**BEFORE THE ADJUDICATING OFFICER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. Order/SM/AD/2023-24/29055]**

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**UNDER SECTION 23-I OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 READ WITH RULE 5 OF SECURITIES CONTRACTS (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005**

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In respect of

**Hubtown Limited**

**(PAN: AAACA6101D)**

**In the matter of Hubtown Limited**

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## BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') received a complaint dated July 16, 2022 from International Asset Reconstruction Company Private Limited (herein after referred to as "**IARC"/ "Complainant**") against Hubtown Limited (herein after referred to as "**Noticee/ Hubtown**") with respect to "Incorrect and Wrongful" Disclosure dated July 5, 2022 by Noticee. Thereafter, SEBI carried out an examination to ascertain possible violation of provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (herein after referred to as **"LODR Regulations**") by Noticee. On examination in the matter, SEBI found certain violations of LODR Regulations and by Noticee.

## APPOINTMENT OF ADJUDICATING OFFICER

2. Vide order dated March 01, 2023, SEBI appointed the undersigned as the Adjudicating Officer under Section 23(I) of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCRA**") and Rule 3 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as 'Adjudication **Rules'**) to inquire into and adjudge, under the provisions of Section 23A (a) of SCRA, the alleged violation of Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/140

dated November 21, 2019 of SEBI read with Regulation 4(1)(c), (d), (e), (h), (i) and (j) of LODR Regulations, Clause 6 of Para A of Part A of Schedule III read with Regulation 30(6) of LODR Regulations and SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Clause 16(b) of Para A of Part A of Schedule III of LODR Regulations read with Regulation 30(6) of LODR Regulations by Noticee.

## SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

3. A Show Cause Notice dated April 18, 2023 (hereinafter being referred to as the "**SCN dated April** 18**, 2023**") was issued to Noticee in terms of Rule 4(1) of Adjudication Rules to show cause as to why an inquiry should not be initiated against Noticee and why penalty, if any, should not be imposed against it under Section 23A(a) of the SCRA for the violations alleged to has been committed by Noticee.

4. The SCN dated April 18, 2023 was sent to Noticee through Speed Post Acknowledgement Due (hereinafter referred to as '**SPAD**') on April 18, 2023 and through digitally signed email dated April 18, 2023 and was duly served on Noticee. Vide email as well as letter dated May 02, 2023, Noticee requested additional time of 15 days for submitting its reply. The request of Noticee was acceded to and vide email dated May 10, 2023, Noticee was granted time till May 23, 2023 for submitting reply to the SCN dated April 18, 2023, if any. Vide email dated May 19, 2023, Noticee requested for copies of all the materials/ documents relied upon as well as complete investigation report along with all its annexures and statements and documents forming part of the investigation report. Vide email dated May 25, 2023, Noticee was informed that all the documents which were relied upon for the present adjudication proceedings had been duly provided to them and copy of the examination report along with its annexures had been annexed to the SCN dated April 18, 2023, which was in accordance with the ratio laid down by Hon'ble Supreme Court in its judgement in *T. Takano Vs SEBI (decided on 18.02.22)*. Vide the aforesaid email, Noticee was advised to submit their reply to the SCN, if any on or before May 31, 2023 and an opportunity of personal hearing was also granted to Noticee on June 07, 2023. I note that vide email as well as letter dated May 31, 2023, Noticee once again requested for additional time till June 07, 2023 for submitting reply to the SCN and/or opting for settling the matter in accordance with the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018.

5. Noticee vide its letter as well as email dated June 05, 2023, submitted its reply to the SCN. On the scheduled date of hearing i.e. June 07, 2023, Mr. Karan Thakker, Authorised Representative (**AR**) of Noticee, attended the hearing and reiterated the submissions made by Noticee in its reply to SCN.

6. Vide a Supplementary Show Cause Notice dated July 17, 2023, clarifications as well as certain documents were provided to Noticee with respect to the SCN dated April 18, 2023. The Supplementary Show Cause Notice dated July 17, 2023 was duly served on Noticee via, SPAD as well as through digitally signed email and Noticee was given 14 days' time for filing reply, if any, to the same (the SCN dated April 18, 2023 and the Supplementary Show Cause Notice dated July 17, 2023 are hereinafter collectively referred to as '**SCN'**). The allegations in the SCN are summarized below:

   A. *Hubtown was classified as an NPA by Dena Bank on November 30, 2016, on account of persistent defaults in repayment. Pursuant to clause 6 of Para A of Part A of Schedule III to LODR Regulations, read with Regulation 30 (6), the same ought to have been disclosed by the Company within 24 hours. The Company made a disclosure regarding one-time settlement (OTS) on May 14, 2018 intimating that it has entered into an OTS with Dena Bank, since the loan account of the Company has been classified as an NPA. Thus, a delay of 529 days (12,696 hours) has been observed in intimating that the Company has defaulted in repayment of loan to Dena Bank. It was noted that said disclosure pertains to the OTS and not the fact that the Company's account has become NPA due to defaults on part of the Company. Further, details as required under SEBI circular no. CIR/CFD/CMD/4/2015 dated September 9, 2015, have not been provided in the said disclosure. In view of the above, it was alleged in the SCN that Noticee has violated Clause 6 of para A of part A of Schedule –III read with Regulation 30(6) of LODR Regulations and SEBI Circular no. CIR/CFD/CMD/4/2015 dated September 9, 2015.*

   B. *The Company had failed to file disclosure for the quarters ended December 31, 2019 and March 31, 2020. Therefore, it was alleged in the SCN that by failing to submit disclosures regarding default on repayment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarters ended December 31, 2019 and March 2020, Noticee has violated SEBI Circular No.*

