September 13, 2023

**BSE Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001
**BSE Scrip Code: 540709**

**National Stock Exchange of India Limited**
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
**NSE Scrip Symbol: RHFL**

Dear Sir(s),

**Sub.: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Securities and Exchange Board of India ("SEBI") has issued an Adjudication Order dated September 12, 2023 under Section 15-I of the SEBI Act, 1992, read with Rule 5 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995.

We enclose herewith the disclosure pursuant to Regulation 30 and Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023.

Copy of Order is also enclosed.

Thanking you.

Yours faithfully,
For **Reliance Home Finance Limited**

PARUL JAIN

**Parul Jain**
**Company Secretary & Compliance Officer**

Encl.: As Above.

Disclosure pursuant to Regulation 30 and Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023.

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|---|---|---|---|
| (a) | Name of the Authority; | : | The Securities and Exchange Board of India ("SEBI") |
| (b) | Nature and details of the action(s) taken, initiated or order(s) passed; | : | SEBI has issued an Adjudication Order dated September 12, 2023 under Section 15-I of the SEBI Act, 1992, read with Rule 5 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 against the Noticees viz. the Company, Mr. Ravindra Sudhalkar, the past Chief Executive Officer, Mr. Pinkesh Shah, the past Chief Financial Officer and Ms. Parul Jain, Company Secretary & Compliance Officer of the Company imposing penalty of Rs.15 lakh, Rs.2 lakh, Rs.2 lakh and Rs.2.5 lakh, respectively for violation of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Debenture Trustee) Regulations, 1993. |
| (c) | Details of violation(s) / contravention(s) committed or alleged to be committed; | : | |
| (d) | Date of receipt of ~~direction or~~ order, including ~~any ad-interim or interim orders, or~~ any other communication from the authority; | : | September 13, 2023, through e-mail from SEBI. |
| (e) | Impact on financial, operational or other activities of the listed entity, quantifiable in monetary terms to the extent possible. | : | As mentioned at serial no. (b) above. |

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**[ADJUDICATION ORDER NO. Order/SM/AD/2023-24/29221-29224]**

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**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) RULES, 1995**

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In respect of

**Reliance Home Finance Ltd.**

**[PAN: AAECR0305E]**

**Mr. Ravindra Sharad Sudhalkar**

**[PAN:AGGPS1926B]**

**Ms. Parul Jain**

**[PAN:AHBPJ6720E]**

**Mr. Pinkesh Shah**

**[PAN: ABAPS2169R]**

In the matter of Reliance Home Finance Ltd.

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## BACKGROUND

1. Reliance Home Finance Ltd. (hereinafter referred to as '**RHFL**' or '**the company'** or '**Noticee No. 1'**) is a housing finance company (**HFC**) registered with National Housing Bank and having its equity shares and debt securities/ non-convertible debentures (**NCDs**) listed on BSE Ltd. ('**BSE'**) and National Stock Exchange of India Limited ('**NSE**') (Both BSE and NSE are hereinafter collectively referred to as '**Exchanges**'). Securities and Exchange Board of India ("**SEBI**") conducted an examination in the matter of Noticee No. 1 during the period from April 01, 2019 to March 26, 2020 (hereinafter referred to as "**examination period**"), to ascertain whether there were any lapses in compliance with the provisions of*, inter-alia*, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**LODR Regulations**'), SEBI (Issue and

Listing of Debt Securities) Regulations, 2008 (hereinafter referred to as '**ILDS Regulations'**) and SEBI (Debenture Trustee) Regulations 1993 (hereinafter referred to as '**DT Regulations'**) by Noticee No. 1.

2. Pursuant to the aforementioned examination, SEBI observed several non-compliances, *inter alia,* of LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, DT Regulations and ILDS Regulations by Noticee No. 1. Further, SEBI observed that the key managerial personnel's (hereinafter referred to as "**KMPs**") of Noticee No. 1 during the examination period i.e. Mr. Ravindra Sudhalkar (hereinafter referred to as '**Noticee No. 2'**), Ms. Parul Jain ( hereinafter referred to as '**Noticee No. 3'**) and Mr. Pinkesh Shah (hereinafter referred to as '**Noticee No. 4**') were responsible for certain non-compliances of Noticee No. 1. [ Noticee No.1 to Noticee No.4 are hereinafter collectively referred to as "**Noticees**").Therefore, SEBI initiated adjudication proceedings against Noticees for the violations alleged to have been committed by them.

## APPOINTMENT OF ADJUDICATING OFFICER

3. Vide order dated February 12, 2021, SEBI appointed Shri K Saravanan, as the Adjudicating Officer under Section 15-I (1) of SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**") and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**SEBI Adjudication Rules'**) and under 23-I of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as "**SCRA**") and Rule 3 of Securities Contracts (Regulation)(Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (hereinafter referred to as **'SCRA Adjudication Rules**') (both rules hereinafter together referred to as "**Adjudication Rules**") to inquire into and adjudge under, Section 23E of SCRA read with Section15A(b) of SEBI Act and Section 15HB of SEBI Act read with clause 2 of the Listing Agreement, the alleged violations by Noticee No. 1 and to inquire and adjudge, under Section 15HB of the SEBI Act, the alleged violations by Noticee Nos. 2-4. Pursuant to the transfer of Shri K Saravanan, vide Order dated June 01, 2021, the undersigned was appointed as Adjudicating Officer to inquire and adjudge the alleged violations against Noticees.

4. Thereafter, the competent authority in SEBI approved certain modifications in the charges/violations alleged against Noticees and the same was communicated to the

undersigned vide communique dated June 22, 2023. Subsequent to the revision of charges/violations, the undersigned was authorized to inquire into and adjudge under:

a) Sections 15A(b) and 15HB of SEBI Act, the following alleged violations by Noticee No. 1:
   i. Regulation 32, Regulation 30(10), Regulations 54(1) and 54(2) of the LODR Regulations
   ii. Regulation 16 (1) of ILDS Regulations read with Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014
   iii. Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(c) of the DT Regulations
   iv. Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(t) of the DT Regulations
   v. Regulations 30(4) and 30(12) read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations and Regulation 30(5) read with Regulation 4(1)(c), d), (e), (g), (h) and (i), Regulation 4(2)(d)(iii) and 4(2)(e) of the LODR Regulations
b) Section 15HB of SEBI Act, the following alleged violations of:
   i. Regulations 30(4) and 30(12) of LODR Regulations read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, Regulations 4(1)(c), (d), (e), (g), (h), (i), 4(2)(d)(iii), 4(2)(e) and Regulation 4(2)(f)(ii)(8) of the LODR Regulations, Regulation 30(10) of LODR Regulations and Regulation 30(5) read with Regulations 4(1)(c),(d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) and 4(2)(f)(ii)(8) of the LODR Regulations by Noticee Nos. 2-4
   ii. Regulation 6(2) (a) and (c) of LODR Regulations by Noticee No.3

## SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A common show-cause notice dated August 05, 2021 (hereinafter referred to as '**SCN dated August 05, 2021**') was issued to Noticees under Rule 4 of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticees and penalty, if any, not be imposed upon them under the applicable regulatory provisions for the violations alleged to have been committed by them.

6. The SCN dated August 05, 2021 was sent to Noticees through Speed Post Acknowledgement due (herein after referred to as '**SPAD**') and digitally signed email dated August 09, 2021 and was duly served on Noticees. Noticees were given fourteen (14) days' time from the date of receipt of SCN dated August 05, 2021 to make their submissions in respect of the allegations made in it.

7. Vide emails dated August 26, 2021 and September 29, 2021, Noticees requested for inspection of documents in the matter. Further, vide email dated September 08, 2021, an opportunity of personal hearing was granted to Noticees on October 01, 2021. However, in light of the request of Noticees's for the inspection of documents, the hearing in the matter was adjourned. Vide email dated October 07, 2021, Noticees were given an opportunity for inspection of documents relied upon by SEBI on October 21, 2021. On the scheduled date of inspection, Authorised Representative (hereinafter referred to as 'AR') of Noticees, Advocates, Khaitan & Co., conducted inspection of documents in the matter. Subsequent to the inspection of documents, certain documents requested by Noticees were provided to them vide email dated December 14, 2021.

8. Thereafter, Noticees filed settlement application under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. During the pendency of settlement proceedings, vide email dated July 22, 2022, Noticees were granted another opportunity of filing their reply to SCN, by August 05, 2022. In response to the aforementioned email, vide email dated July 29, 2022, Noticees requested for another opportunity for inspection of documents citing that investigation report in the matter were not shared with them during the inspection conducted on October 21, 2021 and also by placing reliance on the decision of Hon'ble Supreme Court in *T. Takano Vs SEBI* (decided on 18.02.22). Further, Noticees requested for 6 week's time post completion of the inspection to file their reply to SCN. Vide email dated September 01, 2022, copy of investigation report in the matter was provided to Noticees. Further, vide email dated September 13, 2022, Noticees request for inspection of document was acceded to and Noticees were granted another opportunity of inspection of documents on September 20, 2022. However, the inspection of documents could not be completed on September 20, 2022 and thus, the inspection of documents were rescheduled to October 13, 2022. The inspection of documents was conducted on October 13, 2022 in the presence of AR of Noticees. Further, copies of the documents requested during inspection were provided to Noticees on December 08, 2022.

9. Subsequently, vide email dated December 16, 2022, Noticee was granted another opportunity for file their reply in the matter by December 28, 2022. In this regard, Noticees requested for additional period of three weeks for filing their reply to SCN and to appear for hearing thereafter. Vide email dated January 03, 2023, Noticees were advised to file their reply to SCN on or before January 19, 2023. However, Noticees did not submit any reply to the SCN within January 19, 2023.

10. Thereafter, vide email dated January 25, 2023, Noticees were granted an opportunity of personal hearing before the undersigned on February 06, 2023 and the aforementioned email was duly delivered to Noticees. On the scheduled date of hearing, AR of Noticees appeared before the undersigned and made submissions on behalf of Noticees. The hearing was conducted through video conferencing on cisco Webex platform. During the hearing, Noticees were advised to file their reply on or before February 15, 2023.

11. The settlement application filed by Noticees was rejected by SEBI on February 06, 2023 and the same was duly communicated to Noticees on February 07, 2023 by the concerned department of SEBI. Noticees filed their reply to SCN dated August 05, 2021 on February 15, 2023.

12. Subsequently, a supplementary show cause notice was issued to Noticees on July 20, 2023. The supplementary show cause was duly delivered to Noticees vide digitally signed email as well as through SPAD and was duly served on Noticees. Vide the supplementary show cause notice dated July 20, 2023, certain modifications in charges/allegations was made to the SCN dated August 05, 2021. Noticees were granted 14 day's time from the receipt of supplementary SCN for filing their reply to the same. The SCN dated August 05, 2021 and supplementary show cause notice dated July 20, 2023 are hereinafter collectively referred to as SCN.

