BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO: Order/SBM/VS/2022-23/16660-16667)

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:

1. **Mr. Dhirendra Kumar** (PAN No.: ADTPK0348P), having address at: 55, Golden Enclave, Emerald Block, Airport Road, Bangalore-560017 (**Noticee No. 1**)

2. **Mr. Akbal Narayan Singh** (PAN No.: ABFPS9453D), having address at: 55, Golden Enclave, Emerald Block, Airport Road, Bangalore-560017 (**Noticee No. 2**)

3. **Veerendra Kumar Singh** (PAN No.: AODPS6092K), having address at: 135, Krishi Appts, D Block, Vikaspuri, Delhi-110018 (**Noticee No. 3**)

4. **Mr. Karan Singh** (PAN No.: AMKPK4001D), having address at: 55, Golden Enclave, Emerald Block, Airport Road, Bangalore, Karnataka-560017 (**Noticee No. 4**)

5. **Mr. Shivanand Singh** (PAN No.: BLQPS8451M), having address at: Village-Nekrampur, Post-Baburi, District- Chandauli, Uttar Pradesh-232102 (**Noticee No. 5**)

6. **Ms. Sangeeta Kshetry** (PAN No.: AJAPK9355M), having address at: RF-608, Pirva Riviera, Airport Road, Marathahalli, Bangalore, Karnataka-560037 (**Noticee No. 6**)

7. **Mr. Ram Yadav** (PAN No.: ACBPY5998A), having address at: H. No. 8-5-266, Sanjeevani, Syndicate Bank Colony, Old Bowenpally, Secunderabad, Telangana-500011 (**Noticee No. 7**)

8. **M/s. Camson Farm Produce Pvt. Ltd.** (PAN No.: AAACR9470N), having address at: Shop No. 4, 2nd Floor, Shri Bhawani Complex, BM Sri Road, D Cross Road, Doddaballapur, Bangalore, Karnataka-561203 (**Noticee No. 8**)

In the matter of

M/s. Camson Bio Technologies Ltd.

FACTS OF THE CASE

1. Securities and Exchange Board of India ('**SEBI**') had conducted an investigation in the scrip of M/s Camson Bio Technologies Limited ('**Company**') in connection with the alleged funding activities carried out by the company in connivance with its promoter entities for conversion of warrants (allotted on July 25, 2007) to shares (which were allotted to eighteen entities on January 24, 2009). In this regard, it is observed that a shareholder resolution was passed at the Extra Ordinary General Meeting ('EGM') of the shareholders of the company held on July 13, 2007, authorizing the Board of Directors of the Company to issue warrants convertible to equity shares within a period of eighteen months from the date of allotment of such warrants. Accordingly, the Board of Directors of the company had approved the allotment of the convertible warrants on July 25, 2007. Thereafter, on January 24, 2009, the Board of Directors of the company had approved the preferential allotment of 39,00,000 equity shares (through the conversion of the aforementioned convertible warrants), to eighteen entities/preferential allottees. It was observed that out of the above shares, 32,16,370 shares were allotted to non-promoters and 6,83,630 shares were allotted to entities belonging to the promoter category of the company. Pursuant to the conversion of the warrants, the equity shares were listed on the Bangalore Stock Exchange ('**BGSE**') and was admitted to trading on the Bombay Stock Exchange ('**BSE**') w.e.f. March 25, 2009.

2. The investigation was conducted by SEBI based on an anonymous complaint dated January 12, 2011 that was received by SEBI in which the complainant had *inter-alia* alleged that the company allotted shares on January 24, 2009 on conversion of the warrants mostly to employees and persons who were not having the Permanent Account Number (PAN), bank account and/or any address proof. It was further alleged in the complaint that the funding in respect of the shares upon the conversion of warrants to equity shares was made from the account of the company and its promoter entities.

3. Pursuant to the investigation by SEBI, it was observed /alleged that the consideration for the above issue of shares and the allotment of shares by the company of 38.13 lakh equity shares (out of 39 lakh equity shares) on January 24, 2009, was paid through rotation of funds amongst the company and the promoter connected companies. In this context, it is alleged that the company, its directors namely Mr. Dhirendra Kumar (**Noticee No. 1**) and Mr. Akbal Narayan Singh

(**Noticee No. 2**) who were the signatories to the Annual Report of the company along with the 8 preferential allottees including Mr. Veerendra Kumar Singh (**Noticee No. 3**), Mr. Karan Singh (**Noticee No. 4**), Mr. Shivanad Singh (**Noticee No. 5**), Ms. Sangeeta Kshetry (**Noticee No. 6**) and Mr. Ram Yadav (**Noticee No. 7**) of the company had connived with each other and adopted a fraudulent device and artifice to defraud other shareholders of the company. It is alleged that the allotment of shares pursuant to the conversion of the warrants was made by the company along with other promoter entities namely M/s. Camson Farm Produce (**Noticee No. 8**) and Sanatan Herbals and Naturals Limited ('**Sanatan**'), without any infusion of funds/consideration from the preferential allottees. In the context of the present proceeding, Noticee Nos 1 to 8 are hereinafter collectively referred to as '**Noticees**'. It is further alleged that the preferential allottees were also persons/entities connected to the company. It is also alleged that Noticee Nos. 1, 3, 5, 7 & 8 had failed to make the necessary disclosures to BSE and BGSE, details of which are discussed in the following paragraph. Further, pursuant to the investigations, it was alleged that the company allotted shares to one of the preferential allottee, i.e Mr Jamuna Prasad without PAN.

4. The investigation had sought to ascertain the suspected violation of the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('**PFUTP Regulations, 2003**'), SEBI (Disclosure and Investor Protection) Guidelines, 2000 ('**DIP Guidelines**'), SEBI (Substantial Acquisition of Shares & Takeovers) Regulation 1997 (hereinafter referred to as '**SAST Regulations, 1997**') and SEBI (Prohibition of Insider Trading) Regulations, 1992 hereinafter referred to as '**PIT Regulations, 1992**') by the Noticees for the period from January 1, 2009 to June 30, 2009 (hereafter referred to as '**Investigation period**'). As already stated above, the shares of the company were listed on the BGSE and was permitted to trade on the BSE during the Investigation period. Pursuant to the investigations conducted by SEBI and in view of the above observations/findings brought out during the course of investigations, SEBI initiated adjudication proceedings against the Noticees under the provisions of sections 15A(b), 15HA & 15 HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for their alleged violation of the provisions of regulation 7 of the SAST Regulations, 1997 r/w regulation 35 of the SAST Regulations, 2011 and also under regulation 13 of the PIT Regulations, 1992 and Clause 4.2 of the Model Code of Conduct specified under Part A of Schedule I under Regulation 12(1) of the PIT Regulations, 1992 r/w Regulation 12(2) of the PIT Regulations, 2015, sections 12A (a), (b) and (c) of the SEBI Act r/w regulations 3(a), (b), (c), (d) and 4 (1) of the PFUTP Regulations, 2003 and also the alleged violation of the

provisions of Clause 13.1.2.3 (b) & Clause 13.1C of the DIP Guidelines r/w regulation 111 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('**ICDR Regulations**').

APPOINTMENT OF ADJUDICATING OFFICER

5. The undersigned was initially appointed as the Adjudicating Officer ('**AO**') in the matter vide *communique* dated August 31, 2017 to conduct the adjudication proceedings in the manner specified under rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') and to impose such penalty, as deemed fit, upon the Noticees, in terms of rule 5 of the Adjudication Rules and sections 15A(b), 15HA and 15HB of the SEBI Act. Pursuant to the transfer of the undersigned to another department of SEBI, Dr. Anitha Anoop was appointed as the AO in the matter vide order dated March 25, 2019. Subsequently, due to the transfer of Dr. Anitha Anoop, the undersigned was appointed as the AO in the matter vide *communique* dated November 3, 2020.

SHOW CAUSE NOTICE, REPLY AND HEARING

6. Show Cause Notice ref. SEBI/HO/EAD/2544/2018 dated January 24, 2018 (hereinafter referred to as '**SCN**') was issued to the Noticees under the provisions of Rule 4(1) of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against the Noticees and penalty be not imposed on them under the provisions of sections 15A(b), 15HA & 15 HB of the SEBI Act for their alleged violation of the provisions of the SEBI Act, PFUTP Regulations, PIT Regulations, SAST Regulations and DIP Guidelines r/w ICDR Regulations. The details in respect of the violations committed/ non-compliance by the Noticees in the aforesaid matter and as observed from the SCN are as under:
    a. *It is observed that a shareholders resolution was passed at Extra Ordinary General Meeting (**EGM**) of Camson held on July 13, 2007 authorizing the Board of Directors (hereinafter referred to as '**Board**') of Camson for issue of warrants convertible to equity shares within a period of 18 months from the date of allotment of the warrants. Pursuant to shareholders resolution at EGM held on July 13, 2007, the Board of Camson had allotted warrants on July 25, 2007. Further, on January 24, 2009, the Board had approved the allotment of 39 lakhs equity shares on conversion of the warrants to 18 entities.*
    b. *Thereafter, on January 24, 2009, 39 Lakhs shares were allotted to 18 entities on conversion of the warrants and these shares were listed at BGSE on May 25, 2009. It is observed that, of the 39 lakh shares allotted to 18 entities, 32,16,370 shares were allotted to non-promoters and 6,83,630 shares were allotted in the promoter category. Details, as submitted by the company, vide its letter dated July 30, 2013,*

with regard to issue of warrants in the year 2007 and amount received on conversion of warrants on January 24, 2009 is tabulated as under-

SR. NO.	ENTITY/ PREFERENTIAL ALLOTTEE	SHARES ALLOTTED	AMOUNT RECEIVED ON SUBSCRIPTION OF WARRANTS IN ₹	AMOUNT RECEIVED ON CONVERSION OF WARRANTS IN ₹
1	KARAN SINGH	6,83,630	19,96,000	1,16,76,600
2	SHIVANAND SINGH	6,83,630	19,00,000	1,17,72,600
3	SANGEETA KSHETRY	6,69,600	19,00,000	1,14,92,000
4	RAM YADAV	6,00,000	19,00,000	1,01,00,000
5	SUDHA K.	5,00,000	10,00,000	90,00,000
6	VEERENDRA KUMAR SINGH	3,35,200	19,20,000	47,84,000
7	JAMUNA PRASAD	2,40,940	19,60,000	28,58,800
8	K. RAMASWAMY	1,00,000	2,00,000	18,00,000
9	VEERENDRA KUMAR SINGH	20,000	40,000	3,60,000
10	SHEELA V. K.	15,000	50,000	2,50,000
11	S. R. MATE	10,000	20,000	1,80,000
12	RIAYZ AHMED	10,000	50,000	1,50,000
13	NELSON JAMES	10,000	20,000	1,80,000
14	YOGESH SINGH	5,000	10,000	90,000
15	PAWAN KUMAR RANA	5,000	10,000	90,000
16	SANDHYA MADAPA	5,000	1,00,000	0
17	SANJAY GORH	5,000	10,000	90,000
18	SUDHANSHU PANDEY	2,000	4,000	36,000
TOTAL		**39,00,000**	**1,30,90,000**	**6,49,10,000**

c. *The company was advised to provide the details of the consideration received upon issue of warrants and allotment of shares along with copy of bank account statements to which the amount was received on allotment of warrants/conversion of warrants to shares was credited. The company, in its reply dated July 30, 2013, provided the amount of consideration received on conversion of the warrants but failed to provide evidence of receipt of consideration stating that a fire at their registered office in the year 2012 had caused destruction of various old files, records, stored data etc., and hence, it was not in a position to provide the old bank statements as sought.*

d. *Further, the company vide letter dated November 25, 2013, informed that the amount received upon the conversion of warrants to shares were credited to the following bank accounts namely:*
   i. *A/c No: CBCA/01/930052, Corporation Bank.*
   ii. *A/c No: 114010200007047, Axis Bank.*

e. *Thereafter, SEBI sought the details of the receipt of consideration on conversion of warrants from BGSE. BGSE, vide its letter dated January 08, 2016, had provided the bank accounts statements submitted by the company at the time of application for listing of 39 lakhs equity shares. It was observed from BGSE's reply that amount received on conversion of warrants was also credited to Company's bank account with Bank of Baroda.*

