BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/HG/2022-23/22230-22233]

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 BY ADJUDCATING OFFICER) RULES, 1995

In respect of

Noticee No.	Noticee Name	PAN
1.	**Sadanand Prayag Mishra**	**AFVPM2400E**
2.	**Kanchan Mishra**	**AKPPM0661E**
3.	**Rohit Sadanand Mishra**	**BKKPM5863Q**
4.	**Kiran M Joshi**	**APCPJ2781C**

(*"hereinafter referred to as* ***Noticees****"*)

In the matter of Shreekrishna Biotech Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation w.r.t. trading in the scrip of Shree Krishna Biotech Limited (herein after referred to as "**ShreeKrishna/SBL/company**") for the period November 01, 2012 to July 31, 2015 (herein after referred to as "**Investigation Period/IP**"). The focus of investigation was to ascertain, *inter alia,* any violation of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter also referred to as "**PIT Regulations, 1992**"), SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter also referred to as "**PIT Regulations 2015**") with respect to trading in the scrip of

Shree Krishna during the investigation period. The Company is listed on BSE Ltd. ("**BSE/Exchange**").

2. During the course of investigation, SEBI observed that Sadanand Prayag Mishra (herein after referred to as "**Noticee 1/By name"**), Kanchan Mishra (herein after referred to as "**Noticee 2/By name"**), Rohit Sadanand Mishra (herein after referred to as "**Noticee 3 /By name**") and Kiran M Joshi (herein after referred to as "**Noticee 4 /By name**") (Noticees 1 to 4 are collectively being referred to as "**Noticees"**) had acquired shares in the scrip of SBL during the Investigation Period. However, it was observed that Noticees failed to make disclosures in terms of PIT Regulations, 1992 read with PIT Regulations, 2015 and SAST Regulations for these share transactions. Therefore, 0it was alleged that:

    a. Noticee 1 has violated Regulation13(4) and Regulation13(4A) of PIT Regulations, 1992 read with Regulation 13(5) of PIT Regulations, 1992, read with Regulation 12 of PIT Regulations, 2015;
    b. Noticees 2 to 4 have violated Regulation13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015

<u>APPOINTMENT OF ADJUDICATING OFFICER</u>

3. Vide order dated June 04, 2021, the undersigned was appointed as Adjudicating Officer by SEBI under Section 15-I of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act'**) read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) to inquire into and adjudge, under the provisions of Section 15A (b) of the SEBI Act, the aforesaid violations alleged to have been committed by Noticees.

<u>SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING</u>

4. A common Show Cause Notice dated February 16, 2022 (hereinafter referred to as "**SCN**") was issued to Noticees under Rule 4 of Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticees and penalty,

if any, not be imposed upon them under the provisions of Section 15A (b) of the SEBI Act, for the aforesaid violations alleged to have been committed by them.

5. The allegations levelled against Noticees in the SCN are as under:

I. The details of the directors during the investigation period are as under:

Name	Designation	Appointment Date	Date of Cessation, if applicable
Shirish Ramesh Agarwal	Additional Director	Jan. 01, 2012	Till Date
Vipul Joshi	Director	Apr. 01, 2000	Till Date
Kiran Dilip Thakore	Additional Director	Apr. 01, 2014	Till Date
Krishankumar Ramchandra Modi	Director	Apr. 01, 2000	Mar. 26, 2013
Sadanand Prayag Mishra	Director	Apr. 01, 2000	Apr. 01, 2014
Pradeep Shukla	Director	Jan. 01, 2012	Apr. 01, 2014
Bijendra Ramchandar Singh	Director	Jan. 01, 2012	Apr. 01, 2014

II. It was observed that during the investigation period, the share capital of the company underwent change due to a preferential allotment of 80,00,000 equity shares to 48 entities on January 27, 2014 at Rs. 20 per share against the conversion of warrants. The same was informed by the company vide their letter dated Jan. 15, 2016. The allotted shares were under lock-in till January 26, 2015.

III. The quarterly shareholding pattern of Shree Krishna, during the investigation period, is given below:

Particular	Quarter ended Sep 2012			Quarter ended Dec 2012			Quarter ended March 2013			Quarter ended June 2013		
	No. of share holders	No. of shares	%	No. of share holders	No. of shares	%	No. of share holders	No. of shares	%	No. of share holders	No. of shares	%
Promoter Holding	12	12,65,750	68.36	12	12,65,750	68.36	12	12,65,750	68.36	12	12,65,750	68.36
Non Promoter Holding	47	5,85,750	31.64	47	5,85,750	31.64	47	5,85,750	31.64	36	5,85,750	31.64
Total share capital	**59**	**18,51,500**	**100**	**59**	**18,51,500**	**100**	**59**	**18,51,500**	**100**	**48**	**18,51,500**	**100**

