

Dated: 04th June, 2018

To,
The Listing Compliance,
BSE Limited,
Ground Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

Sub: Disclosure pursuant Regulation 30 of SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015

Reference: BSE Scrip Code – 508980

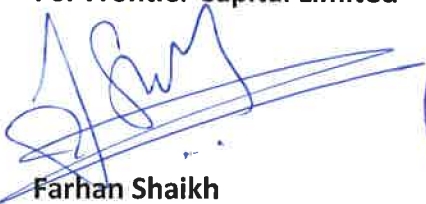
Dear Sir/Madam,

Please find attached herewith Disclosure pursuant Regulation 30 of SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015 informing your good office about adjudication order passed by Securities & Exchange Board of India.

Kindly acknowledge the same.

Thanking you.

For Frontier Capital Limited



**Farhan Shaikh
Company Secretary**



Encl: a/a

Frontier Capital Limited

7th Floor, Tower 1, Equinox Business Park,
Peninsula Techno Park, LBS Marg, Kurla (west),
Mumbai - 400070

CIN: L65990MH1984PLC033128

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भारतीय प्रतिभूति
और विनिमय बोर्ड
**Securities and Exchange
Board of India**

**Enquiries and Adjudication Department
Assistant General Manager**

By Speed Post with AD

SEBI HO/A&E/EAD/SR/SM/OW/15813/1/2018
May 30, 2018

**Frontier Capital Limited
7th Floor, Tower 1
Equinox Business park
Peninsula Techno Park
LBS Marg, Kurla (West)
Mumbai - 400070**

Sub: Adjudication Order in the matter of Frontier Capital Limited

1. Please find enclosed a copy of Adjudication Order dated May 29, 2018 passed in respect of adjudication proceedings conducted against you in the captioned matter.
2. The same is being forwarded to you in terms of provisions of rule 6 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995.

Sanjukta Mahala
SANJUKTA MAHALA

Encl: Copy of Adjudication Order dated May 29, 2018

Page 1 of 1

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बंद्रा कुर्ला कॉम्प्लेक्स, बंद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax 2644 9019 to 2644 9022 Web : www.sebi.gov.in

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. EAD/SR/SM/AO/21/2018-19]

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

Against

Frontier Capital Limited

CIN: - L65990MH1984PLC033128

(Address; 7th Floor, Tower 1, Equinox Business Park
Peninsula Techno Park, LBS Marg, Kurla (West)
Mumbai – 400070)

BACKGROUND

1. A Department of Securities and Exchange Board of India (hereinafter referred to as the **SEBI**) examined bonus shares issued by Frontier Capital Limited (hereinafter referred to as **Noticee/FCL/Company**). It was observed by the Department (OD) of SEBI that the Noticee violated the provision of regulation SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as **ICDR Regulations, 2009**) with regard to the issue of bonus shares and regulation 6(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as **LODR Regulations, 2015**) with regard to not appointing Compliance Officer.

APPOINTMENT OF ADJUDICATING OFFICER

2. Based on the examination, OD initiated adjudication proceedings against the Noticee, to inquire into and adjudge under section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **the SEBI Act, 1992**) for alleged violations of provisions of regulation 95(1) of ICDR Regulations, 2009 and regulation 6(1) of LODR Regulations, 2015. The adjudication proceedings were approved by the Competent Authority. Undersigned was appointed as the Adjudicating Officer as conveyed vide communique dated April 03, 2018 under section 15-I of the SEBI Act, 1992 read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **Adjudication**

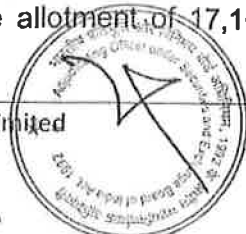


Rules, 1995) to inquire into and adjudge under section 15HB of the SEBI Act, 1992 for the alleged violation of the provisions of regulation 95(1) of ICDR Regulations, 2009 and regulation 6(1) of LODR Regulations, 2015.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

3. A Show Cause Notice no. SEBI/HO/EAD/E&AO/SR/SM/OW/11084/2/2018 dated April 10, 2018 (hereinafter referred to as **SCN**) was issued to the Noticee in terms of rule 4 of the Adjudication Rules, 1995 requiring the Noticee to show cause as to why an inquiry should not be held against it for the alleged violations of provisions of regulation 95(1) of ICDR Regulations, 2009 and regulation 6(1) of LODR Regulations, 2015 and why penalty be not imposed on the Noticee under section 15HB of the SEBI Act, 1992 for the alleged violations as specified in the SCN. The SCN was issued through speed post acknowledgement due (SPAD) and the same was delivered to the Noticee as seen from proof of delivery available on records.

