

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. AO/JS/VRP/29-30/2017

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:

1	Madhu Mohan Reddy Flat no. 5, Plot no. 99A, Mla Colony, Road No. 12, Banjara Hills, Hyderabad-500034 PAN No. ACIPM3240J	2	M Pramod Kumar Reddy 340/1, Silver Palms Apartments, Officers colony, Mugappair, Chennai-600050 PAN No. AAKPP7102J
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In the matter of Midfield Industries Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted investigation in the scrip of the company during the period of August 4, 2010 to April 29, 2013 (hereinafter referred to as the '**investigation period**').
2. Upon Investigation, it was alleged by SEBI that the entity viz. Madhu Mohan Reddy (hereinafter referred to as '**MM Reddy**') had violated the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (hereinafter referred to as '**SAST Regulation, 2011**') and/ or SEBI (Prohibition of Insider Trading) Regulations, 1992, as applicable. Details of violations is as under:
 - 2.1.1. Regulation 29(2) read with 29(3) of SAST Regulation, 2011 for the transaction dated December 28, 2012 by not making the required disclosure of change in shareholding to the company and exchange.
 - 2.1.2. Regulation 31(1) read with 31(3) of SAST 2011 for the transaction dated December 16, 2012 by not making the required disclosure of change in shareholding to the company and exchange.
 - 2.1.3. Regulation 31(2) read with 31(3) for the transactions dated September 27, 2012, October 27, 2012, November 27, 2012, December 11, 2012, December 28, 2012 and January 31, 2013 by not making the required disclosure of change in shareholding to the company and exchange.
 - 2.1.4. Regulation 13(3) of PIT Regulations, 1992 for transactions dated December 28, 2012 by not making the required disclosure of change in shareholding to the company.

2.1.5. Regulations 13(4) and (4A) read with 13(5) of PIT Regulations, 1992 for the transactions dated September 27, 2012, October 27, 2012, November 27, 2012, December 11, 2012, December 28, 2012 and January 31, 2013 by not making the required disclosure of change in shareholding to the company and exchange.

3. The date wise details of changes in shareholding of MM Reddy due to invocation of pledge for which disclosures were required are given below:

Date	No of shares held - pre Acquisition/ disposal	% of shareholding held - pre Acquisition/ disposal	No. of shares acquired	No. of shares confiscated	No of shares Acquired/	Value of transaction (in Rs.)*	No of shares held - post Acquisition/ disposal	% of shareholding held - post Acquisition/	Mode	Date of Disclosure to the company	Date of disclosure to stock exchange	Disclosure by Company to stock exchange	Violation of Regulation(s) under PIT & SAST
16/08/12	4,063,116	31.69%	-	-	-	-	4,063,116	31.69%	Pledge creation for 1450000 shares	-	-	-	31(1) r/w 31(3) of SAST 2011
27/09/12	4,063,116	31.69%	-	67000	0.52%	2829203	3,996,116	31.17%	Confiscated	-	-	-	31(2) r/w 31(3) of SAST 2011 13(4), (4A) r/w 13(5) of PIT, 1992
27/10/12	3,996,116	31.17%	-	20000	0.16%	698034	3,976,116	31.01%	Confiscated	-	-	-	31(2) r/w 31(3) of SAST 2011 13(4), (4A) r/w 13(5) of PIT, 1992
27/11/12	3,976,116	31.01%	-	82200	0.64%	2710460	3,893,916	30.37%	Confiscated	-	-	-	31(2) r/w 31(3) of SAST 2011 13(4), (4A) r/w 13(5) of PIT, 1992
11/12/12	3,893,916	30.37%	-	25685	0.20%	717254	3,868,231	30.17%	Confiscated	-	-	-	31(2) r/w 31(3) of SAST 2011 13(4), (4A) r/w 13(5) of PIT, 1992
28/12/12	3,868,231	30.17%	-	116571	0.91%	2753895	3,751,660	29.26%	Confiscated	-	-	-	29(2) r/w 29(3) and 31(2) r/w 31(3) of SAST 2011 13(3), (4), (4A) r/w 13(5) of PIT, 1992
31/01/13	3,751,660	29.26%	-	170000	1.33%	2747016	3,581,660	27.94%	Confiscated	-	-	-	31(2) r/w 31(3) of SAST 2011 13(4), (4A) r/w 13(5) of PIT, 1992

