

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

UNDER SECTIONS 11(1), 11(4), 11A AND SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.

IN THE MATTER OF M/s CAMSON BIO TECHNOLOGIES LIMITED.

NOTICEES		PAN
1.	M/s CAMSON BIO TECHNOLOGIES LIMITED	AAACC5909K
2.	DHIRENDRA KUMAR	ADTPK0348P
3.	AKBAL NARAYAN SINGH	ABFPS9453D
4.	VEERENDRA KUMAR	AODPS6092K
5.	KARAN SINGH	AMKPK4001D
6.	SHIVANAND SINGH	BLQPS8451M
7.	SANGEETA KSHETRY	AJAPK9355M
8.	RAM YADAV	ACBPY5998A
9.	SUDHA K.	AHOPK1018K
10.	K. RAMASWAMY	ATLPK1495P
11.	JAMUNA PRASAD	NOT AVAILABLE
12.	M/s CAMSON FARM PRODUCE P. LIMITED	AAACR9470N
13.	M/s SANATAN HERBALS AND NATURALS LIMITED	AAFCS6461D

BACKGROUND –

- 1.1 Securities and Exchange Board of India (“SEBI”) had conducted an investigation in the scrip of M/s Camson Bio Technologies Limited (“**Camson Bio/the Company**”) in connection with the funding for conversion of warrants (allotted on July 25, 2007) to shares (which were allotted to eighteen entities on January 24, 2009). The investigation had sought to ascertain suspected violations of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (“**PFUTP Regulations, 2003**”), the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (“**Takeover Regulations, 1997**”), the SEBI (Prohibition of Insider Trading) Regulations, 1992 (“**Insider Trading Regulations, 1992**”) and the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (“**DIP Guidelines, 2000**”), for the period from January 1, 2009 to June 30, 2009 (“**Investigation period**”).

1.2 The investigation conducted by SEBI *inter alia* revealed the following:

- A. Camson Bio was incorporated under the Companies Act, 1956 on November 19, 1993, having its registered office at Bengaluru, Karnataka. The Company operated in two segments i.e. seeds and vegetables and Agri-biotech products. Camson Bio was listed on Bangalore Stock Exchange ("**BgSE**") and was permitted to trade at BSE (formerly known as Bombay Stock Exchange) during the Investigation period.
- B. During the Financial Years 2007–08 to 2009–10, the Board of Directors of the Company was as follows:

TABLE I – BOARD OF DIRECTORS		
Sr. No.	NAME	DESIGNATION
1.	DHIRENDRA KUMAR	EXECUTIVE (MANAGING DIRECTOR)
2.	VEERENDRA KUMAR SINGH (W.E.F. 23.05.2007)	NON-EXECUTIVE
3.	AKBAL NARAYAN SINGH	NON-EXECUTIVE
4.	B. C. MADAPPA	NON-EXECUTIVE/INDEPENDENT
5.	KRISHNASWAMY RAMASWAMY	NON-EXECUTIVE/INDEPENDENT
6.	DR. ANURUDH KUMAR SINGH (W.E.F. 28.11.2008)	NON-EXECUTIVE/INDEPENDENT

- C. The shareholding pattern of the Company for the Quarters ended December 2008 to September 2009 (*Source: Shareholding submitted to BGSE/BSE*) was as under:

TABLE II – SHAREHOLDING PATTERN OF THE COMPANY							
PERIOD ENDED	PROMOTERS			NON-PROMOTERS			TOTAL NO. OF SHARES ISSUED
	NO. OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHAREHOLDERS	NO. OF SHARES	%	
DECEMBER-08	5	19,50,400	19.90	3,992	78,49,600	80.10	98,00,000
MARCH-09	5	25,24,030	18.42	4,076	1,11,75,970	81.58	1,37,00,000
JUNE-09	5	25,24,030	18.42	4,290	1,11,75,970	81.57	1,37,00,000
SEPTEMBER-09	5	25,54,130	18.64	4,392	1,11,45,870	81.36	1,37,00,000

- D. A shareholder resolution was passed at the Extra Ordinary General Meeting ("**EGM**") of the Company, held on July 13, 2007, authorizing the Board of Directors to issue warrants convertible within a period of eighteen months from date of allotment of such warrants. Accordingly, the Board of Directors had allotted convertible warrants on July 25, 2007. Thereafter, on January 24, 2009, the Board of Directors had approved the preferential allotment of 39,00,000 equity shares (through the conversion of the aforementioned

convertible warrants), to eighteen entities/preferential allottees. The said shares were listed at BgSE and admitted to trading with effect from May 25, 2009.

1.3 Pursuant to completion of investigation, a Show Cause Notice dated February 9, 2017 (and a Supplementary SCN dated April 10, 2017) (Collectively referred to as “**SCN**”), was issued to the following entities/Noticees:

- i. Camson Bio (“**Noticee no. 1**”);
- ii. Dhirendra Kumar (“**Noticee no. 2**”);
- iii. Akbal Narayan Singh (“**Noticee no. 3**”);
- iv. Veerendra Kumar Singh (“**Noticee no. 4**”);
- v. Karan Singh (“**Noticee no. 5**”);
- vi. Shivanand Singh (“**Noticee no. 6**”);
- vii. Sangeeta Kshetry (“**Noticee no. 7**”);
- viii. Ram Yadav (“**Noticee no. 8**”);
- ix. Sudha K. (“**Noticee no. 9**”);
- x. K. Ramaswamy (“**Noticee no. 10**”);
- xi. Jamuna Prasad (“**Noticee no. 11**”);
- xii. M/s Camson Farm Produce Pvt. Ltd. (“**Noticee no. 12/Camson Farm**”) and
- xiii. M/s Sanatan Herbals & Naturals Pvt. Ltd. (“**Noticee no. 13/Sanatan Herbals**”).

1.4 The SCN *inter alia* alleged violation of the following provisions of law, by the above mentioned Noticees:

- I. **Sections 12A(a)–(c) of SEBI Act, 1992 (“SEBI Act”) read with Regulations 3(a)–(d), Regulation 4(1) of the PFUTP Regulations, 2003, Clause 13.1.2.3(b) of the DIP Guidelines, 2000 read with Regulation 111 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“ICDR Regulations, 2009”):** The consideration for the issue and allotment by the Company of 38.13 Lakh equity shares (out of 39 Lakh equity shares) on January 24, 2009, was paid through rotation of funds amongst the Company and Promoter connected Companies. In this context, it was alleged that the Company, its Directors who were signatories to the Annual Report (Dhirendra Kumar, Akbal Narayan Singh and Veerendra Kumar Singh) along with the preferential allottees, viz. Karan Singh,

Shivanand Singh, Sangeeta Kshetry, Ram Yadav, Sudha K., K. Ramaswamy, Jamuna Prasad, Veerendra Kumar Singh and Promoter connected entities (Camson Farm and Sanatan Herbals – see paragraph 3.6), had connived with each other and had adopted a fraudulent device and artifice to defraud other shareholders of the Company. It was alleged that the aforementioned Noticees had violated Sections 12A(a)–(c) of SEBI Act read with Regulations 3(a)–(d), Regulation 4(1) of the PFUTP Regulations, 2003. Further, the Company and its Directors, viz. Dharendra Kumar and A. N. Singh, had violated Clause 13.1.2.3(b) of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009, on account of having allotted shares pursuant to conversion of warrants without receiving proper monetary consideration from some of the preferential allottees.

- II. **Disclosure violations under the provisions of Regulation 7 of the Takeovers Regulations, 1997 read with Regulation 35 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Regulation, 2011”), Regulation 13 of the Insider Trading Regulations, 1992 and Clause 4.2 of the Model Code of Conduct specified under Part A of Schedule I under Regulation 12(1) of the aforesaid Regulations read with Regulation 12(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Insider Trading Regulations, 2015”):** Six entities viz. Dharendra Kumar, Veerendra Kumar Singh, Shivanand Singh, Ram Yadav, Camson Farm and Sanatan Herbals, who were either allotted equity shares of the Company on January 24, 2009 or had thereafter, acquired/sold off shares of the Company during the period June 2009 to September 2010, had failed to make disclosures *inter alia* under Regulation 7 of the Takeover Regulations, 1997 read with Regulation 35 of the Takeover Regulations, 2011 and also under Regulation 13 of the Insider Trading Regulations, 1992 and Clause 4.2 of the Model Code of Conduct specified under Part A of Schedule I under Regulation 12(1) of the aforesaid Regulations read with Regulation 12(2) of the Insider Trading Regulations, 2015.
- III. **Clause 13.1C of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009:** Camson Bio and its Directors, Dharendra Kumar and Akbal Narayan Singh, had allotted equity shares under the preferential allotment to an individual who did not have a valid Permanent Account Number (“PAN”), viz. Jamuna Prasad, thereby violating Clause 13.1C of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009.

- 1.5 In view of the aforementioned, Noticee nos. 1–13 were directed to show cause as to why suitable directions under Sections 11(1), 11(4)(b) and 11A (only for Noticee no. 1) and 11B of the SEBI Act should not be issued against them for the violations alleged in the SCN.

HEARING:

- 2.1 Subsequent to the issuance of the SCN, multiple opportunities of personal hearing/opportunity to file written submissions were granted to Noticee nos. 1–13 on various occasions and such dates along with details of appearances/responses are listed out hereunder:

- i.* **November 15, 2017:** An opportunity of personal hearing was granted to Noticee nos. 1–13.
- a. Noticee nos. 1 (Camson Bio), 2 (Dhirendra Kumar), 3 (A. N. Singh), 5 (Karan Singh), 6 (Shivanand Singh), 7 (Sangeeta Kshetry), 12 (Camson Farm) and 13 (Sanatan Herbals) appeared for the hearing and were represented by Poonam Gadkari, Advocate–Juris Matrix. It was submitted that as the aforementioned Noticees were filing settlement applications in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (“**Settlement Regulations 2014**”) (as was also stated in their replies dated July 18, 2017), the proceedings against them be deferred/kept in abeyance till such time the applications were disposed of. The aforementioned Noticees had not made any submissions on merits in respect of the allegations levelled against them in the SCN, during the personal hearing.
 - b. Noticee no. 4 (Veerendra Kumar Singh) had appeared in person for the personal hearing and had reiterated the submissions contained in his replies dated March 3, 2017 and May 24, 2017. The aforementioned Noticee was granted ten days’ time till November 27, 2017, to file written submissions and also to provide complete details of his bank account statements and any other material to substantiate his contentions.
 - c. Noticee nos. 8 (Ram Yadav), 9 (Sudha K.) 10 (K. Ramaswamy) and 11 (Jamuna Prasad) did not appear for the hearing.

