

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: ORDER/SS/LD/2024-25/30447-30458)**

UNDER SECTION 15 - I OF THE 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:

Notictee Nos.	Name of the Noticees	PAN
1	Hexa Tradex Ltd.	AACCH5334B
2	Mr. Raj Kamal Aggarwal	AAAPA4978M
3	Mr. Ravinder Nath Leekha	ABRPL7538E
4	Ms. Vinita Jha	AJAPJ5970D
5	Mr. Girish Sharma	AASPS8031K
6	Mr. Naresh Kumar Agarwal	AACPA3300M
7	Mr. Ranjit Malik	AFPPM3426A
9	Siddeshwari Tradex P Ltd	AATCS0974M
10	Innox Global Multiventures P. Ltd.	AAECI3872K
11	Opelina Sustainable Services P. Ltd.	AAACO5195R
12	JSL Limited	AACCJ1451F
13	Mr. Pravesh Srivastava	BFLPS9954Q

in the matter of Hexa Tradex Limited

FACTS OF THE CASE

1. Securities and Exchange Board of India (“**SEBI**”) conducted an examination pursuant to a complaint dated July 08, 2022, received by SEBI with respect to the delisting of Hexa Tradex Limited (hereinafter referred to as the “**Hexa/Noticee 1/Company**”), a company listed on Bombay Stock Exchange Limited (“**BSE**”) and National Stock Exchange of India Ltd (“**NSE**”). Based on the complaints received, SEBI had sought a joint report from NSE and BSE in the matter of delisting of Hexa Tradex Ltd. Both the exchanges submitted a joint report to SEBI vide letter dated March 10, 2023.
2. During the course of examination, it was observed that the Noticee 1 acting through its board of directors had allegedly passed an incorrect resolution of itself, acquirer’s related entities viz, Mr Prithviraj Jindal, promoter related entities viz, Jindal Saw Ltd, JITF Infralogistics Ltd and Sigmatech Inc to be in compliance with securities law and Noticee 1 acting through its board of directors not done due diligence to question Committee of Independent Directors (IDC) for failure to provide the reasoned recommendations and IDC members of the Noticee 1 failed to give reasoned recommendations to its board for accepting the delisting proposal, Mr Raj Kamal Aggarwal (**Noticee 2, Chairperson of IDC**), Mr Ravinder Nath Leekha (**Noticee 3, member of IDC**), Ms Vinita Jha (**Noticee 4, member of IDC**), Mr Girish Sharma (**Noticee 5**), Mr Naresh Kumar Agarwal (**Noticee 6**), Mr Ranjit Malik (**Noticee 7**) being directors on the board of Noticee 1 had allegedly passed an incorrect resolution of Noticee 1 and its acquirers related entities viz, Mr Prithviraj Jindal, promoter related entities viz, Jindal Saw Ltd, JITF Infralogistics Ltd and Sigmatech Inc to be in compliance with securities law, Noticee 2, 3 and 4 had failed to give reasoned recommendations to board for accepting the delisting proposal, Noticee 2-7 had not insisted for reasoned recommendations and the said Noticee 2-7 had not complied with Code of Conduct for Directors.
3. Further, it was observed that acquirers viz, Siddheswari Tradex P Ltd (**Noticee 9**), Inox Global Multiventures P Ltd (**Noticee 10**), Opelina Sustainable Services P Ltd (**Noticee 11**), JSL Limited (**Noticee 12**) had allegedly not brought out that the

Noticee 1 and its acquirers were not in compliance with securities law w.r.t the disclosure made in the Detailed Public Announcement(DPA) and Mr Pravesh Srivastava (**Noticee 13**) had allegedly failed in ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit. (hereinafter Noticee 1-7 and 9-13 together referred to as the **Noticees**).

4. SEBI had, therefore, initiated adjudication proceedings under SEBI Act against the Noticees to inquire into and adjudge the alleged violations of the provisions of Regulation 10(3), 28(2) and 28(3) of SEBI Delisting Regulations, 2021 (hereinafter referred to as "**Delisting Regulations**") by Noticee 1, Regulations 10(3), 28(2) and 28(3) of Delisting Regulations and Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations**" 2015) by Noticee 2-7, Regulation 15(2) of Delisting Regulations by Noticee 9-12 and Regulations 6(2)(a) of LODR Regulations by Noticee 13 and to impose penalties upon the Noticees under Section 15HB of the SEBI Act.

APPOINTMENT OF ADJUDICATING OFFICER

5. The undersigned was appointed as the Adjudicating Officer ("**AO**") by SEBI, vide Order October 06, 2023, communicated vide communique dated October 06, 2023 under Sub-section 1 of Section 15-I of the SEBI Act read with Rule 3 of the SEBI (Procedure of Holding Inquire and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**SEBI Adjudication Rules**") to inquire into and adjudge under Section 15HB of the SEBI Act for the aforesaid alleged violations by the Noticees.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

6. Accordingly, a Common Show Cause Notice dated October 17, 2023 (hereinafter referred to as the '**SCN**') was issued to the Noticees in terms of the provisions of the SEBI Adjudication Rules, to show cause as to why an inquiry should not be held and penalty be not imposed upon them under Section 15HB of the SEBI Act for the aforesaid alleged violations.