4. Further it was alleged by SEBI that the entity viz. M Pramod Kumar Reddy (hereinafter referred to as '**PK Reddy**') had violated Regulation 13(4A) read with 13(5) of PIT Regulations, 1992 on four occasions for the transaction dated November 09, 2011, November 11, 2011, November 14 & 15, 2011 and February 27, 2012 by not making the required disclosure of change in shareholding to the company and exchange.

5. Details of trades of PK Reddy during the investigation period for which PIT disclosures were required are given below:

Date	No of shares held - pre Acquisition/ disposal	% of shareholding held - pre Acquisition/ disposal	No. of shares acquired	No. of shares disposed off	No of shares Acquired/ (disposed off) as a % of paid up capital	Value of transaction (in Rs.)*	No of shares held - post Acquisition/ disposal	% of shareholding held - post Acquisition/ disposal	Mode	Date of Disclosure to the company	Date of disclosure to stock exchange	Disclosure by Company to stock exchange	Violation of Regulation(s) under PIT & SAST
09/11/11	421,706	3.29%	14000	-	0.11%	743400	435,706	3.40%	On Market	-	-	-	13(4A) of PIT, 1992
11/11/11	435,706	3.40%	10000	-	0.08%	504500	445,706	3.48%	On Market	-	-	-	13(4A) of PIT, 1992
14/11/11	445,706	3.48%	6500	-	0.05%	314754	452,206			-	-	-	13(4A) of PIT, 1992
15/11/11	452,206	3.53%	5000	-	0.04%	228250	457,206	3.57%	On Market	-	-	-	13(4A) of PIT, 1992
27/02/12	467,570	3.65%		-51858	0.40%	-	415,712	3.24%	Off Market	-	-	-	13(4A) of PIT, 1992

APPOINTMENT OF ADJUDICATING OFFICER

6. An Adjudicating Officer was appointed vide order dated September 22, 2016 under Section 19 read with section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act, 1992**') and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rule, 1995 (hereinafter referred to as '**Adjudication Rules**'), to inquire into and adjudge under Section 15A(b) of SEBI Act, 1992. Consequent to transfer, the proceedings are now proceeded with in terms of Order dated May 18, 2017 to inquire into and adjudge under Sections 15A(b) of SEBI Act, 1992 the alleged violations against the MM Reddy and PK Reddy.

SHOW CAUSE NOTICE, REPLY AND HEARING

7. A common Show Cause Notices (hereinafter referred to as '**SCN**') in terms of the provisions of Rule 4 of Adjudication Rules read with Section 15I of SEBI Act, 1992 was issued on September 21, 2017 to MM Reddy and PK Reddy calling upon them to show cause as to why an inquiry should not be held against them under Rule 4 of the Adjudication Rules and penalty be not imposed for the alleged violation. The SCNs were duly delivered to MM Reddy and PK Reddy.
8. The MM Reddy vide letter dated October 02, 2017 made its submissions. Further the Noticee No.1 during the course of hearing had submitted a copy of letter dated March 13, 2017 addressed to The General Manager, Enforcement Department of SEB and requested to consider the letter dated March 13, 2017 as his submissions to the SCN which is as follows:

Vide letter dated October 02, 2017

This has reference to your Letter/notice re no: EAD-8/JS/VRP/OW/22922/2017 and would like to reply as below:

- 1. We would like to inform you once again that Income tax officials conducted search on 7/11/2012 and sized all our physical records since 1/4/2010 to 7/11/2012 including CPU's. They have given attachment letters to our bankers and all our debtors.*
- 2. The company's operations had stalled and later company closed. The problem with income tax department could not be solved and is still in court purview.*
- 3. Later our bankers declared us as NPA and used SARFAESI Act and sold some of our company properties in e-Auction and put some more properties in e-auction including my house.*
- 4. We do not have separate office and our office is situated inside the factory premises only. Bankers sized/sealed our factories through court orders.*
- 5. I am sure that we have intimated to BSE and SEBI and I had signed letters in this regards during that period only. I spoke to our ex-CFO and he too informed me that he has communicated BSE and SEBI about pledging of the Shares. At present we are not in a position to show records in this regard as our office premises has been sealed by the court appointed advocate commissioner on behalf of our bankers (SBI).*
- 6. Also would like to inform you that earlier SEBI appointed Mr. Prasad P Jagadale, Adjudication Officer in our issue and we have clarified all his queries and met him at SEBI, Mumbai Office. He has imposed penalties of Rs. 2 Lakhs and our bankers paid this amount with interest for the delay period.*

Now we request you to understand the situation I am in and request you to give an appointment to meet you in person at your office as per your convenient date.

Vide letter dated March 13, 2017

We are in receipt of the above referred letters and would like to reply as below:

- 1.) Our company is 27 years old and we were doing good business in packing area/line having multi products and manufacturing facilities at multiple locations. Around 525 employees including contract workers were working for our company till Dec'2012.*
- 2.) Income Tax officials conducted raid on 07-11-2012 and have taken away all our files including electronic data. They have given attachment letters to all bankers and the debtors on the same day.*
- 3.) We thought of solving Income Tax issues in a couple of months but the issues could not be solved and the matter has been referred to the court. We expect to get the judgment in a couple of months' time from now and have been attending the court hearings.*
- 4.) Meantime, our company operations were stalled due to the IT attachments to Bankers and debtors. Due to the delay in solving the IT problems, our bank accounts became irregular and were declared as NPA and all the facilities sanctioned by them were withdrawn. Later the banks used SARFAESI ACT and used court order to take physical possession of the company's properties including my house. Court has appointed advocate commissioner to take physical possession of all the properties. I had given my house as collateral security to the bank in 2004 and my wife also signed as one of the guarantors as the house is on joint name.*
- 5.) As we could not pay the salaries to the employees due to the attachments, the workers union filed a case in the labor court and the case is going on.*
- 6.) Mr. Ashok Sagar has quit the company as an Executive Director in 2012 itself and the same has been officially informed to Registrar of Companies.*
- 7.) ROC filed cases against us in Hyderabad court as we could not finalize balance sheets and conduct AGM due to non-availability of records and company operations have stalled since 5 years.*
- 8.) We are fighting 16 cheque bounce cases filed against us in the courts. These cheques were given to the creditors before the Income Tax raid.*
- 9.) We have completed all the projects mentioned in the RHP but we have changed the places and Suppliers for the sake of operational convenience and to reduce the project cost. We have taken approval from the directors and at AGM for these changes. These changes were informed to the concerned officials at BSE and SEBI at that time only.*
- 10.) Funds deposited at Deesha Tieup and SBI mutual funds have been brought back and the projects were completed in stipulated time.*
- 11.) None of the promoters sold or bought any shares before IPO or after till date.*
- 12.) We have not diverted any IPO funds and in fact have spent more than IPO funds in our new projects.*
- 13.) We have not given any loans to any employees or directors of the company at any point of time. We used to give small emergency loan to the union workers only as per the union, agreement and we used to recover this amount from their salary only.*

14.) Once we solve IT issue and once attachments are removed to our bankers and debtors, we are confident to solve the bankers issue and start the company operations. Then we are taking a new CFO and will provide information to you in a detailed way .i.e. as per your requirement.

15.) In fact, SEBI department official visited our plant along with the Hyderabad SEBI officials and I met them at your Hyderabad office also and gave them all bank account details in order for them to get statements from the bankers.

16.) SEBI officials have already fined us Rs.2 lakhs penalty for non-compliances and I met your officials at Mumbai office also. We could not make this payment due to attachments. Your officials also sent attachment letters to our bankers to recover this amount.

Now we request you to understand the position we are in and cooperate so that we can start the company operations at the earliest and provide all the information sought by you in a detailed manner. We are making continued efforts to restart our factories and will succeed soon.

