

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. EAD/BJD/NJMR/144-151/2017-18

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

In respect of

1. Gulabchand Pukhraj Surana (PAN: AINPS9082R) 1-7-241/11D Sarojini Devi Road Secunderabad – 500003.	2. Ravi Surana (PAN: AINPS9085J) 19, P&T Colony, Karkhana Secunderabad – 500009. .
3. Dipin Surana (PAN: AINPS9083Q) 19, P&T Colony, Karkhana Secunderabad – 500009.	4. Golkonda Engineering Enterprises Ltd., (PAN: AABCG0251D) 1-7-241/11D, Ramalaya, 3 rd Floor Sarojini Devi Road Secunderabad – 500003.
5. Surana Securities Ltd., (PAN: AADCS9077P) 1-7-241/11D, Ramalaya, 3 rd Floor Sarojini Devi Road Secunderabad – 500003.	6. Kaveri India Ltd., (PAN: AABCK1750H) 1-7-241/11D, Ramalaya, 3 rd Floor Sarojini Devi Road Secunderabad – 500003.
7. Meena Surana (PAN: AINPS9084K) 19, P&T Colony, Karkhana Secunderabad – 500009.	8. 8K Miles Software Services Ltd., (Formerly P M Strips Ltd.,) (PAN: AABCP6266D) No. 5, Cenotaph Road II Floor, “Srinivas Towers” Chennai – 600018.

In the matter of P M Telelinks Ltd.,

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as ‘**SEBI**’) conducted an investigation in the scrip of P M Telelinks Ltd., (**“PMTL”** / **“Company”**) during the period July 29, 2010 and February 7, 2011 (*hereinafter to be referred to as “investigation period”*) to ascertain any possible violation of the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices

relating to Securities Market) Regulations, 2003 by certain connected entities. During the investigation, it was inter-alia observed by SEBI that the promoters of PMTL viz., Ravi Surana, Dipin Surana, Gulabchand Pukhraj Surana, Golkonda Engineering Enterprises Ltd., Kaveri India Ltd., Surana Securities Ltd., Meena Surana and 8K Miles Software Services Ltd., (formerly P M Strips Ltd.,) (*hereinafter referred to as “Noticees”*) had violated the provisions of SEBI (Prohibition of Insider Trading Regulations), 1992 (*hereinafter referred to “PIT Regulations”*) and SEBI (Substantial Acquisition of Shares & Takeovers), 1997 & 2011 (*hereinafter referred to “SAST Regulations”*), as applicable. The summary of findings in brief observed during the course of investigation in respect of the Noticees 1 to 8 and the corresponding violations of respective Regulations are furnished hereunder.

Sl. No.,	Name of the Noticee	Nature of findings in brief	Violations observed
1	Gulabchand Pukhraj Surana	Failed to disclose change in shareholding as required under PIT and SAST Regulations.	Regulation 13(3) and 13(4) of PIT Regulations, 1992 and Regulation 7(1) and 7(1A) of SAST Regulations, 1997 (to be read with Regulation 35 of SAST Regulations, 2011).
		Failed to obtain valid pre-clearance for trades.	Clause 3.3 of CoC – PIT adopted by the Company read with Regulation 12(1) of PIT Regulations, 1992.
		On five occasions entered into opposite transaction within 6 months.	Clause 4.2 of CoC – PIT adopted by the Company read with Regulation 12(1) of PIT Regulations, 1992.
		Failed to make a public announcement for acquisition of shares (6.35%) by way of inter-se transfer.	Regulation 11(1) SAST Regulations, 1997 (to be read with regulation 35 of SAST Regulations, 2011).
2	Ravi Surana	Failed to disclose his shareholding upon appointment as a director as required under PIT Regulations.	Regulation 13(2) of PIT Regulations, 1992
		Failed to disclose change in shareholding as required under PIT and SAST Regulations	Regulation 13(3) of PIT Regulations, 1992 and Regulation 7(1A) of SAST Regulations, 1997 (to be read with regulation 35 of SAST Regulations, 2011).

3	Dipin Surana	Failed to disclose change in shareholding as required under PIT and SAST Regulations	Regulation 13(1) and 13(3) of PIT Regulations, 1992 and Regulation 7(1) and 7(1A) of SAST Regulations, 1997 (to be read with regulation 35 of SAST Regulations, 2011).
4	Golkonda Engineering Enterprises Ltd.,	Failed to disclose change in shareholding as required under PIT Regulations	Regulation 13(3) of PIT Regulations, 1992
5	Surana Securities Ltd.,		
6	Kaveri India Ltd.,		
7	Meena Surana		
8	8K Miles Software Services Ltd., (formerly known as P M Strips Ltd.,)		

APPOINTMENT OF ADJUDICATING OFFICER

- Pursuant to investigation, SEBI initiated Adjudication Proceedings against the Noticees and appointed Shri S V Krishnamohan as the Adjudicating Officer vide Order dated February 22, 2017 under Section 19 of SEBI Act read with Sub-section (1) of Section 15-I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as “**Adjudicating Rules**”) to inquire into and adjudge under Section 15A(b), 15H and Section 15HB of SEBI Act for the alleged violation of the provisions of SEBI (PIT) Regulations and SEBI (SAST) Regulations by Noticee No., 1 i.e., Gulabchand Pukhraj Surana. In respect of other Noticees i.e., from Sl. No., 2 to 8, the charging provisions for the alleged violation of the provisions of SEBI (SAST) and SEBI (PIT) Regulations, (as *applicable*) were under Section 15A (b) of SEBI Act.
- Pursuant to internal restructuring, the undersigned has been appointed as Adjudicating Officer vide Order dated May 18, 2017.

SHOW CAUSE NOTICE, REPLY AND HEARING

- A common Show Cause Notice (hereinafter referred to as “SCN”) bearing ref. no. EAD/BJD/NJMR/25162/1/2017 dated October 12, 2017 was issued to the Noticees at Sl. No. 1 to 8 above, under Rule 4 of SEBI Adjudicating Rules to show cause as to why an inquiry be not held against it in terms of Rule 4 of the

Adjudication Rules and penalty be not imposed under section 15 A (b), 15H and Section 15HB of SEBI Act, 1992 (*as applicable*) for the violation alleged to have been committed by it. The SCN was delivered to the Noticees on October 14, 2017.

5. The following were alleged in the SCN:

(i) Mr. G P Surana

(a) Mr. GP Surana was the managing director of the company and also a part of the Promoter Group. As on June 30, 2010, Mr. G P Surana was holding 4,12,700 shares of PMTL which was equivalent to 4.10% of the total shareholding. The details of trades done by Mr. G P Surana during the period of investigation are furnished hereunder, together with the details of disclosure ought to have been made, but not made by Mr. G P Surana along with the details of corresponding violation of respective Regulations.

Table-1

Date	Particulars	Change in holding		Shareholding		Disclosure required under Regulation
		Shares	%	Shares	%	
30-Jun-10	Opening Balance as per BSE disclosure			4,12,700	4.10	
	Shares held in the name of OBC*			10,00,000	14.02	
	Total			14,12,700	14.02	
02-Sep-10	Sale of shares	-25,000	(0.25)	13,87,700	13.77	No**
03-Sep-10	Sale of shares	-55,000	(0.55)	13,32,700	13.23	13(4) of PIT Regulations - Change exceeds 25,000 shares
06-Sep-10	Shares received - Inter-se promoter transfer	4,00,000	3.97	17,32,700	16.35	13(3), 13(4) of PIT Regulations and 7(1) and 7(1A) of SAST Regulations, 1997.
	Sale of shares	-85,000	(0.84)	16,47,700		
07-Sep-10	Sale of shares	-90,000	(0.89)	15,57,700	15.46	13(4) of PIT Regulations
08-Sep-10	Sale of shares	-90,000	(0.89)	14,67,700	14.57	13(4) of PIT Regulations
09-Sep-10	Sale of shares	-50,000	(0.50)	14,17,700	14.07	13(3), 13(4) of PIT Regulations and 7(1A) of SAST Regulations.
13-Sep-10	Sale of shares	-25,000	(0.25)	13,92,700	13.82	No**
14-Sep-10	Sale of shares	-10,000	(0.10)	13,82,700	13.72	13(4) of PIT Regulations (Cumulative change is 35,000 shares)
15-Sep-10	Sale of shares	-40,000	(0.40)	13,42,700	13.33	13(4) of PIT Regulations

16-Sep-10	Sale of shares	-50,000	(0.50)	12,92,700	12.83	13(4) of PIT Regulations
17-Sep-10	Sale of shares	-20,000	(0.20)	12,72,700	12.63	No**
21-Sep-10	Sale of shares	-1,60,000	(1.59)	11,12,700	11.04	PIT 13(3), 13(4) and SAST 7(1A)
22-Sep-10	Shares received - Inter-se promoter transfer	2,200	0.02	11,14,900	11.07	No**
29-Sep-10	Sale of shares	-1,25,000	(1.24)	9,89,900	9.83	PIT 13(4)
30-Sep-10	Sale of shares	-1,51,500	(1.50)	8,38,400	8.32	13(3), 13(4) of PIT Regulations and 7(1A) of SAST Regulations.
01-Oct-10	Sale of shares	-25,000	(0.25)	8,13,400	8.07	13(4) of PIT Regulations (Value ₹ 6,66,250)
06-Oct-10	Shares given - Inter-se promoter transfer	-2,00,000	(1.99)	6,13,400	6.09	13(3), 13(4) of PIT Regulations and 7(1A) of SAST Regulations.
22-Oct-10	Shares received - Inter-se promoter transfer #	6,40,100	6.35	12,53,500	12.44	13(3), 13(4) of PIT Regulations and 7 (1) and 7 (1A) of SAST Regulations.

