National Stock Exchange of India
Circular

Department: Investigation	
Download Ref No: NSE/INVG/61297	**Date: March 22, 2024**
Circular Ref. No: 298/2024	

To All NSE Members

Sub: **SAT Order in the matter of Cairn India Limited.**

This is with reference to NSE Circular No. NSE/INVG/61089 dated March 12, 2024, in respect of SEBI Order No. QJA/KS/IVD/ID2/30077/2023-24 dated March 12, 2024 has restrained Following entities from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities (including units of mutual funds), directly or indirectly, or being associated with the securities market in any manner, whatsoever, for the period mentioned below from the date of this order, as directed.

Sr. No	Entity / Individual Name	PAN	Period
1	Mr. Navin Agarwal	ACTPA4140J	2 Months
2	Mr. Tarun Jain	AACPJ9089J	2 Months
3	Mr. Thomas Albanese	BNCPA8714K	2 Months
4	Mr. GR Arun Kumar	ADJPA2469F	2 Months
5	Ms. Priya Agarwal	ANFPA8240C	1 Month
6	Mr. K Venkataramanan	AABPV8512F	1 Month
7	Ms. Lalita D Gupte	AAEPG5696C	1 Month
8	Mr. Aman Mehta	AAGPM5030J	1 Month
9	Mr. Ravi Kant	AAIPK7999L	1 Month

SEBI vide its e-mail dated March 22, 2024 has forwarded SAT order dated March 20, 2024 wherein SAT has directed that:
"*Having heard both the parties, I am of the view that at this stage the balance of convenience lies with the Appellants. Stay is granted on the effect and operation of the impugned order pending disposal of the appeal on the condition that Appellant No. 1, Vedanta Limited, deposits 50% of interest amount determined to be payable to CUHL as per paragraph 116 (a) of the impugned order. The amount shall be deposited in an interest bearing account to be maintained by the Respondent within two weeks of this order. If the said amount is deposited, the balance amount shall not be recovered during the pendency of the appeal. Directions at paragraph 116 (b) and (c) of the impugned order are stayed during the pendency of the appeal. However, if the Appellant No. 1 fails to deposit 50% of the interest amount payable with the Respondent*

within two weeks, the stay granted on effect and operation of paragraph 116 (b) and (c) of the impugned order will automatically stand vacated."

Further, SEBI vide above email dated March 20, 2024 informed to immediately stay the effect and operation of para 116(b) and (c) of SEBI order dated March 12, 2024 (as per above SAT order), including the debarment/restraint imposed on aforesaid Noticee Nos. 2 to 10 as mentioned in SEBI order.

SEBI also informed that if the Appellant No. 1 fails to deposit 50% of the interest amount computed at Para 116(a) of the impugned order, then the stay on the debarment/ restraint shall be vacated with immediate effect.

The detailed order is available on SAT website (https://sat.gov.in/scripts/search.asp).

Further, the consolidated list of such entities is available on the Exchange website http://www.nseindia.com home page at the below 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 email us at dl-invsg-all@nse.co.in

For and on behalf of
National Stock Exchange of India Limited

Sandesh Sawant
Senior Manager

ANNEXURE: SAT Order in the matter of Cairn India Limited

BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date : 20.03.2024

Misc. Application No. 265 of 2024
And
Misc. Application No. 276 of 2024
And
Appeal No. 202 of 2024

Vedanta Limited & Ors. …Appellants

Versus

Securities and Exchange Board of India …Respondent

Mr. Janak Dwarkadas, Senior Advocate with Mr. Pranav Sampat, Mr. Arka Saha, Ms. Zarnaab Aswad and Ms. Ankita Roy, Advocates i/b Khaitan & Co. for Appellants.

Mr. Shiraz Rustomjee, Senior Advocate with Mr. Nitin Jain, Ms. Prapti Kedia and Mr. Sagar Dhakane, Advocates i/b Agama Law Associates for the Respondent.

Mr. P. N. Modi, Senior Advocate a/w Mr. Neville Lashkari, Mr. Rushin Kapadia, Ms. Niti Dixit, Mr. Uday Walia, Mr. Abhishek Tewari, Mr. Shahezad Kazi, Mr. Gladwin Issac and Mr. Keshav Somani, Advocates i/b S&R Associates for Capricorn UK Holdings Limited.

ORDER:

1. Appeal No. 202 of 2024 has been filed by Vedanta Limited (Company) and its nine Executive and Non-Executive Directors at the relevant time (Appellant Nos. 2 to 10) against

order dated March 12, 2024 (impugned order) passed by Securities and Exchange Board of India ('SEBI' for short). The directions given in the order against the Appellants in paragraph 116 are as following:-

> *"a) Noticee No.1 shall pay to CUHL Rs.77,62,55,052/- (Rupees Seventy Seven Crore Sixty Two Lakh Fifty Five Thousand and Fifty Two Only) i.e. simple interest @ 18% per annum for delayed payment of dividend, due and payable by Noticee No.1 to CUHL, within 45 days from the date of this order;*
>
> *b) The Noticee No.2 to 5 are, hereby, restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of Two Months, from the date of coming into force of this order;*
>
> *c) The Noticee No.6 to 11 are, hereby, restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for a period of One Month, from the date of coming into force of this order;*
>
> *d) In case of failure of Noticee No.1 to comply with aforesaid direction, SEBI, on expiry of 45 days from*