Particular	Quarter ended Sep 2013			Quarter ended Dec 2013			Quarter ended Mar 2014			Quarter ended Jun 2014		
	No. of shareholders	No. of shares	No. of shareholders	No. of shareholders	No. of shareholders	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	10	10,75,750	58.1	10	10,75,750	58.1	9	7,35,750	7.47	8	6,33,350	6.43
Non Promoter Holding	36	7,75,750	41.9	36	7,75,750	41.9	88	91,15,750	92.53	104	92,18,150	93.57
Total share capital	**46**	**18,51,500**	**100**	**46**	**18,51,500**	**100**	**97**	**98,51,500**	**100**	**112**	**98,51,500**	**100**

Particular	Quarter ended Sep 2014			Quarter ended Dec 2014			Quarter ended Mar 2015			Quarter ended June 2015		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	5	3,81,250	3.87	4	3,78,050	3.84	4	3,78,050	3.84	4	3,78,050	3.84
Non Promoter Holding	117	94,70,250	96.13	130	94,73,450	96.16	133	94,73,450	96.16	136	94,73,450	96.16
Total share capital	**122**	**98,51,500**	**100**	**134**	**98,51,500**	**100**	**137**	**98,51,500**	**100**	**140**	**98,51,500**	**100**

Particular	Quarter ended Sep 2015			Quarter ended Dec 2015		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Promoter Holding	4	3,78,050	3.84	4	3,78,050	3.84
Non Promoter Holding	138	94,73,450	96.16	108	94,73,450	96.16
Total share capital	**142**	**98,51,500**	**100**	**112**	**98,51,500**	**100**

IV. As seen from above, the number of shareholders in the promoter category underwent change during the IP. During the course of investigation, it was observed that following were the promoters of the company during the investigation period:

S no	Name of Promoter	Period
i.	Ashok Lala	May 01, 2011 – Sep 24, 2014
ii.	Bhavika Vipul Joshi	May 01, 2011 – Apr. 02, 2014
iii.	Chanakya Dhanda	May 01, 2011 – till date
iv.	Kanchan Mishra	May 01, 2011 – Jul. 16, 2014
v.	Kiran M Joshi	May 01, 2011 – Aug. 30, 2013
vi.	Krishna Kumar Modi	May 01, 2011 – Jul. 26, 2013
vii.	Pooja Dhanda	Jul 12, 2013 – till date
viii.	Rohit Sadanand Mishra	Jul 12, 2013 – Oct. 16, 14
ix.	Sadanand Prayag Mishra	Jul 12, 2013 – Jul. 16, 2014
x.	Santosh Modi	Jul 12, 2013 – till date

V. The preferential allotment of equity shares against the conversion of warrants resulted in changes in promoter group and the shareholding of the promoters. Accordingly, during the course of investigation, the disclosures made were sought from BSE and SBL. BSE vide email dated November 25, 2019 and SBL vide letter dated January 15, 2016, provided the requisite information to SEBI. Information was also sought from the Registrar and Transfer Agent of SBL, i.e., ABS Consultant Pvt Ltd.

VI. It was observed that Noticees were part of the promoter group of the company. Based on information received, including email received from BSE vide email dated November 25, 2019, SEBI observed that there was a change in promoters' shareholding including those of Noticees. The details of the changes in Noticees shareholding and disclosures status are given hereunder:

Transaction date	Shareholding (%) prior to transaction date	Transaction Value (Rs.)	No. of Shares Acquired (Disposed)	Shareholding (%) after transaction date	Disclosure required	Required Date of Disclosure to Stock Exchange	Required Date of Disclosure to company	Actual date of disclosure to Stock Exchange	Actual date of disclosure to Company	Remarks , if any
Sadanand Prayag Mishra										
19/02/14	1,51,000	__*	(80,000)	71,000 (0.72%)	Reg. 13 (4) and	21/02/14	21/02/14	N.A.	N.A.	Failed to disclose change