- ii. **July 26, 2018:** An opportunity of personal hearing was granted to Noticee nos. 1–13.
- a. Noticee nos. 1, 2, 3, 5, 6, 7, 12 and 13 appeared for the hearing and were represented by Poonam Gadkari, Advocate. It was pointed out by SEBI that contrary to their submissions during the hearing held on November 15, 2017, except for Dharendra Kumar and Karan Singh, none of the aforementioned Noticees had filed applications under the Settlement Regulations 2014. Even the applications filed by Noticee nos. 2 and 5 (as informed vide the Company's letter dated November 30, 2017), which were returned back by SEBI in 2019 pursuant to expiry of the Demand Drafts were not refiled subsequently. In this context, the Noticees undertook to file settlement applications under the aforesaid Regulations within a week from the date of the hearing and citing the aforementioned, had not made any submissions on merits during the personal hearing.
- During the hearing, the aforementioned Noticees were also directed to file written submissions on or before August 16, 2018. However, no written submissions were filed by the aforementioned Noticees.
- Further, on account of a request made for inspection of documents by Noticee nos. 1, 2, 3, 5, 6, 7, 12 and 13, it was directed that they submit such request (including details of the exact documents required to be inspected) to SEBI by July 27, 2018. Subsequently, Notice nos. 1, 2, 3, 5, 6, 7, 12 and 13 were granted an opportunity for inspection of documents by SEBI, on August 14, 2018 and were also provided with all the requisite documents/information as requested by them during the inspection.
- b. Noticee nos. 8, 9, 10 and 11 did not appear for the hearing.

- iii. **February 27, 2020:** During the intervening period, since considerable time had lapsed since the previous hearing in the matter and also considering the fact that Noticee nos. 1, 2, 3, 5, 6, 7, 12 and 13 were yet to make submissions on merits, a further opportunity for personal hearing/to file additional written submissions was granted to all the Noticees.

Incidentally only Noticee nos. 6, 7, 12 and 13 had filed settlement applications under the Settlement Regulations 2014 subsequent to the hearing held on July 26, 2018. The aforementioned applications were disposed of as rejected and the Noticees were informed of

the same vide SEBI letters dated July 17, 2019 (for Noticee nos. 12 and 13), October 24, 2019 (for Noticee no. 7) and June 30, 2020 (for Noticee no. 6).

- a. Noticee nos. 1–3, 5–9, 11–13 had failed to appear for the hearing.
- b. Noticee no. 10 had requested for an adjournment of the hearing vide a letter dated February 20, 2020, citing non–availability of legal counsel. Accordingly, an adjournment was granted.
- c. Noticee no. 4 had requested for an adjournment of the hearing on account of having to attend a marriage function within his family. Accordingly, an adjournment was granted.
- d. Noticee Nos. 2 and 5 had filed Settlement Applications, as informed by the Company vide its letter dated November 30, 2017. However, after the applications were returned by SEBI due to the expiry of the DDs, the Settlement Applications were not resubmitted to SEBI, by Noticee Nos. 2 and 5.

iv. **August 19, 2020:** An opportunity of personal hearing was granted to all the Noticees.

- a. Noticee nos. 1, 12 and 13 did not appear for the hearing. Hearing Notice was not served on Noticee nos. 10 and 11.
- b. Noticee nos. 2, 3, 5, 6, 7, 8 and 9 had requested for an adjournment of the hearing vide an email dated August 17, 2020, citing non–availability of documents on account of the Covid–19 nation–wide lockdown. Accordingly, an adjournment was granted to the aforesaid Noticees.
- c. Noticee no. 4 appeared in person for the personal hearing. Noticee no. 4 had submitted that he was not aware of what was happening at the Company's registered office in Bengaluru, Karnataka, during the period of the alleged violations as he was then posted in Delhi as a Non–Executive Director pursuant to his return to India in 2008. In reply to a query during the personal hearing regarding whether he had attended any meeting of the Company in his capacity as a Director, Noticee no. 4 denied having attended any meeting. The aforementioned Noticee was granted one weeks' time to file written submissions. The hearing stood concluded as against Noticee no. 4.

- v. **September 8, 2020:** An opportunity of personal hearing was granted to Noticee nos. 1–3, 5–13 on the aforementioned date.
- a. Noticee nos. 1, 11, 12 and 13 did not appear for the hearing.
 - b. Noticee no. 5 i.e. Karan Singh, had entered appearance on behalf of Noticee nos. 2, 3, 6, 7, 8 and 9 and himself *inter alia* submitting that an adjournment was being sought on account of non–receipt of documents by their legal counsel in view of the Covid–19 pandemic. The Noticees were informed that a final opportunity of hearing will be granted to them during the last week of September 2020.
 - c. Noticee no. 10 had requested for an adjournment of the hearing on account of non–availability of his counsel due to medical reasons. Noticee 10 was granted a final opportunity of hearing during the last week of September 2020.
- vi. **September 30, 2020:** An opportunity of personal hearing was granted to all the Noticees on the aforementioned date.
- a. Noticee nos. 1, 11, 12 and 13 had failed to appear for the hearing. Further, prior to the hearing, vide a reply received at SEBI on September 28, 2020, Noticee no. 3 had submitted an Affidavit containing his additional submissions.
 - b. Noticee nos. 2, 3, 6, 7, 8 and 9 were represented by Noticee no. 5 (who also appeared for himself) and had denied the allegations contained in the SCN but also stated that as they were yet to engage a new lawyer, time may be granted for submitting written submissions with relevant evidence to substantiate the contentions they will adopt in the matter. The Noticees were granted time till October 20, 2020, to file written submissions, failing which it shall be considered that the Noticees have no submissions to make and the matter shall be proceeded against them on the basis of the replies available on record. However, Noticee nos. 2, 3, 5, 6, 7, 8 and 9 had failed to file any written submissions. Vide an e–mail dated March 26, 2021, Noticee no. 5 had confirmed not having filed any reply on behalf of the aforesaid Noticees and himself on the grounds that settlement applications were pending with SEBI and had instead sought seven days’ time to revert back to SEBI on the issue. Thereafter, vide an e–mail dated April 7, 2021, Noticee no. 5 had informed SEBI that Noticee nos. 2, 3 and 5 had “*also consolidated (their) arguments*

with respect to the allegations as mentioned in the SCN dated February 9, 2017, in (their) written submissions filed on October 22, 2020". No replies were however, received from Noticee nos. 6, 7, 8 and 9. Further, as already stated above, the settlement applications filed by Dharendra Kumar, Karan Singh, Shivanand Singh, Sangeeta Kshetry (including Camson Farm and Sanatan Herbals) had either been returned to the Noticee(s) or had been disposed of as rejected.

- c. Noticee no. 10 appeared for the hearing through his authorised legal representative, Advocate H. Katti. The Noticee was granted time till October 15, 2020, to file additional written submissions, including providing clarifications/documentary evidence such as bank statements, income tax returns, etc. to support the contention that the consideration for the allotment of warrants and thereafter, the equity shares resulting from conversion of such warrants, was paid by the Noticee.
- d. In view of the aforementioned, the hearing stood concluded against all the Noticees.

REPLIES/SUBMISSIONS OF THE NOTICEES:

2.2 Noticee nos. 1 (Camson Bio), 2 (Dhirendra Kumar), 3 (Akbal Narayan Singh), 5 (Karan Singh), 6 (Shivanand Singh), 7 (Sangeeta Kshetry), 8 (Ram Yadav), 12 (Camson Farm) and 13 (Sanatan Herbals): Vide individual replies dated (a) **July 18, 2017** and (b) **October 20, 2020** (Noticee nos. 2, 3 and 5) – the aforementioned Noticees while denying all the allegations in the SCN had *inter alia* submitted as under:

- A. ***Allegation concerning the violation of Sections 12A(a)–(c) of SEBI Act read with Regulations 3(a)–(d), Regulation 4(1) of the PFUTP Regulations, 2003, Clause 13.1.2.3(b) of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009.***
 - i. ***Noticee nos. 1, 2, 3, 5, 6 – The alleged conversion of warrants and transfer of funds were neither fraudulent nor with the intention to deceive nor manipulative. The Company issued convertible warrants as a step of reviving itself from the financial crunch, which it was facing from 2008 onwards. On January 24, 2009, Noticee nos. 2, 3, 5, 6 and 9 had invested in shares of the Company believing that the investment will prove profitable in future as the Company was in the process of revival.***

- ii. **Noticee no. 7** – My husband, Anil Kshetry, was working with the Company as General Manager from 1996. On January 24, 2009, I had invested in shares believing that the investment will prove profitable in future as the Company was in the process of revival.
 - iii. **Noticee no. 8** – I had acquired shares on January 24, 2009, believing that the investment will prove profitable in future. However, on July 16, 2009, since no benefits accrued on the said investments and the price per share fell, I transferred my shares to Sanatan Herbals. My acquisition and transfer of shares was neither fraudulent nor with intention to deceive nor manipulative. The Company was taking steps for reviving its financial position.
 - iv. **Noticee no. 12** – Noticee nos. 7 and 11 had approached us as they wanted to sell off their holdings in the Company on account of not having reaped any benefits therefrom and as the price of the scrip was falling.
 - v. **Noticee no. 13** – Noticee nos. 4 and 8 had approached us as they wanted to sell off their holdings in the Company on account of not having reaped any benefits therefrom and as the price of the scrip was falling.
- B. Allegation concerning the violation of Regulation 7 of the Takeover Regulations, 1997 read with Regulation 35 of the Takeover Regulations, 2011 and also under Regulation 13 of the Insider Trading Regulations, 1992 and Clause 4.2 of the Model Code of Conduct under Schedule I of the aforesaid Regulations read with Regulation 12(2) of the Insider Trading Regulations, 2015.**
- i. **Noticee no. 2** – For the acquisitions on June 16, 2009, I had filed timely disclosures on June 17, 2009 with Camson Bio as required under Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992 read with Regulation 12(2) of the Insider Trading Regulations, 2015. I believed that pursuant thereto Camson Bio would make disclosure to the stock exchange under the Insider Trading Regulations, 1992 and thus, the information will be known to the public.
 - ii. **Noticee no. 4** – I most humbly submit that for the acquisition on January 24, 2009 and transfer of shares to Sanatan Herbals on July 16, 2009, I had filed timely disclosures on January 26, 2009 and July 18, 2009 (as annexed) with Camson Bio as required under Regulation 13(4) read

with Regulation 13(5) of the Insider Trading Regulations, 1992. I believed that pursuant thereto Camson Bio would make disclosure to the stock exchange under the Insider Trading Regulations, 1992 and thus, the information will be known to the public. Further, at the relevant time, I was not aware nor advised of the requirement of compliance with Clause 4.2 of the Code of Conduct in Schedule I of the Insider Trading Regulations, 1992, as alleged. It is pertinent to note that Clause 4.2 restricts opposite transaction for a period of 6 months, which would have been completed after around only a week from the date of the alleged transfer. Had I been aware of the requirement of compliance with Clause 4.2, I would have waited till completion of 6 months. The alleged non-compliance was totally unintentional and arose out of ignorance.

