BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO.: Order/AK/GN/2025-26/32199]

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;

Amit Jain

PAN: AAEPJ3715H

In the matter of Himalaya Granites Limited

Background

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) carried out an examination in the scrip of Himalaya Granites Limited (hereinafter referred to as **Company**) to find alleged violations of the provisions of SEBI (Prohibitions of Insider Trading) Regulations, 1992 (hereinafter referred to as the **PIT Regulations**) by Amit Jain (hereinafter referred to as **Noticee**) during the period from January 01, 2009 till March 31, 2012 and found that, *prima facie*, Noticee has violated certain provisions of PIT Regulations.

Appointment of Adjudicating Officer

2. Hence, SEBI approved initiation of adjudication proceedings and vide order dated October 04, 2013 appointed Ms. Anita Kenkare as the Adjudicating Officer u/s 19 of the SEBI Act, 1992 (hereinafter referred to as **'SEBI Act'**) r/w Section 15-I of SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as **'Adjudication Rules')** to inquire into and adjudge u/s 15A(b) of SEBI Act, the alleged violation of Regulation 13(3) r/w 13(5) of PIT Regulations. Upon transfer of the matter, the undersigned was appointed as an AO vide order dated November 22, 2024.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice (hereinafter being referred to as the **"SCN"**) dated November 14, 2013 was issued to Noticee in terms Rule 4 of Adjudication Rules to show cause as to why an inquiry should not be initiated against Noticee and why penalty, if any, should not be imposed upon Noticee u/s 15A(b) of SEBI Act for the alleged violations, as stated in the SCN.

4. Vide letter dated December 03, 2013 Noticee submitted its reply, the relevant portion of Noticee's submission is summarised below-

4.1. *Noticee submitted that he lives in New Delhi and is not even distantly connected with M/s Himalaya Granites Ltd. Kolkata, in any manner, whatsoever, other than the fact that he has been its non-promoter shareholder since the year 2004-2005. All he knew was it remained a dividend paying company from year 2001-2007 and belonged to Green ply Group which looked very promising at that point of time and so his investment in Himalaya Granite Ltd. was motivated by bright prospects he saw for Greenply Ind Ltd and the group as a whole. He kept buying these shares from year 2005 till year 2007 i.e. for about 3 years.*

4.2. *Noticee submitted that it is impossible for an ordinary retail investor to be aware of and remember the total number of shares issued by each company on the Exchange and to keep relating and calculating the percentage of his sale and purchase of shares of that company as a percentage of total shares issued by that company from time to time. This exercise becomes even more complex because from time to time the companies can issue further shares by way of rights, bonus, preferential allotments, sub-division, reduction and situations such as mergers and acquisitions. It will neither be fair nor practical approach on the part of a regulator to saddle an untrained and uninitiated retails investors with such complex regulations and compliance.*

4.3. *Noticee submitted that while ignorance of law is no excuse, yet in reality a person of ordinary prudence cannot be expected to know every law of the land not to mention memorizing them. Noticee submitted that it is a hyper technical issue.*

4.4. *Noticee submitted that there is no provision in SEBI Act, 1992 which vests powers in SEBI Board to regulate an ordinary retails investor. Plain reading of 11(2) make it clear that SEBI has nowhere been vested with powers to regulate investors by formulating regulations unlike other category of entities specified therein*

4.5. *Noticee submitted that a person will not be hit by PIT Regulations, 1992 unless he is an insider. Clearly, the touch stone for applying PIT Regulations, 1992 is that the person must be an insider before he can be charged under these regulations and he is not connected to Himalaya Granites in any way.*

4.6. *Noticee submitted that regulation 13(3) and 13(5) are placed under chapter IV whose headings reads as "Policy on disclosures and internal procedures for prevention of insider trading". Regulation 13(3) which has been placed under this heading must be understood, interpreted and given meaning in the context of Chapter heading. In holistic view, it* *becomes abundantly clear that determination of status as insider is a condition precedent to applicability of regulation 13(3) of PIT Regulations, 1992.*

4.7. *Therefore, he submitted that to charge him under PIT regulation, it must be first proved that he is an insider.*

4.8. *Noticee submitted that penalty proceedings being quasi-criminal in character proof of mens rea becomes a sine qua non. He submitted that there was not an iota of mens rea and there was no ulterior motive in not filing the disclosure, it was a pure ignorance if at all.*

4.9. *Imposition of penalty, even if provided in statute is never automatic. Therefore, even if there is a violation of provisions of law, it is not necessary that penalty must be imposed. The facts and circumstances of each case, particularly bonafide or otherwise, must be considered before penalty can be imposed.*

4.10. *Noticee submitted that he has incurred loss in the scrip of Himalaya Granite.*

5. In the interest of natural justice, an opportunity of personal hearing was granted to Noticee on January 09, 2014 via Hearing Notice dated December 17, 2013.

