

May 20, 2024

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 May 17, 2024 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**

Krutika Gada
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.

- (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 May 17, 2024 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 Company viz. Reliance Home Finance Limited imposing penalty of Rs. 8 lakh on the Company for the violation of provisions of regulations 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement.
- (c) Details of violation(s) / contravention(s) committed or alleged to be committed; : SEBI has issued an Adjudication Order dated May 17, 2024 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 Company viz. Reliance Home Finance Limited imposing penalty of Rs. 8 lakh on the Company for the violation of provisions of regulations 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement.
- (d) Date of receipt of ~~direction or order, including any ad-interim or interim orders,~~ or any other communication from the authority; : None. Through SEBI website.
- (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.

Reliance Home Finance Limited

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T: +91 022 4158 4000, E-mail: rhfl.investor@relianceada.com, Website: www.reliancehomefinance.com

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/BM/DS/2024-25/30339]**

**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992,
AND RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING
PENALTIES) RULES, 1995**

In the matter of
**Reliance Home Finance Limited
(PAN: AAECR0305E)**

BACKGROUND:

1. Securities and Exchange Board of India (hereinafter being referred to as “**SEBI**”) had carried out examination in the matter of Reliance Home Finance Limited (hereinafter referred to as “**the Company**”/ “**Noticee**”), regarding inadequate disclosures / non-disclosure pertaining to NCLT Order dated June 21, 2021. The examination was conducted to check compliance of provisions of regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**LODR Regulations, 2015**”) read with Clause 2 of Listing Agreement during the period beginning January 09, 2020 till June 21, 2021 (hereinafter referred to as “**examination period**”).
2. In view of the above, SEBI initiated adjudication proceedings against the Noticee for the alleged violations.

APPOINTMENT OF ADJUDICATING OFFICER

3. Vide Order dated April 27, 2022, the undersigned was appointed as the Adjudicating Officer (“**AO**”) under Section 19 read with Section 15-I of the SEBI Act, and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties Rules, 1995 (hereinafter referred to as “**Adjudication Rules**”) to inquire into and

adjudge under the provisions of Section 15A(b) of the SEBI Act, 1992, the alleged violations of provisions of Regulation 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement by the Noticee.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. Show Cause Notice no. EAD/BM/DS/27741/1/2022 dated June 30, 2022 (hereinafter referred to as “**SCN**”) was issued by the undersigned to the Noticee via Speed Post Acknowledgement Due (SPAD) and digitally signed e-mail under the provisions of Rule 4(1) of the Adjudication Rules and section 15-I of the SEBI Act, calling upon the Noticee to show cause as to why an inquiry should not be held against it for the aforesaid alleged violations of provisions of LODR Regulations, 2015, and why penalty, if any, should not be imposed on it under Section 23E of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as “SC(R) Act, 1956”). Subsequently, a supplementary show cause notice dated March 22, 2024 was also issued to the Noticee, whereby the charging adjudication provisions were revised from Section 23E of the SC(R) Act, 1956 to Section 15A(b) of the SEBI Act, 1992.

5. The allegations levelled against the Noticee are summarized as under:

Alleged Non-disclosure of NCLT Order dated June 21, 2021 and subsequent events

5.1. NCLT vide its order dated June 21, 2021 directed the Noticee to pay interest on the debentures at the contractual rate calculated till realization, within a period of two months and redeem the debentures on payment of the principal within three months thereafter. It was observed that Noticee had not made disclosure of NCLT Order dated June 21, 2021 to the Exchanges.

5.2. IDBI Trusteeship Services Limited (ITSL) had sought direction under Section 71(10) of the Companies Act, 2013 for redemption of the debentures issued

by Noticee. It was observed that ITSL had demanded NCLT to declare that Noticee/ RHFL is liable and obligated to redeem the Secured NCDs and make the payment of principal amount, interests and all monies due and payable amounting to INR 2850,78,79,727/- (Indian Rupees Two Thousand Eight Hundred Fifty Crores Seventy Eight Lakhs Seventy Nine Thousand Seven Hundred Twenty Seven only) being the undisputed outstanding amount due and payable in respect of the Secured NCDs.