*SEBI /HO /CFD /CMD1/ CIR/P/2019/140 dated November 21, 2019 read with Regulation 4(1)(c), (d), (e), (h), (i) and (j) LODR Regulations.*

C. *Further, during examination, it is observed that the Company has made delayed disclosures for the following quarters*:

| **Quarter ended** | **Due date for filing disclosure with Stock Exchanges** | **Actual date of filing disclosure with Stock Exchanges** | **Delay (in number of days)** |
|---|---|---|---|
| June 30, 2020 | July 7, 2020 | June 17, 2021 | 345 days |
| September 30, 2020 | October 7, 2020 | June 17, 2021 | 253 days |
| December 31, 2020 | January 7, 2021 | June 17, 2021 | 161 days |
| March 31, 2021 | April 7, 2021 | June 17, 2021 | 71 days |

*It is alleged that by making delayed disclosures regarding default on repayment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarters ended June 30,2020, September 30, 2020, December 31, 2020 and March 31, 2021, Noticee has violated SEBI Circular No. SEBI /HO /CFD /CMD1/ CIR/P/2019/140 dated November 21, 2019 read with Regulation 4(1)(c), (d), (e), (h), (i) and (j) LODR Regulations.*

D. *The Company has failed to disclose the default in repayment of debt to IARC from the quarters ended December 31, 2019 till June 30, 2022. It is alleged that by failing to disclose the default in payment to IARC for the quarters ended December 31, 2019 till June 30, 2022, Noticee has violated SEBI Circular No. SEBI /HO /CFD /CMD1/ CIR/P/2019/140 dated November 21, 2019 read with Regulation 4(1)(c), (d), (e), (h), (i) and (j) LODR Regulations.*

E. *The Company has filed incomplete information with respect to default in repayment of debt to IARC for the quarter ended September 30, 2022. It is alleged that by submitting incomplete information with respect to default in repayment of debt to IARC for the quarter ended September 30, 2022, Noticee has violated SEBI Circular No. SEBI /HO /CFD /CMD1/ CIR/P/2019/140 dated November 21, 2019 read with Regulation 4(1)(c), (d), (e), (h), (i) and (j) LODR Regulations.*

F. *IARC has filed a Petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 before the Hon'ble NCLT, Mumbai, on September 6, 2022 seeking to initiate corporate insolvency resolution process against the Company. Pursuant to clause 16(b) of Para A of Part A of Schedule III to LODR Regulations, read with Regulation 30 (6), the same ought to have been disclosed by the Company within 24 hours. Pursuant to seeking a copy of said disclosure from the Company on December 13, 2022 by SEBI, the Company has filed the disclosure on December 14, 2022, with no reason for delay in making said disclosure. Thus, delay of 98 days (2,352 hours) has been observed in filing the disclosure. Therefore, Hubtown is found to be non-compliant. It is alleged that by making delayed disclosure of 98 days (2352 hours) with respect to filing of petition by IARC against Noticee with Hon'ble NCLT, Noticee has violated Clause 16(b) of Para A of Part A of Schedule-III read with Regulation 30(6) of LODR Regulations.*

7. Noticee filed its reply to the Supplementary Show Cause Notice vide email dated August 01, 2023. In the interest of natural justice, another opportunity of personal hearing was granted to Noticee on August 04, 2023, which Noticee declined to attend.

8. The replies of Noticee dated June 05, 2023 and August 01, 2023 are summarized hereunder:

**The reply of Noticee dated June 05, 2023**

- Findings of Examination Report cannot be relied upon since the findings of the Examination Report were concluded without granting an opportunity to Noticee to represent it's case, which is against the principal of natural justice. Moreover, the submission made by Noticee during the investigation/enquire period has been disregarded without any cause.
- The disclosures under LODR Regulations are applicable in case Noticee defaults in fulfilling its obligations in relation to undisputed debt, however in the present case, the claim was disputed, and the matter was then sub-judice. Articles of Constitution of India read with maxim 'No ex-post-facto law, No double jeopardy, No self-incrimination', prohibits Noticee from admitting any disputed claims. Moreover, since the matter was sub- judice and suit was filed before the judiciary authority, Noticee

had to maintain consistency in its position while disclosing the details to public at large.

- In the SCN, the learned adjudicating officer has acted outside her jurisdictional purview and formed a view/judgment in relation to the provisions of SARFAESI Act, which is a subject matter of judicial interpretation.
- The petition filed by the IARC under Section 7 of the Insolvency and Bankruptcy Code, 2016 was challenged by Noticee and thus the matter was sub- judice and no adverse order was passed against Noticee. Thus, the requirement of the filings/ disclosure does not arise for the sub- judice matter.
- SCN has been forwarded without any documentary evidence to establish violations apart from statements/letters from the IARC against which Noticee is already having a dispute. When a dispute is there, third party independent documentary evidence must be brought to the records to establish any violation beyond doubt.
- Noticee had already intimated regarding non-performing asset status to the stock exchanges in the year 2018. Therefore, there is no question of non-disclosure of default.
- Noticee has been incorrectly held for violation of clause 6 Para A Part A of Schedule III of LODR Regulations, 2015. The said disclosure pertains to default such as fraud/ arrest and is not for the financial defaults.
- The SCN totally relies on statement of one party to the dispute and completely ignores submissions of Noticee during the examination.
- Hon'ble Supreme Court judgment dated 28th February 2019 in the matter of Adjudicating Officer vs. Bhavesh Pabari, has upheld that the Adjudicating Officer shall not be constrained by the minimum extent of penalty laid in the SEBI Act and may, where circumstances so warrant, either waive off the penalty completely or may assign a penalty less than the so called minimum. Moreover, in the said judgment, the Hon'ble Apex Court has emphasised that the adjudicating officer shall have due regard to the factors stated in Section 15J of the SEBI Act.
- No disproportionate gain or unfair advantage has been made by Noticee as a result of such genuine lapse to ensure strict compliance and also there is no loss caused to the investors nor there are any investors complaints for the same.
- The penalty is not by default automatic and as it is punitive in nature, there has to be sufficient compelling reasons for the imposition of penalty depending on the gravity of the violations and resultant adverse consequences suffered, if any.

