BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO: Order/SD/KS/2021-22/15504]

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:

Shreenath Mhaskoba Sakhar Karkhana Limited

PAN: AAHCS3018G

S. No. 12/2, 2nd Floor, Meghdoot Building,
behind Bharat petrol pump, Old Lokhandi Pull Lane,
Hadapsar, Pune, Maharashtra – 411028

In the matter of
M/s Shreenath Mhaskoba Sakhar Karkhana Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter be referred to as, "**SEBI**") initiated adjudication proceedings under Section 15HB of SEBI Act, 1992 (hereinafter be referred to as, the **"SEBI Act)** against M/s Shreenath Mhaskoba Sakhar Karkhana Limited (hereinafter be referred to as, **"the Noticee/ SMSKL")** for the alleged violations of Regulations 4(2)(a), 4(2)(b), 4(2)(c), 4(2)(d), 5, 6, 7, 8, 9, 13, 15, 16, 16(B.(1)), 22 of Securities and Exchange Board of India(Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 (hereinafter referred as '**NCRPS Regulations'**)

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as the Adjudicating Officer, vide communique dated August 03, 2021 under Section 19 read with Section 15-I of the SEBI Act read with 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 for the aforementioned alleged violation of the provisions of law by the Noticee.

SHOW CAUSE NOTICE, HEARING AND REPLY

3. Show Cause Notice ref. SEBI/HO/SD/SK/P/OW/245861/1/2021 dated September 17, 2021 (hereinafter referred to as '**SCN'**) was issued to the Noticee in terms of Rule 4 of the Adjudication Rules requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on the Noticee under the provisions of section 15HB of the SEBI Act.

4. The allegations levelled against the Noticee in the SCN, *inter alia*, mentioned as below-:

   i. *the SMSKL had allotted NCRPS to total 3433 investors during the financial years 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and raised Rs. 7.46 crores through such allotments. It is observed that during FYs 2010-11, 2011-12, 2012-13 and 2013-14, NCRPS were allotted to more than the prescribed no. of persons (i.e.49 persons within a financial year).*

   ii. *However, as per information received from the RoC, Pune, , it is observed that SMSKL had allotted NCRPS to total 3339 investors during the financial years 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and raised Rs. 7.31 crores through such allotments. it is observed that during FYs 2010-11, 2011-12, 2012-13 and 2013-14, NCRPS were allotted to more than the prescribed no. of persons (i.e.49 persons within a financial year).*

   iii. *Noticee had issued NCRPS to 108, 2152, 76 and 765 investors (i.e. more than 49 persons) during FYs 2010-11, 2011-12, 2012-13 and 2013-14 respectively, i.e. to a total of 3101 investors across the above-mentioned 4 FYs and raised total Rs. 6.43 crores during this period. Therefore, it is observed that Noticee has made the aforesaid public issue of non-convertible redeemable preference shares during aforesaid years without complying with Regulation 4(2)(a) , 4(2)(b), 4(2)(c), 4(2)(d), 5, 6 , 7, 8, 9, 13, 15, 16, 16(B.(1), 22 of SEBI (NCRPS) Regulations*

   iv. *In line with the policy note dated April 19, 2017, Noticee had provided an exit offer to all the existing allottees of NCRPS for the above-mentioned four FYs, of wherein 3 allottees have opted for a refund aggregating to Rs.45,350. Further, Noticee had submitted also filed for compounding of violation of Section 56, 60, 67(3) and 73 of the Companies Act, 1956 with NCLT.*

   v. *Further, it is observed that SEBI (NCRPS) Regulations were notified on June 12, 2013. It is alleged that during the FY 2013-14, Noticee had allotted NCRPS to 765 investors through various tranches,* *of which 133 investors were allotted NCRPS prior to the date of notification (i.e. June 12, 2013) of SEBI NCRPS Regulations and 632 investors after the notification.*

vi. Therefore, in view of the above, It is alleged that the Noticee has violated the Regulation 4(2)(a) , 4(2)(b), 4(2)(c), 4(2)(d), 5, 6 , 7, 8, 9, 13, 15, 16, 16(B.(1), 22 of SEBI (NCRPS) Regulations:

5. The SCN with reference number SEBI/HO/SD/SK/P/OW/245861/1/2021 dated September 17, 2021 was issued to the Noticee via Speed Post Acknowledgement Due (SPAD), which was duly served on the Noticee as per the Tracking details obtained from the India Post website and the SCN was also sent to Noticee via email dated September 20, 2021, which was also duly delivered to the Noticee.

6. In response to the said SCN, the Noticee vide letters dated October 04, 2021 *inter-alia* submitted that in many cases, similar to the instant case, SEBI has not taken any adverse action and has not imposed penalty in these cases. The Noticee submitted the list of entities/companies against which SEBI has only issued direction of refund under section 11/11B of the SEBI Act and has not initiated penalty proceedings against. Vide same letter the Noticee had also requested for inspection of various documents.

7. Vide email dated October 06, 2021, granted an opportunity of inspection of documents relied upon by SEBI to the Noticee on October 18, 2021. However, the Noticee had failed to avail the opportunity of inspection on the said date. In this regard, vide email dated October 20, 2021 another opportunity of inspection was granted to the Noticee on October 25, 2021. The said inspection of documents was carried out on stipulated date by Advocate Ms. Saachi Purohit, Authorized Representative (‘AR’) of the Noticee.

8. Thereafter, In the interest of natural justice and in order to conduct an inquiry in terms of Rule 4 (3) of the Adjudication Rules, vide email dated October 26, 2021, the Noticee was granted an opportunity of personal hearing in the matter on November 17, 2021, through the online Cisco webex platform. Further, vide email dated November 15, 2021 reminded the Noticee about the said hearing and advised submit reply to the SCN, as no reply was received from the Noticee by then.

9. In response, Noticee vide email dated November 16, 2021 and letter dated November 16, 2021 informed that the Noticee had made an application before Board to withdraw

the order appointing Adjudicating Order and requested to not proceed in the matter till the application is decided by the Hon'ble Whole Time Member.

