BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/GR/RK/2022-23/22312-22321

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

S.No.	Name of Noticee	PAN
1.	Mr Virendra Popatlal Shah	AAYPS4785J
2.	Mr Bhavesh Virendra Shah	AQMPS2951C
3.	Mr Bimal Virendra Shah	AAYPS4825R
4.	Mr Dinesh Jagdishchandra Khokhani	AACPK2975Q
5.	Mr Mahesh Jagdishchandra Khokhani	AACPK6604J
6.	Mr Mehul Jagdishchandra Khokhani	AACPK6603R
7.	Mr Ranjan Jain	ABEPJ5005H
8.	Mr Surinder Veer Singh	BEIPS8829E
9.	Ms Ruchika Jain	ACDPJ5965A
10.	Mr Rajesh Gupta	ACVPG3043N

In the matter of "**Syschem India Limited**"

BACKGROUND

1. Securities and Exchange Board of India ("**SEBI**") conducted an examination of Draft Letter of Offer ("**DLoF**") submitted by D & A Financial Services (P) Ltd., (hereinafter referred to as "**Merchant Banker/MB**") for acquisition of equity shares of Syschem India Limited., ("**Target Company**"), a company listed on Bombay Stock Exchange Limited. ("**BSE**") pertaining to open offer made by the acquirers namely Mr. Virendra Popatlal Shah (hereinafter referred to as "**Noticee No. 1"),**

Mr. Bhavesh Virendra Shah (hereinafter referred to as "**Noticee No. 2**"), Mr. Bimal Virendra Shah (hereinafter referred to as "**Noticee No. 3**"), Mr. Dinesh Jagdishchandra Khokhani (hereinafter referred to as "**Noticee No. 4**"), Mr. Mahesh Jagdishchandra Khokhani (hereinafter referred to as "**Noticee No. 5**") and Mr. Mehul Jagdishchandra Khokhani (hereinafter referred to as "**Noticee No. 6**")**.** The examination was to ascertain whether there was any violation of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "**SAST Regulations**") by certain entities. The examination revealed that Noticee No. 1 to 6 had failed to make timely disclosure of the change of their shareholdings as is mandated in the aforesaid Regulation.

2. Further, during the examination of the said DLoF, it was also observed that the promoters namely Mr Ranjan Jain (hereinafter referred to as **Noticee No. 7**) had on many instances either disclosed with delay or on many instances failed to disclose change of his shareholding. Another promoter Mr. Surinder Veer Singh (hereinafter referred to as **Noticee No. 8**) had failed to make timely disclosure of the change of his shareholding and also failed to make annual disclosures. Similarly, other promoters namely Ms. Ruchika Jain (hereinafter referred to as **Noticee No. 9**) and Mr. Rajesh Gupta (hereinafter referred to as **Noticee No. 10**) had failed to make the annual disclosures of their shareholdings. (hereinafter all the Noticees are together referred to as the **"Noticees/You"**).

   Accordingly, it was alleged that the Noticee Nos. 1-10 had failed to comply with the provisions of aforementioned Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

3. In this regard, SEBI initiated Adjudication Proceedings against the Noticees and appointed the undersigned as Adjudicating Officer, communicated vide communique dated October 27, 2022 under Section 15-I of the SEBI Act, 1992 read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing

Penalties) Rules, 1995 (hereinafter referred to as "**Adjudication Rules")** to inquire into and adjudge under Section 15A(b) of the SEBI Act, 1992 for the alleged violations of provisions of:

a) Regulations 29(2) read with 29(3) of SAST Regulations by the Noticee No. 1-8; and

b) Regulation 30(2) read with 30(3) of SAST Regulations by the Noticee No. 7-10.

