

To,



Date: 22.03.2021

The Manager
BSE Limited,
P. J. Towers, Dalal Street,
Mumbai-400001

The Manager,
NSE Limited,
Exchange Plaza, Bandra Kurla
Complex,
Bandra (E), Mumbai- 400051.

**SUB: INTIMATION OF PENALTY IMPOSED BY SEBI-ADJUDICATION ORDER
NO. PM /NR/2020-21/10914-10917.**

With reference to the captioned subject and Pursuant to the applicable Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the exchanges are hereby intimated that the Company has been imposed with Penalty vide SEBI Adjudication order No. PM /NR/2020-21/10914-10917 (enclosed below) with respect to global depository receipts issued by the company back in 2006.

This is for the information and records of the Exchange, please.

Thanking you.

Yours faithfully,
For Ed & Tech International Limited

B. Prabhakar Reddy

B. Prabhakar Reddy
Executive Director cum CEO
(DIN: 00166326)



Ed & Tech International Ltd.

104-106, Lumbini Endave,
Opp.NIMS Hospital,
Punjagutta, Hyderabad - 500 082,
Telangana, INDIA

CIN NO: L72200AP1997PLC027073

Ph: 040 23242865

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BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. PM /NR/2020-21/10914-10917

UNDER SECTION 15I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND SECTION 23I OF SECURITIES CONTRACTS (REGULATION) ACT, 1956 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995 AND RULE 5 OF SECURITIES CONTRACT REGULATION (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 2005

In respect of:

1. Visu International Ltd., (PAN: AABCV1500A)	2. B Prabhakar Reddy (PAN: ACVPB8307N)
3. Dr. K Viswanath Reddy (PAN: Not available)	4. Mukesh Chauradiya (PAN: AAVPC0966A)

(The aforesaid entities are hereinafter individually referred to by their respective names/Noticee nos. and collectively as "Noticees", unless the context specifies otherwise)

In the matter of Visu International Ltd.,
(Presently known as Ed& Tech International Ltd.,)

BACKGROUND

1. Securities and Exchange Board of India (SEBI) conducted an investigation to ascertain whether shares underlying Global Depository Receipts (GDRs) of Visu International Ltd., (*hereinafter referred to as "Visu"/ "Company" / "Noticee 1"*) were issued with proper consideration and whether appropriate disclosures in compliance with the Listing Agreement, if any, were made by Visu with respect to the GDRs to the Stock Exchanges. The period under investigation was during issuance of GDRs i.e. April 1, 2006 to May 31, 2006 (*hereinafter referred to as "investigation period"*).
2. The shares of Visu were listed on the Bangalore Stock Exchange (BgSE) and Hyderabad Stock Exchange (HSE). The shares of Visu were permitted for trading on BSE Indo- Next. Visu issued 21,75,000 GDRs (amounting US\$9.66 million) at US\$4.44 per GDR each representing 2,17,50,000 underlying Equity Shares of ₹10/- each on April 21, 2006. The investigation revealed that Banco Efisa

(hereinafter referred to as “Banco Bank”) had granted loan to Seazun Ltd (hereinafter referred to as “Seazun”) by way of a Credit Agreement dated April 12, 2006 (hereinafter referred to as the “Credit Agreement”) for enabling them to subscribe to the GDR issued by Visu and it was observed that the entire 2.175 million GDR were subscribed by only one entity, i.e. Seazun.

