



**BEFORE THE ADJUDICATING OFFICER  
SECURITIES AND EXCHANGE BOARD OF INDIA  
(ADJUDICATION ORDER NO: Order/AK/RK/2025-26/31950)**

**UNDER SECTION 15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995, IN RESPECT OF;**

**LENUS FINVEST PRIVATE LIMITED**

**PAN: AACCL9703E**

**In the matter of Eiko Lifesciences Limited**

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**BACKGROUND OF THE CASE**

1. Securities and Exchange Board of India ("**SEBI**") examined Draft Letter of Offer (**DLoF**) in the matter of acquisition of shares of M/s. Eiko Lifesciences Limited ("**Company**"/"**Target Company**") by M/s Lenus Finvest Private Limited (hereinafter referred to as "**Noticee**") and others, in order to ascertain possible violation of provisions of SEBI (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011 (hereinafter referred to as the "**SAST Regulations**") by the Noticee.
2. During the examination, it was observed that the Noticee had allegedly failed to disclose pledge and unpledged transactions and also failed to disclose annual declaration regarding encumbrances.

**APPOINTMENT OF ADJUDICATING OFFICER**

3. SEBI, in exercise of powers u/s 19 r/w Section 15-I (1) of the SEBI Act, 1992 (hereinafter referred to as "**SEBI Act**") and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as "**SEBI Adjudication Rules**") appointed the undersigned as Adjudicating Officer



("AO"), vide order dated May 05, 2025, to inquire into and adjudge u/s 15A(b) of SEBI Act, the alleged violations committed by the Noticee.

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

4. Show Cause Notice Ref. No. SEBI/HO/EAD/EAD1/P/OW/2025/00025669/1 dated September 29, 2025 (hereinafter referred to as the "**SCN**") was issued to the Noticee in terms of Rule 4(1) of the SEBI Adjudication Rules r/w Section 15-I of SEBI Act requiring the Noticee to show cause as to why an inquiry should not be held against it and why penalty, if any, should not be imposed u/s 15A(b) of the SEBI Act, for the alleged violation, as stated in the SCN. The said SCN was duly served upon the Noticee through SPAD and digitally signed email dated September 29, 2025. The proof of service is on record.
5. The brief of alleged violations by the Noticee as per the SCN is given hereunder;
  - 5.1 Failure to disclose pledge and unpledged transactions.
  - 5.2 Failure to give annual declaration regarding encumbrances.
6. The Noticee, vide letter dated October 09, 2025, replied to the SCN stating, inter alia, the following:
  - 6.1 *The spirit and intent of Regulation 31 are to provide transparency to the market regarding potential risks to a company's ownership structure. The focus is on encumbrances created to secure debt, where a default could lead to the lender invoking the pledge and causing a change in shareholding. Our margin pledges, being a risk management tool for the broker, fall outside this legislative intent. This position has been consistently upheld.*
  - 6.2 *Our primary defence rests on a plain reading of the SAST Regulations. The allegation pertains to the non-disclosure of invocation or release of encumbrance. The relevant provision, Regulation 31(2), contains a clear and unequivocal exemption.*
  - 6.3 *Regulation 31(2) states: "The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.". Crucially, this clause is subject to the following*



*proviso: “Provided that the aforesaid disclosure requirement shall not be applicable where such encumbrance is undertaken in a depository.”*

*6.4 We submit that all the transactions in question being pledges for margin requirements with our stockbroker, SMC Global Securities Ltd. were undertaken entirely within the depository system (NSDL/CDSL) through our Depository Participant. This is the standard, mandated market practice for creating margin pledges on dematerialized shares.*

*6.5 Since the encumbrances were created, recorded, and released within the depository, they fall squarely within the scope of the proviso. Therefore, based on the express language of the regulation itself, the disclosure requirement was not applicable to any of the alleged transactions*

*6.6 For transactions prior to the 2022, our interpretation was based on the widespread industry understanding that routine margin pledges were not the subject of Regulation 31, a view later vindicated by the guidance itself.*

*6.7 At no point did we intend to conceal material information. The transactions were operational, did not involve any third-party financing, and did not impact the beneficial ownership or control of the shares.*

*6.8 We acted in good faith at all times. There was absolutely no mens rea (guilty intent) to conceal information. Our belief that the transactions were not disclosable was bona fide and reasonable.*