10. The Noticee had failed to avail the personal hearing granted to it on November 17, 2021. Further, vide email dated November 26, 2021 another opportunity of personal hearing was granted to the Noticee on December 14, 2021 and informed the Noticee that in case Noticee fail to avail the opportunity of personal hearing, it shall be persummed that Noticee has no submissions/explanations to offer in the matter and shall be proceeded with, on the basis of material/facts available on record.

11. In response to the said email, the Noticee vide letter dated December 13, 2021 inter-alia made the following submissions:

i. *the Noticee has interalia asked for inspection of file notings of the present matter, file notings of other matters wherein it has been held that no penalty proceedings will be initiated if exit offer has been given as well as the Enforcement Action Policy that has been followed in similar cases where penalty proceedings have been initiated. To our utter dismay, we have still not received inspection of the crucial documents which go to the core of the issue, this is a serious violation of natural justice and equity.*

ii. *Noticee submitted that Application filed before the Hon'ble WTM pertains to the issue of jurisdiction, Your Honour will appreciate that such an issue is a core issue and should be treated as a preliminary issue. In fact, quite to our surprise, we are perplexed at the fact that without any instruction to the contrary from the Hon'ble WTM, Your Honour is still continuing to proceed in the said matter. Therefore you are kindly requested to refrain from proceeding in the present matter until the Application is decided by the Hon'ble WTM as the Order dated July 29, 2021 appointing your Honour as the Adjudicating Officer in the instant matter is under challenge before the Hon'ble WTM, a superior authority.*

iii. *Noticee submitted that the SCN in this matter has been issued after considerable delay of around 10 years after the period in which the allotments in question were made by the Noticee.*

iv. *Noticee further submitted that The Company is involved in the business of sugar and allied by products and deals with farmers. In and around year 2002, the Applicant the first time decided to make offers to farmers dealing under Private Placement. The*

Applicant has made more than 150 private offers, each to less than 49 persons in every individual issue / offer till 31st March, 2014 under Companies Act, 1956

v. *We submit that SEBI's interpretation of the limit of 50 persons in one financial year is absolutely incorrect as the word financial year itself does not find any mention in law and the relevant provision of the Companies Act, 1956 talks about a particular offer and not number of allottees in one financial year. Even this limit of 50 for one offer is not applicable in cases where the offer is made to a domestic concern*

vi. *We submit that Companies Act 1956, under Section 67 (3) (in the context of private placements) -states that in ONE INDIVIDUAL OFFER, invitation to subscribe cannot be extended to more than 49 persons if the issue is a private placement and does not prohibit any issuer from making multiple such private placement OFFERS (each of the OFFERS having been made to less than 49 persons in any year, does not refer to ALLOTMENTS and refers only to OFFERS. Thus it is obvious that there is no bar in making ALLOTMENT to more than 49 persons in one single ALLOTMENT if it is resulting out of multiple OFFERS; with each OFFER having been made to less than 49 persons, does not prescribe any restriction on the total number of persons to whom OFFER can be extended, aggregated across all such private placements in a year, subject to the condition that each separate OFFER is extended to less 49 persons in any year.*

vii. *At this point it would be necessary to draw Your Honours attention to the fact that the cap of 200 on the number of persons to whom offer / allotment can be made in one financial year was introduced only after the enactment of Companies Act, 2013 (effective from 1st April, 2014). Hence, in respect of the offers made before 3 1st March, 2014, this limit is not applicable.*

viii. *Kindly note that, the Company has issued NCRPS as per table below from financial year 2014-15 to 2020-21 as permitted under the Companies Act, 2013, which is less than 200 persons in each financial year.*

ix. *In the present case it has been submitted that all these offers /allotments were made ONLY to our sugarcane suppliers/farmers who work on day to day business with the Company. These issues amount to domestic concern where expressly Section 67(3) has no application. On this ground itself, the matter should be closed on immediate basis without any adverse findings.*

Financial Year	*No of allotees*
2014-15	*SO*
2015-16	*153*
2016-17	*99*
2017-18	*93*
2020-21	*188*

x. *We have repeatedly been requesting SEBI to give us a copy of the internal policy note approved by the then chairman of SEBI in August/September 2016 for dealing with private placements of shares to more than 200 persons in one financial year. We find it shocking that SEBI has not even acknowledged the presence of such a policy and has deliberately tried to deny us the benefit of taking recourse to the SEBI approved course of action in this matter. You are requested to confirm to us that such decision was indeed taken by SEBI.*

xi. *In this regard, it may kindly be noted that (without prejudice to our stand that in our matter there is no violation of the provisions of the Companies Act as alleged) purely by way of good order and in the interest of all our stakeholders including shareholders, lenders and fanners/suppliers, we have taken action as per this SEBI decision and have already given exit offer as per SEBl's this decision to our concerned investors and have also filed a compounding application in this regard with NCLT.*

xii. *Noticee also submitted various judgments/orders where no penalty has been levied in cases where remedial/corrective steps have been taken:*

xiii. *Therefore, in the light of the fact that an Application has been filed before the Board to withdraw the Order appointing your Honour as Adjudicating Officer in view of the precedents in other matters, your Honour should not exercise jurisdiction in the present matter while the Application is pending before the Board. Your Honour is therefore requested to not proceed in the matter till the Application is decided by the Hon'ble Whole Time Member and thereafter we are given a fair opportunity to make submissions and attend a personal hearing before your Honour*

12. Further, the Noticee although submitted interim reply dated December 13, 2021, failed to avail the opportunity of personal hearing granted to it on December 14, 2021. In this

regard, vide email dated December 30, 2021 another and final opportunity of personal hearing was granted to the Noticee on January 27, 2022.

