BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/SV/GD/2023-24/29350-29351)

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:

Noticee	Name of the Noticee	PAN
1.	IFL Promoters Ltd.	AAACI5322C5
2.	Anjana Gupta	AHCPG7242H

In the matter of IFL Promoters Ltd.

BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India ('hereinafter referred to as 'SEBI') received a condonation request dated June 24, 2022 from Mr. Pawan Kumar Garg, director on the Board of IFL Promoters Ltd (hereinafter referred to as "IFL Promoters / Company").

2. Pursuant to receipt of condonation request, SEBI conducted an examination to ascertain if the Company is in violation of any of the provisions of the erstwhile SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the erstwhile Listing Agreement.

3. Based on the findings of examination, SEBI initiated adjudication proceedings against IFL Promoters Ltd (hereinafter referred to as "Noticee 1") and Anjana Gupta, compliance officer of the company (hereinafter referred to as "Noticee 2") (hereinafter collectively referred to as 'Noticees') for violations of the provisions as tabulated below:

Sr. No	Noticee	Violations
1.	Noticee 1	1. Regulation 77(2) of SEBI (ICDR) Regulations, 2009
2.	Noticee 1 and Noticee 2	1. Clause 36 (Reference - SEBI Circular dated April 07, 1998) r/w Clause 52(1)(b) of listing agreement (Reference - SEBI Circular dated December 27, 2007) read with Regulation 103(2) of LODR Regulations (repeal and savings provision) 2. Clause 35 (Reference - SEBI Circular dated December 16, 2010) r/w Clause 52(1)(b) of listing agreement read with Regulation 103(2) of LODR Regulations (repeal and savings provision)

APPOINTMENT OF ADJUDICATING OFFICER

4. SEBI appointed the undersigned as the Adjudicating Officer, vide order dated May 11, 2023, under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act, 1992'**), and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **'SEBI Adjudication Rules, 1995'**) read with Section 19 of the SEBI Act, 1992, to inquire into and adjudge under the provisions of the Section 15HB of the SEBI Act, 1992 for the violations alleged to have been committed by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A Show Cause Notice ref. EAD-8/SKV/GD/26408/2023 dated June 28, 2023 (hereinafter referred to as "**SCN"**) was issued to the Noticees in terms of the provisions of rule 4 of the SEBI Adjudication Rules vide speed post acknowledgement due and email dated June 28, 2023. I note that SCN was successfully delivered through speed post and email.

6. The allegations levelled against the Noticees in the SCN are summarized as follows:

    I. *SEBI received a condonation request dated June 24, 2022 from Mr. Pawan Kumar Garg, director on the Board of IFL Promoters Ltd.The condonation request inter-alia mentioned the following:*

a) *In its AGM on September 29, 2012, the Company sought shareholder approval for issue of 1,00,00,000 warrants, each convertible to one equity share (of face value INR 5/-) at a price of INR 7/-.*

b) *On November 12, 2012, the Company had received in-principle approval from BSE for the issue of 1 crore warrants, convertible into equity shares.*

c) *Post the Board meeting held on November 26, 2012, corporate announcement was made regarding the allotment of 95 lakhs convertible warrants. However, actual amount (25% of issue price) was realized against <u>59 lakh warrants only that too at a later date.</u> No money was received against the balance 36 lakhs warrants for which allotment was earlier announced. <u>The matter was not informed to the Exchange</u>.*

d) *On November 14, 2013, the balance 75% of issue price was received towards conversion of 54 lakh warrants into equity shares. The balance warrants were considered as lapsed. Considering the change in face value of shares from Rs. 5 to Rs 1, a total of 2.7 crore shares were allotted on conversion of warrants.*

II. *In view of the above, the condonation request was with respect to the following violations which occurred in FY 2012 – 13:*

a) *Allotment of warrants on preferential basis before receipt of money, in violation of Regulation 77 (2) of the erstwhile SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations, 2009").*
b) *The Company made incorrect disclosures on the website of BSE, regarding the number of warrants that were allotted.*