5.3. Vide Order dated June 21, 2021, Hon'ble NCLT made following directions:

The Respondent (RHFL) No. 1 is directed to pay the interest on the debentures at the contractual rate, calculated till realisation, within a period of two months hence and redeem the debentures on payment of the principal within three months thereafter. No order with regard to prayer no. 2 need be passed since order for payment in terms of Section 71(10) of the Act has been passed.

5.4. Upon querying, the Noticee, vide mail dated November 24, 2021, submitted that NCLT Order is not in relation to corporate insolvency resolution process as specified in Clause 16 of Part A to Schedule III of Regulation 30 of the LODR Regulations, 2015. The same was in the normal course of recovery process by the Debenture Trustees and accordingly not required to disclose under Regulation 30(1) and (7) read with regulation (4) of the LODR Regulations, 2015.

5.5. Noticee also informed that the Noticee and Bank of Baroda had appealed against the Hon'ble NCLT Order dated June 21, 2021 to Hon'ble NCLAT. Through direction dated July 9, 2021, the Hon'ble NCLAT directed the parties to maintain status quo in the said matter. No further orders have been passed by Hon'ble NCLAT. Hence, Noticee was of the view that there is no impact of the Order on the Company in monetary terms.

5.6. In view of the aforesaid, it was alleged that Noticee has violated regulations 4(1)(d), 4(1)(e), and regulations 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of the Listing Agreement by not

disclosing information regarding Hon'ble NCLT Order dated June 21, 2021 and also not disclosing information regarding appeals filed by the Noticee and Bank of Baroda against Hon'ble NCLT's Order dated June 21, 2021 at Hon'ble NCLAT.

Alleged Delayed Disclosure of information regarding approval of resolution plan by lenders of the Noticee

- 5.7. It was observed that the Noticee, on July 06, 2019 had entered into Inter-Creditor agreement under the RBI's Prudential Framework for Resolution of Stressed Assets, Directions dated 07 June 2019. The disclosures regarding this agreement and further updates were made by RHFL in subsequent quarterly results.
- 5.8. It was also observed that on July 29, 2020, the Noticee, as part of the debt resolution process invited Expression of Interest (EoI) and bids from interested bidders vide newspaper advertisement dated 29 July 2020 and through the Lead Bank's website. It was disclosed by the Noticee to the Exchanges on July 31, 2020.
- 5.9. The final approval of resolution plan was made on June 19, 2021 for which the Noticee issued a media release dated June 21, 2021.
- 5.10. NSE, vide Circular dated September 24, 2019 mandated inter-alia that *"Listed entities shall promptly disclose to the Exchange regarding the material developments pertaining to default and/or Inter Creditor Agreement (ICA), in terms of Regulation 30(1) and 30(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and all amendments and circulars issued thereunder."*
- 5.11. Thus, in terms of Regulation 30(6) of the LODR Regulations, 2015, the Noticee was required to disclose both the aforesaid information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information. However, it was observed that there was one-day

delay each in disclosing two events – i. invitation of Expression of Interest bid dated July 29, 2020, and ii. approval of resolution plan on June 19, 2021.

5.12. In view of the aforesaid, it was alleged that the Noticee has violated the provisions of regulations 4(1)(d), 4(1)(e), and regulations 30(1), 30(2), 30(6) read with 30(7) of SEBI LODR Regulations, 2015 read with clause 2 of the Listing Agreement by delaying disclosure of information regarding its debt resolution plan, viz. invitation of Expression of Interest bid dated July 29, 2020, and also approval of resolution plan on June 19, 2021.

6. Vide letter dated July 26, 2022 and email dated September 07, 2022, the Noticee requested for inspection of originals of certain documents. The Noticee was provided inspection of Examination Report along with annexures thereto and annexures to the SCN dated June 30, 2022.

7. As no reply was submitted by the Noticee till September 02, 2022, in the interest of natural justice, the Noticee was provided an opportunity of personal hearing vide notice dated September 02, 2022. The hearing was scheduled on September 13, 2022. The Noticee, through its authorized representative, appeared for the hearing, through video conferencing mode and made oral submissions, which it subsequently submitted in writing vide letter dated September 14, 2022. During the course of hearing, the Noticee also informed that it had filed an application of settlement in the matter.