13. Vide email dated August 03, 2023, Noticees requested for additional time of three weeks for filing their reply to the supplementary SCN and were granted time till August 17, 2023 for filing their reply in the matter. Further, an opportunity of personal hearing was granted to Noticees on August 21, 2023. In this regard, on August 17, 2023, Noticees requested for complete copy of forensic audit report and the Communique dated June 22, 2023. Noticees also requested for adjournment of hearing scheduled on August 21, 2023.

14. The supplementary show cause notice dated July 20, 2023 was sent to Noticees through SPAD as well as by digitally signed email on July 20, 2023 and was duly served on them. Noticees were granted 14 days' time from the receipt of the supplementary show cause for making their submissions in respect to the same. Vide email dated August 03, 2023, Noticees requested for additional time of three weeks for filing their reply to the supplementary show cause notice. Further, vide email dated August 07, 2023, Noticees were granted an opportunity of personal hearing before the undersigned on August 21, 2023.

15. Vide email dated August 18, 2023, AR of Noticees requested for the complete copy of Forensic Audit Report (**GT Report**) and communication order dated June 22, 2023. Additionally, vide the aforementioned email, Noticee also requested to adjourn the hearing scheduled on August 21, 2023. In this regard, vide email dated August 18, 2023, AR of Noticees was provided with copy of the communication order dated June 22, 2023. It was also informed to the AR that a complete copy of GT report was not available with the undersigned and so, could not be provided. In the interest of natural justice, vide email dated August 21, 2023, Noticees request for adjournment of hearing was acceded to by the undersigned and they were given a final opportunity of hearing on August 24, 2023.

16. On the scheduled date of hearing, ARs of Noticees appeared before the undersigned and made oral submissions on behalf of Noticees. Further, ARs of Noticees submitted that they would file their written submissions with respect to the supplementary show cause notice on or before August 26, 2023. Vide email dated August 27, 2023, Noticees filed their reply to the supplementary show cause notice. Noticees' s reply to supplementary show cause notice dated August 26, 2023 and Noticees' s reply to SCN dated August 05, 2021 are hereinafter collectively referred to as reply to SCN.

17. The allegations levelled against Noticees in the SCN are summarized hereunder:

*a) From the qualified opinion of the statutory auditor, SEBI observed that the proceeds raised from issue of debt NCDs have been diverted towards certain body corporates including its group companies and RHFL has not made any disclosure as required under Regulation 32 of the LODR Regulations. In view of the same, it has been alleged that RHFL has violated the provisions of Regulation 32 of the LODR Regulations.*

b) *RHFL had not been able to deposit the requisite sum i.e. equivalent to 15% of the amount of debentures maturing during the year ending on March 31, 2020. In view of the above, it has been alleged that RHFL has violated the provisions of Regulation 16 (1) of ILDS Regulations read with Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014.*

c) *RHFL, in the notes to financial statements for the FY ended March 31, 2020, had disclosed that it had not been able to maintain the required security cover and the same had been admitted by it in its response to SEBI dated August 25, 2020. Vide email dated December 03, 2020, ITSL had submitted that it had not received the asset cover statement from RHFL as on March 31, 2020, and hence, it was observed that it was not possible to ascertain the extent to which the NCDs issued by RHFL are secured. In view of the above, it has been alleged that since RHFL has not maintained 100% asset cover sufficient to discharge the principal amount at all times for NCDs and the extent of security for the NCDs issued by it cannot be ascertained, RHFL has violated the provisions of Regulations 54(1) and 54(2) of the LODR Regulations.*

d) *Vide email dated April 10, 2020 and August 05, 2020, ITSL informed SEBI that RHFL had failed to provide the following information/ documents as mandated under the DT Regulations despite several follow-ups by it:*

    i. *Certificate from the Director / Managing Director of the issuer company certifying the value of the book debts / receivables on a quarterly basis.*
    ii. *Certificate from an independent chartered accountant giving the value of book debts / receivables on quarterly basis on a quarterly basis.*
    iii. *Certificate from the statutory auditor giving the value of book debts / receivables on a yearly basis.*
    iv. *Non-submission of periodical reports for quarter ending September 2019, December 2019 and March 2020.*

e) *On account of the failure on the part of RHFL to provide the information/ documents as mentioned at sr.no. i, ii and iii above, it has been alleged that RHFL has violated the provisions of Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(t) of the DT Regulations. Further, for its failure to provide the information/ documents as*

*mentioned at sr.no. iv above, it has been alleged that RHFL has violated the provisions of Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(c) of the DT Regulations.*

f) *RHFL had suo-moto released a detailed press release dated January 12, 2020 on the completion of forensic audit mandated by its lenders. In this press release, RHFL had inter-alia indicated that there were no adverse findings in the forensic audit report carried out by Grant Thornton (GT) with respect to any fraud, embezzlement, diversion and siphoning of funds or falsification of accounts by the company or any of its promoters, employees or associates. The press release also stated that even prior to commencement of the forensic audit, RHFL had transparently disclosed full details of lending to the extent of Rs. 7,984 crores to potential indirectly linked entities to the auditors, regulators, lenders and also disclosed the same in the latest annual financial statements duly approved by the shareholders at the AGM in September 2019. Furthermore, RHFL, in its press release, mentioned that lending to potential group companies was entirely for the end-use of debt servicing by the listed group companies only and there were no adverse findings in the forensic audit relating to the quantum and end-use of the lending to potential indirectly linked entities.*

g) *In response to the aforementioned press release, a media article had been published criticizing the company's stance. The media article titled "Reliance Home Finance gave Rs 12,000 crore loans to 'indirectly linked' borrowers: Forensic audit" dated January 13, 2020 inter-alia mentioned that RHFL granted loans worth about Rs 12,000 crore to a set of "potential indirectly linked" borrowers that had weak financials and shared common features according to a forensic audit carried out by GT. Following this press release, vide their respective emails dated January 30, 2020 and February 06, 2020, clarifications were sought from RHFL by both the stock exchanges i.e. NSE and BSE regarding the assertions made in the media article. However, despite several reminders and clarification mails, the company had only disclosed selected aspects of the Forensic Audit Report of GT ('the report'), selectively answered the queries of the exchanges and not provided complete and adequate response to the queries of the exchanges. It was observed from the correspondences between the RHFL and exchanges that RHFL had not only delayed their responses to the queries raised by the stock exchanges, but also provided inadequate and incomplete responses to the queries raised by the stock exchanges. In*

*view of the above, it has been alleged that RHFL has violated the provisions of Regulation 30(10) of the LODR Regulations.*

h) *RHFL had disclosed only selected aspects of the forensic audit report. In view of the above, it has been alleged that RHFL had failed to adequately disclose a material event which is in violation of Regulations 30(4) and 30(12) read with Para C of Part A of Schedule III of the LODR Regulations read with Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 read with Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations and Regulation 30(10) of LODR Regulations and Regulation 30(5) read with Regulation 4(1)(c), d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations.*

i) *SEBI observed that the KMPs, viz. Mr. Ravindra Sudhalkar - CEO of RHFL ('Noticee No. 2'), Ms. Parul Jain – Company Secretary of RHFL ('Noticee No. 3') and Mr. Pinkesh Shah - ex-CFO of RHFL ('Noticee No. 4'), who are responsible to determine the materiality of an event to be disclosed under Regulation 30 of the LODR Regulations, had provided selective and incomplete material information. It is also observed that Noticee No. 2 to 4, as KMPs, had failed to address the queries of the stock exchanges within a stipulated timeline. In view of the foregoing, it has been alleged that Noticee No. 2 to 4, as KMPs of RHFL, have violated Regulations 30(4) and 30(12) of LODR Regulations read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) and Regulation 4(2)(f)(ii)(8) of the LODR Regulations, Regulation 30(10) of LODR Regulations and Regulation 30(5) read with Regulation 4(1)(c),(d), (e), (g), (h) and (i), Regulation 4(2)(e) and Regulation 4(2)(f)(ii)(8) of the LODR Regulations.*

j) *It is also observed that Noticee No. 3, as Compliance officer of RHFL, had failed to ensure comprehensiveness of the information relating to the press release dated January 12, 2020, disclosed by the company to the stock exchanges. In view of the same, it has been alleged that Noticee No. 3 has violated the provisions of Regulation 6(2) (a) and (c) of the LODR Regulations.*

18. The summary of reply to SCN received from Noticees is reproduced hereunder:

**Reply of Noticees dated February 15, 2023**

- *For the charge of selective disclosure of aspects of the Forensic Audit Report and the charge of non- compliance with queries raised by stock exchanges, SEBI has invoked an erroneous charging provision, being Regulation 23 E of the SCRA. In this context, Noticees have placed reliance on the decision of Suzlon Energy Limited and Anr. vs SEBI (Appeal No. 201 of 2018, decided on May 3, 2021 and IFGL Refractories Limited vs. SEBI (Appeal No. 1044 of 2022, decided on January 6, 2023.*

- *For the charge of non disclosure of deviations in utilization of issue proceeds, Noticees have submitted that utilisation of the proceeds for lending to certain entities in need of funds was not in deviation from the purpose for which funds were raised via the NCD route. At the time of raising the proceeds itself, a disclosure was made in the prospectus as to its utilization in the object clause therefore it cannot be said that there is a violation of Regulation 32 of LODR as is alleged. The Company is a HFC involved in the business of lending. The loans extended to certain entities under the 'General Purpose Corporate Loan' product or demand/call loans, was a product permitted by the National Housing Bank, which is the apex regulator of the Company. The object clause in the prospectus of NCD clearly stated that the funds so raised would be used towards the business of the Company, i.e. lending transactions, and such lending was in a legitimate and authorised product. No deviation of issue proceeds can thus be alleged by SEBI.*

- *A housing finance company which is registered with NHB is not required to create a debenture redemption reserve. It is an undisputed fact that RHFL is a housing finance company registered with NHB as can be seen from the background mentioned above. In view of the same, it is not required to create a debenture redemption reserve and therefore, the allegation of violation of Regulation 16(1) of ILDS Regulation read with Rule 18(7)(b)(ii) of the Companies (Share Capital and Debenture) Rules, 2014 does not survive.*

- *With respect to allegation for non maintenance of adequate security cover, please note that on account of the sudden adverse developments in the financial sector in the FY 21 08-19, all categories of lenders in India (including banks, mutual funds, etc.) put near complete freeze on additional lending to NBFCs and housing finance companies and have been insisting on reducing the existing level of borrowings. This severely impacted the financial flexibility of entities operating as NBFCs and housing finance companies. On account of such adverse market scenario, RHFL was disabled from complying with the requirement of maintaining 100% cover. In this regard, it is pertinent to note that it is a settled principle of law that where the law creates a duty, but a party is disabled from performing such duty without any fault on its part, then the law would in general, excuse such an entity for non-performance, as observed in the case of Raj Kumar Dey Vs. Tarapada Dey AIR 1987 SC 2195 and by the Hon'ble Securities Appellate Tribunal in the case of UBS Securities Vs. SEBI (Appeal No. 97 of 2005, decided on September 9, 2005). In view of the abovementioned submissions, we request to kindly take a lenient view as the non-maintenance of sufficient asset cover was on account of stringent market conditions.*

