

**BEFORE THE ADJUDICATING OFFICER SECURITIES AND EXCHANGE BOARD  
OF INDIA [ADJUDICATION ORDER NO. Order/BD/NR/2020-21/9864]**

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**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT,  
1992, READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND  
IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995.**

In respect of

**Mr Siva Balan Jaipal  
PAN: AKVPJ3453D**

**In the matter of Supreme Tex Mart Limited**

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**FACTS OF THE CASE**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation into the affairs of Supreme Tex Mart Limited (hereinafter referred to as '**STML/ Company**') for the period June 01, 2016 to October 31, 2016 (hereinafter referred to as '**IP**'). During the course of investigation, the Investigating Authority of SEBI (hereinafter referred to as '**IA**') issued summons under Sections 11C(2) read with 11C(3) of the SEBI Act to various entities including Mr. Siva Balan Jaipal (hereinafter referred to as the "**Noticee/ by Name**") for production of documents. However, the Noticee failed to comply with the summons. In view of the same, SEBI initiated Adjudication proceedings under Section 15A(a) of the SEBI Act, 1992 (hereinafter referred to as '**SEBI Act**') against the Noticee.

## **APPOINTMENT OF ADJUDICATING OFFICER**

2. The undersigned was appointed as the Adjudicating Officer vide order dated March 28, 2019, under Section 15-I(1) of SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**AO Rules**'), to inquire into and adjudge under the provisions of Section 15A(a) for the violations of the provisions of Section 11C(2) read with 11C(3) of the SEBI Act. The appointment was communicated to the undersigned vide communique dated May 27, 2019.

## **SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING**

3. Show Cause Notice dated October 16, 2020 (hereinafter referred to as '**SCN**') was issued to the Noticee under the provisions of Rule 4(1) of the AO Rules to show cause as to why an inquiry should not be held against the Noticee and why penalty, if any, should not be imposed on the Noticee under the provisions of Section 15A(a) of the SEBI Act for the violations of the provisions of SEBI Act. 11C(2) and 11C(3) of the SEBI Act to various entities including Mr. Siva Balan Jaipal (hereinafter referred to as the "**Noticee/ by Name**") for production of documents. However, the Noticee failed to comply with the summons.
4. The Show Cause Notice ('**SCN**') was sent via Speed Post Acknowledgement Due ('**SPAD**') to the last known address of the Noticee as well as through digitally signed email dated October 19, 2020. The Noticee was granted time of 15 days to file reply to the SCN. The Noticee vide letter dated October 30, 2020, requested for extension of 10 days in filing reply to the SCN, however, no reply was filed by the Noticee. Thereafter, the Noticee was granted an opportunity of personal hearing in the matter on December 15, 2020, vide digitally signed email dated November 24, 2020, before the undersigned in the interest of natural justice. Vide aforesaid email the Noticee was also advised to file his reply/ submissions in respect of the SCN latest by December 11, 2020. The Noticee

vide letter dated December 14, 2020, filed reply to the SCN. The AR to the Noticee attended the hearing on scheduled date and time and reiterated the content of the submission made vide letter dated December 14, 2020.

## **CONSIDERATION OF ISSUES AND FINDINGS**

5. I have carefully perused the charges levelled against the Noticee in the SCN, reply of the Noticee and other documents/evidence available on record. The following issues arise for consideration and determination:
- (a) Whether the Noticee has violated the provisions of Sections 11C(2) and 11C (3) of the SEBI Act by his non-compliance of summons issued by IA?
  - (b) Does the violation, if any, attract monetary penalty under Section 15A(a) of the SEBI Act?
  - (c) If yes, what should be the quantum of penalty?

6. Before moving forward, it is pertinent to refer to the relevant provisions of the SEBI Act:

### ***Investigation.***

11C (1) ....

*(2) Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorised by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.*

*(3) The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.*

7. SEBI conducted an investigation into the affairs of STML and during the course of investigation, IA issued summons dated August 14, 2018 to the Noticee seeking certain information under section 11 C (2) and 11 C(3) of the SEBI Act. It is alleged that the Noticee did not furnish the complete information to IA. I perused aforesaid summons issued by IA and note that seven (7) queries were raised vis a vis pertaining to his relations and reasons for fund transactions with certain entities. From the facts, I note that Noticee didn't reply to the aforesaid summon within specified time. Therefore, an email dated August 28, 2018, was sent to the Noticee giving them time till September 4, 2018 to provide the required information. Thereafter, the Noticee, vide letter dated September 07, 2018, submitted their reply to the summons.
8. I consider it appropriate to examine the reply of Noticee along with the documents available on record in terms of the section 11C(2) and 11 C(3) of the SEBI Act. I note that said provisions mandates any person for submission of documents/ information sought by IA through summons. The SCN alleges that Noticees did not comply with the summons. Upon perusal of the reply dated September 7, 2018, I note that Noticee had replied to all seven queries raised by the IA. Upon plain reading of the reply of the Noticee, I note that there is nothing to suggest that Noticee had failed to reply to the queries raised of IA. Further, there is also nothing on record to suggest that information submitted was incomplete and therefore hampered the investigations. I also note that had

the information been incomplete or inadequate there would have been correspondence or other follow up summons by IA clearly specifying such deficiencies to the Noticee. In the absence of same, based on the documents available on records and reply of Noticee, I conclude that Noticee had complied with the Summons dated August 14, 2018 issued by IA and therefore charge alleged in SCN does not stand established.

## **ORDER**

9. In view of my findings noted in the preceding paragraphs and in exercise of powers conferred upon me under Section 15I of SEBI Act read with Rule 5 of the Adjudication Rules, I hereby dispose of the Adjudication proceedings initiated against the Noticee viz. Mr. Siva Balan Jaipal vide SCN dated October 16, 2020 without imposition of any monetary penalty.
10. Copies of this Adjudication Order are being sent to the Noticee and also to SEBI in terms of Rule 6 of the Adjudication Rules.

**Date: December 18, 2020**

**Place: Mumbai**

**B. J. DILIP**

**ADJUDICATING OFFICER**