on Public Shareholding per se [there being no such significant non-promoter holding and also shares are quoted only on Calcutta Stock Exchange without any trading. In the meantime, the Company is taking steps to clear the outstanding for Listing Fees of the Exchange.*

7. In terms of the Adjudication Rules and in the interest of natural justice, the Noticee was provided with an opportunity of personal hearing in the matter on October 27, 2021, through online Cisco webex platform. Mr. Rajesh Khandelwal appeared as the Authorized Representative (hereinafter referred to as '**AR**') on behalf of the Noticee on the stipulated date of hearing. During the course of hearing, the AR reiterated the submissions made by the Noticee vide its letter dated September 30, 2021. Further, the Noticee made additional submissions in the matter vide letter dated November 08, 2021 and ,*inter alia,* stated the following:

a. *We state that there had been huge technical glitches in the website developed for us and we were incapacitated to the extent that we were completely reliant on person/developing the website. Finally, we were forced to change the person and get a new person to make our website functional in the year 2021. Thus delay in getting the website functional was bona-fide and unintentional.*
b. *Earnest efforts are being made by us to regularize the pending compliances. We request that a lenient view be taken as the delay is unintentional and for reasons of pandemic which is beyond our control. No harm or prejudice is caused to any of the investors since our company is listed only on CSE which remains nonfunctional without any trading being done therein.*
c. *We reiterate that CSE remains non- functional and the whole purpose of we getting listed with CSE has turned infructuous and fruitless exercise for us albeit causing huge monetary dents to us. It apparently is a one way process all along which we required to comply with all the applicable regulations and also pay the requisite fees whereas the Exchange (CSE) is unable to carry out its functions as a Stock Exchange.*
d. *We are existing since 26.11.1943 and the last time our shares were traded was in the year 1997. We have always been law abiding and with great respect for the law of the land. The promoter holding in our company is 93% which implies that there are hardly any non-promoters invested in our company. The non-compliances are more of technical irregularities due to various circumstances including pandemic which has incapacitated us to a great extent. There has been no adverse effect on the investors qua our company due to such technical glitches. Nevertheless, we are committed to be fully compliant for which we are making earnest and vehement efforts. We request your consideration on these to enable us get back in good stead.*
e. *Burdening us with penalties would be harsh to us and any partial non compliances by us are unintentional and without any purposeful gains for us. We request that it be considered more of irregularities rather than non-compliances*

<u>CONSIDERATION OF ISSUES AND FINDINGS</u>

8. I have carefully perused the allegations leveled against the Noticee in the SCN, the replies of the Noticee and also the documents/evidence available on record.

The issues that arise for consideration and determination in the present case are:-

I. Whether the Noticee has violated the provisions of Regulations 7(3), 23(9), 30(4)(ii), 30(5), 30(8), 34(1), 36(4), 40(9), 46(1), 46(2), 46(3)(b), 47(1) r/w 46(2)(q) of the LODR Regulations?

II. If yes, whether the violations would attract monetary penalty on the Noticee under the provisions of section 15 HB of the SEBI Act?

III. If yes, what should be the quantum of monetary penalty to be imposed upon the Noticee?

9. Before moving forward, the various provisions of the LODR Regulations, allegedly violated by the Noticee during the relevant period are mentioned as under:

Regulatory provisions pertaining to functional website of a listed entity:

I. **Regulation 46(1) of LODR Regulations:** *"The listed entity shall maintain a functional website containing the basic information about the listed entity.*

II. **Regulation 46(2) of LODR Regulations:** *"The listed entity shall disseminate the following information under a separate section on its website:*

(a) details of its business;

(b) terms and conditions of appointment of independent directors;

(c) composition of various committees of board of directors;

(d) code of conduct of board of directors and senior management personnel;

(e) details of establishment of vigil mechanism/ Whistle Blower policy;

(f) criteria of making payments to non-executive directors, if the same has not been disclosed in annual report;

(g) policy on dealing with related party transactions;

(h) policy for determining 'material' subsidiaries;

(i) details of familiarization programmes imparted to independent directors including the following details:

(i) number of programmes attended by independent directors (during the year and on a cumulative basis till date),

(ii) number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and

(iii) other relevant details

(j) the email address for grievance redressal and other relevant details;

(k) contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances;

(l) financial information including:

(i) notice of meeting of the board of directors where financial results shall be discussed;

(ii) financial results, on conclusion of the meeting of the board of directors where the financial results were approved;

(iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc.;

(m) shareholding pattern;

(n) details of agreements entered into with the media companies and/or their associates, etc.;

(o) schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange;

(p) new name and the old name of the listed entity for a continuous period of one year, from the date of the last name change;

(q) items in sub-regulation (1) of regulation 47.