*6.9 The required annual declaration of encumbrances for the financial year ended March 31, 2022, was duly submitted to the Stock Exchange (BSE) via our email dated April 2, 2022. This submission was made well within the stipulated timeline of seven working days from the end of the financial year.*

*6.10 Furthermore, we wish to place on record that this information has already been provided to your office. The fact of this timely disclosure, along with the relevant supporting documents, was clearly communicated to SEBI in our detailed reply dated March 19, 2025.*

*6.11 We have examined the observation regarding the non-inclusion of the pledge details (created May 09, 2022; released February 21, 2023) in the quarterly shareholding pattern. We submit that the non-inclusion of these details was a deliberate and considered decision, based on a consistent and logical interpretation of the regulatory framework.*



- 6.12 *Our entire compliance approach is based on the clear distinction between a substantive encumbrance (like a pledge for a loan) and an operational margin pledge.*
- 6.13 *The proviso to Regulation 31(2) of the SAST Regulations affirm that routine margin pledges are not the type of event that requires disclosure to the market.*
- 6.14 *We formed a bona fide and principled view that if such pledges are not considered material enough for event-based reporting (under SAST), they should not be classified as a disclosable "pledge" in the periodic status report (the shareholding pattern under LODR) either.*
- 6.15 *To do otherwise and to not report the event but to report its status would be inconsistent and contradictory. We applied a single, consistent interpretation: a routine margin pledge is not a disclosable encumbrance under the SEBI framework.*
- 6.16 *The column for "Pledged Shares" in the quarterly shareholding pattern is intended to provide the market with a clear picture of the promoter's financial leverage and the risk of their shares being invoked by a lender.*
- 6.17 *Including transient, operational margin pledges, which can change daily, would introduce significant "noise" and could be actively misleading to investors. It would falsely suggest that the promoter has taken on debt against those shares, which is not the case.*
- 6.18 *As we have consistently maintained, the shares were merely transferred to a client collateral account. There was no change in beneficial ownership, and no third-party financing was involved. Therefore, classifying these shares as "pledged" in the public shareholding pattern would not have reflected the true substance of the transaction.*
7. In the interest of natural justice, an opportunity of a personal hearing was granted to the Noticee on November 03, 2025, vide Hearing Notice dated October 15, 2025. The said hearing was attended to by the Authorised Representatives (ARs) of the Noticee, who reiterated the submissions made by the Noticee, vide letter dated October 09, 2025.

## **CONSIDERATION OF ISSUES AND FINDINGS**

8. I have taken into consideration the submissions of the Noticee, facts, and material available on record. The issues that arise for consideration in the present case are as follows:



**ISSUE No. I: Whether the Noticee violated provisions as alleged in the SCN?**

**ISSUE No. II: Do the violations, if any, attract monetary penalty u/s 15A(b) of SEBI Act?**

**ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticee, after taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the SEBI Adjudication Rules?**

9. Before moving forward, it is pertinent to refer to the relevant provisions, which are alleged to have been violated by the Noticee. The said provisions are reproduced hereunder:

**SEBI (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011**

**Disclosure of encumbered shares.**

*31(1) The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him in such form as may be specified*

*(2) The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified*

*(3) The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the creation or invocation or release of encumbrance, as the case may be to,—*

*(a) every stock exchange where the shares of the target company are listed; and*

*(b) the target company at its registered office.*

*(4) The promoter of every target company shall declare on a yearly basis that he, along with persons acting in concert, has not made any encumbrance, directly or indirectly, other than those already disclosed during the financial year.*

*(5) The declaration required under sub-regulation (4) shall be made within seven working days from the end of each financial year to —*

*(a) every stock exchange where the shares of the target company are listed; and*

*(b) the audit committee of the target company.*

10. I now proceed to deal with the issues on merits.



## ISSUE No. I: Whether the Noticee violated provisions, as alleged in the SCN?

### 11. Alleged Violation 1: Failure to disclose pledge and unpledged transactions

In respect of the company letter dated August 13, 2024, it was observed that merchant banker to the issue i.e., Swaraj Shares and Securities Private Limited (MB), had provided following non-compliance of Regulation 31(3) of SAST Regulations by the Noticee, to SEBI.