III. *During the course of examination, comments were sought from BSE. BSE vide emails dated November 11, 2022 and December 02, 2022 submitted as below. Further vide email dated March 03, 2023, BSE submitted listing agreement dated February 23, 1995 executed between BSE and IFL promoters Ltd.*

a. <u>Chronology of events</u>

Particulars	***Date of Event***
Resolution passed by the shareholders of the Company approving the allotment of warrants on preferential basis	*September 29, 2012*
In principle approval obtained from BSE for issuance of 1,00,00,000 warrants convertible into equity shares of INR 5/- each at a price not less than INR 6.63/- per share	*November 12, 2012*
Company announced allotment of 95,00,000 convertible warrants of	*November 27, 2012*

Record date for subdivision of equity shares of existing equity shares from every 1 (One) equity share of Rs.5/- each into five equity shares of Re.1/- each.	*July 12, 2013*
Company announced that the Board of Directors of the Company in meeting held on November 14, 2013 allotted 2,95,00,000 equity shares on conversion of 59,00,000 warrants	*November 16, 2013*
Application to Stock Exchange for listing of 2,70,00,000 equity shares. *Note: The case was then auto closed on the Exchange portal due to non-submission of documents*	*February 18, 2014*
Trading in equity shares of the Company was suspended on account of non-submission of financial results for the quarters of June 2017 and September 2017 (results submitted later) resulting in non-compliance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for two consecutive quarters	*W.e.f. February 23, 2018*
Re-filing of application to Stock Exchange for listing of 2,70,00,000 equity shares	*April 04, 2022*

IV. *Upon seeking the supporting bank statements of the Company for the period of allotment of warrants, BSE observed that the 25% of the consideration amount for 59,00,000 warrants was received on several dates from December 22, 2012 to February 26, 2013 (much after the date of allotment of warrants i.e. November 26, 2012). As such, the company allotted warrants without receipt of any consideration.*

V. *The Company in its letter dated August 19, 2022 to BSE agreed that out of 95,00,000 convertible warrants, 25% of the consideration was realized against only 59,00,000 warrants allotted at a price of INR 7/- amounting to INR 1,03,25,000/- (i.e. 0.25 * 59,00,000) after the date of allotment.*

VI. *Out of the abovementioned 59,00,000 warrants, an amount aggregating to INR 2,83,50,000/- (i.e. 54,00,000 * 0.75 * INR 7) was received as the balance 75% of the consideration towards conversion of 54,00,000 warrants into equity shares. Post spilt, 2.7 crore equity shares (i.e. 54,00,000 * 5) of Re. 1/- each were issued on or before November 14, 2013 (the date of allotment of equity shares on conversion of warrants) and the balance 5,00,000 convertible warrants lapsed.*

VII. *In view of the above, it was observed from the bank account statements of the Company that out of 95,00,000 convertible warrants, 25% of the consideration was realized against only 59,00,000 warrants from December 22, 2012 to February 26, 2013, much after the date of allotment of warrants i.e. November 26, 2012.The*

Company has also admitted in its letter dated August 19, 2022 to BSE that the upfront consideration of 25% to be paid against each warrant, was realized after the date of allotment. Thus, it was alleged that company has violated Regulation 77(2) of SEBI (ICDR) Regulations, 2009.

VIII. *The Company has made the following incorrect disclosures regarding the allotment of warrants and equity shares:*

a) *Company incorrectly announced on November 27, 2012 that allotment of 95,00,000 warrants was made to strategic investors, instead of the 59,00,000 warrants that were actually allotted.*

b) *Company incorrectly announced on November 16, 2013 that 2,95,00,000 Equity Shares were allotted upon the conversion of 59,00,000 warrants issued to the strategic investors. However, as mentioned by the Company in its condonation application, only 2.7 crore equity shares were allotted against the conversion of 54,00,000 warrants and the balance 5,00,000 warrants lapsed.*

c) *Incorrect disclosures regarding allotment of warrants in shareholding pattern for the quarters ended December 2012 and March 2013*

IX. *In view of the above, it was alleged that the company and the then Compliance Officer, Anjana Gupta, are in violation of Clause 36 (Reference - SEBI Circular dated April 07, 1998) r/w Clause 52(1)(b) of listing agreement (Reference - SEBI Circular dated December 27, 2007) read with Regulation 103(2) of LODR Regulations (repeal and savings provision).*

