BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/BM/GN/2024-25/30349-30357]

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) RULES, 1995.

In respect of:

Noticee No.	Name of Noticee	PAN of Noticee
1	Haxco Invest Private Limited	AAFCH6874H
2	Samarth P Ramanuj	AQEPR2175F
3	Shruti Ramanuj	BIEPA7652K
4	Lachhman Ghanshamdas Utwani	AAAPU0412E
5	Meena Utwani	AAA PU0413F
6	Veena Utwani	ABCPU2092D
7	Pradeep Kumartana Naidu	ABTPN3096R
8	Sangeeta Naidu	ABTPN3097Q
9	Mr. Siddhant Pradeep	FSPPP6501K

In the matter of

Diggi Multitrade Limited

BACKGROUND:

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) examined the Draft Letter of Offer **("DLOF")** w.r.t. Open Offer for acquisition of shares of Diggi Multitrade Limited **("Target Company/TC")**, in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as **"SAST Regulations"**).

APPOINTMENT OF ADJUDICATING OFFICER

2. SEBI, vide communique dated February 20th, 2024, appointed the undersigned as the Adjudicating Officer under Section 15-I of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**) and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'Adjudication Rules') r/w

Section 19 of the SEBI Act, 1992 to inquire into and adjudge under section 15A(b) of SEBI Act for Haxco Invest Private Limited (hereinafter referred to as **Noticee 1**), Samarth P Ramanuj (hereinafter referred to as **Noticee 2**), Shruti Ramanuj (hereinafter referred to as **Noticee 3**), Lachhman Ghanshamdas Utwani (hereinafter referred to as **Noticee 4**), Meena Utwani (hereinafter referred to as **Noticee 5**), Veena Utwani (hereinafter referred to as **Noticee 6**) for the alleged violation of regulations 29(1) read with regulation 29(3) of the SAST regulations, 2011 and for Pradeep Kumartana Naidu (hereinafter referred to as **Noticee 7**), Sangeeta Naidu (hereinafter referred to as **Noticee 8**) and Siddhant Pradeep ((hereinafter referred to as **Noticee 9**) (Noticee 1 to Noticee 9 hereinafter collectively referred to as **Noticees**) for the alleged violation of regulations 29(2) read with regulation 29(3) of the SAST regulations, 2011.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice (hereinafter referred to as **"SCN"**) dated March 21, 2024 was issued to the Noticees under rule 4(1) of the SEBI Rules to show cause as to why an inquiry should not be held against them in terms of Rule 4 of SEBI Rules read with Section 15-I of SEBI Act and penalty, if any, be not imposed on Noticees under Section 15A(b) of the SEBI Act.

4. During the examination of DLOF, the Manager to the Open Offer **("Manager")** Expert Global Consultants Private Limited has submitted to SEBI, the status of compliances done by the parties involved in the offer pertaining to SAST Regulations, the same was examined by SEBI and the following alleged violations was observed in the SCN -

Alleged violation of Regulation 29(1) read with regulation 29(3) of the SAST regulation by Noticee 1, Noticee 2 and Noticee 3

5. Noticee 1 along with PACs Noticee 2 and Noitcee 3 were holding 4.03% shares and voting rights in the Target Company and post-acquisition of shares on February 23, 2023, their aggregate shareholding has become 5.17% of the total shares in Target Company which triggers disclosure requirement under Regulation 29(1) of the SAST within two working days of such acquisition i.e. February 27, 2023.

6. However, disclosure from Noticee 1 for entire 5.17% shareholding for and on behalf of Acquirer and PACs was received by BSE on March 23, 2023 i.e. delay of 24 days.

7. Therefore, it was alleged that there was a delayed compliance (24 days) of Regulation 29(1) read with Regulation 29(3) of the SAST by Noticee 1, Noticee 2 and Noitcee 3.

Alleged violation of Regulation 29(1) read with regulation 29(3) of the SAST regulation by Noticee 4, Noticee 5 and Noticee 6.