> *the date of this order, may initiate appropriate action against Noticee No.1 for such failure."*

2. The Appellants filed Misc. Application No. 216 of 2024 seeking stay on the impugned order. The case of the Appellants is that the impugned order is untenable and without merit as it fails to appreciate the fact that the dividend payable to Cairn UK Holdings Limited ('CUHL' for short) was withheld by the Company on account of embargo imposed upon the Company by the Income Tax Department ('ITD' for short). The dividend amount was not being enjoyed by the Company and had been transferred to a separate unpaid dividend bank account. The Company, after the initial attachment order lapsed, sought clarification from the ITD however they could not get any response. The withholding of the dividend to CUHL was not intentional or deliberate but was on account of directions by the ITD therefore was not violative of Section 127 of the Companies Act, 2013 and Regulation 4(1)(g) and 4(2)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations' for short). Thus, the direction to the Appellant No. 1 (Company) to pay interest on the dividend amount was not justifiable.

3. The learned Senior Counsel for the Appellants contended that the directions against Appellant Nos. 2 to 10 are baseless and disproportionate. The only ground on which these Appellants have been held liable was that they attended the Board of Directors and Audit Committee meetings. The Respondent failed to appreciate that no decision to withhold the dividend was taken in these meetings. These Appellants are individuals with high integrity and reputation and such an order places a blot on their professional competency and reputation.

4. The learned Senior Counsel further stated that the Appellants are seeking a stay as the Appellant Nos. 2 to 10 would most likely have suffered and undergone the punishment imposed under the impugned order by the time the appeal is taken up for final hearing. Balance of convenience lies with the Appellants considering the irreparable harm which will be caused to the Appellants if the interim relief is not granted.

5. On the other hand, the learned Senior Counsel for the Respondent justified the directions given in the impugned order. The fact that attachment order issued by the ITD was in operation till March 31, 2016 is not in dispute. However, the communication dated March 31, 2016 of the ITD on the basis on which the Company withheld the dividend thereafter was

addressed to CUHL with direction not to dispose off any assets. Letter dated April 4, 2016 of ITD to the Company was in form a query regarding the status of dividend paid or having become due. The Company, in turn, wrote to ITD on April 20, 2016 giving details of dividends and payable due and also clarified that they have not been paid to CUHL. Again, the Company addressed a letter to ITD on September 22, 2016 stating that they were aware of the expiry of the attachment order and in case they do not hear from ITD they will remit the dividend amount to CUHL. The Company on January 31, 2017 again sought directions from ITD regarding the clarification they had sought on September 22, 2016. They also stated that they were aware of an internal communication of ITD wherein the view taken by the ITD was that the issue of release of dividend to CUHL was an internal matter between the two Companies. Vide letter dated March 27, 2017, the Company informed ITD that they will be paying the outstanding dividend payments to CUHL without further delay. Thereafter, the events were overtaken by Income Tax Appellate Tribunal (ITAT) orders leading to issue of notice to CUHL to pay tax as demanded. Thus, the Company was aware that there was no embargo on paying outstanding dividend to CUHL with effect from March

31, 2016 and the Company withheld the dividend without any reasonable cause.

6. As far as direction on Directors of the Company (Appellant Nos. 2 to 10) are concerned, the learned Senior Counsel for Respondent stated that the impugned order has dealt in detail the issue as to why the directions are being held liable for non-payment of dividend. The Appellants as Directors at various point in time, attended Board of Directors / Audit Committee meetings and were aware of dividend payable to CUHL being kept in abeyance and clarification being sought from ITD. They were aware that the failure on part of the Company to distribute the dividend was in violation of Section 127 of the Companies Act and despite being aware took a conscious decision to withhold the dividend payment to CUHL.

7. On proportionality of the directions issued to Appellants, the learned Senior Counsel for Respondent stated that no monetary penalty has been imposed on the Appellants. Directions to pay interest to CUHL @ 18% per annum for delayed payment of dividend was as per Section 127 of the Companies Act and has been fairly computed for the period April 1, 2016 to June 15, 2017. Restrictions from accessing the

securities market have been imposed on Executive and Non-Executive Directors for short periods of two months and one month respectively as they took the position on withholding the dividend payable consciously despite being aware that it was in violation of Section 127 of the Companies Act and Regulation 4(1)(g) and 4(2)(c) of the LODR Regulations.

8. Having heard both the parties, I am of the view that at this stage the balance of convenience lies with the Appellants. Stay is granted on the effect and operation of the impugned order pending disposal of the appeal on the condition that Appellant No. 1, Vedanta Limited, deposits 50% of interest amount determined to be payable to CUHL as per paragraph 116 (a) of the impugned order. The amount shall be deposited in an interest bearing account to be maintained by the Respondent within two weeks of this order. If the said amount is deposited, the balance amount shall not be recovered during the pendency of the appeal. Directions at paragraph 116 (b) and (c) of the impugned order are stayed during the pendency of the appeal. However, if the Appellant No. 1 fails to deposit 50% of the interest amount payable with the Respondent within two weeks, the stay granted on effect and operation of paragraph 116 (b) and (c) of the impugned order will automatically stand vacated.

9. The miscellaneous application for stay is disposed of.

10. Four weeks time is allowed to the Respondent to file a reply. Four weeks thereafter to the Appellant to file rejoinder. List on June 18, 2024.

Ms. Meera Swarup
Technical Member

20.03.2024
msb