7. The said SCN was served on the Noticees via SPAD and also through email. The proof of service is on record. The details of mode of delivery of the SCN and the hearing Notice are mentioned in the table 1 below:

Table 1

Notice Nos.	Name of the Noticees	SCN Delivered (Y/N)(MODE)	Reply Received Y/N	Hearing Notice Date	HN Delivered (Mode of Service)	Hearing Date	Hearing Attended(Y/N)
1	Hexa Tradex Ltd	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y
2	Mr. Raj Kamal Aggarwal	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y
3	Mr. Ravinder Nath Leekha	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y
4	Ms. Vinita Jha	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y
5	Mr Girish Sharma	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y
6	Mr Naresh Kumar Agarwal	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and	Y

						December 15, 2023	
7	Mr Ranjit Malik	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y
9	Siddheswari Tradex P Ltd	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y
10	Innox Global Multiventures P Ltd	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y
11	Opelina Sustainable Services P Ltd	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y
12	JSL Limited	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y
13	Mr Pravesh Srivastava	Y, EMAIL	Y	October 31, 2023, November 20, 2023, November 24, 2023 and December 11, 2023	EMAIL	November 07, 2023, November 29, 2023, December 11, 2023 and December 15, 2023	Y

8. In the absence of response from the Noticees 1-7 and 9-13, and in the interest of natural justice, a reminder cum hearing Noticee vide email dated October 31, 2023 was sent to the said Noticees to appear for hearing on November 07, 2023. They were also advised to submit their reply to the SCN before the date of hearing. Vide

letter dated November 03, 2023, the Authorized Representative (AR) of the said Noticees sought an extension of time to file reply in the matter and sought inspection of documents relied upon in the matter. The AR of the Noticees 1 and 13 vide letter dated November 08, 2023 submitted their reply to the SCN and sought adjournment of hearing scheduled on November 07, 2023. The AR also apprised that they would file an application of Settlement in the matter under SEBI (Settlement Proceedings), Regulations 2018. Vide email dated November 10, 2023 an opportunity to inspect the documents in the matter was granted to the AR of the Noticee on November 16, 2023, which was duly availed by it. Subsequently, vide email dated November 20, 2023, AR of the said Noticees was advised to submit reply in the matter and were granted an opportunity of personal hearing in the matter on November 29, 2023. In response, AR of the said Noticees vide letter dated November 24, 2023 apprised that they would file an application of Settlement in the matter in respect of the remaining Noticees under SEBI (Settlement Proceedings), Regulations 2018 and sought adjournment of the hearing scheduled on November 29, 2023. Accordingly, vide email dated November 24, 2023, the said request was acceded to and the Noticees were granted another opportunity of hearing on December 11, 2023. However, vide email dated December 11, 2023, the said hearing was rescheduled to December 15, 2023 due to technical issues. The said hearing was attended to by the AR of the Noticees wherein he reiterated the submissions made earlier vide letter dated November 08, 2023 and sought time to make additional submissions in the matter, which was duly granted to them. Accordingly, vide letter dated December 22, 2023, the said AR made additional submissions in the matter. Further, in order to conclude the instant proceedings, the said Noticees were granted an opportunity to make additional submissions in the matter vide email dated June 06, 2024. Vid email dated June 10, 2024, AR of the Noticees made additional submissions in the matter. The submissions made by the Noticees vide their letter dated November 08, 2023, December 22, 2023 and June 10, 2024 is mentioned herein below:

Reply of the Noticees 1-7 and 9-13

- a) *The Feb 2020 SCN was issued inter-alia alleging error in classification of a promoter entity Sigmatech Inc. as a public shareholder of the Company, during the examination period April 2012 – June 2018. Further, the violations against other noticees therein viz. Mr. Prithviraj Jindal, Jindal Saw Limited, JITF Infralogistics Limited and Sigmatech Inc., were also in respect of the period prior to June 2018. On October 01, 2018 the Company had itself intimated SEBI about the said error and since October 2018, the Company has been making disclosures classifying Sigmatech Inc. as its promoter. As such, in relation to the violations alleged under the Feb 2020 SCN against the Company, the Company has been in compliance with Securities law since October 2018.*
- b) *Upon receipt of the Feb 2022 SCN, the Company passed the Feb 2022 Resolution and inter-alia decided to opt for settlement in relation to the violation alleged in the Feb 2022 SCN since the non-disclosure of Sigmatech Inc. as a promoter entity by the Company until June 2018, was a genuine and bonafide mistake.*
- c) *It is submitted that the March 2022 Resolution is factually correct since as on the date of the said resolution, i.e. March 21, 2022, Noticee 1 and Acquirer and its related entities were in compliance with the applicable Securities law.*
- d) *The allegations qua the other noticees were also in respect of the period prior to June 2018. As such, as on the date of the March 2022 Resolution, neither Noticee 1, nor Acquirer and its related entities, were in violation of any Securities law. Accordingly, as on date of the March 2022 Resolution, the Peer Review Company Secretary and the Board have correctly certified that – the Company is in compliance with applicable Securities law; and the Acquirer and its related entities are in compliance with the applicable Securities law.*
- e) *Moreover, the report/ certification submitted by the Peer Review Company Secretary under Regulation 10(3), is based on the information obtained from the Board under Regulation 10(2) of the Delisting Regulations, 2021. Under Regulation 10(2) the Board is inter-alia required to provide information relating to dealing of the equity shares of the Company undertaken by the Acquirer or its related entities, during the period of two years prior to the date of board meeting, i.e. upto March 2020, unless the company secretary is of the opinion that information for a longer period of time is required.*
- f) *It is not the case in the Notice that the Peer Review Company Secretary should have looked into information for a longer period of time. Accordingly, the look back period for the purpose of Regulation 10(2) of Delisting Regulations, 2021 was only upto 2 years prior to the date of the board meeting, i.e. from March 22, 2020 to March 21, 2022 and there also the examination was limited to any violation of securities law in dealing of the equity shares of the Company undertaken by the Acquirer or its related entities. During the period, as stated above, there was no violation of Securities law by the Company and/or the Acquirer and its related entities. As such, the Feb 2022 SCN was irrelevant for the purpose of the certification under Regulation 10(3) of the Delisting Regulations, 2021.*