X. *It was observed from the Shareholding Pattern filed by the Company for the quarters ending December 2012, and March 2013 that the Company made incorrect disclosure that 95,00,000 warrants were allotted. In view of the same, it was alleged that Company and the then Compliance Officer, Anjana Gupta have violated Clause 35 (Reference - SEBI Circular dated December 16, 2010) r/w Clause 52(1)(b) of listing agreement read with Regulation 103(2) of LODR Regulations (repeal and savings provision).*

7. Vide email dated July 17, 2023 Noticees have submitted their reply to the SCN. Subsequently, vide email dated July 24, 2023, Noticees were provided with an

opportunity of hearing on July 31, 2023. On the scheduled date of hearing, Authorized representative viz. Mr. Pawan Garg, Director of Noticee 1 (hereinafter referred to as "AR") of the Noticees appeared on behalf of Noticees. The AR reiterated the submissions already made in the reply vide email dated July 18, 2023 admitting to all the charges levelled in the SCN and requested to take a lenient view while imposition of monetary penalty.

8. The key submissions made by Noticees vide email dated July 18, 2023 are as under:
   a. *we would like to state that our company got in principle approval from BSE for issuance of 1,00,00,000/- warrants convertible into equity shares of INR 5/- each at a price not less than INR 6.63/- per share.*
   b. *The company announced allotment of 95,00,000/- convertible warrants at a price of rupees 7/- only on Nov,27,2012.*
   c. *The record date for subdivision of equity shares of existing equity shares from every 1 (one) equity shares of INR 5/- each in to five equity shares of Rs,1/- each was July 12,2013. The company announced that the Board of Directors of the Company in meeting held on November 14 ,2013 allotted 2,95,000 equity shares on conversion of 59,00,000 warrants on Nov 16,2013. The company though announced the conversion of 59,00,000 warrants in to 2,95,000 equity shares but due to some technical issue only 54,00,000 warrants were converted in to 2,70,000 equity shares and balance 5,00,000 warrants which were not converted in to equity shares were lapsed. In this way the company violated Regulation 77 (2) of SEBI (ICDR) regulations ,2009 which may kindly be condoned. The company received 25% of the consideration amount of 95,00,000 convertible warrants through cheque which were duly deposited in to company bank account in time but got cleared by February 26,2013. The said amount was realized after the date of allotment and allotment was made only on receipt of amount through cheque which got cleared later on. In this way the company violated Regulation 77 (2) of SEBI (ICDR) regulations ,2009 which may kindly be condoned .*

d. Trading in equity shares of the Company was suspended on account of non-submissions of financial results for quarter of June 2017 and September 2017 resulting in non-compliance with Regulation 33 of SEBI REGULATIONS,2015 for two consecutive quarters. However the results for both the quarters were submitted later.

e. The company refilled application to Stock Exchange for listing of 2,70,00,000 equity shares on April,04,2022. The company originally filled application to Stock Exchange for listing of 2,70,000/- equity shares on 18,02,2014. as against 2,95,000 Equity Shares which the company incorrectly announced on November 27, 2012.The case was then auto closed on the Exchange portal due to non-submissions of documents.

f. This incorrect disclosures regarding allotment of warrants in shareholding pattern for the quarters ended December 2012 and March 2013 resulted in violation of CLAUSE 36(Reference –SEBI Circular dated April 07,1998) read with Clause 52(1)(b) of listing agreement (Reference – SEBI Circular dated Dec 27, 2017) read with Regulations 103(2) of LODR Regulations (repeal and savings provision).

g. This all happened due to negligence but not any other ulterior motive which make liable the company for monetary penalty under Section 15HB of the SEBI ACT ,1992.

h. Your good self is thus most respectfully and humbly requested to take a lenient view while imposing the monetary penalty. Considering all the facts and circumstances your good self is once again requested to consider the matter sympathetically and oblige.