- ➢ There was no ill-intent, motive or inducement for Noticee to indulge into the alleged violations / non-compliance with a view to derive any kind of benefits out of it.
- ➢ The alleged violations / non-compliance did not affect the interest or caused any harm to any of the investors.

**<u>Reply of Noticee dated August 01, 2023</u>**

- ➢ With respect to allegation in the SCN that Noticee has made delayed and inadequate disclosure of loan repayment default by the Company and of the company being categorized as Non-Performing assets by Dena Bank, Noticee has contended that disclosure dated May 14, 2018 was made by Noticee to the stock exchanges disclosing its status of being categorized as a non-performing asset by Dena Bank. Noticee has also submitted that prior to disclosure made by Noticee, the matter was under negotiation and settlement stage and thus Noticee was informally informed that its account may be restored to performing assets by Dena Bank and upon failure of the negotiation and settlement Noticee promptly disclosed the status of being categorized a non-performing assets to the stock exchange.
- ➢ The obligation to make disclosure under SEBI Circular No. SEBI /HO /CFD /CMD1/ CIR/P/2019/140 dated November 21, 2019 is enforceable with effect from the January 1, 2020 and thus the requirements to make disclosure does not arise for matters prior to January 1, 2020
- ➢ Disclosures under SEBI Circular No. SEBI /HO /CFD /CMD1/ CIR/P/2019/140 dated November 21, 2019 are pertaining to events connect with fraud or arrest and not in case of financial disputed default, thus the obligations to make disclosures by Noticee does not arise.

**<u>CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS</u>**

9. I have carefully perused the charges levelled against Noticee, replies/submissions filed by Noticee and other documents/ evidence available on record. The issues that arise for consideration in the present case are:

   I. Whether Noticee has violated SEBI Circular No. SEBI/HO/CFD /CMD1/CIR/P/2019/140 dated November 21, 2019 read with Regulation 4(1)(c), (d), (e), (h), (i) and (j) LODR Regulations, Clause 6 of Para A of Part A of Schedule III read with Regulation 30(6) of LODR Regulations and SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Clause 16(b) of Para A of Part A of Schedule III read with Regulation 30(6) of LODR Regulations?

II. Do the violations, if any, on the part of Noticee attract monetary penalty under Section 23A(a) of the SCRA?

III. If the answer to issue no. II is in affirmative, then what should be the quantum of monetary penalty?

10. Before proceeding to examine the matter, I find it pertinent to reproduce the relevant provisions of LODR Regulations.

**LODR Regulations**

**Regulation 4(1):** *"The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:*

*..*

*(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.*

*(d) The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.*

*(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.*

*(h) The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.*

*(i) Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.*

*(j) Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity."*

***Disclosure of events or information***

*30(6): The listed entity shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III, or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information: Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the listed entity shall, along with such disclosures provide explanation for delay: Provided further that disclosure with respect to events specified in sub-para4 of Para A of Part A of Schedule III shall be made within thirty minutes of the conclusion of the board meeting.*

***Schedule-III***

***PART A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED SECURITIES [See Regulation 30]***

*A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):*

*6: Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.*

*16: The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:*

*(a)…*

*(b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default.*

**<u>Issue-9(I): Whether Noticee has violated:</u>**

**<u>SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019 read with Regulation 4(1)(c), (d), (e), (h), (i) and (j) of LODR Regulations, Clause 6 of Para A of Part A of Schedule III read with Regulation 30(6) of LODR Regulations and SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Clause 16(b) of Para A of Part A of Schedule III read with Regulation 30(6) of LODR Regulations?</u>**

11. Before proceeding further, I find it pertinent to deal with the preliminary objection raised by Noticee, where Noticee has stated that the findings of the Examination Report cannot be relied upon since the findings of the Examination Report were concluded without granting an opportunity to Noticee to represent its case and that the submission

made by Noticee during the investigation period has been disregarded without any cause. With respect to the aforementioned contention of Noticee, I find that during the course of examination, SEBI has sought information/response from Noticee with regard to the complaint filed by IARC against Noticee. Further, I am of the view that there is no obligation placed on SEBI to hear the Noticee before finalizing its examination report in the matter. In light of the aforesaid, I am not inclined to accept the aforementioned contention of Noticee.

12. Having dealt with the preliminary objection, I now proceed to deal with case on its merits. It has been, *inter-alia,* alleged in the SCN that by making delayed and inadequate disclosure of loan repayment default and of being categorized as Non-Performing assets by Dena Bank, Noticee has violated Clause 6 of para A of part A of Schedule–III read with Regulation 30(6) of LODR Regulations and SEBI Circular no. CIR/CFD/CMD/4/2015 dated September 9, 2015.