** Mr. GP Surana had placed 10,00,000 Shares and Mr. Ravi Surana had placed 5,00,000 shares as collateral with a bank in the year 2001 and the bank informed that the shares were transferred back to the promoters in September 2010. However, 5,00,000 shares were transferred to Mr. GP Surana and 10,00,000 shares to Mr. Ravi Surana inadvertently and therefore Mr. Ravi Surana transferred the 5,00,000 shares excess received by him to Mr. GP Surana. This transaction is not regarded as purchase/ sale. Further, as OBC was holding the shares as collateral and the voting rights remained with GP Surana and Ravi Surana, these shares have been shown as opening balance at the start of the investigation period.*

*** In respect of 4 instances for which it is mentioned that no disclosure is required to be filed, the value of transaction is up to ₹ 5,00,000 or 1% of the paid up capital.*

The transaction exceeds 5% of the paid up capital of the Company and Mr. GP Surana along with other PACs (excluding P.M. Strips Limited i.e., the seller) were holding 50,33,259 shares (i.e., 49.96%) on the date of acquisition. Exemption for inter-promoter transfer from public announcement is available under Regulation 3(1) (e) upon filing of a report as required under Regulation 3(3) and 3(4). However, no such report was filed and the entity failed to make the public announcement as required under Regulation 11(1) of SAST Regulations. Since, GP Surana was the acquirer, failed to make an open offer required consequential to an acquisition by way of inter-promoter transfer and non-filing of report as required under Regulation 3(4) of SAST

Regulations. Therefore, it is alleged that Mr. G P Surana had failed to make a public announcement for acquisition of shares (6.35%) and therefore violated the provisions of Regulation 11 (1) of SAST Regulations, 1997 (to be read with Regulation 35 of SAST Regulations, 2011.

- (b) As per the Code of Conduct ('CoC') adopted by the company to prevent insider trading ('CoC - PIT'), pre-clearance of trade needs to be obtained for all trades above ₹ 1,00,000 and the same shall be valid only for a week and if transactions are required to be entered into after a week, fresh pre-clearance is required. No pre-clearance of trade was obtained by Mr. GP Surana except for one pre-clearance for sale of 3,00,000 shares on August 25, 2010 which lapsed on September 01, 2010 and no trades were executed in furtherance of such pre-clearances. Therefore, it is alleged that Mr. GP Surana has violated Clause 3.3 of CoC read with Regulation 12 (1) of PIT Regulations, 1992.
- (c) Further, as per Clause 4.2 of the CoC-PIT, 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 transactions. Mr. GP Surana has also taken opposite positions (Purchases by way of credits in off-market) within six months on the following five occasions:

S.No	First side (Buy/ Sell)	Opposite side (Buy/ Sell)
1	Sold shares on 03 Sep 2010	Bought shares on 06 Sep 2010
2	Bought shares on 06 Sep 2010	Sold from 06-21 Sep 2010
3	Sold from 06-21 Sep 2010	Bought shares on 22 Sep 2010
4	Bought shares on 22 Sep 2010	Sold from 29 Sep - 06 Oct 2010
5	Sold from 29 Sep - 06 Oct 2010	Bought shares on 22 Oct 2010

- (d) Therefore, it is alleged that Mr. GP Surana has violated 4.2 of CoC read with Regulation 12 (1) of PIT Regulations, 1992.
- (e) From the Table -1, it is alleged that Mr. G P Surana had failed to make disclosures as required under SAST and PIT Regulations on 14 occasions during the investigation period.

(ii) Mr. Ravi Surana

- (a) Mr. Ravi Surana was promoter of the Company and held 2,68,300 shares as on June 30, 2010. The details of trades done by Mr. Ravi Surana during the period investigation period are furnished hereunder, together with the details of disclosure ought to have been made, but not made by Mr. Ravi Surana along with the details of corresponding violation of respective Regulations.

Table-2

Date	Particulars	Change in holding		Shareholding		Disclosure required under Regulation
		Shares	%	Shares	%	
30-Jun-10	Opening Balance as per BSE disclosure			2,68,300	2.66	
	Shares held in the name of OBC*			5,00,000	4.96	
	Total			7,68,300	7.63	
7-Sep-10 to 15-Sep-10	Sale of shares	-2,00,000	-1.99	5,68,300	5.64	No
21-Sep-10	Shares given - Inter-se promoter transfer	-10,000	-0.10	5,58,300	5.54	13(3) of PIT Regulations and 7(1A) of SAST Regulations, 1997.
29-Sep-10	Shares given - Inter-se promoter transfer	-2,00,000	-1.99	3,58,300	3.56	No
29-Sep-10	Sale of shares	-1,25,000	-1.24	2,33,300	2.32	13(3) of PIT Regulations and 7(1A) of SAST Regulations, 1997.
30-Sep-10	Sale of shares	-88,400	-2.12	1,44,900	1.44	No
29-Oct-10	Appointment as director			1,44,900	1.44	13(2) of PIT Regulations.

(b) Pursuant to appointment of Mr. Ravi Surana as a Director of PMTL on October 29, 2010, he failed to disclose to the Company the number of shares or voting rights held as required under the Regulation 13(2) of PIT Regulations. Therefore, it is alleged that Mr. Ravi Surana as a Director of PMTL had violated the provisions of Regulation 13 (2) of PIT Regulations.

(c) From the Table -2, it is alleged that Mr. Ravi Surana in the capacity of promoter of PMTL had failed to make disclosures as required under SAST and PIT Regulations on two occasions during the investigation period.

(iii) **Dipin Surana**

(a) Mr. Dipin was promoter of the Company and held 7,73,600 shares as on June 30, 2010. The details of trades done by Mr. Dipin Surana during the period investigation period are furnished hereunder, together with the details of disclosure ought to have been made, but not made by Mr. Dipin Surana along with the details of corresponding violation of respective Regulations.

Table 3

Date	Particulars	Change in holding		Shareholding		Disclosure required under Regulation
		Shares	%	Shares	%	
30-Jun-10	Opening Balance as per BSE disclosure			7,73,600	7.68	
2-Sep-10 and 3-Sep-10	Sale of shares	-50,000	-0.50	7,48,600	7.18	No
6-Sep-10	Shares received - Inter-se promoter transfer	2,00,000	1.99	8,53,600	8.47	No
	Sale of shares	-70,000	-0.84			
7-Sep-10 to 20-Sep-10	Sale of shares	-2,60,000	-2.58	5,93,600	5.89	No

21-Sep-10	Sale of shares	-1,20,000	-1.19	4,73,600	4.70	13(3) of PIT Regulations and 7(1A) of SAST Regulations, 1997.
29-Sep-10	Sale of shares	-2,00,000	-1.99	2,73,600	2.72	No
	Shares received - Inter-se promoter transfer	3,00,000	2.98	5,73,600	5.69	13(1) of PIT Regulations and 7(1) of SAST Regulations, 1997.
30-Sep-10 to 6-Oct-10	Sale of shares	- 95,000	-0.99	4,73,600	4.70	No

(b) From the Table -3 above, it is alleged that Mr. Dipin Surana in the capacity of promoter of PMTL had failed to make disclosures as required under SAST and PIT Regulations on two occasions during the investigation period.

(iv) Golkonda Engineering Enterprises Ltd

(a) Golkonda Engineering Enterprises Ltd., (GEEL) was promoter of the Company and held 5,57,100 shares as on June 30, 2010. The details of trades done by GEEL during the period investigation period are furnished hereunder, together with the details of disclosure ought to have been made, but not made by GEEL along with the details of corresponding violation of respective Regulations.

Table - 4

Date	Particulars	Change in holding		Shareholding		Disclosure required under Regulation
		Shares	%	Shares	%	
30-Jun-10	Opening Balance as per BSE disclosure			5,57,100	5.53	
6-Sep-10	Shares given - Inter-se promoter transfer	-2,00,000	-1.99	3,57,100	3.54	No
29-Sep-10	Shares given - Inter-se promoter transfer	-1,00,000	0.99	2,57,100	2.55	Regulation 13(3) of PIT Regulations

(b) From the Table -4 above, it is alleged that GEEL in the capacity of promoter of PMTL had failed to make disclosures as required under PIT Regulations on September 29, 2010 during the investigation period.

(v) Surana Securities Ltd.,

(a) Surana Securities Ltd., (SSL) was promoter of the Company and held 9,56,900 shares as on June 30, 2010. The details of trades done by SSL during the period investigation period are furnished hereunder, together with the details of disclosure ought to have been made, but not made by SSL along with the details of corresponding violation of respective Regulations.

Table -5

Date	Particulars	Change in holding	Shareholding	
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		Shares	%	Shares	%	Disclosure required under Regulation
30-Jun-10	Opening Balance as per BSE disclosure			9,56,900	9.50	
6-Sep-10	Shares given - Inter-se promoter transfer	-2,00,000	-1.99	7,56,900	7.51	No
29-Sep-10	Shares given - Inter-se promoter transfer	-1,00,000	0.99	6,56,900	6.52	Regulation 13(3) of PIT Regulations

(b) From the Table -5 above, it is alleged that SSL in the capacity of promoter of PMTL had failed to make disclosures as required under PIT Regulations on September 29, 2010 during the investigation period.

(vi) Kaveri India Ltd.,

(a) Kaveri India Ltd., (Kaveri) was promoter of the Company and held 5,37,900 shares as on June 30, 2010. The details of trades done by Kaveri during the period investigation period are furnished hereunder, together with the details of disclosure ought to have been made, but not made by Kaveri along with the details of corresponding violation of respective Regulations.

