

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[SETTLEMENT ORDER Ref No.: SO/KS/AE/2020-21/6245]

UNDER SECTION 15JB OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND SECTION 23JA OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 READ WITH REGULATION 23(1) OF THE SEBI (SETTLEMENT OF ADMINISTRATIVE AND CIVIL PROCEEDINGS) REGULATIONS, 2018.

In respect of:

Application No. 4107/2020 submitted by

Britannia Industries Ltd (PAN: AABCB2066P)

In the matter of Sharepro Services (I) Private Limited

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1. Securities and Exchange Board of India ("SEBI") conducted an investigation into the records of Sharepro Services (I) Private Limited (hereinafter referred to as 'Sharepro') who was the Registrar and Transfer Agent of Britannia Industries Limited (the applicant), wherein it was observed that:
 - a) Shri Sujit Kumar Gupta held certain shares of Britannia industries Ltd and had died in the year 1985. Shri. Sujit Kumar Gupta was not married and had died intestate. The holding of Shri Sujit Kumar Gupta increased to 54785 shares of Rs 2/- each due to 2 bonus issues and subdivision of shares in the year 2009.
 - b) It was observed that the applicant had forwarded a letter dated March 12, 2009 received from, Ms Aloka Chowdhary (legal heir of Shri Sujit Kumar Gupta and hereinafter referred to as "Aloka") to Sharepro, where all the above mentioned facts about the death of Shri Sujit Kumar Gupta are mentioned. In the said letter, Aloka requested information about the shares held in the name of Shri Sujit Kumar Gupta. Sharepro had replied to Aloka vide letter dated March 26, 2009 and requested for certain additional documents for transmission of shares.
 - c) Subsequently, Sharepro received a letter from Shri Balram Mukheijee (hereinafter referred to as "Balram") enclosing a document purportedly a court order passed in 1985, where under he was entitled to 3000 (old) shares held by Shri Sujit Kumar Gupta. The applicant was also a party to the purported suit filed by Balram. As per Sharepro, it was in correspondence with Balram from 2007 onwards regarding the issue. However, the purported court order was handed over only in 2015. Thereafter, 33750 shares were transferred (on 13.04.2015 as per folio records in Sharepro backoffice systems) to Balram in terms of the said court order. After getting the shares transferred to his name, Balram dematerialized the shares and transferred the same to his broker Shah Investor Home for sale in market.

- d) The investigation conducted by SEBI revealed that, the court order as submitted by Balram was a forged document. The applicant, vide its letter dated 20.01.2016 had replied to SEBI that, Sharepro has forwarded the copy of the order along with other documents at the time of taking approval for transmission of shares in April, 2015. The applicant, vide its letter dated 24.02.2016, while replying to the summons of SEBI has stated that, the previous submissions dated 20.01.2016 should be ignored and has further stated that it could not locate any court order or any other information / documents in its record and thereby it was alleged that the applicant violated Section 11C(2) and 11C(3) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act'). Further, it was alleged that the applicant had not carried out the required due diligence before giving effect to the transmission of the shares. The said transfers were allegedly approved without proper documents and thereby it was alleged that the applicant violated Clause 11, Clause 12 A and Clause 47(b) of the Listing Agreement read with Regulation 103 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI (LODR) Regulations').
- e) Further, Sharepro vide its letter dated June 26, 2013 had requested applicant for issuing the demand draft for an amount of Rs. 19,85,627.93 in the name of the investor viz. Sujit Kumar Gupta. Accordingly, as per applicant's request, HDFC Bank issued demand draft (DD) No. 767607 dated 02.07.2013 for the said amount. However, the said DD was not encashed. Thereafter, Sharepro again requested applicant vide letter dated November 25, 2013 for issuing fresh demand draft in favour of Shri Sujit Kumar Gupta. Accordingly, HDFC Bank had issued DD No. 360572 dated December 02, 2013 in favour of Shri Sujit Kumar Gupta, which was immediately encashed on December 04, 2013 by one Shri Sujitkumar Amarnath Gupta in his bank account, and later Rs. 19,00,000 was withdrawn in cash by him. It was alleged that in spite of being aware of the demise of Shri Sujit Kumar Gupta, demand draft in favour of 'Sujit Kumar Gupta' was issued upon the Noticee's instruction by HDFC Bank, which was subsequently encashed by some other Sujit Kumar Gupta. It was thus alleged that the Noticee exhibited negligence when the aforesaid demand drafts were issued, despite being aware of the fact that the shareholder had expired in the year 1985. In view of the same alleged that the Noticee violated the provisions of Clause 11, Clause 12A and Clause 47(b) of the Listing Agreement read with Regulation 103 of SEBI (LODR) Regulations.

