

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. RA/DPS/ 161 /2017]

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:

Enterprise International Limited
(PAN No. AAACE5587F)
Malayalay, Unit no. 2A(S), 2nd Floor
3 Woodburn Park, Kolkata – 700020

In the matter of Enterprise International Limited.

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') had received a complaint in SCORES alleging that **Enterprise International Limited**, (hereinafter referred to as "**the Noticee / Enterprise**") is not disclosing details of partly paid-up equity and that all shares (30 Lakh) are shown as fully paid-up shares during the period December 2010 to December 2013. It was alleged that the Noticee was filing wrong disclosure during the period December 2010 to December 2013 and thus violated clause 35 of Listing Agreement read with section 21 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as '**SCRA**').
2. SEBI has, therefore, initiated adjudication proceedings to inquire into and adjudge under section 23E of SCRA the alleged violations of the provisions of clause 35 of Listing Agreement read with section 21 of SCRA committed by the Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI initiated adjudication proceedings and appointed the undersigned as Adjudicating Officer under section 23-I (1) of **SCRA** read with Rule 3 of the Securities Contract (Regulation) (Procedure for Holding Inquiry and imposing Penalties by Adjudicating Officer) Rules, 2005 (**SCRA Adjudication Rules**) vide order dated February 17, 2016, to inquire into and adjudge under section 23E of SCRA, the violations of clause 35 of Listing Agreement read with section 21 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as '**SCRA**') for the period December 2010 to December 2013.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. Show Cause Notice No. SEBI/HO/EAD/EAO/OW/P/2016/14894/1 dated May 24, 2016 (hereinafter referred to as "**SCN**") was issued to the Noticee under rule 4 of the SCRA Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed under section 23E of SCRA for the alleged violation of clause 35 of Listing Agreement read with section 21 of SCRA committed by the Noticee.
5. The observations made under the examination and the allegations levelled against the Noticee in the SCN are mentioned hereunder;
6. SEBI had received a complaint in SCORES alleging that the Noticee is not disclosing details of partly paid-up equity and that all shares (30 Lakh) are shown as fully paid-up shares. In respect to discrepancies in shareholding pattern as mentioned in the complaint, Bombay Stock Exchange (BSE) was asked to offer its comments on the shareholding pattern submitted by the Noticee. BSE vide its email dated January 15, 2015 submitted its observations (Copy of the email attached as Annexure II of the SCN)

7. During examination, it was observed that during the period December 2010 to December 2013, Noticee was submitting shareholding pattern including table 1(a) of tabular format prescribed vide SEBI circular CIR/CFD/DIL/10/2010 dated December 16, 2010 wherein Partly Paid Shares were shown as Nil and capital of Noticee was shown as 30,00,000 shares.
8. It was revealed that on July 17, 2014 when the Noticee forfeited 15,400 shares, the Noticee made disclosures of the same under Clause 36 of Listing Agreement. It is observed from Disclosures made on Exchange website that the Noticee had submitted shareholding pattern for period ended March 2014 on April 17, 2014 and updated the same on July 24, 2014 and copy of the same is placed at Annexure – III of the SCN. This shareholding pattern for period ended March 2014 and quarter ended June 2014, reflects 15,400 partly paid shares and capital of Noticee as 30,00,000 shares. Further, for quarter ended September 2014, shareholding pattern reflected Nil partly paid shares and capital of Noticee as 29,84,600 shares. It is also observed that Noticee did not make an application to BSE for forfeiture of 15,400 shares as required by BSE.
9. In response to BSE query dated December 4, 2014 and December 15, 2014, the Noticee vide its letter dated December 26, 2014 made an application to BSE for forfeiture of 15,400 shares and also submitted revised shareholding pattern for the period December 2010 to December 2013 wherein in addition to capital of Noticee as 30,00,000 shares and 15,400 shares were reflected in table 1(a) as partly paid shares.
10. It is alleged that the Noticee was aware of regulatory requirement of filing shareholding pattern in the format as specified vide Circular CIR/CFD/DIL/10/2010 dated December 16, 2010, however Noticee had filed wrong disclosure for period December 2010 to December 2013.