Table-6

Date	Particulars	Change in holding		Shareholding		Disclosure required under Regulation
		Shares	%	Shares	%	
30-Jun-10	Opening Balance as per BSE disclosure			5,37,900	5.34	
6-Sep-10	Shares given - Inter-se promoter transfer	-2,00,000	-1.99	3,37,900	3.35	No
29-Sep-10	Shares given - Inter-se promoter transfer	1,00,000	0.99	2,37,900	2.55	Regulation 13(3) of PIT Regulations

(b) From the Table -6 above, it is alleged that Kaveri in the capacity of promoter of PMTL had failed to make disclosures as required under PIT Regulations on September 29, 2010 during the investigation period.

(vii) Ms. Meena Surana

(a) Ms. Meena Surana was one of the promoters of the Company and held 11,53,800 shares as on June 30, 2010. The details of trades done by Ms. Meena Surana during the period investigation period are furnished hereunder, together with the details of disclosure ought to have been made, but not made by Ms. Meena Surana along with the details of corresponding violation of respective Regulations.

Table-7

Date	Particulars	Change in holding		Shareholding		Disclosure required under Regulation
		Shares	%	Shares	%	
30-Jun-10	Opening Balance as per BSE disclosure			11,53,800	11.45	
02-Jul-10	Shares received - Inter-se promoter transfer	7,200	0.07	11,61,000	11.52	No

8-Sep-10 to 15-Sep-10	Sale of shares	-1,75,000	-1.74	9,86,000	9.79	No
16-Sep-10	Sale of shares	-35,000	-0.35	9,51,000	9.44	Regulation 13(3) of PIT Regulations
17-Sep-10 to 21-Sep-10	Sale of shares	-90,000	-0.89	8,61,000	8.55	No
21-Sep-10	Shares received - Inter-se promoter transfer	10,000	0.10	8,71,000	8.65	No
29-Sep-10	Sale of shares	-1,00,000	-0.99	7,71,000	7.65	No
30-Sep-10	Sale of shares	-2,09,841	-2.08	5,61,159	5.57	Regulation 13(3) of PIT Regulations
6-Oct-10	Shares received - Inter-se promoter transfer	2,00,000	1.99	7,61,159	7.55	No

(b) From the Table -7 above, it is alleged that Ms. Meena Surana in the capacity of promoter of PMTL had failed to make disclosures as required under PIT Regulations on two occasions during the investigation period.

(viii) PM Strips Ltd., (now known as 8K Miles Software Services Ltd.,)

(a) PM Strips Ltd., (PMSL) was one of the promoters of the Company and held 6,40,200 shares as on June 30, 2010. The details of trades done by PMSL during the period investigation period are furnished hereunder, together with the details of disclosure ought to have been made, but not made by PMSL along with the details of corresponding violation of respective Regulations.

Table-8

Date	Particulars	Change in holding		Shareholding		Disclosure required under Regulation
		Shares	%	Shares	%	
30-Jun-10	Opening Balance			6,40,200	6.35	
22-Oct-10	Shares given - Inter-se promoter transfer	-6,40,100	6.35	100	0.00	Regulation 13(3) of PIT Regulations

(b) From the Table -8 above, it is alleged that PMSL in the capacity of promoter of PMTL had failed to make disclosures as required under PIT Regulations on October 22, 2010 during the investigation period

For the transactions by the promoters during the investigation period (including transfers inter-se promoters), no disclosures were filed by the promoters with the company and to the stock exchanges and the same has been confirmed by the Company vide its letter dated February 18, 2015 and a common letter by the entities I to VII dated February 20, 2015. Therefore, it was alleged that the Promoters of PMTL (i.e., Noticees 1 to 8 above) had violated the provisions of SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations, 1997 read with SEBI (SAST) Regulations, 2011, as stated in para 1 above *(as applicable)*.

6. The Noticee No., 1 i.e., Gulabchand Pukhraj Surana on behalf of himself and on behalf of other Noticees (*except Surana Securities and 8K Miles Software Services Ltd.,*) vide letter dated October 12, 2017 received on November 15, 2017 requested for extension of time till December 31, 2017 to submit reply to the SCN. Vide email dated November 20, 2017 the Noticees (*except Surana Securities and 8K Miles Software Services Ltd.,*) were given time till December 10, 2017 to submit their respective replies, as it was more than a month since the date of receipt of SCN by the Noticees and that sufficient time has been taken by them for replying to the SCN. The Noticee at Sl. No. 8 i.e., 8K Miles Software Services Ltd., vide letter December 4, 2017 made a submission that a new management has taken over the Company and that they are in the process of verifying the details with old records. As such the Noticee 8 had requested extension of time till December 31, 2017 to submit its reply. In respect of Noticee at Sl. No. 5 i.e., Surana Securities Ltd., no reply was received. As there was no reply received from Noticees by December 10, 2017 (*except 8K Miles Software Services Ltd., and Surana Securities Ltd.,*), vide email dated December 19, 2017, all the Noticees were given one more opportunity of filing their reply by December 31, 2017. Vide the said email, the Noticees were informed of a personal hearing scheduled on January 9, 2018. Vide letter dated January 4, 2018 requested to reschedule the hearing in view of non-availability of Authorized Representative. The Noticee No. 8 i.e., 8K Miles Software Services Ltd., vide letter dated January 11, 2018 submitted its reply to the SCN. The Noticees at Sl. No. 2 to 7 submitted their reply vide letter dated January 12, 2018. The Noticee at Sl. No. 1 submitted his reply vide letter dated January 19, 2018.

7. The replies submitted by all the Noticees are summarized entity-wise hereunder:

Noticee 1 - Gulab Chand Pukhraj Surana

(a) *The Noticee denied all the allegations and findings made against him in the said SCN, except to the extent specifically admitted by him.*

(b) *The Noticee submitted that he had received previous notices for his dealings in the scrip of PMTL only, albeit for different period and thus difference proceedings have been initiated against him in the same matter for different period that too for similar violations. It is stated by the Noticee that initiation of multiple proceedings against him for the same scrip for different periods for similar alleged violations has amounted to escalation in legal cost and harassment.*

(c) *The shareholding of the acquirer, Mr. G P Surana, along with persons acting in concert was already more than 15% of 10%, as the case may be, and the relevant disclosures in this regard, under the listing agreement were already being disseminated.*

(d) *The purpose of disclosures under Regulation 7 (1) and & 7 (1A) is quite different, since Regulation 7 (1) STIPULATED ABOUT THE INITIAL DISCLOSURES AND Regulation 7 (1A) stipulated regarding the disclosures when the acquirer and the PACs are already holding shares as per Regulation 11 (1).*

(e) *The Noticee submitted that the SCN is not specific as far as this violation is concerned. In this connection, observations made by the Apex Court in the matter of Canara Bank Vs. Debasis Das, (2004) SCC 557, are reproduced hereunder.*

“The adherence to the principles of natural justice as recognized by all the civilized states is of Supreme importance when a quasi –judicial body embarks on determining disputes between the parties, or any administrative action involving civil consequences is in issue. These principles are well settled. ----- . Notice is the first limb of this principle. It must be precise and unambiguous. It should apprise the party determinatively of the case he has to meet”. (Emphasis supplied).

(f) *As regards the alleged violation of non-disclosures of change in shareholdings in terms of Regulation 13 (3), 13 (4) of PIT Regulations and*

7 (1) and 7 (1A) of SAST Regulations, the Noticee submitted that the promoters of PMTL had submitted a letter dated 04.08.2010 to BSE Ltd., intimating them regarding the intention of the promoters to sell shares of PMTL and the change in promoter structure that would ensue. Thus the promoters had intimated the stock exchange, and ultimately the shareholders regarding the expected change in shareholding of the promoter group. It is thus stated that the shareholders were informed, and there was no fact hidden from them in respect of change in shareholding of promoters. It is thus denied that there was non-disclosure.

(g) The appropriate disclosures under Clause 35 of the Listing Agreement was filed by PMTL for the quarter ending September 2010 and December 2010 was disclosed to Stock Exchange, wherein the public shareholders were made aware of the change in shareholding in the Company. Hence, it is denied that there was any non-disclosure.

(h) It is submitted that non-disclosure, if any, was technical in nature, and due to inadvertence, devoid of any malafied intention. Further, no harm has been caused to any investor nor any loss has occurred due to non-disclosures, as the details regarding the change in shareholding was disclosed in the shareholding pattern filed by the Company during the quarter ending December 2010.

(i) The Noticee further submitted that during the period under consideration, Golkonda Engineering Enterprises Ltd., a listed Company, in which he was a Director and Promoter, was facing turbulent times and financial crunch and funds were required to be infused on urgent basis. Therefore, the purpose of supporting a listed Company, in which public shareholders have a stake, it was decided to sell the shares of PMTL and invest the money thus received in Golkonda Engineering Enterprises Ltd., It is further submitted by the Noticee that still he is holding around 11% of the shares of PMTL in his account.

