BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/KS/VC/2019-20/6663)

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:

Raj Kumar

PAN: AKKPS1106R

EMP 21/103, Thakur Village,

Kandivali (E), Mumbai-400101

In the matter of:

Kesar Petroproducts Ltd.

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**'), vide order dated June 04, 2013 of Whole Time Member of SEBI (hereinafter referred to as '**WTM**'),had passed certain directions against Kesar Petroproducts Ltd. (hereinafter referred to as '**KPL**'/'**Company**') for non-compliance with statutory requirement of Minimum Public Shareholding (**MPS**). The said directions were confirmed vide order dated January 11, 2016 of WTM. Thereafter, vide order

dated September 05, 2017 (hereinafter referred to as ‘**final order**’), WTM had vacated the said directions against the Company.

2. However, WTM, in the final order, had noted certain violations of various provisions of law, including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘**LODR Regulations**’) by various entities. In this regard, it was observed by WTM that Mr. Raj Kumar (hereinafter referred to as ‘**Noticee**’), who was shown as promoter of the Company, was reclassified as public shareholder without taking approval from the stock exchange viz. the BSE Ltd. (**BSE**) in accordance with Regulation 31A(2) of the LODR Regulations. Therefore, the WTM directed to initiate a separate adjudication proceedings in respect of the said violation.

APPOINTMENT OF ADJUDICATING OFFICER

3. The undersigned was appointed as the Adjudicating Officer, vide Order dated March 28, 2018 under Section 19 read with Section 15-I(1) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as ‘**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, the alleged violations of the relevant provision of LODR Regulations.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING:

4. A Show Cause Notice ref. SEBI/EAD/KS/MKG/19494/2018 dated July 10, 2018 (hereinafter referred to as ‘**SCN’**) was issued to the Noticee under the

provisions of Rule 4(1) of the Adjudication Rules, to show cause as to why an inquiry should not be held against him and why penalty, if any, should not be imposed on him under the provisions of Section 15HB of the SEBI Act for alleged violation of the relevant provision of LODR Regulations.

5. The details in respect of allegations levelled against the Noticee are as below:

   a. *Whole Time Member of SEBI (hereinafter referred to as "WTM") passed an interim order dated June 04, 2013, against several companies including Kesar Petroproducts Limited (Hereinafter referred to as "KPPL/Company") inter alia directing:*

      - *freeze voting rights and corporate benefits like dividend, rights, bonus shares, split etc. with respect to the excess of proportionate promoter/promoter group shareholding in the non-compliant companies, till such time these companies comply with minimum public shareholding requirement.*
      - *prohibit the promoters/promoter group and directors of these non-compliant companies from buying, selling or dealing in securities of their respective companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with minimum public shareholding requirement till such time these companies comply with minimum public shareholding requirement.*
      - *restrain the shareholders forming part of promoter/promoter group in the non-compliant companies from holding any new position as a*

director in any listed company, till such time these companies comply with minimum public shareholding requirement.

- *restrain the directors of non-compliant companies from holding any new position as a director in any listed company, till such time these companies comply with minimum public shareholding requirement."*

b. *Further, SEBI vide confirmatory order against KPPL dated January 11, 2016 confirmed these directions. Subsequently, SEBI vide order dated September 05, 2017 vacated the directions issued vide aforesaid interim and confirmatory orders against KPPL. In addition to that vide aforesaid order, WTM also observed following*

> *"In respect of the violations mentioned at paragraph No. 4.2.2, 4.2.3 and 4.2.4 above and also for the inordinate delay (almost three years) in complying with the MPS requirements by Kesar Petro, separate adjudication proceedings under the provisions of the SEBI Act, 1992 read with SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 shall be initiated against Kesar Petro Products Ltd, its directors and promoters/promoter group."*

and directed to initiate adjudication proceedings under the provisions of the SEBI Act, 1992 read with SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 against KPPL, its directors and promoters/ promoter group. It is observed that violations mentioned at paragraph No. 4.2.2, 4.2.3 and 4.2.4 respectively are "Sale of shares of the promoter, Shreyas Sharma when SEBI's order was in force", "Re-classification of Raj Kumar from promoter to public shareholder from quarter *ended March 2017" and "Use of a non-prescribed method to meet MPS norms i.e. Issuance of warrants convertible into equity shares to non-promotes on preferential basis".*