Transaction date	Shareholding (%) prior to transaction date	Transaction Value (Rs.)	No. of Shares Acquired (Disposed)	Shareholding (%) after transaction date	Disclosure required	Required Date of Disclosure to Stock Exchange	Required Date of Disclosure to company	Actual date of disclosure to Stock Exchange	Actual date of disclosure to Company	Remarks , if any
	(1.53%)				13(4A) r/w 13(5) of PIT Reg., 1992					in shareholding exceeding 25,000 shares
16/07/14	71,000 (0.72%)	__*	(71,000)	0 (0%)		18/07/14	18/07/14	N.A.	N.A.	
Kanchan Mishra										
25/02/14	1,20,050 (1.22%)	__*	(80,000)	45,050 (0.46%)	13(4A) r/w 13(5) of PIT Reg., 1992	27/02/14	27/02/14	N.A.	N.A.	Failed to disclose change in shareholding exceeding 25,000 shares
16/07/14	45,050 (0.46%)	__*	(40,050)	0 (0%)	13(4A) r/w 13(5) of PIT Reg., 1992	18/07/14	18/07/14	N.A.	N.A.	
Rohit Sadanand Mishra										
25/02/14	85,600 (0.87%)	__*	(80,000)	5,600 (0.06%)	13(4A) r/w 13(5) of PIT Reg., 1992	27/02/14	27/02/14	N.A.	N.A.	Failed to disclose change in shareholding exceeding 25,000 shares
02/04/14	5,600 (0.06%)	62,400	(2,400)	3,200 (0.03%)	N.A.					
16/10/14	3,200 (0.03%)	44,800	(3,200)	0 (0%)	N.A.					
Kiran M Joshi										
30/08/13	70,000 (3.78%)	__*	(70,000)	0 (0%)	13(4A) r/w 13(5) of PIT Reg., 1992	03/09/13	03/09/13	NIL	NIL	Failed to disclose change in shareholding exceeding 25,000 shares

(* Not Available)

VII. It was observed from the above table that:

a) As a promoter and director, Sadanand Prayag Mishra i.e. Noticee 1, transacted in the shares of SBL on February 19, 2014 and July 16, 2014, but failed to make disclosures as required in terms of Regulation 13(4) of PIT Regulations, 1992 read with Regulation 13(5) of PIT Regulations, 1992, read with Regulation 12 of PIT Regulations, 2015 and Regulation 13(4A) of PIT Regulations, 1992 read with Regulation 13(5) PIT Regulations, 1992, read with Regulation 12 of PIT Regulations, 2015, for change in shareholding exceeding 25,000 shares, on both the occasions. In view of the same, it is alleged that Noticee 1 has violated Regulation 13 (4) of PIT Regulations, 1992 read with Regulation 13(5) of PIT Regulations, 1992, read with Regulation 12 of PIT Regulations, 2015 and Regulation 13(4A) of PIT Regulation, 1992 read with Regulation 13(5) of PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015.

b) As a promoter, Kanchan Mishra i.e. Noticee 2, transacted in the shares of SBL on February 25, 2014 and July 16, 2014, but failed to make disclosures in terms of Regulation 13(4A) of PIT Regulations 1992 read with Regulations 13(5) of PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015, for change in shareholding exceeding 25,000 shares on both the occasions. In view of the above, it is alleged that Noticee 2 has violated Regulation 13(4A) of PIT Regulations 1992 read with Regulations 13(5) of PIT Regulations, 1992, read with Regulation 12 of PIT Regulations, 2015

c) As a promoter, Rohit Sadanand Mishra i.e. Noticee 3, failed to make disclosures in terms of Regulation 13(4A) of PIT Regulations 1992 read with Regulations 13(5) of PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015, for change in shareholding exceeding 25,000 shares for the transaction carried out in the shares of SBL on February 25, 2014. In view of the above, it is alleged that Noticee 3 has violated Regulation 13(4A) of PIT Regulations 1992 read with Regulations 13(5) of PIT Regulations, 1992, read with Regulation 12 of PIT Regulations, 2015.

d) As a promoter, Kiran M Joshi i.e. Noticee 4, failed to make disclosures in terms of Regulation 13(4A) of PIT Regulations 1992 read with Regulations 13(5) of PIT Regulations, 1992 read with Regulation 12 of PIT Regulations, 2015, for change in shareholding exceeding 25,000 shares for the transaction carried out on August 30, 2013 in the shares of SBL. In view of the above, it is alleged that Noticee 4 has violated Regulation 13(4A) of PIT Regulations 1992 read with Regulations 13(5) of PIT Regulations, 1992, read with Regulation 12 of PIT Regulations, 2015.

6. The SCN was sent to Noticees through Speed Post Acknowledgement Due (herein after referred to as "**SPAD"**) on February 16, 2022 and through digitally signed email dated February 17, 2022. The SCN was duly served through digitally signed email on Noticees 1-3 and SCN sent through SPAD was duly served on Noticee 4.