8. Noticee 4 along with PACs Noticee 5 and Noticee 6 were holding 4.44% shares and voting rights in the Target Company and post-acquisition of shares on March 14, 2023, their aggregate shareholding has become 5.58% of the total shares in Target Company which triggers disclosure requirement under Regulation 29(1) of the SAST within two working days of such acquisition i.e. March 16, 2023.

9. However, disclosure from Noticee 4 for entire 5.58% shareholding for and on behalf of Acquirer and PACs was received by BSE on March 23, 2023 i.e. delay of 7 days.

10. Hence, it is alleged that there was a delayed compliance (7 days) of Regulation 29(1) read with Regulation 29(3) of the SAST by Noticee 4, Noticee 5 and Noitcee 6.

Alleged violation of regulation 29(2) read with 29(3) of SAST regulation by Noticee 7, Noticee 8 and Noticee 9

11. Noticee 7 along with PACs Noticee 8 and Noticee 9 was holding 5% or more shares of the target company. It was observed that disclosure under Regulation 29(2) of the SAST was triggered on 30/03/2022, as post such transaction, change in combined shareholding of Noticee 7 along with PACs Noticee 8 and Noticee 9 has exceeded 2%. Further, the transaction undertaken by Noticee 8 on 31/03/2022 and by Noticee 7 on 28/07/2022 and 29/07/2022 exceeded the shareholding of Noticee 7 along with PACs Noticee 8 and Noticee 9 by 2%. The disclosure submitted by Noticee 7 for transaction dated 30/03/2022, received by Exchange on 04/04/2022 i.e. with a delay of 3 days for acquisition of 0.52% shares and for transaction dated 28/07/2022 and 29/07/2022 for acquisition of 0.31% and 1.45% respectively, disclosure received by BSE on August 03, 2022 i.e. with a delay of one day, is allegedly incorrect disclosures under Regulation 29(2) of the SAST as, Acquirer Noticee 7 along with PACs Noticee 8 and Noticee 9 have allegedly failed to disclose their aggregate shareholding as required under regulation 29(2) read with 29(3) of the SAST regulation.

12. In view of the above, it was alleged that Noticee 7, Noticee 8 and Noticee 9 violated Regulation 29(2) read with Regulation 29(3) of the SAST regulation.

13. The SCN was issued at the last known address of Noticees through Speed Post Acknowledgment Due (SPAD) which was delivered to Noticee 1 to Noticee 8, thereafter SCN was sent through Digitally Signed E-mail dated March 22, 2024 which was delivered to the Noticees and the delivery of the notice is on record. Vide email dated April 12, 2024 Noticee 7, Noticee 8 and Noticee 9 sought extension of 14 days for submission of reply. Vide email dated April 15, 2024, extension till April 26, 2024 was granted to the Noticees for submission of reply.

14. Vide hearing notice dated April 29, 2024, opportunity of hearing was given to the Noticees on May 08, 2024. Hearing Notice dated April 29, 2024 was issued to the Noticees through SPAD was delivered and Hearing Notice was also sent through Digitally Signed E-mail dated April 29, 2024 which was delivered and the delivery is on record. Noticee 2 attended the hearing on the scheduled day for himself and on behalf of Noticee 1, Noticee 3, Noticee 4, Noticee 5 and Noticee 6 and sought time till May 10, 2024 for making submissions. Vide email dated May 10, 2024 Noticee 2 made the submission to the SCN for himself and on behalf of Noticee 1, Noticee 3, Noticee 4, Noticee 5 and Noticee 6, which is summarized below-

    a) *Noticee 2 submitted that they were unable to submit the share purchase disclosure within the stipulated timeframe due to the unavailability of their compliance officer due to certain health issue. Further, Noticee 2 submitted that being a beginner they were not having much experience regarding dealing with the SEBI regulatory requirement. Noticee 2 submitted that they are currently reviewing their internal processes to ensure that such delays do not occur in the future.*