- *In relation to the allegation pertaining to non-compliance with DT Regulations, Noticees submitted that documents mentioned in the SCN were provided to the debenture trustee, albeit with a delay. The security cover certificate for March 31, 2019 was submitted on September 13, 2019. The Compliance Report for the quarters ending September 2019 and December 2019 were submitted in November, 2020 and the CA Certificate for the quarter ending December 2019 was submitted on September 9, 2021. Due to the sudden onset of the Covid-19 pandemic and the nationwide lockdown due to which the Company was functioning with bare minimal staff, the submission of such documents to the debenture trustee was further delayed. In any event, though there was shortage of staff, RHFL ensured to provide the documents and information sought at the earliest. It is in light of the above that it is submitted that a lenient and considerate view be taken by SEBI as such lapse/delayed compliance was due to circumstances beyond the control of the Company.*

- *With regards, to the allegation pertaining to non-compliance with the queries raised by the stock exchange(s), RHFL had responded to all queries received from the stock exchanges and SEBI, based on all documents and information which was available with it. The Company further, had various meetings with the stock exchanges and communicated with the exchanges promptly, as can be seen from a bare perusal of the correspondences annexed to the SCN. Given the nature of the queries sought by BSE and NSE, adequate time was required to furnish adequate responses thereto, so as to avoid the spread of misinformation and to ensure all responses provided were accurate. The Company endeavoured its best, with the limited resources it had, to clarify the issues raised by the Stock Exchanges adequately. SEBI has alleged the inadequacy of the responses to the queries of the Stock Exchanges and of SEBI stating that details of 47 entities mentioned in the news article as well as details of borrowers of loans amounting to INR 7,984 crores was not provided. In this regard, it is significant to note that it can never be the intent of Regulation 30 (10) that minute details pertaining to business functions of a Company such as details of its clients are sought by stock exchanges. The stock exchanges are empowered under Regulation 30 (10) of the LODR Regulations to seek clarifications on any information or event from a listed Company. A fishing and roving enquiry is not contemplated within the ambit of the Regulation. Minute details of the loan book of the Company contains sensitive data of its clients. Regulation 30 (10) does not provide Stock Exchanges with investigative powers vested in SEBI, which is a power granted to SEBI under Section 11 C of the SEBI Act, 1992. Be that as it may, the Company endeavoured to provide a complete picture in relation to the queries raised by the stock exchanges.*

- *Further, it is significant that while the SCN alleges the violation of Regulation 30 (10) for not providing adequate information to queries raised by SEBI, it is submitted that 30 (10) specifically empowers only stock exchanges to raise queries. Furnishing of inadequate information to SEBI, assuming without admitting that incomplete information was provided by the Company, does not attract a violation of Regulation 30 (10) of the LODR Regulations.*

- *The basis of the present charge appears to be the comments made by the stock exchanges in its correspondence with SEBI. SEBI has mechanically and without giving an opportunity to the Noticees to clarify facts pertaining to communication with stock exchanges in this regard and without appreciating that the stock exchanges by no means are vested with investigative powers under Regulation 30 (10) as stated earlier. The limited scope of Regulation 30(10) pertains to seeking clarifications on information/events.*

- *In relation to the allegations pertaining to the selective disclosure of aspects of the Forensic Audit Report, Noticees submitted that the LODR Regulations, empowers a listed entity, of its own accord, to update the stock exchanges as to events it considers material. Determining the materiality of an event is a function vested on a listed Company. The Company, had received a draft of the Forensic Audit Report for its comments. The Company, while analysing such report, had received queries from journalists for comments on such report, which led the Company to believe that vested interests would leak selective portions of the said report in an out of context fashion to derail the debt resolution process of the Company and to adversely affect its stakeholders. Being so, the Company in the interest of its stakeholders, had to make the disclosure of the Press Release to the stock exchanges. The officials of the Company in their wisdom, and from the data available before them, were constrained to disclose material portions of the Forensic Audit Report vide the press release. The Company's fears were confirmed just a day later, as the damaging article, allegedly on the basis of information from 'persons in the know' of the contents of the report was published by vested interests.*

- *It is submitted that the Company disclosed aspects of the report from the draft provided to it which it considered material. There was no law at the relevant time prescribed in the LODR Regulations which laid down guidelines as to what is to be considered material in a forensic audit report, and what aspects of it ought to be disclosed. Such law, was introduced only with effect from October 8, 2020. The discretion to determine materiality of any event/information not contained in Part A of Schedule III of the LODR Regulations is left to*

*the board of directors of a company or to persons authorised by the board in such regard. Such determination by the authorised personnel of the Company cannot be stated to be 'arbitrary' by SEBI in the absence of any guidance/law in this regard at the relevant point of time. In any event, please note that the SCN merely states that the selective disclosure of aspects of the report were found to be arbitrary without stating as to what parts it considered necessary to such disclosure made by the Company. Though the SCN raised allegations that only selective disclosure was made, it has failed to point out what information that was material has not been disclosed to the exchanges. In the absence of any such finding, a bald assertion contained in the SCN that material aspects of the report were not disclosed cannot be sustained.*

- *Bank of Baroda had only shared with the Noticees the draft report of the forensic audit conducted by Grant Thornton. The forensic audit being a confidential document was not shared, and in view of the same, the Company at the relevant time, did not have a copy of the final report and had accordingly requested the exchanges to directly approach Bank of Baroda for the copy of the Forensic Report. Hence, the factum of the email of Bank of Baroda stating the report was yet to be finalized holds no relevance to the disclosure made by the Company which was based on the draft report shared with it.*

- *Noticees Nos. 2 to 4 had made disclosures and also responded to the queries of the stock exchanges based on the information and documents available with them. T he disclosure was made in the interest of the stakeholders and to prevent a false market in securities as would have occurred pursuant to the damaging article referred to in the SCN being published. The said Noticees, thus in their best judgment, exercised the discretion vested on them under the LODR Regulations, determined the materiality of information from the draft provided to them by Bank of Baroda and made the disclosure in question in the best interest of stakeholders of the Company. In view of the above, it is submitted that the Noticee No. 2 to 4 have acted in the best interest of the Company and its stakeholders. Timely disclosures was made to the exchange to keep the stakeholders aware about the developments in relation to the Company and not get affected by any frivolous media publication made under the guise of*

*vested interests to affect the smooth functioning of the Company. In these circumstances, no liability ought to be fastened on the Noticees. In the absence of any law requiring the mandatory disclosure of all aspects of a forensic audit report, the Noticees' bona fide discharge of discretion to determine materiality of an event/information cannot be called into question and termed as 'arbitrary' by SEBI. In fact, the LODR Regulations was amended with effect from October 8, 2020 to necessitate the disclosure of a forensic audit report and details thereof. No such law existed prior thereto. In the absence of any law, the charge against the Noticees cannot survive.*

**Reply of Noticees dated August 26, 2023**

- *The SCN alleged that RHFL had only disclosed limited aspects of the Forensic Audit Report, which in SEBI's view was detrimental to the interest of the investors. Pursuant to the filing of the Reply, and post-conclusion of the hearing, SEBI issued the supplementary SCN after almost a period of six months wherein SEBI highlighted certain aspects which were not disclosed in the press release dated January 12, 2020. It is pertinent to note that Supplementary SCN has been issued as an afterthought, post taking into consideration the submissions of the Noticee.. A supplementary show cause notice, as per practice, has in the past been issued by SEBI wherein additional facts are unearthed pursuant to an ongoing investigation. SEBI has been issuing supplementary show cause notices to bring on record such facts. In the instant case, a bare perusal of the Supplementary SCN would show that there was no ongoing investigation and that no new or additional facts have been brought on record by SEBI. Thus, it is evident that SEBI has, vide the Supplementary SCN, sought to better its case, without there being any further investigation or new finding in fact or material change in circumstances warranting the issuance of the Supplementary SCN. Such issuance of Supplementary SCN to better its case when faced with a legal submission cannot be deemed to be a valid ground for the issuance of the Supplementary SCN as stated above. It is humbly submitted that an "opportunity of being heard" is a fundamental requirement of the principle of natural justice. However, if the submissions made in the very same hearing are being used by a quasi-judicial authority to issue supplementary show cause notice to better its own case and cure its legal lapses, the same clearly is*

*indicative of a pre-decided mindset.*

- *A bare perusal of the communication order issued by the competent authority of SEBI dated June 22, 2023, which forms the basis of the instant proceedings authorised the learned adjudicating officer of SEBI to take actions under Section 15A(b) of the SEBI Act for the alleged violation of Regulation 30(4) and Regulation 30(12) read with Para C of Part A of Schedule III of LODR Regulations, i.e., inter alia, the charge of selective disclosure of aspects of the forensic audit report. Section 15A(b) is inapplicable to the allegation of disclosure of selective aspects of the forensic audit report. Section 15A(b) can be invoked to levy penalty only in case a person who was "required" under the SEBI Act or any rules and regulations thereunder, to furnish any information, books or other documents, failed to do so within the timelines specified, or provided false, incorrect or incomplete information, return, report, books or other documents. In the instant case, given that there was no law under the SEBI Act or the rules and regulations thereunder stating or mandating disclosure of a forensic audit report or contents thereof, or laying down the law as to what portions of a forensic audit report had to be disclosed at the time the press release was made on January 12, 2020, it cannot be said that RHFL was "required" to furnish any such information under the SEBI Act or the rules and regulations made thereunder at the relevant time. Therefore, Section 15A(b) of the SEBI Act is wholly inapplicable to the alleged violation and no penalty can be levied against the Company under such provision.*

- *Without prejudice to the above, it is submitted that for violations pertaining to any disclosures made to stock exchanges, penalty can be levied only under Section 23A(a) of the Securities Contracts (Regulation) Act, 1956 ("**SCRA**"). In this regard, it is significant to note the decision of the Hon'ble SAT in the matter of Suzlon Energy Limited and Anr. vs SEBI (Appeal No. 201 of 2018, decided on May 3, 2021). The Hon'ble SAT held that –*

> *". Thus, in our view violation of Clause 36 of the Listing Agreement will attract Section 23A(a) of the SCRA and will not attract Section 23E. The AO has made an error."*

- *Though, in the appeal filed by SEBI against the aforementioned order of the Hon'ble SAT, the Hon'ble Supreme Court has held that the said order should not be considered as a precedent, the persuasive value of the said decision and the ratio thereof still remain valid. Thus, if at all SEBI determined that there was a violation in relation to disclosure of selective aspects of the forensic audit report, the same can only be penalized under Section 23A(a) of the SCRA. A bare perusal of the SCN and the Supplementary SCN read with the communication order dated June 22, 2023 would show that such provision has not even been envisaged. In the absence thereof, no penalty can be levied for the alleged violation.*

- *In fact, relying upon the same order, an adjudicating officer of SEBI in the matter of Reliance Industries Limited (Order dated September 20, 2021) has confirmed that the correct charging provision for violations of LODR Regulations will be Section 23A(a) of the SCRA. The relevant extract of the order of the Adjudication Officer of SEBI in the matter of Reliance Industries Limited is reproduced under:*

