

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. MC/CB/17/2018-19]

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

In respect of –

Mahavir Green Crop Limited (previously known as Ratnamani Agro Industries Limited) [CIN L15147GJ1971PLC001992] having address at – 40, Mahavir Estate, Near CTM Mills, Narol – Naroda Highway, Amraiwadi, Ahmedabad – 380 026 (Gujarat)

*In the matter of **Ratnamani Agro Industries Limited***

BACKGROUND

1. Securities and Exchange Board of India (hereinafter be referred to as, the “**SEBI**”) conducted examination in the scrip of Ratnamani Agro Industries Limited (now known as Mahavir Green Crop Limited and hereinafter be referred to as, the “**Company**”), a company listed on the BSE Limited (hereinafter be referred to as, the “**BSE**”) for the period July – September, 2014 (hereinafter be referred to as, the “**Examination Period**”). Examination *prima facie* revealed violation of Regulation 13(6) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter be referred to as, the “**PIT Regulations**”) by M/s Mahavir Green Crop Limited (previously known as, Ratnamani Agro Industries Limited) (hereinafter be referred to as, the “**Company**” / “**Noticee**”).

APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI initiated adjudication proceedings and appointed Ms. Rachna Anand, General Manager as Adjudicating Officer under Section 15I of the Securities and Exchange Board of India Act, 1992 (hereinafter be referred to as, the “**SEBI Act**”) read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter be referred to as, the “**Adjudication Rules**”) vide order dated March 07, 2017 to inquire into and adjudge under Section 15A (b) of the

SEBI Act against the Noticee for the alleged violation of aforesaid provisions of the PIT Regulations. Subsequently, the undersigned was appointed as the Adjudicating Officer on May 10, 2018 which was communicated *vide* order dated May 23, 2018.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. A Show Cause Notice No. EAD/EAD5/MC/CB/21142/2018 dated July 27, 2018 (hereinafter be referred to as, the “**SCN**”) was served upon the Noticee under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held against it in terms of Rule 4 of the Adjudication Rules and penalty be not imposed under Section 15A (b) of the SEBI Act for the alleged violation of Regulation 13(6) of the PIT Regulations.
4. The allegations levelled against the Noticee in the SCN are summarized as below:
 - a) The BSE, *vide* letter dated November 24, 2014 informed SEBI that Mr. Paras Vinodchandra Shah sold 126300 shares, amounting to 2.37% of the total share capital of the Company during the period September 17 – 30, 2014, which required disclosures to be made under *inter alia* Regulation 13 of the PIT Regulations. Through the aforesid letter, the BSE also informed that it did not receive any disclosures from the Noticee with respect to the aforesaid change in shareholding of Mr. Paras Vinodchandra Shah.
 - b) Pursuant to receipt of letter dated November 24, 2014, SEBI carried out examination in the trading / dealings in the scrip of the Company. Examination revealed that as on financial quarter that ended on June 2014, Mr. Paras Vinodchandra Shah held 589400 shares of the Company which amounted to 11.08% of the total share capital of the Company. However, it was observed that during the Examination Period, the shareholding of Mr. Paras Vinodchandra Shah reduced to 401600 shares of the Company which amounted to 7.55% of the total share capital of the Company.
 - c) The aforesaid reduction of more than 2% i.e. by 3.53% of the total share capital of the Company required disclosure to be made to the Company *inter alia* under Regulation 13 of the PIT Regulations.
 - d) The Noticee, *vide* e-mail dated June 13, 2015 confirmed to SEBI that Mr. Paras Vinodchandra Shah had made mandated disclosures under *inter alia* Regulation 13(3) read with 13(5) of the PIT Regulations.

- e) However, the BSE, *vide* e-mail dated August 06, 2015 confirmed that the Noticee did not disclose information received from Mr. Paras Vinodchandra Shah under Regulation 13(3) of the PIT Regulations to the BSE.
- f) Therefore, it was alleged that the aforesaid non-disclosure of information received under Regulation 13(3) from Mr. Paras Vinodchandra Shah by the Noticee was in violation of Regulation 13(6) of the PIT Regulations, text of which is mentioned as below:

PIT Regulations:

13.

.....