13. The Noticee vide email dated January 26, 2022 inter-alia submitted the reply to the SCN and the relevant extract of the said reply is as follows:

    i. *At the further outset, it would be extremely important to note that, surprisingly the facts given in the SCN pertain to the allotments made in FY 2010-11, 2011-12, 2012-13, and 2013-14. However, the Noticee would like to submit that the facts given as far as FY 2010-11, 2011-12 and 2012-13 are concerned are irrelevant details as the NCPRS Regulations itself only came into force on June 12, 2013. We would like to draw your kind attention to para 15 and para 17 of the SCN which contradict one another. Though para 15 makes an allegation that in the FY 2010-11, 2011-12 and 2012-13, there was a violation of NCPRS Regulations, the same is contravened by para 17 of the SCN which clearly states that the NCPRS Regulations came into force only on June 12, 2013 and in view of the same the allegation against the Noticee is pertaining to FY 2013-14. It is a basic fact that the Noticee cannot be violating a provision of law which is not in existence or in force. Noticee in this regard relied upon various orders passed by SEBI viz., in the matter of Smt. Kokila Dhirubhai Ambani in the matter of Reliance Capital Ltd. Reliance Communications Ltd. and Reliance Power Limited. Dated March 23, 2018.*

    ii. *We would like to reiterate that by our letters dated October 04, 2021, October 08, 2021, November 16, 2021 and our interim submissions cum inspection letter dated December 13, 2021 we had requested your Honour for inspection of crucial documents, which would enable us to understand the instant matter properly, particularly in the context of Equality Before Law. By the same letters we had demonstrated that in numerous and multiple matters similar to the present matter, wherein SEBI has alleged similar violations, SEBI has not initiated adjudicating proceedings for imposing penalties in such similarly placed matters. Your kind attention is drawn to para no 4. of our letter dated October 04, 2021.*

    iii. *Noticee submitted that instant case can be distinguished from the case of M/s Vishwaraj Sugar Industries Limited and vide the ADJUDICATION ORDER NO. Order/MC/DS/2019-20/7326, dated March 23, 2020.*

iv. *However, in the present matter there is only one violation alleged as opposed to two violations alleged in the matter of Vishwaraj. Under 15HB minimum penalty levied is only 1lakh. Without prejudice to our submissions, even If it is accepted that there is a violation, the following mitigating factors must be considered:*

v. *Exit option has already been given and no prejudice to investors subsists and prejudice to investors, if any, has already been corrected*

vi. *Compounding Application has been already been filed before NCLT.*

vii. *Noticee submitted that your Honour is requested to once again reconsider the Noticees request for inspection of the requested documents.*

viii. *The Noticee would also like to point out that by SEBIs letter dated December 11, 2020 the Applicant was advised to provide the following information: (i.) confirm whether the money is refunded along with 15 % interest p.a. as per SEBI's circular (no. CIR/ CFD/DIL3/18/3015) dated December 31st, 2015 (ii). submit a certificate from an independent peer reviewed practicing CA / CS certifying compliance of procedure prescribed in the aforesaid circular and (iii.) to apply for compounding of violation with NCLT and submit evidence for the same with SEBI. In this letter it was clearly stated that if the aforesaid information is not furnished in the time period given by SEBI, then SEBI will proceed to take suitable action against the Applicant. However, the Noticee has complied with the same and therefore initiation of the present proceedings is bad in law on this ground as well and should be disposed off in view of the same.*

ix. *Noticee submitted that the SCN in this matter has been issued after considerable delay of around 10 years after the period in which the allotments in question were made by the Noticee. Therefore, it is abundantly clear that the said matter suffers from delay and laches and on this ground alone, is liable to be disposed of as it causes great prejudice to the Noticee. With reference to the same the Noticee had relied upon various case laws., viz., SAT Order dated 31.1.2020 in the matter of Ashlesh Gunvantbhai Shah vs SEBI, SAT Order dated 27.5.2019 in the matter of Rakesh Kathotia & Ors. Vs SEBI, SAT Order in respect of Ashok Shivlal Rupani vs SEBI; SAT order in respect of Sanjay Jethalal Soni & Ors. vs SEBI etc.,*

x. *The Noticee would also like to point out, once again, that by our letter dated November 16, 2021 we had informed your Honour that we have moved an Application before*

Hon'ble Whole Time Member, inter alia praying that the Hon'ble Whole Time Member's Order dated July 29, 2021 appointing your Honour as the Adjudicating Officer in the instant matter be withdrawn. The said application is presently pending before the Hon'ble WTM and the Hon'ble WTM has not rejected the said application and is still to hear us in the said matter.

xi. *Further the Noticee would like to point out that in all other cases of similar allotment as in the instant matter and alleged violation of 'Deemed Public Issue' norms SEBI has passed only remedial directions under S.11/11B and has not taken any penal action. No adjudication proceedings have been initiated for levy of financial penalty by Adjudicating Officer in these other matters.*

xii. *There are other sugar companies which are exactly placed as the present Noticee, wherein SEBI has passed remedial directions as they have not complied with the Enforcement Action Policy which states that the other sugar companies are to give refund to their investors. Therefore it is clear that such action taken, is not punitive and not to punish the companies but to remedy or correct their wrong. With respect to the same the Noticee relied upon various case laws viz., SAT Order dated February 15, 2011 In the matter of G. M. Bosu & Co. Private Limited (Appeal No. 183 of 2010); SAT Order dated September 19, 2002 In the matter of Roopram Sharma vs SEBI etc.,*

xiii. *Noticee also submitted that in the light of the fact that an Application has been filed before the Board to withdraw the Order appointing your Honour as Adjudicating Officer, your Honour is once again requested to refrain from exercising jurisdiction in the present matter while the Application is pending before the Board and proceeding in the matter till the Application is decided by the Hon'ble Whole Time Member.*

xiv. *The Noticee submits that in the SCN there is no charge of any lapse on account lack of shareholder approval, board approval or any other such irregularity in respect of each of these separate issues in FY 2013-14. The only charge is that in all issues taken together, allotment in FY post the notification of Regulation is to 632 investors which is more than 49.*

14. Thereafter, the hearing scheduled on January 27, 2022 was attended by the AR and during the course of personal hearing, the AR reiterated the submissions made by the Noticee in its reply dated January 26, 2022. Further, the Noticee was also advised to make any further additional submissions, if any latest by February 10, 2022.