Re-classification of Raj Kumar from promoter to public shareholder from quarter ended March, 2017-

c. *Regulation 31A (2) of the SEBI LODR Regulations states: The stock exchange, specified in sub-regulation (1), shall allow modification or reclassification of the status of the shareholders, only upon receipt of a request from the concerned listed entity or the concerned shareholders along with all relevant evidence and on being satisfied with the compliance of conditions mentioned in this regulation."*

d. *In this regard, it has been observed that Raj Kumar was shown as part of promoter category of Kesar Petro till quarter ended December, 2016 and was reclassified as public category for the quarter ended March 2017. In terms of Regulation 31A(2) of the SEBI LODR Regulations, specific approval has to be sought either by the company or by shareholder from the exchange for the modification or reclassification of the status of the shareholders. It is alleged that no specific approval for such reclassification was obtained from the stock exchange(s) in terms of Regulation 31A(2) of SEBI LODR Regulations by the Noticee. BSE, vide email dated August 31, 2017, also confirmed that KPPL had not made any application under Regulation 31A of SEBI LODR Regulations for* *reclassification of Raj Kumar into Public category. Therefore, it has been alleged that the Noticee have violated Regulation 31A of SEBI LODR Regulations.*

6. I note that the Noticee submitted his reply to the SCN vide letter dated July 31, 2018.The Noticee made the following submissions in the said letter:

    i. *I have made several written Complaints to the Chairman, SEBI against disclosing of my name as a Promoter in the shareholding pattern of the Company. However, no mention of my Complaints in the aforesaid SCN.*

    ii. *I was allotted 5,00,000 Equity Shares of Rs. 10/- each of Kesar in Public Category on 12-09-2009 against payment of consideration Rs. 50,00,000/.*

    iii. *I wrote several letters to BSE and SEBI wrongfully categorising me as Promoter by the Company through letters dated 14-06-2012 and 15-07-2014, 11-09-2017. I as a whistle-blower made Complaint dated 25-02-2015 against the irregularities done by the Company and its Promoters regarding violation of MPS. This is shocking and surprising to me that instead of acting against the erring Company and its Promoters, SEBI choose, best known to them why, to issue SCNs to me based on my aforesaid Complaint as whistle-blower.*

    iv. *I, along with my Authorized Representatives, have personally attended hearing before the Ld. WTM, SEBI on 25-09-2017, and gave the detailed submissions dated 13-10-2017 as to why I should not be treated as a Promoter of Company and be given due credit for bringing the entire issue* *of violation of MPS norms to the notice of SEBI. I completely appalled and exhausted at the behaviour of SEBI for issuing SCN's related to MPS violation.*

v. *Even the Company took notice of the fact and reclassified my shareholding from Promoter to Public Category under Regulation 31A of SEBI (LODR) Regulation,*

vi. *However, before I file my detailed submissions to the above referred SCN, I request you to provide inspection of all related documents including Investigation.*

7. Thereafter, the said request of inspection of documents, made by the Noticee, was forwarded to the concerned department of SEBI and inspection of the relied upon documents was completed on September 03, 2018. In the interest of natural justice, an opportunity of personal hearing was granted to the Noticee on September 03, 2018 which, at the request of the Noticee, was postponed to September 14, 2018 on which date Mr. Vikas Bengani appeared as Authorized Representative (**AR**) on behalf of the Noticee and made the following submissions:

   - The AR submitted a copy of reply dated October 13, 2017, which was submitted by the Noticee to the concerned department of SEBI during proceedings before Whole Time Member.
   - The AR agreed to make additional submissions by September 18, 2018 along with a copy of PAN Card of the Noticee.

- The AR agreed that there is difference in date of cheques (Cheque No. 167675) mentioned at page 18 of the reply where copy of application form dated August 29, 2009 is provided and at page 25 of the reply where copy of CA certificate dated September 22, 2009 is provided. The AR confirmed that the said CA certificate is in relation with the abovementioned application form.
- The AR requested for another opportunity of personal hearing as the matter related to this was pending before the Whole Time Member.