SHOW CAUSE NOTICE, HEARING AND REPLY

4. A common Show Cause Notice dated November 10, 2022 (hereinafter referred to as **SCN**) was issued to the Noticees in terms of Section 15-I of the SEBI Act, 1992 read with Rule 4 of the Adjudication Rules to show cause as to why an inquiry should not be held against them and why penalty, if any, under Section 15A(b) of the SEBI Act, 1992 be not imposed upon the Noticees. The said SCN and annexures issued to the Noticees were duly delivered through SPAD and email. In the interest of natural justice and in order to conduct an inquiry in terms of Rule 4(3) of the Adjudication Rules, an opportunity of personal hearing was granted on November 29, 2022 vide Hearing Notice dated November 25, 2022 served through email on the same day. The details of mode of delivery of the SCN and the hearing Notice are mentioned in the table below:

Sl. No.	Name of the Noticee	SCN Delivered (Y/N)	Reply Received date	Hearing Notice (HN) Date	Mode of Service of HN	Date of hearing
1	Virendra Popatlal Shah	Y	22/11/2022	25/11/2022	EMAIL	29/11/2022
2	Bhavesh Virendra Shah	Y	22/11/2022	-Do-	EMAIL	-Do-
3	Bimal Virendra Shah	Y	22/11/2022	-Do-	EMAIL	-Do-
4	Dinesh Jagdishchandra Khokhani	Y	23/11/2022	-Do-	EMAIL	-Do-

5	Mahesh Jagdishchandra Khokhani	Y	23/11/2022	-Do-	EMAIL	-Do-
6	Mehul Jagdishchandra Khokhani	Y	23/11/2022	-Do-	EMAIL	-Do-
7	Ranjan Jain	Y	22/11/2022	-Do-	EMAIL	-Do-
8	Surinder Veer Singh	Y	22/11/2022	-Do-	EMAIL	-Do-
9	Ruchika Jain	Y	22/11/2022	-Do-	EMAIL	-Do-
10	Rajesh Gupta	Y	22/11/2022	-Do-	EMAIL	-Do-

5. In view of the above, I note that principles of natural justice have been duly complied with, as SCNs/Hearing Notices were duly served upon the Noticees and sufficient opportunity was also granted to the Noticees to reply to the SCN and appear for hearing.

6. The reply of the Noticees is reproduced as under:

Reply of Noticee No. 1, 2 and 3

a) *We undersigned Virendra Popatlal Shah , Bhavesh Virendra Shah and Bimal Virendra Shah acquired shares of SIL during the year 2019-20 and 2020-21 and the disclosures required to be filed under regulation 29(2) read with 29(3) were also filed by us but the same was filed after due date as prescribed under SEBI SAST Regulations.*
b) *Delay in filing of disclosures as stated at table below was purely due to lack of knowledge and without any ill motive.*
c) *We would further like to submit that the same was not done with a view to defraud public at large and our shareholding was available in public domain and the investors at large have not suffered any loss in view of the same.*

Name of Individual	***Regulation under which disclosures required to be filed***	***Due date of Disclosures***	***Actual date of compliance***	***Delay in No. of days***
Virendra Popatlal Shah, Bhavesh Virendra Shah and Bimal Virendra Shah	*29(2) read with 29(3)*	*31.12.2019*	*07.01.2020*	*5 days*
Virendra Popatlal Shah, Bhavesh Virendra Shah and Bimal Virendra Shah	*with 29(3)*	*29.07.2020*	*24.02.2021*	*210 days*

Reply of Noticee No 4, 5 and 6

d) We, Dinesh Jagdishchandra Khokhani, Mahesh Jagdishchandra Khokhani and Mehul Jagdishchandra Khokhani have acquired shares of SIL during the year 2019-20 and 2020-21 and the disclosures required to be filed under Regulation 29(2) read with 29(3) were also filed by us but the same was filed after due date as prescribed under SEBI SAST Regulations.

e) The delayed filing of disclosures was only due to lack of knowledge and without any wrong and malafide intention on our part.

f) We would further like to submit that the same was not done with a view to defraud public/shareholders of the company nor the investors at large have not suffered any loss in view of the same

Reply of Noticee No. 7, 8, 9 and 10

g) *We undersigned Ranjan Jain, Ruchika Jain, Saurinder Veer Singh and Rajesh Gupta forming part of promoter group of Syschem India Limited.*

h) *We have filed disclosures as required to be filed under Regulations 30(2) read with 30(3) of SEBI SAST Regulations, 2011 within due date as and when applicable. However for the financial year 2018-19, the same was not filed inadvertently.*

The status of disclosures filed in terms of Regulation 30(O2) are as under :