8. Vide letter dated September 14, 2022, Noticee submitted its reply to the SCN. The main contentions are summarized below.

8.1. The SCN has erroneously charged the Noticee with breach of Section 23E of the Securities (Contracts) Regulation Act, 1957 ("SCRA") which deals with non-compliance with listing conditions or delisting conditions. It was further submitted that once an SCN charges the Noticee under a wrong penal

provision, no penalty may be imposed therein. Thus, the SCN ought to be withdrawn immediately and disposed of.

8.2. With respect to the allegation pertaining to non-disclosure of the order of the NCLT dated June 21, 2021, it was submitted that the Noticee disclosed the details of such order and the appeal filed against such order in its annual report dated August 23, 2021. Thus, there was substantial compliance, and no information was hidden from the shareholders, debenture holders, and all other stakeholders of the Company.

8.3. Further, the order of the NCLT was readily available in the public domain by virtue of being an order of a court/tribunal. Various leading newspapers also reported on such order pursuant to it being passed. Further, it is also significant that even the Debenture Trustee i.e. IDBI Trusteeship Services Limited was uploading the details of each hearing in the matter including information in respect of the NCLT order dated June 21, 2021 and the consequent filing of the appeals on its website. In light of the aforesaid, it cannot be said that the investors were not in a position to take an informed decision in the scrip of RHFL on account of such non-disclosure. On account of the above, it was submitted that no penalty is ought to be imposed for this charge.

8.4. With respect to the allegation pertaining to the delayed disclosure of the approval of resolution plan on June 19, 2021, it was submitted that the Notice incorrectly records that there is a one day delay. It is submitted that given that the resolution plan was approved by the lenders on June 19, 2021 i.e. a Saturday and the next day being Sunday, the Board of the Noticee could take note of the same only on June 21, 2021 at its meeting as is also recorded in the media release. Pursuant to the Board becoming aware of such approval and taking note of the same, the information was disseminated to the stock exchange. Thus, the disclosure was made as promptly as possible and in accordance with applicable law and therefore it cannot be alleged that the

Noticee failed to comply with Regulation 30 of the LODR Regulations in this regard.

8.5. With respect to the allegation pertaining to the one day delay in the disclosure pertaining to invitation of expression of interest bid dated July 29, 2020, it was submitted that such delay was miniscule, irrelevant and does not warrant any penalty. Further, such an invitation was published not only on the lead bankers' website but also in the newspapers. Thus, the information was publicly available information and therefore it cannot be imputed that investors were kept in the dark.

8.6. In any event, it is significant that the invitation of the interest bid was open till August 31, 2020, and a one day delay in disclosure by the Noticee caused no harm to the investors, who were made aware of the event while the event was continuing and not concluded. Given the same, a lenient view may be taken in the matter. Reference was drawn to the case of United Breweries (Holding) Ltd. & Ors dated November 27, 2015, wherein the Adjudicating Officer decided against the imposition of monetary penalty for one day delay in making a disclosure.

8.7. Without prejudice to the above, it was further submitted that the operations of the Noticee were severely impacted by the first wave of the Covid-19 infections during such time.

8.8. It was submitted that the present proceedings be disposed of without any penalty. Further, it was submitted that the alleged violations did not result in any disproportionate gain or unfair advantage, that no loss was caused to an investor or group of investors, and that the alleged violations were not repetitive in nature, as evident from a mere reading of the Notice itself.

9. With respect to the settlement application, the Noticee, vide email dated January 13, 2023, informed that the said application was returned by SEBI and that it had

resubmitted the application on January 11, 2023. Vide email dated October 13, 2023, the undersigned was informed that the application was rejected.

10. Subsequently, a supplementary show cause notice dated March 22, 2024 was issued to the Noticee, whereby, the adjudication provisions were changed from Section 23E of the SC(R) Act, 1956 to Section 15A(b) of the SEBI Act, 1992.

