

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA**

[ADJUDICATION ORDER NO. EAD-2/DSR/RG/822-825/2017]

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. Shri Purnandu Jain(PAN : AACPJ7016P)**
- 2. Purnandu Jain HUF (PAN : AAHHP2972F)**
- 3. Ms.Anupama Jain (PAN : ACTPJ2249M)**
- 4. IFCI Venture Capital Funds Ltd (PAN : AAACR3037R)**

In the matter of

ANKUR DRUGS AND PHARMA LIMITED

- 1. Securities and Exchange Board of India (hereinafter referred to as the 'SEBI') had examined the trading in the scrip of Ankur Drugs and Pharma Limited (hereinafter referred to as the 'target company' / 'ADPL') and into the possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the 'SEBI Act, 1992') and various Rules and Regulations made there under.**
- 2. It was observed that the promoters of the target company, namely, Shri Purnandu Jain, Purnandu Jain HUF and Ms. Anupama Jain (hereinafter individually referred to by their respective names or collectively referred to as the Noticees) had pledged certain shares of ADPL and the said pledged shares were invoked during the examination period. Thus, upon invocation of the pledge, the promoters were required to make the necessary disclosures as prescribed under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as the 'SAST Regulations') and the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the 'PIT Regulations').**

However, it was observed that the Noticees had failed to make the said disclosures.

3. Further, on analysis of the counterparty shareholding after the invocation of the pledge, it was observed that one of the counterparty to the said transaction, namely, IFCI Venture Capital Funds Limited (hereinafter individually referred by its respective name and collectively referred to as the Noticee), had acquired certain shares of ADPL. Upon the said acquisition, the Noticee was required to make the necessary disclosures as prescribed under Regulation 29(1) of the SAST Regulations and 13(1) of the PIT Regulations. However, it was observed that the Noticee had failed to do so.
4. SEBI, therefore, has initiated adjudication proceedings against the Noticees for the following alleged violation of the provisions of law:
 - (a) against Purnandu Jain for the alleged violation of the provisions of Regulation 29(2) and 31(2) of the SAST Regulations and Regulation 13(3) of the PIT Regulations;
 - (b) against Purnandu Jain HUF and Anupama Jain for the alleged violation of the provisions of Regulation 31(2) of the SAST Regulations; and
 - (c) against IFCI Venture Capital Funds Limited for the alleged violation of the provisions of Regulation 29(1) of the SAST Regulations and Regulation 13(1) of the PIT Regulations.

Appointment of Adjudicating Officer

5. I have been appointed as the Adjudicating Officer, vide order dated January 31, 2017, under Section 15-I of the SEBI Act, 1992 read with Rule 3 of SEBI (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 Section 15A(b) of the SEBI Act, 1992, the alleged violation of the abovementioned provisions of law by the Noticees.

Show Cause Notice, Reply and Personal Hearing

6. A common show cause notice dated March 15, 2017 (hereinafter referred to as the 'SCN') was issued to the Noticees in terms of Rule 4 of the Adjudication

Rules requiring them to show cause as to why an inquiry should not be held against them for the alleged violation of provisions of law. Vide letter dated April 20, 2017, the Legal Representatives of the Noticees viz. Shri Purnandu Jain, Purnandu Jain HUF and Ms. Anupama Jain sought additional time to file their reply in the matter. With respect to the SCN issued to IFCI Venture Capital Funds Limited, it is noted that the same was duly delivered to the said Noticee and vide letter dated April 03, 2017, the Noticee requested extension of 10 days' time to file its reply in the matter. Vide separate but identical letters dated August 14, 2017, the Noticees viz. Shri Purnandu Jain, Purnandu Jain HUF and Ms. Anupama Jain submitted their detailed reply in the matter. Further, vide letter dated April 13, 2017, IFCI Venture Capital Funds Limited also submitted its reply in the matter.

7. Thereafter, in the interest of natural justice and in order to conduct an inquiry as per Rule 4(3) of the Adjudication Rules, vide hearing notices dated October 11, 2017, an opportunity of personal hearing was granted to the Noticees on October 27, 2017 in the matter. The Authorized Representative (AR) appeared on behalf of IFCI Venture Capital Funds Limited on the scheduled date of hearing and made oral submissions. The AR reiterated the submissions made by the said Noticee in its earlier reply dated April 13, 2017. The AR submitted additional reply vide an undated letter, which was taken on record. With respect to the opportunity of personal hearing granted to Shri Purnandu Jain, Purnandu Jain HUF and Ms. Anupama Jain, it is noted that vide separate but identical letters dated October 25, 2017, the said Noticees requested for adjournment of the scheduled hearing and grant them an opportunity after a period of 15 days. I find that the replies of the said Noticees are already on record, therefore, I am proceeding further on the basis of material available on record in the matter.