Sr. No.	Provision of SAST Regulations	Name of Promoter / Group	No. of Equity Shares acquired	%age of Equity Holding	Mode of Transaction	Date of Transaction	Due Date for Compliance as per regulation	Actual date of Compliance with BSE	Delay, if any (in days)	Compliance with SAST Regns	Company Remarks
1	Reg 31 (3)	Lenus Finvest Private Limited	1,00,000	2.62%	Off Market Debit Transaction	08/11/2019	20/11/2019	Not Complied	Not Applicable	Not Complied	In order to maintain margin in demat account during normal course of business, the brokers from their end pledge all the securities available in the Demat account for the time being and accordingly unpledge the same once the purpose is fulfilled.  There were no pledge transactions entered by the Promoters during the period mentioned.
2			1,00,000	2.62%	Off Market Credit Transaction	31/03/2020	15/04/2020				
3			5,54,414	6.67%	Margin Pledge: Accepted and Set-Up	15/06/2021	24/06/2021				
4			5,54,414	6.67%	Margin Pledge: Unpledged	15/06/2021	24/06/2021				

11.1 It was observed from the above table, that a pledge was created by Noticee for margin purposes, the details of which are mentioned below:



- There was creation of pledge of 2.62% shares on November 08, 2019 and release of pledge on March 31, 2020.
- There was creation of pledge of 6.67% shares on June 15, 2021 and release of pledge on the same day i.e. June 15, 2021.

11.2 For transactions mentioned at Sr No 1 and 2 in the above table, company, vide its email dated March 19, 2025 had confirmed that the said transactions were, pledge-unpledged for margin purpose and had provided confirmation letter from its broker- SMC Global Securities Ltd (SMC). Company in its aforesaid email had *inter alia* stated following:

*We have received confirmation from our broker, SMC Global Securities Ltd on the query raised from your office dated 19-03-2025 confirming that the afore-stated transactions were not off-market transactions but a mere pledge, as those securities were transferred from Client's demat account to client's collateral account to maintain the margin.*

*Further, the said transaction was carried out in accordance with the regulatory provisions prevalent at the time of the transactions and the client's collateral account was also maintained by the broker and Depository participant only for the purpose of maintaining the company's collateral margin. Further it is pertinent to note that Shares held within this collateral account were used solely for margin purpose and such movements did not constitute an actual sale or purchase of the shares.*

11.3 With respect to transactions mentioned at Sr No1 to Sr No 4, it was observed that since, creation and release of pledge of shares were created by Noticee, the same was required to be disclosed under Regulation 31(1) and 31(2) r/w 31(3) of SAST Regulations. In this regard, it was observed that BSE, vide its dated March 21, 2025 had confirmed that it was not in receipt of necessary disclosures to be filed within seven working days from the creation/ invocation/ release of encumbrance. Further, it was observed that promoters/ member of promoter group had also not filed the requisite disclosures despite SEBI's advice vide email dated March 16, 2025.

**Based on the above, it was alleged that the Noticee has violated Regulations 31(1) and 31(2), r/w Regulation 31(3) of the SAST Regulations.**



## **12. Alleged Violation 2: Failure to give annual declaration regarding encumbrances**

12.1 It was observed that there was creation of pledge of promoter shares on May 09, 2022 for margin purposes and the pledge on same shares was released on February 21, 2023. However, it was observed that the said pledge was not disclosed with the Exchanges.

**Based on the above, it was alleged that Noticee has violated Regulation 31(4) r/w Regulation 31(5) of the SAST Regulations.**

## **13. Findings with respect to the alleged violations**

13.1 **Failure to disclose pledge and unpledged transactions:** With respect to the submission of the Noticee that all the transactions in question were pledged for margin requirements with its stockbroker, I note that in terms of Regulation 31(1) and 31(2) r/w 31 (3) of SAST Regulations, Noticee was required to disclose to the stock exchanges and to the target company the details of the encumbrance and invocation of shares by it in the target company within 7 days. In this regard, in the instant case, I note that the Noticee had created a pledge of 2.62% shares on November 08, 2019 and the same was released on March 31, 2020. Similarly, there was a creation of pledge of 6.67% shares on June 15, 2021 and release of pledge on the same day i.e. June 15, 2021.

13.2 I note that the aforementioned transactions took place in 2019, 2020 and 2021, when there was a requirement to disclose such encumbrances under the provisions of SAST Regulations. An exemption from applicability of the said Regulations was inserted in SAST Regulations only later, vide amendment, w.e.f. April 01, 2022.