11. The Noticee was provided time till March 29, 2024 to make submissions to the supplementary SCN dated March 22, 2024. Vide email dated April 10, 2024, the Noticee requested for two weeks' time to submit replies to the supplementary SCN. The same was acceded to by the undersigned and vide email dated April 18, 2024, it was informed that time till April 24, 2024 was being provided to the Noticee. As no reply was received from the Noticee till April 25, 2024, an opportunity of personal hearing was granted to the Noticee in the interest of natural justice. Vide notice dated April 25, 2024, the Noticee was advised to appear for the hearing on May 03, 2024. However, the Noticee did not appear for the scheduled hearing. Vide email dated May 03, 2024, the Noticee was provided another opportunity of hearing in the matter on May 16, 2024. The Noticee was also informed that in case no replies are received or the Noticee does not appear for the hearing, the matter will be proceeded with on the material available on record and previous submissions made by the Noticee. However, the Noticee did not appear for the hearing or submit any replies till the time of passing of this Order.

ISSUES FOR CONSIDERATION, EVIDENCE AND FINDINGS

12. After perusal of the material available on record, I have the following issues for consideration.

ISSUE I: Whether Noticee has violated provisions of Regulation 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement?

ISSUE II: Does the violation, if any, on part of the Noticee attract penalty under Section 15A(b) of the SEBI Act?

ISSUE III: If so, how much penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the SEBI Act?

13. Before moving forward it is pertinent to refer to the relevant provisions of LODR Regulations which read as under:

SEBI LODR Regulations, 2015

Principles governing disclosures and obligations.

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:

(a)..

(b)..

(c)..

(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.

Disclosure of events or information.

30.

(1) Every listed entity shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.

(2) Events specified in Para A of Part A of Schedule III are deemed to be material events and listed entity shall make disclosure of such events.

(6) The listed entity shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III, or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information:

Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the listed entity shall, along with such disclosures provide explanation for delay:

Provided further that disclosure with respect to events specified in sub-para 4 of Para A of Part A of Schedule III shall be made within thirty minutes of the conclusion of the board meeting.

(7) The listed entity shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

FINDINGS

14. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions made by the Noticee vide letter dated September 14, 2022, I record my findings hereunder:

ISSUE I. Whether Noticee has violated provisions of Regulation 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement?

15. Before dealing with the merits of the case, I find it relevant to deal with Noticee's preliminary submissions in the letter dated September 14, 2022, that the SCN has erroneously charged the Noticee for violation of Section 23E of the SC(R) Act, 1956. In this regard, it may be noted that the actions approved against the Noticee were amended and thereafter, vide the supplementary show cause notice dated March 22, 2024, the adjudication provisions were changed from Section 23E of the SC(R) Act, 1956 to Section 15A(b) of SEBI Act, 1992. I also note that the Noticee

was provided sufficient opportunity to submit replies to the supplementary SCN and extension of time was also provided upon the Noticee's request. In the interest of natural justice, the Noticee was also provided opportunities of personal hearing on May 03, 2024 and May 16, 2024, which it did not avail. In view of the same, I note that principles of natural justice have been adhered to and that the Noticee has nothing to submit with respect to the supplementary show cause notice dated March 22, 2024.

16. I note that Noticee has been alleged to have violated the provisions of Regulation 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement for the following

16.1. Noticee has not made disclosures with respect to the Hon'ble NCLT Order dated June 21, 2021 and also did not disclose information regarding appeals filed by the Noticee and Bank of Baroda against Hon'ble NCLT's Order dated June 21, 2021 at Hon'ble NCLAT.

16.2. Noticee has made delayed disclosures with respect to the information regarding its debt resolution plan, viz. invitation of Expression of Interest bid dated July 29, 2020, and approval of resolution plan on June 19, 2021.

