

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

On Application No. **3403 of 2017**

Filed by SBI Mutual Fund [PAN: AAACS7339D]

In the matter of Padmini Technologies Limited

1. SBI Mutual Fund (hereinafter referred to as ‘applicant’) filed a settlement application in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (‘Settlement Regulations’), without admitting or denying the findings of fact and conclusions of law, proposing to settle, through a settlement order, the pending proceedings under the SEBI (Intermediaries) Regulations, 2008 initiated vide Show Cause Notice dated May 28, 2013, for the alleged violation of Regulation 3 and 6(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 (for fraudulently concealing important facts while dealing in the shares of Padmini Technologies Limited); Clause 6, 8 and 9 of the Code of Conduct prescribed for Trustees and Asset Management Companies read with Regulations 18(22), 25(16), 25(2), 25(3) and 50(2) of the SEBI (Mutual Fund) Regulations, 1996 (i.e. non-exercise of due diligence and proper care in conduct of its business and failure to preserve its records, books of accounts/ documents for eight years) and SEBI Circular No. SMDRP/Policy/Cir/32/99 dated September 14, 1999 (for purchase of shares in off-market transactions).
2. The authorised representatives of the applicant had meeting with the Internal Committee of SEBI on April 27, 2018, wherein the settlement terms were deliberated. Thereafter, the applicants, vide letter dated May 08, 2018, proposed the revised settlement terms to settle the defaults mentioned above.
3. The High Powered Advisory Committee (‘HPAC’) in its meeting held on July 16, 2018, considered the settlement terms proposed by the applicant and recommended the case for settlement upon payment of ₹14,05,12,795 (Rupees Fourteen Crore Five Lakh Twelve Thousand Seven Hundred Ninety Five only) towards settlement charges; ₹62,04,510 (Rupees Sixty Two Lakh Four Thousand Five Hundred Ten only) towards the Investor

Protection and Education Fund of SEBI and compliance with non-monetary settlement terms viz. implementation of enhanced policies and procedures to prevent future securities laws violations; appoint/ retain an independent consultant to review its policies and procedures, provide enhanced training and education to its employees.

4. The Panel of Whole Time Members of SEBI accepted the said recommendation of the HPAC and the same were communicated to the applicant vide e-mail dated September 14, 2018.
5. The applicant vide letter dated September 26, 2018, has submitted the demand draft number 288035 dated September 25, 2018, drawn on State Bank of India remitting ₹14,05,12,795 (Rupees Fourteen Crore Five Lakh Twelve Thousand Seven Hundred Ninety Five only) towards the settlement charges. The applicant has also submitted a demand draft number 288034 dated September 25, 2018, drawn on State Bank of India remitting ₹62,04,510 (Rupees Sixty Two Lakh Four Thousand Five Hundred Ten only) towards the Investor Protection and Education Fund of SEBI. Vide the said letter, the applicant has undertaken that it has implemented enhanced policies and procedures to prevent securities laws violations; it has also submitted that they will appoint/ retain an independent consultant to review policies and procedures and has arranged to provide enhanced training and education to its employees.
6. Accordingly, the pending proceedings under the SEBI (Intermediaries) Regulations, 2008 for the alleged defaults as discussed in paragraph 1 above, are settled *qua* the applicant as per the above terms, by way of this order and SEBI shall not initiate any enforcement action against the applicant for the said alleged defaults.
7. In view of the above, in terms of regulations 15 and 19 of the Settlement Regulations, it is hereby ordered that:
 - i. this order disposes of the said pending proceedings under the SEBI (Intermediaries) Regulations, 2008, in respect of the applicant for the defaults as mentioned above and;
 - ii. passing of this order is without prejudice to the right of SEBI to take enforcement actions including commencing proceedings against the applicant, if SEBI finds that:
 - a. any representation made by the applicant in the present settlement proceedings is subsequently discovered to be untrue;

- b. the applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings.
8. This settlement order is passed on this 28th day of September, 2018 and shall come into force with immediate effect.
9. In terms of regulation 17 of the Settlement Regulations, a copy of this order shall be sent to the applicants and shall also be published on the website of SEBI.

-Sd-

S.K. MOHANTY
WHOLE TIME MEMBER

-Sd-

ANANTA BARUA
WHOLE TIME MEMBER