3. The Investigation further revealed that the Company had pledged the entire GDR proceeds to Banco Bank as a security against the loan availed by Seazun from Banco Bank for subscribing to GDRs of Visu by entering into an Account Charge Agreement dated April 20, 2006 with Banco Bank (hereinafter referred to as the “Account Charge Agreement”) and the said agreement was signed by Mukesh Chauradiya (Noticee 4) on behalf of Visu. The aforesaid Account Charge Agreement was found to be an integral part of the Loan Agreement entered into between Seazun and Banco Bank. Thus, both Loan and Account Charge Agreements were executed with Banco Bank concurrently, by Seazun and Visu respectively. These agreements enabled Seazun to avail a loan from Banco Bank for subscribing GDRs of Visu. The GDR issue would not have been subscribed had the Company not given any such security towards the loan taken by Seazun.
4. It was also observed during investigation that B Prabhakar Reddy (Noticee 2) and Dr. K Viswanath Reddy (Noticee 3) were Directors of Visu during the relevant time of signing of Account Charge agreement and also participated in the Board meeting of the Company dated January 30, 2006, in which a resolution was passed for opening an account with Banco Bank wherein, the GDR proceeds would be deposited and a further resolution was passed authorizing Banco Bank to use the GDR proceeds of the Company as security against loan. The investigation also found that another resolution authorising the Noticee 4, who was a Director of Visu, to execute any documents on behalf of the Company with Banco Bank was also passed in the aforesaid Board meeting. On the strength of the said resolution passed by the Board, the Company had entered into the Account Charge Agreement with Banco Bank. Thus, the Account Charge Agreement executed by Visu has enabled Seazun to avail loan from Banco Bank for subscribing to the GDRs of Visu. The bank account in which GDR proceeds were to be deposited, was in the name of the Visu but on account of the Account Charge Agreement, the GDR proceeds deposited in the said account were not at the

disposal of the Company to utilize for its own needs till such time Seazun repaid the loan to Banco Bank. It was further observed that the GDRs issued by the Company to Seazun were subsequently converted into equity shares and sold in the Indian Securities Market.

5. On the backdrop of the above stated facts, the Company had not disclosed to the investors about the arrangement so made by it with Banco Bank to ensure the successful issuance/subscription/allotment of the GDRs by facilitating a loan to Seazun in terms of the aforesaid Credit Agreement. It was further concealed from the public that the proceeds of GDRs would be kept as security with the Banco Bank and would not be available for the Company's immediate use. Thus, the Company misled the Shareholders/investors at large by providing partial and distorted information, about issuance of GDR to the public. Therefore, it was alleged that the scheme of issuance of GDRs was fraudulent. Accordingly, it is alleged that Visu (Noticee 1) had violated the provisions of Section 12A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(f), 4(2)(k) and 4(2)(r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (*hereinafter referred to as "SEBI (PFUTP) Regulations"*).
6. It was also observed that Visu had not informed Stock Exchange with regard to the Account Charge Agreement entered into with Banco Bank for subscription of GDRs and about the outcome of the Board meeting dated January 30, 2006. Further, Visu did not inform the Stock Exchange about signing of the MoU with Vintage FZE (*hereinafter referred to as "Vintage"*), wherein Visu agreed to pay US\$10 million for its expansion activities and intimated the outcome of Board meeting dated April 21, 2006 with a delay. The aforementioned events comprise of price sensitive information and could have had impact on the performance/operations of the Company. Accordingly, it is alleged that the Company (Noticee 1) had violated the provisions of Section 21 of Securities Contracts (Regulation) Act, 1956 (*hereinafter referred to as "SCRA"*) read with Clause 36 (7) of Listing Agreement.
7. The Directors of the Company (Noticee 2 and 3) who attended the Board Meeting on January 30, 2006 had approved the Board resolution authorizing the Noticee 4

to sign the documents, based on which the Noticee 4 signed account charge agreement. Therefore, it is alleged that the Noticee 2, 3 and 4 have acted as colluding parties to the above stated scheme contrived to issue GDRs in a fraudulent manner. Accordingly, it is alleged that the Noticees 2, 3 and 4 have violated the provisions of Section 12A (a), (b), (c) of SEBI Act, 1992 read with Regulations 3(a), 3(b), 3(c), 3(d) and 4(1) of SEBI (PFUTP) Regulations.

APPOINTMENT OF ADJUDICATION OFFICER

8. Based on the findings of the investigation, SEBI initiated Adjudication proceedings against the Noticees and appointed Shri Jeevan Sonparote as the Adjudicating Officer vide Order dated May 23, 2017 (*communicated vide Order dated January 9, 2018*) under Section 19 read with Sub-section (1) of Section 15I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and imposing penalties) Rules, 1995 (*hereinafter referred to as "SEBI Adjudication Rules"*) and under Sub-section (1) of Section 23I of SCRA, 1956 and Rule 3 of Securities Contract Regulation (Procedure for Holding Inquiry and Imposing Penalties) Rules, 2005 (*herein after referred to as "SCR Adjudication Rules"*) to inquire into and adjudge the alleged violations committed by the Noticees. Pursuant to internal restructuring, the instant proceedings have been transferred to Ms. Sangeeta Rathod, vide Order dated November 27, 2019. Thereafter, the undersigned has been appointed as the Adjudicating Officer vide Order dated October 28, 2020.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