8. The Noticee, in his reply dated October 13, 2017, had made the following submissions:

   i. It is important to give the details of the sequence of events as directed by Ld. Whole time Member to make it understand as to what happened since the day I made application to purchase of the shares in KESAR, why I have not been give physical possession of the share duly allotted to me and why I should not be classified as promoter of the Company. Since I am primarily in the business of investing in the small cap companies, I keep looking for this kind of opportunities. I was introduced to the promoters of Kesar by Mr. A. K. Gandhi, the then Manager, Bank of Baroda which happened to be one of the lenders to M/s Shreyas Intermediates Limited (hereinafter referred to as "SIL"), another group company of the Promoters of the KESAR. The Promoters of the KESAR was desperately looking for Working Capital in the range of Rs. Two Crore. Impressed by the future potential of the

Company, I visited the plant of the Company at Lote Parsuram, Khed, Ratnagiri and decided to invest Rs. 50,00,000/- in the Company.

ii. *I paid Rs. 50,00,000/- as application money for the subscription of 5,00,000 equity shares of Rs. 10/- each of KESAR. The Company duly allotted 5,00,000 equity shares of Rs. 10/- paid up each in 2009. The Company filed the necessary Form No.2 with Registrar of Companies intimating the allotment of the above mentioned 5,00,000 equity shares of the KESAR. Thereafter, the Company made an application to the BSE for listing of the above said equity shares of Rs. 10/- paid up duly allotted to me.*

iii. *However, the Company failed to deliver the share certificate of the above mentioned 5,00,000 shares of Rs. 10/- paid up of the KESAR despite my repeated request. When I visited the Company's office at Solaris Building, Saki Vihar Road, Powai Andheri (East) to press for the delivery of the said shares, Mr. Dinesh Sharma, the Promoter of the Company threatened me of dire consequences if I ever dared to visit his office again and asked delivery of 5,00,000 equity shares of Rs. 10/- paid up of KESAR.*

iv. *Completely dejected by the response of Mr. Dinesh Sharma, I decided to approach BSE for delivery of my shares of KESAR duly allotted to me by the Company.*

v. *I wrote a letter dated 14-06-2012 to the BSE about my wrongful categorization as a Promoter in the shareholding pattern filed by the*

KESAR with the BSE. However, no action in this regard was taken by BSE except forwarding the said complaint to Kesar.

vi. *Completely dejected by non-cooperation by BSE, I wrote a letter dated 15-07-2014 to the Chairman, SEBI complaining about non-receipt of the 5,00,000 equity shares of Rs. 10/- each of KESAR duly allotted to me as well as wrongful categorization of me as a Promoter of KESAR. A copy of the said letter was also submitted to Mr. Ashish Chauhan, CEO, BSE.*

vii. *Despite all the Complaints made to SEBI/BSE till date regarding the non-receipt of the shares of the KESAR as mentioned above I have yet to get redressal of my Complaint, unfortunately still unresolved without any valid reason. Therefore, I humbly request to the Ld. Whole time Member to look into the matter judiciously and helped me get justice. Why I should not be categorized as Promoter:-*

a. *As per Para 1 (a), (h) and (i) of BIFR Order dated 09-12-2013 it is clearly mentioned that the new Promoters of the Company are Shreyas Intermediates Limited and/or Promoters of the Shreyas Intermediates Limited. It is important to mention that I have no relationship at all of any kind with M/s Shreyas Intermediates Limited and/or its Promoters.*

b. *As per BIFR Orders 17-08-2007 the infusion of funds by the Promoters in 2007 had to go directly to the BIFR account without passing through the Company's Bank Account for settlement of dues to the Banks, Financial Institution and others, while the payment made by me in 2009* *went to the Company's Bank account against which 5,00,000 shares of Rs. 10/- paid up was allotted to me under the Public Categoiy.*

c. *As per letter dated 27-05-2010 by KESAR to BSE for listing of 5,00,000 equity shares duly allotted to me clearly state that the said 5,00,000 equity shares have been issued to Individual Public namely Mr. Raj Kumar.*