(6) Every listed company, within [two working] days of receipt, shall disclose to all stock exchanges on which the company is listed, the information received under sub-regulations (1), (2), (2A), (3), (4) and (4A) [in the respective formats specified in Schedule III.

- 5. It was stated in the SCN that the aforesaid alleged violation, if established, would make the Noticee liable for monetary penalty under Section 15A (b) of the SEBI Act. The Noticee was also advised to furnish its reply, if any, in response to the SCN within 14 days from the date of receipt of the SCN.
- 6. On account of non-receipt of any reply from the Noticee, the undersigned, after considering the cause and in the interests of natural justice, granted an opportunity of hearing on October 16, 2018 *vide* Notice of Hearing dated October 05, 2018. The Noticee was also advised to file its reply, if any, towards the SCN by October 12, 2018.
- 7. In response to the Notice of Hearing dated October 05, 2018, the authorized representative of the Noticee, *vide* e-mail dated October 15, 2018 communicated his inability to avail the opportunity of hearing and requested the undersigned to grant the aforesaid opportunity of hearing to the Noticee after a week. The undersigned acceded to the request of the Noticee and granted another opportunity of hearing on October 22, 2018.
- 8. Thereafter, the Noticee submitted its reply dated October 12, 2018 towards the SCN. The submissions of the Noticee are summarized as below:

- a. The Noticee confirmed the reduction in the shareholding of Mr. Paras Vinodchandra Shah as alleged in the SCN and receipt of disclosure relating to the aforesaid reduction from him.
 - b. The Noticee also submitted dates on which the aforesaid disclosures were dispatched by it to the BSE and produced relevant courier receipts to substantiate the same.
 - c. The Noticee, therefore, requested the undersigned to quash the SCN and requested for an opportunity of hearing.
9. Thereafter, the opportunity of personal hearing was availed by the authorized representative of the Noticee on October 22, 2018. The authorized representative of the Noticee reiterated the arguments advanced by the Noticee in its written submissions dated October 12, 2018.
10. Since inquiry / hearing in the instant matter is concluded, keeping into account the allegations levelled in the SCN, submissions of the Noticee towards the SCN and material available on record, I hereby proceed to decide the case on merit.

CONSIDERATION OF ISSUES AND FINDINGS

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

- Issue No. I** Whether the Noticee failed to make mandated disclosures under Regulation 13(6) of the PIT Regulations as alleged in the SCN?
- Issue No. II** If yes, whether the failure, on the part of the Noticee would attract monetary penalty under Section 15A (b) of the SEBI Act?
- Issue No. III** If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act read with Rule 5 (2) of the Adjudication Rules?

- Issue No. I Whether the Noticee failed to make mandated disclosures under Regulation 13(6) of the PIT Regulations as alleged in the SCN?**

12. I note that in its reply, the Noticee had confirmed the alleged reduction by 3.5% in the shareholding of Mr. Paras Vinodchandra Shah. I also note that the Noticee had confirmed receipt of relevant disclosures under Regulation 13(3) read with 13(5) of the PIT Regulations in relation to the aforesaid reduction from Mr. Paras Vinodchandra

Shah. However, I note that the Noticee has claimed that it had dispatched all the received disclosures to the BSE within the relevant time prescribed under Regulation 13(6) of the PIT Regulations. I also note that the Noticee has produced copies of the said disclosures claimed to have been made by it along with a courier receipts of its dispatch.

13. I have perused the documents furnished by the Noticee to substantiate its claim of disclosures having been made. On perusal, I am of the view that the unsigned and unstamped courier receipts with a mention of BSE as addressee which have been submitted by the Noticee do not establish that disclosures were indeed made to the BSE in the required format mandated under Regulation 13(6) of the PIT Regulations.

14. I also find it relevant to mention that the Hon'ble Securities Appellate Tribunal (hereinafter be referred to as, the "**Hon'ble SAT**") in the matter of **Mega Resources Ltd. v. SEBI** (Appeal No. 49/2001 dated March 19, 2002) had observed that, *"....the regulation is not simply on sending the information, it requires disclosure. Mere dispatch of the information is short of the said requirement..... Regulation 7(1) requires the acquirer to disclose the aggregate of this holding... Thus the requirement is that the information should reach the person to whom it is meant. The obligation does not end by simply posting the information in a letterbox... I am not inclined to view that by posting a letter under certificate of posting, stating the shareholding by itself is sufficient compliance of regulation 7(1). In my view the Appellant has failed to comply with the requirement of regulation 7(1), for the reason that it has failed to make the disclosure of the requisite information"*.

