

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/56573	Date: May 02, 2023
Circular Ref. No: 118/2023	

To All NSE Members

Sub: SAT Order in the matter of Trinity Tradelink Limited

This is with reference to NSE circular no. NSE/INVG/52799 dated June 29, 2022, referring to SEBI Order no. WTM/AB/IVD/ID19/17487/2022-23 dated June 29, 2022.

SAT vide its order dated April 26, 2023 has directed that the period undergone towards debarment by the below entities is sufficient for the violation as per above SEBI Order and consequently the period is reduced to the period underwent by the appellants.

Sr. No.	Name	PAN
1.	Trinity Tradelink Ltd	AAFCS8117C
2.	Mr. Vikrant Kayan	AFJPK8437M

The detailed order is available on SAT website (<http://www.sat.gov.in>).

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page at the below mentioned link:

<https://www.nseindia.com/regulations/member-sebi-debarred-entities>

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to contact the following officials:

Mr. Apurv Garg (Extension: 24546); Mr. Sandesh Sawant (Extension: 23335)
Direct No: 022-26598417/18 Fax: 022-26598195

National Stock Exchange of India

For and on behalf of

National Stock Exchange of India Limited

**Sandesh Sawant
Senior Manager**

Annexure : SAT Order in the matter of Trinity Tradelink Limited

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date of Decision: 26.4.2023

Appeal No.637 of 2022

1. Ms. Girija Banerjee
P1 Unique Park, Behala,
Circus Avenue, Kolkata,
West Bengal-700034.

2. Mr. Vikash Dubey
Ganiyari Road, Waidhan
Ward No.41, Singrauli,
Madhya Pradesh-486886.

3. Mr. Bhaskar Paul
5B, Rishi Bankim Chandra Road,
Behala, Kolkata,
West Bengal-700 034.

...Appellants

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No.C4-A,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai-400021.

...Respondent

Ms. Rinku Valanju, Advocate with Ms. Akshita Sharma
and Mr. Amit Kumar, Advocates i/b. R V Legal for the
Appellant.

Ms. Rathina Manivaran, Advocate with Mr. Aditya
Sarangarajan, Advocates i/b. Mansukhlal Hiralal & Co.
for the Respondent.

With

**Misc. Application No.1125 of 2022
And
Appeal No.784 of 2022**

Trinity Tradelink Ltd.
16 & 17, Washington Plaza,
Dispensary Road, Goregaon (West),
Mumbai-400062.

...Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No.C4-A,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai-400021.

...Respondent

Ms. Rinku Valanju, Advocate with Ms. Akshita Sharma
and Mr. Amit Kumar, Advocates i/b. R V Legal for the
Appellant.

Ms. Rathina Manivaran, Advocate with Mr. Aditya
Sarangarajan, Advocate i/b. Mansukhlal Hiralal & Co. for
the Respondent.

**With
Misc. Application No.1124 of 2022
And
Appeal No.785 of 2022**

Vikrant Kayan
Flat-1D, 9 Sunny Park,
Ballygunge, Kolkata,
West Bengal-700 019.

...Appellant

Versus

Securities and Exchange Board of India
SEBI Bhavan, Plot No.C4-A,

G Block, Bandra Kurla Complex,
Bandra (E), Mumbai-400021.

...Respondent

Ms. Rinku Valanju, Advocate with Ms. Akshita Sharma and Mr. Amit Kumar, Advocates i/b. R V Legal for the Appellant.

Ms. Rathina Manivaran, Advocate with Mr. Aditya Sarangarajan, Advocates i/b. Mansukhlal Hiralal & Co. for the Respondent.

CORAM: Justice Tarun Agarwala, Presiding Officer
Ms. Meera Swarup, Technical Member

Per: Justice Tarun Agarwala, Presiding Officer (Oral)

1. Three appeals have been filed against the order dated 29th June, 2022 passed by the Whole Time Member ('WTM' for short) restraining the appellant from accessing the securities market and further prohibiting them from buying, selling or otherwise dealing in securities directly or indirectly or being associated with the securities market, in any manner, whatsoever for specified period of one year. In addition to the above, the WTM also imposed penalties of different amounts totalling Rs.42 lakhs.

2. The facts leading to the filing of the present appeal is, that on 9th June, 2017 the Ministry of Corporate Affairs issued a letter annexing a list of 331 shell companies and requesting SEBI to take appropriate action under the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the 'SEBI Act') and its regulations.
3. Based on the said letter, SEBI issued an order dated 7th August, 2017 placing trading restrictions on the appellant Company, its Directors and promoters. The Company filed Appeal no.216 of 2017 which was disposed of by this Tribunal by an order of 24th August, 2017 directing SEBI to decide the representation.
4. Subsequently, based on further investigation SEBI passed an ex-parte ad-interim order dated 13th September, 2017 which included a direction for appointment of a forensic auditor to verify misrepresentations including financial and misuse of

funds in books of accounts of the Company.