- iii. **Noticee no. 6** – For the acquisitions on January 24, 2009, November 19, 2009 and September 20, 2010, I had filed timely disclosures on January 26, 2009, November 19, 2009 and September 21, 2010 with Camson Bio as required under Regulation 7(1) read with Regulation 7(2) of the Takeover Regulations, 1997 read with Regulation 35 of the Takeover Regulations, 2011 and also under Regulation 13(1) read with Regulation 13(3) of the Insider Trading Regulations, 1992. I believed that pursuant thereto Camson Bio would make disclosure to the stock exchange under the Takeover Regulations, 1997 and the Insider Trading Regulations, 1992 and thus, the information will be known to the public.
- iv. **Noticee no. 8** – I most humbly submit that at the relevant time, I was not aware nor advised of the requirement of compliance of Clause 4.2 of the Code of Conduct in Schedule I of the Insider Trading Regulations, 1992, as alleged. It is pertinent to note that Clause 4.2 restricts opposite transaction for a period of 6 months, which would have been completed after around only a week from the date of the alleged transfer. Had I been aware of the requirement of compliance with Clause 4.2, I would have waited till completion of 6 months. The alleged non-compliance was totally unintentional and arose out of ignorance.
- v. **Noticee nos. 12 and 13** – For the acquisitions on July 16, 2009, I had filed timely disclosures on July 18, 2009 with Camson Bio as required under Regulation 7(1) read with Regulation 7(2) of the Takeover Regulations, 1997 read with Regulation 35 of the Takeover Regulations, 2011 and also under Regulation 13(1) read with Regulation 13(3) of the Insider Trading Regulations, 1992. I believed that pursuant thereto Camson Bio would make disclosure to the stock

exchange under the Takeover Regulations, 1997 and the Insider Trading Regulations, 1992 and thus, the information will be known to the public.

C. Allegation concerning the violation of Clause 13.1C of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009.

- i. No reply was submitted by Camson Bio or its Directors, Dharendra Kumar and A. N. Singh, in respect of this allegation.

D. As stated earlier, vide a reply received at SEBI on September 28, 2020 (prior to the hearing held on September 30, 2020), **Noticee no. 3** had submitted an Affidavit, stating: *“the allegation levied vide SCN are true and I am solely responsible.”*

2.3 Vide replies dated March 3, 2017, October 4, 2017, November 24, 2017 and August 24, 2020, Noticee no. 4 (Veerendra Kumar Singh) had inter alia submitted:

- i. *I (Veerendra Kumar) am not aware of any shares being allotted to me in the form of warrants since when I enquired with my brother, Dharendra Kumar, he told me that these were not my shares but have been allocated to my namesake Veerendra Kumar Singh, who at that time was heading our marketing team. Even if these shares had been allocated to me then the transfer of 3,35,200 shares to Sanatan Herbals (of which I am also not aware) was without my consent, which amounts to cheating and forgery. The person in question i.e. Dharendra Kumar, with the help of investors, made huge profits as the share prices rose to an all-time high of ₹252 per share within a span of one year.*
- ii. *I being one of the Promoters was always kept in the dark on the corporate affairs and was told that as Promoters we were not supposed to acquire shares where as my brother did acquire shares by other means and through shell companies. I came to know of his deeds only when my brother was asked to step down from the post of CMD and subsequently, I was made MD in 2006 but during that period also I was kept aside and not allowed to function independently as MD as my brother had control of majority shares. Although I was appointed Managing Director of Camson Bio, I was not allowed to have access to any documents and was barred from entering the office and factory both in Bangalore and Himachal Pradesh. Secondly, all the official mails were on mail.camsonbiotechnologies.com and prior to that, sify.com was being*

used for correspondence and both the mails are not operational now, hence cannot retrieve any document from them. I further wish to inform you that original shares of Camson Bio, which was to the tune of 1,10,000 shares was converted into digital form on September 5, 2017 through ICICI Bank Demat Services whereas the shares in question were allocated during the period of December 2008 to March 2009 and then transferred to Sanatan Herbals during the period of June 2009 to September 2009.

- iii. *The first time I doubted my elder brother's intention was when the original shares in physical form (certificate bearing no. 17044 to 17143) were submitted for transfer in my name but to my surprise, I received a letter from the agency saying the same had already been transferred in the name of Dharendra Kumar. Fortunately, the copy of the said letter was sent to me by Sangayya who was associated and working with us right from the time we went public. Even in the appointment letter as Managing Director, my brother had forged my father's signature.*
- iv. *My shares of Camson Bio were in hard copy and got converted into demat in 2012 because the dividends were supposed to be paid directly in the bank account. I had never been handed over any additional shares nor have I transferred the same to any one without financial gain.*
- v. *I was not allowed to enter the premises of Camson Bio's office or the factory (Bangalore and Bilaspur) after 28th September 2016 (as this was the date of AGM) as the difference had surfaced in open between me and my brother Dharendra Kumar and had to walk out without even my dues being cleared. In fact my wife had travelled to Bangalore in 2019 to see my ailing father but for your information she was not allowed to meet him even once during that trip. Her entry to the farm and his house was banned and she stayed with her cousin brother as last resort.*
- vi. *Truth will prevail and I am not above law but at the same time as per our system we should not punish a person if he has not done the act. Rest leaving it to my fate and will accept any judgment, penalty and punishment as I am born as brother of Dharendra Kumar in this Life. But once again I express our willingness to undergo any type of lie detector test as this is my only hope to prove my innocence.*

- 2.4 Vide a reply dated **November 9, 2017, Noticee no. 9 (Sudha K.)** had denied the allegations in the SCN and had provided bank statements of HDFC Bank Account no. 03541050000053, jointly held in the name of one Gururaja R. and her evidencing the transfer of ₹8 Lakh on October 30, 2007, ₹90 Lakh on November 3, 2007 and ₹2 Lakh on March 17, 2008, to Camson Bio as consideration towards the allotment of warrants and shares.

2.5 Vide replies dated (a) May 12, 2017, (b) February 23, 2018, (c) July 11, 2019 and (d) October 12, 2020, Noticee no. 10 (K. Ramaswamy) had submitted as under:

- i. *All the required disclosures in compliance with law/Insider Trading Regulations, 1992 have been made to the Company and Stock Exchanges well within the prescribed due dates and in the laid down format, providing complete details. This fact has been brought out in paragraph 20 of the SCN read in tandem with supporting documents in Annexure 8.*
- ii. *I am an ex-DGM from State Bank of India and was invited and appointed as an Independent Director on the Company due to my vast knowledge and expertise in the field of banking and finance. I was not involved in the day to day business/operations of the Company, working purely as Independent Director and not as a functional Director on the Board of the Company.*
- iii. *I was offered advisory retainer in respect of Sanatan Herbals and Group Companies – worked for 9 years on monthly retainer of ₹50,000 per month. Both the jobs are separate and independent and I cannot be held liable for the actions/inactions by Camson Bio or Sanatan Herbal.*
- iv. *In the year 2007, offer was made for convertible warrants for allotment of 1 Lakh equity shares of Camson Bio. I subscribed for the warrants by paying ₹2 Lakhs from my own resources. The warrants were converted into shares in 2009 and ₹18 Lakhs was paid at the time of allotment of shares out of my own independent income. In this regard, I stated that the said amount of ₹18 Lakhs was paid on my behalf against the dues owed to me by Sanatan Herbals for having provided professional services. Further, Sanatan was in default in making payment of my professional fees, which were long overdue. Despite my best efforts, the amounts could not get released when it was due. In my constant efforts to recover the amount, taking advantage of the situation that there was urgent need for funds to effect payment towards the issue of shares of Camson, wherein the due date for payment was fast approaching, failing which the transaction would stand forfeited, the situation was explained to the management of Sanatan and urgent release of money was pleaded. After much persuasion, Sanatan Herbals agreed to release the amount due to me and to cut short the delays, paid the amount of ₹18 Lakhs against the dues owed by me to Camson Bio. IT Returns have been filed showing the payments made for the aforementioned transaction. This transaction in the said shares was further investigated by the Deputy Director of Income Tax (Inv.), Unit – II (10, Bangalore vide summons bearing no. DDIT Inv./V – II(1)/2012/13 dated April 24, 2012. Pursuant to scrutiny of the*

transaction in detail, the Investigating Authority was satisfied that the matter be closed without any further action. A copy of the said Notice shall be made available immediately on tracing it.

- v. I am now 78 years and deserve to be honourably discharged. The matter pertaining to the year 2009–10 is under review after 10–12 years, which involves inordinate delay. I have not committed any offence attracting the provisions of the SEBI Act, PFUTP Regulations, 2003.

2.6 Vide reply dated **October 18, 2017, Noticee no. 11 (Jamuna Prasad)**, had submitted as under:

- i. I am from a small village called Barron near Varanasi, Uttar Pradesh, where I and my family members were involved in agriculture for our day to day survival. I was offered an employment as a labourer in Bangalore at Camson Bio by Dharendra Kumar, who is also from the same village as mine.
- ii. I moved to Bangalore and joined Camson in the year 2004 and was since then employed as a daily wager on a monthly salary of ₹1500 per month after which in 2009, I was taken on the rolls of the Company with a monthly salary of ₹6000 and was taking care of the cattle farm.
- iii. I have no understanding/idea about the shares allotment and/or company related matters and was never ever involved or spoken to about this subject by Dharendra Kumar during my 12 year stint at Camson.
- iv. I haven't signed any such document as mentioned in your previous letters addressed to me with regard to irregularities in the share allotment done by the Company to its employees.
- v. My accounts held at SBI, Doddaballapur, Bangalore is good enough proof for you to understand that there has been no transfer or routing from my account of such large amounts as claimed and hence, I fear that the Promoter, Dharendra Kumar has manipulated the documents by signing or forging my signature.
- vi. Due to non-payment of salaries for months together, it was getting difficult for me to survive and hence, I decided to quit the Company and take up alternative jobs to support my immediate family and my ageing parents in UP.
- vii. Since I am unable to afford my travel to Mumbai and would not be able to attend your hearing on November 15, 2017, request you to please consider this letter as my submission to the case and please do the needful.