> *"As per Hon'ble SAT, failure to comply with these listing agreement under clause 36 attracts penalty under Section 23A(a) of SCRA and not under Section 23E of the Act."*

- *It is humbly submitted that in the present case, SEBI is bound by the order passed by the learned Adjudicating Officer in the matter of Reliance Industries Limited, in accordance with the standard settled by the Hon'ble Securities Appellate Tribunal in the matter of Krishna Enterprises Vs. SEBI (Appeal no. 131 of 2015, Order dated April 20, 2016). In the said case, the Hon'ble Tribunal has clarified that two adjudication officers of SEBI cannot take contradictory decisions in respect of the same issues.*

- *In light of the submissions made above, we submit that post issuance of the Supplementary SCN, no applicable penal provision has been invoked in either the SCN or the Supplementary SCN in relation to the charge of disclosure of selective aspects of the forensic audit report (as also the charge of non-compliance with queries raised by stock exchange with respect to an event or information). Being so, no penalty can be levied by SEBI for these violations.*

- *Without prejudice to the above, it is submitted that there was no law at the relevant time prescribed in the LODR Regulations which laid down guidelines as to what were the items that had to be disclosed from a forensic audit report. It is reiterated that the Company, while analyzing the forensic audit report, had received queries from journalists for comments on such report, which led the Company to believe that vested interests would leak selective portions of the said report in an out-of-context fashion to derail the debt resolution process of the Company and to adversely affect its stakeholders. Being so, the Company, in the interest of its stakeholders, had to make the disclosure of the Press Release to the stock exchanges. The officials of the Company in their wisdom, and from the data available before them, were constrained to disclose material portions (in their best judgment) of the Forensic Audit Report vide the press release. The Company's fears were confirmed just a day later, as the damaging article, allegedly on the basis of information from 'persons in the know' of the contents of the report was published by vested interests.*

- *It is worth noting that the law with respect to the disclosure of Forensic Audit Report was introduced only with effect from October 8, 2020. The discretion to determine materiality of any event/information at the relevant time in this regard was thus, left to the best judgement of officials responsible to determine materiality of events in a company. In the absence of any law requiring disclosure of any particular information from a forensic audit report, determination by the authorised personnel of the Company as to material portions thereof cannot be stated to be 'arbitrary' by SEBI in hindsight. It is submitted that the officials of the Company exercised their best judgment in ascertaining material portions of the Forensic Audit Report at the relevant point of time when they were faced with a crisis of vested interests trying to derail the Company's debt resolution process, and it is not open to SEBI, in the absence of any binding law in this regard, to supplant its own mind and wisdom retrospectively to state how the officials of the Company had to exercise the discretion vested on them. It is humbly submitted that the action of the Noticees in disclosing the material aspects of the Forensic Audit Report based on their discretion and best judgment is protected by the business judgement rule and SEBI cannot at a belated stage with the benefit of*

*hindsight question such a decision, especially given the fact that there was no law governing disclosure of forensic audit at the relevant time.*

- *In view of the above, we submit that no penalty can be levied against Noticee No. 1. It is further submitted that the charge against Noticee Nos. 2 to 4 is derivate of the main charge and in the absence of the charge against the Company being established, the charge against the remaining Noticees also cannot survive. Without prejudice to the same, it is submitted that given the charging provision qua Noticee No. 1 is Section 23A(a) of the SCRA, the charging provision against the Noticee No. 2 to 4 should have been Section 23H of the SCRA and not Section 15HB of the SEBI Act. The Supplementary SCN has not invoked Section 23H of the SCRA and hence, no penalty can be levied on the individual noticees.*

- *It is also submitted that none of the Noticees made any undue gain or benefit. Neither was any alleged violation repetitive. Further, it did not cause loss to any investors. Under these circumstances and in light of the submissions made above, it is prayed that the SCN and the Supplementary SCN be withdrawn immediately*

## CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

19. I have carefully perused the charges levelled against Noticees, replies/submissions filed by Noticees, documents/ evidence available on record. The issues that arise for consideration in the present case are :

**Issue No. I:**

**A.** Whether Noticee No.1 has violated the provisions of:

a) Regulation 32, Regulation 30(10), Regulations 54(1) and 54(2) of the LODR Regulations?
b) Regulation 16 (1) of ILDS Regulations read with Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014?
c) Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(c) of the DT Regulations?
d) Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(t) of the DT Regulations?

e) Regulations 30(4) and 30(12) read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations and Regulation 30(5) read with Regulation 4(1)(c), d), (e), (g), (h) and (i), Regulation 4(2)(d)(iii) and 4(2)(e) of the LODR Regulations?

**B.** Whether Noticee Nos.2 to 4 have violated the provisions of:

Regulations 30(4) and 30(12) of LODR Regulations read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, Regulations 4(1)(c), (d), (e), (g), (h), (i), 4(2)(d)(iii), 4(2)(e) and Regulation 4(2)(f)(ii)(8) of the LODR Regulations, Regulation 30(10) of LODR Regulations and Regulation 30(5) read with Regulations 4(1)(c),(d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) and 4(2)(f)(ii)(8) of the LODR Regulations?

**C.** Whether Noticee No. 3 has violated the provisions of Regulation 6(2) (a) and (c) of LODR Regulations?

**Issue No. II:** Do the above violations, if any, attract monetary penalty under

**A.** Sections 15A(b) and 15HB of SEBI Act by Noticee No.1?

**B.** Section 15HB of the SEBI Act by Noticee Nos. 2 to 4?

**Issue No. III:** If the answer to issue no. II is in affirmative, then what should be the quantum of monetary penalty?

20. Before proceeding further, I would like to deal with certain preliminary objection raised by Noticees i.e. issuance of supplementary show cause notice. Noticees in their reply have submitted that as per practice, a supplementary show cause notice has in the past been issued by SEBI wherein additional facts are unearthed pursuant to an ongoing investigation and SEBI has been issuing supplementary show cause notices to bring on record such facts. Noticees in their reply to SCN have contended that in the present case there was no ongoing investigation and that no new or additional facts have been brought on record by SEBI. Noticees have also contended that SEBI issued the supplementary SCN solely with an intent to better its case after taking into consideration the submissions

made by Noticees and if the submissions made in the very same hearing are being used by a quasi-judicial authority to issue supplementary show cause notice to better its own case and cure its legal lapses, the same clearly is indicative of a pre-decided mindset.

21. With regard to the aforementioned allegation of Noticees, I note that no fresh charge/allegations has been brought in the supplementary SCN. The supplementary SCN has made certain modifications to the SCN dated August 05, 2023, including providing more details regarding the allegation that Noticee No.1 had made selective disclosure of the forensic audit report as well as deleting Section 23E of SCRA and clause 2 of the Listing Agreement as the charging provisions. Further, after the issuance of the supplementary SCN, Noticees were provided an opportunity for making additional written submissions and were also granted opportunity of personal hearing with respect to the supplementary SCN and the same was duly availed of by Noticees. Moreover, Noticees also have not shown in their reply that they have suffered any prejudice due to the issuance of supplementary SCN. I note that there is no regulatory bar against the issuance of supplementary SCN after receipt of reply from Noticee or even when there is no ongoing investigation. In light of the aforementioned, I am not inclined to accept the contention of Noticees disputing the issuance of supplementary SCN.

22. Having dealt with preliminary objection raised by Noticees, I now proceed into the merits of the matter. The allegations levelled against Noticees, the submissions and findings in respect of the same are dealt with in the subsequent paragraphs of this order.

**Issue No. I:**

**A.** Whether Noticee No. 1 has violated the provisions of:

a) Regulation 32, Regulation 30(10), Regulations 54(1) and 54(2) of the LODR Regulations?
b) Regulation 16 (1) of ILDS Regulations read with Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014?
c) Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(c) of the DT Regulations?
d) Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(t) of the DT Regulations?

e) Regulations 30(4) and 30(12) read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations and Regulation 30(5) read with Regulation 4(1)(c), d), (e), (g), (h) and (i), Regulation 4(2)(d)(iii) and 4(2)(e) of the LODR Regulations?

**B.** Whether Noticee Nos.2 to 4 have violated the provisions of:

Regulations 30(4) and 30(12) of LODR Regulations read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, Regulations 4(1)(c), (d), (e), (g), (h), (i), 4(2)(d)(iii), 4(2)(e) and Regulation 4(2)(f)(ii)(8) of the LODR Regulations, Regulation 30(10) of LODR Regulations and Regulation 30(5) read with Regulations 4(1)(c),(d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) and 4(2)(f)(ii)(8) of the LODR Regulations?

**C.** Whether Noticee No. 3 has violated the provisions of Regulation 6(2) (a) and (c) of LODR Regulations?

23. It has been, *inter alia,* alleged in the SCN that the proceeds raised from issue of debt NCDs have been diverted towards certain body corporates by Noticee No.1 including its group companies and Noticee No.1 has not made any disclosure as required under Regulation 32 of the LODR Regulations and therefore, it has been alleged that Noticee No.1 has violated the provisions of Regulation 32 of the LODR Regulations.

24. In this context, I refer to the aforesaid provisions of LODR Regulations. Regulation 32(1) of LODR Regulations, as applicable during the relevant time, provides that "*The listed entity shall submit to the stock exchange the following statement(s) on a quarterly basis for public issue, rights issue, preferential issue etc. ,-*

*(a) indicating deviations, if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable*;

*(b)indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds made by it in its offer document or explanatory statement to the notice for the general meeting, as applicable and the actual utilisation of funds*.

25. I note that at the time of the investigation, Noticee No.1 had 90 ISINs. Of the total, 88 ISINs pertain to listed issues and 2 pertain to unlisted issues. Of the 88 listed ISINs, 81 ISINs pertain to private issues and 7 ISINs pertain to public issue. The public issue was done on January, 2017. Further, IDBI Trusteeship Services Ltd (**ITSL**) was the debenture trustee for 77 listed ISINs and Catalyst Trusteeship Limited (**Catalyst)** was the debenture trustee for the remaining 11 ISINs (both are referred to as '**DT**').

