BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AN/AK/2023-24/29952]

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

In respect of:
Ms. Tanuja Gokaraju
PAN: ACYPG9384P

In the matter of
Healthy Investments Limited

A. BRIEF BACKGROUND

1. Securities and Exchange Board of India ('**SEBI**') had initiated Adjudication Proceedings under Section 15 I of the SEBI Act, 1992 ('**SEBI Act**') in respect of Tanuja Gokaraju ('**Noticee' / 'You' / 'Acquirer'**) for the alleged violation of Regulation 29(1) read with Regulation 29(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**'SEBI SAST Regulations, 2011'** / '**SAST Regulations**' / **'Takeover Regulations'**), in the matter of Healthy Investments Limited ('**Company**'/ **'Target Company' /** '**HIL**').

B. APPOINTMENT OF ADJUDICATING OFFICER

2. Whereas, the Competent Authority of SEBI, was prima facie of the view that there were grounds to adjudicate upon the alleged violation by the Noticee, the Competent Authority of SEBI, therefore, in exercise of the powers conferred under Section 15 I of the SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rule, 1995 (hereinafter also referred to as "**SEBI Adjudication Rules**") read with Section 19 of the SEBI Act, 1992 appointed the undersigned, as the Adjudicating Officer vide Communique dated

July 24, 2023 to inquire into and adjudge under Section 15A (b) of the SEBI Act, 1992, the aforesaid alleged violation by the Noticee.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

3. A Show Cause Notice bearing reference no. EAD5/AN/HP/43215/1/2023 dated October 20, 2023 (hereinafter also referred to as "**SCN**") was issued and duly served upon the Noticee, to show cause as to why an inquiry should not be held against the Noticee in terms of Rule 4 of the SEBI Adjudication Rules read with Section 15-I of the SEBI Act; and penalty be not imposed under Section 15A(b) of the SEBI Act, 1992 for the aforesaid alleged violation.

4. The following was *inter alia* observed and/or alleged in the SCN in respect of the Noticee:

"…
3. On undertaking offsite monitoring of Healthy Investments Ltd., SEBI noticed prima facie delayed compliance with Regulation 29(1) read with Regulation 29(3) of SAST Regulations by a non-promoter acquirer – Ms. Tanuja Gokaraju in the acquisition of the securities of HIL. Accordingly, the matter was taken up for detailed examination.
4. During the examination by SEBI, comments were inter alia sought from the Exchange (BSE). The Exchange commented as follows:

> *"In this regard, the Exchange has sought clarification from the Company. Company in its response has informed following: the share transfer in contention was an off-market transaction between public shareholders who happened to be husband and wife (from Mr. Gokaraju Subbaraju to Mrs. Tanuja Gokaraju). The shareholders are unaware of SEBI (SAST) regulations pursuant to which the acquirer ought to give a disclosure within 2 working days of the said transaction as the shareholding has crossed 5% of the total share capital of the Company. As soon as the acquirer was made aware of the said provisions, the acquirer immediately made the disclosures as per the relevant provisions."*

5. A copy of the disclosure made under Regulation 29(1) of SAST Regulations by the Noticee was sought from the Exchange vide email dated January 1, 2023. The same was provided by the Exchange vide email dated January 31, 2023.
Relevant clauses of Regulation 29 of SAST Regulations are reproduced as under:

SAST Regulations
Disclosure of acquisition and disposal.

"….

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

Provided that in case of listed entity which has listed its specified securities on Innovators Growth Platform, any reference to "five per cent" shall be read as "ten per cent"

……

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.

….”

6. *The transaction statement of the Noticee for the date of the said transaction was collected from the depositories. The details of the instant transaction were observed to be as follows:*

Acquirer	***Date of Transaction***	***Mode of Acquisition***	***Holding Before Txn***	***Trans-action***	***Holding After Txn***	***Due date for Compliance***	***Actual Date of Compliance***	***Status of Compliance***
Tanuja Gokaraju	*February 15, 2022*	*Off market inter se transfer*	*10,000 shares (4.08%)*	*10,000 shares (4.08%)*	*20,000 shares (8.16%)*	*February 17, 2022*	*May 12, 2022 (Delayed by 84 days)*	*Delayed compliance with Regulation 29(1) read with 29(3) of SAST Regulations*

7. *In view thereof, it has inter alia been alleged that there was delayed filing of requisite disclosures to Stock Exchange and Company by the Noticee, and that the Noticee had violated provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations.*

8. *In this regard, SEBI had issued the Settlement Notice dated April 13, 2023 which was delivered on April 25, 2023, however, as per SEBI, no settlement application was filed by the Noticee. Further in this regard, confirmation was sought by SEBI via email from the Noticee regarding submission of the settlement application, if any. However no response was received despite 4 reminders…*
…”

5. In response to the SCN, vide letter dated November 01, 2023, the Noticee submitted her reply to the SCN. The Noticee *inter alia* made following key submissions in the reply dated November 01, 2023:

“….