CONSIDERATION OF ISSUES AND FINDINGS

9. I have taken into consideration the facts and material available on record. The issues that arise for consideration in the present case are as follows:

   I. **Whether Noticee 1 have violated provisions of Regulation 77(2) of SEBI (ICDR) Regulations, 2009?**

II. **Whether Noticee 1 & Noticee 2 have violated Clause 36 (Reference - SEBI Circular dated April 07, 1998) r/w Clause 52(1)(b) of listing agreement (Reference - SEBI Circular dated December 27, 2007) read with Regulation 103(2) of LODR Regulations (repeal and savings provision), Clause 35 (Reference - SEBI Circular dated December 16, 2010) r/w Clause 52(1)(b) of listing agreement read with Regulation 103(2) of LODR Regulations (repeal and savings provision)?**

III. **Do the violations, if any, attract monetary penalty under section 15HB of the SEBI Act, 1992?**

IV. **If the answer to Issue No. I, II & III is in affirmative, then what should be the quantum of monetary penalty?**

10. Before moving forward, it is pertinent to refer to the relevant provisions which are alleged to have been violated. The said provisions are provided hereunder:

<u>SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009</u>

Payment of consideration

77. (1) *Full consideration of specified securities other than warrants issued under this Chapter shall be paid by the allottees at the time of allotment of such specified securities:*

Provided that in case of a preferential issue of specified securities pursuant to a scheme of corporate debt restructuring as per the corporate debt restructuring framework specified by the Reserve Bank of India, the allottee may pay the consideration in terms of such scheme.

(2) *An amount equivalent to at least twenty-five per cent of the consideration determined in terms of regulation 76 shall be paid against each warrant on the date of allotment of warrants.*

(3) *The balance seventy-five per cent. of the consideration shall be paid at the time of allotment of equity shares pursuant to exercise of option against each such warrant by the warrant holder.*

<u>Provisions under the erstwhile listing agreement</u>

Clause 35 *of the erstwhile listing agreement (specified vide SEBI Circular dated December 16, 2010)*

"Companies to file statement showing shareholding pattern with the Exchange. The Statement included disclosure of warrants held by public and promoter / promoter group."

Clause 36 *of the erstwhile listing agreement (specified vide SEBI Circular dated April 07, 1998)*
"the Company will keep the Exchange informed of events such as strikes, lock-outs, closure on account of power cuts, etc. both at the time of occurrence of the event and subsequently after the cessation of the event in order to enable the shareholders and the public to appraise the position of the Company and to avoid the establishment of a false market in its securities. The Company will also immediately inform the Exchange of all the events, which will have bearing on the performance/ operations of the company as well as price sensitive information. The material events may be events such as:
..(7) *Any other information having bearing on the operation / performance of the company as well as price sensitive information, which includes but not restricted to: i)Issue of any class of securities."*

Clause 52
"52. *Corporate Filing and Dissemination System(CFDS) viz. www.corpfiling.co.in*
(1) *The company agrees –*
(a) *to file on the CDFS, such information, statements and reports as maybe specified by the Participating Stock Exchanges in this regard.*
(b) that the Compliance Officer, appointed under clause 47(a) and the company shall be responsible for ensuring the correctness, authenticity and comprehensiveness of the information, statements and reports filed under this clause and also for ensuring that such information is in conformity with the applicable laws and the listing agreement.

11. Taking into consideration the allegations and reply of the Noticees the case is being decided on merit hereunder.

12. It is noted from the material available on records that Noticee 1 at their Board meeting held on November 26, 2012, has made a corporate announcement regarding the allotment of 95 lakhs convertible warrants. However, the upfront amount (25% of issue price) was realized against 59 lakh warrants only and that too at a later date. Thus, the primary allegation against Noticee 1 is that delay in realization of upfront amount equivalent to 25% of issue price against each warrant as provided under Regulation 77(2) of ICDR regulation.

13. As per applicable Regulation 77(2) of SEBI (ICDR) Regulations, 2009, it states that in case of warrants, an amount equivalent to at 25% of the consideration shall be paid against each warrant on (or before) the date of allotment of warrants and the balance 75% of the consideration shall be paid at the time of allotment of the equity shares pursuant to exercise of options against each such warrant by the warrant holder.

14. I note that on September 29, 2012, resolution was passed by the shareholders of the Noticee 1 approving the allotment of warrants on preferential basis. Further on November 12, 2012, in principle approval obtained from BSE for issuance of 1,00,00,000 warrants convertible into equity shares. Further vide announcement dated November 27, 2012, Noticee 1 announced allotment of 95,00,000 convertible warrants. Vide Corporate announcement dated November 16, 2013, Noticee 1 had informed that Board of Directors of the Company in meeting held on November 14, 2013 allotted 2,95,00,000 equity shares on conversion of 59,00,000 warrants

15. In this regard, Noticee was required to collect the upfront amount of 25% in respect of 95,00,000 warrants on the date prior to date of allotment of warrants. i.e. November 26, 2012.

