

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. J C Mansukhani (PAN: AACPM2147G)
2. J C Mansukhani HUF (PAN: AAAHJ2339H)
3. JPA Solutions Pvt Ltd (PAN: AABCJ7151K)
4. Man Steel & Power Ltd, now known as Man Tubinox Ltd (PAN: AAECM7199K)

In the matter of Man Industries (India) Ltd

BACKGROUND

1. Securities and Exchange Board of India (hereinafter, referred to as "**SEBI**") conducted investigations into dealing in shares of Man Industries (India) Ltd (hereinafter, referred to as "**Company**" or "**MIL**"). Pursuant to the investigations, SEBI observed following alleged violations by J C Mansukhani bearing PAN: AACPM2147G (hereinafter, also referred to as "**JCM**"), J C Mansukhani HUF bearing PAN: AAAHJ2339H (hereinafter, also referred to as "**JCM HUF**"), JPA Solutions Pvt Ltd bearing PAN: AABCJ7151K, formerly known as JPA Holding Pvt Ltd (hereinafter, also referred to as "**JPA**"), Man Steel & Power Ltd bearing PAN: AAECM7199K, now known as Man Tubinox Ltd (hereinafter, also referred to as "**MSPL**"):
 - a) JCM received 1,50,000 shares on November 29, 2011 in an inter-se transfer of shares from JCM HUF. Consequent to above transfer of shares, JCM, being promoter and Director of MIL, allegedly failed to make requisite disclosure of change in his shareholding, thereby, and allegedly violated Regulation Regulation 13(4) and 13(4A) read with Regulation 13(5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter, referred to as "**PIT Regulations, 1992**"). Further, consequent to aforesaid transfer of shares, JCM HUF, being promoter of MIL, allegedly failed to make the requisite disclosure for change in its shareholding, and thereby allegedly under Regulation 13(4A) read with Regulation 13(5) of PIT Regulations, 1992.
 - b) On January 11, 2013, there was invocation on 138661 shares pledge by JCM. Pursuant to the above, JCM, being promoter of MIL, allegedly failed to make the disclosure of invocation of pledge, and thereby, allegedly violated Regulation 31(2) read with 31(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter, referred to as "**SAST Regulations, 2011**"). Further, w.r.t aforesaid invocation, JCM, being Director and Promoter of MIL, allegedly failed to make the disclosure of change in his shareholding, and thereby, allegedly violated Regulation 13 (4) and 13(4A) read with 13(5) of PIT Regulations, 1992.

- c) JCM undertaken off-market transfer of shares viz, 1100000 shares on February 12, 2013, 400000 shares on February 27, 2013 and 1000000 shares on April 06, 2013. W.r.t above transfer of shares, allegedly, there was change in shareholding of JCM. Further, JCM, being Director and Promoter of MIL, allegedly failed to make disclosure of his said change in shareholding, and thereby, allegedly violated the provisions of Regulation 13 (4) and 13(4A) read with 13(5) of PIT Regulations, 1992.
- d) JPA undertaken off-market transfer of 13900 shares during March 12 - 19, 2013 to Mangal Keshav Capital. W.r.t above transfer of shares, JPA, being promoter of MIL, allegedly failed to make the requisite disclosure of relevant change in shareholding, and thereby, allegedly violated provisions of Regulation 13(4A) read with 13 (5) of PIT Regulations, 1992.
- e) Pledge was created on 803204 shares of MSPL on February 12, 2013, and MSPL despite being aware of the said pledge through letter from JM Financial dated May 24, 2013, allegedly failed to make the disclosure of creation of pledge on its shares. Thereby, MSPL, allegedly violated provisions of Regulation 31(1) read with 31(3) of SAST Regulations, 2011.

Above entities, hereinafter, individually referred to by their **respective name** or their respective **acronym name** mentioned above, and combinedly, they are referred to as “**Noticees**”.

APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI, in terms of Section 19 read with Section 15-I of SEBI Act, 1992 and rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter, referred to as “**SEBI Adjudication Rules, 1995**”) appointed an Adjudicating Officer to inquire into and adjudicate the alleged violation(s) stated above and if satisfied, impose liable penalty in terms of rule 5 of the SEBI Adjudication Rules, 1995 and as per the provisions of Section 15A(b) of SEBI Act 1992 (hereinafter, referred to as “**SEBI Act**”).
3. Subsequent to change in Adjudicating Officers, SEBI, vide order / communique dated May 18, 2017, transferred the adjudication proceedings in the present matter to the present Adjudicating Officer.

SHOW CAUSE NOTICE, WRITTEN SUBMISSIONS, PERSONAL HEARING

4. Show Cause Notice dated 25/04/2018 (hereinafter, referred to as “**SCN**”) was issued to the Noticees, mentioning the allegation against each of the Noticees as mentioned above, and to show cause within 14 days of receipt of the SCN, as to why an inquiry should not be held and penalty be not imposed under Section 15A(b) of SEBI Act for the aforesaid alleged violation against the Noticees.
5. Noticees, vide joint letter dated May 11, 2018 sought extension of time until June 11, 2018. In this regard, vide letter and e-mail dated May 14, 2018, aforesaid extension of time was granted to Noticees.

6. JCM on behalf of all the Noticees, vide letter dated June 20, 2018 made following key submissions:

“.....

5. Brief background of all the Noticees.....

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7. In Para 6 of the captioned Notice it has been alleged that I had received 1,50,000 shares on November 29, 2011 in an inter-se transfer of shares from my HUF and this transaction was required to be disclosed under Regulation 13(4A) read with Regulation 13(5) of PIT Regulations. The alleged failure to make the disclosure has resulted in the violation of Regulation 13(4A) read with Regulation 13(5) of PIT Regulations by me and my HUF:

8. In this regard it is submitted that I was required to transfer the shares of MIL from my individual Demat account with ICICI Bank Limited, having client ID -11840233, to my individual account with Mangal Keshav Securities Ltd. (hereinafter ref to as "MKSL") in order to pledge the said shares towards money to be borrowed from a lender. However, as both of our accounts were with the MKSL i.e. our account for HUF and my own account as an individual were having the name of the individual and that our account of the HUF did not reflect any details of HUF on the face of it (since demat accounts of HUF's are opened in the name of its Karta), the shares to be transferred from my individual account with ICICI to my individual account in M.KSL was wrongly credited to the account of the HUF and the entry in the DP statement was marked as "By Interdepository". Accordingly, in respect of the aforementioned transaction, since the transaction was reflecting as an inter depository transaction, the change in our shareholding of HUF could not be detected and hence inadvertently no disclosure under the provisions of Regulation 13(4) of PIT Regulations was made.