f. *It is observed that Ms. Geeta Singh (wife of Noticee No. 1) and Noticee No. 4 (son of Noticee No. 1) were holding 99.93% and 0.07% stake in Noticee No. 8 for the financial year ending 2008-09. It was further observed that Ms. Geeta Singh and Noticee No. 4 were also holding 98% and 2% stake in M/s. Sanatan Herbals and Naturals Ltd. ('Sanatan') for the financial year ending 2008-09. Hence, it was concluded that Noticee No. 8 and Sanatan were connected to Noticee No. 1.*

g. *On perusal of information received from BGSE and banks, it is observed that –*

   i. *Noticee No. 8 through its bank account no: CBCA/01/990012 maintained with Corporation bank, had transferred a total amount of ₹2.50 crore on January 28, 2009 to bank account no: CBCA/01/930052 of the Noticee, maintained with Corporation Bank, towards consideration of conversion on warrants in the names of Noticee No. 4, 5 & 7 for amounts of ₹28.86 lakhs, ₹1.23 crore and ₹98 lakhs respectively.*

   ii. *On the same day i.e. January 28, 2009, Company transferred the amount of ₹2.5 crore from its Corporation bank account to bank account no: 06650200000181 of Sanatan, maintained with Bank of Baroda.*

   iii. *Out of ₹2.5 crore received from the Company, Sanatan purchased demand drafts aggregating to total amount of ₹2.47 crore on January 28, 2009 itself, from its Bank of Baroda account. The said demand drafts were deposited with the Company's bank account with Bank of Baroda, a/c no: 06650200000342, which was shown to have received as allotment amount in the names of Noticee No. 6, Ms. Sudha K, Noticee No. 3, Mr. K Ramaswamy and Mr. Jamuna Prasad for amounts ₹100.92 lakhs, ₹74 lakhs, ₹44.84 lakhs, ₹18 lakhs and ₹9.4 lakhs respectively. Further, Sanatan had paid an amount of ₹5.19 lakhs from its Bank of Baroda account to company on January 30, 2009 through demand draft towards allotment amount in the name of Jamuna Prasad.*

   iv. *Out of ₹2.47 crore received by the Company, on January 29 & 30, 2009, Company had transferred to Sanatan (Bank of Baroda a/c 06650200000181) amounting to ₹2.47 crore and ₹5.19 lakhs to Noticee No. 8's corporation bank account on February 05, 2009.*

   v. *Thereafter, Sanatan had transferred total amount of ₹2.41 crore to Noticee No. 8's Corporation bank account on February 02, 03 & 05, 2009.*

h. *With regard to source of ₹2.5 crore paid by Noticee No. 8 to the Company on January 28, 2009, it is observed that the said amount was out of liquidation of fixed deposits of Noticee No. 8 for ₹1 crore and ₹1.5 crore which were created on May 30, 2008 and June 03, 2008 respectively.*

i. *From the above, it is alleged that Noticee No. 8 had transferred an amount of ₹2.5 crore to the Noticee which was ultimately transferred back by the Company to Noticee No. 8 through Sanatan. It is further* *alleged that by virtue of such transactions, ₹2.50 crore was round tripped twice through Noticee No. 8 and Sanatan to show that an amount of ₹5.03 crore was received towards conversion of warrants to shares to the extent of 38,13,000 shares out of 39 lakhs shares allotted. Thus, it is alleged that there was no genuine infusion of funds and the money, to the extent of ₹2.5 Crore, was shown as received against the shares allotted by way of round tripping transactions.*

j. *As per Clause 13.1.2.3 (b) of DIP Guidelines, the amount paid on allotment of warrants shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option for the purpose. From the above transactions, it is alleged that the company allotted shares for ₹5.03 crore on conversion of warrants without receiving proper consideration, which is in violation of Clause 13.1.2.3 (b) of DIP Guidelines The text of the provision is given below-*

> ***13.1.2 Pricing of shares arising out of warrants, etc.***
>
> ***13.1.2.3.(a)*** *An amount equivalent to at least ten percent of the price fixed in terms of Clause 13.1.1.1 above shall become payable for the warrants on the date of their allotment.*
>
> ***13.1.2.3 (b)*** *The amount referred to in sub-clause (a), shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option for the purpose.*

k. *Further, it is observed that the Company, in its annual report for the financial year 2009-10 submitted that proper consideration was received on conversion of warrants issued in 2007. In light of the above allegations, it is alleged that by giving wrong information in Company's annual report, the Company and its directors viz., Noticee No. 1 & 2 have also violated Clause 13.1.2.3(b) of DIP Guidelines.*

Allegations regarding allotment of shares to the entity not having PAN

l. *It is observed from table that Mr. Jamuna Prasad was allotted 2,40,940 shares on January 24, 2009 on conversion of warrants. However, PAN of Mr. Jamuna Prasad was not given in the disclosures filed to BGSE. Vide email dated November 28, 2011, the Company was advised to provide PAN of Mr. Jamuna Prasad and the Noticee, vide email dated Nov 28, 2011, had stated that Mr. Jamuna Prasad is a farmer, hence does not have PAN card.*

m. *In this regard, it is noted that, according to Clause 13.1C of DIP Guidelines, a financial instrument cannot be allotted by way of preferential allotment to an allottee before obtaining his PAN. It is, therefore, alleged that the Company and its director's viz., Noticee No. 1 & 2, by allotting shares to Mr. Jamuna Prasad, without obtaining his PAN, have violated the abovementioned provision of law. The text of the provision is reproduced below-*

> ***13.1C*** *A listed company shall not make any preferential allotment of equity shares, FCDs, PCDs or any other financial instrument which may be converted into or exchanged with equity shares at a later date unless it has obtained the Permanent Account Number of the proposed allottees.*

n. *Further, it may be noted that, with the enactment of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as "**ICDR Regulations**"), the DIP Guidelines have been repealed. However, Regulation 111 of the ICDR Regulations gives validity to the action under DIP Guidelines, as if it has not been repealed. The text of said provision is as under-*

> ***111. Repeal and Savings***
>
> *(2) Notwithstanding such rescission:*
>
> *(a) anything done or any action taken or purported to have been done or taken including observation made in respect of any draft offer document, any enquiry or investigation commenced or show cause notice issued in respect of the said Guidelines shall be deemed to have been done or taken under the corresponding provisions of these regulations;*

Allegations regarding Fraudulent and Unfair Trade Practices

o. *It is further alleged that Company, 2 of its directors, 8 preferential allottees and promoter connected entities had connived with each other by showing to have received proper consideration from the allottees to defraud the genuine shareholders of the company. In light of this, it is alleged that Noticees has violated section 12A (a), (b) and (c) of the SEBI Act r/w regulations 3(a), (b), (c), (d) & 4(1) of PFUTP Regulations.*

> ***SEBI Act, 1992***
>
> ***Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control***
>
> ***12A** No person shall directly or indirectly—*
>
> *(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
>
> *(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognized stock exchange;*
>
> *(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
>
> ***PFUTP Regulations, 2003***
>
> ***Prohibition of certain dealings in securities***
>
> ***3.** No person shall directly or indirectly—*
>
> *(a) buy, sell or otherwise deal in securities in a fraudulent manner;*

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

Prohibition of manipulative, fraudulent and unfair trade practices

4. *(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*

Allegation regarding disclosure violations

p. *In terms of the requirements specified under Regulation 13(4) of the PIT Regulations, Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. In terms of Regulation 13(5) of the PIT Regulations, these disclosures are required to be made by the acquirer to the Company and Stock Exchanges within two working days of the acquisition/disposal of the shares by the acquirer.*

Dhirendra Kumar (Noticee No. 1)

q. *It is observed that Mr. Dhirendra Kumar i.e., Noticee No 1 was promoter and Managing Director of Compnay during the Investigation Period. He was holding 8,96,480 shares (i.e. 6.54% of total no. of shares) for the quarter ended March 2009. Thereafter, he acquired 30,100 shares of Company on June 16, 2009.*

r. *I note that transaction, entered by Noticee No. 1, crossed the threshold limit of 25,000 shares of the Company. In light of this, Noticee No. 1 was required to make disclosure under Regulation 13(4) of PIT Regulations to the Company and to both the stock exchanges i.e. BGSE and BSE. However, from the reply of BGSE dated September 03, 2014, it is observed that no disclosure was filed by Noticee No. 1 to BGSE or the Company. Therefore, it is alleged that Noticee No. 1 has failed to make proper and timely disclosures, under Regulation 13(4) of PIT Regulations, to the Company and BGSE for the* *abovementioned transaction. Thereby, it is alleged that Noticee No. 1 has violated the abovementioned provision of PIT Regulations.*

Veerendra Kumar Singh (Noticee 3)

s. *It is observed that Mr. Veerendra Kumar Singh i.e. Noticee No. 3 was a director of Company during the Investigation Period. From his shareholding statement, it is observed that Noticee 3 was holding 1,10,000 shares of Company for the quarter ended December 2008 which amounts to 1.12% of total shareholding of the Company. Thereafter, on January 24, 2009 he was allotted 3,35,000 shares of Company on conversion of warrants which amounts to 2.45% of total shareholding of the Company. Thereafter, Noticee No. 3 transferred 3,35,000 shares of Company to Sanatan on July 16, 2009 which amount to 2.45% of total shareholding of the Company.*

t. *I note that both these transaction, entered by Noticee No. 3, crossed the threshold limit of 25,000 shares as well as 1% of total shareholding of the Company. In light of this, Noticee No. 3 was required to make disclosure under Regulation 13(4) of PIT Regulation to the Company and both the stock exchanges i.e. BGSE and BSE. However, from the reply of BGSE dated September 03, 2014, it is observed that no disclosure was filed by Noticee No. 3 to BGSE or the Company. Therefore, it is alleged that Noticee No. 3 has failed to make proper and timely disclosures, under Regulation 13(4) of PIT Regulations, to the Company and BGSE on both occasions. Thereby, it is alleged that Noticee No. 3 has violated the abovementioned provision of PIT Regulations.*

Ram Yadav (Noticee No. 7)

u. *It is observed from the disclosure made by company to BSE dated Jan 30, 2009 that Ram Yadav i.e. Noticee No. 7 was an officer of Company under PIT Regulations. From his holding statement, it is observed that Noticee No. 7 was allotted 6,00,000 shares of Company on January 24, 2009 on conversion of warrants which amount to 4.38% of total shareholding of Company. Thereafter, he transferred 5,90,000 shares (4.31% of total shareholding of Company) of Company to Sanatan on July 16, 2009 in physical form.*

v. *I note that both these transaction, entered by Noticee No. 7, crossed the threshold limit of 25,000 shares as well as 1% of total shareholding of the Company. In light of this, Noticee No. 7 was required to make disclosure under Regulation 13(4) of PIT Regulation to the Company and both the stock exchanges i.e. BGSE and BSE. However, from the reply of BGSE dated September 03, 2014, it is observed that no disclosure was filed by Noticee No. 7 to BGSE or the Company. Therefore, it is alleged that Noticee No. 7 has failed to make proper and timely disclosures, under Regulation 13(4) of PIT Regulations, to the Company and BGSE on both occasions. Thereby, it is alleged that Noticee No. 7 has violated the abovementioned provision of PIT Regulations.*

w. *The text of Regulation 13(4) and Regulation 13(5) is reproduced below-*

PIT Regulations

13 (4) Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

(5) The disclosure mentioned in sub-regulations (3) and (4) shall be made within two working days of:

(a) the receipts of intimation of allotment of shares, or

(b) the acquisition or sale of shares or voting rights, as the case may be.

x. *Further, it may be noted that, with the enactment of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "**PIT Regulations, 2015**"), the PIT Regulations have been repealed. However, Regulation 12(2) of the PIT Regulations, 2015 gives validity to the action under PIT Regulations, as if it has not been repealed. The text of said provision is as under-*

SEBI (Prohibition of Insider Trading) Regulations, 2015

Repeal and Savings.

***12 (2)** Notwithstanding such repeal,—*

(a) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations had never been repealed;

y. *In light of abovementioned allegation of violation of Regulation 13(4) r/w Regulation 13(5) of PIT Regulations r/w Regulation 12(2)(a) of PIT Regulations 2015 , if proved, Noticee No. 1, Noticee No. 3 and Noticee No. 7 will be liable for penalty under Section 15A(b) of SEBI Act. The text of the provision is being reproduced below-*

SEBI Act, 1992

Penalty for failure to furnish information, return, etc.

