BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. EAD/PM-NK/AO/ 35 /2018-19]

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

Amax Network Private Limited (PAN: AADCA5777C)

In the matter of

Shekhawati Poly-Yarn Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (**hereinafter referred to as SEBI**) observed that Amax Network Private Limited (**hereinafter referred to as Amax or the Noticee**) had acquired shares of Shekhawati Poly-Yarn Limited (**hereinafter referred to as Shekhawati or SPL or the company**) during May 2013. Further, that the shareholding of the Noticee exceeded 5% of the paid-up share capital or voting rights in the company. However, no disclosure under the relevant provisions of SEBI (Prohibition of Insider Trading) Regulation, 1992 (**hereinafter referred to as SEBI (PIT) Regulations, 1992**) SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 (**hereinafter referred to as the SEBI (SAST) Regulations, 2011**) were made by the Noticee. The shares of the company are listed at BSE Ltd. (hereinafter referred to as the BSE) and National Stock Exchange of India Ltd. (hereinafter referred to as the NSE).

2. The details of change in the shareholding on account of such acquisition of shares by the Noticee during May 2013 and the relevant disclosures that were required to be made under the SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations, 2011 are as given below:

Date of transaction	Pre-acquisition holding of shares	Pre-acquisition holding in %	Shares acquired	Post-acquisition holding of shares	Post-acquisition holing in %	Due dated of Compliance	Actual Dated of Compliance	Disclosures required
17.05.2013	91,30,070	4.15%	30,00,000	1,21,30,070	5.51%	21.05.2013	Not complied	13(1) of SEBI (PIT) Regulations, 1992 & 29(1) r/w 29 (3) of SEBI (SAST) Regulations, 2011

3. The Noticee had acquired more than 5% shares of the company and was under an obligation to make disclosures under Regulation 13(1) of SEBI (PIT) Regulations, 1992 to the company within two working days of such acquisition. The Noticee was also under obligation to make disclosure under Regulation 29 (1) read with 29(3) of the SEBI (SAST) Regulations, 2011 to the company and to the stock exchange within two working days of such acquisition as the Noticee's aforesaid change in the holding exceeded 5%. However, no such disclosures were made by the Noticee either under Regulation 13(1) of SEBI (PIT) Regulations, 1992 and/ or under Regulation 29 (1) read with 29(3) of SEBI (SAST) Regulations, 2011.

4. In view of the above, it was alleged that the Noticee had violated the provisions of Regulation 13(1) of SEBI (PIT) Regulations, 1992 and Regulation 29 (1) read with 29(3) of SEBI (SAST) Regulations, 2011.

APPOINTMENT OF ADJUDICATING OFFICER

5. Vide order dated November 1, 2013, Ms. Anita Kenkare was appointed as the Adjudicating Officer under section 15I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalty by Adjudicating Officer) Rules, 1995 (hereinafter

referred to as the 'Adjudication Rules') to inquire into and adjudge under section 15A(b) of the SEBI Act for the alleged violations of provisions of provisions of Regulation 13(1) of SEBI (PIT) Regulations, 1992 and Regulation 29 (1) read with 29(3) of SEBI (SAST) Regulations, 2011. Pursuant to transfer of Ms. Anita Kenkare. Mr. D. Sura Reddy was appointed as the Adjudicating Officer vide order dated October 4, 2017. Subsequently, the undersigned was appointed as the AO vide Order dated March 27, 2018 in the present matter.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

6. A Show Cause Notice no. EAD-6/AK/VRP/9192/2014 dated March 26, 2014 (hereinafter referred to as "SCN") was issued to the Noticee under Rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be initiated and penalty be not imposed under section 15A(b) of the SEBI Act, 1992 for the alleged violations specified in the SCN. It was alleged in the SCN that the Noticee had violated the provisions of Regulations 29(1), and 29(2) of SEBI (SAST) Regulations, 2011 read with Regulation 29(3) of SEBI (SAST) Regulations, 2011. Copies of the documents relied upon in the SCN were provided to the Noticee along with the SCN.

7. The Noticee did not reply to the SCN. An opportunity of personal hearing was granted on May 29, 2014 vide letter dated May 13, 2014. However, the Noticee vide email dated May 26, 2017 submitted that it had not received any hearing Notice and therefore another opportunity may be granted. The Noticee was granted another opportunity of personal hearing on June 18, 2014 vide letter dated May 26, 2014 and was advised to submit its reply by June 10, 2014. The Noticee did not submit any reply to the SCN. Thereafter vide letter dated June 13, 2014, Noticee was advised to submit its reply by June 20, 2014 and appear for the personal hearing on June 23, 2014.

