BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/BS/LS/2024-25/31175]

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

In respect of:

Charms Industries Limited

(PAN: AAACC7748Q)

In the matter of Charms industries Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**"), had received a reference from Reserve Bank of India (**RBI**), vide email dated October 20, 2023, wherein it was stated that the request of Charms Industries Ltd (hereinafter referred to as the "**Noticee** / **Company**") for a new Full – Fledged Money Changers (hereinafter referred to as "**FFMC**") license had been rejected and the same had been intimated to the Company vide letter dated November 16, 2023.

2. SEBI examined the matter and the Company was prima-facie found to be in violation of provisions of Regulation 30 (3), 4 (i)(a) & (b) read with Regulation 30 (6) (iii) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) read with clause 2 (b) of Para B of Part A of Schedule III of LODR Regulations, 2015 read with Clause 2.2 of Para B of SEBI Circular

CIR/CFD/1CMD/4/2015 dated September 09, 2015. In view of the same, SEBI initiated Adjudication Proceedings against the Company.

APPOINTMENT OF ADJUDICATING OFFICER

3. The undersigned was appointed as Adjudicating Officer under Section 19 read with Section 15-I (1) of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "Rules"), vide communique dated April 19, 2024, to inquire into and adjudge under the provisions of

   Section 15A (b) of the SEBI Act, 1992, the alleged violations of provisions of

   - Regulation 30 (3), 4 (i)(a) & (b) read with 30 (6) (iii) of LODR Regulations
   - Regulation 30 (3), 4 (i) (a) & (b) & (6) read with clause 2 (b) of Para B of Part A of Schedule III of LODR Regulations read with Clause 2.2 of Para B of SEBI Circular CIR/CFD/1CMD/4/2015 dated September 09, 2015

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice no. SEBI/EAD-1/BS/16576/1/2024 dated May 13, 2024 (hereinafter referred to as **'SCN'**) was issued to the Noticee under Rule 4(1) of the Rules to show cause as to why an inquiry should not be held and penalty be not imposed on it under Section 15A (b) of the SEBI Act, 1992 for the alleged violation of the provisions of LODR Regulations. The SCN was duly served on the Noticee through SPAD on May 13, 2024 and the same was also forwarded through email dated June 05, 2024.

5. The allegations levelled against the Noticee are summarized as under:

   5.1. The Noticee was registered with RBI as a FFMC since 1999. The said FFMC license of the Noticee was valid till June 30, 2021. As per RBI norms, the Company / Noticee has to apply for renewal of license before expiry of the validity of the license.

5.2. However, Noticee did not submit any application for renewal within the timeline. On expiry of the said license, RBI had issued a Show Cause Notice dated October 05, 2021 to the Noticee, advising the Noticee to submit its reply within 30 days from the date of receipt of SCN. However, even after considerable time, the Company did not respond to the SCN.

5.3. Accordingly, RBI vide Order dated February 15, 2022, revoked the FFMC license of the Noticee. The Company, vide letter dated September 05, 2023 requested RBI for a fresh FFMC license.

5.4. The Company is listed on the Bombay Stock Exchange (BSE). The order of RBI revoking the FFMC license of the Company is a material information, which should have been disclosed to the Stock exchange within 24 hours of the occurrence of the said event. It is alleged that the Company did not disclose it within the time limit. In addition, the content of the website was not updated and under the heading 'Company info', it was disclosing 'Forex/Money Transfer'; against 'Brief nature of Business' and it was disclosing 'Money Changer' and Operational status as 'Active'.

5.5. In view of the above, BSE issued an advisory vide letter dated November 06, 2023 to the Noticee for non-disclosure of material information viz., RBI order dated February 15, 2022 revoking FFMC license of the Company and failure to ensure that the contents of website are correct and updated, Thereafter, vide letter dated November 20, 2023 Administrative warning was issued to the Noticee.

5.6. On receipt of the advisory letter of BSE, the Company, vide its announcement dated November 10, 2023, stated the following;

i) RBI vide Order dated February 15, 2022 revoked the FFMC license of the Company.

ii) The Company filed application for fresh FFMC license to RBI on September 11, 2023.

iii) The Company had not carried out any fully-fledged money changing activities after revocation of license by RBI.

iv) Presently, the Company is engaged in the business of trading of agriculture produce.