CONSIDERATION OF ISSUES AND FINDINGS –

I have considered the SCN along with all the material available on record. The relevant provisions of law alleged to have been violated by the Noticees are reproduced below:

Provisions of SEBI Act:

“Section 12A – Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

- (a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;
- (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;
- (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder; ...”

Provisions of PFUTP Regulations 2003:

Regulations 3(a)–(d), Regulation 4(1) of the SEBI (PFUTP) Regulations, 2003 read as follows:

“Regulation 3. Prohibition of certain dealings in securities

No person shall directly or indirectly –

- (a) buy, sell or otherwise deal in the securities in a fraudulent manner;
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

- (d) *engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

Regulation 4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) *Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*

Clause 13.1.2.3(b) of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009 read as follows:

- (a) *An amount equivalent to at least ten percent of the price fixed in terms of Clause 13.1.1.1 (pricing of shares on preferential basis) above shall become payable for the warrants on the date of their allotment.*
- (b) ***The amount referred to in sub-clause (a), shall be adjusted against the price payable subsequently for acquiring the shares by exercising an option for the purpose.***

I shall now proceed to take up for adjudication the following allegations as reproduced from the SCN:

3. The Company along with Noticee nos. 2–13 had allegedly violated Sections 12A(a)–(c) of the SEBI Act read with Regulations 3(a)–(d), Regulation 4(1) of the PFUTP Regulations, 2003.

- 3.1 As per the SCN, the consideration for the issue and allotment by the Company of 38.13 Lakh equity shares (out of 39 Lakh equity shares) on January 24, 2009, was paid for through rotation of funds amongst the Company and Promoter connected Companies. In this context, it was alleged that the Company, its Directors (Dhirendra Kumar and Akbal Narayan Singh) along with the preferential allottees, viz. Veerendra Kumar Singh, Karan Singh, Shivanand Singh, Sangeeta Kshetry, Ram Yadav, Sudha K., K. Ramaswamy, Jamuna Prasad and Promoter connected entities (Camson Farm and Sanatan Herbals), had connived with each other and had adopted a fraudulent device/artifice to defraud other shareholders of the Company. As a result, the

aforementioned Noticees had violated the provisions of the SEBI Act, PFTUP Regulations, 2003 and the DIP Guidelines, 2000.

3.2 In their replies,

- a. Noticee nos. 1, 2, 5, 6, 7, 8, 12 and 13 have denied the allegations leveled against them in the SCN.
- b. Contrary to his initial submission of denying the allegations contained in the SCN, Noticee no. 3 had subsequently submitted that he was solely responsible for the violations alleged therein.
- c. Noticee no. 4 had submitted that he was neither aware of nor was involved in the acquisition of 3,35,200 shares on January 24, 2009 or the subsequent sale made to Noticee nos. 12 and 13 on July 16, 2009.
- d. Noticee no. 9 (*vide reply dated November 9, 2017*), had provided bank statements of HDFC Bank Account no. 03541050000053, jointly held in the name of one Gururaja R. and her evidencing the transfer of ₹8 Lakh on October 30, 2007, ₹90 Lakh on November 3, 2007 and ₹2 Lakh on March 17, 2008, to Camson Bio as consideration towards the allotment of warrants and shares.
- e. Noticee no. 10 has submitted that proper consideration was paid by him to the Company in respect of the convertible warrants as well as the subsequent shares allotted to him upon conversion of such warrants.
- f. Noticee no. 11 had also denied the allegation levelled against him in the SCN *inter alia* contending that Noticee no. 2 i.e. Dhirendra Kumar had manipulated the documents by signing/forging his signature.

- 3.3 Vide a letter dated July 30, 2013, the Company had submitted information to SEBI, relating to the subscription of convertible warrants in 2007 along with the amount received on conversion of warrants and subsequent allotment of the resultant equity shares through a preferential allotment on January 24, 2009, which is reproduced as under:

TABLE III – DETAILS OF SHARES ALLOTTED ON JANUARY 24, 2009				
Sr. No.	ENTITY/ PREFERENTIAL ALLOTTEE	SHARES ALLOTTED	AMOUNT RECEIVED ON SUBSCRIPTION OF WARRANTS IN ₹	AMOUNT RECEIVED ON CONVERSION OF WARRANTS IN ₹
1.	KARAN SINGH	6,83,630	19,96,000	1,16,76,600
2.	SHIVANAND SINGH	6,83,630	19,00,000	1,17,72,600
3.	SANGEETA KSHETRY	6,69,600	19,00,000	1,14,92,000
4.	RAM YADAV	6,00,000	19,00,000	1,01,00,000
5.	SUDHA K.	5,00,000	10,00,000	90,00,000
6.	VEERENDRA KUMAR SINGH	3,35,200	19,20,000	47,84,000
7.	JAMUNA PRASAD	2,40,940	19,60,000	28,58,800
8.	K. RAMASWAMY	1,00,000	2,00,000	18,00,000
9.	VEERENDRA KUMAR SINGH	20,000	40,000	3,60,000
10.	SHEELA V. K.	15,000	50,000	2,50,000
11.	S. R. MATE	10,000	20,000	1,80,000
12.	RIAYZ AHMED	10,000	50,000	1,50,000
13.	NELSON JAMES	10,000	20,000	1,80,000
14.	YOGESH SINGH	5,000	10,000	90,000
15.	PAWAN KUMAR RANA	5,000	10,000	90,000
16.	SANDHYA MADAPA	5,000	1,00,000	0
17.	SANJAY GORH	5,000	10,000	90,000
18.	SUDHANSHU PANDEY	2,000	4,000	36,000
TOTAL		39,00,000	1,30,90,000	6,49,10,000

- 3.4 However, in its above mentioned letter, the Company had failed to provide any evidence of receipt of consideration in the form of bank statements, etc. on the grounds that a fire at its Registered Office in 2012, had caused the destruction of old files, records, etc. Subsequently, vide a letter dated November 25, 2013, the Company had informed SEBI that the amount received for conversion of warrants to shares were credited to (a) Corporation Bank A/c no. CBCA/01/930052 and (b) Axis Bank A/c no. 114010200007047 and had also provided a copy of the FIR filed with the police for the fire accident which had occurred on November 3, 2012.

3.5 In this context, the following may also be noted:

TABLE IV – RELATIONSHIP EXISTING BETWEEN PROMOTERS OF M/s. CAMSON BIO TECHNOLOGIES LTD.		
SR. No.	NAME OF THE PROMOTER	RELATIONSHIP
1.	M/s. SANATAN	(1) & (2) ARE UNDER SAME MANAGEMENT
2.	M/s. CAMSON FARM	(1) & (2) ARE UNDER SAME MANAGEMENT
3.	KARAN SINGH	DIRECTOR OF (1) & (2) DURING INVESTIGATION PERIOD AND SON OF MANAGING DIRECTOR OF CAMSON BIO
4.	DHIRENDRA KUMAR	MANAGING DIRECTOR OF CAMSON BIO
5.	VEERENDRA KUMAR	BROTHER OF DHIRENDRA KUMAR
6.	AKBAL NARAYAN SINGH	FATHER OF DHIRENDRA KUMAR

3.6 For the Financial Year ending 2008–09, Geeta Singh (wife of Dhirendra Kumar) and Karan Singh (son of Dhirendra Kumar) held 99.93% and 0.07% stake in Camson Farm. Further, Geeta Singh and Karan Singh also held 98% and 2% stake in Sanatan Herbals for the Financial Year ending 2008–09. Hence, Camson Farm and Sanatan Herbals are connected to the Promoter and Managing Director of Camson Bio, Dhirendra Kumar.

3.7 From the information obtained by SEBI from BgSE (forwarded vide letter dated January 8, 2016) and banks (information was obtained by SEBI from Axis Bank, Corporation Bank and Bank of Baroda vide various letters in 2016), the following is noted:

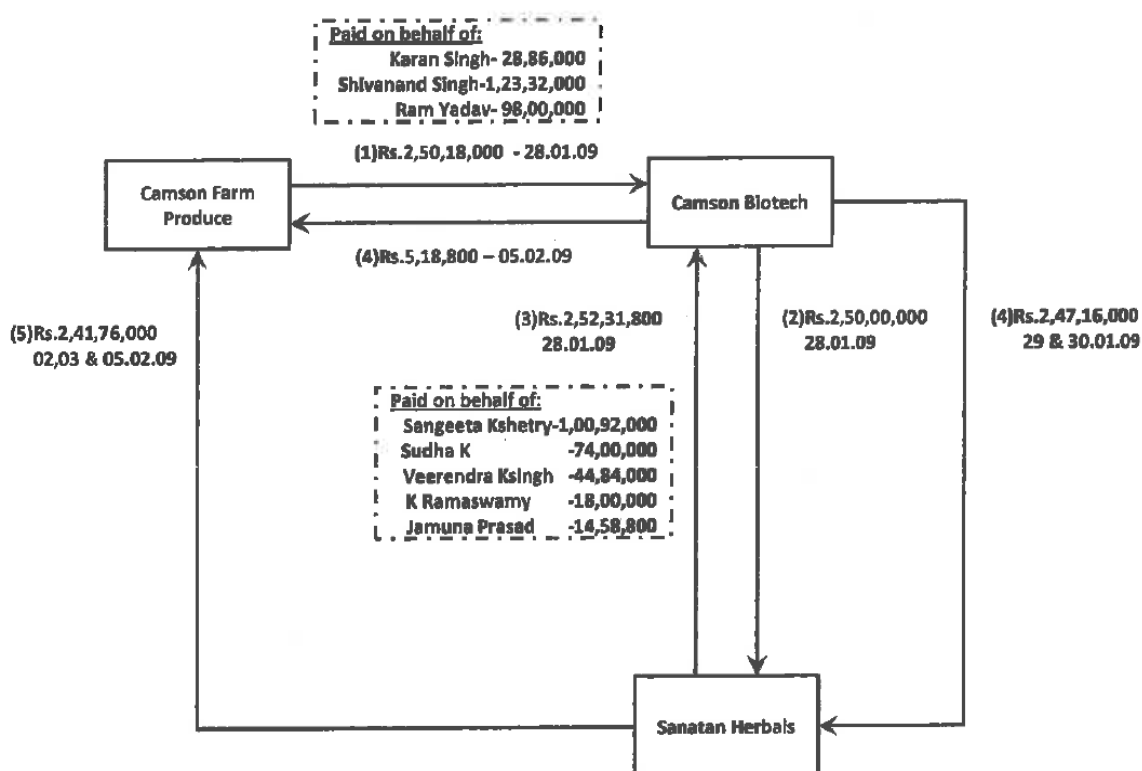
- A. Camson Farm (through its Corporation Bank A/c no. CBCA/01/990012) had transferred approximately ₹2.5 Crore on January 28, 2009 to Camson Bio's Corporation Bank A/c no. CBCA/01/930052, towards consideration for conversion on warrants in the names of Karan Singh, Shivanand Singh and Ram Yadav for amounts of ₹28.86 Lakh, ₹1.23 Crore and ₹98 Lakh, respectively.
- B. On January 28, 2009, Camson Bio had transferred an amount of ₹2.5 Crore from its Corporation Bank A/c no. CBCA/01/930052 to Sanatan Herbals' Bank of Baroda A/c no. 06650200000181.
- C. Out of ₹2.5 Crore received from Camson Bio, Sanatan Herbals purchased demand drafts ("DDs") aggregating to an amount of ₹2.47 Crore on January 28, 2009, from its Bank of Baroda A/c no. 06650200000181. The DDs were deposited in Camson Bio's Bank of Baroda bank A/c no. 06650200000342 on January 29, 2009. The aforementioned amounts

were then shown by Camson Bio as allotment amounts received from Sangeeta Kshetry (₹100.92 Lakh), Sudha K. (₹74 Lakh), Veerendra Kumar Singh (₹44.84 Lakh), K. Ramaswamy (₹18 Lakh) and Jamuna Prasad (₹9.4 Lakh). Thereafter, Sanatan Herbals had transferred an amount of ₹5.19 Lakh from its Bank of Baroda A/c no. 06650200000181 on January 30, 2009, to Camson Bio through DDs, towards allotment consideration for Jamuna Prasad.