(r) With effect from October 1, 2018, all credit ratings obtained by the entity for all its outstanding instruments, updated immediately as and when there is any revision in any of the ratings.

(s) separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year, uploaded at least 21 days prior to the date of the annual general meeting which has been called to inter alia consider accounts of that financial year."

III. **Regulation 46(3)(b) of LODR Regulations**: "*The listed entity shall update any change in the content of its website within two working days from the date of such change in content.*"

IV. **Regulation 47(1) of LODR Regulations read with Regulation 46(2)(q) of LODR Regulations**: *"The listed entity shall disseminate the following information under a separate section on its website: … The listed entity shall publish the following information in the newspaper: (a) notice of meeting of the board of directors where financial results shall be discussed (b) financial results, as specified in regulation 33, along-with the modified opinion(s) or reservation(s), if any, expressed by the auditor: Provided that if the listed entity has submitted both standalone and consolidated financial results, the listed entity shall publish consolidated financial results along-with (1) Turnover, (2) Profit before tax and (3) Profit after tax, on a stand-alone basis, as a foot note; and a reference to the places, such as the website of listed entity and stock exchange(s), where the standalone results of the listed entity are available. (c) statements of deviation(s) or variation(s) as specified in sub-regulation (1) of regulation 32 on quarterly basis, after review by audit committee and its explanation in directors' report in annual report; (d) notices given to shareholders by advertisement.*"

Regulatory provisions pertaining to disclosures on website of a listed entity:

I. **Regulation 23(9) of LODR (w.e.f. half year ending March 31, 2019)*:*** *"The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year,* *disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website."*

II. **Regulation 30(4)(ii) of LODR:** *"The listed entity* shall *frame a policy for determination of materiality, based on criteria specified in this sub-regulation, duly approved by its board of directors, which shall be disclosed on its website."*

III. **Regulation 30(5) of LODR:** *"The board of directors of the listed entity shall authorize one or more Key Managerial Personnel for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under this regulation and the contact details of such personnel shall be also disclosed to the stock exchange(s) and as well as on the listed entity's website."*

IV. **Regulation 30(8) of LODR:** *"The listed entity shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under this regulation, and such disclosures shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website."*

V. **Regulation 34(1) of LODR** (applicable for Annual report filed for the year ended March 31, 2019 and thereafter): *"The listed entity shall submit to the stock exchange and publish on its website- (a) a copy of the annual report sent to the shareholders along with the notice of the annual general meeting not later than the day of commencement of dispatch to its shareholders; (b) in the event of any changes to the annual report, the revised copy along with the details of and explanation for the changes shall be sent not later than 48 hours after the annual general meeting."*

VI. **Regulation 36(4) of LODR** (w.e.f. April 1, 2019): *"The disclosures made by the listed entity with immediate effect from date of notification of these amendments- (a) to the stock exchanges shall be in XBRL format in accordance with the guidelines specified by the stock exchanges from time to time; and (b) to the stock exchanges and on its website, shall be in a format that allows users to find relevant information easily through a searching tool:*

Provided that the requirement to make disclosures in searchable formats shall not apply in case there is a statutory requirement to make such disclosures in formats which may not be searchable, such as copies of scanned documents."

Other Non-compliances

I. ***Regulation 7(3) of*** **LODR** ***Regulations:***

"The listed entity shall submit a compliance certificate to the exchange, duly signed by both the compliance officer of the listed entity and the authorized representative of the share transfer agent, wherever applicable, within one month of end of each half of the financial year".

II. ***Regulation 40(9) of LODR Regulations:***

"*The listed entity shall ensure that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces a certificate from a practicing company secretary within one month of the end of each half of the financial year, certifying that all certificates have been issued within thirty days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies*".

<u>ISSUE I</u> :- Whether the Noticee has violated the provisions of Regulations 7(3), 23(9), 30(4)(ii), 30(5), 30(8), 34(1), 36(4), 40(9), 46(1), 46(2), 46(3)(b), 47(1) r/w Regulation 46(2)(q) of the LODR Regulations?

<u>ISSUE II</u>: - If yes, whether the violation committed by the Noticee would attract monetary penalty under section 15 HB of the SEBI Act?