16. Noticee 1 have contended that they have received 25% of the consideration amount of 95,00,000 convertible warrants was received through cheque which were deposited but it was cleared by February 26, 2013.

17. In order to establish there was delay in in realization of upfront amount equivalent to 25% of issue price against each warrant, it is pertinent to examine the bank accounts statement and financials of the relevant year i.e. FY 2012-2013.

18. It is noted from the bank statements that the upfront amount was received on several dates from December 22, 2012 to February 26, 2013, much after the date of allotment of warrants i.e. November 26, 2012.There is ordinate delay from the

date of allotment to actual date of receipt of upfront money. Further Noticees have not submitted any documentary evidence in support of its claim that upfront amount for 95,00,000 convertible warrants was received through cheque but it was cleared by February 26, 2013. Thus, Noticee 1 had allotted warrants without ensuring the upfront amount is received.

19. Noticee 1 in this regard has admitted the allegation with respect to failing to ensure that upfront funds were received against warrants allotted. Notice had also admitted the same in the condonation application dated June 24, 2022 made to SEBI. Further vide letter dated August 19, 2023, Noticee 1 in its application to BSE has categorically admitted its non-compliance w.r.t Regulation 77 of SEBI (ICDR).

20. Given the above findings, it is clear that Noticee was required to collect the upfront amount of 25% in respect of 95,00,000 warrants on the date prior to date of allotment of warrants. However, Noticee 1 had collected the upfront amount much after the date of allotment of warrants with respect to 59,00,000 warrants.

21. In view of the above facts and admissions made by the Noticee 1, I hold that Noticee 1 has violated Regulation 77(2) of SEBI (ICDR) Regulations, 2009.

Issue II: Whether Noticee 1 & Noticee 2 have violated Clause 36 (Reference - SEBI Circular dated April 07, 1998) r/w Clause 52(1)(b) of listing agreement (Reference - SEBI Circular dated December 27, 2007) read with Regulation 103(2) of LODR Regulations (repeal and savings provision), Clause 35 (Reference - SEBI Circular dated December 16, 2010) r/w Clause 52(1)(b) of listing agreement read with Regulation 103(2) of LODR Regulations (repeal and savings provision)?

22. I note from the material available on record that Noticee 1 & Noticee 2 has allegedly made incorrect disclosures to stock exchanges as follows:

a. Company incorrectly announced on November 27, 2012 that allotment of 95,00,000 warrants was made to strategic investors, instead of the 59,00,000 warrants that were actually allotted.
b. Company incorrectly announced on November 16, 2013 that 2,95,00,000 Equity Shares were allotted upon the conversion of 59,00,000 warrants issued to the strategic investors. However, as mentioned by the Company in its condonation application, only 2.7 crore equity shares were allotted against the conversion of 54,00,000 warrants and the balance 5,00,000 warrants lapsed.
c. Incorrect disclosures regarding allotment of warrants in shareholding pattern for the quarters ended December 2012 and March 2013.

23. I note that the Noticee 1 was a listed company and was under an obligation in terms of Section 21 of SCRA, 1956 to comply with the conditions of Listing Agreement. Specifically, Clause 35 of Listing Agreement mandates the listed companies to file inter alia its shareholding pattern including the shareholding of its promoters, with the exchanges on a quarterly basis. Needless to say, the Noticee 1 was required to make true and correct disclosure regarding shareholding pattern.

24. Noticee 2 was compliance officer of the company. I note that compliance officer of the company is duty bound and responsible for making correct and timely disclosures to Stock Exchanges.