1. *I, TANUJA GOKARAJU, had acquired 10,000 shares of M/s Healthy Investments Ltd., from my husband GOKARAJU SUBBARAJU on 15th February, 2022 via off –market transfer.*

2. I did not pay any consideration for the aforesaid transfer. My husband transferred these shares as a gift to me.
3. At the time of transfer, we both were unaware that such a transfer would result in my acquiring a substantial shareholding of M/s healthy investments Limited. Therefore, I failed to file any reports with either the exchange or the company concerned on the actual due date for compliance.
4. Subsequently, when I learnt from my chartered accountant that I am required to inform the stock exchange and the company about my share acquisition, I immediately complied with the regulations by sending letters and emails to them.
5. As per your notice, I understand that I am required to comply with the rules by February 17, 2022, but I complied with them on May 12, 2022, a delay of 84 days.
6. I am hereby submitting to you that my delayed compliance with the rules is only due to my ignorance of the said rules, and I tried to comply with the rules as soon as I learnt about my obligation in this regard.
7. With regard to the notices that you sent to me via post, I submit that I was travelling to spend time with my children and grandchildren most of the time and was not at my residence when they were delivered. Hence, I submit that I could not see them and respond to them on time.
8. Regarding the "summary settlement option" that you mentioned in your notice dated April 13, 2023, bearing number SEBI/HO/CFD/SEC/4/P/OW/2023/1/14749/1, I hereby submit that I and my husband are senior citizens, who were unaware of the requirements of SEBI and have complied with the regulations, immediately on becoming aware of the requirements. I therefore request you to kindly waive the settlement proceedings as I had complied with the regulation, with a minor delay. I shall file the "settlement application" as required under the regulations shortly.
9. I further submit that the above said transaction was done from husband to wife as a gift which has not resulted in making any unlawful gains by both the parties. The said transaction has also not caused any loss to any investor. The said alleged violation was done only out of ignorance which may kindly be pardoned.
10. In view of the above, I humbly request SEBI to consider the above explanations, which was done unintentionally and unknowingly and hence forth I will be cautious while dealing with the shares of the listed company and hence I sincerely request SEBI to excuse the said delay in making the disclosures to Stock Exchange and to drop the further proceedings against me for which kind act I am grateful to SEBI.
...."

6. Vide Hearing Notice dated December 22, 2023, the Noticee was afforded an opportunity of hearing on December 29, 2023. The Noticee availed the opportunity of hearing on December 29, 2023, through her AR viz., Mr. Sanivarapu Sarveswar Reddy. During the hearing, the AR relied upon and reiterated the submissions made vide reply dated November 01, 2023. The AR *inter alia* submitted that the written submissions dated November 01, 2023 were complete and that there were no additional /further submissions to be made in respect of the Noticee.

D. CONSIDERATION OF ISSUES AND FINDINGS

7. The following issues arise for consideration in the instant matter:

Issue No. I: Whether the Noticee had violated provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations, as alleged in the SCN?

Issue No. II: If yes, whether the failure on the part of the Noticee would attract monetary penalty under Section 15A (b) of SEBI Act, 1992?

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticee?

8. Before proceeding with the matter on merits, I would first deal with the technical contentions /submissions made by the Noticee.

8.1. Noticee has *inter alia* requested vide its reply dated November 01, 2023 that, "*Regarding the "summary settlement option" that you mentioned in your notice dated April 13, 2023, bearing number SEBI/HO/CFD/SEC/4/P/OW/2023/1/14749/1, I hereby submit that I and my husband are senior citizens, who were unaware of the requirements of SEBI and have complied with the regulations, immediately on becoming aware of the requirements. I therefore request you to kindly waive the settlement proceedings as I had complied with the regulation, with a minor delay. I shall file the "settlement application" as required under the regulations shortly."*

8.2. Noticee has contended that she was *unaware of the requirements of SEBI*. In this regard, I note that, it is a cardinal principle of law that, *'Ignorantia juris non excusat'*. In other words, ignorance of the law cannot be an excuse. As regards settlement aspect, vide email dated December 22, 2023, the Noticee was *inter alia* informed to refer to Para 8 of the SCN and be guided by Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018.

9. I now proceed to deal with the matter on merits as regards alleged violation in respect of the Noticee, as per the SCN.

Issue No. I: Whether the Noticee had violated provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations, as alleged in the SCN?

10. It was *inter alia* alleged in the SCN as regards the Noticee that there was delayed filing of requisite disclosures to the Stock Exchange and Target Company and thereby Noticee had violated the provisions of Regulation 29(1) read with Regulation 29(3) of SAST Regulations.

11. In this regard, I note from the material available on record that, Noticee had acquired 10,000 shares (4.08 % of the Total Shares of the HIL) on February 15, 2022, which upon being added to her previous holding of 10000 shares (4.08 % of the Total Shares of the HIL) totalled to 20000 shares of the Total Shares of the HIL i.e, 8.16 % of the total Shares of HIL, thereby crossing the threshold limit of 5% of total Shares of the HIL and there was delay of 84 days in compliance with Regulation 29(1) read with Regulation 29(3) of SAST Regulations by the Noticee.