8. The Noticee submitted its reply vide letter dated June 17, 2014. Upon request of the Noticee the date of personal hearing was first rescheduled to July 21, 2014 and then again to August 8, 2014. The Noticee was represented by its directors during the personal hearing and submitted that the Noticee shall be submitting settlement application with

SEBI. The Noticee later replied vide letters dated August 8, 2014, August 26, 2014 and October 8, 2014.

9. Pursuant to the undersigned being appointed as the Adjudicating Officer in the present matter, another opportunity of personal hearing was granted to the Noticee on July 31, 2018 vide letter dated July 12, 2018. Subsequently, the Noticee requested for adjournment of the personal hearing vide email dated July 30, 2018 which was acceded to and another opportunity of personal hearing was granted on August 20, 2018 vide letter dated August 8, 2018. The Noticee was represented by its Director on the scheduled date of personal hearing. A written representation dated August 20, 2018 was also submitted during the personal hearing besides making oral submission and the same were taken on record. Further, the Noticee requested time for submitting additional written replies/submissions which was acceded to. The Noticee, subsequently vide email dated September 24, 2018 submitted additional replies in the matter and the same has been taken on record.

10. The relevant portion of submissions of the Noticee vide aforesaid letters are as below:

- *You may please explain to me, how I have violated any rule. You may also point out options & remedies available to me so as to defend myself, correctly.*
- *We have not purchased 30 lakhs shares on 17.05.2013. There is error in the notice, hence please give new notice. If at all we have made any error or violated any law by mistake, we are ready to compound the offence and pay penalty, though we have done no wrong.*
- *We have reported this 5% limit crossing to the co company and also to BSE at proper time. We will submit the copy.*
- *Madam, SAST was enacted in 1997 and amended later. The purpose was to inform all about any attempt by investor to take over a company. Takeover open offer limit was 15% then, it is now enhanced to 25%. But you have still kept the SAST reporting limit @ 5%, which is unfair.*
- *When this requirement of reporting was made by SEBI, 15 years back, info was not available to public and company, as the shares were traded in physical When this requirement of reporting was made by SEBI, 15 years back, info was not available to*

public and company, as the shares were traded in physical form and company would know only at year end during book closure. Also online data was not available.

- *Then after, in 2013, every day we could see bulk deals on screen and stock exchanges report deals to public every day. Everybody gets to know everything. Then why this reporting liability on investors. Companies can get all info about who bought how much from their Depository online, why should investor be made to inform the company. Similarly exchanges get to know all transaction on real time basis. Exchange also get info from Depository. In fact, BSE owns one depository called CDSL and 2"d depository is own by NSE. Why bother investors to inform the company what the company already knows. Public can always be informed by the company and by the exchange, why investor be told to inform public, that too via company.*
- *Your rule to force us to report our deals to company and exchange are unproductive, obnoxious, wasteful, redundant and unnecessary at least. Such rules should be scrapped being unjustified and investors be relieved from such responsibility.*
- *We request you to scrap such antique rules and please don't punish us under obnoxious rules.*
- *When SAST was enacted in 1997, there was no info available to company or exchange about trade done. Now Exchange knows every trade, on-line. Also Exchange (BSE) publishes Bulk Deal every evening. So question of we informing BSE does not arise. Also, the company has all info from the Depositories (CDSL & NSDL), they get "Buy/ sell report "and holding statement, on-line. Thus this law demanding Investor to inform is BSE & Company is unfair, unproductive, wasteful, redundant and obnoxious, hence avoidable, if not Voidable.*
- *Please do not apply this to us. Please withdraw your notice and change the rules, with time.*
- *We doubt that this company is not owned by its official owners as it appears on BSE site. It is, in reality, owned by Mr. Dhiren Vora of "H Nyalchand", ex NSE broker and "Park Light" , ex BSE broker. He also owns, indirectly, Gajanand Infracon PLC & Yash Infra Realty pie, which have crossed 5% along with us.*
- *The last 2 entities informed BSE by backdated letters? What did BSE & Company do when informed by above 2 entities? Both, BSE & Company did not inform public.*