9. A common Show Cause Notice (SCN) ref. no. SEBI/HO/EAD-8/JS/NS/OW/P/4875/1/2018 dated February 14, 2018 was issued to the Noticees under Rule 4(1) of the SEBI Adjudication Rules and Rule 4 (1) of SCR Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed against the Noticee 1 under Section 15HA of the SEBI Act and Section 23E of SCRA and in respect of the Noticees 2 to 3 under Section 15HA of the SEBI Act, for the violations alleged to have been committed by them as mentioned in the above paragraphs.

10. The SCN sent to the Noticee 1 returned undelivered and the SCN in respect of the Noticee 2 was duly served on him. However, the Noticee 2, on behalf of the Noticee 1 and for himself, vide letter dated March 12, 2018 sought extension of two weeks to furnish their reply, which was acceded to and a communication in this regard was sent to the Noticees 1 and 2 to furnish their reply by April 2, 2018. The Noticee 2 furnished his reply, which was received on April 3, 2018. The Noticee 1 vide email dated April 5, 2018 had attached a reply received from the Noticee 2 (B Prabhakar Reddy) to the SCN dated February 14, 2018. Further, vide letter dated February 26, 2020, the SCN along with the annexures mentioned therein were once again served on the Noticees 1 and 2 by Speed Post, which was received by the Noticees on March 3, 2020. Vide email dated March 4, 2020, the Noticees 1 and 2 sought copy of the SCN, which was once again sent to the Noticees 1 and 2 on March 17, 2020. The Noticee 2 on his behalf and on behalf of the Noticee 1 vide emails dated March 24, 2020, April 16, 2020 and May 26, 2020 submitted that due to lockdown imposed in view of Covid-19 pandemic, they were unable to file the reply and sought additional time to furnish the reply. Further, vide email dated June 2, 2020, the Noticees 1 and 2 were provide with an opportunity of hearing on in the month of June 2020, which was subsequently adjourned to July 8, 2020 based on a request received from the Noticees 1 and 2. The Noticees 1 and 2 vide letter dated July 16, 2020 furnish their replies. Further, I note that the Noticees 1 and 2 failed to avail the opportunity of hearing which was scheduled on July 8, 2020.
11. Pursuant to transfer of the instant proceedings to the undersigned, the Noticees 1 and 2 were once again provided with an opportunity of personal hearing on January 20, 2021, which was communicated through digitally signed email sent at prabhakar_1924@yahoo.co.in and operations@edtechintl.com on December 23, 2020. In view of Covid-19 Pandemic, the hearing was scheduled through videoconference on WebEx platform. The email sent to prabhakar_1924@yahoo.co.in did not bounce, whereas the email sent to operations@edtechintl.com bounced. In view of the fact that the Noticee 2 vide email dated April 16, 2020 confirmed that he is representing the Noticee 1 also in its capacity as Executive Director, I am of the view that the notice of hearing has been duly served on the Noticee 1 at its Email ID: prabhakar_1924@yahoo.co.in

However, I note that the Noticee 1 and 2 did not appear for the hearing which was scheduled on January 20, 2021.

