BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/VV/PSS/2023-24/27762-27763

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

In the matter of

Good Value Irrigation Limited

In respect of:

Noticee No.	Name of the Noticee	PAN
1	**Vishwajit B Dahanukar**	ABAPD1049H
2	**Gopika Dilip Dahanukar**	AAMPK5800E

(Noticees no. 1 and 2 are individually known by their respective name or Noticee no. and are collectively referred to as "Noticees")

A. BACKGROUND

1. Securities & Exchange Board of India ('**SEBI**') had examined the Draft Letter of Offer in the matter of Open Offer made under SAST Regulations by Mr. Rahul Anandrao Bhargav to the public shareholders of Good Value Irrigation Limited submitted by Kunvarji Finstock Private Limited ("**Merchant Banker/MB**") vide letter dated December 1, 2022. Based on the submissions made by the Merchant Banker vide email dated January 10, 2023, there were non-compliances by Promoters under SAST Regulations, during the previous 8 financial years. The non-compliances were examined by SEBI for possible violations of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**SAST Regulations**")

2. In this regard, the Merchant Banker submitted the details of transactions which were entered into by the Promoters during the previous 8 financial years. Incidents of violations with the provisions of Chapter V of SAST Regulations on the part of the Promoters of the Target Company were submitted by the Merchant Banker. Confirmation on filings by Merchant Banker was sought from Bombay

Stock Exchange ("**BSE**"). From the details submitted by BSE, the following instances of alleged non-complaince with SAST Regulations by the Noticees were observed :

Noticee no.1 Vishwajit B Dahanukar Table - 1

Sr. No.	Alleged violation of Regulation of SAST Regulations	Financial Year	Due date for compliance	Actual compliance date	Delay, if any, in filing	Status of compliance with Takeover Regulations
1.	30(2) r/w 30(3)	2014-15	13/04/2015	23/04/2015	10	Complied with delay
2.	30(2) r/w 30(3)	2015-16	11/04/2016	13/06/2016	63	Complied with delay
3.	30(2) r/w 30(3)	2016-17	12/04/2017	-	NA	Non-complied
4.	30(2) r/w 30(3)	2017-18	10/04/2018	-	NA	Non-complied
5.	31(4) r/w 31(5)	2020-21	12/04/2021	16/04/2021	4	Complied with delay

Noticee no.2 Gopika Dilip Dahanukar Table - 2

Sr. No.	Alleged violation of Regulation of SAST Regulations	Financial Year	Due date for compliance	Actual compliance date	Delay, if any	Status of compliance with Takeover Regulations
1.	30(2) r/w 30(3)	2014-15	13/04/2015	23/04/2015	10	Complied with delay
2.	30(2) r/w 30(3)	2015-16	11/04/2016	13/06/2016	63	Complied with delay
3.	30(2) r/w 30(3)	2016-17	12/04/2017	-	NA	Non-complied
4.	30(2) r/w 30(3)	2017-18	10/04/2018	-	NA	Non-complied
5.	10(6)	2018-19	25/04/2018	-	NA	Non-complied
6.	31(4) r/w 31(5)	2020-21	12/04/2021	16/04/2021	4	Complied with delay

Noticee no.1 Vishwajit B Dahanukar Table - 3

Violation	Observation
1	The Noticee has filed annual disclosure under Regulation 30(2) r/w 30(3) of SAST Regulations for FY 2014-15 with a **delay of 10 days**. Hence, **violation has been observed**.
2	The Noticee has filed annual disclosure under Regulation 30(2) r/w 30(3) of SAST Regulations for FY 2015-16 with a **delay of 63 days**. Hence, **violation has been observed**.
3	The Noticee has **failed to file** annual disclosure under Regulation 30(2) r/w 30(3) of SAST Regulations for FY 2016-17. Hence, **violation has been observed**.
4	The Noticee has **failed to file** annual disclosure under Regulation 30(2) r/w 30(3) of SAST Regulations for FY 2017-18. Hence, **violation has been observed**.
5	The Noticee has filed disclosure under Regulation 31(4) r/w 31(5) of SAST Regulations for FY 2020-21 with a **delay of 4 days**. Hence, **violation has been observed**.

Noticee no.2 Gopika Dilip Dahanukar Table – 4

Violation	Observation
1	The Noticee has filed annual disclosure under Regulation 30(2) r/w 30(3) of SAST Regulations for FY 2014-15 with a **delay of 10 days**. Hence, **violation has been observed**.
2	The Noticee has filed annual disclosure under Regulation 30(2) r/w 30(3) of SAST Regulations for FY 2015-16 with a **delay of 63 days**. Hence, **violation has been observed**.
3	The Noticee has **failed to file** annual disclosure under Regulation 30(2) r/w 30(3) of SAST Regulations for FY 2016-17. Hence, **violation has been observed**.
4	The Noticee has **failed to file** annual disclosure under Regulation 30(2) r/w 30(3) of SAST Regulations for FY 2017-18. Hence, **violation has been observed**.
5	The Noticee acquired 40,00,000 shares (22.47%) from Late Mr. Dilip Dahanukar by way of transmission. Since the acquisition of shares exceeded 5% of the total share capital of the the Company, requirement for making public announcement for open offer was triggered. However, as the shares were acquired pursuant to transmission, the same is exempted under Regulation 10(1)(g) of SAST Regulations subject to filing

	of report thereof under Regulation 10(6) of SAST Regulations. The promoter has **failed to file** report under Regulation 10(6) of SAST Regulations for said *inter-se* transfer. Hence, **violation has been observed**.
6	The Noticee has filed disclosure under Regulation 31(4) r/w 31(5) of SAST Regulations for FY 2020-21 with a **delay of 4 days**. Hence, **violation has been observed**.