- g) *Noticee 1 and its Board had no intention to hide behind the certificate of the Peer Review Company Secretary. This is evident from the fact that the Feb 2022 SCN was disclosed in the application for in-principle approval submitted to NSE and BSE. Neither NSE or BSE raised any concern relating to the Feb 2022 SCN and granted its in-principle approval for delisting without any condition or qualification in this regard. The aforesaid fact shows that even the stock exchanges did not perceive the Feb 2022 SCN as a material event for the purpose of granting their in-principle approval for delisting, much less a violation of the applicable securities law by the Board of Directors.*
- h) *Strictly without prejudice to the above and in any event, it is submitted that merely because the Feb 2022 SCN was issued in February 2022, it cannot be said that the Company was in violation of Securities law as on the date of the March 2022 Resolution. It is submitted that a show cause notice only contains allegations and until a final determination and finding in respect of the said violations has been arrived at, it cannot be said that the noticees are in violations of the Securities law. Further, as noted above, the rectification/corrections in the promoter classifications were made back in 2018 and the Company was in compliance with Securities law when the March 2022 resolution was passed.*
- i) *Insofar as the allegation of lack of due diligence by Noticee 1 acting through its Board for not questioning the IDC's recommendation on delisting is concerned, as can be seen from the minutes of the Board Meeting held on 21st March 2022, that the Board had reviewed the report on calculation of the floor price and also taken note of the indicative price provided by the Acquirers, which was higher than the floor price. The Board took notice of the fact that IDC recommendations would be published by the Company at least two working days before the commencement of the bidding period in accordance with Regulation 28(4) of the Delisting Regulations, 2021.*
- j) *Thereafter, as required under Regulation 28(1) of the Delisting Regulations, 2021, the Board ensured that IDC was constituted to provide its reasoned recommendation on the delisting offer. On June 16, 2022, meeting of IDC was held wherein it considered and approved its written reasoned recommendation to be provided to the Board on the proposal for delisting of the Company under Regulation 28(2) of the Delisting Regulations, 2021. As required under Regulation 28(4) of the Delisting Regulations, 2021, the Company ensured that on June 17, 2022, IDC recommendations were published at least two working days before the commencement of the bidding period. In view of the above, it is submitted that Noticee 1, through its Board, had duly complied with its obligations under Regulation 28 of the Delisting Regulations, 2021.*
- k) *The requirement of pricing and consideration of the same is subject to the test of fairness of the pricing for the buyer and seller. Different statutes, viz. Foreign Exchange Management Act, 1999 and Income Tax Act, 1961 have also provided that for a listed company, the market related price is deemed to be the fair price / minimum price for a transaction. As can be seen from the minutes of the meeting of the IDC, the IDC inter-alia reviewed (i) the provisions relating to calculation of the floor price, (ii) share trading history of the Company for previous one financial year, (iii) details of the trades undertaken by the promoter and promoter group during the period of 12 months, to assess whether the equity shares of the Company are frequently traded on any stock exchange.*

- l) *Since the equity shares of the Company were frequently traded the Company had assessed the calculation of the floor price in terms of Regulation 8(2) of the Takeover Regulations, 2011. Further, Para 9 of IND AS-113, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.*
- m) *Hence, the market value of the shares in the regulated trading platform of the stock exchange where they are frequently traded would be the best indicator of the fair value of the shares. In view of the same, the IDC considered volume weighted average price of the shares, in terms of the Delisting Regulations, 2021 as on date of the Board Meeting approving the delisting, as reflection of the minimum value at which delisting offer ought to be given in terms of the Delisting Regulations, 2021.*
- n) *Since the shares were frequently traded, market prices are considered to reflect the fair of the value of the equity shares of the Company and hence separate assessment of fair value based on different valuation methods was not considered, for its recommendation on delisting.*
- o) *The fairness of a price is always based on the market price, especially in case of listed equity shares and which are also frequently traded. SEBI has also in its regulations required the disclosure of the minimum price which ought to be offered to the shareholders in the event of such transactions pertaining to open offer or delisting. Hence, the IDC relied on the SEBI pricing methodology and the market price to assess the fairness of the minimum price which should have been offered by the Acquirers to the shareholders of the Company under the delisting offer. Since the methodology for calculation of minimum price is specified under the Takeover Regulations, 2011, which was strictly followed, no need was felt by the IDC to look beyond the market price for determination of the floor price in terms of the Delisting Regulations, 2021.*
- p) *That the requirement under the Delisting Regulations, 2021 is to assess the floor / minimum price at which offer should be given to the shareholders and not the assessment of fair value of equity shares.*
- q) *The Notice alleged that the book value of the Company was not considered by the IDC while giving its recommendation. However, as per the Delisting Regulations, 2021 and the Takeover Regulations, 2011, the book value of the Company is not required to be considered while giving the IDC recommendation, computing the floor price or otherwise when the shares of the Company are frequently traded. The only exception is in case of a counter-offer, which is not applicable in the present case.*
- r) *It is also relevant to note in most cases post the announcement of delisting offer, the prices of the equity shares are likely to rise for different expectations of the investors. Even in the case of the Company, post the March 2022 Resolution, the equity shares were trading at premium to the floor price and indicative price.*
- s) *Accordingly, the IDC agreed that the time period considered for determining volume weighted average price should be 60 trading days until the reference date as per Regulation 20(3) of the Delisting Regulations, 2021 (i.e. the Board Meeting in which*

the proposal of delisting was considered and approved), which is in strict compliance with the applicable laws.