13. From the documents placed on record, I note that IARC, through its letter dated July 16, 2022 had informed SEBI that Noticee had availed a term loan of Rs 35.10 crores from Dena Bank in August, 2012 and that Noticee was obligated to return the same in 120 monthly installments. It was also stated in the aforementioned letter that Noticee had defaulted in making payments of the aforementioned loan and that due to such persistent defaults, Noticee's account was classified as Non-Performing Asset (**NPA**) by Dena Bank on November 30, 2016. From the available records, I note that Noticee made a disclosure to stock exchanges regarding a one-time settlement (**OTS)** on May 14, 2018 intimating that it had entered into an OTS with Dena Bank, since the loan account of the Company was classified as NPA. I also note that in its submissions to SEBI, the defaults in making payment to Dena Bank and classification of its account as NPA has been admitted to by Noticee.

14. With regard to the aforementioned allegations in the SCN, Noticee has*, inter-alia,* contended that Clause 6 of para A of part A of Schedule III of LODR Regulations pertains to defaults such as frauds, arrest and is not with respect to financial defaults.

15. With regard to the above submissions of Noticee, I note that para A of part A of Schedule III of LODR Regulations lists out events that have to be disclosed by a listed entity to the stock exchange without the application of any guideline of materiality as

specified in Regulation 30(4) of LODR Regulations. For understanding, clause 6 of para A of Part A of Schedule III of LODR Regulations is reproduced hereunder:

"*6. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.*"

16. Thus, the aforesaid provision considers frauds/defaults, *inter- alia,* of listed entity to be a material event which has to be disclosed to stock exchanges. In this context, I also note that Annexure 1 of SEBI Circular no. CIR/CFD/CMD/4/2015 dated September 9, 2015 specifies the details which a listed entity needs to disclose for the events that are deemed to be material as specified in Para A of Part A of Schedule III of LODR Regulations. Clause 6 of Annexure 1 of SEBI Circular no. CIR/CFD/CMD/4/2015 dated September 9, 2015 lists out details which need to be disclosed for the event specified in Clause 6 of para A of part A of Schedule III of LODR Regulations. The same is reproduced hereunder:

"*6. Fraud/ Defaults by promoter or key managerial personnel or by the listed entity or arrest of key managerial personnel or promoter:*

*6.1. At the time of unearthing of fraud or occurrence of the default / arrest:*

*a) nature of fraud/default/arrest;*

*b) estimated impact on the listed entity;*

*c) time of occurrence;*

*d) person(s) involved;*

*e) estimated amount involved (if any);*

*f) whether such fraud/default/arrest has been reported to appropriate authorities.*

*6.2. Subsequently intimate the stock exchange(s) further details regarding the fraud/default/arrest including:*

*a) actual amount involved in the fraud /default (if any);*

*b) actual impact of such fraud /default on the listed entity and its financials; and*

*c) corrective measures taken by the listed entity on account of such fraud/default.*

*fraud/default/arrest including:*

*a) actual amount involved in the fraud /default (if any);*

*b) actual impact of such fraud /default on the listed entity and its financials; and*

*c) corrective measures taken by the listed entity on account of such fraud/default.*

17. From a combined reading of Clause 6 of Annexure 1 of SEBI Circular no. CIR/CFD/CMD/4/2015 dated September 9, 2015 of the Circular and Clause 6 of the para A of Part A of Schedule III of LODR Regulations, I find that there does exist ambiguity in the meaning of default as used therein. Thus, I am of the view that the interpretation taken by Noticee for the term "default", i.e., to be used in the context of fraud, arrest and not with respect to financial defaults, is possible. In this context, I also note that it was only by virtue of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 (which came into force w.e.f. 15.7.2023) that the term "default" in Clause 6 of the para A of Part A of Schedule III of LODR Regulations has been defined. By the aforesaid amendment, the term 'default' has been defined to mean "*non-payment of the interest or principal amount in full on the date when the debt has become due and payable*". Therefore, considering lack of clarity in the aforesaid provisions relating to the use of the term "default" at the relevant time, I am of the view that benefit could be given to Noticee. In this context, I find it pertinent to note that Hon'ble Supreme Court in its decision in *Tolaram Relumal and Another vs. State of Bombay (Date of Judgment: May 13, 1954*) held that it is a well settled rule of construction of penal statutes that if two views and reasonable constructions can be put on a provision, the court must lean in favor of construction which exempts the subject from penalty rather than one which imposes penalty. In light of the aforesaid and relying on the aforementioned judgment, I find that the allegation in the SCN that Noticee has violated Clause 6 of para A of part A of Schedule III read with Regulation 30(6) of LODR Regulations and SEBI Circular no. CIR/CFD/CMD/4/2015 dated September 9, 2015 does not stand established.

18. It has been alleged in the SCN that Noticee has violated SEBI Circular No. SEBI /HO /CFD /CMD1/ CIR/P/2019/140 dated November 21, 2019 read with Regulation 4(1)(c), (d), (e), (h), (i) and (j) of LODR Regulations by:

    a. failing to submit disclosures regarding default on repayment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarters ended December 31, 2019 and March 2020,
    b. making delayed disclosures regarding default on repayment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarters ended June 30,2020, September 30, 2020, December 31, 2020 and March 31, 2021,

c. failing to disclose the default in payment to IARC for the quarters ended December 31, 2019 till June 30, 2022
d. submitting incomplete information with respect to default in repayment of debt to IARC for the quarter ended September 30, 2022.

19. I find that SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019 provides that all listed companies shall make disclosures to stock exchanges within 7 days of each quarter, when the entity has defaulted in payment of interest / instalment obligations on loans, including revolving facilities like cash credit, from banks / financial institutions and unlisted debt securities. The said disclosures were required to be made beginning January 1, 2020.

