BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

(ADJUDICATION ORDER NO: Order/SM/VC/2018-19/1595)

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

In respect of:

Suvidha Securities Private Limited

(PAN-AAFCS7396K)

158/160, Dr. Viegas Street,
104, Royal Avenue,
1st Floor, Opp. Church Bazaar,
Kalbadevi, Mumbai-400002

In the matter of

Ravi Kumar Distilleries Ltd.

FACTS OF THE CASE

1. Pursuant to a news article that appeared on the website of moneycontrol.com on December 21, 2011 regarding a disclosure made by Comfort Intech Limited ('**CIL'**) that shares of Ravi Kumar Distilleries Ltd. (hereinafter referred to as '**RKDL'**/ '**Company'**) held by the promoters of RKDL aggregating to 51.77% of the total shareholding of the company have been pledged with CIL, Securities and Exchange Board of India (hereinafter referred to as '**SEBI'**) initiated investigation into the alleged irregularities in the Initial Public Offering (hereafter referred to as '**IPO'**) of RKDL for the period November 2010 to February 2011 and prima facie observed that an amount of Rs. 33.83 crores out of the IPO proceeds of

RKDL was siphoned off by RKDL in connivance with the associate/connected entities of the Merchant Banker associated with the IPO of RKDL viz. Comfort Securities Limited (hereinafter referred to as '**CSL'**). It was also observed during the course of investigation that CIL, which has been referred in the aforementioned news article, was a group/associate company of CSL.

2. RKDL came out with its IPO for issue of 1,15,00,000 equity shares of Rs. 10 each during the month of December 2010. The price band of the issue was Rs 56 to Rs 64 per equity share and the bid period of the IPO was from December 08, 2010 to December 10, 2010. The IPO was subscribed by 2.16 times and the issue price of the IPO was fixed at Rs. 64 per equity share, aggregating to Rs. 73.60 crore. The scrip of RKDL was listed at Bombay Stock Exchange (**BSE**) and National Stock Exchange (**NSE**) on December 27, 2010.

3. Pursuant to the investigation, it was observed by SEBI in the investigation report (**IR**) that Suvidha Securities Private Limited (hereinafter referred to as '**Noticee'/'Suvidha'**) had facilitated RKDL and CSL and its associate/ connected entities in siphoning of the IPO proceeds of RKDL. It was observed during the course of investigations that prior to the receipt of IPO proceeds in the account of RKDL , the Noticee had undertaken following transactions:-

   i. On December 04, 2010, the Noticee received Rs. 15 lakh from Ranisati Dealer Pvt. Ltd. (**Ranisati**) in its Kotak Mahindra Bank Account having Account No. 09612000003224. Thereafter, the Noticee further received a sum of Rs. 1.045 Crore from the account of Ranisati on December 13, 2010.

   ii. On the same day i.e. December 13, 2010, BLC Trading and Agencies Ltd. (**BLC**) also received Rs. 1,68,98,339/- from CSL as pay-out towards the sale of 2,25,539 shares of RPP Infraprojects Ltd which was allotted