26. I note from the documents placed on record that Noticee No.1, vide letter dated August 25, 2020 had informed the BSE/NSE that there was no deviation/variation in the use of proceeds of NCDs as per Regulation 52(7)/32 of the LODR Regulations. In its examination, SEBI has relied on the qualified opinion of statutory auditor of Noticee No.1 viz. M/s Dhiraj & Dheeraj, Chartered Accountants, in the audited financial results of Noticee No.1 for the financial year (FY) ended March 31, 2020, to allege that there has been a deviation in the use of proceeds from the objects stated in the prospectus. The relevant extract of the aforementioned qualified opinion of the statutory auditor is reproduced hereunder:

'*Loan advanced under the 'General-Purpose Corporate Loan' product with significant deviations to certain bodies corporate including group companies and outstanding as at March 31, 2020 aggregating to Rs. 7,965.24 crores (including Rs. 216 crores sanctioned during the FY 2019-20) and secured by charge on current assets of borrowers. As stated in the said note, majority of Company's borrowers have undertaken onward lending transaction and end use of the borrowings from the Company included borrowings by or for repayment of financial obligation to some of the group companies. There has been overdue of Rs. 7,815.24 crores (including NPA of Rs. 4,778.13 crores) of these loans as on March 31, 2020. In view of substantial overdues, we are unable to substantiate the management assertion on the recoverability of principal and interest including time frame of recovery of aforesaid loans outstanding as on March 31, 2020. The Company's exposure to the borrowers are secured against charge on current assets and is dependent on the recovery of onward lending of the borrowers which depends on external factors not wholly within control of the Company/borrower. Further there is material shift in primary business of the Company from Housing Finance to Non-Housing Finance which comprise more than 50% of total loan portfolio raising concern about Company continuing as a Housing Finance Company.'*

27. The details of Noticee No.1's borrowings for the FY 2019-20 as observed from its audited financial statements for the said FY are as under:

| **Description** | **Amount (Rs in Crore)** | **Deviations as per Audit Qualification (Rs in Crore)** |
|---|---|---|
| Debt Securities | 5918.49 | 7965.24 |
| Borrowings (Other than Debt Securities) | 6521.40 | |
| Total Borrowings | **12439.89** | **7965.24** |

28. In its reply to SCN, Noticee No.1 has denied the allegations in the SCN by contending that utilisation of the proceeds for lending to certain entities in need of funds was not in deviation from the purpose for which funds were raised via the NCD route and that the issue proceeds were utilized in accordance with the object for which it was raised. Noticee No.1 in its reply to the SCN, has submitted the following as the "object of issue" as stated in the prospectus:

*"Our Company proposes to utilise the funds which are being through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("Net Proceeds"), towards funding the following objects (collectively, referred to herein as the "Objects"):*

*I. For the purpose of onward lending, financing, and for repayment/ prepayment of interest and principal of existing borrowings of the Company:*

*2. General corporate purposes:"*

29. In this regard, I note that as per qualified opinion of the statutory auditor, majority of Company's borrowers had undertaken onward lending transaction and end use of the borrowings from the Company included borrowings by or for repayment of financial obligation to some of the group companies. Further, I find that the auditor's comments formed part of the Annual Report of Noticee No.1 for FY 2019-2020, which was disclosed to the exchanges and Noticee No.1 has not disputed the qualified opinion of its statutory auditor. Therefore, at this juncture, the objections raised by Noticee No. 1 as regards to the findings and comments of the Company's statutory auditor regarding deviation of funds raised via the NCDs by it is not acceptable. I am of the view that the onward lending

transaction which resulted in borrowings by or for repayment of financial obligation to some of the group companies is a clear deviation from the objects of the issue of NCDs.

30. As per Regulation 32 of LODR Regulations, a listed entity is under an obligation to submit to stock exchanges on quarterly basis, deviations, if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice of the general meeting, as applicable. I note from the material available on record that no disclosure, as required under Regulation 32 of LODR Regulations, has been made by Noticee No.1 for FY 2019-2020. Thus, I find that Noticee No.1 has failed to disclose the aforementioned deviation as per Regulation 32 of LODR Regulations to exchanges. In light of the aforesaid, I find that allegation in the SCN that Noticee No. 1 has violated Regulation 32 of LODR Regulations stands established.

31. The SCN has alleged that Noticee No.1 had violated the provisions of Regulation 16 (1) of ILDS Regulations read with Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014 on the grounds that it had failed to deposit sum equivalent to 15% of the amount of its debentures maturing during the year ending 31st March, 2020.

32. With regard to the aforementioned allegation in the SCN, Noticees, in their common reply to the SCN, have stated that housing finance companies(**HFCs)** registered with National Housing Bank are exempt from the requirement of creation of Debenture Redemption Reserve (**DRR**) as required under Rule 18(7) of Companies (Share Capital and Debentures) Rules, 2014 subsequent to the amendment of the aforementioned rule by Companies (Share Capital and Debentures) Amendment Rules, 2019 dated 16th August,2019 and Noticee No.1, being a housing finance company registered with National Housing Bank, cannot be held liable for violation of Rule 18(7) of Companies (Share Capital and Debentures) Rules, 2014.

33. Regulation 16(1) of ILDS Regulations provides that "*For the redemption of the debt securities issued by a company, the issuer shall create debenture redemption reserve in accordance with the provisions of the Companies Act, 1956 and circulars issued by Central Government in this regard."* In this regard, I note that Rule 18(7) of Companies (Share Capital and Debentures) Rules, 2014 lays down the requirements regarding DRR with respect to companies issuing debentures. I further note that Rule 18(7) of Companies

(Share Capital and Debentures) Rules, 2014 was amended by Companies (Share Capital and Debentures) Amendment Rules, 2019 with effect from 16th August, 2019. The relevant extracts of Rule 18 of Companies (Share Capital and Debentures) Rules, 2014, prior to and post its amendment on August 16, 2019 is as given below:

***Rule 18 of Companies (Share Capital and Debentures) Rules, 2014 post its amendment on August 16, 2019***

*" (7) The company shall comply with the requirements with regard to Debenture Redemption Reserve (DRR) and investment or deposit of sum in respect of debentures maturing during the year ending on the 31st day of March of next year, in accordance with the conditions given below:-*

*(a) ……..*

*(b) the limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits, as the case may be, shall be as under;-*

*(i) Debenture Redemption Reserve is not required for debentures issued by All India Financial Institutions regulated by Reserve Bank of India and Banking Companies for both public as well as privately placed debentures;*

*(ii) For other Financial Institutions within the meaning of clause (72) of section 2 of the Companies Act, 2013, Debenture Redemption Reserve shall be as applicable to Non - Banking Finance Companies registered with Reserve Bank of India.*

*(iii) For listed companies (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)), Debenture Redemption Reserve is not required in the following cases -*

*(A) in case of public issue of debentures -*

*A. for NBFCs registered with Reserve Bank of India under section 45- IA of the RBI Act, 1934 and for Housing Finance Companies registered with National Housing Bank;*

*B. for other listed companies;*

*(B) in case of privately placed debentures, for companies specified in sub items A and B.*

*(iv) for unlisted companies, (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i))-*

*(A) for NBFCs registered with RBI under section 45-IA of the Reserve Bank of India Act, 1934 and for Housing Finance Companies registered with National Housing Bank, Debenture Redemption Reserve is not required in case of privately placed debentures……*

*…….*

***Rule 18 of Companies (Share Capital and Debentures) Rules, 2014 prior to its amendment on August 16, 2019***

*(7) The company shall create a Debenture Redemption Reserve for the purpose of redemption of debentures, in accordance with the conditions given below-*

*(a) the Debenture Redemption Reserve shall be created out of the profits of the company available for payment of dividend;*

*(b) the company shall create Debenture Redemption Reserve (DRR) in accordance with following conditions:-*

*(i) No DRR is required for debentures issued by All India Financial Institutions (AIFIs) regulated by Reserve Bank of India and Banking Companies for both public as well as privately placed debentures. For other Financial Institutions (FIs) within the meaning of clause (72) of section 2 of the Companies Act, 2013, DRR will be as applicable to NBFCs registered with RBI.*

*(ii) For NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, and for housing finance companies registered with the national housing bank] 'the adequacy' of DRR will be 25% 1of the value of outstanding debentures] issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of privately placed debentures.*

*(iii) For other companies including manufacturing and infrastructure companies, the adequacy of DRR will be 25% of the value of outstanding debentures] issued through public issue as per present SEBI (Issue and Listing of Debt Securities), Regulations 2008 and also 25% DRR is required in the case of privately placed debentures by listed*

*companies. For unlisted companies issuing debentures on private placement basis, the DRR will be 25% of the value of outstanding debentures.*

*……..*

34. I note from the above that by virtue of the aforementioned amendment with effect from August 16, 2019, the requirement for creation of DRR was done away with, with respect to housing finance companies registered with National Housing Bank (**NHB**). Prior to the aforementioned amendment, HFCs had to have DRR when they opt for public issue of debentures and on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen percent, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year. Thus, as per Rule 18(7) of Companies (Share Capital and Debentures) Rules, 2014 prior to its amendment, Noticee No.1 had to deposit 15% of its amount of its debentures maturing during the year ending 31st March, 2020 on or before April 30, 2019. However, since the requirement of creation of DRR by HFCs were done way with by way of the aforementioned amendment, I find that Noticee was no longer under an obligation to deposit a sum equivalent to 15% of the amount of its debentures maturing during the year ending on March 31, 2020.

35. At this juncture, I find it pertinent to note that press release dated August 19, 2019, issued by Ministry of Corporate Affairs, relating to the aforementioned amendment states that "*The measure has been taken by the government with a view to reducing the cost of the capital raised by companies through issue of debentures and is expected to significantly deepen the bond market*". The press release further states that "*It is aimed at creating a level-playing field between NBFCs, HFCs and listed companies' on the one hand and also between them and Banking Companies & All India Financial Institutions on the other, which are already exempted from DRR*."

36. In light of the above, I find that non-creation of DRR and non deposit of 15% of amount of its debentures maturing during the year ending on March 31, 2020 by Noticee no.1 cannot be held to be in violation of provisions of Regulation 16 (1) of ILDS Regulations read with Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014. Therefore, I find that allegation in the SCN that Noticee No.1 had violated provisions of Regulation 16

(1) of ILDS Regulations read with Rule 18(7)(b)(ii) of Companies (Share Capital and Debentures) Rules, 2014 does not stand established.

37. The SCN has alleged that Noticee No.1 has not maintained 100% asset cover sufficient to discharge the principal amount at all times for NCDs and the extent of security for the NCDs issued by it cannot be ascertained and thus, Noticee No.1 has violated the provisions of Regulations 54(1) and 54(2) of the LODR Regulations.

38. Before proceeding further, I find it pertinent to refer to provisions of Regulations 54(1) and 54(2) of the LODR Regulations alleged to have been committed by Noticee No. 1.
Regulation 54(1) of LODR Regulations states that "*In respect of its listed non-convertible debt securities, the listed entity shall maintain hundred percent. asset cover sufficient to discharge the principal amount at all times for the non-convertible debt securities issued."*

Regulation 54(2) of LODR Regulations states that *"(2) The listed entity shall disclose to the stock exchange in quarterly, half-yearly, year-to-date and annual financial statements, as applicable, the extent and nature of security created and maintained with respect to its secured listed non-convertible debt securities*"

39. I note from the material available on record that Noticee No.1, in the notes to financial statements for the FY ended March 31, 2020, had disclosed that it had not been able to maintain the required security cover and the same had been admitted by it in its response to SEBI dated August 25, 2020. Further, vide email dated December 03, 2020, ITSL had informed SEBI that it had not received the asset cover statement from Noticee No.1 as on March 31, 2020.

40. In its reply to the SCN, Noticee No.1 has submitted that on account of adverse conditions in the financial sector in the FY 2018-2019, Noticee No.1 was unable to comply with the requirement for maintain 100% of asset cover.

41. In light of the evidence presented in the notes to the financial statements of Noticee No.1, submission of ITSL and Noticee No.1's own admission of the aforementioned default, I

find that allegation in the SCN that Noticee No.1 has violated Regulations 54(1) and 54(2) of LODR Regulations stands established.