- (j) *It is submitted that the inter-se transfer among the promoters was only for the purpose of selling the shares in the market, as the promoter entities did not have trading account and therefore were faced with the problem of selling the shares in the market. Thus only for the purpose of selling the shares in the market, shares were first transferred to my account, and then further sold in the market. It is therefore stated that the acquisitions were not acquisitions for the purpose of increasing the shareholding in the company, but rather with the intention of facilitation of sale of shares, so that the amount realized from sale of such share could be invested in Golkonda Engineering Enterprises Ltd., It is kindly informed that the proceeds of sale of shares of PMTL were firstly transferred to PM Telecom, a partnership firm in which the Noticee was a partner along with other promoters of PMTL. P M Telecom was generally used by the Noticee and other partners to pool in resources for financial needs so as to maintain transparency within the family and having complete audit trail.*
- (k) *Further, it is submitted that the provisions of Regulation 7 (1A) of SAST Regulations and Regulation 13 (3) of PIT Regulations are not substantially different, since violation of first automatically triggers violation of second and hence a lenient view may be taken as regards imposition of penalty and penalty may not be imposed. The Regulation 7 (1A) of SAST Regulations and Regulation 13 (3) of PIT Regulations are not stand alone Regulations and one is corollary of other.*
- (l) *In this regard, a reference is drawn to SAT judgement in the case of Vitro Commodities Private Ltd., Vs SEBI decided on September 4, 2013, wherein SAT held that the provisions of Regulation 7 (1) of SAST Regulations and Regulation 13 (1) of PIT Regulations are not substantially different, since violation of first automatically triggers violation of second and hence there is no justification for imposition of penalty for second violation, when penalty for first violation has been imposed. Therefore, the Hon'ble SAT was pleased to reduce the penalty of ₹ 10 lakhs to a penalty of ₹ 1 lakh for violation of Regulation 7 (1) of SAST Regulations and Regulation of 13 (1) of PIT Regulations.*

- (m) *The Noticee submitted that the aforesaid views of SAT may be taken in the present case as both the Regulations viz., 7 (1A) of SAST Regulations and 13 (3) of PIT Regulations, put an obligation on the shareholders already holding share aggregating more than 5% of the shares of the company to make disclosures upon changes in their shareholding aggregating to 2% or more.*
- (n) *The Noticee submitted that Ld., Adjudicating Officer vide Order No., NP/SJ/AO-34/2017 dated May 11, 2017, after taking into consideration of all the facts and circumstances of the case imposed penalty of ` 1 lakh only for violation of Regulation of 13 (1) of PIT Regulations and Regulation 29 (1) read with 29 (3) of SAST Regulations.*
- (o) *As regards allegation of 13 (4) of PIT Regulations, it is submitted that SEBI (PIT) Regulations, 2015, which has replaced SEBI (PIT) Regulations, 1992 have not stipulated the disclosure requirement for this type of transactions, except disclosure of transactions of more than ₹ 10 lakhs in value in calendar quarter.*
- (p) *Hon'ble WTM of SEBI in the case of Reflex Industries did not issue any directions against the promoter and director and inter-alia held that "that the violation is un-intentional and not for consolidation, that the violation is technical and venial in nature and that there are clear mitigating circumstances in the form of subsequent amendments to the takeover regulations which further lessens the gravity of the violation.*
- (q) *It is submitted that the disclosures under the respective Regulations in respective format were not filed, but there were disclosures filed under Clause 35 of Listing Agreement by PMTL at the relevant quarters and as such it is denied that there was no non-disclosure by me.*
- (r) *As regards the alleged violation of Clause 3.3 and Clause 4.2 of Code of conducted adopted by PMTL read with Regulation 12 (1) of PIT Regulations, it is submitted that the lapse in acquiring pre-clearance is merely a*

procedural lapse and due to inadvertence, The failure to obtain pre-clearance from the Company was a technical mistake, and devoid of any malafied intentions.

- (s) The Noticee reiterated the submissions made by him in para 7 (f) (i) and (j) in his support. The shares that are bought from other promoters are almost immediately sold off in the market. This established my contention that the shares were transferred from the account of other promoters of PMTL only for the purpose of selling them in the market and with no intention of making any particular changes in the shareholding pattern of the Company.*
- (t) It is further submitted that the sale of shares was made without relying on any price sensitive information. The shares of PMTL were sold from September 2, 2010 till October 22, 2010. It may be noted that no price sensitive information was released by the company either during the above said period or until another 20 days of last day of sale of shares that is October 22, 2010. During the above period, only one corporate announcement was made by the Company on September 8, 2010 regarding the book closure of the Company. It is stated that book closure is not a price sensitive information in relation to the Company. Further, the next corporate announcement by the Company was made on November 9, 2010, around 20 days after the last date on which the shares of PMTL were sold. This signifies that no trading was done on the basis of price sensitive information of the Company.*
- (u) As regards the alleged violation of Regulation 11 (1) of SAST Regulations, it is submitted that as per the SCN, I along with other promoters of PMTL was holding 50,33,259 shares (i.e., 49.696%), when I transacted in shares in excess of 5% of the paid up capital of the Company. It is firstly stated that there was no change in the total shareholding of promoters of the Company as the transferor and transferee were both belonging to promoter and promoter group. There was no change in the total promoter holding of the Company before and after such transaction as well. Thus, my holding in the Company along with the PACs remained constant, and there was in fact no*

change in the status quo, and technically there was no change in shareholding either.

(v) Further, as stated in the previous paragraphs, the intention of inter-se transfer of shares among the promoters and further sale of shares by me was only to rescue a listed company i.e., Golkonda Engineering Enterprises Ltd., from financial crunch. Admittedly, I was already the promoter of PMTL, holding 49.96% of the share capital of PMTL along with the PACs. Thus, there was no change of management in Company in line in any manner even pursuant to acquisition of more than 5% shares of Company by me in the financial year.

(w) Further, with regard to the observation made in the SCN regarding the exemption available to me under inter-promoter transfer of shares as by making filing as per Regulation 3 (3) and 3 (4) lays down that the transactions undertaken by me could have been exempted from open offer, had I made disclosures under the said Regulations, thus signifying that there is no loss caused to the shareholders of the Company, including no notional loss occurred to the public shareholders on account of not giving open offer.

(x) The Noticee reiterated that the details of promoter holding were already in public domain. It was a procedural lapse on his part to not to disclose the information in formats specified under the said Regulations.

(y) In view of the above circumstances a lenient view in the matter may be taken and penalty stipulated under Section 15 A (b), 15H and 15HB of SEBI Act may not be imposed.

Noticee 2 – Ravi Surana and Noticee 3 – Dipin Surana

(a) The Noticees denied all the allegations and findings made against them in the said SCN, except to the extent specifically admitted by them.

(b) The Noticee submitted that they had received previous notices for their dealings in the scrip of PMTL only, albeit for different period and thus

difference proceedings have been initiated against them in the same matter for different period that too for similar violations. It is stated by the Noticees that initiation of multiple proceedings against them for the same scrip for different periods for similar alleged violations has amounted to escalation in legal cost and harassment.

- (c) As regards the alleged violation of non-disclosures of change in shareholdings in terms of Regulation 13 (2) and 13 (3) of PIT Regulations and 7 (1A) of SAST Regulations, by Ravi Surana and Regulation 13(1) of PIT Regulations and Regulation 7 (1) of SAST Regulations by Dipin Surana, the Noticee submitted that appropriate disclosures under Clause 35 of the Listing Agreement was filed by PMTL for the quarter ending September 2010 and December 2010 was disclosed to Stock Exchange, wherein the public shareholders were made aware of the change in shareholding in the Company. Hence, it is denied that there was any non-disclosure.*
- (d) It is submitted that non-disclosure, if any, was technical in nature, and due to inadvertence, devoid of any malafied intention. Further, no harm has been caused to any investor nor any loss has occurred due to non-disclosures, as the details regarding the change in shareholding was disclosed in the shareholding pattern filed by the Company during the quarter ending March, September and December 2010.*
- (e) The Noticees further made submissions which are as per the submissions made by the Noticee 1 in paragraph 7 (k) to (p).*
- (f) It is submitted that the disclosures under the respective Regulations in respective format were not filed, but there were disclosures filed under Clause 35 of Listing Agreement by PMTL at the relevant quarters and as such it is denied that there was no non-disclosure by them.*
- (g) In view of the above circumstances a lenient view in the matter may be taken and penalty stipulated under Section 15 A (b) may not be imposed.*

Noticee 4 to 8: Golkonda Engineering Enterprises Ltd., Surana Securities Ltd., Kaveri India Ltd., Meena Surana and 8K Miles Software Services Ltd.,

- (a) *As regards non-disclosure of change in shareholding in terms of Regulation 13 (3) of PIT Regulations, the Noticees denied the allegations levelled against them in the SCN.*
- (b) *The Noticees submitted that appropriate disclosures under Clause 35 of the Listing Agreement was filed by PMTL for the quarter ending September 2010 and December 2010 was disclosed to Stock Exchange, wherein the public shareholders were made aware of the change in shareholding in the Company. Hence, it is denied that there was any non-disclosure.*
- (c) *It is submitted that non-disclosure, if any, was technical in nature, and due to inadvertence, devoid of any malafied intention. Further, no harm has been caused to any investor nor any loss has occurred due to non-disclosures, as the details regarding the change in shareholding was disclosed in the shareholding pattern filed by the Company during the quarter ending March, September and December 2010.*
- (d) *As regards allegation of 13 (3) of PIT Regulations, it is submitted that SEBI (PIT) Regulations, 2015, which has replaced SEBI (PIT) Regulations, 1992 have not stipulated the disclosure requirement for this type of transactions, except disclosure of transactions of more than ₹ 10 lakhs in value in calendar quarter.*
- (e) *Hon'ble WTM of SEBI in the case of Refex Industries did not issue any directions against the promoter and director and inter-alia held that "that the violation is un-intentional and not for consolidation, that the violation is technical and venial in nature and that there are clear mitigating circumstances in the form of subsequent amendments to the takeover regulations which further lessens the gravity of the violation.*
- (f) *It is submitted that the disclosures under the respective Regulations in respective format were not filed, but there were disclosures filed under Clause*

35 of Listing Agreement by PMTL at the relevant quarters and as such it is denied that there was no non-disclosure by them.