B. APPOINTMENT OF ADJUDICATING OFFICER

3. The Undersigned was appointed as Adjudicating Officer **(AO)** vide order dated April 17th, 2023, to inquire into and adjudge under Section 15-I of SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 ('**Adjudication Rules**') r/w Section 19 of the SEBI Act to inquire into and adjudge under section 15A(b) of the SEBI Act for the alleged violation of provisions of SAST Regulations as mentioned in table 3 and 4 above.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice dated May 16, 2023 ("**SCN**") was duly served upon the Noticees under Rule 4(1) of the SEBI Rules to show cause as to why an inquiry should not be held and penalty be not imposed against the Noticees under the provisions of section 15A(b) SEBI Act for the violation of provisions of SAST Regulations as mentioned in Table 1 to 4.

5. SCN dated May 16, 2023 was successfully served upon the Noticees by email. Vide email dated May 26, 2023, Authorized Representative on behalf of the Noticees, sought time of 15 days to file reply to the Notice and the same was acceded to by the Undersigned.

6. Vide email dated June 7, 2023, the Authorized Representative on behalf of the Noticees, filed a common reply dated June 7, 2023 to the SCN. Vide the said email, Noticees also submitted declarations in respect of financial years 2016-17 and 2017-18 as required under Regulations 30(2) read with 30(3) of the aforesaid SAST Regulations. Vide email dated June 8, 2023, the Noticees were provided opportunity of hearing in the matter on June 20, 2023. The Authorized

Representative appeared before the Undersigned via video-conferencing and made submissions on behalf of the Noticees.

7. The submissions made by the Noticees vide their reply are summarized as under:-

a) Noticees regret and tender their apology for inadvertent delay occurred on their part in filing the declarations.

b) Due to sad demise of Mr.Dilip Dahanukar, father of Noticee no.2, the requirement of filing of report post transmission of shares as required under regulation 10(6) was inadvertently missed out and that there was no intention of the part of Noticee no.2 for violating any provision of the said Regulations.

c) Noticee have filed signed declarations in respect of financial years 2016-17 and 2017-18 as required under Regulations 30(2) read with 30(3) of the SAST Regulations, which were inadvertently missed out and could not be filed thereafter.

d) There was no malafide intention of the Noticees for delay in submission/non-submission of declaration/report and the same has happened inadvertently in the circumstances when there was sad demise of a close relative of the Noticee.

D. REVELANT PROVISIONS

8. It is relevant to reproduce the provisions of laws which have been attracted and invoked in the SCN and the same are quoted here under:

SAST Regulations

"10.

……………

(6) *In respect of any acquisition made pursuant to exemption provided for in this regulation, the acquirer shall file a report with the stock exchanges where the shares of the target company are listed, in such form as may be specified not later than four working days from the acquisition, and the stock exchange shall forthwith disseminate such information to the public.*

……………"

"30
……………
***(2)** The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company 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 end of each financial year to, —*
***(a)** every stock exchange where the shares of the target company are listed; and*
(b)** the target company at its registered office.**"

"31
***(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.**"

E. ISSUES

9. I have carefully perused the allegations levelled against the Noticees in the SCN, The following issues arise in the matter: -

    i) Whether the Noticees have violated the provisions as alleged in table 3 and 4 of this order.
    ii) If the answer to Issue No.(i) is in affirmative, do the violations, if any on the part of the Noticees would attract monetary penalty?
    iii) If the answer to Issue No.(ii) is in affirmative, what would be quantum of the monetary penalty that should be imposed upon the Noticees?

F. CONSIDERATION AND FINDINGS

10. I note from the SCN that Noticee no.1 faces allegations of 2 instances of non-compliance and 3 instances of compliance with delay. Similarly, Noticee no.2

faces allegations of 3 instances of non-compliance and 3 instances of compliance with delay as mentioned in table 3 and 4.

11. I note that the both the Noticees, vide their common reply dated June 7, 2023, have not denied any of the allegations made in the SCN. I note that, vide the said reply, both the Noticees have expressly admitted the allegations made in the SCN against them. Noticees have apologised for the instances of delayed compliance with provisions of Regulations 30(2) r/w 30(3) and 31(4) r/w 31(5) of SAST Regulations.

