

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. Order/SR/PP/2019-20/4630/112]**

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**UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995**

**In respect of**

**Fingrowth Company Limited  
PAN: AABCF1973B**

**Address: Plot no. 99 MLA and MPS Colony  
Road No. 10C Jubilee Hills  
Hyderabad, 500033**

**In the matter of Ybrant Digital Limited**

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**FACTS OF THE CASE IN BRIEF**

1. A Department (hereinafter referred to as **OD**) of Securities and Exchange Board of India (hereinafter referred to as **SEBI**) conducted examination in the scrip of Ybrant Digital Limited (hereinafter referred to as **YDL / Company**). During the examination period, OD observed certain non-compliances with regard to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as **PIT Regulations, 1992**). OD observed that one of the promoter of YDL viz. Fingrowth Company Ltd. (hereinafter referred to as **Noticee / you**) has failed to make disclosures to the YDL and Bombay Stock Exchange Ltd. (**BSE**) under regulation 13(4A) of PIT Regulations, 1992 with respect to the transactions within the stipulated time as prescribed under regulation 13(5) of PIT Regulations, 1992. The shares of the YDL were listed at BSE at the time of alleged violation.

**APPOINTMENT OF ADJUDICATING OFFICER**

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2. Based on the said examination, OD initiated Adjudication Proceedings against the Noticee. In this regard, Ms Sangeeta Rathod (undersigned) has been appointed as the Adjudicating Officer in the matter under section 15-I of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **SEBI Act, 1992**) and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **Adjudication Rules**) to inquire into and adjudge under section 15A(b) of SEBI Act, 1992, the alleged violations of provisions of regulation 13(4A) read with (r/w) regulation 13(5) of PIT Regulations, 1992. The appointment was communicated vide communique dated January 28, 2019. Further, PIT Regulations, 1992 have been repealed and SEBI (Prohibition of Insider Trading) Regulations, 2015 have come into force. The present proceedings against the Noticee is initiated in terms of PIT Regulations, 1992 r/w SEBI (Prohibition of Insider Trading) Regulations, 2015 (specifically Regulation 12 (2) under the head 'Repeal and savings').

#### **SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING**

3. Show cause notice SEBI/HO/EAD/E&AO/SR/PP/OW/10488/2019 dated April 24, 2019 (hereinafter referred to as **SCN**) was issued to the Noticee under rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be held against it and why penalty under section 15A(b) of SEBI Act, 1992 be not imposed on it for the violations alleged and specified in the said SCN.
4. Details of the SCN are given as under:
- a. OD of SEBI conducted examination in the scrip of YDL for the period between January 01, 2013 to March 19, 2013 (hereinafter referred to as **Examination Period**) and observed that the shareholding pattern of Noticee changed by more than 25000 shares on October 10, 2014. The Noticee was one of the promoters of YDL on the date of the alleged transaction. OD observed following instance on which Noticee has allegedly violated the provisions of regulation 13(4A) r/w regulation 13(5) of PIT Regulations, 1992 as tabulated below-

Sl. no.	Date	No. of shares debit	Violation
1	10/10/2014	693482	Regulation 13(4A) r/w 13(5) of PIT Regulations, 1992

In view of the said transfer of shares of YDL, this had resulted in change in shareholding exceeding 25,000 shares, and hence Noticee was required to make disclosures to YDL and BSE under regulation 13(4A) read with regulation 13(5) of PIT Regulations, 1992. It is alleged that the Noticee has failed to make the required disclosures to YDL and BSE within the required time frame, therefore it has violated regulation 13(4A) read with regulation 13(5) of PIT regulations, 1992.

5. The SCN sent to the Noticee through the speed post acknowledgment due. The said SCN sent to Noticee has returned undelivered at the address available on record with the comment “no such office in this plot”. Thereafter, another attempt to serve the SCN upon the Noticee was made through affixture in terms of Rule 4 of Adjudication Rules. However, affixture report also returned back with the comment “entity not found at the address” as affixture could not be done. Thereafter, SCN was uploaded on the SEBI website under “Unserved Summons / Notices” on February 08, 2019. Subsequently, by way of release of public notice vide newspaper publication dated September 06, 2019, the SCN was served on the Noticee by way of publication in terms of Rule 7(d) of the Adjudication Rules and the paper clippings is on record. The Noticee was advised to file its reply to the SCN and was also provided with an opportunity of hearing on September 25, 2019. Newspaper publication were released on September 06, 2019 in the newspapers detailed hereunder-

