

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER: EAD-9/VKV/GSS/2020-21/9859]**

**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.**

**In respect of:
Global Securities Limited (PAN: AACCG3465C)**

In the matter of Global Securities Limited

BACKGROUND OF THE CASE

1. SEBI conducted an investigation in the scrip of Global Securities Limited, a company listed at BSE Limited ("BSE"), to examine the matters relating to preferential allotment process and utilization of preferential issue proceeds, disclosure requirements in terms of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as "PIT Regulations") and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred as "SAST Regulations, 2011") and Listing Agreement by the company during the period from May 1, 2010 to April 30, 2014 (hereinafter referred as 'Investigation Period' or 'IP').
2. Pursuant to the investigation, following was observed;
 - a. The company Global Securities Ltd. (**Noticee**) has failed to file quarterly shareholding pattern for June 2013 and September 2013 quarters as required under Clause 35 of the Listing Agreement r/w Regulation 103 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 21 of the SCRA, 1956. Thus, Adjudication proceedings u/s 23E of the SCRA, 1956, were initiated against the Noticee for violation of Section 21 of SCRA, 1956 r/w clause 35 of Listing Agreement r/w Regulation 103 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

APPOINTMENT OF ADJUDICATING OFFICER

3. Vide communication order dated July 23, 2020, the undersigned has been appointed as Adjudicating Officer in the matter under Section 15 I (1) of Securities and Exchange Board of India Act, 1992 ("SEBI Act") to inquire and adjudge the alleged violations by Global Securities Limited (Noticee) and if satisfied that the Noticee is liable for imposition of penalty, may impose such penalty in terms of rule 5 of SEBI (Procedure for Holding Inquiry and imposing penalties) Rules, 1995 (hereinafter referred as '**AO Rules**') under the provisions of Section 23E of SCRA, 1956.
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SHOW CAUSE NOTICE, REPLY AND HEARING

4. Subsequently, a show Cause Notice (SCN) was issued to the Noticee on November 06, 2020, vide which the Noticee was clearly advised to submit its reply within fourteen days of receipt of the same. The same was returned undelivered with remarks “*addressee left without instructions*”. In the meantime scanned copy of the SCN was also sent to the Noticee vide e-mail dated November 12, 2020 along with the requisite Annexures at the e-mail ID globalsecurities123@gmail.com, which was available on record. However, no reply was received from the Noticee till the passing of this order.
5. Subsequently, vide e-mail dated November 25, 2020, hearing Notice dated November 25, 2020 was digitally sent to the Noticee at the e-mail ID globalsecurities123@gmail.com, vide which the Noticee was granted opportunity of virtual hearing through webex on December 16, 2020. However, the hearing was not attended by the Noticee.
6. At this juncture, it relevant to refer to the observation of the Hon’ble SAT in the matter of *Dave Harihar Kiritbhai v. Securities and Exchange Board of India (Appeal No. 181 of 2014 dated December 19, 2014)*, wherein, it was observed that, “...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim nonreceipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal...”

Keeping the aforesaid in mind, the adjudication proceedings against the Noticee are undertaken ex-parte on the basis of material available on record.

ISSUES FOR CONSIDERATION

7. After perusal of the material available on record, the following issues arise for consideration;
 - I. Whether the Noticee has violated Clause 35 of the Listing Agreement r/w Regulation 103 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 21 of the SCRA, 1956?
 - II. Does the violation, if any, on the part of the Noticee attract monetary penalty under Section 23E of SCRA, 1956?

- III. If so, what quantum of monetary penalty should be imposed on the Noticee considering the factors stated in section 15J of SEBI Act, 1992?

FINDINGS

8. The texts of the said provisions are reproduced as under :-

Clause 35 of the equity Listing Agreement

35. "The company agrees to file with the exchange the following details, separately for each class of equity shares/security in the formats specified in this clause, in compliance with the following timelines, namely :-

- a. One day prior to listing of its securities on the stock exchanges.
- b. On a quarterly basis, within 21 days from the end of each quarter. c. Within 10 days of any capital restructuring of the company resulting in a change exceeding +/2% of the total paid-up share capital."

SCR Act, 1956

Conditions for listing

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

SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015

Repeal and Savings

103. (1) On and from the commencement of these regulations, all circulars stipulating or modifying the provisions of the listing agreements including those specified in Schedule X, shall stand rescinded.

(2) Notwithstanding such rescission, anything done or any action taken or purported to have been done or taken including any enquiry or investigation commenced or show cause notice issued in respect of the circulars specified in sub-regulation (1) or the Listing Agreements, entered into between stock exchange(s) and listed entity, in force prior to the commencement of these regulations, shall be deemed to have been done or taken under the corresponding provisions of these regulations.

Issue No. I: Whether the Noticee has violated Clause 35 of the Listing Agreement r/w Regulation 103 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 21 of the SCRA, 1956?

