BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER
(Application No. 3727/2018)

On the application submitted by
Paisalo Digital Limited (formerly known as S. E. Investments Limited)

In the matter of Varun Industries Limited

Settlement Order No: IVD/VIL/EAD-8/AO/KS/CO-02/2019

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) vide order dated July 13, 2017 initiated adjudication proceedings against M/s S. E. Investments Limited (Now known as Paisalo Digital Limited) (hereinafter referred to as "**the Noticee**") in the matter of Varun Industries Limited (hereinafter referred to as '**VIL'or 'Company')** by appointing the undersigned as the Adjudicating Officer to inquire into and adjudge under Section 15A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for the violation of the provisions of Regulation 29(1) & 29(2) read with 29(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 (hereinafter referred to as "SAST Regulations"); Regulation 13(1) & 13(3) read with 13(5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as "PIT Regulations, 1992") read with 12(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as "PIT Regulations, 2015"). A Show Cause Notice dated December 15, 2017 (hereinafter referred to as '**SCN**') was issued to the Noticee.

2. It was alleged in the SCN that the promoter of the Company Mr. Kiran Kumar Mehta borrowed money from Noticee and pledged a part of his shareholding

in the Company to the Noticee. It is observed that as on February 25, 2012, total percentage of shares encumbered to the noticee was 5.62% which exceeded the threshold limit of 5%. As per regulation 29(4) of SEBI (SAST) Regulations, 2011, shares taken by way of encumbrance shall be treated as acquisition, shares given upon release of encumbrance shall be treated as a disposal and disclosures shall be made by such person accordingly in such form as may be specified. Therefore in terms of Regulation 29(1), 29(2) read with 29(3) and 29(4) of SAST Regulations, Noticee was required to disclose to the Company and Exchange within two working days of its total shares pledged by Kiran Kumar Mehta crossing 5% of paid up share capital of the Company, however it is observed that Noticee has failed to disclose.

3. It is also observed that during July 2012, due to default of payments by Promoter Kiran Kumar Mehta, the pledge was invoked and shares were acquired by Noticee. Noticee was also required to disclose in terms of Regulation 29(1), 29(2) read with 29(3) and 29(4) of SAST Regulations, to the Company and Exchange within two working days of shares pledged by Kiran Kumar Mehta invoked, resulting in a change in its shareholding by more than 2% share capital of the Company, however it is observed that Noticee has failed to disclose.

4. It is further observed that as on July 16, 2012 total shareholding of Noticee exceeded 5% and Noticee was also required to make disclosure to the company in terms of Regulation 13(1), 13(3) read with regulation 13(5) of SEBI(PIT) Regulations, 1992 read with 12(2) of PIT Regulations, 2015 when there was change in its shareholding in the scrip of VIL due to invocation of shares of Kiran Kumar Mehta pledged with them. However, it is noted that Noticee has failed to make abovementioned disclosures in terms of PIT Regulations, 1992.

5. While the adjudication proceedings were pending, an application vide no. 3727/2018 dated July 17,2018 and an undertaking in the format prescribed by SEBI was submitted by Noticee for settlement of the matter in terms of SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014

(hereinafter referred to as **'Settlement Regulations'**). On perusal of the aforesaid Application, I note that in Form-A of Application the Noticee has admitted to the violation of the said provisions.

6. As approved by the panel of Whole Time Members (WTMs) of SEBI on September 12, 2018, the settlement application was considered for summary settlement as the alleged defaults involved disclosures. Accordingly, the applicant was called for an Internal Committee (IC) meeting and was given an option of either preferring a summary settlement procedure by paying the summary settlement amount of Rs. 16,11,887/- (Rupees Sixteen Lakhs Eleven Thousand Eight Hundred and Eighty Seven only) {amount arrived at in terms of Settlement Regulations} or come through the normal settlement procedure. The applicant opted for the summary settlement route and agreed to pay the summary settlement amount within 10 working days from the date of IC meeting.

7. Thereafter, the applicant vide letter dated January 14, 2019 has remitted a sum of Rs.16,11,887/- (Rupees Sixteen Lakhs Eleven Thousand Eight Hundred and Eighty Seven only) forwarding a Demand Draft No. 188225 dated January 14, 2019 for Rs. Rs.16,11,887 drawn on Bank of Maharashtra, Press Enclave Branch.

8. In view of the above, in terms of Regulation 15(1) of the Settlement Regulations, this settlement order disposes of the aforesaid adjudication proceedings initiated against the applicant viz. S. E. Investments Limited (Now known as Paisalo Digital Limited) vide SCN dated December 15, 2017.

1. This order is without prejudice to the right of SEBI to take enforcement actions including restoring or initiating the proceedings in respect to which the settlement order is passed against the applicant, if :

   a. any representations made by the applicant in the settlement proceedings is subsequently found to be untrue; or

   b. the applicant breaches any of the clauses /conditions of undertakings/

waivers filed during the current settlement proceedings.

2.   In terms of Regulation 17 of the Settlement Regulations, copies of this order are being sent to the applicant viz. S. E. Investments Limited (Now known as Paisalo Digital Limited) and also to the Securities and Exchange Board of India.

Place: Mumbai   **K SARAVANAN**
Date : 31.01.2019   **GENERAL MANAGER &**
                                                                                        ADJUDICATING OFFICER