9. It is further humbly submitted that the owner of both the accounts i.e. me as an individual for my individual account and as the karta of the HUF for the account of the HUF with MKSL, were the one and the same person and that there was no change in the aggregate holding of the Persons Acting in Concert (PACs). In view of above submissions, we submit that a lenient view must be taken in respect of the non-disclosure, which was purely unintentional and occurred inadvertently.

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11. In the first row of the table, I have been alleged for the violation of Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations and Regulation 31(2) read with 31(3) of the SAST Regulations for the non-disclosure of the transaction held on Jan 11, 2013 about the invocation of pledge for 1,38,661 shares. With regard to this it is humbly submitted that, I had complied with the necessary disclosure requirement for the said transaction and necessary disclosure under Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations were submitted to the Company and to both the stock exchanges i.e. BSE Limited (hereinafter referred to as "BSE") and National Stock Exchange of India Limited (hereinafter referred to as "NSE") within the time specified by the Regulations. The disclosure was made vide my letter dated January 15, 2013 and the copy of the said disclosure together with the copy of fax report are enclosed herewith and marked as Annexure 8".

12. It has been stated in the last column of the first row that BSE vide email dated February 03, 2015 to SEBI has confirmed that it has not received any disclosure from me and so my contention is not accepted. With regard to this it is humbly submitted that vide my letter dated January 29, 2015, I have already submitted the documentary evidence substantiating my claim that I have sent the disclosure to both the exchanges. Hence the burden of proof is on your goodself to prove that I have not made the disclosure in the instant case and the email of BSE dated February 03, 2015 cannot shift the burden of proof in the instant case. In any event in case your goodself decides to rely upon the e-mail of BSE, an opportunity to cross examine the author of the e-mail be provided to us to prove the veracity of our claim..

13. It is further submitted that 1,38,661 equity shares held by me were pledged by me with Adiya Birla Finance Limited which were then sold by the said lender on account of exercise of call. As the transaction was in the nature of exercise of call on pledge and not a sale, necessary disclosure for the said transaction under Regulation 31(2) read with 31(3) of SAST Regulations was made vide my letter and Fax dated January 15, 2013.

14. In the second row of the table, I have been alleged for the violation of Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations for the non-disclosure of the transaction held on February 14, 2013 about the off market transfer for 11,00,000 shares constituting 1.93% of the holding in MIL. In response to the alleged non compliance, it is to be noted that the said transaction was in the nature of pledge by way of transfer and it only effected a change of hands and not of the ownership / voting rights and hence no disclosure was required to be made under the provisions of Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations. It is further submitted that it was not my intention to hide the information about the off-market transaction as the necessary disclosure was made by me under

the Regulation 29(2) of the SAST Regulations. Copy of the disclosure made under Regulation 29(2) of SAST Regulations, in respect of the transaction is marked and enclosed herewith as Annexure "C".

15. In the third row of the table, I have been alleged for the violation of Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations for the non-disclosure of the transaction held on February 27, 2013 about the off-market transfer for 4,00,000 shares constituting 0.67% of the holding in MIL. With regard to this it is humbly submitted that as the transaction was in the nature of pledge of shares, by way of transfer and that it only effected a change of hands and not of the Ownership Voting rights, no disclosure was required to be made under the provisions of Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations. It is further submitted that it was not my intention to hide the information about the off-market transaction as the necessary disclosure was made by me under the Regulation 29(2) of the SAST Regulations. Hereto marked and annexed as "Annexure D" is the copy of the disclosure made under Regulation 29(2) of SAST Regulations, in respect of the transaction.

16. In the fourth row of the table, it has been alleged that JPA has violated Regulation 13(4A) read with 13(5) of PIT Regulations for the non-disclosure of the transaction held on March 12, 13 and 19 of 2013 about the off-market transfer for 13,900 shares (constituting 0.03% of the holding in MIL. With regard to this it is humbly submitted that the shares of JPA were lying in their DP account and same were transferred, through an off-market transaction to the pool account of its broker. The transaction was entered by JPA for satisfying the margin requirements of the broker and for future sale of shares in the market. It is submitted that the said transactions did not result into any change of hands or ownership, therefore no disclosure was required to be made under Regulation 13(4A) read with 13(5) of PIT Regulations. It is submitted that the said fact can be duly verified from the broker.

17. In the fifth row of the table, I have been alleged of the violation of Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations for the non-disclosure of the transaction held on April 06, 2013 about the off-market transfer for 10,00,000 shares. With regard to this it is reiterated that as the transaction was in the nature of pledge of shares, by way of transfer and that it only effected a change of hands and not of the ownership Voting rights, no disclosure was required to be made under the provisions of Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations.

18. In the sixth row of the table, it has been alleged that MSPL has violated Regulation 31(1) read with 31(3) of SAST Regulations for the non-disclosure of the transaction held on February 12, 2013 about the pledge of 8,03,204 shares. With regard to this it is humbly submitted that MSPL had given a guarantee for the loan availed by JPA and as per the agreement entered into with the lender; the power of attorney was issued by MSPL in favor of the lender. It is submitted that these shares were in the DP account of MSPL with an entity called Swastika Investment. The lender used the power of attorney and transferred the said shares in the DP account of MSPL which was held with the lender. Subsequently on May 24, 2013 the lender issued a letter in favour of JPA and intimated that the said shares were pledged by it. Hereto marked and attached as "Annexure E" is the copy of the lender's letter dated May 24, 2013. It is submitted that MSPL was never intimated by the lender before entering into the said transaction and it is only after its letter, MSPL became aware about this transaction.

19. It is submitted that considering the above submissions it is humbly submitted that a lenient view must be taken by your goodself in adjudicating the present matter. It is our humble submission that:

I. We did not accrue any illegal profits by non-disclosure- No report of any loss from any investor owing such non-disclosure.