- t) The change in price between IPA and IDC recommendation is not considered while assessing the floor price. It is relevant to note that the price of the Company's share had also fallen at a later date, however, the discovered price as on the date of closure of the offer was higher than the market price on such date.*
- u) In any event, since under a delisting offer, the public shareholders have an option to tender their shares at a price higher than the floor price and the discovered price is derived through reverse book building process, the IDC advised the public shareholders of the Company to independently evaluate the delisting offer and take an informed decision in their best interests regarding tendering of the equity shares held by them in the delisting offer.*
- v) Further, under Regulation 26 of the Delisting Regulations, 2021, the interest of remaining public shareholders whose shares were either not accepted or were not tendered at all during the bidding period, is also protected, as the Acquirers are under an obligation to accept the shares of such remaining public shareholders at the same price at which the equity shares had been delisted, for a minimum period of one year from the date of delisting.*
- w) IDC had duly complied with its obligation and provided its written reasoned recommendation on the proposal for delisting to the Board. Consequently, the question of the Company and/or the Board exercising its due diligence in relation to the IDC recommendations, does not arise.*
- x) Noticees 6 and 7 were not part of the Board of Directors at the relevant time and were appointed as directors of the Company on and with effect from August 10, 2022. Therefore, no case is made out against Noticees 6 and 7.*
- y) SEBI has in paragraph 1.4 of the Notice alleged that the Board of Directors passed a resolution that was factually incorrect that the Company and Acquirer's related entities are in compliance with securities laws. However, it is submitted that the March 2022 Resolution is factually correct since as on the date of the said resolution i.e. March 21, 2022, the Company was in compliance with applicable securities law. Accordingly, the Board of Directors and PRCS have correctly certified the same. The error in classification of a promoter entity Sigmatech Inc. as a public shareholder of the Company under the Feb 2022 SCN was already rectified by the Company with effect from September 2018. This fact has been specifically noticed and admitted in the Notice, wherein it is stated that "Sigmatech Inc. ...was recategorised as a part of the promoter group from September 2018 onwards".*
- z) It is submitted that the Board of Directors of the Company have ensured compliance with the Code of Conduct at all times, in letter and spirit. The Board of Directors have to the best of their abilities – exercised utmost care, diligence and skill while performing their duties; ensured that they enhance and maintain the reputation of the Company; conducted themselves in a professional, courteous and respectful manner, at all times. In view of the above, Regulation 26(3) of the LODR Regulations, 2015 is wholly inapplicable vis-à-vis the Board of Directors.*

- aa) As required under Regulation 15(2) of the Delisting Regulations, 2021, the Acquirers disclosed all material information in the DPA, including information specified in Schedule I of the Delisting Regulations, 2021. The information submitted therein was neither false, nor misleading.*
- bb) Whilst the Acquirers were not arrayed as noticees under the Feb 2022 SCN, with respect to the allegations against the Acquirer's related entities in the Feb 2022 SCN, the rectification/ corrections in promoter classification were made back in September 2018.*
- cc) In view thereof, the Company and the Acquirer's related entities had been in compliance with securities law when the March 2022 Resolution was passed as also when the DPA was issued. Accordingly, there were no wrongful/ incorrect statements made in the DPA.*
- dd) Regulation 15 read with Schedule I of Delisting Regulations, 2021 does not require disclosure of pending litigation/ proceedings against Acquirers and its related entities. In any event, the Feb 2022 SCN was not material.*
- ee) In terms of Regulations 10(3), 28(2) and 28(3) of the Delisting Regulations, 2021, no duty including the duty of due diligence is cast upon the Company. Whilst the responsibilities/ obligations under Regulation 10(3) of the Delisting Regulations, 2021 is fastened upon the Peer Review Company Secretary ("PRCS"), the responsibilities/ obligations under Regulations 28(2) and 28(3) of the Delisting Regulations, 2021 is fastened upon the IDC and there is no scope for assuming that the responsibilities/ obligations under the said Regulations are cast upon the Company.*
- ff) It is well settled that a company is distinct from its board of directors. Even from a bare perusal of the regulations it is clear that the Company, IDC and the Company Secretary are treated separately under the Delisting Regulations, 2021. It is respectfully submitted that if any duty is cast on the Company, the Regulation ought to have expressly specify the same.*

CONSIDERATION OF ISSUES AND FINDINGS: -

9. I have carefully perused the charges levelled against the Noticees, reply of the Noticees and the documents / material available on record. The issues that arise for consideration in the present case are:

Issue No. I: Whether Noticees have violated the provisions of Delisting Regulations and LODR Regulations as mentioned at para 4 above?

Issue No. II: If yes, does the violation, on the part of the Noticees would attract monetary penalty under Section 15HB of the SEBI Act?

Issue No. III: If so, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act?

10. Before proceeding further, I would like to refer to the relevant provisions of law as under:

SEBI (Delisting of Equity Shares) Regulations, 2021

Approval by the Board of Directors

10(3) After obtaining the information from the Board of Directors of the company under sub-Regulation 2, the Company Secretary shall carry out the due-diligence and submit a report to the Board of Directors of the company certifying that the buying, selling and dealing in the equity shares of the company carried out by the acquirer or its related entities and the top twenty five shareholders is in compliance with the applicable provisions of securities laws including compliance with sub-regulation (5) of Regulation 4 of these regulations.