Consideration of Issues, Evidence and Findings

8. I have carefully perused the charges levelled against the Noticees as per the SCN, replies filed by them and the material as available on record. The issues that arise for consideration in the present case are:

- (a) Whether Shri Purnandu Jain has violated the provisions of Regulation 29(2) and 31(2) of the SAST Regulations and Regulation 13(3) of the PIT Regulations?**
- (b) Whether Purnandu Jain HUF and Anupama Jain have violated the provisions of Regulation 31(2) of the SAST Regulations?**
- (c) Whether IFCI Venture Capital Funds Limited has violated the provisions of Regulation 29(1) of the SAST Regulations and Regulation 13(1) of the PIT Regulations?**
- (d) Do the violations, if any, on the part of the Noticees attract any penalty under Section 15A (b) of the SEBI Act, 1992?**
- (e) If yes, what should be the quantum of penalty?**

9. Before proceeding further, it will be appropriate to refer to the relevant provisions of law which read as under:

Relevant provisions of the SAST Regulations:

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.

29(2) Any acquirer, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose every acquisition or disposal of shares of such target company representing two per cent or more of the shares or voting rights in such target company in such form as may be specified.

Disclosure of encumbered shares

31(2) The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.

Relevant provisions of the PIT Regulations:

Disclosure of interest or holding in listed companies by certain persons -

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.

13(3) Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company in Form C the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company.

10. I find from the examination report that ADPL is a public limited company listed at the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE). It was incorporated in the year 1995 and is engaged in contract manufacturing of pharmaceuticals formulations. The quarter wise promoter holding, during the relevant period, of ADPL is as under:

	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12
Promoter and Promoter Group	5.90%	5.90%	9.57%	11.90%	16.65%
Indian	5.90%	5.90%	9.57%	11.90%	16.65%
Public	94.10%	94.10%	90.43%	88.10%	83.35%
Institutions	16.40%	16.40%	16.40%	16.41%	11.70%
FII	11.64%	11.64%	11.64%	11.64%	11.69%
DII	4.76%	4.76%	4.76%	4.77%	0.01%
Non Institutions	77.70%	77.70%	74.03%	71.69%	71.65%
Bodies Corporate	14.42%	15.16%	14.86%	14.24%	15.89%
Total	1,93,41,590	1,93,41,590	1,93,41,590	1,93,41,590	1,93,41,590

11. During the examination, it was observed that the pledgees had invoked the shares pledged by the promoters of ADPL and the details of the same are as under:

PURNANDU JAIN:

Date	Clnt Name	Clnt PAN	Tot Hldg of Clnt	Tot Hldg as %age of Issd Cap	Pledged Shares	Pledge Invocation
29/05/2012	PURNAND U JAIN	AACPJ7016 P	1136381	6.10	1101000	-
30/05/2012	PURNAND	AACPJ7016	941381	5.06	906000	195000

	U JAIN	P				
27/09/2012	PURNAND U JAIN	AACPJ7016 P	841381	4.52	806000	100000
03/10/2012	PURNAND U JAIN	AACPJ7016 P	666381	3.58	631000	175000
25/10/2012	PURNAND U JAIN	AACPJ7016 P	180381	0.97	145000	486000
03/12/2012	PURNAND U JAIN	AACPJ7016 P	130381	0.70	95000	50000
30/04/2013	PURNAND U JAIN	AACPJ7016 P	122381	0.66	87000	8000

PURNANDU JAIN HUF

Date	Clnt Name	Clnt PAN	Tot Hldg of Clnt	Tot Hldg as %age of Issd Cap	Pledged Shares	Pledge Invocation
29/05/2012	PURNANDU JAIN	AAHHP2972F	701927	3.77	425000	
30/05/2012	PURNANDU JAIN	AAHHP2972F	276927	1.49	0	425000

ANUPAMA JAIN:

Date	Clnt Name	Clnt PAN	Tot Hldg of Clnt	Tot Hldg as %age of Issd Cap	Pledged Shares	Pledge Invocation
09/01/2012	ANUPAMA JAIN	ACTPJ2249M	916117	4.92	915000	
11/01/2012	ANUPAMA JAIN	ACTPJ2249M	856117	4.60	855000	60000
12/01/2012	ANUPAMA JAIN	ACTPJ2249M	827117	4.44	826000	29000
22/03/2012	ANUPAMA JAIN	ACTPJ2249M	727117	3.91	726000	100000
30/05/2012	ANUPAMA JAIN	ACTPJ2249M	427117	2.29	426000	300000
20/07/2012	ANUPAMA JAIN	ACTPJ2249M	377117	2.03	376000	50000
11/09/2012	ANUPAMA JAIN	ACTPJ2249M	277117	1.49	276000	100000
12/09/2012	ANUPAMA JAIN	ACTPJ2249M	177117	0.95	176000	100000
18/09/2012	ANUPAMA JAIN	ACTPJ2249M	77117	0.41	76000	100000

12. From the above tables, it was observed in the SCN that the pledge of shares created by Purnandu Jain were invoked by the pledgees during the period from May 30, 2012 to April 30, 2013. Upon the said invocation of pledge, Purnandu Jain was under an obligation to make the necessary disclosures as prescribed under Regulation 29(2) and 31(2) of the SAST Regulations and Regulation 13(3)

of the PIT Regulations. However, it was alleged that he had failed to do the same.

13. Further, it was observed that the pledge of shares created by Purnandu Jain HUF were invoked by the pledgees on May 29, 2012 and May 30, 2012. Upon the said invocation of pledge, Purnandu Jain HUF was under an obligation to make the necessary disclosures as prescribed under Regulation 31(2) of the SAST Regulations. However, it was alleged that the said disclosures were not made by the said Noticee.

14. Also, the pledge of shares created by Anupama Jain were invoked by the pledgees during the period from January 11, 2012 to September 18, 2012. Upon the said invocation of pledge, Anupama Jain was also under an obligation to make the necessary disclosures as prescribed under Regulation 31(2) of the SAST Regulations. However, it was alleged that the said disclosures were not made by Anupama Jain.

15. Further, analysis of the acquisitions by counterparties upon invocation of the pledge transactions by the promoters was made and the details of the same are as under:

Name of Entity	No of shares acquired	%holding	Alleged Violation
BARCLAYS BANK PLC	920000	4.75	Nil
CANBANK FACTORS LIMITED	89000	0.46	Nil
DHANLAXMI COTEX LTD	8000	0.04	Nil
IFCI VENTURE CAPITAL FUNDS LTD	1261000	6.52	29 (1) of SAST Regulations 13 (1) of PIT Regulations

16. It was observed from the above table that IFCI venture Capital Funds Limited had acquired 12,61,000 shares on account of invocation of the pledge. Thus, it was under an obligation to make necessary disclosures as prescribed under Regulation 29(1) of the SAST Regulations and Regulation 13(1) of the PIT Regulations. However, it was alleged in the SCN that the said Noticee had failed to do so.

17. It was, therefore, alleged in the SCN that:

- (a) Purnandu Jain had failed to make the necessary disclosures as prescribed under the provisions of Regulation 29(2) and 31(2) of the SAST Regulations and Regulation 13(3) of the PIT Regulations;
- (b) Purnandu Jain HUF and Anupama Jain had failed to make the necessary disclosures as prescribed under the provisions of Regulation 31(2) of the SAST Regulations; and
- (c) IFCI Venture Capital Funds Limited had failed to make the necessary disclosures as prescribed under the provisions of Regulation 29(1) of the SAST Regulations and Regulation 13(1) of the PIT Regulations.

18. Vide separate but identical letters, all dated August 14, 2017, the Noticees, viz. Shri Purnandu Jain, Purnandu Jain HUF and Ms. Anupama Jain submitted their replies in the matter. The Noticees submitted that the non-disclosures by them was an inadvertent error and they had no ulterior motive or intention behind the same. The Noticees stated that being promoter entities they had invested most of their monies in order to revive ADPL as the financial position of the target company was very weak. Due to the same, ADPL had earlier filed reference with the Board for Industrial and Financial Restructuring, New Delhi (BIFR) under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 reporting sickness. The Noticees submitted that the shares of the company were pledged by them to raise funds and revive the company. The Noticees stated that due to the financial constraints they were unable to get the compliance advice and so the default occurred. The Noticees, while admitting the failure to make necessary disclosures as prescribed under the SAST Regulations and PIT Regulations, stated that the same was not intentional or wilful and thus, does not warrant any monetary penalty. The Noticees further submitted that the said non-disclosures were never intended to evade the procedural aspects of the PIT Regulations and SAST Regulations but was simply a bonafide error on their part. They state that, by failing to make the requisite disclosures, they have not accrued any illegal or undue profits nor did the investors report any loss due to the said non-disclosures.

19. Further, the Noticees submitted that while Clause 35 of the Listing Agreement requires a company to disclose holding of shares exceeding 1%, Regulation 13(2) & 13(3) of the PIT Regulations and Regulation 31(2) of the SAST Regulations requires disclosure of holding shares / voting rights above 5%. Therefore, in essence, the disclosures required under the SAST Regulations & PIT Regulations are covered under Clause 35 of the Listing Agreement. It is the case of the Noticees that even if the non-disclosures were deliberate on the part of the Noticees, there would not have been any effect on the shareholders of the company, as the said information was made available to the shareholders by the disclosures made by the Company under Clause 35 of the Listing Agreement and therefore, no additional information was to be shared with anybody. The Noticees submitted that no penalty should be imposed on them as the non-disclosures were unintentional, not deliberate or wilful. The Noticees have also relied on certain case laws in support of their contentions.

20. Vide letter dated April 13, 2017, IFCI Venture Capital Fund submitted its reply to the SCN. The Noticee submitted that it is a company incorporated under the Companies Act, 1956 and is a subsidiary of IFCI Limited, a Government Company. The Noticee stated that it is registered with RBI as an NBFC and provides secured corporate loans to mid-market companies in the range of ₹ 15-20 crores with security of shares of listed companies and / or mortgage of property. With respect to the allegation levelled against it in the SCN, the Noticee submitted that it had provided credit facilities to ADPL to the tune of ₹ 15 crore against pledge of securities by promoters of ADPL. The equity shares of ADPL held by the promoters' viz. Shri Purnandu Jain, Purnandu Jain HUF and Ms. Anupama Jain were pledged with the Noticee in relation to the indebtedness amounting to ₹ 15 crores which was sanctioned on May 24, 2010. The Noticee had disbursed an amount of ₹ 13.42 crore out of the sanctioned amount of ₹ 15 crores. The Noticee submitted that due to the non-payment by the borrowers (promoters of ADPL), the Noticee had invoked the pledged shares and sold the entire pledged shares i.e. 24,67,000 equity shares from August 2010 to December 06, 2012 and recovered an amount of ₹ 9.62 crore. The Noticee stated that there was no intention of taking over the management of the target company behind the said transaction.

21. The Noticee further submitted that it had not made the required disclosures under Regulation 13(1) of the PIT Regulations and Regulation 29(1) of the SAST Regulations keeping in view the exemption available in the proviso to Regulation 29(4) of the said regulation, which reads as under:

Disclosure of acquisition and disposal

29(4)*For the purpose of this regulation, shares taken by way of encumbrance shall be treated as an acquisition, shares given upon release of encumbrance shall be treated as a disposal, and disclosures shall be made by such person accordingly in such form as may be specified:*

Provided *that such requirement shall not apply to a scheduled commercial bank or public financial institution as pledgee in connection with a pledge of shares for securing indebtedness in ordinary course of business.*

22. The Noticee submitted that in view of the exemption under the aforesaid proviso, the Noticee had not reported to the Target Company and the respective stock exchanges where the shares of the Target Company were listed while acquiring shares by way of invocation of pledge. It is the case of the Noticee that there was no intention to violate the applicable provisions of the said Regulations and the said non-disclosure in question was only due to the understanding of the applicable provisions in general and exemption proviso which was subsequently clarified by the Hon'ble Securities Appellate Tribunal while disposing of Appeal no. 190 of 20147 of SICOM Limited vs. SEBI that an acquirer including Public Financial Institution is required to give disclosure at the time of invocation of pledged shares to the Stock Exchanges where the shares of the target company are listed and to the Target Company at its registered office in such manner as specified under Regulation 13(1) of the PIT Regulations and Regulation 29(1) of the SAST Regulations.

23. The Noticee further submits that the shares of the target company were suspended with both the stock exchanges and the matter of winding up was pending with Hon'ble Bombay High Court in Co. Pet. No. 103 of 2012 vide its order dated 08.07.2013. The Target Company had subsequently made a

reference to BIFR for revival of the company and same is pending for further adjudication.

24. I have carefully perused the allegations levelled in the SCN and the replies submitted by the Noticees. I find that the promoters had pledged their shares with certain entities and the same was invoked later which required the promoters of ADPL i.e. Shri Purnandu Jain, Purnandu Jain HUF and Ms. Anupama Jain to make requisite disclosures as prescribed under the SAST Regulations and PIT Regulations. Further, upon invocation of the pledge, IFCI Venture Capital Fund Limited, had acquired shares of ADPL which also required it to make necessary disclosures as prescribed under the SAST Regulations and PIT Regulations. However, the Noticees failed to make the said disclosures. I find from the submissions made by the Noticees that they have admitted their failure to make the necessary disclosures under the SAST Regulations and the PIT Regulations.

25. Further, I do not find any merit in the submissions of the Noticees that the non-disclosures were unintentional and not wilful. Also, I do not find any merit in the submissions of the Noticees that they have not made any illegal or undue profits. In this context, I note that ***the Hon'ble Securities Appellate Tribunal in the matter of Komal Nahata Vs. SEBI vide order dated January 27, 2014*** has observed that: *"Argument that no investor has suffered on account of non-disclosure and that the AO has not considered the mitigating factors set out under Section 15J of SEBI Act, 1992 is without any merit because firstly penalty for non-compliance of SAST Regulations, 1997 and PIT Regulations, 1992 is not dependent upon the investors actually suffering on account of such non-disclosure."* Further, I also note that in ***Appeal No. 78 of 2014 in the case of Akriti Global Traders Ltd. Vs. SEBI, the Hon'ble Securities Appellate Tribunal vide order dated September 30, 2014*** has 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"*.

26. I don't find merit in the contention of the Noticees that ADPL had made the disclosures under Clause 35 of the listing Agreement in the matter. I also note that specific obligation is cast upon the Noticees to make the disclosures to the target company and the stock exchanges under the SAST Regulations and the PIT Regulations. The said obligation cast upon the Noticees to make disclosures has nothing to do with the provisions of the Listing Agreement which are applicable to the company.

27. Also, I note that IFCI Venture Capital Fund Limited has submitted that it did not make the necessary disclosures upon invocation of pledge of shares as required under the SAST Regulations and PIT Regulations due to the understanding of the proviso to Regulation 29(4) of the SAST Regulations which exempts the Scheduled Commercial Banks and Public Financial Institutions from making disclosures in case of encumbrance of shares. Further, the Noticee, itself, in its reply has rightly mentioned that ***the Hon'ble Securities Appellate Tribunal in the case of SICOM Limited Vs. SEBI***, while upholding the order passed by SEBI, has clarified that the disclosure provisions as prescribed under the SAST Regulations are applicable to the Public Financial Institutions too and no exemption can be granted under the said proviso. In this regard, I note that the Hon'ble SAT made certain observations which are as under:

"13. Question therefore, to be considered is, whether the expression "such requirement" under the proviso to regulation 29(4) is relatable to deemed acquisition of shares specified under regulation 29(4) or does it extend to actual acquisition of shares by Scheduled Commercial Banks/PFI's on invocation of pledge?"

14. In our opinion, plain reading of the proviso to regulation 29(4) makes it clear that the exemption set out therein is relatable to deemed acquisitions specified under regulation 29(4) because, normally proviso does not travel beyond the provision to which it is a proviso and since regulation 29(4) deals with the deemed acquisitions, it is just and proper to hold that the proviso to regulation 29(4) applies only to the deemed acquisitions specified under regulation 29(4).

15. Moreover, the language used in the proviso to regulation 29(4) does not even remotely suggest that the exemption contained therein is intended to cover categories other than those specified under regulation 29(4). Very fact that the proviso to regulation 29(4) uses the expression "such requirement as pledgee in connection with a pledge of shares for securing indebtedness in the ordinary course of business" instead of using the expression "such requirement arising on

acquisition of shares by invocation of pledge” clearly shows that the proviso to regulation 29(4) is obviously referable to disclosure requirements which the Scheduled Commercial Banks/ PFI’s are required to discharge as pledgee when shares are taken by way of pledge for securing indebtedness in the ordinary course of business. It is relevant to note that the liability to make disclosures under regulation 29(4) is with reference to deemed acquisitions and therefore, in the absence of any contrary indication, the expression “such requirement” under the proviso to regulation 29(4) would be referable to deemed acquisitions specified under regulation 29(4) and not to actual acquisitions.....

.....In other words, scope and ambit of the proviso to regulation 29(4) is to be construed on the basis of the language used in the said proviso and not on the basis of the treatment given by Scheduled Commercial Banks/ PFI’s to the shares acquired by them on invocation of pledge.

.....In the present case, admittedly the appellants have failed to make disclosures even after acquiring shares on invocation of pledge and hence, appellants cannot escape penal liability.”

28. In view of the above, I conclude that the Noticees, by not making the necessary disclosures upon invocation of pledge of shares of ADPL, have violated the following provisions of law which warrants imposition of monetary penalties as prescribed under Section 15A(b) of the SEBI Act, 1992:

- (a) Purnandu Jain has violated the provisions of Regulation 29(2) and 31(2) of the SAST Regulations and Regulation 13(3) of the PIT Regulations;
- (b) Purnandu Jain HUF and Anupama Jain have violated the provisions of Regulation 31(2) of the SAST Regulations; and
- (c) IFCL Venture Capital Funds Limited has violated the provisions of Regulation 29(1) of the SAST Regulations and Regulation 13(1) of the PIT Regulations.

29. Section 15A(b) of the SEBI Act, 1992 reads as under:

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,--*

(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.*

30. The Hon'ble Securities Appellate Tribunal, ***in Appeal No.66 of 2003 order dated April 15, 2005 - Milan Mahendra Securities Pvt. Ltd. Vs SEBI***, has also observed that, *"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. We cannot therefore subscribe to the view that the violation was technical in nature"*.

31. The Hon'ble Supreme Court of India in the matter of ***SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)*** 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..."*.

32. While determining the quantum of penalty under Section 15A(b) of the SEBI Act, 1992, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992 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.*

Explanation: *For 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.*

33. At this juncture, I would like to quote the observations from the Order dated 4.9.2013 passed by ***the Hon'ble Securities Appellate Tribunal (SAT) in the matter of Vitro Commodities Private Limited Vs SEBI*** wherein the Hon'ble SAT had observed that *"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 ".

34. In the light of the above observations of Hon'ble SAT, I am of the view that the violation of the provisions of Regulation 13(1) of the PIT Regulations and Regulation 29(1) of the SAST Regulations committed by IFCI Venture Capital Funds Limited is not substantially different. Therefore, these violations can be considered as a single violation for the purpose of imposition of penalty on IFCI Venture Capital Funds Limited.

35. I observe that, from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticees or the extent of loss suffered by the investors as a result of the default cannot be computed. I note that the default of the Noticees are not repetitive in nature. I note that correct and timely disclosures play an essential role in the proper functioning of the securities market and failure to do so results in depriving the investors from taking well informed investment decision. I, therefore, conclude that the Noticees, by failing to make the necessary disclosures as required under the SAST Regulations and PIT Regulations, are liable for monetary penalties under the SEBI Act, 1992.

ORDER

36. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15-I (2) of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, I hereby impose the following monetary penalties on the Noticees:

Sr. No.	Name of the Noticee	Provisions of law violated	Penal Provisions	Penalty Amount (in ₹)
1.	Shri Purnandu Jain	Regulation 29(2) & 31(2) of the SAST Regulations and Regulation 13(3) of the PIT Regulations	Section 15A(b) of the SEBI Act, 1992	1,00,000/- (Rupees One Lakh Only) payable jointly and severally.
2. 3.	Purnandu Jain HUF Ms.Anupama Jain	Regulation 31(2) of the SAST Regulations		
4.	IFCI Venture Capital Fund Limited	Regulation 29(1) of the SAST Regulations and Regulation 13(1) of the PIT Regulations	Section 15A(b) of the SEBI Act, 1992	50,000/- (Rupees Fifty Thousand Only)

37. The amount of penalties shall be paid either by way of demand drafts in favor of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by e-payment in the account of "SEBI - Penalties Remittable to Government of India", A/c No. 31465271959, State Bank of India, Bandra Kurla Complex Branch, RTGS Code SBIN0004380 within 45 days of receipt of this order. The said demand drafts or forwarding details and confirmation of e-payment made in the format as given in table below should be forwarded to "The Division Chief (Enforcement Department - DRA-I), Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 4 A, "G" Block, BandraKurla Complex, Bandra (E), Mumbai - 400 052."

1.	Case Name :	
2.	Name of Payee:	
3.	Date of Payment:	
4.	Amount Paid:	

5.	Transaction No:	
6.	Bank details in which payments is made :	
7.	Payment is made for: (like penalties/ disgorgement / recovery/ settlement amount and legal charges along with order details)	

38. In terms of the Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees and also to Securities and Exchange Board of India.

Date: October 31, 2017

Place: Mumbai

**D.SURA REDDY
GENERAL MANAGER &
ADJUDICATING OFFICER**