BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. EAD-5/SVKM/AA/AO/14/2015-16]

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

Viaggio Entertainments Pvt. Ltd.
(Now known as Viaggio Traders Pvt. Ltd.)

(**PAN: AACCV0634L**)

In the matter of Mahan Industries Limited

BACKGROUND IN BRIEF

1. Securities and Exchange Board of India (**SEBI**) conducted investigation relating to buying, selling or dealing in the shares of Mahan Industries Limited (hereinafter referred to as "**MIL/company**") to ascertain whether there was any violation of the provisions of the SEBI Act and Regulations thereunder. Investigation revealed that as on December 31, 2009, MIL had issued capital of 71,50,000 shares of ₹ 10/- each. On January 4, 2010 MIL made a preferential allotment of convertible equity warrants for ₹ 30 crores. On January 15, 2010, MIL split its one share of ₹10/- each into 10 equity shares of ₹ 1/- each. Pursuant to that on January 15, 2010, company had issued capital of ₹ 7,15,00,000/- divided into 7,15,00,000 shares of ₹ 1/- each and outstanding convertible equity warrants of ₹ 30 crores. On February 20, 2010, the Board of Directors of the MIL decided that convertible warrants, where full amount of consideration has been received by the company, may be converted into equal number of shares of ₹ 1/- each. Accordingly, on February 20, 2010, MIL made allotment of 24,85,00,000

shares of ₹ 1/- each to the preferential allottees of the convertible equity warrants. Therefore, on February 20, 2010 MIL had issued capital of 32,00,00,000 shares of ₹ 1/- each and outstanding convertible preferential warrants worth ₹ 5,15,00,000/-

2. The details of the shares allotted to Viaggio Entertainments Pvt. Ltd. (now known as Viaggio Traders Pvt. Ltd.) (hereinafter referred to as "**Noticee**") pursuant to conversion of equity warrants into equity share of ₹ 1/- each by MIL on February 20, 2010 and its percentage to the issued capital of MIL as on that date was as under:

Name	No. of shares allotted	% of shares to the issued capital of the company (32,00,00,000 shares of ₹ 1/- each)
Viaggio Entertainments Pvt. Ltd.	4,50,00,000	14.06

3. It was observed during the investigation that since the acquisition of shares by the noticee on February 20, 2010 entitled them to more than the threshold limits of shares or voting rights of MIL as stipulated under regulations 7(1) and 7(1A) read with regulation 7(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as **"SAST Regulations, 1997"**), they were under obligation to make disclosure about their aggregate shareholding or voting rights in the MIL to MIL as well as to BSE within 2 days of transaction as stipulated by the afore-mentioned regulations. However, it was observed that no disclosures as stipulated by the afore-mentioned regulations, for the said transaction dated February 20, 2010 was made by the Noticee. Therefore, it was alleged that the Noticee violated the provisions of regulations 7(1) and 7(1A) read with regulation 7(2) of SAST Regulations, 1997.

4. It was further observed that since pursuant to conversion of equity warrants into equity share of ₹ 1/- each by MIL on February 20, 2010, noticee held 5% or more shares of MIL, they were under obligation to make disclosure about their shareholding or voting rights in the MIL to MIL in Form A within 2 days of

transaction as stipulated by Regulation 13(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992 **(PIT Regulations, 1992**). However, it was observed that the Noticee did not make the requisite disclosure as stipulated by the afore-mentioned regulation. Therefore, it was alleged that the Noticee violated the provisions of regulation 13(1) of PIT Regulations, 1992.