d. *As per letter dated 14-06-2012 to BSE, I brought their attention towards the wrongful categorization of my holding as promoter and requested them to put me in the public category.*

e. *As per letter dated 15-07-2014 delivered at the SEBI office on 15-07-2014 and 23-07-2014 addressed to the Chairman, SEBI, I once again brought their attention towards various misdeeds by the Promoters of the Company including (a) manipulation by the Company n categorizing me as Promoter Group vis-a-vis mentioning me as Public Individual in the Application for listing to BSE, (b) manipulation by Promoter in reducing their holding from 96.32% to 48.16% just by transferring these shares to his son and daughter and categorizing them as Public, and thereby seriously violating SEBI's MPS norms and (c) manipulation by the Promoters of KESAR by not delivering 5,00,000 equity shares duly allotted to me.*

f. *In the shareholding pattern filed with the BSE, the Company arbitrarily put me in the Promoter list and for some reason best known to them,* *they again arbitrarily removed my holding from Promoter's Category to Public Category in the quarter ending 31-03-2017.*

g. *I have no relationship with the Company and its Promoters whatsoever. I have known them only as an Investor.*

h. *I did all the required due diligence as I normally do before I invest in listed and/or unlisted companies. Even today I stand invested in quite a few companies to name a few Amtek Auto, Jaiprakash Associates, Bharat Forge, NKP Steel Limited, Maxima Systems Limited, MT Educare Limited and Unimin India Limited and others.*

9. Subsequently, in light of the request made by the AR of the Noticee, another opportunity of personal hearing was granted to the Noticee on January 17, 2020 vide letter dated January 09, 2020. Further, the Noticee was also provided with an opportunity to make additional submissions, if any. The Noticee, vide his letter dated January 16, 2020 made additional submissions wherein the Noticee again contended that he was never a promoter of KPL. I further note that the AR of the Noticee, vide Email dated January 15, 2020 requested to keep the present adjudication proceedings in abeyance. Pursuant to this, vide Email dated January 16, 2020, the AR of the Noticee was informed that the hearing would take place as scheduled. However, the Noticee failed to avail the opportunity of personal haring.

CONSIDERATION OF ISSUES AND FINDINGS:

10. I have taken into consideration the facts and circumstances of the case and the material available on record, and the replies submitted by the Noticee. I note that the allegation and provisions of law related to this allegation levelled against the Noticee are as below:

Name of the Noticee	Alleged violations	Provisions of Law
Raj Kumar	Re-classification of Raj Kumar from Promoter to public shareholder without prior approval of BSE.	Regulation 31A(2) of LODR Regulations.

In view of the above, the issues for consideration before me are:-

a. Whether the Noticee was re-classified from Promoter to public shareholder without prior-approval of BSE?

b. If yes, whether the Noticee is liable for penalty?

c. If yes, what should be the quantum of penalty that should be imposed on the Noticee?

11. Before moving forward, the relevant extracts of the provision of law, allegedly violated by the Noticee, are mentioned as under-

<u>LODR Regulations</u>

Disclosure of Class of shareholders and Conditions for Reclassification.

31A. (2) *The stock exchange, specified in sub-regulation (1), shall allow modification or reclassification of the status of the shareholders, only upon receipt of a request from the concerned listed entity or the* *concerned shareholders along with all relevant evidence and on being satisfied with the compliance of conditions mentioned in this regulation.*[1]

a. Whether the Noticee has been re-classified from Promoter to public shareholder without prior-approval of BSE?

12. It is observed from the quarterly shareholding pattern of KPL, as filed with BSE, that the Noticee was shown as part of promoter group of KPL for each of the quarters from September 2010 till December, 2016. Thereafter, he was reclassified and shown as a public shareholder from the quarter ended March 2017.

13. I note that a listed company is permitted to reclassify a promoter as a public shareholder as per law and that is not the allegation in the present proceedings. However, I note that in terms of Regulation 31A(2) of the LODR Regulations, specific approval has to be taken either by the company or by such shareholder from the exchange for the modification or reclassification of the status of the shareholders between promoter and public shareholder.

