

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. EAD-2/DSR/VS/868/2017]

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

In respect of:

Walchand and Company Limited (PAN No. AAACW0356J)

In the matter of

Walchand People first Limited

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an examination into the irregularity in trading in the shares of Walchand People first Limited (hereinafter referred to as 'WPL/Company'), a company listed on the Bombay Stock Exchange (BSE) and also the alleged non disclosure by its promoter Walchand and Company Limited (hereinafter referred to as 'Noticee/WCL') during the period January 01, 2016 to June 30, 2016.
2. BSE vide letter dated March 03, 2016 informed SEBI that, during the course of investigation in the scrip of WPL for the period February 08, 2015 to February 15, 2016, it was observed that, there was increase in the holding of WCL during the aforementioned period which required disclosures under Regulation 7(2)(a) and 7(2)(b) of PIT Regulations, 2015. From the records available with the BSE, it is also alleged that WCL and WPL have not filed disclosures under Regulations 7(2)(a) and 7(2)(b) of PIT Regulations, 2015 respectively.
3. SEBI carried out further examination and observed that Promoter holding in the scrip is 54.61% as on December quarter 2015 and it increased to 54.97% during the period of examination. This holding was changed due to purchase of 10915 shares (0.37%) by one promoter entity, namely WCPL. It is observed from the above that there was an increase in the holding of WCPL from 54.32 % to 54.69% on February 15, 2016 and was required to make disclosure as per Regulation 7 (2) (a) of PIT Regulations, 2015 by February 17, 2016 to WCL. As per material available on records, the details

of the alleged delay in making disclosure under aforementioned regulation is as under:

Due date of compliance	Actual date of compliance	Delay (no. of days)
15.02.2016	14.06.2016	118

Appointment of Adjudicating Officer

4. I have been appointed as the Adjudicating Officer (hereinafter referred to as 'AO') vide Order dated September 22, 2017 under section 15 I of the Act read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the 'Rules') to inquire into and adjudge under section 15A(b) of the Act against the Noticee for the alleged violation of the provisions of law.

Show Cause Notice, Reply and Personal Hearing

5. Show Cause Notice dated November 03, 2017 (hereinafter referred to as 'SCN') was issued to the Noticee in terms of Rule 4 of the said Rules requiring it to show cause as to why an inquiry should not be held for the alleged violation of provisions of law. The SCN was duly delivered to Noticee. The notice vide letter dated November 16, 2017 acknowledged the receipt of the SCN and replied to the said SCN. Therefore, in the interest of natural justice and in order to conduct an inquiry as per Rule 4 (3) of the Adjudication Rules, vide letter dated November 20, 2017 an opportunity of personal hearing was granted to the Noticee on November 29, 2017. However, notice failed to avail the opportunity of personal hearing.

Consideration of Issues

6. I have carefully perused the charges levelled against the Noticee as per the SCN, written submissions made by the Noticee and the material available on record. The issues that arise for consideration in present case are:
- a) Whether the Noticee has violated the provisions of Regulation 7 (2) (a) of PIT Regulations, 2015?
 - b) Does the violation, if any, on the part of the Noticee attract any penalty under Section 15A(b) of the SEBI Act?
 - c) If yes, what should be the quantum of monetary penalty that can be imposed on the Noticee?

Evidence and Findings

7. Before proceeding, it will be appropriate to refer to the relevant provisions of Regulation 7 (2) (a) of SEBI (PIT) Regulations, 2015. The relevant provisions of law read as under:

Disclosures by certain persons.

7 (2) Continual Disclosures.

(a). Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified

(b)

8. The Noticee vide its letter dated November 11, 2017 submitted that it had made disclosure to Company on February 17, 2016 and enclosed the proof of disclosure duly acknowledged by the Company, with company seal affixed, on February 17, 2016. The Noticee, inter alia, also submitted that:

"In view of the above, we would like to submit that we acquired shares of M/s Walchand People first Ltd on 15.02.2016 the value of which exceeds Rs.10.00.000/- and under Regulation 7(2) of the SEBI (PIT) Regulations, 2015 we made disclosure to M/s Walchand People first Ltd. on 17.02.2016 and the same was within the compliance framework required under Regulation 7(2) of the SEBI (PIT) Regulations, 2015. A copy of the disclosure made by us to M/s Walchand People first Ltd is enclosed here as Annexure - 1.

We further like to submit that M/s Walchand People first Ltd. had received a similar notice No. EFD/DRA-1/SM/ASG/OE/P/4086/1/2017 dated February 22, 2017 regarding initiation of adjudication proceedings on 27.02.2017 for the delayed disclosure of the same transaction referred by you and following the same M/s Walchand People first Ltd. had made an application for settlement on 24.04.2017. While making the application for settlement the following submissions were made:

- 1. Necessary disclosures were made by us to the company and the company had however inadvertently delayed the disclosure to the stock exchange.*

2. *Further certain other transactions for which the disclosures were either delayed or not made were also noticed and the settlement application for the same was also made voluntarily by M/s Walchand People first Ltd. A copy of the settlement application made by M/s Walchand Poeple First Ltd with all the annexures is enclosed as Annexure -2 to this letter.*

On the basis of the above submissions, we attended an internal Committee meeting and agreed for a settlement amount of Rs. 3,06,562. On the basis of the RCT submitted by us and the payment made, Settlement Order settling this non compliance and the other non compliances settled voluntarily by us was passed on October 31, 2017. A copy of the same is enclosed as Annexure - 3. In the light of the above, we would like to submit that we have not made any non compliance or delayed compliance as pointed out by you and the non compliances on the part of M/s Walchand People first Ltd are already settled by way the above referred Settlement Order ".

9. Since the Noticee has submitted proof of receipt by the company, therefore, the alleged violation of Regulation 7(2)(a) of SEBI (PIT) Regulations, 2015, does not stand established.

ORDER

10. In view of the above, after considering all the facts and circumstances of the case and in exercise of the powers conferred upon me under Section 15-I of the Act and Rule 5 of said Rules, the Adjudication proceedings initiated against the Noticee viz, Walchand and Company Limited vide SCN dated November 03, 2017 are, accordingly, disposed of.
11. In terms of Rule 6 of the Adjudication Rules, copy of this order is sent to the Noticee and also to SEBI.

Date: November 30, 2017
Place: Mumbai

D.SURA REDDY
GENERAL MANAGER &
ADJUDICATING OFFICER