7. Vide email dated February 21, 2022, Noticees 1 to 3 submitted a common reply to SCN. The submissions by Noticee 1 to 3 as provided in their aforesaid email dated are given as under:

   I. *It is the responsibility of the company to comply with all the formalities and not the shareholders.*
   II. *Noticees requested for grant of relief and to take back the SCN.*

8. Thereafter, vide hearing notice dated November 04, 2022, an opportunity of personal hearing was granted to Noticees 1 to 3 before the undersigned on November 18, 2022. The hearing notice was sent to the Noticees 1 to 3 through digitally signed email dated on November 04, 2022 and did not bounce back and therefore, was duly served on them. However, Noticees 1 to 3 failed to appear for the hearing. In the interest of natural justice, vide email dated November 18, 2022, Noticees 1 to 3 were granted another opportunity of personal hearing before the undersigned on November 23, 2022 Vide email dated November 23, 2022, Noticee 1, himself and on behalf of Noticees 2 and 3, informed that they

were unable to attend the hearing. Therefore, vide email dated November 25, 2022, one more opportunity of personal hearing was granted to the said Noticees before the undersigned on December 01, 2022 and the email was duly sent to Noticees 1 to 3 and did not bounce back and therefore, was duly served on them. However, Noticees 1 to 3 did not attend the hearing. Thereafter, vide email dated December 01, 2022, one last opportunity of hearing before the undersigned was again granted to Noticees 1 to 3 on December 07, 2022 and the email was duly sent to Noticees 1 to 3 and did not bounce back and therefore, duly served on them. However, I note that Noticees 1 to 3 again failed to attend the personal hearing.

9. I note that sufficient opportunities of personal hearing have been granted to Noticees 1-3. However, the said Noticees have failed to avail of the same despite service of the hearing notices, as stated above. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal ('**Hon'ble SAT'**) in the matter of Sanjay Kumar Tayal & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014), has, *inter-alia*, held that: *"…appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted the charges levelled against them in the show cause notices..."*

10. In the facts and circumstances of this case and placing reliance on the aforesaid judgement, I note that the principles of natural justice have been complied with in the instant proceeding qua Noticees 1-3.

11. I note that vide letter dated March 14, 2022, Noticee 4 filed his reply to the SCN. requesting for a copy of the investigation report and the material collected during the course of investigation. Vide email dated November 04, 2022, copy of the investigation report and the annexures to SCN, which were relied upon to frame the allegations in the SCN, were provided to Noticee 4. Thereafter, vide hearing notice dated November 04, 2022, an opportunity of personal hearing was granted to Noticee 4 before the undersigned on November 18, 2022. The hearing notice was served on Noticee 4 through SPAD and digitally signed email

sent on November 04, 2022. Vide email dated November 05, 2022, Noticee 4 requested for adjournment of the hearing. The request was acceded to and vide email dated November 09, 2022, another opportunity of hearing granted on November 22, 2022 was communicated to Noticee 4. Vide letter dated November 15, 2022 and email dated November 22, 2022 Noticee submitted additional submissions to SCN. On the scheduled date, Noticee 4 attended the hearing through his Authorized Representative (hereinafter referred to as '**AR**') and reiterated his earlier replies.

12. The relevant submissions by Noticee 4 are summarized hereunder:

I. SEBI conducted any investigation for the period 2012-15 in the year 2015-16 and issued show cause notices in 2017 to several entities for allegation of fraud in the scrip of SBL. During the course of investigation, Investigating Authority had made several communications with BSE and SBL regarding disclosures made by the Promoters and Directors of the company. Thus SEBI in the year 2015-16 was well aware about the facts of the present case and was well aware about what disclosures have been made and what not. Now in 2022 SEBI has issued present SCN at very belated stage. This highly prejudice the case of Noticee 4 herein.

II. Noticee 4 at present cannot recollect the events and circumstances happened in the year 2013. Further, Noticee 4 as on today don't have requisite documents to prove his innocence for a transaction belongs to year 2013.

III. He was unable to produce the acknowledgement for making requisite disclosure with the company and the stock exchange.

IV. Whenever in a statute a limitation period is not provided for initiation of the proceeding, a proceeding should be initiated and completed within a reasonable time. In the present matter, SEBI after an inordinate delay of more than 8 years asking Noticee 4 to make submissions for a transaction executed in 2013. Therefore, Noticee 4 requested to dispose of the SCN on the ground of inordinate delay.

V. To support his contention w.r.t delay in initiating proceedings, Noticee 4 submitted the judgement of Hon'ble SAT in Mr. Ashok ShivpalRupani &

Ors. Vs SEBI (Order date: 22.08.2019, Appeal No. 417 and 440 of 2018), Anilkumar Nandkumar Harchandani & Ors. Vs SEBI (Order date: 05.12.2109, Appeal No. 75 of 2019), Mr. Rajiv Bhanot & Ors. Vs SEBI (Order date: 09.07.2021, Appeal No. 396 of 2018) and other connectd appeals, Shriram Insight Share Brokers Ltd. Vs SEBI (Order date: 04.01.2022, Appeal No. 559/2020).