15. Vide email dated May 07, 2024, Noticee 7, Noticee 8 and Noticee 9 sought adjournment of hearing scheduled on May 08, 2024. Therefore, vide email dated May 08, 2024 another opportunity of hearing was provided to Noticee 7, Noticee 8 and Noticee 9 on May 15, 2024. Vide email dated May 09, 2024 Noticee 7, Noticee 8 and Noticee 9 made the submissions, which are summarized below –

    a) *Noticee 7, 8 and 9 admitted that there was delay in disclosures made.*

b) *Noticee 7, 8 and 9 submitted that the delay was not intentional but was caused due to professional obligations during the unprecedented COVID-19 pandemic, they are practising doctors and consultant physician and were actively engaged in the care and treatment of patients at their hospital, consequently there was a delay of 1 day and 3 day respectively in the submission of disclosure to SEBI.*

16. Noticee 7 and Authorised representative (AR) of Noticee 7, Noticee 8 and Noticee 9 attended the hearing on scheduled day and time and sought time till May 21, 2024 for making additional submission. Noticee 7, 8 and 9 made the following additional submissions -

a) *Noticee 7, 8 and 9 submitted that they do not have any intention to hide any transactions or details from public shareholders or stock exchange about acquisition/disposal of equity shares in the target company, the said delay of 1 day and 3 day was due to their professional engagements as doctor to serve the Covid-19 patients. Further they submitted that submission of incorrect disclosure and delay in submission was due to misinterpretation by them.*

ISSUES FOR CONSIDERATION, EVIDENCE AND FINDINGS

17. I have taken into consideration the facts and circumstances of the case and the material available on record. The issues that arise for consideration in the present case are:

ISSUE I: (a) Whether Noticee 1 to Noticee 6 violated Regulation 29(1) read with regulation 29(3) of the SAST regulation?

(b) Whether Noticee 7, 8 and 9 violated Regulation 29(2) read with regulation 29(3) of the SAST regulation?

ISSUE II: Does the violation, if any, on part of the Noticees attract penalty under Section 15A(b) of SEBI Act?

ISSUE III: If so, how much penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

18. Before proceeding further, it will be appropriate to refer to the relevant provisions:

SAST Regulation, 2011

Regulation 29- Disclosure of acquisition and disposal

29(1) "Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified".

Regulation 29(2)

29(2)- "Any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified".

Regulation 29(3)

29(3)- "The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition or the disposal of shares or voting rights in the target company to,—

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

(b) The target company at its registered office".

FINDINGS

19. 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: (a) Whether Noticee 1 to Noticee 6 violated Regulation 29(1) read with regulation 29(3) of the SAST regulation?

20. During examination it was observed that, Noticee 1 (Acquirer) along with Noticee 2 (PAC of Noticee 1) and Noticee 3 (PAC of Noticee 1) were holding 4.03% shares and voting rights in the Target Company and post-acquisition of shares on February 23, 2023, Noticee 1, 2 and 3's aggregate shareholding has become 5.17% of the total shares in Target Company. Further, it was observed that Noticee 4 (Acquirer) along with Noticee 5 (PAC of Noticee 4) and Noticee 6 (PAC of Noticee 4) were holding 4.44% shares and voting rights in the Target Company and post-acquisition of shares on March 14, 2023, Noticee 4, 5 and 6's aggregate shareholding has become 5.58% of the total shares in Target Company. The same is presented in the tabular form below-

Person(s) responsible for making disclosure	Date of transaction	FY	% Share Holding before acquisition	% shareholding after acquisition	% change in shareholding
Haxco Invest Private Limited.	23/02/2023	2022-23	2.79	3.51	0.72
Samarth P Ramanui	23/02/2023	2022-23	0.52	0.52	0
Shruti Ramanui	23/02/2023	2022-23	0.72	1.14	0.42
		Total	**4.03**	**5.17**	**1.14**
Lachhman G Utwani	14/03/2023	2022-23	2.37	3.00	0.63
Meena L Utwani	14/03/2023	2022-23	0.93	0.93	0
Veena L Utwani	14/03/2023	2022-23	1.14	1.65	0.51
Total			**4.44**	**5.58**	**1.14**