20. In its reply, Noticee has contended that the obligation to make disclosures under the aforementioned SEBI circular was with effect from January 01, 2020 and such requirement for making disclosure was not applicable for matters prior to January 01, 2020. Noticee has further contended that disclosures referred to in the SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019 pertain to events connected with fraud or arrest and were not applicable in case of financial disputed default, thus the obligations to make disclosures does not arise.

21. From the perusal of the aforementioned circular, I note that the disclosures under the circular have to be made to the stock exchanges when the listed entity has defaulted in payment of interest / instalment obligations on loans, including revolving facilities like cash credit, from banks / financial institutions and unlisted debt securities. Further, the aforementioned circular has defined default as '*non-payment of the interest or principal amount in full on the date when the debt has become due and payable ('pre-agreed payment date').* It is clear that the term "default" as defined in the aforesaid circular is in the context of those pertaining to default in payment of interest, loan obligations etc. and are not connected to events of arrest.

22. I note from Noticee's letter to SEBI dated December 21, 2022 that Noticee had admitted to its failure to submit the disclosure in accordance SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019 regarding its default on payment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarters ended December 31, 2019 and March 31, 2020. I am of the

view that default in payment of interest/ instalment obligations on loans by Noticee for the quarter ended December 31, 2019 should have been disclosed by Noticee w.e.f. January 01, 2020, when the said circular came into force. For its default on payment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarter ended March 31, 2020, Noticee was clearly under an obligation to disclose the same in terms of the aforesaid circular. Therefore, I am not inclined to accept the aforementioned contention of Noticee.

23. In light of the observations in the preceding paragraphs, I find that Noticee, by failing to submit disclosures regarding default on payment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarters ended December 31, 2019 and March 31, 2020, has violated SEBI Circular no. SEBI/HO/CFD/CMD1/ CIR/P/2019/140 dated November 21, 2019.

24. As regards the allegation at paragraph 18(b) above, I observe that the aforementioned SEBI circular dated November 21, 2019 mandates that listed entities have to make disclosure of any default on loans, including revolving facilities like cash credit, from banks/ financial institutions which continue beyond 30 days and such disclosure is to be made within 7 days from the end of each quarter. The aforesaid circular also specifies the format in which the disclosure has to be made by such listed companies. I note from the material available on record that Noticee had delayed the disclosures to BSE as well as NSE under SEBI Circular No. SEBI/HO/CFD /CMD1/CIR/P/2019/140 dated November 21, 2019 regarding default on repayment of interest/ repayment of principal amount to banks/ financial institutions for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021 well beyond the stipulated time. The details are mentioned hereunder:

| **Quarter ended** | **Due date for filing disclosure with Stock Exchanges** | **Actual date of filing disclosure with Stock Exchanges** | **Delay (in number of days)** |
|---|---|---|---|
| June 30, 2020 | July 7, 2020 | June 17, 2021 | 345 days |
| September 30, 2020 | October 7, 2020 | June 17, 2021 | 253 days |
| December 31, 2020 | January 7, 2021 | June 17, 2021 | 161 days |
| March 31, 2021 | April 7, 2021 | June 17, 2021 | 71 Days |

25. With regard to the aforementioned allegations in the SCN, Noticee has mainly contended that disclosures referred to in the aforementioned SEBI circular pertain to events connect with fraud or arrest and were not applicable in case of financial disputed default, thus the obligations to make disclosures by Noticee does not arise. Noticee has also contended that disclosures under LODR Regulations are applicable in case the Noticee has defaulted in fulfilling its obligations in relation to undisputed claims/debts and in the present case, the claim was disputed and the matter was sub judice. Noticee has further contended that the Articles of Constitution of India read with the maxim, '*No ex-post-facto law, No double-jeopardy, No self-incrimination*" prohibits the Noticee from admitting any disputed claim.

26. I find that the aforementioned contention has no relevance with respect to the allegation of delayed disclosures regarding default on repayment of interest/ repayment of principal amount to banks/ financial institutions to BSE/NSE by Noticee. The very fact that Noticee has made the disclosures for its default on repayment of interest/ repayment of principal amount to banks/ financial institutions shows that the debt/default has been admitted to by the Noticee. It has also been observed earlier in the order that the term "default" as defined in the aforesaid circular is in the context of those pertaining to default in payment of interest, loan obligations etc. and are not connected to events of arrest.

27. In light of the observations in the preceding paragraphs, I find that Noticee by making delayed disclosure of default on repayment of interest/ repayment of principal amount to banks/ financial institutions to BSE/NSE for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021 has violated the provisions of SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019.

28. Regulation 4(1) of LODR Regulations lays down that a listed entity, while making the disclosures and abiding by its obligations under LODR Regulations, has to do the same in accordance with the principles laid down in the Regulation 4(1) of LODR Regulations. The text of Regulations 4(1)(c), (d), (e), (h), (i) and (j) of LODR Regulations are reproduced hereunder:

*"(c) The listed entity shall <u>refrain from misrepresentation</u> and ensure that the information provided to recognised stock exchange(s) and investors is <u>not misleading</u>.*

*(d) The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.*

*(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.*

*(h) The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.*

*(i) Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.*

*(j) Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity."*

29. Regulation 4(1)(d) of LODR Regulations lays down that a listed entity has to provide adequate and timely information to recognized stock exchange(s) and investors. Regulation 4(1)(h) of LODR Regulation states that listed entity has to make specified disclosures and follow its obligation in letter and spirit taking into consideration the interest of all stakeholders. Thus, I am of the view that Noticee, by failing to submit the disclosures as stipulated in SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019 regarding its default on payment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarters ended December 31, 2019 and March 31, 2020 has not acted in accordance with the principles laid down in Regulation 4(1)(d) and 4(1)(h) of LODR Regulations.