13.3 Thus, it stands established that Noticee has violated Regulations 31(1) and 31(2), r/w Regulation 31(3) of the SAST Regulations in respect of the aforementioned transactions.

13.4 **Failure to give annual declaration regarding encumbrances:** I note that as per Regulation 31(4) of the SAST Regulations, the promoter of every target company shall declare on a yearly basis that he, along with persons acting in concert, has





not made any encumbrance, directly or indirectly, other than those already disclosed during the financial year. However, disclosure regarding encumbrances undertaken in a Depository were exempted w.e.f. April 01, 2022. Hence, I note that pledge of promoter shares on May 09, 2022 for margin purposes and the release of the same on February 21, 2023 did not require disclosure under Regulation 31(4) of SAST Regulations.

13.5 In view of the above, there is no violation of Regulation 31(4) r/w 31(5) of SAST Regulations by the Noticee.

**ISSUE No. II: Do the violations, if any, attract monetary penalty u/s 15A(b) of SEBI Act?**

12The provision of Section 15A(b) of the SEBI Act reads as under:

***Penalty for failure to furnish information, return, etc.***

*15A(b) If any person, who is required under this Act or any rules or regulations made thereunder, to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;*

13In the context of the above, I refer to the observations of Hon'ble Supreme Court in the matter of Chairman, **SEBI vs. Shriram Mutual Fund** {[2006] 5 SCC 361} wherein the Hon'ble Court had held that: *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established....."*

14Further, I would like to place reliance on the order of the Hon'ble SAT in the matter of **Virendrakumar Jayantilal Patel vs. SEBI**(Appeal No. 299 of 2014 order dated October 14, 2014), wherein Hon'ble SAT held that: *"..... obligation to make disclosures within the stipulated time is a mandatory obligation and penalty is imposed for not complying with the mandatory obligation."*

15Hence, in view of the foregoing and placing reliance on the above judgement of the Hon'ble Apex Court as well as the SAT, I am convinced that the Noticee is liable for monetary penalty u/s 15A(b) of the SEBI Act for the violations mentioned above.



**ISSUE No. III: If so, what should be the monetary penalty that should be imposed upon the Noticee after taking into consideration the factors stipulated in Section 15J of the SEBI Act r/w Rule 5(2) of the SEBI Adjudication Rules?**

16 While determining the quantum of penalty u/s 15A(b) of SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:-

**SEBI Act**

*“15J. Factors to be taken into account by the adjudicating officer*

*While adjudging quantum of penalty under Section 23-I, the adjudicating officer shall have due regard to the following factors, namely:-*

- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- (b) the amount of loss caused to an investor or group of investors as a result of the default;*
- (c) the repetitive nature of the default.”*

17 I note that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticee and the losses, if any, suffered by the investors due to such violations on the part of the said Noticee nor it has been alleged by SEBI. From the documents available on record, I also note that Noticee has not been penalized by SEBI in the past. However, I note that if any person who is to make such disclosures doesn't make it and are depriving the investing public of the statutory rights available to them, then SEBI is duty bound to ensure that the investing public are not deprived of any statutory rights available to them. Timely, accurate and proper disclosure is cornerstone of good corporate governance. Hence, the non-disclosure by the Noticee as brought out in the preceding paragraphs clearly shows the violation committed by it and calls for appropriate penalty.

**ORDER**

18 After taking into consideration the facts and circumstances of the case, including the fact that corrective steps have been taken by the Noticee, in exercise of powers conferred upon me u/s 15-I of the SEBI Act r/w Rule 5 of the SEBI Adjudication Rules, I hereby impose the following penalty u/s 15A(b) of the SEBI Act, on the Noticee for the violations as mentioned above.



Name of the Noticee	Penal u/s	Penalty Amount (in Rupees)
Lenus Finvest Private Limited	Section 15 A(b) of SEBI Act	Rs 1,00,000 (Rs. One Lakh Only)

19I find that the said penalty is commensurate with the violations committed by the Noticee in this case.

20The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. [www.sebi.gov.in](http://www.sebi.gov.in) on the following path, by clicking on the payment link:

**ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW**

21In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

22In terms of Rule 6 of the SEBI Adjudication Rules, a copy of this order is sent to the Noticee and also to the SEBI.

**Place: Mumbai**

**Date: January 05, 2026**

**AMIT KAPOOR**

**ADJUDICATING OFFICER**