5.7. Vide letter dated November 16, 2023 [received by Company on November 20, 2023], RBI rejected the application of the Company dated September 11, 2023, for fresh FFMC license. The aforesaid rejection of the Company's application for FFMC license by RBI is a material information in terms of the provisions of Regulation 30(1) and Regulation 30(4) (1) (a) & (b) of the LODR Regulations. In this regard, the Company should have disclosed the above rejection of RBI to grant fresh FFMC license to the stock exchange within twenty – four hours of receipt of the letter from RBI i.e. November 21, 2023. However, the Company had disclosed the same to the stock exchange on November 23, 2023 i.e. after two days. Thus, the Company is alleged to have violated the provisions of Regulation 30 (3), 4 (i) (a) & (b) read with 30 (6) (iii) of LODR Regulations.

5.8. Further, in the Company announcement, it is stated that the Company has adopted a new line of business i.e., it is presently engaged in the business of trading of agriculture. The Company has commenced trading of agriculture produce from since January 2023. As per the regulatory requirement, a listed entity shall first disclose to stock changes, all events or information as soon as reasonably possible and not later than twenty-four hours from the occurrence of the event or information.

5.9. In view of the above, delay in disclosure of RBI letter dated November 16, 2023 to stock exchanges, and delay in disclosure w.r.t adoption of new business, it is alleged that the Noticee had violated Regulation 30 (3), 4 (i)(a) & (b) read with 30 (6) (iii) of LODR Regulations and Regulation 30 (3), 4 (i) (a) & (b) & (6) read with clause 2 (b) of Para B of Part A of Schedule III of LODR Regulations read with Clause 2.2 of Para B of SEBI Circular CIR/CFD/1CMD/4/2015 dated September 09, 2015.

6. In view of the above allegations, Noticee vide email dated June 06, 2024, inter alia, submitted the following response to the SCN:

"*It is to be noted that the FFMC license No. FE.AH.AM. 02/99 has been issued by Reserve Bank of India (RBI) on 01/01/1999 and the license is renewable every year. The Company has received a communication from Reserve Bank of India (RBI) for revocation of Full-Fledged Money Changer's License No. FE.AH.AM. 02/99 issued to the Company which was valid till June 30, 2021 and expired on July 01, 2021 vide letter Dated February 15, 2022. The Company has regularly renewed the license till F.Y.2020-21, however the Company was unable to make an application for renewal of license within stipulated time period due to outbreak of corona virus (COVID-19) as the pandemic causing significant disturbance and slowdown of business activities. The Company's operations and revenue were badly impacted due to cross border travel restrictions during COVID-19 period.*

It is to be further submitted that that the Company has made application for renewal of license along with relevant documents on July 28, 2023,the said application has been returned by Reserve Bank of India on August 09,2023 stating the license has already been revoked.

It is hereby clarified that the FFMC license is renewable every year, and the management were under impression to renew the license hence the management interpreted as it was not a material event as per Reg.30 of SEBI(LODR) Regulations, 2015, hence, failed to make disclosure for the same. The Company have made inadvertent error with regards to non- disclosure of material event under regulation 30 of SEB (Listing obligations and Disclosure Requirement) Regulations 2015. In the same context it is to be noted that the Company have not carried out any Fully Fledged money changing activities after revoking the license by RBI. The Company have not earned any revenue by which materiality can get affected since the license has been revoked by the

Reserve Bank of India. The Company has submitted the said disclosure on November 10, 2023 to BSE and the same is also available at BSE website

With reference to Para 8 of SCN we would like to submit that the Company has made disclosures as required under Regulation 30 of SEBI (LODR) Regulations which is delayed by 2 days and the said delay was unintentional. With reference to para 10 to 11of SCN, we would like to submit as under

The Company in the Board meeting held on 22"d March, 2021has approved to alter the object clause·of the Company and the same has been disclosed in the outcome of the Board meeting uploaded at BSE considering the same as compliance of the provisions of relevant Regulations of SEBI(LODR) Regulations, 2015. It is to be noted that the Company have altered its Memorandum of Association vide special resolution passed on 30th April, 2021.

