BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. ORDER/GG/BS/2022-23/19373-19376

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

In respect of:

1. Securekloud Technologies Limited (PAN: AABCP6266D)
2. Mr. Gurumurthi Jayaraman (PAN: AADPJ1767C)
3. Ms. Padmini Ravichandran (PAN: ALOPR4364D)
4. Mr. G. Sri Vignesh (PAN: GOAPS3552D)

In the matter of Securekloud Technologies Limited

A. BACKGROUND OF THE CASE

1. Practicing Company Secretary (**PCS**) viz. M/s P. Sriram & Associates of M/s Securekloud Technologies Limited (the Company/Noticee No. 1) made observations, *inter alia*, in respect of not following due process for approval of Related Party Transactions (RPTs), Independence of Independent Directors (IDs) in the company, Non-consolidation of accounts of certain companies in the accounts of M/s Securekloud Technologies Limited and other non-compliances in terms of disclosures to be made to the Committees and Board as contemplated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(hereinafter referred to**

as SEBI LODR Regulations 2015) in certificate on compliance with conditions of Corporate Governance for FY 2018-19, issued under Regulation 34 (3) of SEBI LODR Regulations, 2015. Based on the findings of examination conducted by SEBI, it was alleged that the Noticees viz. Securekloud Technologies Limited (Noticee No. 1), Gurumurthi Jayaraman (Noticee No. 2), Padmini Ravichandran (Noticee No. 3) and G. Sri Vignesh (Noticee No. 4) have violated the various provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as SCRA, 1956). Noticee No. 1 is a company listed at BSE/NSE. Noticee Nos. 2 & 3 are Independent Directors and Noticee No. 4 is company secretary of the company.

B. APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI initiated adjudication proceedings and appointed me, as the Adjudicating Officer under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the “SEBI Act”) read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the “SEBI Adjudication Rules”) vide order dated December 13, 2021 to inquire into and adjudge under Section 23E of Securities Contracts Regulation Act 1956 (hereinafter referred to as SCRA 1956) read with clause 2 of the listing agreement against the Noticee No. 1 and under Section 15HB of SEBI Act, 1992 against Noticee Nos. 2, 3 and 4 for the alleged violations referred above.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

3. A common show cause notice dated 21.06.2022 (hereinafter referred to as “SCN”) was issued against the Noticees under rule 4(1) of the SEBI Adjudication Rules to show cause as to why an inquiry should not be initiated against them and why penalty should not be imposed for violations alleged to have been committed by the Noticees herein, as per the table below:

Table 1

Noticee Name	**Provisions violated**	**Charging provisions**
Securekloud Technologies Limited (Noticee No. 1)	Regulation 23(2) of SEBI (LODR) Regulations, 2015, Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015 from Q3, FY 2015-16 to Q1, FY 2019-20, Regulation 18(1)(d) of SEBI (LODR) Regulations, 2015 from Q4 of FY 2015-16 to Q2 FY 2019-20, Regulation 20(2A) of SEBI (LODR) Regulations, 2015 for 2015-16 to Q1 to Q3 of FY 2018-19, Regulation 48 of SEBI (LODR) Regulations, 2015 read with Ind AS 24 and Clause 17 of Para A of Part A of Schedule III read with Regulation 30(2) read with Regulation 4(1)(h) of SEBI (LODR) Regulations, 2015 and Section 21 of SCRA, 1956.	Section 23E of Securities Contracts Regulation Act 1956 (hereinafter referred to as SCRA 1956) read with clause 2 of the Listing Agreement
Mr.Gurumurhti Jayaraman (Noticee No. 2)	Regulation 16(1)(b)(v) read with 4(2)(f)(iii)(6) of SEBI (LODR) Regulations, 2015 for FY 2016-17, FY 2017-18 and FY 2018-19, Regulation 16(1)(b)(vi)(A) read with 4(2)(f)(iii)(6) of SEBI (LODR) Regulations, 2015 for FY 2016-17, FY 2017-18 and FY 2018-19 and Regulation 26(3) read with Regulation 17(5) of SEBI (LODR) Regulations, 2015 and Clause 7 and 8 of Para I of Schedule IV of the Companies Act, 2013.	Section 15HB of SEBI Act, 1992

Ms. Padmini Ravichandran (Noticee No. 3)	Regulation 16(1)(b)(v) read with 4(2)(f)(iii)(6) of SEBI (LODR) Regulations, 2015 for FY 2017-18 and FY 2018-19, Regulation 16(1)(b)(vi)(A) read with 4(2)(f)(iii)(6) of SEBI (LODR) Regulations, 2015 for FY 2016-17, FY 2017-18 and FY 2018-19 and Regulation 26(3) read with Regulation 17(5) of SEBI(LODR) Regulations, 2015 and Clause 7 and 8 of Para I of Schedule IV of the Companies Act, 2013.	Section 15HB of SEBI Act, 1992
Mr. G. Sri Vignesh-Company Secretary (Noticee No. 4)	Regulation 6(2)(a) of SEBI (LODR) Regulations, 2015.	Section 15HB of SEBI Act, 1992

Replies of Noticees

4. Noticee No. 1, vide letter dated 03.08.2022 filed reply to SCN. Additional reply was filed vide letter dated 05.08.2022 by the Noticee No. 1. Noticee Nos. 2 & 3 filed a common reply vide letter dated 04.08.2022. Reply of Noticee No. 4 was received vide letter dated 04.08.2022.

5. In the interest of natural justice, opportunity of personal hearing was granted to the Noticees on 12.07.2022 and the same was communicated to Noticees vide letter dated 06.07.2022. However, the hearing was re-scheduled on the request of the Noticees. Vide letter dated 20.07.2022, the Noticees were informed that personal hearing has been fixed on 04.08.2022. Mr. Rakesh Puri, Advocate, LexVox Chambers, appeared before me on behalf of all the four Noticees and argued the matter on merit on the date of hearing.

Background

6. Practicing Company Secretary (**PCS**) viz. M/s P. Sriram & Associates of the Company made following observations in the certificate on compliance with conditions of Corporate Governance for FY 2018-19, issued under Regulation 34 (3) of SEBI LODR Regulations, 2015:-

6.1. The company has entered into certain Related Party Transactions without taking prior approval of the Audit Committee and Board as required under SEBI LODR Regulations 2015.

6.2. Mr. Gurumurthy Jayraman and Ms. Padmini Ravichandran, erstwhile Independent Directors, were re-designated as Non-Executive Non Independent Directors of the Company during the year under review, consequent to the observations made by the statutory auditors on appointment of their relatives in the company/overseas subsidiary post their appointment as employee/consultant.

6.3. During the year under review, it was observed that there were certain non-compliances in terms of disclosures to be made to the Committees & Board as contemplated under SEBI (LODR) Regulations, 2015.

6.4. The Company had made intimations to Stock Exchanges under SEBI (SAST) Regulation, 2011 and SEBI (PIT) Regulation, 2015 on Pledge and sale of shares of the Promoter belatedly.

7. Based on the observations of the PCS in the Annual report for FY 2018-19, detailed clarifications were sought on each observation by SEBI vide email dated June 01, 2021. In response to the queries raised by SEBI, the PCS vide e-mail dated June 08, 2021 has, *inter-alia*, highlighted the following issues:

I. Not following due process of approval of Related Party Transactions (RPTs).
II. Independence of Independent Directors (IDs) in the company.
III. Non-consolidation of accounts of certain companies in the accounts of M/s Securekloud Technologies Limited.

8. In addition to the above, SEBI had also received a reference which *inter-alia* stated that a forensic audit has been initiated against the company, which is a material event as per Regulation 30 of SEBI LODR Regulations, 2015, warranting disclosure. In this regard, forensic auditor was appointed on March 25, 2021 and this was intimated to the company on the same day. However, in spite of receiving aforesaid intimation, the company has failed to disclose the same to the Stock Exchanges, which is in non-compliance with Para A of Part A of Schedule III read with Regulation 30 (2) of SEBI LODR Regulations, 2015.

9. Aforesaid issues were examined in detail by SEBI. Comments were sought from various entities including the PCS, the Company, concerned Independent Directors (IDs), Audit Committee of the Board and the Stock Exchanges.

10. Based on the findings of examination conducted by SEBI, a common SCN dated 21 June, 2022 was issued to Noticee Nos. 1 to 4 for various violations as shown in Table No. 1 above. The SCN stated that the alleged violations, if established, make the Noticees liable for monetary penalty under Section 23E of Securities Contracts Regulation Act, 1956 against Noticee No. 1 and Section 15 HB of SEBI Act, 1992 against Noticee Nos. 2 to 4.

11. The relevant penal provisions under which action has been proposed, in the SCN, are reproduced below for convenience:

> **Securities Contracts Regulation Act 1956**
> ***Section 23E: Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds (Against Noticee No.1)***
>
> *"If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees".*

SEBI Act, 1992

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"*

Replies of the Noticees

12. **Noticee No. 1** vide letter dated 03.08.2022 filed its reply to the SCN. An additional reply was filed on 05.08.2022. The contentions in the reply are elaborated under different headings in the "Consideration" part of this order.