APPOINTMENT OF ADJUDICATING OFFICER

5. Shri A. Sunil Kumar was appointed as the Adjudicating Officer to inquire and adjudge under section 15A(b) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**"), the alleged violations of provisions of regulations 7(1) and 7(1A) read with regulation 7(2) of SAST Regulations, 1997; read with Regulation 35 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(SAST Regulations, 2011)**, and Regulation 13(1) of PIT Regulations, 1992 by the noticee. Subsequently, upon the transfer of Shri A. Sunil Kumar, I have been appointed as Adjudicating Officer, in the present matter, vide order dated June 22, 2015.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

6. Show Cause Notice no. EAD-5/ADJ/ASK/AA/OW/28873/2014 dated October 01, 2014 (hereinafter referred to as "**SCN**") was issued to the noticee in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with section 15I of SEBI Act, 1992 to show cause as to why an inquiry should not be initiated and penalty be not imposed under section 15A(b) of SEBI Act, 1992 for the violations specified in the SCN. The copies of the documents relied upon in the SCN were provided to the Noticee along with the SCN. The said SCN was duly delivered to the noticee, however, no reply to the SCN was submitted by the noticee within the time prescribed in the SCN.

7. Thereafter, Noticee was given an opportunity of personal hearing on December 19, 2014 vide notice dated December 04, 2014. The said notice, sent by the mode of hand delivery, was returned undelivered with the comment "*Office locked*". In terms of Rule 7 of the Adjudication Rules, copy of the said notice was served upon the noticee vide letter dated December 16, 2014 by affixing it on the last known address of the noticee. However, Noticee neither replied to the SCN nor attended the personal hearing.

8. Another opportunity of personal hearing was given to the noticee on January 16, 2015 vide notice dated January 02, 2015. On the date of hearing, Mr. P.K.Ramesh appeared as Authorised Representative on behalf of the noticee and submitted that the noticee would be filing a detailed reply to the SCN within 10 days. AR also submitted that the noticee is contemplating the option of filing consent application in the matter for settlement of the adjudication proceedings and sought time of 10 days for filing the same.

9. Noticee filed reply to the SCN vide letter dated January 25, 2015. The summary of submissions of the noticee with respect to specific charges alleged in the SCN are as follows:

- *No investigation is carried out in the matter and directly a Show Cause Notice is issued to the Noticee.*
- *There is a major delay of about 4 years in issuing the SCN as the conversion of the impugned convertible warrants pertain to February 2010 and SCN is issued in October 2014 hence the same is in gross violation of principles of natural justice.*
- *Noticee was allotted 45,00,000 convertible equity warrants of ₹ 10/- each for ₹ 4,50,000/- of MIL on04.01.2010. The said warrants got converted into 4,50,00,000 equity shares on 22.02.2010 constituting 14.06% of the issued capital of the company. In February 2010 there was a partial conversion of convertible equity warrants (out of 30 crore, 24.85 crore was converted into equity) and later in May 2010 remaining warrants got converted into equity and hence the noticee's holding was reduced to 12.11%. The noticee was required to make disclosure under SAST Regulations and PIT Regulations*

about its holding as on 22.02.2010. The noticee was not aware about its obligations to disclose its shareholding on conversion of warrants which were allotted by the company on a preferential basis. The noticee was always under the impression that it is the obligation of MIL to report such preferential allotment related transaction to the BSE and therefore the noticee had disclosed this information to MIL (copy enclosed). This is unintended, inadvertent, minor and technical lapse on part of the noticee. However, MIL had made this disclosure to BSE in its quarterly disclosure for the quarter ended March 2010 and June 2010 (copy enclosed).

- *Noticee being a private limited company operate through limited personnel and it has neither the capacity nor need for engaging qualified Chartered Accountants, Company Secretaries etc. who would have expertise with regard to various rules and regulations of different regulatory authorities especially SEBI Rules and Regulations.*

  Mitigating factors

  a) The noticee has not violated any substantial provisions of law.
  b) The noticee is not guilty of conduct which is contumacious or dishonest or acted in conscious disregard of law.
  c) The noticee has not viewed the regulatory proceedings in a nonchalant manner.
  d) The noticee has not made any unfair gain or advantage in any manner.
  e) The lapse of non-disclosure on the part of the noticee is not repetitive in nature.
- *In view of the above, noticee has submitted that it has not violated provisions of SAST and PIT Regulations.*
- *Noticee also referred to para 22 of Bharjatiya Steel Industries v Commissioner of Sales Tax, U.P. {(2008) 11 SCC 617}.*