15. In this regard, Noticee vide letter dated February 10, 2022, February 16, 2022 and February 22, 2022 made further submissions. The relevant extracts of the said submissions are as follows:

i. *Noticee submitted that delay of over 8 years in issuing the SCN dated September 17, 2021 due to which the Noticee is seriously prejudiced and handicapped.*

ii. *Noticee cannot be violating a provision of law which is not in existence or in force.*

iii. *It is submitted that in all other cases of similar allotment as issued and alleged violation of 'Deemed Public Issue' norms SEBI has passed only remedial directions under S.11/11B and has not taken any penal action. No adjudication proceedings have been initiated for levy of financial penalty by Adjudicating Officer in these other matters.*

iv. *Noticee submitted that since an exit offer was given in the present matter, the violation alleged is merely technical. In the matter of Gallops Enterprise Limited dated 22.2.2019 (Order No. EAD-8/KS/AA/AO/232/2018-1), the Hon'ble AO disposed of the adjudication proceedings initiated against the Noticee without imposition of any monetary penalty as he was of the view that the error therein was technical and devoid of malefide intention. In the matter of P.G. Electroplast Ltd. & Ors. vs Sebi dated 2 August, 2019, the Hon'ble Securities Appellate Tribunal while dealing with S. 15HB held that even if a minimum penalty is prescribed, after considering the facts of the circumstances the authority would be justified in refusing to impose penalty where there is a technical or venial breach of the Act.*

v. *in view of the present as well as previous submissions it is clear the Noticee has not only not committed any breach but even assuming that the Noticee has, it will be essential to note that the same has been rectified and made good bonafidely in the interest of the investors and in such a case your Honour would be justified in not imposing any penalty against the Noticee.*

vi. *It is once again prayed that, in the light of the fact that an Application has been filed before the Board to withdraw the Order appointing your Honour as Adjudicating Officer in view of the precedents in other matters, your Honour should not exercise jurisdiction in the present matter while the Application is pending before the Board.*

vii. *Noticee reiterates that the Noticee has not violated the provisions of Section 67 (3) of the Companies Act, 1956 and has made all its allotments as per the law.*

viii. *In contradiction to what the ROC has held, the SCN alleges violation on the same facts and on the same sections/law and clearly there are two contradictory views being taken by two different authorities. Noticee relied upon various case laws viz., Durga Kamal Rice Mills vs CIT dated 9.4.2003, Calcutta High Court; M/s Inspectorate Singapore Pte. Ltd. Vs ADIT dated June 6, 2018, ITAT Delhi; M/S. Padmini Infrastructure vs DCIT, dated February 7, 2019 the Income Tax Tribunal, New Delhi*

ix. *Noticee humbly requests your Honour to refrain from imposing penalty in the said matter as it is clear that two different authorities have taken two different view/interpretations of the relevant section.*

x. *With regard to inspection of documents Noticee relied upon the recent order dated February 18, 2022 passed by the Hon'ble Supreme Court in the matter of T. Takano vs SEBI & Anr. (C.A. Nos. 487 – 488 of 2022). Noticee once again humbly requests your Honour to provide the documents requested by the Noticee under its letter dated October 4, 2021, particularly the inspection of the internal policy of August 2016 dealing with DPI cases, Policy Note dated April 19, 2017, file notings on the basis of which circular dated December 31, 2015 was issued and file notings and policy on the basis of which letter dated December 11, 2020 was issued to the Noticee as they are extremely and totally relevant to the present proceedings*

CONSIDERATION OF ISSUES AND FINDINGS:

16. I have taken into consideration the facts and circumstances of the case, the material available on record. It is alleged that the during the FY 2013-14, Noticee had allotted NCRPS to 765 investors through various tranches, of which 133 investors were allotted NCRPS prior to the date of notification (i.e. June 12, 2013) of SEBI NCRPS Regulations and 632 investors after the notification. In view of the same, it is alleged that Noticee has violated the provisions of Regulations 4(2)(a) , 4(2)(b), 4(2)(c), 4(2)(d), 5, 6 , 7, 8, 9, 13, 15, 16, 16(B.(1), 22 of SEBI NCRPS Regulations and, therefore, it is alleged that Noticee is liable for penalty under the provisions of Section 15HB of the SEBI Act.

17. Before moving forward, the relevant provisions of law allegedly violated by the Noticee and as mentioned in the SCN are reproduced below:--

Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013

Chapter II

ISSUE REQUIREMENTS FOR PUBLIC ISSUES

4. General Conditions

No person shall directly or indirectly—

(2) No issuer shall make a public issue of non-convertible redeemable preference shares unless the following conditions are satisfied, as on the date of filing of draft offer document and final offer document as provided in these regulations,-

(a) it has made an application to one or more recognized stock exchanges for listing of such securities there in:

Provided that where the application is made to more than one recognized stock exchanges, the issuer shall choose one of them as the designated stock exchange:

Provided further that where any of such stock exchanges have nationwide trading terminals, the issuer shall choose one of them as the designated stock exchange;

Explanation: For any subsequent public issue, the issuer may choose a different stock exchange as a designated stock exchange subject to the requirements of this regulation;

(b) it has obtained in-principle approval for listing of its non-convertible redeemable preference shares on the recognized stock exchanges where the application for listing has been made;

(c) it has obtained a credit rating from at least one credit rating agency registered with the Board and is disclosed in the offer document:

Provided that where credit ratings are obtained from more than one credit rating agencies, all the ratings, including the unaccepted ratings, shall be disclosed in the offer document;

(d) it has entered into an arrangement with a depository registered with the Board for dematerialization of the non-convertible redeemable preference shares that are proposed to be issued to the public, in

accordance with the Depositories Act, 1996 and regulations made thereunder;

Disclosures in the offer document.

5.(1) The offer document shall contain all material disclosures which are necessary for the subscribers of the non-convertible redeemable preference shares to take an informed investment decision.

(2) Without prejudice to the generality of sub-regulation (1), the issuer and the lead merchant banker shall ensure that the offer document contains the following:

(a) the disclosures specified in Schedule II of the Companies Act, 1956;

(b) Disclosure specified in Schedule I of these regulations; and

(c) Additional disclosures as may be specified by the Board.