4. It was alleged in the SCN that the Noticee failed to make timely completion of bonus issue of shares of the Company and also did not have Compliance Officer and Company Secretary from June 17, 2016 to November 14, 2016. The board of directors of FCL in its meeting held on May 30, 2016 had announced the issue of 17,163 bonus shares to its non-promoters shareholders and subsequently the shareholders of the Company approved the said bonus issue in their meeting held on July 04, 2016. In this regard, the Noticee was required to implement the bonus issue within two months from the date of the meeting of its board of directors wherein the decision to announce the bonus issue was taken subject to shareholders' approval as prescribed under the provision of regulation 95(1) of ICDR Regulations, 2009. It is alleged by OD that FCL completed the bonus issue in March 2017 which was beyond two months of said meeting of board of directors and hence violated the provisions of regulation 95(1) of ICDR Regulations, 2009. In this regard, the Noticee vide its letter dated September 01, 2016 and March 24, 2017 informed to Bombay Stock Exchange (BSE) that due to non-availability of Compliance Officer and Company Secretary in the Company, there was a delay in completing the issuance of bonus shares. The Company also informed to BSE that the bonus issue was delayed due to deciding the trustee for 8 (eight) fractional shares resulting out of the allotment of 17,163 number of bonus equity



shares issued to the existing shareholders. After appointment of trustee, the company made a corporate action report to National Securities Depository Limited (NSDL) on February 24, 2017 and accordingly the confirmation letter received on March 08, 2017. The company filed the trading application on March 08, 2017 and accordingly BSE granted trading approval on March 27, 2017. In this regard, OD asked the Noticee for the period of non-availability of Compliance Officer and Company Secretary and accordingly, Noticee replied vide its e-mail dated November 10, 2017 that the period of non-availability of the Compliance officer and the Company Secretary was from June 17, 2016 to November 14, 2016. Hence, it is alleged that non-availability of Compliance Officer and the Company Secretary in the Company is in violation of regulation 6(1) of LODR Regulations, 2015.

5. The Noticee vide its letter dated May 03, 2018 submitted its reply to the SCN. In the interest of natural justice, an opportunity of personal hearing on May 23, 2018 vide hearing notice dated May 08, 2018. The said hearing notice was served to the Noticee by SPAD and proof of delivery is on records. Accordingly, Company secretary of FCL, the authorized representatives (AR), on behalf of the Noticee attended the hearing on the scheduled date i.e. May 23, 2018. AR re-iterated the earlier submissions made by Noticee and requested for more time for additional submissions. Accordingly, the Noticee was given time for additional submissions till May 28, 2018. Hearing minutes are on records. The AR submitted a reply vide e-mail dated May 28, 2018.
6. The Noticee in its reply dated May 03, 2018 and May 28, 2018 inter-alia submitted the following:
 - a) *Delay in completing the issuance of bonus shares: FCL in its meeting held on May 30, 2016 had announced the issue of 17,163 bonus shares to its non-promoters shareholders of the company and subsequently the shareholders of the Company approved the said bonus shares in their meeting held on July 04, 2016. Hence implement the bonus issue within the two months from the date of the meeting of its board of directors, wherein the decision to announce the bonus issue was taken subject to shareholders approval as prescribed under provision of regulation 95(1) of ICDR Regulations, 2009.*

The implementation of bonus issue had not been done timely by the company which is ought to be completed within two months from the date of the meeting of its board of directors i.e. 30th May 2016, cause of delay was due to the unavailability of Company Secretary and Compliance Officer in the mid of Listing & Trading



process of the Company. Furthermore, the period of unavailability of Company Secretary and Compliance Officer was from June 17, 2016 to November 14, 2016. Hence, this created a total chaos in the compliance part and proper handover of job to the new appointed Company Secretary.

- b) Unavailability of Compliance Officer and Company Secretary in the Company: The period of unavailability of Company Secretary and Compliance Officer is from June 17, 2016 to November 14, 2016. It is also informed that in this said mid-period of unavailability, Company had taken step to appoint Company secretary and Compliance Officer, but due to some indeterminate reason two candidates absconded from the Company before their appointment get fixed in the board meeting and also within a very short period of time. Hence this absconding resulted into total chaos in the compliance part and proper handover of job to the new appointed Company Secretary.*
- c) Further, the Noticee submitted that the Company had only 25 non-promoter shareholders at the time of allotment and the allotment had been done only to non-promoter Shareholders. Currently, the company have only 26 non-promoter shareholders. There are hardly any trading of shares after the said allotment and none of the shareholders faced any problem due non-completion of timely bonus allotment.*

7. After taking into account, the allegations levelled in the SCN, reply submitted by the Noticee to the SCN, and other evidences / materials available on records, I hereby, proceed to decide the case on merit.