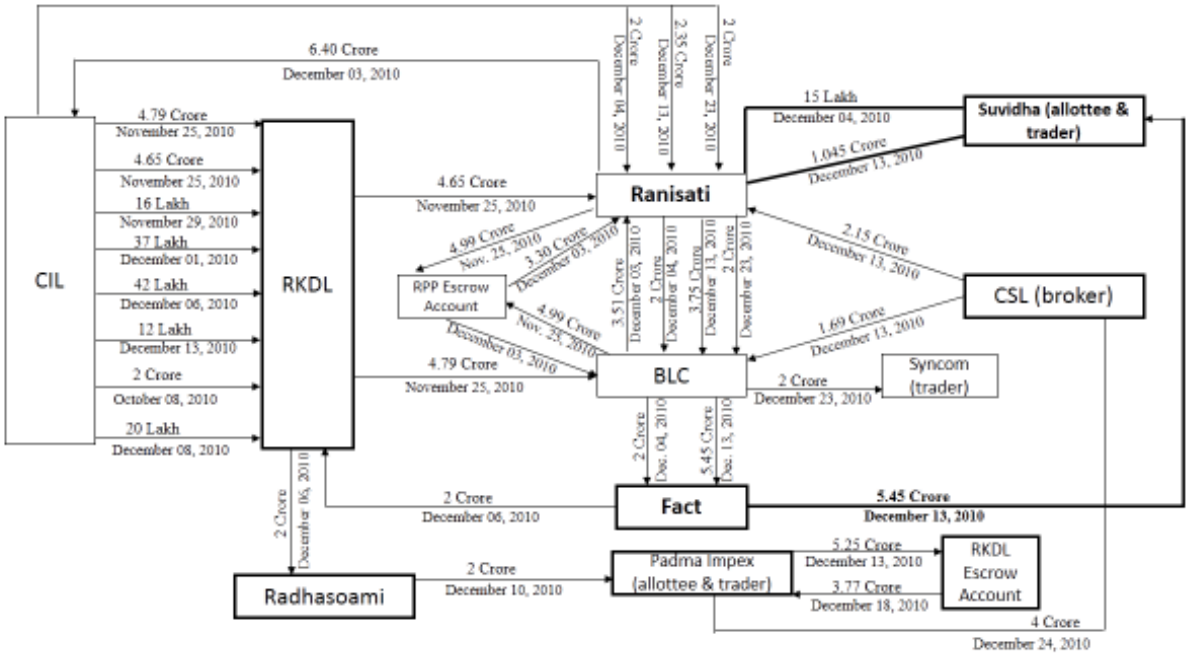
to BLC in the IPO of RPP Infraprojects. Thereafter, on the same day, BLC transferred Rs 5.45 crore to Fact Enterprises Ltd. (**Fact**). Fact further transferred Rs. 5.45 crore to Suvidha on the same day i.e. December 13, 2010.

iii. It is further observed that the Noticee had applied for 10,15,600 shares in the IPO of RKDL and in this regard had transferred an amount of Rs 6,49,98,400 to the escrow account of RKDL on December 14, 2010, using the abovementioned amount/funds that were transferred to it by various entities (as discussed above). The Noticee was allotted 2,85,201 shares in the IPO of RKDL for an amount of Rs 1,82,52,864/-. Thereafter, on December 20, 2010, RKDL refunded an amount of Rs 4,67,45,536 to the account of the Noticee on December 23, 2010,

iv. Out of the money received from RKDL towards the abovementioned refund, the Noticee transferred an amount of Rs. 4.65 Crore to Religare Securities, the stock broker of the Noticee. The said amount of Rs 4.65 crore was utilized by the Noticee towards the purchase of shares of RKDL. Using this money, Suvidha had purchased 8 lakh shares of RKDL (buy value = approx. Rs 6.63 crore) and sold 6 lakh shares of RKDL (sell value = approx. Rs 4.78 crore) on the first day of the listing of the scrip of RKDL on the stock exchanges , i.e. December 27, 2010. Further, Suvidha had also purchased 6,55,362 shares (buy value = approx. Rs 5.31 crore) and sold 2,41,434 shares (sell value = approx. Rs 1.98 crore) of RKDL during Dec 28-29, 2010 i.e on the second and third day of the listing of the scrip of RKDL.

4. A pictorial representation of the above mentioned flow of funds to/from the account of the Noticee is mentioned as under :

Transaction of the Noticee as mentioned in para 3 above



5. Specifically, the IR had made the following observations against the Noticee:-

"Fund transactions prior to receipt of IPO proceeds

Further, on Dec 04, 2010, Ranisati also transferred Rs 15 lakhs to Suvidha Securities Pvt Ltd (Kotak Mahindra Bank A/c no. 09612000003224) (Annexure 9), which had applied in the IPO of RKDL and had also traded in the scrip.

On the same day (Dec 13, 2010), Ranisati also received Rs 2.15 crore from CSL (broker) as pay-out, out of which Rs 1.79 crore was from (net) sale of 2,25,539 shares of RPP Infraprojects Ltd allotted to Ranisati in IPO. Ranisati transferred Rs 3.75 crore to BLC and Rs 1.045 crore to Suvidha on the same day, i.e., Dec 13, 2010.