Explanation: For the purpose of this regulation, "material" means anything which is likely to impact an investor's investment decision.

Filing of draft offer document.

6.(1) No issuer shall make a public issue of' non-convertible redeemable preference shares unless a draft offer document hasbeen filed with the designated stock exchange through the lead merchant banker.

(2)The draft offer document filed with the designated stock exchange shall be made public by posting the same on the website of the designated stock exchange for seeking public comments for a period of seven working days from the date of filing the draft offer document with such exchange.

(3)The draft offer document may also be displayed on the website of the issuer, merchant bankers and the stock exchanges where the non-convertible redeemable preference shares are proposed to be listed.

(4)The lead merchant banker shall ensure that the draft offer document clearly specifies the names and contact particulars of the compliance officer of the lead merchant banker and the issuer including the postal and email address, telephone and fax numbers.

(5)The lead merchant banker shall ensure that all comments received on the draft offer document are suitably addressed prior to the filing of the offer document with the Registrar of Companies.

(6)A copy of draft and final offer document shall also be forwarded to the Board for its records, along with fees as specified in Schedule III simultaneously with filing of these documents with designated stock exchange.

(7)The lead merchant banker shall, prior to filing of the offer document with the Registrar of Companies, furnish to the Board a due diligence certificate as per Schedule II of these regulations.

Mode of Disclosure of Offer Document.

7.(1) The draft and final offer document shall be displayed on the websites of stock exchanges and shall be available for download in PDF /HTML formats.

(2) The offer document shall be filed with the designated stock exchange, simultaneously with filing thereof with the Registrar of Companies, for dissemination on its website prior to the opening of the issue.

(3) Where any person makes a request for a physical copy of the offer document, the same shall be provided to him by the issuer or lead merchant banker.

Advertisements for Public issues

8. (1)The issuer shall make an advertisement in one English national daily newspaper and one Hindi national daily newspaper with wide circulation at the place where the registered office of the issuer is situated, on or before the issue opening date and such advertisement shall, amongst other things, contain the disclosures as per Schedule I.

(2)No issuer shall issue an advertisement which is misleading in material particulars or which contains any information in a distorted manner or which is manipulative or deceptive.

(3)The advertisement shall be truthful, fair and clear and shall not contain a statement, promise or forecast which is untrue or misleading.

(4)The credit rating shall be prominently displayed in the advertisement.

(5)Any advertisement issued by the issuer shall not contain any matters which are extraneous to the contents of the offer document.

(6)The advertisement shall urge the investors to invest only on the basis of information contained in the offer document.

(7)Any corporate or product advertisement issued by the issuer during the subscription period shall not make any reference to the issue of non-convertible redeemable preference shares or be used for solicitation.

Abridged Prospectus and application forms.

9.(1)The issuer and lead merchant banker shall ensure that:

(a)every application form issued by the issuer is accompanied by a copy of the abridged prospectus;

(b)the abridged prospectus shall not contain matters which are extraneous to the contents of the prospectus;

(c)adequate space shall be provided in the application form to enable the investors to fill in various details like name, address, etc.

(2)The issuer may provide the facility for subscription of application in electronic mode.

Minimum subscription.

13.(1)The issuer may decide the amount of minimum subscription which it seeks to raise by public issue of non-convertible redeemable preference shares in accordance with the provisions of Companies Act, 1956 and disclose the same in the offer document.

(2) In the event of non-receipt of minimum subscription, all application moneys received in the public issue shall be refunded forthwith to the applicants. In the event the application monies are refunded beyond eight days from the last day of the offer, then such amounts shall be refunded together with interest at such rate as may be set out in the offer document which shall not be less than fifteen per cent per annum

Prohibitions of mis-statements in the offer document.

15.(1)The offer document shall not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading.

(2)The offer document or abridged prospectus or any advertisement issued by an issuer in connection with a public issue of non-convertible redeemable preference shares shall not contain any false or misleading statement.

CHAPTER III

LISTING OF NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES

Mandatory listing.

16.(1)An issuer desirous of making an offer of non-convertible redeemable preference shares to the public shall make an application for listing to one or more recognized stock exchanges in terms of sub-section (1) of section 73 of the Companies Act, 1956.

(2)The issuer shall comply with conditions of listing of such non-convertible redeemable preference shares as specified in the Listing Agreement with the stock exchange where such non-convertible redeemable preference shares are sought to be listed.

(3)Where the issuer has disclosed the intention to seek listing of non-convertible redeemable preference shares issued on private placement basis, the issuer shall forward the listing application along with the disclosures specified in Schedule I to the recognized stock exchange within fifteen days from the date of allotment of such non-convertible redeemable preference shares.

Listing Agreement.

16A.(1) Every issuer desirous of listing its non-convertible redeemable preference shares, or perpetual non-cumulative preference shares or innovative perpetual debt instruments on a recognised stock exchange, shall execute an agreement with such stock exchange.

16B. (1) The issuer shall deposit, before the opening of subscription list, and keep deposited with the stock exchange(s) an amount calculated at the rate of one per cent. of the amount of securities offered for subscription to the public. (2)The amount stipulated in sub-regulation (1) shall be deposited in the manner specified by Board and/or stock exchange(s). (3)The amount *stipulated in sub-regulation (1) shall be refundable or forfeitable in the manner specified by the Board.*

Issue I: Whether Noticee has violated Regulations 4(2)(a) , 4(2)(b), 4(2)(c), 4(2)(d), 5, 6 , 7, 8, 9, 13, 15, 16, 16(B.(1), 22 of SEBI NCRPS Regulations?

18. Before proceeding with the matter on merits, I first deal with the preliminary issues raised by the Noticee regarding delay in proceedings. i.e I have seen that Noticee was provided with all relevant and relied upon documents along with Show Cause Notice and the Noticee was provided enough time to file its detailed reply and submissions. Notwithstanding the same, I also note that there is no provision with prescribed time limit in the SEBI Act which may have the effect of prohibiting SEBI from taking action by issuing Show Cause Notice or passing any order beyond a particular period of time in a given case.

