BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER No. Order/MC/RM/2022-23/18227-18230]

UNDER SECTION 15-I (2) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of –

1. **Manju Sharma (PAN: BILPS2888C)** having address at V 8/4, Jaypee Greens, Greater Noida, Noida, Uttar Pradesh -201308
2. **Ms. Neelam Jain (PAN: ABWPJ8884E)** having address at H No. 66-67, Kalindi, Meerut, Uttar Pradesh- 250002
3. **Mr. Saurabh Agarwal (PAN: ADNPA9559L)** having address at Shiv Kuti, Subhash Nagar Bareilly-243001
4. **Mr. Suman Agrawal (PAN: AAKPA5003F)** having address at 202, Shrivilla Appt., K C Road, Banipark, Jaipur, Rajasthan- 302016

In the matter of Delta Leasing & Finance Ltd.

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') initiated adjudication proceedings against Manju Sharma **(Noticee 1)** Ms. Neelam Jain (**Noticee 2)** Mr. Saurabh Agarwal (**Noticee3)** and Mr. Suman Agrawal (**Noticee 4)** for the alleged violations of Section 11C(2) and 11C(3) of SEBI Act, 1992.

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as Adjudicating Officer (hereinafter referred to as '**AO**') *vide* order dated December 21, 2020 to inquire into and adjudge under Section 15A(a) of the SEBI Act, the aforesaid alleged violations against the

Noticee. The appointment of the AO was communicated *vide* order dated January 13, 2021.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. EAD5/MC/ST/2021/12512 dated June 15, 2021 (hereinafter referred to as '**SCN**') was issued to the Noticees in terms of Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ('SEBI Adjudication Rules') to show cause as to why an inquiry should not be held and penalty not be imposed against Noticees in terms of Section 15A(a) of the SEBI Act for the aforesaid alleged violations.

4. The allegations levelled against the Noticee in the SCN are summarized as below:

   Delta Leasing & Finance Ltd. (DLFL) was incorporated in November 1983 and was listed on DSE on June 27, 1984 and at BSE on April 18, 2013. As per the website of DLFL, the company is engaged in investments and providing loan & advances and other related activities. The Noticees engaged in some off-market transactions in the scrip of DLFL during the year 2013 which were required to be settled as spot delivery contract.

5. A "spot delivery contract" is defined in SCRA to mean a contract which provides for actual delivery of securities and the payment of a price therefor either on the same day as the date of the contract or on the next day, the actual period taken for the dispatch of the securities or the remittance of money therefor through the post being excluded from the computation of the period aforesaid if the parties to the contract do not reside in the same town or locality.

6. Summons were issued to the Noticees to substantiate their claim of consideration received / paid in respect of their transactions in DLFL. Though Noticees responded to the summons issued to them, but they did not provide reply to specific queries such as of date of receipt /payment of consideration.

7. The Noticees responded to summons but did not provide reply to specific queries as under:

Partial Non-compliance of summons by the Noticees

Sr no.	Name of Entity	Status of delivery	Date of Delivery	Proof of Delivery	Particulars of Reminders sent
1.	MANJU SHARMA	Physical copy delivered on 11.11.2019 and Delivered through email to pipalwa.anju@gmail.com on 05.11.2019	11.11.2019	Email delivery receipt and acknowledgement	Reminder mail sent on 30.12.2019
2.	NEELAM JAIN	Physical copy delivered on 25.11.2019 and Delivered through email to ugsgroup@gmail.com & neelam3110@gmail.com on 19.11.2019	25.11.2019	Email delivery receipt and acknowledgement	Reminder mail sent on 30.12.2019
3.	SAURABH AGARWAL	Physical copy delivered on 23.11.2019 and Delivered through email to saurabh.agarwal.ind@gmail.com on 19.11.2019	23.11.2019	Email delivery receipt and acknowledgement	Reminder mail sent on 30.12.2019
4.	SUMAN AGRAWAL	Physical copy delivered on 25.11.2019 and Delivered through email to rcagrawal67@gmail.com on 19.11.2019	25.11.2019	Email delivery receipt and acknowledgement	Reminder mail sent on 30.12.2019

8. The Noticees failed to furnish bank statements/cash receipt/share bills in respect of their transactions which information is crucial and essential for ascertaining the compliance status of the transactions with the time frame for settlement as stipulated in Section 2(i)(a) of SCRA, 1956. Failure on their part to give complete reply to summons impeded the investigation as it could not be ascertained as to whether these transactions were carried out in in the manner stipulated in Section 2(i)(a) of SCRA. The Noticees thereby sought to avoid regulatory action. Copies

of email communications exchanged with the Noticees were provided as Annexure-II to the SCN.

9. In view of the above, Noticees were alleged to have violated alleged to have violated Section 11C(2) and 11C(3) of the SEBI Act.

The relevant clauses of SC(R)A and SEBI Act are reproduced as under:

SC(R)A:-

***2 (i)** In this Act, unless the context otherwise requires,— spot delivery contract" means a contract which provides for,-*

***(a)** actual delivery of securities and the payment of a price therefor either on the same day as the date of the contract or on the next day, the actual period taken for the despatch of the securities or the remittance of money therefor through the post being excluded from the computation of the period aforesaid if the parties to the contract do not reside in the same town or locality;*

SEBI Act:-

Investigation.

***11C** - where the Board has reasonable ground to believe that-*

***(2)** Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorized by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.*

***(3)** The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or* *other documents, or record is relevant or necessary for the purposes of its investigation.*

10. The aforesaid alleged violations, if established, make the Noticees liable for monetary penalty under Section 15A(a) of the SEBI Act.

11. In response to the SCN, Noticees filed the reply to the SCN and opportunity of hearing was given to them, which was availed by Noticees, as follows:

Noticee No.	Reply Dated	Personal Hearing date	Represented by
1	June 22, 2021	July 13, 2022	Mr. Ankur Goel, Advocate
2	June 27, 2021, July 06, 2022 and July 14, 2022	July 13, 2022	Mr. Atul Kumar Jain
3	July 01, 2021 and 26.06.2021	July 13, 2022	Did not attend
4	July 01, 2021 and July 13, 2022	July 13, 2021	Mr. Ramchandra Agrawal

Noticees (except Noticee 3) availed the opportunity of hearing provided to the Noticee through video conferencing and reiterated the submissions made in their written replies.

12. The key submissions of the Noticee are summarized as below:

Noticee 1

13. Noticee is a home maker, and is not very well versed with technicalities of the securities market. The shares bought were for long term investment and is one isolated incident.

14. Noticee received the Summon dated November 01, 2019 seeking certain information, which was duly replied vide letter dated November 08, 2019, clarifying that the Noticee has no nexus or connection with the promoters of Delta.

15. The Notice hardly access her email and was only aware of the physical copy of the summons delivered to her on November 08, 2019, to which Noticee has duly responded. Since, the documents/details sought in summons were submitted in timely without delay, the Noticee has not violated Section 11C(2) and 11C(3) of SEBI Act, 1992.

Noticee 2

16. Noticee 2 is a Home maker, and has limited knowledge of English and technical knowledge of Securities Market.

17. In the year 2013, Noticee 2 on the advice of M/s Roxtech Securities Services (Roxtech) invested in the scrip of Delta, and made payment of Rs. 10,000/-, Rs.22,000/- and Rs.10,000 on April 04, 05 and 07, 2013 respectively.

18. The Noticee 2 received sales bill for the same from Roxtech on April 05, 2013, however despite several requests did not transfer the shares. It was only on August 21, 2014 the shares were transferred to demat account of Noticee. The same were sold on August 25, 2014 in the market, the sale proceeds of which were duly received by the Noticee 2 (documents related to the sale transactions were not shared in 2019 with SEBI, as Noticee 2 understood only details related to buy transactions were sought by SEBI then). However, now these documents have been shared.

19. Noticee received SEBI letter dated November 18, 2019 to which Noticee responded vide letter dated December 20, 2019 submitted response to the summon, copy of the same placed on records. Further, SEBI email dated December 30, 2019 was responded vide email dated January 07, 2020.

20. The Noticee is not connected to DLFL, its directors or promoters and has not violated alleged regulations/provisions.

Noticee 3

21. Noticee is an investor, and on the advice of my share agent invested in the scrip of Delta. Noticee paid all the money for shares and after such payment the shares were received. All the transactions are within timeframe as stipulated in Section 2(i)(a) of SCRA, 1956.

22. Noticee was regularly doing share transactions for which Noticee has already shared details of the Demat Account.

23. Noticee has already submitted all the documents earlier and complied with all the queries as required under Section 11C (2) and 11C(3) of SEBI Act. Noticee submitted response to the summons, copy of the same placed on records.

Noticee 4

24. Noticee is a house wife and not a sebi registered intermediary. Noticee do not know and do not have any connection with DLFL and its promoters, directors.

25. Noticee purchased 3000 shares of DLFL in financial year 2013-14 by cash and delivered on June 02, 2014. Noticee do not know the meaning of return of shares it may be to be returned shares in future. Noticee has not taken any share on loan.

26. The Sale Price of Shares of DLFL was Rs.580545/- (3000 Shares@193.515) and payment was received by RTGS in saving bank account in June 2014. Copy of the sale bill is placed on records.

27. Demat account statement (1.04.2013 to 22.10.2019), Shares transactions details, and bank account statement is also placed on records. Noticee purchased 3000 Shares of DLFL in 2013 by cash at Rs.10/- each. Accordingly, Noticee doesn't have any cash receipt, hence not submitted bank statement.

28. As the inquiry in the matter is complete, I now proceed to decide the matter on the basis of SCN issued, reply received and material placed on record.

CONSIDERATION OF ISSUES AND FINDINGS

29. The issues that arise for consideration in the instant matter are:

Issue No. I Whether the Noticees violated Section 11C(2) and 11C(3) of SEBI Act?

Issue No. II If yes, whether the failure, on the part of the Noticees would attract monetary penalty under Section 15A(a) of the SEBI Act?

Issue No. III If yes, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?

Issue No. I Whether the Noticees violated Section 11C(2) and 11C(3) of SEBI Act?

30. The allegation against the Noticees is that they did not provide crucial information sought by SEBI through summon and failed to furnish bank statements/cash receipt/share bills in respect of their transactions, and hence they have only partially responded to the summons issued.

31. In this regard I have perused the replies submitted by the Noticees and the material on records, and note the following:

32. **Noticee 1:** Noticee 1 has contended that in response to the SEBI letter received in November 2019, she has already responded vide her letter dated November 21, 2019. I have perused the response of the Noticee to the summons issued and note that the Noticee submitted that she did not pay for the DLFL shares, and the transfer of shares may be due to technical fault at broker's end. Along with the letter Noticee 1 submitted her bank account statement and demat

account statement. Notice 1 has also placed on records the dispatch proof i.e. India Post speed post bill/receipt dated November 23, 2019 addressed to SEBI.

33. From the records I note that the scanned copy of the letter along with its annexures was received by SEBI on email. Noticee 1 claimed that the impugned shares transaction was not carried out by her and submitted her bank and demat account statement, and there is nothing on records to indicate that SEBI posed any further queries to the Noticee 1. Hence, there is no ground to conclude that Noticee 1 failed to comply with the summons issued to her regarding her transactions in DLFL.

34. In view of the above, it is not established that the Noticee 1 did not comply with the summons and submitted partial information. **Accordingly, it is not established that Noticee 1 violated Section 11 C(2) and 11C(3) of SEBI Act.**

35. **Noticee 2:** Noticee 2 has contended that in response to the summon she submitted the requisite information to SEBI vide letter dated December 20, 2019, and has placed on records the copy of the said letter with the speed post receipt dated December 21, 2019. In the aforesaid letter the Noticee had provided the transaction statement of her demat account along with explanation of its purchase transaction. Noticee has also placed on records SEBI's email dated December 30, 2019 seeking clarification from the Noticee, to which she has responded vide her email dated January 07, 2020. Further, vide letter dated December 20, 2019, Noticee 2 has informed that she has purchased shares through Roxtech but there was delay on part of Roxtech to transfer the shares to her, for which she was following up.

36. From the summons and reply of Noticee 2, I find that while Noticee 2 submitted demat statements, she did not submit copies of bank statements pertaining to her transaction. From the follow up SEBI email dated December 30, 2019, I also note that there was specific advice to provide details/documentary proof in regard

to the efforts made by Noticee 2 to get the shares transferred from Roxtech. However, Noticee 2 did not submit any documentary evidences.

37. Upon perusal of the summons and replies of Noticee 2 as well as submissions made during hearing, I find that Noticee 2 made substantive compliance of summons. With regard to the payment leg, due to the fact that the information sought was of the year 2013, during the hearing the Noticee was unable to recollect whether the payment had been made by cash or cheque. I note that certain records pertaining to periods more than 5 years old at the time of issuing summons may not be available with individuals. In any case, it was open to SEBI to seek information from concerned bank, in case it was crucial to obtain the information for the purpose of investigation.

38. In view of the above, I find that it is not established that the Noticee 2 did not comply with the summons and submitted partial information. **Accordingly, it is not established that Noticee 2 violated Section 11C(2) and 11C(3) of SEBI Act**

39. **Noticee 3:** Noticee 3 has contended that in response to the communications from SEBI, he submitted the clarification and information available with him vide letter dated November 25, 2019, emails dated December 24, 2019, January 02, 2020. The letter dated November 25, 2019 forwarded the Noticee's demat account transaction statement along with client register with the broker.

40. I have perused the summons and reply of Noticee 3 and find that on further information sought by SEBI regarding payment details, Noticee 3 claimed that the requisite documents being old has been misplaced and he is trying to trace them, and will share once he is able to trace them. There is no material on record indicating that there was any further communication between Noticee 3 and SEBI.

41. With regard to the payment leg, due to the fact that the information sought was of the year 2013, during the hearing the Noticee was unable to recollect whether the payment had been made by cash or cheque and reiterated that he was unable to trace certain records like bills and receipts. I note that certain records pertaining to periods more than 5 years old at the time of issuing summons may not be available with individuals. In any case, it was open to SEBI to seek information from concerned bank regarding payment details, in case it was crucial to obtain the information for the purpose of investigation.

42. In view of the above, I find that it is not established that the Noticee 3 did not comply with the summons and submitted partial information. **Accordingly, it is not established that Noticee 3 violated Section 11C(2) and 11C(3) of SEBI Act.**

43. **Noticee 4:** Noticee 4 has contended that the purchase transaction was in cash and it did not had any cash receipt, and it had submitted all the relevant documents like bank account statement, demat account statement and Sale bill for the sale transaction. Further, she had persuaded many times on telephone with Natraj Capital And Credit Private Limited for delivery of shares, after that only they transferred shares of Delta Leasing in Noticee's demat account.

44. I have perused the material and note that the since the purchase transaction was in cash, and there is no material on records to indicate otherwise, I accept Noticee's contention that she had submitted everything she had in her records vide letter dated November 25, 2019.

45. In view of the above, I find that it is not established that the Noticee 4 did not comply with the summons and submitted partial information. **Accordingly, it is not established that Noticee 4 violated Section 11C(2) and 11C(3) of SEBI Act.**

46. As the violations alleged against the Noticees are not established, issues II and III do not merit consideration.

ORDER

47. In view of the findings noted in the preceding paragraphs, the adjudication proceedings initiated against the Noticees vide SCN dated June 15, 2021 are disposed of.

48. Copy of this Adjudication Order is being sent to the Noticee and also to SEBI in terms of Rule 6 of the Adjudication Rules.

MANINDER CHEEMA

Digitally signed by MANINDER CHEEMA
Date: 2022.08.01 16:23:47 +05'30'

DATE: July 29, 2022
PLACE: MUMBAI

M Cheema
MANINDER CHEEMA
ADJUDICATING OFFICER