Detailed public announcement

15(2) The detailed public announcement shall contain all material information including the information specified in Schedule I of these regulations and shall not contain any false or misleading statement.

Obligations of the company

28(2) The Committee of independent directors shall provide its written reasoned recommendations on the proposal for delisting of equity shares to the Board of Directors of the company and in relation thereto, the Committee may also seek external professional advice at the expense of the company.

(3) The Committee of independent directors, while providing reasoned recommendations on the delisting proposal, shall disclose the voting pattern of the meeting in which the said proposal was discussed

SEBI (LODR) Regulations, 2015

Compliance Officer and his/her Obligations

6(2) The compliance officer of the listed entity shall be responsible for-

(a) ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit.

Obligations with respect to employees including senior management, key managerial personnel, directors and promoters

26(3)All members of the board of directors and senior management personnel shall affirm

compliance with the code of conduct of board of directors and senior management on an

annual basis

Issue No. I: Whether Noticees have violated the aforesaid provisions of Delisting Regulations and LODR Regulations as mentioned at para 4 above?

Brief Background

11. It is observed that the delisting offer was made by Noticees 9-12 who were forming part of the promoter/ promoter group entities of Noticee1. In this regard, as per shareholding pattern of the Noticee 1 as on March 31, 2022, the promoter and promoter group held 63.12% shares and public held balance 36.88% shares. The holding by public included 28.08% by seven shareholders. The promoter's shareholding during past few years is as under in Table 2: -

Table 2

Date	Promoter's
June 2018	46%*
September 2018	56.91%
March 2019	56.91%
March 2020	57.86%
March 2021	61.58%
March 2022	63.12%
June 2022	63.12%

* Sigmatech Inc. holding 10.90% was wrongly shown as part of public from date of listing of Hexa was recategorised as part of promoter group from September 2018 onwards.

The Board of Directors of Noticee 1 consist of following persons as mentioned in Table 3: -

Table 3

Name	Designation
Mr. Raj Kamal Aggarwal	Non-Executive - Independent Director-Chairperson
Mr. Girish Sharma	Non-Executive - Independent Director
Mr. Ravinder Nath Leekha	Non-Executive - Independent Director
Mr. Abhiram Tayal	Non-Executive - Independent Director
Ms. Vinita Jha	Non-Executive - Independent Director
Mr. Naresh Kumar Agarwal	Non-Executive - Non Independent Director
Mr. Ranjit Malik	Non-Executive- Non Independent Director

Alleged Violation 1: Noticee 1 acting through its Board of Directors passed an incorrect resolution of its own and acquirer's related entities viz. Mr. Prithvi Raj Jindal and other promoter entities viz, Jindal Saw Ltd. JITF Infralogistics Ltd and Signmatech Inc to be in compliance with securities law

12. In this regard, it was observed that SEBI had issued a Show Cause Notice on February 01, 2022 to Noticee 1 for incorrect classification of promoters in the past vide stock exchange filings. Subsequently, a resolution was approved by the Directors which was approved by circulation stating ".....*The Company along with the noticees would opt for settlement of the proceedings as the above was genuine and bonafide mistake brought in to the attention of the SEBI by the Company itself*".
13. Meanwhile, the acquirers of Noticee 1 (who are promoter group entities) approached stock exchanges for delisting of its shares by making initial public announcement on March 12, 2022 wherein it was observed that Dwivedi & Associates, a peer reviewed firm of Company Secretaries (CS) had issued a due diligence report on March 21, 2022 in compliance with Regulation 10(3) of Delisting Regulations inter-alia certifying that compliance with the applicable provisions of securities laws. In accordance with Regulation 10(2) Delisting Regulations, CS provided its certificate on basis of dealing in shares of last 2 years (i.e. March 2020 to March 2022) and stated that it is based on documents/ information shared by the Noticee 1 for review of CS. However, it was observed that the violations by the promoters pertained for the period up to June 2018.

14. It was further observed that the resolution with regard to the SCN was noted by the Board of Directors in its meeting held on March 21, 2022 and the same was attended by the Board members and the Compliance Officer/Company Secretary. Further, the outcome of the Board meeting was duly disclosed by Noticee 1 to stock exchanges vide letter dated March 21, 2022, which inter-alia stated that

"Based on information available with the Company and the Report, in accordance with Regulation 10(2) and other applicable provisions of the SEBI Delisting Regulations, the Board certified that: -

- a) The Company is in compliance with the applicable provisions of Securities law.*
- b) the acquirer and its related entities are in compliance with the applicable provisions of securities laws in terms of the report of the Company Secretary including compliance with sub-Regulation (5) of Regulation 4 of these regulations."*

15. Therefore, it was clear that despite being aware of the proceedings initiated against it vide the SCN dated February 01, 2022 issued by SEBI, the Board of Directors allegedly chose to hide behind the certificate of the CS, whose mandate was restricted to inform on the basis of data of two years prior to the Board meeting in accordance with Regulation 10(2) of the Delisting Regulations. Further, the Board of Directors had complete visibility of the incorrect filing made on stock exchanges up to June 2018 admittedly done with mistake by Noticee 1 and related entities of acquirer. Despite the same, Board of Directors passed a resolution that was factually incorrect of Noticee 1 and acquirer's related entities viz. Mr. Prithviraj Jindal and other promoter entities viz. Jindal Saw Ltd., JITF Infralogistics Ltd. and Sigmatech Inc., that of being in compliance with the securities laws and also informing stock exchanges accordingly.