14. In this regard, I note that the Noticee has contended that he was wrongly classified as promoter by the Company and he was never a promoter of the Company. I further note that he has also cited various efforts undertaken by him

[1] As applicable at the time of alleged violations. It may be noted that the abovementioned provision of LODR Regulations has been amended subsequently by way of SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2018, w.e.f. 16.11.2018.

to reclassify him from promoter category to public shareholder category including:

- a letter dated June 14, 2012 to BSE complaining about his wrongful inclusion in the promoter list.
- a letter dated July 15, 2014 to Chairman, SEBI complaining, inter-alia, about wrongful categorization of him as a promoter.
- A Notice dated December 22, 2014 through legal firm i.e. Mindspright Legal to KPL about non-receipt of shares of KPL. In the said notice, the Noticee had mentioned that he was wrongly shown as promoter of KPL. However, there is no mentioned of the said complain of wrong categorization in the reminder letters dated January 12, 2015 and January 27, 2015.
- Letter dated April 18, 2017 to BSE regarding non-receipt of shares. In the said letter, the Noticee had briefly mentioned about wrong categorization of him as promoter of KPL.

15. In this regard, as a background information, I note that the Noticee was allotted shares of KPL on September 12, 2009 for which an approval was taken in the meeting of Board of Directors of KPL dated September 10, 2009. I note from the minutes of the said meeting that the Noticee was a director of KPL as on September 10, 2009 and had attended the said meeting. Further, vide letter dated December 31, 2010, the Noticee had resigned as a director of KPL.

16. I further note that the Noticee was shown as promoter of KPL in the shareholding pattern submitted by the Company for the quarter ended

September 2010 for the first time i.e. during the time when the Noticee was a director of KPL. I also note that KPL had continuously shown the Noticee as promoter in quarterly shareholding pattern submitted by it to BSE till the quarter ended December 2016 i.e. for a period of 26 quarters in total. In light of this, the submission of the Noticee that the Company has used the word 'public' in its communication dated May 27, 2010 to BSE does not hold ground.

17. However, from the records as submitted by the Noticee himself, I note the facts that the Noticee raised objection to inclusion of his name in the list of promoters, for the first time on June 14, 2012 when he sent a letter to BSE i.e., after inclusion of his name in the list of promoters for seven preceding quarters as per the shareholding pattern submitted by the Company.

18. Further from available records I note certain other facts that, the Noticee, vide his letter dated June 14, 2012, informed BSE that he was wrongly categorized as a part of promoter group. In the said letter, the Noticee requested BSE to instruct the management of KPL to regroup and put him in the category of public shareholders. Subsequently, the Noticee submitted a letter dated July 15, 2014 to Chairman, SEBI wherein he complained about wrongful categorization as promoter of KPL. Thereafter, vide various letters, the Noticee filed complaints before BSE, SEBI and Economic Offence Wing of Maharashtra Police regarding non-receipt of shares. However, no mention of his claim of wrongful categorization as promoter of KPL was found in the said complaints. Further, I note that the Noticee had sent a Legal Notice dated December 22, 2014 to KPL

wherein he had made reference to the abovementioned complaint of his wrongful categorization as promoter in one paragraph. However, no reference of the said complaint was mentioned in two reminder notices sent by the Noticee to KPL. Similarly, vide letter dated April 18, 2017, the Noticee again filed complaint with BSE regarding non-receipt of share certificates by him wherein he had made a small reference to his complaint of wrongful categorization as promoter.

19. I note that the above facts as submitted by the Noticee in his reply to the SCN deal with the question whether the Noticee was rightfully categorized as promoter or not. However, I note that the present proceedings are not to test or determine the correctness in classifying the Noticee as a promoter by KPL. Therefore all submissions of the Noticee in support of his contention regarding wrong categorization as promoter are of no relevance to the present proceedings. Thus, by the present proceedings I am not endeavouring to decide the question of legality of classification of the Noticee as promoter of KPL or otherwise. The limited question open for decision before me is whether the Noticee has followed the prescribed legal procedure for re-classifying himself as a public shareholder from promoter-shareholder. Now I proceed to deal with this issue before me.