On the same day, BLC also received Rs 1,68,98,339/- from CSL (broker) as pay-out for sale of 2,25,539 shares of RPP Infraprojects Ltd allotted to

BLC in IPO. And on the same day, BLC transferred Rs 5.45 crore to Fact. Fact further transferred Rs 5.45 crore to Suvidha (allottee and trader) on the same day. Also, as noted above and at sub-point (ii) above, Suvidha also received Rs 15 lakh on Dec 04, 2010 and Rs 1.045 crore on Dec 13, 2010 from Ranisati.

Suvidha Securities had applied for 10,15,600 shares in the IPO of RKDL and had transferred an amount of Rs 6,49,98,400 to the escrow account of RKDL on Dec 14, 2010. Suvidha was allotted 2,85,201 shares for an amount of Rs 1,82,52,864. On Dec 20, 2010, RKDL IPO refund for an amount of Rs 4,67,45,536 was received in the account of Suvidha. And on Dec 23, 2010, Suvidha transferred Rs 4.65 crore to Religare Securities (broker) for purchase of shares of RKDL. Suvidha had bought 8 lakh shares (buy value = approx. Rs 6.63 crore) and sold 6 lakh shares (sell value = approx. Rs 4.78 crore) of RKDL on the date of listing, i.e. Dec 27, 2010. Further, Suvidha had also purchased 6,55,362 shares (buy value = approx. Rs 5.31 crore) and sold 2,41,434 shares (sell value = approx. Rs 1.98 crore) of RKDL during Dec 28-29, 2010.

6.5. From the above, the following is observed:

iii. CIL also transferred Rs 2.35 crore to Ranisati, which was then routed to Suvidha (allottee and trader) through BLC and Fact. Further, proceeds amounting to approx. Rs 3.48 crore from sale of RPP Infraprojects shares allotted to BLC and Ranisati in IPO, were also routed to Suvidha. BLC and Ranisati had applied in the IPO of RPP Infraprojects Ltd from the funds received from RKDL. Further, CSL was one of the syndicate members in the IPO of RPP infraprojects Ltd.

v. Prior to receipt of IPO proceeds by RKDL, funds have been routed to two allottees and traders in the scrip of RKDL, Suvidha Securities (Rs 0.15 crore + Rs 2.35 crore + approx. Rs 3.48 crore) and Padma Impex (Rs 2 crore), and to a trader, Syncom (Rs 2 crore).

Fund transactions with Ranisati

Further, on Dec 04, 2010, Ranisati also transferred Rs 15 lakhs to Suvidha Securities Pvt Ltd, which had applied in the IPO of RKDL and had also traded in the scrip.

It is further observed that Ranisati, BLC, Fact, Suvidha and CIL are connected entities (connection basis given at ***Annexure 61****).*

10.7. Vide summons dated Dec 04, 2014, Suvidha was advised to inter alia furnish the reasons for its above fund transaction with Ranisati. However, no reply has been received from it, thereby hampering the investigation process (corresponding documents given at Annexure 25).

Based on the above fund transactions, observations at sub-points (i), (ii), and (iii) above, aforesaid connection of entities, and observations at Paragraphs 8 and 12 regarding CIL and BLC, the following is observed:

a) *Prior to IPO, Rs 4.85 crore had been siphoned off through Ranisati. Ranisati had also received Rs 3.51 crore from BLC (whose role has been discussed later), and routed Rs 6.4 crore to CIL. Further, Ranisati had also routed Rs 15 lakh to Suvidha Securities, which had applied in the IPO of RKDL and had also traded in the scrip.*

Fund Transactions with Fact

On the same day (Dec 13, 2010), Ranisati also received Rs 2.15 crore from CSL (broker) as pay-out, out of which approx. Rs 1.79 crore was from (net) sale of 2,25,539 shares of RPP Infraprojects Ltd allotted to Ranisati in IPO. Ranisati transferred Rs 3.75 crore to BLC and Rs 1.045 crore to Suvidha (allottee and trader) on the same day, i.e. Dec 13, 2010.

