

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/PM/NK/2019-20/4176]

**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

Pradeep Kumar Jindal (PAN: AAIPJ8526A)

In the matter of

Trading Activities of Certain Entities in the scrip of Pawansut Holdings Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) conducted an investigation into the Trading Activities of Certain Entities in the scrip of Pawansut Holdings Limited (herein after referred to as 'Pawansut' or PHL or 'the Company') during the period June 11, 2013 to September 11, 2014 (hereinafter referred to as ‘investigation period’/‘period of investigation’). It was alleged that the promoter entity Pradeep Kumar Jindal (Promoter & Director of Pawansut) failed to make disclosures on various instances in respect of the changes in his shareholding in the scrip of Pawansut during the investigation period in accordance with the disclosure requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as SEBI (PIT) Regulations, 1992). It was also alleged that the promoter group entity Pradeep Kumar Jindal as PAC with Laxman Singh Satyapal failed to make disclosures on various

instances in respect of the changes in the shareholding in the scrip of Pawansut during the investigation period in accordance with the disclosure requirements under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (hereinafter referred to as SEBI (SAST) Regulations, 2011).

2. The above, required disclosures by the Noticee in terms of provisions of Regulations 13(4) and 13(4A) read with 13(5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 and Regulation 29(2) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011 which the Noticee failed to disclose as mentioned above in accordance with the aforesaid Regulations.
3. In view of the above, it was alleged that the Noticee had not complied with the provisions of Regulations 13(4) and 13(4A) read with 13(5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 and Regulation 29(2) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011.

APPOINTMENT OF ADJUDICATING OFFICER

4. The undersigned was appointed as the Adjudicating Officer under section 15I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “SEBI Act”) read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalty by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the ‘Adjudication Rules’) to inquire into and adjudge under section 15A(b) of the SEBI Act, 1992 for the alleged violations of provisions of Regulations 13(4) and 13(4A) read with 13(5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 and Regulation 29(2) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A Show Cause Notice no. EAD/AO- PM/NK/PHL/ 27268/2018 dated September 28, 2018 (hereinafter referred to as “SCN”) was inter alia issued to the Noticee under Rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be initiated and penalty

be not imposed under section 15A(b) of the SEBI Act, 1992 for the alleged violations specified in the SCN.

6. It was alleged in the SCN that the promoter entity Pradeep Kumar Jindal (Promoter & Director of Pawansut) has failed to make disclosures on various instances in respect of the changes in his shareholding in the scrip of Pawansut during the investigation period in accordance with the disclosure requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992. Details in this regard are given below:

Disclosure requirements for Pradeep Kumar Jindal (Promoter & Director) under SEBI (PIT) Regulations, 1992 for change in shareholding in the scrip of Pawansut

Date	No. of shares held pre-acquisition	%age of shares held pre-acquisition	Purchase /sell	No. of shares purchased/ sold	%age of share holding	Value of Transactions (Rs.)	No. of shares held post Purchase /sell	%age of share holding	Trigger for Disclosure under Regulations 13 (3), 13 (4)& 13 (4A) read with 13(5) of SEBI (PIT) Regulations 1992 & Date of Disclosure	Remarks
08/08/2013	22202	0.20	Sell	4500	0.04	1631790.00	17702	0.16	Regulation 13(4) & 13(4A) read with 13(5) of SEBI (PIT) Regulations 1992	No Disclosure
02/04/2014	17702	0.16	Sell	17702	0.16	3347094.16	0	0.00	Regulation 13(4) & 13(4A) read with 13(5) of SEBI (PIT) Regulations 1992	No Disclosure

7. It was also alleged in the SCN that the promoter group entity Pradeep Kumar Jindal as PAC with Laxman Singh Satyapal has failed to make disclosures on various instances in respect of the changes in their shareholding in the scrip of Pawansut during the investigation period in accordance with the disclosures requirements under SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011. Details in this regard are given below:

Disclosure requirements under Regulation 29 of SEBI (SAST) Regulations, 2011 for promoter entity along with its PACs, for change in shareholding of Pawansut during the investigation period:

Date	Consolidated shareholding of promoters /PACs pre purchase / disposal	Consolidated % of shareholding held - pre purchase / disposal by promoter / PACs	Consolidated no of shares purchased /disposed by promoter s/ PACs	Purchase / Sell	Consolidated % of shareholding of shares purchased / disposed by promoter /PACs	Consolidated shareholding held - post purchase / disposal by promoter and PACs	Consolidated % of shareholding of promoters/PAC post purchase / disposal	Trigger for disclosures under Regulation 29(2) read with 29(3) of SEBI (SAST) Regulations 2011
11-Jun-2013	3721147	32.89	5,900	Sell	0.05	3715247	32.84	
12-Jun-2013	3715247	32.84	2,400	Sell	0.02	3712847	32.82	
19-Jun-13	3712847	32.82	7,000	Sell	0.06	3705847	32.75	
22-Jun-2013	3705847	32.75	16200	shares dematerialised	0.14	3722047		
26-Jun-2013	3722047	32.90	27,607	Purchase & Sell	0.24	3749654	33.14	
27-Jun-2013	3749654	33.14	33,491	Purchase	0.30	3783145	33.44	
28-Jun-2013	3783145	33.44	4,602	Purchase & Sell	0.04	3787747	33.48	
29-Jun-13	3787747	33.48	30,858	Purchase	0.27	3818605	33.75	
01-Jul-2013	3818605	33.75	25,065	Purchase	0.22	3843670	33.97	
03-Jul-2013	3843670	33.97	17,000	Purchase	0.15	3860670	34.12	
08-Jul-2013	3860670	34.12	4,500	Sell	0.04	3856170	34.08	
09-Jul-2013	3856170	34.08	752,000	Sell	6.65	3104170	27.44	Regulation 29(2) read with 29(3) of SEBI (SAST) Regulations 2011
11-Jul-2013	3104170	27.44	4,600	Sell	0.04	3099570	27.40	
25-Jul-2013	3099570	27.40	44,000	Sell	0.39	3055570	27.01	
8-Aug-13	3055570	27.01	4,500,000	Sell	0.04	3051070	26.97	
12-Aug-13	3051070	26.97	200000	Purchase & Sell	1.77	2851070	25.20	Regulation 29(2) read with 29(3) of SEBI (SAST) Regulations 2011
27-Aug-13	2851070	25.20	46550	Purchase	0.41	2897620	25.61	
3-Sep-13	2897620	25.61	45000	Sell	0.40	2852620	25.21	
12-Sep-13	2852620	25.21	20000	Sell	0.18	2832620	25.04	
13-Sep-13	2832620	25.04	50000	Sell	0.44	2782620	24.59	
20-Sep-2013	2782620	24.59	50,000	Sell	0.44	2732620	24.15	
30-Sep-13	2732620	24.15	434,555	Purchase	3.84	3167175	27.99	Regulation 29(2) read with 29(3) of SEBI (SAST) Regulations 2011

4-Oct-13	3167175	27.99	20,000	Purchase	0.18	3187175	28.17	
14-Oct-13	3187175	28.17	20,000	Sell	0.18	3167175	27.99	
31-Oct-13	3167175	27.99	323,127	Purchase	2.86	3490302	30.85	Regulation 29(2) read with 29(3) of SEBI (SAST) Regulations 2011
11-Nov-13	3490302	30.85	375,873	Purchase	3.32	3866175	34.17	---do--
12-Nov-13	3866175	34.17	95,000	Sell	0.84	3771175	33.33	
30-Nov-2013	3771175	33.33	4050	shares dematerialised	0.04	3775225	33.37	
11-Dec-2013	3775225	33.37	1250	shares dematerialised	0.01	3776475	33.38	
12-Dec-13	3776475	33.38	143940	Sell	1.27	3632535	32.11	Regulation 29(2) read with 29(3) of SEBI (SAST) Regulations 2011
16-Jan-2014	3632535	32.11	275725	Purchase	2.44	3908260	34.54	---do--
12-Mar-2014	3908260	34.54	488000	Sell	4.31	3420260	30.23	---do--
26-Mar-14	3420260	30.23	300000	Sell	2.65	3120260	27.58	---do--
29-Mar-2014	3120260	27.58	106246	Purchase	0.94	3226506	28.52	
31-Mar-2014	3226506	28.52	219444	Purchase	1.94	3445950	30.46	Regulation 29(2) read with 29(3) of SEBI (SAST) Regulations 2011
2-Apr-14	3445950	30.46	249311	Purchase & Sell	2.20	3695261	32.66	---do--
12-May-14	3695261	32.66	300000	Sell	2.65	3395261	30.01	---do--
13-Jun-14	3395261	30.01	163818	Sell	1.45	3559079	31.46	
24-Jun-14	3559079	31.46	131500	Purchase	1.16	3690579	32.62	Regulation 29(2) read with 29(3) of SEBI (SAST) Regulations 2011
20-Jun-2014	3690579	32.62	242323	Purchase	2.14	3932902	34.76	---do--
8-Jul-14	3932902	34.76	75000	Sell	0.66	3857902	34.10	