II. The facts of the present case do not warrant imposition of penalty under section 15A(b) of SEBI Act, upon relying the following:

- Not necessary that penalty should be imposed, and if imposed same should be justified, and for the same it relied upon order of Hon'ble SAT in case of Kensington Investment Ltd vs. SEBI and Brentfield Holding Ltd vs. The Chairman, Adjudicating Officer, SEBI appeal no. 27, 28, 30 and 31/2002.*
- Mitigating factors mentioned in Section 15J of the SEBI Act*
- Penalty should be proportional to offence and not excessive, and for this it relied on Order of hon'ble SC in the case of Bhagat Ram v. State of Himachal Pradesh and order of hon'ble SC in the case of Ranjit Thakur vs. Union of India*

III. The act of non-disclosure is unintentional and imposition of penalty on such act or a venial act would be unjust. For the same, cases relied upon were viz, hon'ble SAT in case of Reliance Industries Ltd vs. SEBI appeal no. 39/2002, and hon'ble SC in Akbar Badrudin Badrudin Jiwani V. Collector of Customs Bombay, AIR 1990 SC 1579, hon'ble

SC in Director of Enforcement v. MCTM Corporation Pvt. Ltd, and AIR 1996 SC 1100 in case of Bajrang Oil Mills vx. Income Tax Officer [207]295ITR314(Raj).

20. *It is submitted that serious allegation of violation of PIT Regulations and / or SAST Regulations cannot be alleged on the basis of mere surmises and conjectures and based on the erroneous interpretation of data, as has been done in the instant case. The same is also clear from the decisions given by various in numerous cases.*

21. *In union of India vs. H.C. Goel (AIR 1964 SC 364) the hon'ble Court has inter-alia held that: "the principle that in punishing the guilty scrupulous care must be taken to see that the innocent are not punished,.....".*

22. *In L.D. Jaisinghani vx. Narindas N Punjabi(1976) 1SCC 354: AIR 1976 SC 373 at P.376 – wherein Ray, CJ speaking for the court has observed: "In any case we are left in doubt whether the complainants version with which he had forward....."*

23. *About the test of evidence in a civil proceeding, the following observations made by the hon'ble court (Razikram vx. J.S. Chauhan – AIR 1975 SC 667 @ 1975) & SCC 769) is to be noted: "It is true that there is no difference between the general rules of evidence in civil case....."*

24. *The hon'ble SC in yet another case with reference to adjudication under the Sea Customs Act and Land Customs act (Ambalal vs. Union of India, AIR 1961 SC 264) relating to imposition of penalty on the pension concerned had held: "To such a situation though provision of the Code of Criminal Procedure or the Evidence Act may not apply....."*

25. *Further in the case of Seth Gulabchand vs. Seth Kudilal (AIR 1966 SC 1734), the hon'ble Court has inter alia held that: "The indian Evidence Act applies the same standard of proof in civil cases. It make no difference between cases in which....."*

26. *We would like to draw the attention of your good to a few case laws, wherein the resp tive courts have dealt into the aspect of penalty and factors for levying any penalty on any delinquent. In this regard your 19nd attention is drawn to Hon'ble Supreme Court's decision in the case of Hindustan Steel vs. Stillte of Orissa (AIR 1970 SC 253) where it was held as follows: "'An order impos'ing penalty for foilure to carry out a statutory obligation is the result of a quasi-criminal proceeding....."*

27. *Again, the hon'ble Apex Court in the case of Ex-Naik Sardar Singh vs. Union of india (1991) 3sec212) inter alia held that: "the penalty imposed must be commensurate with the gravity of misconduct....."*

28. *Further in the matter of Ranjit Thakur vs. Union of India (AIR 1987 SC 2386) it was held that "The Sentence has to suit the offence and the offender. It should not be vindictive or unduly....."*

29. *The captioned Notice is arising out of complaint made by MIL. It is pertinent to mention here that there are various disputes going on between MIL ie. RCM Group vs JCM Group in various courts and tribunals from the year 2011. MIL has also kept payment of dividend to JCM Group in abeyance from the March 31, 2015. Even MIL has not announced record date for issue and allotment of shares in MIL, a company controlled and managed by JCM Group, which is also pending in the court.*

30. *As per the Annual report of MIL for the year ended 31.03.2017, MIL has passed resolution with regard to re-classification of promoter group of MIL. Till date we have made various complaints to SEBI against MIL and RCM Group, however, since the matter is sub-judice no action is taken with regard to our complaints. So we request you to not to carry on with the adjudication proceedings until the decisions are passed by the courts and tribunals as the adjudication proceedings are arising out of complaint made by MIL."*

7. Vide hearing Notice dated July 20, 2018, Noticees were provided with an opportunity of hearing on October 3, 2018. Noticees availed the hearing through their authorised representatives, and following were proceeds of the hearing:

"1. AR made joint representation on behalf of the Noticees. The charges/allegations against the Noticees contained in Show Cause Notice dated April 25, 2018 (SCN) are explained and the same is understood by the aforesaid authorized representative.

2. AR was advised to make any new / additional submissions, if any, noticee would like to make in the matter. In this regard, AR reiterated the submissions made in reply dated June 20, 2018, and same included additional following additional submissions:

- a) AR contended that allegations in the SCN goes beyond the period of investigation.
- b) As regards to transfer of shares between JCM and JCM HUF, it is submitted that the same occurred due to genuine mistake, and there was no intention to make such transfer from JCM HUF to JCM.
- c) With respect to off-market transfers on 12/02/2013, 27/02/2013, 06/04/2013 of JCM, it is contended that same were genuine pledge transactions created by JCM.
- d) As regards to transfer of 13,900 shares to account in the name of Mangal Keshav Capital, it is submitted that same was done under the instruction of broker Mangal Keshav Securities for fulfilment of margin requirement by JPA.
- e) As regards to pledge created by JM Financial on the 803204 shares of MSPL (MSPL put as guarantee for JPA), it is submitted that lender unilaterally created pledge and informed the Noticee three months after creation of pledge.
- f) On account of the alleged violations, no disproportionate gain has occurred to Noticee, and also no loss incurred by investors. Defaults, if any, may have occurred inadvertently and in this regard, a lenient view may be taken.