***15A.** If any person, who is required under this Act or any rules or regulations made thereunder,—*

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in

the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less

z. *It is further observed that Noticee No. 3 and Noticee No. 7 entered in reverse transaction i.e. sold the shares within 6 months of acquisition of shares by way of allotment on conversion of warrants. It is noted that, as per clause 4.2 of Model Code of Conduct as given in Schedule I r/w Regulation 12(1) of PIT Regulations, directors/officers/designated employees of a listed company cannot enter in an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. Therefore, it is alleged that, by entering in reverse transaction within 6 months, Noticee No. 3 and Noticee No. 7 have violated Clause 4.2 of Model Code of Conduct as given in Schedule I r/w Regulation 12(1) of PIT Regulations. The text of above provision is mentioned below-*

PIT Regulations, 1992

Code of internal procedures and conduct for listed companies and other entities.

12.(1) All listed companies and organisations associated with securities markets including :

(a) the intermediaries as mentioned in section 12 of the Act, asset management company and trustees of mutual funds;

(b) the self-regulatory organisations recognised or authorised by the Board;

(c) the recognised stock exchanges and clearing house or corporations;

(d) the public financial institutions as defined in section 4A of the Companies Act, 1956; and

(e) the professional firms such as auditors, accountancy firms, law firms, analysts, consultants, etc., assisting or advising listed companies,

shall frame a code of internal procedures and conduct as near thereto the Model Code specified in Schedule I of these Regulations without diluting it in any manner and ensure compliance of the same.

Schedule I

Model Code of Conduct for Prevention of Insider Trading for Listed Companies

4.2 All directors/ officers/ designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/ officers/ designated employees shall also not take positions in derivative transactions in the shares of the company at any time.

aa. *In light of abovementioned allegation of violation of Clause 4.2 of Model code of conduct as given in Schedule l r/w Regulation 12(1) of PIT Regulations r/w Regulation 12(2)(a) of PIT Regulations,* *2015, if proved, Noticee No. 3 and Noticee No. 7 will be liable for penalty under Section 15HB of SEBI Act. The text of the provision has already been reproduced in pre-paragraphs.*

Shivanand Singh (Noticee No. 5)

bb. *In terms of the requirements specified under Regulation 7(1) of the SAST Regulations, any person who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, has to disclose the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the company are listed. In terms of Regulation 7(2) of the SAST Regulations, these disclosures are required to be made by the acquirer to the Company and Stock Exchanges within two working days of the acquisition/disposal of the shares by the acquirer.*

cc. *I note that similarly the person is also required to disclose his shareholding, in the company, both to the company and stock exchange when his shareholding in the company crosses the threshold of 5% of total shareholding of the Company.*

dd. *Further, in terms of Regulation 13(3) of PIT Regulations, any person holding 5% or more shares of the company has to disclose, to the company and stock exchange, a change in his shareholding if such change exceeds 2% of total shareholding of Company, since the last disclosure. In terms of Regulation 13(5) of PIT Regulations, such change has to be disclosed within 2 working days of acquisition/disposal of shares by the acquirer.*

ee. *It is observed that Mr. Shivanand Singh i.e. Noticee No. 5 is one of the preferential allottees who was allotted warrants which were later converted into shares. It is further observed that he was holding 3,50,875 shares of Camson prior to January 24, 2009 which amounts to 3.58% of total shareholding of Company. Thereafter, he was allotted 6,83,630 shares of which increased his shareholding to 10,34,505 shares i.e. 7.55% of total shareholding of the Company. In light of Regulation 7(1) r/w 7(2) of SAST Regulations and Regulation 13(1) of PIT Regulation, Noticee No. 5 was required to make disclosures to company & BGSE on or before Jan 27, 2009 as his shareholding crossed the threshold of 5% of total shareholding of the Company. However, it is observed that Noticee N. 5 has not made disclosure with respect to above transactions. Therefore, it is alleged that Noticee No. 5 has violated Regulation 7(1) r/w Regulation 7(2) of SAST Regulations and Regulation 13(1) of PIT Regulations.*

ff. *Further, by way of sale of shares, shareholding of Noticee No. 5 was reduced from 7.55% to 5.31% of total shareholding as on November 19, 2009. Similarly, there is a change in holding by more than 2% of total number of shares on September 20, 2010 on account of further sale by Noticee No. 5. In light of Regulation 13(3) r/w Regulation 13(5) of PIT Regulations, Noticee No. 5 was required to disclose, to the Company, the change in his shareholding in the Company. However, it is observed that Noticee No.*

5 did not make any disclosure w.r.to both the transactions. Therefore, it is alleged that the Noticee No. 5 has violated Regulation 13(3) r/w Regulation 13(5) of PIT Regulations.

Camson Farm Produce P. Ltd. (Noticee No. 8)

gg. *It is observed that Camson Farm Produce Pvt. Ltd. i.e. Noticee No. 8, was holding 11,74,700 shares of the Company as on July 15, 2009 which amounts to 8.57% of total shareholding of the Company. Thereafter, on July 16, 2009, Noticee No. 8 farm received shares from preferential allottees, namely, Ms. Sangeeta Kshetry (5,69,600 shares) and Mr. Jamuna Prasad (2,40,940 shares) in physical from. In view of acquisition of shares, shareholding of Noticee No. 8 increased from 8.57% to 14.49% of total shareholding of the Company on July 16, 2009. As shareholding of Noticee No. 8 had crossed 14% of total shareholding, it was required to make disclosure under Regulation 7(1) r/w Regulation 7(2) of SAST Regulations to Company and BGSE on or before July 20, 2009. It is observed that Noticee No. 8 has not made disclosure to the company & BGSE w.r.to this transaction. It is, therefore, alleged that Noticee No. 8 has violated Regulation 7(1) r/w Regulation 7(2) of SAST Regulations.*

hh. *Further, this acquisition of shares has led to change in shareholding of Noticee No. 8 amounting to more than 2% change. As shareholding of Noticee No. 8 in the Company changed by more than 2%, it was required to make disclosure to the Company under Regulation 13(3) r/w 13(5) of PIT Regulation within two working days. It is observed that Noticee No. 8 has not made the disclosures to the Company w.r.to this transaction. It is, therefore, alleged that Noticee No. 8has also violated Regulation 13(3) r/w Regulation 13(5) of PIT Regulations.*

ii. *In light of abovementioned allegation of violation of Regulation 7(1) r/w Regulation 7(2) of SAST Regulations and Regulation 13(1), Regulation 13(3) r/w Regulation 13(5) of PIT Regulations r/w Regulation 12(2) of PIT Regulations, 2015, if proved, Noticee 6, Noticee 12 and Noticee 13 will be liable for penalty under Section 15A(b) of SEBI Act. The text of the provision is being reproduced below-*

SAST Regulations

Acquisition of 5% and more shares of a company

7(1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen percent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed.

(2) The disclosures mentioned in sub-regulations (1) and (1A) shall be made within two days-

(a) the receipt of intimation of allotment of shares; or

(b) the acquisition of shares or voting rights, as the case may be.

PIT Regulations

Disclosure of interest or holding in listed companies by certain persons - Initial Disclosure

13(1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :—(a) the receipt of intimation of allotment of shares; or (b) the acquisition of shares or voting rights, as the case may be.

Continual disclosure

(3) Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company in Form C the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company.

jj. *With the enactment of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "**SAST Regulations, 2011**"), the SAST Regulations have been repealed. However, Regulation 35 of the SAST Regulations, 2011 gives validity to the action under SAST Regulations, as if it has not been repealed. The text of said provision is as under-*

SAST Regulations, 2011

Repeal and Savings.

***35.** (2) Notwithstanding such repeal,—*

(b) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations has never been repealed;

7. The SCN dated January 24, 2018 was duly served upon the Noticees through several alternative modes viz. speed post, hand delivery/affixtures and newspaper publications in terms of rule 7 of the Adjudication Rules i.e., w.r.t. Noticee Nos. 3 & 6, the SCN was served through speed post, w.r.t. Noticee Nos. 1, 4 & 5, SCN was served through hand delivery/affixture and w.r.t. Noticee Nos. 2, 7 & 8, the SCN was served through newspaper publications dated May 25, 2022 namely, Deccan Chronicle (Hyderabad Edition), Sakshi (Hyderabad Edition), Times of India (Bangalore Edition), Rajasthan Patrika (Bangalore Edition) and Vijay Karnataka (Bangalore Edition). It is

noted that Noticee Nos. 3, 4 & 6 replied to the SCN, however, Noticee Nos.1, 2, 5, 7 & 8 failed to make their submissions to the SCN. The submissions made by Noticee Nos. 3, 4 & 6 are as follows:

a. The Noticee No. 3 vide his reply dated September 25, 2021, *inter alia* submitted as follows:

    i. *He was only a Non-Executive Director in the Company and has never been involved in the day-to-day working and operations of the Company. The Noitcee submitted that his name has been mis-used for the purpose of Company Management by Noticee No. 1 without his knowledge and agreement.*

    ii. *The Noticee No. 3 had never participated in any of the decision making meeting or activity of the Company during entire time when he was made the Non-Executive Director of the Company.*

    iii. *The Notice No. 3 was in Singapore for his professional engagements from 2007 till July 2008 and had not part of any functioning of the Company during that period. He was unaware of all and any decisions as were taken by the Board of Directors in his absence during that period, nether he was part of the Board of Directors decision to allot convertible warrants in July 2007.*

    iv. *The Noticee No. 3 submits that he would like to re-inforce the facts as mentioned on Page 12 of the order of Hon'ble WTM, dated June 22, 2021, under clause 2.3, regarding his replies to the allegations as had been made against him.*

    v. *W.r.t. the alleged violation of PFUTP Regulations, just being signatory to the Annual Report, which were actually taken from him through deceit by Noticee No. 1 at very AGM of the Company. He cannot be held responsible for any act or decision taken by the Board of Directors regarding preferential allotment of equity shares of the Company. The Noticee No. 1 was the authorized signatory in the Company and being MD of the Company, he had full authority to utilize the funds of the Company in any manner as he pleased. The Noticee No. 3 was not the authorized signatory to any of the funds of the Company had never been involved in any manner in any such alleged rotation of funds from/to the Company at any given point of time.*

    vi. *W.r.t the alleged violation of disclosures violations, the Noticee No. 3 has never purchased/acquired any equity shares of the company, as it is evident from his bank statements. Further, the details as per clause 3.7 on page 20 of WTM order dated June 22, 2021, clearly speaks out the fact that funds were never invested by hum and the share in his name were only acquired by way of Demand Draft which were purchase by Sanatan form its own bank account, albeit his name, with which the Noticee No. 3 have and had no connection.*

    vii. *The Noticee No. 3 submits that the is victim in this whole conspiracy woven by his brother, Noticee No. 1 and being a non-Executive Director, he had never been involved in any day-to-day activity/operations or decision making exercise of the Company.*

viii. *The Noticee No. 3 being unaware of any such equity shares being issued by the Company in his and other people's name as funds were routed from companies in which he had no control or authority, The Noticee could not have filed for any deceleration as per the provisions of the SEBI Act and/or SAST Regulations.*

ix. *Further to comply with the provision of PIT Regulations, the Noticee No. 1 had fraudulently got his signatures on the deceleration a, stating that same were to be submitted with stock exchanges.*

b. The Noticee No. 4 vide his reply dated October 29, 2021, *inter alia* submitted as follows:

i. *The Noticee No. 4 has denied the allegation levelled against him in the SCN.*

ii. *The Noticee No. 4 submits that there has been an inordinate delay in the conduct of these proceedings.*

iii. *The allotments were made b the Company, on the understanding that eaxh of the allottees would discharge the consideration independently, for the allotment. It is noteworthy that there is no bar on consideration for an allotment, being discharged by a person other than the allottee. A temporary accommodation was given by Noticee No. 8 to certain allottees who did not have sufficient funds, on the understanding that these allottees would prepay the funds later.*

iv. *Unfortunately, since certain allottees did nmot repay the funds, out of the ₹6.49 crores received by the Company.*

v. *Aside from this transaction, Noticee No. 8, Sanatan and Company were also inter alia engaged in trade/supply of materials amongst each other. This transaction also entailed inter-se payment of consideration for supply of such materials. The Noticee No. 4 submits that these transactions were bonafide and have been undertaken at arms-length basis.*

c. The Noticee No. 6 vide her reply dated September 08, 2021, *inter alia,* submitted as follows:

i. *The Noticee No. 6 submitted that a final order dated June 22, 2021, in the captioned matter has been passed by WTM, SEBI.*

ii. *Based on the said order, the Noticee No. 6 requested to consider her reply as consolidated in the order.*

8. In the interest of natural justice, opportunity of personal hearing was provided to all the Noticees on October 05, 2021. It is observed that despite the service of the notice of hearing upon Noticee Nos. 1, 3, 4, 5, & 6, only Noticee No. 3 had availed the opportunity of personal hearing on October 05, 2021. Thereafter, vide notice of hearing dated April 04, 2022, another opportunity of personal hearing was provided to the Noticee Nos. 1, 3, 4 & 5 on May 05 & May 06, 2022 and same was communicated to Noticee Nos. 1, 3, 4 & 5 through speed post/Affixture/email. It is noted that despite service of the said notice of hearing dated April 04, 2022 upon Noticee Nos. 1, 3, 4 & 5,

only Noticee No. 4 had availed the opportunity of personal hearing on May 06, 2022 through his authorized representative.