17. I will now proceed with my findings in each of the aforesaid alleged violations.

Alleged Non-disclosure of NCLT Order dated June 21, 2021 and subsequent events

18. The chronology of the the proceedings of the litigation initiated by ITSL is given below.

Date of Event	Particulars of Event	Date of disclosure to Stock Exchange by the Noticee
January 09, 2020	ITSL filed a petition under Section 71(10) of the Companies Act, 2013 with Hon'ble NCLT	January 10, 2020

Date of Event	Particulars of Event	Date of disclosure to Stock Exchange by the Noticee
June 21, 2021	NCLT directed the Noticee to pay the interest on the debentures at the contractual rate calculated till realization, within a period of two months and redeem the debentures on payment of the principal within three months thereafter.	No disclosure
Post June 21, 2021	Noticee challenged the said impugned Order dated June 21, 2021, by preferring an appeal before the Hon'ble National Company Law Appellate Tribunal (NCLAT), New Delhi	No disclosure
Post June 21, 2021	Bank of Baroda, the Lead Bank on behalf of Inter-creditor agreement (ICA) Lenders, challenged the said impugned Order of NCLT at NCLAT, New Delhi	No disclosure

19. Regulation 4 of SEBI LODR Regulations, 2015 provides that listed entities shall make disclosures and abide by its obligations under SEBI LODR Regulations and the disclosures shall be made in a timely manner and ensure that all disseminations are adequate, accurate, explicit and presented in a simple language. Regulation 30 provides that listed entities shall make disclosure of material and deemed to be material events as specified in the regulations and also make disclosures updating material developments on a regular basis, till the resolution or closure of such events.

20. I note that directions of Hon'ble NCLT vide Order dated June 21, 2021 created immediate liability on Noticee to pay up principal and interest on the issued NCDs and redeem the debentures thereafter. Thus, it was a material event as per Regulation 30(6) read with Schedule III Part A clause 2 of SEBI LODR Regulations, 2015 which includes *Issuance or forfeiture of securities..... redemption of securities etc.*

21. I also note from the Noticee's materiality policy that transactions will be reported to the exchange whose value exceeds 10% of the gross income of the Noticee. I also note that the gross income of the Noticee was ₹162 crores as per the Consolidated Financial Statements for the financial year ended March 31, 2021. Vide the Hon'ble NCLT order dated June 21, 2021, the Noticee was inter-alia directed to pay the interest on the debentures at the contractual rate, calculated till realisation, within a period of two months hence and redeem the debentures on payment of the principal within three months thereafter. From the aforesaid Order, I also note that the outstanding amount due and payable in respect of the secured NCDs was more than ₹ 2850 crore. Thus, the Hon'ble NCLT order qualified as material event as per materiality policy of the Noticee.
22. I also observe that the Noticee had made disclosure of initiation of the suit by ITSL on January 10, 2020. Thus, Noticee had considered initiation of suit as a material event. Therefore, as per Regulation 30(7) of SEBI LODR Regulations the updates of the event thereof, such as appeal by Noticee and by Bank of Baroda, also should have been disclosed regularly and promptly. However, the Noticee failed to do so.
23. Noticee has submitted that it has disclosed these events in its annual report dated August 23, 2021, which was substantial compliance. It has also submitted that as the information was already available in the public domain, by way of media coverage, website of ITSL and the Hon'ble NCLT, the investors were in a position to take informed decisions.
24. As per Regulation 30(6) of the LODR Regulations, 2015, a listed entity shall first disclose to stock exchanges, as specified in Part A of Schedule III, as soon as reasonably possible and not later than twenty four hours from the occurrence of the event / information. As already noted above that the Hon'ble NCLT Order dated June 21, 2021 was a material event as per Schedule III Part A clause 2 of SEBI

LODR Regulations, 2015. Further, subsequent events of the Noticee and the lead bank to appeal against the said order to Hon'ble NCLAT were material developments with respect to the aforesaid material event (viz. Hon'ble NCLT Order dated June 21, 2021), in terms of Regulation 30(7) of the LODR Regulations, 2015. Thus, the Noticee was required to make the disclosures within 24 hours of the passage of the Order. The Noticee cannot be absolved from making disclosures, as the same were disclosed in the annual report or the information / event details being covered by the media or on various websites. This cannot be considered as compliance of the provisions of Regulation 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement, as the required disclosures were supposed to be made by the Noticee to the Exchanges.