19. In this regard, I am inclined to rely upon the decision of Hon'ble SAT in the matter of Bipin R Vora vs SEBI held that, "*As regards the plea of delay and latches and submission that the show cause notice is barred by limitation, I do not find any merit in these contentions as the time and efforts involved in an investigation though may vary from case to case, generally investigations per-se is a time consuming process which invariably involve collection, scrutiny and careful examination of voluminous records/ order-trade details of all the concerned including the exchanges/recording of statements etc. and therefore no time limit can be fixed in this regard to enable a regulator to take appropriate disciplinary action for the safeguard and improvement of the system/market'*.

20. Further, I note that in Ravi Mohan & Ors. v. SEBI and other connected appeals decided on August 08, 2013, Hon’ble SAT while referring to its own decision in HB Stockholdings Ltd. v. SEBI(Appeal no. 114 of 2012) decided on August 27, 2013 and decision of Hon’ble Supreme Court in Collector of Central Excise, New Delhi v. Bhagsons Paint Industry (India)reported in2003 (158) ELT 129 (S.C.),held as under:

“....Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (Appeal no. 114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside. There is no merit in this contention,

because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice…."

21. The decision of Hon'ble SAT in the aforesaid case, were reiterated by it, in a subsequent order in the matter of Kunal Pradip Savla & Ors. v. SEBI (Appeal no. 231 of 2017) decided on April 13, 2018.

22. Further, I note that in Rajendra Aggarwal. v. SEBI(Appeal No. 552/ 2019) decided on September 17, 2021, Hon'ble SAT held that

"*On issue of delay, we find that the show cause notice was issued in the year 2013 and the trades were executed in 2009. The investigation was against a large number of entities which apparently took time and ultimately notices were issued to 35 entities. Consequently, we do not find any inordinate delay in the issuance of the show cause notice nor do we find any merit in the contention that there was an inordinate delay in the delivery of the impugned order after the last date of hearing by the AO. We are of the opinion that after the conclusion of the arguments the data of 35 entities was required to be analysed and collated which took time and, therefore, we do not see any reason to vitiate the judgment only on the ground of delay in delivering the order. In any case, such delay in the delivery of the judgment does not cause any prejudice to the appellants"*

23. The Hon'ble SAT in the matter of M/s Adamina Traders P. Ltd (Appeal No. 331/2020) decided on December 15, 2021 held that

"We find that the trades in question are of the year 2013. The show cause notice was issued on September 28, 2017 by the WTM and January 18, 2018 by the AO. We do not find any evidence to hold that there was an inordinate delay in the issuance of the show cause notice. This contention is accordingly rejected."

24. In view of aforesaid Judgments, I conclude that there is no merit in the preliminary objections made by Noticee, regarding the delay in issuance of SCN in the instant proceedings.

25. I note that Noticee had contended that inspection of the certain documents requested for by its email dated October 06, 2021, was rejected and it was clearly stated that only those documents that have been annexed to the SCN were provided during inspection. In this regard, I note that in Shruti Vora matter, the Hon'ble SAT has clearly mentioned that "the AO is required to supply the documents relied upon while serving the show cause notice. This is essential for the person to file an efficacious reply in his defence". Thus, I note that all documents relied upon for the present proceedings have been shared with the Noticees as per the ratio mentioned in the Shruti Vora matter in the backlight of principles of natural justice.

26. Further, the Hon'ble SAT in the matter of Anant R Sathe Vs SEBI (Appeal No. 150 of 2020) vide Order dated July 17, 2020 has reaffirmed the principle elucidated in the judgment of Shruti Vora's case, which was reproduced herein above and ruled that "the Authority is required to supply the documents that they rely upon while serving the show cause notice which in the instant case has been done and which is sufficient for the purpose of filing an efficacious reply in his defence".

27. In view of the above, since all the documents which are relevant and relied upon in the instant proceedings have been provided to the Noticees, I am of the opinion that principles of natural justice have been duly complied with in the instant proceedings and no prejudice in filing reply has been caused to the Noticees. Having decided the preliminary objections raised by the Noticees, now I proceed to deal with the merits of the matter.

28. I note that the allegation against the Noticee is that, Noticee has made the public issue of non-convertible redeemable preference shares during the financial year 2013-14 without complying with certain provisions of SEBI NCRPS Regulations.

29. I note that during the period of examination vide letter dated July 29, 2019, SEBI has sought the information from SMSKL and ROC Pune regarding mobilization of funds from public by issue of shares/debentures by the Noticee. I also note from the record provided by the Noticee that SMSKL had allotted NCRPS to total 3433 investors

during the financial years from 2010-11 to 2017-18 and raised Rs. 7.46 crores through such allotments. Further, it is observed from the details of allottees and directors provided by ROC, Pune that the Noticee has issued NCRPS to total 3339 investors during FY 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17

30. I note that during the examination period, SEBI on various occasions viz vide letter dated February 18, 2020, email dated April 28, 2020, email dated July 06 2020, email dated November 13, 2020, email dated November 27, 2020 sought information from the Noticee regarding the status of exit/refund process. I also observe from the examination report that in response to the same, SMSKL vide letter dated November 19, 2020 *inter-alia* informed that the process of giving exit/refund option to all existing RPS holders had been completed.

31. Thereafter, SEBI vide letter dated December 11, 2020 asked SMSKL to provide information regarding the money refunded, to submit a certificate from an independent peer reviewed practicing Chartered Accountant/Company Secretary certifying compliance of procedure prescribed in the aforesaid circular and also advised Noticee to apply for compounding of violation with NCLT and to submit evidence for the same with SEBI. In this regard, I note that during the examination, Noticee vide its letters dated March 31, 2021 and June 11, 2021 submitted Peer reviewed CA Certificate dated March 24, 2021 and June 11, 2021 from C.V Chitale & Co., Chartered Accountants. Further, Noticee vide email dated March 16, 2021 also provided the copy of the application dated March 16, 2021 filed with NCLT for compounding of violations of Section 56, 60, 67(3) and 73 of the Companies Act, 1956.