9. During the period of investigation, it was observed that Global Securities Limited (GSL) was incorporated in February 9, 1994 and operated in finance sector with key revenue coming from sale of shares and securities. The scrip is listed only on BSE and is suspended for trading with effect from January 07, 2015 due to non-payment of Annual Listing Fees.

10. Management of the company during the Investigation Period was as under;

Sr. No.	Name of Director	Designation	Date of Appointment	Date of secession	DIN/PAN
1	Rameshchandra Bhaurao Chavan	Non-Executive-Independence Director	16-Mar-2011	Till date	3076660
2	Dinkar Bhanuprasad Shrimali	Non-Executive-Independence Director	21-Mar-2011	Till date	421839
3	Ruchi Jayantilal Pandya	Director	23-Sep-2014	Till date	6684457
4	Amit Pradipkumar Shah	Additional Director	13-Aug-2013	23-Sep-2014	3066639
5	Umesh Kashinath Gawan	Additional Director	22-Jul-2013	10-Sep-2013	175078
6	Arvind Goyal Babulal	Additional Director	22-Jul-2013	10-Sep-2013	3146099 / ACIPG0193J
7	Satish R Mandowara	Additional Director	22-Jul-2013	10-Sep-2013	3154510
8	Kamlesh Kanahiyalal Joshi	Managing Director	1-Oct-2012	13-Aug-2013	5141194
9	Alpesh Maheshbhai Gupta	Non-Executive-Independence Director	21-Sep-2009	21-Mar-2011	02227485
10	Nimesh Prakashkumar Shah	Non-Executive-Independence Director	07-Sep-2009	30-Mar-2011	02334503
11	Jayesh Savailal Shah	Executive-Managing Director	16-Jun-2009	30-Mar-2011	01458906
12	Jagdish Goverdhan Ajwani	Executive Director	16-Mar-2011	01-Oct-2012	01865419

11. The quarterly shareholding pattern (SHP) during the IP was as follows:

Particular	September 2010			December 2010			March 2011		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	9	875300	29.14	8	1711300	11.44	8	1711300	11.44
Non Promoter Holding	633	2128300	70.86	643	13242300	88.56	679	13242300	88.56
Total share capital	642	3003600	100.00	651	14953600	100.00	687	14953600	100.00

Particular	June 2011			September 2011			December 2011		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	8	1569900	10.5	8	1569900	10.5	8	1569900	10.5
Non Promoter Holding	712	13383700	89.5	712	13383700	89.5	712	13383700	89.5
Total share capital	720	14953600	100.00	720	14953600	100.00	720	14953600	100.00

Particular	March 2012			June 2012			September 2012		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	8	1569900	10.50	8	1569900	10.50	4	1366300	9.14
Non Promoter Holding	705	13383700	89.50	647	13383700	89.50	641	13587300	90.86
Total share capital	713	14953600	100.00	655	14953600	100.00	645	14953600	100.00

Particular	December 2012			March 2013			June 2013		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	4	1366300	9.14	4	1366300	9.14	No data filed by Co. with BSE during this quarter		
Non Promoter Holding	767	13587300	90.86	809	13587300	90.86			
Total share capital	771	14953600	100.00	813	14953600	100.00			

Particular	September 2013			December 2013			March 2014		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	No data filed by Co. with BSE during this quarter			4	1366300	9.14	4	1366300	9.14
Non Promoter Holding				997	13587300	90.86	1074	13585800	90.86
Total share capital				1001	14953600	100.00	1079	14953600	100.00

Particular	June 2014		
	No. of shareholders	No. of shares	%
Promoter Holding	4	1366300	9.14
Non Promoter Holding	1094	13585800	90.86
Total share capital	1098	14953600	100.00

12. Further, from the financial results of GSL for the FY ended 2013, 2014 and 2015 following observations were made;

Description	Year ended (Rs. in million)			
	31-March-2011	31-March-2012	31-March-2013	31-March-2014
Revenue	38.26	1.20	Details not available on BSE website.	
Expenditure	-36.28	-1.14		
Net Profit	1.97	0.02		

13. On perusal of the shareholding pattern of the promoters available on the BSE website during the IP, following observations are made;

- It is observed that Global Securities Ltd. i.e. Noticee has not filed its shareholding pattern for June 2013 and September 2013 quarter on BSE. Subsequently, vide email dated December 20, 2019, BSE has informed that the company has not submitted shareholding Pattern for quarter ended June 2013 and September 2013 to the Exchange.
- Thus, the company has failed to file quarterly shareholding pattern for June 2013 and September 2013 quarters as required under Clause 35 of the Listing Agreement r/w Regulation 103 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 21 of the SCRA, 1956.