25. In view of the foregoing, I find that the Noticee has violated the provisions of Regulation 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement, as it had not made disclosures with respect to the Hon'ble NCLT Order dated June 21, 2021 and also the information regarding appeals filed by the Noticee and Bank of Baroda (the lead bank) against Hon'ble NCLT's Order dated June 21, 2021 at Hon'ble NCLAT.

Delayed disclosures with respect to the information regarding its debt resolution plan, viz. invitation of Expression of Interest bid dated July 29, 2020, and approval of resolution plan on June 19, 2021

26. It was observed that the Noticee, on July 06, 2019 had entered into Inter-Creditor agreement under the RBI's Prudential Framework for Resolution of Stressed Assets, Directions dated 07 June 2019. The disclosures regarding this agreement and further updates were made by RHFL in subsequent quarterly results. The Final approval of resolution plan happened on June 19, 2021 for which RHFL issued a media release dated June 21, 2021. The chronology of the events is given below:

Sr No	Date of Event	Particulars of event	Date of Disclosure by Noticee
1	July 6, 2019	Date of entering into an Inter-Creditor agreement	Various quarterly results
2	January 16, 2020	Extension of ICA period beyond 180 days as prescribed in RBI Circular expiring on January 3, 2020 till March 31, 2020	February 14, 2020
3	March 26, 2020	Extension of ICA period beyond 180 days as prescribed in RBI Circular expiring on March 31, 2020 till June 30, 2020	May 8, 2020
4	July 29, 2020	The Noticee as part of the debt resolution process invited Expression of Interest (EoI) and bids from interested bidders vide newspaper advertisement dated 29 July 2020 and through the Lead Bank's website.	July 31, 2020
5	July 13, 2020	Extension of ICA period beyond 180 days as prescribed in RBI Circular expiring on June 30, 2020 till September 30, 2020	July 14, 2020
6	October 7, 2020	Extension of ICA period beyond 180 days as prescribed in RBI Circular expiring on September 30, 2020 till December 31, 2020	October 7, 2020
7	December 28, 2020	Extension of ICA period beyond 180 days as prescribed in RBI Circular expiring on December 31, 2020 till March 31, 2021	December 28, 2020
8	June 19, 2021	Approval of Resolution plan of Authum Investment & Infrastructure Limited	June 21, 2021

27. NSE, vide Circular dated September 24, 2019 mandated inter-alia that *“Listed entities shall promptly disclose to the Exchange regarding the material developments pertaining to default and/or Inter Creditor Agreement (ICA), in terms of Regulation 30(1) and 30(2) of the SEBI (Listing Obligations and Disclosure*

Requirements) Regulations 2015 and all amendments and circulars issued thereunder.”

28. Thus, the Noticee was required to disclose the following two events within 24 hours of the occurrence of the event.

28.1. July 29, 2020 - Invitation of Expression of Interest bid

28.2. June 19, 2021 – Approval of resolution plan

29. The above disclosures were to be made not later than July 30, 2020 and June 20, 2021 respectively. I note that the Noticee had made disclosures of the aforesaid two events to the Exchanges on July 31, 2020 and June 21, 2021 respectively, with delay on one day for each event.

30. With respect to the event of Noticee inviting Expression of Interest (EoI) and bids from interested bidders vide newspaper advertisement dated 29 July 2020 and through the Lead Bank's website, the Noticee has submitted that the delay was miniscule and irrelevant. As the invitation for EoI was also published in the newspapers, lead bankers' website, it was already publicly available. I note that the Noticee, being a listed entity has to comply with the provisions of LODR Regulations, 2015 and cannot take the pretext that the information was available on the website of the lead bank and in the newspapers. Exchanges are the only platform which provide access to the investors for any information regarding the listed company. Delayed disclosure made by the Noticee cannot be considered as adequate compliance of the provisions of Regulation 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement, as the timeliness of the disclosures is very crucial for such events, and the prescribed timelines are strictly required to be adhered by the listed entities.