42. The SCN has also alleged that Noticee No.1, due to its failure to provide the following information/ documents, has violated the provisions of Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(t) of the DT Regulations:

i.) Certificate from the Director / Managing Director of the issuer company certifying the value of the book debts / receivables on a quarterly basis.

ii.) Certificate from an independent chartered accountant giving the value of book debts / receivables on a quarterly basis.

iii.)Certificate from the statutory auditor giving the value of book debts / receivables on a yearly basis.

43. Further, it has also been alleged in the SCN that Noticee No.1 by its non-submission of periodical reports for quarter ending September 2019, December 2019 and March 2020 has violated the provisions of Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(c) of the DT Regulations.

44. For the sake of understanding, the aforementioned regulatory provisions, as applicable during the relevant time, are reproduced hereunder:

**Regulation 56(2) of LODR Regulations**

*2) The listed entity shall forward to the debenture trustee any such information sought and provide access to relevant books of accounts as required by the debenture trustee.*

**Regulation 15(1)(c) and 15(1)(t) of LODR Regulations**

*15. (1) It shall be the duty of every debenture trustee to*

*……..*

*(c) call for periodical status/ performance reports from the issuer company within 7 days of the relevant board meeting or within 45 days of the respective quarter whichever is earlier;*

*……...*

*(t) In case where listed debt securities are secured by way of receivables/ book debts it shall obtain the*

*following,-*

*(i) On Quarterly basis-*

*(a) Certificate from the Director / Managing Director of the issuer company certifying the value of the*

*book debts / receivables;*

*(b) Certificate from an independent chartered accountant giving the value of book debts / receivables.*

*(ii) On Yearly basis-*

*(a) Certificate from the statutory auditor giving the value of book debts / receivables."*

45. I note from the material available on record that vide email dated April 10, 2020 and August 05, 2020, ITSL had informed SEBI that Noticee No.1 had failed to provide the following information/ documents despite several follow-ups by it:
    i. Certificate from the Director / Managing Director of the issuer company certifying the value of the book debts / receivables on a quarterly basis.
    ii. Certificate from an independent chartered accountant giving the value of book debts / receivables on a quarterly basis.
    iii. Certificate from the statutory auditor giving the value of book debts / receivables on a yearly basis.
    iv. periodical reports for quarter ending September 2019, December 2019 and March 2020.

46. With regard to the aforementioned allegation in the SCN, Noticee No.1 has contended in its reply to the SCN that Noticee No.1had provided the aforementioned documents to DT, however with delay, i.e., security cover certificate for March 31, 2019 was submitted on September 13, 2019. Noticee No.1 has further contended that the Compliance Report for the quarters ending September 2019 and December 2019 were submitted in November, 2020 and the CA Certificate for the quarter ending December 2019 was

submitted on September 9, 2021. In this regard, I note that Noticee No.1 has not produce any documentary evidence to support its aforementioned contention, apart from a mere statement that the aforesaid compliances have been done by it, albeit with delay. Even at the time of the examination in the matter, Noticee No.1 had not produced any proof to SEBI to show that the aforementioned disclosures/documents had been furnished to DT. Therefore, I do not find merit in the above submission of RHL.

47. Noticee No.1 in its reply to SCN has further submitted that due to the sudden onset of the Covid-19 pandemic and the nationwide lockdown due to which the Company was functioning with bare minimal staff, the submission of such documents to the debenture trustee was further delayed and in any event, though there was shortage of staff, Noticee No.1 ensured to provide the documents and information sought at the earliest. I am not inclined to accept the aforementioned contention of Noticee No.1 as Noticee No.1's non submission/ of documents sought by DT extends even prior to the onset of Covid-19 pandemic and nationwide lockdown.

48. In light of the above, I find that allegation in the SCN that Noticee No.1 has violated Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(t) and 15(1)(c) of the DT Regulations stands established.

49. It has been alleged in the SCN that Noticee No.1, had made delayed and inadequate response to the queries raised by exchanges including these regarding details of 47 entities and borrowers of Loan and, thereby, violated Regulation 30(10) of LODR Regulations.

50. I note that Regulation 30(10) of LODR Regulations states that "*The listed entity shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information:*

*Provided that the stock exchange(s) shall disseminate information and clarification as soon as reasonably practicable.*

51. At this juncture, I find it pertinent to mention the background facts in the matter which had led exchanges to seek queries from Noticee No.1. Noticee No.1 had suo-moto released a detailed press release dated January 12, 2020 ("RHFL's Press Release dated January 12,

2020) with regard to the forensic audit carried out by Grant Thornton (GT). In this press release, Noticee No.1 had *inter-alia* indicated that there were no adverse findings in the forensic audit report carried out by with respect to any fraud, embezzlement, diversion and siphoning of funds or falsification of accounts by the company or any of its promoters, employees or associates. The press release also stated that even prior to commencement of the forensic audit, Noticee No.1 had transparently disclosed full details of lending to the extent of Rs. 7,984 crores to potential indirectly linked entities to the auditors, regulators, lenders and also disclosed the same in the latest annual financial statements duly approved by the shareholders at the AGM in September 2019. It was also mentioned that lending to potential group companies was entirely for the end-use of debt servicing by the listed group companies only and there were no adverse findings in the forensic audit relating to the quantum and end-use of the lending to potential indirectly linked entities.

52. I note that in response to the aforementioned press release, a media article had been published criticizing the company's stance. The media article titled "*Reliance Home Finance gave Rs 12,000 crore loans to 'indirectly linked' borrowers: Forensic audit*" dated January 13, 2020 in the ***Economic Times*** (also referred to as "Media Article dated January 13, 2020"), *inter-alia,* mentioned that Noticee No.1 had granted loans worth about Rs 12,000 crore to a set of "potential indirectly linked" borrowers that had weak financials and shared common features according to a forensic audit carried out by GT.

53. Considering the contradictions existing between RHFL's Press Release dated January 12, 2020 and Media Article dated January 13, 2020, vide their respective emails dated January 30, 2020 and February 06, 2020, NSE and BSE sought clarifications from Noticee No.1. I also note that there had been spate of email correspondences between Noticee No.1 and NSE commencing from January 30, 2020 and ending on June 06, 2020 in the aforesaid matter regarding Noticee No.1's take on the press release dated January 13, 2020. Similarly, there has been spate of correspondence between Noticee No.1 and BSE commencing from February 06, 2020 and ending on March 09, 2020.

54. In this regard, from the analysis of the correspondences between Noticee No.1 and exchanges as well as submission of exchanges to SEBI, I note the following:

a) Despite the exchanges asking for clear clarification regarding the veracity of contents of the media release dated January 13, 2020, Noticee No.1 did not provide adequate clarifications with respect to the contents of the media release dated January 13, 2020 and kept providing evasive replies. Noticee No.1 did not confirm nor deny the findings in the Media Release dated January 13, 2020. To provide an illustration, some instances are cited below:

4. Query by BSE: *The media report refers to a sum of Rs 12,000 crores lent to 'Indirectly linked' borrowers whereas your media release mentions this amount as Rs 7,984 crores. Kindly clarify on this difference.*

*REPLY: THE SAID AMOUNT OF RS. 7,984 CRORE REFERS TO THE OUTSTANDING AMOUNT OF LOANS AND DOES NOT INCLUDE THE LOANS ALREADY BEEN REPAID WITH INTEREST IN THE ORDINARY COURSE OF BUSINESS. THE COMPANY HAS DISCLOSED ALL RELEVANT FACTS IN ITS MEDIA RELEASE DATED JANUARY 12, 2020."*

It is clear from the above extract that RHFL had not been willing to confirm or deny the contentions of Media Release dated January 13, 2020. It is also evident that RHFL did not provide any adequate explanation for the contradictions which existed between RHFL's Press Release dated January 12, 2020 and media release dated January 13, 2020.

- Vide its email dated 12 February 2020, NSE advised Noticee No.1 to provide details of INR 12000 crore mentioned in the media article dated January 13, 2020. In this regard, Noticee No.1 provided the following response vide its email dated 27 February 2020.

"*THE SAID AMOUNT OF RS. 7,984 CRORE REFERS TO THE OUTSTANDING AMOUNT OF LOANS AND DOES NOT INCLUDE THE LOANS ALREADY BEEN REPAID WITH INTEREST IN THE ORDINARY COURSE OF BUSINESS.*

*THE COMPANY HAS DISCLOSED ALL RELEVANT FACTS IN ITS MEDIA RELEASE DATED JANUARY 12, 2020*."

b) I note that BSE, in its email dated February 28, 2020 to SEBI, submitted that Noticee No.1 had not appropriately addressed the queries raised to it by BSE.

55. Noticees in their reply to SCN have contended that Noticee No.1 had clarified the issues raised by the Exchanges adequately. It is clear from the preceding paragraphs that Noticee No.1 had not provided specific and adequate reply to all queries raised by exchanges. In light of the same, I find the contention of Noticees that Noticee No.1 had adequately addressed the queries raised by Exchanges to be untenable. In light of the aforesaid, I am not inclined to accept the aforesaid contention of Noticees.

56. In light of the aforesaid, I find that allegation in the SCN that Noticee No.1 has violated Regulation 30(10) of LODR Regulations stands established.

57. It has been alleged that Noticee No.1 had only disclosed limited aspects of the Forensic Audit Report and hence, failed to adequately disclose a material event. In view thereof, the SCN alleges that Regulations 30(4) and 30(12) read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations and Regulation 30(5) read with Regulation 4(1)(c), d), (e), (g), (h) and (i), Regulation 4(2)(d)(iii) and 4(2)(e) of the LODR Regulations.