9. PK Reddy vide letter dated November 14, 2017, *inter alia*, had made following submissions:

With reference to the notice cited, wherein I have been included as Noticee No.2, I wish to submit as under:

At the outset, I wish to categorically deny and any violence of the SEBI Act 1992 or any of the Regulations framed thereunder committed by me in scrip of M/s. Mid Field Industries Ltd. I wish to affirm and state that I have not been involved at any stage or in any manner either in the formation of the Company or with the Subsequent Administration and Management of the Company and also in the IPO of the Company which was undertaken in August 2010, and hence I cannot be categorized as a promoter of the company or belonging to any promoter group. The Promoter of the company, Mr. Madhu Mohan Reddy, who is known to me and is also a relative, had requested me for a temporary loan to meet certain urgent financial requirements. I had lent him 50.00 Lacs on 05.07.2011 and paid another 10.00 Lacs on his behalf to one Mr. Ashok Kumar during August 2011, Mr. Madhu Mohan Reddy had assured to repay the loans within one month. However, when he failed to repay the loan and I insisted for the repayment, he gave me 3, 43,821 shares in the Company during September 2011, and asked me to demat them in my name and stated that he would repay the loan with interest and taken back the shares. Subsequently, no repayment of either principal or interest on the loan was repaid to me and when I insisted for repayment, he gave me further 73,020 Equity Shares in the Company during February 2012. With this my aggregate shareholding in Company was 4, 16,841 and constituted only 3.25% of the total shares issued by the company. Thereafter, I had purchased 51858 shares in small; lots from the Open Market and I had also gifted an equal number of shares to my wife Smt. Yamini Reddy on 27.02.2012. My Shares holding in the company has at no point of time exceeded 5% of the total Share Capital issued by the Company. This, coupled with the fact that I am neither a Promoter nor belong to any Promoter Group, does not make me liable for any of the charges alleges against me in the notice cited. The chargers would be attracted only if I am a Promoter or belong to the Promoter Group of I hold more than 5% in the Share Capital of the Company. Since neither of the above are applicable to me, I am not bound to make any disclosure of change in my shareholding in the company.

In view of the above, I request that the violations alleged against me may be withdrawn and the proposal to levy penalty may be dropped.

10. In the interest of natural justice an opportunity of personal hearing was granted to MM Reddy and PK Reddy on November 16, 2017 vide hearing notice dated November 01, 2017. MM Reddy appeared In Person and submitted letter dated March 13, 2017 with a request to treat the same as reply to all the other adjudication proceeding and reiterated the submissions stated there in. PK Reddy appeared In Person and submitted letter dated November 14, 2017 and reiterated the submissions stated there in.

ISSUES FOR CONSIDERATION

11. After perusal of the material available on record, the following issues emerge for consideration, viz.,

- I. **Whether the MM Reddy have violated of the provisions of the Regulation 29(2) read with 29(3) of SAST Regulation, 2011, Regulation 31(1) read with 31(3) of SAST 2011, Regulation 31(2) read with 31(3) of SAST 2011, Regulation 13(3) of PIT Regulations, 1992, Regulations 13(4) and (4A) read with 13(5) of PIT Regulations, 1992?**
- II. **Whether the PK Reddy have violated of the provisions of the Regulation 13(4A) read with 13(5) of PIT Regulations, 1992?**
- III. **Does the violation, if any, on the part of the MM Reddy and PK Reddy attract monetary penalty under Section 15A(b) of the SEBI Act, 1992?**
- IV. **If so, what quantum of monetary penalty should be imposed on the MM Reddy and PK Reddy considering the factors stated in section 15J of SEBI Act, 1992?**

FINDINGS

12. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the MM Reddy and PK Reddy, the findings are as under.

ISSUE I: Whether the MM Reddy had violated of the provisions of the Regulation 29(2) read with 29(3) of SAST Regulation, 2011, Regulation 31(1) read with 31(3) of SAST 2011, Regulation 31(2) read with 31(3) of SAST 2011, Regulation 13(3) of PIT Regulations, 1992, Regulations 13(4) and (4A) read with 13(5) of PIT Regulations, 1992?