21. However, disclosure from Noticee 1 for entire 5.17% shareholding for and on behalf of Acquirer and PACs (Noticee 2 and Noticee 3) was received by BSE on March 23, 2023 i.e. with a delay of 24 days. Further, disclosure from Noticee 4 for entire 5.58% shareholding for and on behalf of Acquirer and PACs (Noticee 5 and Noticee 6) was received by BSE on March 23, 2023 i.e. delay of 7 days.

22. Therefore, it is alleged in the SCN that there was a delayed compliance of Regulation 29(1) read with Regulation 29(3) of the SAST by Noticee 1, Noticee 2, Noticee 3, Noticee 4, Noticee 5 and Noitcee 6.

23. Noticee 1 to Noticee 6 in their reply to the SCN submitted that they were unable to submit the share purchase disclosure within the stipulated timeframe due to the unavailability of their compliance officer.

24. I note that as per regulation 29(1) read with regulation 29(3) of the SAST regulation, any acquirer, together with persons acting in concert with him acquiring five percent or more of the shares or voting rights in a target company shall disclose their aggregate shareholding and voting rights within two working days to the stock exchange where shares of the target company are listed and to the target company at its registered office.

25. I note from the disclosure made by the Noticee 1 that Noticee 1, Noticee 2 and Noticee 3 are the person acting in concert. Further, I note from the disclosure made by the Noticee 4 that Noticee 4, Noticee 5 and Noticee 6 are the person acting in concert.

26. I observe from the material available before me that Noticee 1 along with PACs Noticee 2 and Noticee 3 were holding 4.03% shares and voting rights in the Target Company. As a result of the transactions entered on February 23, 2023 by Noticee 1 and Noticee 3 for acquisition of 0.72% and 0.42% shares respectively of target company, the aggregate shareholding of Noticee 1, Noticee 2 and Noticee 3 increased from 4.03% to 5.17%, therefore, regulation 29(1) read with regulation 29(3) of the SAST regulation was triggered and disclosure was required on or before February 27, 2023 i.e. two working days from the date of acquisition as change in shareholding exceeded 5% of the total share capital of the target Company.

27. I note from the BSE website that disclosure made by the Noticee 1 to BSE for entire 5.17% shareholding for and on behalf of Acquirer (Noticee 1) and PACs (Noticee 2 and Noticee 3) was reported on the exchange platform on March 23, 2023 i.e. delay of 24 days. As stated above in terms of the regulation 29(1) read with regulation 29(3) of the SAST regulation, Noticee along with PACs should have disclosed their holding of 5.17 % on or before February 27, 2023.

28. Similarly, I observe from the material available before me that Noticee 4 along with PACs Noticee 5 and Noticee 6 were holding 4.44% shares and voting rights in the Target Company. Due to the transactions entered on March 14, 2023 by Noticee 4 and Noticee 6 for acquisition of 1.14% shares of target company, the aggregate shareholding of Noticee 4, Noticee 5 and Noticee 6 increased from 4.44% to 5.58%, thereby triggering regulation 29(1) read with regulation 29(3) of the SAST regulation and disclosure was required on or

before March 16, 2023 i.e. two working days from the date of acquisition as change in shareholding exceeded 5% of the total share capital of the target Company.

29. I note from the BSE website that disclosure made by the Noticee 4 to BSE on behalf of himself, Noticee 5 and Noticee 6 for the change in shareholding for and was reported to the exchange platform on March 23, 2023. In terms of the Regulation 29(1) read with regulation 29(3) of the SAST regulation, Noticee 4 along with PACs (Noticee 5 and Noticee 6) should have disclosed their holding of 5.58 % on or before March 16, 2023. Thus there was delay of 7 days of making the disclosure.