VI. *Noticee 4 submitted that a person under any law is not required to keep the papers/documents for next 8 years. Noticee 4 had tried contacting the company to check about the requisite disclosure. However, he could not contact them. Further, the present director of the company is also not in his contact. Therefore, he was unable to get the requisite disclosures.*

VII. *Noticee 4 also submitted that following mitigating factors to consider, in case if any adverse order is being passed against him:*

a) *Except the present one, he was not facing any allegation for violation of SEBI Rules, Regulation and Act in the present matter.*
b) *No SEBI proceeding has been initiated against him till date except the present one.*
c) *No administrative warning has been issued against him.*
d) *He has a clean record in the securities market.*
e) *No loss caused to the investors.*
f) *No profit or undue profit is derived by him.*
g) *There is no repetition of violation of SEBI Act, Rules and Regulations.*

VIII. *W.r.t the quantum of penalty, Noticee 4 placed reliance on the order passed by Ld. Adjudicating Officer of SEBI in the matter of Shreekrishna Biotech Limited against Vipul Joshi wherein a penalty of Rs. 1,00,000 was imposed for violation of SEBI PFUTP Regulation 2003 and in case of Mrs. Bhavika Vipul Joshi, an administrative warning has been issued to her despite the fact that she had made a disclosure by delay of 308 days.*

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

13. I have carefully perused the charges levelled against Noticees, replies/submissions filed by them and other documents/ evidence available on record. The issues that arise for consideration in the present case are:

    I. Whether:

        a) Noticee 1 has violated Regulation13(4) and Regulation13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015 and

        b) Noticees 2 to 4 have violated the provisions of Regulation13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015 and;

    II. Do the violations, if established, attract monetary penalty under Section 15A(b) of SEBI Act?

    III. What would be the quantum of monetary penalty that can be imposed on the Noticees?

Issue No.13 (I):

(a) Whether Noticee 1 has violated Regulation13(4) and Regulation13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015;

(b) Whether Noticees 2 to 4 have violated the provisions of Regulation13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015 and;

14. Before moving forward, it is pertinent to refer to the relevant provisions of the PIT Regulations, 1992 and PIT Regulations, 2015 which are reproduced as under:

PIT Regulations, 1992

Regulation 13 (4): *Any person who is a director or officer of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person and his dependents (as defined by the company) from the last disclosure made under sub-regulation (2) or under this sub regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total shareholding or voting rights, whichever is lower.*

Regulation 13(4A)*:- "Any persons who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange where the securities are listed in Form D, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement or under sub-regulation (2A) or under this sub-regulation, and the change exceeds Rs. 5 lakh in value or 25,000 shares or 1% of total share capital or voting rights, whichever is lower*."

Regulation 13(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.

Regulation 12 of PIT Regulations, 2015
Repeal and Savings.

12.(1) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 are hereby repealed.

(2) Notwithstanding such repeal,—

(a) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or

liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations had never been repealed; and

(b)anything done or any action taken or purported to have been done or taken including any adjudication, enquiry or investigation commenced or show-cause notice issued under the repealed regulations prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(3) After the repeal of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.

15. Before going into the merits, I would like to first deal with the preliminary objection raised by Noticee 4 w.r.t. delay in initiating proceedings. Noticee 4 in his reply, has contended that the allegations framed in the SCN relate to the transaction in the shares of SBL in the year 2013 and therefore, due to lapse of more than 8 years, Noticee 4 now doesn't have requisite documents to prove his innocence for a transaction which happened in the year 2013. In support of his contention, Noticee 4 has placed reliance on the order passed by Hon'ble Securities Appellate Tribunal (hereinafter referred to as ('**SAT**') in Mr. Ashok Shivpal Rupani & Ors. Vs SEBI (Order date: 22.08.2019, Appeal No. 417 and 440 of 2018), Anilkumar Nandkumar Harchandani & Ors. Vs SEBI (Order date: 05.12.2109, Appeal No. 75 of 2019), Mr. Rajiv Bhanot & Ors. Vs SEBI (Order date: 09.07.2021, Appeal No. 396 of 2018) and other connected appeals, Shriram Insight Share Brokers Ltd. Vs SEBI (Order date: 04.01.2022, Appeal No. 559/2020) etc.

16. In this regard, I note from the material available on record that investigation in the present matter was initiated in the month of October 2014, pursuant to receipt of an internal reference from another department of SEBI. During the course of investigation, SEBI had gathered information from various sources such as BSE, company etc. Investigation involved collection, scrutiny and careful examination of voluminous records/ order and trade details of all the entities concerned. After completion of the first stage of investigation in which findings related to SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 were observed, it was recommended that another layer of investigation to look into the disclosure related compliance by various entities should be undertaken and the same was initiated by SEBI in the month of March 2017. During the course of investigation, SEBI had gathered information from various sources such as BSE, company etc. After the fact finding exercise, recommended actions pursuant to the investigation were approved on April 01, 2021. Thereafter, the undersigned was appointed as Adjudicating officer by SEBI vide order dated June 04, 2021. Subsequently, certain clarifications in the matter were sought from the department concerned and after receipt of the clarification/information, the SCN was issued on February 16, 2022. In view of the aforesaid chronology of events, I find that SCN in the present proceedings has been issued within a reasonable period of time and there has been no delay in issuance of SCN.