D. Out of the amounts received by Camson Bio on January 29 and 30, 2009, the Company had transferred amount an amount of ₹2.47 Crore to Sanatan Herbal's Bank of Baroda A/c no. 06650200000181 and an amount of ₹5.19 Lakh to Camson Farm's Corporation Bank A/c no. CBCA/01/990012 on February 2, 3 and 5, 2009, respectively.

E. Thereafter, Sanatan Herbals had transferred approximately ₹2.41 Crore to Camson Farm on February 2, 3 and 5, 2009, respectively.

3.8 As noted from the SCN, the pictorial representation of the fund flows between the Company, preferential allottees and related entities is reproduced as under:



- 3.9 Upon a consideration of paragraphs 3.6, 3.7 and 3.8, it is evident that for the amount of ₹5.03 Crore (as per the information obtained from BgSE, Axis Bank, Corporation Bank and Bank of Baroda) observed to have been received by Camson Bio as consideration towards conversion of warrants to the extent of 38.13 Lakh shares out of 39 Lakh shares allotted (38.13 Lakh shares issued and allotted to entities 1–8 of Table III) (as per information provided by the Company, total amount received as consideration upon conversion of warrants into 39 Lakh shares allotted, is indicated at Table III i.e. ₹6.49 Crore), only an amount of ₹2.5 Crore was effectively received by Camson Bio and that too, not directly from all the preferential allottees i.e. entities 1–8 of Table III but instead from Promoter connected Companies who were not the original allottees. The said amount of ₹2.5 Crore was round tripped twice through Camson Farm and Sanatan Herbals to show that the Company had received a consideration of ₹5.03 Crore towards conversion of warrants to the extent of 38.13 Lakh shares out of 39 Lakh shares allotted. The aforesaid amount of ₹2.5 Crore as received from its Promoter connected Company i.e. Camson Farm, was ultimately transferred back by the Company to Camson Farm on February 2, 3 and 5, 2009, directly through its Bank of Baroda A/c no. 06650200000342 and indirectly through Sanatan Herbals' Bank of Baroda A/c no. 06650200000181.
- 3.10 Sections 12A(a)–(c) of the SEBI Act read with Regulations 3(a)–(d) of the PFUTP Regulations, 2003 *inter alia* prohibit employment of any manipulative/deceptive device, scheme or artifice to defraud in connection with dealing in securities; engaging in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with dealing in securities. Regulation 4(1) of the PFUTP Regulations, 2003, provides for prohibition on indulging in fraudulent or unfair trade practices in securities. It is established that the consideration received by Camson Bio for 38.13 Lakh shares allotted under preferential allotment (pursuant to conversion of warrants) was through rotation of funds from the Promoter connected Companies i.e. Camson Farm and Sanatan Herbals. In their submissions, Noticee nos. 1–8, 12–13 have merely denied the allegations contained in the SCN without providing any cogent explanation or evidence to substantiate their plea of innocence. The aforesaid when considered in light of the observations at paragraphs 3.6–3.9, leads me to conclude that Noticee nos. 1–8, 12–13 i.e. the Company, its Directors, Dharendra Kumar, A. N. Singh and Veerendra Kumar Singh (who were signatories to Annual Report), preferential allottees, viz. Veerendra Kumar Singh (Director), Karan Singh, Shivanand Singh, Sangeeta Kshetry, Ram Yadav along with the

Promoter connected Companies i.e. Camson Farm and Sanatan Herbals, had connived with each other and had adopted a fraudulent device and artifice to defraud the other shareholders of Camson Bio in the allotment of 38.13 Lakh shares of the Company on January 24, 2009. The action of the aforementioned Noticees clearly resulted in a violation of the PFUTP Regulations 2003, which in turn affected the interests of the shareholders of the Company and also the investors in the securities market. In this context, reference may also be made to the decision of the Hon'ble Securities Appellate Tribunal ("SAT") in the matter of **Alok Khetan vs. SEBI, Appeal No. 55 of 2007 – Order dated July 17, 2007**, wherein it had an occasion to consider the issue of whether the appellant therein had allegedly indulged in unfair trade practices relating to the securities market resulting in a violation of Regulation 3 and 6 (a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 1995, and accordingly had observed: *"Now coming to the first charge as levelled against the appellant in the show cause notice. It is alleged that he acquired the shares of the company in a preferential allotment in an irregular manner without actual payment of money. ... Preferential allotment of shares is one of the modes recognized by the company law for increasing the subscribed capital of a company and amazingly when the allotment was made, the company did not receive money and we are satisfied that the allotment was contrary to law and that the appellant was a party to the game plan. Preferential allotment of shares without actual receipt of money by the company is not only illegal but it also adversely affects the interest of investors in the securities market. It affects the rights of the existing shareholders of the company which was then a listed company. The preferential shares had not been listed till December 22, 1999 and, obviously, the game plan (was) to trade that tainted shares in the market as and when they got listed. This by itself is a serious market irregularity particularly when we find that the appellant was a person who was well conversant with the market as an intermediary. The first charge levelled against him, therefore, stands established."* Accordingly, I find that Noticee nos. 1–8, 12–13 had violated Sections 12A(a)–(c) of the SEBI Act and Regulations 3(a)–(d) read with Regulation 4(1) of the PFUTP Regulations 2003.

FINDINGS IN RESPECT OF NOTICEE NOS. 9 – 11:

- 3.11 On a perusal of the copies of bank statements of HDFC Bank Account no. 03541050000053 (period from October 1, 2007 to November 30, 2007 and March 1 – 26, 2008), which account

was jointly held by Noticee no. 9 and one, Gururaja R., it is observed that an amount of ₹8 Lakh was debited from the said account towards Camson Bio (CHQ PAID – MICR INW CL – CAMSON BIO TECHNOLO Ref No 276274) on October 30, 2007. It is further observed that on November 3, 2007, a further amount of ₹90 Lakh was debited from the said account towards Camson Bio (CHQ PAID – MICR INW CL – CAMSON BIO TECHNOLO Ref No 276275) and thereafter, on March 17, 2008, an amount of ₹2 Lakh was debited from the said account towards Camson Bio (CHQ PAID – MICR INW CL – CAMSON BIO TECHNOLO Ref No 523713). It is noted that the total amount paid by Noticee no. 9 to Camson Bio as consideration towards the allotment of warrants and shares, amounted to ₹1 Crore (see Table III).

3.12 As regards Noticee no. 10, on a perusal of the IT Returns and bank statements submitted by him, I note that the amount paid as consideration for the shares allotted on January 24, 2009 (pursuant to the conversion of warrants) had admittedly been transferred to Camson Bio by Sanatan Herbals for settling the outstanding debt owed by him to the Company, which transaction was also disclosed in his income tax filings for the assessment year 2010–11.

3.13 I have also perused the bank account statement submitted by Noticee no. 11 to SEBI vide his reply dated October 18, 2017 i.e. State Bank of India Account no. 30725983629, which clearly indicates that during the period January 2009 onwards, he was earning a salary of around ₹6000. Further, it is also noted that Noticee no. 11 did not have a valid PAN.

3.14 Having regard to the aforementioned, I am inclined to extend the benefit of doubt to Noticee nos. 9, 10 and 11, in respect of the alleged violations of the SEBI Act and PFUTP Regulations, 2003.

4. *The Company along with Noticee nos. 2 and 3 had allegedly violated Clause 13.1.2.3(b) of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009.*

4.1 Having regard to the observations in the preceding paragraphs, I am of the considered view that the allotment of shares by the Company on January 24, 2009, was without receipt of proper consideration from some of the preferential allottees and therefore, amounted to a violation of Clause 13.1.2.3(b) of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009. I therefore, find that the Company and its Directors, viz. Dharendra Kumar and A. N. Singh had violated the aforementioned provisions of the DIP Guidelines, 2000 and the ICDR Regulations, 2009.

5. ***Noticee nos. 2, 4, 6, 8, 12 and 13 had allegedly violated Regulation 7 of the Takeover Regulations, 1997 read with Regulation 35 of the Takeover Regulations, 2011 and also Regulation 13 of the Insider Trading Regulations, 1992 and Clause 4.2 of the Model Code of Conduct under Schedule I of the aforesaid Regulations read with Regulation 12(2) of the Insider Trading Regulations, 2015 for acquisition of shares of the Company during the Financial Year ending March 31, 2010 and March 31, 2011.***

5.1 As per the SCN, six Noticees/preferential allottees who were allotted equity shares of the Company on January 24, 2009 viz. Dharendra Kumar, Veerendra Kumar Singh, Shivanand Singh, Ram Yadav, Camson Farm and Sanatan Herbals had failed to make disclosures under Regulation 7 of the Takeover Regulations, 1997 read with Regulation 35 of the Takeover Regulations, 2011 and also under Regulation 13 of the Insider Trading Regulations, 1992 and Clause 4.2 of the Model Code of Conduct under Schedule I of the aforesaid Regulations read with Regulation 12(2) of the Insider Trading Regulations, 2015.

5.2 The relevant provisions of law alleged to have been violated by the Noticees are reproduced below:

Provisions of the Insider Trading Regulations, 1992:

“Code of internal procedures and conduct for listed companies and other entities.