16. It was alleged that IDC members of Noticee 1 failed to give reasoned recommendations to Board for accepting the delisting proposal and that Noticee 1

acting through its Board of Directors had not done due diligence to question IDC for failure to provide the reasoned recommendations.

Alleged Violation 2: IDC (Committee of Independent Directors) members of Noticee failed to give reasoned recommendations to Board for accepting the delisting proposal and that Noticee 1 acting through its Board of Directors had not done due diligence to question /DC for failure to provide the reasoned recommendations

17. With regard to the captioned non-compliance, it was observed that the IDC consisted of Noticee 2 being Chairperson, Noticee 3 and 4 and as per the requirement of Delisting Regulations, the IDC had to provide for reasoned recommendation of the delisting proposal. Further, it was observed that in its meeting dated March 21, 2022, IDC had noted that *"Based on the review of the IPA (Initial Public Announcement), DPA (Detailed Public Announcement) and LOF (Letter of Offer) issued by Sundae Capital Advisors Private Limited, Manager to the Delisting Offer, on behalf of Acquirers and certificate computing the Floor Price, dated March 21, 2022, issued by Mr. Abhinav Agarwal, RV FCS, Registered Valuer & Corporate Law Advisor, IBBI Reg No. IBBIRV/0612019/12564, ICAI RVO membership no. ICAIRV0/06/RV-P0029212019-2020), the members of IDC recommend that the Floor Price, i.e. Rs. 153.16 (Indian Rupees One Hundred Fifty Three and Sixteen Paise), has been calculated in accordance with the SEBI Delisting Regulations and to that extent is fair and reasonable; and the Indicative Price i.e. Rs 156 (One Hundred Fifty Six) being higher than the Floor Price i.e. Rs. 153.16 (Indian Rupees One Hundred Fifty Three and Sixteen Paise), the Delisting Offer is in accordance with the SEBI Delisting Regulations. However, the IDC noted that the market price of the equity shares of the Company has been at a premium to the Floor Price and the Indicative Price post the announcement of the Delisting Offer. Accordingly, the Public Shareholders of the Company are advised to independently evaluate the Delisting Offer and take an informed decision in their best interests regarding tendering the equity shares held by them in the Delisting Offer."*

18. It was observed that the Summary of reasons for recommendations were as under:

19. *“Based on the review of the IPA, the Corrigendum to the IPA, DPA and LOF issued by the Manager to the Delisting Offer on recommendation on behalf of Acquirers, the members of IDC have considered the following reasons for making recommendations:*

- *The floor price of Rs 153.16 (Indian rupees One Hundred Fifty Three and Sixteen Paise) per equity share has been calculated in accordance with Regulation 20 and other applicable provisions of the SEBI Delisting Regulations read with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.*
- *The Indicative Price of Rs.156 (Indian Rupees One Hundred Fifty Six) is higher the volume weighted average price of the equity shares of the Company during the period of 60 (Sixty) trading days immediately preceding the date of the Board Meeting in which the delisting proposal was considered and approved and higher than the volume weighted average price paid or payable for acquisitions, whether by the Acquirers or by any person acting in concert with them. During the 52 (Fifty-Two) weeks immediately preceding the date of the IPA in terms of SEBI Delisting Regulations, if the discovered price pursuant to the reverse book building process is less than or equal to the Indicative Price. then the Acquirers will be required to purchase the equity shares of the Public Shareholders at the indicative Price.*

In addition to the aforesaid, the IDC, however, suggested that Public Shareholders of the Company should independently evaluate the Delisting Offer, market performance of the Company and take informed decisions in respect of the Delisting Offer.”

20. However, it is observed that the aforementioned statement given above cannot be treated as reasoned recommendations. Further, on perusal of the stated "recommendations" of IDC, it is observed that:

- a) No reason mentioned for not considering the book value of the company on consolidated basis of Rs. 425.53.
- b) How the floor price of Rs.153.16 and indicative price of Rs.156 are justified as compared to the book value.
- c) Reasons for accepting the indicative price Rs.156 at a price lower than the higher book value of the company of Rs.425.53 and recommending the same.
- d) The average of weighted average price (WAP) for a period from IPA to IDC was Rs.182. However, IDC despite noting that market price was higher than floor price and indicative price, but failed to give rationale to ignore the same.

21. Thus, it was alleged that the IDC of Noticee 1 failed in its duty to fulfil its responsibility by choosing not to give reasoned recommendations to the Board for accepting the delisting proposal. Also, the Noticee 1 acting through its Board of Directors had not done due diligence to question the IDC for failure to provide the reasoned recommendations.

22. Therefore, in view of the alleged violations 1 and 2 above, it was alleged that the Noticee 1 to 7 have violated Regulation 10(3), 28(2) and 28(3) of Delisting Regulations.

23. Further, it was observed that Regulation 26(3) of LODR Regulations, prescribes that *"All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis"*. In this regard, it is observed that the Board of Directors of Noticee 1 in their meeting held on May 25, 2018 approved the revised Code of Conduct which had become effective w.e.f. May 25, 2018. The Code of Conduct inter-alia provided that the Board Members and Members of Senior Management would

- *Exercise the care, diligence and skill of a reasonably prudent person under comparable circumstances.*
- *Ensure to enhance and maintain the reputation of the Company.*
- *Conduct themselves in a professional, courteous, and respectful manner at all times.*

24. However, with regard to the aforesaid, it was alleged that the members of the Board of Directors of Noticee 1 did not show care/diligence /skill, nor did they conduct their duties in a professional manner and did not enhance the reputation of the Noticee 1 by passing an incorrect resolution of Noticee 1's and acquirer's related entities viz. Prithviraj Jindal and other promoter entities viz. Jindal Saw Ltd. JITF Infralogistics Ltd. and Sigmatech Inc. of being in compliance with the securities law and also failing to give reasoned recommendations to the Board for accepting the delisting proposal. Also the Board members of Noticee 1 had not insisted for reasoned recommendations.

