BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. EAD-5/SVKM/AA/AO/25/2015-16]

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

Grantview Properties Private Limited

(PAN: AADCG0799G)

In the matter of Mahan Industries Limited

BACKGROUND IN BRIEF

1. Securities and Exchange Board of India (**SEBI**) conducted investigation relating to buying, selling or dealing in the shares of Mahan Industries Limited (hereinafter referred to as "**MIL/company**") to ascertain whether there was any violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") and Regulations made thereunder. Investigation revealed that as on December 31, 2009, MIL had issued capital of 71,50,000 shares of ₹ 10/- each and on January 4, 2010 MIL made a preferential allotment of convertible equity warrants for ₹ 30 crores. On January 15, 2010, MIL split its one share of ₹10/- each into 10 equity shares of ₹ 1/- each and hence as on that date, company had issued capital of ₹ 7,15,00,000/- divided into 7,15,00,000 shares of ₹ 1/- each and outstanding convertible equity warrants of ₹ 30 crores. On February 20, 2010, the Board of Directors of the MIL decided that convertible warrants, where full amount of consideration was received by the company, may be converted into equal number of shares of ₹ 1/- each. Accordingly, on February 20, 2010, MIL made allotment of 24,85,00,000 shares

of ₹ 1/- each to the preferential allottees of the convertible equity warrants. Therefore, on February 20, 2010 MIL had issued capital of 32,00,00,000 shares of ₹ 1/- each and outstanding convertible preferential warrants worth ₹ 5,15,00,000/-

2. The details of the shares allotted to Grantview Properties Private Limited (hereinafter referred to as "**Noticee**") pursuant to conversion of equity warrants into equity share of ₹ 1/- each by MIL on February 20, 2010 and its percentage to the issued capital of MIL as on that date was as under:

Name	No. of shares allotted	% of shares to the issued capital of the company (32,00,00,000 shares of ₹ 1/- each)
Grantview Properties Pvt. Ltd.	1,67,50,000	5.23

3. It was observed during the investigation that since the acquisition of shares by the noticee on February 20, 2010 entitled them to more than the threshold limits of shares or voting rights of MIL as stipulated under regulations 7(1) and 7(1A) read with regulation 7(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as **"SAST Regulations, 1997"**), they were under obligation to make disclosure about their aggregate shareholding or voting rights in the MIL to MIL as well as to BSE within 2 days of transaction as stipulated by the afore-mentioned regulations. However, no disclosures, as stipulated by the afore-mentioned regulations, for the said transaction dated February 20, 2010 was made by the Noticee. Therefore, it was alleged that the Noticee violated the provisions of regulations 7(1) and 7(1A) read with regulation 7(2) of SAST Regulations, 1997.

4. It was further observed that since pursuant to conversion of equity warrants into equity share of ₹ 1/- each by MIL on February 20, 2010, noticee held 5% or more shares of MIL, they were under obligation to make disclosure about their shareholding or voting rights in the MIL to MIL in Form A within 2 days of transaction as stipulated by Regulation 13(1) of SEBI (Prohibition of Insider

Trading) Regulations, 1992 **(PIT Regulations, 1992**). However, it was observed that the Noticee did not make the requisite disclosure as stipulated by the afore-mentioned regulation. Therefore, it was alleged that the Noticee violated the provisions of regulation 13(1) of PIT Regulations, 1992.

5. During the course of investigation, Noticee was issued

i. summons no. WRO/NP/CF/MIL/0354/2013 dated February 22, 2013 under section 11C(3) of the SEBI Act to furnish certain information, as mentioned in the Annexure to the summons, before the Investigation Authority (**IA**) and

ii. summons no. WRO/NP/CF/MIL/0593/2013 dated March 08, 2013 under section 11C(5) of the SEBI Act to appear in person before the IA on March 20, 2013 to answer questions in relation to the investigation.

6. It was observed that the noticee did not furnish complete information as required under the summons dated February 22, 2013 nor did it appear on the scheduled date and time before the IA as required under the summons dated March 08, 2013. Therefore, it was alleged that the noticee violated the provisions of section 11C(3) and 11C(5) of SEBI Act, 1992.