15. I also find it relevant to mention that SEBI carried out examination in the instant matter only after receipt of letter dated November 24, 2014 from the BSE that relevant disclosures relating to reduction in the shareholding of Mr. Paras Vinodchandra Shah in the scrip of the Company / Noticee were not made. I have also verified the list of disclosures made under PIT Regulations in the scrip of Company which is available on the website of the BSE. However, I note that none of the disclosures, contended to have been made by the Noticee are available in public domain. It is also relevant to mention that the BSE vide e-mail dated August 06, 2015 (copy of which was provided to the Noticee by way of Annexure 6 to the SCN) had again confirmed that it did not

receive any disclosure in the scrip of the Company from the Noticee under PIT Regulations.

16. At this juncture, I also find it relevant to mention that the Hon'ble SAT, in the matter of ***Kalindee Rail Nirman (Engineers) Limited v. Securities and Exchange Board of India*** (Appeal No. 97 of 2010 dated July 19, 2010) had observed that, “.. *Admittedly, the appellant has not placed on record any acknowledgment received from BSE in regard to the mains that were allegedly sent containing the compliance reports. On the other hand, we have on record a letter from BSE specifically stating that it had not received the compliance reports for the aforesaid quarters from the appellant. ... In this view of the matter, no fault can be found with the impugned order...*”

17. In view of the aforesaid, it is established that the Noticee had failed to make disclosures regarding reduction in shareholding by more than 2% received under Regulation 13(3) of the PIT Regulation from Mr. Paras Vinodchandra Shah to the BSE as required under Regulation 13(6) of the PIT Regulations and thereby, had violated the same.

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

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

18. Since failure of the Noticee in making disclosures to the BSE under Regulation 13(6) of the PIT Regulations is established, I am of the view that it warrants imposition of monetary penalty under Section 15A(b) of the SEBI Act on the Noticee, text of which is reproduced as under:

SEBI Act

“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 therefore in the regulations, fails to file return or furnish the same within the time specified therefore 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.”

19. While determining the quantum of penalty under Section 15A(b) of the SEBI Act, the following factors stipulated in Section 15J of the SEBI Act, have to be given due regard:

- 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.

20. I note that no quantifiable figures are available on record to assess disproportionate gain made or loss caused to investors by the aforesaid violation. From the material available on record, repetitive nature of default by the Noticee could also not be ascertained. On perusal of the shareholding pattern of the Company as available in public domain, i.e. on the website of the BSE I note that a dissemination of change in shareholding of Mr. Paras Vinodchandra Shah to the extent of 1.8% had been done in the shareholding pattern disclosed for September 2014 on October 16, 2014. However, complete disclosure of change in shareholding of Mr. Paras Vinodchandra Shah of 3.5% during this period is not available in public domain.

21. Therefore, taking into account the facts and circumstances of this matter, and the mitigating factors, I am of the view that a penalty of ₹1,00,000/- will be commensurate with the violations committed by the Noticee.

ORDER

22. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15I (2) of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of ₹1,00,000/- (Rupees One Lakh only) upon the Noticee, i.e. Mahavir Green Crop Limited under Section 15A(b) of the SEBI Act for violation of Regulation 13(6) of the PIT Regulations.

23. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of “SEBI - Penalties Remittable to

Government of India”, payable at Mumbai, OR through e-payment facility into Bank Account the details of which are given below:

Account No. for remittance of penalties levied by Adjudication Officer	
Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No.	31465271959

24. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department – Division of Regulatory Action – I of SEBI. The Noticee shall also provide the following details while forwarding DD/ payment information:

- a) Name and PAN of the Noticee
- b) Name of the case / matter
- c) Purpose of Payment – Payment of penalty under AO proceedings
- d) Bank Name and Account Number
- e) Transaction Number

25. Copies of this Adjudication Order are being sent to the Noticee and also to SEBI in terms of Rule 6 of the Adjudication Rules.

Date : October 30, 2018

Place : Mumbai

(Maninder Cheema)

Adjudicating Officer