3. Noticee was advised to provide documents / evidence in support of its above contentions viz, any corrective action for inadvertent transfer of shares, agreement entered for creation of pledge, instruction to transfer shares to particular account of Mangal Keshav Capital for fulfilling margin, etc.

4. Noticee undertaken to make additional submissions within 10 days. In this regard, Noticee is allowed to make submissions latest by August 14, 2018."

8. Subsequently, Noticees made following additional submissions vide letter dated August 14, 2018:

".....

5. The submissions in response to the queries raised and the additional documents/ evidence sought in support of our oral submissions are as under:

- a. With regard to the receipt of 1,50,000 shares on November 29, 2011 in an inter-se transfer of shares from my HUF, it is important to point that there was an inadvertent transfer of 1,50,000 shares of Man Industries (India) Limited (hereinafter referred to as "MIL") from the my account to that of the account of my HUF.
- b. This resulted in the increase in the shareholding of my HUF in MIL being increased by 1,50,000 shares and similarly my shareholding decreased to the same extent in the from September to December quarter.
- c. This transaction has been reversely noted in the SCN as the receipt of the share of MIL by me from my HUF rather than the visa versa. I request you to kindly take note of the same considering the preset SCN.
- d. With regard to the transaction, it is reiterated that I was required to transfer the shares of MIL from my individual Demat account with ICICI Bank Limited, having client ID - 11840233, to my individual account with Mangal Keshav Securities Ltd. (hereinafter referred to as "MKSL") in order to pledge the said shares towards money to be borrowed from a lender. However, as both of our accounts were with the MKSL i.e. our account for HUF and my own account as an individual were having the name of the individual and that our account of the HUF did not reflect any details of HUF on the face of it (since demat accounts of HUF's are opened in the name of its Karla), the shares to be transferred from my individual account with ICICI to my individual account in MKSL was wrongly credited to the account of the HUF and U/e entry in the DP statement was marked as "By Inter-depository".
- e. Subsequently, the shares were transferred back to the demat account with ICICI Bank Limited on March 02, 2013. The demat statement of the account with ICICI Bank Limited showing the transfer of shares from the HUF account to my individual account with ICICI Bank Limited on March 02, 2013 is attached here with and marked as Annexure "11
- f. Here it is important to draw your attention to the fact that the owner of both the accounts i.e. me as an individual for my individual account and as the Karta of the HUF for the account of the HUF with MKSL, were the one and the same person and that there was no change in the aggregate holding of the Persons Acting in Concert (PAC).
- g. It is further submitted that the transaction was intended to be an inter depository transfer from one demat account to the other demat account and not as a transfer of shares inter-se amount the promoters i.e. from myself to my HUF therefore there was no requirement on either of our parts of the make the disclosure.
- h. With regard to the Invocation of pledge for 1,38,661 shares of MIL on January 11, 2013, it is submitted that Disclosures under Regulation 13(4), 13(4A) read with 13(5) of SEBI (Prohibition of insider Trading) Regulations, 1992 and Regulation 31(2) read with 31(3) of SEBI (Substantial Acquisition of shares and Takeover) Regulations,

2011 have been made to the both BSE Limited and National Stock Exchange of India Limited on January 15, 2013 vide fax with in the specified time limits.

- i. Here it is important to note that no confirmation is sought from the National stock Exchange of India Limited with regards to the disclosures made by me even though the Company is listed on both the Exchanges and the disclosures is also to be made to both the Exchanges.
- j. Disclosures under Regulation 13(4), 13(4A) read with 13(5) of SEBI (Prohibition of insider Trading) Regulations, 1992 and Regulation 31(2) read with 31(3) of SEBI (Substantial Acquisition of shares and Takeover) Regulations, 2011 have been made to the both BSE Limited and National Stock Exchange of India Limited on January 15, 2013 vide fax with in the specified time limits along with the proof of completing the transmission of these documents to both the Exchanges is attached herewith as Annexure "2" and Annexure "3" respectively.
- k. With regard to the transfer of total 25,00,000 shares of MIL vide off-market transfer for 11,00,000 shares on February 12, 2013, 4,00,000 shares on February 27, 2013 and 10,00,000 shares on April 06, 2013, it is to be noted that the said transactions were in the nature of pledge by way of transfer and it only effected a change of hands and not of the ownership/ voting rights and hence no disclosure was required to be made under the provisions of Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations. It is further submitted that the disclosure under Regulation 29(2) of the of SEBI (Substantial Acquisition of shares and Takeover) Regulations, 2011 was made within the prescribed time limits. Copy of the disclosure made under Regulation 29(2) of SAST Regulations, in respect of the transaction is marked and enclosed herewith as Annexure "4".
- l. Attached herewith as Annexure "5" is the copy of the ledger or the money received from the lender, the interest paid there to and the repayment of the money. Upon the complete repayment of the money due to the lender, the shares so transferred in the account of the lender were transferred back to my demat account on October 03, 2013 and October 15, 2013. The Extract of the demat ledger depicting both the debit and credit of 25,00,000 shares of Mil is attached herewith as Annexure "6".
- m. Subsequently upon the receipt of the advice from the consultants in this field, JCM vide its letter dated January 17, 2014 made the disclosure under of Regulation 31 of the SEBI (Substantial Acquisition of shares and Takeover) Regulations, 2011 to both the Exchanges. Here to attached and marked as Annexure "7" is the copy of the said disclosure made to the Exchanges along with the acknowledgement received from them.
- n. With regard to the pledge of 8,03,204 shares of MIL on February 12, 2013 of MSPL, it is submitted that this transaction was not contemplated in the nature of pledge of shares but in the form of providing a guarantee by one of the group company MSPL to other of its group Company JPA when JPA was in need of funds.
- o. MSPL has offered its shares of MIL as a collateral for the funding facility acquired by JPA from the lender J M Financial services Limited (hereinafter referred to as "JM").
- p. While agreeing to act as the guarantor for JPA and providing its shares of MIL as collateral, JPA had provide a power of Attorney in favor of J M with respect to these shares of MIL. Here it is pertinent to note that JPA had taken the loan in the year 2011. However, only in the year 2013 did J M mark the pledge on the shares of MSPL. Here it is pertinent to point out that, without intimating MSPL or JPA, J M, upon the Power of Attorney given to them, marked a pledged on the shares of MSPL.
- q. It is only upon the receipt of the letter May 24, 2013 did we come to know about the said transaction. J M vide this letter intimated MSPL that the said shares were marked as pledged by it and were held by it as guarantee for the loan availed by JPA
The copy of the lender's letter dated May 24, 2013 is attached herewith and marked as Annexure 8"
- r. Upon the repayment of loan by JPA, the pledge held on the shares of MSPL was released by J M on October 01, 2013. The copy of the demat statement showing the marking and the release of 8,03,204 shares of MIL held by MSPL is attached herewith as Annexure 9".