12. The SCN in respect of the Noticee 3 i.e., Dr. K Viswanath Reddy sent by Speed Post returned undelivered. Therefore, in terms of Rule 7 (d) of SEBI Adjudication Rules, a Notice was published in three newspapers viz., Deccan Chronicle (English), Daily Hindi Milap (Hindi) and Sakshi (Telugu) in its Hyderabad edition on January 5, 2021, requiring the Noticee 3 to furnish his reply, if any within 14 days from the date of publication, besides providing with an opportunity of hearing on January 21, 2021. I note that the Noticee 3 neither furnished his reply nor appeared for the hearing.
13. The Noticee 4 i.e., Mukesh Chauradiya vide his letter dated March 1, 2018 submitted his reply. Thereafter, the Noticee 4 was once again provided with another opportunity to submit his reply, if any, in addition to earlier reply submitted vide letter dated March 1, 2018. It is observed that no reply was received from the Noticee 4 thereafter.
14. Pursuant to transfer of the instant proceedings to the undersigned, the Noticee 4 was provided with an opportunity of personal hearing on January 20, 2021, which was communicated through digitally signed email sent at mukeshchoradiya@gmail.com on December 23, 2020. The email sent to the Noticee 4 did not bounce. The Noticee 4 vide email dated January 19, 2021 sought adjournment of hearing in the last week of February 2021. Accordingly, the hearing was rescheduled to February 22, 2021. In view of Covid-19 Pandemic, the hearing was scheduled through videoconference on WebEx platform and the weblink along with the login credentials for joining the hearing were sent to the Noticee 4 on February 18, 2021. The Noticee along with his Authorized Representative appeared for hearing through videoconference on February 22, 2021 and reiterated the submissions made vide letter dated March 1, 2018. Further, the Noticee and the Authorized Representative sought an additional time of 7 days to make fresh submissions, which was acceded to. The Noticee 4 vide his letter dated February 26, 2021 made additional submissions.

15. The replies furnished by the Noticees 1, 2 and 4 are summarized hereunder:

(i) Replies of the Noticees 1 and 2

- a) *The day-to-day affairs, the corporate funding, major policy decisions of the Company were solely handled by the Chairman Late Shri C. Chandrasekhar Reddy in Ed & tech International Limited (Formerly known as Visu International Limited). He was the lone person who had complete knowledge on GDR and related matters and he passed away in the year 2014.*
- b) *Noticee 2 was an independent Director during the Investigation Period and does not have sufficient knowledge on the GDR issue. He was appointed as an independent non-executive Director of Visu in the FY 2002-03 and continued as Independent Director till FY 2009-10. He only attended the Board meetings whenever they were called for by the Company and did not participate in the day-to-day affairs of the Company.*
- c) *The Board Resolution as such does not specifically authorize Mr. Mukesh Chauradiya to enter into an Account Charge Agreement. The bare perusal of the Board resolutions would show that they are general in nature and can be understood to be in the ordinary course of business. The said agreement was not placed before the Board for approval. There was no occasion to know about the said Account Charge Agreement as it was entered into after three months of the passing of Board Resolution i.e., on April 20, 2006.*
- d) *With regard to non-disclosures to BSE regarding entering into Account Charge Agreement, Noticee 1 and Noticee 2 have submitted that as the Company has become defunct, they are unable to trace any documents to verify the disclosures made to the stock exchanges.*

(ii) Replies of the Noticee 4

- a) *The Noticee has denied all the allegations contained in the SCN stating that he was neither a Director, Officer or an Employee of the Company, nor was he responsible for the management of Visu.*
- b) *He was an employee of Vintage FZE, a company fully owned and controlled by Mr. Arun Panchariya. My employer had recommended my name to Visu for representing Visu in relation to its bank account to be opened with Banco Bank.*
- c) *The Board Resolution dated January 30, 2006 authorized Noticee 4 to sign, execute any application, agreement, escrow agreement, documents, undertakings confirmations, declaration and other paper(s) from time to time*

as may be required by the Bank and to carry and affix, Common Seal of the Company thereon, If and when so required.

- d) It is apparent from the Board Resolution that the bank account was opened specifically in relation to the GDR issuance by the Company. The Board members had contemplated the underlying loan arrangement for subscription to its GDR and had expressly authorized Banco Bank to use the GDR proceeds as security in connection with loans. My role was limited to act as per the express authorization by the Board of Visu and I had no involvement in deciding any matters in relation to the GDR issue or its proceeds.*
- e) I submit that, I as an employee of Vintage FZE had signed the Account Charge Agreement on April 20, 2006 in London and the fund transfer instructions as an Authorized Signatory for VISU based on the express authorization by the Board of Directors of VISU dated January 30, 2006.*
- f) I hereby submit that I had never personally met or knew any Board member of Visu. I was drawing only a monthly salary for the work done by me in Vintage FZE. I did not have any other advantage, monetary or otherwise for any of the acts done by me as an employee of Vintage FZE working under Arun Panchariya.*
- g) I was never been the Director or Managing Director of Vintage FZE.*
- h) I submit that under the Implementing Regulations No. 1/92 (Pursuant Law No. 9 of 1992) of FZE, under which the Vintage FZE was registered as Free Zone Enterprises in JAFZA, shall have a single owner. I submit that in this case it was Mr. Arun Panchariya who has been the beneficial and legal owner of Vintage. It was a single member enterprise and he was the owner and the only Director of the Vintage and the face behind Vintage.*
- i) I submit that from the copies of my resident permits for the period 14th September 2005 to 9th September 2017, it can be seen that my designation / position has always been mentioned as the General Manager and not as a Director /Managing Director.*
- j) I submit that from the letter dated 1 October 2009 written by Vintage to Abu Dhabi Commercial Bank, it can be seen that I was referred to as the General Manager since September 2005. The said letter was signed by Mr. Arun Panchariya himself.*
- k) I submit that it can be seen from the copy of the JAFZA Visa of Mr. Arun Panchariya for the period 12/01/2010 to 11/01/2013 that his designation was mentioned clearly as Managing Director.*