11. It is alleged that Noticee had forfeited these partly paid up shares on July 17, 2014 and filed a revised shareholding pattern for period ended March 2014 on July 24, 2014 & actual shareholding pattern for quarter ended June 2014 on July 22, 2014 as per BSE website.
12. Further it is alleged that Noticee had not revised shareholding pattern for period December 2010 to December 2013 and revised the same only pursuant to investor complaint and BSE's query i.e. on December 26, 2014.
13. In view of the above, it is alleged that, there was a non-disclosure of partly paid shares by the Noticee as per clause 35 of Listing Agreement read with section 21 of SCRA for the period December 2010 to December 2013 and by not making the said disclosures, the Noticee had allegedly violated clause 35 of Listing Agreement read with section 21 of SCRA. The aforesaid regulations are reproduced as under;

SCRA

Conditions for listing.

21. Where securities are listed on the application of any person in any recognized stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.

14. In response to the SCN, the Noticee filed its reply dated June 8, 2016. The key submissions/ reply of the Noticee in its reply dated June 8, 2016 towards the SCN are being mentioned below;
- (a) *That the issued and subscribed share capital of the company was 3000000 equity shares of Rs.10 each.*
 - (b) *That out of above 15400 equity shares were partly paid up for which there were Calls in Arrears amounting to Rs.57750 on account of the Share Capital and 96050 on account of Share Premium.*
 - (c) *That there has been complete and truthful disclosure in the Audited Accounts of the company for all the preceding years. The amount of Calls in Arrears has always been duly reflected in the Audited Accounts upto 31st March, 2014. As during the year ending 31st March 2015 these partly paid up shares were forfeited, so there was no Calls in Arrears in*

the year ending 31st March, 2015 and subsequent Audited Accounts but the number of shares issued and subscribed were reduced to 29,84,600.

- (d) That the Company is regularly submitting quarterly shareholding pattern to the Stock Exchange as required under Clause 35 of the Listing Agreement. All the quarterly pattern have been submitted in time including those till 31st March, 2014. That during the period December, 2010 to December 2013 the Company has submitted its quarterly shareholding pattern in tabular format as prescribed vide SEBI Circular CIR/CFD/DIL/10/2010 dated 16th December, 2014.*
- (e) That inadvertently and due to oversight in the format the Company has shown partly paid up shares as NIL instead of 15400 and total Capital was shown as 3000000 equity shares fully paid up.*
- (f) That this was a bonafide and unintentional error that has occurred without any malafide intention on part of the Company and / or its promoters / directors.*
- (g) That the Company, its management or promoters have not derived any benefit, monetary or otherwise from this non disclosure.*
- (h) That the investor or general public has not been deceived, cheated or incurred any loss financial or otherwise, due to this inadvertent non disclosure.*
- (i) That the information and the fact that there are partly paid up shares was always available to the Stock Exchange, investor and the public at large as Calls in Arrears has always been disclosed in the Audited Accounts / Annual Report filed by the Company with the Stock Exchange and sent to the share holders.*
- (j) That there are partly paid up shares in the Company, was always in public domain through Stock Exchange and nothing has been hidden in the matter.*
- (k) That the Company has not hidden any facts in this regard and there is no intention of the Company to hide any fact / information from the investors of the Company.*
- (l) That when this inadvertent error came to the knowledge of the Company, the Company has revised and updated its Shareholding pattern for the quarter ended 31st March, 2014 (which was submitted on 17th April, 2014) vide letter dated 17th July, 2014.*
- (m) That these 15400 partly paid up shares were for forfeited on 17th July, 2014 and thereafter the Share Capital of the Company has been reduced to 2984600 shares. This was informed to BSE vide letter dated 21.07.2014 as per copy enclosed herewith for your ready reference.*
- (n) That in the quarterly shareholding pattern for the quarter ended 30th September 2014 and subsequent quarters, the Company has showed NIL partly paid up shares and the total equity shares has been shown as 2984600 as the Company has no partly paid up shares since 17th July, 2014.*
- (o) That in response to the email of BSE, the Company has made an application vide letter dated 26th December, 2014 for forfeiture of 15400 shares and has also submitted revised share holder pattern from December, 2010 to December 2013.*