25. Noticees have contended that trading in equity shares of the Company was suspended on account of non-submissions of financial results for quarter of June 2017 and September 2017 which had resulted in non -compliance with Regulation 33 of SEBI regulations,2015 for two consecutive quarters. In this regard, I note that suspension of trading does not restrain the Noticees from making disclosures as required under Clause 35 & 36 of listing agreement. The erstwhile Corporate Filing and Dissemination System (CFDS) portal viz. www.corpfiling.co.in enabled to file information, statements and reports as required Clause 35 & 36 of listing agreement. Further Noticees have not shown any evidence that they had taken

any proactive measure to disclose the relevant information to stock exchange. Thus, the contention of the Noticees is erroneous and unacceptable

26. In this regard, I would like to rely on *Hon'ble SAT ruling in Appeal No. 66 of 2003 - Milan Mahendra Securities Pvt. Ltd. Vs SEBI*, wherein the Hon'ble SAT has observed that, "*the purpose of these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market*."

27. Further Hon'ble SAT in its order in Appeal No. 583 of 2019 dated July 8, 2020 in the matter of *ICICI Bank Limited vs. SEBI* had held that "*The purpose and spirit of disclosure in a disclosure-based regulatory regime is simple and clear; disclose all material and price sensitive events/information and disclose even when one is in doubt. It does not have to be tested with finer legal examination, hairsplitting arguments or semantics*".

28. Further, in *Mr. Ankur Chaturvedi vs SEBI* (Appeal no. 434 of 2014) decided on August 04, 2015, the Hon'ble SAT has held that *"As rightly pointed out by the adjudicating officer the entire securities market stands on disclosure based regime and accurate and timely disclosures are fundamental in maintaining the integrity of the securities market. Therefore, omission on the part of the appellant in failing to make disclosures was detrimental to the interest of the investors in the securities market and hence no fault can be found with the decision of SEBI in imposing penalty...."*

29. Noticees in their reply have admitted the aforesaid disclosure violations and submitted that incorrect disclosures were made due to negligence and not due to any ulterior motive. Notice had also admitted the same in the condonation application dated June 24, 2022 made to SEBI. Further vide letter dated August 19, 2023, company in its application to BSE has categorically admitted its non-compliance w.r.t Clause 35 & 36 of listing agreement. I note that admission of the

alleged violations does not absolve the Noticees for the violations committed. Thus, the contention of the Noticees is not unacceptable.

30. I also note that periodic disclosures under Clause 35 of the listing agreement serve a very important purpose of informing the market and the investors about the shareholding of the company i.e. names and holdings of the promoters and significant shareholders. The shareholding and names of promoters and significant shareholders form a very important criterion for the public to make their investment decisions.

31. I note that the mandate given under clause 52(1)(b) which specifically says that Compliance Officer and the Company shall be responsible for ensuring correctness / authenticity of the information, statements and reports filed. Thus, the compliance Officer and the company was bound to ensure timely and correct information to stock exchanges. This indicates that the Noticees have failed in their duty that ultimately resulted into incorrect disclosures.

32. From the foregoing, Noticees cannot evade their prime responsibility for making necessary disclosures to the stock exchanges. Further Noticee 2 being the compliance officer had failed to meet her statutory obligation in ensuring correct / complete disclosures.

33. In view of the facts and admissions of the Noticees, I hold that Noticees have violated Clause 36 (Reference - SEBI Circular dated April 07, 1998) r/w Clause 52(1)(b) of listing agreement (Reference - SEBI Circular dated December 27, 2007) read with Regulation 103(2) of LODR Regulations (repeal and savings provision) and Clause 35 (Reference - SEBI Circular dated December 16, 2010) r/w Clause 52(1)(b) of listing agreement read with Regulation 103(2) of LODR Regulations (repeal and savings provision).

Issue III. Does the violation, if any, attract monetary penalty under section 15HB of the SEBI Act, 1992

34. In light of findings and observations made against the Noticees brought out in the foregoing paragraphs, I hold that Noticees have violated applicable SEBI Regulations and Circulars. The above violation makes the Noticees liable for monetary penalty under the provisions of Section 15HB of the SEBI Act. In this regard, reliance is placed upon the judgment of Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) which inter-alia has 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...".* The relevant provisions of the aforementioned Section 15HB of the SEBI Act are as under:

SEBI Act, 1992

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.*

Issue IV. If the answer to Issue No. I, II & III is in affirmative, then what should be the quantum of monetary penalty?

35. While determining the quantum of penalty under the provisions of Section 15HB of the SEBI Act, it is important to consider the relevant factors as stipulated in Section 15J of the SEBI Act, which reads as under:

SEBI Act, 1992

Factors to be taken into account while adjudging quantum of penalty

15J *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.