6. The captioned Notice is arising out of complaint made by MIL. It is pertinent to mention here that there are various disputes going on between MIL i.e. RCM Group V/ s JCM Group in various courts and tribunals from the year 2011. MIL has also kept payment of dividend to JCM Group in abeyance from the March 31, 2015. Even MIL has not announced record date for issue and allotment of shares in MIL, a company controlled and managed by JCM Group, which is also pending in the court.

7. In light of the above and other submissions set out in detail in the Reply filed by them, it is submitted that we have not violated any provisions of SEBI Act, 1992 or any rules and Regulations made there under. All the transactions undertaken by us and the circumstances surrounding those transaction are explained herewith and the necessary supporting documents pertaining to these transactions have been attached. It is humbly prayed that a lenient and sympathetic view be taken in the present matter and the show cause notice be discharged without any penalty. It is submitted that we reserve our right to modify and add additional grounds in these submissions."

CONSIDERATION OF ISSUES AND FINDINGS

9. Based on the allegations mentioned in the SCN, the reply of the Noticee to SCN, submissions made in the personal hearing, and other material on record, the following issues arise for consideration:
- a) Whether the Noticees violated following respective provisions:
 - (i) JCM violated provisions of Regulation 31(2) read with Regulation 31(3) of SAST Regulations, 2011, and Regulation 13(4), 13(4A) read with regulation 13(5) of PIT Regulations, 1992;
 - (ii) JCM HUF violated provisions of Regulation 13(4A) read with Regulation 13(5) of PIT Regulations, 1992;
 - (iii) JPA violated provisions of Regulation 13(4A) read with regulation 13(5) of PIT Regulations, 1992;
 - (iv) MSPL violated provisions of Regulation 31(1) read with Regulation 31(3) of SAST Regulations, 2011.
 - b) If yes, does the violations attract monetary penalty under Section 15A(b) of the SEBI Act?
 - c) If yes, what quantum of monetary penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

FINDINGS

Alleged failure to make requisite disclosure upon change in shareholding of JCM and JCM HUF in view of inter-se transfer of 150000 shares of MIL on 29/11/2012

10. JCM, Director and promoter of MIL transferred 150000 shares on November 29, 2012 in an inter-se transfer of shares from another promoter viz, JCM HUF. On account of the said inter-se transfer of shares, it has been alleged that the JCM and JCM HUF had change in their shareholding and they failed to make the disclosure of said change in their holding in violation of the provisions of Regulation 13(4) and 13(4A) read with Regulation 13(5) of PIT Regulations, 1992.
11. Under the present adjudication proceedings, Noticees in reply to SCN, pointed out that the transaction under question was erroneously mentioned in the SCN as shares transferred from JCM HUF to JCM whereas actually JCM transferred shares to JCM HUF.
12. Noticees, in reply to SCN have put forth some key points viz,
- 1. 150000 shares were inadvertently transferred on November 29, 2012 from demat account of JCM to demat account of JCM HUF, though the intention was to transfer the said

- shares from de-mat account of JCM with ICICI Bank to another de-mat account of JCM with Mangal Keshav Securities.
2. The said error was made on account of having same name of JCM on both the demat accounts.
 3. Said shares were transferred back to the demat account with ICICI Bank on March 2, 2013.
 4. Owner of both the accounts i.e, JCM as individual and JCM as Karta of JCM HUF is one and the same person, and there was no change in aggregate holding of the PACs.
 5. Transaction was intended to be an inter-depository transaction not as inter-se transfer among promoter i.e, JCM and JCM HUF, hence there was no requirement of disclosure.
13. Regulation 13(4) of PIT Regulations 1992 requires a Director of a listed company to make the requisite disclosure to Stock Exchange as well as company upon change in his/her shareholding in excess of 25,000 shares or Rs. 5 lakh in value or 1% of total shareholding of company. Further, Regulation 13(4A) requires a promoter of listed company to make the disclosure to company as well as stock exchange in case of aforesaid change in shareholding. Regulation 13(5) of said regulations requires the disclosures to be made within 2 working days.
 14. Now to deal with the contention of the Noticees that the transfer was not deliberate, it is to be observed that no such allegation has been made out in the SCN, However, it is undisputed and admitted fact that said transfer of shares took place from the individual de-mat account of JCM to de-mat account of JCM, being Karta JCM HUF.
 15. In the hearing provided to Noticees, on the point of inadvertent nature of transfer, it was advised to provide details of corrective action taken for inadvertent transfer of shares. In this regard, in the further additional submissions, it is submitted that shares were received back by JCM on 02/03/2015, however, it is to note that this could not be verified from the supporting de-mat statement provided along with said additional submissions, as no such entry was found. Further, quarterly shareholding pattern of MIL, available publicly on website of BSE, shows that after increase of 152746 shares during December 2012 quarter, shareholding of JCM HUF remain same at the end of quarter viz, December 2012, March 2013 and June 2013 at 207350 shares, and it reduced to 57500 shares at the end of September 2013 quarter. Hence, claim that 150000 shares came back to JCM in March 2013 could not be ascertained. Even otherwise, even if for a moment the claim of the Noticee were to be accepted it is to note that the claimed transfer back is after a considerable time gap of more than four months spanning two quarters, which in itself a weak argument for rectification of the error.
 16. With respect to the contention that there was no effective change in aggregate shareholding of JCM and JCM HUF as PACs, it is noted that provisions of regulations 13(4) and 13(4A) requires the requisite disclosure to be made by Director and Promoter, respectively upon certain change in their shareholding in the company. Such disclosure requirements are irrespective of whether there is effective change in aggregate shareholding of promoter group or PAC, and thus there are no exceptions for such eventualities under the disclosure requirements in the PIT Regulations, 1992.