30. Regulation 4(1)(e) of LODR Regulations provides that a listed entity has to ensure that the disseminations made by it under the provisions of LODR Regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language. I am of the view that Noticee, by making delayed disclosure of its default on repayment of interest/ repayment of principal amount to banks/ financial institutions to BSE as well as NSE for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021 has not acted in accordance with the principles laid down in the Regulation 4(1)(d) and 4(1)(e) of LODR Regulations. However, I note that for Noticee's failure to submit disclosures regarding default on repayment of interest/ repayment of principal amount on loans from banks/ financial

institutions for the quarters ended December 31, 2019 and March 2020, Regulation 4(1)(e) of LODR Regulations is not attracted.

31. Regulation 4(1)(c) of LODR Regulations places an obligation on listed entity to refrain from misrepresentation. Regulation 4(1)(i) and (j) of LODR Regulations states that filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information and information that shall enable investors to track the performance of a listed entity over regular intervals of time. Thus, I find that for Noticee's failure to submit disclosures regarding default on repayment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarters ended December 31, 2019 and March 2020, the principles laid down in Regulation 4(1)(c), (i) and (j) of LODR Regulations are not attracted. Similarly, for making delayed disclosures regarding default on repayment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021, I find that Noticee is not in violation of the principles laid down in Regulations 4(1)(c), (i) and (j) of LODR Regulations.

32. In light of the foregoing, I find that the allegation that Noticee, by making delayed disclosure of default on repayment of interest/ repayment of principal amount to banks/ financial institutions to BSE as well as NSE for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021 has violated SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019 read with Regulation 4(1)(d) and 4(1)(e) of LODR Regulations, stands established. Similarly, I find that the allegation that Noticee, by failing to submit disclosures regarding default on repayment of interest/ repayment of principal amount on loans from banks/ financial institutions for the quarters ended December 31, 2019 and March 2020 has violated SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019 read with. Regulations 4(1)(d) and 4(1)(h) of LODR Regulations, stands established.

33. It has been alleged in the SCN that Noticee has failed to disclose the default in payment to IARC for the quarters ended December 31, 2019 till June 30, 2022. It has also been alleged that Noticee has submitted incomplete information with respect to default in repayment of debt to IARC for the quarter ended September 30, 2022.

34. With respect to the allegation at paragraph 18(c) above, I note from the material available on record that IARC had provided the details of actual default (according to them) in payment of interest/repayment of principal amount on the loan, as on the last date for the quarters ended December 31, 2019 till June 30, 2022 to SEBI, the details of which are as under:

| S.No. | As on last date of the Quarter ended | Principal | Interest | Penal Interest | Expenses | Repayment | Total Amount Receivable as on 30/09/2022 |
|---|---|---|---|---|---|---|---|
| | Opening Balances | **19,63,25,316** | **3,47,97,355** | **1,10,06,626** | **12,74,045** | | |
| | Accruals for previous quarters | - | **2,61,15,979** | **39,42,035** | **8,72,185** | **1,37,67,063** | |
| i. | Dec-19 | 19,63,25,316 | 86,63,051 | 13,07,630 | 1,68,342 | 30,08,680 | |
| ii. | Mar-20 | 19,63,25,316 | 88,11,367 | 13,30,018 | 29,500 | 63,21,000 | |
| iii. | Jun-20 | 19,63,25,316 | 90,54,782 | 13,66,760 | 74,781 | 6,04,000 | |
| iv. | Sep-20 | 19,63,25,316 | 94,61,172 | 14,28,101 | 79,650 | - | |
| v. | Dec-20 | 19,63,25,316 | 97,80,680 | 14,76,329 | 59,000 | - | |
| vi. | Mar-21 | 19,63,25,316 | 98,88,682 | 14,92,631 | 1,49,980 | - | |
| vii. | Jun-21 | 19,63,25,316 | 1,03,30,144 | 15,59,267 | 1,510 | - | |
| viii. | Sep-21 | 19,63,25,316 | 1,07,93,775 | 16,29,249 | 5,428 | 21,60,000 | |
| ix. | Dec-21 | 19,63,25,316 | 1,11,58,285 | 16,84,269 | 1,05,063 | - | |
| x. | Mar-22 | 19,63,25,316 | 1,12,81,499 | 17,02,868 | 7,21,669 | - | |
| xi. | Jun-22 | 19,63,25,316 | 1,17,85,141 | 17,78,889 | 1,85,105 | 36,00,000 | |
| xii. | Sep-22 | 19,63,25,316 | 1,23,14,074 | 18,58,728 | 2,09,170 | 14,00,000 | |
| | **Grand Total** | **19,63,25,316** | **18,42,35,985** | **3,35,63,401** | **39,35,427** | **3,08,60,743** | **38,71,99,387** |

35. Further, w,r,t, allegation at paragraph 18(d) above, I note that for the quarter ended September 30, 2022, Noticee had made a disclosure to BSE vide its letter dated October 6, 2022 under SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019, in respect of default in payment of principal and interest amount to IARC. In its letter to SEBI, IARC has pointed out the following details in the aforementioned disclosure to be incorrect: -

| | |
|---|---|
| *Current default amount* | *The current default amount with respect to the amounts due to IARC has been mentioned as Rs. 17.78 Crores (principal) and Rs. 9.58 Crores (interest).*<br><br>*It is ex facie incorrect since as on September 30, 2022, the principal outstanding is Rs. 19,63,25,316 while the interest outstanding is Rs. 18,42,35,985* |

| | |
|---|---|
| | *plus penal interest at contractual rate and expenses.* |
| *Date of default* | *The date of default with respect to the amounts due to IARC has been mentioned « "under dispute".*<br>*It is ex facie incorrect since Dena Bank (assignor of IARC) had classified loan account of Company as NPA as far back as on November 30, 2016. Thus, the date of default is November 30,2016.* |
| *Details of obligation* | *The Disclosure incorrectly mentions that the tenure of the loan is yet to be finalized. As per the terms of the facility, the tenure of loan was 120 months.* |