Name of Individual	***Regulation under which disclosures required to be filed***	***Due date of Disclosures***	***Actual date of compliance***	***Delay in No. of days***
Ranjan Jain,Ruchika Jain, Surinder Veer Singh and Rajesh Gupta	*30(2) read with 30(3)*	*09.04.2019*	*Not filed*	

i) *Non filing of disclosures as stated above was purely unintentional and without any ill motive and bonafide mistake on our part.*

j) *We would further like to submit that the same was not done with a view to defraud public/shareholders of the company nor the investors at large have not suffered any loss in view of the same.*

k) *The AR of the Noticee No.7 in his post hearing submission submitted that until 11.09.2018 when the SEBI SAST (Second Amendment) Regulations, 2018 came into effect, Regulation 29(3) of the SAST Regulations existing* *immediately prior to 11.09.2018 did not have an express provision for making a disclosure in case of disposal of shares by the relevant person triggering the requirement to make a disclosure.*

NAME	***REGULATION***	***FINANCIAL YEAR***	***DATE OF TRANSACTION***	***PRE TRANSACTION***	***POST TRANSACTION***	***% CHANGE***
Ranjan Jain	*29(2) read with 29(3)*	*2015-16*	*21.10.2015*	*23.00*	*20.95*	*(2.05)*
Ranjan Jain	*29(2) read with 29(3)*	*2015-16*	*18.11.2015*	*20.95*	*12.49*	*(8.47)*
Ranjan Jain	*29(2) read with 29(3)*	*2015-16*	*09.12.2015*	*12.49*	*10.46*	*(2.04)*
Ranjan Jain	*29(2) read with 29(3)*	*2015-16*	*08.01.2016*	*10.46*	*7.97*	*(2.49)*

Common reply of all the Noticees

i. *It is submitted that there is no history of non-compliance of any of the SEBI Regulations against any of the Noticees and that this is the first instance of default against the said Noticees.*

ii. *It is submitted that neither the factors specified under Section 15J of the SEBI Act to be considered by the Adjudicating Officer nor other factors , if any , are/will be applicable in the case of the Noticees 1 to 6 and 8 to 10.*

A. CONSIDERATION OF ISSUES AND FINDINGS

1. I have carefully perused the charges levelled against the Noticees, reply to the SCN filed by them and the documents available on record and the issues that arise for consideration in the present case are:

Issue I:

(a) Whether Noticee No.1-8 have violated the provisions of Regulation 29(2) read with Regulation 29(3) of SAST Regulations?

(b) Whether Noticee No 7-10 have violated the provisions of Regulation 30(2) read with Regulation 30(3) of SAST Regulations?

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

Issue III: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

7. Before I proceed further with the matter, it is pertinent to mention the relevant provisions of SAST Regulations alleged to have been violated by the Noticees. The same are reproduced below:

SAST Regulations

Disclosure of acquisition and disposal.

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*

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 the target company are listed; and
(b) the target company at its registered office."

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.*

30(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.

Issue I:

(a) Whether Noticee No.1-8 have violated the provisions of Regulation 29(2) read with Regulation 29(3) of SAST Regulations?

(b) Whether Noticee No 7-10 have violated the provisions of Regulation 30(2) read with Regulation 30(3) of SAST Regulations?

a) Delayed disclosure by Noticee No.1-8

8. In respect of the aforesaid alleged violation against Noticee No.1-6, I note from the Examination Report (ER) that during examination of DLoF by SEBI, filed by the MB on behalf of Acquirers on June 02, 2022 to acquire 26% of the Emerging share capital of the Target Company, certain non-compliances by the aforesaid Noticees were observed by SEBI with respect to Regulation 29 of SAST Regulations.

9. In this regard, I note from ER that in the said DLoF, the MB mentioned the following common statement for each of the Acquirers (Noticee No. 1 to 6) of the Target company:

"He is holding equity shares of target company and hence the applicable provisions of Chapter V of SEBI (SAST) Regulations 2011 is applicable to Mr……….(Name of the respective acquirer) and disclosures under Chapter V were not filed within due date as prescribed under SEBI (SAST) Regulations, 2011"

10. In this regard, I further note from ER that the details were sought by SEBI from the MB and BSE vide email dated June 10, 2022 and July 20, 2022 respectively with regard to the violations of the said Regulation by the aforesaid Noticees. Accordingly, BSE vide its email dated July 21, 2022 and MB vide its letter dated June 13, 2022 and also vide its email dated July 20, 2022 confirmed the violation of the said Regulation by the aforesaid Noticees and also by Noticees No. 7 to 10.