9. As regards Noticee Nos. 2, 7 & 8, it is observed that the SCN dated January 24, 2018 which was issued to them had returned undelivered with a remark '*left.'* Further, the SCN could not be served upon the Noticee Nos. 2, 7 & 8, by way of affixture at their last known address which was available on record. In view of the said facts, in terms of rule 7 (d) of the Adjudication Rules, a public notice was issued in the newspaper dated April 25, 2022 namely, Deccan Chronicle (Hyderabad Edition), Sakshi (Hyderabad Edition), Times of India (Bangalore Edition), Rajasthan Patrika (Bangalore Edition) and Vijay Karnataka (Bangalore Edition). with regard to the issuance of the SCN as well as the opportunity of personal hearing which was provided to Noticee Nos. 2, 7 & 8 on May 27, 2022. However, it was observed that neither the Noticee Nos. 2, 7 & 8 nor their authorized representative appeared for the hearing on the scheduled date. Further, Noticee Nos. 2, 7 & 8 also failed to make their written submissions to the SCN. It was observed that, vide the aforementioned public notice, it was clearly mentioned that in case of failure to submit their reply and/or failure to appear for the hearing, the case would be proceeded against the Noticees on the basis of the material /facts available on record.

10. As already stated, Noticee Nos. 1, 2, 5, 7 & 8 have neither filed any reply to the SCN nor availed the opportunities of personal hearing despite the service of the Notice upon them, as aforesaid. In the facts and circumstances of the case, I am of the view that Noticee Nos. 1, 2, 5, 7 & 8 have been provided with adequate opportunities to make their submissions and to appear for the hearing in the said matter. Therefore, in terms of rule 4(7) of the Adjudication Rules, I am inclined to proceed further in the matter *ex-parte* on the basis of facts/ material on record. Further, it is also a case that the charges / allegations have been levelled based upon the trades/dealings of the Noticee Nos. 1, 2, 5, 7 & 8 and supporting material that were annexed along with the SCN issued to the Noticee Nos. 1, 2, 5, 7 & 8. In this regard, it is pertinent to draw reference to the order of the Hon'ble Securities Appellate Tribunal (**'SAT'**) in the matter of *Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006)* wherein Hon'ble SAT has, *inter-alia*, observed that, *"........... the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".* It is also pertinent to note that the Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014)*, has also, *inter alia*, observed that: *"...... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the*

adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."

Therefore, in view of the above observations, I am inclined to proceed further in the matter in respect of the above Noticees on the basis of facts/material on record and also in terms of the Adjudication Rules.

CONSIDERATION OF ISSUES AND FINDINGS

11. I have carefully perused the SCN, the submissions made by the Noticee Nos. 3, 4 & 6 and also the documents/records /material made available during the course of the proceedings, including the investigation report in the said matter. It is alleged in the SCN that the Noticees have connived with the Company, preferential allottees and promoter connected entities in the allotment of the shares of the Company and further, the company had falsely shown to have received proper consideration from the allottees, which has defrauded the genuine shareholders of the company. It is therefore alleged that Noticees have violated the provisions of sections 12A (a), (b) and (c) of the SEBI Act r/w regulations 3(a), (b), (c), (d) & 4(1) of the PFUTP Regulations. Further, the Company & its Directors viz., Noticee Nos. 1 & 2 have allotted shares pursuant to the conversion of the warrants without receiving proper consideration from some of the preferential allottees and have therefore allegedly violated Clause 13.1.2.3 (b) of DIP Guidelines r/w regulation 111of ICDR Regulations, 2009. The Noticee Nos. 2, 3, 5, 7 & 8, who were either allotted equity shares of the Company on January 24, 2009 or had thereafter, acquired/sold the shares of the Company during the period June 2009 to September 2010, had failed to make the mandated disclosures *inter alia* required under Regulation 7 of the SAST Regulations, 1997 r/w Regulation 35 of the SAST Regulations, 2011 and also under Regulation 13 of the PIT Regulations, 1992 and Clause 4.2 of the Model Code of Conduct specified under Part A of Schedule I under Regulation 12(1) of the PIT Regulations, 1992 r/w regulation 12(2) of the PIT Regulations, 2015. Further, Company and its Directors viz, Noticee Nos. 1 & 2 had allotted equity shares under the preferential allotment to an individual who did not have a valid PAN, viz. Jamuna Prasad, thereby violating Clause 13.1C of the DIP Guidelines, 2000 r/w Regulation 111 of the ICDR Regulations, 2009.

12. In his submission, Noticee No. 4 has contended that there is inordinate delay in the present proceedings initiated against him. In this regard, I note from the records that SEBI received an anonymous compliant in January 2011, and, thereafter, due to involvement of various stake holders such as, Exchanges and Depositories and multiple violations involved/alleged in the matter i.e., PFUTP Regulations, SAST Regulations, PIT Regulations, DIP Guidelines etc., the matter was

approved for initiating adjudication proceedings against the persons/entities and the AO was appointed on August 31, 2017. Thereafter, the SCN was issued to the Noticees on January 24, 2018. I find that the SCN dated January 24, 2018 was sent to the address of the Noticee No. 4, as available with SEBI on record. The said SCN retuned undelivered with remark '*left*'. Thereafter, the SCN was duly served upon the Noticee No. 4 through affixture on June 13, 2019 at the same address as available on record. In the said SCN, Noticee No. 4 was advised to file his reply to the SCN within 14 days after the receipt of the same, however, no reply has been filed by the Noticee No. 4. I note that pursuant to the transfer of the then AO in the matter and the appointment of the undersigned as the AO in the matter, vide letter dated September 01, 2021, Noticee No. 4 was reminded to file reply to the SCN and also advised to appear for the hearing before the undersigned on October 05, 2021. The said letter-cum hearing notice returned undelivered with remark '*Addressee left*'. Thereafter, vide email dated September 24, 2021, Noticee No. 4 was informed about the issuance of reminder letter-cum-hearing notice. It was observed that, Noticee No. 4 had responded to the said email on October 02, 2021 wherein he requested for scanned copies of the SCN to be sent to him. Accordingly, vide email dated October 05, 2021, scanned copy of the SCN along with annexures were provided to Noticee No. 4 and vide the said email, Noticee No. 4 was also advised to file his reply to the SCN by October 31, 2021. The Noticee No. 4 vide his reply dated October 29, 2021 filed reply to the SCN. It is important to note that the Noticee No. 4 in his reply mentioned his communication address as 55, Golden Enclave, Emerald Block, Airport Road, Bangalore-560017. In this regard, it is pertinently noted that the SCN and the notice of hearing, which have been mentioned above, were sent at the same address of the Noticee no 4 as mentioned above and the notices had returned undelivered with remark '*left*' / 'addressee left' etc. Therefore, in view of the above observations, the contention of the Noticee citing inordinate delay in the proceedings etc. is baseless and without any merit. It is amply evident from the above that Noticee no.4 was only trying to prolong and dodge the proceeding by citing reasons such as delay in proceeding etc. when the SCN and the hearing notices, as above, were addressed to his correct communication address, as aforesaid.

<u>Allegation with respect to Fraudulent and Unfair Trade Practices by the Noticees</u>

13. From the SCN dated January 24, 2018, I note that the consideration for the issue and allotment by the Company of 38.13 Lakh equity shares (out of 39 Lakh equity shares) on January 24, 2009, was shown as paid through rotation of funds amongst the Company and its Promoter connected Companies. Thus, there was no genuine infusion of funds in respect of the above allotment of shares. In this context, it was alleged that the Company, its Directors (Noticee Nos. 1 & 2) along

with the preferential allottees including Noticee Nos. 3, 4, 5, 6 & 7 and the Promoter connected entities including Noticee No. 8, had connived with each other and had adopted a fraudulent device/artifice to defraud other shareholders of the Company. As a result, the aforementioned Noticees had violated the provisions of the SEBI Act, PFTUP Regulations, 2003 and the DIP Guidelines, 2000 r/w ICDR Regulations, 2009. I note that Noticee Nos. 3, 4 & 6 have replied to the SCN, wherein Noticee No.3 has submitted that he was neither aware of nor was involved in the acquisition of 3,35,200 shares on January 24, 2009 or the subsequent sale made to Noticee No. 8 and Sanatan on July 16, 2009. The Noticee No. 4 has denied the allegation and submitted that aside from alleged transaction, Noticee No. 8, Sanatan and Company were also *inter alia* engaged in trade/supply of materials amongst each other. I note that Noticee No. 4 has not substantiated his claim with any documentary proof. Further, Noticee No. 6 has submitted that her reply which she had provided during the course of WTM proceedings before SEBI may be considered in the context of the current proceedings against her.

14. I note from the SCN that vide a letter dated July 30, 2013, the Company had submitted information to SEBI, relating to the subscription of convertible warrants in 2007 along with the amount received on conversion of warrants and subsequent allotment of the resultant equity shares through a preferential allotment on January 24, 2009, which is reproduced as under:

Table No. 1:

DETAILS OF SHARES ALLOTTED ON JANUARY 24, 2009

SR. NO.	ENTITY/ PREFERENTIAL ALLOTTEE	SHARES ALLOTTED	AMOUNT RECEIVED ON SUBSCRIPTION OF WARRANTS IN ₹	AMOUNT RECEIVED ON CONVERSION OF WARRANTS IN ₹
1	KARAN SINGH	6,83,630	19,96,000	1,16,76,600
2	SHIVANAND SINGH	6,83,630	19,00,000	1,17,72,600
3	SANGEETA KSHETRY	6,69,600	19,00,000	1,14,92,000
4	RAM YADAV	6,00,000	19,00,000	1,01,00,000
5	SUDHA K.	5,00,000	10,00,000	90,00,000
6	VEERENDRA KUMAR SINGH	3,35,200	19,20,000	47,84,000
7	JAMUNA PRASAD	2,40,940	19,60,000	28,58,800
8	K. RAMASWAMY	1,00,000	2,00,000	18,00,000
9	VEERENDRA KUMAR SINGH	20,000	40,000	3,60,000
10	SHEELA V. K.	15,000	50,000	2,50,000
11	S. R. MATE	10,000	20,000	1,80,000
12	RIAYZ AHMED	10,000	50,000	1,50,000
13	NELSON JAMES	10,000	20,000	1,80,000
14	YOGESH SINGH	5,000	10,000	90,000
15	PAWAN KUMAR RANA	5,000	10,000	90,000
16	SANDHYA MADAPA	5,000	1,00,000	0
17	SANJAY GORH	5,000	10,000	90,000
18	SUDHANSHU PANDEY	2,000	4,000	36,000
TOTAL		**39,00,000**	**1,30,90,000**	**6,49,10,000**

15. However, in its letter dated July 30, 2013, the Company had failed to provide any evidence of receipt of consideration in the form of bank statements, etc. on the grounds that a fire at its Registered Office which had occurred in 2012, had caused the destruction of old files, records, etc. Subsequently, vide a letter dated November 25, 2013, the Company had informed SEBI that the amount received towards the conversion of warrants to shares were credited to (a) Corporation Bank A/c no. CBCA/01/930052 and (b) Axis Bank A/c no. 114010200007047 and had also provided a copy of the FIR filed with the police for the fire accident, which had occurred on November 3, 2012.