- 2 Pursuant to above, the competent authority in SEBI was satisfied that there are sufficient grounds to inquire into the affairs and adjudicate upon the alleged aforesaid violations. Vide communication-order dated June 19, 2018 and revised communique dated July 12, 2019, the undersigned was appointed an Adjudicating Officer under section 15-I of SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'SEBI Adjudication Rules'), and under section 23-I of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as 'SC(R) Act') and rule 3 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and Imposing Penalties)

Rules, 2005 (hereinafter referred to as 'SC(R) Adjudication Rules') to inquire into and adjudge under section 15HB of the SEBI Act and section 23E of SC(R) Act for the aforesaid alleged violations.

3. Accordingly, in terms of rule 4(1) SEBI Adjudication Rules read with section 15-I of SEBI Act and rule 4(1) SC(R) Adjudication Rules read with section 23-I of SC(R) Act, the show cause notice dated November 08, 2019 (hereinafter referred to as 'the SCN') was issued to the Noticee calling upon them to show cause as to why an inquiry should not be held against them in terms of rule 4 of the SEBI Adjudication Rules and rule 4 of the SC(R) Adjudication Rules, and penalty be not imposed under section 15HB of the SEBI Act and section 23E of SC(R) Act.
4. Vide application filed in January 2020, the Noticee proposed to SEBI to settle the instant proceedings, without admitting or denying the findings of fact and conclusions of law, through a settlement order and filed settlement application bearing reference no. 4107/2020 with SEBI in terms of regulations 3(1) and 3(2) of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2018 (hereinafter referred to as 'Settlement Regulations').
5. After attending meeting with the Internal Committee of SEBI on March 11, 2020, in terms of the Settlement Regulations, the Noticee vide letter dated March 12, 2020, proposed the revised settlement terms. The High Powered Advisory Committee ('HPAC') in its meeting held on July 30, 2020, considered the settlement terms proposed and recommended the case for settlement upon payment of ₹46,21,875/- (Rupees Forty Six Lakh Twenty One Thousand Eight Hundred and Seventy Five only) towards settlement charges.
6. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on August 12, 2020 and the same was communicated by SEBI to the Noticee vide email dated August 13, 2020. Accordingly, the applicant, has remitted the sum of ₹46,21,875/- (Rupees Forty Six Lakh Twenty One Thousand Eight Hundred and Seventy Five only) through online transfer vide UTR N227201215391814 towards settlement charges on August 14, 2020. The said information has been communicated by the applicant to SEBI vide email dated August 24, 2020 and letter dated September 03, 2020. The concerned department of SEBI vide their email dated August 24, 2020 has confirmed the receiving of the settlement charges.
7. Therefore, in view of the acceptance of the settlement terms and receipt of settlement amount as above by SEBI, the instant adjudication proceedings initiated against the Noticee vide SCN dated November 08, 2019 are disposed of in terms of section 15JB of the SEBI Act and section 23JA of SC(R) Act read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.
8. This order shall come into force with immediate effect. Further, in terms of regulation 28 of the

Settlement Regulations, this order is without prejudice to the right of SEBI to take any enforcement action including restoring or initiating the proceedings in respect to which this settlement order is passed, if:

- a) The Noticee fails to comply with the settlement order or at any time after the settlement order is passed,
- b) The Noticee has not made full and true disclosure or has violated the undertakings or waivers, settlement order shall stand revoked and withdrawn and the Board shall restore or initiate the proceedings, with respect to which the settlement order was passed.

9. In terms of regulation 25 of the Settlement Regulations, a copy of this order is sent for service to the applicant and the order is also published on the website of SEBI.

Date: September 17, 2020
Place: Mumbai

K SARAVANAN
ADJUDICATING OFFICER