

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. EAD-7/BJD/BKM/3537/2019-20**

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:

**M/s McNally Bharat Engineering Company Limited,
4, Mangoe Lane,
Kolkata-70001**

In the matter of McNally Sayaji Engineering Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') examined into the irregularity in the trading in the shares of McNally Sayaji Engineering Limited (hereinafter referred to as McNally) and into the possible violation of the provisions of the Securities and Exchange Board of India Act 1992 (hereinafter referred to as the 'SEBI Act') and various Rules and Regulations made there under for a substantial change in shareholding of the Noticee on August 12, 2009, September 07, 2009, October 20, 2009, November 06, 2009 and for the failure to file disclosures at financial years ending on March 31, 2010 and March 18, 2013 in the scrip of McNally Sayaji Engineering Limited (hereinafter referred to McNally Sayaji/target company). The scrip of the target company was listed at DSE (Delhi Stock Exchange), VSE (Vadodara Stock Exchange) and Ahmadabad Stock Exchange (ASE). The DSE and VSE have already exited.

2. While examining the letter of offer filed by EMC Limited along with its persons acting in concert to acquire 26% of the voting share capital of target company, it was observed that there was a substantial change in shareholding of the Noticee on August 12, 2009, September 07, 2009, October 20, 2009, November 06, 2009 and March 18, 2013 which triggered the requirement of disclosures. However, Noticee failed to do the same. Further the Noticee also failed to submit the disclosures at the end of financial years 2009-10 & 2012-13 within the time line as prescribed by law. Therefore, it was alleged that the Noticee has violated Regulations 7(1A) and 8(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as SAST 1997) and Regulation 29(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(hereinafter referred to as SAST 2011).

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI has, therefore, initiated adjudication proceedings and I have been appointed as Adjudicating Officer vide Order dated August 8, 2017 under Section 19 of the SEBI Act, 1992 read with Section 15-I (1) of SEBI Act 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "Adjudication Rules 1995") to inquire and adjudge under Section 15 A(b) of the SEBI Act, for the alleged violations committed by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice (hereinafter referred to as "SCN") bearing ref. no. EAD-7/BJD/BKM/9226/2019 dated April 09, 2019 was issued to the Noticee under Rule 4 of SEBI Adjudication Rules to show cause as to why an inquiry be not held against it in terms of Rule 4 of the Adjudication Rules and penalty be not imposed under

Section 15 A(b) of the SEBI Act for the violations alleged to have been committed by the Noticee.

5. Vide letter dated April 22, 2019 the Noticee requested to the extension of 1 month time for filing the reply. The Noticee vide letter dated June 21, 2019 submitted the reply and the significant parts of the reply are as under:

- *On August 12, 2009, the EIG (Mauritius) Limited acquired 3, 83, 058 (Three Lakhs Eighty Three Lakhs and Fifty Eight) shares of the target company representing 9.82% of the share capital of the company from the Noticee. The Noticee disclosed the same under Regulation 7(1A) of SAST 1997 to the ASE, VSE, DSE and the target company. However, due to shifting of the Noticee, the copies of the disclosures are untraceable. However, as a matter of abundant precaution, fresh disclosures in this regard were made again on February 22, 2017 and the same was shared with SEBI vide letter dated February 27, 2017.*
- *On September 7, 2009, the Noticee acquired 34,55,529(Thirty Four Lakhs Fifty Five Thousand Five Hundred and Twenty Nine) shares of the Target Company pursuant to a scheme of arrangement entered into between the company and the Target Company representing 88.6% of the share capital of the target company. Given that these shares were acquired under a scheme, Noticee is of the view that no disclosures would be required.*
- *On November 27, 2009, the Noticee was required to disclose the number and percentage of shares or voting rights held by it and by persons acting in concert with it, in the Target Company within 21 days of the record date of Target Company for the purposes of declaration of dividend under Regulation 8(20) of the SAST 1997. Due to shifting of the office of the Noticee, we are unable to trace the copies of these disclosures. However, as a matter of abundant precaution, fresh disclosures in this regard were made again on February 22, 2017 and the same was shared with your good office vide letter dated February 27, 2017. A copy of the fresh disclosures and intimation to SEBI are attached*