17. With regard to the argument that owner of both the accounts i.e, JCM as individual and JCM as Karta of JCM HUF is one and the same person, it is pertinent to note that identity of de-mat account for HUF is maintained by Karta, however, HUF is a separate legal entity from the individual members of the HUF. Hence, transfer of 150000 shares of MIL from JCM to JCM HUF has resulted into change in their respective shareholding in MIL, which required them to make disclosure of their change in holding under Regulation 13(4) and (4A) of PIT Regulations, 1992.
18. It is noted from the records that JCM was Director and Promoter of MIL and JCM HUF was promoter of MIL, on the date of said transfer of shares. As per records and reply of Noticees, no immediate corrective action was taken at the end of Noticee to reverse the so claimed unintended and inadvertent transfer of shares, and also no belated disclosures have been filed.
19. In view of the above, it is clear that JCM being director and promoter of MIL on the relevant date i.e, 29/11/2012 and upon failure to make the requisite disclosure for change / decrease in his holding by 150000 shares in MIL, has thereby violated the provisions of Regulation 13(4) and 13(4A) of PIT Regulations, 1992. Further, JCM HUF, being promoter of the MIL on the said relevant date and upon failure to make requisite disclosure for change / increase in its holding by 150000 shares in MIL, has thereby violated the provisions of Regulations 13(4A) of PIT Regulations, 1992.

Alleged failure by JCM to make requisite disclosure of invocation of pledge on 11/01/2013 for 138661 shares, and alleged failure to make the requisite disclosure for change in shareholding consequent to the said invocation of pledge

20. On 11/01/2013, pledge was invoked on 1,38,661 shares pledged by JCM and same also resulted in change (reduction) in shareholding of JCM in MIL. For the above, JCM (being promoter of MIL) was required to make the disclosure of invocation of pledge under Regulation 31(2) of SAST Regulations, 2011, and JCM (being Director and Promoter of MIL) was required to make the disclosure of change in his holding under Regulation 13(4) and (4A) of PIT Regulations, 1992. During the investigation, JCM claimed that he has made the required disclosures, however, BSE vide its e-mail dated February 3, 2015 informed SEBI that it did not receive the requisite disclosure and hence same has not been disclosed on the Exchange website. Hence, it is alleged that JCM failed to make the aforesaid requisite disclosures to Stock Exchange.
21. Under the present proceedings, JCM in his reply to SCN has denied the allegations and made following key arguments in his defence, viz, 1,38,661 equity shares were pledged with Aditya Birla Finance Limited which were then sold by the said lender on account of exercise of call. Disclosures under Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations, 1992 and Regulation 31(2) read with 31(3) of SAST Regulations, 2011 have been made to the both BSE and NSE on January 15, 2013 vide fax within the specified time limits. Proof of completing the transmission of the disclosure is provided. It is pointed out that no confirmation is sought from

the NSE with regards to the disclosures made by JCM even though the Company is listed on both the Exchanges, and the disclosures is also to be made to both the Exchanges.

22. As regards to claim of filing of disclosure with Stock Exchanges viz, BSE and NSE, and in view of specific argument that confirmation for receipt of the disclosures from NSE was not sought, appropriate verification of the claim was sought from BSE and NSE. Vide separate e-mail dated August 10, 2018 sent to BSE and NSE, they were provided the details of claim of JCM of making the disclosure along with the fax transmission report dated January 15, 2013, and exchanges were advised to provide confirmation if they received the said fax and to provide the copy of content of the said fax. In this regard, following replies were received from BSE and NSE:
- a) BSE informed that it is not in receipt of the disclosure specified under 13(4), 13(4A) of PIT Regulations, 1992 and 31(2), 31(3) of SAST Regulation, 2011 for dealing in 138661 shares of Man Industries Ltd for the period specified in the trailing mail. Vide e-mail dated 14/08/2018, BSE was specifically advised to provide copy of content received by BSE through aforesaid claimed fax (sent on 15/01/2013) on urgent basis, and in reply to the same, BSE, replied that it is not in receipt of the said fax.
 - b) In similar manner, NSE also replied stating that it did not received the disclosures as claimed.
23. Thus both BSE and NSE have verified that the disclosures as claimed by JCM were not received by them. In this scenario, it is pertinent to refer to the judgment of Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Mega Resources Ltd. v. SEBI**, (Appeal 49 of 2001 dated March 19, 2002), wherein, the Hon'ble Tribunal observed, "... the regulation is not simply on sending the information, it requires disclosure. Mere dispatch of information is short of the said requirement... Thus, the requirement is that the information should reach the person to whom it is meant. The obligation does not end by simply posting the information in a letterbox....".
24. As noted above by the hon'ble SAT, mere sending / dispatching the disclosure do not suffice the requirements, and it should be appropriately received by the recipient. Though JCM has claimed that it made the disclosure to all the intended recipients, however, it has been put on record by both the Stock Exchanges that they did not received the disclosures as claimed by JCM.
25. It is pertinent to note that Stock Exchanges, on receipt of disclosures under PIT and SAST Regulations, immediately disclose the same on their website. Non-disclosure is also evident from the website of BSE and NSE, where the requisite disclosure under question is not available. The fact remains that the disclosures claimed to have sent by JCM was not received by Stock Exchanges, hence, disclosure was not complete and disclosure requirements were not complied with.
26. JCM was Director and Promoter of MIL on the date of invocation of pledge on his said 138661 shares and resulting change in his holding. Given the above findings, it is clear that there was failure to make requisite disclosure by JCM for invocation of pledge on his 138661 shares on

January 11, 2013 to Stock Exchanges, and also there was failure to make requisite disclosure to Stock Exchanges for resulting change in his shareholding from the said invocation of pledge. Thereby, JCM has violated the provisions of Regulation 31(2) of SAST Regulations, 2011 and Regulation 13(4) and (4A) of PIT Regulations, 1992.