8. The Noticee's reply dated October 30, 2018 to the SCN was received vide email dated October 31, 2018. The Noticee submitted that the SCN was received by him on October 15, 2018 and that the process of collating and compiling information has been initiated by him. The Noticee further requested for additional 4 weeks' time to reply to the SCN which was acceded to. However, the Noticee has not submitted his reply in the matter since then. Subsequently, an opportunity of personal hearing was granted to the Noticee on

June 4, 2019 vide letter dated May 10, 2019. The said hearing Notice returned undelivered with the envelope marked as “left”. Thereafter, another opportunity of personal hearing was granted on June 25, 2019 vide letter dated June 7, 2019. The said hearing notice also returned undelivered with the envelope marked as “left”. It is to be noted that address mentioned in the Noticee’s reply vide email dated October 31, 2018 was the same as that of the address on which the hearing notices were being sent. Further, the Noticee did not inform of any change in the communication address etc. Subsequently another opportunity of personal hearing was granted on July 22, 2019 vide letter dated June 28, 2019. The said hearing notice was also sent vide email to the Noticee provided vide email dated October 31, 2019. The same email id was used by the Noticee to communicate with SEBI while replying to the SCN vide letter dated October 30, 2018 and there was no failure notice in respect of the hearing notices sent on the above mentioned email id. The Noticee was granted a final opportunity of personal hearing on August 20, 2019 vide letter July 30, 2019 through post as well as email. I note that the Noticee has neither replied to the SCN nor responded to the multiple notice of personal hearing granted. Therefore, I am constrained to proceed with the present matter on the basis of material available on record.

9. In view of the above, I am convinced that the Noticee was given sufficient opportunity to present his case before me and that the principle of natural justice have been complied with respect to the Noticee’s matter.

CONSIDERATION OF ISSUES AND FINDINGS

10. I have carefully perused the charges levelled against the Noticee in the SCN and the material/documents available on record. The issues that arise for consideration in the present case are:

- 1) *Whether the Noticee has violated provisions of Regulation 13(4) and 13(4A) read with Regulation 13(5) of SEBI (PIT) Regulations, 1992 and Regulation 29(2) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011?*

- 2) Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15A(b) of the Securities and Exchange Board of India Act, 1992?
- 3) If yes, the monetary penalty that can be imposed upon the Noticee, taking into consideration the factors mentioned in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules.
11. Before moving forward, it is pertinent to refer to the relevant provisions of the SEBI (PIT) Regulations, 1992, and SEBI (SAST) Regulations, 2011 which read as under:-

SEBI (PIT) Regulations, 1992

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

- 13 (4) Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub-regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.
- (4A) Any person who is a promoter or part of promoter group 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 from the last disclosure made under Listing Agreement or under sub-regulation (2A) or under this sub-regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.
- (5) The disclosure mentioned in sub-regulations (3), (4) and (4A) shall be made within two working days of:

- (a) the receipts of intimation of allotment of shares, or*
- (b) the acquisition or sale of shares or voting rights, as the case may be.*

SEBI (SAST) Regulations, 2011

Disclosure of acquisition and disposal.

- 29 (2) *Any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, 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 two per cent of total shareholding or voting rights in the target company, in such form as may be specified.*
- (3) *The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company to, - (a) every stock exchange where the shares of the target company are listed; and (b) the target company at its registered office*

Issue 1) - *Whether the Noticee has violated the provisions of Regulation 13(4) and 13(4A) read with Regulation 13(5) of SEBI (PIT) Regulations, 1992 and Regulation 29(2) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011?*

12. I note that Regulation 13(4) of SEBI (PIT) Regulations, 1992 requires disclosure by a person who is a director or officer of a listed company in Form D to the company and to the stock exchange where the shares of the company are listed. The disclosure is required to be made with respect to 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) of the SEBI (PIT) Regulations, 1992 or under this sub-regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. I also note that Regulation 13(4A) of the SEBI (PIT) Regulations, 1992 requires disclosure by a person who is a promoter or part of the promoter group of a listed company in Form D to the company and the stock exchange where the securities are listed. The disclosure is required to be made with respect to 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 from the last disclosure made under Listing Agreement or under sub-regulation (2A) or under this sub-regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. Further, Regulation 13(5) of the SEBI (PIT) Regulations 1992 requires the disclosures to be made within 2 working days of (a) the receipts of intimation of allotment of shares, or (b) the acquisition or sale of shares or voting rights, as the case may be.