11. Following details w.r.t. violation of Regulation 29 were observed from ER for Noticee No 1 - 8 which are tabulated below:

Table 2:

Noticees responsible for making disclosure	Regulation	Financial Year	Date of Transaction	Pre Transaction share holding percentage	Post transaction share holding percentage	% of change in shareholding	Due date for compliance	Actual date of compliance	Delay in no. of days
Virendra Popatlal Shah, Bhavesh Virendra Shah and Bimal Virendra Shah	29(2) read with 29(3)	2019-20	27.12.2019	2.97	6.96	3.99	31.12.2019	07.01.2020	5 days
Virendra Popatlal Shah, Bhavesh Virendra Shah and Bimal Virendra Shah	29(2) read with 29(3)	2020-21	27.07.2020	6.96	13.34	6.38	29.07.2020	24.02.2021	210 days
Dinesh JagdishChanrda Khokhani, Mahesh JagdishChanrda Khokhani and Mehul JagdishChanrda Khokhani	29(2) read with 29(3)	2019-20	04.02.2020	4.29	6.95	2.66	06.02.2020	11.02.2020	5 days
Dinesh JagdishChanrda Khokhani, Mahesh JagdishChanrda	29(2) read with 29(3)	2020-21	27.07.2020	6.95	13.33	6.38	29.07.2020	01.03.2021	214 days

Noticees responsible for making disclosure	Regulation	Financial Year	Date of Transaction	Pre Transaction shareholding percentage	Post transaction shareholding percentage	% of change in shareholding	Due date for compliance	Actual date of compliance	Delay in no. of days
Khokhani and Mehul JagdishChanrda Khokhani									
Rajan Jain	29(2) read with 29(3)	2015-16	19.08.2015	7.99	13.97	5.98	21.08.2015	23.08.2015	2 days
Rajan Jain	29(2) read with 29(3)	2015-16	21.10.2015	23	20.95	-2.05	23.10.2015	not filed	not filed
Rajan Jain	29(2) read with 29(3)	2015-16	18.11.2015	20.95	12.49	-8.47	20.11.2015	22.11.2015	2 days
Rajan Jain	29(2) read with 29(3)	2015-16	09.12.2015	12.49	10.46	-2.04	11.12.2015	Not filed	Not filed
Rajan Jain	29(2) read with 29(3)	2015-16	08.01.2016	10.46	7.97	-2.49	12.01.2016	not filed	Not filed
Rajan Jain	29(2) read with 29(3)	2016-17	27.04.2016	8.27	13.81	5.54	29.04.2016	not filed	not filed
Rajan Jain	29(2) read with 29(3)	2016-17	13.05.2016	13.81	16.3	2.49	17.05.2016	not filed	not filed
Rajan Jain	29(2) read with 29(3)	2016-17	10.03.2017	16.3	18.51	2.21	14.03.2017	31.03.2017	16 days
Rajan Jain	29(2) read	2019-20	22.11.2019	15.25	11.47	-3.78	26.11.2019	06.12.	9 days

Noticees responsible for making disclosure	Regulation	Financial Year	Date of Transaction	Pre Transaction shareholding percentage	Post transaction shareholding percentage	% of change in shareholding	Due date for compliance	Actual date of compliance	Delay in no. of days
	with 29(3)							2019	
Rajan Jain	29(2) read with 29(3)	2019-20	03.12.2019	11.47	8.81	-2.66	05.12.2019	06.12.2019	1 day
Rajan Jain	29(2) read with 29(3)	2019-20	31.12.2019	8.81	4.82	-3.99	02.01.2020	not filed	not filed
Rajan Jain	29(2) read with 29(3)	2019-20	04.02.2020	4.82	2.16	-2.66	06.02.2020	08.02.2020	2 days
Surinder Veer Singh	29(2) read with 29(3)	2018-19	23.01.2019	0	2.66	2.66	25.01.2019	01.02.2019	Delayed filed
Surinder Veer Singh	29(2) read with 29(3)	2018-19	06.02.2019	2.66	4.79	2.21	08.02.2019	09.02.2019	Delayed filed

12. I note from the table 2 above that each of the Noticee No.1 to 6 had on 2 instances made delayed disclosure of change in their shareholding and that Noticee No.7 had on 6 instances failed to make disclosure of change in his shareholding and on another 6 instances made delayed disclosures of the said change in his shareholding. Similarly, Noticee No.8 had on 2 instances made delayed disclosure of change in his shareholding.