- *Sir, SEBI is an investigating agency. If you dig deep, you will get more info. You are not a court where you have to decide only on data available before you.*
- *This is with reference to your notice in trading in shares of Shekhawati Poly Yam Ltd (SPYL) which was received by us on 12'h August 2018.*
- *We have not made any gains in this trade in fact we have suffered huge losses as the same was purchased @3/- and now its trading 0.30p.*
- *We had also filed consent application for settlement on 05.12.2014 & 27.01.2015 & 03.03.2015 and the same were rejected on technical grounds.*
- *We have done no harm to market or to investors, we have not made any gain, we made losses, we have not cheated investors, nor we moved or affected the market. Hence u/s 15 J, we may be exonerated having done no wrong.*
- *We had informed the company about our shareholding crossing 6% on 20.05.2013 and again on 12.06.2014. Against our letter dated 20.05.2013 we are unable to find the acknowledgement.*
- *But with reference to our letter dated 12.06.2014, the same has been confirmed by the company vide its letter dated 30.06.2014. The copy of which is enclosed herewith.*
- *Sir this is a fraud company. It has not given dividend to investors ever since inception. IPO came in 2011 and till date they gave no dividend. Their prospectus was so rosy that investors got trapped. It touched high of about 70 in opening and never saw it again.*
- *Pls spend your valuable time on investigating such fraud companies. Catching investors on technical lapse is useless and counterproductive. Requirement of reporting our purchase in 48 hours to company and exchange is misuse of ancient law. You made this law when there was no electronic trading. Now exchange itself gives report of transactions @5pm, same day. Depositories come to know of 5% holding in 48 hours. Pls ask them to report instead of asking investors. I as an investor, do not know the latest equity capital of company. You want me to report on the basis of last quarterly reported equity capital while depositories know it latest capital.*
- *Sir please, scrap such obnoxious, unproductive rules & acts and save investors.*
- *We say that our action had no effect on market or on investors as per 15J and so, we may please be exonerated of charges*

CONSIDERATION OF ISSUES AND FINDINGS

11. I have carefully perused the charges levelled against the Noticee in the SCN and the material/documents available on record. In the instant matter, the following issues arise for consideration and determination:-

a. *Whether the Noticee has violated the provisions of Regulation 13(1) of SEBI (PIT) Regulations, 1992 and Regulation 29 (1) read with 29(3) of SEBI (SAST) Regulations, 2011?*

b. *Do the violations, if any, on the part of the Noticee attract monetary penalty under Section 15A(b) of the SEBI Act,1992?*

c. *If yes, then what would be the monetary penalty that can be imposed upon the Noticee, taking into consideration the factors mentioned in Section 15J of the SEBI Act read with Rule 5(2) of the Adjudication Rules?*

12. Before moving forward, it is pertinent to refer to the relevant provisions of the SEBI (PIT) Regulations, 1992 and SEBI (SAST) Regulations, 2011, which reads as under:-

SEBI (PIT) Regulations, 1992

Disclosure of interest or holding by directors and officers and substantial shareholders in a listed companies - Initial Disclosure.

13. (1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :—

(a) the receipt of intimation of allotment of shares; or

(b) the acquisition of shares or voting rights, as the case may be.

SEBI (SAST) Regulations, 2011:

Disclosure of acquisition and disposal*.*

29.(1) Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to

five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified

(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company to,-

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office

Issue 1) - Whether the Noticee has violated the provisions of Regulation 13(1) of SEBI (PIT) Regulations, 1992 and Regulation 29(1) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011;

13. I note that Regulation 13(1) of SEBI (PIT) Regulations 1992, requires any person who holds more than 5% shares or voting rights in any listed company to disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of (a) the receipt of intimation of allotment of shares; or (b) the acquisition of shares or voting rights, as the case may be. Further Regulation 29 (1) read with 29 (3) of SEBI (SAST) Regulations, 2011 inter alia requires disclosure by any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company to; the company at its registered office and to the Stock Exchange (s) where the shares of the target company are listed.

14. Upon perusal of the documents available on record, I find that the Noticee was holding 6130070 shares of Shekhawati on May 13, 2013, which represented 2.78% of the share capital of Shekhawati. The shareholding of the Noticee increased to 9130070 shares on May 14, 2013, which represented 4.15% of the shares of the company (Shekhawati). The shareholding of the Noticee further, increased to 12130070 shares on May 17, 2013, which represented 5.51% of the share capital of the company. I note from the documents

available on record that this increase in shareholding of the Noticee from 4.15% to 5.51% of the share capital of the company on May 17, 2013 triggered the disclosure requirements under Regulation 13 (1) of SEBI (PIT) Regulations, 1992 and Regulation 29 (1) read with 29 (3) of SEBI (SAST) Regulations, 2011.