36. In this regard, Noticee in its reply to the SCN has mainly contended that disclosures under LODR Regulations are applicable in case of undisputed debt, however in the present case, the debt was disputed and the matter was sub-judice. Thus, the requirement of the filings disclosure did not arise for the sub-judice matter. Noticee has also contended that it had challenged the petition filed by the IARC under Section 7 of the Insolvency and Bankruptcy Code, 2016 and thus the matter is sub-judice and no adverse order was passed against Noticee. Noticee has also contended that SCN was forwarded without any documentary evidence to establish violations, apart from statements/letters from the IARC against which Noticee is already having a dispute and that when a dispute is there, third party independent documentary evidence must be brought to the records to establish any violation beyond doubt. Noticee has further contended that in the SCN, the learned adjudicating officer has acted outside its jurisdiction purview and formed a view/judgment in relation to the provisions of SARFAESI Act, which is a subject matter of judicial interpretation.

37. Before deciding on the matter further, I find it worthwhile to present a factual matrix of the case here. As mentioned earlier in the order, IARC had acquired the debts due and payable by Hubtown to Dena Bank vide assignment agreement dated March 29, 2019 (effective from December 10, 2018) under SARFAESI Act. I note that in its submissions to the SEBI during examination, IARC had submitted that Noticee was obligated to repay the outstanding amounts under the loan facility on the original terms and conditions of the Sanction Letter and Term Loan Agreement and it had been continuously calling upon Noticee cure the defaults and repay the outstanding dues to it. IARC had also submitted that in view of persistent defaults committed by Noticee, IARC had filed a petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 before the Hon'ble NCLT, Mumbai. However, according to Noticee, since IARC had taken over the loan, the sanction schedule of Dena Bank was no longer applicable and

IARC was bound to provide necessary resolution / rescheduling / restructuring repayment schedule as per RBI guidelines and rules under SARFAESI for the asset reconstruction companies (ARC).

38. I note from the submissions made by Noticee to SEBI and the disclosures made by Noticee to BSE/NSE that though the loan to IARC has been admitted by Noticee, details such as repayment amount, tenure of loan etc. has been disputed by it. Further, I note that Noticee, in its submissions to SEBI dated November 25, 2022, has also disputed the default in payment of loan to IARC for the quarters ended December 31, 2019 till June 30, 2022, by stating that IARC has not provided the necessary rescheduling/ resolution/repayment mechanism of the debt/financial asset acquired by it under Chapter-II of the SARFAESI Act. Noticee, in its submissions, has contended that the dispute with regard to default in payment to IARC is sub-judice as the initiation of CIRP process by IARC in NCLT, Mumbai has been challenged by it. I find that SEBI, in its examination report, has concluded that that it was not mandatory for an asset reconstruction company to provide repayment schedule to the borrower post-assignment of loan and accordingly, Noticee's contention that there was no default in payment of loan on account of non-receipt of information from IARC was not found to be tenable. Considering the fact that the matter regarding the default on payment of loan by Noticee to IARC is sub-judice and pending before NCLT, Mumbai, I am unable to ascertain the existence of such default by Noticee for the quarters ended December 31, 2019 till June 30, 2022 as well as the correctness of information submitted by Noticee in its disclosure to BSE dated October 6, 2022. For the same reasons, I am also unable to accept SEBI's conclusion as regards the default in the payment of loan to IARC by Noticee. I am of the view that in absence of determination of default in payment to IARC by Noticee, the question of not disclosing default in payment to IARC for the quarters ended December 31, 2019 till June 30, 2022 does not arise. Moreover, I note that Noticee, in its reply to SCN, has enclosed a letter from IARC dated May 08, 2023 addressed to SEBI, wherein it was stated that Noticee had offered proposal of settlement of dues of IARC and an OTS sanction letter dated February 27, 2023 was issued by IARC. It was also stated in the aforesaid letter of IARC that Noticee has discharged its liabilities towards IARC under terms of settlement on April 26, 2023. Vide the aforementioned communication, IARC has also withdrawn the complaint filed by it against Noticee with SEBI. It is observed that the allegations regarding default by Noticee with respect to the payment of loan

to IARC had been arrived at based on the complaint of IARC to SEBI. In the light of the withdrawal of the same by IARC, I am inclined to provide benefit of doubt to Notice in this regard. In view of the aforesaid, I find that allegation in the SCN that Noticee has failed to disclose the default in payment to IARC for the quarters ended December 31, 2019 till June 30, 2022 as well as the allegation that Noticee has submitted incomplete information with respect to default in repayment of debt to IARC for the quarter ended September 30, 2022 does not stand established.

39. It has also been alleged in the SCN that there has been delay in making disclosures under Regulation 30 of LODR Regulations w.r.t. intimation regarding filing of an application before the Hon'ble NCLT under the Insolvency and Bankruptcy Code, 2016 by Noticee and therefore, Noticee has violated Clause 16(b) of Para A of Part A of Schedule-III read with Regulation 30(6) of LODR Regulations.