13. I also note that Regulations 29(2) read with 29(3) of SEBI (SAST) Regulations, 2011 inter alia requires disclosure by any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, 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 two per cent of total shareholding or voting rights in the target company, in such form as may be specified. The aforesaid disclosure is required to be made within two working days to the company at its registered office and to the Stock Exchange (s) where the shares of the target company are listed.
14. Upon perusal of the documents/material available on record, I find that the Noticee has not submitted reply to the SCN issued to it, neither it has availed the opportunity of personal hearing granted to it, even though ample opportunity of doing so was made

available to the Noticee. In this regard, it is pertinent to refer to the judgment dated December 08, 2006 of Hon'ble Securities Appellate Tribunal in the matter of **Classic Credit Ltd. v SEBI (Appeal No. 68 of 2003)** wherein, it observed "*... the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them*".

15. I also observe that the Hon'ble Securities Appellate Tribunal in the matter of **Sanjay Kumar Tayal & Ors. v SEBI (Appeal 68 of 2013 dated February 11, 2014)** had inter alia observed that "*...As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices...*"
16. Therefore, in view of the above case laws and non-submission of reply to the SCN issued in the matter and also not availing the opportunity of personal hearing before me, it can be safely presumed that the Noticee has admitted the charges levelled against him in the said SCN. However, in the interest of justice, I still proceed to decide the matter on the basis of material/documents available on record. Upon perusal of the documents available on record, I find that the Noticee was a promoter and a director of Pawansut. I also note that the Noticee was holding 22202 shares of Pawansut. The Noticee sold 4500 shares on August 8, 2013, having transaction value of Rs. 16,31,790/-. The Noticee further sold 17702 shares of Pawansut on April 2, 2014 having transaction value of Rs. 33,47,094.16. The aforesaid transactions had triggered the disclosure requirements under Regulation 13(4) read with 13(5) of the SEBI (PIT) Regulations, 1992 since the Noticee was a director of Pawansut and the value of both the transactions had exceeded the threshold limit of Rs. 5,00,000/- stipulated under Regulation 13(4) of the SEBI (PIT) Regulations, 1992. The aforesaid transactions also triggered the disclosure requirements stipulated under Regulation 13(4A) read with 13(5) of the SEBI (PIT) Regulations, 1992 since the Noticee was a Promoter of Pawansut and value of both the transactions had

exceeded the threshold limit of Rs. 5,00,000/- as stipulated under Regulation 13(4A) of the SEBI (PIT) Regulations, 1992.

17. I note from the shareholding pattern of Pawansut that the consolidated shareholdings of the promoters group was 32.89% (3721147) on June 11, 2013 as mentioned in the table at Paragraph 7 above. I note that the aforesaid shareholdings of the Group (promoters group) decreased to 27.44% (3104170) shares (a change of 5.45%) on July 9, 2013. The shareholding further decreased to 25.20% (2851070) shares (a change of 2.24%) on August 12, 2013. The shareholdings of the Group further increased to 27.99% (3167175) shares (a change of 2.79%) on September 30, 2013. The shareholdings of the Group further increased to 30.85% (3490302) shares (a change of 2.86%) on October 31, 2013. The shareholdings of the Group further increased to 34.17% (3866175) shares (a change of 3.32%) on November 11, 2013. The shareholdings of the Group decreased to 32.11% (3632535) shares (a change of 2.06%) on December 12, 2013. Shareholdings of the Group further increased by 2.44% to 34.54 % (3908260) share on January 16, 2014. Shareholding of the Group decreased by 4.31% to 30.23% (3420260) shares on March 12, 2014 and further by 2.65% to 27.58% (3120260) shares on March 26, 2014. Shareholdings of the Group increased by 2.88% to 30.46% (3445950) shares on March 31, 2014 and further by 2.20% to 32.66% (3695261) shares on April 2, 2014. Shareholding of the Group again decreased by 2.65% to 30.01% (3395261) shares on May 12, 2014 and again increased to 32.62% (3690579) shares (a change of 2.61%) on June 24, 2014 and further to 34.76% (3932902) shares (a change of 2.14%) on June 20, 2014.

From the above, I note that there were 14 (Fourteen) instances of change (increase/decrease) in the shareholding of the Group and with respect to each of the above mentioned transactions pertaining to increase and decrease in the shareholdings of the Promoters and Promoters group acting in concert with each other, the Noticee was required to make disclosures in accordance with the provisions of Regulation 29(2) read with Regulation 29(3) of the SEBI (SAST) Regulations, 2011.