13. In this regard, I note that Noticee No.1- 8 in their reply to the SCN submitted that the delay in filing of disclosures as alleged was purely due to lack of knowledge and without any ill motive. In view of the foregoing, I note that SAST Regulations

clearly stipulates requirement of disclosure when there is change in the shareholding beyond substantial threshold level and it does not grant any relaxation on account of being unaware/ not having knowledge for the facts. It is a settled principle that '*Ignorantia juris neminem excusal'* which means that 'ignorance of law is no excuse for breaking it'. Accordingly, the submission of the Noticee No. 1 to 8 in this regard is untenable. Further, Noticee No. 7 contended that until 11.09.2018 when the SEBI SAST (Second Amendment) Regulations, 2018 came into effect, Regulation 29(3) of the SAST Regulations existing immediately prior to 11.09.2018 did not have an express provision for making a disclosure in case of disposal of shares by the relevant person triggering the requirement to make a disclosure. In this regard, I would like to rely upon the observation of the Hon'ble SAT vide its order dated July 02, 2019, in the case of **Murali Srinivasan Venkatraman and others vs. SEBI**, wherein Hon'ble SAT observed that in case of selling of shares, entities cannot be penalized for alleged violations of Regulations 29(2) read with 29(3) of SEBI SAST Regulations 2011. Therefore, in view of the above and considering the observations of the Hon'ble SAT in the aforesaid order, I find that penalty may not be warranted on Noticee No. 7 for the alleged violations pertaining prior to the amendment of SAST Regulations i.e. before September 11, 2018. However, I note that the Noticee No. 7 has violated the provision of Regulation 29(2) read with Regulation 29(3) of SAST Regulations and is therefore liable for penalty for the aforesaid violations thereafter.

14. In view of the aforesaid, it is established that Noticee No. 1 to 8 have violated the provisions of Regulation 29(2) r/w Regulation 29(3) of the SAST Regulations.

b) <u>Non-disclosure by Noticee No. 7-10</u>

15. It was alleged in the SCN that Noticee No. 7-10 being promoters of the target company failed to make annual disclosures as mandated under the Regulation. The same is also evident from the Table 4 below which finds its mention in the ER.

Table 3

Name of individual /entity responsible for making disclosure	Regulation	Financial Year	Date of Transaction	Percentage of shareholding not disclosed/Percentage of encumbered shares not disclosed	Due date for compliance	Status of compliance	Remarks, if any
Ranjan Jain, Ruchika Jain, Surinder Veer Singh, Rajesh Gupta	30(2) read with 30(3)	2018-19	01.032019	23.59	09.04.2019	Not filed	Disclosures not filed

16. I note that Noticee No. 7-10 in their reply to the SCN reiterated that the non-disclosure was purely unintentional and without any ill motive. In this regard, I find that the submission of the Noticee No. 7-10 is without any merits since Regulation clearly stipulate disclosures as and when required and the aforesaid Noticee No.7-10 failed to do so. Therefore, it stands established that the Noticee No. 7-10 have violated the provisions of Regulation 30(2) r/w 30(3) of the SAST Regulations.

17. In addition to the aforesaid, I note that all the Noticees in their reply have contended that the delay/non disclosures were done with a view neither to defraud public/shareholders of the company nor the investors at large and that the investors have not suffered any loss in view of the same and that neither the factors specified under Section 15J of the SEBI Act nor other factors, will be applicable in the case of the Noticees. In this regard, I note that the aforementioned submission does not hold on account of the violation established. In this regard, I find it pertinent to refer to the judgment of Hon'ble SAT in the matter of **Akriti Global Traders Ltd. v. Securities and Exchange Board of India** (Appeal No. 78 of 2014 dated September 30, 2014) wherein it was held that - *"…. firstly, penal liability arises as soon as provisions under the regulations are violated and that penal liability is neither dependent upon the intention of parties….".*

18. Further, the Hon'ble SAT in the matter of **Komal Nahata v. Securities and Exchange Board of India** (Appeal No. 5 of 2014 dated January 27, 2014) held that- "*Argument that no investor has suffered on account of non-disclosure and that the AO has not considered the mitigating factors set out under Section 15J of SEBI Act, 1992 is without any merit because firstly penalty for non-compliance of SAST Regulations, 1997 and PIT Regulations, 1992 is not dependent upon the investors actually suffering on account of such non-disclosure*."