10. In terms of the provisions of Regulations 46(1), 46(2) and 46(3)(b) and Regulations 47(1) r/w 46(2)(q) of LODR Regulations, a listed entity is required to maintain a functional website and disseminate necessary information on the website for the benefit of the investors, as specified therein. Further, in terms of the provisions of Regulations 23(9), 30(4)(ii), 30(5), 30(8), 34(1), and 36(4) of the LODR Regulations, a listed entity is mandated to disclose on its website, the information pertaining to its annual financial results, policy of materiality, events disclosed to stock exchange and annual report etc. in the manner as specified therein. It is noted that the examination report of SEBI has mentioned that Noticee did not maintain a functional website and failed to disseminate the required information / make necessary disclosures during the period from January 2015 to January 2020. In view of the above observations, the SCN issued to the Noticee has also alleged the aforementioned violations of the LODR Regulations by the Noticee.
11. In this context, it is pertinent to note that the RoC has in its inspection report had *inter alia* observed the following w.r.t non-maintenance of a functional website by the company.
    "*From the reply of the company it is clear that the company has admitted the violation and stated that 'The Company is in the process of setting a new website'. There is no functional website of the company as required under clause 54 of the Listing Agreement in compliance to the Regulations and Guidelines as prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act), hence it is a violation during the years 2015, 2016 and 2017 as per the Balance Sheet as at 31.03.2015,31.03.2016 and 31.03.2017. Accordingly, the matter may be referred to SEBI" .*
12. From the above, it is clear that Noticee has admitted to the fact that it did not have a functional website during the years 2015, 2016 and 2017. It is further observed that the Noticee in its email dated January 21, 2020 addressed to SEBI had mentioned that the company has a website and shared the URL in this regard (www.isgtraders.com). Further, after the creation of website in January 2020, as aforesaid, it is observed that during the period from February 2020 to February 2021, Noticee failed to disseminate the details/ information pertaining to its annual financial

results, policy of materiality, events disclosed to the stock exchange and annual report etc. on its website. It is also an admitted fact that Noticee failed to disseminate the necessary information / disclosures on its website after January 2020, which was required in terms of the LODR Regulations. In this context, Noticee in its submissions to the SCN has contended that the company was listed exclusively on the Calcutta Stock Exchange (CSE), which itself remained non-functional. Further, it was contended by the Noticee that there was no trading in the shares of the company at CSE since 1997 and therefore, Noticee contented that no adversity or harm has been caused to any investor by virtue of the website being non-functional and its failure to disseminate and disclose the necessary information about the company on the website. Further, the Noticee also mentioned about some technical glitches faced by it regarding the aforesaid non-compliances/non-disclosures.

13. The above contentions /arguments of the Noticee for non-compliance with the provisions of the LODR Regulations are baseless and without any merit. As the Noticee was a listed entity, it was obligated to comply with the various provisions of law, including the requirements laid down under the LODR Regulations. In this context, I would like to place reliance on the judgment of Hon'ble SAT in the matter of Mega Resource Limited vs. SEBI (appeal no. 438 of 2015) decided on September 07, 2017 wherein Hon'ble SAT had held the following:

"..The appellant contends that no prejudice was ever caused to the other shareholders of the company or anyone else as there had been no trade of shares of the Company at the Calcutta Stock Exchange since January 01, 1999.
...In this connection it is pertinent to note that on Appellant's own showing, the Company was listed on the Calcutta Stock Exchange on February 12, 2001, when the appellant acquired the said shares. Since the Company was listed on the Calcutta Stock Exchange on February 12, 2001, the appellant was obliged to comply with the mandatory provisions of the Regulations.
…The Appellant having failed to comply with the statutory provisions of the Regulations, becomes liable to pay the penalty."

14. From the above, it is amply clear that the statutory obligations of a listed entity in respect of maintaining a functional website and also disseminating necessary information / disclosures through the website as given under the LODR Regulations are mandatory. Further, I also note that a functional website of a listed company is of

utmost importance for the investors for gathering important information such as annual financial results, policy of materiality, events disclosed to stock exchange and annual reports etc regarding the company. The website of a listed company provides additional information to the investors apart from the information which is disclosed and available on the stock exchange website. It also enables the investors to directly contact the company in case they require to file a complaint/lodge a grievance etc. However, as observed above, the investors of the Noticee were deprived of any such opportunity due to the failure on the part of the Noticee w.r.t its non-compliance with the provisions of the LODR Regulations during the relevant period.

15. In view of the above, I hold that the Noticee failed to maintain a functional website during the period from January 2015 to January 2020. Further, after the creation of the website in January 2020, I also hold that Noticee failed to disseminate/disclose vital details/information about the company on its website during the period from February 2020 to February 2021.