- *On April 21, 2010, the Noticee was required to disclose the number and percentage of shares or voting rights held by him and by persons acting in concert with him, in the Target Company to the Target Company under Regulation 8(2) of SAST 1997. However, there was an inadvertent delay in the filing of the aforesaid disclosure due to certain delivery issues and the disclosure was filed on April 23, 2010.*
- *On March 18, 2013, the Noticee acquired 4.45% of the share capital of the Target Company. The Noticee had disclosed the same to the ASE, VSE, DSE and the Target Company under Regulation 29(2) of SAST 2011. The Noticee was, however, required to file the aforesaid disclosure within March 20, 2013. Due to the inadvertent delay in the filing of the aforesaid disclosure due to certain delivery issues, the disclosure was filed on March 21, 2013.*
- *Since the loss of the disclosures was beyond our control, penalty should not be levied. In this regards, the Bombay High Court, in Allana Sons(Pvt.) Ltd. V. Foreign Exchange Regulation Appellate Board (1994) 4 Camp. L J (Bom), has held that when events occur beyond the control of a concerned party, such party should not be penalized.*
- *In relation to the acquisition of 34,55,529(Thirty Four Lakhs Fifty Five Thousand Five Hundred and Twenty Nine) equity shares of the target company by the Noticee, since the applicable provisions of the SAST 1997 do not apply, the Noticee should not be held liable vis-a-vis that particular transaction.*
- *Under Regulation 3 of the SAST 1997, nothing contained in regulations 10, 11 and 12 of the aforesaid code shall apply to an acquisition of shares pursuant to a scheme of arrangement or reconstruction including amalgamation or merger or demerger under any law or regulation, Indian or foreign.*
- *Under Regulation 7(1A) of SAST 1997, any acquirer who has acquired shares or voting rights of a company under Regulation 11(1), or under the second proviso of Regulation 11(2) shall disclose purchase or sale aggregating 2(two)% 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. Therefore, for Regulation 7(1A) to apply the Noticee should have (i) acquired shares of the Target Company under*

Regulation 11(1) or the second proviso of Regulation 11(2); and (ii) disclosed the purchase or sale aggregating 2(two) % or more of the share capital of the target Company within 2 (two) days of the purchase or sale of shares.

- *The shares acquired on September 07, 2009 were acquired pursuant to a scheme of arrangement entered into between the Noticee and the Target Company. We further and submit that no purchase or sale of shares took place on the aforesaid date, as the same was an allotment of shares pursuant to the sanction of a scheme of arrangement entered into between the Noticee and the Target Company. Therefore, the question of complying with the provisions of Regulation 7(1A) of the takeover code 1997 cannot and does not arise.*
- *The aforesaid information has been disclosed by the Noticee in time or on a delay of one or two days. It has been accepted by the Supreme Court of India in various instances, beginning from Hindustan Steel V. State of Orissa (1970 AIR 253) till as recently as in 2018, in the matter of Competition Commission of India V Fast Way Transmissions (2018) 4 SCC 316, that penalties should not ordinarily be imposed unless the party obliged either acts deliberately in defiance of law or is guilty of conduct contumacious or dishonest, or acts in conscious disregard of its obligations.*

6. In the interest of natural justice and in terms of Rule 4 (3) of the Adjudication Rules, vide e-mail dated May 27, 2019 Noticee was granted an opportunity of personal hearing on June 27, 2019. Noticee appeared on June 27, 2019 in the personal hearing and reiterated the submission as made earlier vide letter dated June 21, 2019.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

7. I have carefully perused the charges levelled against the Noticee in the SCN, written submissions made and all the documents available on record. In the instant matter, the following issues arise for consideration :

- a. *Whether the Noticee has violated Regulations 7(1A) and 8(2) of SAST 1997 and Regulation 29(2) of SAST 2011.*
- b. *Does the violation, if any, on the part of the Noticee attract monetary penalty under Section 15 A(b) of the Act?*
- c. *If so, what would be the quantum of monetary penalty that can be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the Act?*

FINDINGS

8. Before proceeding further, I would like to refer to the relevant provisions of the SAST 1997 & SAST 2011 which read as under:

SAST 1997

7(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.

Continual Disclosure

8(2) A promoter or every person having control over a company shall, within 21 days from the financial year ending March 31, as well as the record date of the company for the purposes of declaration of dividend, disclose the number and percentage of shares or voting rights held by him and by persons acting in concert with him, in that company to the company.

SAST 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.