- (p) *That the inadvertent error that has occurred while submitting the quarterly shareholding pattern for December, 2010 to December, 2013 had been rectified and regularised on 26th December, 2014.*
- (q) *That the Company has not received any complaints from SCORES in this regard.*
- (r) *For your ready reference we submit herewith the copies of Audited Accounts for the year ended 31st March, 2010 to 2015.*
- (s) *That as on the date, the Company has no irregularity in the matter and the non disclosure of the partly paid up shares during the period December, 2010 to December, 2013 has since been rectified. Madam at the cost of repetition, we would like to submit that the error in reporting the shareholding pattern of the company was inadvertent and unintentional. The company/its promoters/directors have neither derived any benefit pecuniary or otherwise nor made any wrongful gain out of the same. The fact that Calls in Arrear in respect of partly paid shares was disclosed in the Audited Accounts/ Annual Reports for the relevant years and the same has been regularly submitted to the Stock Exchange and sent to the shareholders, hence was always in public domain. We have rectified the mistake as soon as it came to our knowledge and none has been put at loss monetary or otherwise due to our inadvertent mistake.*
- (t) *In view of the above and being a very small company having paid up capital of less than 3 crores, Madam we request you to sympathetically consider our submission and not to proceed further in the matter by dropping the proceeding and condone the error.*

15. During the period of instant proceeding, the Hon'ble Supreme Court of India vide judgment dated November 26, 2015 in the case of *SEBI vs. Roofit Industries Ltd.* held that Adjudicating Officer has no discretion in deciding quantum of penalty under Chapter VI A (except in u/s 15F(a) and 15HB of the SEBI Act). The issue involved in *Roofit* case was differently interpreted in case of *Sidharth Chaturvedi* (decided on March 14, 2016) and accordingly, the legal issue / matter was pending for Larger Bench of Hon'ble Supreme Court of India. Meantime, as per "The Finance Act 2017" (Notified for Part VIII of Chapters VI came into effect from April 26, 2017) following has been *inter - alia* clarified in respect of adjudication under SEBI Act-

147. In section 15J of the principal Act, the following Explanation shall be inserted, namely:-

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

16. Consequent to the clarity brought into the Finance Act, 2017, an opportunity of hearing was provided to the Noticee on August 22, 2017 vide notice dated July 28, 2017. In this regard Noticee vide letter dated August 12, 2017, had requested for hearing adjournment of hearing. Accordingly vide Notice dated August 16, 2017, Noticee was granted hearing on September 14, 2017. Hearing on September 14, 2017 was attended by the authorized representative (AR) of the Noticee. AR reiterated as submitted in its reply dated June 8, 2016 and additional reply dated September 13, 2017 was submitted during the course of hearing and submitted that we don't have any other material documents for submissions in this regard.

17. The key submissions/ reply of the Noticee in its additional reply dated September 13, 2017 towards the SCN are being mentioned below;

1. *That it appears from the said Show-cause Notice that the present proceeding has been initiated on the basis of complaint received in 'SCORES' for not disclosing details of partly paid up Equity of the Company.*
2. *That the copy of such complaint was not provided to us with said Show-cause Notice.*
3. *That there has been no complaint in 'SCORES' against the Company with reference to non disclosure of partly paid up shares to the best of our knowledge.*
4. *That there was one complaint in 'SCORES' on 20/01/2015 with reference to the transfer and the same was duly disposed off on 19/02/2015.*
5. *That we submit herewith a snapshot of 'SCORES' dated 22/12/2014 disclosing NIL complaints against the Company marked as Annexure "B".*
6. *That the Company has correctly disclosed the equity share capital as reduced by calls in arrears on partly paid up shares in the Quarterly / Half early / Annual results submitted to the Exchange and same can be verified from the Exchange dissemination. We submit herewith copies of the same for the period from December 2010 to December 2013 marked as Annexure "C-1 to C-14."*

7. *That the equity share capital of the company as reduced by the amount of calls in arrears for the partly paid up shares was properly disclosed in the Annual Reports of the Company for all the years as circulated to the shareholders and submitted to the Exchange.*
8. *That the shares of promoter group were fully paid up and those partly paid up were from public.*
9. *That the amount of calls in arrear for the partly paid up shares was always there in the public domain and on the various filings with Exchange except in the detailed shareholding pattern where it was an unintentional and inadvertent typographical error as the statement being updated / prepared with reference to the previous statement.*
10. *That the promoters or the directors of the company has not made any gain or taken unfair advantage and no loss has been caused to an investor or group of investors as a result thereof.*

CONSIDERATION OF ISSUES AND FINDINGS:-

18. I have carefully perused the written submissions of the Noticee and the documents available on record. The issues that arise for consideration in the present case are :

- a. Whether the Noticee had failed to make the disclosure of partly paid up shares in its quarterly shareholding pattern for the period December 2010 to December 2013 to BSE as stated at Para 3 – 10 of the SCN?
- b. If the disclosures were not made by the Noticee then, whether the Noticee is in violation of clause 35 of Listing Agreement read with section 21 of SCRA.
- c. If yes, then, does the violation, on the part of the Noticee attract monetary penalty under section 23E of the SCRA?
- d. If yes, then, what would be the monetary penalty that can be imposed upon the Noticee?