19. In view of the aforesaid observations, I find no merit in the said contentions of the Noticees.

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

20. I note that the Hon'ble Supreme Court of India in the matter of ***SEBI v/s Shri Ram Mutual Fund*** *[2006] 68 SCL 216(SC)*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………. Hence, we are of the view that once the contravention is established, then the penalty has to follow and only the quantum of penalty is discretionary."*

21. I also note that in Appeal No. 66 of 2003 –***Milan Mahendra Securities Pvt. Ltd. Vs. SEBI***–*the Hon'ble Securities Appellate Tribunal (SAT)* has observed that*, "the purpose of these disclosures is to bring about transparency in the transactions and assist the Regulator to effectively monitor the transactions in the market".*

22. In the context of disclosure related violations, I observe that Hon'ble SAT has consistently held that the obligation to make disclosure within the stipulated time is

a mandatory obligation and penalty is imposed for non-compliance of the mandatory obligation.

23. In view of the foregoing, I am convinced that the Noticees are liable for monetary penalty under Section 15A(b) of SEBI Act for violation of the above mentioned SAST Regulations. The provisions of Section 15A(b) of the SEBI Act, 1992 read as under:

SEBI Act, 1992

15A. Penalty for failure to furnish information, return, etc.

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 there for in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

Issue III: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

24. While determining the quantum of penalty under Section 15A(b) of the SEBI Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992 read with Rule 5(2) of the Adjudication Rules, 1995 which read as under:

SEBI Act, 1992

Factors to be taken into account by the adjudicating officer

15J 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.

25. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticees and the loss, if any, and suffered by the investors as a result of their failure. However, I note that securities market is based on free and open access to information, and that protection of the interests of the investors is the prime objective of SEBI. Disclosures in respect of the vital information of any company has been made mandatory for the protection of the investors so as to enable them to take suitable informed investment decisions. The objective behind such requirement is that the investing public shall not be deprived of any vital information in respect of their investments in the securities market. If any person who is to make such disclosures doesn't make it and are depriving the investing public 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. Thus, in the present matter the facts of the case clearly bring out the default made by the Noticees. Hence, I note that the Noticees failed to make disclosures or made delayed disclosure or both as brought out in the preceding paragraphs about the change in shareholding and thereby have violated the relevant provisions of SAST Regulations, as mentioned above

<u>ORDER</u>

26. Having considered all these facts and circumstances of the case, the material available on record, the factors mentioned in Section 15J of the SEBI Act 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, 1995, I hereby impose the following penalties under Section 15A(b) of SEBI Act, 1992 on the Noticees for the violations as specified in this order.

Name of the Noticee	Penal Provisions	Penalty(Rs)/Violations
Mr. Virendra Popatlal Shah	Section 15A(b) of the SEBI Act,1992	Rs. 1,00,000/- (One lakh Only)
Mr. Bhavesh Virendra Shah		Rs. 1,00,000/- (One lakh Only)
Mr. Bimal Virendra Shah		Rs. 1,00,000/- (One lakh Only)
Mr. Dinesh Jagdishchandra Khokhani		Rs. 1,00,000/- (One lakh Only)
Mr.Mahesh Jagdishchandra Khokhani		Rs. 1,00,000/- (One lakh Only)
Mr. Mehul Jagdishchandra Khokhani		Rs. 1,00,000/- (One lakh Only)
Mr. Ranjan Jain		Rs. 1,00,000/- (One lakh Only)
Mr. Surinder Veer Singh		Rs. 1,00,000/- (One lakh Only)
Ms. Ruchika Jain		Rs. 1,00,000/- (One lakh Only)
Mr. Rajesh Gupta		Rs. 1,00,000/- (One lakh Only)

27. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR 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.

28. The said demand draft or forwarding details and confirmations of e-payments made (in the format as given in table below) should be forwarded to “The Division Chief, Enforcement Department (EFD1 – DRA I), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C –4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051.

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount etc.)	

29. 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.

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

Date: December 21, 2022 **G RAMAR**

Place: Mumbai **ADJUDICATING OFFICER**