

BEFORE THE APPELLATE AUTHORITY
(Under the Right to Information Act, 2005)
SECURITIES AND EXCHANGE BOARD OF INDIA

Appeal No. 6214 of 2024

Nilesh Jain	:	Appellant
	Vs	
CPIO, SEBI, Mumbai	:	Respondent

ORDER

1. The appellant had filed an application dated October 04, 2024 (received by the respondent through RTI MIS Portal) under the Right to Information Act, 2005 (“**RTI Act**”). The respondent, by a letter dated October 28, 2024 responded to the application filed by the appellant. The appellant filed an appeal (Reg. No. SEBIH/A/E/24/00264) dated October 29, 2024. I have carefully considered the application, the response and the appeal and find that the matter can be decided based on the material available on record.
2. **Request in the application** - The appellant, vide his application dated October 04, 2024, sought the following information:

“There have been many listed companies under liquidation but quite a few of them had revived by getting out of liquidation which helped their public shareholders to recover some value of their investments. Abhishek Corporation Limited is one such listed company which has been under liquidation since last many years and thereafter, it was successfully sold on a going concern by the Liquidator. The process of transferring management control with ownership in favour of successful bidder had started and therefore, the stock exchanges had recently approved corporate action for reduction in capital whereby public shareholders have got 1 share against 40 shares held by them which means there is a 97.5 percent reduction. Copy of notice issued by stock exchange has been attached fyi. In case of companies under CIRP, SEBI has clearly prescribed framework whereby public shareholders need to be offered at least 5 percent stake if the company wishes to continue with listing status and many shareholders had been able to recover their investments either partially or fully. However, it is surprising to see that for companies under liquidation, stock exchanges are even allowing 97.5 percent reduction instead of 95 percent. I seek following information:

- 1) *Please inform about framework devised by SEBI to protect interests of public shareholders in listed companies under liquidation*
- 2) *If no framework is prescribed by SEBI for protecting public shareholders of listed companies under liquidation then inform accordingly.*
- 3) *Please inform about minimum public shareholding ratio to be maintained for listed companies under liquidation which are being taken over on going concern basis*
- 4) *Please also inform whether SEBI's framework for companies under CIRP also need to be complied by companies under liquidation. If SEBI has given any further relaxation (below 5 percent public shareholding) to companies under liquidation then please inform accordingly.*
- 5) *Please inform whether stock exchange allowing 97.5 percent reduction of public shareholding is in violation of minimum 5 percent holding norms prescribed under SEBI framework for companies under CIRP"*

3. **Reply of the Respondent** - The respondent, in response to query nos. 1, 2, 4 & 5 in the application, informed that the appellant's queries are not clear and specific. Accordingly, the same cannot be construed as "information", as defined u/s 2(f) of the RTI Act. Additionally, with respect to query nos. 4 & 5 in the application, the appellant has informed that same are in the nature of seeking clarification. Further, w.r.t to query nos. 1 & 2, respondent has mentioned that SEBI has prescribed SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and various other regulations like SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 etc. for protection of interest of public shareholders of listed companies.

With respect to query no.3, the respondent informed that minimum public shareholding norms are prescribed under Securities Contracts (Regulation) Rules, 1957. The respondent also informed that as per Rule 19 A (1) of the aforementioned Rules, every listed company shall maintain public shareholding of at least twenty five per cent. The respondent also provided the link for accessing the aforementioned Rules, which is available on SEBI website.

4. **Ground of appeal** – The appellant has filed the appeal on the ground that he has been refused access to information requested.
5. I have perused the application and the response provided thereto. On consideration, as regard query nos. 1, 2, 4 and 5 of the application, I concur with the response of the respondent that the requests are not clear, specific and are broad. In this context, I note that in the matter of *Mr. T. V. Sundaresan vs. CPIO*,

Securities and Exchange Board of India (Decision dated November 24, 2021), the Hon'ble Central Information Commission (hereinafter referred to as "CIC") held: "*The framework of the RTI Act, 2005 expects that the information sought is specific and believed to be existing with the public authority in documented or material form as such; which can be shared with the appellant as per the provisions of the RTI Act. Answering to broad, multiple and general queries and presumptive documents that should have been generated as per the expectation of the appellant cannot be furnished under the provisions of the Act.*" Accordingly, I do not find any deficiency in the response of the respondent.

6. Further, with regard to query nos. 4 and 5 in the application, I note that same are also in the nature of seeking clarification from the respondent. I find that the said requests cannot be construed as seeking 'information' as defined under section 2(f) of the RTI Act. In this context, reliance is placed on the matter of *Azad Singh vs. CPIO, Oriental Insurance Company Limited* (order dated March 23, 2021), wherein, Hon'ble CIC observed that "*7. The Commission, after hearing the submissions of both the parties and after perusal of records, observed that some queries of the appellant are in the nature of seeking explanation/opinion/advice/confirmation/clarification from the CPIO and he has expected that the CPIO firstly should analyze the documents and then provide information to the appellant. But the CPIO is not supposed to create information; or to interpret information; or to compile information as per the desire of the appellant under the ambit of the RTI Act. As per Section 2(f) of the RTI Act, the reasons/opinions/advice can only be provided to the applicants if it is available on record of the public authority. The CPIO cannot create information in the manner as sought by the appellant. The CPIO is only a communicator of information based on the records held in the office and hence, he cannot be expected to do research work to deduce anything from the material therein and then supply it to him*" Accordingly, I do not find any deficiency in the response.
7. With regard to query no. 3, I am of the view that the said query is also in the nature of seeking clarification. Further, on perusal of the appeal, it appears that the appellant is questioning the correctness of the information provided by the respondent. In this context, it is observed that the Hon'ble High Court of Delhi in *Hansi Rawat & Anr. vs Punjab National Bank & Ors.* (LPA No. 785/2012-decision dated January 11, 2013) held that "*The question, as to what inference if any is to be drawn from the response of the PIO of the respondent Bank to the RTI application of the appellants, is to be drawn in the said proceedings and as aforesaid the proceedings under the RTI Act cannot be converted into proceedings for adjudication of disputes as to the correctness of the information furnished.*" The said judgement was also relied upon by the Hon'ble CIC, in the matter of *Naresh Luthra vs. CPIO, IGNOU, Student Evaluation Division* (order dated December 01, 2021). Accordingly, I do not find any deficiency in the response of the respondent.

8. In view of the above observations, I find that there is no need to interfere with the decision of the respondent. The appeal is accordingly dismissed.

Place: Mumbai

Date: November 26, 2024

RUCHI CHOJER

**APPELLATE AUTHORITY UNDER THE RTI ACT
SECURITIES AND EXCHANGE BOARD OF INDIA**