17. After issuance of SCN, adequate opportunities were granted to Noticee 4 to represent his case. I further note that Noticee 4 was provided with the details received from the company and BSE as well as copy of the investigation report and all annexures to the SCN which were relied upon to frame the charge against him in this matter. Thus, looking at the material available at the disposal of the Noticee 4, I find that Noticee 4 has been provided with all the relevant and relied upon material in the matter thereby enabling him to form a definite defence to the charges in the SCN. Therefore, I do not find any merit in the contention raised by Noticee 4 that there has been inordinate delay in issuance of SCN due to which prejudice has been caused to him.

18. In this regard I find it pertinent to refer to the observations of the Hon'ble Supreme Court in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari (decided on February 28, 2019) in which it was held that-"*There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time would depend upon the facts and circumstances of the case..*." In this regard, I also place reliance on the judgement of Hon'ble Securities Appellate Tribunal (SAT) in the matter of Girrajkumar Gupta HUF (Appeal No. 424/2019; Decided on August 11, 2021), wherein Hon'ble SAT held that, "*We find that the investigation started in the year 2015 which involved examining several entities in the order logs, trade logs, off market transactions and gathering evidence from the Stock Exchange. The show cause notice was issued in the October, 2017 and accordingly we find that there is no inordinate delay in the initiation of the proceedings. The contention raised is, thus, erroneous and cannot be accepted."*

19. Thus, in view of aforesaid judgments, I note that the instant adjudication proceeding has been initiated within a reasonable period of time. I also note that the facts and circumstances of the present proceedings are not similar to those in the judgments quoted by aforesaid Noticee because there has been no delay in the initiation of the present proceeding as already stated above.

20. Having dealt with the preliminary objections, I now proceed to deal with the case on merits. It has been alleged that Noticee 1 has violated the provisions of Regulation13(4) and Regulation13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015. I observe from material placed on record that the following were the promoters of the company during the IP:

S no	Name of Promoter	Period
i.	Ashok Lala	May 01, 2011 – September 24, 2014
ii.	Bhavika Vipul Joshi	May 01, 2011 – April 02, 2014
iii.	Chanakya Dhanda	May 01, 2011 – till date
iv.	Kanchan Mishra	May 01, 2011 – July 16, 2014
v.	Kiran M Joshi	May 01, 2011 – August 30, 2013
vi.	Krishna Kumar Modi	May 01, 2011 – July 26, 2013
vii.	Pooja Dhanda	July 12, 2013 – till date
viii.	Rohit Sadanand Mishra	July 12, 2013 – October 16, 20114

S no	Name of Promoter	Period
ix.	Sadanand Prayag Mishra	July 12, 2013 – July 16, 2014
x.	Santosh Modi	July 12, 2013 – till date
xi.	Vipul Mohanlal Joshi	July 12, 2013 – September 02, 2014

21. I also observe from material placed on record that the directors of SBL during the investigation period were as under:

Name	Designation	Appointment Date	Date of Cessation, if applicable
Shirish Ramesh Agarwal	Additional Director	January 01, 2012	Till Date
Vipul Joshi	Director	April 01, 2000	Till Date
Kiran Dilip Thakore	Additional Director	April 01, 2014	Till Date
Krishankumar Ramchandra Modi	Director	April 01, 2000	March 26, 2013
Sadanand Prayag Mishra	Director	April 01, 2000	April 01, 2014
Pradeep Shukla	Director	January 01, 2012	April 01, 2014
Bijendra Ramchandar Singh	Director	January 01, 2012	April 01, 2014

22. Therefore, from the above, I note that Noticee 1 was the promoter of the company during the time period from July 12, 2013 to July 16, 2014 and a director of the company from April 01, 2000 to April 01, 2014, Noticee 2 was the promoter of the company during the time period from May 01, 2011 to July 16, 2014, Noticee 3 was the promoter of the company during the time period from July 12, 2013 to October 16, 2014 and Noticee 4 was the promoter of the company during the time period from May 01, 2011 to August 30, 2013. From the submissions made by Noticees, I note that Noticees have not disputed the above fact.