On the same day, BLC also received Rs 1,68,98,339/- from CSL (broker) as pay-out for sale of 2,25,539 shares of RPP Infraprojects Ltd allotted to BLC in IPO. And on the same day, BLC transferred Rs 5.45 crore to Fact.

Fact further transferred Rs 5.45 crore to Suvidha (allottee and trader) on the same day.

Vide summons dated Dec 04, 2014, Suvidha was advised to inter alia furnish the reasons for its above fund transactions with Fact and Ranisati. However, as noted in Paragraph 10 above, no reply has been received from Suvidha, thereby hampering the investigation.

6. In view of the above observations and in order to ascertain the veracity behind the aforementioned financial transactions and to draw precise conclusions in the matter regarding the role of the Noticee, the Investigating Authority (**IA**) of SEBI had issued summons dated December 04, 2014 to the Noticee at its Mumbai address located at 105, Sagar Shopping Center, J P Road, Andheri West, Mumbai-400058 seeking certain details/ information/ records from the Noticee. I observe that the said summons was served on the Noticee, which is evident from the postal confirmation on record. However, I observe that the Noticee has failed to furnish the desired details/information/records to the IA in spite of reasonable opportunity provided to the Noticee. In view of the aforesaid, it was alleged that the Noticee has failed to submit/provide the details / information / documents enumerated in the annexure to the summons dated December 04, 2014.

7. In view of the above observations, it was alleged that the Noticee has failed to comply with the summons dated December 04, 2014 and therefore, adjudication proceedings were initiated against the Noticee under the provisions of section 15A(a) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**) for the violation of the provisions of sections 11C(2) and 11C(3) of the SEBI Act by the Noticee.

APPOINTMENT OF ADJUDICATING OFFICER

8. The undersigned was appointed as the Adjudicating Officer, vide Order dated June 09, 2016 under Section 19 read with Section 15-I of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under the provisions of section 15A(a) of the SEBI Act for the alleged failure on the part of the Noticee to furnish the documents/information/details, which was required to be submitted by it in terms of the summons dated December 04, 2014, which was issued to the Noticee by the IA during the course of investigations and thereby, violating the provisions of sections 11C(2) and 11C(3) of the SEBI Act.

SHOW CAUSE NOTICE, HEARING AND REPLY

9. Show Cause Notice ref. A&E/EAD-3/SBM-ASR/27501/30/2016 dated September 30, 2016 (hereinafter referred to as '**SCN'**) was issued to the Noticee in terms of the provisions of Rule 4 of the Adjudication Rules requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed on the Noticee under the provisions of Section 15A(a) of the SEBI Act.

10. The SCN issued to the Noticee, *inter alia*, mentioned the following-:

    i. It is also alleged in the Investigation report that several entities connected to Comfort Securities Ltd. namely, Gulistan, Udaybhai Prabhudas Shah, Albright, Ranisati, Suvidha, Fact, BLC, Vibhuti, Grafton, Heranba, Kiran Vinodchand Shah (director of Heranba), Padma Impex, Gaungour, S5 Trading, Everready & Laxminarayana have not furnished the information/ documents, and/or have furnished false/ contradictory information, and have, therefore, not complied with

the summons issued by the IA of SEBI for furnishing of information/documents pertaining to the investigation, thereby hampering the investigation process.

ii. *It was alleged that the above entities have violated the provisions of sections 11C(2) and 11C (3) of the SEBI Act and liable for penalty under section 15A(a) of the SEBI Act.*

11. The SCN dated September 30, 2016 which was issued to the Noticee at its address located at 105 Sagar Shopping Center, J P Road, Andheri (West), Mumbai – 400058 returned undelivered. Thereafter, vide letter dated July 28, 2017, the SCN was served on the last known address of the Noticee on August 11, 2017 by way of affixture. Copy of the affixture report in terms of the Adjudicating Rules is on record. Vide the said letter dated July 28,2017, the Noticee was also provided with an opportunity of personal hearing on August 24, 2017. On the stipulated date of hearing, Mr. Balveer Singh Choudhary appeared as the Authorised Representative (**AR**) on behalf of the Noticee. The AR made the following submissions:-

   a. *AR submitted that the Noticee has not received the copy of the captioned SCN in the matter. The AR was informed that that the SCN has been affixed at the last known address of the Noticee on August 11, 2017. Thereafter, a copy of the aforesaid SCN was provided to AR, during the course of hearing.*
   b. *AR submitted relevant documents reflecting the change of address of the Noticee in the year 2012. Further, AR also submitted that the management of the Noticee had also changed in 2012.*
   c. *The AR was advised by the Adjudicating Officer to submit its reply to the SCN along with relevant documents by September 07, 2017.*