CONSIDERATION OF ISSUES

8. The issues that arise for consideration in the present case are:
- (a) Whether the Noticee has violated the provisions of regulation 95(1) of ICDR Regulations, 2009 and regulation 6(1) of LODR Regulations, 2015?**
- (b) Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15HB of the SEBI Act, 1992? and,**
- (c) If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992 read with rule 5(2) of the Adjudication Rules, 1995?**
9. Before proceeding further, it will be appropriate to refer to the relevant provisions of ICDR Regulations, 2009 and LODR Regulations, 2015 which read as under:-



ICDR Regulations, 2009

Completion of bonus issue.

95. (1) An issuer, announcing a bonus issue after the approval of its board of directors and not requiring shareholders' approval for capitalisation of profits or reserves for making the bonus issue, shall implement the bonus issue within fifteen days from the date of approval of the issue by its board of directors:

Provided that where the issuer is required to seek shareholders' approval for capitalisation of profits or reserves for making the bonus issue, the bonus issue shall be implemented within two months from the date of the meeting of its board of directors wherein the decision to announce the bonus issue was taken subject to shareholders' approval.

LODR Regulations, 2015

Compliance Officer and his Obligations.

6. (1) A listed entity shall appoint a qualified company secretary as the compliance officer.

EVIDENCES AND FINDINGS

10. On perusal of the material available on records and giving regard to the facts and circumstances of the case, I record my findings hereunder:

11. **Issue (a): Whether the Noticee has violated the provisions of regulation 95(1) of ICDR Regulations, 2009 and regulation 6(1) of LODR Regulations, 2015?**
 - a) I have noted from the available records that the board of directors of FCL in its meeting held on May 30, 2016 had announced the issue of 17,163 bonus shares to its non-promoters shareholders and subsequently the shareholders of the Company approved the said bonus issue in their meeting held on July 04, 2016. In this regard, I note from regulation 95(1) of ICDR Regulations, 2009 that "the issuer company announcing the bonus issue shall implement within two months from the date of the meeting of its board of directors wherein the decision to announce the bonus issue was taken subject to shareholders' approval". In the instant case, it is observed that the Noticee has taken shareholders' approval for the said bonus shares. Hence, as per the provision of the regulation 95(1) of ICDR Regulations, 2009, the Noticee was required to implement the said bonus issue within two months from the date of the board meeting. It is seen from the available records that the date of board meeting of FCL w.r.t. the announcement of bonus issue is May 30, 2016 and hence the bonus issue of the Noticee was to be implemented within two months from May 30, 2016. However, the said bonus issue was

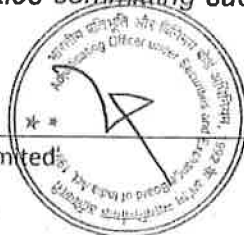


completed in March 2017 which was beyond two months of said meeting of board of directors of FCL.

- b) With regard to the reasons for delay in implementation of bonus issue, the Noticee in its letter dated May 03, 2018 submitted that the delay was due to non-availability of Compliance Officer in the Company. In this regard, I note from regulation 6(1) of LODR Regulations, 2015 that a listed entity shall appoint a qualified company secretary as the compliance officer. As seen from records, the Noticee is listed with BSE and hence, being a listed entity, the Noticee shall appoint a Compliance Officer having a qualification of Company Secretary. However, the Noticee did not have a Compliance Officer from the period June 17, 2016 to November 14, 2016. In this regard, the Noticee replied that they had taken steps to appoint Compliance Officer, but due to some indeterminate reason the Company was unable to comply with the appointment of Compliance officer. Also, the Noticee vide its reply dated May 03, 2018 admitted that there was a delay in implementing the bonus issue and it was due to the non-availability of the Compliance Officer in the Company. Also, it is observed from the records available that the Noticee is a small entity having 28 shareholders and 2,62,163, equity shares as on quarter ending March 2018.
- c) In view of aforementioned observations and the admitted position by the Noticee, I find that by failing to implement the bonus issue within the time specified as prescribed under ICDR Regulations, 2009, the Noticee violated the provision of regulation 95(1) of ICDR Regulations, 2009. Further, by non-appointment of Compliance Officer in FCL for the period June 17, 2016 to November 14, 2016, Noticee violated the provisions of regulation 6(1) of LODR Regulations, 2015.