19. The relevant provisions of clause 35 of Listing Agreement read with section 21 of SCRA read as under:-

Clause 35 of the Listing Agreement.

35. The company agrees to file with the exchange the following details, separately for each class of equity shares/ security in the formats specified in this clause, in compliance with the following timelines, namely:-

- a. One day prior to listing of its securities on the stock exchanges.*
- b. On a quarterly basis, within 21 days from the end of each quarter.*
- c. Within 10 days of any capital restructuring of the company resulting in a change exceeding +/-2% of the total paid-up share capital”*

(I)(a) **Statement showing Shareholding Pattern**

| | | | |
|---|-------------------------------|---|--|
| Name of the Company: | | | |
| Scrip Code, Name of the scrip, class of security: | | | |
| Quarter ended: | | | |
| Partly paid-up shares:- | No. partly paid-up shares | As a % of total no. of partly paid-up shares | As a % of total no. of shares of the Company |
| Held by promoter/promoters group | | | |
| Held by public | | | |
| Total | | | |
| Outstanding convertible securities:- | No. of outstanding securities | As a % of total no. of outstanding convertible securities | As a % of total no. of shares of the Company, assuming full conversion of the convertible securities |
| Held by promoter/promoter group | | | |
| Held by public | | | |
| Total | | | |
| Warrants:- | No. of warrants | As a % of total no. of warrants | As a % of total no. of shares of the company, |

| | | | |
|--|--|--|---|
| | | | <i>assuming full conversion of warrants</i> |
| <i>Held by promoter/ promoter group</i> | | | |
| <i>Held by public</i> | | | |
| <i>Total</i> | | | |
| <i>Total paid-up capital of the company assuming full conversion of warrants and convertible securities</i> | | | |

SCRA

Conditions for listing.

21. Where securities are listed on the application of any person in any recognized stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.

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

21. I have perused the available records and replies of the Noticee in respect of the allegations alleged in the SCN. From the perusal of the SCN at para 3 - 10, it is observed that SEBI had received a complaint in SCORES alleging that the Noticee is not disclosing details of partly paid-up shares and that all shares (30 Lakh) are shown as fully paid-up shares and the complaint was taken up with the Bombay Stock Exchange (BSE). As per SCN, it was observed that during the period December 2010 to December 2013, Noticee was submitting shareholding pattern including table 1(a) of tabular format prescribed vide SEBI circular CIR/CFD/DIL/10/2010 dated December 16, 2010 wherein Partly Paid Shares were shown as Nil and capital of Noticee was shown as 30,00,000 shares.

22. Noticee had failed to disclose its partly paid up shares in its quarterly shareholding pattern by disclosing Partly Paid Shares as Nil *instead of 15,400 shares as Partly Paid Shares* and capital of Noticee as 30,00,000 shares *instead of 29,84,600 shares* for the period December 2010 to December 2013, which was also confirmed by BSE vide its email dated January 15, 2015 and Noticee also accepted in its replies dated December 26, 2014 stating that, *“there was an error in Sub table 1(a) for the period of December, 2010 to December, 2013”* and reply dated June 8, 2016, *“That inadvertently and due to oversight in the format the Company has shown partly paid up shares as NIL instead of 15400 and total Capital was shown as 3000000 equity shares fully paid up”*. Also vide its additional reply dated September 13, 2017, *that the amount of calls in arrear for the partly paid up shares was always there in the public domain and on the various filings with Exchange except in the detailed shareholding pattern where it was an unintentional and inadvertent typographical error as the statement being updated / prepared with reference to the previous statement.*
23. BSE also confirmed vide its email dated January 1, 2015 that the Noticee submitted revised shareholding pattern for the period December 2010 to December 2013 by incorporating partly paid up shares capital in shareholding pattern on December 26, 2014 i.e after a delay of around 4 years for all the 13 occasions, despite the requirement of making the same in 21 days from the end of each quarter.
24. Noticee has made disclosures to stock exchange (BSE) regarding details of partly paid up shares in term of clause 35 of Listing Agreement read with section 21 of SCRA for the quarter ended December 2010, March 2011, June 2011, September 2011, December 2011, March 2012, June 2012, September 2012, December 2012, March 2013, June 2013, September 2013, December 2013 only on December 26, 2014 i.e after a delay of around 4 years for all the 13 occasions, despite the requirement of making the same in 21 days from the end of each quarter. Thus it is established that Noticee had violated clause 35 of Listing Agreement read with section 21 of SCRA.

