

BEFORE THE ADJUDICATING OFFICER
THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
SETTLEMENT ORDER NO. SO/PM/NR/2020-21/6252

SETTLEMENT ORDER

In respect of application no., 4124/2020

Submitted by Religare Finvest Ltd., in the matter of Deccan Chronicle Holdings Ltd.,

1. SEBI conducted an investigation *inter-alia* to ascertain whether the promoters of Deccan Chronicle Holdings Ltd., (DCHL) have made any fraudulent pledging of shares of the Company and whether adequate disclosures had been made in accordance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (*hereinafter referred to "SAST Regulations"*), during the period October, 2011 to December, 2012.
2. The investigation revealed that the promoters of DCHL pledged 3,00,00,000 equity shares in July, 2012 constituting 14.37% of the total share capital with Religare Finvest Ltd., (*hereinafter referred to as "Religare" / "Applicant"*). As per the irrevocable power of attorney dated June 1, 2012, 3,00,00,000 equity shares were deposited with Religare acting as the Depository Participant on June 2, 2012. It was observed that through this irrevocable power of attorney, Religare, in the event of default by the promoters, was entitled to create pledge in its favour. Therefore, these shares were encumbered at the time of entering into the agreement on June 1, 2012. In view of the above, necessary disclosures were required to be made by Religare for the non-disposal undertaking entered on June 1, 2012 to the Stock Exchange and to the Target Company in terms of Regulation 29(1) read with Regulation 29(3) and 29(4) of the SEBI (SAST) Regulations, 2011, which Religare failed to do so. Therefore, it was alleged that Religare had violated the provisions of Regulation 29(1) read with Regulation 29(3) and 29(4) of SEBI (SAST) Regulations, 2011.

3. Further, it was observed that Religare invoked 3,00,00,000 shares pledged with them on August 2, 2012, whereby it had acquired 14.37% of total paid up share capital of the Company and was therefore required to make disclosures under Regulation 13 (1) read with Regulation 13 (5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 (*hereinafter referred to as "PIT Regulations"*). However, it was observed that Religare had not made any such disclosures. Therefore, it was alleged that Religare had violated the provisions of Regulation 13 (1) read with 13 (5) of SEBI (PIT) Regulations, 1992.
4. Accordingly, SEBI initiated Adjudication proceedings against the Applicant and appointed Shri Nagendraa Parakh as the Adjudicating Officer vide order dated May 6, 2016 under Section 19 of the SEBI Act, 1992 read with Section 15I of the SEBI Act and Rule 3 of (SEBI Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (*hereinafter referred to "Adjudication Rules"*) to inquire into and adjudge the alleged violations of the provisions of SEBI (SAST) Regulations, 2011 and SEBI (PIT) Regulations, 1992, committed by the Applicant, under Section 15A(b) of SEBI Act. Pursuant to internal restructuring, the undersigned has been appointed as the Adjudicating Officer vide Order dated July 18, 2018.
5. In terms of Rule 4 of SEBI Adjudication Rules, a Show Cause Notice reference no. EAD-6/AO/PM/NK/DCHL/35091/1/2019 dated December 31, 2019 (*hereinafter referred to as 'SCN'*) was served upon the Applicant, seeking its reply as to why an Inquiry should not be held against it for the alleged violation of the provisions of SEBI (SAST) Regulations, 2011 and SEBI (PIT) Regulations, 1992.
6. While the Adjudication proceedings were in progress, the Applicant submitted an application on March 11, 2020 for settlement of the Adjudication proceedings, in terms of SEBI (Settlement Proceedings) Regulations, 2018 (*hereinafter referred to as "Settlement Regulations"*).

7. It is noted from the application filed by the Applicant that vide an undertaking dated March 11, 2020, the Applicant had inter-alia submitted that *“neither admit nor deny the findings of fact and conclusions law and agree to abide by the settlement order as may be passed in accordance with SEBI Settlement Regulations and guidelines and circulars issued by the Board in that regard”*.
8. The Applicant vide email dated August 20, 2020 had proposed the revised settlement terms of ₹13,80,591/- (Rupees Thirteen lakhs eighty thousand five hundred and ninety-one only), which was considered by an Internal Committee of SEBI in its meeting held on August 24,2020.
9. The settlement terms as proposed by the Applicant were placed before the High Powered Advisory Committee (**HPAC**) in its meeting held on September 22, 2020. After considering the facts / circumstances of the case, material brought before it, the HPAC recommended that the aforesaid violations, in the facts of the case, may be settled on payment of ₹13,80,591/- (Rupees Thirteen lakhs eighty thousand five hundred and ninety-one only), towards settlement terms as proposed by the Applicant.
10. The recommendation of HPAC were approved by a Panel of the Whole Time Members of SEBI on September 28, 2020, which was communicated to the Applicant through email on September 30, 2020. The Applicant on October 1, 2020 remitted an amount of ₹13,80,591/- (Rupees Thirteen lakhs eighty thousand five hundred and ninety-one only), through RTGS, towards the settlement of action in the instant matter.
11. Therefore, in view of acceptance of the settlement terms as proposed by the Applicant and upon receipt of settlement amount by SEBI, the pending Adjudication Proceedings initiated against the Applicant under the aforesaid SCN dated December 31, 2019, are hereby disposed of in terms of Section 15JB of SEBI Act, 1992 read with Regulation 23(1) of the Settlement Regulations.

12. Further, in terms of Regulation 28 of the Settlement Regulations, this Order is without prejudice to the right of SEBI to take any enforcement action including restoring or initiating the proceedings to which this settlement order is passed, if:

- i. any representations made by the Applicant in the present settlement proceedings are subsequently discovered to be untrue.*
- ii. the Applicant has breached any of the clauses / conditions of undertakings / waivers filed during the present settlement proceedings.*

13. This settlement order passed on October 16, 2020 shall come into force with immediate effect.

14. In terms of Regulation 25 of the Settlement Regulations, a copy of this order is being sent to the Applicant and for publication on the website of SEBI.

Date: 16 October 2020
Place: Mumbai

PRASANTA MAHAPATRA
ADJUDICATING OFFICER