12. Subsequently, vide its letter dated September 12, 2017, Noticee made its submissions and , *inter alia,* stated as under :

a. *Shri Vikas Parasrampuria along with Shri Vishal Parasrampuria took over the Company in and around 2016, thereupon, Shri Puran Mai Agrawal, was appointed as the director of the Company in 2013. While taking over the Company, the present management carried out all due diligence in order to check the compliance level of ROC, Income Tax etc. and also looked into any past or present litigations against the Company. However, no such information was brought to light by or against the Company by any person and no information regarding any pending proceedings at SEBI was available in public domain.*
b. *On verifying the old records available, we accept to have received allotment of shares in IPO of Ravi Kumar Distilleries Ltd (RKDL). However, the current management and the Board of Directors of the Company neither have any connections with RKDL nor did we receive any proceeds of IPO from RKDL whether directly or indirectly in any manner whatsoever. We agree to the fact that the company had applied in the IPO of RKDL but the present management are not aware about this fact as this happen prior to taken over the management by them.*
c. *Thus, in view of the above factual situation, we request you to kindly exonerate us from the alleged violation of Section 11C (2) and (3) of SEBI Act for not complying with the summons issued to us. The same was due to genuine and inevitable reasons which were beyond our control. It has never been our intention to hamper the investigation process at any point in time.*

CONSIDERATION OF ISSUES AND FINDINGS:

13. I have taken into consideration the facts and circumstances of the case, the material on record and the reply dated September 12, 2017 of the Noticee. The allegation against the Noticee is that, it has failed to comply with the summons dated December 04, 2014, which was issued to it by the IA during the course of investigations and, in view of the same, the Noticee

is liable to the penalty prescribed under section 15A(a) of the SEBI Act. I now proceed to discuss the issue of the alleged non-compliance of the summons by the Noticee, which has resulted in the violation of the provisions of Sections 11C(2) and 11C(3) of the SEBI Act by the Noticee.

14. Before moving forward, the relevant provisions of the SEBI Act allegedly violated by the Noticee and as mentioned in the SCN are reproduced as under:-

SEBI Act

Investigation.
11C.

(2) Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.

(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 authorised 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.

15. In this regard, it is pertinent to note that section 11C(2) clearly obligates any person associated with the securities market to produce/submit the records/information sought by the investigating authority during the course of investigations. Further, section 11C(3) empowers the Investigating Authority of SEBI to require any intermediary or any person associated with

the 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 him in this behalf as it may consider necessary if the furnishing of such records/information/documents are necessary.

16. The details of the summons dated December 04, 2014 which was issued to the Noticee by the IA and the status of the same is mentioned in the table below:

Sl. No.	Date of Summons	Mode of Delivery	Status of Acknowledgement	Status of Reply
1.	December 04, 2014	SPAD	Acknowledgement received	No reply from Noticee although Summons was served on it.

17. I find that the summons issued to the Noticee clearly stated that if the Noticee fails to comply with the summons, criminal prosecution may be launched against the Noticee under section 11C(6) of the SEBI Act which provides for a punishment with imprisonment for a term which may extend to one year or with fine which may extend to one crore rupees, or with both and also with a further fine which may extend to 5 lakh rupees for each day after the first, during which the failure or refusal continues. It was also stated that if the Noticee omits to attend and/or fails to give evidence or to produce the books of accounts and/or documents as required, SEBI will initiate adjudication proceedings against the Noticee under section 15A of the SEBI Act.