15. I take note of the submission of the Noticee wherein it has submitted that it has not purchased 30 Lacs shares of the company on 17/05/2013 and in the later part of its reply it has submitted that it is ready to compound the offence and pay penalty and also that it has reported to the company and BSE on crossing the 5% limit. I find the statements of the Noticee contradicting each other.

16. I find from the documents available on record that in response to SEBI query the company vide email dated March 05, 2014 has confirmed that it has not received any information/disclosure regarding the trading activities of Amax Network Private Limited and that the same may be taken on record. Further, there is nothing on record either from the Noticee or the company or the exchange to substantiate the claims of the Noticee that it had reported to the company and to the exchange upon crossing the 5% shareholding in Shekhaewati.

17. I note that the Noticee has submitted that when information is available in public domain or when the information with regard to the trading is available with the exchange and the depositories which are also associates of the exchanges, then the investors should not be burdened with disclosure requirements under various Regulations. In this regard, I refer to the observation of Hon'ble Securities Appellate Tribunal ('SAT') in **Ambaji Papers Pvt. Ltd. vs. the Adjudicating Officer, SEBI dated January 15, 2014**, wherein similar contention of information being in the public domain was raised by the appellant. Hon'ble SAT observed: *".... that a reading of Regulation 7 of the SAST Regulations, 1997 read with Regulation 35(2) of the SAST Regulations, 2011 clearly points out that not only the company, but an acquirer is also required to inform the stock exchanges at every stage of aggregate of the shareholding or voting rights in the company. The object underlying these regulations is, therefore, unequivocally to bring more transparency by dissemination of complete information to the public as well as shareholders at large not only by the concerned company but by the individual acquirer as well"*.

18. I would further like to refer to the observations of Hon'ble SAT in the matter of **Virendrakumar Jayantilal Patel vs. SEBI (Appeal No. 299 of 2014 vide order dated October 14, 2014)**, wherein it was held that - ".. *obligation to make disclosures within the stipulated time is a mandatory obligation and penalty is imposed for not complying with the mandatory obligation. Similarly argument that the failure to make disclosures within the stipulated time, was unintentional, technical or inadvertent and that no gain or unfair advantage has accrued to the appellant, is also without any merit, because, all these factors are mitigating factors and these factors do not obliterate the obligation to make disclosures"*.

19. I find that the Noticee has submitted letter dated June 12, 2014 which it had written to the company which reads as *"Although I have informed you on 20-05-2013 about our acquisition of shares of Shekhawati Poly-Yarn Limited. We have received a notice from SEBI that we have not informed you. We again inform you that we have bought 6% shares in Shekhawati Poly-Yarn Limited on 17-05-2013."*

    The company vide letter dated June 30, 2014 replied to the Noticee as *"we would like to inform you that we have not received any information on 20th May 2013 about acquisition of 6% shares on 17th May 2013 as mentioned in your letter. We have received for the 1st time your letter dated 12th June 2014 regarding information for the acquisition of shares on 17th May 2013".*

20. I find that in its letter dated June 17, 2014, the Noticee first denied that it had acquired 30 Lacs shares of the company on 17/05/2013. Then in the same letter, it stated that if by mistake it has violated any provisions of any Regulation then it shall compound for the offence. Later in the same letter it stated that it had reported to the company and the exchange upon crossing of the 5% limit. The Noticee vide email dated September 24, 2018, post personal hearing in the matter also submitted a letter dated June 12, 2014 written to the company and the reply dated June 30, 2014 from the company in response to its letter dated June 12, 2014 as discussed in Para 17 above.

21. I find from the records that the SCN in the matter was issued to the Noticee on March 26, 2014 and the Noticee had written the aforesaid letter to the company on June 12, 2014 to which the company had replied on June 30, 2014. I find that the aforesaid sequence of

events is an eyewash and afterthought to demonstrate that the provisions of the relevant Regulations were complied with. Therefore, I am inclined to reject the aforesaid submissions of the Noticee.

22. From the above discussions, I find that there is no evidence to suggest that the Noticee made disclosure on May 20, 2013 with respect to its acquisition dated May 17, 2013. I also do not find merit with respect to its aforesaid submissions in view of its contradictory statements and replies of the company. Further, there is no evidence whatsoever with respect to the disclosure by the Noticee to the stock exchange where the shares of the target company are listed. I also find most of the statements of the Noticee made in its submissions vague and baseless and without substance and therefore do not find worth mentioning in my order.

23. In view of all of the above, I am of the considered view that the Noticee disclosed under the relevant provisions of the Regulations for the first time vide letter dated June 12, 2014, after a delay of about 1 year. Further, there is no disclosure made by the Noticee to stock exchanges. However, I do take note of the fall in value of the investments by the Noticee and therefore inclined to take a lenient view with respect to levy of penalty for the alleged violations in the present matter.