(g) In view of the above circumstances a lenient view in the matter may be taken and penalty stipulated under Section 15 A (b) may not be imposed.

(h) Further, the Noticee No. 8 i.e., 8K Miles Software Services Ltd, further submitted that the present management of 8K Miles had acquired P M Strips under open offer, which was effected in the end of the year 2010. The transactions identified in the SCN, which were transacted in October 2010, were undertaken by the previous management of the Company.

8. In the interest of natural justice and as required by the Noticee No. 8 i.e., 8K Miles Software Services Ltd., an opportunity of hearing was scheduled on January 16, 2018. The Noticee vide letter dated January 11, 2018 authorized Ms. Unnati Upadhyay, Practicing Company Secretary (*hereinafter referred to as Authorized Representative (AR)*) to appear on their behalf, before me. The AR attended the hearing scheduled on January 16, 2018 and reiterated the submissions made by the Noticee letter dated January 11, 2018.

9. The Noticee was directed to make the following additional submissions by January 23, 2018.

a) The rationale for inter-se transfer of 6,40,000 shares among the promoters, in light of the proposed takeover within two months from the date of inter-se transfer of shares;

b) The details of takeover of erstwhile P M Strips Ltd., by 8K Miles Software Services Ltd., date-wise, with documentary proof;

10. The Noticee vide letter dated January 22, 2018 submitted as under:

As regards the rationale for inter-se transfer of 6,40,000 shares among the promoters, in light of the proposed takeover within two months from the date of

inter-se transfer of shares, it is stated that we have been informed by the previous promoters of 8K Miles that during the investigation period, the promoters were in need of money for investing in one of the other listed Company in which they were promoters, by the name of Golkonda Engineering Services Ltd., However, some of the promoters of PMTL did not have trading accounts. Thus, 6,40,000 shares were first transferred intr-se in the account of 8K Miles (then P M Strips Ltd.,) in order to facilitate the sale of shares held by the other promoters who did not have trading account. We have further been informed that the said transfer of 6,40,000 shares among the promoters did not have any connection with the proposed takeover.

11. The Noticee further submitted the details of takeover of erstwhile P M Strips Ltd., by 8K Miles Software Services Ltd., date-wise with documentary proof, which is taken on record.
12. Further, as requested by the Noticees at Sl. No. 1 to 7, an opportunity of personal hearing was scheduled on January 18, 2018. The Noticees at Sl. No. 2 to 7, vide letter dated January 16, 2018 authorized Mr. G P Surana and Ms. Darshita Waghela, Practicing Company Secretary (hereinafter referred to as Authorized Representatives) to appear on their behalf, before me. During the hearing the Noticees at Sl. No. 2 to 7 submitted their replies. The ARs reiterated the submissions made by them vide letter dated January 13, 2018. The ARs and Noticee 1 submitted that the Noticees had informed BSE about the proposed change in shareholding, before execution of transactions.
13. The Noticee No. 1 i.e., G P Surana undertake to submit his reply by January 23, 2018. The ARs produced copies of Judgments / Orders passed by Hon'ble SAT, Hon'ble Whole Time Member of SEBI and Learned Adjudicating Officer of SEBI in similar cases, with a request to consider the factors while deciding the matter in the instant Adjudicating proceedings. The Noticee No. 1 vide letter dated January 19, 2018, submitted his reply to the SCN, which are summarized in para 7 above.

CONSIDERATION OF ISSUES

14. I have taken into consideration the facts and material available on record. I observe that the allegation levelled against the Noticees is that they have failed to make disclosures under the relevant provisions of SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations *(as applicable)*.

After perusal of the material available on record, I have the following issues for consideration, viz.,

- a. Whether the Noticees have violated the relevant provisions of SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations, 1997 & 2011?*
- b. Does the violation, if any, attract monetary penalty under Section 15 A (b), 15H and 15HB of SEBI Act.?*
- c. If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?*

ISSUE-1: Whether the Noticees have violated the relevant provisions of SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations, 1997 & 2011?

15. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations, 1997 & 2011 alleged to have been violated by the Noticees, which reads as under:

Regulation 13 (1) of SEBI (PIT) Regulations, 1992

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.

Regulation 13 (2) of SEBI (PIT) Regulations, 1992

Any person who is a director or officer of a listed company shall disclose to the company in Form B the number of shares or voting rights held and positions taken in derivatives by such person and his dependents (as defined by the company), within two working days of becoming a director or officer of the company.]

Regulation 13 (3) of SEBI (PIT) Regulations, 1992

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.

Regulation 13 (4) of SEBI (PIT) Regulations, 1992

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.

Regulation 7 (1) of SEBI (SAST) Regulations, 1997

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 per cent 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.

Regulation 7 (1A) of SEBI (SAST) Regulations, 1997

Any acquirer who has acquired shares or voting rights of a company under sub-regulation (1) of regulation 11, or under second proviso to sub-regulation (2) of regulation 11] shall disclose purchase or sale aggregating two per cent or more

of the share capital of the target company to the target company, and the stock exchanges where shares of the target company are listed within two days of such purchase or sale along with the aggregate shareholding after such acquisition or sale.

Regulation 11 (1) of SEBI (SAST) Regulations, 1997

11 (1) - No acquirer who, together with persons acting in concert with him, has acquired, in accordance with the provisions of law, 15 per cent or more but less than fifty five per cent (55%) of the shares or voting rights in a company, shall acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights entitling him to exercise more than 5% of the voting rights, with post acquisition shareholding or voting rights not exceeding fifty five per cent, in any financial year ending on 31st March unless such acquirer makes a public announcement to acquire shares in accordance with the regulations.

Regulation 35 of SEBI (SAST) Regulations, 2011

The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, stand repealed from the date on which these regulations come into force.

(2) Notwithstanding such repeal,—

(a) anything done or any action taken or purported to have been done or taken including comments on any letter of offer, exemption granted by the Board, fees collected, any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations, prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(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;

(c) any open offer for which a public announcement has been made under the repealed regulations shall be required to be continued and completed under the repealed regulations.

(3) After the repeal of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.

Regulation 12 (1) of SEBI (PIT) Regulations, 1992

All listed companies and organisations associated with securities markets including

(a).....

(b).....

(c).....

(d).....

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

16. The shareholding of Promoters and Non-promoters of PMTL as per BSE records during the investigation period, quarter-wise, is tabulated hereunder.

Quarter Ended	Promoter			Non- Promoter			Total Shares
	No. of Shares	%	No. Of Shareholders	No. of Shares	%	No. Of Shareholders	
Mar-10	72,99,700	72.45%	13	27,75,300	27.55%	1,692	1,00,75,000
Jun-10	72,99,700	72.45%	13	27,75,300	27.55%	1,769	1,00,75,000
Sep-10	57,23,359	56.81%	14	43,51,641	43.19%	4,614	1,00,75,000
Dec-10	56,73,359	56.31%	15	44,01,641	43.69%	4,528	1,00,75,000
Mar-11	56,73,359	56.31%	15	44,01,641	43.69%	4,412	1,00,75,000

Shareholding pattern of Promoters as on June 30, 2010

Promoter	No. of Shares	%	Promoter	No. of Shares	%
Meena Surana	11,53,800	11.45	Surana Securities Ltd	9,56,900	9.50
Dipin Surana	7,73,600	7.68	Priyanka Surana	7,32,800	7.27
Pranali Dipin Surana	7,25,250	7.20	P M Strips Ltd	6,40,200	6.35
Golkonda Engineering Enterprises Ltd	5,57,100	5.53	Kaveri India Ltd	5,37,900	5.34
Jaishika Surana	5,13,750	5.10	GP Surana	4,12,700	4.10
Ravi Pukhraj Surana	2,68,300	2.66	G P Surana HUF	12,700	0.13
Surana Steels	2,200	0.02	G P Surana MHUF	12,500	0.12

The promoter group consists of 12 entities, who together held 72,99,700 shares (as disclosed to BSE) in the company at the quarter preceding the start of the investigation period (i.e., June 30, 2010) which constitutes 72.45% of total shareholding of company. In the month September 2010 the G P Surana and Ravi Surana of Promoter Group received 10,00,000 shares and 5,00,000

shares respectively which were pledged as collateral by them with Oriental Bank of Commerce in the year 2001. Thereafter, Promoter Group sold a total of 31,26,341 shares and consequently the shareholding of Promoter Group reduced to 56,73,359 shares as on December 2010 which constitutes 56.31% of total shareholding.

17. Now, I deal with the submissions made by the Noticees to the alleged violations and record my observations / findings hereunder.

Noticee-1 – Gulabchand Pukhraj Surana (G P Surana)

(a) I note from the records that the Noticee 1 was the Managing Director and also a part of the Promoter Group of PMTL holding 4,12,700 shares, constituting 4.10% of the total shareholding in PMTL as on June 2010. Pursuant to release of 10,00,000 shares pledged as collateral with OBC in the month of September 2010, the shareholding of the Noticee 1 increased to 14,12,700, which constitutes 14.02% of the total shareholding. I note that Noticee 1, as on September 2, 2010, was holding 13,87,700 shares constituting 13.77% of the total shareholding, Thereafter, Noticee 1 had sold shares in market on thirteen occasions and received shares from other promotes (*inter-se promoter transfers*) on two occasions which triggered disclosure requirements under Regulation 13 (3), 13 (4) of SEBI (PIT) Regulations and 7 (1), 7 (1A) of SEBI (SAST) Regulations (*as applicable*). I note from the reply of the Noticee that, the Noticee had admittedly failed to file the necessary disclosures. The details of sale of shares / inter se transfer of shares among promoters for which disclosure were not made by Noticee 1 are mentioned in table below.