18. I note that the summons dated December 04, 2014 also contained an annexure which required the Noticee to furnish the following details/records/documents:

    i. The names, address and PAN of promoter(s) and director(s) of the Noticee as on April 01, 2010, April 01, 2011 and as on the date of receipt of the summons.

    ii. Nature of the business activity of the Noticee

iii. A copy of the Annual Report, Balance Sheet and the Profit & Loss statements of the Noticee for the financial years ended 2008-09, 2009-10 and 2010-11.

iv. Reasons along with back-papers / supporting documents for the banking transactions of the Noticee with Ranisati and Fact.

v. Relationship of the Noticee or its promoters/directors with the entities listed in Annexure along with details of any monetary transaction done with them during the period October 01, 2010 to March 31, 2011

vi. Any additional documents/records

19. The allegation/observations made in the SCN and IR that RKDL along with CSL, CIL and the connected/associate entities of CSL/CIL (which also includes the Noticee) have siphoned of the IPO proceeds of RKDL to the tune of Rs 33.83 crores is serious in nature and the above details/information/records sought from the Noticee during the course of investigation through the summons dated December 04, 2014 were very relevant, which would have enabled the IA to draw precise conclusions w.r.t. the role of the Noticee in the said matter.

20. I have also perused the reply of the Noticee vide its letter dated September 12, 2017 and find that Noticee has submitted that the non-compliance of the summons was inadvertent and was due to the failure on the part of its earlier management. The Noticee further contended that the management of the Company has changed pursuant to a takeover of the same in 2016. I am not in agreement with the arguments put forth by the Noticee. I am of the view that the liabilities of the erstwhile management, which includes pending proceedings initiated against the company by various authorities, would also be deemed to be transferred to the new management of the company. In this context, I note that the Hon'ble Securities Appellate

Tribunal, in its order dated January 15, 2014 in the matter of M/s Octant Industries Ltd. vs. SEBI, had made the following observations:

"*The Scheme of Arrangement as approved by the two Hon'ble High Courts clearly provides that from the appointed date all debts, liabilities, duties, obligations of every kind, nature and description of the transferor companies shall also be deemed to be transferred to the transferee companies. In fact this is also the spirit of sections 391 to 394 of the Companies Act, 1956…….Therefore, we hold that mere change of name of a company does not wash away the liabilities despite the change of name of that of the promoters or the directors.*"

In view of the above observations of Hon'ble SAT, the contentions of the Noticee that the new management of the company cannot be held responsible for the acts/violations committed by its erstwhile management is without any merit.

21. I also find that, in response to the SCN, the Noticee vide its letter dated September 12, 2017 has made attempts to justify the fund transactions with the entities viz. Ranisati and Fact. I am of the view that submitting the details of the fund transactions at a much later date does not serve any purpose as the same should have been submitted by the Noticee to the IA during the course of investigation proceedings and more specifically, when the IA had sought these details/information from the Noticee vide summons dated December 04, 2014. Clearly, the Noticee had no intention to co-operate with the IA during the investigation proceedings and the attempt made by the Noticee to justify these transactions on a later date can only be construed as an afterthought on its part to escape from the liability of penal action for not complying with the summons.

22. Further, I also note that the details/information/records sought from the Noticee through the summons dated December 04, 2014 was very crucial and vital in respect of the investigation process and more importantly, in

the context of the seriousness of the irregularities observed in the IPO of RKDL. For example, information regarding receipt of Rs. 15 Lakh by the Noticee into its account from Ranisati on December 04, 2010 i.e before the IPO of RKDL as well as Rs. 5.45 crores and Rs. 1.045 crores from the account of Fact and Ranisati respectively on December 13, 2010, before the IPO proceeds were credited into RKDL's account, are important information/details sought from the Noticee to establish the link of the Noticee in the matter of investigation into the irregularities in the IPO of RKDL. I do not find any reason for the Noticee to not submit these details/information/records to the IA, unless some deceitful practices are being carried out by it in connivance with other entities associated with the irregularities observed in the IPO of RKDL viz. the promoters of RKDL, CSL, CIL and their associate/connected entities. The said information sought from the Noticee vide summons dated December 04, 2014 was very relevant and the timely submission of the same by the Noticee would have proved to be very vital in unearthing the truth to protect the interest of the investors and punish the manipulators associated with the IPO of RKDL. The failure of the Noticee to comply with the summons issued by the IA has clearly hampered the investigation process.