23. I also note from material placed on record that Noticees transacted in the shares of SBL. The details of the changes in Noticees shareholding along with the compliance status w.r.t disclosures made by Noticees which has been provided in the SCN are as under:

Transaction date	Shareholding (%) prior to transaction date	Transaction Value (Rs.)	No. of Shares Acquired (Disposed)	Shareholding (%) after transaction date	Disclosure required	Required Date of Disclosure to Stock Exchange	Required Date of Disclosure to company	Actual date of disclosure to Stock Exchange	Actual date of disclosure to Company
Sadanand Prayag Mishra									
19/02/14	1,51,000 (1.53%)	NA	(80,000)	71,000 (0.72%)	Reg. 13 (4) and 13(4A) r/w 13(5) of PIT Reg., 1992	21/02/14	21/02/14	N.A.	N.A.
16/07/14	71,000 (0.72%)	NA	(71,000)	0 (0%)		18/07/14	18/07/14	N.A.	N.A.
Kanchan Mishra									
25/02/14	1,20,050 (1.22%)	NA	(80,000)	45,050 (0.46%)	13(4A) r/w 13(5) of PIT Reg., 1992	27/02/14	27/02/14	N.A.	N.A.
16/07/14	45,050 (0.46%)	NA	(40,050)	0 (0%)	13(4A) r/w 13(5) of PIT Reg., 1992	18/07/14	18/07/14	N.A.	N.A.
Rohit Sadanand Mishra									
25/02/14	85,600 (0.87%)	NA	(80,000)	5,600 (0.06%)	13(4A) r/w 13(5) of PIT Reg., 1992	27/02/14	27/02/14	N.A.	N.A.
02/04/14	5,600 (0.06%)	62,400	(2,400)	3,200 (0.03%)	N.A.				
16/10/14	3,200 (0.03%)	44,800	(3,200)	0 (0%)	N.A.				
Kiran M Joshi									
30/08/13	70,000 (3.78%)	NA	(70,000)	0 (0%)	13(4A) r/w 13(5) of PIT Reg., 1992	03/09/13	03/09/13	NIL	NIL

24. Therefore, I note from the above table that Noticee 1 disposed of 80,000 shares on February 19, 2014 and 71,000 shares on July 16, 2014. As noted above, Noticee 1 was the promoter of the company at the time of the aforesaid transactions made by him. Since the change in the shareholdings of Noticee 1 exceeded 25,000 shares on the aforesaid two (2) occasions, Noticee 1 being

a promoter of the company at time of such transaction, was required to make disclosures to BSE and the company within 2 working days from the date of such transactions, in terms of Regulation13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015.

25. As noted above, Noticee 1 was the director of the company during the period April 01, 2000 to April 01, 2014 and Noticee 1 disposed of 80,000 shares on February 19, 2014 and 71,000 shares on July 16, 2014. Therefore, at the time of the transaction made by him on February 19, 2014, he was the director of the company. Since the change in the shareholdings of Noticee 1 exceeded 25,000 shares on the aforesaid one (1) occasion, Noticee 1, being a director of the company at the relevant time, was required to make disclosures to BSE and the company within 2 working days from the date of such transactions, in terms of Regulation13(4) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015.

26. I note that at the time of the transaction made by Noticee 1 on July 16, 2014, he ceased to be the director of the company. Therefore, the provision of Regulation13(4) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015 would not apply to the aforesaid transaction by him on July 16, 2014.

27. I note from the available records that Noticee 2 had disposed of 80,000 shares on February 25, 2014 and 40,050 shares on July 16, 2014. Since the change in the shareholding of Noticee 2 exceeded 25,000 shares on 2 occasions, Noticee 2, as promoter of the company at the relevant time, was required to make disclosures to BSE and the company within 2 working days from the date of such transactions in terms of Regulation 13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015.

28. Similarly, from the material placed in record, I find that Noticee 3 disposed of 80,000 shares of SBL on February 25, 2014 and Noticee 4 disposed of 70,00,000 shares of SBL on August 30, 2013. Since the transactions of Noticees 3 and 4 exceeded 25,000 on the aforesaid dates, Noticees 3 and 4, being

promoters of the company at the relevant time, were required to make disclosures to BSE and the company within 2 working days from the date of such transactions, respectively, in terms of Regulation 13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015.

29. In this regard, I note from BSE's email dated November 25, 2019 to SEBI that BSE had forwarded the disclosures submitted by SBL to BSE for the period October 1, 2012 to December 31, 2015. I find from the details provided by BSE that no disclosures by Noticees were available in the details of disclosures made therein. I also note from the material available on record that during the course of investigation, vide letter dated January 15, 2016, SBL had forwarded the disclosures received from its shareholders by SBL to IA. I find from the disclosures provided by SBL that no disclosures by Noticees were available in the details therein. In view of the above, I find that Noticee 1 failed to make any disclosures as stipulated under Regulations 13(4) and 13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015 and Noticees 2- 4 failed to make any disclosures as stipulated under Regulation 13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015.

30. From the submissions made by the Noticees, I note that Noticees have not disputed the impugned transactions in the scrip of SBL as specified above. However, Noticees 1 to 3, in their submissions, have contended that it is the responsibility of the company to comply with all the formalities and not the shareholders. Therefore, it is evident from the submissions of Noticees 1 to 3 that they have accepted the fact that they have not made the stipulated disclosures in terms of the aforesaid provisions.

31. Noticee 4, in his submissions, has contended that a person under any law is not required to keep the papers/documents for next 8 years and he was unable to find the requisite disclosures documents to prove his innocence. In this regard, as noted from replies submitted by BSE and SBL, no disclosures by Noticee 4 relating to the aforesaid provisions of PIT Regulations, 1992 were available in

the details of disclosures made therein. It is also noted that during the instant adjudication proceedings, Noticee 4 was provided with the all details received from the company and BSE as well as copy of the investigation report and all annexures to the SCN which were relied upon to frame the charge against him in this matter. However, I observe that Noticee 4 has not disputed the facts stated in the communication from BSE as well as the company but has merely made a bald statement about his inability to defend his case. I also observe from the replies filed by Noticee 4 that he has made contradictory statements, in that while on one hand, he has stated that he cannot recollect the events and circumstances that happened in the year 2013, while on the other hand, he cites inability to produce the acknowledgement for making requisite disclosure with the company and the stock exchange due to passage of time. In view of the foregoing, I am unable to accept his aforesaid contention.

32. Therefore, taking into account the observations in the preceding paragraphs, I conclude that the allegation levelled against Noticees 2-4 that they have violated Regulation 13(4A) read with Regulation 13(5) of PIT Regulations 1992 read with Regulation 12 of PIT Regulations 2015 and the allegation that Noticee 1 has violated Regulation13(4) and 13(4A) read with Regulation 13(5) of PIT Regulations, 1992, read with Regulation 12 of PIT Regulations, 2015 stands established.

Issue No. 13(II): Do the violations attract monetary penalty under Section 15A (b) of SEBI Act.?

33. 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..….”.* Therefore, the above violations, as brought out in the foregoing paragraphs, make Noticees liable for monetary penalty under Section 15A (b) of the SEBI Act. The text of Section 15A(b) of the SEBI Act is reproduced below:

SEBI Act

Penalty for failure to furnish information, return, etc.

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, 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 No. 13(III): What should be the quantum of monetary penalty to be imposed?

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

SEBI Act

Factors to be taken into account by the adjudicating officer.

Section 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.

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.*

35. In view of the charges as established, the facts and circumstances of the case, the quantum of penalty would depend on the factors referred in Section 15-J of the SEBI Act, stated as above. Noticees, in their replies contended that they had not made any disproportionate gain or gained any unfair advantage, whether quantifiable or otherwise. Further, Noticees have contended that no loss had been caused to any investor or any other stakeholder due to alleged allegations of non-disclosure against them. In this regard, from the material available on record, I note that there is no evidence placed on record to quantify the amount of disproportionate gain or unfair advantage resulting from the default of Noticees in making disclosures or the consequent loss caused to investors as a result of the default. It is also not possible from the material on record to establish repetitive nature of the default by Noticees.

36. However, with respect to the disclosure violations by Noticees, I note that the purpose of these disclosures is to bring about transparency in the transactions of Directors/ Promoters/Acquirers/ employees and assist the Regulator to effectively monitor the transactions in the market. 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. Noticees' conduct, when seen in this context would, therefore, deserve a penalty commensurate with the severity of the violations. It is also seen that the impugned transactions are more than eight years old.

ORDER

37. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticees and also the factors mentioned in Section 15J of the SEBI Act as enumerated above, I, in exercise

of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose the following penalties on the Noticees under Section 15A(b) of SEBI Act for the violations as established in the order:

Name of Noticee	Penalty
Sadanand Prayag Mishra	Rs. 1,50,000/- (Rupees One Lakh and Fifty Thousand only)
Kanchan Mishra	Rs. 1,00,000/- (Rupees One Lakh only)
Rohit Sadanand Mishra	Rs. 1,00,000/- (Rupees One Lakh only)
Kiran M Joshi	Rs. 1,00,000/- (Rupees One Lakh only)

I am of the view that the aforesaid penalties are commensurate with the lapses/ omissions on the part of Noticees.

38. 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. In case of any difficulties in payment of penalties, Noticees may contact the support at portalhelp@sebi.gov.in.

39. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD – DRA - 2, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051” and also to e-mail id:- tad@sebi.gov.in

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	

6. Bank details in which payment is made:	
7. Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

40. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, 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 of Noticees.

41. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticees viz. Sadanand Prayag Mishra, Kanchan Mishra, Rohit Sadanand Mishra and Kiran M Joshi and also to the Securities and Exchange Board of India.

Place: Mumbai **SOMA MAJUMDER**

Date: December 19, 2022 **ADJUDICATING OFFICER**