9. While examining the shareholding of the Noticee, I note from record and email dated July 12, 2016 received from the Merchant Banker, Motilal Oswal (MB) as under:

Date of Transaction	Opening Balance			Trans. Details	Closing Balance			Due date for compliance	Actual date for compliance	Period of Delay
	Capital of Target Co.	Holding of Promoter	% of shareholding by promoter	% share sold /acquired	Capital of Target co. after trans	Promoter holding %	Change in shareholding %			
Aug 12, 09	39,00,400	34, 05, 825	87.32%	9.82	39,00,400	77.50%	9.82%	Aug 14, 09	Not Complied	
Sep 7, 09	39,00,400	30,22,767	77.5%	88.6	73,55,929	88.07%	46.98%	Sep 07, 09	Not Complied	-
Oct 20, 09	73,55,929	64,78,296	88%	2.02	73,55,929	86.05%	-2.02%	Oct 22, 09	Not Complied	-
Mar 18, 13	89,89,273	63,29,698	70.41%	4.45	89,89,273	74.86%	4.45%	Mar 20, 13	Mar 21,13	1 day
FY ending Mar 31, 10								April 21, 10	Apr 23,10	2 days

Record date of Nov. 06, 09								Nov 27, 09	Not Complied	
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10. From the pre para it is found that there was a substantial change in shareholding of the Noticee on August 12, 2009, September 07, 2009, October 20, 2009 and March 18, 2013 which triggered the requirement of disclosures.

Issue I) Whether Noticee failed to disclose pursuant to the change in shareholding and violated Regulation 7(1A) of SAST 1997?

11. As per Regulation 7(1A) of SAST 1997 an acquirer who has acquired shares shall disclose, purchase or sale aggregating 2% or more, to the target company and the stock exchanges where the shares of the target company are listed, within two days of such purchase or sale.

12. I note that Noticee held 87.32% of the paid up equity share capital of the Company prior to August 12, 2009 and 88% prior to October 20, 2019. On August 12, 2009 the Noticee sold 3,83,058 shares, in off market, constituting 9.82% shares of the company and reduced its shareholding to 77.50% of the paid up equity share capital. Similarly on October 20, 2019 the Noticee sold 1,48,598 shares, in off market, constituting 2.02% shares of company and reduced its shareholding to 86.05% of the paid up equity share capital. Consequent to the change in the shareholding the Noticee had to disclose to the company and to the Stock Exchanges as required under the Regulation 7(1A) of SAST 1997. Noticee, vide letter dated June 21, 2019 submitted that due to shifting of office of the Noticee, the copies of the disclosures made during the relevant time are untraceable. It was also mentioned that as a matter of abundant precaution, fresh disclosures in this regard were made again on

February 22, 2017 for the change in shareholding on August 12, 2009, October 20, 2009. As per documents available on record, I note that Motilal Oswal, Merchant Banker of Noticee in its submission (Annexure 6) to SEBI during the relevant time stated that provisions of SAST Regulations were not complied with respect to aforesaid transactions.

13. Since there is no proof submitted by the Noticee regarding the dispatch of the disclosure to the target company and the stock exchanges, it is evident from the documents available on record that it is an admitted position that no disclosures were made with respect to alleged transactions. Further, Noticee vide dated February 22, 2017 had belatedly filed the disclosure relating to transaction dated August 12, 2009 and October 20, 2009. I note that the Noticee acted promptly and complied the disclosure requirements as soon as the non-disclosure was pointed out and therefore I am inclined to consider such conduct as mitigating factor.
14. I note from the above that there is decrease of more than 2% in the promoter/Noticee's shareholding as on August 12, 2009, October 20, 2009 as above in para 9. However, the Noticee failed to make disclosure as required under provision of law. It is, therefore, concluded that the promoter/Noticee has violated the provision of Regulation 7(1A) SAST 1997.
15. I also note from the shareholding pattern submitted by MB that on September 07, 2009 the Noticee acquired 34,55,529 shares by scheme of arrangement. Vide, letter dated February 27, 2019, the Noticee also submitted that the transaction for acquisition of 34,55,529 equity shares of McNally Sayaji was pursuant to a scheme of Arrangement between the said McNally Sayaji and the Noticee. Since the shares were acquired pursuant to a Court sanctioned scheme of arrangement acquisition was outside the purview of SAST Regulations. I note that the disclosure on change of shareholding on account of scheme of arrangement by a court order is exempted.

Accordingly, I find merit in the submission of the Noticee and conclude that the charge under Regulation 7(1A) in terms of non-disclosure for acquisition on September 07, 2009 stands abated.