Alleged failure to make requisite disclosure by JCM for change in his holding (reduction) upon off-market transfer of 1100000 (1.93%) shares on 12/02/2013, 400000 (0.67%) shares on 27/02/2013, and 1000000 shares on 06/04/2013

27. JCM undertook off-market transfer of 1100000 (1.93%) shares on 12/02/2013, 400000 (0.67%) shares on 27/02/2013, and 1000000 shares on 06/04/2013, whereby his holding was reduced in MIL. It was therefore alleged that JCM, being Director and Promoter of MIL was required to make the requisite disclosure for change in his holding in MIL, and upon failure to do so, thus allegedly violated provisions of Regulation 13(4) and (4A) of PIT Regulations, 1992.
28. JCM in his reply to SCN has denied the allegations and contended that the said transactions were in the nature of pledge by way of transfer and it only effected a change of hands and not of the ownership / voting rights, hence no disclosure was required to be made under the provisions of Regulation 13(4), 13(4A) read with 13(5) of PIT Regulations. JCM further argued that he did not intend to hide the information about the off-market transaction as the necessary disclosure was made by him under the Regulation 29(2) of the SAST Regulations and provided copy of the same.
29. In the hearing provided to Noticees, on the point of pledge of shares, it was advised to provide supporting documents viz, pledge agreement, etc. In this regard, in additional submissions to SCN, no agreements for arrangement of pledge were submitted, however, it was submitted that total 25 lakh shares under pledge were received back by JCM on 03/10/2013 and 15/10/2013 and also indicated ledger entries claiming to have received loan and its repayment.
30. It is to note that shares claimed to have been pledged were in de-mat form, and there are specific provisions of law for creation of pledge in a depository system viz, section 12 of the Depositories Act, 1956 specifically provides for pledge or hypothecation of securities held in a depository. Further, Regulation 58 of the SEBI (Depositories and Participants) Regulations, 1996 provides the manner of creating pledge or hypothecation. In the present case, Noticee did not follow the laid down process for creation of pledge, and have not even presented any agreement for the so claimed pledge arrangement. Thus the claim of the Noticee is without merit and thus not acceptable.
31. As regards to disclosure requirements under Regulation 13(4) and (4A) of PIT Regulations, 1992, it is important to refer these provisions which are reproduced as follows:

13(4): Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from

the last disclosure made under sub-regulation (2) or under this sub regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower

(4A) Any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement or under sub-regulation (2A) or under this sub-regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

32. From the reading of above regulations, it is noted that the disclosure requirements under them are triggered due to prescribed change in “shareholding” or “voting rights”. It is also pertinent to note that disclosure requirement under above regulations upon change in shareholding, is not dependent on the purpose of acquisition or sale of shares.
33. JCM, admittedly, has filed disclosure under Regulation 29(2) of SAST Regulations, 2011 for the said three transactions under question, however, it is pertinent to note that the disclosure for change in shareholding under Regulation 13(4) and (4A) of PIT Regulations, 1992 were not filed.
34. As per records and submissions of JCM in reply to SCN, disclosure of said 3 pledge transactions under question was belatedly made on January 17, 2014 i.e, after over ten months of creation of so claimed pledges. All this seems to be an afterthought. Firstly JCM has claimed that disclosure was filed on advice of consultants in the field, however, from the content of said disclosure letter dated January 17, 2014 which is addressed to MIL, it is evident that it was specifically in response to information sought by MIL. It is peculiar that though JCM did not file said disclosure of change in shareholding under PIT Regulations because he was clear that same was a pledge transactions by way of transfer of shares, however, the disclosure of pledge itself was made with delay of 10 months, that too upon queries from MIL. Above, indicate that JCM as an afterthought has claimed that the transfers were on account of pledge.
35. Given the above, it is clear that upon off-market transfers by JCM viz, 1100000 shares on 12/02/2013, 400000 shares on 27/02/2013, and 1000000 shares on 06/04/2013, there was consequent change in shareholding of JCM, if not the voting rights. Upon failure to make the disclosure of said change in shareholding, thereby, JCM being Promoter and Director of MIL, have violated the provisions of Regulation 13(4) and (4A) of PIT Regulations, 1992.

Alleged failure to make requisite disclosure by JPA for change in its holding (reduction) upon off-market transfer of total 13900 shares during 12/03/2013, 13/03/2013 and 19/03/2013

36. JPA undertaken off-market transfer of total 13900 shares during 12/03/2013, 13/03/2013 and 19/03/2013 to Mangal Keshav Capital. During the investigation, JCM replied that the above transfer of shares was a transfer to pool account of its broker, however, it was noted that Mangal Keshav Securities Ltd was the broker for JPA and Mangal Keshav Capital was not a broker for JPA. Pursuant to the above, it is alleged that upon said off-market transfers, JPA,

being promoter of MIL incurred relevant change in its holding which required it to make requisite disclosure under Regulation 13(4A) of PIT Regulations, 1992.

37. In its reply to SCN, JPA has argued that Shares were transferred to the pool account of the broker for satisfying margin requirement of the broker and future sale of shares. Said transactions did not result into any change of hands or ownership, therefore no disclosure was required under Regulation 13(4A) of PIT Regulations. It is also argued that the said fact can be duly verified from the broker.
38. From the reading of Regulation 13(4A) of PIT Regulations, it is noted that the disclosure requirements under them are triggered upon change in certain change in “shareholding” or “voting rights”. It is also pertinent to note that disclosure requirement under above regulations upon change in shareholding, is not dependent on the purpose of acquisition or sale of shares. Hence, despite the purpose being for fulfilling margin requirement of advance transfer of shares for the purpose of intended sale of shares, given the actual transfer of shares by JPA to Mangal Keshav Capital, there was resultant change in shareholding of JPA.
39. It is noted from records that shares were transferred to account of Mangal Keshav Capital, which is not the Stock Broker of JPA. In the hearing provided to Noticees, on the point of transfer of shares to pool account of broker, it was contended that same was done under the instruction of broker Mangal Keshav Securities for fulfilment of margin requirement and future sale of shares by JPA. Noticee was advised to demonstrate evidence relating to receipt of instruction to transfer shares to particular account of Mangal Keshav Capital for fulfilling margin, however, same have not been provided in the additional reply.
40. Given the above, it is clear that upon off-market transfer of 13,900 shares by JPA to Mangal Keshav Capital, there was consequent change in shareholding of JPA. Upon failure to make the disclosure of said change in shareholding, thereby, JPA being promoter of MIL, has violated the provisions of Regulation 13(4A) of PIT Regulations, 1992.

