

**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
ADJUDICATION ORDER NO. ISD/APIL/AO/DRK-BM/EAD-3-395/61-2013**

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**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5(1) OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995**

Against

**Shri Pranav Ansal**  
(Promoter Director of  
Ansal Properties and Infrastructure Limited)  
(PAN AAAPA2481M)  
Vishranti 26, Feroze Shah Road  
New Delhi- 110001

**Facts in brief**

1. The shares of Ansal Properties and Infrastructure Limited (hereinafter referred to as APIL) are listed in Bombay Stock Exchange Limited (hereinafter referred to as BSE) and National Stock Exchange of India Limited (hereinafter referred to as NSE). Securities and Exchange Board of India (hereinafter referred to as SEBI) observed that Shri Pranav Ansal (hereinafter referred to as the noticee) who is a promoter director of APIL had failed to make certain disclosures.

**Appointment of Adjudicating Officer**

2. I was appointed as the Adjudicating Officer vide order dated March 18, 2013 under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the SEBI Act) read with Rule 3 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the Adjudication Rules), to inquire into and adjudge under Sections 15A (b) of SEBI Act, the violation of Regulations 13 (4) and 13 (4A) read with 13 (5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the PIT Regulations), alleged to have been committed by the noticee.

### **Show Cause Notice, Reply and Hearing**

3. A show cause notice bearing number A&E/DRK/BM/9018/2013 dated April 15, 2013 (hereinafter referred to as the SCN) was served on the noticee under Rule 4 (1) of the Adjudication Rules, requiring the noticee to show cause as to why an inquiry should not be held against him and penalty should not be imposed on him under Section 15A (b) of the SEBI Act for the aforesaid violations. The SCN alleged that the shareholding of the noticee in APIL reduced from 1,00,14,500 shares constituting 6.36% of the share capital of APIL as on the quarter ending June 2012 to 78,54,707 shares constituting 4.99% of the share capital as on the quarter ending September 2012, i.e. a reduction of 21,59,793 shares constituting 1.37% of the share capital. However, the noticee failed to disclose the said reduction in his shareholding in APIL to BSE and NSE as stipulated under Regulations 13 (4) and 13 (4A) read with 13(5) of the PIT Regulations.
4. The noticee filed his reply dated April 26, 2013 and denied the allegations made against him in the SCN. The noticee has submitted the following:
  - a. There was a change in the shareholding of the noticee as alleged in the SCN
  - b. The noticee had not made any disclosure under the PIT Regulations as he was not required to make disclosure under the PIT Regulations in respect of the change in his shareholding.
  - c. In this matter, the noticee has pledged 99,64,500 shares of APIL with Industrial Finance Corporation of India (IFCI) against a corporate loan facility availed by APIL. Out of the said shares, 21,59,793 shares were invoked by IFCI without notice to the noticee. The said invocation of shares was informed to the noticee by his DP, Stock Holding Corporation of India Limited on September 25, 2012.
  - d. Regulations 13 (4) and 13 (4A) of the PIT Regulations deals with "change in shareholding", which has not been defined therein. The meaning of the words will have to be interpreted from column no. 3 of Form D referred to in the said Regulations.
  - e. The words used in Form D are "....acquisition or sale of shares ..." and does not deal with invocation of shares which can bring about

change in shareholding. The invocation of shares does not constitute sale of shares.

- f. There is a specific provision in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as the Takeover Regulations) in respect of details of encumbered shares and invocation of such shares, which is absent in the PIT Regulations.
  - g. On receipt of the information regarding the invocation of shares, the noticee had made the disclosures as stipulated under the Takeover Regulations in respect of the change in his shareholding.
5. As requested by the noticee, the noticee was provided an opportunity of being heard vide hearing notice dated May 9, 2013 and was advised to appear for the personal hearing on May 28, 2013, which was rescheduled to May 29, 2013. In response to the hearing notice, the noticee authorised Shri Suresh Menon, Vice President (Corporate Affairs) & Group Company Secretary as the Authorised Representative of the noticee (hereinafter referred to as the AR). The AR appeared for the personal hearing and reiterated the submissions made in the reply dated April 26, 2013. The AR also submitted a copy of the pledge agreement between the noticee and IFCI in support of the submission that IFCI had the right to invoke the pledge without any prior intimation to the noticee. It was also submitted that the noticee has a good track record of compliance with various SEBI Regulations and this is the first instance that the noticee has received a notice from SEBI.

## **CONSIDERATION OF EVIDENCE AND FINDING**

6. I have considered the facts and circumstances of the case and the material made available on record. The allegation against the noticee is that he had violated Regulations 13 (4) and 13 (4A) of the PIT Regulations by failing to make disclosure in respect of change in his shareholding in APIL and thereby became liable to a penalty under Section 15A (b) of SEBI Act.