Subsequently, a confirmatory order was passed.

5. Based on the forensic audit report and further investigation made by SEBI a show cause notice dated 14th February, 2020 was issued. The broad charges in the show cause notice are as follows:-

A. Violations of provisions of LODR Regulations due to misrepresentation including of financials and misuse of funds / books of accounts;

B. Other violation of provisions of LODR Regulations;

C. Violation of provisions of PFUTP Regulations, 2003.

6. The WTM after considering the replies of the appellant and the material evidence on record concluded that the appellant misrepresented its financials and violated the accounting standards. The WTM found that various provisions of LODR Regulations was not complied with during the three financial years and there were lapses on the part of the Company in not making the disclosures within the

stipulated period. The WTM further found that there was no violation of Section 12A of the SEBI Act and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations') as there was no misappropriation of the funds nor the Company nor its Directors had played a fraud upon the investors nor was there any disproportionate gain or unfair advantage nor any specific loss was incurred by any investor. The WTM accordingly for the above violations debarred the appellant from accessing the securities market for specified periods and imposed different amounts of penalties on the appellants.

7. We have heard Ms. Rinku Valanju, Advocate assisted by Ms. Akshita Sharma and Mr. Amit Kumar, Advocates for the appellant and Ms. Rathina Manivaran, Advocate assisted by Mr. Aditya Sarangarajan, Advocates for the Respondent.

8. Having heard the learned counsel for the parties we are of the opinion that the controversy involved in the present appeals are squarely covered by various decisions of this Tribunal, namely, ***Appeal no. 750 of 2021, V.B. Industries Limited & Ors. vs. SEBI, decided on July 29, 2022, Appeal no.471 of 2022, Dalmia Industrial Development Limited vs. SEBI and other connected appeals decided on September 1, 2022, Appeal no.801 of 2021, SVAM Software Ltd & Ors. vs. SEBI decided on October 13, 2022 and Tatia Global Vennture Ltd. & Ors. vs. SEBI decided on August 24, 2022*** wherein similar controversies the debarment passed by the WTM was set aside and the penalties was reduced appropriately.
9. We, thus, find that the Company had made certain lapses and failed to comply with the LODR Regulations. However, these lapses are not intentional but such lapses occurred on account of procedural and technical issues.

10. We also find that the entire enquiry was initiated with regard to the allegation that the Company was a shell Company which fact was found to be false. Further, the WTM has given a clear finding that there was no violation of the PFUTP Regulations and there was no diversion of funds nor there was any manipulation in the price of the scrip and, consequently, no fraud or unfair advantage was caused to any shareholder or investor. In the absence of any specific loss being caused to anyone it was contended that the penalty imposed in the given circumstances was totally disproportionate to the alleged violation apart from being harsh and excessive.

11. Admittedly, a clear finding has been given by WTM that there is no misappropriation of funds of the Company nor there is any manipulation in the price of the scrip. The WTM has given a categorical finding that Section 12A of the SEBI Act or PFUTP Regulations have not been violated.

12. In the absence of any finding of any fraudulent activities or misappropriation of funds or diversion of funds, we are of the opinion that direction of debarment and the penalty given for violation of the LODR Regulations appears to be harsh and excessive.
13. In the instant case, we find that the violation of the LODR Regulations gave no disproportionate gain to anyone nor created any unfair advantage to the appellant nor any specific loss was caused to any investors and, therefore, in our opinion the direction of debarment and penalty imposed for violation of the LODR Regulations appears to be harsh and excessive.
14. While affirming the violation committed by the Company with regard to non-compliance of the LODR Regulations we direct that period undergone towards debarment of the appellant is sufficient for the aforesaid violation and consequently the period is reduced to the period underwent by the appellants. In addition to the above, we reduce the penalty directing

the appellant Company to pay a sum of Rs.10 lakh for violation of the LODR Regulations. The penalty against the appellant Mr. Vikrant Kalyan is reduced to Rs.5 lakhs.

15. The appellants Ms. Girija Banerjee, Mr. Vikas Dubey and Mr. Bhaskar Paul are Non-Executive Independent Directors and are not involved in the day to day affairs and the running of the Company. In our opinion, they cannot be charged for non-compliance of various provisions of the LODR Regulations. In similar matters we have exonerated the Non-Executive Independent Directors and the said appellants are also entitled for a similar relief. The penalty imposed upon them is set aside.

16. In view of the aforesaid, the appeals are partly allowed.

17. This order will be digitally signed by the Private Secretary on behalf of the bench and all concerned parties are directed to act on the digitally signed copy

of this order. Certified copy of this order is also available from the Registry on payment of usual charges.

Justice Tarun Agarwala
Presiding Officer

Ms. Meera Swarup
Technical Member

26.4.2023
RHN