25. Accordingly, in view of the above, it was alleged that the members of board of directors of the Noticee 1 i.e. Noticees 2-7 have violated Regulation 26(3) of the LODR Regulations.

26. In this regard, Noticees 1-7 submitted as mentioned at paragraph 8 above and the is not being repeated for the sake of brevity, I note that the Noticee 1 and its Directors instead of owning up the responsibility of complying with the requirements mentioned in Regulation 10(3), 28(2) and 28(3) are shirking the same upon the PRCS. Further, I note that the Board of Directors ought to have given a proper reasoning w.r.t the fact for not considering the book value of the company on consolidated basis of Rs.425.53, how the floor price of Rs.153.16 and indicative price of Rs.156 were justified as compared to the book value, reasons for accepting the indicative price Rs.156 at a price lower than the higher book value of the company of Rs.425.53 and recommending the same to the board and the reasoning as to how average of weighted average price (WAP) for a period from IPA to IDC was Rs.182.

27. Further, I note that the said Noticees 2-5 had failed to show care/diligence /skill, nor did they conduct their duties in a professional manner by passing an incorrect resolution of Noticee 1's and acquirer's related entities viz. Prithviraj Jindal and other promoter entities viz. Jindal Saw Ltd. JITF Infralogistics Ltd. and Sigmatech Inc. of being in compliance with the securities law and also failing to give reasoned recommendations to the Board for accepting the delisting proposal. Further, I note

that the Board members of Noticee 1 had not insisted for reasoned recommendations. As regards, Noticee 6 and 7, I note from the material available on record that the said Noticees had joined in August 2022 and were not involved in the alleged irregularities. Thus, submission of the Noticees 1-5 is devoid of merits.

28. Accordingly, in view of the above, it stands established that the Noticees 1 to 5 have violated Regulation 10(3), 28(2) and 28(3) of Delisting Regulations and Noticees 2-5 have violated Regulation 26(3) of the LODR Regulations.

Alleged Violation 3: Non-compliance w.r.t securities law by Acquirers (Noticees 9-12) in their disclosure in DPA

29. Further, it was observed that Noticees 9-12 (Acquirers) did not bring out that Noticee 1 and they themselves were not in compliance with the securities law in their disclosure made in the Detailed Public Announcement (DPA).

30. DPA dated June 10, 2022 was issued by Manager to Issue, on behalf of acquirers (who are promoter group entities of Noticee 1). The DPA mentioned that Noticee 1 had appointed M/s Dwivedi & Associates, a Peer Reviewed firm of practicing Company Secretaries in terms of Regulation 10(2) and other applicable provisions of Delisting Regulations. The DPA also mentioned that Board of Directors had certified that Noticee 1 was in compliance with applicable provisions of securities law.

31. Therefore, it was observed that Noticee 1, its promoter and group entities were aware of the proceedings initiated against it vide SCN dated February 01, 2022 for non-compliance with the provisions of securities law and yet wrongly informed the stock exchanges that they were in compliance with the securities laws. Thus, acquirers (who are promoter group entities) allegedly could not hide behind certificate by M/s Dwivedi & Associates as well as Board of Directors of Noticee 1, in its meeting held on March 21, 2022, as DPA was issued to public on behalf of acquirers.

32. In view of the above, it was alleged that the Noticees 9-12 have violated Regulation 15(2) of Delisting Regulations.

33. As regards the allegation, against the Noticees 9-12, they submitted as mentioned at paragraph 8 above and is not being repeated for the sake of brevity. In this regard, I note that the acquirers are now trying to absolve themselves of the responsibility of making the disclosure of material information in the DPA as they were promoter group entities of Noticee 1. Thus, it is conspicuous that the said Noticees 9-12 were not-compliant w.r.t securities law regarding their disclosure in DPA. Therefore, submission of the Noticees 9-12 is bereft of merits.

34. Accordingly, in view of the above, it stands established that the Noticees 9-12 have violated Regulation 15(2) of Delisting Regulations.

Alleged Violation 4: Failure of Noticee 13 to ensure conformity with the regulatory provisions

35. As regards the captioned allegation, it was observed that the Company Secretary/ Compliance Officer (Noticee 13) had allegedly failed in ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit.

36. Regulation 6(2)(a) of LODR Regulations prescribes that "*the compliance officer of the listed entity shall be responsible for-*

(a) ensuring conformity with the regulatory provisions applicable to the listed entity in letter and spirit."

37. In this regard, it was observed that the Noticee 13 had attended the Board Meeting held on March 21, 2022 wherein resolution with regard to the SCN issued by SEBI stated the Noticee 1 along with the notices would opt for settlement of the proceedings as it was a genuine and bonafide mistake brought in to the attention of the SEBI by the Noticee 1 itself and the same was noted by the Board of Directors. Thus, the Compliance Officer was clearly aware of the non-compliance

of the securities laws on the part of Noticee1 and its directors and acquirers but did not carry out its responsibility to ensure conformity with the Regulatory provisions, in letter and spirit.

38. Accordingly, in view of the above, it was alleged that the Noticee 13 has violated Regulation 6(2)(a) of the LODR Regulations.