Issue II) Whether Noticee failed to disclose annually and violated Regulation 8(2) of SAST 1997?

16. According to Regulation 8(2) SAST 1997 a promoter or every person having control over a company shall, within 21 days from the financial year ending March 31, as well as the record date of the company for the purposes of declaration of dividend, disclose the number and percentage of shares or voting rights held by him and by persons acting in concert with him, in that company to the company.
17. I note that the Noticee/promoter allegedly failed to disclose in terms of Record date of November 06, 2009 and also delayed in filing the disclosure by two days for the financial year ending on March 31, 2010. Noticee has referred Adjudication order dated December 17, 2013 in C G Vak Software & Exports Ltd wherein the Adjudicating Officer has taken lenient view in case of one day and two day delay in making disclosure to stock exchanges. In the instant case, with respect to financial year ending on March 31, 2010, I note that the Noticee had belatedly disclosed on April 23, 2010 as against the prescribed time i.e. April 21, 2010. From the above facts I note that the Noticee failed to make necessary disclosures within prescribed time as specified under Regulation 8(2) of SAST 1997. However, considering that the delay in filing disclosure is only by two days I am inclined to consider the said delay leniently. I note from record that the Noticee had complied with respect to the disclosure in terms of record for November 06, 2009 on December 04, 2009 which is within the prescribed time limit of December 06, 2009. Therefore, the charge for failure to disclose with respect to the Record date of November 06, 2009 stands abated.

Issue III) Whether Noticee failed to disclose on acquisition or disposal and violated Regulation 29(2) of SAST 2011?

18. As per Regulation 29(2) of SAST 2011 Any person, who holds shares or voting rights entitling to five per cent or more of the shares or voting rights in a target company, shall disclose every acquisition or disposal of shares of such target company representing two percent or more of the shares or voting rights in such target company in such form as may be specified.
19. I note from the record that there was a change of 4.45% in shareholding of the Noticee on March 18, 2013. However, the Noticee failed to disclose with in time line as prescribed under provision of law. The Noticee had to file the disclosure by March 20, 2013. However, the Noticee could submit the disclosure to the exchanges by March 21, 2013. Thus there was a delay of one day. Therefore the charge of violation of Regulation 29(2) SAST 2011 stands established. However, considering that the delay in filing disclosure is only by one day I am inclined to consider the said delay leniently.
20. In view of above, I conclude that Noticee is in violation of Regulation 7(1A), 8(2) of SAST 1997 and Regulation 9(2) of SAST 2011 for the belated disclosure as prescribed by law, thus, liable for monetary penalty as prescribed under Section 15A(b) of the Act which reads as under:

Penalty for failure to furnish information, return, etc.

15A(b). *If any person, who is required under this Act or any rules or regulations made thereunder, 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 one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

21. Noticee's submission that it did not have any intention to violate the said provisions of law and no unfair gain or advantage was made by the promoters nor did any investor suffer any loss by not making the prescribed disclosures within stipulated time. In this context, I note that the Hon'ble Securities Appellate Tribunal in the matter of **Komal Nahata Vs. SEBI** vide order dated January 27, 2014 has observed that: "Argument that no investor has suffered on account of nondisclosure 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 nondisclosure." Further, I also note that in Appeal No. 78 of 2014 in the case of **Akriti Global Traders Ltd. Vs. SEBI**, the Hon'ble Securities Appellate Tribunal vide order dated September 30, 2014 has observed that:
- ".....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".*

22. The Hon'ble SAT, in Appeal No.66 of 2003 order dated April 15, 2005 - **Milan Mahendra Securities Pvt. Ltd. Vs SEBI**, has also observed that, "the purpose of these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market. We cannot therefore subscribe to the view that the violation was technical in nature".

23. The Hon'ble Supreme Court of India in the matter of **SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)** has 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...".
24. While determining the quantum of penalty under Section 15A(b) of the SEBI Act, 1992, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992 which reads as under:-

15J. Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15J, 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.*

Explanation: *For removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under Sections 15A to 15E, 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.*

25. I observe that, from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of the default cannot be computed. I note that the defaults of the Noticee are repetitive in nature. I note that correct and timely disclosures play an essential role in the proper functioning of the securities market and failure to do so results in depriving the investors from taking well informed investment decisions. I, therefore, conclude that the Noticee, by making the disclosures under SAST 1997 and SAST 2011 with a very long delay with respect to annual disclosure and

continuing delay with respect to failure to disclose on acquisition of shares, are liable for monetary penalties under the SEBI Act, 1992. I note that Hon'ble SAT in **Gopalakrishnan Raman and Ors Vs SEBI (vide order dated 20.11.2015)** inter-alia, observed as under:

"To sum up, the obligation to make yearly disclosure under Regulation 8(2) and Regulation 30(2) of the Takeover Regulations framed by SEBI in the year 1997 & 2011 respectively is on the promoter/ promoter group. If the promoters of a listed company are individual promoters then the obligation is on the individual promoters and in case there is a 'promoter group' then the promoter group is required to make yearly disclosure. If the promoter group fails to disclose the shares or voting rights held by the promoters in the promoter group as also their PAC's within the time stipulated under the SAST, then, penalty is imposable on the promoter group and the said penalty would be recoverable jointly and severally from the promoters in the promoter group who held shares or voting rights in the Target Company with their PAC's"

26. Before arriving to the quantum of penalty in matter, it is necessary to refer the importance of such disclosures. The main objective of SAST 1997 and SAST 2011 is to afford fair treatment for shareholders who are affected by the change in control. The Regulations 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 affected by such change in control. 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.

27. From the material available on record, the amount of disproportionate gain or unfair advantage to the Noticee or loss caused to the investors as a result of the

default is not quantifiable. Though it may not be possible to ascertain the monetary loss to the investors on account of default by the Noticee, the details of the shareholding of the persons having substantial stake, promoter-group and persons in control over the Noticee and timely disclosure thereof, were of some importance from the point of view of investor as that would have prompted them to buy or sell shares of the Noticee. The disclosures made under Regulations 8(2) and 7(1A) of SAST, 1997 and Regulation 29(2) of SAST 2011 by a company and acquirers respectively are made public only through Stock Exchange. Therefore, it is mandatory for the company and acquirers to give the required information under the aforesaid SAST, 1997 and SAST 2011 to the Stock Exchange, so that the said information becomes known to all the investors at large. Therefore, measures have been taken by SEBI to bring about transparency in the transactions and it is for this purpose that dissemination of such information is required. The purpose of these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market. The Noticee could not pre-judge the reaction of the investors. However, by virtue of the failure on the part of the Noticee to make the necessary disclosures on time, the fact remains that the investors were deprived of the important information at the relevant point of time.

28. In order to assess whether such non-disclosures would have had material impact on investors, I have considered that the submission made by Noticee that there was no trading in the scrip of DSE, VSE and ASE. Since there was no trading in the scrip and also that shares were listed only on DSE, VSE and ASE during the relevant period, I am of the view that non-disclosures would not have impacted investors in terms of dealing in the shares on stock exchange platform. However, I am of the view that acquisition of shares beyond threshold limits prescribed SAST 1997 and SAST 2011 would be material, relevant and significant for investors. The

compliance in term of disclosure was due in 2009 under Regulation 7(1A) SAST 1997 which could be complied in February 22, 2017

29. I find that there was two instances of non-disclosure of change in shareholding and two instances where delay was in making the disclosure. At the same time I note that the Noticee acted promptly and complied with the disclosure requirements as soon as the non-disclosure and delay in disclosure was pointed out. I also find that the compliance of disclosure could be made by the Noticee in February 2017 which four years from the actual due date of compliance i.e. 2009. However, in view of scrip being illiquid and being listed on regional stock exchange the effect of non-disclosure and delay in disclosure by one or two days may not have very serious impact on the investors and the market.

ORDER

38. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15-I of the SEBI Act r/s Rule 5 of Adjudication Rules 1995, I hereby impose a monetary penalties of Rs. 1,00,000 (Rupees One Lakh Only) on the Noticee i.e., McNally Bharat Engineering Company Limited under Section 15A(b) of the SEBI Act, for failure to disclose under Regulation 7(1A) and 8(3) of SAST, 1997 and Regulation 29(2) of SAST 2011.

39. I am of the view that the said penalty would be commensurate with the violations committed and acts as a deterrent factor for the Noticee and others in protecting the interest of investors and markets.

40. 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

41. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Deputy General Manager, Enforcement Department-DRA-III, SEBI, Mumbai as per the following format.

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

42. In terms of rule 6 of the Adjudication Rules, copy of this order is sent to the Noticee and also to SEBI.

Date: June 28, 2019

Place: Mumbai

B J DILIP

ADJUDICATING OFFICER