12. (1) *All listed companies and organisations associated with securities markets including:*

- (a) the intermediaries as mentioned in section 12 of the Act, asset management company and trustees of mutual funds;*
- (b) the self-regulatory organisations recognised or authorised by the Board;*
- (c) the recognised stock exchanges and clearing house or corporations;*
- (d) the public financial institutions as defined in section 4A of the Companies Act, 1956; and*
- (e) the professional firms such as auditors, accountancy firms, law firms, analysts, consultants, etc., assisting or advising listed companies,*

shall frame a code of internal procedures and conduct as near thereto the Model Code specified in Schedule I of these Regulations without diluting it in any manner and ensure compliance of the same.

Schedule I [Under Regulation 12(1)]

Part A – Model Code of Conduct for Prevention of Insider Trading for Listed Companies.

Other restrictions.

4.2 All directors/ officers/ designated employees who buy or sell any number of shares of the company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/ officers/ designated employees shall also not take positions in derivative transactions in the shares of the company at any time. In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

Disclosure of interest or holding by directors and officers and substantial shareholders in a listed companies – Initial Disclosure.

13. (1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of

- (a) the receipts of intimation of allotment of shares, or
- (b) the acquisition or sale of shares or voting rights, as the case may be.

...

Continual Disclosure

13. (3) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form C, the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company.

(4) Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure

made under sub-regulation (2) or under this sub regulation, and the change exceeds ₹5 Lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.

(5) *The disclosure mentioned in sub-regulations (3) ... shall be made within two working days of:*

- (a) the receipts of intimation of allotment of shares, or*
- (b) the acquisition or sale of shares or voting rights, as the case may be.*

Disclosure by Company to Stock Exchanges.

(6) Every listed company, within two working days of receipt, shall disclose to all stock exchanges on which the company is listed, the information received under sub-regulations (1), (2), (3) and (4) in the respective formats specified in Schedule III."

Provisions of the Takeover Regulations, 1997:

"Acquisition of 5% and more shares of a company.

7. (1) *Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen percent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed. ...*

(2) *The disclosure mentioned in sub-regulations (1) ... shall be made within two working days of:*

- (c) the receipts of intimation of allotment of shares, or*
- (d) the acquisition or sale of shares or voting rights, as the case may be."*

5.3 From the material available on record, the following is noted:

- A. Vide its e-mail dated September 3, 2014, BgSE had provided copies of all the disclosures under the Takeover Regulations, 1997 and Insider Trading Regulations, 1992, as received by it and which were made in respect of the scrip of Camson Bio, for the period December 2008 to April 2010. From the aforementioned e-mail, it is noted that Karan Singh and K. Ramaswamy had made relevant disclosures to BgSE under the Insider Trading Regulations, 1992. Further, the Company had further made disclosures to BgSE under the Insider Trading Regulations, 1992, in respect of disclosures received from Karan Singh and K. Ramaswamy.

It is also noted that the Company had also disclosed to BgSE, the acquisition of 6 Lakh shares by its employee, Ram Yadav, on January 24, 2009. In this context, SEBI had sought information from the Company vide a letter dated January 20, 2015, regarding the copies of disclosures received and made by the Company under the Takeover Regulations, 1997 and the Insider Trading Regulations, 1992, during the period January 1, 2009 to December 31, 2009. In its reply dated March 18, 2015, the Company had informed SEBI that: *a fire had occurred at the registered office on November 3, 2012, causing destruction of old files, records, etc. and data pertaining to the years 2008–09 and 2009–10 are not available.*

- B. In their replies, the Noticee nos. 2, 4, 6, 8, 12 and 13 had submitted that they had filled timely disclosures with Camson Bio and had believed that pursuant thereto, the Company would make the disclosures to the stock exchanges under the Takeover Regulations, 1997 and the Insider Trading Regulations, 1992. I have perused and considered the material available on record including the information received from BgSE and the Company. I am not inclined to rely on the documents evidencing disclosures purported to have been made to the Company in 2009 for defending the allegation of non-disclosure of the acquisitions as well as the opposite transactions furnished by the Noticees. This is specially so considering their conduct in the instant proceedings including their involvement in the round tripping of funds towards payment of consideration for the shares allotted on January 24, 2009. The aforesaid Noticees were also aware that disclosures have not been made to the stock exchanges. I do not feel that the letters of disclosure claimed to have been given by the Noticees to the Company have any evidentiary value, in view of their intricate proximity to the Company. In view of the aforesaid, I shall proceed to determine the allegations made against the Noticees.

5.4 **Acquisition of shares by Veerendra Kumar Singh–Director (PAN: AODPS6092K) (Noticee No.4).**

TABLE V – ACQUISITION OF SHARES BY VEERENDRA KUMAR SINGH								
DATE	CUMULATIVE HOLDING PRE ACQUISITION/ TRANSFER	% OF SHAREHOLDING - PRE ACQUISITION/ TRANSFER	BUY/ ACQUIRE	SELL/ TRANSFER	CUMULATIVE HOLDING - POST ACQUISITION/ TRANSFER	% OF SHAREHOLDING- POST ACQUISITION/ TRANSFER	CHANGE IN HOLDING AS %	DISCLOSURES REQUIRED
24.01.2009	1,10,000	1.12	3,35,200		4,45,200	3.25	2.13	REG. 13(4) READ WITH REG. 13(5) OF PIT REG.
16.07.2009	4,45,200	3.25		3,35,200	1,10,000	0.80	2.45	REG. 13(4) READ WITH REG. 13(5) OF PIT REG.

- i. For the quarter ended December 2008, Veerendra Kumar Singh held 1 Lakh shares (1.12%) of the Company.
- ii. On January 24, 2009, upon conversion of warrants, Camson Bio allotted 3.35 Lakh shares to Veerendra Kumar Singh resulting in his shareholding increasing to approximately 4.45 Lakh shares (3.24%).
- iii. Subsequently, on July 16, 2009, Veerendra Kumar Singh had transferred 3.35 Lakh shares (in physical form) to Sanatan Herbals.

Violations of Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992:

- a. The acquisition of 3.35 Lakh shares of Camson Bio on January 24, 2009, had resulted in a change in shareholding of Veerendra Kumar Singh by more than 25,000 shares, which necessitated a disclosure under Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992, to the Company and BgSE on or before January 27, 2009.
- b. The subsequent transfer of 3.35 Lakh shares of Camson Bio on July 16, 2009, by Veerendra Kumar Singh to Sanatan Herbals, had also resulted in a change in shareholding of Veerendra Kumar Singh by more than 25,000 shares, which necessitated a disclosure under Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992, to the Company and BgSE on or before July 20, 2009.

- c. The above mentioned transfer of 3.35 Lakh shares of Camson Bio on July 16, 2009, by Veerendra Kumar Singh to Sanatan Herbals, had also resulted in an opposite transaction on that date to the shares allotted on January 24, 2009 i.e. sale transaction on July 16, 2009 opposite to the buy transaction on January 24, 2009, which had occurred within a period of six months.
- d. In this context, upon a consideration of the information received by SEBI from BgSE, I find that Veerendra Kumar Singh had failed to make relevant disclosures for the above mentioned changes in shareholding, to the Company and BgSE under the provisions of Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992. Further, I find that the opposite sale transaction which occurred on July 16, 2009, was not permitted under Clause 4.2 of the Code of Conduct in Part A of Schedule I read with Regulation 12(1) of the Insider Trading Regulations, 1992, having regard to the buy transaction on January 24, 2009.

5.5 Acquisition of shares by Shivanand Singh–Employee (Noticee No. 6).

TABLE VI – ACQUISITION OF SHARES BY SHIVANAND SINGH								
DATE	CUMULATIVE HOLDING PRE ACQUISITION/ TRANSFER	% OF SHAREHOLDING - PRE ACQUISITION/ TRANSFER	BUY/ ACQUIRE	SELL/ TRANSFER	CUMULATIVE HOLDING - POST ACQUISITION/ TRANSFER	% OF SHAREHOLDING- POST ACQUISITION/ TRANSFER	CHANGE IN HOLDING AS %	DISCLOSURES REQUIRED
24.01.2009	3,50,875	3.58	6,83,630	0	10,34,505	7.55	3.97	REG. 7(1) READ WITH REG. 7(2) OF TAKEOVER REG. AND REG. 13(1) OF PIT REG.
19.11.2009	8,99,501	5.60		48,000	8,51,501	5.31	2.25	REG.13(3) READ WITH REG. 13(5) OF PIT REG.
20.09.2010	5,42,218	3.38		2,00,000	3,42,218	2.13	3.17	REG.13(3) READ WITH REG. 13(5) OF PIT REG.

- i. On January 24, 2009, upon conversion of warrants, Camson Bio allotted approximately 6.83 Lakh shares to Shivanand Singh resulting in his shareholding increasing from approximately 3.50 Lakh shares (3.58) to approximately 10.34 Lakh shares (7.55%).

- ii. Subsequently, on November 19, 2009, Shivanand Singh had sold 0.48 Lakh shares resulting in his shareholding reducing from 7.55% to 5.31% of the total shareholding as on that date.
- iii. On September 20, 2010, Shivanand Singh had sold 2 Lakh shares resulting in a change in his shareholding by more than 2% of total number of shares on that date. The shareholding pattern of the Company for the Quarters ended June 2010 to September 2010 (Source: Shareholding submitted by Camson Bio to BGSE/BSE) was as under:

TABLE VII – SHAREHOLDING PATTERN OF THE COMPANY							
PERIOD ENDED	PROMOTERS			NON-PROMOTERS			TOTAL NO. OF SHARES ISSUED
	NO. OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHAREHOLDERS	NO. OF SHARES	%	
JUNE-10	7	50,15,070	31.25	6,115	1,10,34,930	68.75	1,60,50,000
SEPTEMBER-10	7	49,55,070	30.87	6,887	1,10,94,930	69.13	1,60,50,000

Violations of Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997 and Regulation 13(1), 13(3) read with Regulation 13(5) of the Insider Trading Regulations, 1992:

- a. The acquisition of 6.83 Lakh shares of Camson Bio on January 24, 2009, had resulted in a change in shareholding of Shivanand Singh by more than 5% of the total number of shares of the Company as on that date (refer to Table II), which necessitated a disclosure to the Company and BgSE under Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997, on or before January 27, 2009. Further, the said transfer of shares had also warranted a disclosure to the Company under Regulation 13(1) of the Insider Trading Regulations, 1992, on or before January 27, 2009.
- b. On November 19, 2009, Shivanand Singh had sold 0.48 Lakh shares resulting in his shareholding reducing from 7.55% to 5.31% of the total shareholding as on that date. As the resultant change was more than 2% of the shareholding of Shivanand Singh, he was required to make a disclosure to the Company under Regulation 13(3) read with Regulation 13(5) of the Insider Trading Regulations, 1992, on or before November 23, 2009.
- c. A similar disclosure to the Company under Regulation 13(3) read with Regulation 13(5) of the Insider Trading Regulations, 1992, was also warranted for the change in Shivanand Singh's shareholding by more than 2% of total number of shares on September 20, 2010.