20. I note that SEBI, by way of Regulation 31A(2) of LODR Regulations, provided for reclassification of a person between promoter and public shareholder wherein it was obligatory for a company or the concerned person to obtain

permission from the exchange for re-categorization from promoter shareholding to public shareholding and vice-versa. For the same, BSE has prescribed elaborate requirements to reclassify a person as promoter or public shareholder. Upon perusal of the requirements in this regard as obtained from the BSE website, it is understood that such re-classification exercise has to undergo various approval processes before final reclassification is approved by BSE.

21. Though the Noticee had claimed that he had taken up the promotership issue at various levels, but when LODR Regulations was notified in 2015 and the abovementioned procedure came into effect, he could have very much pursued the set procedures and got himself reclassified as public shareholder. However, there is nothing on record to suggest that had moved the matter in that direction. On the contrary he was continued to be disclosed as a promoter in the disclosures on shareholding patterns filed by the company even after prescription of the procedures as mentioned above till upto December 2016.

22. Therefore, as mentioned elsewhere in this order, the limited point to be adjudged here is if a permission was taken from BSE before reclassification of the Noticee from promoter to public shareholder. Therefore, even if it is presumed that the Noticee was not a promoter of KPL and was wrongly classified as a promoter by the Company, then also the abovementioned procedure is required to be followed for reclassification of the Noticee as public shareholder. In this regard, I would like to rely on observation of Hon'ble SAT

in Premchand Shah and Others V. SEBI dated February 21, 2011, wherein it was held that "*…..When a law prescribes a manner in which a thing is to be done, it must be done only in that manner or not at all.*"

23. Further, for the purpose of drawing similarity, I refer to Section 111(4) of Companies Act, 1956, parallel to Section 59(1) of Companies Act, 2013, wherein if the name of a person is entered or omitted after entering into register of members without sufficient cause, the member may apply to the Tribunal for rectification of register. For the said purpose, a person will have to follow complete procedure to file an application before the Tribunal.

24. I also note that the reclassification of a promoter into public shareholder and vice-versa is a decision which serves as an important tool for the stakeholders of the company and also their decision to be associated with the company. Therefore, complying with prescribed legal procedure becomes important.

25. In view of the above, I hold the Noticee to have squarely violated the provisions of Regulation 31A(2) of LODR Regulations.

b. If yes, whether the Noticee is liable for penalty?

26. As established in the pre-paragraphs, the Noticee has violated the provisions of Regulation 31A(2) of LODR Regulations. In light of this, the Noticee has failed to comply with the mandatory statutory obligation. In this context, reliance is placed upon the order of The Hon'ble Supreme Court in the matter of *Chairman, SEBI Vs Shriram Mutual Fund { [2006]5 SCC 361 }* – where 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…..”

27. Therefore, the Noticee is liable for penalty under Section 15HB of SEBI Act. The text of the said provision of law is being reproduced below:

    <u>SEBI Act</u>

    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.*

28. 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.

29. With regard to the above factors, it may be noted that the investigation report has not quantified profit earned or loss caused on account of the violations

committed by the Noticee. Further, I also note that the above said violation was not repetitive in nature.

30. Further, in light of recent order of Hon'ble SAT in the matter of P G Electroplast vs SEBI, I also note that, vide Interim Order dated June 04, 2013, Hon'ble WTM of SEBI had passed certain directions against the Noticee, KPL and other promoters of KPL viz. freezing of voting rights and corporate benefits with respect to excess of proportionate promoter group shareholding, prohibit promoter group entitles from dealing in securities of KPL, restraining promoters and directors from holding a new position as director in any listed company etc. The said directions were vacated vide SEBI Order dated September 05, 2017.

ORDER

31. After taking into consideration the facts and circumstances of the case, material/facts on record, the reply submitted by the Noticee and also 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. 2,00,000 (Rs. Two Lakh only) on the Noticee for his violations of Regulation 31A(2) of LODR Regulations.

    I am of the view that the said penalty is commensurate with the violation committed by the Noticee.

32. The 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.

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

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

Place: Mumbai	**K SARAVANAN**
Date: January 30, 2020	**CHIEF GENERAL MANAGER AND ADJUDICATING OFFICER**