30. I observe that Noticee 1 to Noticee 6 has admitted that they are in non-compliance of the provisions of the SAST regulations as alleged against them in the SCN.

31. In view of the above, I observe that there was delayed compliance of Regulation 29(1) read with Regulation 29(3) of the SAST Regulations by Noticee 1, Noticee 2, Noticee 3, Noticee 4, Noticee 5 and Noticee 6 and thereby violated Regulation 29(1) read with Regulation 29(3) of the SAST Regulations.

(b) Whether Noticee 7, 8 and 9 violated Regulation 29(2) read with regulation 29(3) of the SAST regulation?

32. During examination it was observed that Noticee 7 along with PACs Noticee 8 and Noticee 9 was holding 28.26% shares of the target company (i.e. 5% or more shares). On 30/03/2022, combined shareholding of Noticee 7 along with PACs Noticee 8 and Noticee 9 had become 30.64% (i.e. change in shareholding is more than 2%). Further, by virtue of transaction undertaken by Noticee 8 on 31/03/2022 and by Noticee 7 on 28/07/2022 and 29/07/2022 the combined shareholding of Noticee 7 along with PACs Noticee 8 and Noticee 9 increased from 30.64% to 32.71% (i.e. change in shareholding is more than 2%). The details are presented below in the tabular form-

Name of the Noticee	Date of transaction	Due date for disclosure under under Reg. 29(2) of the SAST to BSE	Date of submission of disclosure under Reg. 29(2) of the SAST to BSE	% Share-holding before acquisition	Aggregate % Shares held by the Acquirer along with PAC before transaction	% shares acquired by the Acquirer	% Share-holding of acquirer after acquisition	Aggregate Shares held by the Acquirer along with PAC after transaction	Cumulative change in aggregate % of Shares held by the Acquirer along with PAC after transaction	Whether particular transaction requires disclosure under Regulation 29(2) of the SAST
Mr. Siddhant Pradeep	04/03/2022			0.00	28.26	0.62	0.62	28.88	0.62	
Mr. Pradeep Kumartana Naidu	25/03/2022			14.13	28.88	0.41	14.54	29.29	1.03	
Ms. Sangeeta Naidu	28/03/2022			14.13	29.29	0.83	14.95	30.12	1.86	
Mr. Pradeep Kumartana Naidu	30/03/2022	01/04/2022	04/04/2022	14.54	30.12	0.52	15.06	30.64	**2.38**	Yes
Ms. Sangeeta Naidu	31/03/2022			14.95	30.64	0.31	15.26	30.95	0.31	
Mr. Pradeep Kumartana Naidu	28/07/2022			15.06	30.95	0.31	15.37	31.26	0.62	
Mr. Pradeep Kumartana Naidu	29/07/2022	02/08/2022	03/08/2022	15.37	31.26	1.45	16.82	32.71	**2.07**	Yes

33. The disclosure submitted by Noticee 7 for individual transaction dated 30/03/2022 (i.e. acquisition of 0.52% shares) was received by Exchange on 04/04/2022 and for transaction dated 28/07/2022 and 29/07/2022 for acquisition of 0.31% and 1.45% respectively by Noticee 7, disclosure received by BSE on August 03, 2022 was alleged to be incorrect disclosures as required under Regulation 29(2) of the SAST as, Acquirer Noticee 7 along with PACs Noticee 8 and Noticee 9 have allegedly failed to disclose their aggregate shareholding as required under regulation 29(2) read with 29(3) of the SAST regulation.

34. In view of the above, it was alleged in the SCN that Noticee 7, Noticee 8 and Noticee 9 violated Regulation 29(2) read with Regulation 29(3) of the SAST regulation.

35. Noticee 7, Noticee 8 and Noticee 9 in their reply to the SCN submitted that there was a delay in submission of disclosure and submitted that the delay was not intentional but was caused due to professional obligations during COVID-19 pandemic and the submission of incorrect disclosure was due to misinterpretation of law by them.