12. In this regard, it would be pertinent to refer to the provisions of Regulation 29(1) and 29(3) of the SAST Regulations, which *inter alia* reads as:

Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

Disclosure of acquisition and disposal.

"….

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

Provided that in case of listed entity which has listed its specified securities on Innovators Growth Platform, any reference to "five per cent" shall be read as "ten per cent"

……

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.
…."

13. In this regard, I note that the Noticee has neither denied nor disputed the alleged violation on its part and instead submissions of the Noticee are in nature of admission in so far as Noticee has vide reply dated November 01, 2023 to the SCN *inter alia* submitted, *"… I failed to file any reports with either the exchange or the company concerned on the actual due date for compliance…Subsequently, when I learnt from my chartered accountant that I am required to inform the stock exchange and the company about my share acquisition, I immediately complied with the regulations by sending letters and emails to them…. I am required to comply with the rules by February 17, 2022, but I complied with them on May 12, 2022, a delay of 84 days…I am hereby submitting to you that my delayed compliance with the rules is only due to my ignorance of the said rules, and I tried to comply with the rules as soon as I learnt about my obligation in this regard … ".*

14. In this regard, since the aggregate holding of Noticee crossed five percent on February 15, 2022, as per the Regulation 29(1) read with Regulation 29(3) of SAST Regulations, Noticee was required to disclose the same to the Stock Exchange and the Target Company within two working days, i.e., by February 17, 2022. However, as per material available on record, the actual date of disclosure of aforesaid transaction to the BSE was May 12, 2022, as against the due date of February 17, 2022 i.e., with delay of 84 days. In this regard, it is noted from the submissions of the Noticee that the delay in this regard has not been denied or disputed by the Noticee. In view thereof, the allegation as regards the Noticee that there was delayed filing of requisite disclosures to the Stock Exchange and Target Company, stands established.

15. In view thereof, I hold that the Noticee had violated provisions of Regulation 29(1) read with Regulation 29(3) of SEBI SAST Regulations, 2011.

Issue No. II: If yes, whether the failure on the part of the Noticee would attract monetary penalty under Section 15A (b) of SEBI Act, 1992?

16. It has been established in the foregoing paragraphs, that there was delayed filing of requisite disclosures to Stock Exchange and Target Company by the Noticee and accordingly the Noticee had violated provisions of Regulation 29(1) read with Regulation 29(3) of SEBI SAST Regulations, 2011.

17. In this regard, reliance is placed upon the order of the Hon'ble Supreme Court of India in the matter of Chairman, SEBI vs Shri Ram Mutual Fund [2006] 68 SCL 216(SC), wherein the Hon'ble Supreme Court had *inter alia* held:

> *"*
> *…..*
> *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 …..*
> *"*

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18. In view thereof, I conclude that Noticee is liable for monetary penalty under Section 15A(b) of the SEBI Act 1992, which reads as under:

> ***SEBI Act, 1992***
> *"….*
> ***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 or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees;*
> *….".*

Issue No. III: If yes, what should be the monetary penalty that can be imposed upon the Noticee?

19. While determining the quantum of penalty, 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 while adjudging quantum of penalty.

15J. *While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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 to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

..."

20. In the instant case, I note that the material available on record does not quantify any disproportionate gain or unfair advantage or consequent loss caused to investors or profit made by the Noticee as a result of the violation committed by the Noticee. Further, there is nothing on record to show that the violation committed by the Noticee are repetitive in nature. I also note that the Noticee has *inter alia* submitted that, "…I and my husband *are senior citizens, who were unaware of the requirements of SEBI and have complied with the regulations, immediately on becoming aware of the requirements…."*, and that "…*the above said transaction has not resulted in making any unlawful gains by both the parties. The said transaction has also not caused any loss to any investor. The said alleged violation was done only out of ignorance, which may kindly be pardoned.….".* However, I cannot ignore that compliance with extant applicable provisions of SAST Regulations, as cited, in the instant matter, was obligatory and SEBI is duty-bound to enforce compliance of these regulations. In my opinion in a disclosure based regime the essence is about timely disclosures which, if compromised with, may pose threat to orderly functioning of the securities markets and /or loss of investor confidence in the integrity of the securities market and that in the instant case, the Noticee had failed to make timely disclosures.

E. ORDER

21. 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 under section 15-I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, I hereby impose penalty as per details in table below for the aforementioned violation, as discussed in this order. In my view, the said penalty will be commensurate with the violation committed by the Noticee in this case.

Name of Noticee	Penalty Under Provisions	Penalty Amount (Rs.)
Tanuja Gokaraju	Section 15A (b) of SEBI Act,1992	1,00,000/- (One Lakh only)

22. 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

23. 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 for realization of the said amount of penalty along with interest thereon, *inter alia,* by attachment and sale of movable and immovable properties.

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

DATE: December 29, 2023
PLACE: MUMBAI

AMAR NAVLANI
ADJUDICATING OFFICER