58. As mentioned earlier in this order, Noticee No.1 had, *suo-moto,* released a detailed press release dated January 12, 2020 with regard to the forensic audit carried out by Grant Thornton (GT). The same has also been admitted by Noticee No.1 in its reply to SCN as well as in its submissions made to SEBI during the examination in the matter. In this context, I also note from the executive summary of forensic audit report submitted confidentially by one of the lenders of Noticee No.1 to SEBI that the following material findings have not been disclosed in RHFL's press release dated January 12, 2020:

| **S no.** | **Executive Summary of GT report** | **Press release dated January 12, 2020** |
|---|---|---|
| 1. | On review of General Purpose Corporate Loans (GPCL) files, borrowers were identified to potentially indirectly linked entities (PILE) | No mention of the 47 potentially indirectly |

| | | |
|---|---|---|
| | | linked entities in the press release. |
| 2. | During the review period, a total of 14,577.68 crores was disbursed as GPCL out of which approx. 88.76% of loans were disbursed to PILE amounting to Rs. 12,487.56 Crores.<br><br>As on October 31, 2019, the loans disbursed to PILE was approx. Rs. 7984.39 Crores - out of which loans having total dues of Rs. 2727.59 Crores were declared as NPA as on October 31, 2019. | The press release cites Pg 72 and 128 of the Annual report of the company, to indicate that Rs.7849.89 Crores under GPCL to certain body corporate including group companies was disbursed. The same was outstanding as at March 31, 2019 and was used by majority of the borrowers to take onward lending transaction. The end use of the borrowing from RHFL included borrowing by or repayment of financial obligation to some of the group companies.<br>The press release states that even prior to the commencement of forensic audit, the company had already in its annual report, disclosed full details of financial statements to conclusively establish |

| | | |
|---|---|---|
| | | that the aforesaid amount outstanding of Rs. 7,984 crores have almost entirely been utilized by the potential group entities only for making payments of principal repayment and interest to banks, financial institutions, NBFCs, NCD holders etc. There is no adverse finding in this regard either, in the forensic audit report. **However, the company failed to disclose the Rs. 2727.59 Crores was declared as NPA as on October 31, 2019.** |
| 3. | Potential violations of Section 2(B) of National Housing Bank Act, 1987 dealing with providing finances for housing purposes. It was found that RHFL's non-housing disbursement was around 8-% of the total disbursement in FY 2018-19. | The press release does not delve into alleged violation of Section 2(B) of NHB Act, 1987. Instead the company has maintained that requisite action has |

| | | |
|---|---|---|
| | | already been initiated by NHB for alleged regulatory anomalies which include periodic review of loans, concentration of credit, related party transactions and extension of maturity date of NCDs. |
| 4. | Anomalies identified in calculation of CRAR (Capital adequacy) | No mention of the matter in the press release |
| 5. | Loan disbursement to Valucorp Securities and Financial Limited was written off within a period of 4 months from the date of disbursement. Further, it was observed from the latest available financial statements that Valuecorp does not have any income from business operations, no fixed income, minimal operating expenditure and accumulated losses | No mention of the matter in the press release |
| 6. | In 16 instances of loan disbursals aggregating to Rs. 1362.65 Crores, the actual loan disbursal was before the date of issuance of sanction letter. | No mention of the matter in the press release. |
| 7. | Loans were extended by RHFL to entities with weak financials and to companies that were recently incorporated. | No mention of the matter in the press release |
| 8. | Potential anomalies in the creation of charge on security provided by RHFL. | No mention of the matter in press release |
| 9. | RHFL has disbursed loans to other entities with inadequate repayment capacity. | No mention of the matter in the press release |

59. The aforementioned comparison of findings of GT report as mentioned in the executive summary vis-à-vis the press release dated January 12, 2020 has not been disputed by Noticees in their reply to the SCN. Thus, I find that the entire findings of the forensic audit report (including the findings noted from the executive summary) have not been disclosed by Noticee No.1 to exchanges.

60. With regard to the allegation in the SCN, Noticees have contended in their reply to the SCN that LODR Regulations empowers a listed entity to update the stock exchanges as to events it considers material and determining the materiality of an event is a function vested on a listed company and that Noticee No.1 has disclosed aspects of Forensic Audit Report which it considered material. Noticees have further contended that Noticee No.1 had, based on their discretion and best judgment, disclosed the material portions of the Forensic Audit Report. Noticees have also contended that there was no law at the relevant time prescribed in the LODR Regulations which laid down guidelines as to what is to be considered material in a forensic audit report, and what aspects of it ought to be disclosed and that such law, was introduced only with effect from October 8, 2020. Noticees have also contended that in the absence of any law requiring disclosure of any particular information from a forensic audit report, determination by the authorized personnel of the Company as to material portions of forensic audit report cannot be considered to be arbitrary.

61. At this stage, I seek to examine the relevant provisions LODR Regulations. LODR Regulations envisage adequate and timely information of material events/information pertaining to listed entity to stock exchange and investors in the securities market. In this context, I note that Regulation 30 along with schedule III of LODR Regulations spell out material events/information pertaining to listed entities and mandate disclosure of the same. Regulation 30(1) of LODR Regulations provides that a listed entity has to make disclosure of events/information which in the opinion of its board of directors is material. I also note that Regulation 30(12) of LODR Regulations lays down that a listed entity has to disclose an event or information which is available with it even though the same have not been indicated in Para A or B of Part A of Schedule III if the said information/event has material effect on it. In this regard, I note that Para C of Part A of Schedule III of LODR Regulations stipulates that any other information namely information relating to

development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts or any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities, shall have to be disclosed by the listed entity.

62. From a combined reading of all of the above provisions including Regulation 30(12) of LODR Regulations and Para C of Part A of Schedule III of LODR Regulations, I note that listed entities have to disclose material information/events. I note that Regulation 30(4) of LODR Regulations has laid down certain criteria for determination of materiality of events/ information. Regulation 30(4) of LODR Regulations states that "*listed entity shall consider the following criteria for determination of materiality of events/ information:*

    *(a)the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or*

    *b)the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;"*

63. I am of the view that conclusion of forensic audit report and findings of the audit report have material impact on the listed entity as the same is likely to result in discontinuity or alteration of event or information already available publicly as well as is likely to result in significant market reaction if the said omission came to light at a later date. The same is especially relevant in the instant matter, as there has been adverse findings in the GT Report viz, GPCL were extended by Noticee No.1 to entities with weak financials and to potentially indirectly linked entities (PILE) which created significant alteration in the existing information with respect to Noticee No.1, 88% of GPCL were disbursed to such PILE, disbursal of loans before issue of sanction letter etc. I am of the view that such adverse findings have the potential to significantly impact the market and have a bearing on investors' ability to take informed investment decision. Further, I also note that Noticees have not disputed that forensic audit report was a material event/information pertaining to Noticee No.1, in fact the materiality of forensic audit report has been recognised by Noticee No.1 also, as it had issued the press release dated January 12, 2020.

64. In this context, as already mentioned earlier, as per Regulation 30(12) read with Para C of Part A of Schedule III of LODR Regulations, a listed entity is under an obligation to disclose events which have material impact on it. As established in the preceding paragraph, the adverse findings of the GT Report had serious ramifications with respect to the functioning of Noticee No.1 and satisfied the criteria for determining the materiality of event as laid down in Regulation 30(4) of LODR Regulations. Thus, Noticee No.1 was under an obligation to disclose the same in accordance in with Regulations 30(4) and 30(12) read with Para C of Part A of Schedule III of LODR Regulations.

65. With regard to the aforementioned contention of Noticees, I am of the view that considering the materiality of GT Report, Noticee No.1 ought to have disclosed the adverse findings of the report as well. Even though Noticee No.1 has contended that it had disclosed the material information pertaining to GT report, I note that Noticee No.1 has not disclosed the criteria employed by it to determine the material information in forensic audit report. A mere perusal of RHFL's press release dated January 12, 2020, shows that Noticee No.1 had disclosed only parts of GT Report which paints it in favorable color. Further, even if I consider Noticees's contention that there was no law at the relevant time prescribed in the LODR Regulations which laid down guidelines as to what is to be considered material in a forensic audit report, the appropriate action on part of Noticee No.1 would have been to disclose the adverse findings of the GT report also instead of cherry picking the contents as has been done in the instant matter.

66. Regulation 4(1) of LODR Regulations lays down that a listed entity, while making the disclosures and abiding by its obligations under LODR Regulations, has to do the same in accordance with the principles laid down in the Regulation 4(1) of LODR Regulations. The text of Regulation 4(1)(c), (d), (e), (g), (h), (i) and (j) of LODR Regulations are reproduced hereunder:

***4. (1)*** *The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:*

***(c)*** *The listed entity shall refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.*

***(d)*** *The listed entity shall provide adequate and timely information to recognised stock exchange(s) and investors.*

***(e)*** *The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.*

***(g)*** *The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.*

***(h)*** *The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.*

***(i)*** *Filings, reports, statements, documents and information which are event based or are filed periodically shall contain relevant information.*

67. Regulation 4(1)(c) of LODR Regulations places an obligation on listed entity to refrain from misrepresentation. Regulation 4(1)(d) of LODR Regulations lays down that a listed entity has to provide adequate and timely information to recognized stock exchange(s) and investors. Regulation 4(1)(e) of LODR Regulations provides that a listed entity has to ensure that the disseminations made by it under the provisions of LODR Regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language. Regulation 4(1)(g) of LODR Regulations places an obligation on listed entity to abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable. Regulation 4(1)(h) of LODR Regulation states that listed entity has to make specified disclosures and follow its obligation in letter and spirit taking into consideration the interest of all stakeholders.

68. Regulation 4(2) of LODR Regulations places an obligation on listed entity which has listed its specified securities to comply with the corporate governance provisions specified in Chapter IV and also mandate that same should be implemented in a manner so as to achieve the objectives of the principles mentioned in Regulation 4(2) of LODR Regulations. The text of Regulation 4(2)(d)(iii), 4(2)(e) of the LODR Regulations, alleged to have been violated by Noticee No.1 is reproduced hereunder:

***(2)*** *The listed entity which has listed its specified securities shall comply with the corporate governance provisions as specified in chapter IV which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below.*

***(d)*** *Role of stakeholders in corporate governance: The listed entity shall recognise the rights of its stakeholders and encourage co-operation between listed entity and the stakeholders, in the following manner:*

*(iii)Stakeholders shall have access to relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in corporate governance process.*

***(e)*** *Disclosure and transparency: The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the listed entity, in the following manner:*

*(i) Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure.*

*(ii) Channels for disseminating information shall provide for equal, timely and cost efficient access to relevant information by users.*

*(iii) Minutes of the meeting shall be maintained explicitly recording dissenting opinions, if any.*

69. I am of the view that Noticee No.1 by making selective disclosures of the forensic audit report has not complied with the principles laid down in the Regulation 4(1)(c), (d), (e), (g), (h), and (i) , 4(2)(d)(iii) and 4(2)(e) of LODR Regulations.

70. I note that SEBI Circular no. CIR/CFD/CMD/4/2015 dated September 09, 2015, provides the details regarding events specified in Part A of Schedule III of LODR Regulations. I also observe that SEBI Circular no. CIR/CFD/CMD/4/2015 dated September 09, 2015, *inter alia,* states that a listed entity has to provide details which needs to be disclosed in terms of Para C of Part A of Schedule III of Listing Regulations. Para C of Part A of Schedule III of Listing Regulations provides that "Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities" has to be disclosed to stock exchanges by listed entities. Since, Noticee No.1 had not disclosed all material information pertaining to forensic audit report i.e. GT report, I find that it had violated the provisions of Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015.

71. In light of the above observations, I find that allegation in the SCN that Noticee No. 1 has violated Regulations 30(4) and 30(12) read with Para C of Part A of Schedule III of the LODR Regulations read with Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 read with Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations stands established.

72. The SCN alleges that the KMPs, viz. Noticee Nos. 2 to 4 were responsible for determining the materiality of an event to be disclosed under Regulation 30 of the LODR Regulations and allegedly provided selective and incomplete information. The SCN further alleges that Noticee No. 2 to 4, as KMPs, had failed to address the queries of the exchanges within a stipulated timeline. In view thereof, the SCN alleges Noticee No. 2 to Noticee No. 4 have violated Regulations 30(4) and 30(12) of LODR Regulations read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) and Regulation 4(2)(f)(ii)(8) of the LODR Regulations, Regulation 30(10) of LODR Regulations and Regulation 30(5) read with Regulation 4(1)(c),(d), (e), (g), (h) and (i), Regulation 4(2)(e) and Regulation 4(2)(f)(ii)(8) of the LODR Regulations.