36. As per regulation 29(2) read with regulation 29(3) of SAST regulations, any person together with PACs holds 5 percent or more of shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in such shareholding or voting rights to the stock exchange where the shares of the target company are listed and to the target company at its registered office within two working days, if there is a change of more than two percent of total shareholding in the target company.

37. I note that as per regulation 2(q)(2) of the SAST regulations, promoters and members of the promoter group are the person acting in concert, unless the contrary is established. I note from the material available before me that Noticee 7, Noticee 8 an Noticee 9 are part of the promoter group, therefore, I observe that, Noticee 7, Noticee 8 and Noticee 9 are person acting in concert.

38. I observe from the material available before me that the previous shareholding of Noticee 7 along with PACs Noticee 8 and Noticee 9 aggregated to 28.26% (i.e. more than 5%). The disclosure under Regulation 29(2) read with 29(3) of the SAST regulation was triggered on 30/03/2022, as post such transaction, there was change in total combined shareholding of Noticee 7 along with PACs Noticee 8 and Noticee 9 was 2.38% i.e. more than 2%.

39. Further, the transaction undertaken by Noticee 8 on 31/03/2022 and by Noticee 7 on 28/07/2022 and 29/07/2022 triggered disclosure requirement under Regulation 29(2) read with 29(3) of the SAST regulation as total combined shareholding of Noticee 7 along with PACs Noticee 8 and Noticee 9 increased from 30.64% to 32.71% (i.e. 2.07%).

40. Therefore, disclosure was required to be made under regulation 29(2) read with 29(3) of the SAST regulation on or before April 01, 2022 (i.e. two working days from the date of acquisition) for transaction dated March 30, 2022 and for transaction dated July 29, 2022 on or before August 02, 2022.

41. I note from the BSE website that for transaction dated 04/03/2022 (of acquisition of 0.62% shares by Noticee 9) disclosure was reported to BSE on 08/03/2022 by Noticee 9, for transaction dated 30/03/2022 (of acquisition of 0.52% shares by Noticee 7), disclosure was reported to BSE on 01/04/2022 by Noticee 7 and for transaction dated 28/07/2022 and 29/07/2022 for acquisition of 0.31% and 1.45% shares respectively by Noticee 7, disclosure was reported to BSE on August 02, 2022. I further note that for the transactions made by Noticee 8 on 31/03/2022 the disclosure is not reflecting on the exchange platform. While change in shareholding of Noticee 7 and Noticee 9 is disclosed on the exchange platform on time, the consolidated shareholding of Noticee 7, Noticee 8 and Noticee 9 of 30.64% as on March 30, 2022 (as consolidated shareholding increased from 28.26% to 30.64% i.e. change of more than 2%) and 32.71% as on July 29, 2022 (as consolidated shareholding of increased from 30.64% to 32.71% i.e. change of more than 2%) were not disclosed as PACs by the Noticee 7, Noitcee 8 and Noticee 9 as required under regulation 29(2) read with 29(3) of SAST regulation, in either of the disclosures made by the Noticee 7 to the BSE. With regard to the submissions of the Noticee 7, 8 and 9 that the disclosure was incorrect due to misinterpretation of law I note that it is an established legal principle that *'ignorantia juris non excu*sat" which means that a person who is unaware of law may not escape liability for violating by merely become unaware of law.

42. In view of the above, I observe that Noticee 7, Noticee 8 and Noticee 9 have not complied with regulation 29(2) read with regulation 29(3) of the SAST regulation. Therefore, I observe that Noticee 7, alongwith PACs Noticee 8 and Noticee 9 violated Regulation 29(2) read with Regulation 29(3) of the SAST Regulations.

ISSUE II: Does the violation, if any, on part of the Noticees attract penalty under Section 15A(b) of SEBI Act?

43. In view of the violations as established, I would refer to Judgment of the Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361}, in which Hon'ble Supreme Court has 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 and hence the intention of the parties committing such violation becomes wholly irrelevant.............."