23. In this context, I note that Hon'ble Securities Appellate Tribunal (hereinafter referred to as '**SAT**'), in matter of Asian Films Production and Distribution Ltd. vs SEBI (Appeal No. 203 of 2010 decided on 19th January, 2011), has held that:

"*Non-compliance with 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. We do not know what would have come to light if the company had furnished the information sought from it."

24. I also note that Hon'ble SAT, in its order dated October 22, 2013 in the matter of Rich Capital & Financial Services Limited & Ans vs SEBI, observed that:

"10. We may pertinently note that the SEBI is basically constituted to promote orderly and healthy growth of securities market apart from protecting investors' interest. For discharging this onerous job, and with a view to achieve the underlined object, SEBI as a regulator is required to conduct investigation and enquiries in the affairs of various parties from time to time. For this purpose, first and the foremost thing is co-operation from the concerned officers of the companies not only to produce the relevant records as and when required by an investigating officer or enquiring authority or by any person authorised by the SEBI in this behalf but to appear in person as and when called upon. Section 11C (2) mandates every manager, managing director, officer or other employees of the company to preserve and produce such documents which are in their custody or power. Similar is the tone and texture of section 11C (3).

11. In case of failure on the part of the concerned person to furnish such records/information, heavy monetary penalty is prescribed in section 15A (a) of the SEBI Act, 1992. In fact such an act on the part of a company or its concerned officers is not only contemptuous but also a hindrance in the way of conducting smooth investigation and enquiry by the regulator to arrive at a just and fair conclusion as per the

provisions of SEBI Act, 1992. Such an increasing tendency on the past of the companies needs to be curbed at the threshold."

25. From the foregoing paragraphs, it is conclusively established that the Noticee has failed to comply with the summons dated December 04, 2014 and therefore, I hold that the Noticee has violated the provisions of sections 11C(2) and 11C(3) of the SEBI Act.

26. In view of the same, I conclude that the Noticee is liable for monetary penalty under the provisions of section 15A(a) of the SEBI Act, which reads as under :

Penalty for failure to furnish information, return, etc.

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

(a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less

27. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Adjudication Rules require that while adjudging the quantum of penalty, 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.

28. With regard to the above factors, I note that the material made available on record has not quantified the profit/loss resulted from the violations committed by the Noticee. In view of the fact that Noticee has failed to

comply with the summons issued to it by the IA, the Noticee has failed to comply with the mandatory statutory obligation. In this context, reliance is placed upon the order of the Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund { [2006]5 SCC 361 } – wherein the Hon'ble Supreme Court of India held 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……...*"

ORDER

29. Having considered all the facts and circumstances of the case, the reply of the Noticee, the material available on record and the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose a penalty of Rs 5,00,000/- (Rupees Five lakh only) on the Noticee viz. Suvidha Securities Private Limited under the provisions of section 15A(a) of the SEBI Act for its failure to submit the desired details/information/ records/documents sought by the IA vide summons dated December 04, 2014, which has resulted in violation of the provisions of sections 11C(2) and 11C(3) of the SEBI Act by the Noticee. I am of the view that the said penalty is commensurate with the default committed by the Noticee.

30. The Noticee shall remit / pay the said amount of penalty within 45 days of the receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through e-payment facility into the Bank Account, the details of which are given below:-

Account No. for remittance of penalties levied by Adjudication Officer	
Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No	31465271959

31. The Noticee shall forward the said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Division Chief of Enforcement Department (EFD) of SEBI. The format for forwarding details / confirmation of the e-payments made to SEBI shall be in the form as provided at Annexure A of Press Release No. 131/2016 dated August 09, 2016 shown at the SEBI Website which is mentioned as under:

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)	

32. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticee viz. Suvidha Securities Private Limited and also to Securities and Exchange Board of India.

Place: Mumbai
Date: November 28, 2018

SURESH B MENON
ADJUDICATING OFFICER