16. I also note from the SCN that for the Financial Year ending 2008–09, Geeta Singh (wife of Noticee No. 1) and Noticee No. 4 (son of Noticee No. 1) held 99.93% and 0.07% stake in Noticee No. 8, respectively. Further, Geeta Singh and Noticee No. 4 also held 98% and 2% stake in Sanatan for the Financial Year ending 2008–09. Hence, Noticee No. 8 and Sanatan are connected to the Promoter and Managing Director of Company i.e Noticee No. 1. In this context, the following is also noted:

Table No. 2:

Connections existing between promoters of Company/Noticees

Sr. No.	Name of the promoter	Relationship
1	Sanatan	(1) & (2) are under same management
2	Noticee No. 8	(1) & (2) are under same management
3	Noticee No. 4	Director of (1) & (2) during investigation period and son of managing director of Company (Noticee No. 1)
4	Noticee No. 1	Managing director of Company
5	Noticee No. 3	Brother of Noticee No. 1
6	Noticee No. 2	Father of Noticee No. 1

17. From the information obtained by SEBI from BGSE (forwarded by BGSE vide letter dated January 8, 2016) and banks (information was obtained by SEBI from Axis Bank, Corporation Bank and Bank of Baroda vide various letters in 2016), the following observations are made:
    a. Noticee No. 8 (through its Corporation Bank A/c no. CBCA/01/990012) had transferred approximately ₹2.5 Crore on January 28, 2009 to Company's Corporation Bank A/c no. CBCA/01/930052, towards consideration for conversion of the warrants in the names of Noticee Nos. 4, 5 & 7 for amounts of ₹28.86 Lakh, ₹1.23 Crore and ₹98 Lakh, respectively.
    b. On January 28, 2009, Company had transferred an amount of ₹2.5 Crore from its Corporation Bank A/c no. CBCA/01/930052 to Sanatan's Bank of Baroda A/c no. 06650200000181.

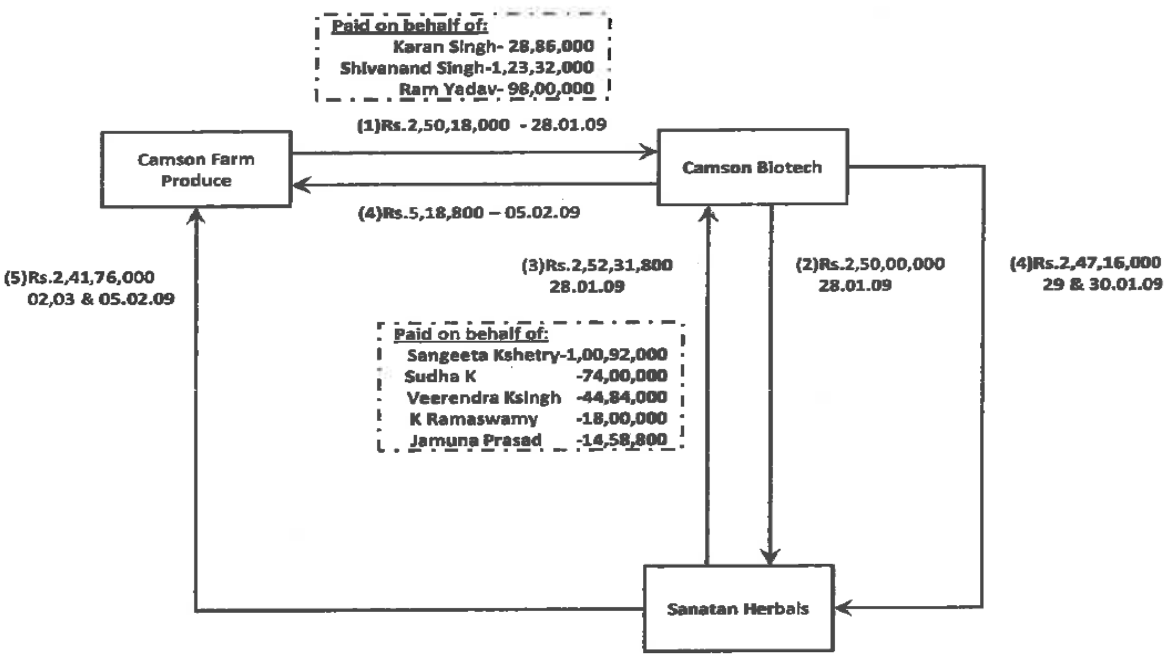
c. Out of ₹2.5 Crore received from the Company, Sanatan purchased demand drafts ("**DDs**") aggregating to an amount of ₹2.47 Crore on January 28, 2009, from its Bank of Baroda A/c no. 06650200000181. The DDs were deposited in Company's Bank of Baroda bank A/c no. 06650200000342 on January 29, 2009. The aforementioned amounts were then shown by Company as allotment amounts received from Noticee No. 6 (₹100.92 Lakh), Sudha K. (₹74 Lakh), Noticee No. 3 (₹44.84 Lakh), K. Ramaswamy (₹18 Lakh) and Jamuna Prasad (₹9.4 Lakh). Thereafter, Sanatan had transferred an amount of ₹5.19 Lakh from its Bank of Baroda A/c no. 06650200000181 on January 30, 2009, to Company through DDs, towards the consideration in respect of allotment of shares on behalf of Jamuna Prasad.

d. Out of the amounts received by Company on January 29 and 30, 2009, the Company had transferred an amount of ₹2.47 Crore to Sanatan's Bank of Baroda A/c no. 06650200000181 and an amount of ₹5.19 Lakh to Noticee No. 8's Corporation Bank A/c no. CBCA/01/990012 on February 2, 3 and 5, 2009, respectively.

e. Thereafter, Sanatan had transferred approximately ₹2.41 Crore to Noticee No. 8 on February 2, 3 and 5, 2009, respectively.

f. The above fund transfers depicts the routing of funds/rotation of funds that have taken place towards the allotment of shares by the company in connivance with the promoter entities of the company and the preferential allottees.

18. The pictorial representation of the fund flow between the Company, preferential allottees and the related entities is reproduced as under:



19. Upon consideration of the observations made in paragraphs 16, 17 & 18 above, it is evident that for the amount of ₹5.03 Crore (as per the information obtained from BGSE, Axis Bank, Corporation Bank and Bank of Baroda) observed to have been received by the Company as consideration towards conversion of warrants to the extent of 38.13 Lakh equity shares out of 39 Lakh shares allotted (38.13 Lakh shares issued and allotted to entities 1–8 of Table No.1) (as per information provided by the Company, total amount received as consideration upon conversion of warrants into 39 Lakh shares allotted, is indicated at Table No.1 i.e. ₹6.49 Crore), only an amount of ₹2.5 Crore was effectively received by the Company and that too, not directly from all the preferential allottees i.e. entities 1–8 of Table No. 1 but instead were received by way of round tripping from the Promoter connected Companies who were not the original allottees in the preferential allotment. The said amount of ₹2.5 Crore was round tripped twice through Noticee No. 8 and Sanatan to show that the Company had received a consideration of ₹5.03 Crore towards conversion of warrants to the extent of 38.13 Lakh shares out of 39 Lakh shares allotted. The aforesaid amount of ₹2.5 Crore as received from its Promoter connected entity i.e Noticee No. 8, was ultimately transferred back by the Company to Noticee No. 8 on February 2, 3 and 5, 2009, directly through its Bank of Baroda A/c no. 06650200000342 and indirectly through Sanatans' Bank of Baroda A/c no. 06650200000181. Thus, it is amply evident from the above observations that the consideration for the above issue of shares and the allotment of shares by the company of 38.13 lakh equity shares (out of 39 lakh shares) on January 24, 2009, was paid through rotation of funds amongst the company, its promoter entities and also with the connivance of the preferential allottees.

20. Sections 12A(a), (b) & (c) of the SEBI Act r/w Regulations 3(a), (b), (c) & (d) of the PFUTP Regulations, 2003 *inter alia* prohibits employment of any manipulative/deceptive device, scheme or artifice to defraud in connection with the dealings in securities; engaging in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with the dealings in securities. Regulation 4(1) of the PFUTP Regulations, 2003, provides for prohibition on indulging in fraudulent or unfair trade practices in securities. It is established that the consideration received by the Company in respect of the 38.13 Lakh shares allotted under preferential allotment (pursuant to conversion of warrants) was through rotation of funds from the Promoter connected Companies i.e. Noticee No. 8 and Sanatan and also with the active connivance of the company and the preferential allottees. In their submissions, the Noticees (who responded to the SCN) have merely denied the allegations contained in the SCN without providing any cogent explanation or evidence to substantiate their plea or innocence. The

aforesaid, when considered in light of the observations at paragraphs 16–19 above, leads me to the conclusion that the Noticees i.e. the Directors viz, Noticee Nos. 1 & 2 (who were signatories to the Annual Report of the company), the preferential allottees, viz. Noticee Nos. 3, 4, 5, 6, 7 along with the Promoter connected Companies i.e. Noticee No. 8 and Sanatan, had connived with each other and had adopted a fraudulent device and artifice to defraud the other shareholders of the Company in the allotment of 38.13 Lakh shares of the Company on January 24, 2009. The above act on the part of the Noticees has clearly resulted in the violation of the PFUTP Regulations 2003 by the Noticees, which in turn, has affected the interests of the shareholders of the Company and also the investors in the securities market. In this context, reference is drawn to the judgment of the Hon'ble Securities Appellate Tribunal ("**SAT**") in the matter of ***Alok Khetan vs. SEBI, Appeal No. 55 of 2007 – Order dated July 17, 2007,*** wherein it had an occasion to consider the issue of whether the appellant therein had allegedly indulged in unfair trade practices relating to the securities market resulting in a violation of Regulation 3 and 6 (a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 1995, and accordingly Hon'ble SAT had held that: *"Now coming to the first charge as levelled against the appellant in the show cause notice. It is alleged that he acquired the shares of the company in a preferential allotment in an irregular manner without actual payment of money.* ***… Preferential allotment of shares is one of the modes recognized by the company law for increasing the subscribed capital of a company and amazingly when the allotment was made, the company did not receive money and we are satisfied that the allotment was contrary to law and that the appellant was a party to the game plan. Preferential allotment of shares without actual receipt of money by the company is not only illegal but it also adversely affects the interest of investors in the securities market. It affects the rights of the existing shareholders of the company which was then a listed company.*** *The preferential shares had not been listed till December 22, 1999 and, obviously, the game plan (was) to trade that tainted shares in the market as and when they got listed. This by itself is a serious market irregularity particularly when we find that the appellant was a person who was well conversant with the market as an intermediary. The first charge levelled against him, therefore, stands established."*

21. Therefore, in view of the observations contained in the foregoing paragraphs, it is conclusively established that the Noticee Nos. 1, 2, 3, 4, 5, 6, 7 & 8 had violated the provisions of Sections 12A(a), (b), (c) of the SEBI Act and Regulations 3(a), (b), (c), (d) & 4(1) of the PFUTP Regulations 2003.

Allegation with respect to allotment of shares of the Company without receipt of proper consideration and furnishing of false information by Noticee Nos. 1 & 2 in the Annual Report of the Company

22. As already discussed above, Noticee No. 8 i.e Camson Farm had transferred an amount of ₹2.5 crore to the account of the Company which was ultimately transferred back by the Company to Noticee No. 8 i.e Camson Farm through Sanatan. It is noted that by virtue of such transactions, ₹2.5 crore was round tripped twice through Noticee No. 8 and Sanatan in order to show that an amount of ₹5.03 crore was properly received through the conversion of warrants to shares against the 38,13,000 shares out of 39 lakh shares allotted to the preferential allottees by the company. In view of the above, it is observed that there was no genuine infusion of funds from the preferential allottees and the money/funds to the extent of ₹2.5 crores, was shown as received against the shares allotted by way of round tripping transactions. Further, it was observed during investigations that, the Company in its Annual Report for the FY 2009-10 had falsely disclosed that proper consideration was received on the conversion of the warrants issued by the company in the year 2007. It is noted that the said Annual Report was signed by the directors of the Company i.e Noticee Nos. 1 & 2 and by furnishing wrong/false declaration in the Annual Report, it is established that Noticee nos 1 and 2 have violated the provisions of Clause 13.1.2.3 (b) of the DIP Guidelines, 2000 r/w Regulation 111 of the ICDR Regulations, 2009.