13. **Reply of Noticee Nos. 2, 3 & 4:-** Noticee Nos. 2 & 3 have filed a common reply vide letter dated 04.08.2022. Noticee No. 4 filed his reply vide letter dated 04.08.2022 in which he also informed that he has resigned from the services of Securekloud Technologies Limited with effect from 30.06.2022. On the issue of Independence of independent directors and the issue of non-disclosure of appointment of forensic auditor, Noticee No.1 has submitted its defence in detail which has also been reiterated by Noticee Nos. 2 to 4.

Consideration of Issues:

14. I shall now proceed to deal with the issues brought out in the SCN which are basically four-fold:

i) Procedure for RPT not followed;

ii) Independent directors actually not independent;

iii) Non-consolidation of subsidiary accounts; and

iv) Non-disclosure of appointment of forensic auditor to stock exchanges

Issue No. 1 - Not following due process for approval of Related Party Transactions (RPTs)

15. As per the Annual report for FY 2018-19, certain observations made by the Auditor of the company, M/s Deloitte Haskins & Sells, for FY 2018-19, along with company's responses to the said observations, are as follows:

Table 2

Para	Auditors observation	Company's response
1(a)	Several instances of inconsistencies between declarations provided by Directors and information available in the public forum which demonstrated existence of probable related parties which were not disclosed previously, including certain transactions with such parties which were not disclosed or approved by the Audit Committee / Board of Directors	The Directors have provided the appropriate documents as required under the law and believes to their knowledge there is no related parties which were undisclosed
5.1	In the absence of appropriate processes for identifying related parties in view of the matters reported in paragraph 1 (a) above, we are unable to comment on the accuracy and completeness of the related parties identified and disclosed by the Company including compliance with obtaining necessary approvals, as required, from those charged with governance.	The management hereby states that these have been duly complied as mentioned in 1(a) above and the related party details have been appropriately disclosed in the financial statements.

15.1. In addition to the above, the PCS, in the certificate of compliance issued in the Annual Report for FY 2018-19, has *inter-alia* observed the following: "*The company has entered into certain Related Party Transactions without taking prior approval of the Audit Committee and Board as required under*

SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015."

15.2. In view of the aforesaid observation of the Auditor and the PCS, SEBI vide e-mail dated June 01, 2021 advised PCS to provide details of non-compliance with regard to approval process of RPTs. The PCS, vide email dated June 08, 2021 *inter-alia* specified the following:

- Many transactions reported in the Balance sheet under related parties did not find place in the Minutes of Audit Committee Meetings, which included payment of remuneration to Mr. Ravichandran Srinivasan (relative of Independent Director, Ms. Padmini Ravichandran), payment of salary to ID Mr. Gurumurthy Jayaraman, transaction with Sustainable Certification (India) Private Limited.
- The company had also provided ad-hoc approvals to transactions with subsidiaries without specifying the names of subsidiaries.

15.3. The company has also submitted relevant minutes of Audit Committee Meetings held for the year 2017-18 and 2018-19 wherever approvals for RPTs were granted.

15.4. As per latest CG report, the Audit committee (AC) of the company comprises of following members:

Table 3

S no.	**Name of the member**	**Nature of Directorship**
1	Mr. Dinesh Raja Punniamurthy	Independent Director (ID)
2	Mrs. Babita Singaram	Independent Director (ID)

3	Mr. Biju Chandran (appointed in 2021)	Independent Director (ID)

15.5. Comments of the Audit Committee of the Company were sought by SEBI. SEBI vide email dated July 30, 2021 raised queries to aforesaid Independent Directors regarding the details of all RPTs entered into by the company in FY 2017-18 and FY 2018-19 along with details of prior approval by Audit Committee and approval by shareholders in case of material RPTs. Aforesaid Independent Directors (excluding Mr. Biju Chandran) vide emails dated August 02, 2021 and August 06, 2021 provided details of the RPTs executed in FY 2017-18 and FY 2018-19 along with the dates on which the Audit committee provided its approval. The Audit Committee members also *inter-alia* mentioned the following:

- All the related party transactions have been disclosed in the Annual report for the FY 2017-18 and FY 2018-19 and prior approval of the Audit Committee has been obtained.
- Since the transactions were within the specified limits, there was no requirement of Shareholders approval as per Reg. 23(4) of the LODR Regulations, 2015.

15.6. Regulation 23(2) of SEBI LODR envisages that “prior approval” of Audit Committee shall be necessary for all RPTs. In the instant case, it was seen from the minutes of the Audit Committee for FY 2017-18 and FY 2018-19, that prior approval has been explicitly sought only for certain RPTs. For other transactions, no explicit approval from Audit Committee was observed in the minutes and neither has the company produced any other supporting document proving otherwise. Further, it was seen that few RPTs were ratified by the Audit Committee at a later date.

15.7. Details of the RPTs wherein no "prior approval" of Audit Committee was taken, are as follows:

Table 4

S no.	Related Party (RP) with total value of transactions	Head	Amount involved (in Rs. Cr)	Transaction date	Date of approval of AC
1	8K Miles Software Services Inc., subsidiary (**Total: Rs. 42.67 Cr**)	Revenue from RP	7.23	30/09/2017 to 31/01/2018	14/02/2018 (ratified later)
2		Interest income from RP	2.43	30/06/2017 to 31/03/2018	No approval taken
3		Sales of intangibles to RP	3.02	30/09/2017	No approval taken
4		Investment in RP	5.21	05/04/2017	No approval taken
5		Loans to RP	24.78	02/05/2017 to 09/06/2017	No approval taken
6	8K Miles Media Pvt. Ltd., Enterprise significantly influenced by KMPs or	Loans to RP	1.24	10/04/2017	No approval taken

	their relative **(Total: Rs. 1.24 Cr.)**				
7	R S Ramani, Promoter Director **(Total: Rs. 43.93)**	Interest on loans taken by RP	2.03	30/09/2017 to 01/02/2018	14/02/2018 (ratified later)
8		Loans from RP	40.74	03/07/2017 to 31/01/2018	14/02/2018 (ratified later)
9		Loan principal paid back to RP	0.76	13/10/2017 to 17/03/2018	No approval taken
10		Director remuneration	0.40	30/04/2017 to 31/03/2018	No approval taken
11	Suresh Venkatachari, Executive Director **(Total: Rs. 1.74 Cr)**	Rent paid to RP	1.19	30/04/2017 to 31/01/2018	14/02/2018 (ratified later)
		Loan taken from RP	0.55	31/03/2018	No approval taken
12	Gurumurthi Jayaraman, ID **(Total: Rs. 0.12 Cr)**	Director remuneration	0.12	30/04/2017 to 31/03/2018	No approval taken
13	Padmini Ravichandran, ID **(Total: Rs. 0.13 Cr)**	Director remuneration	0.13	30/04/2017 to 31/03/2018	No approval taken
14	Babita Singaram, ID **(Total: Rs. 0.14 Cr)**	Director remuneration	0.14	30/04/2017 to 31/03/2018	No approval taken
15	Dinesh Raja Punniamurthy, ID **(Total: Rs. 0.14 Cr)**	Director remuneration	0.14	30/04/2017 to 31/03/2018	No approval taken

16	Ravichandran Srinivasan, person related to ID **(Total: Rs. 0.42 Cr)**	Remuneration	0.42	30/04/2017 to 31/03/2018	No approval taken
	Total		**90.53**		

Table 5

S no.	Related Party (RP) with total value of transactions	Head	Amount involved (in Rs. Cr)	Transaction date	Date of approval of AC
1	Suresh Venkatachari, ED **(Total: Rs. 15.62 Cr)**	Loans taken from RP	13.95	16/10/2018 to 31/01/2019	No approval taken
4		Director remuneration	1.67	30/04/2018 to 31/03/2019	No approval taken
4	Sustainable Certification (India) Pvt. Ltd. entity related to ID **(Total: Rs. 0.03 Cr)**	Business transaction	0.03	30/07/2018 and 01/08/2018	No approval taken
5	R S Ramani, promoter **(Total: Rs. 0.27 Cr)**	Director remuneration	0.27	30/04/2018 to 30/11/2018	No approval taken
6	Ravichandran Srinivasan, person	Remuneration	0.43	01/04/2018 to 31/03/2019	No approval taken

	related to ID **(Total: Rs. 0.43 Cr)**				
7	Swasti Sovan Bhowmick (CFO) **(Total: Rs. 0.24 Cr)**	Remuneration	0.24	01/04/2018 to 31/03/2019	No approval taken
8	Ashwin Jayagopa (CS and KMP) **(Total: Rs. 0.07 Cr)**	Remuneration	0.07	01/04/2018 to 31/03/2019	No approval taken
9	Directors **(Total: Rs. 0.03 Cr)**	Sitting fees	0.03	01/04/2018 to 31/03/2019	No approval taken
	Total		**16.69**		

15.8. Based on the facts brought out in preceding paragraphs, it was alleged in the SCN that for RPTs worth Rs.90.53 Crores in FY 2017-18 and Rs. 16.69 Crores in FY 2018-19, no "prior approval of Audit Committee" was sought, which is violative of the provisions in Regulation 23(2) of SEBI (LODR) Regulations 2015 for FY 2017-18 and FY 2018-19.

Reply of Noticee No. 1

15.9. Noticee No. 1 in its reply submitted that it had inadvertently missed to take prior approval of certain RPTs from Audit Committee as per Regulation 23 of SEBI LODR Regulations.

15.10. Noticee No. 1 also referred to four RPTs (viz. Rs. 7.23 cr. with 8K Miles Software Services Inc. subsidiary, 2.03 cr. & 40.74 cr. with R S Ramani, Promoter, Director and 1.19 cr. with Mr. Suresh Venkatachari) that were subsequently ratified on 14.02.2018. Noticee also relied on Hon'ble Supreme Court judgment passed in the matter of National Institute of Technology (NIT) and Another vs. Pannalal Choudhury and Another (2015) 11 SCC 669 to explain the expression '*ratification*'.

15.11. In respect of RPT to the tune of Rs. 0.55 cr. executed with Mr. Suresh Venkatachari, the Noticee No. 1 in its reply stated that it was an unsecured loan taken from Mr. Suresh Venkatachari and the same was taken in the best interest of the company to help the company meet its financial obligations. Further, Noticee No. 1, in respect of RPT of Rs. 13.95 cr. explained that the company had a working capital facility with IFCI for which personal assets of Suresh including 25,75,000 equity shares (8K miles) were placed as collateral. IFCI sold the pledged shares to realize the loan. Hence, the IFCI loan was replaced with Suresh's loan. So the need for prior approval of audit committee in the said instance did not arise.

15.12. With respect to director remuneration paid to Mr. Suresh Venkatachari, the Noticee No.1 in its reply stated that no director remuneration was paid to Mr. Suresh Venkatachari from the company –Securekloud Technologies Limited. Rather, he was drawing remuneration only from the overseas subsidiary i.e. Securekloud Technologies Inc. Attention was brought to the relevant pages (140 & 206) of Annual Report for FY 2018-19. Further, Noticee No. 1 submitted that appointment of Mr. Suresh

Venkatachari and Mr. R S Ramani are governed by Sections 196, 197 and 203 of the Companies Act, 2013 read with Schedule V and all other applicable provisions and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) of Companies Act, 2013. The Noticee No. 1 submitted that since the appointment of both Mr. Suresh Venkatachari and Mr. R S Ramani were approved by Nomination and Remuneration Committee and the Board itself, there was no role of Audit Committee in respect of such transactions.

15.13. The Noticee No. 1 in its reply stated that remuneration paid to Independent Directors viz. Gurumurthi Jayaraman, Padmini Ravichandran, Babita Singaram and Dinesh Raja Purmiamurthy are excluded from RPTs. Similarly, Noticee No.1 refuted that remuneration paid to KMPs falls in the category of RPT items specified in Section 188 (1) of the Companies Act.

The provision of Regulation 23(2) of LODR is reproduced before taking up the said issue for consideration and the same reads as**:**

"All related party transactions shall require ***prior approval of the audit committee****."*

Findings:

15.14. The crux of the allegations is that Noticee No. 1 had not obtained "prior approval" of the Audit Committee with respect to certain Related Party Transactions which have been given at Table Nos. 4 and 5 of this order. These transactions include certain loan transactions to related parties; investments in related parties; generation of revenue from related parties including interest income; repayment of loan to related parties; sale of intangibles; remuneration/sitting fee etc. entered by the company with certain identified related parties during FY 2017-18 and 2018-19.

15.15. I note that Regulation 23 (2) of SEBI LODR Regulations specifically mandates "prior approval of Audit Committee" for RPTs. These provisions have been incorporated in SEBI LODR Regulations with the aim to protect the interest of investors and enhance transparency and improve the overall governance norms of listed companies. The defense of the company that not obtaining "prior approval" is an inadvertent error, is not acceptable in light of the avowed object underlying the provisions. Likewise, the defense of 'ratification' set up by the company is of no avail, in this context.

15.16. I note that the judgment of the Hon'ble Supreme Court cited by the Noticee does not pertain to the realm of Companies Act and deals with "ratification" in a totally different context and in the general sense of the term. The judgment has been quoted out of context. The object of introduction of Audit Committee in the governance realm of listed entities and the norms mandating “prior approval of the Audit Committee” for RPTs are significantly different from the governance processes prescribed to be followed in an academic institute (NIT). “Ratification” cannot be a general principle to be extended to defeat the explicit mandate of “prior approval” laid down in SEBI (LODR) Regulations for related party transactions. Such RPTs have an impact not only on the investor’s interest but also on the level of transparency required in corporate governance.

15.17. As regards the loans by the related parties advanced to the Company and loan advanced by related parties to the Company such as 8K Miles Software Services Inc. and 8K Miles Media Pvt Ltd. etc., I note that these were transactions which necessarily required prior approval of Audit Committee. I note that the loan transactions between the company and R S Ramani, the Promoter - director as well as the transactions with 8K Miles Software Services Inc. were substantial during the year 2017-18 constituting more than Rs. 85 cr. Likewise, the loan taken from Suresh Venkatachari, the Executive Director, during the year 2018-19 again constituted Rs.14 crores (approx.) by itself. In short, it is evident that there were substantial financial transactions between the company and the related parties, to the tune of close to Rs. 100 cr. for the said two financial years, which were executed without the knowledge and/or obtaining the prior approval of the Audit Committee of the Company. I find that the remuneration/sitting fees amounting to Rs. 4.06 cr. categorized as RPTs, in the tables above (Table No. 4 & 5) is not very significant and the same may not qualify as RPT, as contended by the Counsel appearing for Noticee No. 1.

15.18. To sum up, I find that Noticee No. 1, by having entered into substantial financial transactions with its related parties, without obtaining prior approval from Audit Committee, as admitted, has committed a violation of Regulation 23 (2) of SEBI LODR Regulations 2015 and is liable for penalty.

Issue no. 2: Independence of Independent Directors (IDs) of the Company

Under the head of "Independence" of independent directors, four sub-categories of violations have been brought out in the examination report:

A. **Appointment of 'Relative' of Independent Directors in Company/subsidiary-** Violation of Regulation 16(1)(b) (vi) read with Regulation 4 (2) (f) (iii) (6) of SEBI LODR Regulations, 2015;
B. **Pecuniary transactions of related party exceeding the limits prescribed** - Violation of Regulation 16(1)(b) (v) read with Regulation 4 (2) (f) (iii) (6) of SEBI LODR Regulations, 2015;
C. **Code of conduct violation** - Violation of Regulation 26 (3) read with Regulation 17(5) of LODR and clause 7 & 8 of Para I of Schedule IV of the Companies Act, 2013; and
D. **Composition of Board/Audit Committee/Stakeholder Relationship Committee** – Violation of Regulation 17 (1) (b), 18 (1)(d), 20 (2A) of SEBI LODR Regulations, 2015.

A. Appointment of Relative of Independent Directors in Company/subsidiary – (Violation of Regulation 16(1)(b) (vi) of SEBI LODR Regulations, 2015).

16. In this regard, the observation of the independent Statutory Auditor and response of the company as specified in its Annual Report for FY 2018-19 are given below:

Table 6

Para	**Observation of Independent Auditor**	**Company's response**
5.1 (b)	It was noted that in the case of two of the Directors who were re-appointed at the Annual General Meeting (AGM) held on 18 September 2015 and designated as Independent Directors (One was also the Chairman of the Audit Committee and the other a member of the Nomination and Remuneration Committee and also the Chairman of the Stakeholder Relationship Committee), they may have ceased to be independent directors under the Act with effect from 17 November 2015 and 12 August 2015, respectively, being the date from when their relatives were employed either with the Company or its subsidiary. These directors have been designated as non-independent	The management has taken necessary legal opinion from an independent law firm and they have stated that there is no non-compliance by the said directors.

	directors by the Company from 06 September 2019 and 13 February 2019, respectively. Considering the above, we are unable to opine on the validity of the meetings of the Board of Directors, Audit Committee, Stakeholder Relationship Committee and Nomination and Remuneration Committee, in regards to the quorum in such meetings and the resolutions approved in those meetings from the aforesaid AGM date until the dates when the Company designated them as non-independent directors.	
	Mr. Gurumurthy Jayraman and Ms. Padmini Ravichandran, who were the Independent Directors, re-designated as Non-Executive Non Independent Directors of the Company during the year under review, consequent to the observations made by the statutory auditors on appointment of their relatives in the company/overseas subsidiary post their appointment as employee/consultant	The management has taken necessary legal opinion from an independent law firm and they have stated that there is no non-compliance by the said directors

16.1. The legal opinion dated October 23, 2019 from M/s DB Law Chambers LLP (Mr. Desikan Balaji, Advocate), regarding continuation of Mr. Gurumurthi Jayaraman as ID, post his relative being appointed in the company’s subsidiary, was produced by the Company. The summary of the legal opinion is stated below:

- *Under Section 149(6) of the Companies Act, 2013, the terms 'pecuniary relationship' and 'transaction' is mentioned. It may be noted that pecuniary relationship/ transaction will arise if there is a Contract for service between the company and relative of the ID. In the present case, employment of the relative shall be considered as '**Contract of service'** and not **'Contract for service'** in the eyes of law. Hence, specified contract will not fall within the ambit of the pecuniary transaction or pecuniary relationship under Section 149(6)(d) of the Companies Act, 2013.*

- *As per Section 149(6)(e) of the Companies Act, 2013, a relative of the proposed Independent director should not be an employee already in the company, its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed. In this case, appointment as an Independent Director presupposed the employment of the relative. Hence disqualification given under this provision will not be attracted.*

- *With respect to application of Sec. 149(6)(e) over the 149(6)(d) is based on the well-established cardinal principle of interpretation, when there is a conflict between a general and special provision, the latter shall prevail. Thus Sec. 149(6)(e) shall be applied for the given case and it shall not pave way for disqualification in the given case.*

Comments of PCS

16.2. The PCS, in the certificate of compliance issued in the Annual Report for FY 2018-19 has, *inter-alia,* observed the following:

"*Mr. Gurumurthy Jayaram and Ms. Padmini Ravichandran, who were independent directors, re-designated as Non-Executive Non Independent Directors of the company during the year under review, consequent to the observations made by the statutory auditors on appointment of their relatives in the company/ overseas subsidiary post their appointment as employee/ consultant. In the opinion of the management, since their appointment as an independent director presupposed the employment of such relatives, they shall not be disqualified to be an Independent Director U/s 149 of the Act and accordingly they have not given a declaration intimating change on criteria of independence under Section 149(7) of the Companies Act, 2013.*"

16.3. With regards to the aforementioned observation of PCS, SEBI vide email dated June 01, 2021 sought further details. The PCS vide e-mail dated June 08, 2021 to SEBI had *inter-alia* mentioned the following on the issue:

- The details of appointment of Mr. Gurumurthi Jayaraman and Ms. Padmini Ravichandran as IDs and their relatives as employees of the Company/ its overseas subsidiary are as under:

Table 7

Name of the ID	**Date of appointment of ID**	**Date of appointment of relative in the company/ overseas subsidiary**	**Date of re-designation of the said ID to Non-Independent Director**
Padmini Ravichandran	August 31, 2010	August 12, 2015	February 13, 2019
Gurumurthi Jayaraman	February 21, 2014	November 16, 2015	September 06, 2019

The IDs continued even after their respective relatives were appointed in the company.

16.4. Comments of the company were also sought on the observation of the PCS in Annual Report. The company, vide response dated June 09, 2021 reiterated the legal opinion obtained from Advocate Desikan Balaji and stated that as per Section 149(6)(e)(i) of the Companies Act, 2013, appointment of Mr. Gurumurthi Jayaraman and Ms. Padmini

Ravichandran as an Independent Director(s) presupposed the employment of their relatives. Therefore, there is no disqualification for the Independent Directors. However, Ms. Padmini Ravichandran and Mr. Gurumurthi Jayaraman, Independent Directors were re-designated as Non-Independent Directors on voluntary (corporate governance) basis w.e.f. 13th February 2019 and September 06, 2019 respectively. The Company also informed that the relatives of IDs were provided the following remuneration in FYs 2015-16, 2016-17, 2017-18 and 2018-19:

Table 8

Name of the ID with date of appointment/ re-appointment	**Name of the relative and the relationship**	**Date of appointment of the relative**	**Remuneration provided to the relative**
Mr. Gurumurthi J (appointed on February 21, 2014; reappointed on September 18, 2015)	Mr. Gautham Gurumurthi (Son)	November 16, 2015 (appointed in overseas subsidiary)	FY 15-16: $25,000 FY 16-17: $89,166 FY 17-18: $113,690 FY 18-19: $118,000
Mrs. Padmini Ravichandran (appointed on August 31, 2010 and reappointed on September 18, 2015)	Mr. S Ravichandran (Husband)	August 12, 2015 (appointed in the company)	FY 15-16: Rs. 25,49,022 FY 16-17: Rs. 39,99,996 FY 17-18: Rs. 42,00,000 FY 18-19: Rs. 43,77,000

The overseas subsidiary in which Mr. Gautham Gurumurthi was employed is M/s SecureKloud Technologies Inc. (formerly 8K Miles Software Services Inc).

16.5. Yearly declarations from IDs as per the requirement of Section 149(6) of Companies Act, 2013 and Regulation 16(1)(b) of SEBI LODR Regulations, 2015, that IDs meet the criteria of independence were sought from the Company for FYs 2015-16, 2016-17, 2017-18 and 2018-19. As per Section 149(7) of the Companies Act, 2013, every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence. The examination revealed that the IDs of the Noticee No. 1 had declared for FY 2015-16, 2016-17, 2017-18 and 2018-19 as shown below:

> "*I,…., hereby declare that I comply with all criteria of independent director as envisaged in the Companies Act, 2013 and the Listing Regulations."*

16.6. In view of the above, it was alleged that the Noticee Nos. 2 & 3 are in violation of Regulation 16(1)(b) (vi) read with Regulation 4 (2) (f) (iii) (6) of SEBI LODR Regulations 2015.

16.7. Relevant provisions are reproduced below:

Regulation 16(1)(b) (vi) of SEBI LODR Regulations, 2015, *inter-alia,* state the following:

Regulation 16(1)(b)(vi) of SEBI LODR Regulations, 2015

16. (1) For the purpose of this chapter, unless the context otherwise requires-

(b)"independent director" means a non-executive director, other than a nominee director of the listed entity:

….

***(vi)** who, neither himself, nor whose relative(s) —*

(A)holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Regulation 4(2)(f) Responsibilities of the board of directors:

The board of directors of the listed entity shall have the following responsibilities

(iii) Other responsibilities:

…..

(6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.

Findings:

16.8. Noticee No. 1 and both IDs i.e. Noticee Nos. 2 & 3 relied upon the legal opinion of M/s DB Law Chambers LLP (Mr. Desikan Balaji, Advocate) dated October 23, 2019 wherein, it was opined that there is no disqualification of Mr. Gurumurthi to be an independent director pursuant to Section 149 (6) during the period February 21, 2014 to September 06, 2019. I have perused the said legal opinion. I also note that Mr. Desikan Balaji, Advocate served as a Non-Executive Independent director of the company from December 20, 2019 to May 2021 (till his death). Hence, the independence of the legal opinion is itself questionable, in the first place.

16.9. Further, as regards independence of directors, I find that a plain reading of the provisions disqualifies any person whose relative "is an employee of the listed entity or its holding, subsidiary or associate company" from being an independent director. The Noticees have tried to mix up the disqualification emanating from the relative having a pecuniary relationship/ transaction with the disqualification arising out of the employment of a relative. The Noticees have, relying on the legal opinion, advanced the position that the disqualification would be triggered only at the time of appointment and not if the relative is appointed subsequently. This position is not correct as seen from a plain reading of the provisions both under section 149 (6) (d) & (e) of the Companies Act, as well as the corresponding provisions in Regulation 16(1) (b) (v) and (vi) of SEBI LODR Regulations. The provisions dealing with "pecuniary relationship or transaction with the company" in both the Companies Act and SEBI LODR Regulations are similar. Regulation 16(1) (b) (v) stipulates "during the two immediately preceding financial years or during the current financial year". Conveniently, the Noticees have chosen to ignore the relevance of the words "or during the current financial year". Likewise, in the case of a 'relative' being employed in the company, the Noticees have failed to acknowledge the provision in Regulation 16(1) (b) (vi) in its entirety which reads as the relative is not an employee of the company not only in the immediately preceding three financial years but also is not an employee in the current year. Regulation 16(1)(b) (vi) highlighting the relevant words which disqualifies the director from acting as an independent director is reproduced below:

> *16. (1) For the purpose of this chapter, unless the context otherwise requires-*
>
> *(b)"independent director" means a non-executive director, other than a nominee director of the listed entity:*
>
> *………..*
>
> *(vi) who, neither himself, nor whose relative(s) —*
>
> *(A)holds or has held the position of a key managerial personnel **or is** or has been **an employee of the listed entity or its holding, subsidiary or associate company** in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;*

16.10. Independence of an "independent director" is a continuing requirement for compliance by listed companies and the same is ensured by the yearly declarations supposed to be made by independent directors, during their period of appointment. Further, there is no logic in the interpretation adopted by the Noticees, going by the spirit of the provisions. The provision which bans a relative of an independent director to be employed with the company for the preceding 3 years would not allow the same, post their appointment, because the underlying logic would remain the same. Ms. Padmini Ravichandran was re-designated effective from 13.02.2019 and Mr.Gurumurthi Jayaraman was re-designated effective from 06.09.2019 i.e. after 9 years and 5 years respectively of their appointment. The very fact that two IDs were re-designated from independent directors as Non-Independent directors, also is a proof that the company had realised the violation and was rectifying the same. This is a clear case of conflict of interest and gross violation of the basic tenets of corporate governance. Appointment of the son of Independent director (viz. Gurumurthi Jayaraman) in overseas subsidiary and the husband of another independent director viz. Padmini Ravichandran, in the company are factors affecting the independence of these directors. I am inclined to view this violation as a serious breach. This is a lapse on the side of Noticee No.1 on one side and Noticee Nos. 2 and 3 on the other. I also note that this taint in the independence of the directors have also had consequential impact on the compliances of the company with respect to the Board constitution as well as the constitution of Audit Committee/Stakeholders Relationship Committee. I note that the Noticee No. 2 was the Chairperson of the Audit Committee while he was not an independent director defacto. Similarly, Noticee No. 3 was the Chairperson of the Stakeholders Relationship Committee and was not "independent" as to qualify as an "independent director" under SEBI LODR Regulations.

16.11. In view of the above, I find that the Noticee Nos. 2 & 3 have violated the provisions of Regulation 16(1)(b) (vi) read with Regulation 4(2)(f) (iii) (6) of SEBI LODR 2015 from the date the appointment of their respective relatives.

B. Relative of independent director having pecuniary relationship with the company - Regulation 16(1)(b)(v) read with Regulation 4(2)(f) (iii) (6)

17. With respect to compliance of Regulation 16(1)(b)(v), it is brought out in the examination report that Regulation 16(1)(b)(v) of SEBI (LODR) Regulations, 2015 envisage that no relative of the Independent Director should have a pecuniary relationship with the company/ its associate/ it's subsidiary of value greater than 2% of its gross turnover or total income or fifty lakh rupees, whichever is lower. Gross turnover and total turnover of the company is given below:-

Table 9

Financial Year	**(i) Gross Turnover** *(in Rs. Cr.)*	**(ii) Total income** *(in Rs. Cr.)*	**2% of lower of (i) and (ii)** *(in Rs. Cr.)*
2015-16	271.93	272.14	5.44
2016-17	534.3	534.52	10.69
2017-18	849.24	857.69	16.98
2018-19	842.19	850.38	16.84

It is noted from the above table that in all the financial years, 2% of total income or gross turnover is greater than the limit of Rs. 50 Lakhs. Hence, Rs. 50 Lakhs is taken as a limit to examine pecuniary relationship of the relatives with the company/ its subsidiary.

17.1. As per information submitted by the company, the relatives of the IDs were paid the following remuneration during the course of their employment with the company/ its subsidiary: -

Name of the ID: ***Mr. Gurumurthi Jayaraman***

Table 10

Name of the relative	**Financial Year**	**Remuneration paid**		**Is either amount in (1) or (2) greater than Rs. 50 Lakh?**	**Amount exceeding the threshold (Rs.) (See Note below)**
		(1) In preceding 2 financial years	(2) In the current financial year		
Gautham Gurumurthi	2015-16	-	$ 25000	No	_
Gautham Gurumurthi	2016-17	$ 25000	$ 89166 **(Rs.57,81,398)**	**Yes**	7,81,398
Gautham Gurumurthi	2017-18	$ 114166 **(Rs. 74,25,824)**	$ 113690	**Yes**	24,25,824
Gautham Gurumurthi	2018-19	$ 202856 **(Rs.1,40,31,813)**	$ 118000	**Yes**	90,31,813

Note: $ Exchange rate as on last working day of respective financial year has been taken for conversion purpose.

Name of the ID: ***Ms. Padmini Ravichandran***

Table 11

Name of the relative	FY under consideration	Remuneration paid		Is either amount in (1) or (2) greater than Rs. 50 Lakh?	Amount exceeding the threshold (Rs.)
		(1) In preceding 2 financial years	**(2) In the current financial year**		
S Ravichandran	2015-16	-	Rs. 2549022	No	
S Ravichandran	2016-17	Rs. 2549022	Rs. 3999996	No	
S Ravichandran	2017-18	Rs. 6549018	Rs. 4200000	**Yes**	15,49,018
S Ravichandran	2018-19	Rs. 8199996	Rs. 4377000	**Yes**	31,99,996

17.2. In view of the above, it was alleged in the SCN that the Noticee Nos. 2 & 3 are in violation of Regulation 16(1)(b) (v) read with Regulation 4 (2) (f) (iii) (6) of SEBI LODR Regulations 2015.

17.3. Relevant provisions are reproduced below:

Regulation 16

(1) For the purpose of this chapter, unless the context otherwise requires -

……….

(b)"independent director" means a non-executive director, other than a nominee director of the listed entity:

………..

***(v)** none of whose relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters or directors amounting to two per cent. or more of its gross turnover or total income or <u>fifty lakh rupees</u> or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;*

Regulation 4(2)(f) Responsibilities of the board of directors:

The board of directors of the listed entity shall have the following responsibilities

(iii) Other responsibilities:

…..

(6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.

Findings

17.4. I note that the pecuniary relationship of the relatives of IDs exceeded the materiality threshold of Rs. 50 lakhs in certain financial years. I note that in the years 2016-17, 2017-18 and 2018-19, the remuneration paid to Gautham Gurumurthi, son of Gurumurthi Jayaraman exceeded the threshold prescribed in Regulation 16 (1) (b) (v) by Rs. 7,81,398/-, Rs.24,25,824/- & Rs.90,31,813/- respectively. I note that an independent director, after his induction into the Board, gets his close relative i.e. his son, appointed as an employee in the foreign subsidiary of the company and the company pays him such remuneration exceeding the stipulated threshold by an aggregate sum of Rs. 1,22,39,035/- for three financial years.

17.5. Likewise, I note that in the years 2017-18 and 2018-19, the remuneration paid to S. Ravichandran, husband of Padmini Ravichandran (ID) exceeded the threshold prescribed in Regulation 16 (1) (b) (v) by Rs.15,49018/- and 31,99,996/- respectively. I note that an independent director, after her induction into the Board, gets her close relative, the husband, appointed as an employee in the company and the company pays him such remuneration exceeding the stipulated threshold by a total sum of Rs. 47,49,014/- during two financial years. I find that this is a serious violation committed by the Noticee No.s 2 & 3.

17.6. The IDs have made yearly declarations that they are in compliance with all criteria of independence laid down in Listing Regulations i.e. Regulation 16 of SEBI LODR Regulations, 2015**.** However, they were actually not in compliance since their relatives were in the employment of the company/subsidiary. Further, they were bound to intimate all circumstances leading to the change in the status of their independence, in the subsequent board meeting. I find that declarations filed by IDs were incorrect, untrue and misleading and the yearly filings were being done as an empty exercise. I find that the IDs are non-compliant with Regulation 16(1)(b)(v) read with Regulation 4(2)(f) (iii) (6) of SEBI LODR Regulations 2015, as well. Noticee Nos. 2 & 3 are non-compliant for both FY 2017-18 and FY 2018-19 and Noticee No. 2 is non-compliant for FY 2016-17 also.

Accordingly, the violation attracts a penalty on Noticee No.s 2 & 3. The Counsel for the Noticees sought to advance the proposition that "pecuniary relationship" does not cover the remuneration or sitting fee given to an employee as the same is towards the professional services rendered by the relatives to the company. However, I find that though this argument is appealing in the first blush, as the close relatives are the related parties in this case, I am not inclined to apply the logic proposed by the Counsel. On the other hand, "Pecuniary relationship" simply stated would cover any kind of monetary transaction including the remuneration.

C. Directors to comply with Code of Conduct- Violation of Regulation 26(3) read with Regulation 17(5)

18. Relevant provisions are reproduced below:

> ***Regulation 26***
>
> *(3) All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis*
>
> ***Regulation 17***
>
> *(5) (a) The board of directors shall lay down a code of conduct for all members of board of directors and senior management of the listed entity.*
>
> *(b) The code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.*
>
> *[Schedule IV of Companies Act, 2013*
>
> *The Code is a guide to professional conduct for independent directors….*
>
> *……*
>
> *I. Guidelines of professional conduct:*
>
> *……*
>
> *(7) refrain from any action that would lead to loss of his independence;*
>
> *(8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly]*

19. As per Regulation 26(3), all members of the board of directors and senior management personnel shall affirm compliance with the Code of Conduct of board of directors and senior management on an annual basis. I note that Regulation 17(5) envisages that the board of directors shall lay down a code of conduct for all members of board of directors and senior management and code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013. Clauses 7 and 8 of Para I of 'Code for Independent Directors' as specified in Schedule IV of Companies Act states that the ID shall refrain from any action that would lead to loss of his independence and in case of circumstances that may arise affecting their independence, the ID shall immediately inform the Board. However, as seen from the facts and findings to the issues affecting independence both with respect to pecuniary relationship as well as having their relatives as employees, I find that the Noticee Nos. 2 & 3 have grossly failed to comply with Regulation 26(3) read with Regulation 17(5) of SEBI (LODR) Regulations, 2015 read with clauses 7 and 8 of Schedule IV (Code of conduct for IDs) of the Companies Act, 2013 year after year from 2015-16 to 2019-20 in the case of Noticee No. 2 and 2015-16 to 2018-19 in the case of Noticee No. 3.

D. Composition of Board/ Committees - Violation of Regulation 17 (1) (b), 18 (1)(d), 20 (2A) of SEBI LODR Regulations, 2015.

20. It is noted that since the Independence of the two IDs i.e. Noticee Nos. 2 & 3, is disputed, there would be a consequent impact on the composition of the board and the committees in which the said IDs were a member. To analyze the same, an overview of the composition of the board and various committees as per the Corporate Governance reports filed by the company with the stock exchanges from FY 2015-16, FY 2016-17, FY 2017-18 and Q1, FY 2019-20 is given below. The examination report has brought out that since there were certain changes in the board i.e. resignations and appointments in FY 2018-19, the same has been analyzed quarter wise in a separate table.

Table 12

<table>
<tr><th>Committee/ Board</th><th>FY 2015-16, ,</th><th>FY 2016-17</th><th>FY 2017-18</th><th>Q1 of FY 2019-20</th></tr>
<tr><td>Board

<u>(Reg. 17(1)(a)</u> –

NED>= 50% of board + 1 woman Director; <u>Reg. 17(1)(b)</u> – If Ch is Exec, ID> ½ of Board)</td><td colspan="4">Company composition:

CMD + 1 ED + 2 NED + 2 ID + 2 disputed IDs (includes 1 woman-director) = 8

Compliance status

• IDs < ½ of the Board

Non-compliant</td></tr>
<tr><td>Audit Committee</td><td colspan="4">Composition:

Chairman (disputed ID i.e. Noticee No. 2) + 2 IDs =3</td></tr>
</table>

(Reg. 18(1) – min 3 directors, ID >= 2/3 of AC, Chairman is ID)	**Compliance status:** • Chairman is not ID **Non-compliant**	
Stakeholders Relationship Committee (Reg. 20(2) – Chairman is NED)	**Composition:** Chairman (disputed ID) + 3 NEDs = 4 **Compliance status** • Ch is not an ID **Non-compliant**	**Composition:** Chairman (disputed ID who was re-designated as Non-Independent Director prior to Q1, FY 19-20) + 3 NEDs = 4 **Compliance status** • Ch is a NED **Compliant**

Quarter wise analysis for **FY 2018-19** is as under:

Table 13

<table>
<tr><th>Committee/
Board</th><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th></tr>
<tr><td>Board

(<u>Reg. 17(1)(a)</u> - NED>= 50% of board + 1 woman Director; <u>Reg. 17(1)(b)</u> – If Chairman is Exec, ID> ½ of Board)</td><td colspan="4">Company composition:

CMD + 1 ED + 2 NED + 2 ID (includes 1 woman-director) + 2 disputed IDs = 8

Compliance status:

• IDs < ½ of the Board

Non-compliant</td></tr>
<tr><td>Audit Committee
(<u>Reg. 18(1)</u> – min 3 directors, ID >= 2/3 of AC, Chairman is ID)</td><td colspan="4">Composition:

Chairman (disputed ID) + 2 IDs =3

Compliance status:

• Chairman is not ID

Non-compliant</td></tr>
<tr><td>Stakeholders Relationship Committee
<u>(Reg. 20(2) –</u> Chairman is NED)</td><td colspan="3">Composition: Chairman (disputed ID) + 3 NEDs + 1 ED = 5

Compliance status

• Chairman is not an ID</td><td>Composition:
Chairman (NED) + 1 ED+ 1 NEDs = 3

Compliance status

• Chairman is a NED</td></tr>
</table>

	Non-compliant	**Compliant**

20.1. In view of the analysis brought out in the above mentioned tables, it was alleged in the SCN that Noticee No. 1 is non-compliant with Regulations 17(1)(b), 18(1)(d) and 20(2A) of SEBI LODR Regulations. The summary of violations along with timelines of non-compliance are provided below:

Table 14

Regulations	**Timeline of non-compliance**
17(1)(b)	FY 2015-16 FY 2016-17 FY 2017-18 FY 2018-19 Q1, FY 2019-20
18(1)	FY 2015-16 FY 2016-17 FY 2017-18 FY 2018-19 Q1, FY 2019-20
20(2)	FY 2015-16 FY 2016-17 FY 2017-18 Q1 to Q3 of FY 2018-19

Reply of Noticee No. 1

20.2. Noticee No. 1 in its reply has contended that appointment of Gautham Gurumuthy (relative of the independent director) occurred after Mr. Gurumuthy Jayaraman was appointed as the Independent Director. Likewise, Mr. S. Ravichandran (relative of Independent Director) was appointed subsequent to the appointment of Ms. Padmini Ravichandran as the Independent Director. It was also argued that since, the Company was of the opinion that, the independence is not affected, the composition of the Board, Audit Committee and Stakeholder Relationship Committee was in order and not compromised at all. Therefore, it was contended that there was no breach or non-compliance of Regulations 17, 18 and 20 of SEBI LODR Regulations. Also, there is no breach of Regulation 26(3) read with Regulation 17(5) of LODR Regulations.

20.3. Relevant provisions are reproduced below:

Regulation 17

(1) The composition of board of directors of the listed entity shall be as follows:

……

(b) where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors:

Regulation 18

(1) Every listed entity shall constitute a qualified and independent audit committee in accordance with the terms of reference, subject to the following:

…….

(d) The chairperson of the audit committee shall be an independent director and he [/she] shall be present at Annual general meeting to answer shareholder queries.

Regulation 20- Stakeholders Relationship Committee

(2A) At least three directors, with at least one being an independent director, shall be members of the Committee

Findings:

20.4. I note that Noticee No. 1 relied on the legal opinion dated October 23, 2019 and also stated that the principle laid down in the legal opinion would apply squarely to both the cases of IDs i.e. Noticee Nos. 2 & 3. The issue regarding independence of IDs has already been covered under paragraph 16 of this order. As held therein, the independent directors were not independent *de facto* and were disqualified to hold the post of IDs. This has resulted in the irregular constitution of the Board from the LODR perspective, as shown elaborately in the table Nos. 12, 13 and 14 above. Neither were the IDs competent to fill up the proportionate ID composition stipulated for the Board nor were they in compliance with respect to the requirements of the special committees such as the Audit Committee or the NRC. Noticee No.3 was also being inducted to fill up the requirement for a woman director and by bringing her spouse as an employee, she failed to meet the “independence” parameter.

20.5. In view of the above facts and circumstances, I find that Noticee No. 1 has failed to comply with the mandate in Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015 from Q3, FY 2015-16 to Q1, FY 2019-20, Regulation 18(1)(d) of SEBI (LODR) Regulations, 2015 from Q4 of FY 2015-16 to Q2 FY 2019-20, Regulation 20(2A) of SEBI (LODR)

Regulations, 2015 for FY 2015-16 to Q1 to Q3 of FY 2018-19. Accordingly, this violation warrants a penalty.

Issue No. 3: Non-consolidation of accounts of certain companies in the accounts of M/s Securekloud Technologies Limited.

21. Comments of the PCS/ Observations of Auditor and response of the Company as specified in its Annual Report for FY 2018-19.

Table 15

Para	Auditor's observation in Annual Report for FY 2018-19	Company's response
8	The statutory auditor has also observed that 3 entities (*8K Miles Cloud Solutions Pte. Ltd., Singapore; 8K Miles Software Services Pte. Ltd., Singapore and 8K Miles Software Services UK Ltd, UK*) have not been considered by the company as its subsidiary. It is seen from publicly disclosed information that M/s 8K Miles Cloud Solutions Pte. Limited, Singapore has stated itself to be a subsidiary of the Company. This entity appears to have been incorporated on 08 May 2017. Further, 8K Miles Software Services Pte. Ltd, Singapore and 8K Miles Software Services UK Limited, United Kingdom exist with the promoter directors appearing as shareholders / directors. The incorporation of wholly owned subsidiaries in these countries were approved by the Board of Directors of the Company on 30 May 2018. However, all these three entities have not been considered by the management of the Company as subsidiaries in these standalone financial statements.	One of the directors has incorporated two foreign subsidiary companies on behalf of the parent company. Since there is no possible economic benefit arising out of these companies, the management is in the process of striking off the Company. Under these circumstances, there are no commercial transactions and these were not consolidated.

The PCS also opined that the aforesaid 3 subsidiaries viz. 8K Miles Cloud Solutions Pte. Ltd., Singapore; 8K Miles Software Services Pte. Ltd., Singapore and 8K Miles Software Services UK Ltd, UK were neither disclosed nor were their financials consolidated with that of the company.

Comments of the Company/Audit Committee

21.1. In view of the observation of the Auditor and PCS regarding the aforesaid 3 entities, SEBI raised queries to the Company pertaining to relationship of the said entities with the Company along with reason for not consolidating financials of the same. In this regard, the Company and Audit Committee submitted the following:

- *The Company intended to establish subsidiaries in Singapore and UK as approved by the board of directors vide resolution dated 30th May 2018. However, due to various reasons and market conditions there were no investments made by the parent or its subsidiaries. Hence this was not reported under AOC – 1.*
- *Further, the company has no connections with 8K Miles Software Services Pte. Ltd, 8K Miles Cloud Solutions Pte. Ltd and 8K Miles Software Services UK Limited.*
- *The Company has not made any investments in 8K Miles Software Services PTE Ltd, Singapore and 8K Miles Software Services UK Limited, United Kingdom and 8K Miles Cloud Solutions PTE Limited, Singapore.*
- *The aforementioned Companies are not subsidiaries and no transactions have taken place with Securekloud Technologies Limited (formerly 8K Miles Software Services Limited). Therefore, there is no requirement to consolidate the same in the company's accounts.*

21.2. With regard to aforesaid issue, it is seen from the Companies House Database of Government of UK, that Mr. Rama Subramani Ramani alias

Mr. R S Ramani, who is the promoter of the Company, is also the director of 8K Miles Software Services UK Limited, United Kingdom. Based on this, the examination report stated that 8K Miles Software Services UK Limited is a related party of the Company. However, as per the filing dated April 30, 2019 with the Government of UK, it is seen that the company is dormant and has equity value of GBP 1. The Examination report has reference to the company's resolution in its Board meeting dated 30th May 2018 that it had intended to establish subsidiaries in Singapore and UK. Hence, based on the material available on record, it was alleged in the SCN that M/s 8K Miles Software Services UK Limited, UK is a subsidiary of the Company.

21.3. In this regard, Ind AS 24 pertaining to related party disclosures, states that it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties. In the instant case, it is clear that there exists a relationship between 8K Miles Software Services UK Limited, UK and the company, since as per filings with Company House UK, Mr. R S Ramani (promoter of the company) is the sole shareholder of M/s 8K Miles Software Services UK Limited. This relationship is not disclosed by the Company vide its annual reports or any other public disclosure. Hence, by not disclosing all its related parties, it was alleged in the SCN that the Company is in violation of Regulation 48 of SEBI LODR Regulations, 2015 which states that the listed entity shall comply with all the applicable and notified accounting standards from time to time.

Reply of Noticee No. 1

21.4. Noticee No. 1 in its reply has stated that Securekloud Technologies Ltd. has not made any investment in 8K Miles Software Services PTE Ltd, Singapore, 8K Miles Software Services UK Limited, United Kingdom and 8K Miles Cloud Solutions PTE Limited, Singapore. These Companies are not subsidiaries and no transactions have taken place with Securekloud Technologies Limited (formerly 8K Miles Software Services Limited). Therefore, there was no requirement to consolidate the same in the Company's accounts. In the context of IND AS 24, the Noticee No. 1, stated that as it had not invested any amount in the same company and as such there was no control. The said company was dormant company with equity value of just GBP 1 and never carried/started any business. Therefore, the Noticee No. 1 contended that there was no breach of IND AS 24 in the facts and circumstances of this case.

21.5. Relevant Provisions are reproduced below:

Companies Act, 2013

2. Definitions

(zm) "subsidiary" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013;

2. Definitions

(87) "subsidiary company" or "subsidiary" in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i) controls the composition of the Board of Directors; or

(ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Regulation 48 (SEBI LODR Regulation 2015)

The listed entity shall comply with all the applicable and notified Accounting Standards from time to time

[<u>Ind AS 24</u>

13. Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them

14. To enable users of financial statements to form a view about the effects of related party relationships of an entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties]

Findings:

21.6. I note that allegation against the Noticee No. 1 is non-consolidation of accounts of certain companies in the accounts of the company. In this regard, I note that there is no material brought out in the examination report showing the association of 8K Miles Software Services PTE Ltd, Singapore and 8K Miles Cloud Solutions PTE Limited, Singapore with the company viz. M/s Securekloud Technologies Ltd. As regards 8K Miles Software Services UK Limited, United Kingdom, it is noted from the available records that Mr. R. S. Ramani who is the promoter of the company, is also the director of 8K Miles Software Services UK Limited. I note from the document filed with Companies House, Government of UK titled as “Appointment of Director” - AP01 that Mr. Ramani Rama Subramani is appointed as Director of 8K Miles Software Services UK Limited (company number 11301421) on 10.04.2018. Said filing with

Companies House was done in electronic format on 19.04.2018. Further, I note from Balance Sheet as on 30.04.2019 of said company, that it has share capital of GBP 1. This document also shows that 8K Miles Software Services UK Limited is a '*Dormant Account'* and a statement was also mentioned in the Balance sheet that *"For the year ending 30.04.2019, the company was entitled to exemption under section 480 of the Companies Act, 2006 relating to dormant companies*". Further, from the document filed with Companies House, titled as *"Full details of Shareholders",* I note that Mr. Ramani Rama Subramani is holding 1 share of 8K Miles Software Services UK Limited.

21.7. I note that sufficient material has not been brought out in the examination report to establish that 8K Miles Software Services UK Limited is an active subsidiary of Noticee No.1. In view of the facts stated above, I am not sufficiently convinced to hold that 8K Miles Software Services UK Limited is indeed a "subsidiary", of Noticee No.1 as per the provisions of the Companies Act, 2013. I am inclined to accept the contention of the Noticee No. 1 in this respect.

Issue No. 4: Non-disclosure of material event to Stock Exchanges- initiation of forensic audit.

22. SEBI initiated Forensic Audit and appointed Forensic Auditor (M/s Grant Thornton) in respect of M/s Securekloud Technologies Ltd. The same was intimated to the company vide e-mail dated March 25, 2021 at 16:38 hrs. Scanned copy of letter dated March 25, 2021 conveying the decision to appoint forensic auditor, was also attached with email. The Company has acknowledged the receipt of SEBI's letter and email vide email/ letter dated March 29, 2021. The initiation of Forensic Audit is one of the material events specified in Para A of Part A of Schedule III read with Regulation 30(1) & 30(2) of SEBI LODR Regulations, 2015 which is mandatorily required to be disclosed to the Stock Exchanges. However, it is observed that the company has not made disclosures to the Stock Exchanges intimating initiation of forensic audit.

22.1. Further, it is noted that initiation of forensic audit as specified under clause 17 of Para A of Part A of Schedule III, is a material event as per Regulation 30 of SEBI LODR which should be disclosed by the Company within twenty-four hours of its occurrence. The Company should have made the disclosure pertaining to the aforesaid material event latest by March 26, 2021 i.e. twenty-four hours from confirming the receipt of SEBI's letter. The Company, however, maintained that SEBI has not yet disposed of its representations pertaining to initiation of forensic audit and no disclosure in this regard has been made.

22.2. The company supplied the data sought by the Forensic Auditor. This event, read along with SEBI's letter dated March 25, 2021, indicates that the company had knowledge of the commencement of forensic audit. In this regard, it was alleged in the SCN that the Company is non-compliant with Clause 17 of Para A of Part A of Schedule III read with Regulation

30(2) read with Regulation 4(1)(h) of SEBI (LODR) Regulations, 2015 and Section 21 of SCRA, 1956.

Reply of Noticee No.s 1 & 4

22.3. Noticee No. 1 in its reply has contended that since its representation dated April 15, 2021 and letter dated May 24, 2021 was not disposed off by SEBI, no disclosure under Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was made by the Company.

22.4. I note from the perusal of reply of Noticee No. 4 that he has also made his submission which are mostly on the lines of submissions made by Noticee No. 1 on the same issue. Therefore, contentions raised by Noticee No. 4 have been taken up for consideration along with the reply of Noticee No. 1 on the issue of non-disclosure of material event.

22.5. Relevant provisions are reproduced below:

SECURITIES CONTRACTS (REGULATION) ACT, 1956

[Conditions for listing.

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

SEBI (LODR) Regulations 2015

Principles governing disclosures and obligations

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:

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(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.

Regulation 30

(2) Events specified in Para A of Part A of Schedule III are deemed to be material events and listed entity shall make disclosure of such events.

Para A of Part A of Schedule III

*17. **Initiation of Forensic audit:** In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:*

a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;

b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.

Regulation 6

(2) The compliance officer of the listed entity shall be responsible for-

(a) ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit.

Findings:

22.6. I note that SEBI vide letter dated March 25, 2021 has categorically informed Noticee No. 1 that M/s Grant Thorton has been appointed as the forensic auditor with respect to financial statements of Securekloud Technologies Limited. The Noticee No. 1 advised to cooperate with the forensic auditor during the audit process. I note that the email dated March 25, 2021 at 16:38 hrs. was sent to the compliance officer of Securekloud Technologies Limited. Detailed letter dated March 25, 2021 addressed to the compliance officer of Securekloud Technologies Limited was also sent. The company disclosed the matter of forensic audit in annual secretarial compliance report to the stock exchanges on June 30, 2021.

22.7. In view of the communication dated March 25, 2021 issued by SEBI addressed to Noticee No.4, the then company secretary and compliance officer of Securekloud Technologies Limited about the appointment of M/s Grant Thorton as the forensic auditor, I find that it was necessary for the company to have disclosed it within 24 hrs. I also note that disclosure of Forensic Audit has been included in Para A of Part A of schedule III read with Regulation 30 by SEBI LODR amendment brought out in 2020 (w.e.f. 08.10.2020), specifically to address the issue that certain companies are avoiding such compliances. I find that allegation levelled against the Noticee No. 1 regarding non-disclosure of material events i.e. initiation of forensic audit stands established and Noticee No.1 is in violation of Clause 17 of Para A of Part A of Schedule III read with Regulation 30(2) read with Regulation 4(1)(h) of SEBI LODR Regulations, 2015 and Section 21 of Securities Contracts (Regulation) Act, 1956.

22.8. Prescribing the responsibilities of a compliance officer of a listed entity, Regulation 6 of SEBI (LODR) Regulations 2015 states that the compliance officer of the listed entity shall be responsible for ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit. Therefore, I find that Noticee No. 4 failed to discharge his duties and he is found to be in non-compliance of Regulation 6(2)(a) of SEBI (LODR) Regulations, 2015. Noticee No. 4 has informed that he has resigned from the services of Securekloud Technologies Limited with effect from 30.06.2022.

Applicability of Section 23E of SCRA:

23. Noticee No. 1 also contended that violation of SEBI LODR Regulations, 2015 and listing agreement which Noticee has entered with both the stock exchanges, can be dealt with under Section 15 HB of SEBI Act, or Section 23A (a) of Securities Contracts (Regulation), Act, 1956. The Noticee No. 1 relied on order of Hon'ble Securities Appellate Tribunal passed on 20 July 2022 in Appeal No. 293 of 2018 - Vishvapradhan Commercial Pvt. Ltd. Vs SEBI, Appeal No. 294 of 2019 - Dr. Prannoy Roy Vs SEBI, Appeal No. 80 of 2021 - New Delhi Television Ltd Vs SEBI, and other Appeals wherein it was held that Section 23E of Securities (Contracts) Regulation Act, 1956 cannot be invoked for violation of listing agreement. The Hon'ble Tribunal has held that :

> *"Section 23E has nothing to do with the violation of Clause 36 of the listing agreement especially Clause 36. Section 23E provides that where a Company fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof then penalty would be a minimum of Rs. 5 lakh up to maximum of Rs. 25 crore. The words "fails to comply with the listing conditions" cannot mean failure to comply with the conditions in the Listing Agreement. One of the requirements in the Listing Agreement which is required to be complied with is Clause 36 whereas Section 23E refers to the conditions which are imposed upon a Company when it is applying for its shares to be listed on the stock exchange platform. Section 23E has to be read along with Rule 19 of the Securities Contracts (Regulation) Rules,1957 (`SCRR' for short). Rule 19 of the SCRR provides certain requirements with respect to a listing of securities on a recognized stock exchange. Rule 19A provides that a Company has to continuously maintain listing requirements. Rule 21 provides conditions for delisting of securities. Failure to comply with the listing conditions which are stated in Rule19 would entail a penalty as provided under Section 23E. Thus, in our view violation of Clause 36 of the Listing Agreement will attract Section 23A(a) of the SCRA and will not attract Section 23E. The AO has made an error…….The penalty that can be imposed for violation of Clause 36 of the listing agreement is under Section 23A(a)."*

24. At the outset, I note that the decision on the applicability of Section 23E in the said order of the Appellate Tribunal, is in the context of Clause 36 of the Listing Agreement. Clause 36 deals with disclosures of material events and a failure to disclose such events would attract Section 23 A (a) of

SCRA and not Section 23 E, according to the Hon'ble Tribunal. I note that the facts in this case are totally different. The Company has substantially failed to comply with provisions of SEBI LODR Regulations on multiple counts- such as execution of RPTs without prior approval of Audit Committee; the independent directors lost their 'independence' by appointing their close relatives in the employment of the company & its foreign subsidiary; the pecuniary relationship with related parties had crossed the prescribed threshold; the constitution of the Board was defective at several points in time; and price sensitive disclosure relating to forensic audit was not made on time. Non-disclosure of price sensitive information is only one amongst all other violations. Hence, I find that the invocation of the provisions of Section 23E stands justified and the violations not being limited to disclosure cannot be covered under Section 23 (A) (a) of SCRA.

Quantification of penalty

25. I note that the value of RPTs that were executed by Noticee No. 1 without prior approval of Audit Committee was close to Rs. 100 crore. The composition of the Board, Audit Committee and Stakeholder Relationship Committee were also improper. As regards violation committed by Noticee No. 2, his son was appointed as an employee in overseas subsidiary of the company and an amount of $ 3,45,856 was paid as remuneration during the period 2015-16 to 2018-19. In the case of Noticee No. 3, her husband was appointed as an employee in the listed entity who also drew a remuneration of Rs. 1,51,26,018/- during the period 2015-16 to 2018-19. The Compliance officer, i.e. Noticee No. 4 had failed to make timely disclosure of the forensic audit ordered by SEBI and is liable for the same. It has been informed that he has subsequently resigned. This is an adjudication proceeding for imposing appropriate monetary penalty against the Noticees. Keeping the above factors in mind, the penalties with respect to the Noticees have been computed.

D. ORDER

26. In exercise of power conferred upon me under section 15-I of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, 1995, I hereby impose penalty on the Noticees, as shown below:

Noticee Name (No.)	**Violations**	**Penalty under the provisions of**	**Penalty (Rs.)**
Securekloud Technologies Limited (Noticee No. 1)	Regulation 23(2), Regulation 17(1)(b), Regulation 18(1)(d), Regulation 20(2A) and Clause 17 of Para A of Part A of Schedule III read with Regulation 30(2) read with Regulation 4(1)(h) of SEBI (LODR) Regulations, 2015 and Section 21 of SCRA, 1956.	Section 23 E of SCRA, 1956 read with clause 2 of the Listing agreement	25,00,000/- (Rs. Twenty five lakh only)

Mr. Gurumurhti Jayaraman (Noticee No. 2)	Regulation 16(1)(b)(v) and 16(1)(b)(vi)(A) read with 4(2)(f)(iii)(6), Regulation 26(3) read with Regulation 17(5) of SEBI (LODR) Regulations, 2015 and Clause 7 and 8 of Para I of Schedule IV of the Companies Act, 2013.	Section 15HB of SEBI Act, 1992	10,00,000/- (Rs. Ten Lakh only)
Ms. Padmini Ravichandran (Noticee No. 3)	Regulation 16(1)(b)(v) and 16(1)(b)(vi)(A) read with 4(2)(f)(iii)(6), Regulation 26(3) read with Regulation 17(5) of SEBI (LODR) Regulations, 2015 and Clause 7 and 8 of Para I of Schedule IV of the Companies Act, 2013.	Section 15HB of SEBI Act, 1992	10,00,000/- (Rs. Ten Lakh only)
Mr. G. Sri Vignesh (Company Secretary)	Regulation 6(2)(a) of SEBI (LODR) Regulations, 2015	Section 15HB of SEBI Act, 1992	4,00,000/- (Rs. Four Lakh only)
Total Penalty (Rs.)			**49,00,000/-** (Rs. Forty Nine Lakh only)

27. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI -Penalties Remittable to Government of India", payable at

Mumbai, OR through online payment facility available on the 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

28. The said demand draft or forwarding details and confirmation of e-payment made in the format as given in following table should be sent to "The Division Chief, EFD-DRA-5, Securities and Exchange Board of India, SEBI Bhavan II, 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 the 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)	

29. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

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

DATE: SEPTEMBER 14, 2022	**GEETHA G.**
PLACE: MUMBAI	**ADJUDICATING OFFICER**