Table 1

Date	Particulars	Change in holding		Shareholding		Disclosure required under Regulation
		Shares	%	Shares	%	
03-Sep-10	Sale of shares	-55,000	(0.55)	13,32,700	13.23	13(4) of PIT Regulations - Change exceeds 25,000 shares

06-Sep-10	Shares received - Inter-se promoter transfer	4,00,000	3.97	17,32,700	16.35	13(3), 13(4) of PIT Regulations and 7(1) and 7(1A) of SAST Regulations, 1997.
	Sale of shares	-85,000	(0.84)	16,47,700		
07-Sep-10	Sale of shares	-90,000	(0.89)	15,57,700	15.46	13(4) of PIT Regulations
08-Sep-10	Sale of shares	-90,000	(0.89)	14,67,700	14.57	13(4) of PIT Regulations
09-Sep-10	Sale of shares	-50,000	(0.50)	14,17,700	14.07	13(3), 13(4) of PIT Regulations and 7(1A) of SAST Regulations.
14-Sep-10	Sale of shares	-10,000	(0.10)	13,82,700	13.72	13(4) of PIT Regulations (Cumulative change is 35,000 shares)
15-Sep-10	Sale of shares	-40,000	(0.40)	13,42,700	13.33	13(4) of PIT Regulations
16-Sep-10	Sale of shares	-50,000	(0.50)	12,92,700	12.83	13(4) of PIT Regulations
21-Sep-10	Sale of shares	-1,60,000	(1.59)	11,12,700	11.04	PIT 13(3), 13(4) and SAST 7(1A)
29-Sep-10	Sale of shares	-1,25,000	(1.24)	9,89,900	9.83	PIT 13(4)
30-Sep-10	Sale of shares	-1,51,500	(1.50)	8,38,400	8.32	13(3), 13(4) of PIT Regulations and 7(1A) of SAST Regulations.
01-Oct-10	Sale of shares	-25,000	(0.25)	8,13,400	8.07	13(4) of PIT Regulations (Value ₹ 6,66,250)
06-Oct-10	Shares given - Inter-se promoter transfer	-2,00,000	(1.99)	6,13,400	6.09	13(3), 13(4) of PIT Regulations and 7(1A) of SAST Regulations.
22-Oct-10	Shares received - Inter-se promoter transfer	6,40,100	6.35	12,53,500	12.44	13(3), 13(4) of PIT Regulations and 7 (1) and 7 (1A) of SAST Regulations.

(b) I note that the Noticee admittedly stated disclosures required to be made under SEBI (PIT) & (SAST) Regulations, were not made. However Noticee stated that promoters of PMTL had submitted a letter to BSE on August 4, 2010 intimating the intention of promoters to sell shares of PMTL and change in promoter structure. Further, the proposed change in shareholding was also submitted along with the letter. I perused the document and note that PMTL had informed BSE of proposed sale of shares by its promoter and also indicated the that promoter holdings would marginally come down from 72.45% to 55.58%, which was 55,99,700 in terms of number of shares. I note from the documents submitted before me that there was neither proof of submission of delivery to BSE nor acknowledgment of letter by BSE. I also note from the letter that it does not specify that it was meant for public information, though I consider the information regarding sale of shares as

being price sensitive in nature. I also note from the website of BSE www.bseindia.com that information submitted by PMTL, vide letter dated August 4, 2010 was not in public domain. Thus, I conclude that there was no information available in the public domain regarding proposed offloading of shares of PMTL by its promoters. Further Noticee the admittedly failed to make disclosure under SEBI (PIT) & (SAST) Regulations.

- (c) The Noticee contended that even though necessary disclosures were not filed by him at relevant points, the Company i.e., PMTL in terms of Clause 35 of Listing Agreement had informed BSE about change in shareholding of the promoters in its quarterly statements furnished for the quarter ended September and December 2010. I note that shareholding pattern broadly indicates the changes in shareholding pattern and does not specify the details of changes and nature of changes in shareholding i.e. either market sale or off market sale of the promoters. Noticee had sold shares during September 3, 2010 to September 30, 2010, in the market which is not available in public domain. The information regarding sale of shares by promoter is price sensitive in nature and therefore material and relevant for investors to assess the company and its state of affairs. SEBI (PIT) & (SAST) Regulations specifically provides for the manner and timing of disclosure to be made by promoters, substantial shareholders and person who have control over the company. Such specific disclosures are timely disseminated by stock exchanges for public information. Therefore, I am of the view that disclosure of shareholding patterns cannot be a substitute to the mandatory specific requirements under SEBI (PIT) & (SAST) Regulations which are timely required to be disclosure and available to public within 2 days from the date of acquisition or sale. Further, I note that shareholding patterns filed every quarter are available in public domain only at the end of each quarter as against disclosures under SEBI (PIT) & (SAST) Regulations which are event based. Therefore, I am not inclined to accept the submission that changes in shareholding pattern is already available in public domain.

- (d) I note from the submissions made by the Noticee that he had to sell of his shareholding to revive a listed Company viz., Golkonda Engineering Enterprises, from financial crunch as he was one of its promoters. Further, since other promoters did not have trading accounts, the shares of other promoters were sold through his account and the proceeds thereof were transferred back to the concerned promoters. Promoters of a public listed company should demonstrate highest standards of transparency and fairness and should aim to protect the interest of its shareholders / investors at all times. Therefore, acquisitions or sale of promoters, should be informed to shareholders / investors promptly. The disclosure mandated under SEBI (PIT) & (SAST) Regulations facilitates such transparency and promptness in making available all relevant information regarding dealing of promoters, substantial shareholders, to enable investors to take informed decisions. I note that decision to sell shares of PMTL by its promoters for reviving other listed company may not be in the interest of investors of PMTL. However, such information was not available to investors of PMTL and therefore their interest may have been affected. Thus, I conclude that reasoning of Noticee will not absolve it from its mandatory requirement of disclosures under the respective Regulation of SEBI (PIT) & (SAST) Regulations. Had such disclosure made by Noticee, investors would have taken informed decision regarding their investments.
- (e) Further, the Noticee submitted that he had been subjected to multiple proceedings against him for the same scrip for different periods for similar alleged violations. However, I note from the records that as regards violation of the alleged provisions as per the SCN, there are no multiple proceedings for the same violation for same period.
- (f) The submission of the Noticee that non-disclosure was technical in nature and that no harm had been caused to any investor nor any loss occurred due to non-disclosure as regards the change in his shareholding. In this regard, I would like to draw reference to the Hon'ble SAT's observation in the matter of Komal Nahata Vs. SEBI (Order dated January 27, 2014), which reads as under:

“Argument that no investor has suffered on account of non-disclosure and that the AO has not considered the mitigating factors set out under Section 15-J of the SEBI Act, 1992 is without any merit because firstly penalty for non-compliance of SAST Regulations, 1997 and PIT Regulations, 1992 is not dependent upon the investors actually suffering on account of such non-disclosure”.

In view of the above, I find no merit in the contention of the Noticee that non-disclosure had not caused any loss to investors.

(g) I have perused the case laws referred by the Noticee in his defence and am inclined to take into consideration the judgement of SAT in the case of Vitro Commodities Pvt., Ltd., Vs. SEBI, wherein inter-alia it has observed that Regulation 7 (1) of SAST Regulations and Regulation 13 (1) of PIT Regulations are not substantially different, since violation of one automatically triggers violation and hence there is no justification for imposition of penalty for second violation when penalty for first violation has been imposed. Therefore, I am not holding the Noticee for violation of Regulation 7 (1) and 7 (1A) of SEBI (SAST) Regulations, which was seen in five instances.

(h) In view of the foregoing I conclude that the Noticee by not making the requisite disclosures in terms of SEBI (PIT) Regulations, had violated the provisions of Regulation 13 (3) and 13 (4) of SEBI (PIT) Regulations, 1992.

Regulations 11(1) of SEBI SAST Regulation 1997

(a) I note that pursuant to inter-se transfer of 6,40,100 shares on October 22, 2010, the holding of the Noticee-1 along with other PACs was 50,33,259 shares i.e., 49.96% of total shareholding. I find that the acquisition of 6,40,100 shares was a result of inter-se transfer within the promoter group. I note that since it is an inter-se transfer among promoters, Regulation 3 (1) (e) of SEBI (SAST) Regulations is applicable. The said acquisition exceeded the benchmark limit of 5% under Regulation 3 (3) of SEBI (SAST) Regulations and thus the Noticee was required to disclose the proposed

acquisition atleast four working days in advance to stock exchange where shares are listed. Further, the Noticee was also required to disclose under Regulation 3 (4) of SEBI (SAST) Regulations for the aforesaid acquisition within 21 days of the date of acquisition and submit a report along with the supporting documents SEBI giving all details in respect of acquisition.