APPOINTMENT OF ADJUDICATING OFFICER

7. Shri A. Sunil Kumar was appointed as the Adjudicating Officer to inquire and adjudge under section 15A(a) and 15A(b) of the SEBI Act, 1992, the alleged violations of provisions of regulations 7(1) and 7(1A) read with regulation 7(2) of SAST Regulations, 1997; read with Regulation 35 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**SAST Regulations, 2011**), Regulation 13(1) of PIT Regulations, 1992 and section 11C(3) and 11C(5) of the SEBI Act, 1992, by the noticee. Subsequently, upon the transfer of Shri A.

Sunil Kumar, I have been appointed as Adjudicating Officer, in the present matter, vide order dated June 22, 2015.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

8. Show Cause Notice no. EAD-5/ADJ/ASK/AA/OW/28852/2014 dated October 01, 2014 (hereinafter referred to as "**SCN**") was issued to the noticee in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the '**Adjudication Rules**') read with section 15I of SEBI Act, 1992 to show cause as to why an inquiry should not be initiated and penalty be not imposed under section 15A(a) and 15A(b) of SEBI Act, 1992 for the aforesaid violations specified in the SCN. The copies of the documents relied upon in the SCN were provided to the Noticee along with the SCN.

9. The said SCN was sent by the mode of hand delivery on October 01, 2014 and the same was returned undelivered with the comment "*Left*". Copy of the SCN was again sent to the address of the noticee as available on the MCA website vide letter dated October 22, 2014. The SCN was duly delivered to the noticee at that address, however, no reply to the SCN was submitted by the noticee within the time prescribed in the SCN.

10. Thereafter, Noticee was given an opportunity of personal hearing on December 19, 2014 vide notice dated December 04, 2014. However, Noticee neither replied to the SCN nor attended the personal hearing. Another opportunity of personal hearing was given to the noticee on January 16, 2015 vide notice dated January 02, 2015. On the scheduled date of hearing, Shri Rajesh Khandelwal, Advocate, appeared as authorised representative (**AR**) of the noticee. During the course of hearing, AR submitted the copy of the noticee's reply dated January 12, 2015 in response to SCN and reiterated the same. AR also submitted that the noticee is contemplating the option of filing consent application in the

matter for settlement of the adjudication proceedings and sought time of two weeks for filing the same. The summary of submissions of the noticee with respect to specific charges alleged in the SCN are as follows:

- *MIL offered in November 2009 convertible warrants on a preferential basis upto Rs 30 crores (3 crore convertible warrants) in January 2010. We were allotted 16,75,000 convertible equity warrants for Rs. 1,67,50,000/- of MIL on January 04.01.2010. The said warrants got converted into 1,67,50,000 equity shares on 22.02.2010 constituting 5.23% of the issued capital of MIL. As per MIL's notice dated 05.11.2009 to the shareholders our post preferential issue shareholding was to become 4.51% of total equity capital (copy of which notice was given to us at the time of allotment of convertible warrant). However, it appears that instead of complete conversion of 30 crore warrants (Rs. 30 crores) the conversion of 248.50 lacs warrants (Rs. 24.85 crores) took place in February 2010 and hence our holding became 5.23%. Further the remaining 5.15 lac warrants got converted into equity shares in May 2010 and accordingly our holding reduced to 4.51% as mentioned in the notice dated 05.11.2009. Therefore, the purported increase in shareholding is actually not an increase but a mere reflection due to non conversion of entire lot by MIL. Therefore, the provisions of regulations 7(1) and 7(1A) read with regulation 7(2) of SAST Regulations, 1997 do not apply to us.*

- *Shares were not acquired by us as the shares were allotted to us pursuant to scheme of conversion of equity warrants into equity shares. We were under the bonafide belief that no disclosures are mandated to be done by us on account of non acquisition but mere conversion of warrants by the company. Moreover, the total shareholding after conversion of all the warrants being 4.51% no disclosure was mandated to be done by us, no disclosure was made by us neither with the company nor with Bombay Stock Exchange. Even for the sake of assumptions if the provisions were applicable to us, the purported increase was only for a period of four months due to the act of the MIL of non-conversion of entire lot.*

- *The purported non-disclosure for purported increase in shareholding for four months was a mere technical lapse for which a lenient view may be taken. The technical lapse, if any, was unintentional and under bona fide belief that our shareholding is well the prescribed limit under the SEBI regulations.*

- *Vide letter dated 03.03.2013 we provided all the documents available with us within our ambit and sought time for arranging other documents. This submission was one day before the specified date within which we were to mark our appearance. As the earlier notices dealt complying with the*

documents and details sought for before the prescribed period, the date of summoning was also mistaken to be the date before which the letters, documents were to be filed with SEBI. Hence non-compliance with the summons was inadvertent.

11. As per the records, the consent application filed by the noticee was rejected by SEBI. The undersigned, after being appointed as Adjudicating Officer in the present matter, also gave an opportunity of hearing to the Noticee on July 21, 2015. Vide email dated July 20, 2015, Noticee requested for adjournment and sought another opportunity of hearing. Another opportunity of hearing was given to the Noticee on August 12, 2015. On the scheduled date of hearing, AR appeared and submitted as follows:

- *AR referring to EGM notice dated November 05, 2009 of the MIL at sr. no 43, 45 and 49 which related to the noticees submitted that each of the noticees were proposed to be allotted less than 5% of the equity share capital of the MIL post conversion of warrants into equity. However, instead of converting 30 crore warrants into equity shares, only 24.85 crore warrants were actually converted into equity on February 17, 2010, thereby the holding of each of the noticees has gone beyond 5% upon conversion on February 20, 2010. This situation continued till May 17, 2010 when the balance 5.15 crore warrants were converted into equity shares thereby bringing down the holding of the noticee below 5% and in line with what was proposed in the EGM dated November 05, 2009. It was therefore submitted that the noticee's holding involuntarily went beyond 5% only between the period of February 20, 2010 to May 17, 2010. No action on their part has contributed in their shareholding going beyond 5% during that period.*
- *As regards violation of summons, AR submitted that noticees have acknowledged the receipt of the summons dated February 22, 2013 and submitted all the documents except bank details and demat statements after seeking extension of time which was granted to them. Noticees have also acknowledged the receipt of summons dated March 08, 2013 for submission of documents and personal appearance. However, the noticees were under the impression that the said summons related only with the submission of documents for which time was granted and therefore did not appear before the investigating authority.*
- *AR also requested that a lenient view may be taken in the matter.*

CONSIDERATION OF ISSUES AND FINDINGS

12. I have carefully perused the submissions of the Noticee and the documents available on record. The issues that arise for consideration in the present case are :

a. Whether Noticee violated the provisions of regulations 7(1) and 7(1A) read with regulation 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992?

b. Whether Noticee violated the provisions of section 11C(3) and 11C(5) of SEBI Act, 1992?

c. Does the violation, if any, attract monetary penalty under section 15A(a) and 15A(b) of SEBI Act, 1992?

Issue I - Whether Noticee violated the provisions of regulations 7(1) and 7(1A) read with regulation 7(2) of SAST Regulations, 1997?

13. Before moving forward, it is pertinent to refer to the relevant provisions of SAST Regulations, 1997 which reads as under:

SAST Regulations, 1997

*"**Acquisition of 5 per cent and more shares or voting rights of a company.***
7 (1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen per cent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed.

(1A) Any acquirer who has acquired shares or voting rights of a company under sub-regulation (1) of regulation 11 or under second proviso to sub-regulation (2) of regulation 11, shall disclose purchase or sale aggregating two per cent or more of the share capital of the target company to the target company, and the stock exchanges where shares of the target company are listed within two days of such purchase or sale along with the aggregate shareholding after such acquisition or sale.
Explanation. - For the purposes of sub-regulations (1) and (1A), the term 'acquirer' shall include a pledgee, other than a bank or a financial institution and

such pledgee shall make disclosure to the target company and the stock exchange within two days of creation of pledge.

(2) The disclosures mentioned in sub-regulations (1) and (1A) shall be made within two 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."

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."

14. Upon perusal of the submissions and documents available on record, I find that it is not in dispute that the noticee was allotted 1,67,50,000 equity shares of MIL upon conversion of 16,75,000 convertible warrants by MIL on February 20, 2010. It is also not in dispute that the aforesaid allotted shares constituted 5.23% of the issued share capital of MIL at the relevant time and no disclosure either under SAST Regulation, 1997 or under PIT Regulations, 1992 was made by the noticee.

15. Noticee has contended that as per the MIL's notice dated November 05, 2009, its post preferential issue shareholding was to become 4.51% of the total equity capital of MIL. However, instead of complete conversion of 3 crore warrants, MIL converted only 2.485 crore warrants in first tranche in February 2010 and this resulted into its shareholding becoming 5.23% of the issued share capital of MIL at the relevant time. Upon perusal of the said notice of MIL, I find that there is specific mention in the said notice that the 3 crore convertible warrants is to be created, offered, issued, allotted and delivered in one or more

tranches and that each warrant is convertible at the sole option of the holder. I also find that in the said notice, post issue shareholding of various allottees, including the noticee, has been mentioned by MIL assuming full conversion of warrants. In view of the same, the contention of the noticee that it was under the bonafide belief that its shareholding is well below the prescribed limit under SEBI Regulations cannot be accepted as at the time of subscribing to the convertible warrants noticee was aware that warrants would be convertible at the sole option of holder and there might arise circumstances where upon the conversion of warrants into equity shares, its shareholding may cross the threshold limits prescribed under SAST and PIT Regulations as some holder of the warrants may not opt for the conversion at the same time and this is precisely the reason why MIL in the notice dated November 05, 2009 had mentioned post issue shareholding of the various allottees on the assumption of full conversion of warrants.

16. Noticee has further contended that it has not acquired the shares rather it was allotted to them pursuant to conversion of warrants into equity shares. I find no merit in this contention of the noticee as it is a settled position of law that as long as the shares or voting rights has been acquired, the mode or purpose of acquisition of shares is not relevant. By subscribing to the convertible warrants, the noticee should be aware that upon conversion it would be acquiring equity shares. In this context, I would like to rely on the order of Hon'ble Securities Appellate Tribunal (**SAT**) in the case of *Akriti Global Traders Ltd. vs. SEBI* (Appeal No. 78 of 2014 order dated September 30, 2014), wherein it was held that *"Obligation to make disclosures under the provisions contained in SAST Regulations, 2011 as also under PIT Regulations, 1992 would arise as soon as there is acquisition of shares by a person in excess of the limits prescribed under the respective regulations and it is immaterial as to how the shares are acquired. Therefore, irrespective of the fact as to whether the shares were purchased from*

open market or shares were received on account of amalgamation or by way of bonus shares, if, as a result of such acquisition/ receipt, percentage of shares held by that person exceeds the limits prescribed under the respective regulations, then, it is mandatory to make disclosures under those regulations."

17. Now going back to the issue of violation of regulation 7(1) of SAST Regulations, 1997, I find that the noticee on February 20, 2010 did acquire 1,67,50,000 equity shares of MIL constituting 5.23% of the equity share capital of MIL at the relevant time and admittedly did not make the requisite disclosure as stipulated under the afore-mentioned regulation. In view of the same, I hold that the noticee has violated Regulation 7(1) read with Regulation 7(2) of SAST Regulations, 1997.

18. Noticee has contended that the purported increase in shareholding was only for four months and at the most technical. In this context, I note that Hon'ble SAT has consistently held that the obligation to make disclosure within the stipulated time is a mandatory obligation and penalty is imposed for not complying with the mandatory obligation. Since in the instant case the breach is established, it calls for the penalty. However, the submission of the noticee has been considered while deciding the quantum of penalty.

19. In so far as the obligation to make disclosure Regulation 7(1A) of SAST Regulations, 1997 is concerned, I note that the said provision is applicable only in respect of those acquirers whose shareholding together with shareholding of persons acting in concert, if any, is between 15% and 55% as stipulated under regulation 11(1) of SAST Regulations, 1997. In the instant matter, I find that it is a matter of record that the noticee's shareholding post conversion of warrants into equity shares was 5.23% only which is below the limits prescribed under regulation 11(1) of SAST Regulations, 1997. Therefore, the allegation of

violation of Regulation 7(1A) of SAST Regulations, 1997 by the noticee does not stand established.

20. As regards the violation of regulation 13(1) of PIT Regulations, 1992, I note that under the said regulation, any person who holds more than 5% shares or voting rights in any listed company, shall disclose to the company the number of shares or voting rights held by such person on becoming the holder within two working days of the receipt of allotment of shares or acquisition of shares or voting rights. In the instant case, it is a matter of record that the noticee was allotted 5.23% of the equity share capital of MIL on February 20, 2010 and admittedly it did not make the requisite disclosure to MIL as stipulated under the afore-mentioned regulation. In view of the same, I hold that the noticee has violated Regulation 13(1) of PIT Regulations, 1992.

Issue -II -Whether Noticee violated the provisions of section 11C(3) and 11C(5) of SEBI Act, 1992

21. It would be appropriate here to refer to the aforesaid provisions of the SEBI Act, 1992 which reads as under:

Section 11C(3) and Section 11C(5) of the SEBI Act, 1992

Section 11C(3): *The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.*

Section 11C(5): *Any person, directed to make an investigation under sub-section (1), may examine on oath, any manager, managing director, officer and other employee of any intermediary or any person associated with securities market in any manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before it personally.*

22. I find that it is not in dispute that the Noticee was issued summons dated February 22, 2013 under section 11C(3) of the SEBI Act to furnish certain

information, as mentioned in the Annexure to the summons, before the Investigation Authority on March 04, 2013. It is also an not in dispute that and Noticee vide letter dated March 03, 2013 submitted only some of the information as required by summons dated February 22, 2013 and further stated that other details sought vide the said summons would be submitted in due course of time, however, the same was never provided to IA. It is also a matter of record that the Noticee was issued summon dated March 08, 2013 under section 11C(5) of the SEBI Act to appear in person before the Investigation Authority on March 20, 2013 to answer questions in relation to the investigation which the noticee failed to do.

23. However, the noticee, while admitting the non-compliance with the summons, has contended in its reply that as the earlier notices pertained to complying with the documents, the date of summoning was mistaken to be the date before which the letters, documents were to be filed with SEBI. The contention raised by the noticee cannot be accepted in view of the fact that the aforesaid summons clearly stated that if the Noticee omits to attend and give evidence or to produce the books of accounts and/or documents as required, SEBI will initiate adjudication proceedings against the Noticee under Section 15A of SEBI Act. It is pertinent to mention here that it is the prerogative of IA to decide from whom to seek information and any non compliance of the summons of the IA hampers the process of investigation. I note that the documents that were not provided to the IA included details relating to demat account statement and bank book and cash book, sought by the summons dated February 22, 2013. I am of the considered opinion that the Noticee ought to have submitted these important information/documents before the IA during the stage of the investigation in compliance with the Summons dated February 22, 2013. If the appellant had appeared before the investigating officer and answered his queries or if he had furnished the requisite information that was sought from him, many things

relevant to the investigation might have come to light. When IA summons a person to appear before him, it is the statutory duty of such person to appear before the IA and to answer the queries. It is well established that timely submission of information is very important for the purpose of effective investigation proceedings and non-cooperation by an entity can be detrimental to the interest of investors and securities market on account of delay or hindrance in the investigation. The documents sought especially details relating to demat account statement and bank book and cash book are very important to keep audit trail and the noticee by not submitting the same stonewalled the investigation.

24. The Hon'ble Securities Appellate Tribunal (**SAT**) has also recognized the importance of compliance of summons and personal appearance and in the matter of *DKG Buildcon Pvt. Ltd. v. SEBI (Appeal No. 106 of 2006, Date of Decision: 07.01.2009),* it has held: *"...By not responding to the summons, the representative(s) of the appellant did not appear before the investigating officer as a result whereof their statements could not be recorded. This, obviously, hampered the investigations. In the result, the inescapable conclusion is that the appellants were adamant in not furnishing the information sought from them though vital to the investigations and that they stonewalled the investigations as commented by the adjudicating officer. It is of utmost importance that every person from whom information is sought should fully co-operate with the investigating officer and promptly produce all documents, records, information as may be necessary for the investigations. If persons are allowed to flout the summons issued to them during the course of the investigations, the Board as the watchdog of the securities market will not be able to perform its duties in protecting the interests of the investors and safeguarding the integrity of the securities market."*

25. In this context, I would like to also refer to the order of the Hon'ble SAT in the matter of *Mr. Jalal Batra vs. SEBI* (Appeal no. 184 of 2010, date of decision dated December 06, 2010) wherein it observed "*.....We have observed time and again that it is of utmost importance that market players like the appellant should fully cooperate with the investigations that are carried out by the Board, the watchdog of the securities market. If market players and intermediaries avoid appearing before the investigating officer or furnish the necessary information sought from them, the Board as a market regulator will not be able to carry out its statutory functions and duties of protecting the integrity of the securities market and the investigations would be grossly hampered. Non co-operation with the market regulator has to be viewed seriously. We do not know what else would have come to light if the appellant had appeared before the investigating officer or if he had furnished the requisite information that was sought from him."*

26. Since the noticee has not complied with the summons dated February 22, 2013 and March 08, 2013 when it failed to submit full and complete information to IA as well as when it failed to make personal appearance before IA as sought vide the said summons respectively, I hold that the noticee has violated provisions of sections 11C(3) and 11C(5) of SEBI Act, 1992.

Issue III - Does the violation, if any, attract monetary penalty under section 15A(a) and 15A (b) of SEBI Act, 1992?

27. 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."*

28. As the violation of provisions of Regulation 7(1) read with regulation 7(2) of SAST Regulations, 1997, Regulation 13(1) of PIT Regulations, 1992 and section 11C(3) and 11C(5) of SEBI Act, 1992 by the noticee has been established I hold that Noticee is liable for monetary penalty under section 15A (a) and 15A(b) of SEBI Act, 1992 which reads 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) to furnish any document, return or report to the Board, fails to furnish the same, 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;

(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;"

29. I have considered the factors mentioned in section 15J of SEBI Act, 1992 and I note that the material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticee and the loss suffered by the investors as a result of the Noticee's default. As regards the imposition of monetary penalty for not making disclosure on time under regulation 7(1) read with regulation 7(2) of SAST Regulations, 1997 and regulation 13(1) of PIT Regulations, 1992, I note that the noticee has failed to comply with the statutory obligation. The timely disclosure is mandated for the benefit of the investors at large. There can be no dispute that compliance of regulations is mandatory and it is duty of SEBI to enforce compliance of these regulations. It is important to note that securities market operates on disclosure based regime and hence true and timely disclosure of information, as prescribed under the statute, is an important regulatory tool intended to serve a public purpose. The Noticee, by its failure to make requisite disclosure within the time prescribed under SAST Regulations, 1997 prevented dissemination of valuable

information to investors at the relevant point of time. Moreover, by not submitting complete details in response to summons, including those relating to Bank and demat statements which could have shown the fund flow and securities flow, and by not appearing before the IA for answering queries / giving explanations/clarifications despite having received the summons compromises the regulatory framework and hampers the investigation. Further, any delay or hurdle in investigation due to non-cooperation by any entity is detrimental to the interest of investors in securities market and the same deserves to be viewed seriously. Further, the default by the noticee can be considered as repetitive in nature due to non-compliance with summons for more than one occasion.

ORDER

30. After taking into consideration all the facts and circumstances of the case and submissions made by the noticee, I, in exercise of the powers conferred upon me under Section 15I (2) of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose following penalty hereby impose following penalty on the noticee i.e. Grantview Properties Private Limited:

Penalty Amount	**Violation**
₹ 2,50,000/- (Rupees Two Lakh Fifty Thousand Only)	Under section 15A(b) of SEBI Act for violation of Regulation 7(1) of SAST Regulations, 1997 read with Regulation 35 of SAST Regulations, 2011.
₹ 2,50,000/- (Rupees Two Lakh Fifty Thousand Only)	Under section 15A(b) of SEBI Act for violation of Regulation 13(1) of PIT Regulations, 1992.
₹ 2,00,000/- (Rupees Two Lakh Only)	Under section 15A(a) of SEBI Act for violation of section 11C(3) of SEBI Act, 1992.
₹ 2,00,000/- (Rupees Two Lakh Only)	Under section 15A(a) of SEBI Act for violation of section 11C(5) of SEBI Act, 1992.
Total -	₹ 9,00,000/- (Rupees Nine Lakh Only)

31. I am of the view that the penalty imposed is commensurate with the violations committed by the Noticee. The amount of penalty shall be paid 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 should be forwarded to "The Division Chief (Enforcement Department - DRA-IV), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051."

32. In terms of rule 6 of the Rules, copies of this order are sent to the Noticee and also to the Securities and Exchange Board of India.

Date: September 30, 2015
Place: Mumbai

S. V. Krishnamohan
Chief General Manager &
Adjudicating Officer