6. Noticee appeared for the hearing and reiterated the submissions already made vide reply dated December 03, 2013. During hearing Noticee sought inspection of original documents and to be provided copies of documents relied upon while framing allegations in the SCN. During hearing he also submitted documents retrieved from the BSE website showing his bulk deals were in public domain and price volume data of the company to demonstrate that he had made a loss on the transactions. He also submitted that all material disclosure as to his trades in the scrip were largely in public domain through indirect disclosure through broker to the exchanges. Noticee also submitted that he will be making further submissions to the SCN by January 20, 2014.

7. Inspection of documents was provided to Noticee on January 10, 2014 and Noticee sought additional documents vide letter dated January 20, 2014. Vide letter dated July 03, 2014 additional documents were provided to Noticee and further informed Noticee that all the relevant documents are provided to Noticee. However, the aforesaid letter returned undelivered, despite sending it to the address mentioned in the letters of the Noticee. The aforesaid letter was also sent to the email ID jainace123@rediffmail.com of the Noticee, however, no reply was received from

the Noticee. Therefore, vide letter dated September 09, 2014, letter dated July 03, 2014 was once again sent to the Noticee. The said letter was delivered to Noticee.

8. Subsequently, Noticee filed writ petition before Hon'ble High Court of Delhi and finally the appeal of the Noticee was dismissed on December 11, 2025. In view of the same, the instant adjudication proceedings were resumed.

9. Vide email dated December 29, 2025, Noticee was advised if he has any submission to make to the SCN, he may submit it on or before January 19, 2026. The said email was sent to the jainace123@rediffmail.com. However, no response was received from the Noticee. Subsequently, in the interest of natural justice, opportunity of hearing was provided to Noticee on February 17, 2026 vide hearing notice dated February 04, 2026. The said hearing notice was sent via SPAD to two available addresses of the Noticee, however, the same returned undelivered. The aforesaid hearing notice was also sent via email dated February 04, 2026. However, Noticee did not appear for hearing.

10. Pursuant to the same, another opportunity of hearing was provided to Noticee on March 05, 2026 vide email dated February 17, 2026. The said email was delivered to the Noticee, and the delivery of the same is on record. However, Noticee did not appear for hearing.

11. In view of the above, I observe that sufficient opportunities of hearing have been granted to Noticee, however Noticee did not avail of the same.

CONSIDERATION FOR ISSUES, EVIDENCE AND FINDINGS

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

ISSUE I: Whether Noticee has violated the provisions as alleged in the SCN?

ISSUE II- Does the violation, if any, attract monetary penalty u/s 15A(b) of the SEBI Act?

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

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

Regulation 13 - Disclosure of interest or holding in listed companies by certain persons - Initial Disclosure

(3) Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company [in Form C] the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, 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 2% of total shareholding or voting rights in the company.

(5) The disclosure mentioned in sub-regulations (3), (4) and (4A) shall be made within two working days of:

(a) the receipts of intimation of allotment of shares, or

(b) the acquisition or sale of shares or voting rights, as the case may be.

FINDINGS

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

ISSUE I: Whether Noticee has violated the provisions as alleged in the SCN?

14.1. During examination it was observed that the Noticee's holding in the company changed by more than 2% on September 14, 2011 and October 15, 2011 respectively. However, it was alleged that no disclosure was made by the Noticee to the company during the period from January 01, 2009 till March 31, 2012. Therefore, it was alleged that Noticee has violated Regulations 13(3) r/w 13(5) of PIT Regulations.

14.2. I note that in reply to the SCN, Noticee submitted that he is not connected with company in any manner and it is impossible for an ordinary retail investor to be aware of and remember the total number of shares issued by each company on the Exchange and to keep relating and calculating the percentage of his sale and purchase of shares of that company as a percentage of total shares issued by that company from time to time. Noticee submitted that he is not insider therefore PIT Regulations, 1992 will not apply to him. Noticee submitted that there was no mens rea and there was no ulterior motive in not filing the disclosure, it was a pure ignorance if at all.

14.3. I note that as per Regulations 13(3) r/w 13(5) of PIT Regulations any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company the number of shares or voting rights held and change in shareholding or voting rights, if such change exceeds 2% of total shareholding or voting rights in the company. The disclosure shall be made within two days of receipts of intimation of allotment of shares, or acquisition or sale of shares or voting rights.

14.4. I note that during examination period, the Noticee was holding 2,61,579 shares (8.70%) as on January 01, 2009 i.e. more than 5% shares of a company. However, the Noticee's holding decreased to 2,01,268 shares (6.698%) on September 14, 2011 i.e. change of more than 2% and then again Noticee's shareholding decreased to 1,34,109 shares (4.46%) on October 15, 2011 (the holding changed by more than 2%).