32. I note that Noticee has contended in its reply that there are multiple matters having similar alleged violations, wherein SEBI has consciously not initiated Adjudicating Proceedings against them and chosen Noticee for Adjudicating Proceedings. In this regard, I checked the records and I do not agree with the contentions of the Noticee, **Since, I found that SEBI has taken an action by way of Adjudicating Proceedings against M/s Vishwaraj Sugar Industries Limited and Jagruti Sugar and Allied Industries Limited, wherein similar facts and violations have committed by these entities and after found guilty, penalties have been imposed by respective Adjudicating Officers**. The same are readily available on the SEBI website.

33. Further, Noticee has repeatedly submitted that it has made an application before Hon'ble Whole Time Member('WTM'), *inter alia* praying WTM to withdraw the order appointing the Adjudicating Officer in the instant matter. The Noticee also requested the undersigned to keep the matter in abeyance till the application is decided by WTM. In this regard, after examining the contentions of the Noticee, I am of the view that the contentions of the Noticee are without any merit. The SEBI Act and the Regulations framed thereunder does not contain any provisions which would enable the Noticee to make an application to the WTM- SEBI to withdraw the order appointing the Adjudicating Officer. In this context, it is informed that under section 15-I of the SEBI Act, SEBI can appoint an officer not below the rank of a Division Chief to be an Adjudicating Officer to hold an inquiry, issuing SCN, scrutiny of reply, give a hearing to the person concerned and thereafter, if found guilty, impose a penalty through an Order. All these are broad quasi-judicial functions being exercised by such Officers appointed by the Board.

34. In the instant matter, the undersigned has been appointed as the Adjudicating Officer under section 19 read with section 15-I of the SEBI Act and Rule 3 of the Adjudication Rules to inquire into and adjudge the alleged violations of the provisions of law committed by the Noticee, which has also been brought out in the SCN dated September 17, 2021 issued to the Noticee. I hereby note that all necessary steps have been duly taken in the instant matter and keeping the matter in abeyance without any proper reason unnecessarily delay the whole proceedings. Therefore, the contentions of the Noticee to keep the proceedings in abeyance is baseless and without any merit.

35. Further, I also note that sufficient time was given to the Noticee to file reply and Noticee on January 26, 2022, February 10, 2022, February 16, 2022 and February 22, 2022 submitted various replies in the instant case. Further, Noticee was granted an opportunity of Personal Hearing thrice. Hence, I am of the view that Principles of Natural Justice was duly adhered and no prejudice was caused to the Noticee during the instant proceedings.

36. I note from the reply submitted by the Noticee that it has contested about the facts given in the SCN, are related to FY 2010-11, 2011-12 and 2012-13 and are irrelevant

since the NCPRS Regulations itself only came into force on June 12, 2013 and the only facts with which the Noticees are concerned are those of the FY 2013-14 as the Noticee cannot be violating a provision of law which is not in existence or in force. In this regard, I would like to make it crystal clear that although SCN discussed about the facts related to FY 2010-11, 2011-12 and 2012-13, the allegation made in the SCN was related to FY 2013-14 and particularly pertaining to the allotment of NCRPS to 632 investors in trenches after the date of notification (i.e. June 12, 2013) of SEBI NCRPS Regulations.

37. Noticee submitted that it has made more than 150 private offers, each to less than 49 persons in every individual issue / offer till 31st March, 2014 under Companies Act, 1956. Noticee in its reply contested that SEBI's interpretation of the limit of 50 persons in one financial year is absolutely incorrect as the word financial year itself does not find any mention in law and the relevant provision of the Companies Act, 1956 talks about a particular offer and not number of allottees in one financial year. Even this limit of 50 for one offer is not applicable in cases where the offer is made to a domestic concern. I note that Noticee was quoted about the relevant extract of the Section 67(3) of the Companies Act, 1956 and submitted that all the offers/ allotments were made only to its sugarcane suppliers/farmers who work on day to day business with the company. The Noticee also submitted that these allotments amount to domestic concern where expressly Section 67(3) has no application.

38. In this regard, I note that Hon'ble Supreme Court held in the Sahara Order that even the issue which satisfies the requirements of sections 67(3)(a) and (b) would be treated as an issue to the public if it is made to fifty or more persons. The following observations of the Hon'ble Supreme Court made in the Sahara Order in this regard are noteworthy

"*.... Even those issues which satisfy Sections 67(3)(a) and (b) would be treated as an issue to the public if it is issued to fifty or more persons, as per the proviso to Section 67(3) and as per Section 73(1), an application for listing becomes mandatory and a legal requirement. Reading of the proviso to Section 67(3) and Section 73(1) conjointly indicates that any public company which intends to issue shares or debentures to fifty persons or more is legally obliged to make an application for listing its securities on a recognized stock exchange.*"

".... after the amendment to the Companies Act, 1956 on 13.12.2000, every private placement made to fifty or more persons becomes an offer intended for the public and attracts the listing requirements under Section 73(1). Even those issues which satisfy Sections 67(3)(a) and (b) would be treated as an issue to the public if it is issued to fifty or more persons, as per the proviso to Section 67(3) and as per Section 73(1), an application for listing becomes mandatory and a legal requirement. Reading of the proviso to Section 67(3) and Section 73(1) conjointly indicates that any public company which intends to issue shares or debentures to fifty persons or more is legally obliged to make an application for listing its securities on a recognized stock exchange."

39. A reading of Section 67(3) along with the Sahara Order makes it clear that if an offer is made to the public by inviting subscription publicly, then it is a public offer irrespective of number of allottees, and has to follow all requirements prescribed for public offers. If an offer is made to pre-identified persons only and persons other than such identified persons cannot apply for the offer, then it is a private offer. However, if a private offer is made to 50 or more persons, then it is deemed to be a public offer in terms of first proviso to Section 67(3) and consequently, all requirements prescribed for public offers have to be followed.