However, the Company have not commenced any kind of operations in that sector till December 2022, hence we didn't submit the details as required in Regulation 30 (3), (4) & (6), read with Clause 2(b)(c) of Para B of Part A of Schedule III of LODR Regulations, 2015 and SEBI Circular CIR/CFD/lCMD /4/2015 dated September 9, 2015 with the outcome submitted on 22.03.2021.

Further, the Company has submitted necessary disclosure on BSE on January 20 ,2024 for commencement of agriculture business and the said is available at BSE website

The delay in submission of the disclosure for commencement of new line of business by the Company was unintentional, inadvertent in nature with no malafide intention. Further, we assure you not to repeat the same error in future instances

The BSE has issued 2"d advisory dated January 24, 2024 to the Company in relation to delay in submission of the said disclosure.

We further reiterate that the violation of Regulation 30 (3), (4) & (6), read with Clause 2(b)(c) of Para B of Part A of Schedule III of LODR Regulations, 2015 and SEBI Circular CIR/CFD/lCMD /4/2015 dated September 9, 2015 regarding non-disclosure of Material Events were unintentional, inadvertent in nature with no malafide intention and the BSE has already issued Two advisories to the Company for the same. Hence, we request your good office to drop the show cause notice (SCN) dated 13th May, 2024 and not to initiate any inquiry against the Company in terms of Rule 4(1) of rules read with Section 151 of SEBI Act and also do not impose any penalty on the Company under Section 15AB of the SEBI Act."

7. Considering the reply received from the Noticee, it was decided to conduct an inquiry in the matter. Accordingly, vide email dated June 07, 2024, hearing notice was issued to the Noticee to provide them with an opportunity of personal hearing in the interest of natural justice. The Noticee was advised to appear before the undersigned on June 25, 2024. The Noticee appeared for the scheduled hearing through its authorized representative (**AR**). The AR reiterated submissions already made vide their earlier letter dated June 06, 2024.

8. Further, vide emails dated December 24, 2024 and January 15, 2025, another opportunity for submitting the additional submissions in connection with conclusion of the proceedings in the matter was given to the Noticee. However, no response has been received from the Noticee. Therefore, based on the available information, on record, the instant matter shall be proceeded for passing the final order.

CONSIDERATION OF ISSUES AND FINDINGS

9. Considering the allegations made out in the SCN and the submissions made by the Noticee, I find that following issues require consideration in the present case:

    a) ISSUE I - Whether the Noticee is in violation of Regulation 30 (3), 4 (i)(a) & (b) read with 30 (6) (iii) of LODR Regulations and Regulation 30 (3), 4 (i) (a) & (b) & (6) read with clause 2 (b) of Para B of Part A of Schedule III of

LODR Regulations read with Clause 2.2 of Para B of SEBI Circular CIR/CFD/1CMD/4/2015 dated September 09, 2015.

b) ISSUE II - Do the violations, if any, attract penalty under Section 15A (b) of SEBI Act, 1992?

c) ISSUE III - If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act, 1992 read with Rule 5(2) of the Rules?

10. Before I proceed with the matter, it is pertinent to mention the relevant legal provisions which are reproduced below :

The relevant provisions are reproduced hereunder:

i. Regulation 30(3) of Listing Obligation Disclosure Requirements (LODR) Regulations, 2015:

"The listed entity shall make disclosure of events specified in Para B of Part A of Schedule III, based on application of the guidelines for materiality, as specified in sub-regulation (4)."

ii. Regulation 4(i) (a) & (b) of Listing Obligation Disclosure Requirements (LODR) Regulations, 2015:

"The listed entity shall consider the following criteria for determination of materiality of events/ information:
(a)the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly;
Or
b)the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;"

iii. Regulation 30 (6) (iii) of Listing Obligation Disclosure Requirements (LODR) Regulations, 2015:

6) The listed entity shall first disclose to the stock exchange(s) all events or information which are material in terms of the provisions of this regulation as soon as reasonably possible and in any case not later than the following:

(i) thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken;
(ii) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity;
(iii) twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity:

Provided that disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines:

Provided further that in case the disclosure is made after the timelines specified under this regulation, the listed entity shall, along with such disclosure provide the explanation for the delay.]"

iv. Clause 2 (b) of Para B of Part A of Schedule III of LODR Regulations, 2015:
2 (b) adoption of new line (s) of business; or

v. Clause 2.2 of Para B of SEBI Circular CIR/CFD/1CMD/4/2015 dated September 09, 2015.are reproduced as under:
2.2. Adoption of new line(s) of business:
a) industry or area to which the new line of business belongs to;
b) expected benefits;
c) estimated amount to be invested.