14. Therefore, in view of the foregoing, it is observed that the Noticee has failed to file quarterly shareholding pattern for June 2013 and September 2013 quarters as required under Clause 35 of the Listing Agreement r/w Regulation 103 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 21 of the SCRA, 1956.

15. I find that the Noticee is a listed company and was under an obligation in terms of section 21 of SCRA to comply with the conditions of Listing Agreement. Specifically, Clause 35 of Listing Agreement mandates the listed companies to file inter alia its shareholding pattern including the shareholding of its promoters, with the exchanges on a quarterly basis. Needless to say, the Noticee was required to make true and correct disclosure regarding shareholding pattern. Periodic disclosures under Clause 35 of the listing agreement serve a very important purpose of informing the market and the investors about the shareholding of the company i.e. names and holdings of the promoters and significant shareholders

16. The shareholding and names of promoters and significant shareholders form a very important criterion for the public to make their investment decisions. Hence, I find that the Noticee has, by not making requisite

disclosures of the shareholding of its promoters, violated provisions of section 21 of SCRA read with 35 of the Equity Listing Agreement.

17. It is also pertinent to draw attention towards the matter of Coimbatore Flavors & Fragrances Ltd. vs SEBI (Appeal No. 209 of 2014 order dated August 11, 2014), wherein Hon'ble SAT observed 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."*

Issue No. II: Does the violation, if any, on the part of the Noticee attract monetary penalty under Section 23E of SCRA, 1956?

18. Referring to the judgment in the matter of SEBI vs. Shriram Ram Mutual Fund 2006 SCL 216(SC), wherein Hon'ble Supreme Court held that; *"In our opinion, mens rea is not an essential ingredient for contravention of the provisions of a civil act. In our view, the penalty is attracted as soon as contravention of the statutory obligations as contemplated by the Act is established and, therefore, the intention of the parties committing such violation becomes immaterial. In other words, the breach of a civil obligation which attracts penalty under the provisions of an Act would immediately attract the levy of penalty irrespective of the fact whether the contravention was made by the defaulter with any guilty intention or not. We also further held that unless the language of the statute indicates the need to establish the presence of mens rea, it is wholly unnecessary to ascertain whether such a violation was intentional or not"*

19. In view of the foregoing, it is concluded that the Noticee has violated the provisions of Clause 35 of the Listing Agreement r/w Regulation 103 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 21 of the SCRA, 1956. Therefore, it is a fit case to impose monetary penalty under the provisions of section 23E of SCRA, which reads as under:

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

23E. If a company or any person managing collective investment scheme or mutual fund fails to comply with the listing conditions or delisting conditions or grounds or commits a breach thereof, it or he shall be "liable to a penalty not exceeding twenty-five crore rupees" (as existed before the September 08, 2014 amendment).

Issue No. III: 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?

20. In this regard, while determining the quantum of penalty, it is important to consider the factors 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 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.”

21. In the instant matter it is not possible to quantify the gains made by the Noticee or the loss caused to investors as a result of the non-disclosures by the Noticee. The Noticee, by its failure to make disclosures, have severely impaired the integrity of the disclosure system put in place by the regulator and has deprived the investors of the significant information at the relevant time. Hence its actions warrant the imposition of penalty. I also find that the Noticee has not filed requisite disclosures for two (2) consecutive quarters and thus, the default on the part of the Noticee is repetitive in nature.

ORDER

22. After taking into consideration the facts and circumstances of the case and factors enumerated in section 15J of the SEBI Act, an appropriate penalty for the non-disclosure by the Noticee for alleged violation (as enumerated in preceding paras above), in exercise of powers conferred under section 15I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, is imposed on the Noticees, under Section 23E of SCRA, 1956, for the alleged violations of non-disclosure. The Noticee will be liable to pay the penalty amount as mentioned in the table below;

Name of the Noticee	Penalty Amount (in Rs.)
Global Securities Limited (PAN: AACCG3465C)	3,00,000/- (Three Lakhs Only)

23. Noticee shall remit / pay the said amount of penalty within 45 (forty five) days of receipt of this order either by way of Demand Draft (DD) in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai and 1) the said DD should be forwarded to the Division Chief, Enforcement Department 1(EFD), Division of Regulatory Action – IV [EFD 1-DRA-4] SEBI Bhavan, Plot No.C4-A, ' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai – 400 051 and also send an email to tad@sebi.gov.in with the following details:

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

24. Payment can also be made online by following the below path at SEBI website www.sebi.gov.in ENFORCEMENT
→ Orders → Orders of AO → Click on PAY NOW or at
<https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>

25. 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, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

26. In terms of Rule 6 of the Rules, copy of this order is sent to the Noticee and also to the Securities and Exchange Board of India.

DATE: December 18, 2020

PLACE: MUMBAI

VIJAYANT KUMAR VERMA

ADJUDICATING OFFICER