16. It is noted that, in terms of Regulation 7 (3) of LODR Regulations, a listed entity shall submit a compliance certificate to the stock exchange, duly signed by both the compliance officer of the listed entity and by the authorized representative of the share transfer agent of the company, wherever applicable, within one month of the end of each half of the financial year. I also note that in terms of Regulation 40 (9) of LODR Regulations, a listed entity shall ensure that the share transfer agent and/or the in-house share transfer facility, as the case may be, produces a certificate to the stock exchange from a practicing company secretary within one month of the end of each half of the financial year.

17. It is observed from the findings of the examination report and also from the allegations levelled in the SCN that the Noticee has failed to submit a compliance certificate to CSE during the period from March 2018 to March 2020, which was required under the provisions of Regulation 7 (3) of LODR Regulations. Further, it is observed from the examination report/ SCN that the Noticee failed to ensure that its share transfer agent and/or the in-house share transfer facility submitted a compliance certificate to CSE during the period from September 2018 to March 2020. In this regard, it is pertinent to note that the Noticee has also admitted to the aforementioned violations as alleged in the SCN by contending that the non-compliances are technical irregularities, no adverse effect on investors etc. In this context, it is pertinent to

mention that CSE vide its emails dated September 14, 2020 and October 14, 2020 has also confirmed the aforementioned non-compliances with the provisions of the LODR Regulations by the Noticee.

18. In view of the above observations/findings, I conclude that the Noticee has violated the provisions of Regulations 7(3), 23(9), 30(4)(ii), 30(5), 30(8), 34(1), 36(4), 40(9), 46(1), 46(2), 46(3)(b), 47(1) r/w 46(2)(q) of the LODR Regulations.

19. In this context, it is relevant to mention that the Hon'ble Supreme Court of India in the matter of Chairman, *SEBI Vs Shriram Mutual Fund { [2006]} 5 SCC 361 }* held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant….."*

20. In view of the violations of the LODR Regulations by the Noticee, as established above, I hold the Noticee is liable for monetary penalty under the provisions of section 15HB of the SEBI Act, which reads as under:

SEBI Act

PENALTIES AND ADJUDICATION

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.

<u>ISSUE 3</u>: If yes, what should be the quantum of monetary penalty?

21. For the purpose of adjudication of the penalty, it is relevant to mention that under section 15I of the SEBI Act, imposition of penalty is linked to the subjective satisfaction of the Adjudicating Officer. The guidelines in this regard are provided by the legislature in section 15J of the SEBI Act. As per the explanation appended to section 15J, vide Part VIII of Chapter VI of the Finance Act, 2017, which was brought after the Judgment of Hon'ble Supreme Court in the case of Roofit Industries, while adjudging the quantum of penalty, the adjudicating officer has discretion and such discretion should be exercised having due regard to the factors specified in section

15J of the SEBI Act, which reads as under:-

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

a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as 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 of an adjudicating officer 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."

22. Having regard to the factors listed in section 15J, it is noted from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of the default by the Noticee in this case cannot be computed. It is on record that the Noticee has not maintained its functional website for 5 years during the examination period and also did not disseminate the necessary details/information about the company on its website for one year after the creation of the website. I am of the view that such lapse on the part of the Noticee cannot be ignored as merely technical lapse as it deprives the investors/shareholders of the basic / necessary information about the company. Hence, commensurate penalty for the violations committed by the Noticee needs to be imposed, taking into consideration the seriousness and the gravity of the violations committed by the Noticee.

ORDER

23. Considering all the facts and circumstances of the case and exercising the powers conferred upon me under section 15 I of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby impose monetary penalty of Rs. 3,00,000/- (Rupees Three Lakh only) on the Noticee viz. ISG Traders Limited under section 15HB of the SEBI Act for its violation of the provisions of Regulations 7(3), 23(9), 30(4)(ii), 30(5), 30(8), 34(1), 36(4), 40(9), 46(1), 46(2), 46(3)(b), 47(1) r/w 46(2)(q) of LODR Regulations. In my view, the said penalty is commensurate with the violation committed by the Noticee in this case.

24. Noticee shall remit / pay the said total amount of penalty within 45 days of the receipt of this order either by way of Demand Draft in favour of "SEBI- *Penalties Remittable to Government of India*", payable at Mumbai, or by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT > Orders > Orders of AO > PAY NOW; OR by using the web link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

25. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD1-DRA-IV, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla3 Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/recovery/ settlement amount and legal charges along with order details)	

26. In terms of the provisions of Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee viz. ISG Traders Limited and also to the Securities and Exchange Board of India.

Date: December 31, 2021 **Suresh B Menon**

Place: Mumbai **ADJUDICATING OFFICER**