- (b) It is observed that an exemption for inter-promoter transfer from making public announcement was available under Regulation 3 (1) (e) upon filing of a report as required under Regulation 3 (3) and 3(4) of SEBI (SAST) Regulations, I note that the Noticee had admittedly not filed any such reports with the BSE & SEBI and therefore the question of exemption does not arise. Further, exemption as envisaged in the regulations are not automatic. The Noticee submitted that these transactions were carried out to revive a listed company viz., Golkonda Engineering Entreprises Ltd., from financial crunch and also to facilitate of sale of shares of other promoters, who did not have trading accounts. I note that decision to sell shares of PMTL by its promoters for reviving other listed company may not be in the interest of investors of PMTL. However, such information was not available to investors of PMTL and therefore their interest may have been affected. I note that it is obligatory on the part of the Noticee to comply with the regulatory provisions and there is no automatic exemption stated in the Regulations. Therefore, I conclude that even though an exemption was available by filing a report for inter-se promoters transfer of shares, from making public announcement, the Noticee failed to comply with the same and therefore violated the provisions of Regulation 11 (1) of SEBI (SAST) Regulations, 1997 to be read with Regulation 35 of SEBI (SAST) Regulations, 2011.

Code of Conduct - Regulation 12(1) of PIT Regulations.

- (a) As per the Code of Conduct ('CoC') adopted by the company to prevent insider trading ('CoC - PIT'), pre-clearance of trade needs to be obtained for all trades above ₹ 1,00,000 and the same shall be valid only for a week and if transactions are required to be entered into after a week, fresh pre-clearance is required. It was observed that pre-clearance for sale of

3,00,000 shares was obtained by the Noticee on August 25, 2010, which lapsed on September 1, 2010. It was observed pursuant to elapsing of pre-clearance for sale of 3,00,000 shares, no pre-clearance for trades above ₹ 1,00,000/- was obtained by the Noticee. It is also observed that the Noticee had taken opposite position within six months on five occasions which are mentioned in the table below:

S.No	First side (Buy/ Sell)	Opposite side (Buy/ Sell)
1	Sold shares on 03 Sep 2010	Bought shares on 06 Sep 2010
2	Bought shares on 06 Sep 2010	Sold from 06-21Sep 2010
3	Sold from 06-21Sep 2010	Bought shares on 22 Sep 2010
4	Bought shares on 22 Sep 2010	Sold from 29 Sep - 06 Oct 2010
5	Sold from 29 Sep - 06 Oct 2010	Bought shares on 22 Oct 2010

(b) The Noticee submitted that failure to obtain the pre-clearance was a procedural lapse. I note from the submissions made by the Noticee that he had carried out these transactions to revive a listed Company viz., Golkonda Engineering Enterprises, in which he was one of the promoters from financial crunch. Further, as the other promoters did not have trading accounts, the shares of other promoters were sold through his account and the proceeds thereof were transferred back to his partnership firm viz., P M Telecom, in which he was one of the Partners along with other promoters of PMTL. The proceeds of sale of shares of all promoters transferred to P M Telecom, which were utilized for Golkonda Engineering Enterprises Ltd., as and when required.

(c) I note that for orderly conduct of securities market, it is of utmost importance that the Key Managerial Personnel of all listed companies and intermediaries including the Board of directors should at all times strictly adhere to the statutory code on Insider Trading and any failures to adhere with any of the provisions of PIT regulations cannot be viewed leniently. This is necessary to ensure a sense of fair play amongst all the market participants and that there is no asymmetry of information. In the instant case, I find that the Noticee had failed to abide by the code of conduct prescribed for prevention of insider trading, by not obtaining pre-clearance of shares and by taking opposite position within 6 months from the earlier

transaction. Therefore, I conclude that the Noticee by not adhering to Clause 3.3 and 4.2 of code of conduct specified for prevention of insider trading has violated the provisions of Regulation 12 (1) of SEBI (PIT) Regulations.

Noticee- 2 to 8 - Ravi Surana, Dipin Surana, Golkonda Engineering Enterprises Ltd., Surana Securities Ltd., Kaveri India Ltd., Meena Surana and 8K Miles Software Services Ltd.

(a) **Noticee 2 – Ravi Surana:** It is observed that as on June 30, 2010 the Noticee 2 i.e., Ravi Surana held 7,68,300 shares, which was equivalent to 7.63% of total shareholding. It is observed that on September 21, 2010 on account of inter-se transfer of 10,000 shares among promoters, the Noticee was required to disclose change in shareholding in terms of Regulation 13 (3) of PIT Regulations and 7 (1A) of SAST Regulations. On September 29, 2010 on account of sale of 1,25,000 shares, the Noticee was required to disclose change in his shareholding in terms of Regulation 13 (3) of PIT Regulations and 7 (1A) of SAST Regulations. It is observed that pursuant to appointment of the Noticee as Director of PMTL on October 29, 2010, he failed to disclose to the Company the number of shares or voting rights held as required under the Regulation 13(2) of PIT Regulations. It was observed that the Noticee failed to make the requisite disclosures in terms of SEBI (PIT) & (SAST) Regulations.

(b) **Noticee 3 – Dipin Surana:** It is observed that as on June 30, 2010 the Noticee 3 i.e., Dipin Surana held 7,73,600 shares, which was equivalent to 7.68% of total shareholding. It is observed that on September 21, 2010 on account of sale of 1,00,000 shares, the Noticee was required to disclose change in shareholding in terms of Regulation 13 (3) of PIT Regulations and 7 (1A) of SAST Regulations. On September 29, 2010 on account of inter-se transfer of 3,00,000 shares among promoters, the Noticee was required to disclose change in shareholding in terms of Regulation 13 (1) of PIT Regulations and 7 (1) of SAST Regulations. It was observed that the

Noticee failed to make the requisite disclosures in terms of SEBI (PIT) & (SAST) Regulations.

- (c) **Noticee 4 – Golkond Engineering Enterprises Ltd.:** It is observed that as on June 30, 2010 the Noticee 4 i.e., Golkonda Engineering Enterprises Ltd., held 5,57,100 shares, which was equivalent to 5.53% of total shareholding. It is observed that September 29, 2010 on account of inter-se transfer of 1,00,000 shares among promoters, the Noticee was required to disclose change in shareholding in terms of Regulation 13 (3) of PIT Regulations. It was observed that the Noticee failed to make the requisite disclosures in terms of SEBI (PIT) Regulations.
- (d) **Noticee 5 – Surana Securities Ltd.:** It is observed that as on June 30, 2010 the Noticee 5 i.e., Surana Securities Ltd., held 9,56,900 shares, which was equivalent to 9.50% of total shareholding. It is observed that September 29, 2010 on account of inter-se transfer of 1,00,000 shares among promoters, the Noticee was required to disclose change in shareholding in terms of Regulation 13 (3) of PIT Regulations. It was observed that the Noticee failed to make the requisite disclosures in terms of SEBI (PIT) Regulations.
- (e) **Noticee 6 – Kaveri India Ltd.:** It is observed that as on June 30, 2010 the Noticee 6 i.e., Kaveri India Ltd., held 5,37,900 shares, which was equivalent to 5.34% of total shareholding. It is observed that September 29, 2010 on account of inter-se transfer of 1,00,000 shares among promoters, the Noticee was required to disclose change in shareholding in terms of Regulation 13 (3) of PIT Regulations. It was observed that the Noticee failed to make the requisite disclosures in terms of SEBI (PIT) Regulations.
- (f) **Noticee 7 – Meena Surana:** It is observed that as on June 30, 2010 the Noticee 7 Meena Surana held 11,53,800 shares, which was equivalent to 11.45% of total shareholding. It is observed that September 16, 2010 on account of sale of 35,000 shares, the Noticee was required to disclose change in shareholding in terms of Regulation 13 (3) of PIT Regulations. It

was observed that the Noticee failed to make the requisite disclosures in terms of SEBI (PIT) Regulations.

(g) **Noticee 8 – 8K Miles Software Services Ltd., (formerly known as P M Strips Ltd.,):** It is observed that as on June 30, 2010 the Noticee 8 i.e., 8K Miles Software Services Ltd., held 6,40,200 shares, which was equivalent to 6.35 % of total shareholding. It is observed that October 22, 2010 on account of inter-se transfer of 6,30,100 shares among promoters, the Noticee was required to disclose change in shareholding in terms of Regulation 13 (3) of PIT Regulations. It was observed that the Noticee failed to make the requisite disclosures in terms of SEBI (PIT) Regulations.

18. It has been admitted by the Noticees 2- 8 that they had not filed the required disclosures at the relevant time as per the provisions of SEBI (PIT) & (SAST) Regulations in respective formats. The Noticees contended that even though necessary disclosures were not filed by him at relevant points, the Company i.e., PMTL in terms of Clause 35 of Listing Agreement had informed BSE about change in shareholding of the promoters in its quarterly statements furnished for the quarter ended September and December 2010. I note that shareholding pattern broadly indicates the changes in shareholding pattern and does not specify the details of changes and nature of changes in shareholding i.e. either market sale or off market sale of the promoters. Noticee had sold shares during September 3, 2010 to September 30, 2010, in the market which is not available in public domain. The information regarding sale of shares by promoter is price sensitive in nature and therefore material and relevant for investors to assess the company and its state of affairs. SEBI (PIT) & (SAST) Regulations specifically provides for the manner and timing of disclosure to be made by promoters, substantial shareholders and person who have control over the company. Such specific disclosures are timely disseminated by stock exchanges for public information. Therefore, I am of the view that disclosure of shareholding patterns cannot be a substitute to the mandatory specific requirements under SEBI (PIT) & (SAST) Regulations which are timely required to be disclosure and available to public within 2 days from the date of acquisition or sale. Further, I note that shareholding patterns filed every quarter are

available in public domain only at the end of each quarter as against disclosures under SEBI (PIT) & (SAST) Regulations which are event based. Therefore, I am not inclined to accept the submission that changes in shareholding pattern is already available in public domain.