13. MM Reddy in its replies has not disputed the alleged transaction stated in the SCN. Further, the MM Reddy vide its reply dated October 02, 2017 has submitted that he had intimated to BSE and SEBI and he had signed letters in this regards during that period only. He spoke to his Ex-CFO and he too informed him that he had communicated to BSE and SEBI about pledging of the Shares. However, he was not in a position to show records in this regard as he claimed that the office premises had been sealed by the court appointed advocate commissioner on behalf of their bankers (SBI). MM Reddy did not

adduce his arguments with evidence to show that disclosures had indeed been made.

14. It is clear from the disclosures on the BSE website and confirmation from BSE's reply / email dated May 15, 2015 and March 23, 2016 that MM Reddy had not filed any disclosure for creation of pledge, invocation of pledged shares and for change in shareholding under SAST Regulations, 2011 and PIT Regulations, 1992. It is noted that MM Reddy had not made any comments on the BSE's reply / email dated May 15, 2015 and March 23, 2016 and has merely made a bland statement that he has made the requisite disclosures without providing any records. Hence, the contention of MM Reddy is not tenable.
15. After considering the contentions put forth by the MM Reddy, for the reasons stated above, it is concluded that MM Reddy has violated the provisions of the Regulation 29(2) read with 29(3) of SAST Regulations, 2011 on **one** occasion for the transaction dated December 28, 2012, Regulation 31(1) read with 31(3) of SAST 2011 on **one** occasion for the transaction dated August 16, 2012, Regulation 31(2) read with 31(3) on **six** occasions for the transactions dated September 27, 2012, October 27, 2012, November 27, 2012, December 11, 2012, December 28, 2012 and January 31, 2013, Regulation 13(3) of PIT Regulations, 1992 on **one** occasion for transactions dated December 28, 2012, Regulations 13(4) and (4A) read with 13(5) of PIT Regulations, 1992 on **six** occasions for the transactions dated September 27, 2012, October 27, 2012, November 27, 2012, December 11, 2012, December 28, 2012 and January 31, 2013.

ISSUE II: Whether the PK Reddy had violated of the provisions of the Regulation 13(4A) read with 13(5) of PIT Regulations, 1992

16. It is alleged in the show cause notice that PK Reddy has violated Regulation 13(4A) read with 13(5) of PIT Regulations, 1992 on four occasions for the transaction dated November 09, 2011, November 11, 2011, November 14 & 15, 2011 and February 27, 2012 by not making the required disclosure of change in shareholding to the company and exchange.
17. In terms of Regulation 13(4A) of PIT Regulations,
- "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."

18. PK Reddy vide its letter dated November 14, 2017 has submitted that he is neither a Promoter nor belong to any Promoter Group and therefore does not make him liable for any of the charges alleges against him in the notice cited. Further PK Reddy has submitted that the charges would be attracted only if he is a Promoter or belong to the Promoter Group and hold more than 5% in the Share Capital of the Company. Since neither of the above were applicable to him and he was not bound to make any disclosure for the change in my shareholding in the company.
19. It is noted from the shareholding pattern available on BSE website that the PK Reddy is shown as promoter under the category of Shareholding of securities of persons belonging to the category Promoter and Promoter Group.
20. Given the contention of PK Reddy that he was neither a promoter nor belong to promoter group of the company a specific question was posed to MM Reddy, who was Chairman and Managing Director of the company that whether PK Reddy was promoter of the company.
21. The MM Reddy had submitted that the PK Reddy was never a promoter of the company. In view of the contradictory statement from the company and its Chairman and Managing Director the MM Reddy serious doubts have been raised with respect to the disclosure of shareholding made by the Company to the Stock Exchange and the investing public in general.
22. Given the above, PK Reddy deserves to given a benefit of the doubt as has been vehemently argued by him that he was never a promoter of the Company thus the charges that he had violated Regulation 13(4A) read with 13(5) of PIT Regulations, 1992 may not sustain.

ISSUE III: Does the violation, if any, on the part of the MM Reddy and PK Reddy attract monetary penalty under Section 15A(b) of the SEBI Act, 1992?

23. The violations referred at para 15 on the part of the MM Reddy attract monetary penalty under Section 15A(b) of the SEBI Act.
24. The text of the said provision is as follows:

Penalty for failure to furnish information, return, etc.