[111][Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.]

36. In the present matter, I note from the material available on record, it is difficult to quantify the disproportionate gains made by the Noticees. Further I note that, it may not be possible to ascertain the exact monetary loss to the investors on account of default by the Noticees in the instant matter. As regards repetitive nature of default, I note that Noticee 1 has been penalized vide AO order dated April 16, 2021 on IFL Promoters Ltd. and other entities / persons (INR 9 lakhs to be paid by Anjana Gupta and others, jointly and severally), for violation of disclosure obligations under SAST Regulations, 2011 and of PIT Regulations, 2015. Noticee 1 was also prohibited from accessing the securities market or buying, selling or otherwise dealing in the securities market, either directly or indirectly, or being associated with the securities market in any manner whatsoever, for a period of six months, vide order dated September 06, 2021. Further vide interim order dated September 25, 2018 and final order dated October 25, 2019, IFL Promoters Ltd. was directed to deposit INR 1.36 crores in an interest bearing escrow account held with a nationalized bank, within 30 days from the date of receipt of the said order. In case of failure to comply, IFL Promoters was to be restrained from accessing the securities market and was also to be prohibited from buying, selling or otherwise dealing in securities, either directly or indirectly, or being associated with the securities market in any manner whatsoever. Further vide interim order dated September 25, 2018 and final order dated October 25, 2019, Mr. Pawan Kumar Garg and Ms. Shashi Garg, directors of IFL Promoters Ltd. have been restrained from accessing the securities market and are further prohibited from buying, selling

or otherwise dealing in securities, either directly or indirectly, or being associated with the securities market in any manner whatsoever, till further directions. As regards **Noticee 2**, vide AO order dated January 17, 2018 for the violation of Regulation 7(1) read with Regulation 7(2) of SAST Regulations, 1997, penalty of INR 2 lakhs was imposed (jointly and severally) on Noticee 2 and other entities. Further penalty of INR 10 lakhs was imposed vide AO order dated June 26, 2018 under Section 15 HB for the violation of Clause 4.2 Model Code of Conduct for Prevention of Insider Trading for Listed Companies specified in Part A of Schedule I read with Regulation 12(1) of the PIT Regulations read with Regulation 12 of the PIT Regulations, 2015. Further vide AO order dated April 16, 2021, penalty of INR 5 lakhs on Noticee 2; and penalty of INR 9 lakhs on Noticee 2 and others (jointly and severally) was imposed for violation of disclosure obligations under SAST Regulations, 2011 and of PIT Regulations, 2015. In order to protect the interest of all the investors and considering the past actions against the Noticees, I feel appropriate to levy a penalty, which is commensurate with the nature of violation and which acts as a deterrent factor for the Noticees and others in protecting the interest of the investors in securities market.

ORDER

37. 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 and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules 1995, I hereby impose following penalties on the Noticees:

Noticee	**Violative Provisions**	**Penalty Provisions**	**Amount of penalty (in ₹)**
1.IFL Promoters Ltd.	1. Regulation 77(2) of SEBI (ICDR) Regulations, 2009	15HB of the SEBI Act 1992	15,00,000

1.IFL Promoters Ltd. 2.Anjana Gupta	2.Clause 36 (Reference - SEBI Circular dated April 07, 1998) r/w Clause 52(1)(b) of listing agreement (Reference - SEBI Circular dated December 27, 2007) read with Regulation 103(2) of LODR Regulations (repeal and savings provision), Clause 35 (Reference - SEBI Circular dated December 16, 2010) r/w Clause 52(1)(b) of listing agreement read with Regulation 103(2) of LODR Regulations (repeal and savings provision).	15HB of the SEBI Act 1992	5,00,000 (Jointly and severally)

I am of the view that the aforesaid penalty is commensurate with the violation/allegations levelled against the Noticees.

38. The Noticees 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

39. 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.

40. In terms of Rule 6 of the Adjudication Rules, 1995, copy of this order is sent to the Noticees and also to the SEBI.

Place: Mumbai	**SHASHI KUMAR VALSAKUMAR**
Date: September 20, 2023	**ADJUDICATING OFFICER**