Alleged failure to make disclosure of creation of pledge on 8,03,204 shares pledged by MSPL

41. MSPL had given guarantee (with power of attorney) to a loan taken by JPA and the lender pledged the shares using the POA. From the documents submitted by JCM in said letter, it was noted that the lender (JM Financial) had intimated JCM about the pledge.
42. It has been argued that viz, the transaction was not contemplated in the nature of pledge of shares but in the form of providing a guarantee by one of the group company MSPL to other of its group Company JPA when JPA was in need of funds. MSPL has offered its shares of MIL as a collateral for the funding facility acquired by JPA from the lender J M Financial services Limited. While agreeing to act as the guarantor for JPA and providing its shares of MIL as collateral, JPA had provided a power of Attorney in favor of J M in respect to these shares of MIL. Here it is pertinent to note that JPA had taken the loan in the year 2011. However, only in the year 2013 did J M mark the pledge on the shares of MSPL. Here it is

pertinent to point out that, without intimating MSPL or JPA, J M, upon the Power of Attorney given to them, marked a pledged on the shares of MSPL. It is only upon the receipt of the letter May 24, 2013 did we come to know about the said transaction. J M vide this letter intimated MSPL that the said shares were marked as pledged by it and were held by it as guarantee for the loan availed by JPA.

43. It is noted that shares were lying in account MSPL, on which J M Financial created the pledge based on power of attorney which has been issued in its favour. Though J M Financial might have belatedly informed, however, it is on record and admitted fact that MSPL was informed by JM financial vide its letter dated 24/05/2013 stating that pledge has been created on 8,03,204 shares held in de-mat account of MSPL viz, IN302927-10187975. As the pledge was created based on POA issued by MSPL, upon receipt of information of creation of pledge vide letter dated 24/05/2013, it was imperative for MSPL to make the disclosure about creation of pledge on its shares.
44. Given the above, it is clear that despite becoming aware that pledge has been created on its 803204 shares, MSPL failed to make the requisite disclosure of creation of pledge. Thereby, MSPL has violated the provision of Regulation 31(2) of SAST Regulations, 2011.

Issue b) - If yes, does the violations attract monetary penalty under Section 15A(b) of the SEBI Act?

45. Given the violations established as above, it is now to be determined whether the present matter is fit case for imposing monetary penalty.
46. Findings in the matter makes it clear that there have been failures at the end of Noticees in making disclosures, and same have violated provisions of respective regulations mentioned hereinabove. It is pertinent to note that the relevant disclosures were mandatory as per the provisions of respective regulations, and upon failure in making the disclosures, shareholders of the company as well investors in general, were devoid of information about shareholding trends of promoters / director of the company.
47. Reliance is placed on order of Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) which 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.....*".
48. Given the above, argument of Noticee that penalty should not be imposed is not tenable, and present case is a fit case for imposing appropriate penalty upon the Noticee under Section 15A(b) of SEBI Act, which reads as follows:

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 58[a penalty 59[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]];

58 Substituted for —a penalty not exceeding five thousand rupees for every day during which such failure continues, by the SEBI (Amendment) Act, 2002, w.e.f. 29-10-2002.

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

Issue d) - If yes, what quantum of monetary penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

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

Section 15J of SEBI Act - Factors to be taken into account by the Adjudicating Officer

While adjudging quantum of penalty under section 15-I of SEBI Act, 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.”*

93[Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.]

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

50. The material made available on record neither reveals nor specify any disproportionate gains/unfair advantage made by the Noticees, the specific loss suffered by the investors due to violations by the Noticees.
51. The violations as established above, though technical in nature cannot be argue to have been due to lack of awareness about disclosure requirements, as the Noticee as claimed by him had the aid of legal consultants.
52. It is to be noted that the act of the Noticees is repetitive in nature.
53. Therefore, taking into consideration the facts / circumstance of the case, and the technical nature of default, an appropriate penalty is justified to be imposed in the matter.

ORDER

54. In view of the above, after taking into consideration findings, and all the facts and circumstances of the case, and after considering the factors enumerated in section 15J of the SEBI Act, under provisions of section 15A(b) of SEBI Act, following penalty is imposed upon the Noticees:

- a) Rs. 3,00,000/- (Rupees Three Lakhs only) upon J C Mansukhani

- b) Rs.1,00,000/- (Rupees One Lakh only) upon J C Mansukhani HUF
- c) Rs.1,00,000/- (Rupees One Lakh only) upon J PA Solutions Pvt Ltd
- d) Rs.1,00,000/- (Rupees One Lakh only) upon Man Steel and Power Ltd (now known as Man Tubinox Ltd)

55. The Noticees shall remit / pay the said amount (total amount Rs. Six Lakh only) of penalty within 45 (forty five) days of receipt of this order either by way of Demand Draft (DD) in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, or through e-payment facility into Bank Account, the details whereof are as follows:-

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

56. The Noticee shall forward the said DD or the details / confirmation of penalty so paid through e-payment to the Division Chief of the Enforcement Department 1 (EFD1) – Division of Regulatory Action 4 (DRA 4) of SEBI.
57. The format for forwarding details / confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular no. SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated at e-mail ID: tad@sebi.gov.in:

Date	
Department of SEBI	
Name of Intermediary / Other Entity	
Type of Intermediary	
SEBI Registration no. (If any)	
PAN	
Amount (in Rupees)	
Purpose of payment (including the period for which payment was made e.g, Quarterly, Annually)	
Bank Name and Account Number for which payment is remitted	
UTR No.	

58. In terms of rule 6 of the SEBI Adjudication Rules, copies of this order is being sent to the Noticee and also to the SEBI.

Date: 31/10/2018
Place: Mumbai

Jeevan Sonparote
Adjudicating Officer