40. It is an admitted fact that IARC had filed a petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") before the Hon'ble NCLT, Mumbai, on September 07, 2022, seeking to initiate corporate insolvency resolution process against Noticee. I note that Noticee has filed the disclosure to the BSE/NSE on December 14, 2022, with no reason cited for delay in making said disclosure.

41. As per Clause 16(b) of Para A of Part A of Schedule III of LODR Regulations, filing of application by financial creditors for initiation of corporate insolvency resolution process ("**CIRP**") against the corporate debtor and also specifying the amount of default is considered to be a material event.

42. I note that Noticee in its reply to the SCN has submitted that the aforementioned petition filed under Section 7 of IBC by IARC has been challenged by Noticee and the matter is sub-judice and no adverse order has been passed against Noticee. Thus, Noticee has contended that since the matter is sub-judice and the debt is disputed, the requirement for filing disclosure does not arise. With regard to the aforementioned contention of Noticee, I note that it is clear from the wordings of Clause 16(b) of Para A of Part A of Schedule III of LODR Regulations that the filing of the application for initiation of CIRP by itself is a material event. The fact that the said initiation has been challenged is of no relevance. Further, I also find the aforementioned contention of Noticee to be a mere afterthought, as Noticee had made a disclosure about the

initiation of CIRP on December 14, 2022, albeit with delay as per Regulation 30 of LODR Regulations. The aforementioned fact itself indicates that Noticee was clearly aware that it was under an obligation to make disclosure of initiation of CIRP process against it as per Regulation 30 of LODR Regulations. Therefore, I find the aforementioned contention of Noticee lacks merit.

43. As per Regulation 30(6) of LODR Regulations, a listed entity is under an obligation to make disclosures of material events as specified in Part A of Schedule III of LODR Regulations to stock exchanges as soon as reasonably possibly and latest within 24 hours from the occurrence of the event. Therefore, I note that Noticee was bound to file disclosures regarding filing of petition for initiation of CIRP by IARC on September 07, 2022 within 24 hours, i.e., by September 08, 2022. However, as already observed in the preceding paragraph, Noticee made the aforementioned disclosure only on December 14, 2022. Thus, there was a delay of 97 days (2,328 hours) on part of Noticee in filing the required disclosure. Thus, I find that allegation in the SCN that Noticee has violated Clause 16(b) of Para A of Part A of Schedule III read with Regulation 30(6) of LODR Regulations stands established.

**Issue 9(II): Does the violation on the part of Noticee attract monetary penalty under Sections 23A(a) of the SCRA?**

44. It has been established in the preceding paragraphs that Noticee has violated SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated November 21, 2019 read with Regulations 4(1)(d), 4(1)(e) and 4(1)(h) of LODR Regulations. It has also been established that Noticee has violated Clause 16(b) of Para A of Part A of Schedule-III read with Regulation 30(6) of LODR Regulations. In context of the above, I refer to the observations of Hon'ble Supreme Court in the matter of Chairman, SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361} wherein the Hon'ble Court had 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.......*"

45. Therefore, in view of the violations as established and placing reliance on the above judgment of Hon'ble Supreme Court, I find that the aforesaid violations committed by Noticee would attract monetary penalty under Section 23A(a) of the SCRA. The said provision of the SCRA reads as under:

***Penalty for failure to furnish information, return, etc.***

*"Any person, who is required under this Act or any rules made thereunder,— to furnish any information, document, books, returns or report to the recognized stock exchange or to the Board, fails to furnish the same within the time specified therefor in the listing agreement or conditions or bye-laws of the recognized stock exchange or the Act or rules made thereunder, or who furnishes false, incorrect or incomplete information, document, books, return or report, 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 for each such failure;"*

**Issue 9(III): If so, what would be the quantum of monetary penalty that can be imposed taking into consideration the factors mentioned in Section 23J of the SCRA?**

46. While determining the quantum of penalty under Section 23A(a) of the SCRA, it is important to consider the factors stipulated in Section 23J of the SCRA which reads as under: -

**23J-Factors to be taken into account by the adjudicating officer**

*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 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 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*

47. In view of the charges established and the facts and circumstances of the case, the quantum of penalty would depend on the factors referred in Section 23-J of the SCRA,

stated as above. I note that the material available on record has not quantified the amount of disproportionate gain or unfair advantage made by Noticee or the loss suffered by the investors as a result of the non-compliance committed by Noticee. I also do not find that SEBI has brought on record any regulatory action taken by SEBI in the past against Noticee for the same violations as observed in the present matter. However, I am also conscious of the fact that Noticee had defaulted as well as delayed in making disclosures to stock exchanges under LODR Regulations on multiple occasions and the delay has been substantial. I am of the view that as a listed entity, Noticee's failure to comply with the provisions of LODR Regulations indicates a disregard for the regulatory framework under which it operates and such conduct of Noticee calls for a stiff penalty.

## ORDER

48. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticee and also the factors mentioned in Section 23J of the SCRA, as enumerated above, I, in exercise of the powers conferred upon me under Section 23-I of the SCRA read with Rule 5 of the Adjudication Rules, hereby impose a penalty of **Rs. 2,00,000/- (Rupees Two lakh only)** on Noticee i.e. Hubtown Limited, under the provisions of Section 23A(a) of SCRA. I am of the view that the said penalty is commensurate with the lapse/omission on the part of Noticee.

49. 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. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

50. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD – DRA - IV, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla 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:<br>(like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details) | |

51. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 23JB of SCRA for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.

52. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticee and also to SEBI.

**Place: Mumbai** **SOMA MAJUMDER**

**Date: August 31, 2023** **ADJUDICATING OFFICER**