BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/SR/2022-23/35/ 22679

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

In respect of

Jahnavi Patel
Address: 2, Vithalbhai Patel Colony,
Nr. S.P. Colony, Naranpura,
Ahmedabad - 380013
(PAN: ACTPP8343C)
In the matter of Radhe Developers (India) Ltd.

BACKGROUND

1. A Department (**OD**) of Securities and Exchange Board of India (hereinafter referred to as the **SEBI**) conducted an investigation regarding trading activities in the scrip of Radhe Developers (India) Ltd. (hereinafter referred to as **RDIL/Company**) for the period from October 01, 2009 to July 30, 2010 (hereinafter referred to as **Investigation Period**) on the basis of a reference received from Financial Intelligence Unit (FIU-IND). The company was listed on Bombay Stock Exchange (BSE) during the investigation period. During the course of investigation it was observed by Investigating Authority (**IA**) of SEBI that Jahnavi Patel (hereinafter referred to as **Noticee**) has violated the provisions of regulation 7(1A) read with (r/w) 7(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as **SAST Regulations, 1997**).

APPOINTMENT OF ADJUDICATING OFFICER

2. Based on the investigation, SEBI initiated adjudication proceedings against the Noticee, to inquire into and adjudge under section 15A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **the SEBI Act, 1992**) for alleged violations of provisions under regulation 7(1A) r/w 7(2)of SAST Regulations, 1997. Shri Nagendraa Parakh was appointed as the Adjudicating Officer (AO) under section 15-I of the SEBI Act, 1992 r/w rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as **Adjudication Rules, 1995**) to inquire into and adjudge

under section 15A(b) of the SEBI Act, 1992 for the alleged violations of 7(1A) r/w 7(2)of SAST Regulations, 1997 by the Noticee. Subsequently, the matter was transferred and undersigned was appointed as AO vide order dated July 10, 2017.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

3. A Show Cause Notice dated December 07, 2016 (hereinafter referred to as **SCN**) was issued by the previous AO to the Noticee in terms of rule 4 of the Adjudication Rules, 1995 requiring the Noticee to show cause as to why an inquiry should not be held against it for the alleged violations of provisions under regulations 7(1A) r/w 7(2) of SAST Regulations, 1997 and why penalty be not imposed on the Noticee under section 15A(b) of the SEBI Act, 1992 for the alleged violations as specified in the SCN. The SCN was issued to the Noticee through speed post acknowledgement due (SPAD) and the same was delivered to the Noticee as seen from the material available on record.

4. It was alleged in the SCN that the shareholding of the Noticee 5,30,16,614 shares consisting of 21.06% of the total shareholding of the Company. The details of change in shareholding provided to the Noticee are tabulated below:

Date	Buy/received or sell/transferred	Quantity of shares	Cumulative no. of shares	% change in shareholding
03-Oct-09	Received	4,00,000	4,00,000	0.16
05-Oct-09	Sell	-5,20,000	-1,20,000	-0.05
14-Jan-10	Transferred	-10,00,000	-1,41,84,340	-5.63
13-Feb-10	Received	11,851	-2,21,94,983	-8.81
14-May-10	Sell	-3,52,550	-2,25,47,533	-8.95
				-23.28

IA observed that there has been a change in Noticee's shareholding above 2.00% on May 14, 2010 and due to such change, the Noticee was under obligation to make disclosure for these trades within two working days in terms of regulation 7(1A) r/w 7(2) of SAST Regulations, 1997. However, Noticee failed to make disclosure to the Company and hence alleged that the Noticee violated provisions of regulation 7(1A) r/w 7(2) of SAST Regulations, 1997.

5. Noticee replied vide letter dated January 18, 2017 seeking documents relied upon. Upon my appointment as AO, vide hearing notice dated November 21, 2017 enclosing the SCN, the Noticee was granted an opportunity of personal hearing on December 14, 2017. In the said hearing notice, the Noticee was also advised to submit reply to the SCN by December 10, 2017. The said hearing notice was served to the Noticee through SPAD. The Noticee vide letter dated November 30, 2017 submitted the reply to the SCN requesting to provide various documents and also for inspection of documents and that Noticee has filed a consent application dated March 7, 2017. Office of AO ascertained from the relevant Department of SEBI regarding whether such an application was pending, upon ascertaining the matter was kept on abeyance. Vide email (secretarial at radheinfra dot com) dated November 05, 2019 the company sent a letter to relevant Department of SEBI regarding rejection of the said consent application. As the consent application was rejected and the matter was no longer on abeyance, vide letter dated January 17, 2020 sent and delivered by SPAD documents sought by Noticee were sent with an advice to reply within 15 days from receipt. Noticee sent a reply dated January 30, 2020 seeking inspection of documents. Inspection request was sent by undersigned AO to the relevant Department vide letter dated February 27, 2020 with a copy to Noticee. Relevant department vide email dated July 17, 2020 sent email regarding sharing all the documents for inspection by email with the Noticee. Noticee sent a copy of letter it sent to BSE dated July 25, 2020 asking BSE to provide system and records of receipt of disclosure and dissemination of the same so as to enable the Noticee to verify what could have happened to their postal sending of registered AD at prevalent point of time. In this regard, vide email dated August 21, 2020 Noticee was advised to file reply to the SCN else the matter shall be proceeded upon on the basis of material on record. Vide email dated August 28, 2020 relevant Department sent final confirmation to AO that inspection has been provided to Noticee. Undersigned AO vide email dated August 28, 2020 advised the Noticee that, extended periods of delay have been allowed in the interest of natural justice, however, in case Noticee fails to defend itself against the charges levied in the SCN through written submissions/personal hearings, the material already on record (including letters mentioned in trailing email) will be relied upon to take the instant adjudication proceedings to its end. Vide letter dated August 26, 2020 Noticee requested for more time. Hearing Notice dated August 23, 2021 was sent to Noticee

for hearing scheduled from August 30, 2021 to September 03, 2021 at any date between 11:00 AM to 04:00 PM through any mode convenient to Noticee. Noticee sought postponement. Another opportunity of hearing was provided vide email dated October 20, 2021 for any date from November 10 to 12, 2021. Hearing proceedings were completed on November 09, 2021. Noticee attended with Authorised Representative. Minutes were confirmed over email. During the hearing Noticee requested for additional time to be given for reply, the same was given. Noticee filed a reply dated December 22, 2021.