12. I note that, with respect to non-disclosures for the year 2016-17 and 2017-18 under Regulation 30(2) r/w 30(3) of SAST Regulations, Noticees have filed the said declarations along with the reply to the SCN. However, I note that the said declarations have now been made after the issuance of SCN and the same cannot be taken as compliance of the provisions in question. In this regard, I find it appropriate to reproduce the relevant provisions as under :-

> ***"30***
>
> *……………*
>
> ***(2)*** *The promoter of every target company shall together with persons acting in concert with him, disclose their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company 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 end of each financial year to, —*
>
> ***(a)*** *every stock exchange where the shares of the target company are listed; and*
>
> ***(b)*** *the target company at its registered office."*

Under the said provisions, the promoters are required to disclose, within seven days, their aggregate shareholding in the company at the end of the financial year, which the Noticees did not disclose for the financial year 2016-17 and 2017-18.

13. With respect to violation of Regulation 10(6) of SAST Regulations, it has been submitted on behalf of Noticee no.2 that the said disclosure was inadvertently missed due to demise of a family member. In this regard, I am of the view that the disclosures requirements under the respective regulations serve very

important purposes. The stock exchange is informed via disclosures so that the investing public will come to know of the position enabling them to stick on with or exit from the company. Further, timely disclosures of the details of the shareholding of the persons acquiring substantial stake is of significant importance as such disclosures also enable the regulators to monitor such acquisitions. Further, Hon'ble Securities Appellate Tribunal (‘SAT’) in the matter of *Coimbatore Flavors & Fragrances Ltd. vs SEBI(Appeal No. 209 of 2014 order dated August 11, 2014)*, has also 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."*

14. Further, I note that Noticee no.2 has submitted the said disclosure under Regulation 10(6) along with the reply. The said disclosure shows Noticee no.2’s increased shareholding of 27.15% owing to acquisition of 40 lakh shares. I note that the said disclosure made after the issuance of SCN, cannot be taken as compliance of the provisions. Further, I note that the said disclosure is required to be made to the Stock Exchanges.

15. As regards the Noticees’ contention that their intention was not malafide, I note the observation made by SAT in the matter of *Akriti Global Traders Ltd. Vs. SEBI*, decided on 30.09.2014, that *“...Argument of appellant that the delay was unintentional and that the appellant has not gained from such delay and therefore penalty ought not to have been imposed is without any merit, because, firstly, penal liability arises as soon as provisions under the regulations are violated and that penal liability is neither dependent upon intention of parties nor gains accrued from such delay..*”. In view of the same, I am not inclined to accept said contention of the Noticees.

16. I note that Noticees have failed to provide any reasonable explanation for the alleged violations of SAST Regulation by them. In view of the above, I conclude that Noticee no.1 has violated Regulation 30(2) r/w 30(3) and Regulation 31(4)

r/w 31(5) of SAST Regulations and Noticee no.2 has violated Regulation 30(2) r/w 30(3), Regulation 31(4) r/w 31(5), and Regulation 10(6) of SAST Regulations.

Issue no. II

17. Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361} 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 A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not*."

18. In the instant case, the following violations have been established against the Noticees: -

Table -5

Noticee no.	Violations established	Penalty Section of SEBI Act, 1992
1	Regulation 30(2) r/w 30(3) and Regulation 31(4) r/w 31(5) of SAST Regulations	15A(b)
2	30(2) r/w 30(3), Regulation 31(4) r/w 31(5), and Regulation 10(6) of SAST Regulations.	15A(b)

Issue no. III

19. While determining the quantum of penalty 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.*
> ***Explanation:***
> *For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses*

(b) and (c) of section 15F,15G,15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

20. Regarding the factors to be considered under Section 15J of SEBI Act, 1992, I note that the SCN does not indicate the amount of disproportionate gain or unfair advantage made by the Noticees, as a result of the aforesaid violations. In fact no such assessment is possible in facts of the present case. Further, the SCN also does not specify the amount of loss caused to investor or group of investors. It is practically impossible to quantify the loss caused to investors in the event of non-disclosures or delayed discloures. With regard to repetitive nature of default, I note that there are no previous violations by the Noticees.

G. ORDER

21. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the SEBI Adjudication Rules, I hereby impose following penalty on Noticees for the aforementioned violations, as discussed in this order :

Noticee No.	Name of the Noticee	Penalty (Rs.)	u/s of SEBI Act
1	Vishwajit B Dahanukar	Rs.1,00,000 (One Lakh)	15A(b)
2	Gopika Dilip Dahanukar	Rs.1,00,000 (One Lakh)	15A(b)

In my view, the aforementioned penalty is commensurate with the violations committed by the Noticees in this case.

22. 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 SEBI website www.sebi.gov.in on the following path by clicking on the payment link.

ENFORCEMENT → ORDERS → ORDERS OF AO → PAY NOW

23. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this order, consequential proceedings including, but not limited to, recovery proceedings may be initiated under Section 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.

24. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order shall be sent to the Noticees and also to the Securities and Exchange Board of India.

Date: June 26, 2023 **VIJAYANT KUMAR VERMA**
Place: Mumbai **ADJUDICATING OFFICER**