31. Noticee has further submitted that its operations were severely affected by the first wave of Covid-19 infections during such time. I note that delay of one day cannot be explained to be caused due to Covid-19 situation, and thus, the contention seems to be an afterthought, and therefore not acceptable.
32. With respect to the approval of resolution plan on June 19, 2021, the Noticee has submitted that the next day was Sunday. Thus, the Board of Directors could take note of the same only on Monday, i.e. June 21, 2021 and the disclosures were made on June 21, 2021 after the Board was made aware of the approval. Thus, there was no delay in making the disclosures.
33. I note that the board of directors taking note of the approval of resolution plan was not the event that was required to be disclosed. The event required to be disclosed was the approval of the resolution plan, which occurred on June 19, 2021. Thus, the Noticee was required to disclose the event within 24 hours, i.e. latest by June 20, 2021, irrespective of the day being a holiday. Information of the approval of resolution plan to the Board of Directors was not a pre-requisite to make the disclosures to the Exchanges. Therefore, Noticee's contention in this regard is not acceptable.
34. In view of the foregoing observations, I find that the Noticee has violated the provisions of Regulation 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement by delaying to disclose the events of inviting EoI on July 29, 2020 and approval of resolution plan on June 19, 2021.
35. Based on the above findings, I conclude that the allegation against Noticee of the violation of provision of regulations 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6)

read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement, stands established.

ISSUE II: Does the violation, if any, on part of the Noticee attract penalty under Section 15A(b) of the SEBI Act?

36. The provisions of Section 15A(b) of the SEBI Act read as under:

SEBI Act, 1992

Penalty for failure to furnish information, return, etc.

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

(a)...

(b) 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

37. I further note that, the Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361} has held that:

"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant....."

I am therefore of the view that it is a fit case for imposition of penalty.

ISSUE III: If so, how much penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the SEBI Act?

38. While determining the quantum of penalty under Section 15A(b) of the SEBI Act, it is important to consider the factors relevantly as stipulated in Section 15J of the SEBI Act, which reads as under:

15J -Factors to be taken into account by the adjudicating officer

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 investor/+s as a result of the default;*
- (c) the repetitive nature of the default.*

39. I am of the view that the disclosures requirements under the respective regulations serve very important purposes. The stock exchange is informed via disclosures so that the investing public can take informed decision regarding the company. Further, timely and accurate disclosures are also the pillars of good corporate governance. Further, Hon'ble Securities Appellate Tribunal ('SAT') in the matter of Coimbatore Flavors & Fragrances Ltd. vs SEBI(Appeal No. 209 of 2014 order dated August 11, 2014), has also held that "*Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same.*"

40. Further, Hon'ble SAT in its judgement dated October 14, 2014 in the matter of Virendrakumar Jayantilal Patel vs. SEBI(Appeal No. 299 of 2014), has held that

“..... obligation to make disclosures within the stipulated time is a mandatory obligation and penalty is imposed for not complying with the mandatory obligation.”

41. I note that the material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticee and the loss, if any, and suffered by the investors as a result of the Noticee's failure, nor has it been alleged by SEBI. I also note that the Noticee has also been penalized earlier for the violation of provisions of LODR Regulations, 2015. Thus, the violation is repetitive in nature.

ORDER

42. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticee and also the factors mentioned in Section 15J of the SEBI Act, 1992 and also taking into account judgment of the Hon'ble Supreme Court in SEBI vs. Bhavesh Pabari (2019) 5 SCC 90, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act and Rule 5 of the Adjudication Rules, hereby impose penalty of ₹ 8,00,000/- (Rupees Eight Lakh only) under Section 15A(b) of the SEBI Act, 1992, on the Noticee for the violation of provisions of regulations 4(1)(d), 4(1)(e), Regulation 30(1), 30(2), 30(6) read with 30(7) of LODR Regulations, 2015 read with clause 2 of Listing Agreement.

43. Noticee 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, Noticee may contact the support at portalhelp@sebi.gov.in.

44. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings 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 Noticee.

45. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticee and also to the Securities and Exchange Board of India.

Place: Mumbai

Date: May 17, 2024

**BARNALI MUKHERJEE
ADJUDICATING OFFICER**