15A. 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 ¹[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];

(c)

25. As regards the MM Reddy it is clear that he is liable for imposition of penalty as is drawn from the Hon'ble Supreme Court of India Order in the matter of *SEBI Vs. Shri Ram Mutual Fund* [2006] 68 SCL 216(SC) has also 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..."

26. Given the benefit of doubt accorded to at finding at para 22, PK Reddy is not liable for monetary penalty under Section 15A(b) of the SEBI Act, 1992.

ISSUE IV: If so, what quantum of monetary penalty should be imposed on the MM Reddy considering the factors stated in section 15J of SEBI Act, 1992?

27. While determining the quantum of monetary penalty under Section 15A(b) of SEBI Act, 1992 the factors stipulated in Section 15-J of SEBI Act have been considered, which reads as under:

Factors to be taken into account by the adjudicating officer.

15J. 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.

²[Explanation.—For the 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.]

¹ Substituted for the words —of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less|| by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014.

² Inserted by Part VIII of Chapter VI of the Finance Act, 2017 vide Gazette Notification No. 7, Extraordinary Part II Section 1 dated March 31, 2017. This shall come into force from April 26, 2017.

28. As per Section 15A(b) of the SEBI Act, 1992 of the MM Reddy is liable to penalty, 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, as the violations is in continuation. Further, under Section 15-I of the SEBI Act, the adjudicating officer has to give due regard to certain factors which have been stated as above while adjudging the quantum of penalty.
29. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by MM Reddy and the loss, if any, suffered by the investors as a result of the MM Reddy failures.
30. In this regard, I also note that Hon'ble SAT in the matter of Vitro Commodities Private Limited Vs. SEBI (Appeal No. 118 of 2013 decided on September 04, 2013) has *inter alia* observed, "*It may be noticed that provisions of Regulations 7(1) of Takeover Regulations, 1997 and Regulation 13(1) of PIT Regulations, 1992 are not substantially different, since violation of first automatically triggers violation of second and hence there is no justification for imposition of penalty for second violation when penalty for first violation has been imposed. It may be seen that Regulation 7(1) of Takeover Regulations, 1997 and Regulation 13(1) of PIT Regulations, 1992 are not stand alone Regulations and one is corollary of other*". In light of the aforesaid Order by Hon'ble SAT, the said ratio is applicable to the facts and circumstances of the instant case.
31. Further factors mentioned in the **Hon'ble Securities Appellate Tribunal** vide its order (**appeal no. 261 of 2017**) dated October 30, 2017 in the matter of **Abhimanyu Exports Ltd vs SEBI** has also been considered while arriving at the penalty.
32. It is noted from the records that, an Adjudication Order has been passed in respect of Midfield Industries Limited vide order dated September 29, 2015 wherein the Noticee Madhu Mohan Raddy was the Chairman and Managing Director of the company. Hence it is noted that the default is in repetitive in nature.
33. It is also noted that the Noticee has not yet complied with the provisions albeit belatedly and the non-compliance still continues.

ORDER

34. After taking into consideration all the facts and circumstances of the case, and after considering the factors enumerated in section 15J of SEBI Act, 1992, a penalty of **Rs 7,50,000/- (Rupees Seven Lakh Fifty Thousand Only)** is imposed under Section 15 A(b) on the Shri Madhu Mohan Reddy, which in my opinion, will be commensurate with the violations.

35. Shri Madhu Mohan Reddy 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

36. The MM Reddy shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Chief General Manager of Enforcement Department of SEBI. The Format for forwarding details / confirmations of e-payments made to SEBI shall be in the form as provided At Annexure A of Press Release No. 131/2016 dated August 09, 2016 shown at the SEBI Website which is produced as under;

1. Case Name :
2. Name of Payee:
3. Date of payment:
4. Amount Paid:
5. Transaction No:
6. Bank Details in which payment is made:
7. Payment is made for: (like penalties/disgorgement/recovery/Settlement amount and legal charges along with order details)

37. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the MM Reddy and PK Reddy also to the SEBI.

Date: December 27, 2017
Place: Mumbai

Jeevan Sonparote
Adjudicating Officer