24. In view of the aforesaid discussions, I find that the Noticee failed to make the requisite disclosures as stipulated under the provisions of Regulation 13 (1) of SEBI (PIT) Regulations, 1992 and Regulation 29(1) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011.

Issue 2) - Does the violation, if any, attract monetary penalty under section 15A (b) of SEBI Act?

25. By not making the disclosures, the Noticee failed to comply with their mandatory statutory obligation. In this context, reliance is placed upon the order of the Hon'ble Supreme Court of India in the matter of **Chairman, SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361**} wherein it was held that *"In our view, the penalty is attracted as soon as contravention of the statutory obligations as contemplated by the Act is established and, therefore, the intention of the parties committing such violation becomes immaterial. ……. Hence, we*

are of the view that once the contravention is established, then the penalty has to follow and only the quantum of penalty is discretionary."

26. As the violations of the provisions of Regulation 13 (1) of SEBI (PIT) Regulations, 1992 and Regulation 29(1) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011 is established, the Noticee is liable for monetary penalty under section 15A(b) of SEBI Act, 1992 which, at the time of violation, read 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,-

(a) ……;

Before 08.09.2014; (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;*

With Effect from 08.09.2014; *(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 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;"*

27. While determining the quantum of penalty under section 15A(b), it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

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

28. The amount of disproportionate gain or unfair advantage to the Noticee or loss caused to investors as a result of the default is not quantified in the material available on record. It is important to note that the details of the shareholding and changes thereto is an important element for the proper functioning of the securities market and proper and timely disclosure thereof to the company and stock exchanges etc. are of significant importance from the standpoint of investors. 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. Hon'ble SAT in the case of **M/s. Coimbatore Flavors & Fragrances Ltd. & Ors. vs SEBI (Appeal No. 209 of 2014 order dated August 11, 2014)**, as regards the importance of disclosure, observed *"Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same."*

29. It is contended by the Noticee that the non-compliance was unintentional due to lack of knowledge about SEBI Regulations. In this regard, I note that Hon'ble SAT, through various judgments, has consistently observed that these factors are not valid grounds for not complying with the mandatory disclosure obligations under the SEBI Regulations. However, they are nevertheless treated as mitigating factors while arriving at the quantum of penalty.

30. Hon'ble SAT in the matter of **Akriti Global Traders Limited vs. SEBI** (Appeal No. 78 of 2014 order dated September 30, 2014), 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".*

31. In the matter of **Virendrakumar Jayantilal Patel vs. SEBI** (Appeal No. 299 of 2014 order dated October 14, 2014), observed that *"…….. obligation to make disclosures within the stipulated time is a mandatory obligation and penalty is imposed for not complying with the mandatory obligation. Similarly argument that the failure to make disclosures within the stipulated time, was unintentional, technical or inadvertent and that no gain or unfair advantage has accrued to the appellant, is also without any merit, because, all these factors are mitigating factors and these factors do not obliterate the obligation to make disclosures."*

32. In this regard, Hon'ble Supreme Court of India in the matter of **Shriram Mutual Fund** refereed supra had observed that *"… imputing mens rea into the provisions of Chapter VIA is against the plain language of the statute and frustrates entire purpose and object of introducing Chapter VIA to give teeth to the SEBI to secure strict compliance of the Act and the Regulations."*

33. In view of all of the above I am of considered view that the Noticee has violated the violated the provisions of Regulation 13 (1) of SEBI (PIT) Regulations, 1992 and Regulation 29(1) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011 and that it is a fit case for imposition of penalty for violation of the aforesaid Regulations.

ORDER

34. After taking into consideration the nature and gravity of the charges established, the facts and circumstances of the case and the mitigating factors as enumerated above, I, in exercise of the powers conferred upon me under Section 15I (2) of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, hereby impose a impose a monetary penalty of Rs. 2,00,000/- (Rupees Two Lakhs Only) on the Noticee i.e. Amax Network Private Limited under section 15A(b) of SEBI Act, 1992 for violation of the provisions of Regulation 13 (1) of SEBI (PIT) Regulations, 1992 and Regulation 29(1) read with Regulation 29(3) of SEBI (SAST) Regulations, 2011.

35. 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**

36. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Deputy General Manager, DRA- III, Enforcement Department, 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	

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

Date: September 28, 2018
Place: Mumbai

Prasanta Mahapatra
Adjudicating Officer