14.5. I observe that the Noticee was required to disclose, within 2 working days, the details of its holding to the company as per the requirements of Regulation 13(3) r/w 13(5) of PIT Regulations. However, as per the information received from BSE and the company, no disclosure from the Noticee were received by them during the period from January 01, 2009 till March 31, 2012.

14.6. I note that in reply to the SCN, Noticee submitted that he is not connected to the company in any manner. In this regard, I note from the material available before me that as of January 01, 2009 Noticee was holding 8.70% shares of the company, which is quite substantial. Therefore, the aforesaid contention of the Noticee is not tenable.

14.7. I also note that in reply to the SCN, Noticee submitted that for an ordinary retail investor it is impossible to calculate the total number of shares issued and percentage of shares he has bought. He also submitted that a person of ordinary prudence cannot be expected to know every law of the land. In this regard, I note that maxim *"ignorantia juris non excusat"* means that ignorance of the law is no excuse. Therefore, I observe that Noticee cannot avoid its liability simply by claiming that he was not aware about the existence of these provisions or he was not able to calculate his shareholding. Further, I note from the material available before me that Noticee has not made any disclosure in this regard, even after the issuance of SCN.

14.8. Noticee also submitted that there is no provision in SEBI Act, which vests power in SEBI to regulate an ordinary retail investor. In this regard, I note that the Section 11(1) of the SEBI Act, itself provides that *"it shall be the duty of the Board* *to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit"*. Therefore, to protect the interest of investors and to regulate the securities market, SEBI can take the measures as it deems fit including regulating the investors. Therefore, the aforesaid contention of the Noticee is not tenable.

14.9. I note that Noticee also submitted that PIT regulation will not apply to him, unless he is an insider. In this regard, I note that Regulation 13(3) of PIT regulation starts with *"any person who holds more than 5% shares for voting rights in any listed company……"*. Therefore, I observe that regulation 13(3) r/w 13(5) of PIT Regulations apply to anyone who holds more than 5% shares in a company and not only to an insider. Since Noticee was holding more than 5% shares of the company therefore, the said provisions will apply to Noticee as well and the Notiee cannot abdicate his obligations.

14.10. I note that, Noticee submitted that Regulation 13(3) must be interpreted in the context of its chapter's heading. In this regard, I note that the rules of interpretation apply when a law's language is ambiguous, vague, or leads to absurd results, making the legislative intent unclear. However, in the instant matter law's language and legislative intent is very clear that any person who is holding more than 5% shares in any listed company shall disclose to the company the number of shares held and change in shareholding if such change exceeds 2%. Therefore, the aforesaid contention of the Noticee is not tenable.

14.11. Noticee submitted that proof of mens is sine qua non and there was no ulterior motive in not filing the disclosures. In this regard, I note that Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) has inter-alia 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..."

Therefore, the aforesaid contention of the Noticee is not tenable.

14.12. In view of the above discussion, I observe that Noticee has violated Regulation 13(3) r/w 13(5) of the PIT Regulation.

ISSUE II: Does the violation, if any, on part of the Noticee attract penalty u/s 15A(b) of SEBI Act?

15. In view of the violations as established above, I find that this is a fit case for penalty u/s 15A(b) of the SEBI Act, which reads as given below:

    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 therefor 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, how much penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the SEBI Act?

16. While determining the quantum of penalty u/s 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."

17. In the present matter, I note that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the default by Noticee. Further, from the material available on record, it may not be possible to ascertain the exact monetary loss to the investors on account of default by the Noticee I note that the very purpose of the said regulations is to deter wrong doing and promote ethical conduct in the securities market. Therefore, violation by the Noticee attracts suitable penalty. As per available records, no past action has been taken by SEBI against the Noticee.

ORDER

18. After taking into consideration the facts and circumstances of the case, material available on record, submissions made by the Noticee and also the factors mentioned in the preceding paragraphs, in exercise of the powers conferred upon me u/s 15-I of the SEBI Act r/w Rule 5 of the Adjudication Rules, I hereby impose penalty of Rs. 3,00,000/- (Rupees Three Lakh only) on the Noticee for the violations, as established in this order. In my view, the said penalty is commensurate with the violation committed by the Noticee in this case.

19. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in 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.

20. 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 u/s 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

21. In terms of the provisions of rule 6 of the SEBI Rules, a copy of this order is being sent to the Noticee and also to SEBI.

AMIT KAPOOR
Digitally signed by AMIT KAPOOR
Date: 2026.03.11 10:50:57 +05'30'

Place: Mumbai **AMIT KAPOOR**

Date: March 11, 2026 **ADJUDICATING OFFICER**