- d. In this context, upon a consideration of the information received by SEBI from BgSE and also the Company's e-mail dated May 8, 2014, I find that Shivanand Singh had failed to make relevant disclosures for the above mentioned changes in shareholding, to the Company and BgSE under the provisions of Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997, Regulation 13(1) and Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992.

5.6 Acquisition of shares by Camson Farm (Noticee No. 12).

TABLE VIII – ACQUISITION OF SHARES BY CAMSON FARM								
DATE	CUMULATIVE HOLDING PRE ACQUISITION/ TRANSFER	% OF SHAREHOLDING - PRE ACQUISITION/ TRANSFER	BUY/ ACQUIRE	SELL/ TRANSFER	CUMULATIVE HOLDING - POST ACQUISITION/ TRANSFER	% OF SHAREHOLDING- POST ACQUISITION/ TRANSFER	CHANGE IN HOLDING AS %	DISCLOSURES REQUIRED
16.07.2009	11,74,700	8.57	8,10,540		19,85,240	14.49	5.92	REG. 7(1) READ WITH REG. 7(2) OF TAKEOVER REG. REG. 13(3) READ WITH REG. 13(5) OF PIT REG.

- i. On July 16, 2009, Camson Farm had acquired approximately 8.10 Lakh shares of the Company from two preferential allottees, i.e. Sangeeta Kshetry (approximately 5.69 Lakh shares) and Jamuna Prasad (approximately 2.40 Lakh shares).

Violations of Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997 and Regulation 13(3) read with Regulation 13(5) of the Insider Trading Regulations, 1992:

- a. The acquisition of approximately 8.10 Lakh shares of Camson Bio on July 16, 2009, had resulted in Camson Farm's shareholding exceeding 14% of the total no. of shares of the Company as on that date (refer to Table II), which necessitated a disclosure to the Company and BgSE under Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997, on or before July 20, 2009.
- b. Further, the said acquisition on account of the resultant change in shareholding of Camson Farm by more than 2% of the total no. of shares of the Company as on that date also

warranted a disclosure to the Company under 13(3) read with Regulation 13(5) of the Insider Trading Regulations, 1992, on or before July 20, 2009.

- c. In this context, upon a consideration of the information received by SEBI from BgSE, I find that Camson Farm had failed to make relevant disclosures for the above mentioned acquisition/change in shareholding, to the Company and BgSE under the provisions of Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997, Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992.

5.7 Acquisition of shares by Sanatan Herbals (Noticee No. 13).

TABLE IX – ACQUISITION OF SHARES BY SANATAN HERBALS								
DATE	CUMULATIVE HOLDING PRE ACQUISITION/ TRANSFER	% OF SHAREHOLDING - PRE ACQUISITION/ TRANSFER	BUY/ ACQUIRE	SELL/ TRANSFER	CUMULATIVE HOLDING - POST ACQUISITION/ TRANSFER	% OF SHAREHOLDING- POST ACQUISITION/ TRANSFER	CHANGE IN HOLDING AS %	DISCLOSURES REQUIRED
16.07.2009	9,64,500	7.04	9,25,200		18,89,700	13.79	6.75	REG. 7(1) READ WITH REG. 7(2) OF TAKEOVER REG. REG. 13(3) READ WITH REG. 13(5) OF PIT REG.

- i. On July 16, 2009, Sanatan Herbals had acquired approximately 9.25 Lakh shares of the Company from two preferential allottees, i.e. Ram Yadav (approximately 5.90 Lakh shares) and Mr. Veerendra Kumar Singh (approximately 3.35 Lakh shares).

Violations of Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997 and Regulation 13(3) read with Regulation 13(5) of the Insider Trading Regulations, 1992:

- a. The acquisition of approximately 9.25 Lakh shares of Camson Bio on July 16, 2009, had resulted in Sanatan Herbals' shareholding exceeding 10% of the total no. of shares of the Company as on that date (refer to Table II), which necessitated a disclosure to the Company and BgSE under Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997, on or before July 20, 2009.

- b. Further, the said acquisition on account of the resultant change in shareholding of Sanatan Herbals by more than 2% of the total no. of shares of the Company as on that date also warranted a disclosure to the Company under 13(3) read with Regulation 13(5) of the Insider Trading Regulations, 1992, on or before July 20, 2009.
- c. In this context, upon a consideration of the information received by SEBI from BgSE, I find that Camson Farm had failed to make relevant disclosures for the above mentioned acquisition/change in shareholding, to the Company and BgSE under the provisions of Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997, Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992.

5.8 Acquisition of shares by Dhirendra Kumar– Managing Director and Promoter (Noticee No. 2).

TABLE X – ACQUISITION OF SHARES BY DHIRENDRA KUMAR								
DATE	CUMULATIVE HOLDING PRE ACQUISITION/ TRANSFER	% OF SHAREHOLDING - PRE ACQUISITION/ TRANSFER	BUY/ ACQUIRE	SELL/ TRANSFER	CUMULATIVE HOLDING - POST ACQUISITION/ TRANSFER	% OF SHAREHOLDING- POST ACQUISITION/ TRANSFER	CHANGE IN HOLDING AS NOS.	DISCLOSURES REQUIRED
16.06.2009	8,96,480	6.54	30,100		9,26,580	6.76	30,100	REG. 13(4) READ WITH REG. 13(5) OF PIT REGULATIONS

- i. On June 16, 2009, Dhirendra Kumar had acquired approximately 0.30 Lakh shares (0.22%) of the Company.

Violations of Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992:

- a. The acquisition of approximately 0.30 Lakh shares of Camson Bio on June 16, 2009, had resulted in a change in shareholding of Veerendra Kumar Singh by more than 25,000 shares, which necessitated a disclosure under Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992, to the Company and BgSE on or before June 18, 2009.

- b. In this context, upon a consideration of the information received by SEBI from BgSE, I find that Dharendra Kumar had failed to make relevant disclosures for the above mentioned change in shareholding, to the Company and BgSE under the provisions of Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992.

5.9 Acquisition of shares by Ram Yadav – Employee (Noticee No. 8).

TABLE XI – ACQUISITION OF SHARES BY RAM YADAV								
DATE	CUMULATIVE HOLDING PRE ACQUISITION/ TRANSFER	% OF SHAREHOLDING - PRE ACQUISITION/ TRANSFER	BUY/ ACQUIRE	SELL/ TRANSFER	CUMULATIVE HOLDING - POST ACQUISITION/ TRANSFER	% OF SHAREHOLDING- POST ACQUISITION/ TRANSFER	CHANGE IN HOLDING AS %	DISCLOSURES REQUIRED
24.01.2009	6,00,000			0	6,00,000	4.38	6,00,000	REG. 13(4) READ WITH REG. 13(5) OF PIT REGULATIONS
16.07.2009				5,90,000	10,000	0.07	5,90,000	REG. 13(4) READ WITH REG. 13(5) OF PIT REGULATIONS

- i. On January 24, 2009, upon conversion of warrants, Camson Bio had allotted 6 Lakh shares to Ram Yadav.
- ii. Subsequently, on July 16, 2009, Ram Yadav had transferred approximately 5.90 Lakh shares (in physical form) to Sanatan Herbals.

Violations of Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992:

- a. The acquisition of 6 Lakh shares of Camson Bio on January 24, 2009, had resulted in a change in shareholding of Ram Yadav by more than 25,000 shares, which necessitated a disclosure under Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992, to the Company and BgSE on or before January 27, 2009.
- b. The subsequent transfer of 5.90 Lakh shares of Camson Bio on July 16, 2009, by Ram Yadav to Sanatan Herbals, had also resulted in a change in his shareholding by more than 25,000 shares, which necessitated a disclosure under Regulation 13(4) read with Regulation 13(5)

of the Insider Trading Regulations, 1992, to the Company and BgSE on or before July 20, 2009.

- c. The above mentioned transfer of 5.90 Lakh shares of Camson Bio on July 16, 2009, by Ram Yadav had also resulted in an opposite transaction on that date to the shares allotted on January 24, 2009 i.e. sale transaction on July 16, 2009 opposite to the buy transaction on January 24, 2009, which had occurred within a period of six months.
- d. In this context, upon a consideration of the information received by SEBI from BgSE, I find that Ram Yadav had failed to make relevant disclosures for the above mentioned changes in shareholding, to the Company and BgSE under the provisions of Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992. Further, I find that the opposite sale transaction which occurred on July 16, 2009, was not permitted under Clause 4.2 of the Code of Conduct in Part A of Schedule I read with Regulation 12(1) of the Insider Trading Regulations, 1992, having regard to the buy transaction on January 24, 2009.

5.10 A conjoint reading of Regulations 7(1) and 7(2) of the Takeover Regulations, 1997 read with the definition of 'acquirer' as prescribed in Regulation 2(e)(1) therein makes it abundantly clear that an acquirer who acquires shares or voting rights which taken together with the shares or voting rights, if any, held by such acquirer would entitle such acquirer more than 5% or 10% or 14% or 54% or 75% shares or voting rights in a company is mandated to disclose at every stage shareholding or voting rights held by him in the company to the company and the Stock Exchange where the shares are listed within two working days of the acquisitions limits prescribed. Further, under Regulations 13(1), 13(3), 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992, disclosures to the Company and the stock exchange where shares of such Company are listed, is mandated upon the concerned Directors, officers and substantial shareholders of the Company within two working days from the date of any transaction/increase or decrease in shareholding of such entities.