40. I note that Noticee had issued NCRPS to 108, 2152, 76 and 765 investors (i.e. more than 49 persons) during FYs 2010-11, 2011-12, 2012-13 and 2013-14 respectively, i.e. to a total of 3101 investors across the above-mentioned 4 FYs and raised total Rs. 6.43 crores during this period. Further, I note that the SCN has alleged that during the FY 2013-14, Noticee had allotted NCRPS to 765 investors through various tranches, of which 133 investors were allotted NCRPS prior to the date of notification (i.e. June 12, 2013) of SEBI NCRPS Regulations and 632 investors after the notification.

41. Thus, considering the fact that Noticee has issued NCRPS to 632 investors, i.e. to more than 49 people, in the FY2013-2014 after the notification of the SEBI NCRPS Regulations, I find that Noticee had made a deemed public issue within the meaning of first proviso of Regulation 67(3) of Companies Act 1956.

42. Further, I note that with effect from June 12, 2013, NCRPS Regulations are applicable to the public issue and listing of NCRPS. In view of the finding that Noticee had made a public issue of NCRPS in the FY 2013-2014, the Regulation 4(2)(a) , 4(2)(b), 4(2)(c), 4(2)(d), 5, 6 , 7, 8, 9, 13, 15, 16, 16(B.(1), 22 of SEBI (NCRPS) Regulations were required to be complied with by Noticee.

43. Therefore, from the preceding paragraphs and the observations/findings contained therein, I hold that the Noticee has violated the Regulation 4(2)(a) , 4(2)(b), 4(2)(c), 4(2)(d), 5, 6 , 7, 8, 9, 13, 15, 16, 16(B.(1), 22 of SEBI (NCRPS) Regulations:

Issue No. II: If yes, whether the failure on the part of the Noticee would attract monetary penalty under Section 15HB of the SEBI Act?

The Section 15 HB of the SEBI Act, which reads as under

SEBI Act

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.*

44. I note that Noticee in its reply to the SCN has stated that as per the direction given by SEBI vide letter dated December 11, 2020, during the examination in the present matter, it had refunded the money with interest to its investors. Noticee in its reply also stated that in accordance with directions, given to it by SEBI, vide letters dated January 07, 2021, March 31, 2021 and email dated June 11, 2021, it had confirmed that exit offer was given to all the shareholder in respect of the allotments to 50 or more allotees in one single financial year. Company, further confirmed that the refund was given along with an interest @15% per annum. Peer reviewed certificates were also submitted by the Noticee. Noticee vide email dated March 16, 2021 provided the copy of compounding application filed with the Hon'ble National

Company Law Tribunal for compounding of violation of Section 56, 60, 67(3) and 73 of the Companies Act, 1956.

45. Noticee submitted that since an exit offer was given in the present matter, the violation alleged is merely technical and Noticee has relied upon AO order *in the matter of Gallops Enterprise Limited dated 22.2.2019 (Order No. EAD-8/KS/AA/AO/232/2018-1*), wherein the Hon'ble AO disposed of the adjudication proceedings initiated against the Noticee without imposition of any monetary penalty as he was of the view that the error therein was technical and devoid of mala fide intention. Noticee in its reply also submitted that it had filed compounding application with NCLT and requested to dispose the proceedings. In regard to the aforementioned contentions of the Noticee, though the same may be considered as a mitigating factor in the instant matter, I note that Noticee cannot avoid penal action in the instant matter just because it had attempted to make good its default.

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

47. Therefore, the above violation of Regulations 4(2)(a), 4(2)(b), 4(2)(c), 4(2)(d), 5, 6, 7,8,9 ,13,15,16, 16B(1) and 22 of NCRPS Regulations, I conclude that the Noticee is liable for monetary penalty under the provisions of Section 15HB of the SEBI Act, 1992.

Issue No. III: What would be the monetary penalty that can be imposed upon Noticee taking into consideration the factors stipulated in Section15J of the SEBI Act?

48. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Adjudication Rules require that while adjudging the quantum of penalty, the adjudicating officer shall have due regard to the following factors namely :-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

49. In view of the charges established, the facts and circumstances of the case, the quantum of penalty would depend on the factors referred in Section 15-J of the SEBI Act, stated as above. In the instant case, I find that, it is not possible from the material on record to quantify the amount of disproportionate gain or unfair advantage resulting from the default of Noticee inthe instant matter.Further,I note that material available on the record also does not indicate the amount of specific loss caused to an investor or investor group. I also note that there is no evidence on record to indicate that violations of Noticee are repetitive in nature. Additionally, I note from materials available on record that Noticee had cooperated with the examination conducted by the SEBI. I also note that Noticee had tried to make good the default by taking steps to refund to the investors, filing compounding application with NCLT. I am of the view that these can be considered as mitigating factors in the present proceedings

ORDER

50. Having considered all the facts and circumstances of the case, the material available on record and the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose a penalty of Rs.7,00,000/- (Rupees Seven Lakh only) on the Noticee viz. M/s Shreenath Mhaskoba Sakhar Karkhana Limited under the provisions of Section 15HB of the SEBI Act for the violation of Regulation 4(2)(a) , 4(2)(b), 4(2)(c), 4(2)(d), 5, 6 , 7, 8, 9, 13, 15, 16, 16(B.(1), 22 of SEBI (NCRPS) Regulations. I am of the view that the said penalty is commensurate with the default committed by the Noticee.

51. The Noticee shall remit / pay the said amount of penalty within 45 (forty five) days of the receipt of this order either by way of Demand Draft (DD) in favour of "SEBI -

Penalties Remittable to Government of India", payable at Mumbai and the said DD should be forwarded to the Division Chief, Enforcement Department - I (EFD), Division of Regulatory Action - I [EFD1-DRA-4] SEBI Bhavan, Plot No.C4-A,' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai – 400 051 and also send an email to tad@sebi.gov.in with the following details:

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

OR

Payment can also be made online by following the below path at SEBI website www.sebi.gov.in ENFORCEMENT → Orders → Orders of AO → Click on PAY NOW or at https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html.

52. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 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.

53. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticee viz. M/s Shreenath Mhaskoba Sakhar Karkhana Limited and also to Securities and Exchange Board of India.

Place: Mumbai
Date: March 23, 2022

SANDEEP P DEORE
ADJUDICATING OFFICER