Findings

11. On perusal of the material available on record and considering the facts and circumstances of the case and submissions of the Noticee, I record my findings hereunder.

ISSUE I - Whether the Noticee is in violation of Regulation 30 (3), 4 (i)(a) & (b) read with 30 (6) (iii) of LODR Regulations and Regulation 30 (3), 4 (i) (a) & (b) & (6) read with clause 2 (b) of Para B of Part A of Schedule III of LODR Regulations read with Clause 2.2 of Para B of SEBI Circular CIR/CFD/1CMD/4/2015 dated September 09, 2015.

12. From the SCN, I note that it has been alleged that the Noticee has violated ISSUE I - Regulation 30 (3), 4 (i)(a) & (b) read with 30 (6) (iii) of LODR Regulations and Regulation 30 (3), 4 (i) (a) & (b) & (6) read with clause 2 (b) of Para B of Part A of Schedule III of LODR Regulations read with Clause 2.2 of Para B of SEBI Circular CIR/CFD/1CMD/4/2015 dated September 09, 2015.

13. I will now proceed with my findings in each of the alleged violations against the Noticee.

14. **<u>Delay in disclosure w.r.t RBI license</u>**

    a) It has been alleged that Noticee has violated Regulation 30(3), (4)(i)(a) & (b) read with 30(6)(iii) of LODR Regulations for delayed disclosure of material information to stock exchange.

    b) From the SCN, I observe that pursuant to receipt of Advisory letter from BSE for non-disclosure of material information, Noticee vide its announcement dated November 10, 2023 disclosed RBI Order dated February 15, 2022 revoking the FFMC license of the Company.

    c) In the aforementioned announcement, the Noticee had stated that it has filed an application for fresh FFMC license to RBI on September 11, 2023. However, RBI vide letter dated November 16, 2023 (received by the Company on November 20, 2023) rejected the application of the Company for a new FFMC license.

d) As per the provisions of Regulation 30 (3), (4)(i)(a) & (b) read with 30(6)(iii) of LODR Regulations, the listed entity shall make disclosures to the stock exchange of any event or information the omission of which is likely to result in alteration of event or information already available publically, as soon as reasonably possible and in any case not later than twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity.

e) In the instant case, the Noticee should have disclosed the material information i.e. rejection of application of New FFMC license by RBI to the stock exchange within twenty-four hours of receipt of the said letter i.e. by November 21, 2023. However, the Company had disclosed the same to the stock exchange on November 23, 2023 i.e., with a delay of 2 days. This is an admitted fact on record and has not been disputed by the company. Thus, I find that the Company has violated the provisions of Regulation 30(3), (4)(i)(a) & (b) read with 30(6)(iii) of LODR Regulations.

f) In this regard, Noticee has stated in the reply dated June 06, 2024 as below:

"It is to be noted that the FFMC license No. FE.AH.AM. 02/99 has been issued by Reserve Bank of India (RBI) on 01/01/1999 and the license is renewable every year. The Company has received a communication from Reserve Bank of India (RBI) for revocation of Full-Fledged Money Changer's License No. FE.AH.AM. 02/99 issued to the Company which was valid till June 30, 2021 and expired on July 01, 2021 vide letter Dated February 15, 2022. The Company has regularly renewed the license till F.Y.2020-21, however the Company was unable to make an application for renewal of license within stipulated time period due to outbreak of corona virus (COVID-19) as the pandemic causing significant disturbance and slowdown of business

activities. The Company's operations and revenue were badly impacted due to cross border travel restrictions during COVID-19 period.