S.No	Name of the newspaper	Language	Edition
1.	Deccan Chronicle	English	Hyderabad Edition
2.	Sakshi	Telugu	Hyderabad Edition
3.	Daily Hindi Milap	Hindi	Hyderabad Edition

6. However, the Noticee has neither filed its reply to the SCN nor availed of the hearing fixed on the stipulated date. In view of the above reasons, I am compelled to proceed further in the matter on the basis of facts/material available on record.
7. After taking into account, the allegations levelled in the SCN, and other evidences / material available on record, I hereby proceed to decide the case on merit.

## **CONSIDERATION OF ISSUES, EVIDENCES AND FINDINGS**

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

- a. Whether the Noticee has violated the provisions of regulations 13(4A) r/w 13(5) of PIT Regulations, 1992?***
- b. Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15A(b) of the SEBI Act, 1992 for the alleged violations by the Noticee?***
- c. If yes, then what would be the monetary penalty that can be imposed upon the Noticee, taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992 r/w rule 5(2) of the Adjudication Rules?***

9. Before proceeding further, I would like to refer to the relevant provisions of PIT Regulations, 1992:

### ***Disclosure of interest or holding in listed companies by certain persons - Continual disclosure.***

*(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.*

*(5) The disclosure mentioned in sub-regulations (3), (4) and (4A) shall be made within two working days of:*

- (a) the receipts of intimation of allotment of shares, or*
- (b) the acquisition or sale of shares or voting rights, as the case may be.*

### **FINDINGS:**

10. On perusal of the material available on record and giving regard to the facts and circumstances of the case, I hereby record my findings as under:

**Issue a: *Whether the Noticee has violated the provisions of regulations 13(4A) r/w 13(5) of PIT Regulations, 1992?***

11. Upon a perusal of shareholding of YDL as available in statement showing holding of securities in the BSE website, it is noted that the Noticee belongs to the category Promoter and Promoter Group. Further, the Noticee is alleged to have violated provisions of regulations 13(4A) r/w 13(5) of PIT Regulations, 1992 for the transactions detailed in the SCN. I find that opportunities were given to the Noticee to submit reply to the said SCN and also to appear for personal hearing in the instant adjudication proceedings. However, the Noticee neither replied to the SCN nor attended the personal hearing granted to it. In this regard, it is pertinent to refer to the judgment dated December 08, 2006 of Hon'ble Securities Appellate Tribunal in the matter of Classic Credit Ltd. v SEBI (Appeal No. 68 of 2003) wherein, it observed that "*... the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against it in the show cause notice were admitted by it*". I also observe that the Hon'ble Securities Appellate Tribunal in the matter of Sanjay Kumar Tayal & Ors. v SEBI (Appeal 68 of 2013 dated February 11, 2014) had inter alia observed that "*...As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to it nor availed opportunity of personal hearing offered to it in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against it in the show cause notices...*"

Therefore, in view of the above case laws, it is presumed that the Noticee has admitted the charges levelled against it in the said SCN. However, in the interest of natural justice, I still proceed to decide the matter on merits.

12. As per regulation 13(4A) of PIT Regulations, 1992 any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchanges where the securities are listed 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 and the change exceeds Rs. 5 lakh in value or

25,000 shares or 1% of total shareholding or voting rights, whichever is lower. I observe from the material available on record that the Noticee had transacted for more than 25000 shares. However, there is nothing on record with regard to non-disclosure of the alleged transactions. Therefore, considering the above facts, I am of the view that it is not a fit case for proceeding further in the matter, for failure on the part of the Noticee to make disclosures to BSE and YDL under regulation 13(4A) of PIT Regulation, 1992. I hereby dispose off the matter without imposing monetary penalty, hence issues (b) and (c) do not need consideration.

### **ORDER**

13. In view of the above findings, I hereby dispose of the adjudication proceedings initiated against the Noticee, i.e. Fingrowth Company Limited vide SCN dated April 24, 2019, without imposing any monetary penalty.
14. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this Order is being sent to the Noticee and also to Securities and Exchange Board of India.

**Date: September 27, 2019**

**Place: Mumbai**

**SANGEETA RATHOD**

**ADJUDICATING OFFICER**