

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER
(Application No. 3906/2019)

[SETTLEMENT ORDER No. - SS/AKS/2019-20/5351]

In respect of:

PC Jeweller Limited,
C-54, Preet Vihar,
Vikas Marg,
Delhi – 110092.

1. PC Jeweller Limited (hereinafter referred to as 'PCJ') is a company having its shares listed on Bombay Stock Exchange Ltd. ('BSE') and National Stock Exchange of India Ltd. ('NSE'). During examination in respect of compliance obligations of PCJ with respect to its proposed “buy-back” offer, Securities and Exchange Board of India ("SEBI") had sought comments from BSE and NSE. BSE vide its e-mail dated August 19, 2018 and NSE vide its e-mail dated October 17, 2018 had submitted comments on the proposed “buy-back” offer of PCJ. Based upon the same SEBI observed that :
 - i. On May 10, 2018, the Board of Directors of PCJ had approved the proposal of “buy-back” of its fully paid up equity shares from its shareholders through the tender offer route.
 - ii. On July 07, 2018, PCJ wrote to State Bank of India (“SBI”) for providing ‘no objection certificate’ (‘NoC’) for its proposed “buy-back” offer and on same day SBI issued its objection to PCJ. On July 12, 2018, PCJ again wrote to SBI for granting NoC for its proposed “buy-back” offer. On same day, SBI asked PCJ to refer to its objection letter dated July 07, 2018 and again showed its inability to accede to the request of PCJ for granting NoC to its proposed “buy-back” offer.
 - iii. PCJ had not got NoC from SBI prior to initiating its “buy-back” offer and on July 13, 2018, PCJ had made a corporate announcement that its “buy-back” offer was withdrawn due to non-receipt of NoC from its bank SBI.

- iv. On July 14, 2018, PCJ had informed BSE and NSE that, since its “buy-back” offer had been withdrawn, the postal ballot outcome is infructuous and hence the same was not disclosed to BSE and NSE.
- v. PCJ had admitted before BSE that it had not appraised its board of the necessary approvals that would be required for successful initiation of “buy-back” offer. This action of PCJ was not in keeping with the principles of full disclosures and transparency, even to its board, especially in view of the fact that its management was aware that the consent of the bank was required as a pre-condition as mentioned in the loan covenants. It should have notified BSE about refusal of NoC by SBI on July 07, 2018 instead of waiting till end of the period of postal ballot, as it constituted material information in regard to the ongoing voting for approving its “buy-back” proposal. PCJ could have mentioned therein that it had requested the bank to get the same cleared.
- vi. PCJ had not disclosed the information about the objection of SBI to NSE also, which came to know about this event on seeking further clarification from SBI.
- vii. By letter dated July 07, 2018, SBI had refused permission to PCJ to go ahead with its “buy-back” offer and stated that – *“we advise that the present priority of the lenders is towards reduction of overall Bank exposure while maintaining adequate liquidity in the company to support its operations. Accordingly we are not in favour of the proposed buyback plan which envisage outflow of Rs. 424.00 crs of cash/funds in the form of buyback. We therefore advise that Bank had decided to not to permit to go ahead with its proposed buyback plan.”*
- viii. The stand of PCJ before NSE was that the objection raised by SBI was not material and as per regulation 30(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “LODR Regulations”), it was required to make disclosures about updating material developments on a regular basis, till such time the event is resolved/closed, with the relevant explanations. In NSE’s view PCJ should have informed the exchange about these developments.
- ix. NSE had asked PCJ for voting results and scrutinizers report as voting was closed on July 13, 2018 and PCJ had not disclosed the outcome. It was observed that 99.98% of votes were in

favour of the resolution, as it was a benefit for the shareholder. In NSE's view PCJ should have done proper due diligence before publishing the notice of postal ballot, as NoC appears to be a condition precedent for the "buy-back".

- x. SEBI observed that PCJ had not disclosed the objection raised by SBI vide letters dated July 07, 2018 and July 12, 2018 for its proposed "buy-back" offer and on July 13, 2018, it had disclosed to BSE and NSE that in view of the non-receipt of the requisite NoC from SBI, its board of directors had decided to withdraw the "buy-back" offer. SEBI has found that non-disclosure of SBI's objections by PCJ is a material information and required to be disclosed to the stock exchanges as prescribed under the regulation 30(1), 30(4)(i) and 30(7) of the LODR Regulations.
2. In view of the above, it was decided to inquire into and adjudicate upon the alleged violations as aforesaid and the undersigned was appointed as Adjudicating Officer under Section 23-I of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as 'the SCRA') and Rule 3 of Securities Contracts (Regulation) (Procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 2005 (hereinafter referred to as 'Adjudication Rules') to inquire into and adjudicate under Section 23E of the SCRA the aforesaid alleged violations by PCJ. Accordingly, in terms of Rule 4(1) of the Adjudication Rules read with Section 23-I (1) and (2) of SCRA, the notice to show cause no. EAD/SS/AKS/OW/P/2019/5839 dated March 06, 2019 (hereinafter referred to as 'the SCN') was issued to PCJ.
3. Pending the instant proceedings commenced by the aforesaid SCN, PCJ ('applicant') filed a Settlement Application bearing reference no. 3906/2019 dated April 05, 2019 with SEBI in terms of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as 'Settlement Regulations') proposing to settle the pending proceedings through a Settlement Order.
4. The authorized representative of the applicant had a meeting with the Internal Committee of SEBI on August 19, 2019, wherein the settlement terms were deliberated. Thereafter, the applicant, vide its letter dated August 22, 2019, proposed payment of ₹19,12,500/- (Rupees Nineteen Lakh Twelve Thousand and Five Hundred Only) towards full and final settlement of alleged default contained in the SCN.

5. The High Powered Advisory Committee on Settlement ('HPAC') considered the proposed settlement terms on September 16, 2019 and recommended the settlement of instant proceedings upon payment of ₹19,12,500/- (Rupees Nineteen Lakh Twelve Thousand and Five Hundred Only) towards settlement charges. The Panel of Whole Time Members of SEBI approved and accepted the said recommendation of the HPAC on October 15, 2019 and the same was communicated to the applicant vide e-mail dated October 18, 2019. Pursuant to the same, the applicant, vide its e-mail dated October 22, 2019 informed SEBI that on October 21, 2019 it has remitted a sum of ₹19,12,500/- (Rupees Nineteen Lakh Twelve Thousand and Five Hundred Only) towards the settlement charges through RTGS.
6. Accordingly, in terms of regulation 23(1) and regulation 28 read with regulation 34 of the Settlement Regulations, it is hereby ordered that the instant adjudication proceedings initiated against the applicant vide SCN dated March 06, 2019 are disposed of in terms of the above accepted settlement terms.
7. 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:
 - i. any representations made by the applicant in the Settlement Proceedings are subsequently found to be untrue; or
 - ii. the applicant breaches any of the clauses /conditions of undertakings/ waivers filed during the Settlement Proceedings.
8. This settlement order shall come into force with immediate effect.
9. In terms of Regulation 25 of the Settlement Regulations, copy of this order is sent to the applicant and shall also be published on the website of SEBI.

Date: November 05, 2019

Place: Mumbai

Santosh Shukla

Adjudicating Officer