7. From the records it is observed that the shareholding of the noticee in APIL reduced from 1,00,14,500 shares constituting 6.36% of the share capital of APIL as on the quarter ending June 2012 to 78,54,707 shares constituting 4.99% of the share capital as on the quarter ending September 2012, i.e. a reduction of 21,59,793 shares constituting 1.37% of the share capital. From the letter dated September 25, 2012 from Stock Holding Corporation of India Limited (SHCIL) to the noticee, it is observed that 21,59,793 shares were invoked by IFCI on September 24, 2012 and the noticee became aware about the invocation of the pledged shares by IFCI on September 25, 2012, on receipt of information from SHCIL. However, no disclosure was made by the noticee under Regulations 13 (4) and 13 (4A) read with 13 (5) of the PIT Regulations. BSE and NSE has also confirmed that no disclosure was received by them in this regard from the noticee.
8. In this regard, I would like to reproduce Regulations 13 (4), 13 (4A) and 13 (5) of the PIT Regulations which cast an obligation on the directors and promoters of a company to make disclosure regarding change in shareholding exceeding ₹ 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

*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.*

*13 (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.*

*13 (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.*

9. The noticee submitted that since the change in his shareholding was a result of invocation of pledged shares, there was no obligation to make disclosure under Regulations 13 (4) and 13 (4A) of the PIT Regulations as Form D which is specified for making disclosures under the above Regulations, does not deal with change in shareholding pursuant to invocation of pledged shares.
10. Regulations 13 (4) and 13 (4A) of the PIT Regulations specifies that a change in shareholding exceeding the quantity stated therein has to be disclosed as per the said Regulations. However, Form D does not mention details regarding invocation of pledged shares.
11. Regulations 13 (4) and 13 (4A) of the PIT Regulations are the substantive law which create the obligation of making the disclosures of change in shareholding exceeding the quantity stated therein. There is no ambiguity regarding the obligation on the promoter or director of a company of making disclosures under Regulations 13 (4) and 13 (4A) of the PIT Regulations when there is a change in shareholding exceeding ₹ 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower. As per the said provisions, the obligation exists irrespective of the manner in which the change occurred (including invocation of pledged shares).
12. Form D prescribed under Schedule III of the PIT Regulations lays down the details to be incorporated in the disclosures to be made under the above Regulations, which mentions details of allotment, acquisition or sale of shares and does not deal with invocation of pledged shares. However, the absence of the expression 'invocation of pledge' in Form D

cannot be construed to mean that the obligation created under Regulations 13 (4) and 13 (4A) of the PIT Regulations can be dispensed with. Further, it would not be appropriate to interpret Schedule to the PIT Regulations in such a way so as to curtail the ambit of the substantive provisions contained in the Regulations.

13. Based on the above discussions, it may be concluded that the noticee has not complied with Regulations 13(4) and 13 (4A) read with 13 (5) of the PIT Regulations by failing to disclose the change in his shareholding in APIL. Non compliance with the above provisions attracts penalty under Section 15A (b) of the SEBI Act which is reproduced 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,-*

*(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.*

14. The noticee submitted that he had made disclosures as stipulated under the Takeover Regulations in respect of the change in his shareholding consequent to invocation of the pledged shares, which has been confirmed by BSE and NSE. It is observed that Regulations 13 (4) and 13 (4A) of the PIT Regulations also requires the same information to be disclosed by the noticee to APIL and to the stock exchanges. Therefore, it may be assumed that the noticee had not deliberately concealed the change in his shareholding by not making the disclosure under the PIT Regulations. The objective of incorporating the disclosure requirement under the PIT Regulations is to ensure transparency and fairness for informed decision making. It is observed that this objective was not defeated by the non disclosure by the noticee under the PIT Regulations as the same information which would have been disclosed under the PIT Regulations was disclosed under the Takeover Regulations by the noticee himself. It is further observed that the details of shareholding

pattern submitted by APIL to the stock exchanges under Clause 35 of the Listing Agreement also contain the details of change in shareholding of the noticee.

15. The provisions of Section 15J of the SEBI Act and Rule 5 of the Rules require that while adjudging the quantum of penalty, 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.*

16. With regard to the above factors to be considered while determining the quantum of penalty, it is noted that the disproportionate gain or unfair advantage made by the noticee or loss caused to the investors as a result of the delay on the part of the noticee to make the disclosures are not made available on record. Further, it may also be added that it is difficult to quantify the unfair advantage made by the noticee or the loss caused to the investors in a default of this nature.

17. Having considered the facts and circumstances of the case and the submissions made by the noticee, I find that a penalty of ₹ 1,00,000/- (Rupees One Lakh only) on the noticee for non compliance with Regulations 13 (4) and 13 (4A) of the PIT Regulations would commensurate with the violations.

### **Order**

18. In exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I hereby impose a penalty of ₹ 1,00,000/- (Rupees One Lakh only) on the noticee, namely Shri Pranav Ansal in terms of Section 15A (b) of the SEBI Act, 1992.

19. The noticee shall pay the said amount of penalty by way of Demand Draft in favour of "SEBI- Penalties Remittable to Government of India", payable at Mumbai within 45 days of receipt of this order. The said demand draft shall be forwarded to the Deputy General Manager, Integrated Surveillance Department, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051, India.

20. In terms of Rule 6 of the Adjudication Rules, copies of this order are being sent to the noticee namely Shri Pranav Ansal and also to the Securities and Exchange Board of India.

**Place: Mumbai**  
**Date: September 6, 2013**

**D. RAVIKUMAR**  
**CHIEF GENERAL MANAGER &**  
**ADJUDICATING OFFICER**