73. It is an admitted fact that Noticee Nos. 2-4 were the KMPs of Noticee No.1 during the examination period. It is also admitted that Noticee 2 was the chief executive officer of Noticee No.1, Noticee 3 was the compliance officer and company secretary of Noticee No.1, Noticee 4 was the chief financial officer of Noticee No.1 during the examination period.

74. Regulation 30(5) of LODR Regulation states that "*The board of directors of the listed entity shall authorize one or more Key Managerial Personnel for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under this regulation and the contact details of such personnel shall be also disclosed to the stock exchange(s) and as well as on the listed entity's website*". I note from the disclosure dated August 07, 2018 submitted by Noticee 1 to Exchanges that the board of directors under Regulation 30(5) of LODR Regulations had authorized Noticee Nos. 2-4, being KMPs of Noticee No.1, to determine the materiality of any event or information and for the purpose of making disclosures to the stock exchanges. It has already been established in the preceding paragraphs of this order that

Noticee No.1 had made selective disclosures and failed to disclose all material information pertaining to the forensic audit report and had, thereby, violated Regulations 30(4) and 30(12) read with Para C of Part A of Schedule III of the LODR Regulations read with Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 read with Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations. I am of the view that Noticee Nos 2-4, being the persons responsible for determining the materiality of any event or information pertaining to Noticee No.1 and for the purpose of making disclosures to the stock exchanges were liable for the aforementioned violation committed by Noticee No.1.

75. Similarly, it has also been established that Noticee No.1 had not adequately addressed the queries raised by exchanges with respect to Media Article dated January 13, 2020 and had thereby, violated Regulation 30(10) of LODR Regulations. For the same reason as stated in the preceding paragraph, I find that Noticee Nos. 2-4, persons being responsible for making aforementioned disclosures, were liable for the violation of Regulation 30(10) of LODR Regulations established against Noticee No.1.

76. I note that Regulation 4(2)(f)(ii)(8) of the LODR Regulations lays down the responsibility of board of directors of a listed entity. In the instant case, Noticee No.s 2-4 were KMPs of Noticee No.1 and the evidence available on record does not show that they were part of board of directors of Noticee No.1 In light of the aforesaid, I find that principles laid down in Regulation 4(2)(f)(ii)(8) of the LODR Regulations are not applicable to Noticee Nos. 2-4. I also note that there is no violation of Regulation 30(5) of LODR Regulations by Noticees as the listed entity had authorized Noticee 2-4 who were KMPs for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under Regulation 30(5) of LODR Regulations.

77. As per Regulation 6(2)(a) of LODR Regulations, compliance officer of the listed entity shall be responsible for ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit. Further, Regulation 6(2)(c) of LODR Regulations states that the compliance officer of the listed entity shall be responsible for ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the listed entity

under these regulations. It has been clearly established that Noticee No.1 had failed to disclosure all material information regarding the forensic audit report in its press release dated January 12, 2020 and the liability for the same can be fastened on the compliance officer of Noticee No.1. In light of the above, I find that the allegation that Noticee No. 3 had violated Regulation 6(2) (a) and (c) of the LODR Regulations stands established .

78. In light of the aforesaid, I find that the allegation that Noticee Nos 2-4 violated Regulations 30(4) and 30(12) of LODR Regulations read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations and Regulation 30(10) of LODR Regulations stands established.

**Issue No. II- Do the above violations, if any, attract monetary penalty under**

**A. Sections 15A(b) and 15HB of SEBI Act by Noticee No.1?**

**B. Section 15HB of the SEBI Act by Noticee Nos. 2 to 4?**

79. It has been established in the preceding paragraphs that Noticee No. 1 has violated Regulation 32, Regulation 30(10), Regulations 54(1) and 54(2) of the LODR Regulations, Regulation 56(2) of the LODR Regulations read with Regulations 15(1)(c) and 15(1) (t) of the DT Regulations,Regulations 30(4) and 30(12) read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 and Regulations 4(1)(c), (d), (e), (g), (h) and (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations. It has also been established that Noticee Nos. 2-4 have violated Regulations 30(4) and 30(12) of LODR Regulations read with Para C of Part A of Schedule III of the LODR Regulations, Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, Regulations 4(1)(c), (d), (e), (g), (h), (i), 4(2)(d)(iii), 4(2)(e) of the LODR Regulations, Regulation 30(10) of LODR Regulations and Noticee No. 3 has violated the provisions of Regulation 6(2) (a) and (c) of LODR Regulations.

80. In context of the above, I refer to the observations of Hon'ble Supreme Court in the matter of Chairman, SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361} wherein the Hon'ble Court had 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.....*"

81. Noticees in their reply to SCN have contended that Section 15A(b) of SEBI Act is inapplicable for the violation of Regulation 30(4) and Regulation 30(12) read with Para C of Part A of Schedule III of LODR Regulations i.e. the charge of selective disclosure of aspects of the forensic audit report. Noticees have contended that given that there was no law under the SEBI Act or the rules and regulations thereunder stating or mandating disclosure of a forensic audit report or contents thereof, or laying down the law as to what portions of a forensic audit report had to be disclosed at the time the press release was made on January 12, 2020, it cannot be said that Noticee No.1 was "required" to furnish any such information under the SEBI Act or the rules and regulations made thereunder at the relevant time and therefore, it is Section 15A(b) of the SEBI Act is wholly inapplicable to the alleged violation. RHFL has also contended that for violations pertaining to any disclosures made to stock exchanges, penalty can be levied only under Section 23A(a) of SCRA. In this regard, RHFL had placed reliance on the decision of Hon'ble SAT in the matter of Suzlon Energy Limited and Anr. vs SEBI (Appeal No. 201 of 2018, decided on May 3, 2021).

82. Before proceeding further, I find it pertinent to reproduce Section 15A(b) of SEBI Act hereunder:

***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 there under,—*

*to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, 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*

83. I note that it has already been established that Noticee No 1 violated Regulation 30(4) and Regulation 30(12) read with Para C of Part A of Schedule III of LODR Regulations. Non-disclosure/selective disclosure of material information as required under Regulation 30(4) and Regulation 30(12) read with Para C of Part A of Schedule III of LODR Regulations by Noticee No. 1 clearly shows it failed to disclose/furnish any such information or providing incomplete information under the SEBI Act or the rules and regulations made thereunder within the ambit of Section 15A(b) of SEBI Act. It is clear from the wordings of Section 15A(b) of SEBI Act that for any failure to return or furnish or furnishing incomplete information, books or other documents in terms of regulations or rules or provisions under SEBI Act, Section 15A(b) of SEBI Act would be attracted. LODR Regulations are made under the provisions of both SEBI Act and SCRA and being principle based regulation envisages timely submission of disclosures to stock exchanges by listed entities with respect to their obligations under LODR Regulations. I am of the view that Noticee No.1's reliance on the order of Hon'ble SAT in Suzlon Energy Limited and Anr. vs SEBI in this regard is misplaced. In light of the aforesaid, I am not inclined to accept the contention of Noticee No.1 that penalty can be levied only under Section 23A(a) of SCRA.

84. Therefore, in view of the above judgments and considering that Noticees' violations, as established in the foregoing paragraphs, I find that Noticee No.1 would be liable for monetary penalty under Sections 15A(b) and 15HB of SEBI Act and Noticee Nos. 2-4 would be liable for monetary penalty under Section 15HB of the SEBI Act. The text of Section 15HB of the SEBI Act is reproduced below:

**Section 15HB of SEBI Act**

***Penalty for contravention where no separate penalty has been provided.***

*15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

**Issue No.III - What should be the quantum of monetary penalty?**

85. While determining the quantum of penalty under Section 15A(b) and Section 15HB of the SEBI Act, it is important to consider the factors as stipulated in Section 15J of the SEBI Act, 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.*

86. In view of the charges established and the facts and circumstances of the case, the quantum of penalty would depend on the factors referred in Section 15-J of the SEBI Act, stated as above. I note that the material available on record has not quantified the amount of disproportionate gain or unfair advantage made by Noticees or the loss suffered by the investors as a result of the non-compliance committed by Noticees. I also do not find that SEBI has brought on record any regulatory action taken by SEBI in the past against Noticees for the same violations as observed in the present matter.

87. However, I also note that in the instant matter, it has been clearly established that Noticee No.1, *inter alia,* had failed to disclose to Exchanges the deviation in the proceeds raised from issue of debt NCDs, had not provided information to DT despite several follow ups by it during the examination period, Noticee No.1 had also not submitted periodical reports under DT Regulations on multiple occasions i.e. for three quarters, despite multiple

correspondences initiated by Exchanges, (commencing from January 30, 2020 and ending on June 06, 2020 by NSE and commencing from February 06, 2020 and March 09, 2020 by BSE) Noticee No.1 also failed to provide adequate clarifications to Exchanges with respect to Media Article dated January 13, 2020 and RHFL's press release dated January 12, 2020 and had selectively disclosed Forensic Audit Report and that too by highlighting only portions of Forensic Audit Report which put it in better light while concealing the adverse information which had the potential to paint the company in negative light. From the aforesaid, I am of the view that such noncompliance with the impugned Regulations and Circulars was committed by Noticee No.1 in a willful and reckless manner and I am inclined to factor in the aforesaid manner of commission of noncompliance by RHFL while adjudging quantum of penalty in the instant matter.

88. I am also inclined to factor in the position of Noticee nos.2-4, in the RHFL while adjudging the quantum of penalty against them.

## ORDER

89. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticees and also the factors mentioned in Section 15J of the SEBI Act, as enumerated above, 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 following penalty on Noticees:

| **SL No.** | **Name of Noticees** | **Charging Provision** | **Penalty Amount** |
|---|---|---|---|
| 1 | Reliance Home Finance Ltd. | Section 15A(b) of SEBI Act | Rs.10,00,000/- (Rupees Ten Lakhs Only) |
| | | Section 15HB of SEBI Act | Rs.5,00,000/-( Rupees Five Lakhs Only) |
| 2 | Mr. Ravindra Sharad Sudhalkar | Section 15HB of SEBI Act | Rupees 2,00,000/- (Rupees Two Lakhs Only) |

| | | | |
|---|---|---|---|
| 3 | Ms. Parul Jain | Section 15HB of SEBI Act | Rupees 2,50,000/-( Rupees Two Lakhs Fifty Thousand Only) |
| 4 | Mr. Pinkesh Shah | Section 15HB of SEBI Act | Rupees 2,00,000/- ( Rupees Two Lakhs Only) |

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

91. Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW. In case of any difficulties in payment of penalties, Noticees may contact the support at portalhelp@sebi.gov.in.

92. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD – DRA - IV, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in.

| | |
|---|---|
| 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:<br><br>(like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details) | |

93. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of the SEBI Act for

realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticees.

94. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticees and also to SEBI.

**Place: Mumbai** **SOMA MAJUMDER**

**Date: September 12, 2023** **ADJUDICATING OFFICER**