Allegation with respect to allotment of shares to person/entity not having PAN by Noticee No. 1 & 2

23. Further, it is noted that one of the preferential allottee i.e Mr. Jamuna Prasad was allotted 2,40,940 shares on January 24, 2009 on conversion of warrants. However, the PAN details of Mr. Jamuna Prasad was not furnished in the disclosures filed by the company to BGSE. Vide email dated November 28, 2011, the Company was advised to submit the PAN details of Mr. Jamuna Prasad and the Company, vide its email dated Nov 28, 2011, stated that Mr. Jamuna Prasad is a farmer, hence, does not have PAN card. Therefore, in view of the above, it is an established fact that Mr. Jamuna Prasad did not have the PAN card /PAN details and the Company had allotted shares to him in the preferential allotment. This implies that Company has allotted shares to Mr. Jamuna Prasad without obtaining his PAN card and thus, Noticee Nos. 1 & 2 (being Directors of the Company) have violated the provisions of Clause 13.1.C of the DIP Guidelines, 2000 r/w Regulation 111 of the ICDR Regulations, 2009

Allegations in the SCN w.r.t disclosure violations committed by Noticee Nos. 1, 3, 5, 7 & 8

24. From the SCN, it is observed that Noticee Nos. 1, 3, 5, 7 & 8 who were allotted equity shares of the Company on January 24, 2009 had failed to make the mandated disclosures prescribed under Regulation 7 of the SAST Regulations, 1997 r/w Regulation 35 of the SAST Regulations, 2011 and also failed to make the disclosures under Regulation 13 of the PIT Regulations, 1992, regulation 12(1) of the PIT Regulations, 1992 and Clause 4.2 of the Model Code of Conduct under Schedule I of the PIT Regulations, 1992 r/w Regulation 12(2) of the PIT Regulations, 2015.

25. It is noted that, vide its e–mail dated September 3, 2014, BGSE had provided copies of all the disclosures made under the SAST Regulations, 1997 and PIT Regulations, 1992, as received by it and which were made in respect of the scrip of the Company for the period December 2008 to April 2010. In this context, SEBI had sought information from the Company vide a letter dated January 20, 2015, regarding the copies of disclosures received and made by the Company under the SAST Regulations, 1997 and the PIT Regulations, 1992, during the period January 1, 2009 to December 31, 2009. In its reply dated March 18, 2015, the Company had informed SEBI that: "*…a fire had occurred at the registered office on November 3, 2012, causing destruction of old files, records, etc. and data pertaining to the years 2008–09 and 2009–10 are not available...*"

26. As per the requirements specified under Regulation 13(4) of the PIT Regulations, any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub regulation, and the change exceeds ₹5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. In terms of Regulation 13(5) of the PIT Regulations, these disclosures are required to be made by the acquirer to the Company and to the Stock Exchanges within two working days of the acquisition/disposal of the shares by the acquirer. I will now deal with the Noticee wise acquisition of shares /disposal of shares and the compliance by them with the disclosure obligations cast under SAST Regulations, 1997 and PIT Regulations, 1992 in the following paras.

Mr. Dhirendra Kumar (Noticee No. 1)

27. I note from the SCN that Noticee No. 1 was the promoter and Managing Director of the Company during the Investigation Period. He was holding 8,96,480 shares (i.e. 6.54% of total share capital

of the company) as on the quarter ended March 2009. Thereafter, he acquired 30,100 shares of the Company on June 16, 2009. I also note that the aforesaid transaction executed by Noticee No. 1, crossed the threshold limit of 25,000 shares of the Company which is prescribed u/r 13 (4) of PIT Regulations, 1992. In light of this, Noticee No. 1 was required to make the disclosure under Regulation 13(4) of PIT Regulations, 1992 to the Company and to both the stock exchanges i.e. BGSE and BSE. However, from the reply of BGSE dated September 03, 2014, it is observed that no disclosure was filed by Noticee No.1 to BGSE or the Company. The details of the acquisition by Noticee No. 1 is tabulated as below:

Table No. 3:

Acquisition of shares by Noticee No. 1

Date	Cumulative holding pre acquisition/ transfer	% of shareholding - pre acquisition/ transfer	Buy/ acquire	Sell/ transfer	Cumulative holding - post acquisition/ transfer	% of shareholding- post acquisition/ transfer	Change in Holding As nos.	Disclosures required
16.06.2009	8,96,480	6.54	30,100	0	9,26,580	6.76	30,100	Regulation 13(4) r/w 13(5) OF PIT Regulations

In light of the above and based on the confirmation received from the stock exchange i.e., BGSE, I am inclined to hold that Noticee No. 1 has failed to make the relevant disclosures for the above mentioned change in shareholding to the Company and BGSE under the provisions of Regulation 13(4) r/w Regulation 13(5) of the PIT Regulations, 1992 r/w Regulation 12(2) of the PIT Regulations, 2015 and therefore, I hold that Noticee No. 1 has violated the provisions of the aforementioned Regulations.

Mr. Veerendra Kumar Singh (Noticee No. 3)

28. I note from the SCN that Noticee No. 3 was the director of the Company during the Investigation Period. From his shareholding statement, it is observed that Noticee No. 3 was holding 1,10,000 shares of the Company for the quarter ended December 2008 which amounts to 1.12% of the total shareholding of the Company. Thereafter, on January 24, 2009, he was allotted 3,35,000 shares of Company on conversion of warrants, which amounts to 2.45% of total shareholding of the Company. Thereafter, Noticee No. 3 transferred 3,35,000 shares of the Company to Sanatan on July 16, 2009 which amount to 2.45% of total shareholding of the Company.

29. I note that both these transaction, entered by Noticee No. 3, crossed the threshold limit of 25,000 shares as well as 1% of total shareholding of the Company prescribed under Regulation 13(4) of

PIT Regulations, 1992. In light of this, Noticee No. 3 was required to make the disclosures under Regulation 13(4) of the PIT Regulation, 1992, to the Company and both the stock exchanges i.e. BGSE and BSE. However, from the reply of BGSE dated September 03, 2014, it is observed that no disclosure was filed by Noticee No. 3 to BGSE or the Company. The details of the acquisition and disposal of the shares of the company by Noticee No. 3 is tabulated as below:

Table No. 4:

Acquisition/disposal of shares by Noticee No. 3

Date	Cumulative holding pre acquisition/ transfer	% of shareholding - pre acquisition/ transfer	Buy/ acquire	Sell/ transfer	Cumulative holding - post acquisition / transfer	% of shareholding- post acquisition / transfer	Change in Holding As nos.	Disclosures required
24.01.2009	1,10,000	1.12	3,35,200	0	4,45,200	3.25	2.13	Regulation 13(4) r/w 13(5) of PIT Regulations
16.07.2009	4,45,200	3.25	0	3,35,200	1,10,000	0.80	2.45	

In light of the above and in the context of the reply received from BGSE, I am inclined to hold that Noticee No. 3 had failed to make relevant disclosures for the above mentioned change in shareholding, to the Company and BGSE under the provisions of Regulation 13(4) r/w Regulation 13(5) of the PIT Regulations, 1992 r/w Regulation 12(2) of the PIT Regulations, 2015 and therefore, I hold that Noticee no. 3 has violated the provisions of the aforementioned Regulations.

30. Further, in terms of Clause 4.2 of the Model Code of Conduct under Schedule I r/w Regulation 12(1) of the PIT Regulations, 1992, all directors/ officers/ designated employees who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/ officers/ designated employees shall also not take positions in the derivative transactions in the shares of the company at any time. Thus, from the above, it implies that Noticee No. 3 was prohibited from entering into an opposite transaction for sale of shares within a period of six months from the date of acquisition i.e. January 24, 2009 (i.e., he acquired 3,35,200 shares). However, as can observed from the Table above, it is noted that Noticee No 3 entered into an opposite transaction within a period of six months of his acquisition of shares, as aforesaid. Noticee no. 3 sold 3,35,200 shares on July 16, 2009. Therefore, Noticee no. 3 had taken a reverse position within a period of six months from the date of his original acquisition. Therefore, Noticee No. 3 has violated the provisions of Regulation 12(1) r/w Clause 4.2 of the Model Code of Conduct specified under Part A of Schedule-I of the PIT Regulations, 1992 r/w Regulation 12(2) of the PIT Regulations, 2015.

Mr. Shivanad Singh (Noticee No. 5)

31. As per the requirement specified under Regulation 7(1) of the SAST Regulations, 1997, any person who acquires shares or voting rights which when taken together along with shares or voting rights, if any, held by him would entitle him to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, has to disclose the aggregate of his shareholding or voting rights in that company to the stock exchanges and to the company where shares of the company are listed. Further, in terms of Regulation 7(2) of the SAST Regulations, 1997, these disclosures are required to be made by the acquirer to the company and to the stock exchanges within two working days of the acquisition/disposal of the shares by the acquirer.

32. From the above, it is noted that the person is required to disclose his shareholding, in the company, both to the company and to stock exchange, when his shareholding in the company crosses the threshold of 5% of the total shareholding of the Company.

33. Further, in terms of Regulation 13(3) of PIT Regulations, 1992, any person holding 5% or more shares of the company has to disclose, to the company and to the stock exchange, the change in his shareholding if such change exceeds 2% of the total shareholding in the Company, since the last disclosure. In terms of Regulation 13(5) of the PIT Regulations, 1992, such change has to be disclosed within 2 working days of the acquisition/disposal of the shares by the acquirer.

34. It is observed that Noticee No. 5 is one of the preferential allottees who was allotted warrants which were later on converted into shares. It is further observed that Noticee no. 5 was holding 3,50,875 shares of the Company prior to January 24, 2009 which amounts to 3.58% of the total shareholding of the Company. Thereafter, Noticee No. 5 was allotted 6,83,630 shares of the company, which increased his shareholding to 10,34,505 shares i.e. 7.55% of the total shareholding in the Company. In terms of Regulation 7(1) r/w 7(2) of the SAST Regulations, 1997 and Regulation 13(1) of the PIT Regulation, 1992, Noticee No. 5 was required to make the disclosures to the company & BGSE on or before January 27, 2009 as his shareholding had crossed the threshold of 5% of the total shareholding of the Company.

35. Further, by way of sale of shares, the shareholding of Noticee No. 5 was reduced from 7.55% to 5.31% of the total shareholding as on November 19, 2009. Similarly, there is a change in holding by more than 2% of the total number of shares on September 20, 2010 on account of further sale

by Noticee No. 5. In terms of Regulation 13(3) r/w Regulation 13(5) of the PIT Regulations, 1992, Noticee No. 5 was required to disclose to the Company, the change in his shareholding in the Company. However, it is observed that Noticee No. 5 had not made the relevant disclosures with respect to above transactions. The details of the acquisition /disposal by Noticee No. 5 is tabulated as below:

Table No. 5:

Acquisition/disposal of shares by Noticee No. 5

Date	Cumulative holding pre acquisition/ transfer	% of shareholding - pre acquisition/ transfer	Buy/ acquire	Sell/ transfer	Cumulative holding - post acquisition/ transfer	% of shareholding-post acquisition/ transfer	Change in Holding As nos.	Disclosures required
24.01.2009	3,50,875	3.58	6,83,630	0	10,34,505	7.55	3.97	Regulation 7(1) r/w. 7(2) of SAST Regulations and 13(1) of PIT Regulations
19.11.2009	8,99,501	5.60	0	48,000	8,51,501	5.31	2.25	Regulation 13(3) r/w 13(5) of PIT Regulations
20.09.2010	5,42,218	3.38	0	2,00,000	3,42,218	2.13	3.17	

The above disclosures mandated under SAST Regulations, 1997 and also under the PIT Regulations, 1992 were not made by Noticee No. 5, as confirmed from the communication received from BGSE. Therefore, in light of the above observations and in the context of the information received by SEBI from BGSE, I am inclined to hold that Noticee No. 5 had failed to make the relevant disclosures for the above mentioned change in shareholding, to the Company and BGSE, under the provisions of Regulation 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of the SAST Regulations, 2011 & also under Regulation 13(1) of the PIT Regulations, 1992 and Regulation 13(3) r/w Regulation 13(5) of the PIT Regulations, 1992 r/w Regulation 12(2) of the PIT Regulations, 2015. Therefore, I hold that Noticee no. 5 has violated the aforementioned provisions of the SAST Regulations, 1997 and PIT Regulations, 1992.