39. Noticee 13 submitted as mentioned at paragraph 8 above and is not being repeated for the sake of brevity. In this regard, I note that as already established in the preceding paragraphs that the Noticee 1 and its Board of directors along with the acquirers failed to comply with the alleged Regulations, Noticee 13 was the Compliance officer/Company Secretary who was equally responsible to ensure conformity with the compliance of the alleged violation. Therefore, I find that the Noticee 13 has violated the alleged provisions and thus, the submission of the Noticee 13 is devoid of merits.

40. Accordingly, in view of the above, it stands established that the Noticee 13 has violated Regulation 6(2)(a) of the LODR Regulations.

Issue No. II: If yes, does the violation, on the part of the Noticees would attract monetary penalty under Section 15HB of the SEBI Act?

41. As it has been established that the Noticees 1-5 and 9-13 have violated following provisions of SEBI Delisting Regulations and LODR Regulations as applicable.

- a) Regulation 10(3), 28(2) and 28(3) of SEBI Delisting Regulations, 2021 by Noticee 1.
- b) Regulations 10(3), 28(2) and 28(3) of Delisting Regulations and Regulation 26(3) of LODR Regulations by Noticee 2-5.
- c) Regulation 15(2) of Delisting Regulations by Noticee 9-12.
- d) Regulations 6(2)(a) of LODR Regulations by Noticee 13.

42. In the 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....."*

43. Therefore, in view of the foregoing and placing reliance on the above judgement of the Hon'ble Apex Court, I am of the view that the Noticees 1-5 and 9-13 are liable for imposition of monetary penalty Section 15HB of the SEBI Act, which is reproduced hereunder:

Relevant provisions of SEBI Act, 1992

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: If so, what would be the monetary penalty that can be imposed upon the Noticees 1-5 and 9-13 taking into consideration the factors stipulated in Section 15J of the SEBI Act?

44. While determining the quantum of penalty under Section 15HB of the SEBI Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act which reads as under:

SEBI Act, 1992

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.

45. I observe, that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticees 1-5 and 9-13 and the losses, if any, suffered by the investors due to such violations on the part of the said Noticees nor it has been alleged by SEBI. From the document available on record, I also note that the Noticees have not been penalized by SEBI in the past. Further, I note that the following:

- a) Delisting of the company has not been materialised till date and;
- b) Company had done settlement with SEBI in the matter w.r.t SCN emanating the allegation under consideration.

I also note that until and unless the SCN stated above is judicially disposed off/settled, the outcome cannot be presumed either way. However, I note that if any person who is to do due diligence w.r.t questioning the Committee of Independent Directors /pass a correct resolution of itself or its acquirer related entities /has to give a reasoned recommendation/ has to comply with the Code of conduct for Directors, does not do it and are depriving the investing public of the statutory rights available to them, then SEBI is duty bound to ensure that the investing public are not deprived of any statutory rights available to them. Accurate and proper dissemination of information is cornerstone of good corporate governance. Hence, the alleged violations by the Noticees 1-5 and 9-13 as brought out in the preceding paragraphs clearly shows the violation committed by them and calls for appropriate penalty.

ORDER

46. Having considered the facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme Court in **SEBI vs. Bhavesh Pabari (2019)5 SCC 90** and in exercise of power conferred upon me under section 15-I of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under Section 15HB of the SEBI Act on the Noticees 1-5 and 9-13 mentioned below for violations of the following provisions of LODR Regulations & Delisting Regulations:

- a) Regulation 10(3), 28(2) and 28(3) of SEBI Delisting Regulations, 2021 by Noticee 1.
- b) Regulations 10(3), 28(2) and 28(3) of Delisting Regulations and Regulation 26(3) of LODR Regulations by Noticee 2-5.
- c) Regulation 15(2) of Delisting Regulations by Noticee 9-12.
- d) Regulations 6(2)(a) of LODR Regulations by Noticee 13.

Name of the Noticees	Penal provisions	Penalty
Hexa Tradex Ltd.	Section 15 HB of the SEBI Act.	Rs 5,00,000/- (Rupees Five Lakhs Only)
Mr. Raj Kamal Aggarwal		Rs 2,00,000/- (Rupees Two Lakhs Only)
Mr. Ravinder Nath Leekha		Rs 2,00,000/- (Rupees Two Lakhs Only)
Ms. Vinita Jha		Rs 2,00,000/- (Rupees Two Lakhs Only)
Mr. Girish Sharma		Rs 2,00,000/- (Rupees Two Lakhs Only)
Siddeshwari Tradex P Ltd		Rs 5,00,000/- (Rupees Five Lakhs Only)

Innox Global Multiventures P. Ltd.		Rs 5,00,000/- (Rupees Five Lakhs Only)
Opelina Sustainable Services P. Ltd.		Rs 5,00,000/- (Rupees Five Lakhs Only)
JSL Limited		Rs 5,00,000/- (Rupees Five Lakhs Only)
Mr. Pravesh Srivastava		Rs 2,00,000/- (Rupees Two Lakhs Only)

47. The 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**

48. The forwarding details and confirmations of e-payments made (in the format as given in table below) should be forwarded to “The Division Chief, Enforcement Department (EFD1 – DRA IV), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C –4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051.

1. Case Name:	
2. Name of the Noticee:	
3. PAN No. of the Noticee	
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 etc.)	

49. 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, 1992 for realization of

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

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

Date: June 18, 2024

SANTOSH KUMAR SHARMA

Place: Mumbai

ADJUDICATING OFFICER