6. Noticee interalia submitted the following reply:

   she has made disclosures for her transactions dated October 05, 2009 and May 14, 2010. Noticee's holding as decreased only .58% and not over 2%. Noticee has contended that her change in shareholding .58% which does not attract provisions of PIT or SAST Regulations.

7. After taking into account, the allegations levelled in the SCN, reply to the SCN and other materials available on record, I hereby, proceed to decide the case on merit.

CONSIDERATION OF ISSUES

8. The issues that arise for consideration in the present case are:

   (a) Whether the Noticee has violated the provisions of regulation 7(1A) r/w 7(2)of SAST Regulations, 1997?

   (b) Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15A(b) of the SEBI Act, 1992?

   (c) If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992?

9. Before proceeding further, it will be appropriate to refer to the relevant provisions of SAST Regulations, 1997 which read as under:-

   CHAPTER II DISCLOSURES OF SHAREHOLDING AND CONTROL IN A LISTED COMPANY

   Acquisition of 5 per cent and more shares or voting rights of a company.

   7. (1)…..

   (1A) Any acquirer who has acquired shares or voting rights of a company under sub-regulation (1) of regulation 11, or under second proviso to sub-regulation (2) of regulation 11 shall disclose purchase or sale aggregating two per cent or more of the

share capital of the target company to the target company, and the stock exchanges where shares of the target company are listed within two days of such purchase or sale along with the aggregate shareholding after such acquisition or sale. 2 Explanation.—For the purposes of sub-regulations (1) and (1A), the term 'acquirer' shall include a pledgee, other than a bank or a financial institution and such pledgee shall make disclosure to the target company and the stock exchange within two days of creation of pledge.

(2) The disclosures mentioned in sub-regulations (1) and (1A) shall be made within two days of,— (a) the receipt of intimation of allotment of shares; or (b) the acquisition of shares or voting rights, as the case may be.

Consolidation of holdings.

11. (1) No acquirer who, together with persons acting in concert with him, has acquired, in accordance with the provisions of law, 15 per cent or more but less than fifty five per cent (55%) of the shares or voting rights in a company, shall acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights entitling him to exercise more than 3 [5% of the voting rights], with post acquisition shareholding or voting rights not exceeding fifty five per cent.,] 5 [in any financial year ending on 31st March] unless such acquirer makes a public announcement to acquire shares in accordance with the regulations..

(2) No acquirer, who together with persons acting in concert with him holds, fifty-five per cent (55%) or more but less than seventy-five per cent (75%) of the shares or voting rights in a target company, shall acquire either by himself or through or with persons acting in concert with him any additional shares entitling him to exercise voting rights or voting rights therein, unless he makes a public announcement to acquire shares in accordance with these Regulations

FINDINGS

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

Issue (a): Whether the Noticee has violated the provisions of regulation 7(1A) r/w 7(2)of SAST Regulations, 1997?

It is alleged in the SCN that Noticee was holding 5,30,16,614 shares constituting 21.06% of the total shareholding of the company on October 01, 2009. SCN further alleges that violated the provisions of regulation 7(1A) r/w 7(2) of SAST Regulations, 1997. In this regard, I note that regulation 7(1A) requires any acquirer who acquired shares under 11(1) or 11(2) second proviso to disclose to purchase or sale of 2% or more of total shareholding of the company, to be disclosed to the target company and stock exchange within two days of such purchase or sell. As the Noticee is holding 21.06% the regulations 11(1) needs to be referred to. I note that regulation 11(1) requires an acquirer alongwith PAC to make a public announcement in case for the acquisition is 5% or more. Noticee has contended that she has made disclosures for her transactions dated October 05, 2009 and May 14, 2010. Noticee has further contended that her change in shareholding .58% which does not attract provisions of PIT or SAST Regulations. In this regard, I note that the regulation 7(1)A requires disclosures to be made by the acquirer for the acquisitions aggregating to 2% or more. In this regard, I note from the record that the Noticee acquired 400000 shares on October 03, 2009 and 11,851 shares on February 13, 2010 thus a total of 4,11,851 shares constituting of 1.59% of the total shareholding of the company during the IP. In light of which, aforementioned allegations levelled against the Noticee do not get established.

(a) In view of the above, issue (b) and (c) do not merit consideration.

ORDER

11. In light of the material available on record, I find that allegations of violations of provision of regulation 7(1A) r/w 7(2) of SAST Regulations, 1997 levelled against Noticee i.e. Jahnavi Patel do not stand established and therefore in exercise of the powers conferred under section 15-I of the SEBI Act, 1992 and rule 5 of the Adjudication Rules, 1995, I hereby dispose off the said SCN without imposing monetary penalty.

12. In terms of the rule 6 of the Adjudication Rules, 1995, copy of this order is sent to the Noticee at his last known address and also to Securities and Exchange Board of India.

Date: December 30, 2022 **SANGEETA RATHOD**

Place: Mumbai **ADJUDICATING OFFICER**