

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER No.: ORDER/AP/SK/2019-20/7130]

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:

Mr. G Ramaraja

154, Yanam Venkatachalam Pillai Salai,
Puducherry – 605001.

In the matter of Ravi Kumar Distilleries Ltd.

1. Pursuant to the investigation conducted in the matter of Ravi Kumar Distilleries Ltd. (hereinafter referred to as 'RKDL') during the period from December 01, 2011 to December 31, 2012, Securities and Exchange Board of India ("SEBI") made the following observations:

1.1. Mr. G Ramaraja ("Noticee") was a promoter of RKDL during December 2011 to December 2012 along with seven other Noticees in the same matter in the case of RKDL. Being promoters of RKDL, they were Persons Acting in Concert ("PACs") in terms of definition of the expression in regulation 2(q)(2)(iv) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as 'SAST Regulations') during the relevant times.

1.2. From the demat statement of Mr. R V Ravikumar (who is a Noticee along with seven other Noticees in the same matter in the case of RKDL) as provided by CDSL vide email dated March 21, 2018, it was observed that he had received 5,37,243 shares of RKDL on January 13, 2012 and 37,757 shares of RKDL on January 19, 2012 (totaling 5,75,000 shares) through off-market transactions. However, in the disclosures made by him to the stock exchanges on January 09, 2012, it was disclosed by him that he held 51,58,447 shares of RKDL as on that date. In view of the same, it has been alleged that the said disclosure made by him was incorrect as the total number of shares held by him was 53,75,000 (increase of 2.40% in shareholding) and whereas the number of shares disclosed by him to the stock exchanges were only 51,58,447 shares. It was further observed that PACs were not included by him in the said disclosure. It was therefore observed that by making such incorrect disclosures and not including PACs in the disclosure, Mr. R V Ravikumar along with PACs i.e. including Noticee in this matter had violated Regulation 29(2) of the SAST Regulations.

1.3. Mr. R V Ravikumar along with the PACs i.e. including Noticee in this matter had pledged 78,75,000 shares and 45,49,719 with Comfort Intech Ltd. ("CIL") on December 03, 2011 and December 19, 2011, respectively. In this regard, based on the exchange reply, it was observed that requisite disclosures under SAST Regulations have not been made. Thus, in view of the same, it was observed that Mr. R V Ravikumar along with PACs i.e. including Noticee in this matter had violated Regulation 29(2) and 31(1) of the SAST Regulations. Details of promoters' shares pledged / released / invoked during the period from December 01, 2011 to December 27, 2011 are tabulated as under:

Table-1

Sr. No.	Date	Description	No. of Shares held by promoters	SAST Purpose Holdings		PIT purpose Holdings	
				Balance for the purpose of Disclosure (SAST)	% of Total Shareholding	Balance for the purpose of Disclosure (PIT)	% of Total Shareholding
1	December 1, 2011	Opening Balance	1,24,99,775	1,24,99,775	52.08	1,24,99,775	52.08
2	December 3, 2011	Shares Pledged	48,00,000	76,99,775	32.08	1,24,99,775	52.08
			30,75,000	46,24,775	19.27	1,24,99,775	52.08
3	December 19, 2011	Shares Pledged	45,49,719	75,056	0.31	1,24,99,775	52.08
4		Pledge Invocation	30,75,000	75,056	0.31	94,24,775	39.26
5	December 20, 2011	Pledge Invocation	45,49,719	75,056	0.31	48,75,056	20.31
6	December 27, 2011	Release of pledge	48,00,000	48,75,056	20.31	48,75,056	20.31

Note: Transactions which are required to be disclosed under SAST Regulations and PIT Regulations are highlighted in bold above under their respective headings.

1.4. From the table above, it is observed that on December 19, 2011, 30,75,000 shares pledged by Ravikumar Properties Pvt. Ltd. (which is also a Noticee along with seven other Noticees in the same matter in the case of RKDL) were invoked by CIL. Further, on December 20, 2011, out of the 93,49,719 shares pledged by Mr. R V Ravikumar, 45,49,719 shares were invoked by CIL. Invocation of shares held by promoters along with PACs needs to be disclosed under Regulation 31(2) of the SAST Regulations. However, based on the exchange reply, it was observed that no such disclosures were made by the promoters in this regard. Thus, in view of the same, it was observed that Mr. R V Ravikumar and Ravikumar Properties Pvt. Ltd. along with PACs i.e. including Noticee in this matter had violated Regulation 31(2) of the SAST Regulations.