Mr. Ram Yadav (Noticee No. 7)

36. From the SCN, it is observed that the company made disclosure to BSE dated January 30, 2009 wherein it was mentioned that Noticee No. 7 was an officer of the Company under PIT Regulations. From the holding statement of Noticee No. 7, it is observed that Noticee No. 7 was allotted 6,00,000 shares of the Company on January 24, 2009 on conversion of the warrants which

amount to 4.38% of the total shareholding of the Company. Thereafter, he transferred 5,90,000 shares of the company (4.31% of total shareholding of the Company) to Sanatan on July 16, 2009 in physical form. The above mentioned transfer of 5,90,000 shares of the company on July 16, 2009, by Noticee No. 7, had also resulted in Noticee No. 7 executing an opposite transaction on that date as the acquisition of shares through the preferential allotment was on January 24, 2009 and the sale transaction took place on July 16, 2009 i.e., within a period of 6 months of the transaction involving acquisition of shares.

37. It is also noted from the SCN that both these transactions, entered by Noticee No. 7, had crossed the threshold limit of 25,000 shares as well as 1% of total shareholding of the Company. In light of this, Noticee No. 7 was required to make the disclosures under Regulation 13(4) of the PIT Regulation, 1992 to the Company and to both the stock exchanges i.e. BGSE and BSE. However, from the reply of BGSE dated September 03, 2014, it is observed that no disclosure was filed by Noticee No. 7 to BGSE or the Company. Further, I note that the opposite sale transaction which occurred on July 16, 2009, was not permitted under Regulation 12(1) r/w Clause 4.2 of the Code of Conduct contained in Part A of Schedule I r/w of the PIT Regulations, 1992, having regard to the buy transaction which took place on January 24, 2009. The details of the acquisition /disposal of shares by Noticee No. 7 is tabulated as below:

Table No. 6:

Acquisition / disposal of shares by Noticee No. 7

Date	Cumulative holding pre acquisition/ transfer	% of shareholding - pre acquisition/ transfer	Buy/ acquire	Sell/ transfer	Cumulative holding - post acquisition/ transfer	% of shareholding- post acquisition/ transfer	Change in Holding As nos.	Disclosures required
24.01.2009	6,00,000			0	6,00,000	4.38	6,00,000	Regulation 13(4) r/w 13(5) of PIT Regulations
16.07.2009				5,90,000	10,000	0.07	5,90,000	Regulation 13(4) r/w 13(5) of PIT Regulations

In light of the above observations and in the context of the communication received from BGSE, I am inclined to hold that Noticee No. 7 had failed to make the relevant disclosures for the above mentioned change in shareholding, to the Company and BGSE under the provisions of Regulation 13(4) r/w Regulation 13(5) of the PIT Regulations, 1992 r/w regulation 12(2) of the PIT Regulations, 2015.

38. Further, as per Clause 4.2 of the Model Code of Conduct under Schedule-I r/w Regulation 12(1) of the PIT Regulations, 1992, all directors/ officers/ designated employees who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/ officers/ designated employees shall also not take positions in derivative transactions in the shares of the company at any time. As can be seen from the above, Noticee No. 7 was prohibited from entering into an opposite transaction in respect of the sale of shares within a period of six months from the date of acquisition i.e. January 24, 2009. Whereas, from the observations made in Table No. 6, as above, it is evident that Noticee No. 7 had executed a reverse sale transaction within a period of six months. Therefore, Noticee No. 7 has also violated the provision of Regulation 12(1) r/w Clause 4.2 of the Model Code of Conduct specified under Part A of Schedule-I of the PIT Regulations, 1992 r/w Regulation 12(2) of the PIT Regulations, 2015.

M/s. Camson Farm Produce Pvt. Ltd. (Noticee No. 8)

39. From the SCN, it is noted that Noticee No. 8 was holding 11,74,700 shares of the Company as on July 15, 2009 which amounts to 8.57% of the total shareholding of the Company. Thereafter, on July 16, 2009, Noticee No. 8 received shares from the preferential allottees, namely, Noticee No. 6 (5,69,600 shares) and Mr. Jamuna Prasad (2,40,940 shares) in physical form. In view of the aforementioned acquisition of shares, the shareholding of Noticee No. 8 increased from 8.57% to 14.49% of the total shareholding of the Noticee No. 8 in the company as on July 16, 2009. As the shareholding of Noticee No. 8 had crossed 14% of the total shareholding in the company, in terms of Regulation 7(1) r/w Regulation 7(2) of SAST Regulations, 1997, Noticee No. 8 was required to make disclosure to the Company and BGSE on or before July 20, 2009 w.r.t the aforementioned transactions. It is observed that Noticee No. 8 had failed to make the relevant disclosures to the company & BGSE w.r.t the said transactions and therefore, has violated the provisions of Regulation 7(1) r/w Regulation 7(2) of SAST Regulations, 1997. Further, the aforesaid acquisition of shares had led to change in the shareholding of Noticee No. 8 amounting to more than 2% change (against the total share capital of the company). As the shareholding of Noticee No. 8 in the Company changed by more than 2%, Noticee no.8 was required to make disclosure to the Company under Regulation 13(3) r/w Regulation 13(5) of PIT Regulation, 1992 within two working days. It is observed that Noticee No. 8 had not made the disclosures to the Company w.r.t. this transaction. The details of acquisition by Noticee No. 8 is tabulated as below:

Table No. 7:

Acquisition of shares by Noticee No. 8

Date	Cumulative holding pre acquisition/ transfer	% of shareholding - pre acquisition/ transfer	Buy/ acquire	Sell/ transfer	Cumulative holding - post acquisition/ transfer	% of shareholding- post acquisition/ transfer	Change in Holding As nos.	Disclosures required
16.07.2009	11,74,700	8.57	8,10,540		19,85,240	14.49	5.92	Regulation 7(1) r/w 7(2) of SAST Regulations and Regulation 13(3) r/w 13(5) of the PIT Regulations

Therefore, in light of the above observations and based on the details/information obtained from BGSE by SEBI, I am inclined to hold that Noticee no. 8 has failed to make the necessary disclosures to the company and stock exchange viz. BGSE under the provisions of Regulation 7(1) r/w 7(2) of SAST Regulations, 1997 r/w Regulation 35 of the SAST Regulations, 2011 and under Regulation 13(3) r/w 13(5) of the PIT Regulations, 1992 r/w Regulations 12(2) of the PIT Regulations, 2015. In view of the same, I hold that Noticee no.8 has violated the provisions of the aforementioned Regulations.

40. A conjoint reading of Regulations 7(1) and 7(2) of the SAST Regulations, 1997 r/w the definition of the term '*acquirer*' as prescribed in Regulation 2(e)(1) therein makes it abundantly clear that an acquirer who acquires shares or voting rights which when taken together with the shares or voting rights, if any, held by such acquirer would entitle such acquirer more than 5% or 10% or 14% or 54% or 75% shares or voting rights in a company is mandated to disclose at every stage the shareholding or voting rights held by him in the company to the company and the Stock Exchange where the shares are listed within two working days of the acquisition limits prescribed. Further, in terms of Regulations 13(1), 13(3), 13(4) r/w Regulation 13(5) of the PIT Regulations, 1992, disclosures to the Company and the stock exchanges where shares of such Company are listed, is mandated upon the concerned Directors, officers and substantial shareholders of the Company within two working days from the date of any transaction/increase or decrease in shareholding of such entities. I note that under the provisions of Regulations 7(1) r/w 7(2) of the SAST Regulations, 1997, Regulations 13(1), 13(3), 13(4) r/w Regulation 13(5) of the PIT Regulations, 1992, it was obligatory on the part of Noticee Nos. 1, 3, 5, 7 and 8 to make the disclosures to the Company and to the Stock Exchange in respect of their acquisition/sale/change in shareholding,

etc. within two working days from the date of such transaction/event. Further, under Clause 4.2 of the Model Code of Conduct under Schedule-I r/w Regulation 12(1) of the PIT Regulations, 1992, Noticee Nos. 3 & 7 were prohibited from entering into an opposite transaction for sale of shares within a period of six months from the date of their acquisition of shares i.e. January 24, 2009. In this context, it is pertinent to draw reference to the decisions of the Hon'ble Securities Appellate Tribunal (Hon'ble SAT) in the matter of ***G Suresh vs. SEBI, Appeal No. 39 of 2014 – Order dated April 29, 2014***, wherein while considering whether or not the appellant therein, Managing Director of a listed Company, had violated the provisions of Regulations 7(1) r/w 7(2) of the SAST Regulations, 1997, the Hon'ble SAT had held that:

> *"…11. It may be mentioned that the disclosure requirements under Regulation 7 of SAST Regulations require every acquirer alone to make a declaration of his holding, if any, together with the shares acquired by him. Regulation 7(1) does not require the acquirer to aggregate the shares acquired and/or held by him together with shares of any other person including person acting in concert with him. … True and timely disclosures by an acquirer of shares in a company are an important regulatory tool intended to serve a public purpose of disseminating this information to the company as well as to Stock Exchange expeditiously. Such disclosures are very important as they help investors to take an informed decision in investing in the scrip of said company.*
>
> *12. We, therefore, do not find any merit in the appeal and the same is hereby dismissed with no order as to costs."*

41. Further, Hon'ble SAT in the matter of ***Ankur Chaturvedi vs. SEBI, Appeal No. 434 of 2014 – Order dated August 4, 2015***, wherein while considering whether or not the appellant therein, a Promoter of a listed Company, had violated the provisions of Regulation 13(4) r/w Regulation 13(5) of the PIT Regulations, 1992 and also Clause 4.2 of the Model Code of Conduct under Schedule I of the said Regulations, the Hon'ble SAT had held that:

> *12. "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 … for violating the provisions of PIT Regulations and Model Code of Conduct respectively."*

42. As stated earlier, I am inclined to hold that Noticee Nos. 1, 3, 5, 7, & 8 had not made the relevant disclosures to the Company and BGSE & BSE. Therefore, I am of the view that the

aforementioned Noticee Nos. 1, 3, 5, 7 & 8 have violated the provisions of Regulation 7(1) r/w 7(2) of the SAST Regulations, 1997 r/w Regulation 35 of the SAST Regulations, 2011, Regulations 13(1), 13(3), 13(4) r/w Regulation 13(5) of the PIT Regulations, 1992 r/w Regulation 12(2) of the PIT Regulations, 2015, in respect of their acquisition/sale/change in shareholding during the Financial Year ending March 31, 2010 and March 31, 2011.

43. Further, I find that on account of having acquired shares of the Company on January 24, 2009 and thereafter, entering into opposite transactions i.e. to sell such shares of the Company on July 16, 2009, Noticee Nos. 3 & 7 have violated the provisions of Regulation 12(1) r/w Clause 4.2 of the Model Code of Conduct specified under Part A of Schedule-I of the PIT Regulations, 1992 r/w Regulation 12(2) of the PIT Regulations, 2015.

44. Therefore, in view of the above observations, I hold that Noticees have violated the provisions of SEBI Act, PFUTP Regulations, SAST Regulations, PIT Regulations and DIP Guidelines. Considering the aforesaid facts and circumstances, I am of the opinion that this case deserves imposition of penalty upon the Noticees under the provisions of sections of 15A(b), 15HA and 15HB of the SEBI Act, which reads as under:

Penalty for failure to furnish information, return, etc.

15A. *If any person, who is required under this Act or any rules or regulations made there under-*

(a) …

(b) *to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less*

Penalty for fraudulent and unfair trade practices.

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

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 may extend to one crore rupees.*

45. Further, in the facts and circumstances of the case, the quantum of penalty has to be adjudged taking into account the conduct of the Noticees, as found in this case and the principle of proportionality. The failure, as found in this case, had clearly defeated the purposes of the SEBI Act, PFUTP Regulations, SAST Regulations, PIT Regulations and DIP Guidelines i.e. investor protection and ensuring regulation of the market. For the purpose of adjudging the quantum of penalty, it is relevant to mention that under section 15I of the SEBI Act, imposition of penalty is linked to the subjective satisfaction of the Adjudicating Officer. The words in the section that "*he may impose such penalty*" are of considerable significance, especially in view of the guidelines provided by the legislature in section 15J of the SEBI Act. Further, while adjudging the quantum of penalty, the adjudicating officer has discretion and such discretion should be exercised having due regard to the factors specified in section 15J of the SEBI Act, which reads as under: -

> ***Factors to be taken into account by the adjudicating officer***
> *15J. While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -*
> *(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
> *(b) the amount of loss caused to an investor or group of investors as a result of the default;*
> *(c) the repetitive nature of the default."*
>
> ***Explanation.*** *—For the removal of doubts, it is clarified that the power of an adjudicating officer 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;*

46. With regard to the above factors, I note that the material made available on record has not quantified the profit/loss for the violations committed by the Noticees. From the aforementioned observations, I am of the view that the Company, its directors and the preferential allottees had connived /colluded with each other and had adopted a fraudulent device and artifice to defraud other shareholders of the Company by their involvement in the act of round tripping of funds towards payment of consideration for the shares allotted on January 24, 2009. Thus, by employing deceitful methods, the consideration shown as received by the company from the allottees towards the preferential allotment was shown as received whereas, in actuality, the consideration was shown as received by the company only by means of fraudulent method of adopting round tripping of

funds and with the active co-operation of the Noticees, promoter entities and the preferential allottees.