25. Noticee in its reply submitted that the present proceeding has been initiated on the basis of complaint received in SCORES for not disclosing details of partly paid up shares of the Company. However as per SCN the said complaint was only taken up with BSE in respect to discrepancies in shareholding pattern as mentioned in the complaint, BSE asked Noticee to offer its comments on the shareholding pattern submitted to it.
26. BSE vide its email dated January 15, 2015 submitted *that Noticee vide its letter dated December 26, 2014 made an application to BSE for forfeiture of 15,400 shares and also submitted revised shareholding pattern for the period December 2010 to December 2013 wherein in addition to capital of Noticee as 30,00,000 shares and 15,400 shares were reflected in table 1(a) as partly paid shares.*
27. Further the Noticee submitted that copy of such complaint was not provided and there has been no complaint in SCORES against the Noticee with reference to non disclosure of partly paid up shares and no complaint is pending against the Noticee. Here I note that the complaint was taken up with BSE and BSE in turn has taken up with the Noticee and Noticee in turn also submitted its revised shareholding pattern for the period December 2010 to December 2013 reflecting partly paid up shares vide its letter dated December 26, 2014 to BSE
28. The plea of the Noticee that alleged non-compliances were unintentional and inadvertent typographical error as the statement being updated / prepared with reference to the previous statement. The promoters or the directors of the company has not made any gain or taken unfair advantage and no loss has been caused to an investor or group of investors due to this inadvertent non-disclosure and the fact that the partly paid up shares was always available to the Stock Exchange, investor and the public at large as Calls in Arrears has always been disclosed in the Audited Accounts / Annual Report filed by the Company with the Stock Exchange and sent to the shareholders. I have noted from the submissions of Annual report that the partly paid

up shares has been disclosed in the annual report for the said period as submitted by the Noticee. The plea as mentioned above that the details of the partly paid up shares has been already disclosed in the annual report and it has also been sent to shareholders, cannot be considered an absolute defence to absolve the Noticee from mandatory requirement for public dissemination, though same can be considered as mitigating factors. Since it is a mandatory requirement as per the listing agreement of clause 35, the company agrees to file with the exchange the following details, separately for each class of equity shares / security in the formats specified in this clause, in compliance with the timelines specified in clause 35 of listing agreement. Hence I do not agree with the contentions made by the Noticee.

29. Noticee also submitted that there are no economic benefits accruing to any person due to noncompliance is also not acceptable. It would be appropriate to refer here the observations made by the Hon^{ble} SAT in the following cases:

- a) In the matter of ***Komal Nahata Vs. SEBI decided on January 27, 2014***:- *“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 15J of 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.”*
- b) In the matter of ***Akriti Global Traders Ltd. Vs. SEBI (Appeal No. 78 of 2014) decided on September 30, 2014*** :- *“... Argument of appellant that the delay was unintentional and that the appellant has not gained from such delay and therefore penalty ought not to have been imposed is without any merit, because, firstly, penal liability arises as soon as provisions under the regulations are violated and that penal liability is neither dependent upon intention of parties nor gains accrued from such delay.”*

30. Here, I refer the judgement of the Hon^{ble} Supreme Court of India in the matter of ***SEBI Vs. Shri Ram Mutual Fund*** [2006] 68 SCL 216(SC) has also held that *“In our considered*

opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant...”.

31. Hence, taking into account such delay, I am of the view that the violation committed by the Noticee is serious in nature thereby is a fit case for imposing monetary penalty under section 23E of SCRA; which read as follows:-

SCRA

Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.