5.11 I note that under the provisions of Regulations 7(1) read with 7(2) of the Takeover Regulations, 1997, Regulations 13(1), 13(3), 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992, it was obligatory on the part of Noticee nos. 2, 4, 6, 8, 12 and 13 to make disclosures to the Company and to the Stock Exchange in respect of their acquisition/sale/change in shareholding, etc. within two working days from the date of such

transaction/event. Further, under Clause 4.2 of the Model Code of Conduct under Schedule I read with Regulation 12(1) of the Insider Trading Regulations, 1992, Noticee nos. 4 and 8 were prohibited from entering into an opposite transaction for sale of shares within a period of six months from the date of acquisition i.e. January 24, 2009. In this context, reference is also made to the following decisions of the Hon'ble SAT:

- I. **G Suresh vs. SEBI, Appeal No. 39 of 2014 – Order dated April 29, 2014**, wherein while considering whether or not the appellant therein, Managing Director of a listed Company, had violated the provisions of Regulations 7(1) read with 7(2) of the Takeover Regulations, 1997, the Hon'ble SAT had observed:

11. *"It may be mentioned that the disclosure requirements under Regulation 7 of SAST Regulations require every acquirer alone to make a declaration of his holding, if any, together with the shares acquired by him. Regulation 7(1) does not require the acquirer to aggregate the shares acquired and/or held by him together with shares of any other person including person acting in concert with him. ... True and timely disclosures by an acquirer of shares in a company are an important regulatory tool intended to serve a public purpose of disseminating this information to the company as well as to Stock Exchange expeditiously. Such disclosures are very important as they help investors to take an informed decision in investing in the scrip of said company.*
12. *We, therefore, do not find any merit in the appeal and the same is hereby dismissed with no order as to costs."*

- II. **Ankur Chaturvedi vs. SEBI, Appeal No. 434 of 2014 – Order dated August 4, 2015**, wherein while considering whether or not the appellant therein, a Promoter of a listed Company, had violated the provisions of Regulation 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992 and also Clause 4.2 of the Model Code of Conduct under Schedule I of the said Regulations, the Hon'ble SAT had observed:

12. *"As rightly pointed out by the adjudicating officer the entire securities market stands on disclosure based regime and accurate and timely disclosures are fundamental in maintaining the integrity of the securities market. Therefore omission on the part of the appellant in failing to make disclosures was detrimental to the interest of the investors in*

the securities market and hence, no fault can be found with the decision of SEBI in imposing penalty ... for violating the provisions of PIT Regulations and Model Code of Conduct respectively.”

5.12 As stated earlier, I am not inclined to believe that Noticee nos. 2, 4, 6, 8, 12 and 13 had made relevant disclosures to the Company (as stated in their replies dated July 18, 2017) especially considering their conduct in the instant proceedings including their involvement in the round tripping of funds towards payment of consideration for the shares allotted on January 24, 2009. Without prejudice to the foregoing, even if it were to be accepted that the Noticees had indeed informed the Company, they still had failed to make the relevant disclosures to BgSE. I therefore, find that the aforementioned Noticees had violated the provisions of Regulation 7(1) read with 7(2) of the Takeover Regulations, 1997 read with Regulation 35 of the Takeover Regulations, 2011, Regulations 13(1), 13(3), 13(4) read with Regulation 13(5) of the Insider Trading Regulations, 1992 read with Regulation 12(2) of the Insider Trading Regulations, 2015, for the acquisition/sale/change in shareholding during the Financial Year ending March 31, 2010 and March 31, 2011.

5.13 Further, I find that on account of having acquired shares of the Company on January 24, 2009 and thereafter, entering into opposite transactions i.e. to sell such shares of the Company on July 16, 2009, Noticee nos. 4 and 8 had violated Clause 4.2 of the Model Code of Conduct under Schedule I read with Regulation 12(1) of the Insider Trading Regulations, 1992 read with Regulation 12(2) of the Insider Trading Regulations, 2015.

6. Noticee nos. 1, 2 and 3 had allegedly violated Clause 13.1C of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009.

Clause 13.1C of the DIP Guidelines, 2000 reads as follows:

“A listed company shall not make any preferential allotment of equity shares, FCDs, PCDs or any other financial instrument which may be converted into or exchanged with equity shares at a later date unless it has obtained the Permanent Account Number of the proposed allottees.”

- 6.1 The Company and its Directors, Dharendra Kumar and Akbal Narayan Singh had allotted equity shares under the preferential allotment to Jamuna Prasad despite him not having a valid PAN thereby violating Clause 13.1C of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009.
- 6.2 In these proceedings, the Company and its two Directors i.e. Dharendra Kumar and A. N. Singh, have not filed any reply to the instant allegations. However, from the material available on record, it is observed that during the Investigation, vide an e-mail dated November 28, 2011, SEBI had requested the Company to provide the PAN of Noticee no. 11. However, in its reply dated November 28, 2011, the Company had informed SEBI that Jamuna Prasad did not have a PAN on account of being a farmer.
- 6.3 As per Clause 13.1C of the DIP Guidelines, 2000, a listed company shall not make any preferential allotment of equity shares unless it had obtained the PAN of the proposed allottee. In this context, it is noted that Noticee no. 11 was allotted 2,40,940 shares of the Company on January 24, 2009 pursuant to the conversion of warrants. The aforementioned fact concerning allotment of shares to Noticee no. 11 clearly indicates that Noticee no. 1, 2 and 3 had violated Clause 13.1C of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009.

CONCLUSION:

7. As per the findings contained in the preceding paragraphs, it is reiterated that:
- i.* Camson Bio had issued 38.13 Lakh shares under a preferential allotment to several preferential allottees, and the consideration for the aforesaid shares was paid through rotation of funds amongst the Company and Promoter connected Companies i.e. Camson Farm and Sanatan Herbals. Noticee nos. 1–8, 12–13 i.e. the Company, its Directors, Dharendra Kumar, A. N. Singh and Veerendra Kumar Singh (who were signatories to Annual Report), preferential allottees, viz. Veerendra Kumar Singh (Director), Karan Singh, Shivanand Singh, Sangeeta Kshetry, Ram Yadav along with the Promoter connected Companies i.e. Camson Farm and Sanatan Herbals, had connived with each other and had adopted a fraudulent device and artifice to defraud other shareholders of

the Company and also the investors in the securities market. Accordingly, the aforementioned entities had violated the provisions of the SEBI Act read with PFUTP Regulations, 2003.

- ii. Further, Noticee nos. 1, 2 and 3 had violated the provisions of the DIP Guidelines, 2000 read with Regulation 111 of the ICDR Regulations, 2009 on account of having allotted shares on January 24, 2009, without receipt of proper consideration from some of the preferential allottees and also for having allotted shares to Noticee no. 11, despite him not having had a valid PAN.
- iii. In addition, Noticee nos. 1, 4, 6, 8, 12 and 13 i.e. Dhirendra Kumar, Veerendra Kumar Singh, Shivanand Singh, Ram Yadav, Camson Farm and Sanatan Herbals, had failed to make disclosures in terms of the provisions of the Takeover Regulations, 1997 read with Regulation 35 of the Takeover Regulations, 2011 and the Insider Trading Regulations, 1992 read with Regulation 12(2) of the Insider Trading Regulations, 2015, resulting in a violation by them, of the aforementioned Regulations.

8. However, in the instant proceedings, the following is noted:

- a. Vide an Order dated June 14, 2018 in CP (IB) no. 52/BB/2017, the National Company Law Tribunal, Bangalore ("**NCLT**") had admitted the petition filed by the Operational Creditor, M/s Randstand India Pvt. Limited ("**Operational Creditor**") under Section 9 of the IBC 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, against the default in repayment of approx. ₹37 Lakhs by the Corporate Debtor Company therein i.e. Camson Bio. The NCLT had also declared a moratorium under Section 14 of the IBC 2016 with effect from June 14, 2018 till the completion of the corporate insolvency resolution process or until the approval of the resolution plan under Section 31(1) or when the NCLT passes an Order for liquidation of corporate debtor under Section 33, whichever is earlier.
- b. Thereafter, vide an Order dated December 3, 2020, the NCLT while considering the application filed by the Resolution Professional of Camson Bio under Section 33 of the IBC 2016 read with Rule 11 of the National Company Law Tribunal Rules, 2016 I. A. no.

442 of 2020 in CP (IB) no. 52/BB/2017, *inter alia* for considering and approving the initiation of liquidation process of the Corporate Debtor, had ordered that: “*Camson Bio, Corporate Debtor to be liquidated in the manner as laid down in Chapter III of Part II of the Code r/w IBBI (Liquidation process) Regulations, 2016.*”

In this regard, I find that since Camson Bio has been ordered to be liquidated, directions under Sections 11(1), 11(4), 11A and 11B of the SEBI Act at this juncture would not serve any purpose.

9. As regards Noticee no. 13, I note that as per the information available on the MCA website i.e. <http://www.mca.gov.in>, it is observed that pursuant to Section 248(5) of the Companies Act, 2013, the ROC Karnataka vide its Notification STK-7 NOTICE/DRIVE-III/2019 dated October 23, 2019, had *inter alia* stated that Sanatan Herbals had been struck off from the register of companies and is dissolved with effect from the aforementioned date. The MCA master data also shows the status of the Sanatan Herbals as “*Strike Off*”. In the instant proceedings, Sanatan Herbals has been found to have violated the provisions of the SEBI Act, PFUTP Regulations, 2003, DIP Guidelines, 2000, Takeover Regulations, 1997 and the Insider Trading Regulations, 1992. However, in light of the fact that Sanatan Herbals stands dissolved as on date, I am of the considered view that the SCN against it be disposed of without any further directions.

ORDER:

10. I, in exercise of the powers conferred on me under Sections 11(1), 11(4), 11A and Section 11B of the SEBI Act and in the interest of investors, hereby direct as under:
- (i) In view of the observations at paragraph 9, the present proceedings initiated against Camson Bio Technologies Limited vide the SCN dated February 9, 2017, stands disposed of.
 - (ii) Dharendra Kumar, Akbal Narayan Singh, Veerendra Kumar, Karan Singh, Shivanand Singh, Sangeeta Kshetry, Ram Yadav and Camson Farm Produce Limited shall not access the securities market or buy, sell or otherwise deal in the securities market, either directly or indirectly for a period of **5 years** from the date of this Order.

- (iii) During the period of restraint, Dhirendra Kumar, Akbal Narayan Singh, Veerendra Kumar, Karan Singh, Shivanand Singh, Sangeeta Kshetry, Ram Yadav and Camson Farm Produce Limited, shall not liquidate their existing holding of securities including units of mutual funds.
- (iv) Dhirendra Kumar, Akbal Narayan Singh and Veerendra Kumar are hereby restrained from holding the post of Director, any managerial position or associating themselves in any capacity with any listed public company and any public company which intends to raise money from the public, or any intermediary registered with SEBI for a period of **5 years** from the date of this Order.
- (v) I hereby also dispose of the SCN dated February 9, 2017, against Sudha K., K. Ramaswamy, Jamuna Prasad and Sanatan Herbals and Naturals Limited without any further directions.

- 11. This Order shall come into force with immediate effect.
- 12. A copy of this Order shall be served upon all the Noticees, Stock Exchanges, Banks, Depositories, Registrar and Transfer Agents.

Place: Mumbai
Date: June 22, 2021

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA