BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/KS/MG/2018-19/2207 - Radford Global]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995 and RULE 5 OF SECURITIES CONTRACT (REGULATION) (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 2005.

In respect of

Radford Global Limited.

[PAN: AABCM5771E]

In the matter of Radford Global Limited

FACTS OF THE CASE IN BRIEF:

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an investigation for the period February 27, 2012 to March 24, 2014 (hereinafter referred to as "Investigation Period/IP'') in the scrip of Radford Global Limited (hereinafter referred to as "Noticee/RGL/Company'') which is listed on BSE.

2. During the investigation, the Investigating Authority (hereinafter referred to as 'IA') of SEBI issued summons under Section 11(2)(i) and 11C(3) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') to the Noticee for production of certain information & documents however, the Noticee

failed to produce the same. In view of the same, SEBI has initiated adjudication proceedings under Section 15A(a) of the SEBI Act against the Noticee.

3. Further, it has been observed that RGL made a preferential allotment on February 16, 2012 and proceeds of preferential allotment funds were utilized for the purpose other than disclosed objects of preferential allotment. In terms of clause 43 of the Listing Agreement, Company was required to furnish on a quarterly basis a statement to stock exchanges indicating the variations between "projected utilization of funds in object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities" and "the actual utilization of funds". In view of the same, SEBI has initiated adjudication proceedings under Section 23E of the Securities Contract (Regulation) Act, 1956 (hereinafter referred to as 'SCRA'), for the alleged violation of Section 21 of the SCRA read with clause 43 of the Listing Agreement.

APPOINTMENT OF ADJUDICATING OFFICER

4. SEBI, vide communication order dated November 16, 2017 appointed the undersigned as Adjudicating Officer under:

(i). Section 15 I of the SEBI Act, read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'SEBI AO Rules') to inquire into and adjudge under Section 15A(a) of SEBI Act, for the alleged violation of the provisions of 11(2)(i) and 11C(3) of the SEBI Act; and

(ii). Section 23 I of the SCRA, read with Rule 3 of Securities Contract (Regulation) (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 2005 (hereinafter referred to as 'SCRA AO Rules') to inquire into and adjudge underSection 23E of the SCRA for the alleged violation of Section 21 of the SCRA read with clause 43 of the Listing Agreement by the Noticee.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A show-cause notice (SCN) no. SEBI/EAD/KS/MKG/33168/2017 dated December 27, 2017 was issued to the Noticee under Rule 4 of the AO Rules to show-cause as to why an inquiry should not be initiated against Noticee and penalty not be imposed upon it under (i). Section 15A(a) of SEBI Act, for the alleged violation of the provisions of Sections 11(2)(i) and 11C(3) of the SEBI Act (ii). Section 23E of the SCRA for the alleged violation of Section 21 of the SCRA read with clause 43 of the Listing Agreement by the Noticee. The Noticee was given 15 days of time to make its submission against the allegations made in the SCN. The SCN issued to the Noticee *inter alia* mentioned the following:

   a. *During the course of investigation, RGL was advised vide summons dated July 26, 2017 and reminders dated August 23, 2017 and August 24, 2017, under Section 11(2)(i) and 11C(3) of the SEBI Act, to produce documents as per the details given below in table 1. It is alleged that the noticee did not comply with the summons and not furnished all the documents sought vide these summons despite being given additional time to furnish the information. The list of the 15 entities with respect to whom documents were sought and details of documents sought are given in Table 1:*

Table 1

Source of shares as per company/ RTA/ seller submissions	***Name of sellers referred to in SEBI orders***	***Documents claimed to have been relied by company/ RTA***	***Documents furnished / not furnished***
Physical transfer of shares	1. *Manisha Jayesh Shah* 2. *Artiben S Kansara* 3. *Sunil Mohan Kansara* 4. *Anup Manilal Shah (HUF)* 5. *Hasumati Ghanshyam Mandlia*	*Pan card copies, signature verification from bank, share transfer deed, demat request*	• *Copy of demat request form for all entities* • *Copy of share certificate – only for Mansukhbhai Jagabhai Tanti, Dina S Mehta, Hasumati Ghanshyam Mandlia* *Documents not furnished:-*

Source of shares as per company/ RTA/ seller submissions	***Name of sellers referred to in SEBI orders***	***Documents claimed to have been relied by company/ RTA***	***Documents furnished / not furnished***
	6. Mansukhbhai Jagabhai Tanti *7. Dina Satishkumar Mehta*	*form, old share certificates etc.*	• *Share transfer deeds, Pan card copies, signature verifications from banks, any other document relied upon for ascertaining genuineness of share certificates.* • *Copy of old certificates where certificate were issued in lieu of old certificate were submitted for demat/transfer* • *Details and documents in respect of shares acquired by Artiben Kansara and Manisha J Shah.*
IPO allotment	*8. Rajeev Garg* *9. Hari Mohan Khandelwal* *10. Kanaiyalal Manilal Gandhi* *11. Ramila Gandhi* *12. Veena Mohandas Valbhani* *13. Bharat Kumar Jayantilal Shah* *14. Rekhaben Lakhabhai Sagparia* *15. Pragna Patel*	*IPO application form, share certificate*	• *Copy of demat request form* • *Copy of IPO application form.* • *Copy of share certificate of RGL.* *Documents not furnished:- List of original IPO allottees for verification of all IPO allottees*

Therefore, it is alleged that despite SEBI summons and reminders, Company has failed to furnish complete information and documents which in turn has hampered the investigation process. Thus Company has violated section 11C (3) of the SEBI Act, 1992.

b. *RGL made a preferential allotment on February 16, 2012 for 91,00,000 shares of Rs 15/- each aggregating Rs 13.65 crore and proceeds of the preferential allotment funds were to be utilized to fulfil the additional funding requirements of the company for acquisition and development of moveable and immoveable property.*

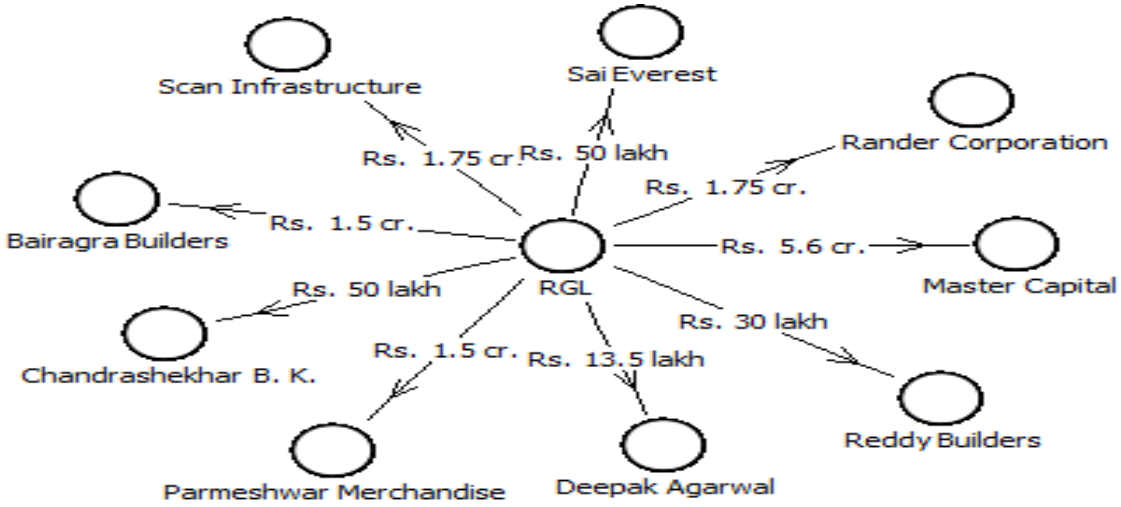
i. *The details of utilization of allotment proceeds submitted by RGL and as reflected in its bank statements (Kotak Mahindra Bank A/c. No. 0311121500) are as under:*

Table 2

Sr. no.	***Date of transfer by RGL***	***Amount transferred (Rs.)***	***Name of the entity/ party***	***Purpose of funds transferred submitted by RGL***	***Loan Document/ Registered Sale Deed submitted***	***Amount repaid to RGL (Rs.)***	***Interest Amount (Rs.)***	***As % of total allotment proceeds***
1	*10/02/2012*	*2,00,00,000*	*Master Capital Services Ltd.*	*Investment in share*	*Ledger A/c. with Master Capital*	*NA*	*NA*	*41.03*
	13/02/2012	*2,00,00,000*						
	14/02/2012	*1,00,00,000*						
	16/02/2012	*60,00,000*						
2	*10/02/2012*	*1,00,00,000*	*Bairagra Builders Pvt. Ltd.*	*Loans and advances*	*Nil*	*1,73,87,331*	*23,87,331*	*45.31*
	15/02/2012	*50,00,000*						
3	*10/02/2012*	*50,00,000*	*Chandrashekhar Baburao Kandharphale*	*Loans and advances*	*Nil*	*55,59,375*	*5,59,375*	
4	*10/02/2012*	*1,00,00,000*	*Parmeshwar Merchandise Pvt. Ltd.*	*Loans and advances*	*Nil*	*1.5 crore*	*Nil*	
	13/02/2012	*50,00,000*						
5	*10/02/2012*	*1,00,00,000*	*Scan Infrastructure Ltd.*	*Loans and advances*	*Nil*	*1.75 crore*	*Nil*	
	13/02/2012	*75,00,000*						
6	*13/02/2012*	*13,50,000*	*Deepak Agarwal*	*Loans and advances*	*Nil*	*13,50,000*	*Nil*	

Sr. no.	Date of transfer by RGL	Amount transferred (Rs.)	Name of the entity/ party	Purpose of funds transferred submitted by RGL	Loan Document/ Registered Sale Deed submitted	Amount repaid to RGL (Rs.)	Interest Amount (Rs.)	As % of total allotment proceeds
7	13/02/2012	50,00,000	Sai Everest Builders and Developers	Loans and advances	Nil	61,38,320	11,38,320	
8	13/02/2012	30,00,000	Reddy Builders and Developers	Loans and advances	Nil	31,32,238	1,32,238	
9	13/02/2012	75,00,000	Rander Corporation Ltd.	Advance against property	Registered Sale Deed			12.82
	17/02/2012	1,00,00,000			Nil			
TOTAL		**13,53,50,000**				**6,60,67,264**	**42,17,264**	**99.16**

ii. *The pictorial presentation of the above fund flow is as under:*



iii. *As brought out in table 2, the proceeds of preferential allotment of RGL were immediately transferred to various entities. In this regard, details of category wise fund utilization is brought out in the following paragraphs.*

Loans and advances

iv. *SEBI examined loan agreement and repayment details with respect to loans and advances made out of the allotment proceeds titled as "Confirmation of Accounts" or "Ledger Account" containing payment and re-payment receipt of loans and advances provided by RGL and it is alleged that no loan document or any other document evidencing grant of loans/advances to entities mentioned at Table 2 is provided by RGL. Further, it is also alleged that no interest is stated to have been paid by Parmeshwar Merchandise Pvt. Ltd., Scan Infrastructure Ltd. and Deepak Agarwal to RGL upon repayment of respective loans.*

v. *Hence, it is alleged that RGL has transferred a substantial portion out of its allotment proceeds as loans/advances to various entities. Further, transfer by RGL towards aforesaid loans and advances was not in terms with its disclosed objects at the time of preferential allotment.*

Advance against property

vi. *SEBI examined registered sale deed and other payment details with Rander Corporation Ltd. for advance against property furnished by RGL. It is alleged that out of Rs.1.75 crore advances against property stated to be made to Rander Corporation Ltd., RGL has submitted only a copy of registered sale deed for purchase of land situated at village Khaira, (Boisor), Taluka-Palghar, and District-Thane for a consideration of Rs. 75 lakh. No documentary evidence/ explanation was submitted for advances against property of Rs. 1 crore made to Rander Corporation Ltd.*

vii. *RGL has further stated that the above deal with Rander Corporation Ltd regarding purchase of land was cancelled and the deal amounts were returned to RGL by Rander Corporation Ltd. In this regard, it is observed that RGL received Rs. 1.71 crore from Rander Corporation Ltd between March 05, 2012 and May 28, 2014. It is alleged that the allotment*

proceeds were eventually not utilized towards acquisition or development of any immoveable property as per the disclosed objectives.

viii. *In this regard, although the company has stated in its Annual report for the FY 2012-13 that the allotment proceeds were being utilized in terms of the objects of the issue, the same is not supported by the submissions of the company. Thus it is alleged that the company failed to utilize the allotment proceeds in terms of the disclosed objects of preferential allotment.*

6. The noticee vide letter dated January 12, 2018 sought time of 30 days to submit reply to the SCN. Considering the principles of natural justice and since no reply to the SCN was received, the Noticee vide hearing notice dated February 08, 2018 was granted an opportunity of personal hearing on February 21, 2018. Further, in the aforesaid hearing notice, the Noticee was also asked to submit reply to the SCN on or before February 15, 2018. The Noticee failed to avail the opportunity of personal hearing on February 21, 2018. The Noticee vide letter dated February 15, 2018 requested for inspection of documents and copies of documents relied upon by SEBI in the matter. In view of the same, vide hearing notice dated March 01, 2018, the Noticee was granted an opportunity of inspection of documents and advised to complete the same by March 12, 2018. Further, the Noticee was also granted a final opportunity of personal hearing in the matter on March 23, 2018 vide the aforesaid hearing notice but the Noticee again failed to avail the same. Further, the Noticee vide letter dated April 09, 2018 informed about change in address. The inspection of documents relied upon by SEBI in the matter was given to the Noticee on June 08, 2018 and the copies of all the relevant documents were also provided to the Noticee. This was confirmed by the Enforcement Department of SEBI vide note dated June 11, 2018. Thereafter, the Noticee vide hearing notice dated June 11, 2018 was granted final opportunity of hearing on June 19, 2018.

Authorized Representative (Hereinafter referred to as "AR") of the Noticee viz Shri Nilesh More, Accounts Manager attended the hearing on scheduled date and time. AR agreed that post hearing submissions will be made by June 27, 2018.

7. The Noticee vide letter dated June 29, 2018, made additional submissions and *inter alia* submitted the following:

I. *This is in reference to the captioned Notice dated December 27, 2017 bearing reference no. SEBI/EAD/KS/MKG/33167/2017 issued u/r 4 (1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as* ***"said adjudication notice"/"SCN")*** *in the matter of Radford Global Limited (hereinafter,* ***"Noticee"/"we"/"our"/"us" /"Radford"/"company").*** *It has* inter-alia *been alleged that we have violated Section 11 C(3) of SEBI Act, 1992 (Ref. Para 4.3 of SCN) and Section 21 of Securities Contract (Regulation) Act, 1956 (hereinafter referred to as "SCRA") read with Clause 43 of Listing Agreement (Ref. Para 5.10 of SCN).*

II. By issuance of the aforesaid SCN, we have been called upon to show cause as to why an inquiry should not be held against us in terms of Rule 4 of SEBI (Procedure for holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Rules') r/w Section 15 1 (1) & (2) of SEBJ Act, 1992. Further, we have been called upon to make submissions as to why penalty should not be imposed on us u/s 1.5A (a) of SEBI Act, 1992 and u/s 23 E of SCRA for the alleged violation as mentioned in the SCN.

III. *In response to the notice of hearing dated June 11, 2018 we had sought adjournment for the said hearing by letter dated June 1.4, 2018 on the ground that post inspection of documents granted to us on June 08, 2018, we had filed our reply dated June 11, 2018 stating that during inspection, SEBI has provided us inspection of only those documents which were annexed to the SCN. However, by our letter dated February 15, 2018 we had asked for documents which were relevant to file our detailed reply to the SCN. However, your kindselves had preferred not to adjourn the hearing and therefore our authorised representative appeared before your kindselves on June 19, 2018. During the aforesaid hearing, he agreed to file post hearing submissions by June 27, 2018. Pursuant thereto, we hereby file our submissions for your kind and sympathetic consideration as under:*

IV. ***Preliminary Submissions***

a) *At the outset and without prejudice to anything stated hereinafter, we deny all the allegations and findings made against us in the said notice except to the extent specifically admitted by us. Nothing contained in the said notice may be deemed to be admitted by us by reason of non-traverse or otherwise, save and except what is expressly admitted herein. We deny all the statements, submissions, contentions, allegations and averments contained in the said notice that are contrary to and/or inconsistent with what is stated herein below.*

b) *At the further outset, we categorically deny that we have violated Section 11C (3) of SEBI Act and Section 21 of SCRA read with clause 43 of Listing Agreement.*

c) *Genesis of the proceedings initiated against us by BSE and SEBI:*

Pursuant to the preliminary examination conducted by BSE in the dealings of the shares

of Radford, SEBI undertook preliminary inquiry in the dealing of the shares of Radford for the period from January 28, 2013 to March 24, 2014. Pending investigation, SEBI passed ad-interim ex parte orders dated December 19, 2014 and November 09, 201.5 whereby SEBI restrained 108 and 15 entities respectively from accessing the securities market and buying, selling or dealing in securities either directly or indirectly, in any manner whatsoever, till further directions. Thereafter, pursuant to directions received from SEBI, vide notice dated December 24, 2014, BSE suspended trading in the securities of Radford with effect from December 31, 201.4 until further directions. Thus, Sword of Damocles has been hanging on the company since then i.e. December 19, 2014 and even though investigation has been concluded by SEBI, trading of the securities of the company has not been resumed. Consequently, the company has been suffering over a period of time and undergoing open ended punishment at the hands of SEBI and BSE.

d) *Despite while undergoing aforesaid hardships, company has continued its business activities, though with lots of constraints, however company as maintained growth of business activities over a period of time due to dedicated efforts of the Directors, Key Management Persons and core team of employees of the company. Thus company has protected interest of all its stakeholders.*

e) *Profile in brief of the Company:*

1. *Radford, a Public Limited company listed in BSE was originally incorporated in 1994 under the name of Rosette Resorts Ltd. Thereafter, in the year 201.1, name was changed to P S Global Ltd and to Radford in the year 2012.*

2. *On and around October 2011, there was total change of management of the Company and Glory Investment Services Private Ltd. was designated as new promoters of the Company. Pertinently, a special resolution was passed in the extra ordinary General meeting held on October 12, 2011 one for change in object clause and another for change in control of the Company u/r 12 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulation 1997.*

3. *The present management took strenuous efforts to revive the operations of the Company and also complied with all the pending requirements w.r.t. listing of shares at BSE. On successful completion of all requirements and payment of all dues to BSE, vide notice dated December 14, 2011 revoked suspension in trading of shares w.e.f. December 20, 2011.*

4. *Thereafter, for carrying out activities in the Company, management was advised to issue shares on preferential basis and therefore the Board of Directors in the meeting held on December 21, 2011 amongst other decisions, approved issuance of shares on preferential basis. The aforesaid decision was approved in the Extra Ordinary General meeting of the Company held on January 16, 2012.*

5. *Presently Radford is a diversified group, having business verticals in Textile Deals, Real-estate Consulting- Investment, and Specialized in Staffing & Manpower Supply. Radford has extended its support to some reputed brands across India, Middle East and US. Some major names which includes Grindwell Norton Ltd. (Saint Gobain India), Bitwise Global, Highbar Technocrats, Tieto Software India Pvt. Ltd, Sterling Information Resources Pvt. Ltd., Vodafone India Shared Services, Oracle India, Altimetrik India Pvt. Ltd. and many more to add to the list.*

6. *Importantly, company had only one office in Mumbai in 2012 whereas presently we are operating from five branches across India i.e. Mumbai, Pune, Bangalore, Ahmedabad and Delhi. We are happy to state that we have achieved ISO 9001:2015*

certification for our Quality Management System (QMS). We are further glad to inform that we have also been awarded as "BEST IT STAFFING COMPANY" in SMF by Silicon India Magazine in 2015. (Source: https://www.siliconindia.com/ magazine-articles-in/Radford Global Offering Multilayer Quality Checked Talent Pool...-KDEX485519790.html)

7. *Considering the sustainable growth in Flexi-Staffing Business, we revisited the other segment dealing in Textile & Real Estate and strategized to downsize the operations there and focus more on the HR Services. Currently company is having more than 700 + employees on company payroll working with various corporate. Consequently, every month company is depositing around 10 lakh as employees' provident fund with EPF department and around 2.5 lakh as ESIC (employees state Insurance Corporation). Further most of our services render to clients are cover under GST and on and average Rs. 250,00,000/- (Two Crores Fifty Lacs) annually are paid by the company towards GST, besides payment made by our clients subject to TDS and around more than 50 lacs is Deducted as TDS by our customer*

8. *Thus, we submit with humility that pursuant to funds raised through preferential issue, Radford has carried out substantial business expansion by use of long term working capital as propagated to the proposed preferential shareholders in the "Corporate Presentation" handed over to them at the relevant time.*

V. *In response to Para 4 of the SCN wherein an allegation of "Non-Compliance of Summons" is leveled against us, we state as under:*

a) *At the outset, we state that details of documents furnished/not furnished of 15 shareholders is listed in Table 1 in Para 4.1 of the SCN. Part I of the table pertains to 7 persons who were holding physical shares of the Company and pat II of the table pertains to 8 persons who were allotted shares in the Initial Public Offer (IPO) made by the Company way back in the year 1994-1995.*

b) *Pertinently in our reply dated August 03, 2017 filed in response to the summons dated July 26, 2017 we had* clarified that "when our current promoters received the data from earlier promoters pertaining to the details of share holder, they noticed that there were no details such as name, folio number etc. for 138400 shares. Hence while handing over the data by current promoters to earlier RTA-UCS (Univesal capital securities Pvt. Ltd), we put 138400 shares under abeyance and requested UCS not to reject any request made by the share holder whose name is not appearing in the share master data. We also requested UCS to issue shares from abeyance folio to such share holders under intimation to us. The cases where distinctive nos. as per the share certificate surrender by the share holders for transfer or demat did not match with the share master data, we request UCS to match with the folio number, Name and share holding while putting into effect the request and ignoring distinctive number. We also states that when our RTA received request from shareholders which were not appearing in the share master list, for issue new of new share certificate either upon change of company name or transfer of share or demat we asked such share holders to provide there Pan card, Signature verification card, share transfer deed, demat request form and old share certificates. Upon receiving the request documents, our client RTA checked authenticity of the old share certificate and after comparing Folio No. name share holding, we ensured the share holders genuineness and issued new share certificates*...." (Ref. point 2 of our reply dated August 03, 2017). Hence, we state that we had furnished our difficulties and handicap in providing documents to the Investigation Officers at the relevant time only and importantly they did not raise any objection on the same. Therefore we are shocked to face the present proceedings with an allegation that we did not comply with the summons.*

c) *With regard to the compliance to the summons issued by Instigation department, SEBI, we*

state that:

1) *Investigation had been continuing against us since passing of the ex parte ad interim Order on December 19, 2014 by Surveillance department, SEBI. We have on regular basis furnished information and provided all documents as required. Even our authorized representative had personally appeared before SEBI officials whenever called upon via email or phone call. Thus at the relevant time, we had extended full cooperation and assistance to the SEBI officials in carrying out Investigation proceedings against us.*
2) *Subsequently we received summons from Investigation Department, SEBI details are as under:*

- *Summons dated June 13, 2017 bearing reference no. IVD/ID10/RGL/MM/JC/ 13589/2017 was received under covering letter dated June 15, 2017 seeking information from us. In response thereto we submitted our reply to the above referred summons by our letters dated June 24, 2017 and dated July 10, 2017 and provided all required details and documents asked by SEBI through above referred summons. A copy of the our reply dated June 24, 2017 and dated July 10, 2017 filed with SEBI are hereto enclosed and* ***marked as*** *Annexure - 1* ***and*** *Annexure 2 respectively*

- *Another summons dated July 26, 2017 bearing reference no. IVD/ID10/RGL/MM/JC/ 17555/ 20.17 was received by us.*

  In response thereto, we submitted our reply on August 03, 2017 along with all necessary-supporting documents and provided all the required information. A copy of the our reply dated August 03, 2017 filed with SEBI is hereto enclosed and marked as ***Annexure - 3***

- *Subsequently via email dated August 17, 2017 SEBI asked certain documents and information. In response thereto via email dated August 2.1, 2017 we provided all required details and documents asked by SEBI. A copy of SEBI's email dated August 17, 2017 and a copy of our email dated August 21, 2017 to SEBI are hereto enclosed and marked as* ***Annexure*** *-* ***4*** *and* ***Annexure - 5*** *respectively.*

- *On August 22, 2017 we received email from SEBI seeking for further details related to our reply and asked us to present before SEBI on same day. As we were busy in our day to day business activities, we made request to reschedule the personal appearance before SEBI. As we understand the urgency and the importance of matter, out- personal representative remained present before SEBI on August 23, 2017. At that time SEBI officials handed over summons dated August 23, 2017 to our representative and asked to submit various information and documents on or before August 24, 2017. As details asked by SEBI were related to old period and as we are staffing and manpower company, we were busy and overloaded with our payroll activities, salaries of employees and month end activities of the company, we asked for extension of time to submit further information asked by SEBI through email dated August 24, 2017 but SEBI refused to provide us further extension through email dated August 24, 2017 Subsequently, we submitted all documents and information asked by SEBI through summons dated August 23, 2017 bearing reference no. IVD/ ID10/RGL/MM/JC/20086/2017 by our reply dated September 05, 2017. A copy of the our reply dated September 05, 2017 is hereto enclosed and marked as* ***Annexure - 6***

d) Without prejudice to our aforesaid submissions, we state that:

1) *We had more than 1000 shareholders of the Company existing at the relevant time when information was sought and the adverse findings, if any, pertains to only 15 shareholders.*
2) *Importantly, we had submitted copy of all available share certificates surrendered by the shareholders along with photocopy of PAN of the shareholders which establishes that summons have been complied with and therefore there is no non compliance.*
3) *When the current management took over the company, Radford scrip was under suspension and trading had not taken place for the last 14 years i.e. since year 1997.*
4) *New management had in the interest of the shareholders, who were holding shares since a long time and were not able to unlock the value of their holdings, tried to revive the operations of the company.*
5) *Pertinently, vide confirmatory Order dated August 26, 2016 Whole Time Member, SEBI had revoked the directions issued against 12 out of 15 persons (Sr. No. 4 to 15) mentioned in the table 1 under Para 4.1 of the SCN.*
   Further vide Order dated September 20, 2017 Whole Time Member, SEBI had revoked the directions issued against Mr. Sunil Mohan Kansara (Sr. No. 3) mentioned in the table 1 under Para 4.1 of the SCN. The relevant portion from the above referred Order dated September 20, 2017 is reproduced below:

   Quote
   Upon completion of investigation by SEBI, investigation did not find any adverse evidence/adverse findings in respect of violation of provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP Regulations) in respect of following 82 entities (against whom directions were issued vide the interim orders as confirmed vide the above said confirmatory orders) warranting continuation of action under Section 11B r/w 11(4) of SEBI Act.
   Unquote

Thus we submit that the investigation proceedings were not hampered in any manner for any deficiency of documents or information on our part.

In view of the above, we deny that we have not provided the details as detailed out at Para 4.1 of the SCN and further deny that we have violated Section 11C (3) of SEBI Act 1992.

VI. *In response to Para 5 of SCN dated December 27, 2017 wherein it is alleged that we have failed to utilize preferential allotment proceeds as disclosed to BSE, we state as under:*

a) *At the outset, we state that the preferential issue made on February 16, 2012 were given to selected few who had made an application to the Company for allotment of preferential shares. The said allottees were given a corporate presentation wherein purpose of raising funds were stated such as raising funds for business expansion, for long term capital requirement and for purpose of expansion of existing finance related activities. The reference of the said corporate presentation was made by some of the preferential allottees the reference of which can be seen in SEBI's Order dated August 26, 2016.*

b) *From 2012, the Company has been making periodic corporate announcements wherein details of utilization of amount of preferential issue has been properly highlighted. Further, details of utilization of preferential issue is regularly mentioned in financial results which is approved by Board of Directors of the Company. A extract of Corporate Announcements made by the Company as downloaded from the website of BSE is hereto enclosed and marked as Annexure - 7*

c) *Additionally, the Company is periodically holding Board Meetings wherein details of utilization of proceeds of preferential issue is discussed at length. A extract of Board Meetings held by the Company as downloaded from the website of BSE is hereto enclosed and marked as* ***Annexure - 8***

d) *The Company is also regularly holding shareholders meeting wherein the financial results as well other businesses undertaken by the Company during the year are approved by the shareholders of the Company. The said approvals of financial results also contain details of utilization of proceeds of preferential issue. Till date the Company has not received any query from shareholders w.r.t. utilization of proceeds of preferential issue. A extract of Shareholder Meetings held by the Company as downloaded from the website of BSE is hereto enclosed and marked as* ***Annexure - 9***

e) *Further, till date no lacuna has been found in the secretarial audit report prepared by independent professionals, which shows that the Company has a strict Corporate Governance policy and has kept the interest of the shareholders at forefront. Pertinently in the certificates / compliance reports issues by the independent professionals appointed by the company not found and reported any adverse observation on the functioning of the company*

f) *In response to Para 5.9 of SCN dated December 27, 2017, we state that as there was no variation in projected utilization of funds hence the Company was not required to make any disclosures to the stock exchange. Additionally, BSE vide email dated August 14, 2017, has itself taken cognizance of utilization of proceeds of preferential issue. An extract of BSE's email dated August 14, 2017 is reproduced below:*

"However, in the Annual Report page No. 18 point No. (d) of Disclosures for the year 2012 - 2013 states that:

(d) Proceeds from Public Issue/Preferential Issue

The proceeds raised from Preferential issue of shares are being utilized in terms of the objects of the issue and in accordance with the approval of shareholders dated January 16, 2012 under Section 81(1 A) of the Companies Act, 1956. A copy of BSE's email dated August 14, 2017 is hereto enclosed and marked as **Annexure – 10**

It is pertinent to note that BSE vide notice dated December 18, 2015 had started investigation against large number of Companies w.r.t. mis utilization of proceeds of preferential issue. However, no proceedings have been initiated by BSE against us w.r.t. mis utilization of proceeds of preferential issue. This shows that the Company has not mis utilized the proceeds of preferential issue as alleged in the SCN dated December 27, 2017.

g) *Further, with reference to allegation in Para 5.1 of SCN dated December 27, 2017, we state that the loans and advances granted by the Company have been received back by the Company. There is no bad debts or outstanding debts in this regard.*

h) *The Company would like to state that, it has carried out all its business activities within the permissible guidelines as mentioned in the Memorandum of Association and Articles of Association of the Company.*

VII. Prayer

Taking totality view of peculiar facts & circumstances of our case and denials as aforesaid, we

submit that we have been wrongly roped into the present proceedings and therefore humbly request that:

a) *The proceedings initiated* vide *Show Cause Notice dated December 27, 2017 (Ref: SEBI/EAD/KS/MKG/33167/2017) be dropped.*

b) *The allegation and charges be withdrawn and we may be discharged at the earliest without imposing any monetary penalty on us.*

c) *An opportunity of personal hearing, if desired, be granted to us before your kind selves.*

8. In view of the additional submissions made by the Noticee and in the interest of principles of natural justice, the request of the Noticee for another opportunity of personal hearing was acceded to and the Noticee vide Hearing Notice dated August 02, 2018 was granted final opportunity of hearing on August 16, 2018. AR of the Noticee Mr. Prakash Shah appeared for the hearing on scheduled date and time. AR agreed to make additional submissions by August 21, 2018. The Noticee vide letter dated August 27, 2018 made additional submissions and inter alia submitted the following:

a. *This is in reference to the personal heading conducted on August 16, 2018, wherein your goodself has advised us to furnish a comparative table depicting the documents sought by Investigation Authority (IA) vide summons and the reply(s) of the Noticee (us) along with documentary evidences. In that regard, we are herewith presenting the desired explanation in tabular form;*

Sr. No.	***Queries raised vide Copy of Summon from SEBI dated 26.07.2017 (I)***	***Ref. of relevant details mentioned in our earlier replies***	***Ref. of the re-submission of required data with present reply***
1.	*Details of Registrar and Share Transfer agent during the period 01.01.2011-31.03.2014*	*Para 1 of Reply dated 03.08.2017*	
2.	*Procedure followed by RGL with respect to any requests received for dematerialization or transfer of physical shares or issue of new Certificates during period 01.01.2011- 31.03.2014*	*Para 2 of our reply dated 03.08.2017*	***Annexure - 1***
3.	*Rationale for creation of 1,38,400 shares in abeyance list in the shareholder master data in 2011*	*Para 2 of our reply dated 03.08.2017*	
4.	*Basis on which dematerialization request or share transfer requests were carried out with respect to entities named therein.*	*Para 3 of our reply dated 03.08.2017*	***Annexure - 2***

5.	*Furnish necessary documentary evidence which was relied upon to ascertain the genuineness of shareholder on receipt of request for dematerialization or transfer of physical shares in respect of the above entities.*	*Para 3 of our reply dated 03.08.2017*	***Annexure - 2***
6.	*Provide documentary evidence to prove that Rajecv Garg, Veena Mohandas Vaibhani, Bharat kumar Jayantilal Shah and Ramila Gandhi were shareholders since May 1995.*	*Para 4 of our reply dated 03.08.2017*	***Annexure - 3***
7.	*Submit documentary evidence for establishing genuineness of transfer of shares from earlier shareholder to Artiben S Kansara and Anup Manilal Shah (HUF)*	*Para 5 of our reply dated 03.08.2017*	***Annexure - 4***
8.	*Certain sellers viz, Hari Mohan Khandelwal, Kanaiyalal Manilal Gandhi, Rekhaben Lekhbhai Sagpariya, Mansukhbhai Jagabhai Tanti and Pragna Patel were issued shares from abeyance list. Submit documentary evidences to justify how the genuineness of these shareholders was ascertained with respect to above entities.*	*Para 5 of our reply dated 03.08.2017*	***Annexure - 4 A***
9.	*Provide explanation with respect to Dina Satishkumar Mehta and Priya Sanghvi, who held shares with the same folio number in MCA list as well as in the RTA list.*		*Not available*
10.	*Furnish list of allottees who got allotment under the IPO of RGL*		*Not available*

In addition to the above Summon dated 26.07.2017 another summon dated 23.08.2017 was also issued. Following are the submission of the details as required.

Annexure to Summons IVD/ID10/RGL/MM/JC/20086/2017

Sr. No.	***Entity name***	***Observations in SEBI Orders***	***Entity's reply***	***Documents to be provided by Radford Global Ltd.***	***Documents being submitted with the reply***
1.	*Manisha Jayesh Shah*	*Acquired shares from Sangeetha on 30.11.2011*	*Purchased shares from Atherton Glass Works Ltd on 23.12.2011*	*Explain discrepancy. Provide complete set of documents relied upon for transfer and subsequent dematerialization.*	*Not available*
2.	*Artiben Kansara*	*Sumerji Sethia transferred shares to Artiben*	*Purchased shares from Atherton Glass Works Ltd on 23.12.2011*	*Explain discrepancy Provide complete set of documents relied upon for transfer and subsequent dematerialization.*	*Not available*
3.	*Anup Manilal Shah*	*Bought from various shareholders*	*Bought from various shareholders*	*Provide complete set of document relied upon for transfer. Copy of old share certificate.*	*Already provided in* ***Annexure - 4***

4.	*Hasumati Ghansham Mandlia*	*Bought shares in 2003-2004*	*NA*	*Provide complete set of document relied upon for transfer. Copy of old share certificate.*	*Not available*
5.	*Dina Satishkumar Mehta*	*Received shares from Rajendra Patel*	*Received shares from Rajendra Patel*	*Provide complete set of documents relied upon for transfer. Copy of old share certificate.*	***Annexure — 5*** *1. Dematerialisation Request Form* *Share Certificate)*
6.	*Pragna Patel*	*IPO allottee*	*IPO allottee - was issued a new share certificate in lieu of old share certificate.*	*Copy of old share certificate.*	***Annexure - 6*** *(1. Application Form* *2. Dematerialization Request Form* *3. Share Certificate)*
7.	*Shailesh Lalman Ojha*	*NA*	*NA*	*As per documents submitted by Radford, entity had received shares from Sandeep Mehta. Provide complete set of documents relied upon for transfer. Copy of old share certificate*	***Annexure - 7*** *1. Demat request copy* *2. DRF* *3. Share certificate*
8.	*Sangita Pramod Harlalka*	*NA*	*NA*	*Provide complete set of documents relied upon for transfer, if any and subsequent dematerialization.*	*NA*
9	*Veena Mohandas Valbhani*	*IPO allottee*	*IPO allottee*	*Clear copy of IPO application form*	***Annexure - 8*** *(1. Application Form* *2. Letter dated 10.09.2012 (No. VIK/REG/76784)* *3. Letter dated 10.09.12 (No. SHC/DMAT/VIK/RS /1642516)* *4. Dematerialisation Request Form dated 05.09.2012* *5. Share Certificate No. 32319 to 32323)*
10.	*Bharatkumar Jayantilal Shah*	*IPO allottee*	*IPO allottee*	*Clear copy of IPO application form*	***Annexure – 9*** *(1. Application Form* *2. Demat request copy* *3. Dematerialisation Request Form* *Share Certificate No. 42333 to 42337)*

11.	*Rekhaben Lakhabhai Sagparia*	*IPO allottee*	*IPO allottee*	*Clear copy of IPO application form*	***Annexure - 10*** *(1. Demat request copy 2. Dematerialisation Request Form 3.Letter dated 30.06.2012 Transfer of shares (No. MCPL/PSG/032/000 012) 4.Share Certificate No.*
12.	*Kanubhai Manilal Gandhi*	*Name not present in share master data*	*IPO allottee*	*Provide complete set of documents relied upon for transfer, if any and subsequent dematerialization.*	***Annexure -11***

Copy of extract of Board Resolution dated 15.02.2012 is enclosed as Annexure - 12

*b. Regarding the query related to utilization of issue proceeds, we herewith enclose details of documents of audited accounts disclosed to BSE at required point of time and their presentation in tabular format with reference to earlier submitted reply for your ready reference. We are also minutes of AGM where the annual accounts were approved by shareholders in their meetings. We have not received any complaint/query from shareholder regarding the books of account. These are enclosed as **Annexure – 13**.*

9. After taking into account, the allegations leveled in the SCN, reply of the Noticee and other evidences / materials available on record, I hereby, proceed to decide the case on merit.

CONSIDERATION OF ISSUES

10. The issues that arise for consideration in the present case are:

(a) Whether the Noticee had violated:

(i). the provisions of Sections 11C(3) of the SEBI Act by his non-compliance of summons issued by SEBI; and

(ii). clause 43 of the Listing Agreement by not disclosing to BSE, the variations between "*projected utilization of funds in object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities*" and "*the actual utilization of funds*"?

(b) If yes, then do the violations, if any, on the part of the Noticee attract any monetary penalty under Section 15A(a) of the SEBI Act and 23E of SCRA?

(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 and 23J of the SCRA?

11. Before moving forward, it is pertinent to refer to the relevant provisions of the which read as under:-

Relevant provisions of SEBI Act:

11C. *(3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorized by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.*

Relevant provisions of Listing Agreement:

43 (1) The company agrees that it will furnish on a quarterly basis a statement to the BSE indicating the variations between projected utilisation of funds and/ or projected profitability statement made by it in its prospectus or letter of offer or object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities and the actual utilisation of funds and/ or actual profitability.

Relevant provisions of SCRA, 1956:

LISTING OF SECURITIES

21. *Where securities are listed on the application of any person in any recognized stock exchange, such person shall comply with the conditions of the listing agreement with that stock exchange.*

12. I note that the Noticee has stated in its reply that during the inspection of documents SEBI has provided it inspection of only those documents which were annexed to the SCN. In this regard, I note that in accordance with principles of

natural justice, the Noticee is entitled to have access to only those documents which were related and relied upon in the present Adjudication proceedings. Copies of the aforesaid documents were already annexed to the SCN and same were also made available to the Noticee during inspection of documents. In this regard, it is also pertinent to mention the observation made by Hon'ble Securities Appellate Tribunal (SAT) in the matter of Mayrose Capfin Private Limited Vs SEBI (decided on 30.03.2012) wherein Hon'ble SAT observed that-

".....the principles of natural justice require that the inquiry officer should make available such document and material to the delinquent on which reliance is being placed in the inquiry. It is not necessary for the inquiry officer to make available all the material that might have been collected during the course of investigation but has not been relied upon for proving charge against the delinquent. No prejudice can, therefore, be said to have been caused to the appellant on this count...."

Therefore, I find that principles of natural justice have been duly complied with in the instant proceedings.

13. The first issue to be decided is whether the Noticee has failed to comply with the summons dated July 26, 2017 and reminders dated August 23, 2017 and August 24, 2017 under Section 11(2)(i) and 11C(3) of the SEBI Act. These summons were issued by the Investigation Authority (herein after referred to as 'IA') of SEBI. I observe from the available records that the IA had sought certain information from the Noticee by issuing of the said summons. However, it is alleged in the SCN that only part information was furnished by the Noticee and certain information sought by the IA vide abovementioned summons, such as documents as per the details given in below table were not furnished by the Noticee to the IA.

Source of shares as per company/ RTA/ seller submissions	Name of sellers referred to in SEBI orders	Documents claimed to have been relied by company/ RTA	Documents not furnished
Physical transfer of shares	1. Manisha Jayesh Shah 2. Artiben S Kansara 3. Sunil Mohan Kansara 4. Anup Manilal Shah (HUF) 5. Hasumati Ghanshyam Mandlia 6. Mansukhbhai Jagabhai Tanti 7. Dina Satishkumar Mehta	Pan card copies, signature verification from bank, share transfer deed, demat request form, old share certificates etc.	• Share transfer deeds, Pan card copies, signature verifications from banks, any other document relied upon for ascertaining genuineness of share certificates. • Copy of old certificates where certificate were issued in lieu of old certificate were submitted for demat/transfer • Details and documents in respect of shares acquired by Artiben Kansara and Manisha J Shah.
IPO allotment	8. Rajeev Garg 9. Hari Mohan Khandelwal 10. Kanaiyalal Manilal Gandhi 11. Ramila Gandhi 12. Veena Mohandas Valbhani 13. Bharat Kumar Jayantilal Shah 14. Rekhaben Lakhabhai Sagparia 15. Pragna Patel	IPO application form, share certificate	List of original IPO allottees for verification of all IPO allottees

14. As per available records, I observe that the summons dated July 26, 2017 and reminders dated August 23, 2017 and August 24, 2017 were duly delivered to the Noticee. I observe that the Noticee was advised, vide the first summons referred to above, to furnish the required information by July 31, 2017. Thereafter, I find that the IA had issued the reminders referred to above for furnishing the information sought in the first summons. I also find that it is mentioned in the Investigation Report that non submission of information by the Noticee had hampered the investigation process.

15. I note from the reply of the Noticee in its reply dated June 29, 2018 has claimed that it had provided all the required details and documents sought by SEBI through above referred summons, vide its letter dated August 03, 2017. The Noticee has also annexed a copy of its letter dated August 03, 2017. I note from the said letter dated August 03, 2017 of the Noticee that copies of certain documents such as

(i) Share certificates surrendered by the shareholders along with copies of PAN; (ii) Demat request forms of few entities for reference; and (iii) IPO application forms of Rajeev Garg, Veena M. Vakbhani, Ramila Gandhi and Bharat Kumar Shah are said to be annexed as three annexures, i.e., Annexures A, B and C. However, I note that copies of aforesaid Annexures A, B and C are not furnished with the reply of the Noticee.

16. Further, I note from the reply of the Noticee dated August 27, 2018 that it has annexed multiple documents to the said reply. A comparison of documents alleged to be not submitted by the Noticee, in the SCN *vis a vis* documents furnished by the Noticee in its reply is brought in the Table below-

Information/ Documents sought in Summons by IA and alleged to be not furnished by the Noticee, in the SCN		**Reply of the Noticee**	**Document available on Referred Annexure**
a. Manisha Jayesh Shah b. Artiben S Kansara c. Sunil Mohan Kansara d. Anup Manilal Shah (HUF) e. Hasumati Ghanshyam Mandlia f. Mansukhbhai Jagabhai Tanti g. Dina Satishkumar Mehta h. Rajeev Garg i. Hari Mohan Khandelwal j. Kanaiyalal Manilal Gandhi k. Ramila Gandhi l. Veena Mohandas Valbhani m. Bharat Kumar Jayantilal Shah n. Rekhaben Lakhabhai Sagparia o. Pragna Patel	a) Share transfer deeds, Pan card copies, signature verifications from banks, any other document relied upon for ascertaining genuineness of share certificates. b) Copy of old certificates where certificate were issued in lieu of old certificate were submitted for demat/ transfer c) Details and documents in respect of shares acquired by Artiben Kansara and Manisha J Shah. d) List of original IPO allottees for verification of all IPO allottees.	a. Reply to Point 'a' is placed at annexure 2. b. Documentary evidence to prove that Rajeev Garg, Veena M Vaibhani, Bharat K Jayantilal Shah and Ramila Gandhi were shareholders since May, 1995 are placed at Annexure 3.	Documents placed at Annexure 2 are *inter alia* Copies of a. Demat Request Form of Rekhaben L Sagarparia, Veena M. Valbhani, Pragna R Patel, Ramila Gandhi, Dinaben Satish Mehta, Rajeev Garg, Pragna R Patel, Hari Mohan Khandelwal, Kanubhai Manilal Gandhi, Anup Manilal Shah (HUF), Hasumati Ghanshyam Mandlia, Mansukh Jagabhai Tanti, b. IPO Application form of Veena M. Valbhani, Pragna R Patel, Ramila Gandhi, Rajeev Garg, Hari Mohan Khandelwal, Ashok Mistry c. Demat Request Copy of Rekhaben L Sagarparia, Pragna R Patel, Ramila Gandhi, Dinaben Satish Mehta, Rajeev Garg, Anup Manilal Shah (HUF), Hasumati Ghanshyam Mandlia, Mansukh Jagabhai Tanti, d. Share Certificates of Hasumati Ghanshyam Mandlia, Purshotam K Sanjalia Documents placed at Annexure 3 are *inter alia* Copies of a. Demat Request Form of Veena M. Valbhani, Rajeev Garg, Bharat J. Shah,

Information/ Documents sought in Summons by IA and alleged to be not furnished by the Noticee, in the SCN		Reply of the Noticee	Document available on Referred Annexure
			b. Share Certificates of Veena M. Valbhani, Rajeev Garg,, Bharat J. Shah, c. IPO Application form of Rajeev Garg, Bharat J. Shah, d. Demat Request Copy of Rajeev Garg, Bharat J. Shah, Anup Manilal Shah
		c. Documentary evidence for establishing genuineness of transfer of shares from earlier shareholder to Artiben S Kansara and Anup Manilala Shah are placed at Annexure 4.	Documents placed at Annexure 4 are *inter alia* Copies of a. Demat Request Copy of Anup Manilal Shah HUF b. Demat Request Form of Anup Manilal Shah HUF c. IPO Application form of Ashok Mistry d. 4 Share Certificates of various entities showing transfer of shares to Anup M Shah HUF
		d. Certain sellers viz. Hari Mohan Khandelwal, Kanaiyalal Manilala Gandhi, Rekhaben L Sagpariya, Mansukhbhai Jagabhai Tanti and Pragna Patel were issued shares from Abeyance List. Documentary evidence to justify the genuineness of these shareholders are placed at Annexure 4A.	Documents placed at Annexure 4A are *inter alia* Copies of a. IPO Application form of Pragna R Patel, Harimohan Khandelwal b. Demat Request Copy of Pragna R Patel, Mansukh J Tanti, Rekhaben L Sagparia c. Share Certificate of Pargna R Patel d. Demat Request Form of Mansukh J Tanti, Rekhaben L Sagparia, Kanubhai Manilal Gandhi, Harimihan Khandelwal e. Share Certificate of Purshotam K Senjalia of 100 shares showing transfer to M. J. Tanti f. Share Certificate of Rekha P Sojitra of 400 shares, Pravin B Patel of 500 shares showing transfer to Rekhaben L Sagparia, g. 5 Share Certificate of Kanubhai M Gandhi h. 10 Surendered share Certificates of Hari Mohan Khandelwal of total 1000 shares.
		e. With reference to Dina S. Mehta, complete set of documents relied upon for transfer. Copy of old share certificate. Documents are placed at Annexure 5.	Documents placed at Annexure 5 are *inter alia* Copies of a. Demat Request Form of Dina S Mehta b. Share Certificate of Rajesh P Patel of 100 shares showing transfer to Dina S Mehta.

Information/ Documents sought in Summons by IA and alleged to be not furnished by the Noticee, in the SCN		Reply of the Noticee	Document available on Referred Annexure
		f. With reference to Pragna Patel, copy of old share certificate placed at Annexure 6.	Documents placed at Annexure 6 are *inter alia* Copies of a. IPO Application form of Pragna R Patel b. Demat Request Form of Pragna R Patel c. Share Certificate of Pragna R Patel
		g. With reference to Shailesh Lalman Ojha, copy of old share certificate and other documents placed at Annexure 7.	Documents placed at Annexure 7 are *inter alia* Copies of a. Demat Request copy of Shailesh Lalman Ojha b. Demat Request form of Shailesh Lalman Ojha c. Share Certificate of Sandeep R Mehta
		h. With reference to Veena M Valbhani copy of IPO application form placed at Annexure 8.	Documents placed at Annexure 8 are *inter alia* Copies of a. Demat Request form of Veena M Valbhani b. 5 Share Certificates of Veena M Valbhani
		i. With reference to Bharatkumar J Patel copy of IPO application form placed at Annexure 9.	Documents placed at Annexure 9 are *inter alia* Copies of a. IPO application form of Bharatkumar J Patel b. Demat request copy of Bharatkumar J Patel c. Demat request form of Bharatkumar J Patel d. 5 share certificates of Bharatkumar J Patel of 100 shares each
		j. With reference to Rekhaben L Sagparia copy of IPO application form and other documents are placed at Annexure 10.	Documents placed at Annexure 10 are *inter alia* Copies of a. Demat request copy of Rekhaben L Sagparia b. Demat request form of Rekhaben L Sagparia c. 3 share certificates showing transfer of total 1100 shares to Rekhaben L Sagparia
		k. With reference to Kanubhai Manilal Gandhi copy of Demat request form and share Certificate are placed at Annexure 11.	Documents placed at Annexure 11 are *inter alia* Copies of a. Demat request form of Kanubhai Manilal Gandhi

Information/ Documents sought in Summons by IA and alleged to be not furnished by the Noticee, in the SCN		Reply of the Noticee	Document available on Referred Annexure
		l. List of original IPO allottees was not submitted.	b. 5 Share Certificates of total 500 shares.

17. I note that it was alleged in the SCN that the Noticee had not submitted certain documents sought by IA vide summons dated July 26, 2017 and reminders dated August 23 & 24, 2017. I observe from the above table that the Noticee has still not submitted all the documents in its reply dated August 27, 2018, which were sought by the IA including for instance no documents with respect to the entities viz. Manisha Jayesh Shah and Artiben S. Kansara, showing details with respect to shares acquired by these entities.

I also note from the IR and also from the reply of the Noticee that the Noticee had advised its RTA not to reject any request from shareholders not appearing in share master and to issue shares from abeyance list, subject to verifying the authenticity of relevant documents and ignoring the distinctive numbers. From the IR, I also note that the RTA had not produced documents relied upon by it for issuance of shares from abeyance list. Further the Noticee has also admitted its inability to produce the sought documents.

Therefore, the submissions of the Noticee that it has furnished complete information as sought by SEBI in its summons dated July 26, 2017 and reminders dated August 23 & 24, 2017, to SEBI, is not admissible. Therefore, I find that the Noticee has failed to provide complete information sought in the summons.

18. The Noticee in its reply has also stated that, vide Order dated September 20, 2017, the Whole Time Member, SEBI had revoked the directions issued against Shri Sunil Mohan Kansara. In this respect, I note that the proceedings before the Whole Time Member, SEBI were in respect of alleged violation of PFUTP

Regulations, by the said entity. Thus, the same is not comparable with the present proceedings which are against the Noticee as a listed issuer company. In this respect, I also note that proceedings before the Whole Time Member of SEBI and proceedings before Adjudicating Officer are separate, independent and the objects of the proceedings are also different.

19. The Noticee has argued that Investigation Proceedings were not hampered in any manner for any deficiency of documents or information on its part. In this regard, I note from the available records that the entities viz. Artiben Kansara, Manisha J Shah and Rajeev Garg are alleged to be top positive LTP contributor as seller during the period February 27, 2012 to January 28, 2013 when the share price of RGL increased from Rs. 3.2 to Rs. 241.35. I also note from the available records that SEBI in Confirmatory Order dated August 26, 2016 observed with respect to Artiben Kansara and Manisha J Shah that these sellers/entities could not satisfactorily show as to how they got the shares in RGL, which were subsequently sold during the period February 27, 2012 to January 28, 2013, thereby contributing to price rise. Further, I note that the IA vide its summons dated July 26, 2017 and reminders dated August 23 & 24, 2017 sought documents claimed to have been relied by Company/RTA to ascertain the genuineness of share certificates at the time of dematerialization or transfer of physical shares in respect of the 15 entities including Artiben Kansara, Manisha J Shah and Rajeev Garg. However, as noted above, the Noticee failed to submit copies of documents, which were relied upon by it to ascertain the genuineness of the share certificates at the time of dematerialization or transfer of physical shares. It is stated in the investigation report that the failure of the Noticee to furnish complete information as sought by SEBI has hampered the investigation process. Thus, I find that the information sought by the Investigation Authority vide abovementioned summons was crucial for concluding the investigation in the matter and the submission of the Noticee that Investigation Proceedings were not

hampered in any manner for any deficiency of documents or information on its part, is devoid of merit.

20. In view of the above, I conclude that the Noticee has violated the provisions of Sections 11(2)(i) and 11C(3) of the SEBI Act by not complying with the summons. Any non-compliance of the summons of the IA hampers the process of investigation. The Hon'ble SAT has also recognized the importance of compliance of summons and in the matter of DKG Buildcon Pvt. Ltd. vs. SEBI (Appeal No. 106 of 2006, Date of Decision: January 07, 2009), it has held that: "...*It is of utmost importance that every person from whom information is sought should fully co-operate with the investigating officer and promptly produce all documents, records, information as may be necessary for the investigations. If persons are allowed to flout the summons issued to them during the course of the investigations, the Board as the watchdog of the securities market will not be able to perform its duties in protecting the interests of the investors and safeguarding the integrity of the securities market*." The Hon'ble Securities Appellate Tribunal (hereinafter referred to as "SAT") in its Order dated 22.10.2013, in the matter of Rich Capital & Financial Services Limited and Mr. Shashwat Agarwal Vs SEBI observed that- *"We note that requisite information and relevant records are pre-requites for a meaningful investigation. In the absence of cooperation by the concerned company, the SEBI cannot move an inch. Therefore, every company is obliged to reasonably respond to any letters or summons to be issued by the regulator by furnishing the required information and/or documents for a smooth investigation, unless such a request/demand by the regulator is shown to be the outcome of ill-will, or is tainted with malice and/ or is otherwise arbitrary in the fact situation of a given case. If companies are allowed to take the statutory summons, letters or other statutory commands of the Regulator lightly, every investigation will be thwarted even before it begins."*

21. In this context, I would like to also refer to the judgment of the Hon'ble SAT in the case of Asian Films Production and Distribution Ltd. (earlier known as K.C.

Bokadia Films vs. SEBI (Appeal No. 203 of 2010, date of decision:19.01.2011) wherein it has been held that:

"Non-compliance with the summons is, indeed, a serious matter and cannot be viewed lightly. The respondent Board is the market regulator and has to regulate the securities market and the law provides that every person associated with the market in any manner should cooperate in the matter of carrying out investigations. In the year 2002, the provisions of the Act were amended and penalty for non-compliance with summons was enhanced considerably to make it more deterrent. Market players who do not cooperate with the regulator in the matter of investigations commit a serious wrong which can have serious repercussions in the market."

Thus, it is well established that timely submission of information is very important for the purpose of effective investigation proceedings and non-cooperation by an entity can be detrimental to the interest of investors and the securities market on account of delay or hindrance in the investigation.

22. The second issue to be decided is whether the Noticee has violated clause 43 of the Listing Agreement by not disclosing to BSE, the variations between "projected utilization of funds in object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities" and "the actual utilization of funds". In this regard, I note from the records available in the file that RGL made a preferential allotment on February 16, 2012 for 91,00,000 shares of Rs. 15 each aggregating to Rs. 13.65 crore. The object of the issue is provided in the Table below-

Sr. No.	**As per the certified true copy of special resolution passed by shareholders at the EGM dated 16/01/2012 as submitted by the Noticee**	**Object of the Issue**
1.	Preferential Allotment of 91,00,000 shares dated February 16, 2012	To fulfil the additional funding requirements of the company for acquisition and development of moveable and immoveable properties

23. I also note from Investigation Report and bank account statement of the Noticee (account No. 0311121500 held with Kotak Mahindra Bank at branch: Vadodara - R.C. Dutt Road) that the Noticee has used the proceeds as given in the Table below-

Sr. no.	Date of transfer by RGL	Amount transferred (Rs.)	Name of the entity/ party (Transferee)	Purpose of funds transferred as submitted by RGL	Loan Document/ Registered Sale Deed as submitted by RGL	Amount repaid to RGL (Rs.)	Interest Amount (Rs.)	As % of total allotment proceeds
1	10/02/2012	2,00,00,000	Master Capital Services Ltd.	Investment in share	Ledger A/c. with Master Capital	NA	NA	41.03
	13/02/2012	2,00,00,000						
	14/02/2012	1,00,00,000						
	16/02/2012	60,00,000						
2	10/02/2012	1,00,00,000	Bairagra Builders Pvt. Ltd.	Loans and advances	Nil	1,73,87,331	23,87,331	45.31
	15/02/2012	50,00,000						
3	10/02/2012	50,00,000	Chandrashekhar Baburao Kandharphale	Loans and advances	Nil	55,59,375	5,59,375	
4	10/02/2012	1,00,00,000	Parmeshwar Merchandise Pvt. Ltd.	Loans and advances	Nil	1.5 crore	Nil	
	13/02/2012	50,00,000						
5	10/02/2012	1,00,00,000	Scan Infrastructure Ltd.	Loans and advances	Nil	1.75 crore	Nil	
	13/02/2012	75,00,000						
6	13/02/2012	13,50,000	Deepak Agarwal	Loans and advances	Nil	13,50,000	Nil	
7	13/02/2012	50,00,000	Sai Everest Builders and Developers	Loans and advances	Nil	61,38,320	11,38,320	
8	13/02/2012	30,00,000	Reddy Builders and Developers	Loans and advances	Nil	31,32,238	1,32,238	
9	13/02/2012	75,00,000	Rander Corporation Ltd.	Advance against property	Registered Sale Deed	1.71 Crore		12.82
	17/02/2012	1,00,00,000			Nil			
TOTAL		**13,53,50,000**				**6,60,67,264**	**42,17,264**	**99.16**

24. I note that a total of Rs. 6.185 crore from the total proceeds from preferential allotment (45.31% of total proceeds from preferential allotment) of RGL were transferred to entities mentioned in serial no. 2 to 8 in the above table. I note from the documents submitted by the Noticee to concerned department of SEBI in this regard, that the purpose of said transfer was loans and advances to these entities and same was also confirmed by the Noticee in its reply to the SCN. The Noticee in its reply has also stated that loans and advances granted by it have been repaid and there are no bad debts or outstanding debts in this regard. I am of the view that the argument that the monies advanced have been received back by the

Noticee is not a valid defense as I note that from the documents available on record that lending money was not among the objects of the preferential allotment.

25. Additionally, an amount of Rs. 1.75 crores (12.82% of total proceeds from preferential allotment) of RGL was transferred to Rander Corporation Ltd. I note from the documents available on records, that the said transfer was for advance against the property which the Noticee intended to buy from Rander Corporation Ltd. However, I observe from the copy of sale deed submitted by the Noticee that the amount of consideration for the said land deal is only Rs. 75 lakh and not Rs. 1.75 crore as claimed by the Noticee. I also note from the available records that the aforesaid land deal was cancelled and the Noticee received Rs. 1.71 crore from Rander Corporation Ltd. between March 05, 2012 and May 28, 2014. I note that the Noticee has also not disputed that there are variations between "projected utilization of funds in object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities" and "the actual utilization of funds".

26. I note that there are no timelines provided in the offer document of the preferential allotment for the utilization of money raised in the preferential allotment. I also note from records available in the file that the company has stated in its Annual report for the FY. 2012-13 that the allotment proceeds were being utilized in terms of the objects of the issue. However, the same is not supported by the submissions of the company as brought out above. Therefore, incidentally I find that proceeds from preferential allotment were not utilized as per the disclosed objectives and claims of the Noticee in its Annual report for the FY. 2012-13 to this extent are false and misleading.

27. In terms of Clause 43 of the Listing Agreement, the Company was required to furnish, on a quarterly basis, a statement to stock exchanges indicating the

variations between “projected utilization of funds in object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities” and “the actual utilization of funds”. However, I note that BSE has, vide email dated August 14, 2017, confirmed to SEBI that no disclosures were received from the Noticee in terms of clause 43 of the Listing Agreement.

28. In this regard, the Noticee, vide its letter dated August 27, 2018, has submitted that it had disclosed all the financial results to BSE at required point of time. The Noticee also has annexed copies of (i) all the financial results for the period September 30, 2012 to March 31, 2018; and (ii) annual accounts approved by shareholders at the AGM for the Financial Years 2012-13 & 2013-14. The Noticee, vide email dated October 24, 2018, was advised to provide the list of exact corporate announcement along with date and details wherein the Noticee had intimated details of utilization of the proceeds of the preferential issue. The Noticee, vide two emails dated November 08, 2018, submitted copies of certain disclosures made by the Noticee to BSE. A list of these documents is given in table below-

Sr. No.	**Name of Document**	**Date of document**
Part 1		
1	Limited Review Report by Auditor	12/08/2013
2	Statement of audited financial results for the year ended 30/06/2015	13/08/2015
3	Statement of unaudited financial results for the quarter ended 31/12/2014	10/02/2015
4	SAST Disclosures by Neeraj Singal along with PAC	24/06/2013
5	Statement of unaudited financial results for the quarter ended 30/09/2014 and Limited Review Report by Auditor	05/11/2014
6	Outcome of AGM	22/09/2014
7	Statement of audited financial results for the year ended 31/03/2014	28/05/2014
8	Statement of unaudited financial results for the quarter ended 31/12/2013	05/02/2014
9	Statement of unaudited financial results for the quarter ended 30/09/2013	13/11/2013
Part 2		
10	Outcome of AGM	27/09/2013
11	Limited Review Report by Auditor	13/08/2015
12	Outcome of AGM	29/09/2016

13	Outcome of board meeting	31/08/2016
14	Quarterly result and Limited Review report for June, 2016	12/08/2016
15	Outcome of board meeting	12/08/2016
16	Limited Review Report by Auditor	12/08/2016
17	Documents pertaining to Complaint redressed	07/07/2016
18	Outcome of board meeting	30/05/2016
19	Disclosure made to BSE with respect to unaudited financial results for the quarter ended 31/12/2016 along with results and Limited Review Report by Auditor	12/02/2016
20	Statement of unaudited financial results for the quarter ended 30/09/2015	09/11/2015
21	AGM report for AGM held on 28/09/2015	30/09/2015
22	Outcome of AGM held on 28/09/2015	01/10/2015

29. Upon perusal of above mentioned documents submitted by the Noticee, I find that the variation between projected utilization and actual utilization of Preferential Allotment proceeds has not been disclosed in the above documents in terms of Clause 43 of the Listing Agreement. I also note that there is no disclosure about variation between projected utilization and actual utilization of Preferential Allotment proceeds in financial results submitted by the Noticee to BSE under Clause 41 of the Listing Agreement. I note that merely filing financial results to BSE does not ensure compliance with Clause 43 of the Listing Agreement. Further, BSE vide email dated August 14, 2017 has also confirmed that it did not receive any disclosure from the Noticee under Clause 43 of the Listing Agreement. In view of the above, I find that the Noticee did not submit disclosures under Clause 43 of the Listing Agreement to BSE about variation between projected utilization and actual utilization of Preferential Allotment proceeds.

30. In view of the above, I conclude that the Noticee has violated the provisions of clause 43 of the Listing Agreement read with Section 21 of SCRA by not making the appropriate disclosures to BSE. It was earlier established that the Noticee had violated the provisions of Sections 11(2)(i) and 11C(3) of the SEBI Act by not complying with summons. The Hon'ble SAT in the matter of Mayfair Paper & Board Pvt. Ltd. Vs. SEBI (Appeal No. 95 of 2004, date of decision: August 09, 2004) has held that failure to furnish information to the IA of SEBI shall attract the penalty prescribed under Section 15A of the SEBI Act. Further, the Hon’ble

Supreme Court of India in the matter of SEBI Vs. Shriram Mutual Fund [2006] 68 SCL 216(SC) has observed that - *" In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant...."*. In view of the same, I find that the Noticee's failure to comply with the summons attracts penalty under section 15A(a) of the SEBI Act and failure to make required disclosures in terms of Section 21 of the SCRA read with Clause 43 of the Listing Agreement attracts a penalty in terms of Section 23E of the SCRA. The relevant text of the provisions of Section 15A(a) of the SEBI Act and Section 23E of the SCRA are reproduced as under:

SEBI Act

*"**Penalty for failure to furnish information, return, etc.***

15A.If any person, who is required under this Act or any rules or regulations made thereunder,-

(a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees."

SCRA

Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds.

23E. If a company or any person managing collective investment scheme or mutual fund, fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be liable to a penalty not exceeding twenty-five crore rupees.

31. While determining the quantum of penalty under Section 15A(a) of the SEBI Act and Section 23E of the SCRA, it is important to consider the factors relevantly as stipulated in Section 15J of the SEBI Act and Section 23J of SCRA which reads as under:

SEBI Act

Factors to be taken into account by the adjudicating officer.

Section 15J *- While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E,clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

SCRA

Factors to be taken into account by adjudicating officer.

23J. *While adjudging the quantum of penalty under section 23-I, the adjudicating officer shall have due regard to the following factors, namely:—*

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

32. In the instant matter, it is not possible to quantify the gains made by the Noticee or the loss caused to investors for the violations committed by the Noticee. Further, there is nothing on record which shows repetitive nature of the default by the Noticee.

ORDER

33. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticee and also the factors mentioned in Section 15J of the SEBI Act & Section 23J of SCRA and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act & Section 23I of SCRA read with Rule 5 of the Adjudication Rules, I hereby impose monetary penalties as shown in the table below:

Regulation Violated	**Penal Provisions**	**Penalty (Amount in Rupees)**
Sections 11(2)(i) and 11C(3) of the SEBI Act	Section 15A(a) of SEBI Act	10,00,000/- (Ten Lakh)
Section 21 of the SCRA read with Clause 43 of the Listing Agreement	Section 23E of SCRA	20,00,000/- (Twenty Lakh)

I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

34. The amount of penalty shall be paid either by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by e-payment in the account of "SEBI - Penalties Remittable to Government of India", A/c No. 31465271959, State Bank of India, Bandra Kurla Complex Branch, RTGS Code SBIN0004380 within 45 days of receipt of this order.

35. The said demand draft or forwarding details and confirmations of e-payments made (in the format as given in table below) should be forwarded to "The Division Chief, Enforcement Department (EFD1 – DRA III), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C –4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051."

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for : (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

36. In terms of the provisions of Rule 6 of the AO Rules, a copy of this order is being sent to the Noticee viz. Radford Global Limited and also to the Securities and Exchange Board of India.

Date: February 26, 2019 **K SARAVANAN**

Place: Mumbai **ADJUDICATING OFFICER**