44. In this regard, I 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."

45. Thus, I am of the view that it is a fit case for penalty under section 15A(b) of the SEBI Act, which reads as given below:

15A. If any person, who is required under this Act or any rules or regulations made thereunder,—

(b) 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]];

ISSUE III: If so, how much penalty should be imposed on the Noticees taking into consideration the factors mentioned in Section 15J of the SEBI Act?

46. While determining the quantum of penalty under sections 15A(b) of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-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."

47. Hon'ble SAT in the case of M/s. Coimbatore Flavors& Fragrances Ltd. & Ors vs SEBI (Appeal No. 209 of 2014 order dated August 11, 2014), has held that

"Undoubtedly, the purpose of these disclosures is to bring about more transparency in the affairs of the companies. True and timely disclosures by a company or its promoters are very essential from two angles. Firstly; investors can take a more informed decision to invest or not to invest in a particular scrip secondly; the Regulator can properly monitor the transactions in the capital market to effectively regulate the same."

Hon'ble SAT, in the aforesaid order, has articulated the importance of true and timely disclosures.

48. In view of the charges as established, the facts and circumstances of the case and the judgments referred to and mentioned hereinabove, the quantum of penalty would depend on the factors referred in Section 15-J of SEBI Act as stated above. I observe, that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticees. Further from the material available on record, it is not possible to ascertain the exact monetary loss to the investors on account of non-compliance by the Noticees. However, I cannot ignore that compliance with extant applicable provisions of SAST Regulations, as cited, in the instant matter, was obligatory and SEBI is duty-bound to enforce compliance of these regulations. In my opinion in a disclosure based regime the essence is about timely disclosures which, if compromised with, may pose threat to orderly functioning of the securities markets and /or loss of investor confidence in the integrity of the securities market. It is observed from the records that the Noticees has not been penalized by SEBI in the past.

ORDER

49. Having considered the facts and circumstances of the case, the material available on record, the submissions made by the Noticees, the factors mentioned in Section 15J of the SEBI Act, the purpose of SAST Regulations taking note of Section 15A(b) of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme Court in *SEBI vs. Bhavesh Pabari (2019) 5 SCC 90* and in exercise of power conferred upon me under section 15-I of the SEBI Act, 1992 read with rule 5 of the Adjudication Rules, 1995, I hereby impose following penalty under section 15A(b) of the SEBI Act, 1992 on the Noticee:

Noticee No.	Name of entity	Penalty Provisions	Penalty (Rs.)
1	Haxco Invest Private Limited (PAN-AAFCH6874H)	Section 15A(b) of SEBI Act, 1992	₹ 3,00,000/- (Rupees three lakh only)

2	Samarth P Ramanuj PAN- AQEPR2175F)		(to be paid jointly and severally by Notice 1, Noticee 2 and Noticee 3)
3	Shruti Ramanuj (PAN- BIEPA7652K)		
4	Lachhman Ghanshamdas Utwani (PAN- AAAPU0412E)		₹ 2,00,000/- (Rupees two lakh only) (to be paid jointly and severally by Noticee 4, Noticee 5 and Noticee 6)
5	Meena Utwani (PAN- AAA PU0413F)		
6	Veena Utwani (PAN- ABCPU2092D)		
7	Pradeep Kumartana Naidu (PAN- ABTPN3096R)		₹ 1,00,000/- (Rupees one lakh only) (to be paid jointly and severally by Noticee 7, Noticee 8 and Noticee 9)
8	Sangeeta Naidu (PAN- ABTPN3097Q)		
9	Mr. Siddhant Pradeep (PAN- FSPPP6501K)		

50. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees.

51. The Noticees 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 on the following path, by clicking on the payment link: ENFORCEMENT → Orders → Orders of AO → PAY NOW. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

52. In 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 under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

53. In terms of the provisions of rule 6 of the SEBI Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

Place: Mumbai	**BARNALI MUKHERJEE**
Date: May 27, 2024	**ADJUDICATING OFFICER**