

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

**in Settlement Application bearing No.6619/2021
filed by Standard Chartered Bank [PAN: AABCS4681D]
in the matter of CG Power and Industrial Solutions Ltd.**

1. Standard Chartered Bank (hereinafter referred to as “applicant/SCB”) filed a settlement application in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as the “Settlement Regulations”) proposing to settle, without admitting or denying the findings of fact and conclusions of law, through a settlement order, the pending enforcement proceedings initiated vide Show Cause Notice bearing no. SEBI/HO/CFID/CFID1/OW/P/2021/10808/12 dated May 25, 2021 for the alleged violations of the provisions of Section 12A(a), (b), and (c) of the SEBI Act, 1992 and Regulations 3(b), (c) and (d) and Regulation 4(1)) of the SEBI Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
2. The brief facts of the case leading to the alleged violations are the following:
Avantha International Asset BV (hereinafter referred to as ‘AIABV’), an entity related to promoter group of CG Power and Industrial Solutions Ltd. (hereinafter referred to as “CG Power”) had taken a loan from SCB. On October 03, 2017, SCB disbursed a loan of Euro 44 million to CG International BV (hereinafter referred to as ‘CGIBV’) which was transferred

to AIABV on the same day to repay its earlier loan from SCB. The funds were later frozen by SCB at AIABV. On February 14, 2018, SCB disbursed another loan of Euro 44 million to CG Industrial Holdings Singapore Pte Ltd. (hereinafter referred to as 'CG Singapore') which was transferred to AIABV on the same day. On the same day i.e. February 14, 2018, AIABV returned the funds received from CGIBV which were frozen and CGIBV utilized these funds for repayment of the loan taken from SCB on October 03, 2017. On April 05, 2018, the funds received by AIABV from CG Singapore were utilized for repayment of an earlier loan of Euro 44 Million taken by AIABV from SCB. In other words, a loan taken by CG Singapore, a subsidiary of CG Power, was used to repay the liability of AIABV, which is an entity related to promoter group of CG Power. Accordingly, the Notice to Show Cause dated May 25, 2021 was issued in which SCB was alleged to have benefitted a private limited company controlled by the promoter group companies, at the expense of a listed company (CG Power) to the detriment of the interest of the minority shareholders of CG Power. Accordingly, the proceedings referred to in paragraph 1 were initiated against the applicant.

3. Pursuant to the receipt of the application, the authorized representatives of the applicant had a meeting with the Internal Committee of SEBI on November 22, 2021 and deliberated on the terms of settlement. Thereafter, the applicant proposed the revised settlement terms to settle the proceedings that were initiated.
4. The High Powered Advisory Committee (hereinafter referred to as the "HPAC") in its meeting held on March 17, 2022, considered the settlement terms proposed by the applicant and recommended the case for settlement upon payment of Rs. 4,97,25,000/- (Rupees Four Crore Ninety Seven Lakh

Twenty Five Thousand only). The Notice of demand was issued to the applicant on April 18, 2022 and the applicant remitted the aforesaid settlement amount on May 12, 2022. Upon verification, the receipt of the above payment was confirmed.

5. In view of the above, in exercise of the powers conferred under Section 15JB read with Section 19 of the Securities and Exchange Board of India Act, 1992 and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the pending enforcement proceedings for the alleged defaults as mentioned in paragraph 1 above are settled *qua* the applicant as per the following terms:

- i. this order disposes of the enforcement proceedings initiated by SEBI for the defaults as mentioned earlier in respect of the applicant;
- ii. SEBI shall not initiate other enforcement actions against the applicant for the said defaults; and
- iii. passing of this Order is without prejudice to the right of SEBI under regulation 28 of the Settlement Regulations to take enforcement actions including continuing proceedings against the applicant, if SEBI finds that:
 - a. any representation made by the applicant in the present settlement proceedings is subsequently found to be untrue;
 - b. the applicant has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and
 - c. there was a discrepancy while arriving at the settlement terms.

6. This settlement order is passed on this 24th day of May, 2022 and shall come into force with immediate effect.
7. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the applicant and also be published on the website of SEBI.

Sd/

S.K. MOHANTY
WHOLE TIME MEMBER

Sd/-

ANANTA BARUA
WHOLE TIME MEMBER