- 1.5. On December 27, 2011, 48,00,000 shares pledged by Mr. R V Ravikumar (i.e. 93,49,719 shares- 45,49,719 shares) were released. In this regard, it was observed that disclosure on release of shares pledged was made to the Exchanges by Mr. R V Ravikumar vide his letter dated December 27, 2011. However, the said disclosure was not made in the format as specified under SAST Regulations. Therefore, it was observed that Mr. R V Ravikumar along with PACs i.e. including Noticee in this matter had violated Regulation 29(2) and 31(2) of the SAST Regulations.
2. In view of the above, in the investigation report, it was found that the Noticee had violated the following provisions of securities laws:
- (i) Regulation 29 (2), 31 (1) and 31 (2) of the SAST Regulations.
 - (ii) Regulation 13(3) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as 'PIT Regulations') read with Regulation 12(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as 'PIT Regulations 2015').
3. Pursuant to submission of the investigation report, the competent authority in SEBI *prima facie* felt satisfied that there are sufficient grounds to inquire and adjudicate upon the aforesaid violations by the Noticee. By a *communication-order* dated July 18, 2019 Shri Santosh Shukla was appointed as Adjudicating Officer to inquire into and adjudge under Rule 5 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'the Adjudication Rules') and under Section 15A (b) and 15HB of the SEBI Act, 1992 (hereinafter referred to as "SEBI Act") for the aforesaid alleged violations by the Noticee. Subsequent to the transfer of Shri Santsoh Shukla vide *communication order* dated January 07, 2020 the case has been transferred to undersigned. It has been advised that except for the change of the Adjudicating Officer, the other terms and condition of the original orders (whereby the aforesaid Adjudicating Officers was appointed) '*shall remain unchanged and shall be in full force and effect*'. It has also been advised that '*I should proceed in accordance with the terms of reference made in the original orders.*'.
4. Accordingly, after receipt of records of the proceedings, a notice to show cause no. EAD/AP-SKS/OW/4244/1/2020 dated January 30, 2020 (hereinafter referred to as 'the SCN') was issued to the Noticee calling upon him to show cause as to why an inquiry should not be held against him in terms of rule 4 of the Adjudication Rules and penalty be not imposed under Section 15A (b) and 15HB of the SEBI Act for the aforesaid alleged violations. The SCN sent to the Noticee was served at the address of the Noticee.
5. In response to the SCN, wife of the Noticee Smt. R Kasturi submitted replied vide letter dated February 21, 2020, that the Noticee had dies on June 13, 1995 and she is not able to trace out any

records relating to the transaction and moreover, she is not aware of any transaction as mentioned in the SCN. In support of her submission, Smt. R Kasturi also submitted a copy of the death certificate of the Noticee. The said fact about demise of the Noticee is also informed by the Authorised Representative of other promoters and PACs in the same matter in the case of RKDL vide letter dated February 27, 2020. In view of this fact, no reply /submissions can be procured for considering this case under Rule 4(2) of the Adjudication Rules for further inquiry *qua* this Noticee. I am, therefore, of the opinion that matter does not deserve further inquiry under Rule 4(3) of the Adjudication Rules *qua* this Noticee and I, therefore, proceed to dispose of this matter accordingly.

6. I have considered the allegations levelled against the Noticee, the reply/submissions received from the wife of the Noticee and the relevant material available on record. In this case, the allegations have been levelled against the Noticee in his personal capacity as PAC of the promoters of RKDL at the relevant times. However, from the reply of Noticee's wife, it is noted that the Noticee had expired on June 13, 1995 which is much prior to the alleged transactions conducted during the period 2011 and 2012. Thus, the proceedings are against the acts of omission and commission of a person who is no more to face the charges.
7. In view of the foregoing, I am of the view that the proceedings against the Noticee are liable to be abated without going into the merits of the case *qua* him and the SCN dated January 30, 2020 issued against him is disposed of accordingly.
8. In terms of Rule 6 of the Adjudication Rules, copy of this order is sent to the Noticee's last known address and also to SEBI.

Date: March 04, 2020

Place: Mumbai

Amit Pradhan

Adjudicating Officer