23E. *If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty not exceeding to twenty-five crore rupees.*

32. While determining the quantum of penalty under section 23E of the SCRA, it is important to consider the factors stipulated in section 23J of the SCRA read with rule 5(2) of the Adjudication Rules, which reads as under:-

“23J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 23-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.”*

33. In the matter of ***Gurmeet Singh Dhingra Vs. SEBI (Appeal No. 353 of 2014) decided on December 13, 2014*** :- “...as per regulation 13(3) read with regulation 13(5) of the PIT Regulations, appellant was obliged to make disclosures within two working days of acquisition or sale of shares or voting rights as the case may be. In the present case, the appellant has

neither made disclosure when regulation 13(3) got triggered on account of acquiring 2,49,300 shares of Trinity on September 28, 2009 nor the appellant has made disclosures on sale of shares on December 30, 2009, January 5, 2010, January 8, 2010 and January 23, 2010 when on all the four occasions the sale resulted in decrease in shareholding by more than 2%. Thus, on all the five occasions, it was obligatory on part of the appellant to make disclosure under regulation 13(3) within the time stipulated under Regulation 13(5) of the PIT Regulations. Penalty imposable under Section 15A(b) of SEBI Act for failure to make such disclosure is ₹1 lac each day during which such failure continues or ₹1 crore whichever is less. Since the appellant has failed to make disclosure on all the aforesaid five occasions, penalty imposable for aforesaid five violations would be ₹1 crore each i.e. ₹5 crore in all. As against penalty of ₹5 crore imposable on the appellant for not making disclosure under Regulation 13(3) read with Regulation 13(5) of PIT Regulations on the aforesaid five occasions, the adjudicating officer after considering all mitigating factors has imposed penalty of ₹5 lac which cannot be said to be excessive, arbitrary or unreasonable.

34. Though, no specify disproportionate gains or unfair advantage made by the Noticee or the specific loss suffered by the investors due to such non / delayed disclosure regarding details of partly paid up shares in term of clause 35 of Listing Agreement read with section 21 of SCRA or the repetition of the default, is shown on records. I note that Noticee submitted revised shareholding pattern for the period December 2010 to December 2013 by incorporating partly paid up shares capital in shareholding pattern on December 26, 2014 i.e after a delay of around 4 years for all the 13 occasions. Thus, the default of the Noticee is found to be repetitive in nature. It is relevant to mention here the objectives of said provisions of listing agreement is that the companies which seek listing of their securities and the listed companies shall mandatorily ensure public dissemination of their shareholding pattern pursuant to change as per Clause 35 of Listing agreement. As per clause 35, *the company agrees to file with the exchange the following details, separately for each class of equity shares/ security in the formats specified in this clause, in compliance with the following timelines, namely:-a) One day prior to listing of its securities on the stock*

exchanges, b) On a quarterly basis, within 21 days from the end of each quarter, c) Within 10 days of any capital restructuring of the company resulting in a change exceeding +/-2% of the total paid-up share capital". The main objective was to enhance the quality of disclosures made by listed entities and seek to achieve fair treatment by inter alia mandating disclosure of timely and adequate information to enable shareholders to make an informed decision and ensuring that there is a fair and informed market in the shares of companies. Correct and timely disclosures are also an essential part of the proper functioning of the securities market and failure to do so results in preventing investors from taking well informed decision. Therefore, taking into consideration the facts / circumstance of the case and above factors, I am of the view that a justifiable penalty needs to be imposed upon the Noticee to meet the ends of justice.

ORDER

35. After taking into consideration all the aforesaid facts and circumstances of the case, the mitigating factors mentioned above, I, hereby impose a penalty of ₹ 4,00,000/- (Rupees Four Lakh only) on the Noticee / Enterprise International Limited, in terms of the provisions of Section 23E of the SCRA. I am of the view, that the said penalty would commensurate with the violations committed by the Noticee.

36. 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 |

37. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Chief General Manager of Enforcement Department of SEBI. The Format for forwarding details / confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated at e-mail ID - tad@sebi.gov.in

| Date | Department of SEBI | Name of Intermediary/ Other Entities | Type of Intermediary | SEBI Registration Number (if any) | PAN | Amount (in Rs.) | Purpose of Payment (including the period for which payment was made e.g. quarterly, annually) | Bank name and Account number from which payment is remitted | UTR No |
|------|--------------------|--------------------------------------|----------------------|-----------------------------------|-----|-----------------|---|---|--------|
| | | | | | | | | | |

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

DATE: SEPTEMBER 27, 2017

PLACE: MUMBAI

RACHNA ANAND

ADJUDICATING OFFICER