12. Issue (b): Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15HB of the SEBI Act, 1992?

- a) In respect of imposition of monetary penalties, I cannot ignore the historical case of Hon'ble Supreme Court of India in the matter of The Chairman, SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) wherein it was 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"*.



b) It is relevant to mention here that said case of Shri Ram Mutual Fund (supra) was maintained by the three judge bench of the Hon'ble Supreme Court of India in the case of Union of India vs. Dharmendra Textile Processor 2008 (13) SCC 369 decided on September 29, 2008 on the issue related to Income Tax Act. It was held by the Hon'ble Supreme Court that penalty under the provision for breach of civil obligation is mandatory and the mens rea is not an essential element for imposing the penalty. The adjudicatory authority has no discretion to levy duty less than what is legally and statutorily leviable. The Hon'ble Supreme Court also specifically observed that the case of Shri Ram Mutual Fund (supra) has been analysed in the legal position and in the correct perspectives.

c) Therefore, after taking into account the aforesaid entire facts / circumstance of the case and the aforesaid case laws, it is noted that the said violations of provisions of regulation 95(1) of ICDR Regulations, 2009 and regulation 6(1) of LODR Regulations, 2015 by the Noticee attracts the imposition of monetary penalties upon the Noticee under section 15HB of the SEBI Act, 1992, are reproduced below:

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.

13. **Issue (c) - If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992 r/w rule 5 (2) of the Adjudication Rules, 1995 ?**

While determining the quantum of penalty under sections 15HB of the SEBI Act, 1992 it is important to consider the factors stipulated in section 15J Of the SEBI Act, 1992 read with Rule 5(2) of the Adjudication Rules, which reads as under:-

SEBI Act, 1992

Factors to be taken into account by the adjudicating officer

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."***



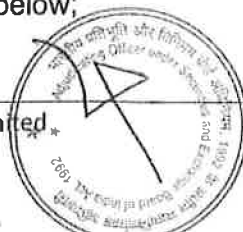
14. I observe, that the material available on records, does not quantify any disproportionate gains or unfair advantage, if any made by the Noticee and the loss, if any suffered by the investors due to the aforesaid violations. From the documents available on records, it is noted that the failure is not repetitive. However, it would be appropriate to refer to the observations made by the Hon'ble SAT in the matter of Akriti Global Traders Ltd. Vs. SEBI (Appeal No. 78 of 2014) decided on September 30, 2014 "*...penal liability arises as soon as provisions under the regulations are violated and that penal liability is neither dependent upon intention of parties nor gains accrued from such delay.*" In the instant proceedings, I am inclined to take a lenient view since the Noticee is a small entity having less number of shareholders and also that Company has carried out the bonus issue and also appointed a Compliance Officer. Further, the Noticee itself informed to SEBI that there was no Compliance Officer for which OD alleged the violation of regulation 6(1) of LODR Regulations, 2015 against the Company.

15. Therefore, taking into consideration the facts / circumstance of the case, I am of the view that the Noticee is liable for penalty for not carrying out the issue of bonus shares within stipulated time as prescribed under ICDR Regulations, 2009 and not appointing a Compliance Officer for a time period as prescribed under LODR Regulations, 2015.

ORDER

16. In exercise of the powers conferred under section 15-I of SEBI Act, 1992 and Rule 5 of the Adjudication Rules, 1995, I hereby impose a penalty of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand only) on the Noticee viz. Frontier Capital Limited under section 15HB of the SEBI Act, 1992 for the violations of provisions of regulation 95(1) of ICDR Regulations, 2009 and regulation 6(1) of LODR Regulations, 2015. I am of the view that the said penalty is commensurate with the defaults committed by the Noticee in terms of penalty structure provided in section 15HB of the SEBI Act, 1992.

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



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

18. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Chief General Manager of Enforcement Department of SEBI. The Format for forwarding details / confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated at e-mail ID : tad@sebi.gov.in

Date	Department of SEBI	Name of Intermediary/ Other Entities	Type of Intermediary	SEBI Registration Number (if any)	PAN	Amount (in Rs.)	Purpose of Payment (including the period for which payment was made e.g. quarterly, annually)	Bank name and Account number from which payment is remitted	UTR No

19. In terms of the rule 6 of the Adjudication Rules, 1995, copy of this order is sent to the Noticee at its last known address and also to Securities and Exchange Board of India.

Date: May 29, 2018

Place: Mumbai


SANGEETA RATHOD
ADJUDICATING OFFICER