10. As per the records, the consent application filed by the noticee was rejected by SEBI. The undersigned, after being appointed as Adjudicating Officer in the present matter, also gave an opportunity of hearing to the Noticee on July 20, 2015. Noticee did not appear on the scheduled date of hearing and vide email dated July 20, 2015, AR sought another opportunity of hearing. Another opportunity of hearing was given to the Noticee on August 11, 2015. On the scheduled date of hearing, AR appeared and submitted as follows:

"It was admitted that Viaggio had acquired shares of the target company on February 20, 2010 to the extent of 14.06% of the paid up capital. The submissions made earlier before erstwhile Adjudicating Officer, were reiterated. The

necessary disclosures were made to the company which is part of the reply dated January 25, 2015 at Annexure A under regulation 13(5) of PIT Regulations, 1992. It was submitted that though no separate disclosure was made under regulation 7(1) of SAST Regulations, 1997, it is essentially the same under both the regulations. However, it was submitted that they did not inform the stock exchanges as they were under an impression that the company will file the said disclosures. It was reiterated that the acquisition level exceeding the threshold limits was purely technical and occurred inadvertently and had caused no damage or impact on the shareholders/stakeholders"

CONSIDERATION OF ISSUES AND FINDINGS

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

a. Whether Noticee violated the provisions of regulations 7(1) and 7(1A) read with regulation 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992?

b. Does the violation, if any, attract monetary penalty under section 15A (b) of SEBI Act, 1992?

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?

12. Before dealing with the charges and allegations it is necessary to examine the preliminary objection of the noticee that no investigation is carried out in the matter and directly a Show Cause Notice is issued to the Noticee. I find from the available records that investigation was carried out by SEBI into buying, selling or dealing in the shares of MIL and action against various entities, including the noticee, was approved by the competent authority on February 28, 2014. Thereafter, Shri A. Sunil Kumar, erstwhile Adjudicating Officer in the matter, issued the SCN to the noticee. Hence, the contention of noticee is rejected. It is pertinent to mention here that it is not necessary that each Show Cause Notice be preceded by a full scale investigation. It is sufficient if the material based on which a charge is levelled is disclosed to the delinquent and he is given an

opportunity to rebut the same. The present case involves acquisition of share by the noticee beyond the threshold limit requiring it to make disclosure under the SAST Regulations, 1997 and PIT Regulations, 1992 and its failure to make such disclosure.

13. The second preliminary objection of the noticee is that there is a major delay of about 4 years in issuing the SCN as the conversion of the impugned convertible warrants pertain to February 2010 and SCN is issued in October 2014 hence the same is in gross violation of principles of natural justice. As mentioned in the above paragraph, action against various entities, including the noticee, was approved by the competent authority on February 28, 2014 and the SCN was issued to the noticee on October 01, 2014 and hence I find that there is no delay and no prejudice caused to the noticee by way of any interim restraint order. Under the circumstances, delay in initiating the proceedings itself cannot be said to vitiate the proceedings.

14. Having addressed the aforesaid preliminary contentions of the noticee, I now proceed to deal with the merits of the case.

Issue I - Violation of provisions of regulations 7(1) and 7(1A) read with regulation 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992

15. Before moving forward, it is pertinent to refer to the relevant provisions of SAST Regulations, 1997 and PIT Regulations, 1992 which reads as under:

SAST Regulations, 1997

*"**Acquisition of 5 per cent and more shares or voting rights of a company.***
7 (1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen 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.

(1A) 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.
Explanation. - For the purposes of sub-regulations (1) and (1A), the term 'acquirer' shall include a pledgee, other than a bank or a financial institution and such pledgee shall make disclosure to the target company and the stock exchange within two days of creation of pledge.