19. The object of requiring such disclosure to be made with the requisite number of days is with a view to ensure that there is no abuse on account of investors being not aware of such in shareholding of a Promoter / Director. If the necessary disclosures are not made within the requisite number of days as per the respective Regulations, which are event based, the investors are deprived of taking an informed decision in investing in the scrip of the said Company.
20. As regards the alleged violation of Regulation 7 (1) and 7 (1A) by Noticee 2 & 3 i.e., Ravi Surana & Dipin Surana, in view of the Hon'ble SAT observations the case of Vitro Commodities Pvt., Ltd., Vs. SEBI, which were discussed above in the case of Noticee 1, I am not holding the Noticee 2 and 3 for violation of Regulation 7 (1) and 7 (1A) of SEBI (SAST) Regulations, which was seen in two instances each.
21. In view of the foregoing I conclude that the Noticees 2 to 8, by not making the requisite disclosures in terms of SEBI (PIT) Regulations, had violated the provisions of Regulation 13 (1), 13 (2), 13 (3) and 13 (4) of SEBI (PIT) Regulations, 1992 (*as applicable*).

ISSUE – 2: Does the violation, if any, attract monetary penalty under Section 15 A (b), 15H and 15HB of SEBI Act.?

22. It is a well-known fact and practice that as per the requirements of SEBI (PIT) Regulations, there is a requirement of timely disclosure of change in shareholding beyond certain threshold by Promoter / Director. It is obligatory on the part of the Promoter / Director to make timely disclosures to Stock Exchange and to the Company. By not making the requisite disclosures under SEBI (PIT) Regulations, the Noticees 1 to 8 have failed to comply with the statutory requirements of Law. The timely disclosure is mandated under these

Regulations for the benefit of the investors at large. There can be no dispute that compliance with the provisions of the Regulations is mandatory and it is the duty of SEBI to enforce compliance of these Regulations. Timeliness is the essence of disclosure and delayed disclosure would serve no purpose at all.

23. Hon'ble SAT in the case of Coimbatore Flavors & Fragrances Ltd. V. SEBI (Appeal No. 209 of 2014) observed *"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."* (Emphasis supplied).

24. As the violation of the statutory obligation under the provisions respective Regulation of SEBI (PIT) Regulations have been established against the Noticees as under, the Noticee are liable for monetary penalty under Section 15 A (b) of SEBI Act.

Sl. No.,	Name of the Noticee	Violation of the provisions of
1	Gulabchand Pukhraj Surana	Regulation 13(3) and 13(4) of PIT Regulations, 1992
2	Ravi Surana	Regulation 13(2) and 13 (3) of PIT Regulations, 1992
3	Dipin Surana	Regulation 13(1) and 13(3) of PIT Regulations, 1992
4	Golkonda Engineering Enterprises Ltd.,	Regulation 13(3) of PIT Regulations, 1992
5	Surana Securities Ltd.,	
6	Kaveri India Ltd.,	
7	Meena Surana	
8	8K Miles Software Services Ltd., (formerly known as P M Strips Ltd.,)	

25. There is a failure on the part of the Noticee to make public announcement resulting in violation of regulation 11(1) of SAST Regulations. Section 15H of SEBI Act provides for imposition of monetary penalty, if any person, who is required under the Act or any rules or regulations made thereunder, fails to make a public announcement to acquire shares. In this connection, I would like to draw attention to the Hon'ble SAT's observation in the matter of Ranjan Varghese Vs., SEBI (Appeal No. 177 of 2009 and Order dated April 8, 2010, which read as: *"once it is established that the mandatory provisions of Takeover code was violated, the penalty must follow"*. As the violation against the Noticee-1 is established, he is liable for monetary penalty under Section 15H of SEBI Act.
26. The Noticee 1 being the Managing Director and Promoters of PMTL had failed to discharge his duties as envisaged under the SEBI (PIT) Regulations by not complying with the Code of Conduct adopted by the Company for prevention of Insider Trading. In this connection, the observation of the Hon'ble Supreme Court in the matter of N Narayanan Vs. Adjudicating Officer, SEBI in Civil Appeal Nos., 4112-4113 of 2013 (Order dated April 26, 2013) is worth mentioning, which reads as under.

"SEBI, the market regulator, has to deal sternly with companies and their Directors indulging in manipulative and deceptive devices, insider trading etc. or else they will be failing in their duty to promote orderly and healthy growth of the Securities market. Economic offence, people of this country should know, is a serious crime which, if not properly dealt with, as it should be, will affect not only country's economic growth, but also slow the inflow of foreign investment by genuine investors and also casts a slur on India's securities market. Message should go that our country will not tolerate "market abuse" and that we are governed by the "Rule of Law". Fraud, deceit, artificiality, SEBI should ensure, have no place in the securities market of this country and „market security" is our motto. People with power and money and in management of the companies, unfortunately often command more respect in our society than the subscribers and investors in their companies. Companies

are thriving with investors' contributions but they are a divided lot. SEBI has, therefore, a duty to protect investors individual and collective, against opportunistic behaviour of Directors and Insiders of the listed companies so as to safeguard market's integrity".

In view of the above, as the alleged violation against the Noticee stands established, the Noticee is liable for monetary penalty under Section 15HB of SEBI Act.

27. The provisions of Section 15 A (b), Section 15H and Section 15HB of SEBI Act are reproduced hereunder.

Penalty for failure to furnish information, return, etc.

Section 15A of SEBI Act– *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 which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees*

Penalty for non-disclosure of acquisition of shares and takeovers

Section 15H of SEBI Act - *If any person, who is required under this Act or any rules or regulations made thereunder, fails to, -*

- (i) disclose the aggregate of his shareholding in the body corporate before he acquires any shares of that body corporate; or*
 - (ii) make a public announcement to acquire shares at a minimum price; or*
 - (iii) make a public offer by sending letter of offer to the shareholders of the concerned company; or*
 - (iv) make payment of consideration to the shareholders who sold their shares pursuant to letter of offer,*
- he shall be liable to a penalty which shall not be less than ten lakh rupees but which may extend to twenty five crore rupees or three times the amount of profits made out of such failure, whichever is higher*

Penalty for contravention where no separate penalty has been provided

Section 15HB of SEBI Act - *"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.”

ISSUE – 3 - If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

28. While determining the quantum of monetary penalty under Section 15 A (b) of SEBI Act, I have considered the factors stipulated in Section 15-J of SEBI Act, which reads as under:

Section 15J - Factors to be taken into account by the Adjudicating Officer

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.*

29. The material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticee and the loss suffered by the investors as a result of the Noticee's default. There is also no material made available on record to assess the amount of loss caused to investors or the amount of disproportionate gain or unfair advantage made by the Noticee as a result of default. However, it is important to note that timely disclosure of information, as prescribed under the statute, is an important regulatory tool intended to serve a public purpose. Timely disclosures are also an essential part of the proper functioning of the securities market and failure to do so prevents investors from taking a well-informed investment decision.

30. There is no dispute that the Noticees failed to make the requisite disclosures to the BSE and the Company in terms of SEBI (PIT) Regulations, 1992, which would have deprived investors in taking informed decision. Any lapse in such

matters would be detrimental to the interest of investors. As regards the violation of Regulation 12 (1) of SEBI (PIT) Regulations in respect of Noticee 1, it is clear that these provisions are intended to prevent the possible abuse of unfair insider practices by the Company's management. Therefore, I am not inclined to view the lapse on the part of the Noticee leniently and consider it necessary to impose monetary penalty which would act as deterrent to the Noticee in future. The objective of the SAST Regulations is to provide an orderly framework within which the process of substantial acquisition of shares and takeovers could be conducted in a fair and transparent manner to the advantage of all stakeholders. Therefore, any lapse on the part of the Promoters has to be dealt by SEBI in order to protect the interests of investors in securities market. Therefore, I consider appropriate for imposition of penalty on Noticee 1 for violation of Regulation 11 (1) of SAST Regulations, 1997 read with regulation 35 of SAST Regulations, 2011.

ORDER

31. Having considered all the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 15I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose a penalty on the Noticees as under:

Sl. No.,	Name of the Noticee	Penalty amount in ₹	Imposition of penalty under
1	Gulabchand Pukhraj Surana	5,00,000	Section 15 A (b) of SEBI Act
		3,00,000	Section 15HB of SEBI Act
		2,00,000	Section 15H of SEBI Act
2	Ravi Surana	1,00,000	Section 15 A (b) of SEBI Act
3	Dipin Surana	1,00,000	Section 15 A (b) of SEBI Act
4	Golkonda Engineering Enterprises Ltd.,	1,00,000	Section 15 A (b) of SEBI Act
5	Surana Securities Ltd.,	1,00,000	Section 15 A (b) of SEBI Act

6	Kaveri India Ltd.,	1,00,000	Section 15 A (b) of SEBI Act
7	Meena Surana	1,00,000	Section 15 A (b) of SEBI Act
8	8K Miles Software Services Ltd., (formerly known as P M Strips Ltd.,)	1,00,000	Section 15 A (b) of SEBI Act

32. The said penalty imposed on the Noticees, as mentioned above, shall commensurate with the violation committed and acts as a deterrent factor for the Noticees and others in protecting the interest of investors.

33. The Noticees 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

34. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the General Manager, Enforcement Department, DRA-I, SEBI, in the format as given in table below

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	

Bank Details in which payment is made	
Payment is made for (like penalties/disgorgement/recovery/Settlement amount and legal charges along with order details)	

35. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees and also to SEBI.

Date: 2 February 2018

Place: Mumbai

B J DILIP

Adjudicating Officer