18. It is pertinent here to refer to the observation of Hon'ble Securities Appellate Tribunal ('SAT') in **Ambaji Papers Pvt. Ltd. vs. the Adjudicating Officer, SEBI dated January 15, 2014**, wherein contention of information being in the public domain was raised by the appellant. Hon'ble 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"*.
19. I would further like to refer to the observations of Hon'ble SAT in the matter of **Virendrakumar Jayantilal Patel vs. SEBI (Appeal No. 299 of 2014 vide order dated October 14, 2014)**, wherein it was held that - *"obligation to make disclosures within the stipulated time is a mandatory obligation and penalty is imposed for not complying with the mandatory obligation. Similarly argument that the failure to make disclosures within the stipulated time, was unintentional, technical or inadvertent and that no gain or unfair advantage has accrued to the appellant, is also without any merit, because, all these factors are mitigating factors and these factors do not obliterate the obligation to make disclosures"*.
20. In view of the aforesaid discussions and in absence of any other documents /material available on record to suggest otherwise, I am of the considered view that the Noticee has failed to make disclosures under the relevant statutory provisions of the law. Therefore, I am convinced that the Noticee has violated the provisions of Regulations 13(4) and 13(4A) read with Regulation 13(5) of the SEBI (PIT) Regulations, 1992 and Regulations 29(2) read with Regulation 29(3) of the SEBI (SAST) Regulations, 2011.

Issue 2) - Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15A(b) of the Securities and Exchange Board of India Act, 1992?

21. I find that by not making the required disclosures, the Noticee failed to comply with the mandatory 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 vs. 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."*
22. As the violation of the provisions of Regulation 13(4) and 13(4A) read with Regulation 13(5) of SEBI (PIT) Regulations, 1992 and Regulation 29(2) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011 is established, the Noticee is liable for monetary penalty under section 15A(b) of SEBI Act, 1992 which, at the time of violation, 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)

Before 08.09.2014; (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;*

With Effect from 08.09.2014; (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;”

Issue 3) - The monetary penalty that can be imposed upon the Noticee, taking into consideration the factors mentioned in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules.

23. 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.”

24. The amount of disproportionate gain or unfair advantage to the Noticee or loss caused to investors as a result of the default is not quantified in the material available on record. Considering that there has been no disclosure by the Noticee on multiple occasions, the same are treated as repetitive in nature. It is important to note that the details of the shareholding of the promoters/Directors/majority shareholders and changes thereto are an important element for the proper functioning of the securities market and proper and timely disclosure thereof to the company and stock exchanges etc. are of significant importance from the standpoint of investors. The purpose of these disclosures is to bring about transparency in the transactions of Directors/Promoters/majority shareholders and assist the Regulator to effectively monitor the transactions in the market. Hon'ble SAT in the case of **M/s. Coimbatore Flavors & Fragrances Ltd. & Ors. vs SEBI (Appeal No. 209 of 2014 order dated August 11, 2014)**, as regards the importance of disclosure,

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."*

25. In view of all of the above, I am of considered view that the Noticee has violated the provisions of Regulation 13(4) and 13(4A) read with Regulation 13(5) of SEBI (PIT) Regulations, 1992 and Regulation 29(2) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011 and that it is a fit case for imposition of penalty for violation of the aforesaid Regulations.

ORDER

26. After taking into consideration the nature and gravity of charges established, the facts and circumstances of the case as enumerated above, I, in exercise of the powers conferred upon me under Section 15I (2) of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, hereby impose a monetary penalty of Rs. 12,00,000/- (Rupees Twelve Lakh Only) on the Noticee i.e. Mr. Pradeep Kumar Jindal under section 15A(b) of the SEBI Act, 1992 for the violation of the provisions of Regulation 13(4) and 13(4A) read with Regulation 13(5) of SEBI (PIT) Regulations, 1992 and Regulation 29(2) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011.
27. The Noticee shall remit / pay the said total amount of penalty within 45 days of receipt of this order in either of the following way:
- a. By using the web link
<https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>; OR
 - b. By way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai; OR

28. The Noticee shall forward the said Demand Draft in the format as given in table below shall be sent to "The Division Chief, Enforcement Department - DRA-IV, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051." and also to e-mail id :- tad@sebi.gov.in

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)	
Penalty	

29. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.
30. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to SEBI.

Date: August 29, 2019
Place: Mumbai

Prasanta Mahapatra
Adjudicating Officer