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

PIT Regulations, 1992
"Disclosure of interest or holding by directors and officers and substantial shareholders in a listed companies - Initial Disclosure
13. *(1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :—*
(a) the receipt of intimation of allotment of shares; or
(b) the acquisition of shares or voting rights, as the case may be."

16. Upon perusal of the submissions and documents available on record, it is an admitted fact that the noticee was allotted 4,50,00,000 equity shares of MIL upon conversion of its 45,00,000 convertible warrants by MIL on February 20, 2010. It is also not in dispute that the aforesaid allotted shares constituted 14.06% of the issued share capital of MIL at the relevant time and no disclosure within the time prescribed was made by the noticee to MIL and BSE under Regulation 7(1) read with Regulation 7(2) of SAST Regulation, 1997 nor disclosure was made by the noticee to BSE within the time prescribed under Regulation 13(1) of PIT Regulations, 1992. The disclosure to BSE for the aforesaid acquisition was made by the noticee only on January 15, 2015 after the issuance of SCN.

17. However, the Noticee has contended that the noticee being a small private limited company operating through a limited amount of personnel was not aware of the requirement to make necessary disclosures under SAST and PIT Regulations. Moreover, it was always under the impression that it is the obligation of MIL to report such preferential allotment related transaction to the BSE and therefore the noticee had disclosed this information to MIL and the company had made this disclosure to BSE in its quarterly disclosure for the quarter ended March 2010 and June 2010.

18. This contention of the Noticee cannot be accepted as "*Ignorantia juris non excusat'*, that is to say, ignorance of law is not an excuse and does not exclude any person from the penalty for the breach of it. Moreover, the aforesaid contention of the noticee seems to be an afterthought in as much as the noticee, on his own showing, made disclosure to MIL under PIT Regulation about the acquisition of shares in question. This makes it abundantly clear that the noticee was aware about the requirement of law to make disclosures about acquisition of shares in question at or above 2% and 5% under SAST Regulations, 1997 and PIT Regulations, 1992 respectively to the company as well the to the Stock Exchange but chose not to do it. Hence, I do not find any merit in the said submission of the Noticee.

19. In the context of the contention of the noticee that MIL had made this disclosure to BSE in its quarterly disclosure for the quarter ended March 2010 and June 2010, I would like to rely on the judgment of Hon'ble Securities Appellate Tribunal (SAT) in *Premchand Shah and Others V. SEBI* (*Appeal no. 108 of 2010 decided on February 21, 2011*), wherein it was observed that "..... *When law prescribes a manner in which a thing is to be done, it must be done only in that manner or not at all. Both sets of regulations prescribe formats in which the disclosures are to be made and those are then put out for the information of the*

general public through special window(s) of the stock exchange which did not happen in this case. The fact that non disclosure has been made penal makes it clear that the provisions of regulation 7(1A) of the takeover code and regulations 13(3) and 13(4) of the insider regulations are mandatory in nature. Non disclosure of the information in the prescribed manner deprived the investing public of the information which is required to be available with them when they take an informed decision while making investments."

20. Further, I would also like to rely on observation of Hon'ble SAT in *Ambaji Papers Pvt. Ltd. V. The Adjudicating Officer, SEBI (Appeal no. 201 of 2013 decided on January 15, 2014*), wherein similar contention of information being in the public domain was raised by the appellant. SAT observed "*.... that a reading of Regulation 7 of the SAST Regulations, 1997 read with Regulation 35(2) of the SAST Regulations, 2011* ***clearly points out that not only the company, but an acquirer is also required to inform the stock exchanges at every stage of aggregate of the shareholding or voting rights in the company.*** *The object underlying these regulations is, therefore, unequivocally to bring more transparency by dissemination of complete information to the public as well as shareholders at large not only by the concerned company but by the individual acquirer as well....." (emphasis supplied)*

21. Noticee had also submitted that disclosure under regulation 7(1) of SAST Regulations, 1997 was not made to MIL as it is essentially the same as under the PIT Regulations, 1992. In this context, I would like to rely on the judgment of Hon'ble SAT in *Bindal Synthetics Private Limited V. SEBI* (*Appeal no. 75 of 2014 decided on June 09, 2014*), wherein it was observed that "..... *fact that the appellant had made disclosures under PIT Regulations, 1992 does not absolve appellants obligation to make disclosure under regulation 7(1A) of SAST*

Regulations, 1997." The disclosure made under PIT Regulations is not substitute for the disclosure to be made under SAST Regulations.