It is to be further submitted that that the Company has made application for renewal of license along with relevant documents on July 28, 2023,the said application has been returned by Reserve Bank of India on August 09,2023 stating the license has already been revoked.

It is hereby clarified that the FFMC license is renewable every year, and the management were under impression to renew the license hence the management interpreted as it was not a material event as per Reg.30 of SEBI(LODR) Regulations, 2015, hence, failed to make disclosure for the same. The Company have made inadvertent error with regards to non-disclosure of material event under regulation 30 of SEB(IListing obligations and Disclosure Requirement) Regulations 2015. In the same context it is to be noted that the Company have not carried out any Fully Fledged money changing activities after revoking the license by RBI. The Company have not earned any revenue by which materiality can get affected since the license has been revoked by the Reserve Bank of India. The Company has submitted the said disclosure on November 10, 2023 to BSE and the same is also available at BSE website

g) In view of the above reply submitted by Noticee, I find that the Noticee had delayed in disclosing the material information to the stock exchanges in two instances. In the first instance, the Noticee did not disclose the Order of RBI revoking the license of FFMC of the Noticee. In this regard, the Noticee stated that it could not make an application for renewal of the license of FFMC, within the stipulated time, due to outbreak of Corona virus (COVID) as the pandemic caused significant disturbance and slowdown of business activities. Thereafter, pursuant to receipt of administrative warning from stock exchange, the Noticee made the relevant disclosure vide announcement dated November 10, 2023. In the second instance, the Noticee had made a delayed disclosure (delay of two days) in respect of the rejection of the application for fresh FFMC license by RBI. In this regard, the Noticee, in response to the said violation enumerated in the SCN, has accepted that it has made delayed disclosures as required under Regulation 30 of SEBI (LODR) Regulations and the said delay was unintentional.

h) In view of the Noticee's submissions that the delay in first instance occurred due to the COVID pandemic and given that the Noticee had unintentionally delayed the disclosure in the second instance, I am inclined to take a lenient view in the matter.

15. **Delay in disclosure w.r.t adoption of new business:**

a) It has been alleged that the Noticee has violated Regulation 30 (3), (4)(i)(a) & (b) & (6), read with Clause 2(b) of Para B of Part A of Schedule III of LODR Regulations read with Clause 2.2 of Para B of SEBI Circular CIR/CFD/1CMD /4/2015 dated September 09, 2015.

b) I note from the Company announcement dated November 10, 2023, w.r.t policy for determination of materiality of events and from the Company clarification dated January 20, 2024 that the Company has agreed and accepted that the information w.r.t adoption of new business, viz., trading of agricultural produce was material information and required disclosure in terms of LODR Regulations. I also note that the Noticee had disclosed the information w.r.t adoption of new business to stock exchange after a delay of one year from its commencement.

c) As per the provisions of Regulation 30 (3), (4)(i)(a) & (b) & (6), read with clause 2(b) of Para B of Part A of Schedule III of LODR Regulations and SEBI Circular CIR/CFD/CMD /4/2015 dated September 9, 2015, the listed entity shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III, or information as soon as reasonably possible and not later than twenty-four hours from the occurrence of event or information:

Provided that in case the disclosure is made after twenty-four hours of occurrence of the event or information, the listed entity shall, along with such disclosures provide explanation for delay.

d) In the instant case, I note that adoption of new line of business is a material event as specified in clause 2 of Para B of Part A of Schedule III of LODR Regulations and thus the listed entity should have disclosed the same within twenty-four hours from the occurrence of the event.

e) In this regard, the Noticee, in response to the said violation enumerated in the SCN that "*The Company in the Board meeting held on 22"d March, 2021 has approved to alter the object clause of the Company and the same has been disclosed in the outcome of the Board meeting uploaded at BSE considering the same as compliance of the provisions of relevant Regulations of SEBI (LODR) Regulations, 2015. It is to be noted that the Company have altered its Memorandum of Association vide special resolution passed on 30 April, 2021. However, the Company have not commenced any kind of operations in that sector till December 2022, hence we didn't submit the details as required in Regulation 30 (3), (4) & (6), read with Clause 2(b)(c) of Para B of Part A of Schedule III of LODR Regulations, 2015 and SEBI Circular CIR /CFD / lCMD /4/2015 dated September 9, 2015 with the outcome submitted on March 22,.2021. Further, the Company has submitted necessary disclosure on BSE on January 20 ,2024 for commencement of agriculture business and the said is available at BSE website. The delay in submission of the disclosure for commencement of new line of business by the Company was unintentional, inadvertent in nature with no malafide intention. Further, we assure you not to repeat the same error in future instances.*

f) In view of the Noticee's submissions that there has been delay in disclosure of commencement of new business which the company states to be unintentional, I find that the Noticee has violated provisions of Regulation 30 (3), (4)(i)(a) &