l) I submit that from the Employment Card issued to me by JAFZA, it can be seen that I had always been an employee of Vintage and not a Managing Director / Director of it.

m) The Noticee 4 has not derived any unfair advantage as a result of the alleged violations.

16. In respect of the Noticee 3, it is noted that SCN and the notice of hearing was duly served on the Noticee by way of newspaper publication, yet the Noticee neither submitted his reply to the charges alleged in the SCN nor appeared for the hearing.

17. In this context, I would like to rely upon the observations of The Hon'ble Securities Appellate Tribunal (SAT) in the matter of Classic Credit Ltd., vs. SEBI (Appeal 68 of 2003 decided on December 08, 2006) wherein the Hon'ble SAT, inter alia, observed that - *"..... the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them"*.

18. The Hon'ble SAT has again in the matter of Sanjay Kumar Tayal & Others vs SEBI (Appeal 68 of 2013 decided on February 11, 2014), inter alia, observed that – *".....As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices....."*.

19. In view of the above observations of the Hon'ble SAT and considering that no request has been received from the Noticee 3 for seeking more time for filing written reply or for hearing, I find no useful purpose would be achieved by granting any more opportunity for submission of reply and/or for personal hearing to the Noticees. Hence, I proceed to deal with matter ex-parte in respect of the Noticee 3.

CONSIDERATION OF ISSUES

20. I have taken into consideration the facts and material available on record. I observe that the allegations levelled against the Noticees are that the Noticee 1 has violated the provisions of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a) (b) (c) (d), 4 (1), 4 (2) (f) (k) & (r) of SEBI (PFUTP) Regulations, 2003 and Section 21 of SCRA read with Clause 36 (7) of the Listing Agreement. The Noticees 2 to 4 have alleged to have violated the provisions of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a) (b) (c) (d) and 4 (1) of SEBI (PFUTP) Regulations.
21. After perusal of the material available on record, I have the following issues for consideration, viz.,

ISSUE-I: Whether the Noticee 1 has violated the provisions of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a) (b) (c) (d), 4 (1), 4 (2) (f) (k) & (r) of SEBI (PFUTP) Regulations, 2003 and Section 21 of SCRA read with Clause 36 (7) of the Listing Agreement?

ISSUE-II: Whether the Noticees 2 to 4 have violated Section 12A(a), (b), (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d) and 4(1) of PFUTP Regulations?

ISSUE-III: Does the violation, if any, attract monetary penalty under Section 15HA of SEBI Act and Section 23E of SCRA?

ISSUE-IV: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act and Section 23J of SCRA?

FINDINGS

22. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticees, I record my findings hereunder:

ISSUE-I: Whether the Noticee 1 has violated the provisions of Section 12 A (a), (b), (c) of SEBI Act read with Regulation 3 (a) (b) (c) (d), 4 (1), 4 (2) (f) (k) & (r) of SEBI (PFUTP) Regulations, 2003 and Section 21 of SCRA read with Clause 36(7) of the Listing Agreement?

23. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI Act and SEBI (PFUTP) Regulations alleged to have been violated by the Noticees, which reads as under:

Section 12 (A) (a) (b) (c) of SEBI Act

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;*

Regulation 3 of PFUTP Regulations: - Prohibition of certain dealings in securities

No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in 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 thereunder;*
- (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 thereunder.*

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.*