



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

ADJUDICATING OFFICER

Through SPAD/email

SEBI/EAD/ EAD10/SM/AD/30139/1/2021
October 26, 2021

SRS Knowledge and Technologies Limited
[PAN: AAJCS5655B]

SRS Multiplex, Top Floor, City Centre
Sector-12, Faridabad
Faridabad HR 121007 IN

Email:srsktl@srsparivar.com

Notice under Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 in the matter of the scrip of SRS Ltd.

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had conducted an investigation with respect to trading in the scrip of SRS Limited (hereinafter referred to as '**SRS/Company/SRS Ltd.**') during the period from February 5, 2016 to June 30, 2017 (hereinafter referred to as '**Investigation Period/IP**'). Pursuant to aforementioned investigation, SEBI found that there were several non-compliances with SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as '**PIT Regulations**') by SRS Knowledge and Technologies Limited (previously known as SRS Professional Services Ltd) (hereinafter referred to as '**Noticee/By Name**'). Therefore, SEBI has initiated adjudication proceedings against Noticee for aforesaid alleged violations.
2. Vide order dated May 19, 2021, SEBI appointed the undersigned as the Adjudicating Officer under Section 15I of SEBI Act, 1992 (hereinafter referred

In the matter of SRS Limited

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to as '**SEBI Act**') and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'Adjudication Rules') to inquire into and adjudge under the provisions of Section 15HB of the SEBI Act, the alleged violation of provisions of PIT Regulations by Noticee. A copy of the communique dated May 25, 2021, appointing the undersigned as the Adjudicating Officer is enclosed herewith as **Annexure-I**.

3. SRS is a diversified company with a business portfolio comprising of Gold and Jewellery (retailing, wholesaling, and manufacturing), Cinema exhibition, Retail, Hotel and F&B. The shares of the company were listed on the BSE Ltd. (hereinafter referred to as "**BSE**") and the National Stock Exchange of India Ltd. (hereinafter referred to as "**NSE**") during the IP. Both BSE and NSE together hereinafter referred to as "Exchanges". It was noted from corporate announcement of SRS dated August 31, 2018 on BSE website that Hon'ble National Company Law Tribunal (hereinafter referred to as '**NCLT**'), Chandigarh Bench, vide its order dated August 21, 2018 initiated the Corporate Insolvency Resolution Process of SRS. Further NCLT vide its order dated October 15, 2019 had initiated liquidation of the company.
4. During investigation, it was observed from the website of Ministry of Corporate Affairs (MCA) that Anil Jindal (Chairman –Executive and Director of SRS) had signed the initial incorporation documents (address details of office) with the Registrar of Companies for Noticee in March, 2005. From SRS reply letter dated November 25, 2019, it was observed that Noticee was the promoter group entity of SRS from September 16, 2011. Further as per Annual report of SRS for Financial Year 2016-17, Noticee along with Latest IT Solutions Ltd. had provided corporate guarantee to SRS on a corporate loan by State Bank of India to SRS. The balance outstanding of such loan was Rs. 474.99 lakhs as on 31/03/2016 and 31/03/2017.



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5. From MCA website, Annual reports of SRS and Noticee's replies, it was also observed that Noticee and SRS were also connected based on address, email address and directors as given below:

Table-1

Name of Entity	Registered address	Email address	Directors
SRS Knowledge and Technologies Pvt. Ltd.	SRS Tower, 3 rd floor floor, Near Metro Station, Mewla Maharajpur, GT Road, Faridabad, HR 121003	srsktl@srsparivar.com	Anil Jindal(DIN:00005585), Praveen Kumar Kapoor (DIN:00005617) and Jitender Kumar Garg (DIN:00088125)
SRS Ltd.	SRS Tower, 3 rd floor, Near Metro Station, Mewla Maharajpur, GT Road, Faridabad, HR 121003	www.srsparivar.com was the registered website and domain address of the company	were common directors of SRS Knowledge and Technologies Pvt. Ltd. and SRS Ltd. during the relevant period

6. The above relationships showed that not only Noticee had business relationships with SRS Ltd. in respect of loan guarantees, shared office and email addresses, but also that the directors of Noticee were directors of SRS during the IP. Thus it was observed that Noticee was closely connected with SRS.
7. As per regulation 2(1)(d) and regulation 2(1)(g) of PIT Regulations, Noticee was alleged to be connected person as well as insider of SRS. The relevant regulations are reproduced below for reference:

"2. (1) (d) "connected person" means, -

Any person who is or has during the last six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent that allows such person, directly or indirectly,



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access to unpublished price sensitive information or is reasonably expected to allow such access.

2(1)(g) "Insider" means any person who is:

- (i) a connected person; or
- (ii) in possession of or having access to unpublished price sensitive information

8. Further on perusal of replies of the NSE submitted vide email dated September 07, 2020 and of BSE submitted vide email dated September 17, 2020, it was observed by SEBI that SRS had submitted trading plan of its promoters/insiders vide letter dated August 05, 2015 to NSE and BSE. The aforementioned trading plan had commenced with effect from February 5, 2016 and was applicable till February 4, 2017.

9. The following was inter-alia observed with respect to trading plan of Noticee:

Table-2

S. no.	Name of the promoter	No. of shares	%	Nature of transaction	Trading interval
5	SRS Knowledge & Technologies Ltd.(Formerly known as SRS Professional Services Limited)	55,50,000	1.99	Purchase	5 th February 2016 – 4 th February, 2017

10. As per the trading plan, it was disclosed that Noticee would purchase 55,50,000 shares of SRS Ltd. during the period February 05, 2016 to February 04, 2017. As per the demat transactions provided by depositories viz, Central Depository Services (India) Ltd. (hereinafter referred to as 'CDSL') and National Securities Depository Limited (hereinafter referred to as 'NSDL') and trade details provided by BSE and NSE, it was observed that Noticee had

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traded in the scrip of SRS during the aforesaid period as given in the table below:

Table-3

S. no.	Exchange	Buy	Sell
1	BSE	55,50,000	25,77,604
2	NSE	0	1,33,28,796
Total		55,50,000	1,59,06,400

11. The day wise trading details of Noticee on BSE & NSE is provided as **Annexure III**. It was also observed from demat statements provided by CDSL & NSDL (**Annexure IV**) that Noticee had off-market transfers in the scrip of SRS Ltd. as per details hereunder:

Table-4

S. no.	Source Client	Target Client	Quantity of shares	Date
1	SRS Knowledge and Technologies Ltd.	SRS Global Securities Ltd.	1660000	18/02/2016
2	SRS Global Securities Ltd.	SRS Knowledge and Technologies Ltd.	1660000	25/02/2016

12. From the above findings, it was observed that Noticee, being an insider, had deviated from the approved trading plan as mentioned in Table-2. In this regard, regulation 5(4) of PIT Regulations states that :

“ 5(4) The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in securities outside the scope of the trading plan....”

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13. Therefore, it is alleged that Noticee had violated Regulation 5(4) of PIT Regulations.

14. Further, in terms of regulation 5(2)(ii) of PIT Regulations, the trading plan under regulation 5 of PIT Regulations prohibit trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results

15. Therefore, in accordance with regulation 5(2)(ii) of PIT Regulations the entities with trading plan were not allowed to trade in the scrip of SRS Ltd during the following intervals within the IP:

Table-5

S. no.	Quarter ending results	Results declaration date(as per BSE website – Annexure 4)	Restricted interval where trading is not allowed as per 5(2)(ii) of SEBI (PIT) Regulations, 2015
1	December 31, 2015	February 10, 2016	December 02, 2015 to February 12, 2016
2	March 31, 2016	June 09, 2016	February 29, 2016 to June 13, 2016
3	June 30, 2016	September 14, 2016	June 02, 2016 to September 16, 2016
4	September 30, 2016	December 14, 2016	August 31, 2016 to December 16, 2016
5	December 31, 2016	February 15, 2017	December 05, 2016 to February 17, 2017

16. However, as per trading details of Noticee provided by the exchanges, it was noted that Noticee had traded during the restricted interval i.e. period between the twentieth trading day prior to the last day of financial period and second trading day after the disclosure of financial results for Q.E. June 30, 2016 and/or September 30, 2016.

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17. Therefore, it is alleged that Noticee had violated the provisions of Regulation 5 (2) (ii) of PIT Regulations.

18. The text of the aforementioned provisions of PIT Regulations read as under:

"Trading Plans.

Regulation 5 (2) *Such trading plan shall:—*

.....

.....

(ii) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;

Regulation 5(4) : *" The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.*

Provided *that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation of sub regulation (1) of regulation 4."*

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19. Noticee is, therefore, called upon to show cause as to why an inquiry should not be held against it in terms of Rule 3 of Adjudication Rules read with Sections 15I of the SEBI Act, and penalty, if any, be not imposed under Section 15HB of the SEBI Act for the aforesaid violations of provisions of PIT Regulations as alleged against Noticee. The provisions of Section 15HB of SEBI Act are reproduced hereunder:

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.*

20. Noticee shall submit the reply to the Show Cause Notice supported by such documentary evidence, which they may like to adduce in support of the reply within fifteen days from the date of receipt of this notice by them. Further, a soft copy of the reply may also be sent via email at somam@sebi.gov.in and anjalid@sebi.gov.in. In case no reply is received from Noticee within the prescribed time mentioned above, it would be presumed that Noticee have no submissions to make and the matter shall be proceeded with on the basis of material/ facts on record. A copy of PAN Card, contact details (contact person, phone number, email details, fax etc.) of Noticee may also be submitted along with the reply.

21. Noticee may also note that a settlement mechanism is provided under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. If they wish to avail the benefit of the settlement process, they may apply for the same in the manner provided in the said regulations under intimation to the undersigned.

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22. Further, Noticee may note that if there is any change in their addresses during the period of the current Adjudication proceedings, they are required to inform the same to the undersigned, immediately.


Soma Majumder

Encl:

1. Annexure I – Copy of Communique dated May 25,2021
2. Annexure II - Copy of letters/emails from SRS Ltd
3. Annexure III - Copy of trade details provided by Exchanges
4. Annexure IV - Copy of demat transaction statements provided by NSDL and CDSL
5. Annexure V – Copy of trading plan as provided by BSE/NSE
6. Annexure VI – Copy of Corporate Announcement of SRS Ltd
7. Annexure VII –Copy of MCA documents and annual reports