(b) & (6), read with Clause 2(b) of Para B of Part A of Schedule III of LODR Regulations read with Clause 2.2 of Para B of SEBI Circular CIR/CFD/1CMD /4/2015 dated September 09, 2015.

g) Based on the above findings, I conclude that the allegations against Noticee of violation of regulations 30 (3), (4)(i)(a) & (b) & (6), read with Clause 2(b) of Para B of Part A of Schedule III of LODR Regulations read with Clause 2.2 of Para B of SEBI Circular CIR/CFD/1CMD /4/2015 dated September 09, 2015 stand established.

ISSUE II - Do the violations, if any, attract penalty under Section 15A (b) of the SEBI Act, 1992?

16. I note that the above violations make the Noticee liable for monetary penalty under Section 15A(b) of the SEBI Act, 1992, the text of which is reproduced hereunder:

SEBI *Act, 1992*

Penalty for failure to furnish information, return, etc.
15A. If any person, who is required under this Act or any rules or regulations made thereunder,—

"(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations 66[or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents], he shall be liable to [a penalty [which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees]];"

17. In context of the above, I refer to the observations of Hon'ble Supreme Court in the matter of Chairman, SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361} wherein

the Hon’ble Court had observed: “*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 A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not.”*

Considering the above observations of the Hon’ble Supreme Court and considering the facts and circumstances of the case, I am of the view that it is a fit case for imposition of monetary penalty.

ISSUE III - If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

18. While determining the quantum of penalty under Section 15A(b) of the SEBI Act, 1992, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992, which read as under:

    SEBI Act, 1992
    15J While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely
    (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
    (b) the amount of loss caused to an investor or group of investors as a result of the default;
    (c) the repetitive nature of the default.

19. Disclosure of material information of a Company enables the investors to take well – informed decisions. I am of the view that the disclosure requirements under the respective regulations serve a very important purpose. Further, timely and accurate disclosures are also the pillars of good corporate governance. The Hon'ble Securities Appellate Tribunal ('SAT') in the matter of Coimbatore Flavors & Fragrances Ltd. vs SEBI(Appeal No. 209 of 2014 order dated August 11, 2014), has also held that *"Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a Company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same."*

20. I note that the material available on record to quantify the amount of disproportionate gain or unfair advantage, if any, made by the Noticee and the loss, if any, suffered by the investors as a result of failure on the part of the Noticee. I also note that no prior default of the Noticee is available on record .Considering the same, I am inclined to take lenient view with regarding to the penalty attracted in respect of the aforesaid violation by the Noticee.

ORDER

21. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act, 1992 and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act, 1992 read with Rule 5 of the Rules, I hereby impose a monetary penalty on the Noticee as given in the table below:

Noticee	Violations under Section	Penalty under Section	Penalty Amount (INR)
Charms Industries Limited (PAN-AAACC7748Q)	Regulation 30 (3), (4)(i)(a) & (b) & (6), read with Clause 2(b) of Para B of Part A of Schedule III of LODR Regulations, 2015 read with Clause 2.2 of Para B of SEBI Circular CIR/CFD/1CMD /4/2015 dated September 09, 2015	15 A (b) of SEBI Act, 1992	INR 1,00,000/- (Rupees One Lakh only)

22. Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT → Orders → Orders of AO → PAY NOW. In case of any difficulties in payment of penalties, Noticee may contact the support at ***portalhelp@sebi.gov.in***

23. 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 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.

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

Place: Mumbai **BIJU. S**

Date: January 31, 2025 **ADJUDICATING OFFICER**