BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. JS/VRP/5-6/2017]

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 BY ADJUDICATING OFFICER) RULES, 1995

In respect of "Noticees":-

Sr. No.	Name	Sr. No.	Name
1	Shri. Murari Bisesarlal Agarwal A-704, Meenaxi Apartments, Gokuldham, Goregaon (East), Mumbai - 400063.	**2**	Shri. Ravinder Bisesarlal Agarwal A-803, Meenaxi Apartments, Gokuldham, Goregaon (East), Mumbai - 400063.
	PAN No:- ADOPA8257C		PAN No:- ADPPA1180R

In the matter of E-land Apparel Limited (Formerly known as Mudra Lifestyle Limited)

Background

1. Adjudication Order No. RA/JP/8-12 of 2015 dated September 29, 2015 was passed amongst other persons in respect of the above Noticees. Pursuant to an appeal before it, the Securities Appellate Tribunal vide it order dated January 1, 2017, set aside the Adjudication Order and restored the matter to the Adjudicating Officer.

APPOINTMENT OF ADJUDICATING OFFICER

2. Pursuant to remand, the matter was referred to Adjudicating Officer to adjudge under Section 23E and 23H of SCRA Act, 1956 the violation of Rule 19(2)(b) and 19A of the SCR, Rules, 1957 as the present proceedings.

FURTHER PROCEEDINGS

3. Pursuant to remand of the matter an opportunity of personal hearing was granted to the Noticees on August 08, 2017 vide hearing notice dated July 20, 2017. Mr. Arman Murari Agarwal son of the Noticee Mr. Murari Bisesarlal Agarwal vide email dated August 7, 2017 requested to adjourn the hearing scheduled for August 8, 2017 on health grounds, the same was acceded to. The other Noticee did not appear for the hearing on the scheduled date.
4. Another opportunity of personal hearing was granted to the Noticees on October 09, 2017 vide hearing notice dated September 26, 2017. Mr. Arman Murari Agarwal email dated October 04, 2017 requested to reschedule the personal hearing to October 11, 2017. The same was acceded to. The other Noticeee communicated his telephonic confirmation for attendance on the scheduled hearing.
5. Accompanied by advocates, Mr. Arman Agarwal - son of the Noticee Mr. Murari Bisesarlal Agarwal and Ashwin Agarwal son of the Noticee Mr. Ravinder Bisesarlal Agarwal, appeared on October 11, 2017 and submitted as under:

   "As per 23E of the SCRA, the provisions are applicable only to company and not to an individual. Given the same the present proceedings are not applicable for us".

ISSUES FOR CONSIDERATION

6. After perusal of the material available on record, the following issues for consideration emerge, viz.,
   6.1. Whether the Noticees have violated Rule 19(2)(b) and 19A of the SCR, Rules, 1957?
   6.2. Does the violation, if any, on the part of the Noticees attract the monetary penalty under section 23E of SCRA Act, 1956?
   6.3. Does the violation, if any, on the part of the Noticees attract the monetary penalty under section 23H of SCRA Act, 1956?
   6.4. If so, what quantum of monetary penalty should be imposed on the Noticees?

FINDINGS

7. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticees, the findings are as under:-

ISSUE 1: Whether the Noticees have violated Rule 19(2)(b) and 19A of the SCR, Rules, 1957?

8. The provisions of Rule 19(2)(b) and 19A of the SCR, Rules, 1957, which is alleged to have been violated reads as under:

Requirements with respect to the listing of securities on a recognised stock exchange.
19(1)……
(2)Apart from complying with such other terms and conditions as may be laid down by a recognised stock exchange, an applicant company shall satisfy the stock exchange that:
(a)….
(b) (i) At least twenty five present of each call or kind of equity shares or debentures convertible into equity shares issued by the company was offered and allotted to public in terms of and offer documents;
(ii) At least ten percent of each class of kind of equity shares or debentures convertible into equity shares issued by the company was offered and allotted to public in terms of and offer document if the post issue capital of the company calculated at offer price is more than four thousand crore rupees:
Provided…….

19A(2), "Where the public shareholding in a listed company falls below twenty five per cent. at any time, such company shall bring the public shareholding to twenty five per cent. within a maximum period of twelve months from the date of such fall in the manner specified by the Securities and Exchange Board of India."

9. The provisions of section 23E of SCRA Act, 1956, which is alleged to have been violated reads as under:

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

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

10. Noticees during the hearing submitted that, as per 23E of the SCRA, the provisions are applicable only to the company. Convinced with the arguments put

forth the present proceedings under Section 23E can survive only against a company and do not subsist against the Noticees.

ISSUE II: Does the violation, if any, on the part of the Noticees attract the monetary penalty under section 23E of SCRA Act, 1956?

11. In view of the findings at para 11 as above, the Noticees are not liable for monetary penalty under Section 23E of the SEBI Act, 1992.

ISSUE III: Does the violation, if any, on the part of the Noticees attract the monetary penalty under section 23H of SCRA Act, 1956?

12. This issue does not merit consideration in view of observation at 11 & 12 above.

ORDER

13. In view of my findings noted in the preceding paragraphs, I hereby dispose of the instant Adjudication Proceedings against the Noticees namely Mr. Murari Bisesarlal Agarwal and Mr. Ravindra Bisesarlal Agarwal.
14. In terms of the provisions of Rule 6 of the Adjudication Rule, a copy of each of this order is being sent to Mr. Murari Bisesarlal Agarwal and Mr. Ravindra Bisesarlal Agarwal at their respective address and also to the Securities and Exchange Board of India, Mumbai.

Date: October 18, 2017 **Jeevan Sonparote**
Place: Mumbai **Adjudicating Officer**