22. I note that the disclosure to BSE for the aforesaid acquisition of 4,50,00,000 equity shares of MIL upon conversion of 45,00,000 convertible warrants by MIL on February 20, 2010 was made by the noticee only on January 15, 2015 after the issuance of SCN whereas the same was required to be made on February 22, 2010 i.e. within two days of the acquisition . There can be no dispute that compliance of regulations is mandatory and the timely disclosure is mandated for the benefit of the investors at large and it is duty of SEBI to enforce compliance of these regulations. Timeliness is the essence of disclosure and delayed disclosure defeats that purpose.

23. Now going back to the issue of violation of regulation 7(1) of SAST Regulations, 1997, I find that acquisition by the noticee on February 20, 2010 of 4,50,00,000 equity shares of MIL entitled them to 14.069% of the equity share capital of MIL at the relevant time which was more than the threshold limits of shares or voting rights of MIL as stipulated under regulations 7(1) read with regulation 7(2) of SAST Regulations, 1997. That being the case, they were under obligation to make disclosure about their aggregate shareholding or voting rights in the MIL **to MIL as well as to BSE within 2 days of transaction** as stipulated by the afore-mentioned regulations. However, as found above, the Noticee did not make the requisite disclosure within the prescribed time as stipulated by the afore-mentioned regulations to MIL and BSE. In view of the same, I find that the noticee has violated regulation 7(1) read with regulation 7(2) of SAST Regulations, 1997.

24. In so far as the obligation to make disclosure Regulation 7(1A) of SAST Regulations, 1997 is concerned, I note that the said provision is applicable only in respect of those acquirers whose shareholding together with shareholding of

persons acting in concert, if any, falls within the limit of 15% to 55% as stipulated under regulation 11(1) of SAST Regulations, 1997. In the instant matter, I find that it is a matter of record that the noticee's shareholding post conversion of warrants into equity shares was 14.06% only which is below the limits prescribed under regulation 11(1) of SAST Regulations, 1997. Therefore, the allegation of violation of regulation 7(1A) of SAST Regulations, 1997 by the noticee is not established. In fact, Regulation 7(1A) of SAST Regulations, 1997 has no application in the facts of the case.

25. As regards the violation of regulation 13(1) of PIT Regulations, 1992, I note that under the said regulation, any person who holds more than 5% shares or voting rights in any listed company, is under an obligation to disclose to the company in the prescribed Form the number of shares or voting rights held by such person on becoming the holder within two working days of the receipt of allotment of shares or acquisition of shares or voting rights. In the instant case, it is a matter of record as well as an admitted fact that the noticee was allotted 14.06% of the equity share capital of MIL on February 20, 2010 for which, as has been found above, no disclosure within the prescribed time as stipulated by the afore-mentioned regulation was made by the Noticee to BSE. In view of the same, I find that the noticee has violated regulation 13(1) of PIT Regulations, 1992.

Issue II - Does the violation, if any, attract monetary penalty under section 15A (b) of SEBI Act, 1992?