47. Further, Noticee Nos. 1 & 2 being the directors of the company and signatories to the Annual Report of the company have allotted shares to the preferential allottees without receipt of proper consideration from them and also allotted shares to one Mr. Jamuna Prasad, despite the allottee not having a valid PAN. As already stated, Noticee Nos. 1 & 2 as directors of the company were also the signatories to the Annual Report of the company which had presented the above misleading/false facts w.r.t. the preferential allotment made by the company. The company cannot act by itself, it can act only through its directors. The directors of the company are expected to exercise their power on behalf of the company with utmost skill, care and diligence. The responsibility is cast on the directors to approve the Annual Reports only if they are satisfied that true and correct facts pertaining to the company are presented through such Annual Reports. As stated, Noticee nos. 1 and 2 were signatories to the above erroneous/misleading facts presented by the company through its annual report. Further, I also note that Noticee Nos. 1, 3, 5, 7 & 8 have failed to disclose change in their shareholding to the Company, BGSE and BSE. It is pertinent to mention that the disclosures requirements under the respective regulations serve very important purposes. The stock exchange is informed so that the investing public will come to know of the position enabling them to stick on with or exit from the company. Timely disclosures of the details of the shareholding of the persons acquiring/transferring substantial stake is of significant importance as such disclosures also enable the regulators to monitor such acquisitions. In this context, Hon'ble SAT in the matter of Coimbatore Flavors & Fragrances Ltd. vs SEBI *(Appeal No. 209 of 2014 order dated August 11, 2014),* has held that "*Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same."*

48. Further, in the matter of Appeal No. 66 of 2003 -Milan Mahendra Securities Pvt. Ltd. vs. SEBI– the Hon'ble SAT, vide its order dated April 15, 2005 also held 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."*

49. In the facts and circumstances of this case, the failure to make disclosure as found in this case would defeat the purpose of the provisions of the SAST Regulations and PIT Regulations. Further, the statutory timeline stipulated under the provisions of the SAST Regulations, 1997 and the PIT Regulations, 1992 are mandatory. In this context, reliance is placed upon the order of the Hon'ble Supreme Court of India in the matter of *Chairman, SEBI Vs Shriram Mutual Fund* {[2006]5 SCC 361} –wherein 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…"*.

50. In the context of the present proceeding, the company in question had been liquidated w.e.f. December 03, 2020 and in this context, separate adjudication order dated October 29, 2021 was passed against the company disposing of the adjudication proceedings initiated against it. Further, it is noted that WTM- SEBI vide Final Order dated June 22, 2021 had also debarred the Noticees from accessing the securities market and buying, selling or otherwise dealing in the securities market, either directly or indirectly, for a period of 5 years from the date of the said Final Order. I have considered the above factors while deciding the quantum of penalty to be imposed upon the Noticees in respect of their default. At the same time, I cannot lose sight of the fact that Noticees have been involved in the deceitful act of round tripping of funds in connivance with the company, its promoter entities etc. and in the process, Noticees have falsely shown that they made the payment / consideration in respect of the shares allotted by the company on January 24, 2009. As regards the disclosure violations committed by the Noticees, I have also considered the judgment of Hon'ble SAT in the matter of *Vitro Commodities Private Limited vs SEBI* (Appeal no. 118 of 2013) dated September 4, 2013 while arriving at the quantum of penalty to be imposed upon the Noticees in cases where violations committed by the Noticees under the SAST Regulations, 1997 and PIT Regulations, 1992 are not substantially different and are not stand alone Regulations. For eg, in the matters of Noticee Nos. 3 & 7.

51. Further, Noticee No. 4 has also cited various orders passed by Hon'ble SAT in support of his arguments, viz, proceeding vitiated by inordinate delay and latches, no penalty warranted, *Res-judicata*, etc. Upon perusal of these orders, I find that the orders passed by the Hon'ble SAT which have been cited by Noticee No. 4 are different from the facts and circumstances of the present matter. In the instant matter, it is on record that the Company, its two directors and preferential allottees including Noticee No. 4 had connived with each other and adopted a fraudulent device and artifice to defraud other shareholders of the company.

ORDER

52. Therefore, after taking into consideration the nature and gravity of the violation committed by the Noticees, the facts and circumstances of the case, the material available on record, the submissions made by the Noticees and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under section 15I of the SEBI Act r/w rule 5 of the Adjudication Rules, hereby impose monetary penalty on the Noticee for their violation of the provisions of law, details of which are mentioned as under. I am of the view that the said penalty is commensurate with the default committed by the Noticees.

Noticee No.	Name of Noticee	Nature of violation	Penalty provision	Amount of Penalty (₹)
1	Mr. Dhirendra Kumar	Section 12A(a), (b) and (c) of SEBI Act, 1992 r/w Regulation 3(a), (b). (c), (d), 4 (1) of the PFUTP Regulations, 2003	Section 15HA of the SEBI Act	₹3,00,000/-(Rupees Three Lakh only)
		Clause 13.1.2.3 (b) of SEBI (DIP) Guidelines, 2000 r/w Regulation 111 of ICDR Regulations, 2009 for non-receipt of consideration. Clause 13.1C of DIP Guidelines, 2000 r/w Regulation 111 of ICDR Regulations, 2009.	Section 15HB of the SEBI Act	₹2,00,000/-(Rupees Two Lakh only)
		Regulation 13(4) r/w 13(5) of PIT Regulations, 1992 r/w Regulation 12(2) of PIT Regulations, 2015.	Section 15A(b) of the SEBI Act	₹1,00,000/-(Rupees One Lakh only)
		Total		**₹6,00,000/-(Rupees Six Lakh only)**
2	Mr. Akbal Narayan Singh	Section 12A(a), (b) and (c) of SEBI Act, 1992 r/w Regulation 3(a), (b). (c), (d), 4 (1) of the PFUTP Regulations, 2003	Section 15HA of the SEBI Act	₹3,00,000/-(Rupees Three Lakh only)
		Clause 13.1.2.3 (b) of DIP Guidelines, 2000 r/w Regulation 111 of ICDR Regulations, 2009 for non-receipt of consideration Clause 13.1C of DIP Guidelines, 2000 r/w Regulation 111 of	Section 15HB of the SEBI Act	₹2,00,000/-(Rupees Two Lakh only)

Noticee No.	Name of Noticee	Nature of violation	Penalty provision	Amount of Penalty (₹)
		ICDR Regulations, 2009.		
		Total		**₹5,00,000/-(Rupees Five Lakh only)**
3	Mr. Veerendra Kumar Singh	Section 12A(a), (b) and (c) of SEBI Act, 1992 r/w Regulation 3(a), (b). (c), (d), 4 (1) of the PFUTP Regulations, 2003	Section 15HA of the SEBI Act	₹2,00,000/-(Rupees Two Lakh only)
		Regulation 12(1) PIT Regulations, 1992 r/w Clause 4.2 of the code of conduct specified under Part A of Schedule I r/w Regulation 12(2) of PIT Regulations, 2015.	Section 15HB of the SEBI Act	₹1,00,000/-(Rupees One Lakh only)
		Regulation 13(4) r/w 13(5) of PIT Regulations, 1992 r/w Regulation 12(2) of PIT Regulations, 2015.	Section 15A(b) of the SEBI Act	₹1,00,000/-(Rupees One Lakh only)
		Total		**₹4,00,000/-(Rupees Four Lakh only)**
4	Mr. Karan Singh	Section 12A(a), (b) and (c) of SEBI Act, 1992 r/w Regulation 3(a), (b). (c), (d), 4 (1) of the PFUTP Regulations, 2003	Section 15HA of the SEBI Act	₹2,00,000/-(Rupees Two Lakh only)
		Total		**₹2,00,000/-(Rupees Two Lakh only)**
5	Mr. Shivanand Singh	Section 12A(a), (b) and (c) of SEBI Act, 1992 r/w Regulation 3(a), (b). (c), (d), 4 (1) of the PFUTP Regulations, 2003	Section 15HA of the SEBI Act	₹2,00,000/-(Rupees Two Lakh only)
		Regulation 7(1) r/w 7(2) of SAST Regulations, 1997 r/w regulation 35 of the SAST Regulations, 2011	Section 15A(b) of the SEBI Act	₹2,00,000/-(Rupees Two Lakh only)
		Regulation 13(1) and 13(3) of PIT Regulations, 1992 r/w regulation 12(2) of PIT Regulations, 2015		
		Total		**₹4,00,000/-(Rupees Four Lakh only)**
6	Ms. Sangeeta Kshetry	Section 12A(a), (b) and (c) of SEBI Act, 1992 r/w Regulation 3(a), (b). (c), (d), 4 (1) of the PFUTP Regulations, 2003	Section 15HA of the SEBI Act	₹2,00,000/-(Rupees Two Lakh only)

Noticee No.	Name of Noticee	Nature of violation	Penalty provision	Amount of Penalty (₹)
		Total		**₹2,00,000/-(Rupees Two Lakh only)**
7	Mr. Ram Yadav	Section 12A(a), (b) and (c) of SEBI Act, 1992 r/w Regulation 3(a), (b). (c), (d), 4 (1) of the PFUTP Regulations, 2003	Section 15HA of the SEBI Act	₹2,00,000/-(Rupees Two Lakh only)
		Regulation 12(1) PIT Regulations, 1992 r/w Clause 4.2 of the code of conduct specified under Part A of Schedule I r/w Regulation 12(2) of PIT Regulations, 2015.	Section 15HB of the SEBI Act	₹1,00,000/-(Rupees One Lakh only)
		Regulation 13(4) r/w 13(5) of PIT Regulations, 1992 r/w Regulation 12(2) of PIT Regulations, 2015.	Section 15A(b) of the SEBI Act	₹1,00,000/-(Rupees One Lakh only)
		Total		**₹4,00,000/-(Rupees Four Lakh only)**
8	M/s Camson Farm Produce Pvt. Ltd.	Section 12A(a), (b) and (c) of SEBI Act, 1992 r/w Regulation 3(a), (b). (c), (d), 4 (1) of the PFUTP Regulations, 2003	Section 15HA of the SEBI Act	₹3,00,000/-(Rupees Three Lakh only)
		Regulation 7(1) r/w regulation7(2) of SAST Regulations, 1997 r/w regulation 35 of the SAST Regulations, 2011 Regulation 13(3) and 13(5) of PIT Regulations , 1992 r/w regulation 12(2) of PIT Regulations, 2015	Section 15A(b) of the SEBI Act	₹1,00,000/-(Rupees One Lakh only)
		Total		**₹4,00,000/-(Rupees Four Lakh only)**

53. The Noticees shall remit / pay the said amount of penalty within 45 (forty five) days of the receipt of this order either by way of Demand Draft (DD) in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai and the said DD should be forwarded to the Division Chief, Enforcement Department -I (EFD), Division of Regulatory Action -I [EFD1-DRA-1] SEBI Bhavan, Plot No.C4-A,' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai – 400 051 and also send an email to tad@sebi.gov.in with the following detail

1	Case Name	
2	Name of the Payee	
3	Date of Payment	

4	Amount Paid	
5	Transaction No.	
6	Bank Details in which payment is made	
7	Payment is made for (like penalties/disgorgement / recovery/ settlement amount and legal charges along with order details)	

54. Payment can also be made online by following the below path at SEBI website www.sebi.gov.in ENFORCEMENT → Orders → Orders of AO → Click on PAY NOW or at https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html.

55. 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.

56. In terms of rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticees viz. Mr. Dhirendra Kumar, Mr. Akbal Narayan Singh, Veerendra Kumar Singh, Mr. Karan Singh, Mr. Shivanand Singh, Ms. Sangeeta Kshetry, Mr. Ram Yadav, M/s. Camson Farm Produce Pvt. Ltd. and also to Securities and Exchange Board of India.

Date: May 31, 2022
Place: Mumbai

SURESH B MENON
ADJUDICATING OFFICER