26. By not making the disclosures on time, the Noticee failed to comply with its statutory obligation. In this context, reliance is placed upon the order of the Hon'ble Supreme Court of India in the matter of *Chairman, SEBI v. Shriram Mutual Fund* {[2006] 5 SCC 361} wherein it was held that "*In our view, the penalty is attracted as soon as contravention of the statutory obligations as contemplated by the Act is established and, therefore, the intention of the parties*

committing such violation becomes immaterial. ……. Hence, we are of the view that once the contravention is established, then the penalty has to follow and only the quantum of penalty is discretionary.....…". Hon'ble Supreme Court of India further 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 Regulation is established and hence the intention of the parties committing such violation becomes wholly irrelevant. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not…."*

27. The noticee has referred to observation made by Hon'ble Supreme Court of India in para 22 of *Bharjatiya Steel Industries v Commissioner of Sales Tax, U.P.* {(2008) 11 SCC 617} regarding absence of mens rea as a ground for non-levy of penalty. However, the reliance placed by the Noticee on the afore-mentioned case does not support its case as in the referred case the Hon'ble Supreme Court of India has also observed that *"Furthermore, the question as to whether mens rea is an essential ingredient or not will depend upon the nature of the right of the parties and the purpose for which penalty is sought to be imposed."* I am of the view that in the Shriram Mutual Fund case referred supra, the Hon'ble Supreme Court while interpreting the provisions of the SEBI Act, 1992 has made it abundantly clear that as soon as contravention of the statutory obligation as contemplated by the Act and the Regulation is established then the penalty has to follow and only the quantum of penalty is discretionary. It further held that "… *imputing mens rea into the provisions of Chapter VIA is against the plain language of the statute and frustrates entire purpose and object of introducing Chapter VIA to give teeth to the SEBI to secure strict compliance of the Act and*

the Regulations." In view of the same, in my opinion the aforesaid judgment is of no assistance to the Noticee.

28. As the violation of the statutory obligation under regulation 7(1) read with regulation 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992 has been established, I hold that the Noticee is liable for monetary penalty under section 15A(b) of SEBI Act.

29. The aforesaid provisions read as under:

"15A. Penalty for failure to furnish information, return, etc.- *If any person, who is required under this Act or any rules or regulations made thereunder,-*
(a)……;
(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;"

Issue III - What would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of SEBI Act?

30. While determining the quantum of penalty under section 15A(b), it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

"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."

31. I note that 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. Also there is 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. Further, there is no material on record to indicate that such default was repetitive. It is important to note that securities market operates on disclosure based regime and hence true and timely disclosure of information, as prescribed under the statute, is an important regulatory tool intended to serve a public purpose. The Noticee, by its failure to make requisite disclosure within the time prescribed under SAST and PIT Regulations, deprived disclosure and therefore dissemination of valuable information to investors at the relevant point of time.

ORDER

32. After taking into consideration all the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Section 15I (2) of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose following penalty on the noticee i.e. Viaggio Entertainments Pvt. Ltd. (now known as Viaggio Traders Pvt. Ltd.):

Penalty Amount	**Violation**
₹ 2,50,000/- (Rupees Two Lakh Fifty Thousand Only)	Under section 15A(b) of SEBI Act for violation of Regulation 7(1) of SAST Regulations, 1997 read with Regulation 35 of SAST Regulations, 2011.
₹ 2,50,000/- (Rupees Two Lakh Fifty Thousand Only)	Under section 15A(b) of SEBI Act for violation of regulation 13(1) of PIT Regulations, 1992.
Total	₹ 5,00,000/- (Rupees Five Lakh Only)

33. I am of the view that the penalty imposed is commensurate with the violations committed by the Noticee. The penalty shall be paid by way of demand draft drawn in favour of "SEBI – Penalties Remittable to Government of India" payable at Mumbai within 45 days of receipt of this Order. The said demand draft shall be forwarded to the Regional Director, Western Regional Office – II, Securities and Exchange Board of India, Unit No: 002, Ground Floor, SAKAR I,

Near Gandhigram Railway Station, Opp. Nehru Bridge, Ashram Road, Ahmedabad – 380009.

34. In terms of rule 6 of the Rules, copies of this order are sent to the Noticee and also to the Securities and Exchange Board of India.

Date: August 31, 2015
Place: Mumbai

S. V. Krishnamohan
Chief General Manager &
Adjudicating Officer